



**DATE:** September 25, 2018

**CATEGORY:** New Business

**DEPT.:** Community Development

**TITLE:** **Regional Housing Needs Allocation Subregion**

### **RECOMMENDATION**

Adopt a Resolution Supporting the Cities Association of Santa Clara County to Further Explore Forming a Regional Housing Needs Allocation Subregion for Santa Clara County, and for the City to Participate in those Discussions, to be read in title only, further reading waived (Attachment 1 to the Council report).

### **BACKGROUND**

Every seven to eight years, cities and counties throughout the State receive a regional housing needs allocation (RHNA), which identifies the number of housing units by income categories (affordable and market-rate) that jurisdictions must plan for in the Housing Element of the General Plan. The process for determining the allocations begins with the State, which assigns councils of governments (“COGs”) a regional allocation. The COGs develop a methodology and work with the jurisdictions to determine the housing allocations that each city and county under the COG would receive. The Association of Bay Area Governments (“ABAG”) is the Bay Area’s COG, and includes 101 cities in nine counties, including Mountain View.

The Cities Association of Santa Clara County (“Cities Association”) has initiated a process to explore the formation of an RHNA subregion with Santa Clara County as the geographic area. Formation of an RHNA subregion is allowed under the State’s Government Code, Section 65584.03, for the purpose of allocating the subregion’s existing and projected need for housing among its members. The subregion could develop its own allocation methodology in accordance with Government Code, Section 65584.04, or use ABAG’s methodology as a starting point. In addition to allocating housing needs to cities within Santa Clara County, the Cities Association seeks to foster collaboration between cities through a subregion to facilitate sharing information and best practices, implementing programs such as Measure A, developing funding sources

for affordable housing, and collaborating on other opportunities to meet the region's housing needs.

At the Cities Association Board of Directors meeting in June 2018, the Board (composed of one elected official from each city in the County) approved taking the topic of a subregion back to their individual councils for discussion prior to voting on formation of a subregion.

## **ANALYSIS**

Over the years, most, if not all, Bay Area jurisdictions have failed to produce the number of units in their affordable housing allocations—though many have met or significantly exceeded their market-rate housing allocation. Some jurisdictions have done better than others in facilitating housing production, including affordable housing. Mountain View exceeded its total RHNA for the 2007-14 cycle primarily by producing 2,387 market-rate units, in addition to 269 affordable units. After just three years into the current 2015-22 RHNA cycle, Mountain View has met over half of its total allocation and has produced nearly as many affordable units as the entire 2007-14 cycle. The City also has a significant number of market-rate and affordable units in the pipeline, as well as a substantial increase in residential capacity in Precise Plans.

The idea of a subregion is that it could more effectively facilitate meeting local and regional housing needs. It is presumed that a subregion would have a better understanding than the COG of the local context and could provide more flexibility.

However, the formation of a subregion does not, by itself, increase housing production or resolve an inequitable distribution of housing production/supply among cities. Appropriate and effective policies and programs, as well as commitment by participating jurisdictions to collaboratively work together and facilitate housing production, are needed to achieve the purposes of a subregion.

For example, questions regarding a subregion could include:

- Should cities be allowed to trade their housing allocations with each other? If so, how would this be structured to prevent “dumping” allocations from one jurisdiction onto another?
- How would Jurisdiction A be meeting “its” housing needs if its allocations are shifted to another jurisdiction?

- If there are existing inequities in the spatial distribution of housing production/supply, would trading allocations reverse or reinforce those inequities?
- Would jurisdictions with greater financial resources have more power than jurisdictions with fewer financial resources in determining the types of trades that are made?
- What should the “sending” jurisdiction give to the “receiving” jurisdiction in exchange for taking on additional housing allocation? Should it include ongoing costs for services?
- Which jurisdiction—the sending or the receiving—should receive credit towards meeting its housing obligation?

These and other questions/issues should be discussed as the concept of a subregion for Santa Clara County is further explored. While many details would need to be figured out regarding policies and program design, two high-level principles that would be important from the City of Mountain View’s perspective are that: (1) a subregion should not exacerbate—and would ideally reverse—regional inequities in housing production/supply; and (2) jurisdictions that do take on additional allocation should be equitably and appropriately compensated for it. The City seeks to actively participate in discussions regarding the subregion formation.

### **FISCAL IMPACT**

No fiscal impact is associated with adopting a resolution.

### **ALTERNATIVES**

1. Do not adopt a resolution supporting the Cities Association to further explore formation of an RHNA subregion, and for the City not to participate in those discussions.
2. Provide other direction.

**PUBLIC NOTICING**

The meeting agenda and Council report have been posted on the City's website and announced on Channel 26 cable television.

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Attachment: 1. Resolution