



March 15, 2024

Mendocino LAFCo
Ukiah Valley Conference Center
200 South School Street
Ukiah CA 95482

Mendocino County PBS
860 North Bush Street,
Ukiah, CA, 95482

Re: 'City of Ukiah – Fair Share Housing Need/Regional Housing Needs Allocation (RHNA)'

Per Government Code §56668, the evaluation of an annexation proposal shall consider the extent to which the request will affect a city or the county in achieving their respective allocation of regional housing needs as determined by the designated council of governments. For the 6th Housing Element update cycle, the 2018 Regional Housing Needs Allocation Plan was prepared by the Mendocino Council of Governments (MCOG) in response to statutory requirements, policy direction from the State of California Department of Housing and Community Development (HCD), and mandated deadlines for the assignment of housing allocations to local jurisdictions within Mendocino County.

As part of the 2024 Master Tax Share Agreement (MTA), presently being finalized by the County of Mendocino and the incorporated cities of Ukiah, Willits, Fort Bragg & Point Arena, guidance is included to inform how housing allocations should be adjusted to reflect the impact of an annexation based on existing and proposed land uses (Exhibit A).

Per the draft MTA, the income-level of transferred units is to be negotiated in good faith between the relevant city and the Mendocino County Department of Planning & Building Services. The parties acknowledge that accommodating 'Very Low' and 'Low' income units requires that higher residential densities, as well as proximity to services and infrastructure be available. It is recognized that annexation may result in the loss of such lands otherwise available to the County to meet these obligations. Therefore, such losses are an important factor in the good faith negotiations regarding the income level of units transferred. Based on the analysis provided in Exhibit B, the County agrees to transfer 27 'Low Income' units to the City of Ukiah in conjunction with LAFCo File No. A-2022-02.

In addition to limited residential development, the 'Western Hills Annexation' seeks to adjust the jurisdictional boundary of several legal parcels bifurcated between the County of Mendocino and the City of Ukiah to ensure that they are fully incorporated. As conveyed in Attachment B, these parcels are not used for calculating the fair share adjustment of RHNA. If approved, the resulting RHNA for the City of Ukiah and the County of Mendocino would be updated as conveyed in Exhibit C. In general, the City of Ukiah is well-positioned to accommodate 27 additional units, and continues to project that it will exceed its assignment for the 6th Housing Element update cycle.

Although the Mendocino Council of Governments (MCOG) does not typically address housing issues, they have been designated by HCD as the appropriate regional agency to coordinate the housing need allocation process for associated jurisdictions. While not yet finalized, the City of Ukiah and the County of Mendocino have agreed in principle to the aforementioned allocation and will work with MCOG to process this adjustment in coordination with Mendocino LAFCo and HCD.

Best Regards,
Jesse Davis

Enclosed: Exhibit A (Draft MTA Housing Allocation Principles & Guidance); Exhibit B (Fair Share Housing Needs Analysis – Western Hills Annexation); Exhibit C (6th Cycle Existing & Proposed RHNA)

Regional Housing Needs Plan Allocation – Principles & Guidance

- a. The Parties agree: a) the County’s Regional Housing Needs Plan (the “RHNP”) allocation was based on its unincorporated lands; b) subsequent Annexation(s) may limit the County’s ability to satisfy its obligations under the Housing Element Law; and c) the RHNP allocation should be adjusted to reflect the impact of an Annexation on the County’s obligations under the Housing Element Law. Therefore, the Parties agree, in the event that the relevant City or a non-party proposes to annex a specific territory, the relevant Parties will work together in good faith to attempt to reach a mutually acceptable agreement to transfer a portion of the County’s allocation to the relevant City.
- b. The following general principles shall be used as a framework to reach such an agreement:
 - i. Where a City Annexation includes undeveloped territory that the relevant City’s general plan and rezoning proposes for residential development, a portion of the County’s Regional Housing Needs Allocation (“RHNA”) shall be transferred to the City in an amount equal to potential residential units, including accessory dwelling units (“ADU’s”). This transfer shall be calculated by using the City’s rezoning for each legal parcel. Should the territory include an approved subdivision, units will be transferred as identified on the approved tentative map or project description. If such transferred number of units is fewer than the number of units such territory is designated for in the County General Plan or in the Residential Sites Inventory of the County’s Housing Element, the relevant City and the County shall negotiate in good faith the amount to be transferred.
 - ii. Where a City Annexation includes developed territory that the relevant City designates and rezones for residential purposes, a portion of the County’s RHNA would be transferred to the relevant City in an amount equal to the unrealized units on underutilized properties for that area; *provided*, however, that such transfer shall not include ADUs or existing mobile home parks. This transfer shall be calculated by using the relevant City’s rezoning for each legal parcel. If such transferred number of units is fewer than the number of units such territory is designated for in the County General Plan or in the Residential Sites Inventory of the county’s Housing Element, the relevant City and the County shall negotiate in good faith the amount to be transferred.
 - iii. Where a City Annexation includes territory that the relevant City’s general plan and rezoning proposes for commercial or industrial purposes, no adjustment of the RHNP shall be required, unless the proposed Annexation includes commercial territories on the Residential Sites Inventory of the County’s Housing Element, in which case an amount equal to the identified residential units would be transferred to the relevant City.
- c. The income-level of transferred units shall be negotiated in good faith per the existing MCOG Annexation policy and State law. The Parties acknowledge that meeting

the need in the lower income category requires higher residential densities and proximity to services, that an Annexation may result of the loss of lands that would otherwise be available to the County to meet the lower income obligations, and that such losses are an important factor in the good faith negotiations.

d. Should a City seek to annex unincorporated territory for the purposes of open-space, agriculture or public facilities, no adjustment of the RHNP shall be required, unless any portion of the territory is designated for residential development in the County's Residential Sites Inventory of the county's Housing Element, in which case the parties shall negotiate a transfer in good faith.

e. If the County has already fulfilled its RHNA obligations for the current Housing Element Cycle, no modification of the RHNP allocation shall be required.

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FAIR SHARE HOUSING NEEDS MATRIX – WESTERN HILLS ANNEXATION AREA					
APN	ACRES	OWNER	RHNA TRANSFER	MTA DETERMINATION	ANNEXATION PURPOSE
003-110-90	4.14	Adonis & Sarah Noguera (Private)	1 Unit	Partially Developed - Residential	Access to Development Agreement Parcels
003-190-09	10.2	Adonis & Sarah Noguera (Private)	2 Units	Undeveloped Residential	Access to Development Agreement Parcels
001-420-40	1.49	Robert R Beltrami (Private)	1 Unit	Partially Developed - Residential	Partially Developed Residential – Unincorporated Island
001-041-02	1.33	Grayden Huff (Private)	0 Units	Correction	Adjustment City/County Boundary
001-041-03	0.66	Amanda Reiman (Private)	0 Units	Correction	Adjustment City/County Boundary
001-041-04	0.48	Amanda Reiman (Private)	0 Units	Correction	Adjustment City/County Boundary
001-041-05	1.13	Marlene Werra TTEE (Private)	0 Units	Correction	Adjustment City/County Boundary
001-041-06	0.74	Marlene Werra TTEE (Private)	1 Unit	Partially Developed - Residential	Undeveloped Residential – Unincorporated Island
001-041-01	35.5	Marlene Werra TTEE (Private)	2 Units	Undeveloped Residential	Undeveloped Residential – Unincorporated Island
001-040-81	2.4	William Edwards (Private)	0 Units	Correction	Adjustment City/County Boundary
Development Agreement - Parcel 1	10	D&J Investments, LLC	2 Units	Undeveloped Residential	Development Agreement - Residential
Development Agreement - Parcel 2	5	D&J Investments, LLC	2 Units	Undeveloped Residential	Development Agreement - Residential
Development Agreement - Parcel 3	5	D&J Investments, LLC	2 Units	Undeveloped Residential	Development Agreement - Residential
Development Agreement - Parcel 4	9.9	D&J Investments, LLC	2 Units	Undeveloped Residential	Development Agreement - Residential
Development Agreement - Parcel 6	9.2	D&J Investments, LLC	2 Units	Undeveloped Residential	Development Agreement - Residential

Development Agreement - Parcel 7	5	D&J Investments, LLC	2 Units	Undeveloped Residential	Development Agreement - Residential
Development Agreement - Parcel 8	665	City of Ukiah (Public)	0 Units	Undeveloped - Public	Development Agreement – Public Facilities
Development Agreement - Parcel 9	5	D&J Investments, LLC	2 Units	Undeveloped Residential	Development Agreement - Residential
Development Agreement - Parcel 10	5	D&J Investments, LLC	2 Units	Undeveloped Residential	Development Agreement - Residential
Development Agreement - Parcel 11	5	D&J Investments, LLC	2 Units	Undeveloped Residential	Development Agreement - Residential
TOTAL			27 Units		

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6th Cycle Existing & Proposed Regional Housing Needs Allocation (RHNA)

6th Cycle RHNA (Existing) – City of Ukiah

Income Level	Housing Units Needed
Very Low	86
Low	72
Moderate	49
Above Moderate	32
Final	239

6th Cycle RHNA (Existing) – Mendocino County

Income Level	Housing Units Needed
Very Low	291
Low	179
Moderate	177
Above Moderate	72
Final	1,349



6th Cycle RHNA (Proposed) – City of Ukiah

Income Level	Housing Units Needed
Very Low	86
Low	99
Moderate	49
Above Moderate	32
Final	266

6th Cycle RHNA (Proposed) – Mendocino County

Income Level	Housing Units Needed
Very Low	291
Low	152
Moderate	177
Above Moderate	72
Final	1,322