



## Cities Association of Santa Clara County Agenda Report

### RHNA Subregion Formation

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Date: September 19, 2019

**TOPIC: REGIONAL HOUSING NEEDS ASSESSMENT (RHNA) SUBREGION FORMATION**

**SUBJECT: DISCUSSION OF APPROVAL FORMATION OF THE RHNA SUBREGION**

### **EXECUTIVE SUMMARY:**

It was the intent of the RHNA Subregion Task Force to ask for support of formation of the RHNA Subregion at the most recent Cities Association of Santa Clara County (CASCC) Board of Directors Meeting on September 12, 2019. However, new information was received, and further discussion is needed from the cities and county to determine if mutual collaboration and action is desired.

Prior to the September 12, 2019 CASCC Board of Directors meeting:

- **Friday, September 6**, new information was shared by Association of Bay Area Governments (ABAG) | Metropolitan Transportation Commission (MTC) regarding the timeline for RHNA Subregion with ABAG|MTC and the California Department of Housing and Community Development (HCD). Specifically, ABAG|MTC reported that the state statute created different timelines for independent subregions versus Council of Governments (COGs). Therefore, the process that was identified, accepting ABAG's methodology and creating a reallocation, and submitting to HCD as our methodology, is not possible as envisioned or prepared in the Memorandum of Understanding (MOU) or Resolution.
- **Thursday, September 12**, ABAG|MTC confirmed that revising the ABAG|MTC calendar is not possible.
- HCD's calendar shows the COG and Subregion timelines as the same, which is still problematic – this does not allow the subregion to adopt ABAG|MTC numbers.
- ABAG|MTC suggested that our subregion may be eligible for grant funds from AB 101 which creates \$250,000,000 for COGs, jurisdictions, and subregions.

### **What does this mean?**

The subregion process envisioned by the CASCC Subregion Task Force and agreed upon 16 jurisdictions is not possible. The process, RHNA Subregion Light, accepting ABAG's numbers and then creating a reallocation process as the subregion's methodology may be much more costly than anticipated unless grant funds are indeed available.

### **OPTIONS:**

1. **RHNA Light:** This is the Task Force's recommendation which forms a RHNA Subregion entity, accept ABAG's numbers with the addition of a reallocation option as our methodology to HCD. The Task Force

felt this was a good way to initiate collaboration and bring jurisdictions together while incurring limited consultant costs. Anticipated cost originally \$50,000. With new findings, this cost may exceed \$50,000. Consultant estimated 150 Hours of time. This option would take ABAG's draft methodology as a starting point. However, the subregion would have to submit final methodology prior to ABAG finishing their final methodology.

2. **RHNA All-In:** The Subregion would create own methodology (with a consultant and an attorney), estimated 500-700 hours of consultant time. Resolution and MOU would need to be modified. This is estimated at \$150,000 - \$200,000
3. **Planning Collaborative:** Embrace the goals of working as a region without forming the RHNA subregion and instead form a planning collaborative to further positive outcomes to the housing and homelessness challenges faced in Santa Clara County. Similar to San Mateo County's 21 Elements, use the anticipated RHNA subregion funds designated in the MOU and RHNA Light Plan. Collaboration opportunities may include planning, housing element, "Home for All"/ADUs effort, RV dwellers, homelessness, legislative guidance by consultants.
4. **Do nothing:** no effort, no cost, no changes to outcomes.

#### **September 12, 2019 Cities Association Board of Directors discussion:**

- The Executive Board of Directors recommended to the Board of Directors moving forward IF the subregion is able to accomplish our goals of working with ABAGs numbers (RHNA Light)
- In light of the recent obstacles to forming a subregion, RHNA Subregion Task Force Chair/San José Vice Mayor Chappie Jones asked for consideration of amending the MOU/Resolution of forming the subregion to support forming a regional planning collaborative via the Cities Association (option 3) to further mutual goals and address the critical housing and homeless needs of the cities and county. This avenue would allow cities and the county to continue working together.
- Discussion was continued until October 2019:
  1. Members return to their Councils for direction if needed.
  2. the Board requested staff send questions to ABAG|MTC:
    - Can you provide a draft of the agreement between ABAG and the subregion by October 4 to be reviewed by the Board?
    - Why is there an "opt-out of subregion" date?
    - Why are there disparities between HCD and ABAG calendars? For example, why are the due dates for subregion formation different, February 2020 vs. August 2020?
    - Can the funds potentially available via AB 101 be used for a planning collaborative (not a subregion) focused on activities related to meeting the 6<sup>th</sup> RHNA cycle? And when are those funds available.

#### **BACKGROUND:**

Under state law, the California Department of Housing and Community Development identifies the total housing need statewide and assigns housing numbers to the Council of Governments for an eight-year period. In the Bay Area, the Association for Bay Area Governments (ABAG) is the Council of Government. In turn, ABAG conducts a regional process to determine the methodology and distribute housing numbers to individual jurisdictions in the nine county Bay Area. Jurisdictions then adopt Housing Elements as part of their General Plans that indicate how many units they plan for at different affordability levels and where jurisdictions will accommodate future growth.

- In 2004, the Governor signed legislation that allows jurisdictions to voluntarily form RHNA subregions. Councils of Governments would provide these subregions with its own housing numbers. The legislation allows subregions to determine a methodology and to allocate housing numbers amongst its members. Members of the subregion must include the County, and any jurisdictions must be geographically contiguous. 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. Currently, San Mateo, Napa, and Solano Counties each have operational subregional frameworks.
- Since 2015, the Cities Association of Santa Clara County (Cities Association), a member-organization made up of the 15 cities of Santa Clara County, has convened a taskforce to assess the feasibility of a Santa Clara County RHNA subregion.
- The Santa Clara County Civil Grand Jury issued a report on June 21, 2018. The report recommended that the County pursue a RHNA subregion to increase communication and coordination among jurisdictions.
- September 2019 The Cities Association Board has voted to pursue a Santa Clara County RHNA subregion and was ready to ask for formal participation via a Memorandum of Understanding which emphasizes that the mission of the Santa Clara County RHNA subregion is to provide a forum for collaboration and discussion in the County. The Memorandum of Understanding also notes that all trades must be voluntary between jurisdictions and no jurisdiction has the power to force another to take on a certain share of housing numbers. The subregion includes one “vote” per jurisdiction. If there are any changes to state law that change the terms of the Memorandum of Understanding, each jurisdiction will review and reaffirm participation in the RHNA subregion.
- The Cities Association and ABAG have outlined the following timeline for the subregion:

<b>June 2019</b>	Cities Association Board of Directors Reviews/Approves RHNA Subregion Task Force Recommendation
<b>September/October 2019</b>	Cities Association Board of Directors Review/Approve formation documents
<b>December 2019</b>	Cities/County Resolutions & MOU due to Cities Association
<b>February 2019</b>	Cities Association to submit Formation Documents to ABAG
<b>December 2020</b>	Cities Association RHNA Subregion Methodology Due
<b>January 2021</b>	ABAG RHNA Methodology Due

#### **ANALYSIS:**

The goal of the Santa Clara County RHNA subregion is to provide a forum for cities and the county to discuss housing growth in the County and to encourage resource sharing. The structure of Santa Clara County RHNA subregion requires all trades to be mutually acceptable. Any changes in state law that would force jurisdictions in a subregion to accept numbers would trigger a review and reaffirmation of the MOU where the City can reevaluate its participation.

The Cities Association plans to use ABAG’s regional methodology to determine an individual jurisdiction’s RHNA share in Santa Clara County. With those numbers, jurisdictions can discuss any housing number trades and any resource sharing.

The state is experiencing a severe housing crisis at all income levels. The status quo of housing planning with individual jurisdictions acting without coordination is leading to a region where the homes are not located near jobs. This imbalance creates traffic, increases vehicle miles traveled and pollution, and makes it very expensive to live near employment centers. The Santa Clara County RHNA subregion is an opportunity to work collaboratively with other cities and the County to discuss solutions to this imbalance.

Solano, Marin, Napa, and San Mateo Counties each have operational subregional frameworks. These counties have reported increased dialogue between member jurisdictions on the housing challenge. In San Mateo County, Redwood City agreed to trade RHNA numbers. Santa Clara County may also see these benefits from forming a RHNA subregion.

**FISCAL IMPACT:**

RHNA LIGHT	\$50,000	\$3200 per jurisdiction
RHNA ALL-In	\$150,000 -- \$210,000	Estimated 500-700 hours of consultant time. Will also need attorney.
Planning Collaborative	\$50,000	\$3200 per jurisdiction. Working collaboratively on Housing Element would increase costs but only done with agreement of all jurisdictions
Do Nothing	\$0.	

**Discussion for each jurisdiction:**

Therefore, the Association members and the County must decide if the RHNA subregion process envisioned is about RHNA allocation and numbers or if the desired outcome of regional solutions for housing and positive collaboration is the goal.

**RECOMMENDED ACTION:**

- Cities Association of Santa Clara County Executive Board recommends pursuing subregion formation if ABAG's methodology may be used.
- If this option is not available, Vice Mayor Chappie Jones recommends exploring a planning collaborative.
- Other cities actions at this time:
  - Los Altos Hills has voted to explore planning collaborative