

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

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September 15, 2026

James Corless
Executive Director
Sacramento Area Council of Governments
1415 L Street, Suite 300
Sacramento, CA 95814

Dear James Corless:

RE: Final 7th Cycle Regional Housing Need Determination

This letter provides the Sacramento Area Council of Governments (SACOG) with its final Regional Housing Need Determination (RHND). Pursuant to State Housing Element Law (Gov. Code, § 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.

From July 2026 to September 2026, HCD and SACOG staff completed a consultation process covering the methodology, data sources, and timeline for HCD's determination of SACOG's regional housing need. To inform us about this process, HCD also consulted the California Department of Finance (DOF) Demographic Research Unit.

Attachment 1 displays the RHND of **136,057** total units among six income categories for SACOG to distribute among the region's local governments. Attachment 2 explains the methodology applied pursuant to Government Code section 65584.01. To determine the region's housing need, HCD considered all the information specified in Government Code section 65584.01, subdivision (b).

SACOG is responsible for adopting a methodology for the Regional Housing Needs Allocation (RHNA) and RHNA Plan for the *projection* period beginning June 30, 2029, and ending May 15, 2037. Pursuant to Government Code section 65584, subdivision (d), the methodology to prepare SACOG'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, subdivision (e), to the extent data is available, SACOG shall consider including the factors listed in Government Code section 65584.04, subdivision (e) to develop its RHNA Plan. Also, pursuant to Government Code section 65584.04, subdivision (f), SACOG 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. Pursuant to Government Code section 65584.04, subdivisions (h)-(i), SACOG must submit its draft methodology to HCD for review and a determination of consistency with the statutory objectives.

Note: SACOG is not responsible for planning for the housing need of the City of South Lake Tahoe, which is contained within the Tahoe Regional Planning Agency. HCD acted as the Council of Government and provided its determination and RHNA Plan to the City of South Lake Tahoe in 2025. As such, the households associated with that local government are not included in SACOG's regional housing need determination.

Government Code section 65588, subdivision (e)(6) specifies the RHNA *projection* period beginning December 31 or June 30, whichever date most closely precedes the previous projection period end date. The RHNA projection period end date is set to align with the planning period end date. SACOG's local governments are responsible for updating their housing elements for the *planning* period beginning May 15, 2029, and ending May 15, 2037, to accommodate their share of the regional 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, 2029).

As specified in Government Code section 65584.01, subdivision (c), a council of government may, within 30 days from the date of this letter, file an objection to HCD's determination of the regional housing need.

HCD encourages all SACOG'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-and-funding>.

HCD commends SACOG's leadership in fulfilling their important role in advancing the state's housing, transportation, and environmental goals. HCD would especially like to thank Chelsea Lee, Dov Kadin, Lisa Lind, and Joshua Fontes for their significant efforts and assistance. HCD looks forward to continued partnership with the region and assisting in planning efforts to accommodate the region's share of the housing need.

If HCD can provide any additional assistance, or if you or your staff have any questions, please contact Thomas Nguyen, Senior Data Specialist, at Thomas.Nguyen@hcd.ca.gov or Samantha Wu Rose, Housing Specialist, at Samantha.WuRose@hcd.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Zach McRae". The signature is fluid and cursive, with the first name "Zach" being more prominent than the last name "McRae".

Zach McRae
Assistant Deputy Director of Fair Housing and Tribal Affairs

Enclosures

cc: Marisa Prasse, Fair Housing Section Chief, Department of Housing and
Community Development
Dov Kadin, Senior Planner, Sacramento Area Council of Governments
Chelsea Lee, Associate Planner, Sacramento Area Council of Governments
Joshua Fontes, Data Analyst, Sacramento Area Council of Governments
Lisa Lind, Blueprint Manager, Sacramento Area Council of Governments
Clint Holtzen, Planning Manager, Sacramento Area Council of Governments

ATTACHMENT 1
HCD REGIONAL HOUSING NEED DETERMINATION
Sacramento Area Council of Governments (SACOG):
June 30, 2029 through May 15, 2037

INCOME CATEGORY	PERCENT	HOUSING UNIT NEED
Acutely Low	10.4%	14,135
Extremely Low	10.0%	13,668
Very Low	11.7%	15,968
Low	17.8%	24,238
Moderate	17.6%	23,945
Above Moderate	32.4%	44,103
Total	100.0%	136,057

Notes:

Income Distribution:

Income categories are prescribed by California Health and Safety Code Section 50063.5, et. seq. Percentages are derived based on Census/ACS reported household income brackets and county median income as determined by HCD.

ATTACHMENT 2
HCD REGIONAL HOUSING NEED DETERMINATION:
Sacramento Area Council of Governments (SACOG):
June 30, 2029 through May 15, 2037

Methodology

Sacramento Area Council of Governments: June 30, 2029 - May 15, 2037 (7.875 Years) HCD Determined Population, Households, & Housing Need		
Ref. No.	Steps Taken to Calculate Regional Housing Need	Amount
1	<i>Population: DOF 6/30/2036 Projection Adjusted 10.5 months to 5/15/2037</i>	2,809,096
2	<i>- Group Quarters Population: DOF 6/30/2036 Projection Adjusted 10.5 months to 5/15/2037</i>	(65,880)
3	<i>= Preliminary Household (HH) Population: 5/15/2037</i>	2,743,216
5	Preliminary Projected Households (Occupied Unit Stock)	1,058,899
7	+ Projected Apartment Style Student Households	158
8	Total Projected Households	1,059,057
9	+ Vacancy Adjustment for Existing Households	18,091
	+ Vacancy Adjustment for Projected Households	2,563
10	+ Overcrowding Adjustment	18,294
11	+ Cost-burden Adjustment	59,019
12	- Adjustment to account for HHs that experience both overcrowding and cost-burden	(16,534)
13	+ Replacement Adjustment Demolitions	1,059
14	+ Jobs Housing Relationship Adjustment	0
15	+ Homelessness Adjustment	4,466
16	+ State of Emergency Adjustment	755
17	- <i>Occupied Units (HHs) estimated projected June 30, 2029</i>	(1,010,449)
18	Preliminary Regional Housing Need	136,321
19	+ Replacement Adjustment Seasonal, Recreational, and Occasional Use	27
20	+ Feasible Jobs/Housing Balance Adjustment	0
21	- <i>South Lake Tahoe, Final 7th Cycle RHNA</i>	(291)
Total	7th Cycle Regional Housing Need Assessment (RHNA)	136,057

Detailed background data for this table is available upon request.

Explanation and Data Sources

Projection period: Government Code section 65588, subdivision (f), specifies the RHNA projection period start is December 31 or June 30, whichever date most closely precedes the end of the previous RHNA projection period end date. SACOG's projection period starts June 30th, 2029, and ends May 15th, 2037. The RHNA projection period end date is set to align with the planning period end date. The planning period end date is eight years following the Housing Element due date.

- 1-5. 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, institution, 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.
- 6-7. Projected Apartment-Style Student Households: DOF provides projections of the student population expected to reside in apartment-style student housing by the end of the projection period. Under the US Census Bureau definitions, all student housing owned, leased, or managed by a college or university, including apartment-style units, are classified as group quarters (GQ) rather than as part of the household population. Because DOF household projections exclude the group quarters population, projected changes in the number of students living in apartment-style student housing are not captured in the baseline household forecast. HCD accounts for this by subtracting the student population residing in apartment-style student housing at the beginning of the projection period (2029) from the projected population at the end of the projection period (2037). The resulting net change in student population living in apartment-style student housing (1,698) is then converted into projected households using the age 15-24 headship rate of 9.32 percent resulting in an adjustment of 158 projected households.
8. Total Projected Households at the end of the projection period (May 15, 2037).
9. Vacancy Adjustment: HCD applies a vacancy adjustment based on the region's current vacancy percentage to promote healthy market vacancies that facilitate housing availability and resident mobility. Healthy vacancy rates are 2% owner and 7% renter for MPO regions (6% for non-MPO regions). There are two methodologies utilized to calculate this adjustment. The first methodology is to calculate the vacancy adjustment for existing households. The adjustment for existing households is the difference between standard 2% and 7% vacancy rates and region's current vacancy rates based on the 2020-2024 5-year American Community Survey (ACS) data. That difference is then multiplied by the number of existing households by tenure based on the most recent occupied household estimates from DOF (existing households multiplied by current rates of renter and owner). For SACOG, the existing household owner vacancy rate (0.67%) is below the healthy standard, resulting in a 1.33% adjustment. The existing household renter vacancy rate (4.35%) is also below the healthy standard, resulting in a 2.65% adjustment. The second methodology is to calculate the vacancy adjustment for projected households. The projected household vacancy adjustment is obtained by applying the standard 2% and 7% vacancy rates to the projected owner and

renter households. The healthy vacancy rates (2% and 7%) are then multiplied by the number of projected households by tenure (projected households multiplied by current rates of renter and owner). Data is from the 2020-2024 5-year ACS and DOF 2026 E-5 Population Estimates.

10. Overcrowding Adjustment: Pursuant to Government Code section 65584.01(b)(1)(C), HCD uses ACS data to consider the percentage of households that are overcrowded in the region compared to the United States national average of households that are overcrowded. In regions where the overcrowding rate is greater than the U.S. national average overcrowding rate (3.44%), HCD applies an adjustment based on the amount the region's overcrowding rate exceeds the U.S. overcrowding rate. For SACOG, the region's overcrowding rate (5.29%) is higher than the national average (3.44%), resulting in a 1.84% adjustment. HCD then applies the 1.84% adjustment to total occupied households in the region (992,525). Data is from the 2020-2024 5-year ACS and DOF 2026 E-5 Population Estimates.
11. Cost Burden Adjustment: Pursuant to Government Code section 65584.01(b)(1)(H), HCD uses ACS data to consider the percentage of households that are cost burdened in the region compared to the United States national average of households that are cost burdened. In regions where the cost burdened rate is greater than the U.S. national average rate (30.71%), HCD applies an adjustment based on the amount the region's cost burdened rate exceeds the U.S. rate. For SACOG, the region's cost burdened rate (36.66%) is higher than the national average (30.71%), resulting in a 5.95% adjustment. HCD then applies the 5.95% adjustment to total occupied households in the region (992,525). Data is from the 2020-2024 5-year ACS and DOF 2026 E-5 Population Estimates.
12. Overcrowding and Cost Burden Adjustment: To minimize double counting the housing needs of households that are both overcrowded and cost burdened, HCD has implemented an additional overcrowding and cost burden adjustment. For regions with an adjustment for both overcrowding and cost burden, a downward adjustment is applied based on the number of households that are estimated to be both overcrowded and cost burdened according to an analysis of 2024 ACS Public Use Microdata Sample File data (PUMS) provided by DOF. If the DOF data for this adjustment exceeds the individual adjustments for overcrowding or cost burden, then this adjustment is limited to the lesser of the two. This double counting consideration resulted in a 16,534-unit reduction.
13. Replacement Adjustment (Demolitions): HCD applies a replacement adjustment between 0.1% to 5% to the total housing stock based on the current 10-year average percent of demolitions in the region's local government annual reports to DOF. Units lost during a state of emergency declaration are not included. For SACOG, the 10-year average was 0.000% so the minimum adjustment of 0.1% is applied to the projected occupied households.
14. Jobs Housing Relationship Adjustment: HCD applies an adjustment based on the number of in-commuters to a region. The adjustment is calculated by dividing the number of in-commuters to the region by HCD's jobs/housing standard of 1.5. In SACOG, the number of employed residents exceeded the number of people employed

in the region, resulting in no adjustment. Data is from the US Census Bureau LEHD Origin-Destination Employment Statistics, 2023 and 2020-2024 5-year ACS.

15. Homelessness Adjustment: HCD applies an adjustment based on the housing needs of individuals and families experiencing homelessness. For non-COG regions and COGs that do not provide their own data, by default HCD uses the most recent Point-in-Time counts from the region's Continuums of Care and DOF household formation rates. SACOG's Continuums of Care include Sacramento City and County, Rocklin/Roseville/Placer County, Davis/ Woodland/Yolo County, Yuba City and County, and El Dorado County. An adjustment of 4,466 units was applied to SACOG using data from the HUD 2025 Point-in-Time Count and DOF household formation rates. This adjustment is allocated to the acutely low- and extremely low-income categories, with 75% of the adjustment allocated to the acutely low-income category and 25% allocated to the extremely low-income category.
16. State of Emergency Adjustment: HCD uses data provided by the California Governor's Office of Emergency Services (CalOES) and the California Department of Forestry and Fire Protection (CAL FIRE) pursuant to Government Code section 65584.01, subdivision (b)(1)(I), to calculate the number of units lost due to a declared state of emergency during the previous planning period (since 2021) and which have not been rebuilt or replaced. CalOES and CAL FIRE inspection data were retrieved by HCD in August 2026. HCD defines a rebuilt or replaced unit as the issuance of a building permit in the affected area, as reported in the Annual Progress Report or other local data sources, and subtracts the number of building permits from the count of units lost. To estimate the percentage of units lost that were originally occupied, HCD uses 2020-2024 ACS data to calculate the percentage of units in the region that are temporarily occupied by persons with a usual residence elsewhere. The occupancy rate is then applied to the net units lost due to a state of emergency, as recorded by the Franchise Tax Board's List of California Disasters. For SACOG, this resulted in an adjustment of 755 units to the RHND. HCD uses the California Franchise Tax Board and CalOES list of disasters and emergency proclamations to ensure that only units destroyed by a Governor-declared State of Emergency in the region are utilized when calculating this adjustment.
17. Occupied Units: Reflects DOF's projected occupied units at the start of the projection period (June 30, 2029)
18. Preliminary Regional Housing Need Determination: Housing need calculated after applying calculations 1-17. This preliminary RHND is used to evaluate feasible balance between jobs and housing and the Replacement Adjustment (Seasonal, Recreational, and Occasional Use).
19. Replacement Adjustment (Seasonal, Recreational, and Occasional Use Housing Units): In addition to the demolition replacement adjustment, HCD also applies a replacement adjustment to account for housing units that are not available for permanent year-round occupancy. This adjustment is calculated based on the change in the percentage of housing units that are for seasonal, recreational, and occasional use per ACS data. There are two methodologies utilized to calculate this adjustment, depending on changes in the housing stock over the period of analysis. If both the total number of

seasonal, recreational, and occasional use housing units and the overall housing stock increased over the relevant 8-year period, HCD calculates the adjustment based on the proportion of newly added housing units used for seasonal, recreational, or occasional purposes during that time frame. This proportion is then applied as a percentage increase to the preliminary housing need assessment. If, however, either the total number of seasonal, recreational, and occasional use housing units or the overall housing stock decreased, HCD instead compares the change in the share of seasonal, recreational, occasional use housing units to total housing units. For SACOG, the total number of recreational housing and total housing units increased from 2016 to 2024, therefore HCD used the first option. From 2016 to 2024, seasonal, recreational, occasional use housing unit growth (+16) made up 0.02% of new housing unit growth (+81,996). HCD then applies 0.02% to the preliminary RHND of 136,321 units, resulting in a 27-unit adjustment. Data is from the 2016 and 2024 ACS 5-year estimates.

20. 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 § 65584.01(c)(1)). After applying the adjustments noted above, HCD compared the 7th cycle RHNA determination and the region’s total occupied housing units to employment projections in Caltrans Long Term Socio-Economic Forecast to determine whether a feasible balance was achieved. This analysis resulted in a jobs housing balance of 1.06 (0.94 housing units for every projected job). Because this is below the healthy rate of 1.5, no additional adjustment is needed. Data is from the 2020-2024 5-Year ACS data, US Census Bureau LEHD Origin-Destination Employment Statistics, 2023, and DOF's Caltrans Long Term Socio Economic Forecast, 2025.
21. South Lake Tahoe is not in the SACOG planning area but is included in the DOF’s population and household projections for El Dorado County. As a result, the households projected for the Tahoe Regional Planning Authority (TRPA) for the 7th RHNA cycle (291 units) will not be included in the 7th cycle RHND for the SACOG region.