



STAFF REPORT CITY COUNCIL

DATE: February 18, 2020

TO: Honorable Mayor and City Councilmembers

FROM: Linda Smith, City Manager

SUBJECT: Informational Report on Sixth Cycle Regional Housing Needs Allocation and Housing Element Update
Prepared by: Kristie Wheeler, Assistant Community Development Director

EXECUTIVE SUMMARY:

The City Council will receive information about the upcoming sixth cycle Regional Housing Needs Allocation (RHNA) and Housing Element Update.

STAFF RECOMMENDATION:

Receive the report.

FINANCIAL IMPACT:

None.

DESCRIPTION:

Background

Since 1969, the State has mandated that all California cities and counties plan for their share of the region's housing needs at all income levels. Every eight years, the California Department of Housing and Community Development (HCD) determines the share of the state's housing need for each region based on population projections prepared by the California Department of Finance. Councils of governments then distribute a share of a region's housing need to each city and county within the region. In the Bay Area, that group is called the Association of Bay Area Governments (ABAG). This is known as the Regional Housing Needs Allocation (RHNA) process. While state law does not require an agency to build the housing units assigned through the RHNA process, it does require that land use planning regulations accommodate the units.

Each city and county must then update the Housing Element of its General Plan to provide locations where housing can be built and the goals and policies necessary to meet the community's housing needs. The "No Net Loss" laws ensure that local governments do not downzone these "opportunity sites" after their Housing Element has been certified. Each jurisdiction must also submit an annual report to HCD to

demonstrate progress toward meeting the goals and policies of the Housing Element.

Table 1, below, shows the City of Dublin’s RHNA for the last three cycles.

Table 1: Regional Housing Need Allocation (from the Adopted Housing Elements)

	1999-2006		2007-2014		2015-2023	
Income Level	# Units	% of Total	# Units	% of Total	# Units	% of Total
Extremely Low/Very Low	796	15%	1,092	32.8%	796	34.8%
Low	531	9%	661	19.8%	446	19.5%
Moderate	1,441	26%	653	19.6%	425	18.6%
Above Moderate	2,668	50%	924	27.7%	618	27%
Total	5,436	100%	3,330	100%	2,285	100%

Following the last RHNA process, the City updated the Housing Element and demonstrated how the RHNA could be achieved through a combination of approved projects and planned residential units. The City Council adopted the 2015 - 2023 General Plan Housing Element on November 18, 2014, and HCD certified that the updated Housing Element was compliant with State law. The City’s on-going implementation and annual reporting over the past five years have also met with HCD approval. Staff is currently preparing the Annual Progress Report for 2019 and will provide it to the City Council for review and approval at an upcoming City Council meeting.

Regional Housing Needs Allocation

ABAG kicked off the sixth RHNA cycle with the formation of a Housing Methodology Committee, which began meeting in October 2019. The Methodology Committee is comprised of nine elected officials (one from each Bay Area county), 12 housing or planning staff members (at least one from each county), 13 regional stakeholders representing diverse perspectives, and one partner from state government. The goals of the Housing Methodology Committee are as follows:

- Advise ABAG staff on the RHNA allocation methodology for the RHNA cycle.
- Ensure the methodology and resulting allocation meet statutory requirements.
- Ensure the methodology and resulting allocation are consistent with the forecasted development pattern included in Plan Bay Area 2050.

Staff anticipates that preparation of the City’s Housing Element Update for the sixth RHNA cycle will be more challenging than the last given the following:

- Higher expected total regional housing need.
- New requirements for identifying eligible sites in Housing Elements.
- More factors to consider in allocations (i.e., overpayment of rent/mortgage, overcrowding in residential unit, greenhouse gas emissions, jobs-housing fit).
- Expanded HCD oversight on methodology and allocations.

- Greater emphasis on social equity.

Of particular concern is the higher expected total regional housing need, which ABAG has indicated is due in part to prior RHNA cycles where the total of number units assigned has gotten progressively smaller while the need for housing has increased. Although the region often meets the needs for market-rate units, the region has consistently struggled to meet the goals for affordable units. Table 2 below shows the decline in the number of units assigned for the region over the last three RHNA cycles and progress toward meeting the RHNA.

Table 2: Bay Area RHNA Progress 1999-2017

RHNA		Permitted Total	Percent of RHNA Permitted				
Cycle	Assignment		All	Extremely Low/Very Low	Low	Moderate	Above Moderate
1999-2006	230,743	213,024	92%	44%	79%	38%	153%
2007-2014	214,500	123,098	57%	29%	26%	28%	99%
2015-2023	187,990	87,691	65%	15%	25%	25%	125%

For example, in southern California, HCD recently assigned 1.34 million new housing units through the RHNA process to the Southern California Association of Governments (SCAG) compared to 412,137 units during the prior RHNA cycle. This represents an additional 932,603 units and a more than threefold increase over the prior RHNA cycle. Although SCAG filed a formal objection, HCD did not alter SCAG’s RHNA. Using that metric, a similar increase in the Bay Area RHNA could result in a 6,855-unit allocation for Dublin.

The requirements for identifying eligible sites in the Housing Element is also an area of concern. Over the past three years, there has been additional scrutiny on sites identified in the Housing Element to meet the City’s RHNA. For example, HCD has indicated that sites smaller than 0.5 acres and larger than 10 acres will require supportive analysis to document the viability of a site for housing, and sites identified in the current Housing Element cannot be reused unless rezoned to allow by-right development. Thus, Staff anticipates that the City will need to rezone vacant and underutilized sites, and potentially commercial sites, to be able to accommodate our RHNA.

As shown in Table 3 below, ABAG expects that HCD will issue the Regional Housing Need Determination (RHND) for the nine-county Bay Area in April 2020. Between May and September 2020, ABAG will release the proposed methodology (i.e., how the RHND will be allocated to cities and counties), hold public hearings, and submit the draft methodology to HCD for review and approval. In January 2021, the final methodology should be adopted and ABAG will release the draft RHNA to jurisdictions. Appeals can be submitted until March 2021, and decisions on appeals and the final RHNA will be issued by May 2021. The City will then have until December 2022 to adopt a Housing Element Update.

Table 3: Key Milestones

	Key Milestones	Date
1	HCD issues Regional Housing Need Determination (RHDA) for the Bay Area	April 2020
2	ABAG releases proposed RHNA methodology	May 2020
3	Public hearings on proposed RHNA methodology	June 2020
4	ABAG releases draft RHNA methodology and submits to HCD for review	September 2020
5	Final RHNA methodology adopted and draft RHNA released to jurisdictions	January 2021
6	Deadline for appeals	March 2021
7	Decision on appeals and final RHNA issued to jurisdiction	May 2021
8	Deadline to adopt Housing Element Update	December 2022

Preparing for Housing Element Update

Senate Bill 2 established a permanent source of funding intended to increase affordable housing stock in California and directed HCD to use 50 percent of the revenue in the first year to establish a program that provides financial and technical assistance to local governments to update planning documents and zoning ordinances to streamline housing production. On October 15, 2019, the City Council adopted a resolution authorizing the submittal of an application for Senate Bill (SB) 2 grant funds.

On January 16, 2020, HCD approved the City's SB 2 grant application totaling \$310,000. The grant includes \$55,000 to prepare an analysis of vacant and underutilized sites that could be used to accommodate the next RHNA allocation.

Staff will begin the site analysis described above later this year and develop a scope of work for the Housing Element Update. Staff anticipates the need to supplement staff resources with consultants to assist with preparation of the Housing Element Update and will be returning to the City Council later this year to select a consultant to begin this process.

STRATEGIC PLAN INITIATIVE:

None.

NOTICING REQUIREMENTS/PUBLIC OUTREACH:

None.

ATTACHMENTS:

None.


Linda Smith, City Manager 2/12/2020