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September 13, 2019

Honorable Peggy Huang
Southern California Association of Governments
Chair, SCAG RHNA Subcommittee
900 Wilshire Blvd., Ste. 1700
Los Angeles, CA 90017

Subject: RHNA Proposed Methodologies - Recommendation to Incorporate Proximity to Jobs

Dear Councilmember Huang:

The Western Riverside Council of Governments (WRCOG) would like to thank you for the opportunity to provide comments on the draft Regional Housing Needs Assessment (RHNA) methodology options released for public input on August 1, 2019. WRCOG greatly appreciates the work that SCAG staff has invested in the RHNA process for the region. There is no question that California faces a significant challenge related to housing. Our regional and statewide economic future depends, in large part, on our ability to provide a range of housing options to all segments of our population.

In part because of this challenge, the State legislature is working to implement a variety of measures to accelerate housing production. Besides various incentives for planning (Senate Bill 2) and affordable housing (Affordable Housing and Sustainable Communities), there is also a movement to penalize agencies which do not meet their RHNA goals; despite the fact that cities do not build houses--at best, they can facilitate, enable, and expedite processes for the development to occur. These potential penalties include loss of grant funds and even fines. For example, under the provisions of AB 101/SB 102, monthly fines can range from \$10,000 per month to \$600,000 per month for jurisdictions that do not have an approved Housing Element. We strongly oppose any action to penalize agencies because the private market is not building homes within their jurisdiction.

WRCOG strongly supports SCAG's effort to appeal the latest regional determination provided by the Department of Housing and Community Development (HCD). Since the Regional Council has already voted overwhelmingly to appeal this determination, we have focused our comments on the issue of the RHNA allocation methodologies.

WRCOG staff has reviewed the allocation methodologies identified by SCAG. We have three concerns with all of the allocation methodologies and the overall process which include the following:

- **The high cost of increasing needed infrastructure in inland communities,**
- **The lack of consideration of a jobs/housing balance in any of the methodologies, and**
- **The resultant conflict with statewide goals on greenhouse gas emissions (GHG) and vehicle miles traveled (VMT)**

The overall theme of our comments is that the SCAG region would be better served through an allocation process which considers these set of factors when considering future housing

growth and prioritizes housing in areas with existing infrastructure and proximity to employment areas. We also recommend greater use of high quality transit areas (HQTA) since many of those locations have existing infrastructure, are accessible to transit, and are near many of the regional employment centers.

Infrastructure Needs

All new residential development needs basic infrastructure like water lines, sewer lines, roads, and schools. In the case of Western Riverside County, much of this infrastructure would require new facilities, particularly in those instances in which units are assigned to communities with a suburban or rural development pattern. Over the past five years, the WRCOG subregion has built over 25,000 residential units of all types (single-family and multi-family), which corresponds to approximately 10 percent of all units built in the SCAG region. However, although there are additional entitled lots, developers are not building homes on these sites for a variety of reasons, including the cost of extending infrastructure to serve these new homes.

WRCOG recently completed a review of regional impact fees to determine the cost of providing infrastructure to new development ([2018 Fee Analysis](#)). This study indicated that the average new home in Riverside County pays \$35,000 (between single and multifamily homes) as their share of new infrastructure costs. If we assume a WRCOG subregion RHNA allocation of 150,000 units for the sixth cycle planning period (2021-2029), which corresponds to an average of the three proposed allocation methodologies, the cost to provide basic infrastructure to these new developments could be in the tens of billions of dollars. While developers will shoulder their fair share of these costs per state law, some level of public subsidy will likely be required for any significant expansion of our infrastructure.

While Western Riverside County has a number of development sites which are located in infill locations, any significant allocation of units would require that new residential units be placed in suburban or even rural locations – as is the case with almost all of the land in incorporated Riverside County. These parcels often lack even the most basic infrastructure and would require significant upgrades to be usable for new residential development. For example, many areas of our subregion are served by two-lane rural roadways, which were ideal for the farming communities of 50 years ago. These same roadways would have to be replaced with updated, multi-lane facilities, which can cost millions of dollars per lane mile.

Given the above infrastructure constraints, it seems prudent to consider allocation methodologies which encourage investment in areas which have existing infrastructure in place rather than “greenfield” locations. WRCOG therefore encourages SCAG to prioritize allocation methodologies that allocate development to High Quality Transit Areas (HQTA), which are more readily served by existing infrastructure.

The Jobs/Housing Imbalance

Riverside County has approximately 1 job per household, far below the SCAG regional average of 1.3 jobs per household. Because of the lack of jobs, over 60% of residents in the subregion commute to employment locations in Los Angeles, San Bernardino, Orange, and San Diego Counties on a daily basis, based on data provided by the latest American Community Survey. Any allocation methodology which allocates a significant number of new housing units to our subregion would simply exacerbate this problem.

We do not anticipate that this dynamic will significantly change in the near future. A variety of factors are drawing businesses to locate in existing job centers in Los Angeles, Orange, and San Bernardino Counties. Many existing businesses are also expanding and hiring new workers. Even with record-low unemployment levels throughout the SCAG region, our residents are often forced to drive hours to jobs in relatively distant locations like San Diego and Los Angeles.

In 2018, WRCOG completed a study regarding commute patterns on I-15 in Southwestern Riverside County. This study concluded that nearly half of the employed residents in Temecula and Murrieta drove to other major metropolitan areas for work on a daily basis oftentimes commuting more than two hours each way.

Furthermore, none of the three proposed RHNA allocations consider the issue of jobs/housing imbalance except perhaps through the inclusion of HQTA's. **WRCOG recommends that SCAG address the issue more directly by considering employment in terms of regional job centers or even countywide metrics such as the jobs/housing imbalance.** Using these types of metrics could result in RHNA allocations which locate housing near existing jobs, rather than in areas requiring hourly commutes to major job centers.

Inconsistency with State Goals on VMT/GHG

Reducing VMT and GHG is a clear goal of the State of California and is reflected in legislation such as AB 32, SB 375, and SB 743. We would encourage SCAG to consider RHNA allocation methodologies which are consistent with these goals and applicable legislation.

As noted above, a significant RHNA allocation to the WRCOG subregion would locate additional residences in locations which are not proximate to our regional job centers or transit, meaning most new residents would need to travel to existing regional job centers on a daily basis. Throughout Western Riverside, commute times are compounded by the lack of access to transit and other non-automotive modes of transportation, requiring that most residents commute to their job via personal automobiles. Absent an unprecedented investment in public transportation options at adequate locations, these residents will be using automobiles to travel to and from their jobs on a daily basis, increasing regional VMT and GHGs within the region.

WRCOG therefore encourages SCAG to consider RHNA allocation methodologies which are focused on reducing VMTs and GHGs, thereby maintaining consistency with State goals. A methodology should heavily lean towards the areas where the percent of households and percent of employment within an HQTAs are higher; this data is readily available in the 2016 RTP/SCS. Any methodology that assigns a significant amount of housing to the WRCOG subregion without significant funding for public transportation options would actually increase VMT and GHGs.

Recognizing the severity of the housing crisis state-wide and locally, the WRCOG subregion is committed to increasing the supply of housing and quality of life for our residents. However, we believe that a lasting solution to the issue of housing supply and affordability will include a greater focus on economic development, particularly those efforts that encourage the development of professional and technical companies within jobs-poor regions, like Riverside and San Bernardino Counties.

Honorable Peggy Huang
September 13, 2019
Page 4

Therefore, we strongly advocate for addressing the immediate need for housing across the state by concentrating new development in regions which have higher levels of employment. Other regions, which lack these employment concentrations, should be encouraged and incentivized to provide additional employment that will improve the economic opportunities and ability to afford housing for their residents. Together, this two-fold approach has the ability to address California's housing challenge in a lasting and meaningful way. WRCOG looks forward to working collaboratively with SCAG and the State of California to achieve this goal. We also encourage the State to consider other measures to encourage the development of housing, such as efforts to reduce the burden of CEQA on new development and restoring tax-increment financing to local agencies.

Based on the points presented above, WRCOG is not endorsing any of the allocation methodologies which SCAG has brought forward for consideration. **WRCOG recommends that SCAG update its methodologies to consider issues like employment locations and the jobs/housing imbalance. Including these factors in the allocation process will result in an outcome which could reduce costly investments in new infrastructure, place housing in proximity to existing job centers, reduce commute times, and result in an outcome which is more consistent with state goals related to VMT and GHG reduction.**

WRCOG has also encouraged our member agencies to review the proposed allocation methodologies and provide comments directly to SCAG. We are motivated that many of our agencies have provided input to SCAG on the allocation methodologies and made their voices heard in this process.

WRCOG truly appreciates the opportunity to provide comments on this important matter and recognizes the hard work that SCAG staff are investing to ensure this process moves forward.

Should you have any questions, please contact me at (951) 405-6701 or rbishop@wrcog.us.

Sincerely,



Rick Bishop
Executive Director