

# Agenda Report

**TO:** CITY COUNCIL                      **DATE:** MARCH 12, 2007  
**FROM:** CITY MANAGER  
**SUBJECT:** DRAFT REGIONAL HOUSING NEEDS ASSESSMENT (RHNA)  
ALLOCATION FOR CITY OF PASADENA HOUSING ELEMENT

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## **RECOMMENDATION**

It is recommended the City Council direct staff to file an appeal and a request for revision to the Draft Regional Housing Needs Assessment allocation for the City of Pasadena.

## **SUMMARY**

The Southern California Association of Governments approved Draft Regional Housing Need Assessment allocations for the region's cities and counties. When adopted, the allocations will be used in local housing elements for 2006-2014. SCAG is to adopt the final allocations by July 1, 2007, according to state law. The deadline to request an appeal or a revision of the draft allocations is March 16, 2007.

## **BACKGROUND**

For each general plan housing element cycle, the Southern California Association of Governments ("SCAG") prepares a Regional Housing Needs Assessment ("RHNA") plan, with a specific allocation for each of the region's cities and counties, as required by state law. SCAG's Regional Council approved the 2006 - 2014 Draft RHNA plan on February 1, 2007, along with the methodology for calculating the allocations. The Regional Council also approved procedures for appeals and revisions of the draft RHNA and trade and transfer between jurisdictions, which comply with pending legislation (Senate Bill 12). By July 1, 2007, SCAG is required to adopt the final RHNA, which will incorporate changes based on appeals, revisions, trade and transfer, and any changes required by the state Housing and Community Development Department. The

final RHNA must allocate total housing need approximately equivalent to the region's share of state housing need determined by the state Housing and Community Development Department. Local final housing elements are due by July 1, 2008.

For each jurisdiction, the RHNA includes both a gross housing construction need and "fair share" totals for very low, low, and moderate income housing. Under newly adopted state law, jurisdictions will also be responsible for a share of extremely low income housing, which will be a portion of the assigned total for very low income housing. Under state housing element law, a local jurisdiction is required to demonstrate the zoning capacity for development of the assigned RHNA allocation and identify programs to support the allocated development.

For the city of Pasadena, the draft RHNA allocates a total gross housing construction need of 2,844 units, during the 8½-year period from January 1, 2006 through June 30, 2014. It allocates the following shares by income level:

Very Low Income (<50% of median)	705 units (24.8%)
Low Income (50-80% of median)	448 units (15.8%)
Moderate Income(80-120% of median)	487 units (17.1%)
Above Moderate Income (>120% of median)	1,204 units (42.3%)

### **Housing Construction Need**

The housing construction need for Pasadena during the 8½-year period 2006 - 2014, according to the draft RHNA, is 2,844 units. This is a gross production total, which includes the replacement of demolished units.

The SCAG RHNA plan must allocate total new regional residential development that is generally consistent with a regional construction need assigned by the State of California Department of Housing and Community Development. SCAG integrated development of the RHNA allocations of housing construction need with the development of population, household, housing unit, and employment forecasts for the 2007 Regional Transportation Plan. Under pending state legislation (SB12), this integration will be possible for the first time. It is intended to reduce both costs and time for SCAG and to allow SCAG to complete the RHNA by the state-mandated deadline. Changes to a city's RHNA will result in changes to projections for employment and to the consideration of transportation investment.

The formula for calculating a jurisdiction's housing construction need, 2006 - 2014, includes the local jurisdiction's share of the number of households that will be added region-wide from 2006 to 2014, plus the number of units that will be lost due to demolition and other causes, plus an adjustment for vacancy related to housing cost. Growth in the number of households is the largest single factor.

For each local jurisdiction, SCAG considered “long-term trends incorporated into the 2004 RTP (Regional Transportation Plan) forecasts, recent trends, and updated county household forecasts.” More specifically, initial modeling forecasts based on local trends from 1980 to 2000 were adjusted to match the county total, then adjusted again for the difference between the forecasted 2005 total and the actual 2005 total, and extended out to the year 2035. Finally, they were reconciled to the forecast for Los Angeles County in 2007. (SCAG, “2007 Integrated Growth Forecast Process and Final Allocation Methodology for Regional Housing Needs Allocation,” page 50, January 17, 2007)

The city’s Land Use Element projects a total of 59,500 units by 2015 and a total of 64,680 units at “buildout,” not including affordable units within the specific plan areas. New construction of the units allocated in the draft RHNA for the period to June 30, 2014 would be within the Land Use Element projections.

### **“Fair Share” of Affordable Units**

Each jurisdiction is assigned percentages of new units that are to be available for households at various income levels. For Pasadena, those proportions are shown above in the report. State law requires that the RHNA shares of new units be consistent with all of the following objectives:

- 1) Increasing the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner, which shall result in each jurisdiction receiving an allocation of units for low and very low income households.
- 2) Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns.
- 3) Promoting an improved intraregional relationship between jobs and housing.
- 4) Allocating a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category, as compared to the countywide distribution of households in the category from the most recent decennial United States census.

To comply with these objectives, the SCAG Regional Council approved a formula that shifts each jurisdiction’s percentages of new affordable units closer to the Los Angeles County distribution in the 2000 Census. The formula takes the difference between the local jurisdiction’s distribution in the 2000 Census and the distribution for the county, multiplies that difference by 110%, and adds or subtracts the adjustment to the local 2000 percentage, depending on whether

the 2000 share was higher or lower than the County's. The following table shows that adjustment for Pasadena.

Income Level	Pasadena's Share, 2000 Census	LA County's Share, 2000 Census	110% of Difference	Pasadena's Share, RHNA 2006-2014
Very Low	23.0%	24.7%	+1.8	24.8%
Low	14.4%	15.7%	+1.4	15.8%
Moderate	16.3%	17.1%	+0.8	17.1%
Above Moderate	46.4%	42.5%	-4.1	42.3%
Total	100.0%	100.0%	N/A	100.0%

Pasadena's distribution of income levels in the 2000 census was very similar to the distribution countywide, so the adjustment for the 2006-2014 RHNA is comparatively minor. The adjustment is dramatic, however, in jurisdictions with significantly higher incomes, including several of Pasadena's neighbors. Conversely, for communities with higher percentages of lower-income households, the adjustment reduces the number of additional affordable units that are required.

Under state law, the next housing element must include an inventory of sites that are appropriate for new affordable housing units, including an analysis of sites zoned for densities of at least 30 units per acre, the minimum density identified by state law as adequate for lower income housing units. A preliminary survey of available sites in Pasadena indicates that the city has the capacity to accommodate the allocated lower income units at densities of at least 30 units per acre.

### **Appeals, Revisions, and Trades and Transfers**

Three options are available for jurisdictions that seek changes in the draft RHNA. The criteria for appeals and for revisions, known as AB 2158 planning factors, are strictly limited under state law (Attachment A). For Pasadena's particular situation in relation to the AB 2158 factors, staff believes it is highly unlikely that SCAG would grant either an appeal or a request for revision. However, some elements of the appeals and revisions processes, including use of the AB 2158 planning factors, are new to SCAG, so there is uncertainty concerning the outcomes of the process. Consequently, staff recommends the City of Pasadena file an appeal and also a request for revision. Under certain specific conditions, there may be some benefit to the city.

The third option, trade and transfer with another jurisdiction, depends on the willingness of a jurisdiction to accept a portion of the allocation from a second jurisdiction. "Trade and transfer" with neighboring jurisdictions is unlikely.

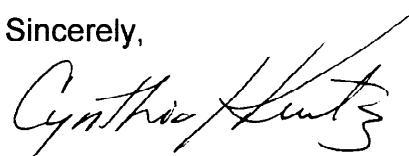
The total draft RHNA for the six-county SCAG region is 707,219 units. The state's Department of Housing and Community Development will approve the RHNA, if it remains within the range between 687,000 and 733,000 units. The rules for appeals and revisions to the draft RHNA and trade and transfer between jurisdictions limit the overall total, after changes, to that range. Any reductions that are granted to local jurisdictions as the result of *appeals* will be distributed to the other jurisdictions in the SCAG region. As a result, Pasadena's allocation could be increased in the redistribution following the appeals process. Reductions that result from requests for *revisions* will not be redistributed, so long as the total revised RHNA would remain within the range between 687,000 and 733,000 units. Jurisdictions are limited to a single appeal, which may be concurrent with a request for a revision. There are no appeals after units are reallocated, even for jurisdictions whose construction need is increased as a result of the reallocation.

Appeals and proposed revisions will be heard by a RHNA Appeals Board, with one member from each of the six SCAG counties. The deadline for requests for appeals and revisions is March 16, 2007. The Appeals Board will hold public hearings for appeals and requests for revisions during the week of April 25-30. Decisions on the appeals and requests for revisions will be issued by May 10. SCAG will issue the proposed final allocations early in June and will hold a public hearing on the final allocations on July 5, 2007.

### **FISCAL IMPACT**

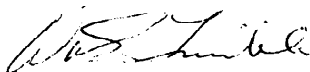
Filing an appeal and a request for revision of the housing needs allocation for the city involves no unbudgeted expense.

Sincerely,



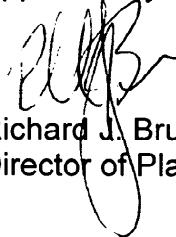
CYNTHIA J. KURTZ  
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Director of Planning and Development

## **Attachment A**

### **AB 2158 Planning Factors**

1. Each member jurisdiction's existing and projected jobs and housing relationship.
2. The opportunities and constraints to development of additional housing in each member jurisdiction, including the following: (i) lack of sewer or water service due to federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period; (ii) the availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities; (iii) lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long-term basis; (iv) county policies to preserve prime agricultural land, as defined pursuant to Government Code Section 56064, within an unincorporated area.
3. The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure.
4. The market demand for housing.
5. Agreements between a county and cities in a county to direct growth toward unincorporated areas of the county.
6. The loss of units contained in assisted housing developments that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.
7. High housing cost burdens.
8. The housing needs of farmworkers.
9. The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction.
10. Any other factors formally adopted by SCAG.