

**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



June 2, 2023

Tim H. Beals, Director
Planning and Building Department
County of Sierra
101 Courthouse Square
PO Box 530
Downieville, CA 95936

Dear Tim H. Beals:

RE: Final Regional Housing Need Determination and Plan

This letter provides Sierra County its final Regional Housing Need Determination and final Allocation 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 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 Sierra County's regional housing need, HCD consulted with local government staff and Doug Kuczynski and Walter Schwarm of the California Department of Finance (DOF) Demographic Research Unit.

Attachment 1 displays the minimum regional housing need determination of **4** total units among four 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 February 13, 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, which is five years following the housing element due date.

Sierra 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 Sierra County 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 Sierra 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 four-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.**

Tim H. Beals, Director
Page 3

If HCD can provide any additional assistance, or if you, or your staff, have any questions, please contact Annelise Osterberg, Senior Specialist, at annelise.osterberg@hcd.ca.gov or Kevan Rolfness, Specialist, at kevan.rolfness@hcd.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Tyrone Buckley". The signature is written in a cursive style with a large initial 'T'.

Tyrone Buckley
Assistant Deputy Director

Enclosures

cc: Kathy LeBlanc, City Clerk, City of Loyalton

ATTACHMENT 1

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

<u>Income Category</u>	<u>Percent</u>	<u>Housing Unit Need</u>
Very-Low*	50%	2
Low	50%	2
Moderate	0%	0
Above-Moderate	0%	0
Total	100.0%	4
*Extremely-Low	13.3%	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: Sierra County: June 30, 2024 through June 30, 2029

Methodology

Sierra County: 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 (DOF projection)	3,045
2.	<i>- Group Quarters Population: June 30, 2029 (DOF projection)</i>	-35
3.	Household (HH) Population	2,980
4.	Projected Households	1,375
5.	+ Owner Vacancy Adjustment (0%)	+0
6.	+ Renter Vacancy Adjustment (5.59%)	+16
7.	+ Overcrowding Adjustment (0%)	+0
8.	+ Replacement Adjustment (.10%)	+1
9.	+ Jobs Housing Relationship Adjustment	+0
10.	<i>- Occupied Units (HHs) estimated June 30, 2024</i>	-1,449
11.	+ Cost-burden Adjustment	+0
12.	+ State of Emergency Adjustment	+0
	Preliminary Regional Housing Need	0
13.	+ Feasible Jobs/Housing Balance Adjustment	+0
Total	7th Cycle Regional Housing Need Assessment (RHNA)	4

Detailed background data for this chart is available upon request.

NOTE: The decline in projected population in Sierra County results in a negative housing need determination. Pursuant to Gov. Code Section 65584(d)(1), all jurisdictions must receive an allocation of low and very-low income RHNA units. Accordingly, HCD is allocating two (2) units to each jurisdiction in the region, resulting in a 4 unit regional housing need determination.

Explanation and Data Sources

- 1-4. Population, Group Quarters, Household Population, & Projected Households: Pursuant to Government 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.

- 5-6. Vacancy Adjustment: HCD applies a vacancy adjustment to facilitate healthy a housing market 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 (2.78%) is below the standard of 2%. For Sierra County, the owner vacancy rate is above the healthy standard, resulting in no adjustment. The renter adjustment is based on the amount the region's current renter vacancy rate (.41%) is below the standard of 6%. For Sierra County, the renter vacancy rate is below the healthy standard, resulting in 16-unit 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 Sierra County, the region's overcrowding rate of 1.91% is lower than the national overcrowding rate (3.33%), resulting in no adjustment.
8. Replacement Adjustment: HCD applies a replacement adjustment between .1% 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 DOF, excluding units lost due to a state of emergency. For Sierra County, the 10-year average is .04%; therefore a .10% 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 LEHD Origin-Destination Employment Statistics to calculate the net number of workers commuting to Sierra 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 Sierra County, this results in no adjustment 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 Sierra County is lower than the cost burden rate for households in the nation, resulting in no adjustment 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 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. In Sierra County, no units were lost due to a state of emergency.
13. Feasible Jobs/Housing Balance Adjustment: According to statute, 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" (Gov. Code Section 65584.01). After applying the adjustments noted above, HCD compared the 7th cycle RHNA determination and the region's total occupied housing units to the Caltrans employment projections for Sierra County to determine whether a feasible balance was achieved. This analysis resulted in a jobs housing balance of .42 (2.4 housing units for every projected job). Because this is below the healthy rate of 1.5, no additional adjustment is needed.

ATTACHMENT 3

HCD FINAL REGIONAL HOUSING NEEDS ALLOCATION PLAN: SIERRA COUNTY LOCAL GOVERNMENTS

June 30, 2024 – June 30, 2029

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	Moderate	Above-Moderate	Total
Sierra County Region Total	2	2	0	0	4
City of Loyalton	1	1	0	0	2
Unincorporated Sierra County	1	1	0	0	2

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 through June 30, 2029). 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 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 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.
- (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.

The decline in projected population in Sierra County results in a negative housing need determination for the region. Pursuant to Government Code Section 65584(d)(1), all jurisdictions must receive an allocation of low and very-low income RHNA units. Accordingly, HCD is allocating two (2) units to each jurisdiction in the region.

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).