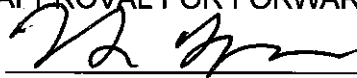


City of Calistoga

Staff Report

TO: Honorable Mayor and City Council
FROM: Charlene Gallina, Planning & Building Director
DATE: January 18, 2011
SUBJECT: Formation of a "Subregion" for the 2014-22 Regional Housing Needs Allocation (RHNA) Process

APPROVAL FOR FORWARDING:



Richard Spitler, City Manager

1 **ISSUE:** Discussion regarding a request to form a Napa County "Subregion" for the 2014-2022
 2 Regional Housing Needs Allocation (RHNA) process.
 3

4 **RECOMMENDATION:** Discuss and provide direction.
 5

6 **BACKGROUND:** The State of California requires local agencies to include housing elements
 7 in their General Plans meeting certain statutory requirements and requires housing elements
 8 to be updated on a set schedule and submitted to the State Department of Housing and
 9 Community Development (HCD) for review.
 10

11 The Regional Housing Needs Allocation (RHNA) for each housing element cycle is assigned
 12 to individual cities and counties in our region by the Association of Bay Area Governments
 13 (ABAG), which receives a lump sum from HCD and is responsible for allocating it between
 14 member jurisdictions. ABAG's methodology is generally adjusted in each housing cycle, and
 15 starting with the 2007-2014 cycle, must take into account "factors" such as the absence of
 16 municipal sewer and water service, the amount of protected open space and policies
 17 protecting agricultural lands (California Government Code Section 65584.04(d)).
 18

19 In early 2011, ABAG will be initiating discussions at a regional level regarding the next RHNA
 20 process in which a share of the region's housing needs will be allocated to each local
 21 jurisdiction for the period 2014-2022. Later this month, a Housing Methodology Committee,
 22 which is intended to develop a detailed methodology and made up of three (3) representatives
 23 from each County (including cities) will convene to assist ABAG in this effort. The local
 24 representatives selected for Napa County include County Supervisor Diane Dillon, Rick
 25 Tooker, Planning Manager for the City of Napa and Hilary Gitelman, Conservation,
 26 Development & Planning Director for the County of Napa. Once the RHNA allocations are
 27 finalized in 2012, State law requires each jurisdiction to update the housing element of their
 28 General Plan to provide goals, policies, programs, and sites sufficient for the production of
 29 housing consistent with their RHNA.
 30

31 **DISCUSSION:** As an alternative to the above mentioned process, the Association of Bay
 32 Area Governments (ABAG) released a memorandum on October 12, 2010 informing local
 33 agencies about the deadline to form "subregions" for the next round of Regional Housing

34 Needs Allocation (RHNA). Local governments choosing to form subregions will be
35 responsible for devising their own RHNA methodology, which will be used to allocate the
36 2014-2022 RHNA to its members after ABAG will assign a subregional share of the Bay
37 Area's total Regional Housing Need determination to the subregion. The deadline for forming
38 a subregion is March 16, 2011. According to state law, at least two or more cities and a
39 county, or counties, may form a subregional entity. All members of the proposed subregion,
40 as well as by the council of governments (ABAG in this case) are required to have resolution's
41 confirming their participation in the subregion by this date.
42

43 On December 2, 2010, Sustainable Napa County held a Policy Makers Summit in which this
44 issue was discussed and identified as an action item for the municipalities of Napa County to
45 focus on. At this meeting, the Executive Director of the Napa County Transportation and
46 Planning Agency (NCTPA) offered to coordinate this effort and identified that it would be
47 agendized on the next Technical Advisory Committee (TAC) and Board Meeting. On
48 December 9, 2010, the NCTPA TAC was briefed by NCTPA staff regarding this topic. On
49 December 15, 2010, the NCTPA Board directed staff to continue working on the formation of a
50 "subregion" in Napa County for the purpose of devising a methodology to allocate housing
51 within the subregion for the next RHNA cycle, as well as assist the member agencies in
52 obtaining required authorization for formation.
53

54 Given this direction, NCTPA staff is coordinating the creation of a countywide "subregion", as
55 well as, researching potential funding opportunities to support the process including
56 assistance of outside technical expertise (professional planners and facilitators) in order to
57 make the process a success. Attachment A is the staff report presented to the NCTPA TAC
58 on January 6, 2011 which provides additional background information on this issue, including
59 a sample resolution for jurisdiction approval, as well as, a draft timeline and steps to be taken
60 once a "subregion" is formed.
61

62 As presented, forming a "subregion" by joining with the County and other cities and town
63 within Napa County to complete the housing allocation process provides an opportunity for
64 collaboration and would increase local control of the allocation process. The traditional ABAG
65 approach to RHNA allocations does not take into consideration the unique nature of each
66 community. With the formation of a subregion there is likely to be more flexibility in this
67 process as well as a greater ability to negotiate with regional agencies as a collective unit.
68 There is no penalty if agencies form a "subregion" and then fail to reach agreement on an
69 allocation of housing numbers, because the agencies would then simply receive their
70 allocations directly from ABAG as usual.
71

72 At this time, staff is requesting Council discussion and direction on this issue. Should Council
73 want to participate in forming a "subregion", this issue including a formal resolution would be
74 placed on February 1, 2011 City Council agenda for final consideration.
75

76 **FISCAL IMPACT:** No direct fiscal impacts for the City of Calistoga have been identified at
77 this time. However, staff has been informed by NCTPA that it is estimated that no more than
78 \$200,000 may be expended to hire a consultant to facilitate discussions regarding assignment
79 of RHNA amongst the cities and county. Such costs are likely to be absorbed within NCTPA's
80 existing planning budget.
81

82 **ATTACHMENT:**

83 A. NCTPA Technical Advisory Committee Staff Report of January 6, 2011



January 6, 2011
TAC Agenda Item 5
Continued From: December 2010
Action Requested: **RECOMMENDATION**

NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY TAC Agenda Letter

TO: Technical Advisory Committee (TAC)
FROM: Paul W. Price, Executive Director
REPORT BY: Danielle Schmitz, Environmental Analyst/Coordinator
(707) 259-5968 / Email: dschmitz@nctpa.net
SUBJECT: Subregion Formation for the 2014-22 Regional Housing Needs
Allocation (RHNA) Process

RECOMMENDATION

TAC recommends that the NCTPA Board approve the formation of a subregion comprised of all jurisdictions in Napa County, and for TAC to take the sample Resolution back to their respective jurisdictions for approval by their councils.

EXECUTIVE SUMMARY

The Association of Bay Area Governments (ABAG) recently released a memo informing local agencies about the deadline to form subregions for the next round of Regional Housing Needs Allocation (RHNA). The planning process for the fifth round of RHNA allocations is scheduled to start in January of 2011. As in the last cycle, local governments will have the opportunity to form "subregions". According to state law, at least two or more cities and a county, or counties, may form a subregional entity for the purpose of allocating the subregion's existing and projected housing need for housing among its members. A subregion may include a single county and each of the cities in that county or any other combination of geographically contiguous local governments. All subregions need to be approved by the adoption of a resolution by each of the local governments in the subregion as well as by the council of governments.

Local governments choosing to form subregions will be responsible for devising the RHNA methodology, which will be used to allocate the 2014-2022 RHNA to its members. ABAG will assign a subregional share of the Bay Area's total Regional

Housing Need Determination to the subregion. The subregion will develop a methodology to allocate this share within the subregion. The deadline for forming a subregion is March 16, 2011. All members of the proposed subregion are required to have resolution's confirming their participation in the subregion by this date.

FISCAL IMPACT

No more than \$200,000

BACKGROUND AND DISCUSSION

The jurisdictions of Napa County have expressed interest in forming a subregion. On December 15th the NCTPA Board directed staff to continue working on the formation of a subregion in Napa County for the purpose of devising a methodology to allocate housing within the subregion for the next RHNA cycle. Therefore, NCTPA is coordinating the creation of a countywide "subregion" as well as researching potential funding opportunities to support the process.

In preparation of beginning the subregional process, NCTPA has been provided information from the San Mateo City/County Association of Governments (CCAG) on their subregional process. CCAG represents the San Mateo subregion consisting of 20 cities and the County. NCTPA's role in the subregion will be to provide staff support and facilitate subregional meetings. If TAC recommends moving forward on the subregion one of the first items of business will be for TAC to decide if they would like to create a separate subregional Technical Advisory Committee, or make the subregional RHNA process part of the existing TAC committee's agenda. The NCTPA Board will serve as the subregional Policy Advisory Committee. The role of the subregional Policy Advisory Committee is to be the governing board of the subregion and to approve the work of the subregional Technical Advisory Committee, as well as to provide policy direction. The subregional Policy Advisory Committee will take all actions required to fulfill the statutory obligations of the Subregion. City Councils and the Board of Supervisors will have the opportunity to review and approve the housing need shares prior to submitting them to the Association of Bay Area Governments.

SUPPORTING DOCUMENTS

- Attachments:
- (1) ABAG Memo on RHNA Subregions
 - (2) Sample Staff Report for Cities/County
 - (3) Sample Resolution for City/County
 - (4) Draft Napa Subregion Timeline and Process

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



October 12, 2010

M E M O

To: Responsible Local Government Representative

From: Paul Fassinger, ABAG Research Director

Re: 2014-22 Regional Housing Need Allocation- Requirements to Form a Subregion

The fifth Regional Housing Needs Determination and Allocation (RHND and RHNA) process for the 2014-2022 planning period is scheduled to begin in January 2011. The Regional Housing Needs Determination and Allocation are mandated by State housing element law (Government Code Section 65588), which requires local governments in California to adopt a general plan for the physical development of the city, city and county, or county. The housing element is one of the seven mandated elements of the local general plan. Within the housing element, cities and counties are to demonstrate how the existing and projected housing needs of all economic segments of the community can be met. The intent of the law is to allow the private market to adequately address housing needs and demand, by requiring local governments to adopt land use plans and regulatory systems which provide opportunities for, and do not unduly constrain, housing development.

As in last RHNA cycle, in this upcoming RHNA period local governments will have the opportunity to form "subregions". According to state law, at least two or more cities and a county, or counties, may form a subregional entity for the purpose of allocating the subregion's existing and projected housing need for housing among its members. A subregion may include a single county and each of the cities in that county or any other combination of geographically contiguous local governments. All subregions need to be approved by the adoption of a resolution by each of the local governments in the subregion as well as by the council of governments.

Local governments choosing to form subregions will be responsible for devising the Regional Housing Needs Allocation methodology, which will be used to allocate the 2014-2022 RHNA to its members. ABAG will assign a subregional share of the Bay Area's total Regional Housing Need Determination to the subregion. The total Regional Need Determination is determined by the State Department of Housing and Community Development. The subregion's share of the total RHND is to be consistent with the distribution of households assumed for the comparable time period within the Regional Transportation Plan.

Each subregion would also be required to undertake the revision, appeal and final allocation process. The final subregional allocation would be submitted to ABAG for approval by the HCD. In the event the subregion fails to make the allocation or can not complete the allocation process within the state mandated deadlines, ABAG will be required to allocate the subregion's share of housing to the jurisdictions within the subregion, according to the regionally adopted method.

If there is interest in your community to form a subregion with your neighboring jurisdiction(s) please note the schedule below. **The deadline for forming a subregion is March 16, 2011.** All members of the proposed subregion will have to have resolution's confirming their participation in the subregion by this date.

DRAFT DATES - SUBJECT TO CHANGE

Milestones	Completion Date	Subregional Milestones
Update Growth Forecast	December 1, 2011	
Survey Jurisdictions on RHNA factors	January 1, 2011	
Subregions Inform ABAG of Intention to Form	March 16, 2011	Deadline for Subregion Formation
Consult with HCD on Determination	July 1, 2011	
Adopt Draft RHNA Method	July 21, 2011	Subregions Adopt Proposed Method
Final RHNA Method/Public Hearing	September 15, 2011	Subregions Adopt Final Method
HCD Issues Regional Housing Needs Determination	October 1, 2011	Housing Need Assigned Subregions
Draft RHND Allocation	January 19, 2012	Subregions Make Draft Allocation
		ABAG Reviews Subregion Allocation
Local Gov't Request for Revisions to RHNA	March 15, 2012	Local Jurisdictions May Request Revisions
ABAG Responds to Revisions/Appeals Period Begins	May 17, 2012	Subregion Responds to Revision Request
Final Date to File Appeal/Public Hearing on Appeals	July 19, 2012	Local Jurisdictions May Appeal
		Subregions Make Proposed Final Allocations
Proposed Final RHNA Allocation	July 19, 2012	
Board Adopts Final RHNA Plan (Public Hearing)	September 20, 2012	Subregion Adopts Final Allocation Plan
HCD Adopts RHN Plan	October 1, 2012	
Housing Elements Due	September 10, 2014	

DRAFT DATES - SUBJECT TO CHANGE

ABAG staff is available to discuss the subregion option with you and to answer any questions you may have. Please contact Christy Riviere at (510)464-7923 or email christyr@abag.ca.gov.

Date: January XX, 2010
TO: City/ Town Council/ Board of Supervisors
FROM: City/ County Manager
Subject: Review and approval of Resolution No. XX authorizing the City/ County of XX to become a member of a Countywide Subregion, an entity that would locally administer ABAG's Regional Housing Needs Allocation Process (RHNA) as part of the regional Sustainable Communities Strategy.

RECOMMENDATION:

Review and approval of Resolution No. XX authorizing the City/ County of XX to become a member of a Countywide Subregion, an entity that would locally administer ABAG's Regional Housing Needs Allocation Process (RHNA) as part of the regional Sustainable Communities Strategy in accordance with the staff recommendation.

FINANCIAL IMPACT:

Staff support provided under current approved budget. NCTPA will provide primary staff support to the subregional RHNA process. Will build upon or use current programs currently underway. May result in additional housing analysis by the City/ County; however, the cost for this is unknown at this time.

BACKGROUND:

On October 12, 2010 the Association of Bay Area Governments (ABAG) released a memo informing local governments of their ability to form a subregion. Local governments choosing to form subregions will be responsible for devising the RHNA methodology, which will be used to allocate the 2014-2022 RHNA to its members. The purpose of the subregion is to devise a methodology to receive a subregional allocation for housing and for the subregion to determine the allocation for each land use agency.

SB 375 has established the requirement for a Sustainable Communities Strategy to reduce the greenhouse gas emissions from small trucks and automobiles. This is being addressed at the regional level by the Joint Policy Committee (JPC) that includes the Association of Bay Area Governments (ABAG), Metropolitan Transportation Commission (MTC), Bay Conservation Development Commission (BCDC), and Bay Area Air Quality Management District (BAAQMD). Part of this strategy is to link land use and transportation decisions. It is important that all the transportation and land use agencies in Napa County work together to define what can realistically be accomplished in Napa County. Every eight years the Sustainable Communities Strategy and the Regional Housing Needs Assessment (RHNA) must be consistent. The establishment of the initial Sustainable Community Strategy will also include an update to the RHNA even though it was done in 2007. The new cycle will be eight years instead of seven.

State Law

State law now allows cities within the County to join together to form a "subregion", a consortium that would administer the State mandated Regional Housing Needs Allocation (RHNA) program at the local level. Each member jurisdiction of a subregion must submit a resolution to the Association of Bay Area Governments (ABAG) requesting authority to locally administer the program by March 16, 2011. ABAG would then adopt a resolution approving the formation of the "subregion." This process would establish the housing numbers to be used in each city or county as part of the Housing Element update for 2012. NCTPA would like to form a subregion consisting of all the cities and the County.

Composition of a "Subregion"

A "subregion" may be comprised of two or more contiguous cities. The Napa County Transportation and Planning Agency (NCTPA) has indicated interest in supporting this effort if the individual cities and the County are interested. Therefore, NCTPA is coordinating the creation of a countywide "subregion". NCTPA is committed to provide facilitation and staff support as necessary

Timeline

The subregion needs to be formed by 3/16/2011.

Procedures

Subregions must follow the same substantive and procedural rules and guidelines that ABAG follows when distributing housing allocations. Subregions 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.

DISCUSSION:

Increased Local Control:

Creating a subregion in Napa County to administer the allocation process increases local control. Members of the subregion will have the flexibility to negotiate with other members for adjustments to their allocations. Jurisdictions that want fewer units might offer incentives to other jurisdictions that might 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. This concept of swap and credits is not possible under state law using the current ABAG process. However, swaps and credits can be developed through the subregional delegation process. Since it is also part of the Sustainable Communities Strategy the subregion will be balancing three variables Housing, Employment, and Location.

ALTERNATIVES:

- 1- Review and approval of Resolution No. XX authorizing the City/ County of XX to become a member of a Countywide Subregion, an entity that would locally administer ABAG's

Regional Housing Needs Allocation Process (RHNA) as part of the regional Sustainable Communities Strategy in accordance with the staff recommendation.

2- No action.

RESOLUTION No. XX-XX

**A RESOLUTION OF THE
CITY COUNCIL/BOARD OF SUPERVISORS, TO SUPPORT THE
_____ (TOWN/CITY/COUNTY) TO BECOME A MEMBER OF A
COUNTYWIDE SUBREGION, AN ENTITY THAT WOULD LOCALLY ADMINISTER
THE ASSOCIATION OF BAY AREA GOVERNMENTS' (ABAG) REGIONAL
HOUSING NEEDS ALLOCAITON (RHNA) PROCESS.**

WHEREAS, SB 375 requires the development of a Sustainable Community Strategy including consistency every eight years with the Regional Housing Needs Allocation (RHNA) process; and,

WHEREAS, the Association of Bay Area Governments (ABAG) is required by State law to administer the RHNA 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 2012; and

WHEREAS, State law allows administration of the program to local jurisdictions who create subregions for the purposes of distributing housing need allocations among the members of the subregion; and

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

WHEREAS, the _____ (Town/City/County) desires to become part of a subregion in Napa County; and

WHEREAS, the Napa County Transportation and Planning Agency (NCTPA) will facilitate and provide support; and

WHEREAS, each member of a subregion must adopt a resolution authorizing its inclusion in the subregion; and

WHEREAS, adopted resolutions must be sent to ABAG by March 16, 2011; and

WHEREAS, ABAG must adopt a resolution approving a subregion;

NOW THEREFORE LET IT BE RESOLVED that _____ (Town/City/County) agrees to participate in the process to establish realistic housing allocations among the subregion (Cities of Calistoga, St. Helena, Napa, American Canyon, Town of Yountville and County of Napa) for use in the next RHNA that is due in 2012. Adoption of this resolution indicates the Council's/Board's intention to participate in the subregion process for Napa County and to designate the NCTPA as the official representative of the Napa County Subregion. This resolution is submitted to the ABAG for inclusion in the Resolution designating the subregion.

Passed and Adopted the XX day of XXXXXXXX.

Napa Subregion Timeline and Process

State Law

State law (Section 65584.03 of the California Government Code) allows the County and cities within the County to join together to form a "subregion," a consortium that would administer the State mandated Regional Housing Needs Allocation (RHNA) program at the local level. Each member jurisdiction of a "subregion" has submitted a resolution to the Association of Bay Area Governments (ABAG) and the City/County Association of Governments (C/CAG) requesting authority to locally administer the program by March 16, 2011. ABAG has adopted a resolution approving the formation of the "subregion." The program will locally determine housing needs shares through 2022 to all jurisdictions in the County of Napa.

Napa County Subregion

The County of Napa, in partnership with the five cities and one town has formed a subregion in accordance with state law. The subregion has 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 a share of the regional need to the Napa County Subregion "in proportion consistent with the distribution of households" in Projections 2009. 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 need shares; handle the revision and appeal processes, and then issue final housing need shares to members of the subregion.

Organization

The NCTPA Technical Advisory Committee (TAC) will also serve as the subregional Technical Advisory Committee (TAC). It is comprised of key planning and technical staff from the six jurisdictions of the subregion. The role of the subregional TAC will be the technical development of recommendations for consideration by the Policy Advisory Committee. The subregional TAC will also provide monthly reports to the City Manager's and the County Chief Executive Officer during their monthly City Manager's Meeting. The subregional Policy Advisory Committee will be the NCTPA Board of Directors. This Board consists of elected officials from each jurisdiction in the subregion. The role of the subregional Policy Advisory Committee is to be the governing board of the subregion and to approve the work of the subregional TAC and provide policy direction. The subregional Policy Advisory Committee will take all actions required to fulfill the statutory obligations of the Subregion. City Councils and the Board

of Supervisors will have the opportunity to review and approve the housing need shares prior to submitting them to the Association of Bay Area Governments.

Subregional Milestones

March 16, 2010:

- **Deadline for forming a subregion**

July 21, 2011:

- **Subregions adopt proposed RHNA Methodology and submit to ABAG for comment**
- **Subregion holds public hearing**

September 15, 2011:

- **Subregions adopt final Method**
- **Subregion sends final methodology to ABAG and State HCD for review and comment**

October 1, 2011:

- **Housing Need Assigned to Subregions**
- **Subregion conducts a public hearing**

January 12, 2010:

- **Subregions Make Draft Allocation - unless an alternate method or formula is agreed to unanimously by all 6 jurisdictions of the subregion, the subregion will assign each jurisdiction a share of the subregion's total allocation utilizing the adopted Association of Bay Area Governments (ABAG) formula for the 5th Regional Housing Needs Allocation. Identify and analyze any member jurisdiction that has an issue with their individual share under this method.**
- **ABAG reviews Subregion Allocation.**

March 15, 2012:

- **Local Jurisdictions May Request Revisions – through facilitated dialogue among member jurisdictions, and with their unanimous consent, the subregion may make adjustments to the draft assignment of shares to effect a distribution that is more equitable and/or more likely to result in actual housing production.**

May 17, 2012:

- **Subregion Responds to Revision Request**

July 19, 2012 – September 2012:

- Local jurisdictions may appeal draft shares to subregion
- Subregion holds public hearing on appeals
- Subregions make proposed final allocations

September 20, 2012:

- Subregion Adopts Final Allocation Plan

Adjustment of Housing Need Shares

After the final housing need shares are determined by the Subregion, each local jurisdiction may petition ABAG to be allowed to transfer units with willing partner(s), in a way that maintains total housing need amongst all transfer parties, maintains income distribution of both retained and transferred units, and includes a package of incentives to facilitate production of housing units. This transfer rule allows the transfer of housing need shares between willing jurisdictions in conjunction with financial and non-financial resources, while maintaining the integrity of the state's RHNA objectives by preventing any jurisdiction from relinquishing its responsibility to plan for housing across all income levels. Transfers done in this manner may facilitate increased housing production in the region.

ABAG has adopted the following criteria, which would be applied when reviewing petitions for transferring units among local jurisdictions:

- 1) Transfer requests must have at least two willing partners and the total number of units within the group requesting the transfer cannot be reduced.
- 2) Transfers must include units at all income levels in the same proportion as initially allocated.
- 3) All members of the transfer group must retain some allocation of very low and low income units.
- 4) The proposed transfer must include a specifically defined package of incentives and/or resources that will enable the jurisdiction(s) receiving an increased allocation to provide more housing choices than would otherwise occur absent the transfer and the accompanying incentives or resources.

- 5) If the transfer results in a greater concentration of very low or low income units in the receiving jurisdictions, the effect must be offset by findings by the members of transfer group that address the RHNA objectives. For example, the findings might include (a) there is such an urgent need for more housing choices in those income categories that the opportunity to effect more housing choices in these categories offsets the impacts of over-concentration, or (b) the package of incentives and/or resources are for mixed income projects, or (c) the package of incentives and/or resources are for "transitional" housing – for very low or low income households being relocated for rehabilitation of existing very low or low income units, or (d) the package of incentives and/or resources are for additional units that avoid displacement or "gentrification" of existing communities.
- 6) For the transfer of very low and low income units, there are restrictions that ensure the long-term affordability of the transferred units.
- 7) Transfers must comply with all other statutory constraints and be consistent with the RHNA objectives.

In addition to guaranteeing that transfers meet the RHNA statutory objectives, these criteria promote regional policies to increase housing supply and provide more housing choices. The criteria state the housing transfer must include the resources necessary to improve housing choices and, specifically, in a way that would not otherwise be possible without the transfer. The long-term affordability restrictions on very low and low income transferred units ensure that these units will contribute to a fundamental increase in affordable housing choices.

The criteria also emphasize development of affordable units and are therefore consistent with the state RHNA objective that every jurisdiction does its "fair share" to provide affordable housing. The requirement that jurisdictions must retain some very low and low income units and the stipulation that transfers must maintain the same income distribution as is initially allocated ensure that a jurisdiction cannot abandon its responsibility to provide affordable units. The criteria also ensure that the benefits created by the transfer outweigh any possible negative effects of an over-concentration of lower income households.

Procedures

Subregions must follow the same substantive and procedural rules and guidelines that ABAG follows when distributing housing allocations. By July of 2011, the subregion must enter into an agreement with ABAG, known as "the allocation methodology," that specifies the process, timing, and other terms and conditions for administering the local housing needs determination process.

Spheres of Influence

Each local jurisdiction with the land-use permitting authority in a "Sphere of influence" should plan for the housing needed to accommodate housing growth, existing employment and employment growth in such "Sphere of Influence" areas. A hundred percent share of housing need to the jurisdiction that has land use control over the area would ensure that the jurisdiction that plans for accommodating the housing units also receives credit for any built units during the RHNA period.

Regional Determination of Housing Units based on Affordability

There are two primary goals of the RHNA process: 1) increase the supply of housing and 2) ensure that local governments consider the housing needs of persons at all income levels.

Each local jurisdiction should plan for income-based housing in the same ratio as the regional average income distribution (as described by the Census). A methodology that allocates each jurisdiction's regional housing need based on the regional average income distribution would be an "equal share" approach, because it applies the same income distribution to each jurisdiction. Although considered an equitable approach, it does not consider existing concentrations of poverty.