



August 27, 2018

Mayor Sam Liccardo
San Jose City Council
200 E. Santa Clara St.
San José, CA 95113

TRANSMITTED VIA EMAIL

RE: SJCC AGENDA 8.28.18 ITEM 4.2 SANTA CLARA COUNTY RHNA SUBREGIONAL TASK FORCE

Dear Mayor Liccardo and Councilmembers,

BIA Bay Area is optimistic that the Santa Clara County Subregional RHNA Task Force will succeed in its goal of implementing a new process for cooperation, planning, and achievement of regional housing needs. Cooperation is especially necessary in what has become an increasingly adversarial intermunicipal environment that has severe consequences for development. The Cities Association is to be acknowledged for its preliminary proposals supporting the goal of a subregional RHNA cooperation agreement.

As a housing production “report card”, RHNA’s ability to predict housing needs, especially market rate housing has been woefully inadequate, as the CA Legislative Analyst’s Office (LAO) and others have shown. Poor RHNA projections on market rate housing have allowed jurisdictions to slow or stop approvals, contending that the need for market rate housing has been met and no more need be built. According to the LAO:

Rather than suggesting that home building levels are sufficient in California’s coastal areas, the fact that permitting has kept pace with RHNA targets in these areas may suggest that these *production goals do not reflect the full extent of demand for housing in these areas*. Production goals likely need to be higher if the high cost of and intense competition for housing in these areas is to be curbed.

BIA makes the following recommendations regarding the RHNA Subregional plan:

- The process of developing RHNA projections should be improved to better account for unmet housing demand. Incorporate economic indicators such as vacancy, rental rates, and job growth to give communities a better projection of housing need.
- The overall goal of the effort should be for the combined jurisdictions to approve more new housing than otherwise would have been approved under the default RHNA distribution. This suggests that any proposed transfer must be able to demonstrate that it will result in more new units and/or more efficient and streamlined entitlement in the receiving jurisdiction.

- Receiving jurisdictions should commit to work with developers to complete general plan and zoning approvals in anticipation of transfers.
- Receiving jurisdictions should have a demonstrated track record of approving adequate new housing for all income levels and if they do not, transfers should be conditioned on advance general plan and zoning being in place.
- No transfer should be approved if it has the effect of reducing or eliminating the applicability of SB 35 streamlining to the transferring jurisdiction.
- Transfers should be conditional and the transfer reversed if the units are not actually built within a specified time from the date of the transfer.

It is an undisputed fact that there is a critical need to address the crisis of housing affordability throughout the Silicon Valley region, including the City of Santa Clara. The LAO and many other authorities have assessed that housing affordability has become a crisis due to a chronic lack of housing supply, recent explosive regional job growth, the termination of redevelopment by the state legislature and the failure of cities to plan and zone land that adequately accommodates future housing needs. These economic, political and social factors ought to be addressed by a wide range of resources including major revisions to the Regional Housing Needs Allocation.

Should the City of San Jose continue support for the Santa Clara County RHNA Subregional Task Force, BIA stresses that the measure must be laser focused on a primary outcome: increasing housing supply throughout the region at all income levels.

Yours truly,

Dennis Martin
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