June 24, 2019

The Honorable Peggy Huang, Chair
RHNA Subcommittee
Southern California Association of Governments (SCAG)
900 Wilshire Boulevard, Suite 1700
Los Angeles, CA 90017

Re: Regional Housing Needs Assessment (RHNA) Methodology

The City of Long Beach (City) thanks SCAG and specifically the RHNA Subcommittee for their important work in shaping the appropriate RHNA methodology for the region and all its member jurisdictions. Through participation on the subcommittee and analysis by staff, Long Beach has drawn several conclusions regarding the draft methodology for the subcommittee's consideration. The purpose of this letter is to reiterate the City's concerns that were initially shared during the public comment section at the June 3, 2019 RHNA Subcommittee meeting. Long Beach is deeply concerned that unless adjusted, the draft methodology is unfair to large urban jurisdiction and unrealistic in its approach to creating actual housing units. We urge SCAG to incorporate the following principles into the next RHNA cycle:

- This cycle of RHNA should encourage all jurisdictions to affirmatively further fair housing.

- Adjust the High-Quality Transit Area (HQTA) factor to facilitate a greater diversity of housing across the region.

- Establish a 200% social equity adjustment factor in the RHNA methodology and apply similar adjustments to projected need and to existing need.

- Disperse very-low, low, and moderate-income units throughout the region to support sustainable economic growth and community wellness.

The City looks forward to working with SCAG in furtherance of RHNA. We appreciate the opportunity to articulate the basis of the comments summarized above.

This cycle of RHNA should encourage all jurisdictions to affirmatively further fair housing.

The SCAG region is among the most diverse in the United States, but that diverse population experiences housing affordability and security, environmental hazards and risks differently depending on the policies of the jurisdiction where an individual lives or works. The City has addressed environmental justice and fair housing head-on. The City is proud of its ongoing efforts to improve infrastructure in disadvantaged communities, expand employment and credit opportunities for disadvantaged

populations, expand affordable and market-rate housing citywide, promote fair housing.

The City, however, cannot address, nor can a group of individual cities address, the larger regional problems of environmental justice and fair housing. The RHNA process presents an opportunity to expand housing opportunity in all jurisdictions, including jurisdictions that, unlike Long Beach, have not made high-quality jobs, housing and amenities equitably available to its low-income populations.

The uneven manner in which jurisdictions have historically addressed housing challenges has in part, sustained economic divides within the region. Persons living in poverty are exposed to higher levels of pollution, poor access to mobility, lower levels of economic opportunity and lower-quality, less affordable and less secure housing. While the RHNA process in and of itself will not solve all these challenges, it is an appropriate mechanism for addressing these concerns. Large urban jurisdictions cannot be solely responsible for addressing this issue yet, unfortunately, the draft SCAG RHNA methodology does overburden large jurisdictions.

Adjust the High-Quality Transit Area (HQTA) factor to facilitate a greater diversity of housing across the region.

As SCAG staff has already pointed out, low-income households tend to live in HQTAs and higher income households tend to live in non-HQTA areas. The proposed methodology for existing need however applies 30% of the RHNA exclusively to HQTAs; this is the wrong approach. SCAG is preparing the RTP/SCS simultaneous with the RHNA but on a separate path. Instead of burdening jurisdictions within HQTAs with inflated RHNA allocations, jurisdictions that are largely built-out and face physical constraints to expanding housing production, a more appropriate policy would be to expand transit opportunities in those areas that are not currently well-served by transit.

SCAG staff's own analysis concluded *"the pattern of disparity among the income levels means that assigning any RHNA need based on HQTAs will result in a disproportionate impact to areas that have a high concentration of lower income households and possibly perpetuate segregation patterns based on income and indirectly race (May Subcommittee Agenda Packet p. 33)."* This reliance on HQTAs has detrimental impacts that cannot be overcome through the social equity adjustment. The HQTAs provision within the methodology impacts the total RHNA allocation, applied to each jurisdiction. The social equity adjustment, while important, impacts the mix of units not the total number of units.

Existing urban jurisdictions with HQTAs are not the only viable location to build housing, including affordable housing. Careful design of greenfield or outlying communities with integrated active transportation infrastructure, can and should induce the production of housing. More research is needed but that the assumptions that the presence of transit to reduces Vehicle Miles Traveled (VMT) is a theory that is not always supported by evidence. Falling transit ridership, particularly bus ridership, cannot be ignored when making the methodological leap that building housing near HQTAs reduces trips and VMT.

The City is committed to improving transit share, active transportation and other improvements to reduce VMT. These approaches, however, can be implemented within and outside of HQTAs, by other jurisdictions including those without high-quality transit service today. In fact, adding housing, particularly affordable housing, near job centers that do not overlap HQTAs, would be a highly-effective way of reducing regional traffic and VMT, improving equity and improving the lives of residents currently commuting to those job centers.

Reliance on HQTAs will also result in an under-allocation to inland non-coastal jurisdictions, such as the city of Riverside, which in May 2019, expressed openness to an increased allocation during the RHNA Subcommittee's deliberations. SCAG should be encouraged by inland communities' willingness to accept needed RHNA allocations. Inland housing production is an essential component of meeting the overall regionwide housing needs.

The City takes its obligations to expand housing supply and affordability seriously. We are committed to continuing our efforts and those efforts are resulting in new market-rate and affordable housing to the benefit of families throughout the City. The region, however, cannot meet its full housing need nor can it address the additional existing need, without a larger contribution from non-HQTA locations and greenfield sites.

Establish a 200% social equity adjustment factor in the RHNA and apply similar adjustments to projected need and to existing need.

In May, SCAG staff proposed a 150% social equity adjustment, a good start at addressing long-standing equity and fair housing issues. Long Beach is concerned that this adjustment was then reduced to 110% (for existing need) and discussion is ongoing within the RHNA Subcommittee for the reducing or eliminating this adjustment altogether. This regressive approach is inconsistent with the goal of affirmatively furthering fair housing, is unfair and burdensome to large urban jurisdictions and will result in fewer housing units being built.

Considering the gravity of the housing imbalance present in the SCAG region, with some jurisdictions maintaining a homogenous, exclusive, unaffordable, low-density housing stock and others like the cities of Long Beach and Los Angeles left to shoulder the broader affordable housing needs and diversity of the region, a social equity adjustment of 200%, at minimum, should be analyzed and considered.

The amount of adjustment should be viewed not just in light of the effect on this RHNA cycle, but in light of the total impact on all housing supplied in a jurisdiction and the region. When considered through this lens, a larger adjustment is necessary. A typical RHNA allocation is less than 5% of a jurisdiction's existing housing stock and in some circumstances less than 1%. Attachment A to this correspondence shows the impact of various social equity adjustments. The analysis assumes a 5% increase in the total housing stock and utilizes the two scenario cities from the SCAG staff analysis plus the City of Long Beach.

Utilizing data from the prior RHNA cycle and the 200% social equity adjustment, the data suggests the impact on the overall housing mix in Long Beach would be limited. For example, our existing Very Low-Income households totaled 27.3% in our existing housing element compared to 25.3% in the County, a 200% adjustment would assign RHNA at 23.3% for Very Low-Income and the resulting mix of existing plus RHNA, assuming all those RHNA units were built would be 27.11%. These adjustments amount to less than a 1% change cumulatively on the ground at the end of the RHNA cycle. That is inadequate and any adjustment below 150% would be too small to address disparities within the SCAG region. Long Beach recommends a social equity adjustment of 200% be applied to all (existing and projected need) allocations and that this adjustment should be increased further in future RHNA cycles.

Disperse Very-Low, Low and Moderate-Income units throughout the region to support sustainable economic growth and community wellbeing.

Two of the goals of the RHNA process should be to address the housing supply and affordability crisis within the region while concurrently addressing equity issues. Without a substantial social equity adjustment within the RHNA methodology, these goals cannot be achieved.

The City of Long Beach is proud to have facilitated over 1,694 affordable units in the last decade, preserved more than 1,957 units facing expiration of affordability covenants and rehabilitated more than 367 affordable units. While this work has become more complicated and difficult after the winddown of redevelopment, Long Beach has redoubled its efforts. Most affordable housing developments now include more than twelve funding sources, including a local jurisdiction loan, land contribution, or direct subsidy. One common funding source for Very Low-Income projects is project-based (Section 8, HUD-Veterans Affairs Supportive Housing and other) vouchers.

HUD rules to affirmatively further fair housing limit jurisdictions such as Long Beach's ability to obtain new project-based vouchers in areas of existing concentrated poverty. These rules already apply in Long Beach and will be applied to many other cities within the region beginning on October 31, 2020 pursuant to HUD rules. On the state level, cap and trade program funds (AHSC) discourage jurisdictions from having multiple projects competing within a single funding year. Almost all funding sources are competitive and prevent any City from meeting unrealistic goals for restricted-income affordable housing. These restrictions are already impacting the City of Long Beach. Notably these restrictions are less impactful to those jurisdictions with lower allocations of Very-Low and Low-Income RHNA units. Those jurisdictions do not have overconcentration problems and thus have no limits on project-based vouchers. Likewise, those jurisdictions have not been pursuing AHSC funds or other housing funds, thus there is no issue with oversubscription of those funds.

Through social equity or other adjustments to RHNA that shift restricted-income units to jurisdictions with fewer or no such units in their existing building stock, the net result is not just a redistribution of theoretical units but rather an improvement to the ability to

actually finance and construct those units within existing funding restrictions.

The final RHNA methodology should include a floor or minimum allocation for all jurisdictions regardless of other factors.

The region's housing needs can only be addressed if all jurisdictions contribute. The RHNA process differentiates and assigns the amount of each jurisdiction's allocation but no jurisdiction should be allocated a zero or near-zero RHNA as occurred in the prior cycle. This is an issue of basic fairness and Long Beach recommends a floor of 100 units, including some number of Very Low-Income units. Even the smallest of jurisdiction should be able to facilitate 100 units over an eight-year period. Establishment of this floor is essential for the fair distribution of RHNA and from a practical standpoint as affordable housing is best developed with certain economies of scale and allocations below 100 units do not allow for those efficiencies.

The City of Long Beach appreciates SCAG's efforts on the RHNA process to date and requests that these comments be reflected in the final methodology to be developed and presented to the California Department of Housing and Community Development (HCD). We look forward to continuing this cooperative process together.

Should you have any questions regarding this matter please contact Christopher Koontz, Planning Bureau Manager, at (562)570-6288 or christopher.koontz@longbeach.gov.

Sincerely,

PATRICK H. WEST
CITY MANAGER

PW: LFT: CK

Attachments:
Attachment A: RHNA Social Equity Scenarios

City of Long Beach
RHNA Subcommittee Comments
Attachment A - RHNA Social Equity Scenarios

Income Category	City A existing	County X existing	110% adjustment	Existing + RHNA mix	125% adjustment	Existing + RHNA mix	150% adjustment	Existing + RHNA mix	200% adjustment	Existing + RHNA mix
Very Low	30.10%	25.30%	24.82%	29.85%	24.10%	29.81%	22.90%	29.76%	20.50%	29.64%
Low	23.20%	15.60%	14.84%	22.80%	13.70%	22.75%	11.80%	22.66%	8.00%	22.48%
Moderate	17.60%	16.80%	16.72%	17.56%	16.60%	17.55%	16.40%	17.54%	16.000%	17.52%
Above Moderate	29.10%	42.30%	43.62%	29.79%	45.60%	29.89%	48.90%	30.04%	55.500%	30.36%
Theoretic Low Income City										

Income Category	City B existing	County X existing	110% adjustment	Existing + RHNA mix	125% adjustment	Existing + RHNA mix	150% adjustment	Existing + RHNA mix	200% adjustment	Existing + RHNA mix
Very Low	15.80%	25.30%	26.25%	16.30%	27.68%	16.37%	30.050%	16.48%	34.800%	16.70%
Low	12.20%	15.60%	15.94%	12.38%	16.45%	12.40%	17.300%	12.44%	19.00%	12.52%
Moderate	16.80%	16.80%	16.80%	16.80%	16.80%	16.80%	16.800%	16.80%	16.800%	16.80%
Above Moderate	55.20%	42.30%	41.01%	54.52%	39.08%	54.43%	35.850%	54.28%	29.400%	53.97%
Theoretical High Income City										

Income Category	Long Beach	LA County	110% adjustment	Existing + RHNA mix	125% adjustment	Existing + RHNA mix	150% adjustment	Existing + RHNA mix	200% adjustment	Existing + RHNA mix
Very Low	27.30%	25.30%	25.10%	27.20%	24.800%	27.18%	24.300%	27.16%	23.300%	27.11%
Low	16.90%	15.60%	15.47%	16.83%	15.275%	16.82%	14.950%	16.81%	14.300%	16.78%
Moderate	17.70%	16.80%	16.71%	17.65%	16.575%	17.65%	16.350%	17.64%	15.900%	17.61%
Above Moderate	38.20%	42.30%	42.71%	38.41%	43.325%	38.44%	44.350%	38.49%	46.400%	38.59%
Long Beach based on 2013-2021 housing element										

Assumptions: SCAG theoretical cities plus Long Beach adjusted to LA County

Existing + RHNA assumes 5% increase in building stock and households