CITY OF CERRITOS

CIVIC CENTER • 18125 BLOOMFIELD AVENUE
P.O. BOX 3130 • CERRITOS, CALIFORNIA 90703-3130
PHONE: (562) 916-1310 • FAX: (562) 468-1095
CELL PHONE: (310) 720-0650
E-mail: nareshsolanki@gmail.com
cerritos.us

Cerritos All-America City 2008

OFFICE OF THE MAYOR
NARESH SOLANKI

December 20, 2019

Bill Jahn, President
Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700
Los Angeles, CA 90017

SUBJECT: LETTER REMITTED BY THE CITY OF CERRITOS TO THE SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS (SCAG) OPPOSING THE ACTIONS OF THE REGIONAL COUNCIL RECOMMENDING AN ALTERNATIVE RHNA METHODOLOGY FOR THE 6TH PLANNING CYCLE BY WAY OF SUBSTITUTE MOTION

Dear Mr. Jahn:

The City of Cerritos remits this letter to the Southern California Association of Governments (SCAG) formally objecting to the Regional Council's approval of a Substitute Motion on November 7, 2019 to the dismay and disappointment of municipalities located in the Gateway Cities Council of Governments and Orange County Council of Governments (Coastal Cities) region. The Substitute Motion introduced by the Mayor of the City of Riverside, which resulted in a 43-19 vote of the Regional Council in favor of an alternative Regional Housing Needs Assessment (RHNA) methodology (Alternative RHNA Methodology), is believed to have been orchestrated by members of the Regional Council and SCAG in violation of public meeting law. At the direction of only select members of the Regional Council, SCAG staff was wrongfully instructed to conduct additional analysis on the Alternative RHNA Methodology shortly after the RHNA Subcommittee rejected the alternative methodology on October 7, 2019.

Despite the Alternative RHNA Methodology's failure to obtain approval from the RHNA Subcommittee and the fact that the direction to conduct additional analysis on said methodology was not obtained by a majority vote of the Regional Council at a public meeting, SCAG staff proceeded with conducting the requested analysis to appease the special interest of Regional Council members from San Bernardino and Riverside Counties without the knowledge of Coastal Cities. Further, Coastal Cities were unaware that SCAG intended to present the failed Alternative RHNA Methodology along with the requested analysis, to the Regional Council at the November 7, 2019 meeting. By way of an e-mail disseminated by SCAG only two days prior to the November 7, 2019 Regional Council meeting, Coastal Cities were first informed about SCAG's intent to present the Substitute Motion as a possible alternative to the SCAG Recommended RHNA Methodology that had been approved and recommended by both the RHNA Subcommittee and Community, Economic and Human Development (CHED) Committee. Such actions on the part of SCAG effectively prevented Coastal Cities from being able to vet the merits of the Alternative

RHNA Methodology and fully comprehend the devastating land use and long-term economic impacts said methodology would have on their respective communities.

In light of the questionable actions of the Regional Council and SCAG referenced above, the City of Cerritos requests that the decision to recommend the Alternative RHNA Methodology by way of Substitute Motion be reconsidered, in order to avoid a potential challenge on the part of a growing number of Coastal Cities. In doing so, Coastal Cities would be provided with sufficient time to analyze the merits of the Alternative RHNA Methodology for the purpose of comparing it to the SCAG Draft Recommended RHNA Methodology (SCAG Recommended RHNA Methodology) before the Regional Council at a duly noticed public meeting. Providing Coastal Cities with the opportunity to conduct a thorough and comprehensive review of the Alternative RHNA Methodology, along with the merits of the SCAG Recommended Methodology, will result in a better solution for the manner in which RHNA is assigned by SCAG throughout the region.

The opportunity for Coastal Cities to review and comment on the Alternative RHNA Methodology is imperative for Coastal Cities to fully understand the lasting land use, employment and economic implications said methodology presents for their respective communities. For example, the decision of the Regional Council to eliminate Household Growth projections obtained during the local input process, which initially comprised 50% of the Existing Need computation, resulted in the City of Cerritos being assigned a total of 1,952 housing units. The increase in the total number of housing units from 105 (SCAG Recommended RHNA Methodology) to 1,952 (Alternative RHNA Methodology) resulted in a net increase of 1,847 housing units, which represents a 1,759% increase for the City of Cerritos. Accordingly, the total number of housing units assigned to the City of Cerritos for the 6th Planning Cycle is unattainable, as said total amounts to nearly 13 percent of the City's existing housing stock, which was developed over the course of 60 years.

In the end, the fundamental objective of RHNA is to promote the construction of housing for residents of all income levels State-wide and for cities to accomodate their fair share of housing regardless of size, geographical location and regional influence. Assigning unattainable RHNA allocation numbers that are based on inaccurate data and flawed computer modeling simply to appease the special interests of select Regional Council members at the expense of underserved residents, effective housing production and a transparent and democratic decision making process fails to meet the objectives of RHNA allocation.

Elimination of Household Growth (Growth Forecast) Component

As a critical factor guiding the development of the adopted methodology for SCAG's 4th and 5th RHNA cycles, Household Growth projections obtained from cities during SCAG's local input/growth forecast process were included in the SCAG Recommended RHNA Methodology for the 6th RHNA Cycle. SCAG's Growth Forecast is an important factor used in identifying realistic opportunities for cities to develop housing on either vacant or underutilized property. The Growth Forecast was also used to develop Connect SoCal, which is SCAG's 2020-2045 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS). California State law requires that the methodology used by SCAG in determining RHNA allocations for cities be consistent with the vision and development patterns reflected in SCAG's Connect SoCal; this is no longer the case, since the Alternative RHNA Methodology is inconsistent with SCAG's Connect SoCal. Further, SCAG championed the value and importance of local input provided by way of the Growth

Forecast as a means identifying existing housing constraints. Accordingly, throughout the eighteen-month public input process, Coastal Cities were led to believe that the RHNA Methodology submitted to HCD would be based on an existing need determined through the Growth Forecast.

Despite the extensive information obtained from cities over the eighteen month-long public input process, and despite approvals from the RHNA Subcommittee and CHED Committee in favor of SCAG's Draft Recommended RHNA Methodology inclusive of the Growth Forecast component, the Alternative RHNA Methodology was approved by the Regional Council with the elimination of the Growth Forecast component. In doing so, the extensive input provided by cities depicting the reality of building housing in their respective communities was completely and illegally disregarded by SCAG, effectively ignoring the physical constraints encountered by cities when attempting to construct housing. Most importantly, by eliminating Growth Forecast as a component of the Methodology, SCAG's Connect SoCal has been rendered useless because the vision contained in said plan for guiding local land use development through 2045 is wholly inconsistent and at odds with the development patterns dictated by way of the Alternative RHNA Methodology for Coastal Cities.

Growth Forecast is a required component of the approved RHNA Methodology for the 6th RHNA Cycle. The issue is not whether to include Growth Forecast as a component of the RHNA Methodology, but rather what portion of the RHNA Methodology should be comprised of Growth Forecast. This ensures local input guides future land use development and maintains consistency between the long-term vision of Connect SoCal and the resulting development prescribed by RHNA allocations. The SCAG Recommended RHNA Methodology was comprised of the following factors: Job Accessibility (25%); Population within HQTAs (25%); and, Household Growth (50%). Whereas, the Alternative RHNA Methodology eliminated Household Growth and consisted of only two factors including: Job Accessibility (50%); and, Population within HQTAs (50%).

In lieu of eliminating Growth Forecast from the RHNA Methodology in its entirety, a more reasonable solution would have been to adjust the percentage of the RHNA Methodology that is allocated to Growth Forecast. For example, the RHNA Methodology could have been divided equally among the three factors as follows: Job Accessibility (1/3); Population within HQTAs (1/3); and, Household Growth (1/3) thereby producing attainable RHNA Allocations for Coastal Cities. This alternative would have allowed for Household Growth (Growth Forecast) to remain a component of the RHNA Methodology while helping to ensure greater consistency between Connect SoCal and RHNA allocations. Unfortunately, this alternative was never entertained as a potential option by the Regional Council because Coastal Cities were not provided adequate time nor information to conduct the due diligence necessary to formulate informed recommendations in advance of the November 7, 2019 Regional Council meeting.

Inflated Employment Projections

After further review of the Alternative RHNA Methodology following its approval by the Regional Council, the City of Cerritos has found that the most significant factor in establishing a city's RHNA allocation is employment. According to SCAG's Connect SoCal document that was made available for public review and comment on November 7, 2019 (the very same date the Alternative RHNA Methodology was approved by the Regional Council) the City of Cerritos was identified as possessing 38,953 jobs (approximately

4,320 jobs per square mile). This determination is based on employment projections derived from SCAG's computer modeling; however, said figures are inconsistent with employment data maintained by the State of California Employment Development Department (EDD). When comparing SCAG's 2016 employment projections with employment data from the California EDD, SCAG's employment projections over-estimate the total number of jobs available in Cerritos.

As a master planned community measuring 8.9 square miles in total area, the City of Cerritos, with its strategic mix of commercial, industrial and office land uses supported a total of 25,800 jobs in October 2019, which equals approximately 2,899 jobs per square mile. SCAG's employment projections for Cerritos have been grossly over-estimated by nearly 1,421 jobs per square mile. Additionally, the inaccuracies found in the employment projections produced by SCAG leads the City of Cerritos to believe that additional errors may exist in other projections produced by SCAG for Connect SoCal and RHNA allocations, thereby supporting the need for Coastal Cities to further investigate and analyze the computer modeling and assumptions employed by SCAG for inaccuracies.

Further, it is important to note that the City of Cerritos has recently experienced a significant decline in employment due to the closure of one-time successful businesses, such as Sears, Orchard Supply Hardware, Toys-R-Us and Babies-R-Us, to name a few. The growing popularity of e-commerce has had a significant impact on brick and mortar commercial uses in the City of Cerritos. The City of Cerritos anticipates that this trend will continue to grow, resulting in the closure of additional big box retailers and the loss of jobs in the future.

Accordingly, California EDD employment data must be used in lieu of SCAG's inflated and inaccurate employment projections derived by computer modeling when establishing employment figures for the 2016 base year. Additionally, SCAG's computer modeling should take into account the significant economic and employment impacts caused by e-commerce as well as the elimination of jobs resulting from the displacement of existing developed commercial, industrial and office land uses for the accommodation of housing prescribed by RHNA allocations.

High Quality Transit Area (HQTA)/High Quality Transit Corridor (HQTC) Designations

By eliminating Household Growth (Growth Forecast), the Substitute Motion effectively doubled the Population within a High Quality Transit Area (HQTA) component of the Alternative RHNA Methodology. HQTAs are corridors—focused Priority Growth Areas (PGAs) within one half mile of an existing or planned fixed guideway transit stop or a bus transit corridor where buses pick up passengers at a frequency of every 15 minutes or less during peak commuting hours. According to SCAG's Connect SoCal, HQTAs are to be developed as Transit Oriented Developments (TODs) comprised primarily of high-density residential housing. According to SCAG, HQTAs represent the future of local land use planning that will provide for the accommodation of the majority of housing units assigned to the SCAG region, a region which encompasses nearly 38,000 square miles in total area. In accordance with SCAG's Connect SoCal, HQTAs represent only three percent of the region's total acreage, equaling approximately 1,140 square miles. However, Connect SoCal suggests that over 55% of all new housing units constructed in the SCAG region through year 2045 will be concentrated in cities that possess HQTAs. According to SCAG's

vision, less than half of the housing units built over the next 26 years will be dispersed throughout the remaining 36,860 square miles of the SCAG region.

The Alternative RHNA Methodology was done prematurely because the information used in the Alternative RHNA Methodology to assign RHNA allocations is based on the draft Connect SoCal (which is under public review and subject to further revision), and there are discrepancies between information currently contained in the draft Connect SoCal and that which will be reflected in the final Connect SoCal relating to freeways being categorized as High Quality Transit Corridors (HQTC). HQTCs are defined by SCAG as fixed route transportation corridors with headways of 15 minutes or less during peak hours of operation. HQTCs are deemed by SCAG to be the ideal location for the development of High Quality Transit Areas (HQTAs), which are envisioned to be walkable transit villages located within a half mile of a designated HQTC. Accordingly, local municipalities like Cerritos, which possess one or more freeways within its jurisdictional boundaries, are considered to be optimum locations for the development of HQTAs comprised of high density residential uses. The City of Cerritos was assigned a total of 1,952 housing units for possessing two freeways, in spite of the fact that SCAG has no intention of categorizing freeways as HQTCs in the *final* Connect SoCal. Therefore, the City of Cerritos does not qualify as a HQTA because it does not possess HQTCs and as a result the RHNA allocation for Cerritos should be reduced accordingly.

Despite the inherent inconsistencies between the vision of the draft Connect SoCal and the Alternative RHNA Methodology relative to the future of local land use development, SCAG knowingly obtained Regional Council approval of the Alternative RHNA Methodology and proceeded to assign unattainable RHNA allocation numbers to Coastal Cities. The City of Cerritos does not have an existing transit station, hub, or bus stop within its jurisdictional boundaries that qualifies as a HQTC. Further, the City of Cerritos is not an active member of Eco Rapid Transit nor is a train station being planned in the City of Cerritos as part of Los Angeles County Metropolitan Transportation Authority (Metro) West Santa Ana Branch (WSAB) Project. Since the City of Cerritos does not anticipate any future transit station, hub, or stop that would operate at intervals of 15 minutes or less, the City of Cerritos should not be designated as possessing a HQTA in the Connect SoCal. The City of Cerritos requests that SCAG accurately conveys in Connect SoCal that HQTAs and HQTCs do not exist in Cerritos nor will they at any time in the future. In doing so, SCAG shall be expected to adjust the corresponding factors used in computing the RHNA allocation for the City of Cerritos.

Long Term Economic Implications Associated with Unfunded Housing Mandates

Coastal Cities will endure long-term adverse economic impacts brought about by having to construct more than their fair share of the region's housing units. In the case of fully developed cities like Cerritos, new housing opportunities could only be entertained on underutilized existing developed commercial, office and industrially zoned property, resulting in the loss of jobs and sales tax revenue generating businesses. However, the long-term economic impacts resulting from the conversion of these land uses to housing, go far beyond the loss of jobs and sales tax revenue, as the greatest cost to cities is the expense of providing core city services to thousands of new residents.

Per the United States Census, it is estimated that every household in the County of Los Angeles provides living accommodations for an average of 3.01 residents. Therefore, SCAG's RHNA allocation of 1,952 housing units for the City of Cerritos is projected to

increase the local Cerritos population by 5,876 new residents. The City of Cerritos currently expends nearly $2,000 per resident on a per capita basis for the provision public services and programs. Accordingly, the City of Cerritos will be required to either expend an additional $11.8 million annually for the provision of core city services or reduce the existing level of services an equal amount to offset the added cost of providing said services to new residents.

To make matters worse, "no-and-low" property tax cities receive less than one third of the property tax revenue generated by general property tax cities. According to existing property tax laws in California, cities throughout the SCAG region will not receive sufficient property tax revenue to offset the loss of sales tax revenue-generating and job producing businesses displaced by housing, nor will cities receive sufficient property tax revenue to cover the cost of providing the required core city services for new residents. The long-term economic implications to "no-and-low" property tax Coastal Cities like Cerritos, which have been assigned the bulk of the region's housing units will be devastating. Therefore, it is imperative that the RHNA methodology employed for the 6th Cycle distribute housing throughout the entire SCAG region in a fair and equitable manner and not unjustly subject Coastal Cities to a disproportionate amount of housing units simply to appease San Bernardino and Riverside Counties and the special interests of their respective Regional Council members.

Conclusion

The lack of adequate public notice and due process during the November 7, 2019 meeting, along with the inappropriate direction provided by members of the Regional Council to SCAG staff outside of the lawfully required public hearing process, are sufficient grounds for reconsideration by the Regional Council of the Alternative RHNA Methodology. Further, despite what was inaccurately conveyed by SCAG to HCD in its letter dated November 21, 2019, the Alternative RHNA Methodology was not developed with local input because said methodology eliminated Growth Forecast in its entirety, which was derived from input from local municipalities over the course of eighteen months. Additionally, SCAG did not inform cities, nor make the Alternative RHNA Methodology available for review and comment, until two days prior to the Regional Council meeting of November 7, 2019 effectively preventing Coastal Cities from being able to adequately analyze said methodology for the purpose of assessing its impacts on their respective communities. Lastly, the inaccuracies identified in SCAG's projected employment figures, inconsistencies between Connect SoCal and RHNA in the vision for local land use, and conflicting policies for designating HQTCs that adversely affects cities with freeways and that current RHNA projections are based on draft information contained in Connect SoCal further supports the need for SCAG to reject the Alternative RHNA Methodology as the recommended methodology for the region.

The Regional Council must reconsider the SCAG Recommended RHNA Methodology along with the Alternative RHNA Methodology at a duly noticed public meeting in which cities are allotted adequate time to fully vet the merits of each methodology and are provided an opportunity to introduce changes to either methodology for further Regional Council consideration. Only such actions on the part of SCAG would allow Coastal Cities to restore their faith in the Nation's largest Metropolitan Planning Organization (MPO), an organization that was formed to develop long-range transportation and land use plans while protecting the collective interest of all of its member cites rather than the special interests of a few.

The City of Cerritos would like to thank SCAG in advance for doing what is necessary to protect the integrity of the MPO and the RHNA process, and for ensuring that a RHNA methodology is adopted that justly allocates housing to all cities regardless of their size, geographical location and regional influence. Please do not hesitate to contact Cerritos Senior Assistant City Manager Torrey Contreras at (562) 860-0311 or tcontreras@cerritos.us should you have any questions about the information contained and/or issues addressed in this letter.

Sincerely,

Naresh Solanki
MAYOR

cc: State of California Department of Housing and Community Development (HCD)
Gateway Cities Council of Governments (COG)
Orange County Council of Governments (OCCOG)