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October 26, 2020

Kome Ajise, Executive Director
Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700
Los Angeles, CA 90017

**RE: 6th CYCLE REGIONAL HOUSING NEEDS ASSESSMENT (RHNA)
ALLOCATION APPEAL**

Dear Mr. Kome Ajise:

On behalf of the City of San Gabriel (“City”), we are writing to appeal the draft RHNA allocation released on September 4, 2020. We would first like to thank the Southern California Association of Governments (SCAG) for the opportunity to appeal the draft RHNA allocation for the City of San Gabriel. Pursuant to Government Code § 65584.05, the City is filing an appeal and requesting a reduction of its allocated numbers based upon the criteria discussed below. This appeal is consistent with, and not to the detriment of, the development pattern in the Sustainable Communities Strategies (SCSs) and SCAG’s Connect SoCal Plan per Government Code §65080(b)(2).

I. METHODOLOGY

The City would like to reiterate the comments submitted in its September 13, 2019 letter to SGAC regarding the RHNA Methodology. The allocation should be based on accurate population forecasts and the reasonable application of logical principles and assumptions to calculate the regional determination. At this time, the RHNA Methodology assigns a higher percentage of the regional housing need to cities located near high quality transit areas (HQTAs) and job accessibility regardless of their individual circumstances. Meanwhile, cities located further away from HQTAs and job accessibility are automatically assigned a lower percentage of the regional housing need even if they have the excess land capacity, vacant land, and underutilized parcels.

The City understands that the key aspects of SCSs focus on housing and job growth within existing urbanized areas, giving greater accessibility to job opportunities and high quality transit, utilizing infill opportunities to conserve natural resources and farmlands, and planning for homes at a range of densities and affordability levels near job centers. However, the answer to the housing crisis is not to overtax physically constrained, built-out cities. We should instead rely on thoughtful long-range planning and form policies that encourage employment and transit in areas that have the capacity and available land to accommodate more development and housing.

As the region’s population increases, ages, and diversifies, land use decisions and transportation investments made at the federal, state, regional and local levels must be coordinated to achieve Connect SoCal’s regional goals. Developing centers with a mix of land uses, a range of building types, and connected public spaces can strengthen the fabric of communities. Targeting rideshare

and transportation demand management strategies near employment centers can reduce travel costs and improve air quality. Thoughtfully locating freight delivery facilities and logistics centers can reduce truck travel and the impact of goods movement on communities. It is widely accepted that coordinating land-use and transportation strategies yields beneficial outcomes.

To that end, the housing needs distribution should not be analyzed merely on a regional level. Consideration should be given to actual conditions in each city as well, such as individual growth factors and available land capacity. For example, in cities where job growth is increasing, there should be long-range strategies to provide housing and transportation options to support developing job centers within those areas. Additionally, federal, state, and regional policies and programs should offer incentives to encourage job creation in areas that have available housing and land.

A. Projected Household Growth.

According to the Final RHNA Methodology, projected need is considered as household growth for a jurisdiction. According to San Gabriel's 2008-2014 Housing Element, the average household size was 3.10. According to San Gabriel's 2013-2021 Housing Element, the average household size was 3.13. In 13 years, the City of San Gabriel has experienced less than a one percent growth in household size. According to San Gabriel's 2013-2021 Housing Element, for the past 30 years, since 1990, the City has experienced a growth of only 3,215 residents, from 37,120 to 40,335 residents. Again, this amounts to less than a one percent growth.

For the past eight years since 2012, the City has grown by merely 409 residents. However, the RHNA allocation for the next eight years is 3,017 units--significantly higher than our historic household and population growth. This allocation is seven times the actual population growth in the past eight-year period, and even then, that is a conservative assessment as it assumes single-occupant households. If the 409 residents are considered in terms of shared households, then the allocated units are even more disproportionate to our actual anticipated growth. The City therefore believes the allocation should be revised.

The City understands there were timing issues during the formulation of the Methodology; however, further consideration must be given to a modified approach to the process, versus a one-size-fits-all formula. When the projected growth is seven times the actual growth and almost equivalent to a 30-year growth period, then there is reason to be concerned about how the Methodology is being applied to the City of San Gabriel. This problem can be attributed to the existing need formula.

B. Existing Housing Need Formula.

The existing housing need assignment is problematic. The Final RHNA Methodology assigns 50% of the regional existing need based on a jurisdiction's share of regional residential population within a High Quality Transit Area (HQTA) and 50% of the regional existing need based on job accessibility. The City of San Gabriel is located approximately 10 miles from downtown Los Angeles, a 15-minute commute during non-peak hours. But the City is just 4.1 square miles in size, one of the smaller cities amongst the 31 that comprise the San Gabriel Valley. It is built-out and has less available land than its neighboring cities to accommodate more development. However, due to its proximity to a HQTA and job accessibility, the City is assigned a greater

percentage of the need. According to the SGAC's Connect SoCal Plan, the City is not identified as a Priority Growth Area or Job Center Area. This methodology assumes the City has a greater housing need solely because of its geographic location, without considering actual growth, demand, and/or overcrowding factors.

II. SEWER AND WATER INFRASTRUCTURE CONSTRAINTS

In the 4th and 5th RHNA cycles, the City of San Gabriel showed that its infrastructure is aging and in need of repair. Repairs and improvements are more often reactive than proactive, and the delays are largely due to lack of funding. This issue makes the current allocation even more problematic because the number of allocated units continues to increase with each RHNA cycle, while the City's sewer infrastructure remains insufficient for our already existing demand.

A. Deficient Sewer Infrastructure.

San Gabriel's sewer system was installed in the mid 1930's to early 1940's. This public sewer system serves more than 40,000 residents and nearly 2,000 businesses. The City has made efforts to fix problems as they have occurred over the decades, but the system is constantly under repair and ever increasing maintenance. The average lifespan for clay sewer pipe is approximately 75-years, and while 100-year life may be achievable under ideal conditions, San Gabriel's sewer system is undoubtedly in need of a major infrastructure overhaul. Current design standards call for sewer pipes to be designed for 50% flow depth compared to a 75% flow depth when the system was installed.

The City prepared a comprehensive study of the public sewer system in 2009. The study included an inventory of the pipes and manholes that make up the system, an evaluation of the sewer flows and capacity of the system, and an assessment of the condition of the system. Using the information collected, the study identified areas of the system that require improvement to increase capacity and to correct structural deficiencies. The study estimates that over \$30 million in repairs is needed to the system. In addition, ongoing routine maintenance must be increased to ensure uninterrupted service and to protect public health and the environment from preventable sewer overflows.

Approximately 58% of the system is currently over capacity, flowing at more than 50% to more than 100% full (under pressure) during peak flow conditions. These pipelines need to be upgraded to provide sufficient capacity for the implementation of the 2004 General Plan. The condition survey of the sewer system found that 20% of the system will need repairs of low priority, about 50% of the system will require repairs of medium priority, and about six percent will require repairs of high priority. Based on the results of the sewer system capacity analysis and condition survey, several replacement and repair projects are proposed to mitigate the identified capacity and condition deficiencies.

B. Required Capacity Upgrades.

To mitigate the deficient sewer mains, there are two options: Either replace the deficient sewer with a larger sewer main or parallel the existing main with relief sewer. The damaged sewer segments were evaluated to determine the best approach. The City's capital improvement projects (CIPs) address the capacity deficiencies in the existing sewer system that would occur

based on the City's General Plan. The pipeline reaches have been grouped and prioritized into projects. The projects have been organized based on location, logical construction order, size of upstream pipes, size of downstream pipes and location. This was all based on the assumption that the CIPs are for the construction of replacement sewer pipes. Consideration and evaluation of other alternatives, such as relief parallel lines or diversions, should be made at the project pre-design stage.

These problem sewer areas are also the areas designated for increased densities as part of the Valley Boulevard Specific Plan adopted in 2006, which would allow for increased housing opportunities over a 20-year period, up to 2026. Unfortunately, many of the pipes within the Valley Boulevard Specific Plan area are at or exceeding the original 75% flow depth and are the source of many of the City's complaint calls. The City's Public Works Maintenance Crew is continuously flushing out the pipes on a weekly or bi-weekly basis to prevent a major sewage clog.

C. Limited Funding to Upgrade Sewer.

The cost to upgrade the sewer system will be about \$30 million citywide and at least \$17-18 million in the hot spot zones. The 2009 Sewer Master Plan proposed that the City implement a sewer user fee to help pay for the cost to upgrade the infrastructure. The City has been collecting sewer impact fees since 2006 ranging from \$3.05 per square feet for commercial uses to \$3,292 per residential unit on new development. In 2014, the City adopted a \$9.75 sewer user fee per single-family home. This fee will generate approximately \$1.75 million per year, which will take ten years just to address the hot spots zones. The City will need to allot adequate additional funds in order to continue with maintenance and upgrade the sewer system to accommodate further development. Ultimately, the shortfall continues to grow exponentially with the increase in densities to meet the RHNA allocation in each planning cycle.

III. AVAILABILITY OF SUITABLE LAND

The City of San Gabriel's allocated housing units are based on projections for buildout between 2020 and 2045 supplied by SCAG's 2020 RTP/SCS growth forecast. Though SCAG considers existing general plan and zoning maps to determine existing conditions, other significant factors are ignored, such as higher density allowances through the application of specific plan and planned development regulations, which award developments more density for the inclusion of a housing component. Cities can up-zone residential properties, but the land and individual units must still be a certain minimum size to meet Building & Safety and Fire codes. Land use and zoning can allow for higher densities, but these tools cannot solve every problem if there is simply no land available for the development of more housing.

Additionally, according the City's 2013-2021 Housing Element land inventory summary, potential and vacant underutilized sites for development includes 647 for lower-income, 409 for moderate-income, and 10 for above-income. This was adequate for the current 5th Cycle. The 6th Cycle will require sites for 1,259 lower-income, 465 moderate-income, and 1,293 above-income units. In other words, the lower-income site requirement is now double our availability, moderate-income exceeds availability by 13%, and the above-income requirement is nearly 130 times the number of available sites. In a built-out 4.1 square mile city, the allocated numbers now severely exceed the number of potential and underutilized sites identified in current 5th Cycle.

The proportionality of the allocated units to land in San Gabriel is concerning. To be clear, it will not be possible to meet the requirement for above-income units--a number that is, again, 130 times our current availability for that group. This is the type of unsound result that occurs when the assumed demand does not reflect the actual needs and realities of a city.

Land use, zoning, and densities are increased and adjusted every RHNA Cycle, but the actual build-out of planned units are typically a fraction of the allocated unit numbers (as seen in the City's 2019 Annual Housing Progress Reports submitted to the HCD). The City's 5th Cycle allocation was 930 units and by the end of the seventh year in the eight-year planning period, only 372 building permits were issued. The City further doubts the attainability of these allocated unit requirements, since the role of local government is not housing production. Up-zoning and increasing density does not convince the long-time land owner to sell property or guarantee that the private housing developer will acquire enough land to receive the benefits land use and zoning amendments may allow.

IV. AFFIRMATIVELY FURTHERING FAIR HOUSING

A. Proactive Planning Policies and Regulations.

While growth planning may be relatively slow in some cities, the City of San Gabriel acknowledges that there is population growth and the need for more housing at different affordability levels. This is why the City has been proactively planning housing strategies and programs in recent years. Some of the programs the City is implementing to further fair housing are discussed below.

On March 30, 2020, the Department of Housing and Community Development (HCD) awarded the City of San Gabriel \$160,000 of grant funding, the maximum and reimbursable award amount for small localities less than 60,000 people. A request for proposals (RFP) was issued on September 28, 2020 for preparation of the documents identified in the SB 2 Planning Grant Program Application, including:

- Developing an Inclusionary Housing Ordinance for City Council consideration;
- Updating the City's existing Density Bonus Ordinance;
- Developing administrative manuals (i.e., user manuals) for both ordinances that may be disseminated to the public, community stakeholders, developers, and affordable housing partners;
- Updating the City's General Plan Land Use and Zoning Maps to reflect all the amendments that have occurred since the adoption of the General Plan in 2004; and
- Updating the City's Zoning Code to be consistent with the goals and objectives identified in the 2021-2029 Housing Element.

As shown above, the City of San Gabriel is already proactively updating its planning policy and regulatory documents to require more fair housing from new developments as well as converted developments for adaptive reuse purposes. The City's efforts to encourage and promote fair housing started prior to the RHNA allocation and should be considered as part of the allocation considerations.

B. Senate Bill 2 (SB 2) Permanent Local Housing Allocation Program.

The Los Angeles County Development Authority (LACDA), on behalf of Los Angeles County and its participating cities, applied for the Permanent Local Housing Allocation (PLHA) grant from the California Department of Housing & Community Development (HUD). It is estimated that the City of San Gabriel will be allocated \$187,992 from the \$11 million grant. The County plans to utilize the annual allocations to establish and implement an Eviction Defense Program (EDP) that would provide legal defense and eviction prevention resources for all eligible residents experiencing or at risk of homelessness. Alternatively, many cities are exercising the option to utilize their funds for other eligible housing activities, including, but not limited to:

- The predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing that is affordable to extremely low-, very low-, low-, or moderate-income households, including necessary operating subsidies;
- The predevelopment, development, acquisition, rehabilitation, and preservation of affordable rental and ownership housing, including Accessory Dwelling Units (ADUs) that meets the needs of a growing workforce earning up to 120-percent of AMI, or 150-percent of AMI in high-cost areas. ADUs shall be available for occupancy for a term of no less than 30 days;
- Assisting persons who are experiencing or at risk of homelessness, including, but not limited to, providing rapid rehousing, rental assistance, supportive/case management services that allow people to obtain and retain housing, operating and capital costs for navigation centers and emergency shelters, and the new construction, rehabilitation, and preservation of permanent transitional housing.

On October 6, 2020, the San Gabriel City Council authorized the utilization of these funds toward the acquisition and predevelopment of an affordable housing development on a property that was previously not considered for housing development.

C. County Affordable Housing Trust Fund.

Other housing policies and programming efforts that should be considered in San Gabriel's allocation is the City's participation in the County Affordable Housing Trust Fund. Over the last year, the SGVCOG has been working with cities and stakeholders to explore the forming of a San Gabriel Valley Regional Housing Trust Fund. A Regional Housing Trust Fund would create a vehicle to receive and distribute funding to support the planning and construction of affordable and homeless housing in the San Gabriel Valley. These funds would be managed locally and would support projects that are deemed beneficial to the San Gabriel Valley cities.

At the request of the SGVCOG, State Senator Susan Rubio introduced legislation this year that would allow San Gabriel Valley cities to form a regional joint powers authority to receive and disperse both public and private financing for the planning and construction of affordable housing and homeless housing. The bill was approved by Governor Newsom in October 2019, and since then, the Regional Housing Trust has been formed and is now operational. The Trust will be overseen by a Board of seven elected officials from cities within the San Gabriel Valley and two experts in housing or homeless policy. The Board will identify priorities and goals and will disperse funding to projects that match these goals. On September 1, 2020, the San Gabriel City Council appropriated funding for this membership.

D. Los Angeles County Homeless Count and Funding Availability.

The Greater Los Angeles Homeless Count took place on January 21-23, 2020. Thousands of volunteers canvassed more than 80 cities and 200 communities across Los Angeles County. On January 21, 2020, the count covered the City of San Gabriel and the San Gabriel Valley. The Count helps officials to better understand homelessness in the region and direct resources where they are needed most. At the conclusion of the count cycle, the City will coordinate with agencies tasked with distributing Measure H funding to aide in planning and project efforts aimed at assisting persons experiencing housing instability and homelessness.

The above strategies and programs are examples of how the City of San Gabriel is already actively planning for its own growth and future housing production. These efforts should be taken into account when determining an appropriate unit allocation for the City. Consideration should also be given to more efficient applications of housing programs as well as federal, state, and regional funds.

Conclusion

The City of San Gabriel appreciates the process SCAG has undertaken in this 6th RHNA Cycle and hopes that SCAG will consider the above factors to reduce the number of allocated housing units to the City of San Gabriel. It should go without saying that any potential increases in allocated units will be absolutely untenable, as the current numbers already cannot be supported with our existing resources.

Questions, inquiries, and comments can be directed to the Planning Manager, Samantha Tewasart, at stewasart@sqch.org or 626-308-2806.

Sincerely,



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City of San Gabriel

C: Mark Lazzaretto, City Manager
Samantha Tewasart, Planning Manager