

Script from SANDAG Board of Directors March 22, 2024

only the RHNA Housing Mandate topic portion of this meeting

Video Link <https://youtu.be/arKeg7lFk7w?si=MN6RC1D37Y8hSQGE&t=2467>
or tinyurl.com/March2024SANDAG

The numbers in front of text below shows the time stamp on the video above.

HCD Deputy Director Housing Policy Development - Megan Kirkby,

41:06 A lot of what we're trying to talk about is that we have been doing an engagement process for about a year now. We're hearing a lot about ways the on the 7th Cycle can continue to even grow from where the 6th Cycle had been. Obviously RHNA is not everybody's favorite topic in the world. But I think some of the things we were really able to hear from the regional government community. Were ways we can make the process less painful. And so, I think that is always something that you know people can kind of come around the table for is process improvements and the pieces we were really hearing, we want it, that people want to keep about the process. Are making sure that we're planning for housing where jobs are. Where people are, Where transit is. Away from open space. Continuing the affirmatively furthering fair housing and equity principles that led into arena as well as how we reduce and end homelessness in California. Those are a big piece of the themes we've been hearing.

42:43 I'm going to pick up a few more talking points. Transparency even the public commenters mentioned this today, making sure that all the decisions that make play that take place in the regional housing needs assessment process are very clear and you know and that's something I really take the heart. I'm our deputy director, but once upon a time when I first came to HCD, this was actually part of my initial portfolio, 8 years ago when I came on board and my predecessor basically conveyed that as the number one principle.

43:25 Importance of being the steward of the regional housing needs process is really making it very clear, how decisions are made, preventing things from being arbitrary in the process. But I think what we've heard from stakeholders throughout the process is we're not hitting that mark yet. The things need to be clear. And you know something that we heard again and again throughout the process is housing doesn't stop at the allocation and assessment part of that, housing planning process.

44:04 A lot of our stakeholders are eager to think about how that allocation leads into the housing element process or the local housing planning process and improvements that can be made there. So, I do want to ensure those things are things that we've heard and we're working on. And figuring out how to incorporate. I will say, I will say, you know, it can feel like the 7 cycle is right around the corner. But it is, the SANDAG region will be the housing elements will be due April 2029. And you know we're working backwards from that to think about 2 to 3 years before that to make sure that we have a really clear 7th cycle regional housing needs

assessment process in place. So that you all can do. That is my last point. I was going to make is like, that's the timing we're at and, you know, that we're working backers to think about where you guys need to be by 2026, going into the cycle.

NORA VARGAS – Chair of the Board SANDAG

So, thank you. Yeah, no, I appreciate that. Just so you know, we're here we're all deep into this and we have a lot of questions. Let's go for it. Sorry, sorry for the delay there. So why don't let me go ahead and turn it over to the second vice chair. She can ask you questions..

LESA HEEBNER – 2nd Vice Chair of the Board – representing Solana Beach

45:29 Folks. Wonderful. Thank you so much, Megan. I really appreciate you being here to hear from us. We local electives in this room represent 3.3 million people in SANDAG region. As you pointed out, the first region to go through each of these cycles. I think that all of us in the room can readily agree that we need more affordable housing and that we should all do our part to provide it. I also think that we would all readily agree that RHNA could use some adjustments. So let me share some suggestions and a few questions for you.

45:56 So my first point is that I'd like to ask that the overall number of our SANDAG housing units required in the sixth cycle, which is 2.5 million, be revisited. And I know you're looking at the seventh cycle reforms, but the sixth cycle needs to be looked at. The overall number in the past never really concerned me because I, you know, we know we need a whole lot of housing and so I just let it go by - but we would of course plan and encourage housing as much as we could. But now that SB 35 and SB 423 turn RHNA into an obligation to produce RHNA numbers or else proposition.

46:30 Instead of its original intent as a tool to plan for housing, this number does need more scrutiny. And in fact, the California State auditor Michael Tilden found some issues with the process and recommended some fixes. No one seems to know where that stands. I'm wondering if you could at a later time please provide us access to what adjustments the State Auditor asked you to make, what progress has been made toward those, will there be an adjustment to the overall 6th cycle number, and when and could you also please show us your work as to how you came up with 2.5 million that number?

46:59 I just don't understand how the 6th cycle has more than doubled from the 5th cycle when our population increased by only a few percentage points. Pent-up demand, of course, is one thing we all know we have decades long housing shortage but to cram the fix into one eight-year cycle seems extreme and unrealistic.

47:15 And in fact, our economists recently told us that our allocation of 171,000 plus units by 2028 or 2029. He says, why, 2050 will have 200,000 in our RHNA requirement. So, there's a little disconnect with what we're looking at here in the

region versus what you're looking at for us in the region. So, what is HCD going to do at the halfway mark in the sixth cycle, which comes to us the middle of next year?

47:47 Yes, with the SB 35 and SB 423 mandate - every city around this table - have to build 50% of their RHNA allocation in each income category - or else by June of next year or thereafter all multi-family housing is approved over the counter with no public input. This in the face of the fact that cities do not build housing, developers build housing, and it's a fact that cities cannot force land owners to build housing.

48:14 Nor can cities force developers to pull permits for their approved projects. So, the approach of making cities, which do not build housing, responsible for something they don't do and can only influence and then punish them if they don't do what they don't do seems flawed at best, which is why I don't see that many cities will meet that halfway mark number. So, what then is HCD really going to allow developers to determine the future of our entire state instead of elected representatives?

48:42 It seems to me that RHNA should go back to being a planning process with emphasis on good faith efforts, not on punishing us for something that by charter or general law we don't do.

And the second point is that we had a presentation here at SANDAG, the executive committee a while ago, and we were told that in your reform efforts, you were looking at the question of "Are there ways to improve RHNA to further community development and anti-displacement goals?"

49:07 That is a really, really great question. And the answer is yes, it is funding. RHNA needs to come with funding. And there are a few reasons for this. Because if our role, our goal is really to create enough housing that's affordable to more people. In an equitable manner, we need government funding. And you as the deputy director and your staff are the best people to ask for it.

49:30 Why do we need this funding? Well, I don't know if anyone has done the math in this room, but for my little city, I'm in Solana Beach where 3.4 square miles, we would have to come up with over 12 times our general fund, to pay for the bottom 2 categories, the affordable categories. Statewide, a million of that 2.5 is affordable. That means 750 billion dollars that cities certainly don't have. So, and then I'd like to point out that the little government money that there is available is competitive. And I don't know about any of the cities around this table that are smaller like mine, but we don't win these we don't do well in these competitions because at the beach we're hearing that our units are too expensive and that they could get more units inland, which is very true.

50:18 And unfortunately though, we lost a 100% affordable project because of this, not having that last bit of money. I also know that the state is having budget trouble. We've got a looming probably 100 million dollars deficit and they don't seem to have the money then for RHNA either.

50:33 So, since no one's got the funding to subsidize the affordable units, how are cities to meet these targets? It appears that what the state has done is to hand it over to the market to provide the funding to solve a social problem. The state is relying on for profit developers, largely building luxury units and giving them a fair number of perks through legislation at the same time. But there's a problem with this and that is that the way that the private market pays for the subsidies for the affordable units, they don't take it out of their profits. They are raising the rents on the market rate units. And this creates then another problem because those inflated market rate rents become the new comp for the area, causing landlords to rethink renewing the leases on their long-term tenants.

51:19 The landlords see how much money that these new places are commanding, and they went in on that action. And so, as the cycle goes, new development leads to displacement, not just from demolition. But from the new area, median rent rising.

51:32 My city is heartbreakingly losing seniors. People of color, students, and our own kids and working-class families. And so, my city, we're becoming wealthier and we're becoming less diverse. And I know it's not what everybody intended about this process. But it is real life, and it is, I am going to say again, heartbreaking to see what's happening.

51:53 The way to improve RHNA to further their community development and anti-displacement is government money. Give us money so the overall housing market stops inflating for profit developers are causing rental rate inflation. And this is why our affordable housing crisis is getting worse, not better. The profit motive is winning out over social good.

52:09 The second reason we need funding is that otherwise the city's only tool to realize more affordable homes in their city is their inclusionary policy if you happen to have one. We happen to have one. It's 15%. So, for us to fulfill our 2 affordable categories at the bottom, not even considering the moderate. We would have to build 4,200 new housing units, 15% of which equal those 2 bottom numbers. Currently our city has 6,300 housing units. If you have 2 residents in each of those 4200, that 8,400 new people so we're adding 65% of our population and 67% to our housing stock. It's not realistic and we would definitely be talking infrastructure at that point. So yes, funding, adequate funding for RHNA is the only way to stop displacement and the affordable unit sooner than waiting 40 years for market rate housing to trickle down to be affordable. Because what we're seeing in my city and in many coastal cities is a new one bedroom going for \$6,000 a month. New townhomes are going for \$2.5 to 3 million. It's going to take years, decades for those to trickle down to become affordable. Next to last point.

53:20 If we can't talk housing elements, you mentioned at the end, by requests would be that HCD give jurisdictions objective criteria to meet in their housing element to achieve certification. I've spoken to electeds throughout the state and

there doesn't seem to be any uniformity to what standards and criteria you want to see or how certain pieces of legislation are interpreted.

53:44 Additionally, when we submit our housing element and you guys can't get to it for a while, please create a category to put us in so that we're not subject to Builder's Remedy. I'd like to work together to find solutions so that's not such an uncertain, expensive, arduous, and lengthy process for cities and HCD.

53:56 Brings me to my final suggestion and that is that cogs like SANDAG need to be allowed to adjust their methodology mid-cycle. We should be able to adjust the distribution of housing units among cities and allow jurisdictions to trade for housing, especially near job centers.

54:11 Additionally, HCD should review what's happening in the economy and at least at mid cycle adjust their overall housing needs number to account for real world market conditions as well as right now for instance we know our population is declining.

54:23 An adjustment in the overall number is warranted. In conclusion, please recognize the realities that market forces have on what gets built, that economic cycles, cost of construction, labor, population changes all must be considered in the RHNA numbers unless subsidized developers are not going to build when their profits aren't high enough. Period. It's about profit to them, nothing more. If subsidized, they're more likely to see those profits and build and we'd get more affordable housing.

54:49 RHNA needs to go back to being a planning process with flexibility to adjust to changing conditions and with funding not retribution or punishment.

54:57 Thank you for considering my comments as they are truly coming from a place of wanting more affordable housing in my community, not from not wanting to build. But we are seeing it backfiring. And again, the face of my community is changing dramatically because of what we're seeing with a lot of these mandates.

Terry Gasterland – representing City of San Diego on SANDAG

55:24 Lisa, I want to echo every single thing you just said. Ditto for Del Mar, except that Del Mar is 1.6 buildable square miles of land. And really the ratios of our towns, we're in this together and it's a problem. With density bonus law, which is what is depended on to build affordable in a fully built out coastal town like Carlsbad, Salona Beach. Del Mar and Encinitas - all of us, Imperial Beach - is density bonus law. So, what does density bonus law mean? It means a disaster for our towns. 20 units per acre is what we're doing in Del Mar. The density bonus law is 30 units per acre. 30 units on one acre with 4 affordable. This is just plain old wrong. It's ethically and morally wrong.

56:22 Our fully built out coastal cities will melt away before us. **We're up zoning our entire downtown for 20 units per acre as we speak.** I objected to it on Monday because I wanted to know what exactly we could do to hold our local coastal program steady. There's very little. Developers, when they use the density bonus law, they get waivers. The waivers they get are height. FAR more square feet, which is needed when you're building 15 units on a half-acre and coverage. So, if we hold height, so that we can see the ocean from our downtown, one of the reasons people come to Del Mar or Carlsbad or Encinitas and so on.... Then it's breadth, lot coverage. **We're going to have a wall of building from one end to the other of each of our downtowns.**

57:16 **None of us are on track as far as I know to fulfill 50% of our RHNA by the halfway point. That means discretionary review will go out the window. The developers can effectively do what they want.** Our planning departments will be challenged to find a way to say no. And their only way to say no is if they can prove to the developer that in fact the developer does have a way to build economically feasibly. And the developer knows their numbers very, very well. When "by right" kicks in, developers will use the density bonus waivers on zone code to build higher and wider.

57:56 We need to aim to build the housing that people want and need. I'm a professor at the University of California San Diego. I have graduate students and undergraduate students. I have undergrads in my classes living in their cars because they can't find places to live. We need dorms. We need temporary housing. We need seasonal housing for the workers at the fairgrounds.

58:19 Our fairgrounds have 600 units. They are 12 foot by 12 foot cinder block, holes with no water and maybe a little window. And we're not allowed to count improvement of those units to make them far more livable for the agricultural workers who take care of the horses during the races. Who go to the next fairgrounds and live in similar places? We're not addressing the true need.

58:47 Who is tracking to see if the state legislation is achieving the so-called intended outcomes. There are unintended consequences. I've just talked about them. We must revisit our shrinking population in the San Diego region. The fact that at the projection in our forecast, we have 147 more people by 2042. That's new information. Our RHNA numbers were given to us under the old forecast, this must be updated.

59:14 Let's build what people need and want. We have about 10% some regions 20% empty units. So, let's subsidize rentals. Let that count. It doesn't count right now. So bottom line, what can we do?

59:29 We can mandate affordable when we implement the laws. In Del Mar, we require that SB 9, when utilized, produce an affordable unit in a project. Our ADUs, if they're rented, they must be rented at lower income affordable. But we can't force

them to be rented, their yoga studios and their TV rooms for people. Subsidized rents, rebuild the miserable 100 square foot rooms at the fairgrounds into seasonal housing that makes sense and counts?

59:57 We need to build what people need and want. No more empty, expensive market rate units for developers to borrow against. So, they can build their next project. Thank you.

Councilmember John Duncan representing Coronado

1:00:10 Thank you. Good morning, everyone. I want to echo the comments from Board Member Gasterland and Second Vice Chair Heebner. They're dead on correct. You know, the process. Both from some of the actions from prior SANDAG boards, but also from HCD in regard to Coronado was an unmitigated disaster. How do we know that the process was a failure and made no sense?

1:00:35 We know that. Because HCD came to Coronado, looked at Coronado and said, Oh, it's impossible for Coronado to comply with their allocation. You need a legislative change. How can the process be so flawed and so? Not dealing in reality that it's impossible for a city to comply.

1:00:57 How can there be no flexibility to where a city cannot comply? There are so many rules in it that literally make no sense, as well as how the allocation was calculated. The allocation took into account all the jobs on a military basis in Coronado. By the way, that land makes up more of Coronado than the rest of the city. And yet we didn't get credit for housing on the military base. Where they actually live and work. It takes into account sailors that are living on carriers, but yet Coronado is supposed to build housing for them.

1:01:33 Where on our port land? Oh yeah, we're not allowed under law to build on port land. Well, maybe we could build a few 10 story buildings in the middle of Coronado. Well, that's not allowed. We have federal regulations and naval flight pattern and flight crash zones where we're not allowed to build.

1:01:49 What are we supposed to do? What HCD and what SANDAG prior boards did is forced Coronado to spend hundreds and hundreds of thousands of dollars that could have been used on actually helping people - instead use it on consultants and attorneys to come up on our own with a bizarre solution which had us have the attorney general sue our city and file a settlement, which guess what allowed us to get some credit for some of the new housing on military basis. The fact that there's no procedure, there's nobody to talk to, there's no help available for cities.

1:02:24 The process is completely flawed and doing a disservice to the public, disservice to low-income families who would actually like to maybe have a process where something can get built. You know, there are rules that we had to deal with. For instance, in Coronado that says, you must zone lots that are a half-acre or bigger owned by one party in order to get a certified housing element. How many of

those lots do you think exist in Coronado? Basically none. That's why in our settlement with the attorney general one of the lots that had to be included was our police station. We're almost out. We don't have any other lots. So, what do we do with the next cycle? So, when you speak to us today, what we're hoping to get is actually some details?

1:03:07 What actually might get better? When is it going to get better? How do we participate in making it better? I mean, great, there have been some stakeholder surveys. That gives us zero comfort.

1:03:17 We need help. From your department. We need help. We need information. We need a partner. We need to make this process actually work for. Our population, not just politicians somewhere, making up rules that make no sense and can't be complied with. And despite our settlement with the attorney general, we are in a whole new phase with HCD beyond RHNA. Is anybody else in beyond RHNA? Other requirements that you have to comply with, or you can't get move forward.

1:03:53 When does it make sense? When do we have something that we can actually do without just pouring hundreds of hundreds of thousands in the regulatory fees and litigation fees and having nothing to show for it? You know, Coronado couldn't do something like say, oh, hey, we have Orange Avenue, which by the way has hundreds of thousands of vehicles travel at daily for the whole, you know, region, we can't say, oh, we'll add another story on top of our buildings and have mixed use and provide some good housing there because none of those lots comply. How does that make any sense? How are we doing anything to help? The population and get maybe teachers or police officers places to live.

1:04:37 We're doing nothing. This process has been an unmitigated disaster.

Mayor Tony Kranz representing Encinitas on SANDAG

1:04:45 Looks like we're going to hear from all the small cities here this morning. Yeah, the RHNA doesn't work for Encinitas at all. Whatever number we give for low income, you have to multiply it by 5. In order to make it work. No net loss being triggered at entitlement as opposed to when the units actually hit the market is ridiculous.

1:05:08 I am reminded of the saying; the definition of insanity is doing the same thing over and over again and expecting different results. RHNA is broke and the first thing that came out in the presentation today was HCD defending the RHNA process. And so, I'm not very hopeful. When I hear that, I'm also disappointed that they're on that zoom screen instead of in front of us here. I'm sorry that we agendized Gustavo and he couldn't make it. It's all pretty ridiculous and I think that it speaks to their unwillingness to really address the concerns of the region, Councilmember Duncan said that Politicians are adjusting this and I frankly think it's a little more insulting because what we really have are civil servants, in a department

that has no real accountability making decisions that just don't work in practice. So. Thank you.

Councilmember Ed Musgrove representing San Marcos on SANDAG.

1:06:16 Oh, congratulations, Megan, for being here today and having to hear all this this whole dissent into chaos and uncertainty really began with the state taking back to redevelopment funds. And it was a horrible situation. We were able to build up our stock with those funds. Now they're gone. And the answer always seems to be adding more layers of legislation onto issues that we have frankly as a state have created. And so let's just add a few more rules on there.

1:06:46 And instead of threatening our jurisdictions. With fines for failing to meet numbers. Which we really can't control. It's a market issue. Why don't you offer us options? And then provide the funding for those options so we can work with our local developers. So as one of my colleagues told me just a moment ago, it's not about affordability, it's about attainability. We had these bands with numbers. That are constantly changing with the economy, yet we're stuck with these numbers.

1:07:10 So then how do you say no to a developer about a project when you know full well all they have to do is smile at you, pull their card. And now you're with a project that nobody really wants. And ultimately will cause too much to build.

1:07:28 And then is it in that band of affordability anymore? They'll just raise the cost of everything else to meet those minimum requirements. We're effectively held hostage because Sacramento has put a black and white answer into a grey world. We need to have that decision making at the local level. And I will close by asking a question.

1:07:49 I've had several of my constituents ask me about. Prop 1 which recently passed not by a large margin but enough to pass that there's a step in there that says HCD has overriding authority. Over any SB 10 issue from local jurisdictions. So, if you don't have the answer for that, I would appreciate you looking into it. And getting back to us. Thank you.

Mayor John Minto representing Santee on SANDAG

1:08:16 It's very interesting. To hear so many of the speakers today from the dais saying pretty much the same thing. You know, several years ago, we didn't hear. Everybody sitting at this table is talking about the same thing.

1:08:37 And, you know, RHNA is controlled by a piece of legislation every single time we get a new RHNA. There's not just add-ons or amendments. It's got to be a whole new piece of legislation, to best my recollection. For instance, some of the issues that Coronado had, and I think a Lemon Grove and one other city I forget last time.

1:09:04 You know they appealed. Of some of the decisions that were made here. And it was sent back because the legislation specifically said the appeal process is held by the MPO. And you know what? That's like going back to the Foxes saying, don't eat the hens. Doesn't work very well. So there has to be an appeal process in whatever legislation that is created that is outside of the organization.

1:09:33 Not only that, but there has to be some ability to be able to do some horse trading. I know when they sat there and said, you know, Coronado, 1100 units. And I forget how many of the others are quite honest with you because after a while, you know, you just can't believe what you're hearing so you don't hear it anymore. I sat here and said, you know, I have 2,600 acres. We're looking to build on my city. I'll take some of that. I'll take some of those arena numbers. Clearly told you can't do that. You can't trade. And I'm like, well, that just doesn't make sense. How do we, how do we work together as a region if we can't work together as a region?

1:10:14 Legally. How redundant is that question? Holy mackerel. So, I agree with Lisa, you know, you, you probably, nobody else probably even really had to speak.

1:10:26 Everything you hit was almost every single point. I appreciate that. I appreciate the fact that my city is just as impacted even though we're inland and we do have a lot of land because and I said it during the last time the HCD Director was here and said. Who's going to fine us? Who's going to put me in prison? Who's going to put my counsel in prison if we don't meet the numbers? And it all has to do with the totalitarian state, dictating what we do in our own communities. So, I support all the words that have been said here today.

1:11:02 And I would ask that we find out what legislator is going to write the legislation next time first. And have something to say to them about it and make sure it's done correctly or at least in a very fair and equitable manner since we're allowed to use those words nowadays.

Councilmember Melanie Brookholder representing Carlsbad on SANDAG.

1:11:20 Thank you. I almost outwardly applauded the comments prior to my ability to be able to address this the RHNA number issue. And I'm just noticing that you are preoccupied so I'm kind of wondering are you taking notes or what is it that you're doing? While we're really pleading our cases..... No, that's okay. I often do that too when people speak. I just wanted to make sure that you didn't have to communicate with Gustavo and figure all that stuff that's going out there.

1:12:04 You know, Carlsbad has a general plan where we plan for population, and we planned for building and development and build out. We're about 115,000 people now. We expect to be quite full at 135,000 people yet we have RHNA numbers are somewhere around 4,000 new units. And guess what? In my district, which is the oldest part of Carlsbad, it's almost 1,700 that I have to absorb. That is not a fair allocation. And I agree with Mayor Mento that if this truly were a regional approach,

there are plenty of adults in this room that can figure out what we need for our city, and it doesn't need to come from Sacramento.

Councilmember Jack Fisher representing Imperial Beach on SANDAG.

1:12:46 Thank you. You know, I echo the sentiments of my colleagues here. Meagan, I think the best thing you could probably do is to try to scree down and take the notes, I would just take this meeting from our website and show it to your colleagues on the board that you work with to really give them an understanding, not just the words that have been spoken, but the emphasis has been put on to it.

1:13:10 You know, the one thing that I keep hearing is affordable, affordable, that's a total misnomer. There's no, there's nothing affordable about affordable housing. There's no way to build affordable housing in this state because of all the tax fees and other regulatory things that they come up and so.

1:13:26 You know, as we think about the next cycle, actually, I guess we need to think about this cycle and figure out what's going to be done. And if you're focused, if your team is focused on the next cycle. I don't know how that's even possible.

1:13:39 You know, when we've not been able to cheat. I, the last thing I'd like to, like to, you know, have happen is we get to this next cycle, and it's compounded upon. What's already been given to us that we've not been able to achieve. We've all been taught in high school that goals should be achievable. From the get-go, what we've been given for housing numbers has never ever been achievable in the smaller cities.

1:14:01 I'm not sure what it looks like in the big cities, but in the smaller cities, it's absolutely not achievable. The impact that putting 1,300 units into 2 square miles, 99% built out city. Without any course of funding for infrastructure. It's just not going to be possible. And I hope that HCD is getting the same feedback state.

1:14:27 And we'll react accordingly. And at some point I'm going to be honest, they're going to have to say, you know what? We screwed up. We need to go back and fix what we've sent out to the public, to the elected officials and all those who are trying to make this happen. If you fail in something like this, it's not because we haven't really tried.

1:14:49 We've invest a lot of time in the city of Imperial Beach. Sounds like my colleagues have also spent that time. We've tried. If we failed, it's because the goals aren't achievable. We've seen the economy change. We've seen COVID hit us. There's so many different factors. And to be honest, I would hope that HCD would have been the entity that said, hey, we realize what's happening in the world. We're going to come to the cities first and have a plan, not make us sit back and worry. What's going to happen with these fines and penalties and all that stuff? So, you know, I think that we need to look at where we're at now and what's HCD can do to

help us. **You can't just give us things to do and not help us when we're failing.** That's not how it works in my opinion. So, thank you for being here. Thank you for listening to what we've had to say. And again, I hope that your colleagues will really.

1:15:41 Take what we've said because I'm sure it mirrors everything that's happening within the state up and down. Coast inland wherever and come to a plan and bring a good plan back to the cities back to the planning agencies that will help us.

Deputy Mayor Ryan Keim representing Oceanside on SANDAG.

1:15:54 I'm going to start your I know you don't watch SANDAG readings or meetings regularly but you're seeing something very uncommon here today. So, we're all on the exact same page and that should send a strong message. So, whether I agree with RHNA or not, which I do not, but I'm going to, we can meet our RHNA numbers.

1:16:16 So we're doing our first at Oceanside. Our first general plan update since the last 40 years almost. So, we can meet our sticky 6,200 RHNA numbers without rezoning any of our single-family neighborhoods. Yet, the thing I can count on, almost every project lately in our single-family neighborhoods, besides 8 to 10 waivers. For all kinds of design standards and development standards which are critical for our city is a threatening letter from HCD if we don't approve the project.

1:16:48 **I'll tell you in my time at city leadership, the housing policy and legislation of Sacramento has been one of the most disappointing and disastrous things I've seen.** And I just, I can't, I want to thank Lisa Heebner for her leadership and her eloquent comments on this and I think we stand together as a region.

1:17:06 You know, I'll close with this. **Every year we've seen this push for more housing. Housing has gotten more expensive homelessness crisis has worsened and at a certain point do we not step back and say this isn't working? Like, my colleague Mr. Fisher said, what can we do to fix it? But we don't, we just double down and make it worse.** So, thank you. Thank you.

Councilmember John Duncan representing Coronado on SANDAG

1:17:32 Thank you. I think you could tell, obviously it's a very difficult, you know, heated and painful situation for the cities and I just wanted to ask one question or a view or one thing is... When do you think your staff, when they deal with all the cities here? Do you think their mentality is we're trying to help the cities? We're trying to help them comply. We're trying to help them get through the process. Or do you think the position taken by HCD staff when dealing with the cities of let's see how much more we can force out of them how much more we can kind of you know punish the cities? Is it a prosecutorial relationship with the cities or is the staff have them mentality of we're trying to help your city get through this process. **We're your partner we're housing community development if that's just rhetorical you don't have**

to answer but I would strongly ask and appreciate it if you would consider that up to bottom at your agency because I think the cities would love to have a real partner.

Councilmember Joe Lakawa representing city of San Diego on SANDAG

1:18:43 Thank you, Vice Chair. I would be remiss to let just a small city speak and for you to be dismissive because it's only the small cities speak and for you to be dismissive because it's only the small cities speak and for you to be dismissive because it's only the small cities speak.

1:18:53 There are those of us in the big cities speak. There are those of us in the big cities that actually understand the challenges that actually understand the challenges that are in front of us and are just the numbers for the lower income. And there is as my colleagues have said in absurdity. That there is no funding mechanism to deliver the RHNA numbers for a lower income.

1:19:13 And we can all have the fantasy of inclusionary, but that is not going to get us the numbers. And actually, as I understand, there's new state legislation that actually makes inclusionary less of an option, going forward. So, unless there is a funding mechanism at the pace at which we're required to build lower income healthy.

1:19:32 What are we doing here? And I also reflect on the fact that I believe that housing is a public safety and public health issue, going forward. But as others have said, we do what we do as a city, as elected leaders, and then we leave it to private property private home builders and then the private markets to actually deliver.

1:19:55 There's a disconnect there. And if we can't figure that out, we're never going to get there. I'll also mention that we have new numbers from the Department of Finance about what we think is going to happen in the state in 2040. What the heck are we supposed to do with that? It has sent such a confusing message to elected leaders about what we're supposed to be doing today and to the public when we're predicting a drop in population.

1:20:19 And I particularly think it has a lot to do with the cost of housing. Figure that out now, I think there is still a solution for us to not look at this population drop, and I don't want to hurt people that are in a desperate need of quality affordable, with a capital "A," housing today because of some projection about what's going to happen in the decade starting in 2040.

1:20:42 And I'll close with. It is a regional number. The small cities were not created based on housing. They were created based on a lot of other factors. We didn't talk about housing; we didn't talk about mixed income housing back in the day and it is not reasonable, and I would agree with small cities. Maybe shouldn't say this, but I agree with them. That the idea that we can't collaborate in terms of where we deliver that housing, what that looks like should bubble up from us up, not from the state

down to figure out how we deliver housing that it's close to work that is truly affordable that gets us to begin to get closer to the numbers.

1:21:26 I realize you're an implementer that you have to deal with the legislation that has different ideas. But you're also a powerful voice to say. "We'll do what you say legislation, but it's not working." And we need you to have that voice in Sacramento to let them know. This is not about small cities complaining. This is not about small cities that are not interested in housing the low-income folks that work in their cities.

1:21:53 It is about solutions that actually deliver results. And at the end of day, if we're not delivering housing, we're all failing. And that's not right. So, I want you to know that there, I want my colleagues to know that there are folks in the big cities that understand the challenges you have and that we have to do differently, get the results that we all know we need.

Councilmember Katie Melendez representing Vista.

1:22:13 Good morning. Thank you for this discussion and I want to say that with the city of Vista we are prepared to build more housing. I think we can provide more housing and we want to build affordable homes for people in our community. But I absolutely agree with the statements that without an injection of funding we cannot actualize the real housing that our community needs, which are those low income, subsidized affordable units. Thank you.

Chair Nora Vargas.

1:22:49 So thank you so much for being here and. I think it was mentioned today that you're hearing one voice from SANDAG, which is a really unique opportunity for us as a region. I will say as a county, we are having a hard time as well, right? We're trying to meet our affordable housing numbers as well.

1:23:16 And just to add to the various conversations I think when you're thinking about the coordination component. I'm right now trying to figure out who in the legislature has the courage to lead some of this because it needs to happen around how we're actually counting the numbers regionally versus just by city. Right? The issue of, for instance, the county of San Diego having the land owning the land and yet the city of San Diego love them to death. Taking the numbers because it's their city planning. It's their numbers yet. It's our county land that is actually providing the land that we don't get to use those numbers for affordable housing. In all honesty is not fair. I understand that RHNA has been around for 25 years.

1:24:03 This is what we're going into the seventh cycle, right? So, I'm not sure it's Governor Newsom. That is actually all our fault for this, right? But I do think that there's This is an opportune space and time to really listen to the smaller cities in some of the regional perspectives about how we move an agenda forward that's really impacting us all because we're trying to address homelessness and with Prop 1, we're going to try to figure out how to address a lot of the issues related to housing and mental health and how to meet some of these so many needs that are

communities have. But yet the formula right now is not working for us in the local regions because of what we're trying to accomplish overall. I think that it behooves the folks who are looking at funding opportunities and as you're moving forward, really think about how, you know, where just like we are being innovative with Prop 1, right, depending on who you asked. I was a big supporter. We had to think about innovation and housing and how we're impacting our local communities because the long-term implications for real folks, right?

1:25:20 Yesterday, I think in San Diego, I saw. 1 ADU is ... about \$500,000. Right? That's the cheapest house that you can buy in San Diego right now. I don't know how many people can live in a in a small ADU and the fact that is what we're promising our communities and our kids.

1:25:45 And that's the part of the American dream to me is just. Ridiculous and to the council member who mentioned right earlier today that are that our students are living in in cars and our adjunct professors who are living in cars is the reason why I ran for office 4 years ago when I was a community college trustee and that hasn't changed.

1:26:05 And so I think as we're moving forward, we really need to think about re-ramping the formula and I know that there was a lot of stakeholder discussion around RHNA 2.0, but I think really listening to the small cities. And coming back with a larger solution. You know, housing bonds in November. I know people don't want to talk about things like that, but I think we need to really think outside the box because This is going to kill our communities.

1:26:32 People are leaving. And people can't afford to live here and those that are living here are living in cars and in streets and it's unacceptable. So, if you can relay that message, I think it would be really powerful and important. Thank you.

Mayor Racquel Vesquez of Lemon Grove representing SANDAG.

1:26:49 I'll make this very quick here. I just want to let everyone know that the City of Lemon Grove is the only city in the entire county of San Diego that met the affordable housing requirements in the 5th cycle. And we did that by changing our zoning. And changing our process for developers to develop. And not only did we meet that requirement, but we also exceeded it and we are one out of 13 cities in the entire state of California that met that requirement.

1:27:25 When I look at the 6th cycle numbers. And it was affordable housing that we built. And it working in conjunction with developers, but when I look at the numbers that we have right now, the numbers are focused on above moderate units and that is not a good fit for my city. And so, this RHNA process needs to change. And this RHNA process needs to take in consideration the true needs of our area and allow us as elected leaders to come up with a method to ensure that we can all build housing. It truly is a need. **We are in a crisis right now. And this RHNA formula does not work.**

1:28:13 Doesn't work for Lemon Grove. It doesn't work for the County of San Diego, and it doesn't work for the state of California.

Megan (of HCD leadership).

1:28:24 I'll turn it over to you and then have a couple closing remarks. I appreciate everything that was said today and then, and I'm sure it's small comfort, but. The things share the things that I have. I have heard and I believe are very, I believe there were they are very true things.

1:28:48 The amount of change that local government went through. In the last cycle is enormous. And I'm sure that there are times where it doesn't feel like we're the support of partner you'd like us to be, you know, and I do take that comment about the perspective of my staff extremely seriously. That is that is not We do really believe. That everybody being in compliance is our goal. We do not have any good feelings. About not helping people get there.

1:29:25 There's a lot of passion there. But if you're not feeling it, you're not feeling it, you're not feeling that support. And so just thank you for the work that went into everyone's comments today and I've been to some, I, I feel it, you know

1:29:47 The comments were unanimous. You know, I do not ignore that point. So, I just am very grateful for the work that you all put into eloquently describing what your cities are going through. And you're counting. And just know that we, we do want to be your partner. And we do want to get to solutions together. So those things are not things that we take lightly. That you shared today. And there are things we want to continue to work on with all of you together.

1:30:23 So this is not. Okay, I am hearing your complaints. And not doing something about them you know these are things that we need to work we take We beg for feedback at HCD. We believe in continuous improvement. What you shared today says we're not hitting the mark, right? So, we need to we need to come back to you all. And share some progress there. So, I do appreciate that and I'm grateful for your candor and your eloquence.

(Lesa Heebner Vice Chair)

I'd just like to underline a couple of things. We really need some change in the 6th cycle because the goals are completely unrealistic and there is now punishment for all of us if we don't meet them.

1:31:03 As serious implications to all of our communities is dire. I could go on and on about the number of projects that are coming online that look good to HCD, but I'm losing all of our low-income working-class families – All of them -And it's terrible. So, with that, I will turn it over to

Miscellaneous raw closing discussion with many participants

Colleen Clemetson – Chief Executive Officer of SANDAG...and others

1:31:26 Oh, okay. Thank you. Thank you, Megan, for joining us. We can, we'll be in touch. Yes We'll be sending you a follow-up letter. And again, I do hope as was suggested that you share with Director Vasquez. Segment of this meeting. Yes, absolutely.

1:31:44 Thank you so much. And now to Colleen. Thank you. Thank you so much for the discussion. Just something I wanted to point out to you all, the package that we're going to be sending out, which is the responses to issues that all of you have brought up over the last several months.

1:31:58 We also have a template letter in there. And since you brought up funding a lot around RHNA, there's in the state budget there's proposed cuts to housing funding.

1:32:08 So we have a template letter that we're sending out to all of you that you can send. We are also sending that to your city managers as well. We as SANDAG have already sent that letter. So that will be in your packets and just wanted to make sure you were aware of that. Thank you.

1:32:19 The irony is thick. Yes, it sounded like you were reading from a nice long letter that you'd obviously put a lot of thought into. Be willing to share that with? I would be happy to share that. Okay, thank you. I'll email it to you. Okay. Thank you. Thank you very much. Do we have? Anywhere where we can. See how the timeline on the process is going to work out going, I know it's a little way away, but...

1:32:54 You know, I do get questions from community, from our city manager, for people. So, we understand what you just described has happened and is happening, but what does it look like? Well, we've started doing it and I know Santa X in it with other things. In Corona, we have Project Coronado page where all of our like 5 or 6 main issues are up there, whether it including our RHNA situation, but a bunch of things are on there.

1:33:14 People can go there and get the timeline and the information and the steps that are happening. I'm just that would be helpful to me and if it's already there and point me in the direction and I thank you for it.

1:33:23 But if not, I'd like to. Where do we go next? On this issue or yeah this issue. I think what we wanted to do with this particular conversation is bring the director in, have them provide you all provide recommendations and I think it's up to the board to think about what we want to do next.

1:33:38 I'm not sure that today is that. Time and happy to have another discussion as a board. I think that.

1:33:49 It was one of the items that you all brought up to me. Last year at the board, right? So. Board retreat. So, this is a discussion that we're having next around this. So open to that discussion. Happy to agendize it again to have another. Internal discussion about what else could we do, timelines, questions, whatever you have.

1:34:10 Happy to move back. Yeah, thank you so much. And I'm not criticizing for how it was managed today. I'm glad it was handled this way. I just wanted to make sure I wasn't missing something and that we're all kind of on the same page.

1:34:18 We'll, yeah, family forthcoming. This is absolutely an opportunity per all of your requests to make sure that we are able to address this issue as a result of previous boards being divided. On where they were on RHNA. That's my understanding. And more. And the fact that it's completely unrealistic.

1:34:39 I understand, but I think as a board, yes, positions would take in the way to go, etc. There was a lot of different things that happened here before. You have a very different board now, the economic situation I think that we're all facing is a different one.

1:34:55 First good step to where we're going next. But I'm open to any of your recommendations. We can follow up with another meeting and public meeting. And if you have thoughts before that, also happy to do that.

1:35:06 But we'll follow up with the letter, make sure that everybody gets this information and I'll turn it over back to you. I'm sorry. Okay, that's quite all right. Okay. Let's move on.