



March 3, 2020

**Mayor**

Will O'Neill

**Mayor Pro Tem**

Brad Avery

**Council Members**

Joy Brenner

Diane Brooks Dixon

Marshall "Duffy" Duffield

Jeff Herdman

Kevin Muldoon

Kome Ajise, Executive Director  
Southern California Association of Governments  
900 Wilshire Boulevard, Suite 1700  
Los Angeles, CA 90017

**RE: March 5, 2020, Community, Economic and Human Development (CEHD) Policy Committee and Regional Council Meetings Related to Regional Housing Needs Assessment (RHNA) Allocation Methodology**

Dear Mr. Ajise:

The City of Newport Beach (City) appreciates the opportunity to provide written comments regarding the Regional Housing Needs Assessment (RHNA) methodology being considered for the 6<sup>th</sup> RHNA cycle. Like many other jurisdictions and stakeholders, the City has been heavily engaged and has participated in the numerous meetings held by the Southern California Association of Governments (SCAG) regarding the development of the Draft RHNA allocation methodology. Through much of the development process, SCAG staff has listened to recommendations and input provided by various jurisdictions, housing experts, and housing advocates to develop a fair and equitable RHNA methodology. The months of effort and public input resulted in a methodology recommended by SCAG staff and supported by the RHNA Subcommittee, as well as the Community, Economic and Human Development (CEHD) Committee. This recommended methodology incorporated a reasonable factor of household growth (50%) and appropriately responded to changes in State law to factor in job accessibility (25%) and proximity to transit (25%) within the existing need portion of the allocations. However, to our dismay, with very little warning and no reasonable opportunity for any detailed analysis and thoughtful public input, the Regional Council inappropriately approved a substitute motion on November 7, 2019, removing the household growth factor and significantly modifying the Draft RHNA methodology to shift approximately 75,000 additional housing units into Orange County. **Therefore, the City of Newport Beach respectfully requests that SCAG consider the following comments and incorporate the City of Cerritos proposal dated**

**February 4, 2020, which recommends that household growth forecasts be reintroduced back into the calculations for the existing need as follows:**

- **household growth (33.3%);**
- **job accessibility (33.3%); and**
- **population within high quality transit areas (33.3%).**

#### **1. Reinstate household growth as a factor of existing need**

As stated in previous comment letters, local input and projected household growth is part of the very foundation of SCAG's planning efforts and furthermore is required by State law.

State law requires that the determination of regional housing need:

*“... shall be based upon population projections produced by the Department of Finance and regional population forecasts used in preparing regional transportation plans, in consultation with each council of governments.  
[65584.01(b)]*

Incorporating local input of projected household growth would ensure greater consistency between RHNA and the Regional Transportation Plan (RTP)/Sustainable Communities Strategy (SCS) (Connect SoCal) as required by State law. However, the draft RHNA allocation would not be consistent with the development patterns projected in the Connect SoCal Plan. For Newport Beach, approximately 2,900 households are projected to be formed through 2045, yet the current draft RHNA allocation assigns 4,832 new units to be constructed in the City in the next eight-year planning period.

Any RHNA methodology that does not consider local conditions, as expressed in local General Plans, would ignore more than a half-century of State and Federal planning policy requiring comprehensive planning. Local General Plans and their development policies and assumptions must reflect a wide range of issues. Newport Beach is an attractive city for residents and visitors alike, but subject to various legal and geographic constraints. Though relatively small compared to sprawling bedroom communities, Newport Beach:

- (1) neighbors an international airport;
- (2) oversees the largest recreational boating harbor west of the Mississippi River;
- (3) contains substantial Environmentally Sensitive Habitat Areas, as well as wetlands;
- (4) borders state lands that have been recently described as high-risk fire zones;
- (5) is home to a number of State parks and beaches; and
- (6) has a vacant landfill bordering a tolled highway system.

The above list is not comprehensive, but paints a complex picture of the challenges that are overlooked with the elimination of local input.

Furthermore, these environmental concerns are all governed by comprehensive state and federal laws and regulations with differing objectives that will constrain the City's ability to comply with state housing laws and achieve RHNA allocations. For example, in 2008, the City approved the Banning Ranch project, which would have allowed for the development of 1,375 residential units, including an Affordable Housing Implementation Plan, and 252 acres of permanent open space. However, the California Coastal Commission denied the project and the property remains fenced off. This places Newport Beach – and cities like it – in a perilous position of trying to comply with the housing allocations when other State and Federal agencies have competing programmatic agendas.

Finally, as SCAG staff has correctly noted in every RHNA staff report, State law required SCAG to conduct a survey of “local planning factors” to identify local conditions and explain how each of the factors are incorporated into the proposed methodology. A simple mathematical calculation of local housing allocations based only on jurisdictions' proximity to jobs or population within transit-rich areas without consideration for local development constraints would render the local planning factors survey completely meaningless and would be contrary to State law.

Incorporating the request from the City of Cerritos to reintroduce a component of household growth forecasts back into the calculations for the existing need at a reduced rate of 33.3%, instead of the SCAG staff's original recommended methodology of 50%, is a compromise that the City of Newport Beach fully supports. This would constitute a minor revision to the RHNA methodology that remains substantially consistent with HCD's January 13, 2020, review of the methodology. As supported in the SCAG staff-recommended RHNA methodology staff report for the November 7, 2019, Regional Council meeting, the reintroduction of household growth into the existing need would further the five objectives of state housing law.

## **2. Redistributed units from residual need calculation should be redistributed region wide as opposed to remaining within county**

Orange County has five jurisdictions defined as the “extremely disadvantaged communities” (DACs), meaning they have over 50% of their population located in very low resource areas. As a result of their DAC designations, the draft RHNA allocation methodology caps their RHNA allocation to the jurisdiction's projected 2045 household growth to limit growth in very low resource jurisdictions. Despite the DAC jurisdictions proximity to transit and jobs, the “residual” share of their existing need above projected household growth is then redistributed to other Orange County cities. It is recommended that redistribution occur across the SCAG region for the following reasons:

- Each of the five DACs have jobs accessible via 30-minute commute that are located outside boundaries of Orange County. Therefore, county boundaries should not be a factor in redistribution.
- The existing need projection for the region is stated to be the result of low vacancies, high overcrowding rates, and high cost burdens across the State. As such, each jurisdiction in the region, not just the counties, must do its part to address the housing crisis.

**3. SCAG should continue objections to Department of Housing and Community Development's (HCD) faulty regional determination of 1,341,827 housing units**

The City of Newport Beach supports Orange County Council of Government's (OCCOG's) February 18, 2020, request to SCAG to continue to oppose the regional deamination provided by the HCD. SCAG should continue to assert that HCD did not follow statute when allocating the regional determination:

*"If the total regional population forecast for the projection year, developed by the council of governments and used for the preparation of the regional transportation plan, is within a range of 1.5 percent of the total regional population forecast for the projection year by the Department of Finance, then the population forecast developed by the council of governments shall be the basis from which the department determines the existing and projected need for housing in the region...." ...* [Gov. Code § 65584.01(a)]

This sets a dangerous precedent not only for SCAG, but also for other metropolitan planning organizations across the State to have their projections cast aside capriciously in pursuit of political agendas not based in fact but in hyperbole. Additionally, as you are likely aware, the State Department of Finance recently updated its population projections, which show a significant decrease since their previous forecast. Furthermore, Governor Newsom has stated that his commitment to building 3.5 million homes by 2025 was a "stretch goal" and that the state would soon be releasing a more pragmatic estimate of the housing needs by region. The regional determination of 1.34 million housing units is therefore not only unsupported by statute, it is not a feasible allocation given recent housing projections. Combined with an inequitable RHNA methodology, we are fearful that local jurisdictions are being set up for failure to comply with state housing law.

The City of Newport Beach shares SCAG's goal to develop and adopt a RHNA methodology that represents the best in regional planning, developed collaboratively with local jurisdictions and stakeholders in a manner that is credible and defensible at all levels, and can be realistically implemented in an equitable manner.

We request that the CEHD Policy Committee and Regional Council consider these recommendations prior to the adoption of the Final RHNA methodology. We recognize that there are time constraints established by State law; however, the

RHNA will have significant impacts on jurisdictions over the next decade and beyond. Therefore, it is imperative that the RHNA be finalized in a way that is equitable, realistic and achievable to help ensure tangible results in responding to the housing crisis.

Sincerely,

A handwritten signature in black ink, appearing to read "Will O'Neill". The signature is fluid and cursive, with the first name "Will" being the most prominent.

Will O'Neill  
Mayor

CC. City Council Members  
Grace Leung, City Manager  
Seimone Jurjis, Community Development Director