February 20, 2020

Peggy Huang
RHNA Subcommittee Chair
Southe-n California Association of Governments
900 Wishire Boulevard, Suite 1700
Los Angeles, CA 90017

SUBJECT: Request of the RHNA Subcommittee to deny the SCAG/HCD-approved Alternative RHNA Methodology in favor of the City-proposed RHNA Methodology and to direct SCAG to contest the validity of the unsupported housing numbers assigned by the State of California to the SCAG region totaling 1.34 million residential units for consideration and approval by the Regional Council on March 5, 2020

Honorable Peggy Huang:

The City of Cerritos remits this letter to the Regional Housing Needs Assessment (RHNA) Subcommittee, requesting consideration of a City-proposed RHNA Methodology that entails reintroducing Household Growth as a component of the methodology for determining existing housing need. Specifically, the City-proposed RHNA Methodology would provide for the incorporation and use of local input obtained by the Southern California Association of Governments (SCAG) from cities over the course of an 18-month period (see Attachments – City of Cerritos letters dated February 4, 2020 and December 20, 2019). In doing so, the RHNA methodology (coupled with use of accurate empirical data) would produce more realistic and attainable housing numbers for all member cities as said methodology would account for existing land use characteristics and other related development constraints. As proposed by member cities, the City-proposed RHNA Methodology for the existing need would be comprised of three equal parts as follows: Household Growth (33.3%); Job Accessibility (33.3%) and Population Within High Quality Transit Areas (HQTAs) (33.3%).

Separately, cities are requesting SCAG support to contest the validity of the total number of housing units assigned by the California Department of Housing and Community Development (HCD) to the SCAG region equaling 1.34 million units on the grounds that said total is grossly inflated and is not supported by empirical data. As you are likely aware, the California Department of Finance (DOF) recently updated its population projections, which have resulted in a significant decrease in the prior population forecast. Furthermore, Governor Newsom has stated that his commitment to building 3.54 million
new homes by 2025 was an overly ambitious goal and that the State would soon be releasing a more pragmatic estimate of housing needs by region.

In light of this information, SCAG member cities recommend the following to the RHNA Subcommittee:

1. Deny the SCAG/HCD-approved Alternative RHNA Methodology based on the following findings:

a. Brown Act violations conducted by select members of the SCAG Regional Council and members of SCAG staff facilitating the development and consideration of the Alternative RHNA Methodology pursuant to direction obtained by said Regional Councilmembers outside the lawfully required public hearing process;

b. Lack of transparency afforded to member cities located in southeast Los Angeles County and Orange County by SCAG about the intent to present an alternative methodology to the SCAG-recommended RHNA Methodology (which was originally comprised of Household Growth (50%), Job Accessibility (25%) and Population near HQTAs (25%)) to be used in determining existing housing need;

c. Insufficient notice provided to southeast Los Angeles County and Orange County cities, which stood to receive the greatest share of the region’s reassigned housing units, to adequately vet and comprehend the implications presented by the Alternative RHNA Methodology that was made available for public review and comment only two days prior to the November 7, 2019 Regional Council meeting;

d. Public meeting violations exercised by the Regional Council during the November 7, 2019 public hearing by way of preventing public speakers from southeast Los Angeles County and Orange County cities from expressing their opposition to the Alternative RHNA Methodology for the official record in violation of Article VII of the Regional Council’s Policy Manual regarding the Rules of Procedure for the Conduct of Meetings;

e. Unreasonably vague substitute motion offered by Regional Councilmember Rusty Bailey. In making the substitute motion, four different people spoke and attempted to define the actual contents of the substitute motion. The final substitute motion was summarized by SCAG staff as the following: “Adopt the Bailey Plan, with additional room for fine tuning the numbers based on Los Angeles’ last three points. If it changes substantially, there is a process through which to appeal that.”

f. Elimination of Household Growth as a component of the Alternative RHNA Methodology (comprised of Job Accessibility (50%) and Population near HQTAs (50%)) which effectively eliminates any and all local input provided
by cities over the course of eighteen months from the methodology to be used in determining existing housing need; and,

g. Grossly inflated and inaccurate housing targets established for the SCAG region by the State of California - HCD totaling 1.34 million housing units that cannot be substantiated nor supported by empirical statistical data pertaining to population, housing, employment, etc.

2. Introduce and approve the City-proposed RHNA Methodology for consideration by SCAG’s Community, Economic, and Human Development (CEHD) Committee, and Regional Council at their respective meetings of March 5, 2020 in lieu of the SCAG/HCD-approved RHNA Methodology. The City-proposed RHNA Methodology shall be comprised of three equal components for the existing need as follows: Household Growth (33.3%), Job Accessibility (33.3%) and Population Within HQTAs (33.3%).

SCAG member cities hereby recommend that the RHNA Subcommittee approve the City-proposed RHNA Methodology based on the following findings:

a. City-proposed RHNA Methodology takes into account local input obtained by SCAG from cities over the course of eighteen months by way of reinstating Household Growth as a component of the methodology to be used in determining existing housing need;

b. City-proposed RHNA Methodology reflects local land use and related development constraints that are unique to each member city preventing the displacement of jobs and sales tax revenue generating businesses and the gentrification of established communities;

c. City-proposed RHNA Methodology comprised of three equal components in determining the existing need would serve to produce fair and equitable housing numbers for all member cities throughout the SCAG region regardless of their geographical location and county of origin;

3. Recommend to the Regional Council that SCAG staff be directed to again contest the State of California’s allocation of 1.34 million housing units to the SCAG region on the grounds that said figures are grossly inflated and cannot be substantiated nor supported by empirical statistical data relating to population, housing and employment, etc. The need to contest said total is further supported by the following:

a. HCD did not base the determination on SCAG’s Growth Forecast. Pursuant to California Government Code 54484.01(a), HCD is required to use SCAG’s Growth Forecast when it is within a range of 1.5% of the total regional population forecast projected by DOF. SCAG’s Growth Forecast was within 1.5% of the total DOF projection, but HCD still did not use SCAG’s Growth Forecast; and,
b. Governor Newsom’s acknowledgement that the directive to construct 3.5 million residential units in California was overly ambitious necessitating the need for the State to reduce said figures accordingly; and,

c. DOF’s decision to adjust previous population projections resulting in a significant reduction in population forecast for the State of California.

The City of Cerritos would like to thank the RHNA Subcommittee for its efforts to develop a just and equitable RHNA Methodology that is inclusive of local input and that produces housing numbers that are attainable and supported by empirical data for the purpose of ensuring that each member city is assigned their fair share of the region’s housing numbers. The collective cities of southeast Los Angeles County and Orange County that were duped and unjustly assigned an unattainable amount of housing units as a result of the Regional Council’s decision to approve of the Alternative RHNA Methodology in the eleventh hour, support the City-proposed RHNA Methodology.

Again, thank you in advance for taking into consideration the recommendations presented herein and for lending a voice to the under-served and under-represented communities of southeast Los Angeles County and Orange County, which through no fault of their own, stand to be adversely impacted socially, culturally and financially should the Alternative RHNA Methodology be permitted to remain unchanged for the 6th RHNA Cycle. Please do not hesitate to contact Senior Assistant City Manager Torrey Contreras at (562) 916-1201 should you have any questions about the City-proposed RHNA Methodology or should you need any additional information.

Sincerely,

[Signature]
Art Gallucci
CITY MANAGER

Attachments
1. City of Cerritos Letter dated February 4, 2020
2. City of Cerritos Letter dated December 20, 2019

cc: Cerritos City Council
Mark Steres, City Attorney
Torrey Contreras, Senior Assistant City Manager
Kristin Aguila, Advance Planning Manager
SCAG RHNA Subcommittee Members
SCAG CEHD Committee Members
SCAG Regional Council Members
Gateway Cities COG
Orange County COG