



CITY OF NEWPORT BEACH

100 Civic Center Drive
Newport Beach, California 92660
949 644-3004 | 949 644-3039 FAX
newportbeachca.gov

Mayor

Will O'Neill

Mayor Pro Tem

Brad Avery

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Joy Brenner

Diane Brooks Dixon

Marshall "Duffy" Duffield

Jeff Herdman

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December 23, 2019

Doug McCauley, Acting Director
California Department of Housing and Community Development
2020 West El Camino Avenue
Sacramento, CA 95833

Subject: SCAG RHNA Methodology

Dear Mr. McCauley:

The City of Newport Beach respectfully urges the Department of Housing and Community Development (HCD) to reject the Draft Regional Housing Needs Assessment (RHNA) allocation methodology approved by the Southern California Association of Governments (SCAG) on November 7, 2019. Our basis for this request is that 1) SCAG did not provide sufficient opportunities for public review and comment on the "alternative methodology" that was ultimately approved; and 2) if adopted, the RHNA allocations would likely make it impossible for many highly urbanized jurisdictions in the coastal areas of Southern California to obtain HCD certification of their Housing Elements.

1. Public Participation

SCAG developed the draft RHNA methodology over a period of well over a year, which included approximately 20 public meetings and workshops. At each step in the process, thorough analysis was conducted by SCAG staff and ample opportunity was provided for public review and comment. SCAG Regional Council's action on November 7th radically changed the methodology that had been developed and vetted over a long period of time without the benefit of meaningful analysis by SCAG staff or member jurisdictions. Approval of the "substitute motion" shifted a large portion of the RHNA from communities with large amounts of vacant land suitable for development to highly urbanized communities with virtually no vacant land and, as discussed more below, subject to the Coastal Act as implemented by the California Coastal Commission.

2. Ability of Highly Urbanized Cities to Obtain Certified Housing Elements

The “substitute motion” RHNA methodology approved by SCAG would result in RHNA allocations that - when combined with recent changes to Housing Element law - would make it nearly impossible for many highly urbanized cities to obtain Housing Element certification. For example, the recent change to State law regarding criteria for adequate sites appears to restrict the use of “underutilized” sites to accommodate the lower-income RHNA allocation and requires “substantial evidence” that an existing use is likely to be discontinued during the planning period. In the urbanized portions of Los Angeles and Orange counties, the vast majority of potential housing development sites are underutilized sites that will likely not be reused in the next planning cycle.

The fact that SCAG’s RHNA allocation of over 1.3 million units far exceeds historical construction trends leads to the inevitable conclusion that many cities with little or no vacant land will simply not be able to provide substantial evidence that residential redevelopment is likely to occur at a pace that far exceeds recent trends.

Furthermore, coastal jurisdictions are further hindered by policies contained in the Coastal Act as implemented by the California Coastal Commission. Residential development is considered a low-priority use in the Coastal Zone, and the Coastal Commission has demonstrated its resistance to housing development projects that result in increased density near the coast due to concerns with coastal hazards and future sea level rise projections. Reductions in parking requirements to support higher density housing generate concerns of spillover parking on public streets, thereby impacting public access to the coast. In addition, any remaining vacant land near the coast tends to be impacted by environmentally sensitive habitats and wetlands, sensitive for cultural resources, and highly valued by existing communities as scarce open space opportunities. As a result, coastal cities find themselves caught between two different State agencies with competing priorities. By way of a specific example in Newport Beach, the City authorized 1,375 units at Banning Ranch for an identified housing opportunity site in the City’s certified Housing Element. Despite HCD’s approval of this portion of the City’s Housing Element, the California Coastal Commission denied the development, even after the applicant sought a much smaller number of housing units.

Widespread Housing Element non-compliance in the highly

urbanized areas of Southern California is in no one's interest. The recent changes to State housing law together with SCAG's proposed RHNA methodology would create a "perfect storm" in which many Southern California jurisdictions could rezone their entire city to high-density residential and still not be able to provide substantial evidence of adequate sites to meet their RHNA.

Furthermore, charter cities whose voters have required certain general plan modifications to be voted on by the public will face difficulties obtaining approval at these significantly higher numbers. The City of Encinitas has been litigating this issue for years and has recently filed another round of litigation in anticipation of its next Housing Element update. Newport Beach and its neighboring City of Costa Mesa have similar voting requirements in our Charters that will require a Housing Element of this magnitude to go to a special election costing hundreds of thousands of dollars. The outcome of such elections will of course remain uncertain until the votes are tallied.

In conclusion, we urge HCD to require that SCAG reopen its review of the RHNA methodology that was adopted on November 7, 2019 including opportunity for public review and comment. City staff would be happy to meet with HCD and SCAG staff at your convenience to discuss these issues further.

Sincerely,



Will O'Neill
Mayor

cc: City Council
Senator John Moorlach
Assemblywoman Cottie Petrie-Norris
Grace Leung, City Manager
Seimone Jurjis, Community Development Director
Jaime Murillo, Principal Planner
Marnie Primmer, Orange County Council of Governments
Executive Director