

# REPORT

To the Honorable Mayor and City Council  
From the City Manager

August 28, 2006

## Subject

Participation in the Association of Bay Area Governments' (ABAG) Regional Housing Needs Allocation (RHNA) Sub-regional Process, as part of Redwood City's General Plan Housing Element Update for 2009.

## Recommendation

Review and approve resolution authorizing the City to become a member of a Countywide Sub-region, an entity that would locally administer ABAG's regional housing needs allocation (RHNA) process. Refer to Exhibit A.

## Background

Every five to seven years each city within San Mateo County receives a 'fair share' of the projected Bay Area housing need, based on state population growth projections, from the state Housing and Community Development (HCD) Department. The Association of Bay Area Governments (ABAG) takes this regional housing needs allocation (RHNA) number and dis-aggregates it to the local level (i.e. to all cities within San Mateo County). ABAG further divides this number into four income groupings: very low (<50% of County median); low (50 - 80% of County median); moderate (80 - 120% of County median); and above moderate (>120% of County median). Cities are responsible for ensuring that adequate housing sites are available to accommodate their 'fair share' of the RHNA. Redwood City's RHNA numbers for the current Housing Element (1999-2006) are as follows: 534 very- low income housing units; 256 low income housing units; 660 moderate income housing units and 1,094 above-moderate income housing units.

State law now allows cities within the County to join together to form a "sub-region", a consortium that would administer the State mandated RHNA program at the local level. Each member jurisdiction of a sub-region must submit a resolution to ABAG requesting authority to locally administer the program by August 31, 2006. ABAG would then adopt a resolution approving the formation of the sub-regions. This process would establish the housing numbers to be used in each city or county as part of the Housing Element update for 2009. The City/County Association of Governments of San Mateo County (C/CAG) would like to form a sub-region consisting of all the cities and the County.

A sub-region may be comprised of two or more contiguous cities within San Mateo County. C/CAG has indicated interest in supporting this effort if the individual cities and the County are interested. Therefore, C/CAG is coordinating the creation of a countywide sub-region that includes most if not all San Mateo County cities and the County. C/CAG will provide facilitation and staff support as necessary.

The sub-region would receive a housing allocation from AGAB on May 1, 2007. By June 30, 2007, the sub-region would distribute draft housing allocations to its member jurisdictions. Local jurisdictions may request revisions to their draft housing allocations.

Local jurisdictions have 60 days to file an appeal to the sub-region. A public hearing must be held to hear the appeal. Between February and April of 2008, the sub-region must issue the final housing allocations. Refer to Exhibit B for a comprehensive timeline.

Sub-regions must follow the same substantive and procedural rules and guidelines that ABAG follows when distributing housing allocations. Sub-regions must also enter into an agreement with ABAG that specifies the process, timing, and other terms and conditions for administering the local housing needs determination process.

While the sub-regional process will not reduce the overall number of housing units that the state (HCD) and ABAG require of San Mateo County cities as part of the Housing Element update for 2009, it does offer local jurisdictions greater control over how the housing units are distributed within the County. Members of the sub-region will have the flexibility to negotiate with other members for adjustments to their housing allocations. Jurisdictions that want fewer housing units might offer incentives to other jurisdictions that are willing to accept additional units. Incentives could include cash payments to help subsidize the cost of providing services for new development or the costs of roadway and transportation improvements. Jurisdictions that want fewer units could also be required to make cash payments to the Housing Endowment and Regional Trust of San Mateo County to help build more housing in the County. This concept of swap and credits is not possible under state law using the current ABAG RHNA process. However, swaps and credits can be developed through the sub-regional delegation process.

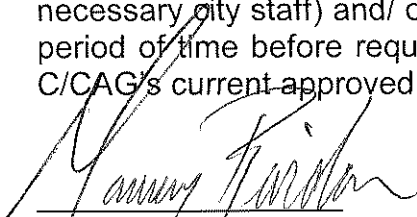
Staff recommends that the City join the new program, keeping in mind that the Council can withdraw at any time should cost and benefits not meet expectations.

**Alternative**

Do not authorize Redwood City's participation in ABAG's Regional Housing Needs Allocation (RHNA) Sub-regional Process. This alternative would mean that Redwood City would receive its regional housing needs allocation from ABAG in the traditional manner.

**Fiscal Impact**

The City's general fund, housing and/or redevelopment revenues would be needed to cover the costs for city staff resources (i.e. planning, housing, city attorney and/or other necessary city staff) and/ or the cost of a consultant. Staff proposes to track costs for a period of time before requesting funds. C/CAG would also provide staff support under C/CAG's current approved budget.

  
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Senior Planner

  
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Community Development Services Director

  
Ed Everett  
City Manager

**Attachment**

Exhibit A: Resolution

Exhibit B: Schedule for ABAG Regional Housing Needs Allocation

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION AUTHORIZING THE CITY OF REDWOOD CITY TO BECOME A MEMBER OF A COUNTYWIDE SUB-REGION, AN ENTITY THAT WOULD LOCALLY ADMINISTER ABAG'S REGIONAL HOUSING NEEDS ALLOCATION PROCESS (RHNA)**

**WHEREAS**, the Association of Bay Areas Governments (ABAG) is required by State law to administer the Regional Housing Needs Allocation program (hereinafter the "program") in the Bay Area; and

**WHEREAS**, ABAG has begun preliminary work on developing the program with the objective of completing the program in August of 2008; and

**WHEREAS**, changes to the Housing Element law in 2004 allow ABAG to transfer administration of the program to local jurisdictions who create sub-regions for the purposes of distributing housing need allocations among the members of the sub-region; and

**WHEREAS**, a sub-region is defined as two or more cities in a County or any combination of geographically contiguous local governments; and

**WHEREAS**, the City of Redwood City desires to become part of a sub-region in San Mateo County; and

**WHEREAS**, the City/ County Association of Governments of San Mateo County (C/CAG) will facilitate and provide staff support; and

**WHEREAS**, each member of a sub-region must adopt a resolution authorizing its inclusion in the sub-region; and

**WHEREAS**, adopted resolutions must be sent to ABAG by August 31, 2006; and

**WHEREAS**, ABAG must adopt a resolution approving the sub-region.

**NOW THEREFORE BE IT RESOLVED BY THE COUNCIL OF THE CITY OF  
REDWOOD CITY, AS FOLLOWS:**

Agrees to participate in the process to establish realistic housing allocations among the sub-region (cities and the County) for use in the next housing element that is due in 2009. Adoption of this resolution indicates the Council's intention to participate in the sub-region process for San Mateo County and submits this resolution to the Association of Bay Area Governments (ABAG) for inclusion in the Resolution designating the sub-region.

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**Schedule for ABAG Regional Housing Needs Allocation**

Regional Allocation Deadlines		Allocation Deadlines if Subregional Option Used	
<b>2006</b>			
April 30	ABAG/HCD consultation on region's share of statewide housing need [65584.02(b)]		
June 30	ABAG requests information from jurisdictions for developing methodology [65584.04(b)(1)]	August 31	Deadline for creating subregional entities [65584.03(a)]
December 31	ABAG develops a proposed methodology [65584.04(a)]. Start of 60-day public comment period about methodology [65584.04(h)]; must include at least one public hearing [65584.04(c)]	December 31	The subregion develops a proposed methodology [65584.04(a)]. Start of 60-day public comment period about methodology [65584.04(h)]; must include at least one public hearing [65584.04(c)]
<b>2007</b>			
January - March	ABAG adopts a final methodology [65584.04(h)]	January - March	Subregion adopts a final methodology [65584.04(h)]
March 1	HCD determination of regional housing need [65584.02(a)(1)]	May 1	ABAG determination of housing need assigned to each subregion. At least one public hearing must be held prior to allocation [65584.03(c)].
Prior to June 30	ABAG issues DRAFT RHNA [65584.05(a)].	Prior to June 30	Subregion issues DRAFT RHNA [65584.05(a)].
Prior to June 30	ABAG reviews DRAFT RHNA of subregions for compliance with Gov. Code Sec. 65584.03(d); if noncompliant, ABAG completes allocation process for affected jurisdictions		
Prior to August 31	Local jurisdictions may request revisions to DRAFT allocation [65584.05(b)]	Prior to August 31	Local jurisdictions may request revisions to DRAFT allocation [65584.05(b)]
Prior to October 31	ABAG responds to revision requests (within 60 days of submittal) [65584.05(c)]	Prior to October 31	Subregion responds to revision requests (within 60 days of submittal) [65584.05(c)]
December - February	Local jurisdictions may appeal DRAFT RHNA (60 day period)	December - February	Local jurisdictions may appeal DRAFT RHNA (60 day period)
<b>2008</b>			
January - Feb.	Continuation of 60 days for Local jurisdictions to appeal DRAFT RHNA	January - Feb.	Continuation of 60 days for Local jurisdictions to appeal DRAFT RHNA
January - April	ABAG public hearing on appeals (within 60 days after deadline for filing appeal) [65584.05(e)].	January - April	Subregion public hearing on appeals (within 60 days after deadline for filing appeal) [65584.05(e)].
February - April	ABAG issues FINAL RHNA proposal (within 45 days of end of 60-day appeals period) [65584.05(f)].	February - April	Subregion issues FINAL RHNA proposal (within 45 days of end of 60-day appeals period) [65584.05(f)].
February - June	ABAG public hearing to adopt FINAL allocation (within 45 days of issuing final allocation) [65584.05(h)]. Submit adopted Final Allocation to HCD.	February - March (prior to ABAG's)	Subregion public hearing to adopt FINAL allocation (within 45 days of issuing final allocation) [65584.05(h)]. Subregions submit FINAL allocations to ABAG
August	HCD completes review of FINAL RHNA [65584.05(h)].		
<b>2009</b>			
June 30	Adopted Housing Element updates due to HCD, preceded by submittal of draft elements		

*Notes: This task schedule supersedes the due dates that would be applicable if the process were to be implemented pursuant to Section 65584 rather than pursuant to Section 65584.02. The planning period for the housing element updates will be July 1, 2009 through June 30, 2014. The allocation period for the regional housing need for the ABAG region will be January 1, 2006 through June 30, 2014; these dates represent the date for which the most current estimates of local housing stock will be available from the Department of Finance (DOF), and the end of the planning period, respectively.*