

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

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January 27, 2020

Marjie Kirn, Executive Director
Santa Barbara County Association of Governments
260 North San Antonio Road, Suite B
Santa Barbara, CA 93110

Dear Marjie Kirn:

RE: Final Regional Housing Need Determination

This letter provides Santa Barbara County Association of Governments (SBCAG) with a final Regional Housing Need Determination. Pursuant to State Housing Element Law (Government Code section 65584, et seq.), the California Department of Housing and Community Development (HCD) is required to provide the determination of SBCAG's existing and projected housing need.

In assessing SBCAG's regional housing need, HCD and SBCAG staff completed an extensive consultation process from July 2019 through January 2021 that included the methodology, data sources, and timeline for HCD's determination of the Regional Housing Need. In order to inform this process, HCD also consulted with Walter Schwarm and Doug Kuczynski of the California Department of Finance (DOF) Demographic Research Unit.

Attachment 1 displays the minimum regional housing need determination of **24,856** total units across four income categories for SBCAG to distribute amongst the region's local governments. Attachment 2 explains the methodology applied pursuant to Government Code section 65584.01. In determining SBCAG's housing need, HCD considered all the information specified in state housing law (Government Code section 65584.01(c)).

SBCAG is responsible for adopting a methodology for Regional Housing Need Allocation (RHNA) and RHNA Plan for the projection period beginning June 30, 2022 and ending February 15, 2031. Pursuant to Government Code section 65584(d), the methodology to prepare SBCAG's RHNA plan must further 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
- (5) Affirmatively furthering fair housing

Pursuant to Government Code section 65584.04(d), to the extent data is available, SBCAG shall include the factors listed in Government Code section 65584.04(d)(1-13) to develop its RHNA plan, and pursuant to Government Code section 65584.04(f), SBCAG must explain in writing how each of these factors was incorporated into the RHNA plan methodology and how the methodology furthers the statutory objectives described above. Pursuant to Government Code section 65584.04(h), SBCAG submitted the draft methodology for review on December 18, 2020. HCD will review the draft methodology to ensure it furthers the objectives in Government Code section 65584(d) and provide written findings by February 16, 2021.

Increasing the availability of affordable homes, ending homelessness, and meeting other housing goals continues to be a priority for the State of California. To support these goals, the 2019-20 Budget Act allocated \$250 million for all regions and jurisdictions for planning activities through the Regional Early Action Planning (REAP) and Local Early Action Planning (LEAP) Grant programs. SBCAG is part of the Central Coast Multi-agency Working Group that is eligible for \$7,931,311 through the REAP program. All SBCAG jurisdictions are also eligible for LEAP grants and are encouraged to apply **by the January 31, 2021 deadline** to support meeting and exceeding sixth cycle housing element goals. Ongoing regionally tailored technical assistance will also remain available throughout the housing element development timeline. Technical assistance information is available at <https://www.hcd.ca.gov/community-development/planning-grants-ta.shtml>.

HCD also encourages all SBCAG's local governments to consider the many other affordable housing and community development resources available to local governments. HCD's programs can be found at <https://www.hcd.ca.gov/grants-funding/nofas.shtml>.

HCD commends SBCAG leadership in fulfilling their important role in advancing the state's housing, transportation, and environmental goals. HCD looks forward to continued partnership with SBCAG and member jurisdictions and assisting SBCAG in 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 Tom Brinkhuis, Housing Policy Specialist at (916) 263-6651 or tom.brinkhuis@hcd.ca.gov.

Sincerely,



Megan Kirkeby
Deputy Director
Enclosures

ATTACHMENT 1

HCD REGIONAL HOUSING NEED DETERMINATION SBCAG Projection Period: June 30, 2022 through February 15, 2031

<u>Income Category</u>	<u>Percent</u>	<u>Housing Unit Need</u>
Very-Low*	23.3%	5,799
Low	15.8%	3,935
Moderate	17.7%	4,397
Above-Moderate	43.2%	10,725
Total	100.0%	24,856
* Extremely-Low	13.2%	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: SBCAG Projection Period: June 30, 2022 through February 15, 2031

Methodology

SBCAG: PROJECTION PERIOD (8.6 years)		
HCD Determined Population, Households, & Housing Unit Need		
Reference No.	Step Taken to Calculate Regional Housing Need	Amount
1.	Population: February 15 2031 (DOF June 30 2031 projection adjusted -4.5 months to February 15 2031)	488,190
2.	<i>- Group Quarters Population: February 15 2031 (DOF June 30 2031 projection adjusted -4.5 months to February 15 2031)</i>	-27,525
3.	Household (HH) Population	460,665
4.	Projected Households	160,850
5.	+ Vacancy Adjustment (2.51%)	+4,030
6.	+ Overcrowding Adjustment (6.44%)	+10,359
7.	+ Replacement Adjustment (.50%)	+804
8.	<i>- Occupied Units (HHs) estimated June 30, 2022</i>	- 152,576
9.	+ Cost-burden Adjustment	+1,389
Total	6th Cycle Regional Housing Need Assessment (RHNA)	24,856

Detailed background data for this chart is 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 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 within the Household Population to form households at different rates based on American Community Survey (ACS) trends.
5. Vacancy Adjustment: HCD applies a vacancy adjustment (standard 5% maximum to total projected housing stock) and adjusts the percentage based on the region's current vacancy percentage to provide healthy market vacancies to facilitate housing availability and resident mobility. The adjustment is the difference between standard 5% vacancy rate and regions current vacancy rate based (**2.49%**) on the 2015-2019 ACS data. For SBCAG that difference is **2.51%**.
6. Overcrowding Adjustment: In regions where the overcrowding rate is greater than the average of comparable region's overcrowding rate, HCD applies an adjustment based on the amount the region's overcrowding rate (**9.94%**) exceeds the comparable region's rate (**3.50%**). For SBCAG, that difference is **6.44%**. Data is from the 2015-2019 ACS.

7. Replacement Adjustment: HCD applies a replacement adjustment between .5% and 5% to the total housing stock based on the current 10-year annual average percentage of demolitions the region's local government annual reports to Department of Finance (DOF). For SBCAG the 10-year annual average multiplied by the length of the projection period is .12%, and the minimum .5% adjustment is applied.
8. Occupied Units: This figure reflects DOF's estimate of occupied units at the start of the projection period (June 30, 2022).
9. Cost Burden Adjustment: HCD applies an adjustment to the projected need by comparing the difference in cost-burden by income group for the region to the cost-burden by income group for the comparable regions, as determined by SBCAG. The very-low and low income RHNA is increased by the percent difference ($68.71\% - 65.27\% = 3.44\%$) between the region and the comparable regions' cost burden rate for households earning 80% of area median income and below, then this difference is applied to very low- and low-income RHNA proportionate to the share of the population these groups currently represent. The moderate and above-moderate income RHNA is increased by the percent difference ($19.60\% - 12.01\% = 7.59\%$) between the region and the comparable regions cost burden rate for households earning above 80% Area Median Income, then this difference is applied to moderate and above moderate income RHNA proportionate to the share of the population these groups currently represent. Data is from 2013-2017 CHAS.