



CITY OF POMONA

CITY COUNCIL

STAFF REPORT

August 19, 2019

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted By: Anita D. Gutierrez, AICP, Development Services Director

SUBJECT: Regional Housing Needs Assessment (RHNA) 6th Cycle and Housing Strategies Discussion

RECOMMENDATION:

Receive and file this report and provide staff direction as needed.

EXECUTIVE SUMMARY:

The purpose of this report and discussion is to inform the City Council about the “What, Why, Where, When, and How” of The Regional Housing Needs Assessment (RHNA) and prepare for the 6th RHNA cycle which will cover the Housing Element planning period of October 2021 through October 2029. Currently, the Southern California Association of Governments (SCAG) is seeking input on three methodologies for determining the allocation of RHNA numbers. Staff will present information on the three methodologies and also outline various housing strategies available to further aid in the production of housing such as inclusionary housing, density bonus, Accessory Dwelling Unit (ADU) regulation and rental inspections.

FISCAL IMPACT: This is a report only and does not include any fiscal impacts or commitments.

DISCUSSION:

What is RHNA?

The Regional Housing Needs Assessment (RHNA) is mandated by State housing law as part of the periodic process of updating local Housing Elements of the General Plan. The RHNA quantifies the need for housing within each jurisdiction during specified planning periods, typically every eight years. SCAG is in the process of developing the 6th cycle RHNA allocation plan which will cover the planning period of October 2021 through October 2029 for jurisdictions within the six-county SCAG region encompassing Imperial, Los Angeles, Orange, Riverside, San Bernardino and Ventura Counties. It is planned for adoption by SCAG in October 2020. State housing law requires that jurisdictions plan for variety of housing types based on the needs identified through RHNA. In addition, local jurisdictions are also responsible for ensuring there are no unnecessary

barriers to the housing approval process. To address the housing affordability crisis, local jurisdictions are encouraged to facilitate housing development to meet the RHNA goals along with other community needs. Under recent legislation, if a jurisdiction does not permit enough housing consistent with RHNA goals, housing development projects meeting certain conditions, including consistency with general plan and zoning, may be eligible for a ministerial approval process.

How is RHNA Calculated?

As part of the RHNA process SCAG must develop a proposed RHNA methodology to distribute the region's existing and projected housing needs, referred to as the regional determination, which will determine each jurisdiction's draft RHNA allocation as a share of the regional determination provided by the California Department of Housing and Community Development (HCD). State housing law outlines several requirements for the proposed RHNA methodology, such as meeting five main objectives, conducting methodology surveys, and holding at least one public hearing. State law does not provide specifics on how the regional allocation should be distributed to individual jurisdictions. At its August 1, 2019 meeting, the SCAG Regional Council voted to consider three methodology options for distributing existing and projected need to jurisdictions from the regional determination. Additional facts can be found on the RHNA FAQ handout (Attachment 1).

RHNA Objectives

Government Code Section 65584.04(a) requires that the proposed methodology furthers the five objectives of the RHNA. The following section provides an analysis of how the proposed methodology furthers these 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.
 - (e) For purposes of this section, "affirmatively furthering fair housing" means taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant

disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws.

Summary of Methodology Options

Option 1: This option separates existing need and projected need from the regional determination and uses different mechanisms to assign need to jurisdictions. Seventy percent of existing need is assigned to jurisdictions based on regional population share and 20 percent is assigned to jurisdictions based on their share of regional population within High Quality Transit Areas (HQTAs) as defined by SCAG, which is used as a proxy for proximity to transit. The remaining 10 percent of existing need is assigned to jurisdictions based on their share of expected residential building permit activity. After adjusting for social equity using a 110 percent adjustment, existing housing need is assigned to only very low, low, and moderate income categories. For projected need, household growth based on local input is used as the main factor and then a 150 percent social equity adjustment is applied. To determine a draft total RHNA allocation, existing need and projected need are combined.

Option 2: This option does not separate existing need and projected need. Instead, 80 percent of the regional need as determined by HCD is assigned based on regional population share and 20 percent is assigned based on a jurisdiction's share of regional population within an HQTA. A 150 percent social equity adjustment is then applied.

Option 3: This option considers local input as the main factor for RHNA distribution; however, it is based on a jurisdiction's share of population growth. Moreover, the horizon year used to determine a jurisdiction's share is selected based on the total household growth from that time period that most closely aligns with the regional determination provided by HCD. In addition, future vacancy need by owner and renter, along with replacement need share, are added to the jurisdiction's share of regional need to determine its total housing need. Once total housing need is calculated, a 150 percent social equity adjustment is used to determine the four income categories.

Table 1: Summary of Methodologies:

	Option 1	Option 2	Option 3
Existing need separate from projected need	Yes	No	No
Higher total of lower income categories	Yes	No	No
Emphasis on HQTA from regional total	Yes On existing need only, 20%	Yes On total allocation, 20%	No
Accounts for recent building activity	Yes	No	No
Social equity adjustment	Yes	Yes 150% for total need	Yes 150% for total need

	110% for existing need; 150% for projected need		
Local input as a component	Yes	No	Yes

The previous RHNA cycle (5th cycle) had a regional determination of 412,137 spread over the six-county SCAG region. Pomona's fair share allocation was 3,626, of which we have currently met approximately 24 percent of that need. The 6th cycle RHNA regional determination is likely to be higher than previous cycles given the shortage of housing supply throughout the State. Based on toolkits provided by SCAG, the proposed regional determination range is projected to be between 468,428 and 1,304,344, spread over the six-county SCAG region. Staff is still analyzing the three methodologies and the nuanced implications of each option; however, preliminarily it appears as though Option 2 would benefit Pomona the most based on a balance of high quality transit area impacts and a social equity adjustment.

Housing Strategies Currently in Place

The City's existing Housing Plan for 2013-2021 emphasizes a shift toward the development of existing vacant and underutilized parcels in the multi-family residential zones and in the Downtown Pomona Specific Plan area where high density residential and mixed-use projects are allowed and encouraged, particularly in the vicinity of the Downtown transit center. The City has also developed a Corridor Specific Plan that provides opportunities for development and redevelopment along the City's main corridors providing for minimum densities and design standards for mixed use development. In addition, the Downtown Pomona Specific Plan (DPSP) was recently updated to implement the density thresholds established in the 2014 City of Pomona General Plan, which are among the highest housing unit per acre standards in the City. The Plan complements the provisions of the City's Housing Element, which identified Downtown Pomona as a transit-oriented district (TOD), and achieves the goals of a Metro Los Angeles TOD grant awarded for the DPSP update. The DPSP also mandates minimum densities across all Downtown districts, ensuring that low-density housing development does not proliferate Downtown. A multi-pronged housing strategy is essential to addressing the housing need. In addition to allowing density through zoning there are a myriad of other housing strategies that can be utilized to help address the housing shortage. Below is a summary of a few of other housing strategies that the City Council has expressed an interest to explore.

Accessory Dwelling Units (ADUs)

In 2017 and 2018 the Legislature updated ADU law to clarify and improve various provisions in order to promote the development of ADUs. These include allowing ADUs to be built concurrently with a single-family home, expanding areas where ADUs can be built to include all zoning districts that allow single-family uses, modifying fees from utilities, such as special districts and water corporations, and reducing parking requirements. ADUs offer benefits that address common development barriers such as affordability and environmental quality. ADUs are an affordable type of home to construct in California because they do not require paying for land, major new infrastructure, structured parking, or elevators. ADUs are built with cost-effective one- or two-story wood frame construction, which is significantly less costly than homes in new multifamily infill developments. ADUs can provide as much living space as new apartments and condominiums and serve the housing needs of couples, small families, young people, seniors, and multi-generational families. Currently, a draft ADU Ordinance is under reviewed by the Planning

Commission and will be before the City Council in September for consideration. The Ordinance would bring the City's Zoning Code into compliance with State law pertaining to ADUs and would provide a clear path for adding additional housing units to the City's housing stock. (Pomona City Council has included the creation of an Accessory Dwelling Unit Ordinance in its Priorities and Goals for 2019/20.)

Density Bonus

California's Density Bonus Law provides housing developers with tools to encourage the development of much needed affordable and senior housing, including the right to build up to 35 percent more homes on a single site, and other favorable local development requirements. In 2018, the California Legislature approved four bills that expanded the density bonus to a wider range of housing projects and strengthened procedures to make the density bonus more workable for developers. Those changes include bills granting a density bonus for affordable student housing, allowing the density bonus to be provided through a floor area ratio bonus for certain transit-adjacent projects, and requiring local jurisdictions to provide developers with more comprehensive information about their density bonus rights. Staff will be working on a comprehensive update to the Zoning Code that would include a "clean-up" of the City's density bonus regulations to be consistent with State law.

Inclusionary Housing

The primary goal of an inclusionary housing policy is to increase the supply of affordable housing throughout a community. The median household income for Los Angeles County is \$61,015, with the City of Pomona's median income falling approximately \$7,700 short of the County average at \$53,281. Inclusionary housing ordinances adopted by cities and counties require market-rate for-sale and rental housing developments to include a specified percentage of homes affordable to very low-, low- and moderate-income households. These ordinances often establish a standard requiring that between 5 and 25 percent of the residential units constructed be available to low- and moderate-income households. Additional information on inclusionary housing is included as attachment 2. (Pomona City Council has included the creation of an Inclusionary Housing Ordinance in its Priorities and Goals for 2019/20.)

Rental Inspections

A rental inspection program is a tool to ensure existing housing stock is maintained. It is designed to help a city or municipality improve compliance with health and safety standards and preserve its stock of high-quality rental housing. It can also be applied to vacant land and commercial and industrial properties. (Pomona City Council has included the creation of a Rental Inspection Ordinance in its Priorities and Goals for 2019/20.) An effective inspection program can assist to achieve the following:

- Enhance overall rental housing quality and safety in the city;
- Increase compliance with existing residential rental unit standards;
- Build a comprehensive rental housing database that can be used by the city in other municipal programs and;
- Help mitigate any municipal budget issues by covering or exceeding the cost of the program with fees paid by owners.

In the Council meeting Staff will deliver a power point presentation to facilitate discussion on the topics set forth above.

ATTACHMENTS:

Attachment No. 1 - RHNA FAQ sheet
Attachment No. 2 - Inclusionary Housing Memo