

BRIEF STATEMENT ON WHY THIS REVISION IS NECESSARY TO FURTHER THE INTENT OF THE OBJECTIVES LISTED IN GOVERNMENT CODE SECTION 65584.**I. Introduction**

SCAG's Draft Regional Housing Needs Assessment (RHNA) Allocation Plan (Draft RHNA Plan) formulated a RHNA methodology to determine each jurisdiction's RHNA allocation. The RHNA methodology consists of two main categories: (1) projected need and (2) existing need. Projected need is based on three factors: (i) projected household growth from 2020-2030, (ii) future vacancy need, and (iii) replacement need. The region's projected need is calculated to be 504,970 units. Based on the RHNA allocation to SCAG by the California Department of Housing and Community Development (HCD) of 1,341,827 units, the remaining 836,857 units constitute existing need. Per SCAG's RHNA methodology, existing need is based on two factors: (i) transit accessibility, and (ii) job accessibility.

The City of Rancho Palos Verdes (City) appeals the City's proposed allocated share of the regional housing need included as part of SCAG's Draft RHNA Plan. The City's draft allocation is 638 units, and the City is requesting a reduction to **584 units**. This revision is necessary to further the intent of the objectives listed in Government Code Section 65584(d) for the following reasons:

- A. The allocation fails to apply the adopted final RHNA methodology for the 6th Cycle RHNA, particularly with respect to existing need due to job accessibility.
- B. SCAG failed to consider local planning factors, namely the availability of land suitable for urban development or for conversion to residential use and lands protected from urban development under existing federal or state programs.

Finally, the City believes that HCD's RHNA determination for SCAG is incorrectly calculated, being twice as much as it should be. Due to Senate Bill 828 (2018), HCD's incorrect vacancy rate and double counting of existing need has resulted in a SCAG RHNA allocation of 1,341,827 units, when it should have been allocated 651,000 units, which is much nearer the region's actual projected need of 504,970 units.

II. Bases For Appeal

- A. **The allocation fails to apply the adopted final RHNA methodology, particularly with respect to existing need due to job accessibility.**

With respect to the region's existing housing need, SCAG's RHNA methodology assigns 50% of the need to job accessibility. According to SCAG:

Job accessibility is based on the share of the region's jobs accessible by a thirty (30) minute commute by car in 2045. Importantly, the RHNA methodology's job access factor is *not* based on the number of jobs within a jurisdiction from SCAG's Connect SoCal Plan or any other data source. Rather, it is a measure based on how many jobs can be *accessed* from that jurisdiction within a 30-minute commute, which includes jobs in other jurisdictions.

(SCAG Final RHNA Methodology, p. 10.)

According to SCAG, job accessibility data are derived at the transportation analysis zone (TAZ) level from travel demand modelling output from SCAG's final Connect SoCal Plan. A jurisdiction's median TAZ was found to be the best available measure of job accessibility for that jurisdiction.

According to the RHNA methodology data, the City's median TAZ and percentage of regional jobs accessible within a 30-minute commute is 6.46%. This means that of all the available jobs within the SCAG region, 6.46% of those jobs are accessible to the average City resident within a 30-minute commute. (See attachments 1 and 2.)

The assignment of 6.46% of job accessibility to the City is erroneous for several reasons. First, SCAG estimated the City's 2016 employment data to be 8,000 jobs and a projected 2045 employment data of 8,200 jobs, based on the Connect SoCal Plan. (See attachments 3 and 4.) However, according to the SCAG's 2019 Local Profile Report, in 2015 less than 6,000 jobs were located in the City. Further, this number represented a decrease of 700 jobs from 2007. (See attachment 5.) Over that 8 year period, SCAG found a 11.6% decrease in the number of jobs in the City. However, inexplicably, this number jumps to 7,954 and 7,964 for years 2016 and 2017. The local report provides no explanation of this 26% increase in jobs within one year.

Based on Connect SoCal Plan's 2016 projections, SCAG not only overestimated the number of jobs in the City by around 2,000, it also reversed the City's job losses from a 11.6% decrease in 2015 to a 28% increase through 2045. Despite SCAG's earlier estimates suggesting that jobs are decreasing in the City, SCAG now assumes that the number of jobs in the City will increase through 2045. Because the Connect SoCal 2016 employment data was incorrect and overinflated to begin with, the job increase found in the 2045 projection is consequently grossly overinflated as well.

The RHNA methodology for job accessibility is based on how many jobs can be accessed from a jurisdiction within a 30-minute commute, rather than how many jobs are located within a jurisdiction, which would account for a portion of this difference between SCAG's earlier estimates and the Connect SoCal Plan's 2016 projections. However, there is no reason to believe that the City's accessibility will increase in the future. The City, along with its neighboring Palos Verdes Peninsula cities, are located in a region with very limited access to high-quality transit. Only a small portion of the City itself has access to high-quality transit (See attachment 6) In fact, the City recently learned that, due to the recent reduction in ridership, the LA Metro is considering eliminating Route 344, which serves Hawthorne Blvd., a major arterial for the Peninsula. With limited and even decreasing access to high-quality transit, the City's access to jobs is unlikely to change. As such, there appears to be no grounds to support the job increase found in the Connect SoCal Plan's 2045 projections.

Accordingly, the City's assignment of 6.46% of job accessibility should be lowered to a more accurate and equitable percentage. If the percentage were lowered by 1% to 5.46% to reflect the reduction in job and accessibility within the City, that, in turn, would equal an assignment of **634 units as existing need due to job accessibility** rather than the 638 units originally assigned.

B. SCAG failed to consider local planning factors, specifically the numerous unique factors found in the City which limit development.

Development within the City faces a number of unique challenges. Despite this, the City has a vibrant and well-planned mix of residential, commercial, and industrial uses. SCAG failed to consider the following local planning factors when determining the allocation to the City.

1. Availability of land suitable for urban development or for conversion to residential use

There are 8,274 acres of land within the City of Rancho Palos Verdes. The City has determined that 1,710 acres of land are not suitable for urban development. These acres of land include Natural Environment/Hazard Areas which are lands designated as “Hazard,” “Open Space Hillside” and “Open Space Preserve” by the Land Use Element.

The areas designated “Hazard” areas possess extreme physical constraints, such as active landslide, sea cliff erosion hazard, and extreme slopes of 35 percent and greater.

The areas designated “Open Space Hillside” areas also are subject to extreme physical constraints and will be maintained as open space, with very light-intensity uses permitted, such as landscaping, agriculture, passive recreational activities, and very minor structures, for the protection of the public health, safety, and welfare. The constraints include active landslide and extreme slope of 35% or greater. The Open Space Preserve areas include the City’s Palos Verdes Nature Preserve. These are lands that have been acquired by the City as permanent open space, which are managed by the Palos Verdes Peninsula Land Conservancy. The purpose of these lands is to provide permanent open space buffers within the community, to protect sensitive plant and animal communities, and to provide opportunity for passive recreational uses that are compatible with this purpose. Of the 6,564 acres available for urban development, 5,111 acres have already been developed as Urban Activity Areas; that is, sites that have been set-aside for some structured use that either directly or indirectly serve a function oriented to urbanization. Undeveloped acreage totals only 5% of all the acres within the City.

Residential activities are the major land use in the City with existing and proposed residential uses encompassing approximately 5,500 acres (66.5% of the total land area). The predominance of residential use and related density ranges is based on several factors: the ability of residential activity to produce low environmental stress, the geographic location of the community with no major transportation facilities, the geology of the site, lack of market potential for any major commercial development, and need for support facilities only to meet the community’s demand.

(a) Portuguese Bend Landslide Complex

The Portuguese Bend Landslide Complex (PBLC) is located along the south central section of the Palos Verdes Peninsula within the City of Rancho Palos Verdes. The terminus of the active landslide complex, and generally the southwest boundary of the PBLC, is the Pacific Ocean. The PBLC is divided into two parts with the main landslide having an area of about 190 acres and the other segment having an area of about 70 acres. The PBLC moves at various rates and over the last several decades has resulted in significant infrastructure damage to homes, utilities, and roadways. The City has expended nearly 50 million dollars over the years repairing and maintaining the damage and addressing the overall technical and administrative issues associated with managing such a complex problem. As a result of geologic and geotechnical studies, the City

prohibits the construction on vacant lots within the entire PBLC through with the establishment of a landslide moratorium area. As such, development is not possible in a significant portion of the City without further, expensive interventions by the City.

2. Lands protected from urban development under existing federal or state programs

(a) Very High Fire Severity Zone Designation

Approximately 97% of the City of Rancho Palos Verdes is located within the Very High Fire Severity Zone, as classified through the California Department of Forestry and Fire Protection. This designation reflects the constant and pressing fire safety threat which faces the City. The designation is made by the California Department of Forestry and Fire Protection, without input from the City. Senate Bill 35, found at Government Code 51175, *et seq.*, recognizes the hazards associated with such classifications by exempting mandatory density provisions for very high fire severity zone communities. Additionally, this designation requires the City of Rancho Palos to consider the potential fire risk implications of planning decisions. This designation specifically requires that the City consider any additional developments that would increase density within the City, severely limiting the City's ability to respond to its RHNA allocation. As such, the City is being forced into a conflicting position: limit density due to fire risk, and create more housing due to its RHNA allocation.

(b) Limitations Due to Conservation

The City includes area of lands that are protected from development as a result of Federal and State programs. More specifically, the City has adopted a Natural Community Preservation Plan and Habitat Conservation Plan (NCCP/HCP or Plan). The Plan was prepared to maximize the benefits to wildlife and vegetation communities while accommodating appropriate economic development within the City. The City's primary conservation strategy is to dedicate 1,402.4 acres of habitat protection for the NCCP/HCP Preserve assembly. The dedication includes Existing Public Lands that are currently owned by the City (1,123.0 acres) and the Palos Verdes Peninsula Land Conservancy (PVPLC) (20.7 acres). The remainder of the Preserve is comprised of 258.7 acres of City owned land or land that will eventually be owned by the City, which has been previously dedicated for conservation as mitigation for certain private projects and will be added to the Preserve.

The City also includes the Abalone Cove, which contains a State-designated Ecological Preserve with important natural marine resources at the bottom of the Portuguese Bend landslide area. The City's NCCP/HCP is unique to Los Angeles County and is the only such Plan in the County. It benefits the natural environment and protection of species, including listed endangered species as well as passive recreational opportunities to the general public. The approximate 1,400 acres of undeveloped vacant open space that make up the Palos Verdes Nature Preserve is encumbered with conservation easements and deed restrictions that prohibit development in perpetuity, which should be factored in the RHNA allocation applied to the City.

III. This Appeals Furthers The Objectives Under Government Code Section 65584.

The City's appeal of its RHNA allocation above serves to further the five RHNA objectives under Government Code Section 65584(d). With respect to the first objective of increasing the housing supply and mix of housing types, tenure, and affordability within the region in an equitable manner, the City's proposed revisions ensure that the consideration of actual employment data and projections (as opposed to output modelling) promotes an equitable distribution of housing where the jobs are accessible. It is clear the SCAG's Connect SoCal Plan is not in line with earlier SCAG projections, which saw jobs diminishing in the City. Accordingly, placement of housing where there are not as many jobs as originally calculated does not achieve equity or distribute housing in an equitable manner in the City or surrounding communities whose residents may commute to the City. This is especially true due to the shortage of high-quality transit within the City. Rather, revising the City's share of the region's job accessibility (population-weighted) downward from 6.46% to 5.46% will increase the supply of housing in a more equitable and realistic manner.

With respect to the second objective, the City's appeal encourages efficient development patterns and will achieve the region's greenhouse gas targets better than the current allocation because the revised allocation requested by this appeal more accurately reflects actual travel patterns and demands between jobs and housing. By continuing to use the current allocation, the City's residents will actually be travelling farther to access the number of jobs purported to exist within the City without access to high-quality transit. This would lead to a reliance on long-distance automobile traffic, increasing greenhouse gas from the increased commute time. With the revisions, the number of housing units that will be built will accurately reflect the actual existing and projected number of jobs between now and the end of the planning period that are accessible within a 30-minute commute, and it will provide a reduction in trips and greenhouse gases.

With respect to the third objective, the appeal will promote an improved intraregional relationship between jobs and housing, as the more accurate data and projections will lead to more housing closer to where the jobs are or will be located. Using the current projections overinflates the number of jobs in or near the City and will create housing that is not necessarily near where the jobs will be located.

With respect to the fourth and fifth objectives, the appeal will allocate the appropriate percentage and number of housing per income category to promote social equity within the City by strictly using the formula created and implemented by SCAG.

Overall, the City's appeal is necessary to ensure success in planning for and actually developing housing to meet the needs and demands of the future. Denying the appeal and moving forward with the allocation as-is would ignore the actual real world constraints on employment and development that exists within the City and the surrounding communities. The City's proposed revisions also further the housing objectives in a more meaningful way by adhering to the RHNA methodology while incorporating actual data and information as well as promoting social equity.

IV. Additional Issues

HCD improperly calculated the RHNA allocation and gave SCAG twice as many housing units than it should have. SB 828, which made changes to Government Code Sections 65584, 65584.01, and 65584.04, wrongly assumed overcrowding and cost-burdening were not considered in the housing needs projections calculated by the California Department of Finance (DOF), which (prior

to SB 828) was tasked with developing methodology for household forecasts. According to a report by the Embarcadero Institute, *Double Counting in the Latest Housing Needs Assessment*, September 2020, “unknown to the authors of SB-828, the DOF has for years factored overcrowding and cost-burdening into their household projections. These projections are developed by multiplying the estimated population by the headship rate (the proportion of the population who will be head of a household). The DOF, in conjunction with HCD, has documented its deliberate decision to use higher headship rates to reflect optimal conditions and intentionally “alleviate the burdens of high housing cost and overcrowding.” Unfortunately, SB-828 has caused the state to double count these important numbers.” (See attachment 7, *Double Counting in the Latest Housing Needs Assessment*, p. 3.) In other words, the resulting legislation of SB 828 counted overcrowding and high housing costs twice, once as part of the household projections when multiplying estimated population by the headship rate, and then again a second time as an adjustment factor. This has resulted in an additional 734,000 housing units being assigned to regional planning bodies throughout California, with SCAG absorbing a vast majority of the units. (See attachment 7, *Double Counting in the Latest Housing Needs Assessment*, p. 4.)

Moreover, SB 828 assumed a 5% vacant rate in owner-occupied housing is representative of a healthy housing market, when in fact, the rate should be 1.5%. As a result, more housing units would be required to be built to achieve a higher 5% vacancy rate for owner-occupied housing. This will result in an oversupply of such housing. The Embarcadero Institute estimates this error results in an overproduction requirement of 229,000 housing units throughout California, the majority of which was again assigned to SCAG. (See attachment 7, *Double Counting in the Latest Housing Needs Assessment*, pp. 3-4.)

Overall, the double counting has required regional planning bodies throughout California to absorb over 941,000 additional housing units than it would have otherwise been required to produce, with SCAG being assigned to produce 691,000 of those units, which is 100% more than the actual projected household growth for the Southern California region.

SUMMARY OF APPEAL REQUEST AND DESIRED OUTCOME:

1. Reduce the City’s share of the region’s job accessibility (populated weighted) from 6.46% to 5.46%, thereby reducing the City’s allocation from 638 to 634 units.
2. Address the local planning factors relevant to the City, thereby reducing the City’s allocation from 634 units to 584 units.

NUMBER OF UNITS REQUESTED TO BE REDUCED OR ADDED TO THE JURISDICTION’S DRAFT RHNA ALLOCATION:

Reduce: 54 units

Attachments

1. RPV Draft 6th RHNA Methodology
2. SCAG Job Accessibility Data

- 3.** SCAG Data Appendix Jobs
- 4.** SCAG Connect Social Demographics and Growth Forecast
- 5.** Rancho Palos Verdes Local Profile Report
- 6.** SCAG HQTAs Maps
- 7.** Double-counting-in-the Latest Housing Needs Assessment- October 2020