



City of Hemet

PLANNING DIVISION.

445 EAST FLORIDA AVENUE · HEMET, CALIFORNIA 92543 (951) 765-2375

October 26, 2020

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

Subject: Appeal of the RHNA Allocation for the City of Hemet

Dear President Jahn:

The City of Hemet respectfully requests that SCAG reconsider the final RHNA allocation. The City does not agree that the RHNA Methodology established and approved by SCAG has not achieved a final outcome in a manner that does not under undermine the five objectives listed in Government Code Section 65584(d) and as briefly stated in the key points listed.

- The City of Hemet is requesting that SCAG consider a RHNA allocation for the City that uses the region's job-housing balance as its core.
- The City's median income is among the lowest in the region. Hemet has among the lowest housing costs and lowest median income in the entire SCAG region. Attempting to construct high-density, low-income housing in Hemet is likely to simply create housing that can only exist with public assistance and where few jobs available, ensuring that residents of such housing are ever more dependent on public assistance.
- The proposed RHNA allocation for the City of Hemet does not consider the socio-economic disadvantages and unintended consequence of overconcentrating low-income housing and proliferation of patterns of segregation without addressing the need for socio-economic equity.
- The City has significant infrastructure issues, particularly relating to water supply and stormwater drainage that are complicated and costly to fix. Although land is available, in most instances the infrastructure is not.
- The City of Hemet is located in an eastern "cul-de-sac" of Riverside County is at the very end of the transportation network. Major job centers in Orange, Los Angeles, and San Diego Counties are two hours or more away. Adding 6,450 new residential units in the community, with the lack of jobs and transit options would only increase highway congestion, reduce air quality, lengthen commute times, and thereby be inconsistent with achieving the regions greenhouse gas reduction targets as provided by the State.

Statement: The requested revision to reduce the number housing units in the City of Hemet is necessary to further the intent of the objectives listed in Section 65584 of the Government Code based on the following findings:

FINDINGS: pursuant to Government Code Section 65080(b)(2).

- (1) Methodology – That SCAG failed to determine the jurisdiction’s share of the regional housing need in accordance with the information described in the Final RHNA Methodology established and approved by SCAG, and in a manner that furthers, and does not undermine the five objectives listed in Government Code Section 65584(d) as described in the findings below.

Objective 1: Increasing the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner, which shall result in each jurisdiction receiving an allocation of units for low- and very low-income households.

SCAG has done an admirable job of recognizing and explaining the complexities of providing affordable housing in Southern California; however, the RHNA allocation methodology does not address marketplace demand and the inherent differences in our regional communities. Using population as the basis for housing demand and assigning the same percentages for each jurisdiction in the SCAG region does not result in a fair and equitable distribution of RHNA. Therefore, the City of Hemet is requesting that SCAG develop consider a RHNA allocation for the City that uses the region's job-housing balance as its core. In your April 2001 report entitled "The New Economy and Jobs/Housing Balance in Southern California" SCAG documented the geographic imbalance between jobs and housing and made a number of recommendations including promoting infill housing in Los Angeles and Orange Counties and wealth-generating jobs in the Inland Empire.

A more realistic methodology is to allocate the RHNA based on a jurisdiction's job-housing balance. The issue is the lack of new housing construction in major job centers and the inability of workers to purchase or rent that housing. Building new units in the housing-rich Inland Empire, without commensurate job growth or transit options, will only increase highway congestion, reduce air quality, and lengthen commute times. In conversations with HCD and SCAG staff, it is clear that policy is not swayed by arguments about fairness, community character, local capacity, historical building patterns, or alternate analyses. However, there is a recognition that employment is the driver of housing demand. A RHNA methodology that is based on jobs-housing balance is feasible.

The current housing predicament is largely due to the lack of housing construction within major job centers. Restricted supply and increased demand only results in increased housing costs. This exacerbates the ability of workers to purchase or rent housing in reasonable proximity to jobs. Allocating urban-scale units in the Inland Empire, where Hemet is located, fails to recognize sub-regional market demand.

Without commensurate job growth or alternative transit options highway congestion will increase, air quality will continue to degrade, and commute times will only increase. Furthermore, the City has significant infrastructure issues, particularly relating to water supply and stormwater drainage that are complicated and costly to fix.

It should be noted that demand for traditional single family detached homes remains high and can only be accommodated in suburban and exurban communities. Although land is available, in most instances the infrastructure is not. Due to the high cost of installing backbone facilities, the development community has been exceedingly cautious in constructing product where lower per unit price points do not offset the risk associated with the development process. The resulting perception of higher risk and lower margins reduces the availability of financing.

The City of Hemet is located in an eastern “cul-de-sac” of Riverside County. It is 20 minutes to the closest freeway, 30 minutes to the closest light rail, and 60 minutes to any major employment centers. Major job centers in Orange, Los Angeles, and San Diego Counties are two hours or more away.

The City’s median income is among the lowest in the region. Hemet has among the lowest housing costs and lowest median income in the entire SCAG region. Attempting to construct high-density, low-income housing in Hemet is likely to simply create housing that can only exist with public assistance and where few jobs available, ensuring that residents of such housing are ever more dependent on public assistance.

Depending on density and the type of construction materials utilized, urban style residential development is mostly cost prohibitive. Raising the purchasing power of the area by expanding higher wage employment opportunities is needed to induce this type of residential product. Regardless of product type and pricing, without alternative transit options and an increased local employment base, highway congestion will increase, air quality will continue to degrade, and commute times will only increase.

Objective 2: Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region’s greenhouse gas reductions targets provided by the State Air Resources Board pursuant to Section 65080.

- The State of California Air Resources Board set the per capita GHA emission reduction targets from automobile and light trucks for the SCAG region by 8% below 2005 per capita emissions levels by 2020 and 19% by 2035. The City of Hemet is located in an eastern “cul-de-sac” of Riverside County. It is 20 minutes to the closest freeway, 30 minutes to the closest light rail, and 60 minutes to any major employment centers. Hemet is at the very end of the transportation network. Major job centers in Orange, Los Angeles, and San Diego Counties are two hours or more away. Adding 6,450 new residential units in the community, with the lack of jobs and transit options would only increase highway congestion, reduce air quality, lengthen commute times, and

thereby be inconsistent with achieving the regions greenhouse gas reduction targets as provided by the State.

- Socio-Economic Equity: According to the CA Tax Credit Allocation Committee (TCAC), 98.7% of the City’s population is located within a Low Resource Area with “High Segregation and Poverty. Additionally, per CalEPA the City of Hemet is a disadvantaged community. Although the City understands the intent of the social equity adjustment redistributed to other High Resource communities, the total RHNA allocation of 6,540 units does not consider the socio-economic disadvantages that would negatively impact efficient patterns of development, such as the overconcentration of low-income housing without addressing the need for socio-economic equity. The City has approved 3,231 residential units including over 300 apartment units, but only 395 single-family homes were actually built in the past five years and over 3,000 jobs have been lost. This does not factor additional jobs lost due to the Covid-19 pandemic. Builders are reporting that it is financially difficult, if not impossible, to build in Hemet because the cost to build exceeds the value of the residential units in the City.
- Greenhouse gas target reductions Adopting an unattainable RHNA for the City that will once again doom the SCAG region and its cities to a failure in building residential units as suggested by the RHNA. Without transit resources and infrastructure to support new development, a RHNA allocation of 6,540 units within the City would only increase highway congestion, reduce air quality, lengthen commute times, and thereby be inconsistent with achieving the regions greenhouse gas reduction targets as provided by the State. Due to the lack of jobs within the community, the City of Hemet residents who would have to travel to jobs rich areas to work because local jobs are not available. It would also run counter to the recent State-mandated Vehicle Miles Traveled (VMT) standard for measuring traffic impacts.

Objective 3: Promoting an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction.

- The allocation of housing did not consider the geographic and socio-economic differences between cities. SCAG has attempted to address the disparity with the social equity adjustment. Consequently, the City was allocated a combined total of 1,540 units in the very-low to low-income category, which would result in an overconcentration of low-income housing within the City, and would proliferate patterns of segregation and poverty. The City of Hemet Median Household Income as reported in the 2018 American Community Survey 5-Year Estimates is \$39,179.00, which is within the very-low income category, and significantly lower as compared to the Area Median Income of \$75,300 for Riverside County. As reported by the Census, the median monthly household

cost in the City of Hemet is \$1,368.00 and monthly gross rental cost is \$1,066.00, which is substantially lower as compared to the SCAG region. The housing costs are predominately within the low to moderate income category. Therefore, affordable housing units relative to low-wage workers is not the issue in the City of Hemet, but rather the lack of high-quality jobs to support a growing population, in addition an unemployment rate of 14% (ACS 2018 5-Year Estimate), which is significantly higher than the State unemployment rate of 6.7%, and symptomatic of job scarcity. This does not include the loss of jobs due to the recent Covid-19 Pandemic. The greater issue is the lack of new affordable housing construction in Major Job Centers and the inability of workers to purchase or rent that housing. A more realistic methodology is to allocate the RHNA based on a jurisdiction's job-housing balance.

Objective 4: Allocating a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category, as compared to the countywide distribution of households in that category from the most recent American Community Survey.

- SCAG recognized that some cities have a higher concentration of lower income households than other cities within the same county. By applying the current percentages to the RHNA allocation, lower income communities would be allocated higher numbers of low-income housing units. To correct this, SCAG applied a social equity adjustment to more fairly distribute the allocation of lower income units across the county, which resulted in a RHNA allocation of 1,540 very-low and low-income units to the City of Hemet.
- The City of Hemet Median Household Income as reported in the 2018 American Community Survey 5-Year Estimates is \$39,179.00, which is significantly lower as compared to the Area Median Income of \$75,300 for Riverside County. The distribution of income categories does not consider the geographic and socio-economic differences between cities. SCAG has attempted to address the disparity with the social equity adjustment, but the nexus for the percentages used to determine the RHNA and its distribution across the income categories is not explained. As reported by the Census, the median monthly household cost in the City of Hemet is \$1,368.00 and monthly gross rental cost is \$1,066.00, which is notably lower as compared to the SCAG region. As reported by the American Community Survey, the Median Value of owner-occupied housing units is \$175,700.00, which is also significantly lower comparatively within the SCAG region.
- The disproportionate allocation of 1,540 very-low and low-income units within an already low-income community is not economically feasible. Although the City has explored and participated in most State and Federal programs offered, it is still struggling to recover from the Great Recession. Many of our residents are underemployed or unemployed. The City has approved 3,231 residential

units including over 300 apartment units, but only 395 single-family homes were actually built in the past five years and over 3,000 jobs have been lost. This does not factor additional jobs lost due to the Covid-19 pandemic. Builders are reporting that it is financially difficult, if not impossible, to build in Hemet because the cost to build exceeds the value of the residential units in the City.

Objective 5: Affirmatively furthering fair housing.

- Although the social equity adjustment defined by the state Tax Credit Allocation Commission opportunity map was intended to provide a fair and equitable adjustment, it did not fairly translate in the number of affordable units allocated to the City and did not consider that 63% of the City’s population is within the very-low or low-income range. The City of Hemet Median Household Income as reported in the 2018 American Community Survey 5-Year Estimates is \$39,179.00, which is significantly lower as compared to the Area Median Income of \$75,300 for Riverside County. The distribution of income categories does not consider the geographic and socio-economic differences between cities. Not only is the allocation of 1,540 very-low and low-income units within an already low-income community disproportionate, it further proliferates the patterns of segregation, and increases the economic disadvantages, and further complicates the market conditions within the community. Therefore, the City finds that the RHNA allocation (distribution of income categories) does not affirmatively further fair housing.

(2) Local Planning Factors and Information Affirmatively Furthering Fair Housing (AFFH) – That SCAG failed to consider information submitted by the local jurisdiction relating to certain local factors outlined in Govt. Code § 65584.04(e) and information submitted by the local jurisdiction relating to affirmatively furthering fair housing pursuant to Government Code § 65584.04(b)(2) and 65584(d)(5) including the following:

- As summarized in the findings above and as provided by the City in prior correspondence, SCAG failed to consider information submitted by the local jurisdiction outlined in the areas of concern listed below.
 - The jurisdiction’s existing and projected jobs and housing relationship.
 - The opportunities and constraints to development of additional housing as follows:
 - Lack of capacity for sewer or water service due to federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period.

- The percentage of existing households at each of the income levels listed in subdivision (e) of Section 65584 that are paying more than 30 percent and more than 50 percent of their income in rent.
- The region's greenhouse gas emissions targets provided by the State Air Resources Board pursuant to Section 65080, to be met by SCAG's Connect SoCal Plan.

Hemet strongly encourages SCAG to design a jobs-housing RHNA allocation option for the City of Hemet that acknowledges the socio-economic constraints, jobs to housing imbalance, and lack of transit and infrastructure in our community.

Sincerely,



H.P. Kang
Community Development Director