



**DATE:** September 10, 2019

**CATEGORY:** New Business

**DEPT.:** Community Development

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

### **RECOMMENDATION**

1. Adopt a Resolution Authorizing the City of Mountain View to Join a Santa Clara Countywide Subregion to Locally Administer the Association of Bay Area Governments' Regional Housing Needs Allocation Process, to be read in title only, further reading waived (Attachment 1 to the Council report).
2. Authorize the City Manager to provide initial funding of \$3,125 for this effort as outlined further in the Council report.
3. That the Mayor appoint a City Councilmember to serve on the Santa Clara Countywide Subregion Policy Advisory Committee.

### **BACKGROUND**

Since 2015, the Cities Association of Santa Clara County, a member-organization made up of representatives from the 15 cities of Santa Clara County, has prioritized the formation of a Regional Housing Needs Allocation (RHNA) Subregion Entity ("Subregion") and formed a subcommittee to assess its feasibility and implications. The subcommittee was convened in response to the mutual challenges and common interests that jurisdictions face in meeting the need for sufficient housing across Santa Clara County. Upon formation of a Santa Clara County Subregion, local governments, the County, and the Cities Association would be responsible for appropriating the housing need allocation to participating jurisdictions in lieu of the process normally conducted by the Association of Bay Area Governments (ABAG). On September 25, 2018, the City Council voted to explore joining a subregion (see Attachment 2).

Some local jurisdictions continue to fall behind in meeting their RHNA goals, especially for housing affordable to lower- and moderate-income households. In forming a RHNA Subregion for the 2022-30 cycle, new coordination and cooperation between

jurisdictions may provide an additional tool to produce the results needed and help address the regional housing crisis. Attached to the Council resolution is the Santa Clara County RHNA Subregion Task Force Guiding Principles that will guide this regional effort. Also attached is the previous 2018 City Council direction regarding the RHNA Subregion.

### **What is a RHNA Subregion?**

Every jurisdiction receives a RHNA number that determines the number of new housing units it needs to plan for in its Housing Element. Typically, those numbers are provided to each jurisdiction by the local Council of Governments (COG). In the Bay Area, the ABAG is the local COG. In 2004, new Housing Element legislation added Government Code Section 65585.03 to explicitly state the policy objectives of the allocation exercise to make the RHNA process more transparent, and to allow contiguous land use agencies to form a subregion to receive and allocate a collective housing target among themselves. The legislation specifies the method to be used to calculate the subregion's total share and delegates responsibility to the subregion to determine its own local allocation methodology. If the subregion fails to perform the allocation as required, or if a member or the county of the subregion withdraws from the subregional process, ABAG will step in to exercise default responsibility. Formation of a subregion is subject to final consideration and approval by ABAG. Currently, in California, San Mateo, Napa, and Solano Counties each have operational subregional frameworks.

Since 1969, the State has required that all local and county governments adequately plan to meet the projected housing needs. The RHNA process is a State-required process designed to operationalize the needs projection requirements. Under the RHNA, the State Department of Housing and Community Development (HCD) first projects housing need across the State by region. Regional need is further categorized into four groups based on the projected growth in housing demand from various levels of income: very low income (<50 percent of area median income), low income (50 percent to 80 percent), moderate income (80 percent to 120 percent), and above moderate (>120 percent).<sup>1</sup> Upon determinations of regional housing need by HCD, regional COG use HCD projections to allocate their designated share among the local and county jurisdictions that comprise the region. COG must determine the allocation figures in a manner compliant with the State's Sustainable Community Strategy and HCD Housing Element Law (CA Government Code Sections 65580 to 65589). Allocations assigned to local and county governments must be incorporated into their respective General Plan's Housing Elements, which outlines the needs, goals, objectives,

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<sup>1</sup> <https://lao.ca.gov/publications/report/3605>

and strategies for accommodating projected housing demand. Actual units built, however, rarely meet the allocated housing need figures determined and assigned.<sup>2</sup>

In accordance with State law, a subregion can administer its own RHNA process to determine housing needs allocations to its municipal participants and devise an appropriate methodology to reach such allocation figures.<sup>3</sup> Under such a model, subregions continue to operate under the auspices of their respective COGs and are bound in part by the parameters outlined by State Housing Element Law.

The first step under the RHNA Subregion framework is for the appropriate COG to determine each subregion's share of the total regional housing need. Upon receiving its RHNA share by the COG, the Subregion can then, in accordance with State law and COG requirements, devise and implement its own allocation process.

## **ANALYSIS**

The Subregion approach does not absolve the County, or its participating members, of responsibilities to plan for and build more housing. Instead, the formation of a subregion would enable regular dialogue among its members, expose members to new ideas, and provide an additional lens through which participating jurisdictions can address the area's housing needs. Subregions are believed to give cities and towns more control and flexibility to meet their RHNA housing goals by sharing and planning for the burden with nearby jurisdictions.<sup>4</sup>

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<sup>2</sup> <https://regionalchange.ucdavis.edu/sites/g/files/dgvnsk986/files/inline-files/EffectivenessofRegionalHousingPolicy%20%283%29%20ne.pdf>

<sup>3</sup> <https://abag.ca.gov/planning/housingneeds/subregions.html>

<sup>4</sup> [http://www.scsocourt.org/court\\_divisions/civil/cgj/2018/BMRH%20Rpt%202018-06-19%20REVISED%20FINAL.pdf](http://www.scsocourt.org/court_divisions/civil/cgj/2018/BMRH%20Rpt%202018-06-19%20REVISED%20FINAL.pdf)

The work of the Cities Association RHNA Subregion Subcommittee identified a matrix of pros and cons associated with forming a Subregion entity. Notable findings by the Subcommittee include:

**Table 1: RHNA Subregion Pros and Cons**

Pros	Cons
<ul style="list-style-type: none"> <li>• Greater flexibility and control for participating members;</li> <li>• Cities have greater say in the regional planning process;</li> <li>• Greater alignment between regional and local needs; and</li> <li>• A sustained forum for communication.</li> </ul>	<ul style="list-style-type: none"> <li>• Possible duplicative outcomes that would have otherwise been generated under the traditional RHNA framework;</li> <li>• Lack of trust among members for a fair and equitable process;</li> <li>• Loss of political distance from Metropolitan Transportation Commission (MTC) and ABAG; and</li> <li>• Subregions are responsible for any costs associated with conducting and documenting all public outreach efforts and public meetings.</li> </ul>

Solano, Marin, Napa, and San Mateo Counties each have operational subregional frameworks. The process is intended to facilitate greater local input and alignment between subregional and regional needs. It is apparent that subregions have largely adhered to the ABAG methodology,<sup>5</sup> and the Santa Clara County Subregion plans to do the same.

**Draft Memorandum of Understanding**

A memorandum of understanding (MOU) has been drafted and reviewed by staff in Santa Clara County cities. It is currently being revised. It establishes the key framework for Subregion governance. It establishes both the RHNA Policy Committee (PC) and RHNA Technical Advisory Committee (TAC) structure. The PC will be made up of one elected official from each agency as appointed by that agency. The PC is responsible for, among other things, making recommendations to ABAG regarding the RHNA allocation for the Subregion. It should be noted that Assistant City Manager/Community Development Director Aarti Shrivastava is on the ABAG

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<sup>5</sup> <https://www.solanocounty.com/civicax/filebank/blobdload.aspx?blobid=14214>

Housing Methodology Committee. The TAC includes one staff member from each agency and will provide technical assistance to support PC decisions. The MOU notes that each PC member shall have one vote and that a two-thirds vote of the total PC membership is required for the Subregion to approve a motion.

A key part of the MOU as currently drafted allows each local agency to “veto” their Subregion RHNA allocation if it is either an increase or decrease from their default ABAG allocation. In other words, a city could not be forced to accept more units; it would have to be voluntary. Staff would recommend that this be an essential component of the final MOU. If a city did not agree to a reallocation, then that agency would have its RHNA allocation reverted back to its default ABAG allocation.

Staff notes that some of the MOU details are still being determined and that the Cities Association will hold a meeting on September 12, 2019 to discuss and finalize the MOU. Certain changes could, therefore, be added to the MOU that staff is not privy to at this time. However, staff feels that the overall framework of the MOU is a good first step towards greater cooperation regarding housing in the region, and further discussion and details on the RHNA allocation process will occur during the Subregion process.

### **FISCAL IMPACT**

The initial cost of the RHNA Subregion work to be performed by the RHNA Policy Committee with the assistance of a consultant is estimated to be \$50,000. This cost would be shared among cities in Santa Clara County. The City of Mountain View’s equal share of this cost is \$3,125. Following initial payment, the Policy Council may recommend that cities make additional payments to fund this work. Any Policy Council recommendation for additional funding shall specify the additional services to be funded and the reasons for such additional services, the amount of additional funding requested, and a reasonable deadline for the payment of such additional funds by the agencies. It is staff’s understanding that future funding of consultant contracts and amounts can be made by a two-thirds vote of the Subregion membership and that cities that do not agree to said funding can withdraw from the MOU. Any funds collected will not be returned to a withdrawing Agency.

### **ALTERNATIVES**

1. Do not adopt the proposed resolution or join the Subregion.
2. Request specific elements be included in the Subregion before joining.
3. Provide other direction.

**PUBLIC NOTICING** – Agenda posting.

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Attachments: 1. Resolution  
2. 2018 City RHNA Subregion Council Report and Resolution