DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT
2020 W. El Camino Avenue, Suite 500
Sacramento, CA 95833
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov

December 21, 2018

Paul Hellman, Planning Director
County of Shasta
1855 Placer Street, Suite 103
Redding, California 96001

Dear Paul Hellman:

RE: Final Regional Housing Need Determination

This letter provides Shasta 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 Shasta 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 **3,675** total units among four income categories. Attachment 2 explains the methodology applied pursuant to Gov. Code section 65584.01. In determining Shasta 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 Shasta County for the *projection* period beginning December 31, 2018 and ending April 15, 2028. Shasta County and its local government are responsible for updating their housing elements for the *planning* period beginning April 15, 2020 and ending April 15, 2028 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 draft 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 Shasta County and its local governments for their leadership in fulfilling its important role in advancing the state's housing, transportation, and environmental goals. HCD looks forward to its continued partnership with Shasta County and its local governments and to assisting 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 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

Shasta County: December 31, 2018 through April 15, 2028

Income Category	Percent	Housing Unit Need
Very-Low*	24.1%	885
Low	16.1%	590
Moderate	17.3%	635
Above-Moderate	42.5%	1,565
Total	**100.0%**	**3,675**
* Extremely-Low	12.2%	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: December 31, 2018 through August 31, 2024

Methodology

SHASTA COUNTY: PROJECTION PERIOD (5.7 years) HCD Determined Population, Households, & Housing Unit Need					
1.	**Population: Population: August 31 2024 (DOF June 30 2024 projection adjusted + 2 months to August 31 2024)**				186,880
2.	*- Group Quarters Population: 08/31/2024 (DOF 06/30/2024 projection adjusted + 2 months to 08/31/2024)*				-3,100
3.	**Household (HH) Population**				183,780
	Household Formation Groups	**HCD Adjusted DOF Projected HH Population**	***DOF HH Formation Rates***	**HCD Adjusted DOF Projected Households**	
		183,780		74,130	
	under 15 years	30,555	n/a	n/a	
	15 – 24 years	22,135	10.62%	2,350	
	25 – 34 years	23,790	39.78%	9,465	
	35 – 44 years	23,740	48.49%	11,510	
	45 – 54 years	20,225	52.61%	10,640	
	55 – 64 years	19,370	57.85%	11,205	
	65 – 74 years	22,395	62.47%	13,990	
	75 – 84 years	15,910	67.75%	10,780	
	85+	5,660	74.03%	4,190	
4.	**Projected Households (Occupied Unit Stock)**				74,130
5.	+ Vacancy Adjustment (1.27%)				940
6.	+ Overcrowding Adjustment (0%)				0
7.	+ Replacement Adjustment (1.26%)				935
8.	*- Occupied Units (HHs) estimated January 1, 2019*				-72,331
6th Cycle Regional Housing Need Assessment (RHNA)					**3,675**

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, 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 the 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 of up to 5% 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.

ATTACHMENT 3
HCD REGIONAL HOUSING NEEDS ALLOCATION PLAN: SHASTA COUNTY LOCAL GOVERNMENTS
December 31, 2018 – August 31, 2024

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	Mode-rate	Above-Moderate	Total	
Shasta County	**885**	**590**	**635**	**1,565**	**3,675**	
Redding	**502**	**339**	**360**	**893**	**2,091**	
Percentage of Total	*24.0%*	*16.1%*	*17.2%*	*42.7%*	*100.0%*	*56.9%*
Anderson	**54**	**37**	**41**	**109**	**241**	
Percentage of Total	*22.6%*	*15.3%*	*17.0%*	*45.1%*	*100.0%*	*6.6%*
Shasta Lake	**56**	**39**	**42**	**101**	**238**	
Percentage of Total	*23.4%*	*16.5%*	*17.7%*	*42.5%*	*100.0%*	*6.5%*
Unincorporated Shasta County	**273**	**179**	**193**	**460**	**1,105**	
Percentage of Total	*24.7%*	*16.2%*	*17.5%*	*41.6%*	*100.0%*	*30.1%*

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 (April 15, 2020 through April 15, 2028). 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 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 April 15, 2020 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's January 1, 2018 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 twenty 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 (20%)	Total RHNA
County	50,000	100%	2,000		2,000
City A	10,000	20%	400	+320	720
Unincorporated	40,000	80%	1,600 x (20%)	-320	1,280

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