

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF HOUSING POLICY DEVELOPMENT**

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November 15, 2018

Peter Rodgers  
Executive Director  
San Luis Obispo Council of Governments  
1114 Marsh Street  
San Luis Obispo, CA 93401

Dear Pete Rodgers:

**RE: SLOCOG's Final Regional Housing Need Determination**

This letter provides the San Luis Obispo Council of Governments (SLOCOG) its Final Regional Housing Need Determination. Pursuant to state housing element law (Government Code section 65584, et seq.), the Department of Housing and Community Development (HCD) is required to provide the determination of SLOCOG's existing and projected housing need.

In assessing SLOCOG's regional housing need, HCD and SLOCOG's staff completed a consultation process covering HCD's methodology, data sources, and timeline for both HCD's Regional Housing Need Determination and SLOCOG's Regional Housing Need Allocation (RHNA). HCD also consulted with Mr. Walter Schwarm of the California Department of Finance (DOF) Demographic Research Unit.

Attachment 1 displays the minimum regional housing need determination of **10,810** total units among four income categories for SLOCOG to distribute among its local governments. Attachment 2 explains the methodology applied pursuant to Gov. Code section 65584.01. In determining SLOCOG's housing need, HCD considered all the information specified in state housing element law (Gov. Code section 65584.01(c)).

As you know, SLOCOG is responsible for adopting a methodology and RHNA Plan for the *projection* period beginning December 31, 2018 and ending December 31, 2028. Local governments are in turn responsible for updating their housing element to accommodate their share of new housing need for each income category for the *planning* period beginning 18 months after the adoption of SLOCOG's regional transportation plan. The planning period is estimated to begin December 31, 2020 and end December 31, 2028.

Pursuant to Gov. Code section 65584.04(d), to the extent data is available, SLOCOG should include the factors listed in Gov. Code section 65584.04(d) to develop its RHNA plan, and pursuant to Gov. Code section 65584.04(e), SLOCOG must explain in writing how each of these factors was incorporated into the RHNA plan methodology. Effective

January 1, 2019, HCD must review the draft methodology and provide written findings determining whether the methodology furthers the objectives in Gov. Code section 65584:

- 1) Increasing the housing supply and mix of housing types, tenure, and affordability.
- 2) Promoting infill development and socioeconomic equity, protecting environmental and agricultural resources, and encouraging efficient development patterns and the achievement of the region's greenhouse gas reductions targets provided by the Air Resources Board pursuant to Section 65080.
- 3) Promoting an improved intraregional relationship between jobs and housing including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction.
- 4) Balancing disproportionate household income distributions.
- 5) Affirmatively furthering fair housing (*Effective January 1, 2019*).

HCD commends SLOCOG for its leadership in fulfilling its important role in advancing the state's housing, transportation, and environmental goals. HCD especially thanks James Worthley, Planning Director, for his significant efforts and assistance. HCD looks forward to its continued partnership with SLOCOG and its member jurisdictions and assisting SLOCOG in its planning efforts to accommodate the region's share of housing need.

If HCD can provide any additional assistance, or if you, or your staff, have any questions, please contact Megan Kirkeby, Assistant Deputy Director for Fair Housing, at (916) 263-7428 or [megan.kirkeby@hcd.ca.gov](mailto:megan.kirkeby@hcd.ca.gov) or Tom Brinkhuis, Housing Policy Analyst, at (916) 263-6651 or [tom.brinkhuis@hcd.ca.gov](mailto:tom.brinkhuis@hcd.ca.gov).

Sincerely,

Zachary Olmstead  
Deputy Director

Enclosures

## ATTACHMENT 1

### HCD REGIONAL HOUSING NEED DETERMINATION

San Luis Obispo Council of Governments  
December 31, 2018 through December 31, 2028

<u>Income Category</u>	<u>Percent</u>	<u>Housing Unit Need</u>
Very-Low*	24.6%	2,660
Low	15.5%	1,675
Moderate	18.0%	1,940
Above-Moderate	41.9%	4,535
<b>Total</b>	<b>100.0%</b>	<b>10,810</b>
* Extremely-Low	14.2%	Included in Very-Low Category

Notes:

Income Distribution:

*Income categories are prescribed by California Health and Safety Code (Section 50093, et. seq.). Percents are derived based on Census/ACS reported household income brackets and County median income.*

## ATTACHMENT 2

### HCD REGIONAL HOUSING NEED DETERMINATION: San Luis Obispo Council of Governments December 31, 2018 – December 31, 2028

#### Methodology

San Luis Obispo Council of Governments: December 31, 2018 – December 31, 2028 (10 years) HCD Determined Population, Households, & Housing Unit Need		
1.	<b>Population: December 31, 2028 – DOF June 30, 2029 projection adjusted - 6 months</b>	<b>298,020</b>
2.	- Group Quarters Population: December 31, 2028 – DOF June 30, 2029 projection adjusted -6 months	-22,345
3.	<b>Household (HH) Population</b>	<b>275,675</b>
4.	<b>Projected Households (Occupied Unit Stock)</b>	<b>114,815</b>
5.	+ Vacancy Adjustment (2.55%)	2,575
6.	+ Overcrowding Adjustment (.41%)	270
7.	+ Replacement Adjustment (.5%)	630
8.	- Occupied Units (HHs) estimated January 1, 2018 (from DOF data)	-107,480
<b>Total</b>	<b>6<sup>th</sup> Cycle Regional Housing Need Assessment (RHNA)</b>	<b>10,810</b>

*Note: Detailed background data for this chart available upon request.*

#### Explanation and Data Sources

1. Projection period: Gov. Code 65588(f) specifies RHNA projection period start is December 31 or June 30, whichever date most closely precedes end of previous RHNA projection period end date. RHNA projection period end date is set to align with planning period end date. The planning period end date is eight years following the housing element due date, which is 18 months following the Regional Transportation Plan adoption rounded to the 15th or end of the month.
- 2-4. Population, Group Quarters, Household Population, & Projected Households: Pursuant to Gov. Code Section 65584.01, projections were extrapolated from DOF projections. Population reflects total persons. Group Quarter Population reflects persons in a dormitory, group home, institute, military, etc. that do not require residential housing. Household Population reflects persons requiring residential housing. Projected Households reflect the propensity of persons, by age groups, to form households at different rates based on Census trends.
5. Vacancy Adjustment: HCD applies a vacancy adjustment (standard 5% maximum to total housing stock) and adjusts the percentage based on the county's current "for rent and sale" vacancy percentage to provide healthy market vacancies to facilitate housing availability and resident mobility. Adjustment is difference between standard 5% vacancy rate and county's current vacancy rate based on US Census and 2012-2016 American Community Survey (ACS) data.
6. Overcrowding Adjustment: In counties where overcrowding is greater than the U.S. overcrowding rate of 3.34%, HCD applies an adjustment based on the amount the county's overcrowding rate exceeds the U.S. overcrowding rate. Data is from the 2012-2016 ACS.
7. Replacement Adjustment: HCD applies a replacement adjustment between 0.5% and 5% to total housing stock based on the current 10-year annual average percent

of demolitions, applied to length of the projection period. Data is from county local government housing survey reports to DOF.

8. Occupied Units: This figure reflects DOF's estimate of occupied units at the start of the January closest to the projection period start date, per DOF E-5 report.