



Agenda Report

October 26, 2020

TO: Honorable Mayor and City Council
FROM: Planning & Community Development Department
SUBJECT: REGIONAL HOUSING NEEDS ASSESSMENT (RHNA) APPEAL

RECOMMENDATION:

It is recommended that the City Council authorize the City Manager to file a RHNA Appeal Application to the Southern California Association of Governments (SCAG)

BACKGROUND:

RHNA and the Housing Element

All California cities and counties are required to provide capacity for their "fair share" of existing and future regional housing need. Every eight years, this fair share assignment is determined through the Regional Housing Needs Assessment (RHNA) process. The California Department of Housing and Community Development (HCD) determines the share of the state's housing need for each region based on population projections prepared by the California Department of Finance and other factors identified in recent housing legislation. In turn, the council of governments (COG) for the region allocated to each local jurisdiction its share of the regional housing need. In southern California, the region's COG is the Southern California Association of Governments (SCAG).

To demonstrate that a local jurisdiction can accommodate its share of the regional housing need, cities and counties are required to update their local Housing Element. At the local level, the Housing Element allows each city to prepare a community-specific approach to "how" and "where" housing will be addressed to meet the needs of the community. Under SCAG's approved Final RHNA Methodology for the 2021-2029 Housing Element planning period, Pasadena's RHNA is 9,409 dwelling units. The following table provides a breakdown of Pasadena's RHNA by state-defined income categories and a comparison of the City's RHNA from the current Housing Element planning period.

Income Category	% of Area Median Income (AMI)	2014-2021 RHNA	2021-2029 RHNA
Very Low Income	<50%	340	2,739
Low Income	51%-80%	207	1,659
Moderate Income	81%-120%	224	1,562
Above Moderate Income	>120%	561	3,449
	TOTAL	1,332	9,409
	<i>TOTAL Regional RHNA Allocation for SCAG</i>	<i>412,137</i>	<i>1,341,827</i>

RHNA Appeals Process

On September 3, 2020, SCAG released the Draft RHNA Allocation Plan. Per State law, within 45 days of receipt of the Draft RHNA allocation, local jurisdictions may appeal any jurisdiction’s Draft RHNA allocation. Appeals may be filed on any draft RHNA allocation within the SCAG region by any SCAG jurisdiction and the California Department of Housing and Community Development (HCD). An appeal may only be filed on the following basis:

- ***Local planning factors and information relating to affirmatively furthering fair housing*** – That SCAG failed to consider information submitted by the local jurisdiction relating to certain local factors outlined in state law and information submitted by the local jurisdiction relating to affirmatively furthering fair housing. These factors include the following:
 - Each jurisdiction’s existing and projected jobs and housing relationship;
 - The opportunities and constraints to development of additional housing in each jurisdiction;
 - 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;
 - 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;
 - The percentage of existing households at each of the income levels that are paying more than 30 percent and more than 50 percent of their income in rent.
 - The rate of overcrowding.
 - The loss of units during a state of emergency that was declared by the Governor during the planning period immediately preceding the relevant revision that have yet to be rebuilt or replaced at the time of the analysis. For purposes of these guidelines, this applies to loss of units during a

state of emergency occurring since October 2013 and have not yet been rebuilt or replaced by the time of the development of the draft RHNA methodology, or November 7, 2019.

- The region's greenhouse gas emissions targets provided by the State Air Resources Board pursuant to Section 65080, to be met by SCAG's Connect SoCal Plan.
 - Information based upon the issues, strategies, and actions that are included, as available in an Analysis of Impediments to Fair Housing Choice or an Assessment of Fair Housing completed by any city or county or the California Department of Housing and Community Development, and in housing elements.
- **Application of adopted final methodology** – That SCAG failed to determine the jurisdiction's share of the regional housing need in accordance with the information described in the RHNA allocation methodology established and approved by SCAG, and in a manner that furthers, and does not undermine the five statutory objectives of RHNA.
 - **Significant and unforeseen change in circumstances** – That significant and unforeseen change in circumstances has occurred in the jurisdiction after April 30, 2019 and merits a revision of the information previously submitted by the local jurisdiction. Appeals on this basis shall only be made by the jurisdiction or jurisdictions where the change in circumstances has occurred.

Additionally, in accordance with State housing law, an appeal cannot be granted based on the following factors:

- A local jurisdiction's existing zoning ordinance and land use restrictions.
- Any local ordinance, policy, voter-approved measure or standard limiting residential development.
- Prior underproduction of housing in a jurisdiction from the previous regional housing need allocation.
- Stable population numbers in a jurisdiction.

Following the conclusion of the filing period, all jurisdictions will be notified by SCAG of all appeals filed. Per state law, jurisdictions and HCD will have 45 days to comment on filed appeals. Within 30 days of the end of the appeal comment period, SCAG must conduct public hearings to hear all filed appeals. The hearing body will be the RHNA Subcommittee, which will be known as the RHNA Appeals Board. All decisions made by the Appeals Board will be considered final and not reviewed by any other SCAG Committee or the Regional Council.

Pasadena RHNA Appeal

On September 14, 2020, City Council directed staff to prepare an application to appeal Pasadena's draft 2021-2029 RHNA. Staff carefully reviewed the appeal criteria with the City's consultant, MIG, and determined that an appeal could be justified only on the following bases:

- A. Methodology.** SCAG failed to determine the City of Pasadena's share of the regional housing need in accordance with the information described in the Final RHNA Methodology established and approved by SCAG, and in a manner that does not further and does undermine three of the five objectives of the RHNA process set forth in Government Code Section 65584(d).

- B. Changed Circumstances Regarding Housing Needs of a Private University.** Since April 30, 2019, Fuller Theological Seminary has made the decision not to construct any additional housing for faculty and students, housing that had been accounted for in the City's growth projections. This condition warrants consideration in the RHNA calculation.

Staff examined application of the methodology and determined that it was applied in a manner that: 1) results in inequitable distribution of housing throughout the region, 2) inadequately accounts for past practices of certain cities in the San Gabriel Valley to meet existing housing demand, and 3) fails to recognize Pasadena's past and ongoing substantial efforts to produce housing, and affordable housing in particular.

Also, application of the methodology results in the redistribution of RHNA units from disadvantaged communities throughout Los Angeles County to cities in the San Gabriel Valley in a manner that runs counter to three key objectives of the RHNA and SCAG's Regional Transportation Plan/Sustainable Communities Strategy: 1) to achieve jobs/housing balance, 2) to reduce vehicle miles traveled, and 3) to attain greenhouse gas reduction targets established by the State.

Lastly, local changed circumstances need to be accounted for in the RHNA process. Specifically, since April 30, 2019 (the date established by SCAG for provision of data from SCAG jurisdictions), Fuller Theological Seminary has made the decision not to provide any additional housing as authorized by its Master Planned and accounted for in growth projections (for local housing need). While a minor point, the appeals process does call for identification of changed circumstances that could affect the RHNA.

These arguments, detailed in the RHNA appeals form, warrant the reduction in Pasadena's RHNA by 2,047 units, resulting in a total RHNA of 7,362 units. This request will be stated on the appeal form required by SCAG.

ENVIRONMENTAL ANALYSIS:

Authorizing the City Manager to file the RHNA Appeal Application to the Southern California Association of Governments (SCAG) is covered by the general rule that the California Environmental Quality Act (CEQA) applies only to projects that have the potential for causing a significant effect on the environment in accordance with Section 15061(b)(3) of the Guidelines. Authorizing the City Manager to file the RHNA Appeal Application does not result in any adverse environmental impacts.

FISCAL IMPACT:

There is no fiscal impact associated with this action. The City Council authorized the City Manager to enter into a professional services contract with MIG on September 14, 2020 for an amount not to exceed \$374,655, which includes the City Council's authorization of \$30,000 for the preparation and filing of the appeal to the RHNA allocation.

Respectfully submitted,



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