

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

DIVISION OF HOUSING POLICY DEVELOPMENT

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October 12, 2018

Sean Powers, Community Development Director
Nevada County Community Development Department
950 Maidu Avenue
Nevada City, CA 95959

Dear Sean Powers:

RE: Final Regional Housing Need Determination

This letter provides Nevada County its Final Regional Housing Need Determination and Regional Housing Need Allocation (RHNA) Plan. 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 Nevada County's existing and projected housing need and a RHNA Plan to countywide regions not represented by council of governments (COGs).

Attachment 1 displays the minimum regional housing need determination of **3,695** total units among four income categories. Attachment 2 explains the methodology applied pursuant to Gov. Code section 65584.01. In determining Nevada County's housing need, HCD considered all the information specified in state housing law (Gov. Code section 65584.01(c)). Attachment 3 displays HCD's methodology and RHNA Plan for Nevada County for the *projection* period beginning December 31, 2018 and ending August 15, 2027.

Nevada County and its local governments are responsible for updating their housing elements for the *planning* period beginning August 15, 2019 and ending August 15, 2027 to accommodate their share of new housing need for each income category.

As specified in Gov. Code section 65584.06(c), a city or county may, within 90 days from the date of this letter, propose to revise the distribution of its share of regional housing need. Such a proposal must comply with criteria set forth in the distribution and be based on comparable data available for all affected jurisdictions, accepted planning methodology, and adequate documentation. Subsequent to HCD's decision regarding the proposal to revise the distribution, a city or county is allowed 30 days to request a public hearing to review HCD's distribution.

HCD commends Nevada County for its leadership in fulfilling its important role in advancing the state's housing, transportation, and environmental goals. HCD looks forward to its continued partnership with Nevada County 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 or Tom Brinkhuis, Housing Policy Analyst at (916) 263-6651 or tom.brinkhuis@hcd.ca.gov.

Sincerely,

Zachary Olmstead
Deputy Director

Enclosures

ATTACHMENT 1

HCD REGIONAL HOUSING NEED DETERMINATION Nevada County: December 31, 2018 through August 15, 2027

<u>Income Category</u>	<u>Percent</u>	<u>Housing Unit Need</u>
Very-Low *	22.6%	834
Low	17.8%	656
Moderate	16.8%	622
Above-Moderate	42.8%	1,582
Total	100.0%	3,695
* Extremely-Low	11.3%	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: Nevada County: Dec 31, 2018 - August 15, 2027 (8.6 years) HCD Determined Population, Households, & Housing Unit Need

Methodology

Nevada County: Dec 31, 2018 - August 15, 2027 (8.6 years) HCD Determined Population, Households, & Housing Unit Need		
1.	Population: August 15 2027 (DOF June 30 2028 projection adjusted +1.5 months to August 15, 2028)	103,885
2.	- Group Quarters Population (DOF June 30 2028 projection adjusted +1.5 months to August 15, 2028)	-1,235
3.	Household (HH) Population	102,650
4.	Projected Households (Occupied Unit Stock)	44,830
5.	+ Vacancy Adjustment (0.89%)	400
6.	+ Overcrowding Adjustment (0%)	0
7.	+ Replacement Adjustment (0.25%)	110
8.	- Occupied Units (HHs) estimated Jan 1, 2019	41,647
6th Cycle Regional Housing Need Assessment (RHNA)		3,695

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

Explanation and Data Sources

- 1-4. Population, Group Quarters, Household Population, & Projected Households: Pursuant to Gov. Code Section 65584.01, projections were extrapolated from Department of Finance (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 4% 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 4% 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 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.

ATTACHMENT 3

HCD REGIONAL HOUSING NEEDS ALLOCATION PLAN: NEVADA COUNTY LOCAL GOVERNMENTS PROJECTION PERIOD (December 31, 2018 to August 15, 2027)

Distribution of Final RHNA

This table reflects the final Regional Housing Need Allocation (RHNA) distribution for each local government based on the methodology discussed below:

Regional Housing Need Allocation by Income Category

Jurisdiction	Very-Low	Low	Moderate	Above-Moderate	Total	
Nevada County	834	656	622	1,582	3,695	
Grass Valley¹	143	126	125	349	743	
<i>Percentage of Total</i>	19.2%	17.0%	16.8%	47.0%	100.0%	20.1%
Nevada City	29	23	23	60	135	
<i>Percentage of Total</i>	21.6%	16.8%	16.8%	44.8%	100.0%	3.7%
Truckee	187	140	128	300	755	
<i>Percentage of Total</i>	24.8%	18.5%	16.9%	39.8%	100.0%	20.4%
Unincorporated Nevada County¹	475	367	346	874	2,062	
<i>Percentage of Total</i>	23.0%	17.8%	16.8%	42.4%	100.0%	35.4%

¹ Grass Valley and the Unincorporated Nevada County allocations reflect transfer of 172 units from the county to the city due to annexation per Loma Rica Ranch Transfer Agreement City Agreement #2012-07 and County Resolution 12-106.

Purpose of Regional Housing Need Allocation Plan

The purpose of the RHNA Plan is to comply with state law (Gov. Code section 65584, et. seq.) in allocating to each local government a share of regional housing need for use in updating the General Plan housing element. The housing element must accommodate the total RHNA for each of four (4) income categories (deemed very-low, low, moderate, and above-moderate) over the designated planning period (December 31, 2018 through August 15, 2027). These requirements were enacted into state housing law (Article 10.6 of the Government Code) upon the California legislature determining that the provision of adequate housing is an issue of statewide concern.

HCD, pursuant to Gov. Code section 65584(a), is required to determine the existing and projected need for housing within regions of the state. In addition, HCD (per Gov. Code section 65584.06) is required to develop a plan to distribute the final determination of regional housing need to each local government not represented by a council of governments. The RHNA, per Gov. Code section 65584(d), is required to be consistent with all of the following objectives:

- (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.
- (3) Promoting an improved intraregional relationship between jobs and housing.
- (4) Balancing disproportionate household income distributions.

The RHNA is based on the projection of population and new household formation determined by the Demographic Research Unit of the DOF. The resulting RHNA is a minimum projection of additional housing needed to accommodate household growth over the planning period; it is not a prediction, production quota, or building permit limitation for new residential construction.

To comply with state law in addressing the jurisdiction's RHNA, the updated housing element must identify adequate sites and program actions to accommodate the total RHNA for each income category. Housing elements are required to be updated by June 30, 2019 and sent to HCD for determination of compliance with state law. In updating the housing element, jurisdictions may take credit for and subtract from their RHNA (by income category) new units permitted since the beginning of the RHNA projection period (December 31, 2018).

RHNA Plan Methodology

HCD used a three-step approach in distributing RHNA to local governments within the county.

First, DOF estimates (E-5 reports available on DOF's website) were used to determine each jurisdiction's percentage of household population in the county. The RHNA for each jurisdiction was derived by multiplying the jurisdiction's percentage of household population against the total countywide RHNA. This approach is consistent with the first and third aforementioned statutory objectives, as well as market demand, to consider in distributing RHNA to each local government.

Second, a policy adjustment of ten percent was applied to the unincorporated RHNA total to decrease the unincorporated share and increase city shares to address the second and third statutory objectives to protect agricultural resources, encourage efficient development patterns, and improve the relationship between jobs and housing.

Below is hypothetical example of results after completing first and second steps:

	HH Population	Share	RHNA	Adjustment (10%)	Total RHNA
County	50,000	100%	2,000		2,000
City A	10,000	20%	400	+160	560
Unincorporated	40,000	80%	1,600 x (10%)	-160	1,440

The last step was the determination of RHNA by income category. To assist in meeting the first and fourth statutory objectives (mix of housing type and affordability and income category allocation based on the countywide distribution of household incomes), the income distributions of each jurisdiction's households were compared to the countywide distribution. A "fair share" policy adjustment (20%) was applied to city income categories to move city percentages closer to county percentages as demonstrated in this hypothetical example.

County/ City	Very-Low Income %	Difference County-City	Fair Share Multiplier	Fair Share Adjustment	Adjusted Very-Low RHNA
County	22%	0	None	N/A	Same
City A	41%	22% - 41% = = -19%	1.2	(-19%)*1.2 = = -23%	41% - 23% = 18%

City's Low-Income RHNA = City Total RHNA x 18% = 560 x 18% = 101 units