

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

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December 21, 2021

Diane Nguyen, Executive Director
San Joaquin Council of Governments
555 E Weber Avenue
Stockton, CA 95202-2804

Dear Executive Director Diane Nguyen:

RE: Final Regional Housing Need Determination

This letter provides the San Joaquin Council of Governments (SJCOG) with 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 SJCOG's existing and projected housing need. In assessing SJCOG's regional housing need, HCD and SJCOG staff completed a consultation process from November 2020 through December 2021 that included the methodology, data sources, and timeline for HCD's determination of the Regional Housing Need. 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 **52,719** total units across four income categories. SJCOG is to distribute the units amongst the region's local governments. Attachment 2 explains the methodology applied pursuant to Government Code section 65584.01. In determining SJCOG's housing need, HCD considered all the information specified in state housing law (Government Code section 65584.01(c)).

SJCOG is responsible for adopting a methodology for RHNA and RHNA Plan for the projection period beginning June 30, 2023 and ending December 31, 2031. Pursuant to Government Code section 65584(d), the methodology to prepare SJCOG'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, SJCOG shall include the factors listed in Government Code section 65584.04(d)(1-13) to develop its RHNA plan. Also, pursuant to Government Code section 65584.04(f), SJCOG 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.

HCD encourages all SJCOG's local governments to consider the many 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 SJCOG's leadership in fulfilling their important role in advancing the state's housing, transportation, and environmental goals. HCD looks forward to continued partnership with SJCOG and member jurisdictions and assisting SJCOG 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, Senior Housing Policy Specialist at (916) 776-7707 or tom.brinkhuis@hcd.ca.gov.

Sincerely,



Tyrone Buckley
Assistant Deputy Director of Fair Housing

Enclosures

ATTACHMENT 1

HCD REGIONAL HOUSING NEED DETERMINATION SJCOG: June 30, 2023 through December 31, 2031

<u>Income Category</u>	<u>Percent</u>	<u>Housing Unit Need</u>
Very-Low*	25.2%	13,293
Low	15.8%	8,344
Moderate	17.5%	9,231
Above-Moderate	41.4%	21,851
Total	100.0%	52,719
* Extremely-Low	13.1%	Included in Very-Low Category

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: June 30, 2023 through December 31, 2031

Methodology

SJCOG: PROJECTION PERIOD (8.5 years)		
HCD Determined Population, Households, & Housing Unit Need		
Reference No.	Step Taken to Calculate Regional Housing Need	Amount
1.	Population: December 31 (SJCOG June 30, 2031 projection adjusted + 6 months to December 31, 2031)	893,920
2.	<i>- Group Quarters Population: December 31 (DOF June 30, 2031 projection adjusted + 6 months to December 31, 2031)</i>	19,150
3.	Household (HH) Population	874,770
4.	Projected Households	275,330
5.	+ Vacancy Adjustment (2.97%)	+8,177
6.	+ Overcrowding Adjustment (3.70%)	+10,186
7.	+ Replacement Adjustment (.5%)	+1,377
8.	<i>- Occupied Units (HHs) estimated June 30, 2023</i>	-246,666
9.	+ Cost Burden Adjustment	+4,315
Total	6th Cycle Regional Housing Need Assessment (RHNA)	52,719

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 SJCOG and 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 based on the difference between a standard 5% vacancy rate and region's current "for rent and sale" vacancy percentage to determine healthy market vacancies to facilitate housing availability and resident mobility. The adjustment is the difference between standard 5% vacancy rate and region's current vacancy rate (**2.03%**) is based on the 2015-2019 ACS data. For SJCOG, that difference is **2.97%**.
6. Overcrowding Adjustment: In counties where the overcrowding rate is greater than the comparable region's overcrowding rate, HCD applies an adjustment based on the amount the region's overcrowding rate exceeds the comparable region's overcrowding rate. For SJCOG, the region's overcrowding rate (**7.40%**) is higher than the comparable region's (3.70%), resulting in a **3.70%** adjustment.
7. Replacement Adjustment: HCD applies a replacement adjustment from between .5% and 5% to the total housing stock based on the current 10-year average of demolitions in the region's local government annual reports to Department of Finance

(DOF). For SJCOG, the 10-year average is **.39%**, therefore a **.5%** adjustment was applied.

8. Occupied Units: This figure reflects DOF's estimate of occupied units at the start of the projection period (June 30, 2023).
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 nation. The very low- and low-income RHNA is increased by the percent difference ($72.02\% - 60.25\% = 11.78\%$) between the region and the nation's 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 ($16.90\% - 9.89\% = 7.01\%$) between the region and the nation's 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 2014-2018 CHAS.