

June 13, 2024

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

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

Per Government Code §56668(m), 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. Within Mendocino County this process is facilitated by the Mendocino Council of Governments (MCOG).

As part of the 2024 Master Tax Share Agreement, adopted by the County of Mendocino on June 5th, 2024, and presently being finalized by the incorporated cities of Ukiah, Willits, Fort Bragg & Point Arena, guidance and requirements are 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 this pending agreement, 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, while an objective formula is used to determine the number of units to be transferred. That being said, Government Code §65584.07(a)(3) requires that if a transfer is facilitated that the county's share of low-income and very low-income housing shall be reduced only in proportion to the amount by which the county's share of moderate- and above moderate-income housing is reduced.

Based on the analysis provided in Exhibit B, as well as relevant Government Code, the County would transfer a total of twenty-seven (27) units to the City of Ukiah to facilitate LAFCo File No. A-2022-02. As required by Government Code, the transfer is to feature fourteen (14) low-income units, and thirteen (13) moderate-income units. This deviates from a previous iteration of an agreement between the County and the City to transfer only low-income units from the County to the City.

Given the anticipated timeline for A-2022-02 and the subsequent entitlement process, it is unlikely that its approval would affect the City of Ukiah or the County of Mendocino in achieving their respective allocation of regional housing needs for the 6th Cycle. Therefore, it is requested that MCOG facilitate the transfer of housing units identified in Exhibit C to the 7th Cycle Housing Element. Deferring the assignment of these units to the 7th Cycle is appropriate given that the issuance of associated building permits on the associated subject parcels is not expected until 2026, at which time MCOG should be actively working with identified jurisdictions to prepare their 7th Cycle Housing Elements. Additionally, it is expected that the subject parcels will be sold and developed incrementally. Given past examples of residential development subject to the City's Hillside (-H) combining district, it would be unprecedented for build-out of all units in the 'Western Hills Annexation Area' to occur in a coordinated, immediate and comprehensive manner. Rather, it is expected that parcels will be sold and developed individually over the course of the next (5) five to (10) ten years.

Furthermore, if the identified units are not transferred as part of the 7th Cycle, it is understood that the City and the County would be required to amend and adopt revised 6th Cycle Housing Elements within 30 months and 180 days respectively per Government Code §65584.07(b)(2-3). Upon consultation with the County, it was determined that the practicality and value of facilitating an update to approved and adopted 6th Cycle Housing Elements within the time-frames identified was limited, and potentially deleterious given the financial and staff resources required to facilitate a general plan amendment.

In addition to limited residential development and open-space preservation, the 'Western Hills Annexation' seeks to adjust the jurisdictional boundary of several legal parcels located predominantly in the City of Ukiah but bifurcated by the County of Mendocino. To ensure these parcels are fully incorporated the City has included them as part of this annexation request. As conveyed in Exhibit B, these parcels are not used for calculating the fair share adjustment of RHNA, as they are relatively small parcels associated with developed lots that are the result of historic cartographical errors.

The City of Ukiah and the County of Mendocino have agreed in principle to the aforementioned allocation, as well as the application of transferred units to the 7th Cycle, and will work with MCOG to process this adjustment in coordination with Mendocino LAFCo, as well as HCD.

Best Regards,



Jesse Davis, AICP
Chief Planning Manager

CC: Mendocino County Planning & Building Services (Julia Krog); Mendocino Council of Governments (Nephele Barrett); Department of Housing & Community Development (Kevan Rolfness)

Enclosed: Exhibit A (Mendocino County Master Tax Share & Housing Allocation Requirements); Exhibit B (Fair Share Housing Needs Analysis – Western Hills Annexation); Exhibit C (7th Cycle Assigned 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.



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		



7th Cycle Existing & Proposed Regional Housing Needs Allocation LAFCo File No. A-2022-02

**7th Cycle Housing Element (Existing)
City of Ukiah**

Income Level	Housing Units
Very-Low	TBD
Low	TBD
Moderate	TBD
Above-Moderate	TBD



**7th Cycle Housing Element (Proposed)
City of Ukiah**

Income Level	Housing Units
Very-Low	TBD
Low	+14
Moderate	+13
Above-Moderate	TBD

**7th Cycle Housing Element (Existing)
County of Mendocino**

Income Level	Housing Units
Very-Low	TBD
Low	TBD
Moderate	TBD
Above-Moderate	TBD



**7th Cycle Housing Element (Proposed)
County of Mendocino**

Income Level	Housing Units
Very-Low	TBD
Low	-14
Moderate	-13
Above-Moderate	TBD