



CITY OF GLENDALE, CALIFORNIA REPORT TO THE CITY COUNCIL

AGENDA ITEM

Report: Review of Glendale's Regional Housing Needs Assessment (RHNA) as prepared by the Southern California Association of Governments (SCAG) for the upcoming General Plan Housing Element update.

1. Motion directing staff to appeal SCAG's Regional Council decision to adopt the Final RHNA allocation.
2. Motion directing staff to approach the State Housing and Community Development (HCD) to request HCD reconsideration of the housing unit projections (1,341,827) that SCAG must allocate over the 197 jurisdictions within the SCAG's Southern California region, which includes Glendale.
3. Motion directing staff to commence planning for the 13,391 RHNA housing unit allocation for Glendale in the upcoming General Plan Housing Element update.

COUNCIL ACTION

Item Type: Action Item

Approved for March 24, 2020 **calendar**

ADMINISTRATIVE ACTION

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RECOMMENDATION

Community Development Department staff recommends that the City Council provide direction to staff to appeal SCAG's decision to adopt the Final RHNA allocation; to approach HCD for reconsideration of the unit projections; and to provide direction to staff to commence planning for Glendale's RHNA allocation, or direct an alternative course of action related to Glendale's 6th cycle RHNA allocation of 13,391 housing units..

BACKGROUND/ANALYSIS

The Regional Housing Needs Assessment (RHNA) is mandated by State Housing Law as part of the process of updating local housing elements of the General Plan every eight years. The RHNA quantifies the need for housing within each jurisdiction during the specified planning periods. SCAG is in the process of developing the 6th cycle RHNA allocation plan which will cover the 8-year planning period of October 2021 through October 2029. SCAG's final adoption of the 6th cycle RHNA allocation is scheduled for October 2020.

As part of the RHNA process, SCAG has developed a Final RHNA Methodology, which will determine each jurisdiction's RHNA allocation as a share of the HCD determined need for 1,341,827 housing units in the SCAG region. The SCAG region is comprised of 197 local southern California jurisdictions, including Glendale.

To allocate HCD's projected 1,341,827 housing units SCAG developed an initial draft allocation methodology which placed emphasis on expected household growth (68%) versus transit access (15%) and job access (15%) (Note: These percentages do not total 100% since there is a small allocation to future vacancy and replacement needs). Under this methodology Glendale's allocation was 9,804 housing units (Exhibit 3). However, Inland Empire jurisdictions objected arguing that recent Inland Empire growth was not sustainable and that it would be more realistic for SCAG to shift allocations to those areas with better transit and job access than to the Inland Empire based on projected household growth. Based on these objections and further review, SCAG revised its draft RHNA Methodology and reduced the allocation based on household growth (from 68% to 34%) and increased the allocation percentage based on available transportation facilities (from 15% to 31%) and job access (from 15% to 31%) (Note: These percentages do not total 100% since there is a small allocation to future vacancy and replacement needs).

On November 7, 2019, the SCAG Regional Council approved the revised draft RHNA Methodology, which increased Glendale's allocation from 9,804 housing units to 13,391 housing units (Exhibit 4).

Following the SCAG Regional Council's adoption of the revised methodology, in December 2019 the City of Cerritos submitted an objection letter (Exhibit 5), and in February of 2020, submitted its recommendations for a different allocation methodology that increases household growth (34% to 58%) as a more balanced approach, which is less than the initially-considered household growth percentage (68%).

Anaheim Councilmember Trevor O'Neil provided preliminary calculations of allocations for all of the SCAG jurisdictions based on the Cerritos proposed methodology (Exhibit 6). The first column in Exhibit 6 (Bailey RHNA) represents the allocations based on the RHNA Methodology and the second column represents the proposed balanced allocation. Based on this, Glendale's allocation would be revised downward from 13,391 to 10,765 housing units.

Additionally, several jurisdictions objected to the RHNA Methodology at the February 24, 2020 meeting of the RHNA Subcommittee, both in writing and in oral testimony. On January 7, 2020 Glendale Mayor Najarian sent a letter to HCD stating the Council's objection to the proposed RHNA methodology (Exhibit 7). Objecting jurisdictions, similar to Glendale, contain large populated areas near transit corridors and accessibility to jobs. The objections focused on shifting allocations back to those areas with a higher expected household growth, and voiced support of the Cerritos proposal.

In preparation for the February 24, 2020 RHNA Subcommittee meeting, SCAG staff analyzed the Cerritos methodology (The RHNA Subcommittee is tasked with making a recommendation to the SCAG Regional Council on the methodology). Based on SCAG staff's analysis, the Cerritos methodology would result in allocations based on housing growth (58%), transit access (20%) and job access (20%) (Note: These percentages do not total 100% since there is a small allocation to future vacancy and replacement needs). SCAG staff determined that this methodology would not be consistent with and would not further the statutory RHNA objectives, which are: 1) To increase the housing supply and mix of housing types, tenure and affordability; 2) To promote infill development and socioeconomic equity; 3) To promote and improve intraregional relationship between jobs and housing; 4) To allocate a lower proportion of housing need in income categories in jurisdictions that have a disproportionately high share in comparison to the county distribution; and 5) To Affirmatively further fair housing.

After considering the Cerritos's and other objections and after considering SCAG staff's recommendation, the RHNA Subcommittee recommended that the SCAG Regional Council adopt the RHNA Methodology that SCAG staff developed. On March 5, 2020, the SCAG Regional Council, pursuant to the recommendation for approval from the RHNA Subcommittee, adopted the November 7, 2019 Final RHNA Methodology which allocates housing with an approximately equal weighting for need based on household growth (37%), need based on transit access (31%) and need based on job access

(31%) (Note: These percentages do not total 100% since there is a small allocation to future vacancy and replacement needs). Based on the SCAG’s adopted November 7, 2019 Final RHNA Methodology, Glendale’s share would remain at 13,391 housing units. Since this methodology emphasizes allocation based on locating residential population in proximity of High Quality Transit Areas (HQTA) and accessibility to jobs (Exhibits 1 and 2), Glendale’s share represents a relatively high allocation among the 197 jurisdictions within the SCAG region. The table below shows Glendale’s share based on affordability.

TOTAL RHNA FOR GLENDALE CITY	13391	<i>Pct of total</i>
Very-low income (<50% of AMI)	3429	25.6%
Low income (50-80% of AMI)	2158	16.1%
Moderate income (80-120% of AMI)	2244	16.8%
Above moderate income (>120% of AMI)	5561	41.5%

At this point it is not clear whether affected jurisdictions will pursue the appeal process and whether ultimately what, if any, effect objections may have on any potential reallocations. Cerritos has indicated that they are considering a challenge to the Regional Council’s adoption of the Final RHNA Methodology.

Significant Upcoming Dates

- April 10 to May 25, 2020

Appeal on the RHNA allocation may be filed.

- July to August 2020

The RHNA Subcommittee will hold one public hearing to consider all appeals of the Final RHNA allocation to SCAG.

- October 2020

The Final RHNA will be prepared by SCAG and will include any reallocation of units if warranted by successful appeals. The Final RHNA will be distributed to the jurisdictions that are affected by any reallocation.

- October 2021

General Plan Housing Element update must be completed and submitted to HCD.

ANALYSIS

The state HCD determined that 1,341,827 housing units will be needed for the southern California SCAG region, of which Glendale is a part, for the next 8-year planning cycle (October 2021 to October 2029). SCAG, through the RHNA process, must allocate these units to the individual jurisdictions within the region, which jurisdictions must, in turn, provide the necessary regulatory environment to facilitate the development of their allocated share. According to the current distribution methodology, Glendale has been allocated 13,391 units for the next planning cycle. Glendale must plan for this allocation in the upcoming required update of the General Plan Housing Element and must implement necessary regulatory measures to achieve this allocation. Glendale may be able to meet this allocation in the next planning cycle based on available capacity under current zoning standards, which include mixed-use residential districts, inclusionary housing requirements which mandate affordable housing units, density bonus standards, and accessory dwelling unit standards.

The statutory RHNA objectives are to ensure new housing and affordable housing opportunities located near employment centers and populated areas that have access to high quality transit. SCAG has determined that the current adopted RHNA methodology may achieves these objectives, in that infill and development near and around employment and high quality transit can reduce transportation costs for lower income households and would have the potential to decrease the number of people that need to commute by automobile. Although SCAG believes the methodology is sound, it is based on HCD population growth projections. Recent data indicates has that population growth in the Southern California region *has slowed*, which could mean that HCD's initial population projections are overstated.

A December 20, 2019 press release from the California Department of Finance entitled "State's Population Increases by 141,300, While Rate of Growth Continues to Decline", supports the slowing of growth based on the state's own data. The article discussed population changes from July 1, 2018 to July 1, 2019. During this period, the growth rate was 0.35% versus 0.57% during the prior 12 months. Also, among other observations, Riverside and San Bernardino counties had the highest numeric population increases accounting for 29% of the state's population growth (Exhibit 9).

DOF's report appears to indicate that the California population may not be growing as fast as initially anticipated and that previous population projections and SCAG's allocations based on those projections may in fact be overstated and not appropriately reflected in this trend. As such, the allocated housing numbers may not be in line with actual population growth. It is not clear without further analysis if and how a revision to the populations projections would affect HCD's numbers and the SCAG region; however, this is the single most influential variable in the distribution methodology.

Overstating this figure has a dramatic effect on the ultimate distribution to each jurisdiction.

Potential Next Steps

1. Appeals to SCAG.

The SCAG Regional Council's approval of the Final RHNA allocation on March 5, 2020 is appealable to SCAG between April 10th and May 25th. SCAG will schedule one appeal hearing in July for all appeals. Any jurisdiction may appeal its own or any other jurisdiction's RHNA allocation. After the appeal process, SCAG will notify those jurisdictions whose RHNA allocations have changed and a Final RHNA allocation will be issued.

There are strict criteria for appeal. In sum, an appeal must be filed based on:

- Local planning factors and information relating to affirmatively furthering fair housing.
- Application of adopted final methodology.
- Significant and Unforeseen change in circumstances.

An appeal may not be granted based on:

- A local jurisdiction's existing zoning ordinance and land use restrictions.
- Any local ordinance, policy, voter-approved measure or standard limiting residential development.
- Prior underproduction of housing in a jurisdiction from the previous regional housing need allocation.
- Stable population numbers in a jurisdiction.

Appeals require substantial documentation to support the factors listed in the appeal. SCAG's Regional Council approved revised appeal provisions at its meeting on March 5, 2020. SCAG's report to the Regional Council, recommendation, appeal criteria, appeal application and related state codes are attached for reference as Exhibit 10.

2. Reconsideration of HCD Estimates.

The HCD may reconsider its population projections based on evidence that population growth in Southern California is slowing. Staff efforts toward engaging HCD with such re consideration would include, but not be limited to, using the City's state lobbyist, collaborating with the League of California Cities and other jurisdictions to bring

important discrepancy to HCD's attention. If HCD agrees to revise its population projections those revisions apply to the entire SCAG region of which Glendale is a part.

FISCAL IMPACT

This may vary depending on the course of action to take and the need to solicit outside resources.

ALTERNATIVES

Based on the considerations presented above, there are three actions that may be appropriate to pursue, either individually or in combination, provided that the timeline for the preparation of the General Housing Element is observed.

1. Appeal SCAG's Regional Council decision adopting the Final RHNA allocation for Glendale and/or other jurisdiction. As stated above, the appeal process is not simple and involves extensive analysis with an uncertain outcome.
2. Challenge HCD's population estimate and distribution based on an argument that California's population growth is slowing. This may be accomplished with the services of a lobbyist and the California League of Cities to approach the state. It is difficult to anticipate the results of this action.
3. Accept the Final RHNA allocation of 13,391 housing units for Glendale and plan for this allocation. There already exists available capacity under the existing zoning standards in multi-family zones, mixed-use zones and other zones, including the South Glendale Community Plan area. Also, the Inclusionary Housing Requirement process, the Density Bonus Incentives process, and ADUs can contribute to supporting the affordability elements of our distribution.
4. Any other course of action not listed above.

CAMPAIGN DISCLOSURE

Not applicable to this agenda item.

EXHIBITS

Exhibit 1: Map of High Quality Transit Areas (SCAG).

Exhibit 2: Map of Job Accessibility Areas (SCAG).

Exhibit 3: SCAG's Draft RHNA allocation, October 16, 2019.

Exhibit 4: SCAG's Draft RHNA allocation, February 13, 2020.

Exhibit 5: City of Cerritos letter to RHNA Subcommittee.

Exhibit 6: Alternative RHNA allocation based on Cerritos's methodology.

Exhibit 7: Glendale Mayor Najarian's letter.

Exhibit 8: SCAG's Regional Council report.

Exhibit 9: Press Release from the California Department of Finance.

Exhibit 10: SCAG's report on appeals.