

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: GABE OSBURN, DIRECTOR
PLANNING AND ECONOMIC DEVELOPMENT
SUBJECT: REGIONAL HOUSING NEEDS ALLOCATION TRANSFER

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Planning and Economic Development Department that the Council, by resolution, authorize the Mayor to sign a joint City of Santa Rosa and County of Sonoma letter agreeing to a transfer of 641 Regional Housing Needs Allocation (RHNA) units from the County of Sonoma to the City of Santa Rosa, following the annexation of 34.93 acres in northwest Santa Rosa.

EXECUTIVE SUMMARY

On August 7, 2024, the Local Agency Formation Commission (LAFCO) approved the annexation of 34.93 acres, located on Lance Drive in northwest Santa Rosa, which was recorded by the Sonoma County Clerk's Office on September 25, 2024. Following annexation, and pursuant to Government Code Section 65584.07(d), the City received a request from the County of Sonoma to initiate a transfer of Regional Housing Needs Allocation (RHNA) units from the County to the City related to the annexation. A joint agreement letter, signed by both the City and the County, outlining the agreed upon RHNA transfer is required to be provided to the Association of Bay Area Governments (ABAG). The City Council will be asked to take action on the transfer agreement by authorizing the Mayor to sign the joint letter.

BACKGROUND

1. Project Description

The proposed project includes a request to authorize the Mayor to sign a joint letter with the County of Sonoma agreeing to a transfer of RHNA units from the County to the City. The proposed agreement reflects the recent annexation of 34.93 acres of unincorporated land, located on Lance Drive in northwest Santa Rosa, into the City. The requested transfer would move a total of 641 RHNA units from the County to the City, broken down into 34 very low-income units and 607 above moderate-income units. The RHNA units would be added to the

City's overall RHNA obligations for the 6th Cycle, which covers 2023 through 2031.

2. Project History

On July 31, 2012, the City Council certified an Environmental Impact Report (EIR) for the North Santa Rosa Station Area Specific Plan. In anticipation of a future annexation, the Council also adopted Pre-Zoning for the properties located at 1601, 1680, 1696 and 1705 Lance Drive in northwest Santa Rosa, which were part of an unincorporated County island.

On February 14, 2023, the City Council adopted the 2023-2031 Housing Element, which included the City's obligations for the 6th Cycle Regional Housing Needs Allocation (RHNA).

On August 22, 2023, the Sonoma County Board of Supervisors adopted the County of Sonoma's Housing Element, which included the subject Lance Drive properties in the County's Sites Inventory. At that time, the County assumed a total RHNA obligation of 641 units for this area, broken down into 163 lower income units, 238 moderate income units and 240 above moderate-income units.

On August 7, 2024, Sonoma LAFCO approved an annexation of the subject properties, which was recorded by the Sonoma County Clerk's Office on September 25, 2024.

On October 18, 2024, pursuant to Government Code Section 65584.07(d), the City received a request from the County of Sonoma to initiate a transfer of RHNA from the County to the City related to the Lance Drive annexation.

On November 14, 2024, the Planning Commission approved a Tentative Map and Conditional Use Permit for a small lot subdivision for the Lane Drive Housing Development project, located on the subject properties. The project included a request to construct a 672-unit apartment complex, 98 single-family homes (Small Lot Subdivision), and 4,800-square-foot community-serving retail building and outdoor plaza on approximately 34.93 acres. The conditions of approval included a requirement to provide 34 of the units at the Very Low-Income affordability category.

On December 4, 2024, the Zoning Administrator approved Design Review for the multi-family residential and retail building portions of the project.

On December 18, 2024, a joint City/County letter was sent to ABAG requesting a 90-day extension of the initial 90-day deadline to submit a mutually acceptable RHNA transfer agreement following annexation.

REGIONAL HOUSING NEEDS ALLOCATION TRANSFER
PAGE 3 OF 4

On February 3, 2025, ABAG approved the 90-day extension, extending the time to submit the RHNA transfer agreement letter to ABAG by March 24, 2025.

PRIOR CITY COUNCIL REVIEW

See Project History section above.

ANALYSIS

Pursuant to Government Code Section 65584.07(d) (Attachment 4), upon annexation of unincorporated land, a portion of the County's RHNA obligations may be transferred to the City. If the City and the County are unable to reach a mutually acceptable agreement for transfer, then ABAG will determine the number of units, by income category, that should be transferred. Discussions between the City and the County on the transfer began in mid-September 2024, with a formal request from the County received on October 18, 2024. The transfer agreement must be completed within 90 days of annexation, which would have been December 24, 2024, based on the September 25, 2024 recordation of the annexation. On February 3, 2025, ABAG approved a 90-day extension to March 24, 2025.

The County's first request was for the City to accept a transfer of the RHNA obligations that are included in the County's adopted Housing Element for this site, which are a total of 641 units, broken down into the following income categories:

- Lower-Income Units (extremely low, very low, and low-income): 163
- Moderate-Income Units: 238
- Above Moderate-Income Units: 240

However, the Inclusionary Housing condition of approval for the Lance Drive Housing Development includes 34 on-site very low-income units. Based on this requirement, as well as the total RHNA units identified in the County's Housing Element sites inventory (641 units), City staff proposed the following transfer, which County staff have agreed to (formal review by the Board of Supervisors is not required):

- 641 total RHNA unit transfer, with the following breakdown:
 - 34 Very Low-Income Units
 - 607 Above Moderate-Income Units

The City and County jointly drafted a letter, to be submitted to ABAG, agreeing to transfer 641 of the County's 6th Cycle RHNA to the City, with the units broken down as follows: 34 very low- income units and 607 above moderate-income units.

Following submittal of the joint RHNA transfer letter to ABAG, the ABAG Executive Board will take action on transfer. The item is tentatively scheduled for review by the Executive Board on March 20, 2025.

REGIONAL HOUSING NEEDS ALLOCATION TRANSFER
PAGE 4 OF 4

Note: This RHNA transfer is similar to the transfer that was completed for the Roseland Annexation in 2017. At that time, the transfer agreement was related to three housing projects within the boundaries of the annexation area.

FISCAL IMPACT

There is no fiscal impact related to the RHNA transfer.

ENVIRONMENTAL IMPACT

The proposed transfer of RHNA unit obligations from the County to the City has been reviewed in compliance with the California Environmental Quality Act (CEQA). It has been determined that the proposed action is statutorily exempt from CEQA pursuant to CEQA Guidelines section 15283, Housing Needs Allocations, as CEQA does not apply to regional housing needs determinations made by a city or country pursuant to Government Code Section 65584.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – Annexation Area Ariel
- Attachment 2 – Annexation Certificate of Completion
- Attachment 3 – Annexation Final Map
- Attachment 4 – Government Code Section 65584.07
- Attachment 5 – RHNA Transfer Extension Letter
- Attachment 6 – HCD Extension Approval Letter
- Attachment 7 – Draft RHNA Transfer Letter
- Resolution / Exhibit A - Draft RHNA Transfer Letter

PRESENTER

Jessica Jones, Deputy Director – Planning