



CITY OF COSTA MESA

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FROM THE OFFICE OF THE CITY MANAGER

October 4, 2019

Southern California Association of Governments
Regional Housing Needs Assessment Subcommittee
900 Wilshire Boulevard, Suite 1700
Los Angeles, CA 90017

Dear RHNA Subcommittee,

The City of Costa Mesa appreciates the time and effort provided by the Southern California Association of Governments (SCAG) Board, the SCAG Committees and Subcommittees, and SCAG staff in its tireless efforts to help improve the supply of housing in California. The City of Costa Mesa remains committed to doing its part in addressing this important issue in compliance with housing element laws (Government Code Sections 6580-65598.8). However, the City is concerned about the methodologies that SCAG is proposing for the 6th Regional Housing Needs Assessment (RHNA) cycle that are above and beyond the projected growth in the current Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) and will greatly impact the City's ability to remain compliant with state housing laws. As such, the City of Costa Mesa offers the following points for consideration related to the revised RHNA methodology proposed by SCAG staff.

- The City requests information of the datasets within the recently proposed fourth methodology including the data used to represent job accessibility and resource availability.
- The City requests clarification on the new steps within the methodology discussed at the September 23, 2019, RHNA Subcommittee workshop. Specifically, the City is requesting information and an explanation of the "residual" Adjustment Factor for Existing Need in Step 2d, and the Affirmatively Furthering Fair Housing (AFFH) Adjustment in Step 3.
- The City is concerned with the introduction of new datasets, new steps within the added methodology, and the lack of transparency, analysis and public review to accompany such modifications.
- The City requests that the High-Quality Transit Corridor (HQTA) areas used for this evaluation only include those stations/stops that are permanent, multi-modal, and provide frequent service (15 minute or less headway) 7 days per week for the reasons set forth in our September 12, 2019 letter commenting on the then-proposed methodologies.
- The City requests a high-level publicly available recap of the comments, questions, and concerns raised by over 100 agencies that responded to SCAG's request for comments.

Information on datasets used within any methodology should be available.

The addition of new datasets to be used to calculate the allotment of housing assigned to each city is a problem for SCAG's goals of transparency. Spending the entire public review period investigating three methodologies only to submit an additional methodology that not only changes the parameters of datasets previously used but incorporates additional datasets that were not discussed during the public review period is not providing a transparent process. The City requests that the data and its metadata be provided with a sufficient review period to allow the City to conduct a thorough assessment of the impacts of using this dataset. This data has not been used for this purpose in the past and therefore should be evaluated for this purpose.

The City of Costa Mesa requests additional information on the two additional datasets and time to evaluate their impacts to the methodology.

Additional steps within a new methodology should be supported by a detailed explanation.

While it is an expectation of any public review period that the agency overseeing a methodology would modify components of the process to address concerns received during outreach; it is not typical to have additional modules, never previously discussed, included into a process without a detailed explanation as to the value added by incorporation, what the impacts are to the overall outcome of the model, and a detailed explanation as to the exact implementation. For example, we do not know if the 30-minute car commute included into the job accessibility heat map is based on travel during peak hours, incorporating time lost to traffic, or based on a simple distance times speed-limit calculation. It is unclear at what spatial resolution the opportunity indices are being evaluated and at what resolution it is being compared to job accessibility and HQTAs for the residual distribution. It is unclear if the job accessibility data is creating a thirty-minute buffer from each TAZ or from each jurisdiction. It is unclear whether SCAG staff assessed the margin of error in aggregating job accessibility data to geopolitical boundaries when it is more closely associated with sub-market boundaries to ensure that the error does not exceed the potential benefit of using this dataset in this way.

The City of Costa Mesa requests a detailed methodology that explains the process to the point that it could be duplicated by the City and the City would generate the same response.

The public and jurisdictions should be provided with sufficient information and time to evaluate any newly proposed methodologies.

Since additional datasets have been incorporated into the proposed methodology and several steps have been modified or added, the City is hereby requesting the above information and additional time be included in the process to allow the City to evaluate incorporation of this new information to ensure that these additions increase the accuracy of this model representing housing need. If individual members that do not represent cities feel that

individual cities should be able to make a determination on the methodology without consideration to the outcome, then jurisdictions should definitely be able to expect explicit and exhaustive details on the proposed methodology regarding standards, proven parameters, dataset selections, and formulas. Any process devoid of a reasonable degree of transparency and public input calls into question the true integrity of the process, which we believe is not the desired intent.

The City of Costa Mesa requests additional time equal to the previous public review period to evaluate the new methodology which is using new data and new steps and components.

Definition of High-Quality Transit Corridors is Too Broad

SCAG has stated that using HQTAs to concentrate a portion of RHNA-required housing will focus development disproportionately on lower-income neighborhoods. This was discussed in the Proposed Methodology report attached to the agenda for a public hearing on August 1, 2019. SCAG also acknowledged that the application of a social equity ratio would not be able to sufficiently address all of the potential impacts of increased development. If the increase in housing development exacerbates social inequality in current low-income housing areas more than the benefits of transit-oriented development within that same area, then those areas within such an HQTA should not be used; despite the HQTA complying with the description of high-quality transit corridors from SB375. To ensure that social injustice problems like those listed below do not occur, SCAG should be conservative and cautious in its approach to what qualifies as a major transit stop. Any location within an HQTA should have a significant enough transit presence to ensure that the benefits of developing additional housing near its transit stops are sufficient to justify the potential negative social impacts on the community including:

- Displacement of existing tenants;
- Gentrification;
- Degradation of cultural continuity;
- Loss of social networks that families in low-income neighborhoods rely upon; and
- Measurable health impacts from increased construction.

Therefore, the City of Costa Mesa recommends that SCAG take a serious look at which areas are identified as major transit stops per SB375 and apply a more conservative approach. Specifically, SCAG should limit the proportionate allotment only to major transit locations which are permanent, multi-modal, and provide a frequency of service interval of 15 minutes every day as opposed to just weekdays. This will help to ensure that qualifying HQTAs have a substantial amount of infrastructure already in place to account for the future growth and provide mobility to all socioeconomic levels throughout the region. SCAG should consider areas served by more permanent public transit infrastructure. Bus stops are currently included; however, in Orange County bus stops and routes can be and frequently are removed by OCTA due to lack of ridership. In such cases, the result would be higher density housing with no connectivity to public transit. The SCAG methodology should limit its consideration of

qualifying HQTAs to those areas served by public transit infrastructure which allows for a variety of modes because this provides a greater ability to address the needs and preferences of the potential residents and adds to the potential longevity of the identified transit stop. SCAG should consider areas served by a more frequent service schedule because if the City supports building very low-income housing in an area with no consistent or frequent option of public transit on weekends, the result would be the further isolation of disadvantaged members of the community, thereby restricting their access to the benefits of the region and spoiling the very intent of transit-oriented development.

Viable Alternatives

Potential solutions could include:

- 1) Reducing the number of HQTAs to those areas that are within a half-mile of more permanent, multi-modal, transit stops that have a higher level of daily service.
- 2) Create a weighted ratio that assigns a higher share to HQTAs with substantial public transit which meets the description in the first option and a lower proportion to HQTAs which meet only the minimum definition of major transit stops under SB375; or alternatively, at a minimum, embrace the existing methodology completely by modifying the HQTA locations to include those areas anticipated to be included within the next 8 years and exclude those which have falling ridership numbers and therefore may be closed or removed.

The City of Costa Mesa requests that the HQTA areas used for this evaluation only include those that are permanent, multi-modal, and provide frequent service.

Additional Items in previous comment letters which are still relevant.

Furthermore, the City of Costa Mesa re-iterates the following points for consideration.

- The City requests that the vacancy adjustment use a total unrounded vacancy rate which includes all subtypes in the appropriate methodology options.
- City requests that density not be used as an input. However, should it be used, that SCAG thoughtfully remove properties which are not developable.
- The City requests that SCAG proceed with a methodology option which includes the highest level of local input.

Vacancy Evaluation Should Include Total Vacancy Numbers

The total number of vacant units within each jurisdiction should be used to calculate the vacancy adjustment. SCAG is only using the sum of two subtypes of vacancy to analyze the need for additional vacancy information (For Rent and For Sale Only) but this disregards a large portion of the vacant housing stock within the community and excludes them based on their static description at the time of the ACS survey, which frequently changes and would likely change when market demand incentivizes owners to provide them as more traditional vacant units. Consider using all, or more than two, of the seven categories of vacant units to

calculate the tenured vacancy rates (For Rent; Rented, Not Occupied; For Sale Only; Sold, Not Occupied; For Seasonal, Recreational, or Occasional Use; For Migrant Workers; Other Vacant). Since the raw data is available, in order to use the most accurate data possible during the RHNA process, unrounded vacancy rates for each jurisdiction should be calculated by using both tables DP04 and B25004 for use in the healthy market vacancy rate adjustments. **The City of Costa Mesa requests that the vacancy adjustment use a total unrounded vacancy rate, which includes all seven subtypes of available housing in the appropriate methodology options for the most accurate assessment possible.**

Remove Land Areas Not Compatible with Residential Uses from Density Calculation

Where density calculations are assessed for distribution of housing allocation, the total area of a jurisdictional boundary should not be used. Though density is not currently used as an input in any of the current methodologies and OCCOG is not supporting the use of density as an input, if SCAG ultimately incorporates density into the selected methodology, some land uses should be removed from the total area within the jurisdiction so the density calculation properly reflects population density in developable/usable areas. For example, areas and land uses that are permanently protected including open space, military bases, flood channels, local parks, and active state property should not be counted. **The City of Costa Mesa requests that density not be used as an input. However, should it be used, the City requests that non- developable land be excluded from the calculation.**

Local Input is Critical

It is important to address housing needs for the betterment of all communities; however, without proper participation and feedback from local governments, future housing growth numbers will become unattainable, meaningless or, worse yet, potentially unjust. Even for responsible jurisdictions like Costa Mesa, that are committed to housing growth, who initiate overlays, urban plans, and new ordinances like the City's small lot ordinance to encourage housing development throughout the City, an unattainable allotment will potentially handicap the review authority on housing projects by allowing any housing project to be streamlined whether it is good for the community or not. Any proposed methodology should include local input, which is the foundation for SCAG's Connect SoCal Plan. The inclusion of local input ensures that the RHNA allocation is consistent with the development pattern of the Sustainable Communities Strategy (SCS).

A regional determination by the Department of Housing and Community Development (HCD) should be no higher than the 429,926 units identified by SCAG. The City appreciates SCAG's appeal of the recent regional housing need determination of 1,344,740 total units from the HCD. If HCD's determination is not successfully appealed it should only be in coordination with a per unit increase in funding for jurisdictions to provide subsidies for developers to supply additional housing units for all income levels. Regardless, a higher number than estimated makes collaboration with local agencies even more important.

Otherwise, municipalities will have no way to achieve the units required by a higher allocation and streamlined residential projects could be built that displace residents, change the character or sense of place of the communities, and even undermine the expedited process and collaborative environment that SCAG has been attempting to foster since creation.

The City of Costa Mesa requests that that SCAG proceed with a methodology option which includes the highest level of transparency and local input.

Administrative Comments to Assist with Regional Engagement

One of SCAG's goals throughout the RHNA process has been transparency. To assist with this, the City of Costa Mesa agrees with several comments provided by the Center for Demographic Research at CSU Fullerton. First, we strongly agree that a track changes document should be provided that is based on the changes made since publication of the documents for the public comment period. Second, please clarify whether the 2019 DOF population was developed at the SCAG TAZ level and is being used or if the RTP TAZ/local input data for year 2016 was used. Please republish the Proposed RHNA Allocation Methodology Technical Data Appendix and RHNA calculator after corrections are made. SCAG should always allow time for review of new factors or methodologies. The City also strongly encourages SCAG to outline the appeals and redistribution process. **The implementation of these additional comments will assist SCAG in its regional engagement and transparency goals.**

Conclusion

The RHNA process is of utmost importance to the State of California, the six county SCAG region, the County of Orange and the City of Costa Mesa, as well as all 34 Orange County cities. To that end, the City of Costa Mesa wishes to ensure all stakeholders can engage in the public outreach process to ensure concerns are heard and more importantly addressed.

Senate Bill (SB) 166 requires local jurisdictions to continually update their housing elements and General Plans to ensure their housing elements identify sufficient sites for potential development to meet the assigned goals to house families and individuals in the different income categories. This is a challenge since local jurisdictions rely on private housing developers to build housing mostly based on local market conditions. Accordingly, local jurisdictions cannot fully control how or when a property is developed. Local jurisdictions with limited land capacity and high RHNA allocations will find it nearly impossible to comply with State law unless developers always build at the maximum density allowed on the site, which is not always financially feasible.

With the dissolution of redevelopment agencies, the available funding for affordable housing subsidies has diminished and cities and counties are struggling to meet their RHNA targets. Hopefully, recently enacted funding measures will spur the development of more affordable housing throughout California and result in RHNA targets that are more attainable. Nevertheless, the City of Costa Mesa remains committed to doing its part to address means to improve the supply of housing in California in compliance with Housing

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Element laws and appreciates the opportunity to provide comments as part of the RHNA process. Thank you for your consideration of the City's comments related to the proposed RHNA determination and methodologies. We stand ready to be partners in the development of RHNA allocations to meet our collective goals. However, to be viable, this partnership will require transparency and the timely sharing of information for years to come. We hope that SCAG will improve the transparency associated with the newly proposed fourth methodology so that we can plan together for a better future for all citizens of this important region.

Sincerely,

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for:

LORI ANN FARRELL HARRISON
City Manager
City of Costa Mesa