

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

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July 18, 2019

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

Dear James Corless:

RE: Final Regional Housing Need Determination

This letter provides the Sacramento Area Council of Governments (SACOG) its final Regional Housing Need Determination. Pursuant to state housing element law (Government Code section 65584.01), the Department of Housing and Community Development (HCD) is required to provide the determination of SACOG's existing and projected housing need.

In assessing SACOG's regional housing need, HCD and SACOG staff completed an extensive consultation process from June 2017 through July 2019 covering the methodology, data sources, and timeline for both HCD's and SACOG's Regional Housing Need Assessment (RHNA). HCD also consulted with Walter Schwarm of the California Department of Finance (DOF) Demographic Research Unit.

Attachment 1 displays the minimum regional housing need determination of **153,512** total units among four income categories for SACOG to distribute among its local governments. Attachment 2 explains the methodology applied pursuant to Gov. Code section 65584.01. In determining SACOG's housing need, the Department considered all the information specified in state housing element law (Gov. Code section 65584.01(c)).

As you know, SACOG is responsible for adopting a methodology for RHNA allocation and RHNA Plan for the *projection* period beginning June 30, 2021 and ending August 31, 2029. Pursuant to Gov. Code section 65584(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 Gov. Code section 65584.04(d), to the extent data is available, SACOG shall include the factors listed in Gov. Code section 65584.04(d)(1-12) to develop its RHNA plan, and pursuant to Gov. Code section 65584.04(e), 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(h), SACOG must submit its draft methodology to HCD for review. 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 will act as the Council of Government and provide this RHNA to the City of South Lake Tahoe, and as such, the households associated with that local government are not included in SACOG's RHNA methodology.

The Department commends SACOG for its leadership in fulfilling its important role in advancing the state's housing, transportation, and environmental goals. SACOG is also recognized for its actions in proactively educating and engaging its board and committees on the RHNA process and the regional housing need, as well as encouraging regional collaboration on best practices around housing and land use. The Department especially thanks Greg Chew, Dov Kadin, and Tina Glover for their significant efforts and assistance. The Department looks forward to its continued partnership with SACOG and its member jurisdictions and assisting SACOG in its planning efforts to accommodate the region's share of housing need.

If the Department can provide any additional assistance, or if you, or your staff, have any questions, please contact Megan Kirkeby, Assistant Deputy Director for Fair Housing, at (916) 263-7428 or megan.kirkeby@hcd.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to be 'mg' or similar, written over a horizontal line.

Megan Kirkeby
Assistant Deputy Director for Fair Housing

ATTACHMENT 1

HCD FINAL REGIONAL HOUSING NEED DETERMINATION

SACOG: June 30, 2021 – August 31, 2029 (8.2 years)

<u>Income Category</u>	<u>Percent</u>	<u>Housing Unit Need</u>
Very-Low*	25.4%	38,999
Low	15.3%	23,503
Moderate	17.6%	26,993
Above-Moderate	41.1%	64,017
Total	100.0%	153,512
* Extremely-Low	14.4%	Included in Very-Low Category

Notes:

Income Distribution:

Income categories are prescribed by California Health and Safety Code (Section 50093, et.seq.). Percents are derived based on ACS reported household income brackets and regional median income, then adjusted based on the percent of cost-burdened households in the region compared with the percent of cost burdened households nationally.

ATTACHMENT 2

HCD FINAL REGIONAL HOUSING NEED DETERMINATION SACOG: June 30, 2021 – August 31, 2029 (8.2 years)

Methodology

SACOG: June 30, 2021 – August 31, 2029 (8.2 years)				
HCD Determined Population, Households, & Housing Unit Need				
1.	Population: August 31, 2029 (DOF June 30, 2029 projection adjusted plus 2 months)			2,844,860
2.	- Group Quarters Population (DOF June 30, 2029 projection adjusted plus 2 months)			-57,315
3.	Household (HH) Population			2,787,545
	Household Formation Groups	HCD Adjusted DOF Projected HH Population	DOF HH Formation Rates	HCD Adjusted DOF Projected Households
		2,787,545		1,021,450
	under 15 years	471,410	n/a	n/a
	15 – 24 years	376,555	10.16%	38,260
	25 – 34 years	380,310	38.01%	146,090
	35 – 44 years	348,840	47.49%	164,775
	45 – 54 years	340,790	50.60%	171,695
	55 – 64 years	302,745	53.41%	161,505
	65 – 74 years	297,535	56.04%	168,155
	75 – 84 years	198,900	60.62%	122,895
	85+	70,460	66.88%	48,075
4.	Projected Households (Occupied Unit Stock) minus South Lake Tahoe*			1,021,005
5.	+ Vacancy Adjustment (2.23%)			22,730
6.	+ Overcrowding Adjustment (.60%)			6,111
7.	+ Replacement Adjustment (.50%)			5,105
8.	- Occupied Units (HHs) estimated (June 30, 2021)			-908,396
9.	+ Cost Burden Adjustment (Lower Income: 4.53%, Moderate and Above Moderate Income: 4.89%)			6,957
6 th Cycle Regional Housing Need Assessment (RHNA)				153,512

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, by age groups, to form households at different rates based on Census trends.*
5. Vacancy Adjustment: HCD applies a vacancy adjustment (standard 5% maximum to total projected housing stock) and adjusts the percentage based on the region's current vacancy percentage to provide healthy market vacancies to facilitate housing availability and resident mobility. Adjustment is difference between comparable regions vacancy rate and region's current vacancy rate based on the 2013-2017 5-year American Community Survey (ACS) data.
6. Overcrowding Adjustment: In regions where overcrowding is greater than the comparable region's overcrowding rate, or in the absence of comparable region the national average's overcrowding rate, HCD applies an adjustment based on the amount the region's overcrowding rate (**4.39%**) exceeds the comparable region's rate (**3.79%**). For SACOG that difference is **.60%**. Data is from the 2013-2017 5-year ACS.
7. Replacement Adjustment: HCD applies a replacement adjustment between 0.5% and 5% to total housing stock based on the current 10-year annual average percent of demolitions, applied to length of the projection period. Data is from local government housing survey reports to DOF.

Continued on next page

8. Occupied Units: This figure reflects DOF's estimate of occupied units at the start of the projection period (June 30, 2021).
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 comparable regions, as determined by SACOG. The very-low and low income RHNA is increased by the percent difference **(68.76%-64.23%=4.53%)** between the region and the comparable region cost burden rate for households earning 80% of area median income and below, then this difference is applied to very low- and low-income RHNA proportionate to the share of the population these groups currently represent. The moderate and above-moderate income RHNA is increased by the percent difference **(16.37%-11.48%=4.89%)** between the region and the comparable region cost burden rate for households earning above 80% Area Median Income, then this difference is applied to moderate and above moderate income RHNA proportionate to the share of the population these groups currently represent. Data is from 2011-2015 CHAS.

** South Lake Tahoe is not in the SACOG planning area but is included in DOF's population and household projections for El Dorado County. Discussions between HCD, the city of South Lake Tahoe, the Tahoe Regional Planning Agency (TRPA), and SACOG have resulted in the determination that the households projected by TRPA for the 2021-2029 RHNA cycle (445 units) will not be included in the RHNA determined for the SACOG region.*