July 29, 2019

Honorable Bill Jahn
Chair, Regional Council
Southern California Association of Governments (SCAG)
900 Wilshire Blvd., Suite 1700
Los Angeles, CA 90017

Re: Regional Housing Needs Assessment (RHNA) Methodology

As a member of SCAG's RHNA methodology subcommittee, I write to urge the Regional Council to reject the use of local inputs for the allocation of regional housing need, and instead, ask SCAG staff to propose an allocation formula based on objective measures that align with the stated priorities of Housing Element Law.

The draft proposal for RHNA allocation presents three possible methods. Two of the three (Option 1 and 3) are based on local inputs, and Option 2 uses an inadequate set of factors (only population share and access to transit). The CEHD committee and the Regional Council should not vote to clear the SCAG draft proposal for RHNA allocation for public comment as it currently stands. Public discussion of the RHNA methodology should not be guided by these options.

In this letter, I first explain why using local inputs would work in opposition to the goals of the Housing Element Law, as it would allocate disproportionate amounts of housing to areas of low-opportunity, far from job centers, adding to regional congestion, increasing emissions, negatively impacting air quality and people's overall quality of life. I then outline a set of factors that could be used in a RHNA methodology to align with the State's goals of social equity and environmental sustainability.

Local inputs are projections of household growth under current zoning. Using them as a basis for RHNA works directly against environmental and social goals because it pushes more housing to parts of the region with fewer jobs and lower incomes. Cities in Los Angeles County and Orange County closest to abundant job opportunities are mostly "built out" under existing zoning, and therefore have a relatively low projected household growth. These cities could, however, accommodate housing by rezoning land strategically. Figure 1 demonstrates the regional imbalance and the way Option 1 and 3 would distribute RHNA.

Using local inputs to allocate RHNA is not consistent with a law requiring the plan "to increase access to areas of high opportunity for lower-income residents". RHNA should push for more low-income housing in high opportunity cities but using local inputs does the opposite. It pushes housing growth to the cities farthest from job opportunities - which have land to build on, and thus higher projected household growth.
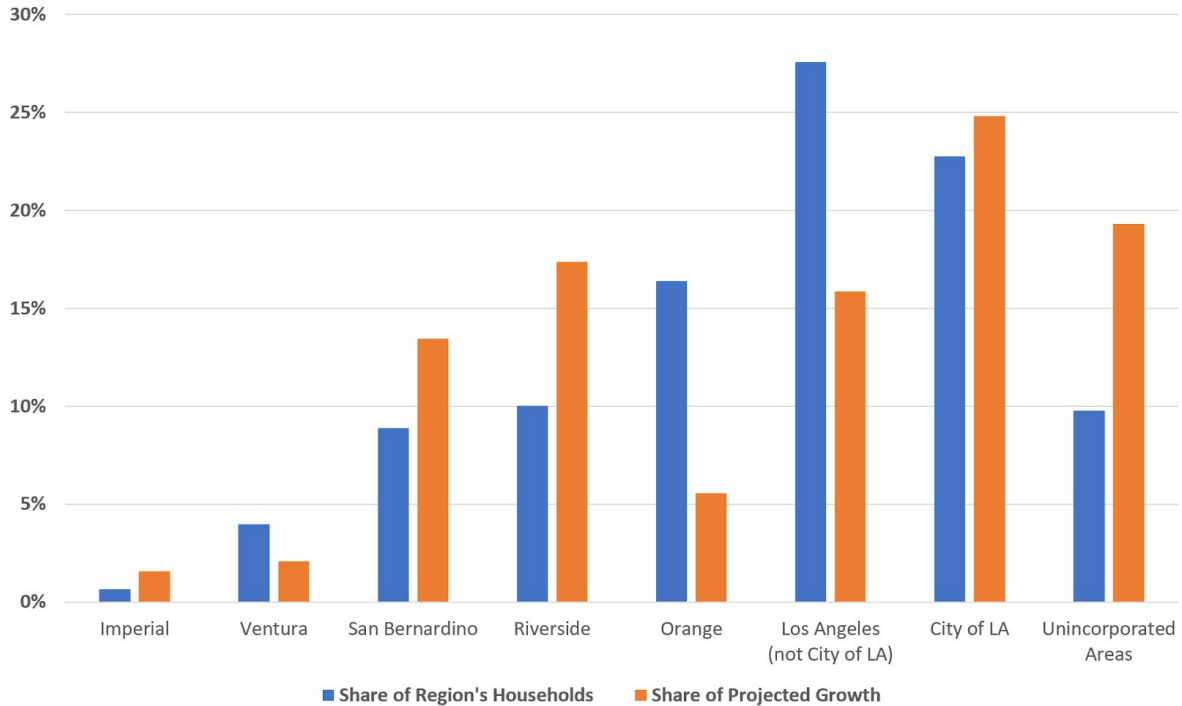
Figure 1. Share of Region's Households and Projected Growth (Option 3 basis for RHNA)
Source: Columns D and K of the table "Projected Household Growth", page 137 SCAG Agenda Packet, July 22

I propose that the CEHD committee and the Regional Council replace Option 1 and 3 with different allocation methods for public consideration, methods that use objective measures consistent with the goals of advancing environmental sustainability and social equity. SCAG's Option 2 considers population share and access to high-quality transit. This is based on objective measures, but it is not sufficient. I suggest SCAG also consider factors including:

1. Housing costs,
2. The share of multifamily housing stock,
3. The share of subsidized housing,
4. The ratio of jobs to housing in the city, and
5. The share of regional jobs within a short commute.

Using these objective measures would allocate regional housing need in a way that advances environmental sustainability, and affirmatively furthers fair housing at the regional scale.

The social equity adjustment is also an important issue. It is used to modify RHNA allocations by income category, to give higher numbers of lower-income need to relatively more affluent jurisdictions. It should be increased from the past practice of 110% to 200%. It is important to note, however, that if high opportunity cities have a low total RHNA number, the social equity adjustment will have a limited impact. The way we decide cities' total housing need is potentially

more consequential for increasing access to areas of high opportunity for lower-income residents.

A RHNA allocation that actually matches state goals is important. RHNA numbers are increasingly consequential (e.g. under laws like SB35) and the state assesses housing production according to RHNA targets as a valid measure of housing need. This means that assigning high RHNA numbers to cities with low housing demand unfairly punishes them, they are less likely to meet these production targets. Additionally, assigning low RHNA numbers to cities with high housing demand unfairly rewards them for meeting goals. Moreover, assigning higher RHNA numbers to cities with higher demand for housing will actually lead to more housing production overall.

Should you have any questions about this matter, I would be happy to discuss further.

Sincerely,

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