



# Memorandum

**TO: RULES COMMITTEE**

**FROM: Leslye Krutko**

**SUBJECT: AB 2634 (LIEBER)**

**DATE: June 8, 2006**

Approved *Deanna Aakre*

Date *6/9/06*

Council District: All

SNI: All

## RECOMMENDATION

It is recommended that the Rules Committee recommend to the Mayor and City Council support of AB2634, if it is amended to clarify that the addition of the extremely-low income (ELI) category is calculated as 50% of the very-low income (VLI) category, and that the ELI calculation is not in addition to the full VLI requirement.

## OUTCOME

By authorizing the City's staff to work with the author of AB 2634, the City can ensure that, if this bill passes, the addition of a new ELI goal is clear and will be easy to administer.

## SUMMARY

On February 24, 2006, Assemblymember Sally Lieber (D-Mountain View) introduced Assembly Bill (AB) 2634. The bill requires that a jurisdiction quantify existing and projected housing needs for all income levels in the housing element of its general plan, including inventory of extremely low-income (ELI) households, which is defined as those earning no more than 30% of area median income.

Specifically, the bill requires:

- A jurisdiction's housing element include an assessment of housing needs and an inventory that includes an analysis of population and employment trends for all income levels including extremely low-income households.
- Requires a city or county to presume that its regional housing need allocation of extremely-low income households is equal to 50% of its regional housing need allocation of very-low income.
- Allows local programs which seek to encourage housing production to include "supportive housing" as among the housing types.

**ANALYSIS**

The Regional Housing Needs Determination/Allocation (RHND/A) process is a State mandate, devised to address the need for and planning of housing across a range of affordability and in all communities throughout the State. The State law requires the California State Department of Housing and Community Development (HCD) to identify housing needs for each region and then provide that number to each Council of Governments (COG). The COG then allocates that amount among each of its jurisdictions.

The Bay Area's COG is the Association of Bay Area Governments (ABAG), which represents all the jurisdictions within the Bay Area (101 cities, 9 counties). It is ABAG's responsibility to determine the fair share of regional housing need for each city and county within the San Francisco Bay Area region. The details of the methodology are each COG's responsibility, working in cooperation with HCD. However, State Law requires ABAG to "determine the existing and projected housing need for its region" after considering several statutory requirements, which include factors such as market demand for housing, employment opportunities and availability of suitable sites and public facilities, among others. The law further states that "[T]he share of a city or county of the regional housing needs includes the share of the housing need of persons at all income levels within the area significantly affected by a general plan of the city or county."

The timeframe for the last Regional Housing Needs Determination (RHND) process is January 1, 1999 through June 30, 2006, (a seven and a half year planning period). The jurisdiction has this period to complete the number of housing allocated to them. For San José, the following chart demonstrates the Regional Housing Need allocated to it for this period.

**1999 – 2006 Regional Housing Need Allocation  
City of San José**

Total Projected Need	Very Low	Low	Moderate	Above Moderate
26,114	5,337	2,364	7,086	11,327

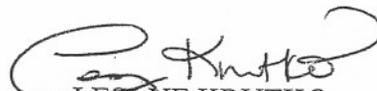
If AB 2634 had been law at the time the last RHNA numbers were adopted, there would be 2,669 units of ELI and 2,669 VLI housing units allocated for San José. However, the specific language of AB 2634 should be clarified to clearly indicate the percentage requirements for both the ELI and VLI allocations. In addition to this concern, the Assembly Housing and Community Development Committee raised the question in its analysis of AB 2634 whether it was appropriate to split the Very-Low income category in half to determine extremely-low income housing need. These issues are currently under discussion with the author's office. The City of San José should continue to be involved in discussions, seek amendments to the bill based on staff recommendation, and continue to monitor any future changes to the bill.

Supporters of the bill include the Affordable Housing Network of Santa Clara County, the Association of Regional Center Agencies, California Rural Legal Assistance Foundation, Gray Panthers, Housing California, and the Western Center on Law and Poverty. The League of California Cities opposes the measure and is currently working with the author in an attempt to resolve their concerns. The League notes that they are primarily concerned with whether 50% of the VLI category is accurate and the fact that every jurisdiction will have very different ELI needs.

**Status:** The bill passed out of the Assembly on May 30, 2006 (46-33). The measure now goes to the Senate for consideration.

### COORDINATION

This memorandum was coordinated with the City Attorney's office, Planning, Building and Code Enforcement, the Intergovernmental Relations Director, and the City's Sacramento lobbyist.

  
LESLEYE KRUTKO  
Director of Housing