



# ***Agenda Report***

## ***Fullerton City Council***

**MEETING DATE:** JANUARY 7, 2020

**TO:** CITY COUNCIL / SUCCESSOR AGENCY

**SUBMITTED BY:** KENNETH A. DOMER, CITY MANAGER

**PREPARED BY:** MATT FOULKES, COMMUNITY AND ECONOMIC DEVELOPMENT DIRECTOR

**SUBJECT:** OPPOSITION TO THE MODIFIED REGIONAL HOUSING NEEDS ASSESSMENT ALLOCATION METHODOLOGY APPROVED BY THE SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS REGIONAL COUNCIL AND REQUEST TO THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT TO INTERVENE

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### **SUMMARY**

Consideration of a resolution opposing the Regional Housing Needs Assessment (RHNA) allocation methodology adopted by the Southern California Association of Governments (SCAG) Regional Council and requesting the State Department of Housing and Community Development (HCD) intervene.

### **RECOMMENDATION**

Adopt Resolution No. 2020-XX.

RESOLUTION NO. 2020-XX – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, OPPOSING THE MODIFIED REGIONAL HOUSING NEEDS ASSESSMENT ALLOCATION METHODOLOGY APPROVED BY THE SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS REGIONAL COUNCIL AND REQUESTING CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT INTERVENTION

### **PRIORITY POLICY STATEMENTS**

This item matches the following Priority Policy Statement:

- Fiscal and Organizational Stability.

## FISCAL IMPACT

None.

## BACKGROUND

California State housing law requires that each city and county plan for existing and future housing needs by mandating sufficient sites and zoning identified in the Housing Element of its General Plan to accommodate its RHNA allocation. The upcoming 6<sup>th</sup> Cycle RHNA will cover the planning period from October 2021 through October 2029. SCAG is the regional agency responsible for the development of the RHNA allocation methodology for the six counties in Southern California (Orange, Los Angeles, Imperial, Riverside, San Bernardino and Ventura). HCD is the State agency responsible for the final determination on the total regional allocation of dwelling units and the methodology for distributing the allocation among local jurisdictions. Allocations are segmented by income levels based on the Area Median Income (AMI) and include very-low, low, moderate and above moderate categories. The current 5<sup>th</sup> Cycle (2013-2021) RHNA allocation for Fullerton is identified in Table 1 below. The Southern California News Group recently graded Southern California cities on their progress towards meeting its current RHNA targets, with Fullerton receiving an overall grade of “B”.

**Table 1: 5<sup>th</sup> Cycle RHNA**

<b>Income Level</b>	<b>Dwelling Units</b>
Very-Low Income (<50% of AMI):	411 Dwelling Units
Low Income (50-80% of AMI):	299 Dwelling Units
Moderate Income (80-120% of AMI):	337 Dwelling Units
Above Moderate (>120% of AMI):	794 Dwelling Units
<b>TOTAL:</b>	<b>1,841 Dwelling Units</b>

RHNA outcomes are foundational to jurisdictional housing goals and policies and must be included within the Housing Element of a city's General Plan prior to certification by HCD. HCD also requires each city and county to prepare and submit an annual report documenting its progress towards achieving its RHNA numbers during the planning cycle.

In August, 2019, following a local public input process, the SCAG Regional Council approved the public release of three draft 6<sup>th</sup> cycle RHNA allocation methodology options under consideration. Public hearings were held to allow SCAG staff to present the three options and receive public comments, revisions and alterations. SCAG received 248 comment letters on the three options. Comments submitted by local jurisdictions composed 48% of the total received.

Based on public input, SCAG staff developed a single RHNA allocation methodology which was publicly introduced at a workshop conducted on September 23, 2019. Table 2 below includes a breakdown, by income level, of the City of Fullerton RHNA allocation in accordance with the SCAG staff recommended methodology.

**Table 2: Initial SCAG Staff Recommendation - RHNA Allocation**

<b>Income Level</b>	<b>Dwelling Units</b>
Very-Low Income (<50% of AMI):	1,841 Dwelling Units
Low Income (50-80% of AMI):	1,137 Dwelling Units
Moderate Income (80-120% of AMI):	1,290 Dwelling Units
Above Moderate (>120% of AMI):	3,238 Dwelling Units
<b>TOTAL:</b>	<b>7,507 Dwelling Units</b>
<i>AMI varies by household size. The current Orange County AMI for a four-person household is \$97,900.</i>	

On October 7, 2019, the SCAG RHNA Subcommittee, including the Orange County representative, voted to send the staff recommended RHNA methodology to the SCAG Community, Economic, and Human Development (CEHD) Committee. On October 21, 2019, the CEHD Committee voted unanimously to recommend that the SCAG Regional Council submit the methodology to HCD.

On November 7, 2019, following the lengthy vetting process by various committees and SCAG staff, the RHNA allocation methodology recommended by SCAG staff came before the SCAG Regional Council. However, before a vote could be taken on the SCAG staff recommended methodology, a substitute motion for approval of a modified methodology was introduced by the City of Riverside representative. This modified methodology proposed to shift a significant portion of the 6<sup>th</sup> cycle RHNA regional allocation away from developing areas such as Riverside and San Bernardino County and toward coastal areas including predominately Orange County jurisdictions. Despite a lack of detail regarding the associated impacts, supporting documentation as to the merit of the proposed changes, and any opportunity for stakeholder input, the modified methodology was approved by the SCAG Regional Council for submittal to HCD by a vote of 43-19. All Orange County SCAG representatives voted in opposition to the modified methodology.

Table 3 below provides a breakdown by income level of the City of Fullerton RHNA allocation in accordance with the substitute motion methodology approved by the SCAG Regional Council. This allocation data was not made available to Cities until after the SCAG Regional Council vote was conducted.

**Table 3: Final SCAG Regional Council Action - Fullerton RHNA Allocation**

<b>Income Level</b>	<b>Dwelling Units</b>
Very-Low Income (<50% of AMI):	3,214 Dwelling Units
Low Income (50-80% of AMI):	2,000 Dwelling Units
Moderate Income (80-120% of AMI):	2,283 Dwelling Units
Above Moderate (>120% of AMI):	5,775 Dwelling Units
<b>TOTAL:</b>	<b>13,272 Dwelling Units</b>
<i>AMI varies by household size. The current Orange County AMI for a four-person household is \$97,900.</i>	

## DISCUSSION / ANALYSIS

The modified RHNA allocation methodology ultimately approved by the SCAG Regional Council increases the City's housing target for the upcoming RHNA 6<sup>th</sup> cycle to 13,272 total units, of which 7,497 dwelling units must be designated affordable. This is an increase of approximately 77% over the SCAG staff recommended methodology and a 621% increase over the City's current RHNA 5<sup>th</sup> cycle allocation. While it is generally understood that California is in the midst of a housing crisis and the creation of additional dwelling units, especially affordable dwelling units, is essential, achievement of this target within the eight-year planning cycle would represent one of the fastest periods of growth in the number of housing units added to the city in any period in its history. The rapid and substantial increase in housing units that would be required to meet this new target has the potential to fundamentally alter the City's character and compromise its ability to responsibly and equitably address competing community needs in the future.

Throughout the RHNA process, City staff has and continues to monitor and participate in RHNA related meetings and hearings. Staff is also involved with the Orange County Council of Governments Technical Advisory Committee (OCCOG TAC), to ensure that the raw data submitted to SCAG for use in developing a draft methodology is accurate and consistent with local jurisdictional input. Written comments have also been provided directly to SCAG highlighting City concerns and recommendations regarding the development of the RHNA allocation methodology.

The attached Resolution has been prepared for City Council consideration and states the City's opposition to the modified RHNA allocation methodology and requests intervention by HCD to direct SCAG to reconsider its action given the related lack of specificity, lack of supporting documentation, lack of vetting by SCAG staff and near total absence of stakeholder engagement in the amended RHNA allocation methodology.

HCD comments on the methodology approved by the SCAG Regional Council are due to SCAG in January 2020 for consideration. SCAG is to provide resulting draft jurisdictional allocations in early spring 2020, with the jurisdictional appeal period to follow. The final RHNA allocations, including any alterations made as a result of appeal, are tentatively scheduled for adoption in October 2020. The deadline for certification of jurisdictional housing elements, which are required to be consistent with RHNA, is October 2021 (one year from adoption of the final RHNA allocations).

### Attachment:

- Attachment 1 – Resolution No. 2020-XX
- Attachment 2 – Draft Cover Letter to HCD Acting Director Douglas McCauley