



## CITY OF BEVERLY HILLS

455 NORTH REXFORD DRIVE • BEVERLY HILLS, CALIFORNIA 90210

**Lili Bosse**  
**Mayor**

August 11, 2022

Jan C. Harnik, President  
Southern California Association of Governments  
900 Wilshire Boulevard, Suite 1700  
Los Angeles, CA 90017  
email: [housing@scag.ca.gov](mailto:housing@scag.ca.gov)

Re: Stakeholder Input on Regional Housing Needs Allocation Reform

Dear President Harnik,

On behalf of the City of Beverly Hills, I am writing to you to provide our input on reforming the regional housing needs allocation (RHNA) requirements. We believe that state and local governments, including the City of Beverly Hills, must find innovative ways to meet the state's housing production needs.

On July 6, 2022, the Southern California Association of Governments (SCAG) hosted a virtual information and input session on the topic of RHNA reform. At this session, SCAG presented several questions to spur the conversation on what RHNA reform cities in the SCAG region would like to see. Our responses are below.

### ***RHNA should revert back to a planning tool***

RHNA was originally conceptualized and implemented as a planning tool. Cities would take the assigned RHNA given to them and adopt a housing element that would allow for the development of housing units across all spectrums of affordability.

Over the last several years, the state legislature has turned RHNA into a weapon, whereby legislation forces ministerial approval of projects when a city cannot meet its RHNA numbers. If cities plan for and have an approval process in place to build affordable housing, they should not be penalized when their assigned RHNA numbers cannot be met because developers will not bring affordable housing projects forward.

Furthermore, no city can build the entirety of the RHNA assigned to them. It takes a collaborative approach of identifying land, finding a developer, and ultimately, locating the money. The state should share some responsibility in this and provide funding to nonprofits or cities to construct affordable housing projects.

If the state is going to mandate that cities plan for adequate housing then it also needs to focus on providing funding so cities and regions can provide and implement solutions to meet housing goals.

**What aspects should be considered for distribution of RHNA to each City within a region?**

The City of Beverly Hills believes the allocation of RHNA should link new housing production with job production in order to ensure existing jobs/housing imbalances are not further exacerbated. Merely locating affordable housing along high quality transit corridors does not guarantee a person will be living closer to where they are employed, however, linking housing and jobs creation may help address this imbalance.

Additionally, a jurisdiction that approves a new commercial project that will increase the number of jobs in its boundary should be required to accommodate housing for the new workers. The decision of one city to increase the job growth in their area should not have a negative effect on the surrounding cities to accommodate the new growth. Additionally, by creating housing near the new employment center, there is less of an impact on the environment, as workers could theoretically locate near jobs, minimizing the need to commute.

Our City believes there should be a stronger relationship between jobs growth and housing growth in the Regional Determination process and the SCAG methodology for RHNA distribution. Further, there should be consideration given to the existing density of a jurisdiction and the amount of vacant and/or underutilized land within a jurisdiction when allocating RHNA. While a City with already high density and/or little to no vacant land can plan for accommodating additional new housing, the likelihood of the housing being built is nearly non-existent given the high cost to demolish an existing structure and to rebuild a multi-family structure that can offer housing across all spectrums of affordability.

Furthermore, the ability of workers to telework from places further than where the job center is located needs to be carefully considered when deciding how new job growth in the region is actually driving the need for more housing. It appears that remote work is persisting and has the potential to impact commuting patterns as well as the need for housing. This needs to be taken into consideration when allocating RHNA units. The potential for telework to lessen the need for housing in urban areas should be considered as part of any future RHNA allocations.

For these reasons, the City asks SCAG to work with the State to reform the Regional Determination process and asks that SCAG reform the methodology used for the distribution of RHNA to each jurisdiction in the SCAG region.

**Is the formulaic approach to RHNA distribution appropriate for SCAG?**

Traditionally, the City of Beverly Hills has not supported a “one size fits all” approach when looking at policies or regulations that impact a city or an entire region. While a one size fits all approach is a common tactic undertaken when enacting guidelines for housing and zoning laws across the state, it does not necessarily reflect how unique and diverse the regions and cities of this state are - Southern California is

very different from Central and Northern California and vice versa. Furthermore, cities in Los Angeles County vary greatly in their demographics, geography, land use patterns, socio-economic make up, job growth, and housing needs. Therefore, any formulaic approach needs to be flexible so the differences of each community can carefully be considered and provided the appropriate weight.

Any methodology the state and SCAG considers should look at how dense a current city is, what the historical job growth has been, and what the predicted job growth is. Additionally, some cities desire to expand their economic opportunities, which impacts the housing growth for that area. While our City believes housing is a regional issue, the growth of housing based on job growth should be borne more by the city initiating the job growth rather than evenly spread across the region.

**Is there interest in taking on subregional delegation for RHNA?**

The subregional delegation of RHNA has the potential to allow various Council of Governments, or other subregional delegations, to decide where best to locate affordable housing within their subregions. In theory, the cities could work together to best decide where land availability exists, where there is adequate mass transit, infrastructure, and where funding aligns with the housing needs of the region.

However, any such subregional delegation needs to be carefully thought out such that a city can protest and/or appeal any unbalanced distribution which may negatively impact them. While we don't envision a scenario in our subregion where RHNA would unfairly target a city, there are other subregions in the state where this may occur. Therefore, subregional delegation should be based on well-defined objective criteria.

**Should trade and transfer of RHNA units be allowed?**

The City of Beverly Hills believes trade and transfer of RHNA units should be allowed between two or more jurisdictions. There are some cities who desire to grow their population, have land available, and have developers willing to build the housing needed for the area. These cities would have the ability to work cohesively with their neighbors to pool the RHNA numbers together in the region and to jointly pursue development of RHNA units to the benefit of all.

The City of Beverly Hills supports legislation like SB 809, authored by Senator Ben Allen, which would enable multijurisdictional regional agreements between local cities and counties to jointly identify zones suitable to increase housing production. This bill would require a jurisdiction that is a party to a multijurisdictional regional agreement under these provisions to provide specified information in its housing element, including how the multijurisdictional regional agreement will satisfy the jurisdiction's housing need for a designated income level, and also provide cities voluntary options to provide money for housing construction in adjacent areas.

**Is eight years too short for both projection and planning periods?**

The City of Beverly Hills believes an eight year time frame for both projections and planning periods is too short. Once a city receives its RHNA number, they invest a considerable amount of time, money, and resources to update their housing element. This process can take up to two years. Once the housing element is adopted, this leaves only six years for developers to design, submit, and build housing projects before the City is undertaking a new housing element update. It can take years for the market to adjust to new regulations, and for developers to locate and purchase sites for development. Oftentimes, many housing projects are started but not completed before the next planning cycle starts. Therefore, our City does believe a much longer time frame is needed and ultimately result in better long-term planning for the housing needs of the region.

**Should the appeals process be different?**

The City of Beverly Hills supports changes to the RHNA appeals process. Currently, the process is not meaningful. Cities are unable to challenge the number of overall housing units the California Department of Housing and Community Development (HCD) determines need to be built in California.

In this last cycle, HCD determined 1.34 million housing units needed to be built in the SCAG region; however, the *February 2020 Freddie Mac Insights Report: The Housing Supply Shortage: State of the States* (Freddie Mac) determined that the housing shortfall in California was 820,000. Based on Freddie Mac's formula, the SCAG region should only have been assigned 510,040 housing units, a difference of 62 percent. In the Embarcadero study, the reduction for the region should have been 48.5 percent. Yet cities who appealed on the basis of these two studies were denied a reduction in their RHNA number.

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The appeals process needs to allow cities to challenge the methodology of HCD, especially when there are other notable studies conducted by credible organizations which significantly contradict HCD's RHNA determination.

**What other factors can be considered for RHNA reform?**

The City of Beverly Hills faces prohibitive obstacles in the development of affordable housing due to high property values and a lack of vacant land for residential development; therefore, we are always searching for innovative ways to construct affordable housing. For example, the City purchased land in the City of Los Angeles several years ago for constructing water wells. Due to the size of the property, it can accommodate both the water wells and new affordable housing; however, current state law would provide 100 percent of the RHNA credit to the City of Los Angeles should Beverly Hills decide to build housing to meet our RHNA requirements.

One potential RHNA reform that should be considered is allowing neighboring cities to collaborate on the development of affordable housing, enabling city governments to leverage their individual resources in a targeted manner to address housing needs. Over the last several years, there has been interest in the state legislature to allow this to occur; however, the legislation has yet to pass out of the Assembly and/or Senate to reach Governor Gavin Newsom's desk for signature.

Our City believes this voluntary cross-city collaboration would assist communities facing barriers to the development of affordable housing while also recognizing the contributions being made by each city to meet the housing needs of the region. If under state law there was a way for the two (or more) cities to develop a memorandum of understanding whereby what would be built at the identified property location, what financial contributions each city would make, and an executed joint agreement between the cities on how the RHNA credit is distributed amongst the involved cities, then the entire region could benefit from a multi-jurisdictional project.

### **Final Thoughts**

In the City of Beverly Hills, 63 percent of the housing units are located in multi-family buildings. The majority of this multi-family housing is subject to rent stabilization, which helps ensure the City maintains a wide variety of housing types across the affordability spectrum for our residents. The City has adopted a rent stabilization ordinance for tenants in multi-family housing that was built pre-Costa Hawkins. This impacts roughly 90 percent of all tenants in the City, creating stable rent across all income levels.

Furthermore, Beverly Hills is a planned community, laid out at its conception to have a mix of large single-family estates, smaller single-family homes, multifamily homes, and commercial areas. This has brought stable growth in Beverly Hills whereby there is synergy between our housing, our commercial areas, and our public services.

In addition, the City is entirely built out, with almost no vacant land upon which to construct new housing and has experienced very little population and employment growth over the last few decades. Due to these factors, almost any new multi-family units that are constructed would displace existing residents, most of whom are in rent stabilized units. RHNA, as a planning tool, needs to take into account that our City has a stable population with relatively little job growth so that we don't lose this vital part of our community which makes it affordable to live in Beverly Hills.

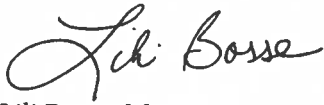
Our City has made strides in accommodating for growth by adopting a mixed-use ordinance and an inclusionary housing ordinance. The inclusionary housing ordinance generally requires at least ten percent of rental units for new construction, condominium rental projects, and all single-family subdivisions to be dedicated for rent/purchase by those in the very low-income, low-income, or moderate-income household categories.

The mixed-use ordinance allows housing units to be constructed along commercial corridors, where previously housing was not an allowed use. This provides the opportunity for thousands of housing units on properties where existing tenants will not be displaced. Additionally, this summer the City has solicited conceptual development proposals that could lead to construction of an affordable project on a City-owned site and we are in the process of reviewing development options. We are continually exploring ways to provide housing to all income levels throughout Beverly Hills.

Our City has long supported the need for regional cooperation for developing solutions for transportation, water, and homelessness issues. Our City is also supportive of a regional solution for affordable housing. We encourage SCAG to work with the State to examine allowing two or more jurisdictions to jointly develop affordable housing projects on a mutually agreed upon site within one of the jurisdictions and allow all participating jurisdictions to gain RHNA credit from such a development.

For these reasons, we encourage SCAG and the state to consider incentivizing the construction of affordable housing, including more flexibility for local jurisdictions to work together to provide housing that counts toward RHNA requirements.

Sincerely,

A handwritten signature in black ink that reads "Lili Bosse". The signature is written in a cursive, flowing style.

Lili Bosse, Mayor

cc: City Councilmembers of the City of Beverly Hills