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Housing Production Strategy Shifts Toward Southern California's Coastal Counties

Regional Planning Agency Wants to Boost Affordable Units Where They're Needed Most



Southern California regional planners want more new housing construction to be focused on coastal rather than inland counties. (Getty Images)

Regional officials in Southern California are pushing for more housing production in coastal rather than inland areas, marking a significant policy shift that could be severely put to the test as the state looks to solve one of the nation's worst [shortages of affordable housing](#).

The Southern California Association of Governments, a regional planning agency that includes leaders of six of Southern California's 10 counties, is calling on counties to bear

responsibility for producing future housing in proportion to their current population and job growth, and coastal areas generally have higher demand for new housing relative to supply.

The decision comes as the association works to plan for more than 1.3 million new homes in the region over the next decade, a dramatic increase in housing for a region where apartment development has not kept pace with population growth.

The SCAG policy generally runs counter to previous expectations put forward by the state, calling for inland counties to the east to supply more of the new housing because land is more plentiful, while construction and related costs are lower and more conducive to production of lower-priced housing. But the change is also aimed at fulfilling state mandates to cut greenhouse gas emissions, a problem exacerbated by the need of drivers to commute to jobs on the coast from their homes in inland regions where new housing is more plentiful and affordable.

The revised policy, which is expected to be finalized next year and still must be approved by the California Department of Housing and Community Development, calls for Los Angeles and Orange counties, for instance, to plan for 124,000 more housing units that previously would have been the responsibility of the Inland Empire's Riverside and San Bernardino counties.

"It's a very laudable goal to put more affordable housing closer to the job centers where it's most in demand," said real estate consultant Gary London, senior principal at London Moeder Advisors in San Diego. "The problem is that the coastal areas are not where you're going to find the locations that fit the bill if you want to build housing that is affordable."

California Gov. Gavin Newsom and other state officials have been calling during the past year for cities to revise zoning to encourage more production of affordable housing, including in [areas adjacent to public transit](#).

A state law requires regions to plan for new housing every eight years, and state officials recently tripled the amount of housing that SCAG originally determined necessary for the region to more than 1.3 million by October 2029.

Regional planners and developers face the challenge not only of meeting Newsom's stated goal of producing 3.5 million new housing units in the state by 2025, but also reconciling state expectations with Southern California counties' divergent populations and vast differences in pricing and availability of land for new construction.

Newsom's affordable-unit production plan announced last year would require California to average roughly 500,000 new units per year, but the state over the past 10 years has produced an average of fewer than 80,000 homes annually, according to the state's housing department.

The governor's plan calls for 1.3 million of those 3.5 million future units to come from the six counties that are part of SCAG: Los Angeles, Orange, Ventura, Riverside, San Bernardino and Imperial. But U.S. Census data indicates Southern California's housing production in the first six months of 2019 was down 25% from a year ago, due largely to a drop in apartment construction.

Officials said the SCAG approach is partly an attempt to put production expectations more in line with current population and housing demand trends of the various Southern California counties.

Prior to SCAG's Nov. 7 decision to adjust methodology previously put forward by the state, several Los Angeles city and county officials recommended that Southern California's share of new affordable housing be placed closer to coastal job centers and transit hubs serving those centers, rather than in inland regions to the east.

"Unfortunately, the proposed SCAG methodology pushes nearly all of those units into cities with low average incomes and into far-flung locales," said Los Angeles City Councilmember David Ryu, a SCAG executive board member, in a Nov. 1 letter to his colleagues on the SCAG board. "This flies in the face of our efforts to limit sprawl, reduce mega-commuting (traveling 90 or more minutes and 50 or more miles to work), and locate housing near jobs."

"In short, if approved, it will harm the region's urban centers, harm the environment, increase traffic congestion, and continue to disadvantage low-income communities," Ryu said of the original inland-focused housing production strategy. "The crisis of housing that our region faces must be answered by a unified effort to build housing and connect them to jobs through thoughtful transit options."

Earlier this year, researchers at UCLA's Lewis Center for Regional Policy Studies noted that state guidelines issued last year for future housing production generally skew the production burdens toward suburban inland counties with lower populations, thus lower local demand for housing.

For instance, state guidelines call for the Inland Empire, the section to the east of greater Los Angeles, to address 17.5% of the state's new housing production capacity, even though it represents just 11.5% of the state's population. Conversely, Los Angeles County is expected by the state to produce 20.5% of new capacity, while it accounts for 26% of the state's population.

"California not only lacks sufficient planned capacity to meet the governor's ambitious housing goals but also, crucially, much of the planned capacity does not match social, economic and environmental goals," said the report from UCLA Lewis researchers Paavo Monkkonen and Spike Friedman. "Some of the most populous counties and regions are the ones with the least planned capacity."

To enforce the revised SCAG policy, London said coastal cities might need to increase the proportion of affordable units required to be included in new housing projects, reconsider policies that allow developers to pay in-lieu fees in place of affordable-unit construction, or find other ways to provide incentives for affordable housing construction or make more land available for such projects.

Otherwise, London said, cities and counties may need to boost efforts to improve public transit, which could better link residents' housing in suburban areas to their jobs on the coast.