DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT
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August 13, 2021

Heidi Kunstal, Community Development Director
Del Norte County Community Development Department
981 H Street, Suite 110
Crescent City, CA 95531

Dear Heidi Kunstal:

RE: Final Regional Housing Need Determination

This letter provides the Del Norte County region its Final Regional Housing Need Determination and Regional Housing Need Allocation (RHNA) 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 RHNA Plan to countywide regions not represented by council of governments (COGs).

Attachment 1 displays the minimum regional housing need determination of **575** total units among four income categories. Attachment 2 explains the methodology applied pursuant to Gov. 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 RHNA Plan for the region, for the *projection* period beginning December 31, 2018 and ending September 15, 2030.

Gov. Code section 65588(f) specifies the RHNA projection period start is December 31 or June 30, whichever date most closely preceded the end date. 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, which is 18 months following the Regional Transportation Plan adoption, rounded to the 15th or end of the month.

Del Norte County local governments are responsible for updating their housing elements for the *planning* period beginning September 15, 2022 and ending September 15, 2030 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 (December 31, 2018).

HCD commends Del Norte County and Crescent City for their leadership in taking a regional approach toward fulfilling their important role in advancing the state's housing, transportation, and environmental goals. HCD looks forward to its continued partnership

with the region, and in assisting in planning efforts to accommodate the region's share of housing need, including the continued implementation of Early Action Planning Grant funding.

If HCD can provide any additional assistance, or if you, or your staff, have any questions, please contact Tom Brinkhuis, Housing Policy Specialist at (916) 263-6651 or *tom.brinkhuis@hcd.ca.gov*.

Sincerely,

Megan Kirkeby
Deputy Director

Enclosures

Cc: Jon Olson, Public Works Director with Crescent City

ATTACHMENT 1

HCD REGIONAL HOUSING NEED DETERMINATION
Del Norte County: December 31, 2018 through September 15, 2030

<u>Income Category</u>	<u>Percent</u>	<u>Housing Unit Need</u>
Very-Low*	24.5%	141
Low	16.9%	97
Moderate	14.3%	82
Above-Moderate	44.3%	255
Total	**100.0%**	**575**
* Extremely-Low	12.8%	Included in Very-Low Category

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:
December 31, 2018 through September 15, 2030

Methodology

DEL NORTE COUNTY: PROJECTION PERIOD (11.7 years) HCD Determined Population, Households, & Housing Unit Need		
Reference No.	**Step Taken to Calculate Regional Housing Need**	Amount
1.	**Population: September 15 2030 (DOF June 30 2030 projection adjusted + 2.5 months to September 15 2030)**	27,165
2.	*- Group Quarters Population: September 15 (DOF June 30 2030 projection adjusted + 2.5 months to September 15 2030)*	-2,985
3.	**Household (HH) Population**	24,180
4.	**Projected Households**	10,040
5.	+ Vacancy Adjustment (2.35%)	+236
6.	+ Overcrowding Adjustment (1.53%)	+153
7.	+ Replacement Adjustment (1.16%)	+116
8.	*- Occupied Units (HHs) estimated January 1, 2019*	-9,977
9.	+ Cost-burden Adjustment	+7
Total	**6th Cycle Regional Housing Need Assessment (RHNA)**	575

Detailed background data for this chart available upon request.

Explanation and Data Sources

1-4. Population, Group Quarters, Household Population, & Projected Households: Pursuant to Gov. 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. Vacancy Adjustment: HCD applies a vacancy adjustment based on the difference between a standard rural 4% vacancy rate and county's current "for rent and sale" vacancy percentage to determine healthy market vacancies to facilitate housing availability and resident mobility. The adjustment is the difference between standard rural 4% vacancy rate and county's current vacancy rate (**1.65%**) is based on the 2015-2019 ACS data. For Del Norte that difference is **2.35%.**

6. Overcrowding Adjustment: In counties where overcrowding is greater than the U.S. overcrowding rate of 3.35%, HCD applies an adjustment based on the amount the county's overcrowding rate exceeds the U.S. overcrowding rate. Data is from the 2015-2019 ACS. For Del Norte, the county overcrowding rate (**4.88%**) is higher than the national average (3.35%), resulting in a **1.53%** adjustment.

7. Replacement Adjustment: HCD applies a replacement adjustment up to 5% to the total housing stock based on the current 10-year average of demolitions in the county's local government annual reports to Department of Finance (DOF). For Del Norte the 10-year average is **1.16%**.

8. Occupied Units: This figure reflects DOF's estimate of occupied units at the start of the projection period (December 31, 2018).

9. Cost Burden Adjustment: HCD applies an adjustment to the projected need by comparing the difference in cost-burden by income group for the region to the cost-burden by income group for the nation. The cost burden rate for lower income households in Del Norte County is lower than the cost burden rate for the nation, resulting in no adjustment to the lower income RHNA. The cost burden rate for moderate and above moderate-income households is **2.09%** higher than the cost burden rate for the nation, resulting in a **7** unit increase to the moderate and above moderate RHNA.

**HCD REGIONAL HOUSING NEEDS ALLOCATION PLAN: Del Norte COUNTY
LOCAL GOVERNMENTS
December 31, 2018 – September 15, 2030**

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	Mode-rate	Above-Moderate	Total
Del Norte County	141	97	82	255	575
Crescent City	39	22	27	101	189
Unincorporated Del Norte County	102	75	55	154	386

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 four (4) income categories (very low, low, moderate, and above-moderate) over the designated planning period (September 15, 2022 through September 15, 2030). 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 Gov. 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 final determination of regional housing need to each local government not represented by a council of governments. The RHNA, per Gov. 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.

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 September 15, 2022 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 (December 31, 2018).

RHNA Plan Methodology

HCD used a three-step approach in distributing RHNA to local governments within the county.

First, DOF's January 1, 2019 estimates (E-5 reports available on DOF's website) were used to determine each jurisdiction's percentage of household population in the county. The RHNA for each jurisdiction was derived by multiplying the jurisdiction's percentage of household population against the total countywide RHNA. This approach is consistent with the first and third statutory objectives, as well as market demand, when considering distribution of RHNA to each local government.

Second, a policy adjustment of twenty percent was applied to the unincorporated RHNA total to decrease the unincorporated share and increase city shares to address the second and third statutory objectives to protect agricultural resources, encourage efficient development patterns, and improve the relationship between jobs and housing.

Below is hypothetical example of results after completing first and second steps:

Jurisdiction	HH Population	Share	RHNA	Adjustment (20%)	Total RHNA
County	50,000	100%	2,000		2,000
City A	10,000	20%	400	+320	720
Unincorporated County	40,000	80%	1,600 x (20%)	-320	1,280

The last step was the determination of RHNA by income category. To assist in meeting the first, fourth, and fifth statutory objectives (mix of housing type, affordability and income category allocation based on the countywide distribution of household incomes, affirmatively furthering fair housing), the income distributions of each jurisdiction's households were compared to the countywide distribution. A "fair share" policy adjustment (150%) was applied to city income categories to move city percentages closer to county percentages as demonstrated in this hypothetical example.

County/ City	Very-Low Income %	Difference County-City	Fair Share Multiplier	Fair Share Adjustment	Adjusted Very-Low RHNA
County	22%	0	None	N/A	Same
City A	41%	22% - 41% = = -19%	1.5	(-19%)*1.5 = = -28.5%	41% - 28.5% = 12.5%

City's Low-Income RHNA = City Total RHNA x 12.5% = 720 x 12.5% = 90 units