



# City of Corona: Regional Housing Needs Assessment, Messaging and State Housing Legislative Update

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# RPPG: Presenters Snapshot



**Dane Hutchings**

- Managing Director with RPPG
- 13 years of legislative advocacy—Last 6 representing local government
- Former League of California Cities Lobbyist
- Have advanced several pieces of legislation on behalf of clients in areas of housing, transportation, Brown Act and Voting Rights



**Dan Carrigg**

- Senior Policy Advisor with RPPG
- 25 years of legislative advocacy—Former League of California Cities Legislative Director and Deputy Executive Director
- Regarded as a leading expert in housing, land use and taxation policy in the state

# Goals and Objectives

This presentation is in line with the with goals and objectives provided by Council at the March 17, 2021, Council meeting.

## **As your City's Legislative Advocates, We are Here to:**

- Provide insight on the current “Top Down” housing policy-making environment in the Capitol.
- Describe some of the issues and challenges coming from Sacramento that may impact the City's ability to meet aggressive RHNA targets.
- Outline some ways the city may wish to consider educating and informing legislators about:
  - What's working
  - What's not working, and
  - What state policy changes and actions are needed to assist the city's housing efforts.

# City Of Corona: Good Housing Actor

## City of Corona: Reliable State Partner on Housing Production

The City of Corona is a “good-actor” community on housing issues.

- ✓ Adopted housing element in state compliance for the 5<sup>th</sup> RHNA (Regional Housing Needs Assessment) cycle.
- ✓ Working diligently to prepare plan for the 6<sup>th</sup> RHNA Cycle.

City has an excellent track record of actual housing production:

- ✓ Corona has approved **2,718 units** so far in the 5<sup>th</sup> RHNA cycle, **well above assigned number of 770.**
- ✓ City has welcomed new growth through annexations; pop. grew by over 50,000 residents over two decades.
- ✓ City serves all of its residents with quality municipal services and a commitment to prudent fiscal management.

Through April 1, 2021: Of the city’s 5<sup>th</sup> cycle RHNA allocation the following units have been produced:  
(Target/Production)

- Very Low: T-192/P-64;
- Low: T-128/P-91;
- Mod: T-142/P-67;
- Above Mod: T-308/2,469.

*Note: Affordable housing production is connected to the availability of subsidies.*

# Concept vs Challenges with RHNA as Planning Tool

## Concept:

- ✓ Requiring local agencies to factor in local housing needs in their planning advances an important public policy issue.
- ✓ Allowing for regional involvement in allocation promotes improved coordination with regional goals, issues and objectives. State role is intended to provide policy expertise and accountability for "bad actors."

## Challenges:

- ✓ Flawed assumption that allocating increasing RHNA units dictates actual markets or production.
- ✓ It cost just as much to construct an affordable unit as it does a market rate unit.
- ✓ Massive "needs" allocated for affordable housing are not matched with resources to build them and creates local distrust in the process.



# Corona's 6<sup>th</sup> Cycle RHNA Exceeds Local Resources and Market Realities

- For the 6<sup>th</sup> RHNA cycle, Corona's allocation increased by **nearly 800%**, from 770 to 6,088 units!
- These numbers far exceed reality, especially for households of very low income, low income and moderate income, because the city and developers lack access to sufficient and reliable funding sources to help subsidize the development and ongoing funding of these units.

Corona's Regional Housing Needs Allocation (Source: SCAG 2021)		
Income Category based on Area Median Income (AMI)	Number of Housing Units to Accommodate	%
Very Low Income between 31 and 50% AMI	1,752	28.8%
Low Income between 51 and 80% AMI	1,040	17.1%
Moderate Income between 81 and 120% AMI	1,096	18.0%
Above-Moderate Income greater than 120% AMI	2,200	36.1%
Total	6,088	100.0%

# Why the 6<sup>th</sup> RHNA Cycle Was So Different

- New Governor, New Tone: *“A Marshall Plan for Housing”* & 3.5 million new units by 2025.
- Signs two bills in 2018 –[(SB 828 (Wiener) and AB 1771 (Bloom))-- that significantly changed the RHNA process, both increasing overall numbers and reducing COG control and flexibility over allocation.
- Emphasized additional factors beyond projected population growth.
- Reduced COG control and flexibility over allocation.



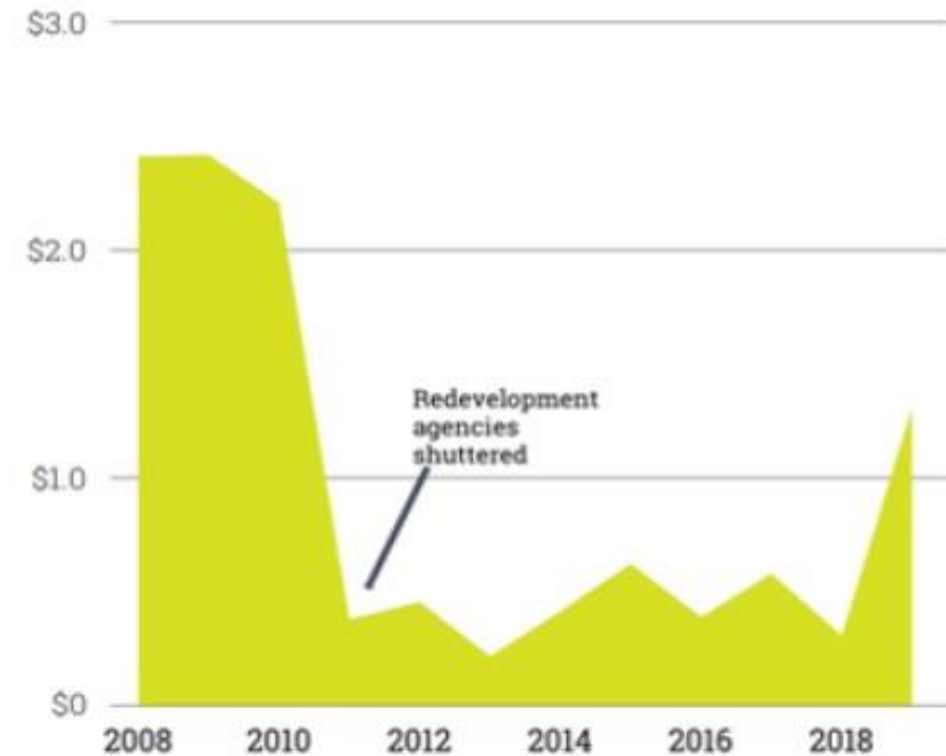
# Major Factor: Significant Shortage of Affordable Housing Funding

Affordable housing construction dollars have been reduced:

- ✓ Federal investments have declined since the 1980's
- ✓ Elimination of Redevelopment in 2012
- ✓ State funding infrequent and minimal compared to needs
- ✓ 1986 Tax Reform Act, reduced tax benefits for multifamily housing

The Governor recently proposed \$1.75B for affordable housing. This amount is projected to assist with the construction of 6,300 units statewide. **Corona's needs alone for very low, low and moderate units (3,888) could absorb over half of this statewide amount!**

State Funds for Affordable Housing, 2008–2019\*  
\$ Billion



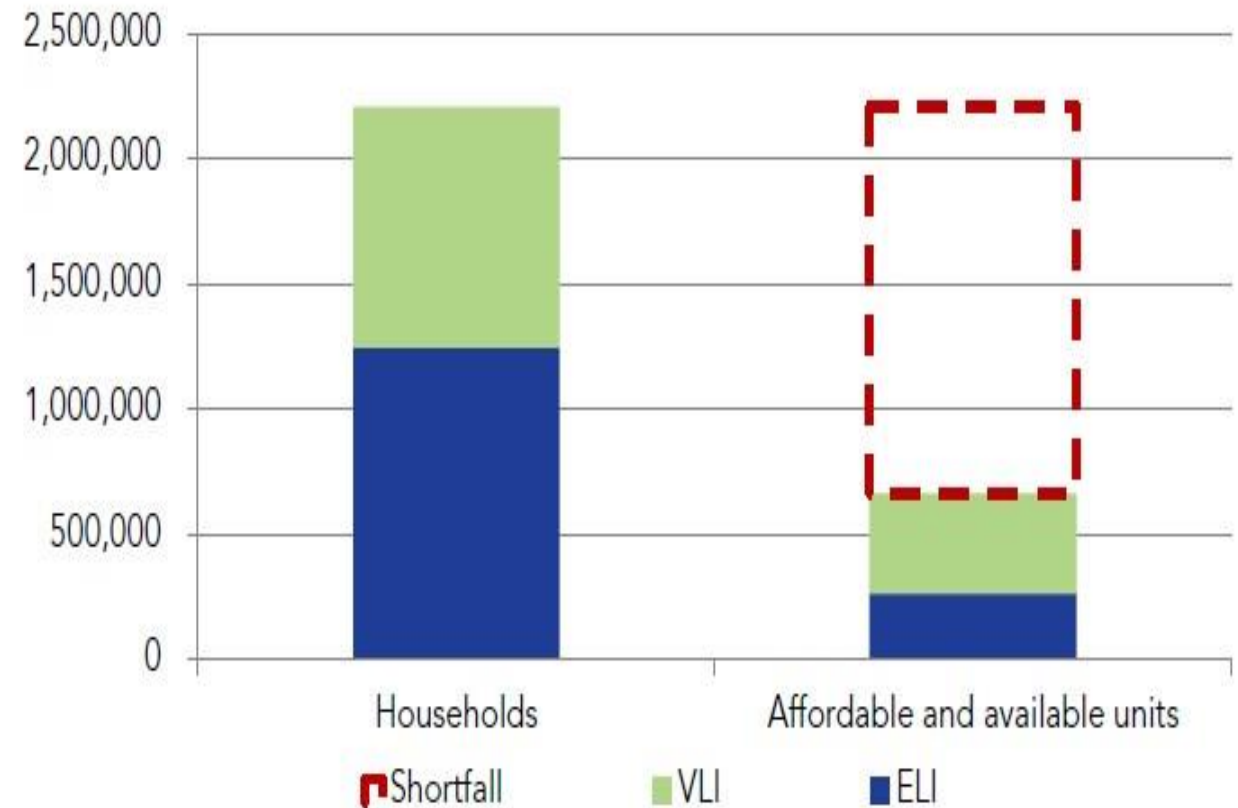
\* 'The Defunding of Affordable Housing in California', Embarcadero Institute, update June 2020 [www.embarcaderoinstitute.com/reports/](http://www.embarcaderoinstitute.com/reports/)



# Some Local Housing Production Realities

- Cities do not build housing units. Housing production is market driven by the private sector. Affordable housing development typically requires public subsidies.
- Neither cities nor the state can dictate levels of production.
  - ✓ Private property owners and developers make independent decisions on when to invest and what to propose. Developers track market signals and control the timing on when they choose to submit proposals that reflect anticipated demand to sell or rent at a profit.
  - ✓ Affordable housing (*meaning developing units that sell or rent for below market rates*) requires a subsidy or an incentive to help the developer “pencil out” the costs.

Figure 1.24  
1.5 Million Shortfall of Rental Units Affordable and Available to Very Low- and Extremely Low-Income Renter Households in California



Source: 2016 National Low Income Housing Coalition tabulations of 2014 American Community Survey Public Use Microdata Sample (PUMS) housing file. Graphic created by California Housing Partnership.

# Sacramento Housing Policy and Legislation Trends

*More State Control With Limited Resources to Achieve Most Critical Housing Needs*

- Density, Density and More Density
- Transit Oriented Development
- Conversion of Comm. Property to Residential/Multi-family & Mixed use
- Ministerial Approval of Permitting
- Accessory Dwelling Units & Parcel Splitting
- Reducing/Removing Local Design Review, Parking & Set-Back Discretion
- Mitigating Construction Cost Through the Capping/Elimination of Impact Fees

In short, more sticks... less carrots

# Pending Legislation: Duplexes & Lot Splits: Single-Family Parcels

## [Senate Bill 9 \(Atkins\) Ministerial Approval: Duplexes and Lot Splits](#) (As Amended 04/27)

**Summary:** Requires cities and counties to ministerially approve up to four units on a single-family lot.  
*(language cap of four units not clear)*

- Allows a single-family home to be divided into a duplex, and parcel to be split allowing two more units.
- Locals cannot enforce ordinances that would “physically preclude” construction of these units.
- Parking is limited to one space per unit, but not required if within ½ mile of transit, as defined.
- Public hearings and the California Environmental Quality Act do not apply.
- Does not currently apply to CC&Rs, but that could always change.
- Operates regardless of whether or not community has approved housing element.

**Current Status:** Currently in Assembly Appropriations Committee.

**City of Corona Position: Oppose**

# Parking for Residential and Commercial Properties

## [Assembly Bill 1401 \(Friedman\) Parking Residential and Commercial](#) (As Amended 06/21)

**Summary:** Prohibits a public agency from imposing a minimum parking requirement, or enforcing a minimum parking requirement, on residential, commercial, or other development if the development is located on a parcel that is within one-half mile walking distance of public transit and/or a high-quality transit corridor. Also prohibits imposition of new parking requirements on remodels or additions to single-family homes if the lot coverage ratio does not exceed local floor-to-area restrictions.

- Provides that if a project proponent provides parking voluntarily, a local agency may require parking for car share vehicles, requires spaces to be shared with the public, or require parking owners to charge for parking.
- Exempts from the application of this provision local requirements for the installation of electrical vehicle charging supply equipment or disabled access parking spaces. Also exempts commercial parking requirements subject to a contractual agreement entered into prior to January 1, 2022.
- Operates regardless of whether or not community has approved housing element.

**Current Status:** Currently In Senate Appropriations Committee.

**City of Corona Position: Oppose**

# Housing Production: HCD Relative Progress Determination

## [AB 215 \(Chiu\) Housing Production. HCD Relative Progress Determination](#) (as amended 06/23)

### Summary:

- Requires any city or county to conduct a mandatory consultation with HCD, if HCD determines in the 5<sup>th</sup> year of the planning cycle that the production of housing units is less than regional “relative progress” for either all housing, or very low- and low-income housing.
- Requires jurisdictions to be evaluated by HCD both at the midpoint and end of the housing element planning period.
- Requires any agency where “relative progress” is determined to be more than 10 percent below regional averages, to apply for and obtain a “prohousing designation” from HCD. Achieving this designation requires the adoption of various HCD-determined policies and actions.
- Provides that agencies not deemed in compliance with these provisions, will have their housing elements decertified, which means they will be subject to potential litigations from the AG, fines levied by a Court, and lose access to state housing and infrastructure funds.

**Status:** Senate Appropriations Committee

**City of Corona Position:** Oppose

# Housing: Commercial Zones

## Senate Bill 6 (Caballero) Local planning: Housing: Commercial Zones (As Amended 04/12)

**Summary:** This bill, the Neighborhood Homes Act, authorizes housing between 10-30 units per acre (meeting certain conditions) on any parcel zoned for office or retail space.

- Provides that the housing development may consist of entirely residential units or may be a mixed-use development with at least 50% of the new construction square footage dedicated to residential uses. *A (to be negotiated in the Legislature) percentage of the housing units must be affordable.*
- Requires the project is subject to all local zoning, parking, design, code and other ordinances and procedures applicable to processing and permitting a housing development. *(Numerous additional provisions related to the local zoning and approval process also apply.)*
- Requires the project to be either a public work, or that prevailing wages be paid for all construction work performed on the project by a skilled and trained workforce.
- Operates regardless of whether or not community has approved housing element.

**Current Status:** Assembly Desk, Not Yet Assigned to Policy Committee

**City of Corona Position: Oppose**

# Potential Core Messaging In Educating Your Lawmakers

- The City of Corona is a “good actor” and a reliable state partner on housing, as demonstrated both by its certified housing element and track record of production.
- The biggest challenge the city has faced on housing, is the lack of resources needed to ensure affordable units can get built.
- The RHNA allocations for Corona in the 6<sup>th</sup> Cycle, especially in the affordable categories, far exceed the realities and resources to produce these units. Unrealistic projections and expectations undermine confidence in the process.
- The state’s housing planning process needs to be reformed so that it is more reflective of actual market conditions, local realities and the limits of affordable housing resources.



# Next Steps

- Summer 2021: Direct staff to finalize core messaging for public distribution to state legislators and officials
- Summer 2021: Using finalized core messaging...Create “leave behind” materials for legislative meetings
- Summer 2021: Set meetings with Legislative delegation to discuss the city’s efforts on housing, and the challenges presented by the current housing element process and pending bills that further undermine local authority. This also lays the groundwork for educating members when similar legislation is introduced in 2022.
- Fall of 2021: Council may wish to direct staff (in consultation with RPPG) in either sponsoring or supporting legislation in the 2022’ Legislative Session (*perhaps in partnership with other local agencies*) that advocates for changes to the state’s housing planning process, or funding to ensure an improved nexus between state policy goals and affordable housing resources.

# Questions/ Discussion



Thank You!

