

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

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July 5, 2018

Phillip J. Dow
Executive Director
Mendocino Council of Governments
367 North State Street
Ukiah, CA 95482-4442

Dear Phillip J. Dow:

RE: Final Regional Housing Need Determination

Thank you for your letter regarding Mendocino Council of Government's (Mendocino COG) Regional Housing Needs Determination. Pursuant to state housing element law (Government Code (Gov. Code) section 65584, et seq.), the Department of Housing and Community Development (Department) is reporting the results of its review.

As a reminder, there are several reasons for the increase in Mendocino COG's 6th cycle Regional Housing Needs Determination as compared to the 5th cycle. First, as your letter noted, this cycle's projection period is 3.2 years longer than the previous cycle's projection period. Second, the California Department of Finance (DOF) Demographic Research Unit estimates substantial growth in the region in the upcoming years. Finally, the 5th cycle's Regional Housing Needs Allocation (RHNA) was much anomalously low at 250, compared to the 4th cycle's RHNA at 3,495.

However, based on many of the points raised in the letter – including the large differential in DOF's projections between the 5th and 6th cycles, and the challenges the county will likely face in planning and permitting housing post-fire – the Department is providing Mendocino COG with a Regional Housing Needs Determination that includes no adjustment factors and solely includes the projected households that DOF estimates the county will have at the end of the 6th cycle minus the existing housing stock. While this Regional Housing Needs Determination is still significantly higher than the 5th cycle's determination, it is almost a 50% decrease from the 4th cycle's determination.

Attachment 1 displays the minimum regional housing need determination of **1,845** total units among four income categories for Mendocino COG to distribute among its local governments. Attachment 2 explains the methodology applied pursuant to Gov. Code section 65584.01. In determining Mendocino COG's housing need, the Department considered all the information specified in state housing law (Gov. Code section 65584.01(c)).

As you know, Mendocino COG is responsible for adopting a methodology and RHNA Plan for the *projection* period beginning December 31, 2018 and ending August 15, 2027. Within 30 days from the adoption date, Mendocino COG must submit the RHNA Plan to the Department for approval. Local governments are in turn responsible for updating their housing element 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.

Pursuant to Gov. Code section 65584(d), the methodology to prepare Mendocino COG's RHNA plan must be consistent with 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

Pursuant to Gov. Code section 65584.04(d), to the extent data is available, Mendocino COG should include the factors listed in Gov. Code section 65584.04(d)(1-10) to develop its RHNA plan, and pursuant to Gov. Code section 65584.04(e), Mendocino COG must explain in writing how each of these factors was incorporated into the RHNA plan methodology.

The Department commends Mendocino COG for its leadership in fulfilling its important role in advancing the state's housing, transportation, and environmental goals. Mendocino COG is also recognized for its actions in proactively educating and engaging jurisdiction members on the RHNA process. The Department especially thanks Nephele Barrett for her significant efforts and assistance. The Department looks forward to its continued partnership with Mendocino COG and its member jurisdictions and assisting Mendocino COG in its planning efforts to accommodate the region's share of housing need.

If the Department 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.

Sincerely,



Zachary Olmstead
Deputy Director

Enclosures

ATTACHMENT 1

HCD REGIONAL HOUSING NEED DETERMINATION

Mendocino County Governments: December 31, 2018 through August 31, 2027

<u>Income Category</u>	<u>Percent</u>	<u>Housing Unit Need</u>
Very-Low*	25.7%	474
Low	16.7%	308
Moderate	14.6%	269
Above-Moderate	43.0%	794
Total	100.0%	1,845

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: Mendocino County December 31, 2018 – August 31, 2027

Methodology

1.	Mendocino County: December 31, 2018 – August 31, 2027 (8.8 years) HCD Determined Population, Households, & Housing Unit Need				
2.	Population: August 31, 2027 (DOF June 30, 2028 projection adjusted minus 10 months back to August 31, 2027)				92,815
3.	<i>- Group Quarters Population (DOF June 30, 2028 projection adjusted minus 10 months back to August 31, 2027)</i>				-2,145
4.	Household (HH) Population				90,670
	Household Formation Groups	HCD Adjusted DOF Projected HH Population	DOF HH Formation Rates	HCD Adjusted DOF Projected Households	
		90,670		36,715	
	under 15 years	15,150	n/a	n/a	
	15 – 24 years	10,730	9.46%	1,015	
	25 – 34 years	10,850	37.46%	4,065	
	35 – 44 years	10,505	45.60%	4,790	
	45 – 54 years	10,160	54.15%	5,500	
	55 – 64 years	9,745	58.61%	5,710	
	65 – 74 years	11,420	62.61%	7,150	
	75 – 84 years	9,350	69.80%	6,525	
	85+	2,760	71.01%	1,960	
5.	Projected Households (Occupied Unit Stock)				36,715
6.	<i>- Occupied Units (HHs) estimated January 1, 2019 (from DOF data)</i>				-34,870
6th Cycle Regional Housing Need Assessment (RHNA)					1,845

Explanation and Data Sources

1. Projection period: Gov. Code 65588(f) specifies RHNA projection period start is December 31 or June 30, whichever date most closely precedes end of previous RHNA projection period end date. RHNA projection period end date is set to align with planning period end date. The planning period end date is eight years following the Housing Element due date, which is 18 months following the Regional Transportation Plan adoption rounded to the 15th or end of the month.
- 2-5. 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, by age groups, to form households at different rates based on Census trends.
6. 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.