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October 2, 2019

Honorable Peggy Huang, Chair
 Community, Economic and Human Development Policy Committee
 Regional Housing Needs Assessment Subcommittee
 Southern California Association of Governments
 900 Wilshire Boulevard, Suite 1700
 Los Angeles, California 90017

Subject: Regional Housing Needs Assessment (RHNA) Methodology

Honorable Chair Huang and Committee Members:

The County of Orange expresses thanks to the RHNA Subcommittee, CEHD Policy Committee, Regional Council, and SCAG staff for the ongoing discussion to establish a feasible RHNA that complies with new state housing law and furthers the state housing goals. The County of Orange remains committed to addressing housing in the County's unincorporated areas, but is faced with unique challenges due to the 6th Cycle RHNA and the implications of recently enacted state housing laws.

California State Housing Law requires each jurisdiction to plan for existing and future housing needs to accommodate the unit allocation identified in the Regional Housing Needs Assessment (RHNA) process. The County supports the concept of using data, such as population growth rates, housing unit growth projections, and existing local land use policies as components of the RHNA methodology as these contribute to a collaborative local input process, which is also the foundation to SCAG's Regional Transportation Plan/Sustainable Communities Strategy, also known as Connect SoCal. Local input has always been a valuable and integral part of SCAG's RHNA planning process. It provides the necessary local perspectives to help determine the local capacities, limitations and challenges inherent in each jurisdiction within the SCAG region. A one-size-fits-all approach as currently being considered is not a practical or feasible approach to achieve local and regional housing goals. Responsible and effective planning for housing must be done within the context of each jurisdiction's surrounding constraints, neighborhood character, and with the perspectives of the communities themselves. As an example, entitlements controlled by development

agreements, such as for the Ranch Plan Planned Community (Rancho Mission Viejo) cannot be amended for rezoning by the County.

The County has already built much of the region's share of housing need. Since 2010, the County has successfully issued over 6,300 permits, thus making the County of Orange one of the leaders in the issuance of residential permits in Orange County.

State HCD recently released the final Regional Housing Needs Determination (RHND) of 1,344,740 housing units for the SCAG region. The County contends that this is not a realistic or feasible number of units to be constructed during the 6th Cycle. In comparison, SCAG received a 5th Cycle RHND of 412,137 units. This equates to a 226% increase in housing unit production for the SCAG region. This increase is unprecedented. Based upon the draft RHNA allocations currently available, the potential increase in 2021-2029 RHNA obligations indicates up to a 279% increase in growth need while the County's available resources to accommodate future growth is hindered by the continued reduction in sites available to accommodate future development.

For the 5th Cycle, 5,272 units were allocated to the County of Orange. As of December 2019, the County issued permits to construct a total of 4,292 units, which is 81.4% of the County's total RHNA allocation. Due to Orange County's market conditions and demand, 90% of the total permits issued were assigned to above moderate units. Removing the above moderate housing category as proposed would remove much of the County's contributions to creating market-rate housing, one of the most sought-after housing types. Also, the development of income-restricted units is scarce given the lack of available funding sources for affordable housing. Therefore, the County of Orange opposes the elimination or redistribution of the Above Moderate Category as described in Option 1 of the proposed RHNA methodologies.

The County is faced with unique challenges that are not encountered by cities, such as the potential loss of developable land due to annexations throughout the planning period. As unincorporated areas develop a stronger sense of community and economic base, cities are more likely to annex these unincorporated areas within city boundaries. In addition, the County, as a regional leader of affordable housing developments, provides funding to cities and does not receive RHNA credit. Therefore, the County is also requesting a clearly-defined and streamlined process for the transfer of RHNA credit from a city to the County, in instances where the County is financing the development in a city and both parties mutually agree on the arrangement.

The County supports the technical comments provided by the Center for Demographic Research (CDR) that are intended to ensure a reasonable RHNA methodology and allocation process.

Given the significant increases that are anticipated in RHNA unit allocations for all SCAG jurisdictions, the County encourages SCAG to host public forums for elected officials to discuss


how recent and pending legislation may impact each jurisdiction's Housing Element and the consequences of not achieving certification. It is imperative that elected officials are provided with information on how new state laws, State HCD guidance, and the relationship to statutes have to the feasibility of a jurisdiction's ability to provide available sites to accommodate the RHNA obligation.

The County is also requesting more information and details on the appeals and redistribution process.

SCAG has indicated that the final methodology that could be utilized may either be a new methodology or some hybrid of the three currently proposed methodologies. If so, the County is requesting that SCAG provide a sufficient amount of time and robust opportunity for public comment and review prior to any future SCAG Board action beyond the current standard three days for posting an agenda for a public meeting.

The County recognizes and appreciates the effort provided by everyone on this important and complex issue and for your consideration of these items.

Sincerely,



Donald P. Wagner
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Orange County Board of Supervisors

CC: CEHD Committee
RHNA Subcommittee
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