STATE OF CALIFORNIA - BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY GAVIN NEWSOM, *Governor*
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT
651 Bannon Street, Ste. 400
Sacramento, CA 95811
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov

April 3, 2026

Nephele Barrett, Executive Director
Mendocino Council of Governments
525 South Main Street, Suite B
Ukiah CA 95482

Dear Nephele Barrett:

RE: Review of Draft Regional Housing Need Allocation (RHNA) Methodology

Thank you for submitting the draft Mendocino Council of Governments (MCOG) Seventh Cycle Regional Housing Need Allocation (RHNA) Methodology. Pursuant to Government Code Section 65584.04(i), the California Department of Housing and Community Development (HCD) is required to review draft RHNA methodologies to determine whether a methodology furthers the statutory objectives described in Government Code Section 65584(d).

The draft MCOG RHNA methodology begins with the total regional determination provided by HCD of 6,456 units. The methodology first allocates units to each jurisdiction based on its share of Mendocino County's population across the six income categories. Next, the base allocation is adjusted according to each jurisdiction's existing distribution of population by median household income levels. Additional adjustments are made by comparing regional cost burden and overcrowding data with jurisdiction-specific cost burden and overcrowding data.

Finally, the methodology applies a series of small manual adjustments. The first manual adjustment transfers a small number of units to the City of Ukiah from the Unincorporated County to account for the Western Hills Annexation. Second, the methodology applies a small manual adjustment to the low-income category based on each jurisdiction's opportunity score, as identified in the 2025 COG Geography TCAC/HCD Opportunity Map. As a result, the City of Point Arena receives an increase in its lower-income categories, the City of Willits receives a decrease in its lower-income categories but an increase in its above moderate category, and the City of Fort Bragg receives a decrease in its above moderate category. Lastly, a final manual adjustment is applied to account for rounding errors.

HCD has completed its review of the methodology and finds that the draft MCOG RHNA Methodology does not further the statutory objectives described in Government Code section 65584(d). Specifically, HCD finds that MCOG's methodology does not further statutory objectives two and three which require the promotion of infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns and achievement of the region's greenhouse gas reductions; and the improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers.

Below is a summary of HCD's findings related to each of the five statutory objectives described within Government Code Section 65584(d), and an explanation of HCD's determination that the draft methodology fails to address and further objectives two and three:

1. Increasing the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner, which shall result in each jurisdiction receiving an allocation of units for low- and very low-income households. The regional housing needs allocation plan shall allocate units for extremely low and acutely low-income households in a manner that is roughly proportional to, and within a range of 3 percent of, the housing need for very low-income households.

> On a per-household basis, the draft methodology allocates a similar share of units to each jurisdiction for both lower-income and total RHNA. Jurisdictions with a higher percentage of single-family homes and a greater share of owner-occupied households receive proportionally more of the lower-income RHNA. Additionally, jurisdictions with higher gross median rents receive a larger share of the regional RHNA allocation. Finally, the regional housing needs allocation plan allocates units for extremely low- and acutely low-income households in a manner that is roughly proportional to the housing need for very low-income households.

2. Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region's greenhouse gas reductions targets provided by the State Air Resources Board pursuant to Section 65080.

> The draft methodology fails to further the statutorily required objective two. The methodology as submitted does not direct higher allocations to infill areas with greater access to jobs and lower per capita Vehicle Miles Traveled (VMT). Specifically, the City of Ukiah has a lower per capita VMT compared to the Unincorporated County, yet the City of Ukiah receives the lowest share of regional RHNA relative to its share of regional jobs. Additionally, the methodology allocates a lower share of the total regional RHNA to jurisdictions with a larger number of jobs accessible in a 60-minute

auto or transit commute. The City of Ukiah is the jurisdiction in the region with the largest number of jobs accessible within a 60-minute commute via transit and automobile (8,985 and 20,278 jobs respective), yet the Unincorporated County receives a higher relative share of the regional RHNA despite having a below average number of jobs accessible within a 60-minute commute via transit or automobile (740 and 9,102 jobs respective). Furthermore, the City of Ukiah and the City of Willits have jobs-to-housing ratios that are approximately 2.5 times larger than that of the Unincorporated County. To promote infill development and encourage efficient development patterns, the draft methodology should be updated so that jurisdictions characterized by proximity to jobs and low per capita VMT receive proportionally larger shares of the regional RHNA allocation.

3. Promoting an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction.

The draft methodology fails to further statutorily required objective three, particularly with regard to improving the balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction. In its draft methodology MCOG does not consistently allocate a higher share of regional lower-income RHNA to jurisdictions with a higher share of regional lower-income jobs. For example, the City of Ukiah has a ratio of the percentage of lower-income RHNA to percentage of jobs earning less than $3,333 per month (a proxy for lower-income households[1]) of 0.65, while the unincorporated County has a ratio of 1.41, despite the City of Ukiah having an outsized number of regional jobs compared to its underlying population. Furthermore, because the Unincorporated County has significantly fewer lower-income jobs per lower-income household (0.65) than cities such as Ukiah (1.55), Willits (1.56), and Fort Bragg (1.46), assigning it a relatively high share of lower-income RHNA would place more lower-income households in an area with comparatively limited local job opportunities at corresponding wage levels, increasing the likelihood that residents will need to commute elsewhere for work. The draft methodology must be updated to ensure job-rich jurisdictions with a high number of low-wage jobs receive a proportional lower-income housing need allocation that allows for an increase in affordable housing.

4. Allocating a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category, as compared to the countywide distribution of households in that category from the most recent American Community Survey.

[1] Lower-income households is defined as households with incomes less than 80% of Area Median Income.

On average, jurisdictions with a larger existing share of higher-income households[2] receive a higher allocation of lower-income RHNA compared to those with fewer higher-income households in MCOG's draft allocation methodology. This approach helps ensure jurisdictions with concentrations of higher-income households receive more of the lower-income RHNA.

5. Affirmatively furthering fair housing, which means taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws.

Affirmatively furthering fair housing requires that the draft methodology improves access to opportunity within the region. In MCOG's draft methodology, jurisdictions with greater access to opportunity receive a proportionally larger share of the total and lower-income RHNA. In the context of MCOG's draft methodology, jurisdictions with a higher percentage of their population in high or highest opportunity areas, as indicated in the 2025 COG Geography TCAC/HCD Opportunity Map[3], receive a proportionally greater share of both the total and lower-income regional RHNA.

In summary, HCD finds that pursuant to Government Code section 65584.04(i) the draft allocation methodology proposed by MCOG fails to further statutory objectives two and three of RHNA and is therefore not consistent with the RHNA objectives, Government Code section 65584(d). Pursuant to Government Code section 65584.04(i)(1), MCOG must work in consultation with HCD over the next 45 days to revise the draft methodology to further all the statutory objectives to the satisfaction of HCD. Any updates should ensure that all five statutory objectives are furthered in the revised methodology. Once the methodology has been satisfactorily revised, HCD will provide an acceptance letter to MCOG pursuant to Government Code section 65584.04(i)(2). Accordingly, the revised methodology must be found to further the five statutory objectives of RHNA as outlined in Government Code section 65584(d).

[2] Higher income households are defined as having incomes greater than 80 percent of the area median income.
[3] Opportunity score is obtained from the TCAC/HCD Opportunity Maps, specifically the COG Geography version, which can be accessed here: COG Geography TCAC/HCD Opportunity Map - Composite Score (2025) - Overview

HCD appreciates the dedication, responsiveness, and attentiveness of MCOG's team during the RHNA process. We are committed to assisting MCOG to correct the deficiencies in its methodology so that all statutory requirements of State RHNA law are fulfilled. If HCD can provide any additional assistance, or if you, or your staff, have any questions, please contact Balaji Balaganesan, Senior Specialist at Balaji.balaganesan@hcd.ca.gov.

Sincerely,



Marisa Prasse
Fair Housing Section Chief

cc: Lisa Davey-Bates, Planning Principal, Mendocino Council of Governments
Loretta Ellard, Deputy Planner, Mendocino Council of Governments
Jaclyn Christian, Associate Planner, Mendocino Council of Governments
James Sookne, Program Manager, Mendocino Council of Governments
Hector Ortega, Regional Project Analyst, Mendocino Council of Governments