

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

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June 16, 2023

Sean Curtis, Interim Planning Director
Modoc County Planning Department
203 W 4th Street
Alturas, CA 96101

Dear Sean Curtis:

RE: Final Regional Housing Need Determination and Plan

This letter provides Modoc County its final Regional Housing Need Determination and final Allocation Plan. 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 the region's existing and projected housing need and a final Regional Housing Need Allocation (RHNA) plan to countywide regions not represented by a council of governments (COGs). In assessing Modoc County's regional housing need, HCD consulted with local government staff and 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 **82** total units among four (4) income categories. Attachment 2 explains the methodology applied pursuant to Government Code section 65584.01. In determining the region'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 final RHNA Plan for the region, for the *projection* period beginning June 30, 2024 and ending June 30, 2029. In determining the final allocation plan, HCD issued a draft allocation plan on March 17, 2023, and followed steps described in Government Code section 65584.06.

Government Code section 65588(e)(6) specifies the RHNA projection period begins December 31 or June 30, whichever date most closely preceded the previous projection period end date. The RHNA projection period end date is set to align with the planning period end date. The Planning period end date is five years following the housing element due date.

Modoc County local governments are responsible for updating their housing elements for the *planning* period beginning June 30, 2024 and ending June 30, 2029 to accommodate their share of new housing need for each income category. Please note, a jurisdiction authorized to permit residential development may take RHNA credit for new units approved, permitted, and/or built since the start date of the RHNA projection period (June 30, 2024).

HCD encourages all Modoc 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 Modoc County local government leadership in fulfilling their important role in advancing the state's housing, transportation, and environmental goals. HCD looks forward to continued partnership with the region, and in assisting in planning efforts to accommodate the region's share of housing need.

Please note: A metropolitan planning organization (MPO) or regional transportation planning agency (RTPA) on a 5-year regional transportation plan (RTP) update schedule can elect to adopt its RTP every four years. **After the election is made, all local governments within the region of the MPO or RTPA change from a 5-year to an 8-year housing element planning period beginning with the next housing element update.**

For the 8th cycle housing element update, the MPO or RTPA must make its election before **December 30, 2024**, at least 54 months prior to the 8th cycle housing element due date.

In considering the option to change the update schedule for the next RTP and to change the next housing element update schedule and planning period from five (5) to eight (8) years, the MPO or RTPA is required to hold a public hearing. The public and localities must be notified at least 30 days before the hearing. If the election is made, HCD must be promptly notified and the next RTP must be completed within three (3) years of the notification of electing a 4-year RTP update schedule. Local governments will have a new housing element due date based on the requirement to update and adopt the housing element no later than 18 months from adoption of the RTP. **Local governments interested in changing from a 5-year to an 8-year housing element planning period should quickly communicate with the MPO or RTPA to take necessary actions by specified time periods.**

If HCD can provide any additional assistance, or if you, or your staff, have any questions, please contact Tom Brinkhuis, Housing Policy Senior Specialist, at tom.brinkhuis@hcd.ca.gov or Annelise Osterberg, Housing Policy Senior Specialist, at annelise.osterberg@hcd.ca.gov.

Sincerely,



Tyrone Buckley
Assistant Deputy Director

Enclosures

cc: Joe Picotte, Planning Director, City of Alturas

ATTACHMENT 1

HCD REGIONAL HOUSING NEED DETERMINATION Modoc: June 30, 2024 through June 30, 2029

<u>Income Category</u>	<u>Percent</u>	<u>Housing Unit Need</u>
Very-Low*	21.4%	18
Low	19.6%	16
Moderate	17.0%	14
Above-Moderate	42.0%	34
Total	100.0%	82
*Extremely-Low	8.6%	Included in Very-Low Category

Notes:

Income Distribution:

Income categories are prescribed by California Health and Safety Code (Section 50093, et. seq.). Percentages are derived based on Census/ACS reported household income brackets and county median income. Extremely low-income percentage provided for informational purposes.

ATTACHMENT 2

HCD REGIONAL HOUSING NEED DETERMINATION: Modoc: June 30, 2024 through June 30, 2029

Methodology

Modoc: June 30, 2024 – June 30, 2029 (5 years)		
HCD Determined Population, Households, & Housing Unit Need		
Reference No.	Steps Taken to Calculate Regional Housing Need	Amount
1.	Population: June 30, 2029	8,495
2.	- <i>Group Quarters Population: June 30, 2029</i>	-330
3.	Household (HH) Population	8,155
4.	Projected Households	3,655
5.	+ Owner Vacancy Adjustment (.82%)	+22
6.	+ Renter Vacancy Adjustment (5.43%)	+51
7.	+ Overcrowding Adjustment (0%)	+0
8.	+ Replacement Adjustment (.1%)	+4
9.	+ Jobs Housing Relationship Adjustment	+0
10.	- <i>Occupied Units (HHs) estimated June 30, 2024</i>	-3,650
11.	+ Cost-burden Adjustment	+0
12.	+ State of Emergency Adjustment	+0
	Preliminary Regional Housing Need	82
13.	+ Feasible Jobs/Housing Balance Adjustment	+0
Total	7th Cycle Regional Housing Need Assessment (RHNA)	82

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 Government 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 within the Household Population to form households at different rates based on American Community Survey (ACS) trends.
- 5-6. Vacancy Adjustment: HCD applies a vacancy adjustment to facilitate healthy housing markets and resident mobility. The vacancy adjustment is applied separately based on the region’s current “for rent” and “for sale” vacancy rate (which includes units for rent, for sale, and recently rented/sold but not yet occupied). The owner adjustment is based on the amount that the region’s

current owner vacancy rate (1.18%) is below the standard of 2%. For Modoc County the owner vacancy rate is below the healthy standard, resulting in a .82% adjustment. The renter adjustment is based on the amount the region's current renter vacancy rate (.57%) is below the standard of 6%. For Modoc County the renter vacancy rate is below the healthy standard of 6%, resulting in a 5.43% adjustment. Pursuant to Government Code Section 65584.01, the standard vacancy rate for a healthy rental housing market cannot be less than 5%. Data is from the 2017-2021 ACS.

7. **Overcrowding Adjustment:** In regions where overcrowding is greater than the U.S. overcrowding rate, HCD applies an adjustment based on the amount the region's overcrowding rate exceeds the U.S. overcrowding rate. Data is from the 2017-2021 ACS. For Modoc County, the region's overcrowding rate of 3.19% is lower than the national overcrowding rate (3.33%), resulting in a 0% adjustment.
8. **Replacement Adjustment:** HCD applies a replacement adjustment between .1% and 5% to the total housing stock based on the current ten-year average of demolitions in the region's local government annual reports to DOF, excluding units lost due to a state of emergency. For Modoc the ten-year average is .02%; therefore a .1% adjustment was applied.
9. **Jobs Housing Relationship Adjustment:** HCD applies an adjustment to account for any imbalances between jobs and housing within the region. To apply the adjustment, HCD uses 2019 Longitudinal Employer-Household Dynamic (LEHD) Origin-Destination Employment Statistics to calculate the net number of workers commuting to Modoc County from outside the region. HCD then divides the number of workers by the healthy jobs housing balance ratio of 1.5 to calculate the number of housing units that would be needed to house these workers within the region. For Modoc, this results in a 0 unit increase to the RHNA.
10. **Occupied Units:** This figure reflects DOF's estimate of occupied units at the start of the projection period (June 30, 2024).
11. **Cost Burden Adjustment:** HCD applies an adjustment to the projected need by comparing the difference in cost-burden for the region to the cost-burden in the nation. The cost burden rate in Modoc is lower than the cost burden rate for households in the nation, resulting in a 0% increase to the RHNA. Data is from 2017-2021 ACS.
12. **State of Emergency Adjustment:** HCD used data provided by the California Governor's Office of Emergency Services (CalOES) pursuant to Government Code 65584.01(b)(1)(I) to adjust for units lost due to a declared state of emergency. Data is from 2019 - 2021. To estimate the percentage of units lost that were originally occupied, HCD uses 2017-2021 ACS data to calculate the percentage of units in the region that are temporarily occupied by persons with a usual residence elsewhere. HCD then multiplies the occupancy rate by the units lost due to a state of emergency, resulting in a 0 unit increase to the RHNA.

13. Feasible Jobs/Housing Balance Adjustment: Government Code section 65584.01(c) states: "The region's existing and projected housing need shall reflect the achievement of a feasible balance between jobs and housing within the region using the regional employment projections in the applicable regional transportation plan." After applying the adjustments noted above, HCD compared the 7th cycle RHNA determination and the region's total occupied housing units to the employment projections provided by Caltrans for use in regional transportation plans to determine whether a feasible balance was achieved. This analysis resulted in a jobs housing balance of .71 (71 projected jobs for every 100 occupied housing units). Because this is below the healthy rate of 1.5, no additional adjustment is needed.

ATTACHMENT 3

HCD FINAL REGIONAL HOUSING NEEDS ALLOCATION PLAN: MODOC LOCAL GOVERNMENTS

JUNE 30, 2024 – JUNE 30, 2029

Distribution of FINAL RHNA

This table reflects the final 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
Modoc County	18	16	14	34	82
Alturas City	10	9	8	19	46
Unincorporated Modoc County	8	7	6	15	36

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 the four (4) income categories (very-low, low, moderate, and above-moderate) over the designated planning period June 30, 2024 – June 30, 2029. These requirements were enacted into state housing law (Article 10.6 of the Gov. Code) upon the California Legislature determining that the provision of adequate housing is an issue of statewide concern.

HCD, pursuant to Government 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 determination of regional housing need to each local government not represented by a COG. The RHNA, per Government Code section 65584(d), is required to further all 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.

The RHNA is based on the projection of population and new household formation determined by the Demographic Research Unit of 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, 2024 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 (June 30, 2024).

RHNA Plan Methodology

HCD considers three factors when distributing the regional housing need to local governments. HCD applies a weighting to each factor that determines how much of the total regional housing need is distributed based on this factor. The individual factors and example of their weighting is shown below for a hypothetical regional determination of 1000 units.

	Factor 1: Distribution by Household Population (-20 percent from unincorporated county)	Factor 2: Jobs/Housing Balance	Factor 3: Affirmatively Furthering Fair Housing	Total
Weighting	33%	47%	20%	100%
Units	330	470	200	1000

Once weighting of each factor is applied, HCD uses a five-step approach in distributing RHNA to local governments within the county.

First, DOF's January 1, 2022 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 aligned with the first statutory objective and considers market demand for housing consistent with Government Code section 65584.06(b).

Second, a policy adjustment of 20 percent was applied to the unincorporated county RHNA total to decrease the unincorporated share and increase city shares to address the second statutory objective to protect agricultural resources and encourage efficient development patterns.

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

<i>Factor 1 - Explanation</i>	<i>HH Population</i>	<i>Share</i>	<i>Weighted Share of RHNA</i>	<i>Adjustment (20%)</i>	<i>Weighted Share of RHNA</i>
<i>County</i>	<i>50,000</i>	<i>100%</i>	<i>330</i>		<i>330</i>
<i>City A</i>	<i>10,000</i>	<i>20%</i>	<i>66</i>	<i>+52</i>	<i>118</i>
<i>Unincorporated County</i>	<i>40,000</i>	<i>80%</i>	<i>264 x (.20)</i>	<i>-52</i>	<i>212</i>

The third step applies the jobs/housing adjustment factor and is consistent with the third statutory objective. This step also takes into consideration employment opportunities and commuting patterns per Government Code section 65584.06(b). Data on the number of primary jobs in each jurisdiction is determined from Longitudinal Employer-Household Dynamic (LEHD) data from the US Census Bureau. This is compared with the total number of housing units in each jurisdiction to calculate a ratio of jobs to housing. This ratio is normalized on a scale of 1.5 to .5, with the jurisdiction with the highest jobs/housing ratio assigned a ratio of 1.5 and the jurisdiction with the lowest ratio assigned a ratio of .5. The normalized ratio is divided by the number of housing units assigned after the first and second step, then converted to a percentage. This ensures the size of the adjustment is proportional to the size of the jurisdiction.

<i>Factor 2 - Explanation</i>	<i>Jobs</i>	<i>Units</i>	<i>Ratio</i>	<i>Normalized ratio scale .5-1.5</i>	<i>Convert to percent share</i>	<i>Weighted Share of Allocation</i>
<i>Jurisdiction 1</i>	<i>1000</i>	<i>600</i>	<i>1.39</i>	<i>0.50</i>	<i>16%</i>	<i>74</i>
<i>Jurisdiction 2</i>	<i>1000</i>	<i>400</i>	<i>1.64</i>	<i>1.50</i>	<i>84%</i>	<i>396</i>

The fourth step applies the fair housing adjustment and is consistent with the fifth statutory objective. Data on the number of households within high/highest opportunity areas, as defined in the COG Geography HCD/TCAC Opportunity Map is used to create normalized scores for each jurisdiction from 1.5 to .5, with 1.5 being the highest opportunity jurisdictions and .5 being the lowest opportunity jurisdictions. The normalized ratio is divided by the number of housing units assigned after the first and second steps, then converted to a percentage. This ensures the size of the adjustment is proportional to the size of the jurisdiction.

<i>Factor 3 - Explanation</i>	<i>% in High/Highest Resource</i>	<i>Normalized %</i>	<i>Convert to percent share</i>	<i>Weighted share of allocation</i>
Jurisdiction 1	50%	0.5000	15.8%	32
Jurisdiction 2	75%	1.5	84.2%	168

Once a weighted share of the allocation is calculated for each factor, they are added together for each jurisdiction to determine the total allocation for each jurisdiction.

The last step is the determination of RHNA by income category. To assist in meeting the first, fourth, and fifth statutory objectives (mix of housing type, affordability and income category allocation based on the countywide distribution of household incomes, affirmatively furthering fair housing), the income distributions of each jurisdiction’s households were compared to the countywide distribution. A “fair share” policy adjustment (150%) was applied to city income categories to move city percentages closer to county percentages as demonstrated in this hypothetical example.

<i>County/ City</i>	<i>Very-Low Income %</i>	<i>Difference County-City</i>	<i>Fair Share Multiplier</i>	<i>Fair Share Adjustment</i>	<i>Adjusted Very-Low RHNA</i>
<i>County</i>	22%	0	None	N/A	Same
<i>City A</i>	41%	22% - 41% = = -19%	1.5	(-19%)* 1.5 = = -28.5%	41% - 28.5% = 12.5%

City’s Low-Income RHNA = City Total RHNA x 12.5% = 720 x 12.5% = 90 units