DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT
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May 15, 2026 **CORRECTED**

Peter Rodgers
Executive Director
San Luis Obispo Council of Governments
1114 Marsh Street
San Luis Obispo, CA 93401

Dear Peter Rodgers:

RE: Final Regional Housing Need Determination

This letter provides San Luis Obispo Council of Governments (SLOCOG) its final Regional Housing Need Determination. 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.

In assessing SLOCOG's regional housing need, HCD and SLOCOG staff completed a consultation process from February 2026 through May 2026 covering the methodology, data sources, and timeline for HCD's determination of the Regional Housing Need. To inform this process, HCD also consulted Walter Schwarm of the California Department of Finance (DOF) Demographic Research Unit.

Attachment 1 displays the minimum regional housing need determination of **15,284** total units among six income categories for SLOCOG to distribute among the region's local governments. 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, § 65584.01(b)).

HCD, pursuant to Government Code section 65584(c), extended SLOCOG's 7th cycle regional housing need determination 30 days to consider newly released ACS data and updated DOF data and information. As a result, the housing element adoption due date was extended to January 15, 2029, for local governments in the SLOCOG region.

SLOCOG is responsible for adopting a methodology for the Regional Housing Needs Allocation (RHNA) and RHNA Plan for the *projection* period beginning June 30, 2028, and ending January 15, 2037. Pursuant to Government Code section 65584(d), the methodology to prepare SLOCOG'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(e), to the extent data is available, SLOCOG shall consider including the factors listed in Government Code section 65584.04(e) to develop its RHNA plan. Also, pursuant to Government Code section 65584.04(f), SLOCOG must explain in writing how each of these factors were incorporated into the RHNA plan methodology and how the methodology furthers the statutory objectives described above.

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. SLOCOG's local governments are responsible for updating their housing elements for the *planning* period beginning January 15, 2029 and ending January 15, 2037, 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, 2028).

As specified in Government Code section 65584.01(c), a Council of Governments (COG) may, within 30 days from the date of this letter, file an objection to HCD's determination of the region's existing and projected housing need.

HCD encourages all SLOCOG'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-funding/nofas.shtml.

HCD commends SLOCOG's 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 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 Balaji Balaganesan, Senior Fair Housing Specialist, at balaji.balaganesan@hcd.ca.gov, or Kevan Rolfness, Senior Data Specialist, at kevan.rolfness@hcd.ca.gov.

Sincerely,

Marisa Prasse
Fair Housing Section Chief

Enclosures

cc: James Worthley, Deputy Director, San Luis Obispo Council of Governments
Sara Sanders, Transportation Planner, San Luis Obispo Council of Governments

ATTACHMENT 1
HCD REGIONAL HOUSING NEED DETERMINATION
San Luis Obispo Council of Governments (SLOCOG):
June 30, 2028 through January 15, 2037

INCOME CATEGORY	PERCENT	HOUSING UNIT NEED
Acutely Low	10.9%	1,664
Extremely Low	9.9%	1,515
Very-Low	12.6%	1,920
Low	17.1%	2,610
Moderate	17.3%	2,649
Above-Moderate	32.2%	4,926
Total	**100.0%**	**15,284**

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:
San Luis Obispo Council of Governments (SLOCOG):
June 30, 2028 through January 15, 2037

Methodology

San Luis Obispo Council of Governments (SLOCOG): June 30, 2028 – January 15, 2037 (8 years) HCD Determined Population, Households, & Housing Unit Need		
Reference No.	Steps Taken to Calculate Regional Housing Need	Amount
1.	**Population: January 15, 2037 (DOF June 30, 2036 projection adjusted + 6.5 months to January 15, 2037)**	278,125
2.	- *Group Quarters Population:* January 15, 2037 (DOF June 30, 2036 projection adjusted + 6.5 months to January 15, 2037)	-20,368
3.	**Household (HH) Population**	257,757
4a.	**Projected Households**	**115,912**
4b.	+ Projected Apartment Style Student Housing	+116
5.	+ Vacancy Adjustment for Existing Households	+1,055
5.	+ Vacancy Adjustment for Projected Households	+166
6.	+ Overcrowding Adjustment	+777
7.	+ Cost-burden Adjustment	+9,433
8.	- Adjustment to account for HHs that experience both overcrowding and cost-burden (DOF data)	-777
9.	+ Replacement Adjustment Demolitions (0.1%)	+116
10.	+ Replacement Adjustment Seasonal, Recreational, and Occasional Use (2016 vs. 2024) (6.54%)	+938
11.	+ Jobs Housing Relationship Adjustment	+0
12.	+ Homelessness Adjustment	+592
13.	+ State of Emergency Adjustment	+0
14.	- *Occupied Units (HHs) estimated projected June 30, 2028 (from DOF data)*	-113,044
15.	**Preliminary Regional Housing Need (Not including Replacement Adjustment Seasonal, Recreational, and Occasional Use)**	**14,346**
16.	+ Feasible Jobs/Housing Balance Adjustment	+0
Total	**7th Cycle Regional Housing Need Assessment (RHNA)**	**15,284**

Detailed background data for this table 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, 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.

4b. Apartment-Style Student Housing Adjustment: 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. To account for this, HCD applies an adjustment based on the anticipated growth in the student population residing in apartment-style student housing over the projection period. HCD calculates this adjustment by subtracting the student population residing in apartment-style student housing at the beginning of the projection period (2028) 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 (+629) is then converted into projected households using the age 15-24 headship rate of 18.5 percent.

5. 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 the 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 (existing households multiplied by current rates of renter and owner). For SLOCOG, the existing household owner vacancy rate (1.97%) is below the healthy standard, resulting in a 0.03% adjustment. The existing household renter vacancy rate (4.56%) is also below the healthy standard, resulting in a 2.44% 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.

6. 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 SLOCOG, the region’s overcrowding rate (4.14%) is higher than the national average (3.44%), resulting in a 0.70% adjustment. HCD then applies the 0.70% adjustment to total occupied households in the region (111,638). Data is from the 2020-2024 5-year ACS and DOF 2025 E-5 Population Estimates.

7. 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 (32.21%), HCD applies an adjustment based on the amount the region’s cost burdened rate exceeds the U.S. rate. For SLOCOG, the region’s cost burdened rate (40.66%) is higher than the national average (32.21%), resulting in an 8.45% adjustment. HCD then applies the 8.45% adjustment to total occupied households in the region (111,638). Data is from the 2020-2024 5-year ACS and DOF 2025 E-5 Population Estimates.

8. 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 777-unit reduction.

9. 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 SLOCOG, the 10-year average was 0.03% so the minimum adjustment of 0.1% is applied to the projected occupied households.

10. 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 SLOCOG, 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 (+410) made up 6.54% of new housing unit growth (+6,270). HCD then applies the 6.54% to the preliminary RHND of 14,346 units, resulting in a 938-unit adjustment. Data is from the 2016 and 2024 ACS 5-year estimates.

11. 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. This adjustment does not include commuters entering from or leaving to states other than California. In SLOCOG, 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.

12. 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 County's Continuum of Care and DOF household formation rates. An adjustment of 592 units was applied to SLOCOG using data from the San Luis Obispo County Continuum of Care 2024 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.

13. State of Emergency Adjustment: HCD used 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(b)(1)(I) to adjust for units lost due to a declared state of emergency during the previous planning period (since 2020). Data is from 2025. 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. HCD then multiplies the occupancy rate by the units lost due to a state of emergency. For SLOCOG, this resulted in no adjustment to the RHNA. HCD uses the California Franchise Tax Board and CalOES list of disasters and emergency proclamations data to ensure that only units destroyed by a Governor-declared State of Emergency are utilized when calculating this adjustment.

14. Occupied Units: Reflects DOF's projected occupied units at the start of the projection period (June 30, 2028).

15. Preliminary Regional Housing Need Determination: Housing need calculated after applying factors described in Government Code section 65584.01(b). This preliminary Regional Housing Need Determination is used to evaluate feasible balance between jobs and housing and the Replacement Adjustment (Seasonal, Recreational, and Occasional Use).

16. 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 SLOCOG’s Regional Growth Forecast to determine whether a feasible balance was achieved. This analysis resulted in a jobs housing balance of 1.14 (0.87 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, 2022, and SLOCOG’s 2060 Regional Growth Forecast, 2025.