

June 3, 2019 SCAG RHNA Subcommittee Meeting
Technical Questions from RHNA Subcommittee Representative Wendy Bucknum, Orange County

Agenda Item #5: RHNA Consultation Package to State HCD

Staff Report Reference	Topic	Question/Comment
<p>Table 1: Assessment of SCAG Region Housing Need from January 1, 2018 to October 1, 2029</p> <p>Page 16</p>	<p>Overcrowding Adjustment</p>	<p>The draft HCD Consultation Package that was previously reviewed by the RHNA Subcommittee at its 5/06/2019 meeting, applied the new overcrowding adjustment factor to just “Existing Need”. The revised HCD Consultation Package, Table 1, seems to now apply the overcrowding adjustment to both “Existing Need” as well as to “Projected Household Growth,” resulting in ~13,900 additional units from an overcrowding adjustment to “Projected Household Growth.”</p> <p><u>Question:</u> Please clarify why the HCD Consultation package is now proposing to apply the overcrowding adjustment to “Projected Household Growth”? If an overcrowding adjustment is already being applied to “Existing Need,” the region is, in essence, already adding more units to the regional RHNA to address existing overcrowding conditions. What is the rationale to also applying an overcrowding adjustment to the region’s future housing stock?</p>
<p>Table 1: Assessment of SCAG Region Housing Need from January 1, 2018 to October 1, 2029</p> <p>Page 16</p>	<p>Replacement Adjustment</p>	<p>The draft HCD Consultation Package that was previously reviewed by the RHNA Subcommittee at its 5/06/2019 meeting, applied a Replacement adjustment factor to just “Projected Household Growth,” as has been done in prior RHNA cycles. This insures that the region and each individual local jurisdiction within the region, replace -- with new units added to its RHNA -- any net units demolished during the prior 10 years and not otherwise replaced with new units on the sites of the demolished units.</p> <p>The revised HCD Consultation Package, Table 1, seems to now apply the replacement adjustment to “Existing Need” as well, resulting in an additional ~24,900 housing units to the regional housing need that is in addition to the ~2,400 units already applied to “Projected Household Growth.”</p> <p><u>Question:</u> Please clarify why the HCD Consultation Package is now proposing to apply a replacement adjustment factor to “Existing Need”? Theoretically, the region already accounted for a 10-year replacement of its net, demolished units through additional units that were applied to the region’s RHNA numbers, and local jurisdiction RHNA allocations, <u>in each prior RHNA cycle</u>. The revised proposal to apply a replacement adjustment to “Existing Need,” seems to be a double-counting and re-application of net replacement need that was already addressed and assigned to local jurisdictions in prior RHNA cycles.</p>

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<p>SCAG 2020 RTP/SCS growth forecast data and assumptions</p> <p>Page 19 and 5/30/2019 discussions with SCAG staff</p>	<p>Consistency of RHNA with RTP/SCS growth forecasts</p>	<p>Separate discussions with SCAG staff indicate that the proposed RHNA of 660,000 housing units -- as reflected in the revised HCD consultation package -- exceeds the RTP/SCS growth forecast for Year 2030, but is well within the RTP/SCS Year 2035 estimate of housing units, at the regional level. Accomplishing the 2020 RHNA would, in essence, “accelerate” the housing units already forecast in Year 2035, to Year 2030 at the regional level, according to SCAG staff.</p> <p>However, based on the draft RHNA distribution methodology (Agenda Item #6), this argument does not seem to hold true when applied down to the jurisdiction level. For many jurisdictions, a local jurisdiction’s individual RHNA allocation could, in many instances, significantly exceed the number of housing units that are planned for in its adopted General Plan and zoning, and cannot be categorized as simply an “acceleration” of future growth. The allocation methodology further ignores critical considerations such as a jurisdiction’s land availability and land capacity to accommodate units greater than identified in its local input.</p> <p><u>Question:</u> How do we address this issue? Are there other options for distributing the regional RHNA allocations down to the local jurisdiction geography, which also respect the acceleration concept while also respecting local input, land availability and land capacity?</p> <p>[Note; It is recognized that this technical question should more appropriately be addressed as part of Agenda Item #6, but is also being presented as part of Agenda Item #5 to respond to the “acceleration” concept.]</p>

Agenda Item #6: Proposed RHNA Distribution Methodology: Initial Set of Technical Comments

Staff Report Reference	Topic	Question/Comment
Overall Comment	RHNA Methodology Projected Household Growth, page 41 and 42	<p><u>Comment:</u> The Final RHNA Distribution Methodology should include formulas, data sources, and approach, such that any individual who follows the methodology, should be able to arrive at the same numbers and conclusion on a jurisdiction’s individual allocation of the regional RHNA number.</p> <p>As an example, page 30 and page 41 of the staff report state that the first step in determining Projected Need, is to “assign household growth to jurisdictions, based on each jurisdiction’s share of regional household growth based on the Integrated Growth Forecast collected from the local input data.”</p> <p>The RHNA methodology should explain exactly how this would be calculated. For example, does one take the Year 2020 and Year 2030 Integrated Growth Forecast household numbers for Jurisdiction A, subtract the number of Year 2020 households from the Year 2030 number of households, and then multiply that number by 0.825 (to represent the 8.25 years within the 10-year forecast), to arrive at how much households will grow during the RHNA planning period? And then does one take that number and divide it by the total number of households in the total SCAG region, that will grow during the same time period and with the same 8.25 years factor, and then factor the jurisdiction’s share of its household growth in relation to the regional household growth? All this should be detailed out in the RHNA Methodology for all the concepts presented.</p>
Executive Summary, page 28 Recommended Distribution Methodology, page 30 Step 2A: Projected Household Growth, starting on page 41	Projected Need Methodology: Overcrowding Adjustment	<p>The Executive Summary states: “To determine projected housing need, a jurisdiction’s projected household growth will be used as a basis, and a future vacancy need and replacement need will be applied.” Also, page 30 of the staff report delineates the conceptual approach for this assignment.</p> <p><u>Question/Comment</u> The methodology for calculating projected need, as stated above, aligns with how projected need was determined in the 2012 RHNA.</p> <p>However, according to the revised HCD consultation package, Table 1, there is also now proposed an overcrowding adjustment to Projected Need, which is an entirely new element from past RHNA cycles.</p>

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		<p>There is no discussion in the methodology of applying the overcrowding adjustment to the Projected Need RHNA, on pages 30 and 41 of the staff report. Table 1 on page 16 (Agenda Item #5) illustrates that an Overcrowding Adjustment is approximately 14,000 units regionwide, that needs to be assigned down to the local jurisdiction level.</p> <p>If there is to be an Overcrowding adjustment for Projected Need, as proposed to State HCD in the Consultation Package, the RHNA Distribution Methodology should identify exactly how the overcrowding adjustment would be distributed to each jurisdiction, and what the data source is for making that allocation. For example, it appears that based upon ACS data (2013-2017 5-year Estimates), the City of Bradbury has 0% of its households with more than 1.0 occupants per room. Therefore, theoretically, the City of Bradbury should not be allocated any of the ~14,000 regional Overcrowding Adjustment units, because there is no reported overcrowding in said city.</p>
RHNA Allocation Page 29	HCD's Regional Housing Determination Social Equity Adjustment for Existing Need	<p>The staff report states "The final RHNA of each jurisdiction, by income category, must add up to the same total of the regional total RHNA provided by HCD during the RHNA process."</p> <p><u>Question/Comment:</u> The Regional Housing Need Determination, as provided by State HCD, includes not only the total number of housing units, but also how that total number is allocated, regionally, into the four income categories: Very Low, Low, Moderate and Above Moderate.</p> <p>Thus, the sum of every local jurisdiction's RHNA assignment should add up, for the entire region, to the same total regional RHNA number provided by State HCD.</p> <p>Should the sum of every local jurisdictions RHNA assignment at the income category, also add up to the same regional number for each of the four income categories of Very Low, Low, Moderate and Above Moderate? Please clarify.</p> <p>Further, in reviewing the staff proposal on eliminating the Above Moderate income category for Existing Need and taking that Above Moderate number and spreading it to the Very Low, Low and Moderate Income categories, it is unclear as to how all this movement of these units will track back and be consistent with the State HCD income allocations. Please clarify.</p>

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<p>Recommended Distribution Methodology Existing Need Page 34</p>	<p>Alternate Suggestions for Calculating Existing Need</p>	<p>The staff report (page 34) states that “There were several suggestions provided on the basis of using population share and population share based on HQTAs, at the RHNA Subcommittee and TWG meetings. One comment requested that existing need be distributed [to local jurisdictions], based on factors that HCD will use in determining regional existing need, particularly overcrowding, cost-burdened households (those that pay more than 30% of household income on housing), and vacancy rates. The assumed reasoning is that these particular conditions are the main contributors to the regional existing need and should be assigned to where the problems occur.”</p> <p><u>Question/Comment:</u> The City of Mission Viejo appreciates that its staff-level comment and request on this issue was accurately summarized. However, there was no discussion or application of this factor presented in the staff report. The report focused solely on another suggestion to analyze building permit data alongside existing need indicators.</p> <p>Will there be any staff-level analysis on how to distribute existing need based on a local jurisdiction’s performance in overcrowding, vacancy rates and replacement rates? If not, the City of Mission Viejo would respectfully request a meeting with SCAG staff to discuss an appropriate/acceptable methodology by which these factors could be calculated at the local jurisdiction level, and the City of Mission Viejo will then pursue a separate route to have the analysis conducted and presented to the RHNA Subcommittee.</p>
<p>Social Equity Adjustment for Existing Need Step 1c, page 36 and 39</p>	<p>Social Equity Adjustment for Existing Need</p>	<p>The staff report identifies a new concept for assigning a social equity adjustment to Existing Need. The staff report analysis first applies a 110% social equity factor to derive the percentage of Very Low, Low, Moderate and Above Moderate units that each jurisdiction would need to initially supply, for the Existing Need number.</p> <p>Then, the percentage of Above Moderate units that was calculated through the 110% adjustment factor, “is then redistributed to the three remaining categories while maintaining their current proportions.”</p> <p><u>Question/Comment:</u> The elimination of the Above Moderate percentage, and redistributing it to the Very Low, Low and Moderate categories “while maintaining their current proportions” is unclear and confusing, and the specific formula should be detailed to calculate how “maintaining their current proportions” means.</p>

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		<p>In trying to replicate the City A Income Distribution Table on page 39, it appears that:</p> <ol style="list-style-type: none"> 1) the 110% Very Low (24.8%), Low (14.8%) and Moderate (16.7%) were added to come up with a total percentage of 56.7%. 2) Then each 110% adjusted percentage for the Very Low, Low and Moderate categories, was individually divided into the 56.7% total percentage, to derive the proportion of each of these income categories, in relation to the 56.7%. Thus, for example, the 24.8% of the Very Low income category constitutes a .43738 share of the 56.7% total percentage of the three lower income categories [i.e, $24.8/56.7 = 0.43678$]. 3) Then the .43738 share for the Very Low income category, was multiplied by the Above Moderate 110% adjusted percentage of 43.6%, to come up an additional 19.06% from the Moderate Income category, that would be added to the Very Low Income percentage of 24.8%, totaling a new percentage of Very Low Income units for Existing Need of 44%, as illustrated in the staff report. <p>Thus, based on the above, if calculated correctly, City A, with the proposed Existing Need social equity adjustment, would increase how much Very Low Income RHNA units it must plan for, from 24.8% with the original 110% adjustment, to 44.0%, or a 77% increase, in the Very Low category for Existing Need.</p> <p>Please clarify if this calculation methodology is correct, and if so, please also include an explanation of this formula in the RHNA methodology, so that affected parties and the public understand how the adjustment would be executed.</p> <p>Further, in reviewing this approach, it does appear that the branding of a “110% Social Equity Adjustment to the Existing Need category” is misleading (page 30 and 36 of the staff report.) The 110% Social Equity Adjustment was just used as an initial calculation, or starting point, to derive the initial percentage splits and proportional splits among the four income categories.</p> <p>In reality, this concept, for the entire minimum 229,000 housing units that are needed to address the region’s Existing Need requirement, would:</p> <ol style="list-style-type: none"> 1) Totally eliminate the Above Moderate category for Existing Need RHNA, and essentially disqualify any market rate units to be able to be counted, to satisfy any of the 229,000 additional units for Existing Need; and,

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		<p>2) Significantly increase the amount and percentage of Very Low, Low and Moderate units that each local jurisdiction would need to plan for, by the amount lost through the elimination of the Above-Moderate category.</p> <p>For jurisdictions with no ability to secure subsidies to developers to provide affordable units, this proposal could have significant, negative impacts in the region's ability to produce housing.</p> <p>In the absence of any subsidies, especially for jurisdictions that have no disadvantaged community designations, there is a serious concern that this social equity adjustment proposal could result in RHNA sites just sitting and not being developed (provided that each local jurisdiction can find enough eligible sites to plan for all the Existing Need RHNA in one planning period).</p>