



Administrative Report

H.22., File # 20-1410

Meeting Date: 10/20/2020

To: MAYOR AND CITY COUNCIL

From: BRANDY FORBES, COMMUNITY DEVELOPMENT DIRECTOR

TITLE

AUTHORIZATION TO PREPARE AND FILE AN APPEAL OF THE CITY OF REDONDO BEACH'S 6TH CYCLE REGIONAL HOUSING NEEDS ASSESSMENT (RHNA) ALLOCATION OF 2,483 UNITS FROM THE SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS (SCAG)

EXECUTIVE SUMMARY

On September 3, 2020, SCAG released the Draft Regional Housing Needs Assessment (RHNA) for the 6th Cycle Housing Element update, allocating a new construction need of 2,483 units to the City of Redondo Beach in the following income distribution:

- 933 very low income (37.6%)
- 507 low income (20.4%)
- 489 moderate income (19.7%)
- 554 above moderate income (22.3%)

The focus of this Administrative Report is to receive authorization from the Mayor and City Council concerning the filing of an "Appeal" with SCAG of the City's 6th Cycle Draft RHNA as identified above.

The City engaged housing consultant Veronica Tam & Associates, Inc. (Consultant) for the support of the City's 6th Cycle Draft RHNA review process. Ms. Tam has provided oversight and technical support throughout the 6th Cycle RHNA development process that has been ongoing for 2 years. Ms. Tam has been instrumental thus far in crafting multiple communications and recommendations to SCAG. In support of this "Appeal" process Ms. Tam has largely drafted the "ANALYSIS" section of this Administrative Report. The ANALYSIS section of this Administrative Report presents the "Appeals Procedure", a proposed "Statement of Appeal", and proposed "Appeal Factors".

Additionally, the ANALYSIS section presents a brief summary of recent and relevant information concerning potential errors and "double counting" of the overall number of units, 1.34 million, issued to the SCAG region by the California State Department of Housing and Community Development (HCD). City Staff and the Consultant recommend that the City of Redondo Beach document their support of Orange County's and Beverly Hills efforts on this matter by adding their concerns and evidence to the City's formal appeal.

Prior to describing the appeals procedure (with timelines) and Staff's/Consultant's proposed

“Statement of Appeal” and “Appeal Factors” within the ANALYSIS section, this Administrative Report presents some important BACKGROUND information that includes the basic definition of RHNA and a summary of the City’s Current 5th Cycle RHNA followed by a synopsis of the phases of this RHNA process leading up to SCAG’s recent release of the City’s 6th Cycle Draft RHNA. The “synopsis” of the RHNA development process includes a brief summary of the communications between the City and SCAG and itemizes the City’s proposed edits, corrections, and recommendations through the process and their outcome with SCAG. City Staff and the Consultant are recommending that the proposed edits/ corrections and recommendations to SCAG’s methodologies, factors, and data that were not successfully integrated into the City’s Draft RHNA be included within the City’s Appeal.

BACKGROUND

Prior to presenting the relevant specifics of SCAG’s 6th Cycle RHNA, and in particular the appeal factors, timeline, procedures, and recommendations, some basic and general background information is warranted simply defining RHNA and revisiting the City’s current 5th Cycle RHNA.

What is the Regional Housing Needs Assessment?

Under California law, SCAG and other regional councils of government in the State are required to determine projected housing needs for persons at all income levels. This process is intended to allow communities to anticipate growth, so that collectively the region can grow in ways that enhance quality of life, improve access to jobs, promote transportation mobility and address social equity and fair share housing needs. SCAG utilizes the data/input provided by each local jurisdiction as one factor in determining future housing needs for the RHNA.

City of Redondo Beach’s Current RHNA - Housing Element 5th Cycle (2013 - 2021)

The City’s current RHNA for the Housing Element 5th Cycle (2013-2021) is 1,397 residential units. The table below is from the 2019 Housing Element Annual Progress Report that was reviewed by the City Council and submitted to HCD earlier this year.

Since the beginning of the current housing cycle (2013) and through the end of 2019, the City has added 489 residential units. Table B below presents the number of income categories of housing development year over year for the Housing Element 5th Cycle to date.

Table B
Regional Housing Needs Allocation Progress
Permitted Units Issued by Affordability

Enter Calendar Year starting with the first year of the RHNA allocation period. See Example.												Total Units to Date (all years)	Total Remaining RHNA by Income Level
Income Level		RHNA Allocation by Income Level	Year 1* 2013	Year 2 2014	Year 3 2015	Year 4 2016	Year 5 2017	Year 6 2018	Year 7 2019	Year 8 2020	Year 9 2021		
Very Low	Deed Restricted	372											372
	Non-deed restricted												
Low	Deed Restricted	223					2					25	198
	Non-deed restricted							7**	16***				
Moderate	Deed Restricted	238											238
	Non-deed restricted												
Above Moderate (Market Rate)		564	-5	35	68	21	92	121	127			464	100
Total RHNA by COG. Enter allocation number:		1,397	-5	35	68	21	94	128	143			489	908
Total Units													
Remaining Need for RHNA Period													

Note: units serving extremely low-income households are included in the very low-income permitted units totals.

* Negative number (-) represents unit demolished.

** ADU Voluntary Survey Results: 13 ADU's, 7 not rented (54% affordable), 3 market rate, 3 no response.

*** The 2018 affordable rate of 54% has been applied to the 2019 ADU unit count while the 2019 survey is underway.

Phase One - “SCAG’s Bottom Up Local Input and Envisioning Process”

Since the initiation of the 6th Cycle RHNA process the City has actively and regularly engaged key members of SCAG’s staff. Additionally, the City has retained the services of Veronica Tam & Associates (Consultant) and worked closely with the City’s GIS technician at key times in the process. Below is a general summary of the RHNA engagement process over the past two (2) years.

SCAG initiated the 6th Cycle RHNA process with the launching of their “Bottom-Up Local Input and Envisioning Process”, approximately 2 years ago in the summer of 2018. The initial phase began with the City’s review of SCAG’s draft data packages.

The Data Sets/GIS Maps provided by SCAG for the City’s review included:

- Land Use
 - General Plan, Zoning, Existing Land Use, Specific Plan
- Resource Areas & Farmland
 - Open Space and Parks, Endangered Species and Plants, Flood areas, Natural Community & Habitat Conservation, Farmland, Sea Level Rise
- Transportation
 - Major Transit Stops, High Quality Transit Corridors, High Quality Transit Areas, Transit Priority Areas, Bikeways, Truck Routes
- Administrative Boundaries
 - City Boundary & Sphere of Influence, Census Tract, Transportation Analysis Zone (TAZ)
- Growth
 - Estimates of Population, Households, and Employment for Base Year 2016
 - Projections of Population, Households, and Employment for 2020, 2030, 2035, 2045
 - Entitlements, Potential Infill Sites

Staff spent considerable time evaluating the data provided by SCAG and determined that significant corrections were necessary to accurately reflect current and future conditions in Redondo Beach. In the fall of 2018 Staff provided revised and corrected data that accurately reflected the City’s then current and predicted future conditions based on existing conditions, historic trends and empirical data. The following is a general summary of the corrections submitted as part of the initial phase of the 6th Cycle RHNA process.

- **Growth Estimates and Projections**
 - The City’s revisions to SCAG’s population and household estimates/projections were substantiated using actual residential permits issued over the period 2000 - 2017. In summary, the City’s average annual growth rate is .22%. The City’s actual average annual growth rate is significantly less than SCAG’s proposed average annual growth rate of .44%. SCAG adjusted the City’s growth rate downward to reflect the City’s actual rate of .22%.
- **Potential Infill Sites/General Plan Capacity**
 - SCAG’s “Potential Infill” data set and GIS map was based off a theoretical model developed in 2005 at the University of California, Berkeley, and was designed to

provide an assessment of how many housing units might reasonably be built on available infill sites. Staff carefully reviewed SCAG's draft "Potential Infill" map and found it to be significantly flawed. It identified numerous parcels as "vacant" that are not. It also identified a significant number of parcels that are zoned and developed with industrial and commercial uses/businesses important to supporting local jobs and commercial goods and services. In meetings with SCAG, errors in this data set/GIS map were discussed and SCAG requested a "General Plan Capacity" by Traffic Analysis Zone (TAZ) study as a more relevant data set for gauging "Potential Infill". Staff provided a corrected "Potential Infill" map and SCAG's requested breakdown by TAZ of the City's "General Plan Capacity" to more accurately gauge the City's real capacity for growth. Although there remains some potential housing unit capacity, the City's actual number of existing housing units actually exceeds the City's current General Plan capacity and this information and data was provided to SCAG.

Phase Two - "SCAG's RHNA Methodology Options"

At their meeting on July 22, 2019, SCAG's RHNA Subcommittee recommended the release of three (3) methodology options for distribution of the pending regional determination due from the California Department of Housing and Community Development (HCD) in August 2019.

The proposed methodology options considered many different factors and data sets. City Staff and the City's Consultant (Veronica Tam & Associates) reviewed the multiple factors within each of the proposed methodologies and the jurisdictionally specific data sets that informed each of the "factors". Staff's and the Consultant's findings and recommendations were presented to the City Council for discussion and direction at their meetings on August 6, 2019 and August 20, 2019 and a formal letter to SCAG with comments and recommendations to SCAG's RHNA Subcommittee explaining in detail and backed with local evidence the City's concerns with the proposed methodologies was signed by the Mayor and submitted on August 22, 2019. A copy of the City's letter "Re: 6th Cycle Proposed Regional Housing Needs Assessment (RHNA) Methodology and Redondo Beach Methodology Appendix Data" is attached to this Administrative Report.

In summary, the August 22, 2019 correspondence to SCAG's RHNA Subcommittee included initial general comments illustrating the significant misallocations of the 5th Cycle RHNA and an analysis clearly demonstrating Redondo Beach's historically responsible commitment to the provision of all types of housing in comparison to adjacent jurisdictions in the South Bay sub region. The body of the communication cites specific concerns with many of the factors and assumptions that comprised the three methodologies and included specific recommendations for additional factors to be incorporated into the proposed methodologies as well as numerous requests for corrections to many of SCAG's proposed data sets for Redondo Beach and adjacent jurisdictions within our sub region.

Ultimately, the methodology approved by SCAG was not any of the three options that had been circulated and commented upon. On March 5, 2020, SCAG's Regional Council approved the Final RHNA Methodology for the 6th Housing Element Cycle and the overall framework for the adopted methodology is included in the table below. Attached to this report is a document entitled, "SCAG's Final RHNA Methodology" which contains a comprehensive breakdown of the component parts of the adopted methodology.

Projected Need	Existing Need	Income Categories
Household Growth 2020-2030	Transit Accessibility (HQTAs Population 2045)	150% Social Equity Adjustment Minimum
Future Vacancy Need	Job Accessibility	0-30% Additional Adjustment for Areas with Lowest or Highest Resource Concentration
Replacement Need	Residual Distribution within the County	

City Staff and the City's Consultant have since reviewed the adopted methodology and the data sets that inform the various factors noted in the table above and have continued to submit information, edits, and "corrections" to ensure the data supporting the methodology was in fact accurate. The successful updates/changes/corrections to the data submitted to SCAG to date have included:

- Household Growth 2020-2030
 - SCAG was utilizing a growth rate that was twice the actual growth rate the City was experiencing.
 - SCAG amended the City's Annual Growth Rate from 0.44% downward to 0.22%.
- Replacement Need
 - Changed from 600 to 0.
- Transit Accessibility (HQTAs Population 2045)
 - SCAG had originally included four (4) HQTAs within/bordering the City within their initial population forecasts.
 - The City confirmed with Metro that only two (2) HQTAs were within/bordering the City and coordinated the change between Metro and SCAG
 - SCAG initially estimated the 2045 projected population within the two (2) HQTAs to be 12,357.
 - The City presented data demonstrating that 2045 projected population within the two (HQTAs) should be 8,197. Attached to this Administrative Report is the map and data provided to SCAG demonstrating the City's 2045 projected population of 8,197.
 - SCAG has since revised their 2045 projected HQTAs population downward to 10,630.
 - Staff continues to request that SCAG further reduce the 2045 projected HQTAs population to be consistent with local growth rates (8,197) and recommends that this request be included as a "correction" and submitted along with an appeal, if directed by the City Council.

After careful consideration and the continued monitoring of the 6th Cycle RHNA process, including all prior communications to and from SCAG and the analysis of the various methodologies and the factors and data sets that support and inform them, City Staff and the Consultant are proposing that the previously recommended "Additional Factors" that were not adopted by SCAG along with some remaining corrections to the "Data Fields/Sets" that have yet to be updated by SCAG be submitted again as part of or accompanying the "Appeal". Below is a bulleted summary of the City's recommended additional factors and data corrections proposed to be included with the "Appeal".

- **Recommendations for Additional Factors to be Incorporated**

- Consider a “Local Zoning Factor”
 - This particular additional factor is necessary in determining a more equitable allocation of existing need housing units. A jurisdiction's zoning designations and regulations serve as its true litmus of how responsible it has behaved toward the provision of diverse housing types. By considering a factor that measures a jurisdiction's percentage mix of residential zoning densities, a factor can be developed that credits those jurisdictions that have proactively zoned for more housing versus those jurisdictions that have zoned more conservatively (See the August 22, 2019 letter for details concerning this proposed “Factor”).
- Consider a “Density Factor”
 - Some consideration for a jurisdiction's existing population density should be factored to avoid overburdening limited local infrastructure, services, and resources (See the August 22, 2019 letter for details concerning this proposed “Factor”).
- Consider “Jobs-to-Household Ratio Factor”
 - As required by State law, a jobs-to-household ratio factor must be included in whatever methodology is utilized. To distribute hundreds of thousands of households across the SCAG region without considering this critical and basic land use principle could result in the continued evolution of the region's negative commuting patterns, which is significantly inconsistent with SCAG's 2020 RTP/SCS.
 - SCAG has since incorporated a “Jobs-to Household” factor but only for the “Existing Needs” portion of the approved “Methodology”. This factor should also be incorporated into the regions “Projected Need” and consideration for a local jurisdictions existing population and the need to create local jobs that match Redondo Beach's demographics should be incorporated (See the August 22, 2019 letter for details concerning this proposed “Factor”).
- **Recommended Corrections of Data Fields Used for Accuracy**
 - Correct Projected 2045 HQTa Population
 - SCAG has made some adjustments from 12,357 to 10,630 however the City's population data and growth rate for this area yields a projected population of 8,197.
 - Correct Household Income Distribution - Social Equity Adjustments
 - With the City of Redondo Beach's completion of a Midterm Update to its Housing Element (2017), data concerning household income distributions within Redondo Beach was updated. In review of the City's recent household income data against the information in SCAG's table for this factor, some corrections to SCAG'S table are warranted.
 - Redondo Beach's Very Low Income: 4,646/16.7% (revise from 3,742/13.4%)
 - Redondo Beach's Low Income: 2,587/9.3% (revise from 2,381/8.6%)
 - Redondo Beach's Moderate Income: 3,311/11.9% (revise from 3,184/11.4%)
 - Redondo Beach's Above Moderate Income: 17,276/62.1% (revise from 18,514/66.5%)
 - The City of Redondo Beach requests that SCAG correct the table entitled "Social Equity Adjustments Existing/150%" to reflect the corrected data provided above.

Phase Three - SCAG Issues Draft RHNA

On September 4, 2020, the City of Redondo Beach received a written correspondence from SCAG entitled, “6th Cycle Draft Regional Housing Needs Assessment (RHNA) Allocation for City of Redondo Beach and appeals timeline notice.” A copy of this letter is attached to this Administrative Report. In summary, the following information is provided in the correspondence.

- Pursuant to Government Code Section 65584 et seq., the Southern California Association of Governments (SCAG) is required to allocate the region’s housing need as determined by the California Department of Housing and Community Development (HCD) to all local jurisdictions in the SCAG region. For the 6th Cycle of RHNA, which covers the planning period from 2021 to 2029, HCD has determined our regional housing need to be 1,341,827 units.
- After extensive public input and review by HCD, on March 5, 2020, SCAG’s Regional Council adopted the final RHNA Methodology which, in coordination with final Connect SoCal adopted on September 3, 2020, results in Draft RHNA Allocations for all local jurisdictions. **Please note that receipt of this letter containing the Draft RHNA Allocations begins the appeals timeline. The Draft RHNA allocation shall be deemed received on September 11, 2020.**
- The Draft 6th Cycle RHNA Allocation for the City of Redondo Beach is 2483 total units, consisting of:
 - Very low income units: 933
 - Low income units: 507
 - Moderate income units: 489
 - Above moderate income units: 554
- **The deadline to electronically file an appeal of your 6th cycle Draft RHNA Allocation is 5:00pm on October 26, 2020.**
- The hearing on the RHNA allocation appeals is scheduled to begin on or about December 10, 2020. Following the conclusion of the appeals process, the Final RHNA Allocations are anticipated to be issued in February 2021. Local jurisdictions’ housing element updates are due to HCD by October 2021.

ANALYSIS

This section of the Administrative Report provides guidance for appealing the City’s Draft RHNA allocation. The subsections entitled “**City of Redondo Beach Statement of Appeal**” and “**City of Redondo Beach Appeal Factors**” propose the specific information that would be submitted to SCAG pursuant to the appeal procedures.

Additionally, this section presents a brief summary of recent and relevant information concerning potential errors and “double counting” of the overall number of units, 1.34 million, issued to the SCAG region by State HCD raised by a substantial number of Mayors within Orange County and by the City of Beverly Hills. Staff and the Consultant propose to include with the appeal the City’s support of the recommendations and studies in support of these efforts.

On September 3, 2020, SCAG released the Draft Regional Housing Needs Assessment (RHNA) for the 6th Cycle Housing Element update, allocating a new construction need of 2,483 units to the City of Redondo Beach in the following income distribution:

- 933 very low income (37.6%)
- 507 low income (20.4%)

- 489 moderate income (19.7%)
- 554 above moderate income (22.3%)

6th RHNA CYCLE APPEALS PROCEDURE

Pursuant to Government Code section 65584.05, any local jurisdiction within the SCAG region may file an appeal to modify its allocated share or another jurisdiction's share of the regional housing need included as part of SCAG's Draft Regional Housing Needs Assessment (RHNA) Allocation Plan.

No appeal shall be allowed relating to post-appeal reallocation adjustments made by SCAG.

Attached to this Administrative Report is a document issued by SCAG entitled, "6th RHNA Cycle Appeals Procedures". The following provides a summary of the appeals procedures per the attached document.

Deadline to File

Pursuant to Government Code § 65584.05(b), the period to file appeals shall commence on September 11, 2020, and ends at 5:00 p.m. on October 26, 2020. Late appeals shall not be accepted by SCAG.

Anticipated SCAG 6th Cycle RHNA Appeals Timeline

September 3, 2020	SCAG's Regional Council receives and files the draft RHNA allocation item following full adoption of Connect SoCal. Local jurisdictions will formally receive a letter containing their draft allocation.
September 11, 2020	Official receipt date by local jurisdictions of their draft allocation. This marks the start of the period for local jurisdictions to file appeals of draft allocations based upon application of SCAG's methodology, local planning factors, or changed circumstances.
October 26, 2020	Last day for local jurisdictions to file appeals based upon application of SCAG's methodology, local planning factors or changed circumstances (5:00 pm, via email).
October 26 – December 9, 2020	45-day period during which local jurisdictions and HCD may comment on filed appeals.
December 10, 2020 – January 10, 2021 or February 9, 2021	30-day period in which public hearing(s) before RHNA Appeals Board can be held for appealing jurisdictions. Per statute this may be extended for 30 additional days to February 9, 2021. In order to ensure that a Final RHNA Allocation Plan can be considered by the Regional Council at its February 4, 2021 meeting, it is anticipated that hearings will take place in late December and early to mid-January 2021 depending on the amount of appeals received.
Mid-January 2021	RHNA Appeals Board concludes its determination of appeals and issues a Proposed Final RHNA Allocation plan; recommends approval by the CEHD Committee and Regional Council.
February 4, 2021	CEHD Committee and Regional Council action to approve Final RHNA Allocation Plan. Please note this is contingent upon the Appeals Board concluding its work without needing to use the full 30-day extension of the public hearing period.

Form of Appeal

The local jurisdiction shall state the basis and specific reasons for its appeal on the RHNA Appeal Request Form prepared by SCAG, a copy of which is attached. Additional documents may be submitted by the local jurisdiction as attachments, and all such attachments should be properly labeled and numbered. The City of Redondo Beach must include a specific number of units proposed to be reduced.

Basis for Appeal

Pursuant to Government Code Section 65584.05, RHNA appeals must include a statement indicating the justifications for the revision, as they relate to furthering the intent of the objectives set forth in the Government Code Section 65584 (d):

The regional housing needs allocation plan shall further 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, the encouragement of efficient development patterns, and the

achievement of the region's greenhouse gas reductions targets provided by the State Air Resources Board pursuant to Section 65080.

(3) Promoting an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction.

(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 that category from the most recent American Community Survey.

(5) Affirmatively furthering fair housing.

Additionally, Government Code Section 65584.05(b) requires that all filed appeals must be consistent with, and not to the detriment of, the development pattern in the sustainable communities' strategy, or SCAG's Connect SoCal Plan, pursuant to Government Code Section 65080(b)(2).

SCAG's RHNA Appeal Procedures provide three possible bases for appeal:

1. Methodology - That SCAG failed to determine the jurisdiction'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 furthers, and does not undermine the five objectives listed in Government Code Section 65584(d).
2. Local Planning Factors and Information Affirmatively Furthering Fair Housing (AFFH) - That SCAG failed to consider information submitted by the local jurisdiction relating to certain local factors outlined in Govt. Code § 65584.04(e) and information submitted by the local jurisdiction relating to affirmatively furthering fair housing pursuant to Government Code § 65584.04(b)(2) and 65584(d)(5)
3. Changed Circumstances - That a significant and unforeseen change in circumstance 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.

City of Redondo Beach Statement of Appeal

This Draft RHNA almost doubles the City's 5th Cycle RHNA of 1,397 units, which was widely acknowledged as being unfair and inappropriate. The City of Redondo Beach is interested in pursuing an appeal of the Draft RHNA assigned to the City by SCAG. The City of Redondo Beach contests the Draft RHNA assigned to the City on the basis of a flawed RHNA Methodology that does not achieve the objectives of RHNA. Specifically, the methodology, as it applies to the City of Redondo Beach, fails to achieve the following:

- (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.
- (3) Promoting an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction.

City of Redondo Beach Appeal Factors

1. **RHNA Methodology Does Not Lead to an Estimate Equitably Distributed to Area**

Municipalities

The RHNA methodology as it stands, consistently allocates lower proportions of 6th Cycle RHNA to jurisdictions that had disproportionately lower shares of RHNA during the 5th Cycle. In the South Bay region, these include the cities of El Segundo, Hawthorne, Manhattan Beach, Hermosa Beach, Rancho Palos Verdes, Torrance, and Palos Verdes Estates. These communities continue to contribute to the existing needs, which represent 62.3 percent of the overall RHNA, but are not required by the methodology to undo the inequities that exacerbated existing housing needs across the region. While Table 1 below may have over-simplified the calculations, it is obvious that all these South Bay communities, when compared with Redondo Beach, did not receive a fair share in the 5th Cycle and many continue to receive a “discount” in the 6th Cycle. On the other hand, Carson, Gardena, Lawndale, and Redondo Beach seem to be unfairly burdened with the 6th Cycle RHNA.

City	2020 Population	SCAG Proposed 6th RHNA	Proportional 6th RHNA Based on Population	+/- RHNA from Proportionally Fair Allocation	2010 Population	5th RHNA	Proportional 5th RHNA Based on Population	+/- RHNA from Proportionally Fair Allocation
Carson	93,604	5,605	2,674	2,931	91,299	1,698	1,931	(233)
El Segundo	16,719	491	616	(125)	16,534	69	350	(281)
Gardena	61,042	5,721	1,744	3,977	58,668	397	1,241	(844)
Hawthorne	87,854	1,731	2,510	(779)	84,195	683	1,781	(1,098)
Hermosa Beach	19,465	556	717	(161)	19,355	2	409	(407)
Lawndale	33,436	2,491	955	1,534	32,552	381	688	(307)
Lomita	20,521	827	754	73	20,186	47	427	(380)
Manhattan Beach	35,532	773	1,310	(537)	34,867	38	737	(699)
Palos Verdes Estates	13,404	198	492	(294)	13,406	16	284	(268)
Redondo Beach	67,412	2,483	2,483 (100%)	---	66,054	1,397	1,397	-
Rancho Palos Verdes	41,928	638	1,544	(906)	41,535	31	878	(847)
Torrance	145,182	4,928	5,347	(419)	143,951	1,450	3,044	(1,594)

2. RHNA Methodology Does Not Promote Improved Jobs/Housing Balance

The RHNA methodology fails to consider existing population density and jobs-housing ratio, factors that should have been considered to affirmatively further fair housing, to avoid over concentration, and to promote jobs/housing balance. Redondo Beach has the top 4 highest population density among the South Bay communities and its jobs-to-housing ratio is also among the lowest in the region. Furthermore, the City's low-wage jobs-to-affordable units is also among the lowest. To achieve the objectives of the RTP/SCS, the RHNA should have given a heavier weight to communities that are jobs-rich but housing-poor. Allocating Redondo Beach such a disproportionately high RHNA would only further exacerbate the jobs/housing imbalance. To alternatively create more jobs in Redondo Beach to address the jobs/housing imbalance would require conversion of residential zoning to commercial zoning, which undermines the intent of providing more housing. Furthermore, several communities (Manhattan Beach, Palos Verdes Estates, and Rancho Palos Verdes) in the South Bay have significantly higher low-wage jobs-to-

affordable units' ratios, indicating a comparatively greater need for affordable housing. And yet these communities receive a disproportionately low RHNA.

Table 2 Population Density and Jobs-to-Housing Ratio

City	Population Density - 2019 (Persons per Acre)	2012 Jobs-to-Housing Ratio	Low-Wage Jobs to Affordable Units
Carson	7.7	1.85	2.65
El Segundo	4.9	8.61	2.98
Gardena	16.3	1.08	0.60
Hawthorne	22.5	0.61	0.24
Hermosa Beach	20.8	0.55	1.91
Lawndale	26.6	0.53	0.50
Lomita	16.9	0.34	0.37
Manhattan Beach	14.1	1.10	7.24
Palos Verdes Estates	4.4	0.37	16.03
Redondo Beach	17.1	0.75	1.66
Rancho Palos Verdes	4.9	0.28	5.00
Torrance	11.3	1.62	2.16

Source: SCAG

As further evidence more work on this factor is required by SCAG, as part of a recent update to the City's Housing Element, and an ongoing update to its General Plan Land Use Element, the City commissioned a comprehensive and robust "Demographic and Economic Trends Analysis". Included within this analysis was detailed data concerning the City's employment and labor trends. The analysis highlighted the comparison of resident employment and available jobs in Redondo Beach and quantified the mismatch between residents' professions and the opportunity to find employment within that profession within the City. The most significant commuter flow data documented that over 92% of the employed residents of the City of Redondo Beach commuted to their jobs which were outside the City. The total outflow of Redondo Beach workers is 30,527 (source US Census LEHD, 2014; BAE, 2017). Redondo Beach also imports much of its retail and service sectors workforce from other jurisdictions; however, that number is significantly less than the net outflow of the Redondo Beach residents commuting for work. The following are the key data points from the City's recent economic analysis.

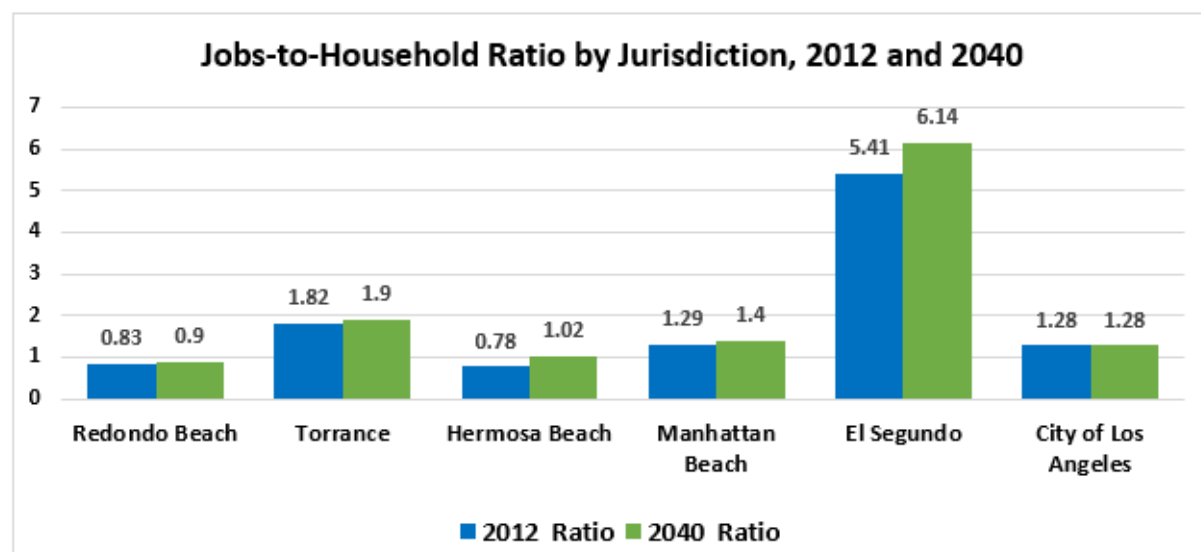
- The most significant commuter flow data documented that over 92% of the employed residents of the City of Redondo Beach commuted to their jobs which were outside the City.
- There is an existing demand for approximately 400,000 square feet of professional office space in Redondo Beach.

Additionally, according to the most recent SCAG Regional Transportation Plan (2016), Redondo Beach had a Jobs-to-Household Ratio of 0.83 in 2012. This indicates that there were only approximately 0.83 citywide jobs per Redondo Beach household, one of the lowest ratios in the South Bay with the exception of Hermosa Beach (see table below).

Jobs-to-Household Ratio by Jurisdiction, 2012 and 2040

<u>Geography</u>	<u>2012 Emp</u>	<u>2012 HH</u>	<u>2012 Ratio</u>	<u>2040 Emp</u>	<u>2040 HH</u>	<u>2040 Ratio</u>
El Segundo	38,400	7,100	5.41	45,400	7,400	6.14
Torrance	102,300	56,100	1.82	117,600	62,000	1.90
Manhattan Beach	18,000	14,000	1.29	20,700	14,800	1.40
City of Los Angeles	1,696,400	1,325,500	1.28	2,169,100	1,690,300	1.28
Inglewood	31,100	36,600	0.85	37,400	43,300	0.86
Redondo Beach	24,000	29,000	0.83	29,800	33,000	0.90
Hermosa Beach	7,400	9,500	0.78	10,000	9,800	1.02

Sources: SCAG 2016 RTP; BAE, 2017



According to SCAG forecasts, Redondo Beach's Jobs-to-Household Ratio is expected to only rise to 0.90 by 2040. In cities like Redondo Beach with a low ratio of jobs to housing units, local residents have fewer opportunities to work close to home, and more will commute outside the city limits to work elsewhere.

The State regulations regarding RHNA actually require that each member jurisdiction's existing and projected jobs and housing relationship is taken into consideration when developing the RHNA allocation. Jobs-to-Household Ratios should also be considered where adding housing in a higher density city with a lower than average Jobs-to-Household Ratio would make the city's Jobs-to-Household Ratio even worse and would further reduce the developable areas for job producing uses. The data clearly demonstrates that Redondo Beach, in order to reduce overall Vehicles Miles

Traveled consistent with SCAG's pending 2020 RTP/SCS, needs to develop more land uses in support of local professional jobs 2016-2040 that are consistent with the skills of the City's resident and future populations.

SCAG initially did not even incorporate a Jobs-to-Household Ratio Factor but has since incorporated this critical factor however it is only for the "Existing Needs" portion of the approved Methodology. This factor should also be incorporated into the regions "Projected Need" and consideration for a local jurisdictions existing population and the need to create local jobs that match each jurisdiction's demographics should be incorporated.

3. **RHNA Methodology Does Not Include Relevant "Local Zoning Factors"**

A "Local Zoning Factor" Should Be Considered Since Additional Existing Housing Need Allocations Are Included

Redondo Beach has long embraced its responsibility to provide residential development at much higher densities than what the City was originally intended/designed to accommodate. Historically the City was predominately a single family suburban residential community with commercial corridors to support the service and retail needs of surrounding neighborhoods. This is evidenced in the lot size and land use patterns of the City's zoning map. In review of the City's zoning map there are numerous examples of lot sizes and lot patterns that appear identical; however, the zoning of these seemingly identical subdivisions is now a mix of R-1 (Single Family Residential) and R-2IR-3 (Multiple Family Residential).

Over prior decades Redondo Beach has converted/up-zoned a majority of its originally planned Single Family residential neighborhoods into Multiple Family zoned and developed neighborhoods. This is unique in our South Bay Cities Council of Governments (SBCCOG) subregion. Many of the surrounding jurisdictions within the SBCCOG subregion have taken a different approach, as evidenced by their current zoning maps that largely preserve much of their Single-Family residential zones/neighborhoods, resulting in a much smaller percentage of their residentially zoned properties having Multiple Family designations and densities.

Below is a table which illustrates the City of Redondo Beach's balanced approach, via zoning, to the development of diverse housing types over recent decades. Redondo Beach's current mix of residentially zoned neighborhoods is 65% Multiple Family densities/zoning designations and only 35% Single Family residentially zoned densities.

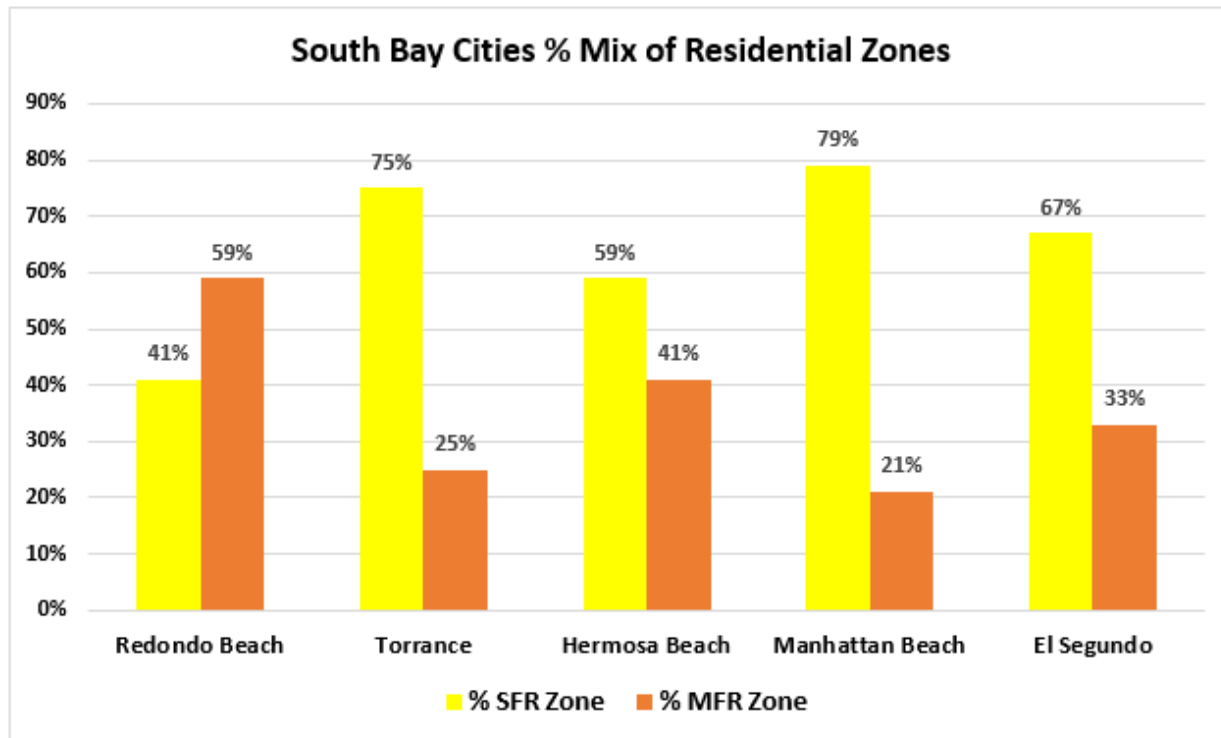
Redondo Beach Mix of Residential Zoning: 65% Multi-family Density - 35% Single-family Density			
Zone	Density	Area (Acres)	Percent
R-1 (Single Family)	8 DU/AC	752.87	35%
R-1A (Small Lot Single Family Zoning with a Multiple Family Density)	16 DU/AC	121.69	6%
R-2 (Multiple Family)	15 DU/AC	472.00	22%
R-3, RMD, RH1-3, R-MHP (Multiple Family)	Up to 28 DU/AC	702.08	33%
MU-1-3, CR (Mixed Use)	Up to 35 DU/AC	101.50	5%
Total		2,150	100%

Below is a table with comparative percentages of Single-Family zones versus Multiple Family zones/densities for Redondo Beach, Torrance, Hermosa Beach, Manhattan Beach, and El Segundo (South Bay Cities), which clearly demonstrates the City of Redondo Beach's responsible approach to meeting existing housing needs over recent decades.

South Bay Cities % Mix of Residential Zones									
Redondo Beach		Torrance		Hermosa Beach		Manhattan Beach		El Segundo	
% SFR* Zone	% MFR* Zone	% SFR Zone	% MFR Zone	% SFR Zone	% MFR Zone	% SFR Zone	% MFR Zone	% SFR Zone	% MFR Zone
35%	65%	75%	25%	59%	41%	79%	21%	67%	33%

*SFR includes R-1

**MFR includes the R-1A zones, in addition to all Multiple Family and Mixed-Use zones, where R-1A zones have small lots with densities comparable to Multiple Family zones.



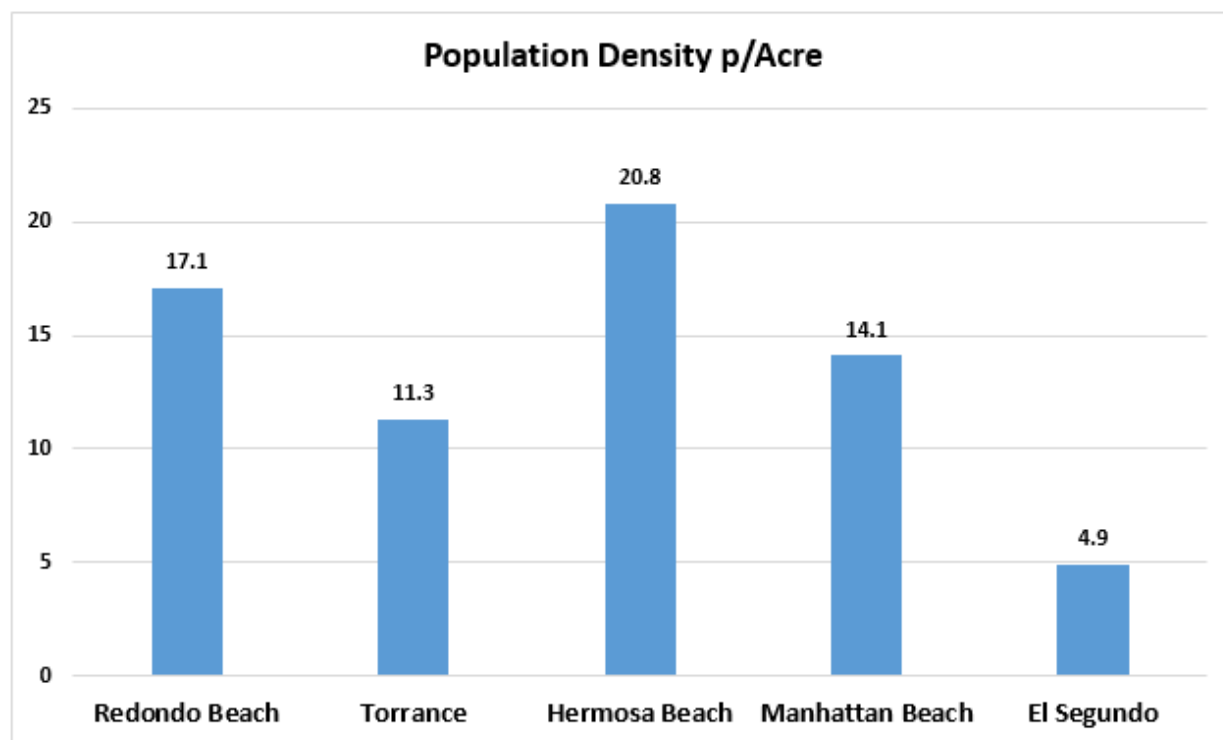
This particular additional factor is necessary in determining a more equitable allocation of existing need housing units. A jurisdiction's zoning designations and regulations serve as its true litmus of how responsible it has behaved toward the provision of diverse housing types. By considering a factor that measures a jurisdiction's percentage mix of residential zoning densities, a factor can be developed that credits those jurisdictions that have proactively zoned for more housing versus those jurisdictions that have zoned more conservatively.

SCAG needs to incorporate basic land planning and zoning principles into the existing housing need methodology to avoid further impacting communities that have already taken responsible steps to provide housing through up-zoning. Allocating the existing need based on a simple pro rata formula without considering existing density would unfairly penalize communities such as Redondo Beach that have accommodated growth responsibly. Certainly, when compared to our surrounding neighbors, this is the case.

4. RHNA Methodology Does Not Include Relevant "Local Density Factor"

Recognize the Existing Density of Local Jurisdictions

Existing population density of local communities should be a consideration with distributing the RHNA. According to SCAG data, the City of Redondo Beach's population density is 17.1 persons per acre, which doubles the regional average of 8.3 persons per acre. Redondo Beach ranks 21st among SCAG's 197 member cities/counties. As a densely populated and built-out community, the City already has higher burdens on its infrastructure, including roads, open space and parks, schools, sewer and drainage facilities, and other services. Without considering a factor for existing density, the jurisdictions with higher population density could be disproportionately impacted. By incorporating of a "density cap" or "density credit" factor, potentially severe impacts and costs associated with overburdened infrastructure and resources could be avoided.



The City of Redondo Beach has an inventory of 156 assisted living units (total number of residents of 250), with up to an additional 360 units being considered by Beach Cities Health District, which would bring the total number to 516 assisted living units. Assisted living contributes to density in a community, since it is permanent housing for most who live in this type of facility. This permanent housing does have impacts and burdens on the City's infrastructure, as well. However, assisted living is not accounted for as housing related to RHNA. Adding a density factor could take into consideration these impacts of this permanent housing source.

Some consideration for a jurisdiction's existing population density should be factored to avoid overburdening limited local infrastructure, services, and resources.

5. Correct the RHNA Methodology Technical Appendix/Data - Projected 2045 High-Quality Transit Area (HQTa) Population and Household Income Distribution Social Equity Adjustments

Correct Projected 2045 HQTa Population

SCAG has made some adjustments from 12,357 to 10,630 however the City's population data and growth rate for this area yields a projected population of 8,197.

Correct Household Income Distribution - Social Equity Adjustments

With the City of Redondo Beach's completion of a Midterm Update to its Housing Element (2017), data concerning household income distributions within Redondo Beach was updated. In review of the City's recent household income data against the information in SCAG's table for this factor, some corrections to SCAG'S table are warranted.

Redondo Beach's Very Low Income: 4,646/16.7% (revise from 3,742/13.4%)
Redondo Beach's Low Income: 2,587/9.3% (revise from 2,381/8.6%)
Redondo Beach's Moderate Income: 3,311/11.9% (revise from 3,184/11.4%)
Redondo Beach's Above Moderate Income: 17,276/62.1% (revise from 18,514/66.5%)

The City of Redondo Beach requests that SCAG correct the table entitled "Social Equity Adjustments Existing/150%" to reflect the corrected data provided above.

6. Request to Reconvene the SCAG President's RHNA Litigation Study Team to Re-Assess State HCD's RHNA Allocation of 1.34 Million Housing Units to the SCAG Region

At the September 3, 2020 SCAG Regional Council meeting, Council Member Huang (Council Member, City of Yorba Linda) explained that new and recent housing shortage information has been issued by Freddie Mac, which states that the housing shortage for the entire State of California, not just the SCAG region, is 820,000 units, see the attachment entitled, "February 2020 Freddie Mac Insights Report: "The Housing Supply Shortage: State of the States". Additionally, the Embarcadero Institute, a non-profit policy analysis organization, recently released a September 2020 Report entitled, "Double Counting the Latest Housing Needs Assessment" (attached), which questions whether State HCD's use of an incorrect vacancy rate and double counting has exaggerated the RHNA for the SCAG region, San Diego, the Bay Area and Sacramento area by more than 900,000 units.

The City Staff and Consultant supports the recommendation by the Mayors of 32 Orange County Cities and the City of Beverly Hills and also proposes that the City Council recommend that the SCAG President's RHNA Litigation Study Team be reconvened to Re-Assess HCD's RHNA allocation of 1.34 million housing units to the SCAG region. A copy of the letter from the "Orange County Mayors" to the Honorable Rex Richardson, SCAG President making their request is attached.

City Staff and the Consultant agrees with the Orange County Mayors opinion that reads, "Clearly this new and credible data should be explored with the members of the President's RHNA Litigation Study Team." City Staff and the Consultant propose that the City Council concur with the expectation from the Orange County Mayors that upon SCAG's examination of the new data, that the President's RHNA Litigation Study Team could deliberate on options to require State HCD to:

- 1) consider this and other new information from credible agencies;
- 2) justify how its 1.34 million housing unit determination is defensible in light of the new information and should be fittingly revised; and,
- 3) justify how its 1.34 million housing unit determination is consistent with State Statute provisions.

Finally, if the SCAG President's RHNA Litigation Study Team is reconvened, City Staff and the Consultant propose that the City of Redondo Beach also strongly urge SCAG to revisit the critical issue that the State HCD did not follow housing statute, when it determined SCAG's 1.34 million housing units need. City Staff and the Consultant also recommends that the City of Redondo Beach also object in concurrence with the Mayors of Orange County that State HCD has chosen to not adhere to the provisions of the Government Code, and the City of Redondo Beach concurs with the document entitled, "Orange County Technical Analysis: State Government Code Requirements to Calculate Regional Housing Need", which provides a detailed, technical assessment of such noncompliance and is attached to this Administrative Report.

COORDINATION

The Community Development Department collaborated with Veronica Tam and Associates, Inc. and City Manager's Office to prepare this report.

FISCAL IMPACT

The cost associated with the ongoing monitoring and appeal of the RHNA is included in the current contract for this service with Veronica Tam & Associates, Inc. in the amount of \$10,000 that was approved by the City Council on March 17, 2020.

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

Letter from SCAG dated September 4, 2020 - 6th Cycle Draft RHNA for City of Redondo Beach
Letter to SCAG date August 22, 2019 - 6th Cycle Proposed Edits-Corrections to RHNA Methodology and Redondo Beach Data
SCAG's Final RHNA Methodology
Redondo Beach Projected 2045 HQTa Population
6th Cycle RHNA Appeal Request Form
6th RHNA Cycle Appeals Procedures
February 2020 Freddie Mac Insights Report-The Housing Supply Shortage State of the States
Orange County Letter-Technical Report
Embarcadero Institute-Double Counting the Latest Housing Needs Assessment