

# City of Calistoga

## Staff Report

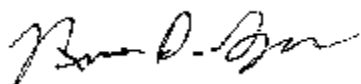
**TO:** Honorable Mayor and City Council  
**FROM:** Kenneth G. MacNab, Planning and Building Manager  
**DATE:** June 5, 2012  
**SUBJECT:** Napa Subregion Sustainable Communities Strategy and  
Regional Housing Needs Allocation Draft Methodology

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APPROVAL FOR FORWARDING:




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Richard D. Spitler, City Manager

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2 **ISSUE:** Review and comment on the Napa Subregion draft methodology for the  
3 2014 – 2022 Regional Housing Needs Allocation cycle.

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5 **RECOMMENDATION:** Receive report and provide comments.

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7 **BACKGROUND:** The State of California requires local agencies to include  
8 housing elements in their General Plans meeting certain statutory requirements.  
9 State law requires that housing elements be updated on a set schedule and  
10 submitted to the State Department of Housing and Community Development  
11 (HCD) for review. The next housing element cycle will cover the years 2014 to  
12 2022, with updated housing elements due to the State in October, 2014.

13  
14 As part of each housing element cycle, the Association of Bay Area  
15 Governments (ABAG) conducts a Regional Housing Needs Allocation (RHNA)  
16 process through which a portion of the region's share of the state housing need  
17 is allocated (assigned) to each individual city and county within the San  
18 Francisco Bay region. The RHNA process for the 2014-2022 cycle was initiated  
19 by ABAG in 2011 and is scheduled to conclude in May, 2013. Updated housing  
20 elements will be due to the State in October, 2014.

21

22 In January, 2011, the cities, town and County of Napa formed a subregion for the  
 23 purpose of devising a local methodology to distribute housing shares for the  
 24 upcoming 2014-2022 RHNA cycle. The Napa County Transportation and  
 25 Planning Agency (NCTPA) is the countywide representative for the Napa  
 26 Subregion and has facilitated the subregional process on behalf of the member  
 27 jurisdictions. To assist NCTPA in this process, the NCTPA Board created a  
 28 Technical Advisory Body (TAB) made up of professional staff from each of the  
 29 member jurisdictions, and a Policy Advisory Body (PAB) made up of elected  
 30 representatives from each of the member jurisdictions. The creation of a  
 31 subregion has increased local jurisdiction involvement and control over how  
 32 housing shares are allocated within the county.

33  
 34 **DISCUSSION:** For the last year Napa’s subregional representatives have  
 35 participated closely in the Association of Bay Area Governments (ABAG)  
 36 Housing Methodology Committee (HMC) and Regional Advisory Working Group  
 37 (RAWG) – two groups that have been actively involved in shaping the region’s  
 38 allocation methodology. The TAB has met a total of 14 times over the past year  
 39 to become familiar with the RHNA process, share land use and housing  
 40 information, hear results of stakeholder meetings, two public workshops and an  
 41 online survey especially regarding the factors and local priorities to consider in  
 42 development of a methodology. The subregion used this input to consider  
 43 subregional alternatives to the ABAG HMC methodology. Although several  
 44 alternatives were developed and reviewed, no local method was viewed as being  
 45 more equitable than ABAG RHNA methodology described in Attachment 1.

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 47 Based on the ABAG RHNA methodology, draft housing allocations for each  
 48 member jurisdiction by income level are shown in Table 1 below.

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 50  
 51 TABLE 1 – DRAFT 2014-2022 RHNA ALLOCATIONS – NAPA SUBREGION

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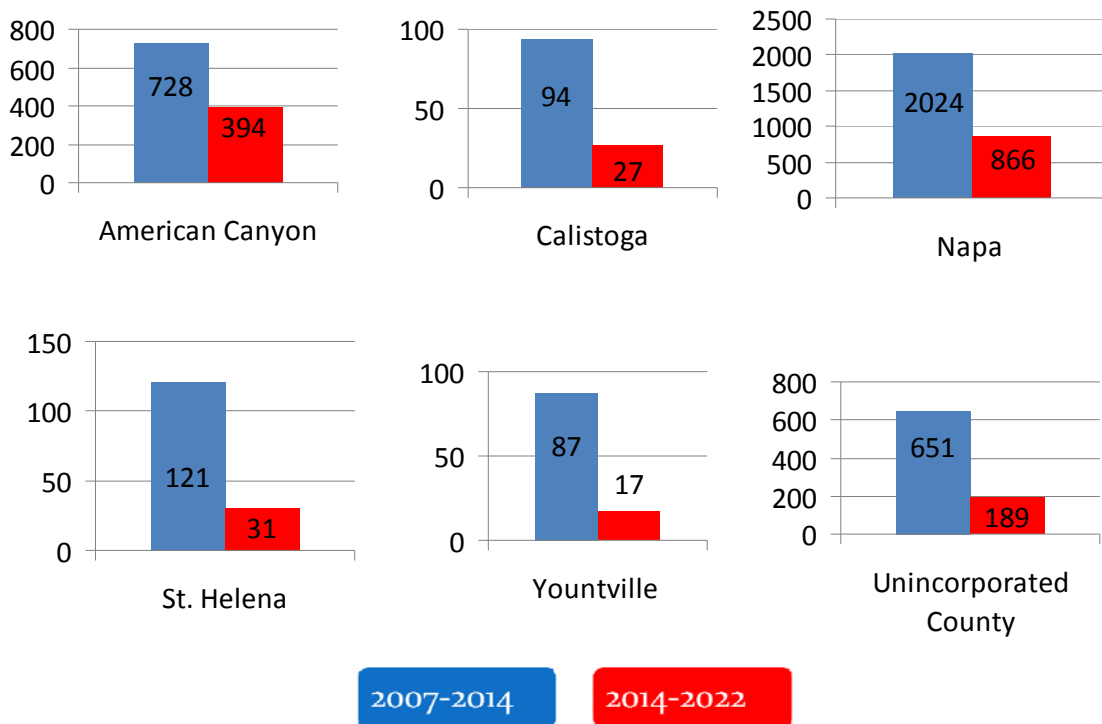
Jurisdiction	Very Low < \$42.5K	Low \$42.5 – 68K	Moderate \$68 – 102K	Above Moderate > \$102K	Total Units
American Canyon	125	60	62	146	394
<b>CALISTOGA</b>	<b>7</b>	<b>2</b>	<b>4</b>	<b>14</b>	<b>27</b>
Napa	215	117	152	383	866
St. Helena	8	5	5	12	31
Yountville	5	2	3	7	17

Napa County Unincorporated	57	34	35	62	189
Totals	417	221	261	625	1,524

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The bar charts shown below in Figure 1 below compare each jurisdiction's current RHNA allocation for the 2007-2014 cycle (blue) with their projected allocation for the 2014-2022 cycle (red) using the draft ABAG RHNA methodology.

FIGURE 1 – COMPARISON OF RHNA ALLOCATIONS



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The TAB and PAB recommended to the NCTPA Board of Directors that the Napa Subregion move forward with issuing a draft methodology that uses the ABAG RHNA methodology as the baseline allocation for each jurisdiction. It should be noted that the Subregion's methodology provides the ability for member jurisdictions to make trade adjustments to address data errors and/or to better address factor priorities. Any negotiated trade adjustments would be voluntary among willing jurisdictions and must occur prior to ABAG's adoption of final housing need allocations, as specific legislation applies to trades occurring after

72 this time. Total housing allocations and income distribution would have to be  
73 maintained among all transfer parties.

74  
75 On May 16, 2012, the NCTPA Board of Directors accepted the recommendations  
76 from the TAB and PAB and issued a draft methodology for the Napa Subregion  
77 based on the ABAG RHNA methodology. The issuing of the draft methodology  
78 by the Napa Subregion opens up a 60 day public comment period on the draft  
79 methodology before the Napa Subregion adopts a final methodology at the July  
80 18th NCTPA Board Meeting.

81  
82 The milestones for finalizing the Napa Subregional methodology with ABAG  
83 following adoption by the NCTPA Board on July 18<sup>th</sup> are identified below:

- 84  
85 1) September 17th 2012 – Deadline for members of the subregion to request  
86 a revision to their draft allocation.  
87  
88 2) December 12th 2012 – Subregion conducts a public hearing at NCTPA  
89 Board meeting and adopts final allocations.  
90  
91 3) January 11, 2013 – Deadline for jurisdiction to pullout of the subregion.  
92  
93 4) February 1, 2013 – Deadline for Napa Subregion to submit final  
94 allocations to ABAG.  
95

96 **ENVIRONMENTAL REVIEW:** The proposed action is not a project as defined in  
97 Section 15378 of the California Environmental Quality Act (CEQA) Guidelines,  
98 which defines a project as an action which has the potential for resulting in either  
99 a direct physical change in the environment or a reasonably foreseeable indirect  
100 physical change. Accordingly, no CEQA review is required at this time.

101  
102 **FISCAL IMPACT:** The recommended action will not result in any fiscal impacts.  
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104 **ATTACHMENTS:**

- 105  
106 1. Napa Subregion Sustainable Community Strategy (SCS) & Regional Housing  
107 Needs Allocation (RHNA) Draft Methodology

# **Napa Subregion Sustainable Communities Strategy (SCS) and Regional Housing Needs Allocation (RHNA) Draft Methodology**

## **1. Introduction**

### ***a. State Law***

State law (Government Code Section 65584.03) allows the local jurisdictions within Napa County to join together to form a “subregion”, a consortium that administers the State-mandated Regional Housing Needs Allocation (RHNA) program at the local level. Each member jurisdiction of the “subregion” submitted a resolution to the Association of Bay Area Governments (ABAG) and the Napa County Transportation and Planning Agency (NCTPA) requesting authority to locally administer the program by March, 2011. ABAG has adopted a resolution approving the formation of the “subregion”.

The subregional RHNA process will locally determine local planning targets (i.e., housing allocations) for the planning period from 2014 year to 2022 for all jurisdictions within the subregion. State law requires that each jurisdiction identify, in the next revision of its General Plan Housing Element, adequate sites to accommodate its housing allocation.

In general, to comply with State law, the subregion needs to follow the substantive and procedural rules and guidelines that apply to the region. The subregional process is coordinated with the regional process. By law, ABAG must perform certain ministerial actions in relation to a subregion. These actions include accepting a subregion’s application to form the subregion; accepting a subregion’s allocation methodology; and accepting a subregion’s housing allocation, in each case based on a finding that the subregion’s actions are consistent with State law. The relationship between the subregion and the region is codified in a Delegation Agreement, which is and has been adopted by their respective governing boards. If a subregion fails to fulfill its statutory obligations, ABAG must then determine allocations to the

jurisdictions within the subregion. Similarly, if a jurisdiction within the subregion withdraws from the subregion, ABAG must then determine allocations to that jurisdiction.

### ***b. Napa Subregion***

The cities of American Canyon, Calistoga, Napa, St. Helena; the town of Yountville and the County of Napa have formed a subregion, as allowed by state statute. All jurisdictions submitted resolutions of intent to form the subregion to ABAG by March, 2011. On March 17, 2011 ABAG adopted a resolution approving the formation of the Napa subregion. The resolutions of intent designated the Napa County Transportation and Planning Agency (NCTPA) as the entity responsible for coordinating and implementing the subregional RHNA process.

As required by statute, ABAG will assign an aggregate (i.e., countywide) housing allocation to the Napa subregion. The subregion is responsible for completing its own RHNA process that is parallel to, but separate from, the regional RHNA process. The subregion will create its own methodology, issue draft housing allocations for each of its member jurisdictions, manage the required revision and appeal processes, and then issue final housing allocations to members of the subregion.

## **2. Subregion Organization**

### ***a. Governing body***

The NCTPA Board is the governing board of the subregion. It is comprised of twelve members, appointed by the governing board of each member jurisdiction and one non-voting member of the Paratransit Coordinating Council. The Board's role is to review and approve the work of the ad hoc bodies assisting with the process and to provide policy direction and take all actions required to fulfill the statutory obligations of the Subregion.

### ***b. Organizational assistance***

The NCTPA Board formed two ad hoc advisory bodies for this process. The Policy Advisory Body (PAB) is comprised of six members, one from each City or Town Council and the Board of

Supervisors. The Policy Advisory Body's primary role is to review the work of the Technical Advisory Body and to provide for the development of recommendations for consideration by the NCTPA Board.

The Technical Advisory Body (TAB) is comprised of senior members from each jurisdiction's planning and/or governmental affairs agencies. These members are senior staff experts in the fields of housing and land use. This body's primary role is the technical development of recommendations for consideration by the Policy Advisory Body and the NCTPA Board. This includes holding public workshops to seek public input on development of the methodology and to present the draft methodology.

The City Manager's Association is provided monthly reports. The Association reviews the work of the TAB and provides input.

City and Town Councils and the Board of Supervisors will review and approve the housing need allocations developed by the Subregion prior to submitting them to the Association of Bay Area Governments on February 1, 2013. The Association of Bay Area Governments must approve the final housing shares.

### **3. Draft Methodology, RHNA Process and Schedule (2011-2013) for Determining Subregion Housing Allocations --and Corresponding ABAG Deadlines**

#### **a. 2011- May, 2012**

Subregion representatives participated in the development of the ABAG RHNA methodology by ABAG's Housing Methodology Committee (HMC). The Technical Advisory Body met 14 times to become familiar with the RHNA process and ABAG methodology; shared land use and housing information; heard results of stakeholder meetings, two public workshops and an online survey regarding factors and their priorities to consider in development of a methodology and other public input; and considered Subregional alternatives to the ABAG HMC methodology.

Although several alternatives were reviewed, no local method was considered by participating jurisdiction representatives to equitably improve upon the ABAG RHNA methodology described in Exhibit B. However, it is unanimously agreed the local methodology should incorporate a mechanism to adjust local shares.

The Technical Advisory Body has advised the Policy Advisory Body, and the Policy Advisory Body has recommended to the Board that:

The Subregion shall assign each jurisdiction a share of the Subregion's total allocation using the ABAG RHNA methodology. That is, the Draft Allocation assigned to each jurisdiction by the Subregion shall be the jurisdiction's relative share of the Subregion's aggregate allocation based on the ABAG RHNA methodology. This share may be adjusted as described in section 3.e below.

**b. May 16, 2012**

Subregion will release its Draft Methodology and assign preliminary subregion jurisdiction Housing Allocations, and submit the Draft Methodology to ABAG for comment.

*May 17, 2012*

*ABAG releases Draft Methodology and Assigns Preliminary Subregional Allocations*

**c. May 17 through July 18, 2012**

During this period, Subregion will post its Draft Methodology for the required sixty (60) day review period (GC 65584.04(h)). The Subregion will conduct a public workshop to present the Draft Methodology and seek comments. City and Town Councils and the Board of Supervisors will review the Draft Methodology. Subregion staff will identify and analyze any issues that any member jurisdiction has with their individual share as soon as practicable.

*June 6, 2012*

*ABAG Regional Planning Committee Public hearing on draft method and preliminary subregional shares*



**d. July 18, 2012**

The Subregion will hold a public hearing (GC 65584.04(h)), adopt a final methodology, formally release Draft Allocations, and send its final methodology to ABAG and State HCD for review.

*July 19-20, 2012*

*ABAG adopts final method and formally releases draft allocations for all jurisdictions within the region, including allocations for each of the local governments that are members of the Subregion. Should any member jurisdiction opt out of the subregion, ABAG Draft Allocations would apply to that jurisdiction. ABAG Draft Allocations are expected to be the same as the subregion's Draft Allocations, but in any case will be the Default Draft Allocation to a jurisdiction, were that jurisdiction to withdraw from the Subregion.*

**e. July 19, 2012-December 12, 2012**

During this period of time, through facilitated dialogue among member jurisdictions, the Subregion may make adjustments to the Draft Allocations to effect a distribution that corrects data errors and/or better addresses factor priorities identified by the subregion while also meeting statutory objectives and requirements as follows.

Adjustments are permitted to:

- Correct a data error identified by a local government that has resulted in a markedly disproportionate allocation to a jurisdiction to improve equity.
- Better address the highest priority factors identified in the local outreach process (Exhibit A) while maintaining an overall equitable balance for all member jurisdictions.

Any negotiated trade adjustments are voluntary among willing jurisdictions and must occur prior to ABAG's adoption of final housing need allocations, as specific legislation applies to trades occurring after this time. Total housing allocations and income distribution must be maintained among all transfer parties.

Any trade adjustments must continue to meet the legislative objectives of Housing Element law (Government Code Section 65584), which are to:

- Increase the region's housing supply and mix of housing types, tenure and affordability in all cities and counties in an equitable manner, which shall result in each jurisdiction receiving an allocation of units for low and very low income households.
- Promote infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns.
- Promote an improved intraregional jobs/housing relationship
- Allocate a lower proportion of housing need for an income category when a jurisdiction already has a disproportionately high share of households in that income category, as compared to the countywide distribution of households in that category from the most recent census. In other words, where a city already has a higher than average share of low income households, allocate a lower proportion of such housing to it.

In addition to the above objectives, the provisions of State law that implement the Sustainable Communities Strategy (SCS) to reduce energy consumption and production of greenhouse gases, are incorporated into Housing Element law. Great care is being taken in the development of the regional RHNA Methodology to assure that the resulting allocation will be consistent with the SCS. The Subregion has an independent obligation for consistency. In general, the Subregion will proceed on the assumption that a Subregional Methodology that resembles, is strongly influenced by, or bears a close relationship to a conforming Regional Methodology will itself conform to State Requirements. Nonetheless, the Subregion must make reasonable findings of conformity and gain explicit concurrence from ABAG and tacit concurrence from the State Department of Housing and Community Development.

If the subregion approves a requested trade adjustment, the revision will be incorporated into the Final Allocations. If the Subregion does not approve the request, see Appeals section h.

**f. September 17, 2012**

Subregion deadline for local requests for revisions to Draft Allocations.

*September 18, 2012*

*ABAG deadline for requests for revisions to draft allocations. If a jurisdiction notifies ABAG in writing that it is withdrawing from the subregion by this time, the withdrawing member will participate in the RHNA using its Draft ABAG Allocations subject to the timeline and procedures applicable to other jurisdictions in the region.*

**g. October 14, 2012**

Subregion responds to local revision requests at the NCTPA Board meeting.

**h. November 1, 2012**

Deadline for Subregion appeals to Draft Allocation<sup>1</sup>. If the Subregion does not approve the requested adjustment trade, the petitioning jurisdictions may appeal to ABAG in accordance with procedures in the ABAG RHNA methodology, as their rights of appeal remain legally intact even though they are members of the Subregion. While technically, each member jurisdiction is legally entitled to request a unilateral revision (i.e., a revision that does not involve a trade) and is entitled to be heard on this request at a public hearing conducted by the Subregion Board, procedures established by the Subregion seek a collaborative approach by encouraging trade adjustments among willing partners.

**i. December 12, 2012**

Subregion conducts a public hearing at NCTPA Board meeting on the Subregion's response to revision requests, and adopts Final Allocations.

**j. December 13, 2012 – January 31, 2013**

Subregion submits Final Allocations to City and Town Councils and Board of Supervisors for approval.

*January 11, 2013 Deadline for ABAG appeals. If a jurisdiction notifies ABAG in writing from the Subregion by this time, then the withdrawing member will participate in the RHNA using their Draft ABAG Allocations subject to the timelines and procedures applicable to the other jurisdictions in the region. Members of a subregion may not withdraw from the subregion after ABAG's deadline for appeals.*

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<sup>1</sup> A hearing must take place no earlier than 40 days and no more than 45 days after the deadline to file appeals (CH 65584.05(f))

**k. February 1, 2013**

Deadline for Subregion to submit its Final Allocations and resolution of consistency with state objectives and the SCS to ABAG for Review and possible consultation.

*April 12, 2013*

*ABAG issues Final Allocation*

## EXHIBIT A

### Factors – #1-6 are the top factor priorities from public workshops

1. Opportunities and constraints to development, including sewer and water capacity, suitable residential land availability, etc. Each jurisdiction's housing element and general plan identifies infrastructure and land constraints. (GC Factor 2a, b)
- 2-3. Policies to protected Agricultural land, and open space and environmentally sensitive lands preserved or protected under federal and state programs. (GC Factor 2c, d)
4. Infill locations near jobs, services (Subregion-identified factor closely related to Sustainable Community Strategy)
5. Existing agreements between a county and cities to direct growth towards incorporated areas (GC Factor 5)
6. Community character (Subregion-identified factor closely related to GC Factor 2)

***Other factors listed in Gov. Code 65584.04(d) to be considered, to the extent sufficient data is available. Such information should be regionally comparable and readily available***

Existing and projected jobs and housing relationship (GC Factor 1- closely related to SCS)

Distribution of household growth assumed in regional transportation plan for 8 year period (Sustainable Community Strategy/Jobs Housing Connection Scenario; GC factor 3)

Market demand for housing (GC Factor 4)

Loss of assisted low income housing units i.e., publicly assisted low income developments (GC Factor 6)

High cost housing burdens (GC Factor 7)

Housing needs of farm workers (GC Factor 8)

Impact of private universities, UC and Cal State colleges (GC Factor 9)

Any other factors adopted by ABAG --or the subregion (GC Factor 10)

## EXHIBIT B

### ABAG's Sustainable Communities Strategy and Regional Housing Needs

#### Methodology

ABAG's March 2012 draft *Bay Area Plan "Jobs Housing Connection (JHC) Scenario"* report describes the general basis for this preferred Scenario's 2010-2040 growth projections and distribution. The *Bay Area Plan JHC Scenario* builds upon a decade of inter-jurisdictional work to encourage growth of jobs and production of housing in areas supported by amenities and infrastructure. The report states that a main task today is to grow the economy by maximizing urban infrastructure investments that have already been made to date, and where and when new investments are needed to make this infrastructure as efficient as possible. The *Bay Area Plan JHC Scenario* envisions a pattern of growth and investment tailored to communities where transit, jobs, schools, services and recreation are conveniently located near people's homes, and seeks to provide varied housing types and transportation choices. The *Bay Area Plan JHC Scenario* report states that the "region's greenbelt of agricultural, natural resource and open space lands is a treasured asset", and encourages the retention of agricultural and open space lands by directing nearly all non-agricultural development within the urban footprint. The *Bay Area Plan JHC Scenario* places most projected growth in *locally identified "Priority Development Areas"* (PDAs), which are key infill, transit-oriented neighborhoods. Growth in PDAs accounts for more than 2/3 of all regional growth by 2040. The document further describes employment type and location trends nationally and within the region.

State legislation requires each community to plan for its share of the state's housing need for people at all income levels. Since 1980, it has been ABAG's responsibility to distribute the regional need to all local governments. With the passage of SB 375, the housing allocation plan must allocate units within the region consistent with the development pattern included in a Sustainable Communities Strategy. Thus, the housing distribution methodology developed by ABAG's inter-jurisdictional Housing Methodology Committee must be integrated with the Sustainable Communities Strategy.

The Draft RHNA housing distribution method is based on the following four elements as described by ABAG staff <sup>2</sup> identifying various factors that the methodology addresses:

1. **Sustainability component. The Jobs-Housing Connection Scenario focuses most job growth in PDAs identified by local governments.** The Jobs Housing Connection Scenario is based on 2010-2040 economic and demographic analysis that the region is predicted to add 1.1 million jobs and 660,000 housing units. These projections take into account changes due to the recent recession, vacancy rates, trends, and household size, and assume major investments and policy changes relating to affordable housing and infrastructure

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<sup>2</sup> March 8, 2012 Overview of Regional Housing Needs Determination Methodology by Ken Kirkey

development. The methodology proposes a 70% upper limit for PDA growth, and 30% non PDA growth. (Addresses SB375 and Housing Element objectives)

2. **Fair Share Components.** *Housing element law identifies various factors to be considered in the distribution of housing to jurisdictions within the region.* The ABAG Methodology includes:

- **Upper housing threshold:** If growth within a jurisdiction's PDA(s) meets or exceeds 110% of the jurisdiction's household formation growth based on the sustainability component, that jurisdiction is not assigned added growth based on the Fair Share Components. This upper threshold is to ensure that cities that contain amenities to support growth (such as PDAs and areas with transit and employment opportunities) are not overburdened by being allocated growth beyond their infrastructure capacity. (Gov. Code 65584 .04(d) factor 2a)
- **Minimum housing floor. Each City or town is assigned housing units to meet at least 40% of its household formation growth,** which is housing need largely generated by the people within that jurisdiction. This factor encourages jurisdictions to plan to meet a *portion* of total housing need. (State housing objective). It also ensures that, along with mechanisms for promoting infill development in transit rich areas, less-intensely developed areas with a need for worker and farm worker housing are still required to plan new housing (GC factor 8)
- **Other Fair Share criteria:** Other specific factors identified as being important by the HMC include: **Past RHNA performance 1999-2006, employment growth and transit access, equally weighted.** This part of the distribution formula assigns higher numbers to communities that did *not* produce lower income housing within the last RHNA cycle; have large numbers of projected jobs; and have good access to transit. Conversely, communities that did build lower income housing have small numbers of projected jobs and limited transit access, receive fewer units.
  - *Past RHNA Performance*, i.e., total low-and very-low income units permitted, relates to State -identified factors in that the number of units permitted is likely to be related to the market demand for housing. For example, in cities with inclusionary housing ordinances or developer impact fees to fund affordable housing, a strong housing market will produce larger numbers of permits for affordable housing (GC factor 4). Further, jurisdictions with insufficient past RHNA performance likely also have high housing costs (GC factor 7)

- *Non-PDA numbers of jobs:* Allocating housing near employment opportunities encourages a balanced relationship between jobs and housing (GC factor 1)
- *Transit frequency and coverage:* Considering both the coverage and frequency of available transit throughout a jurisdiction is to maximize use of existing public transit infrastructure (GC factor 3)

Household growth is influenced by local land use plans and policies, including planned and protected agricultural lands (GC factor 2d), open space and parks (GC factor 2c), city centered growth policies, urban growth boundaries (GC factor 5) and any physical or geological constraints. Incorporating these factors into the housing allocation ensures that it is not based solely on existing amenities but also planned or projected growth.

3. **Income Allocation:** The method to distribute housing need throughout the region, also used in the last RHNA cycle, is based on a comparison between a jurisdiction’s household income distribution and the regional household income distribution. Each jurisdiction is given units based on 175% of the difference between their household income distribution and the region- wide household income distribution. This income allocation method gives jurisdictions with a higher than average proportion of households in a certain income category a smaller allocation of housing units in that same income category. In jurisdictions which have a higher share of very low and low income households compared to the regional average, this method will decrease their responsibility for the provision of affordable housing on a percentage basis towards the regional average (State housing objective, GC factor 6).
4. **Sphere of Influence.** State law also requires local jurisdictions with the land-use permitting authority in a “Sphere of Influence” to plan for the housing needed to accommodate housing growth, existing employment and employment growth in such Sphere of Influence. ABAG’s methodology allocates housing and employment growth in “Spheres of Influence” in the Napa Subregion to the cities, consistent with local policies. Some lands within City “Spheres of Influence” are planned for future growth but such growth is not permitted until after annexation to the respective city occurs.