



## DISCUSSION CALENDAR

### Agenda Item # 8

## AGENDA REPORT SUMMARY

**Meeting Date:** November 27, 2018

**Subject:** Resolution No. 2018-46: Regional Housing Needs Allocation (RHNA) Subregion

**Prepared by:** Jon Biggs, Community Development Director

**Approved by:** Chris Jordan, City Manager

**Attachments:**

1. Resolution No. 2018-46
2. RHNA Subregion Overview
3. Pros and Cons of RHNA Subregion Formation
4. Guiding Principles
5. By-laws of the Santa Clara County Subregional RHNA Process

**Initiated by:**

Cities Association of Santa Clara County

**Previous Council Consideration:**

September 11, 2018

**Fiscal Impact:**

None anticipated

**Environmental Review:**

None required for consideration of the subject.

**Policy Question(s) for Council Consideration:**

- Does the City Council support the formation of a Regional Housing Needs Allocation (RHNA) Subregion with Santa Clara County and other cities in the County?

**Summary:**

- The Cities Association of Santa Clara County (Cities Association) is seeking support on the formation of a RHNA Subregion and is requesting that the City Council adopt the Resolution of Intent to Support the formation of a RHNA Subregion made up of local and County Governments of Santa Clara County

**Staff Recommendation:**

Adopt Resolution No. 2018-46 supporting the formation of RHNA Subregion



**Subject:** Resolution No. 2018-46: Regional Housing Needs Allocation (RHNA) Subregion

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### **Purpose**

Adoption of Resolution No. 2018-46 will signify the City's intent to support the formation of a RHNA Subregion.

### **Background**

A section of the City's General Plan Housing Element identifies current and future housing needs. In consideration of future housing needs, State law provides for the Council of Governments (ABAG for Los Altos) to assign a share of the region's housing construction needs to each city and county. The Los Altos housing needs assignment was 477 housing units for the current planning cycle, which runs from January 2015 to January 2023. This is the Los Altos RHNA.

As can be expected, many Cities in the State of California find it difficult to meet these housing need allocations for various reasons. One effort by counties and cities to address these shortfalls is to develop a RHNA Subregion. A RHNA Subregion, if formed, provides its participants with flexibility in meeting its State mandated RHNA assignment, in that housing for its RHNA can be developed outside of its boundaries.

In 2015, the Cities Association formed a Regional Housing Task Force Subcommittee to develop a framework and process to implement a RHNA Subregion in Santa Clara County for the next housing cycle (2023-2031). The Subcommittee completed its work and provided its findings to the Cities Association Board of Directors. At the Board's meeting in October of 2018, it voted unanimously to establish a RHNA Subregion.

At its meeting of September 11, 2018, the City Council took up consideration of the RHNA Subregion and unanimously agreed to continue to participate and support efforts to form a RHNA Subregion.

### **Discussion/Analysis**

The Cities Association Board of Directors is now asking that the City Council adopt the attached Resolution, which formally indicates the intent of the City of Los Altos to support the formation of a RHNA Subregion.

The Cities Association has provided the attached documents to give more details on the RHNA Subregion.

- Attachment 2: "RHNA Subregion Overview" describes the purpose of a RHNA Subregion and the steps that must be taken to create one. This document also introduces the necessary administrative functions (e.g., outreach) and costs that might be incurred with forming and coordinating a RHNA Subregion. The Cities Association proposes that costs would be shared by the participating jurisdictions. The Cities Association's current plan is to significantly limit costs by accepting the Association of Bay Area Governments' (ABAG) RHNA methodology and allocations as a starting point for the local conversation.



**Subject:** Resolution No. 2018-46: Regional Housing Needs Allocation (RHNA) Subregion

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- Attachment 3: “Pros and Cons of RHNA Subregion Formation” identifies the benefits and drawbacks of a RHNA Subregion.
- Attachment 4: “Guiding Principles” outlines the vision, values, and goals associated with forming a RHNA Subregion and determines that Santa Clara County jurisdictions need to have more regular dialogue about housing production and affordability.
- Attachment 5: “By-laws of the Santa Clara County Subregional RHNA Process” contains nine articles that describe the purpose for the RHNA Subregion, its members, its officers, staff support, Subregion committees and stakeholder review, meetings, and how Subregion business will be conducted.

Given the direction and support of the City Council for a RHNA Subregion at its meeting of September 11, 2018, staff is recommending adoption of Resolution No. 2018-46, which formalizes Council’s support.

This is another step in the process and although the Resolution indicates Council’s support for a RHNA Subregion – it does *not* approve the City’s participation in the Subregion. Such a commitment will need to return to Council for consideration at a later date.

### **Options**

- 1) Adopt Resolution No. 2018-46, signifying the City’s intent to support the formation a RHNA Subregion

**Advantages:** City can participate in the development of this program

**Disadvantages:** None identified

- 2) Decline adoption of Resolution No. 2018-46, signifying the City’s intent to support the formation a RHNA Subregion

**Advantages:** None identified

**Disadvantages:** City would not have a say in the development of this program

### **Recommendation**

The staff recommends Option 1.

**RESOLUTION NO. 2018 - 46**

**RESOLUTION OF INTENT TO SUPPORT FORMATION OF A HOUSING  
SUBREGION OF SANTA CLARA COUNTY LOCAL AND COUNTY GOVERNMENTS  
TO FACILITATE AND IMPLEMENT COUNTYWIDE HOUSING PRODUCTION  
CONSISTENT WITH THE REGIONAL HOUSING NEEDS ALLOCATION (RHNA)  
FORMULA CURRENTLY ASSIGNED BY THE ASSOCIATION OF BAY AREA  
GOVERNMENTS (ABAG)**

**WHEREAS**, Housing Element Law (Gov. Code Sections 65580 – 65589.8) provides for a Regional Housing Needs Allocation process (RHNA); and

**WHEREAS**, to implement such RHNA process in the San Francisco Bay Area, the State of California has delegated to the Association of Bay Area Governments (ABAG) responsibility to adopt an allocation methodology, then use the adopted methodology to assign to each jurisdiction in the Bay Area the obligation to zone enough housing development capacity to accommodate production of a specific number of housing units during the period from 2023 through 2031; and

**WHEREAS**, Government Code Section 65584.03 provides that certain combinations of local governments may form a Subregion to perform RHNA for themselves in order to allocate among themselves the total number of housing units assigned to them collectively by ABAG; and

**WHEREAS**, the City of Los Altos is interested in exploring the formation of a RHNA Subregion consistent with the California Government Code Section 65584 *et seq* and acceptable to the ABAG and the California Department of Housing and Community Development (HCD) to facilitate collaboration with the County and all cities in the County of Santa Clara, to efficiently and effectively deliver housing production goals; and

**WHEREAS**, the Board of the Cities Association of Santa Clara County has directed the review of the benefits of such a Subregion and subsequently, representatives of the Cities Association of Santa Clara County (CASCC) have formed a committee to evaluate and make recommendations regarding the importance of and opportunities for success through shared housing strategies which could be facilitated by a Subregional effort; and

**WHEREAS**, housing is a countywide challenge, and housing production types, numbers, density, appropriateness and affordability levels can vary in different communities, and the Cities' recognize all production types are important to the housing supply of the County and its related economic and social health; and

**WHEREAS**, Cities are individually accountable for, and retain full local authority for, identifying sites for housing development and for adopting and implementing housing policies intended to facilitate production of housing to meet local, regional and state policy objectives embodied in the numbers prescribed by ABAG the Sustainable Community Strategy that will be adopted by ABAG and the Metropolitan Transportation Commission (MTC) in 2021; and

**WHEREAS**, through mutual cooperation and planning, the production of these housing units may be enhanced through collective efforts and resources, therefore creating a forum for developing countywide policy consensus on matters related to the Sustainable Community Strategy.

**NOW THEREFORE, BE IT RESOLVED**, that the City of Los Altos does hereby find, determine, resolve and order as follows:

**Section 1:** That it is in the best interest of the City to join with other cities in Santa Clara County to explore creation of the RHNA Subregion and that by working together to plan for housing growth, the stage is set for implementing housing and more housing will ultimately be built to meet the needs of the entire County and its residents.

**Section 2:** That the City Manager is hereby authorized and directed to enter into discussions regarding the formation of a RHNA Subregion and the development of a workplan and budget, and the schedule of actions leading to the countywide, self-administration of the housing needs allocation process, allocating the countywide total housing needs allocation among all the Cities and unincorporated County by consensus; and to bring back a recommendation and resolution for action to join a RHNA Subregion, or in the alternative, an explanation detailing the decision not to participate in the RHNA Subregion.

**I HEREBY CERTIFY** that the foregoing is a true and correct copy of a Resolution passed and adopted by the City Council of the City of Los Altos at a meeting thereof on the \_\_\_ day of \_\_\_\_, 2018 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Jean Mordo, MAYOR

Attest:

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Jon Maginot, CMC, CITY CLERK

# Santa Clara County Regional Housing Needs Allocation (RHNA) Subregion Overview

## What is a RHNA subregion? (Government Code Section 65584.03)

In recognition of the common interests and mutual challenges and opportunities associated with providing housing, **two or more contiguous cities and a county** may form a **subregional entity** for the purpose of **allocation** of the subregion's existing and projected need for **housing among its members** in accordance with the allocation methodology established pursuant to Government Code Section 65584.04.

All decisions of the subregion shall be approved by vote as provided for in the rules adopted by the local governments comprising the subregion, or shall be approved by vote of the county and the majority of the cities with the majority of population within the county.

## What are the steps to create a subregion, following the prescribed timelines in State law?

1. Each participating jurisdiction adopts a resolution indicating its commitment to participating in the subregional entity.
2. For Santa Clara County, the subregional entity could be a committee of the Cities Association with participating cities and the County.
3. The Cities Association (or other entity) would enter into an agreement with the Council of Governments (COG, in our case ABAG/MTC) that sets forth the process, timing, and other terms and conditions of the delegation of responsibility by the COG to the subregion.

## What does the subregion do, following the prescribe timelines in State law?

1. The subregion determines the methodology for allocating housing need to its participating jurisdictions according to State law (or accepts the methodology factors from the COG as a starting point for further distribution), providing opportunity for public comment and modification prior to adoption of the methodology.
2. The COG allocates a share to the subregion based on a proportion consistent with the distribution of households assumed for the comparable time period of the applicable regional transportation plan.
3. The subregion allocates the distribution of the RHNA to the participating jurisdictions according to the adopted methodology, providing an opportunity for public comment and modification prior to finalizing the distribution.

## What is the estimated cost of a subregion versus typical participation in the RHNA process?

Assuming that the subregion does not hire a consultant to create a separate methodology, the costs would be:

1. Administrating and documenting the subregion meetings and decisions;
2. Conducting the required outreach prior to the subregion making its decisions;
3. Communicating with ABAG/MTC as needed; and
4. Publishing the required notices.

The Planning Departments of the participating jurisdictions typically absorb the RHNA evaluation without additional staffing or consultant assistance.

## Santa Clara County Regional Housing Needs Allocation (RHNA) Subregion Overview

What are other activities that the subregion could assume outside of the RHNA process and State law?

- Foster collaboration between cities within Santa Clara County
  - Focus on Measure A implementation
  - Facilitate an open dialogue between the jurisdictions, public, and interested organizations on housing issues and opportunities
  - Share best practices regarding rehabilitating existing housing stock, addressing gentrification/displacement, etc.
  
- Work together to obtain and commit more financial resources to affordable housing production
  - Support for 2018 ballot measure for affordable housing funding
  - Consider potential legislative efforts to seek meaningful tax credits and other mechanisms

SANTA CLARA COUNTY RHNA SUBREGION TASK FORCE  
 PROS & CONS OF RHNA SUBREGION FORMATION

Pros	Cons	Example
Creates flexibility & allows cities to trade		Distribute the subregion's numbers or can use ABAG's distribution
Empowers cities to have a say in the regional planning process		Self-determination: a city is able to accept or not accept allocation from another city.
Allows better alignment between local and regional needs		Ability to plan along on transit corridors and near employment.
Can find innovative solutions		Collective problem-solving which may include negotiating credits and creative financing
May facilitate the production of more housing		Utilizes economies of scale and eliminates duplication. Siting housing near supportive services.
Creates a forum for collaboration that leads to innovative solutions		San Mateo County Trade Woodside/Redwood City & Daly City/Colma/County
Creates awareness (and healthy competition)		Creates a forum to share knowledge and success. When one city is doing the heavy lifting, may encourage other jurisdictions to step up to the plate.
If success, may create additional opportunities for collaborative work		Success may be housing or spill over to other technical areas (transportation). May use collaboration for legislative advocacy.
Better development		Cities can work together to build near transit and not

SANTA CLARA COUNTY RHNA SUBREGION TASK FORCE  
 PROS & CONS OF RHNA SUBREGION FORMATION

		necessarily confined by a city boundary.
Creates a forum to discuss sharing of planning resources		Share resources - - may share in cost to pay consultants for housing element preparation or program ideas (for those who want to share).
	Time, effort & resources which may end in same result.	What if subregion fails to produce a different allocation?
	Lack of trust for fair and equitable process.	Some cities may shirk their responsibility to step up and accept housing.
Increases local control		Ability to control own numbers and improve county-wide performance.
	Loss of political distance from MTC and ABAG	Pressure on community to produce additional housing.
	Lack of clarity of the benefits to accept someone's numbers/housing	City worried about allocation dumping
Still need to plan for housing for all income levels		Can't go to zero. Every jurisdiction still has an allocation in every income level.
	No role model	No other subregion has such large population variances.
Increased use of ADUs		ADUs more feasible with cities with large residential lots.

# SANTA CLARA COUNTY RHNA SUBREGION TASK FORCE

## GUIDING PRINCIPLES - May 2018

### Vision

For Santa Clara County and its cities to work collaboratively to produce more housing in the Region. have a unified voice in responding to the area's housing needs-- a problem that transcends jurisdictional barriers.

### Benefits

1. By working together to plan for housing growth, the stage is set for implementing housing, and more housing will ultimately be built.
2. Housing will be planned in the right places, near transportation, jobs, and services.
3. Santa Clara County jurisdictions can work together to share resources.
4. Collaboration enables collective advocacy on regional and Statewide issues.
5. Partnership sets the stage for other cooperation, including sharing Housing Element consultants, sharing expertise, analyses, and policies, and potentially enabling a shared review by the California Housing and Community Development (HCD) Department.
6. Collective agreement is reached on strategies and tools to meet the region's housing need, including the potential for trading RHNA numbers.
7. Greater flexibility.

### Guiding Principles

1. Conform with all State objectives included in Section 66584(d), including ensuring that the allocation of affordable homes is allocated to all jurisdictions in the region in an equitable manner.
2. Allocate housing growth strategically around major transportation corridors and near employment and services, while respecting infrastructure constraints and the unique natural resources of Santa Clara County.
3. Foster collaboration between jurisdictions and develop collective strategies that provide a framework for addressing housing need, including the potential for resource / housing allocation trade-offs.
4. Facilitate an open dialogue between jurisdictions, the general public, and interested organizations, including transportation agencies and land use bodies.
5. Utilize existing forums for discussion (e.g., Cities Association, City Managers' Association, SCCAPO, etc.).

### Keys to Success

1. Taking responsibility for the process and the resulting housing shares.
2. Taking into consideration other communities' interests as well as your own.
3. Being willing to accept a reasonable housing share, not just the lowest.
4. Being willing to consider negotiating trades.
5. Recognizing that working together locally is better than abdicating the responsibility to the region and the state.
6. Elected leaders in all jurisdictions willing to compromise for regional benefit.

# By-laws of the Santa Clara County Subregional RHNA Process

## PURPOSE & BYLAWS

The cities within the County of Santa Clara, and the County of Santa Clara, have adopted resolutions to participate as a Subregion (hereinafter referred to as “Subregion”) in the Regional Housing Needs Allocation (RHNA) Process. The Cities Association of Santa Clara County (hereinafter referred to as “CASCC”) will act as the representative for the Subregion. The Subregion hereby adopts the following bylaws for the purpose of providing for the orderly conduct of its affairs.

## ARTICLE I NAME

The name of the separate entity established by the resolutions is the “Santa Clara County Sub-Regional RHNA Process” and may be referred to as “Subregion”.

## ARTICLE II PURPOSES

Section 1. Subregion shall have the following purposes:

- (a) Plan, organize, and maintain the work of the Subregion and be responsible for its overall operation;
- (b) Advise City Managers, City Councils and the Board of Supervisors of all significant activities of the Subregion;
- (c) Prepare, review, monitor, present to the cities and the County, and facilitate a consensus on the Regional Housing Needs Allocation housing shares for all the cities and the County for the 2021 Housing Element;
- (d) Submit to the Association of Bay Area Governments (ABAG) for approval the housing shares for Santa Clara County (cities and County).
- (e) Provide a forum for developing a countywide policy consensus, to the greatest extent possible, on matters related the Sustainable Communities Strategy process of which the Regional Housing Needs Allocation is a part; and a channel for communicating such consensus to the Joint Policy Committee of the Metropolitan Transportation Commission and the Association of Bay Area Governments overseeing the Sustainable Communities Strategy process from time to time when such a consensus is requested or required by the Joint Policy Committee.

Section 2. Subregion shall not participate in or endorse any political activity involving any individual candidate for public office. The selection of officers within Article IV herein shall not be considered a political activity subject to this section.

### ARTICLE III MEMBERS

Section 1. The County of Santa Clara and each city which has adopted a resolution of participation shall be members of the Subregion.

Section 2. The RHNA Policy Committee (PC) of the Subregion shall consist of a member of the City Council of each participating city to be selected by that city, and one member of the Board of Supervisors to be selected by the Board of Supervisors.

Section 3. Each member City Council and the Board of Supervisors may select one alternate member from its body who shall participate when the regular member is absent.

Section 4. If both the member and the alternate will be absent, the City or County, respectively, may designate a substitute for that meeting and notify CASCC, in writing, of the designation.

Section 5. Any member may withdraw from the Subregion by adopting a resolution and providing a written notice of intention to do so to the chairperson of the PC. The rights and obligations of any such member shall terminate 30 days after acceptance by the PC.

Section 6. If any member, or designated representative, fails to attend two consecutive meetings, without notification of the Chairperson or the Executive Director, the Chairperson will notify the City Council or Board of Supervisors to encourage future participation.

### ARTICLE IV- OFFICERS

Section 1. The officers of the PC shall consist of a chairperson and vice chairperson.

Section 2. The chairperson and vice chairperson shall be elected by the PC and shall serve at the will of the PC.

Section 3. Nomination for officers of the PC shall be made from the floor. Nominations shall be made by voting members of the PC only.

Section 4. The chairperson and vice chairperson must be voting members of the PC.

Section 5. Nominations and election of the chairperson shall precede nominations and election of the vice chairperson. Voting shall be public.

Section 6. The chairperson shall preside at all meetings and may call special meetings when necessary.

Section 7. The vice chairperson shall perform the duties of the chairperson in the absence of the chairperson.

Section 8. A special election shall be called by the Board of Directors if the chairperson and/or vice chairperson is unable to serve.

Section 9. All officers shall serve without compensation.

Section 10. The chairperson or vice chairperson may be removed from office at any time by a majority vote of those members present.

#### ARTICLE V STAFF SUPPORT

Section 1. The CASCC Executive Director, CASCC staff and contractors shall provide support to the Subregion and all the established committees.

Section 2. The PC shall have dealings with staff and contractors through the CASCC Executive Director.

Section 3. All participating jurisdictions will share in the cost.

#### ARTICLE VI COMMITTEES/ STAKEHOLDER REVIEW

Section 1. The following standing committees shall assist in accomplishing the goals of the SANTA CLARA COUNTY SUB REGIONAL RHNA PROCESS:

- RHNA Policy Committee
- RHNA Technical Advisory Committee
- City Managers Association
- City Councils and Board of Supervisors
- Association of Bay Area Governments

Section 2. RHNA Policy Committee (PC) - 16 Members, one member from each city and the county, composed of elected officials. The primary role is to provide initial policy input to the process, review the RHNA TAC recommendations and adopt a policy consensus for transmittal to the cities and the County for ratification.

Section 3. RHNA Technical Advisory Committee (RHNA TAC) - 16 Members - One member from each city and the county. Composed of senior staff technical experts in the field of housing and land use. Member agencies may flexibly assign different technical experts as a function of the

subject being discussed. However, it is important that there be good communications between the different representatives such that issues do not need to be repeated or there are no conflicting positions from the representatives. Primary role is technical development of the issues and solutions.

Section 4. City Managers Association - Monthly reports will be provided to the City Managers through the City Managers Association. This will allow ongoing input by the City Managers in the process. The final product will be presented to the City Managers for their recommendation to the RHNA PAC for approval of the final product. Primary role of the City Managers is practical assessment of the issues and solutions.

Section 5. City Councils/ Board of Supervisors - Primary role is ratification of the RHNA Final Allocation prior to submittal to Association of Bay Area Governments (ABAG).

Section 6. Association of Bay Area Governments (ABAG) - Final approval of RHNA Final Allocation.

Section 7. An appeals process will be established by the PC in conjunction with ABAG to hear appeals by any cities or the County that disagree with their housing share as allocated by the Subregion.

#### ARTICLE VII MEETINGS

Section 1. The PC shall establish by resolution the date, time, and place for regular PC meetings.

Section 2. The PC may hold special meetings called in accordance with Article IV, Section 6.

Section 3. All meetings of the PC shall be held in accordance with the Brown Act, Government Code section 54950 Ct seq.

#### ARTICLE VIII CONDUCT OF BUSINESS

Section 1. A quorum shall consist of at least a majority of the members and shall be required for all meetings of the PC.

Section 2. Except as state otherwise in these by-laws, all decisions of the PC shall be by majority vote of those present.

Section 3. Adoption of the Final Regional Housing Needs Allocation shall require:

1. consent of a majority of all cities and the County participating in the Subregion, **and**
2. consent of each jurisdiction that has been allocated a greater share of housing than the ABAG default allocation.

Section 4. Upon adoption of the final regional housing numbers, the subregion will share support for outcome and support each other, for example the subregion releasing a resolution, annual report, and press event.

Section 5. Except as provided in these bylaws, or by a majority vote of those present, Roberts Rule of Order Revised shall constitute the parliamentary authority for the PC.

Section 6. These by-laws may be amended by a two-thirds majority vote of members present and who represent a majority of all cities and the County.

#### ARTICLE IX OTHER MATTERS

Section 1. No member shall receive compensation or reimbursement from PC or CASCC for expenses incurred in attending any meeting or other function.