STATE OF CALIFORNIA -BUSINESS, TRANSPORTATION AND HOUSING AGENCY ARNOLD SCHWARZENEGGER, Governor

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
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September 29, 2005

Mr. Henry Gardner
Executive Director
Association of Bay Area Governments
P.O. Box 2050
Oakland, CA 94604-2050

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EXECUTIVE DIRECTOR'S OFFICE

Dear Mr. Gardner:

Re: ABAG Regional Housing Needs Determination

This letter is in response to your request for an extension for Association of Bay Area Governments' (ABAG) fourth revision of the Regional Housing Needs Determination (RHND), pursuant to Section 65584.02 of the California Government Code. As you know, this statutory provision authorizes such an extension in order to coordinate the RHND process with the next Regional Transportation Plan (RTP) update. The request is to accommodate coordination of the projections and forecasting processes of the next RHND for your region with the Metropolitan Transportation Commission's (MTC's) development of the 2008 RTP.

Based on correspondence, including letters of August 9, 2005 and May 2, 2005, and staff discussions including a consultation between Department and ABAG staff on May 25, 2005, the Department is granting the two-year extension of the housing element due date for jurisdictions within your region, conditioned as outlined below. As a result, the due date for updating housing elements for local governments within ABAG is extended until June 30, 2009. This means the next (fourth) statutory due date for updates of housing elements within the ABAG region, as otherwise set forth in Government Code Section 65588 (e)(2), is extended to June 30, 2009, instead of June 30, 2007.

The RHND process will be implemented consistent with the enclosed schedule (Attachment I), with the identified tasks to be undertaken no later than the dates indicated. During the consultation, ABAG staff agreed the timeline allows sufficient time and flexibility to meet all the deadlines in order for ABAG to adopt a final Regional Housing Needs Allocation (RHNA) no later than June 30, 2008 (12 months prior to the extended housing element update due date of June 30, 2009). As you are aware, jurisdictions within your region may request use of a subregional allocation process; thus the deadlines for this option are included in the enclosure if it is be used. If the subregional option is not used, those dates are not applicable. The Department encourages ABAG to assess early on whether there is interest in the subregional process, as it would be necessary to incorporate this process into the methodology for the allocation within the region.

As also discussed, Government Code Section 65584.02(a)(2) requires ABAG to provide additional information to this Department prior to the regional determination by the Department, including data issues and assumptions such as vacancy and replacement allowances, and comparisons between ABAG and DOF population and household assumptions and projections. For the purpose of using the most recent information, the agreement was made that ABAG and this Department will consult on these data assumptions in early 2006.

To ensure the effective implementation of this new collaborative process, it is especially critical that procedural timelines be met. The Department therefore urges you to take every opportunity to work closely with your local government members to undertake the required statutory steps as early as possible. It is also important to do so in a manner whereby the processes and distinctions between the RHNA and RTP forecasting and processes are clear and, while dovetailed, are understandable.

As you know, the extension process was developed by the Housing Element Working Group (Working Group) to facilitate better coordination between housing and transportation planning. The leadership and commitment of Working Group members, including ABAG, were critical to reaching the necessary consensus to adopt comprehensive reforms. The Department also recognizes and appreciates your commitment to support the collaborative efforts and goals to incorporate further improvements to the long-range housing and transportation planning processes.

However, the State continues to face a growing housing crisis that threatens California's economic prosperity and long-term competitiveness as well as the quality of life for all residents. The housing crisis is reflected in declining affordability and increasing home prices. According to the California Association of Realtors, the July 2005 housing affordability index (the percentage of households that can afford a median priced home) dropped to 12 percent for San Francisco Bay Area. In the northern counties of Sonoma and Napa, the affordability has dropped to less than 10 percent.

As a result, it is critical that ABAG reinforce each community's obligation to continue implementing their existing housing elements and approving additional housing to meet existing and projected housing needs. This is especially critical during the extension period, because as you know, the RHNA represents the minimum need for additional housing during the planning period and does not represent a cap. Local governments should also be mindful of Government Code Sections 65008, 65863, 65913, and 65589.5 as they continue implementing their housing elements and considering applications for housing projects.

The Department looks forward to continuing working with ABAG on the regional housing need process. If you, or your staff, have any questions, please feel free to contact Linda Wheaton, Assistant Deputy Director, at (916) 327-2642.

Sincerely,

Cathy E. Creswell

Cathy E. Creswell
Deputy Director

Enclosure

cc: Paul Fassinger, Director, Research and Analysis, ABAG
Janet McBride, Planning Director, ABAG

Attachment I

Schedule for ABAG Regional Housing Needs Allocation

Regional Allocation Deadlines		Allocation Deadlines if Subregional Option Used	
2006			
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)]
2007			
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 RHNAs [65584.05(a)].
Prior to June 30	ABAG reviews DRAFT RHNAs 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)
2008			
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)].		
2009			
June 30	Adopted Housing Element updates due to HCD, preceded by submittal of draft elements		

ABAG Executive Board Meetings

2006		2007		2008	
January 19	July 20	January 18	July 19	January 17	July 17
March 16	September 21	March 15	September 20	March 20	September 18
May 18	November 16	May 17	November 15	May 15	November 20

Notes: This task schedule supercedes 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.