



October 29, 2019

Southern California Association of Governments – Regional Council  
900 Wilshire Blvd., Suite #1 700  
Los Angeles CA 90017

**Subject: RHNA Draft Allocation Methodology  
City of Coachella, California**

Dear Honorable SCAG Regional Council Members,

Thank you for the opportunity to comment on the Regional Housing Needs Allocation (RHNA) Draft Allocation Methodology.

The City staff was shocked to learn that the Draft RHNA Methodology has generated 15,124 new dwelling units for the City of Coachella’s 6<sup>th</sup> Cycle Housing Element Update. This number represents a 157% population increase, based on the City’s average household size of 4.7 persons per household. If constructed, the RHNA numbers would represent an average of 1,890 new dwelling units built annually over the upcoming 8-year period. The draft RHNA is substantially higher than the Coachella General Plan’s anticipated growth projections of 90,000 added persons by year 2035, or an average of 957 new dwelling units per year.

Since the adoption of the Coachella General Plan 2035 on April 22, 2015 staff has monitored the actual growth in new housing construction, and it is substantially less than 957 dwelling units per year. For example, the following “new housing construction permits” is what was actually built over the past four fiscal years in the City of Coachella.

<u>Fiscal Year</u>	<u>New Housing Units Permitted</u>
<i>Fiscal Year 2015/2016</i> .....	59
<i>Fiscal Year 2016/2017</i> .....	32
<i>Fiscal Year 2017/2018</i> .....	3
<i>Fiscal Year 2018/2019</i> .....	<u>29</u>
<b>Total Housing Units</b>	<u>123</u>

As shown above, and with all else being equal, our actual growth rate measured by new construction starts is lagging behind the General Plan projections by approximately eighty seven percent (87%). Because Coachella is located at the eastern end of the Coachella Valley, the housing boom of the Inland Empire (i.e., Menifee, Ontario, and Beaumont housing booms) tends to trickle down slowly to our region a few years later. As such, our City is more prone to the “distressed subdivision” phenomenon where projects are left abandoned by developers during recessionary times. Accordingly, we have seen a significant uptick in housing starts over the past 12 months, and we may surpass 200 units in new construction starts annually for fiscal year 2020. However, this is still significantly less than the 957 dwellings needed just to keep up with the General Plan growth projections.

When I participated in the one-on-one sessions with the SCAG demographers in November 2017, I explained to them that residential growth rates were not keeping up with the General Plan projections. Additionally, due to a lack of State and Federal funding support for critical new roads and bridges infrastructure, the City’s large master-planned communities in the eastern Coachella hills known as “La Entrada” and “KPC Coachella/Desert Lakes” which together could accommodate up to 15,500 new dwelling units over the next 20 years, will have lackluster

progress during the 6<sup>th</sup> Cycle Housing Element period. These sectors of the City were previously shown on the Sustainable Communities Strategy – Transit Analysis Zones (TAZ's) as having some modicum of growth associated to them. The City takes issue with SCAG's practice of allocating growth to TAZ's that consist of native desert terrain such as the eastern Coachella hills where there is no access and no infrastructure. The City's General Plan recognizes that these eastern hills will experience only moderate growth over the 20-year planning period due to the need for concurrent infrastructure installations.

When the State of California certified the City of Coachella's 5<sup>th</sup> Cycle Housing Element in 2014, it was approved contingent upon, and in anticipation of, the City's comprehensive General Plan update of 2015. The City worked extensively and negotiated with various stakeholders to create several new pockets of "high density" and "very high density residential" land use areas along key transit corridors and in the City's downtown core areas. We have been working closely with the State of California - Housing and Community Development (HCD) staff to re-zone several hundred acres of land just to get us in compliance with the RHNA carryover from the 4<sup>th</sup> Cycle and to accommodate the 5<sup>th</sup> Cycle RHNA capacity. With the looming 6<sup>th</sup> Cycle RHNA numbers, SCAG and HCD are effectively undermining the City's systematic land use controls, in favor of a massive short-term rezoning to accommodate another 15,124 dwelling units that will not get built during the 8-year Housing Element Update period. There is a growing concern amongst our City Council members that the City's General Plan pro-growth policies need to be re-visited, and that growth projections may need to be reduced.

The City of Coachella wants to retain its land use controls, and the proposed RHNA methodology would result in the City of Coachella having to amend its General Plan again to accommodate more density on paper. The Draft RHNA allocation represents an unfunded mandate that has significant budgetary, workload, and environmental effects on the City of Coachella. The RHNA methodology prejudices Coachella in comparison to the more affluent cities in the central and western Coachella Valley where regional employment centers are located, because those cities have a much lower and more realistic RHNA allocation. This is a cause for concern to Coachella because of the risk of becoming a "bedroom community" where the tax base is not keeping up with the cost of providing city services to new residents.

Coachella has always been at the forefront of providing ample affordable housing for its residents and to this day all multifamily residential developments in the City of Coachella are subsidized affordable housing projects. The City has previously adopted pro-growth policies which have allowed us to entitle large master-planned communities, in the hopes of providing more housing for the growing region. However, this is resulting in the State and SCAG using the housing crisis as an excuse to unfairly burden the City through the RHNA numbers. We respectfully request that the SCAG Regional Council take a more meaningful look into the RHNA methodology, reduce the forecasted household growth for Coachella, consider the uniqueness of the Coachella Valley cities and the actual growth that is attainable for our jurisdiction, and allow the City of Coachella to retain its vision for creating a sustainable full-service city without undermining our local land use controls.

You may contact me at (760)398-3102 if you have further questions regarding this matter.

Sincerely,



Luis Lopez, J.D.  
Development Services Director

Xc: Honorable Assemblyman Eduardo Garcia  
Honorable Councilmember Megan Beaman-Jacinto  
Tom Kirk, CVAG  
Bill Pattison, City Manager