City of Long Beach
Working Together to Serve

Memorandum

Date: January 15, 2020

To: Thomas B. Modica, Acting City Manager

From: Linda F. Tatum, Director of Development Services

For: Mayor and Members of the City Council

Subject: **SCAG Regional Housing Needs Assessment (RHNA)**

Beginning in 1969, every five to eight years, the California Department of Housing and Community Development (HCD), in collaboration with the Southern California Association of Governments (SCAG), develops a Regional Housing Needs Assessment (RHNA). The RHNA provides numerical housing production goals that serve as the starting point for individual cities preparation of General Plan Housing Elements. The current cycle, the sixth RHNA cycle, began in December 2018. The purpose of the RHNA process, as dictated in statute, is to plan to meet the housing needs of everyone in a given community.

To assure the City is treated fairly and the RHNA number and distribution throughout the region reflects a reasonable, equitable, balanced, and achievable approach, City staff and representatives to SCAG (Councilmembers Austin and Richardson) are continuously involved in the SCAG process of shaping the current RHNA and related policies. SCAG has now completed their initial RHNA process and submitted the methodology to HCD. The draft allocation to the City of Long Beach is for 26,440 units to be planned and zoned, during the October 2021 to 2029 period. This proposed allocation is within the 28,524 units contemplated in the City's Land Use Element (LUE). While adjustments to this draft allocation are possible, no substantive changes are anticipated before the draft is finalized by SCAG in October 2020.

City Input into the SCAG Process

Technical Information Provided: Informal discussion between SCAG staff and City staff began in the fall of 2017. During 2018, staff held several working meetings and conference calls to collaborate on SCAG's bottom-up process that provides data used for both the Regional Transportation Plan (RTP) and RHNA. In September 2018, City staff submitted their formal data inputs to SCAG based on existing City demographic information and the land-use patterns contemplated in the LUE. Due to complexity and divergence in the data, City staff subsequently provided a zone-by-zone analysis and thousands of individual data points to SCAG to inform their models and assumptions. SCAG wrapped-up the local input process in April 2019.

Staff Correspondence on RHNA: In addition to the data provided, staff provided recommendations and feedback to SCAG regarding the proposed methodology for allocating the regional housing needs amongst individual cities as part of the RHNA process. On June 3, 2019, City staff shared concerns with the SCAG RHNA

Subcommittee, explaining that any methodology that assigned units on the basis of transit could unfairly over-burden large cities such as Long Beach and that the need to address regional shortages in affordable housing had to be met equitably without overconcentrating low-income units only in cities having existing higher levels of poverty.

On June 24, 2019, the City Manager sent a letter to SCAG (Attachment A) recommending specific changes to the SCAG methodology: encouraging all jurisdictions to affirmatively further fair housing, adjusting the treatment of high-quality transit within the methodology, and improving the dispersion of lower-income units throughout the region. SCAG staff and the RHNA subcommittee made multiple changes to the methodology to address these recommendations.

On August 26, 2019, the City Manager sent a follow-up letter to SCAG (Attachment B) outlining concerns with the then formal draft RHNA methodology. The City sought to assure that all cities made some minimum contribution toward RHNA, assuring that all jurisdictions address lower-income housing and advocating for an increased social-equity adjustment. The social equity adjustment is a methodological tool used to assure cities with higher levels of poverty (such as Long Beach) are allocated fewer lower-income units and cities with very high levels of incomes and resources are allocated higher levels of lower-income units. This social equity adjustment is one tool to address persistent segregation by class and income across the Southern California region. SCAG staff and the RHNA Subcommittee made multiple changes to the methodology to address these recommendations.

The RHNA Subcommittee: The RHNA Subcommittee was responsible for working with SCAG staff and the public to develop the RHNA methodology for approval by the SCAG Regional Council. In addition to the staff-driven efforts to influence the RHNA process, the City was represented on the SCAG RHNA Subcommittee by Councilmember Rex Richardson. Councilmember Richardson served as an alternate for one of the Los Angeles County seats on the Subcommittee and, alongside representatives from the City of Oxnard, was an essential voice in advocating for fair treatment of larger urbanized coastal cities. Councilmember Richardson was able to secure changes to the methodology sought by the City, including protecting and improving the social equity provision of the methodology.

Determinations by HCD

Separately, but concurrently, HCD's role in the RHNA process is to review demographic projections provided by SCAG and then make a final determination of the region-wide housing needs that are then allocated among cities and counties by SCAG. From March to August 2019, SCAG participated in a consultation process to review area demographics and determine the regional housing needs for the SCAG six-county area. SCAG shared estimates of 430,289 units needed to address regional growth and 228,855 units needed to address existing need and overcrowding. HCD projected a total need of 1,344,740 units, for which SCAG appealed. The final determination by HCD on that appeal was for 1,341,827 units, which consists of 504,970 for future growth and 836,857 to address existing need.

While the final figure from HCD presents a significant implementation challenge for jurisdictions across the SCAG region, including Long Beach, the number is based on factual statistics and the overall depth of the regional housing affordability and supply crisis. With this background, it is unlikely that future appeals or litigation will result in any modification or decrease to HCD's determination. However, SCAG is still exploring its options.

Determinations by SCAG

On November 7, 2019, the SCAG Regional Council (including Long Beach Councilmembers Austin and Richardson) approved the draft RHNA methodology and submitted the document to HCD. This methodology divides up the total need given by HCD among all the cities and county areas in the SCAG region. The methodology approved by the Regional Council included many provisions advocated for by Long Beach, including treating transit, social equity, and other factors fairly, so that units are not over-concentrated in large cities. The SCAG Regional Council did make one final change to the methodology reviewed by the RHNA Subcommittee to move some units previously assigned to the Inland Empire closer to job centers in Los Angeles and Orange Counties.

This shift did not impact the City of Long Beach. Due to our input and advocacy, cities that already embrace transit, affordable housing, and have existing disadvantaged communities were not assigned additional units. The shift, however, should assist Long Beach in achieving area improvements to the housing shortage as the net effect was to increase units allocated to nearby job-rich jurisdictions that have not made the same recent commitment to housing that Long Beach has.

Overall, while the City is receiving a large RHNA allocation, that allocation is fair in comparison to the whole number for the region and comparison to other cities. Due to the City's involvement in the process, our allocation of 26,440 units is significantly less than the 35,709 units under the methodology before our requested changes, and less than the 39,380 units if units were simply allocated by population. Equally important, the methodology contains a robust social equity component, meaning 42 percent of the City's allocation will be market-rate units, more realistic than the 11 percent under the first-proposed draft. The methodology should have the effect, over time, of better distributing affordable housing across the region with less concentration in cities such as Long Beach and Los Angeles.

Impacts on the City of Long Beach

Compatibility with City Plans and Land Use: While the draft RHNA allocation to the City is a dramatic increase (from 7,048 in the fifth cycle to 26,440 in the sixth cycle), this increase can theoretically be accommodated within the bounds of the City's LUE and associated planning efforts. As SCAG and HCD process various protests and appeals in finalizing the RHNA methodology, it is important that the City of Long Beach's allocation remain below 28,524 to assure consistency across plans and reduce the need for adjusting the LUE. While adjustments to City codes, regulations, and procedures are necessary to meet our housing goals (including RHNA), many of those changes are already underway or are contemplated to occur over the next two years.

Updating the Housing Element: Housing Element law requires cities to plan and zone for sufficient sites to accommodate the RHNA. The law does not require that the units be constructed, because cities do not directly build housing. The implications and requirements of housing elements are subject to change and have been the topic of vigorous legislative debate in Sacramento in recent years.

Staff will begin updating the City's Housing Element in January 2020 using the updated RHNA. While the LUE addresses overall issues of capacity, areas for mixed-use and new development, a significant challenge in the Housing Element process will be to identify and address development constraints, that, if adjusted, would improve the development process and increase housing production. Staff will provide further updates regarding the Housing Element process in a subsequent memorandum expected in March 2020.

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

LFT:CK:ps

ATTACHMENTS: RHNA METHODOLOGY – JUNE
RHNA METHODOLOGY – AUGUST

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MONIQUE DE LA GARZA, CITY CLERK

Attachment A

CITY OF LONG BEACH

OFFICE OF THE CITY MANAGER

333 West Ocean Boulevard • Long Beach, CA 90802 • (562) 570-6711

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,

PLWest

PATRICK H. WEST
CITY MANAGER

PW: LFT: CK

Attachments:
Attachment A: RHNA Social Equity Scenarios

June 14, 2019

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

CITY OF LONG BEACH

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PATRICK H. WEST
City Manager

August 26, 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

This correspondence serves as a follow up to our June 24, 2019 letter to the Southern California Association of Governments (SCAG) Regional Housing Needs Assessment (RHNA) Subcommittee (Subcommittee). While the City of Long Beach (City) appreciates the diligent staff and committee work to develop the three methodology options, our primary concerns remain not fully addressed. Long Beach remains deeply concerned that unless adjusted, the draft methodology is unfair to urban jurisdictions with larger low-income populations alongside High Quality Transit Areas (HQTA) and unrealistic in its approach to creating actual housing units.

Offered in this letter are comments on ways to improve all three methodologies the Subcommittee has developed. The City respectfully requests the final methodology be one that results in a mix of housing units that can be reasonably zoned while promoting fair housing. To this end, we request the final methodology include:

- A minimum contribution from each jurisdiction in the SCAG region;
- A requirement that each jurisdiction facilitate the construction of affordable housing in addition to market-rate housing; and,
- A 200 percent social equity adjustment factor, for all units; this is necessary to affirmatively further fair housing.

With respect to the three methodologies the Subcommittee has released for comment, the City offers these remarks:

OPTION ONE: This option should be further developed to address fair housing, data quality, social equity and a minimum contribution floor applicable to all jurisdictions.

Option One attempts to differentiate between existing and projected need as well as consider past housing construction level and high-quality transit. The City agrees with these goals. However, as drafted, the result of this methodology would over-concentrate the allocation of lower-income units in Long Beach, and similarly situated, cities with both HQTA and existing elevated lower-income populations. This impact is contrary to Government Code §65584.04(d), which requires the methodology to affirmatively further

fair housing. This impact can be diminished to a level of acceptability through the following refinements to the methodology:

Adjust the HQTA calculation to utilize 2040 HQTA maps found within the existing adopted RTP/SCS. The draft methodology allocates 20 percent of existing need based on the jurisdiction's share of regional population within HQTAs. As noted previously, SCAG staff's own analysis shows that lower-income persons are more likely to live in HQTA's and higher-income persons are more likely to live outside HQTAs (see May 2019 RHNA Subcommittee Agenda Packet p.33), elevating the allocation to those areas rather than addressing the existing fair housing disparity.

Expanding the methodology for HQTAs to include the areas mapped as HQTA in the 2040 RTP/SCS would broaden the areas within the region subject to this added allocation for transit. This would have the benefit of reducing any overconcentration or fair housing issues, while building housing that is situated well not only for existing transit but for forthcoming transit. This approach not only furthers the goal of reducing Vehicle Miles Traveled (VMT), but also provides built-in ridership as this new transit comes online.

Use proper data for determining regional building activity. The City is concerned the use of construction industry data is not the most accurate method for determining levels of residential housing starts in each jurisdiction. This data is derived from industry surveys and third-party data. A review of City records shows 3,727 starts, not the 3,646 shown in the SCAG data. While the rate of error for Long Beach appears to be low, we remain concerned that varying levels of error across all the SCAG jurisdictions could have more substantial cascading impacts on the methodology and its outcomes.

In contrast to survey data, the Annual Performance Reports (APRs) filed annually by each jurisdiction to the California Department of Housing and Community Development (HCD) provide a more accurate and detailed accounting of building activity in each jurisdiction. We recommend that APRs be used as the data source for building activity and jurisdictions that did not file their required APRs be scored at zero level of activity.

Use a more recent and limited timeframe to establish levels of construction. Long Beach, alongside many jurisdictions, has a current housing element that runs from 2014 to 2021. The approach in the draft methodology, to consider building activity from 2006 to 2018, is overly broad and, as a result, discounts recent levels of activity. We suggest the period from 2014 to 2018 is a more-appropriate capture of each jurisdiction's post-recession commitment to facilitating housing construction.

Jurisdictions that have facilitated housing starts of very low and low-income units should be given further consideration. Use of APRs would allow for the distinction between affordable and market-rate units. The City recommends very-low and low-income units be counted as double in the methodology, as a way of

recognizing and rewarding those jurisdictions that have continued to do the difficult work of producing affordable units in the post-redevelopment era.

Apply the same level of social equity adjustment to existing and projected need. The RHNA cycle is required to address existing disparities throughout the region. As detailed in our previous correspondence, a 110 percent adjustment is insufficient to further fair housing goals. Furthermore, there is not a sufficient rational basis for applying a lower social equity adjustment to existing need as compared to projected need. Residents freely move around the region in response to housing availability, job creation, and available transportation. All units should be subject to the same social equity adjustment and fair housing consideration.

Distribute existing need into four categories for those jurisdictions with an existing overconcentration of lower-income persons and units. The draft methodology distributes existing need units into only three categories: very-low income, low-income and moderate-income categories. This has the effect of concentrating lower-income units in those jurisdictions where those levels are already elevated. Long Beach, for example, would be in the position of having 72 percent of its allocated units as lower-income when the city already has a concentration of such persons and housing in exceedance of the County average. This would be contrary to the RHNA goals of allocating a lower proportion of housing need in income categories in jurisdictions that have a disproportionately high share in comparison to the county distribution.

Distributing existing need into four categories for those jurisdictions where 45 percent or less of households have above-moderate incomes would result in a more equitable distribution that furthers fair housing. This approach would also preserve the SCAG staff stated goal of addressing existing need primarily (but not exclusively) with affordable units.

Apply a 200 percent social equity adjustment to further fair housing. We wish to reiterate that a 200 percent social equity adjustment is necessary to address long-standing equity and fair housing issues throughout the region. We reiterate our previous comments that a change in income distribution of 1 percent or less when existing and new units are combined, cannot be considered sufficient progress for an eight-year housing cycle that, by statute, is to address fair housing and existing inequities. We note that ABAG utilizes 175 percent and that 200 percent would be appropriate to the SCAG region.

Create a minimum allocation to assure that all jurisdictions more fully contribute to addressing the regional housing supply and affordability crisis. The City supports the inclusion of local input within the RHNA methodology. This approach recognizes that each jurisdiction is unique and holds different constraints and opportunities for housing supply growth. However, there are limits and imperfections inherent in the local input process that may result in inadequate allocations to some jurisdictions. Correcting these aberrations in the data should be part of the final methodology.

Similar to provisions within the ABAG methodology, we recommend a minimum allocation of 100 units or 0.5 percent of existing population (whichever is greater) for all jurisdictions. We note that 40 jurisdictions forecast fewer than 100 new households over the upcoming RHNA period. Regardless of the validity of those forecasts, it is appropriate for all jurisdictions to take on a minimum allocation to address a regional need. This change is necessary to distribute units throughout the region, but also as a matter of fairness across jurisdictions.

Expand the criteria to include total jobs within a jurisdiction. SCAG staff analysis correctly identified that jobs-housing balance is difficult to measure due to the complexity of commuters moving around the region, the relatively close distance between some jurisdictions, and the mismatch between types of jobs, wages, housing, and other factors. Nonetheless, total jobs is an available data point and should be included in each methodology. Expanding housing opportunities in proximity to employment is a direct way to decrease VMT and improve the quality of life within the region. Likewise, including employment in the RHNA methodology is a way to correct any bias in the local input provisions whereby a small number of jurisdictions grow their employment base without adequate provision of housing opportunities.

One option would be to decrease the local factor determination of the total RHNA and introduce a new 20 percent factor based on the percentage share of total employment within the region. This would provide a more balanced methodology consistent with the discussion held by the RHNA Subcommittee and more recently at the Regional Council.

OPTION TWO: This option should be further developed to address HQTA and social equity.

Option Two applies a more straight-forward calculation based on existing population and HQTA. This option promotes a shared regional approach whereby all jurisdictions seek to address regional housing needs. However, it fails to consider local input and constraints faced by some jurisdictions. This option could be improved similarly to option one through expansion of the HQTA area to use 2040 maps, inclusion of total employment as a consideration, and the use of a 200 percent social equity adjustment.

OPTION THREE: This option should be further developed to address social equity and the establishment of a minimum allocation.

Option Three builds on local input and recognizes that HQTA is an imperfect proxy for reducing VMT. Each jurisdiction is already required under various state laws and regulations to reduce VMT, including areas without HQTA. Housing growth outside HQTAs, particularly around job centers, is a powerful tool to reducing regional VMT levels. In one aspect, this alternative is superior in that it bases growth allocation on population rather than households, allowing for differences in household size and formation to be addressed regionally rather than on a jurisdiction by jurisdiction basis. We recommend this option be improved through the more aggressive social equity adjustment, total employment as a consideration, and a minimum allocation as discussed for option one.

In closing, we thank SCAG staff for its incredible effort in refining the RHNA methodology. We believe our suggested improvements will be beneficial to the entire region and its efforts to address the housing supply and affordability crisis. Should you have any questions regarding this matter please contact Christopher Koontz, Planning Bureau Manager, at (562) 570-6288 or christopher.koontz@longbeach.gov.

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