

**MEMORANDUM OF AGREEMENT
BY AND BETWEEN COUNTY OF SONOMA and CITY OF CLOVERDALE
REGARDING TRANSFER OF REGIONAL HOUSING NEEDS ALLOCATION**

This Memorandum of Agreement (“Agreement”) is made and entered into by and between the County of Sonoma (“County”) and the City of Cloverdale (“City”) (jointly the “Parties”), pursuant to Government Code section 65584.07.

RECITALS

- A. Government Code section 65584.07(a) provides a voluntary process by which a county may reduce its assigned share of the regional housing need allocation (RHNA) by transferring a portion of its RHNA share to one or more cities within that county.
- B. Government Code section 65584.07(a) further provides that a county and city may request such a RHNA transfer during the period between adoption of a final RHNA and the due date of the housing element update. The Association of Bay Area Governments adopted the final RHNA for the 2023-2031 housing element cycle (known as the “6th Cycle”), on December 16, 2021. The due date for the County’s and City’s updated housing elements is January 31, 2023. Accordingly, the request for RHNA transfer from the County to the City is timely.
- C. Government Code section 65584.07(a)(4) provides that the council of governments “shall approve” a proposed RHNA transfer if it determines that the city has agreed to increase its RHNA share by an amount equivalent to the decrease in the county’s RHNA share, that the transfer would occur within the county, and that the county’s share of low-income and very low-income housing will be reduced by an amount proportional to the reduction in the county’s share of moderate- and above moderate-income housing. The City’s voluntary participation in this Agreement demonstrates its voluntary acceptance of an increase its RHNA share equivalent to the decrease in the County’s RHNA share. As set forth below in the table following Section 1, the County’s share of low-income and very low-income housing would be reduced by 1.45%, in proportion to the 1.45% reduction in the County’s share of moderate- and above moderate-income housing.
- D. In 2021, the City annexed the site of the Baumgardner project, consisting of 28.7 acres and 231 units, including 194 affordable units. The City has also approved, and anticipates imminent LAFCO approval of, an additional annexation that includes the site of the Bi’ Du Khaale Senior Housing project, which includes 24 affordable units. These sites were not incorporated into the methodology used to allocate the City’s share of 6th Cycle RHNA.
- E. The County’s inclusionary affordable housing and workforce housing programs collect in-lieu fees from development occurring on unincorporated lands. These monies are deposited into the County Fund for Housing (CFH) and administered by the Sonoma County Community Development Commission for the furtherance of affordable housing within the County. The County Board of Supervisors also contributed \$3 million from its general fund and \$1.6 from its TOT funds into the CFH.
- F. In the current (2015-2023) housing element cycle, CFH funds were made available to affordable housing projects located within cities. However, due to the burden of meeting the 750% increase in the unincorporated County’s RHNA for the 6th Cycle, in the 6th

Cycle the County plans to discontinue CFH funding for affordable projects within an incorporated city unless that city has executed a RHNA transfer agreement with the County.

- G. Within the current 2015-2023 planning period, projects in the City received substantial CFH funds. The Cherry Creek affordable housing project, containing 23 units, was awarded \$262,145 in CFH monies. There is continuing need for this important affordable housing revenue source to aid the City in reaching its affordable housing goals.
- H. City desires to enter into this Agreement to ensure that its 2023 Housing Element Update considers the units in the above annexations. City also desires to enter into this Agreement to maintain its eligibility to receive funding from CFH. City acknowledges that in entering into this Agreement it ensures that it will be eligible to receive CFH funding for affordable housing projects while also achieving RHNA credit for production of affordable units.
- I. County desires to transfer a portion of its assigned RHNA to City to reduce its 3,881-unit RHNA share for the 6th Cycle and to aid it in meeting its RHNA obligations. There is little available land in the unincorporated County that is located within urban service areas and suitable for affordable housing development. Reducing its RHNA furthers the County's long-term policy commitment to city- and community-centered growth and protection of agricultural lands.

NOW, THEREFORE, in recognition of the recent and anticipated future annexations discussed above and the County's continuing contributions to provision of affordable housing within the City, and in keeping with the Parties' long-term policies supporting city-centered growth, the Parties agree as follows:

TERMS

1. For the 6th Cycle, County and City agree to reduce the County's assigned RHNA share by 57 units and increase the City's assigned RHNA share by 57 units. Consistent with Government Code section 65584.07(a), the County's share of low-income and very low-income housing has been reduced only in proportion to the amount by which the County's share of moderate- and above moderate-income housing is reduced, as set forth in the table below.

	Very Low Income	Low Income	Moderate Income	Above Moderate Income	Total
Cloverdale Original RHNA Allocation	74	43	45	116	278
Unincorporated Sonoma County Original RHNA Allocation	1,036	596	627	1,622	3,881
Percent of RHNA Transferred to City	1.45%		1.45%		
RHNA Units Transferred to City	12	12	0	33	57
Cloverdale Updated RHNA Allocation	86	55	45	149	335

2. Accordingly, with ABAG's approval, City's RHNA allocation will increase by 57 units to 335 total units, and County's RHNA allocation will decrease by 57 units to 3,824 total

units. In implementing this Agreement, the Parties agree to take all steps reasonably necessary to comply with Government Code section 65584.07 and any other applicable statutes, including but not limited to providing the documentation required by Government Code section 65584.07(d) to ABAG and to HCD and any other agency, if required. The Parties agree to work together to obtain any necessary approvals, from ABAG or any other entity, that may be required to effectuate this Agreement.

3. The Parties shall use the revised RHNA allocations in the preparation and adoption of their 6th Cycle Housing Elements.

4. City's obligations under this Agreement are conditioned on County's compliance with the following requirements: (1) County shall not require further transfers of its RHNA share to City due to annexation of either of the projects noted in the recitals to this Agreement; and (2) County will continue to facilitate funding from CFH to subsidize development of affordable housing intended by City to satisfy City's increased RHNA obligation resulting from this Agreement.

IN WITNESS WHEREOF, this Agreement shall be binding and effective as of the date it is executed by both Parties.

COUNTY:

County of Sonoma

By: Tennis Wick Digitally signed by Tennis Wick
Date: 2022.10.28 08:34:34
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Date: October 28OCT22, 2022

Tennis Wick, Director
Permit and Resource Management Department

CITY:

City of Cloverdale

By: David Kelley Digitally signed by David Kelley
Date: 2022.10.28 10:49:42
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Date: October 28, 2022

David Kelley
City Manager