

2007 - 2014
Regional Housing
Needs Allocation Plan
for
Stanislaus County



prepared by the

**Stanislaus Council of
Governments**

Adopted September 2008

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Introduction

The Draft Regional Housing Needs Allocation (RHNA) Plan has been developed by the Stanislaus Council of Governments (StanCOG) in accordance with the requirements of the State of California (Government Code Section 65584). The RHNA Plan provides a draft allocation of the regional housing needs for each jurisdiction in Stanislaus County, including all of the incorporated cities as well as unincorporated county areas.

These housing allocations, once finalized and approved by the StanCOG Policy Board, will be used by each individual jurisdiction in the update of their Housing Element (also in accordance with State law requirements).

The methodology for the RHNA was developed at the direction of the StanCOG Policy Board with the assistance of the county Planning Directors, and the Local Area Formation Commission Executive Officer representing the political jurisdictions in the region.

The StanCOG Policy Board approved the release of a RHNA Draft allocation at their March 25, 2008 meeting. That Draft was reviewed by the jurisdictions in the region over a 60-day period. The StanCOG Citizens and Technical Advisory Committees are scheduled to review the RHNA at their July 30-31 meetings. The RHNA will go before the StanCOG Policy Board for adoption at their August 13, 2008 meeting.

The RHNA Process

State Housing Element Law

The State of California requires the Department of Housing and Community Development (HCD) to identify housing needs for each region of the State in response to projected population and household growth. State law (Government Code 65584 – See Appendix C) further mandates that each Council of Governments (COG) distribute the RHNA (as determined by the State) to each jurisdiction within the COG’s region. The Stanislaus Council of Governments (StanCOG) is the COG charged with overseeing the RHNA (RHNA) process for jurisdictions in Stanislaus County.

StanCOG is responsible for determining the “fair share” of regional housing need for each jurisdiction in Stanislaus County for the period from January 1, 2007 through June 30, 2014. The law states that “the share of a city or county of the regional housing needs includes the share of the housing need of persons at all income levels within the area significantly affected by a general plan of the city or county.”¹

State law also requires StanCOG “determine the existing and projected housing need for its region” after considering several statutory requirements, as described in Chapter 2 of this report. State law further requires that the distribution of the RHNA seeks to “[allocate] 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.”²

Each COG is responsible for the details of the methodology used in the RHNA process, working in cooperation with HCD. StanCOG is required to provide HCD and each jurisdiction within its region “with data describing the assumptions and methodology used in calculating its fair share of regional housing need” (which is the purpose of this Draft RHNA Plan). After StanCOG approves the final allocation report, HCD has 30 days to ensure that the determination is consistent with statewide housing need, and may make necessary revisions.

State Housing Element Law sets forth a schedule and process for the RHNA distribution cycle. The process begins with the State’s determination of the regional housing need, followed by the COG’s determination of each jurisdiction’s allocation. A review period follows, whereby each jurisdiction is given 60 days following StanCOG’s release of a draft allocation report to propose any revisions to its share of regional housing need. Within 60 days after a city or county proposes a revision, StanCOG “shall accept the proposed revision, modify its earlier determination, or indicate,

¹ California Code § 65584(a)(1)

² California Code § 65584(d)(4)

based upon available data and accepted planning methodology, why the proposed revision is inconsistent with the regional housing need.”³

This 60 day review period ran from March 27, 2008 through May 26, 2008. In accordance with the RHNA allocation, each jurisdiction must then update the Housing Element of its General Plan to demonstrate that it is meeting State law requirements, including accommodation of its fair share housing goal. Jurisdictions within Stanislaus County are required to submit adopted Housing Elements to HCD for final review on or before August 31, 2009.⁴

³ California Code § 65584.05(c)

⁴ A legislative extension for the Monterey Bay area was signed by the Governor on October 14, 2007. The law will be effective from January 1, 2008, and provides for the Housing Element date shown here.

Development of the RHNA 2007-2014

Preparation of Draft Regional Housing Needs Allocation Methodology

July 24, 2007 – February 20, 2008

Regional efforts to prepare the 2007-2014 RHNA commenced in July 2007. The State Department of Housing and Community Development provided StanCOG with its determination of regional housing needs on July 24, 2007.

The collective process of developing the methodology for StanCOG's 2007-2014 Regional Housing Needs Allocation began on August 16, 2007, with the initial meeting of the county Planning Directors and LAFCO Executive Officer.

Working with the county Planning Directors and the Local Area Formation Commission (LAFCO) Executive Officer, StanCOG determined an allocation methodology based on the current number of housing units in each jurisdiction. In determining this methodology, StanCOG and the county Planning Directors took into consideration the State law requirements regarding required factors in determining the regional distribution of housing needs.

Over several meetings, the jurisdictions discussed strategies involving existing land use, housing capacities, under-developed parcels, specific/master plans under development, and development potential within each jurisdictions sphere of influence. Jurisdictions were surveyed to assess how best to proceed with the RHNA Methodology:

- Based on existing zoning and your best Allocation of vacant and under-developed parcels, how many units can be developed within your City or, for Stanislaus County, the unincorporated area? This estimate should include any recently adopted zoning ordinances or specific plans/master plans. If available, it would be helpful if the information could be delineated by single vs. multi-family housing units.
- For specific plans/master plans that are currently under development, list each plan, the projected housing unit capacity, and the anticipated date of adoption of the plan. It would be helpful if you would provide a graphic showing the boundary of these plans showing the area that would be incorporated into the City to determine if there is an impact on the County's ability to produce housing. Also, if possible, please break this information down by single-vs.-multi-family units.

Results of the survey were reviewed and analyzed by StanCOG staff and the county Planning Directors. The intent of the survey was to establish 'residential capacity potential' in each of the ten jurisdictions.

60 Day Comment Period
December 31, 2007 – February 28, 2008

The Draft RHNA for 2007-2014 was provided for review to each of the StanCOG jurisdictions and members of the public for an additional 30 day period.

During the statutory 60-day review period, member jurisdictions could request a revision to the allocation of their share of the regional housing needs in accordance with the considerations set forth in Government Code §65584. Any proposed revisions must be based upon available data and accepted planning methodology, and be supported by adequate documentation. Furthermore, revisions to one jurisdiction's housing need determination would require a compensating revision to the housing need determination of one or more other jurisdictions, such that the total regional housing needs as determined by HCD would be maintained.

Public Hearing re: Draft Regional Housing Needs Allocation Methodology
February 13, 2008

At their February 13, 2008 meeting, the StanCOG Policy Board held a Public Hearing for the purpose of receiving public comments on the Draft Regional Housing Allocation Methodology. No comments were received.

Review of regional Housing Needs Allocation Methodology by the Stanislaus Council of Governments Citizens and Technical Advisory Committees
February 27-28, 2008

The Citizens and Technical Advisory Committees both unanimously recommended that the StanCOG Policy Board adopt the Regional Housing Allocation Methodology.

Adoption of Regional Housing Needs Allocation Methodology
March 25, 2008

The StanCOG Policy Board unanimously adopted the RHNA Methodology.

Draft Regional Housing Needs Allocations to Member Agencies
March 26, 2008

Draft Regional Housing Needs Allocations were distributed to all member agencies.

45 Day Public Comment Period
March 27 – May 11, 2008

No public comments were received.

60 Day Member Agency Appeal Period
March 27, 2008 – May 26, 2008

No member agencies appealed Housing Allocations

Review of Allocations by the Stanislaus Council of Governments Citizens and
Technical Advisory Committees
July 30-31, 2008

The StanCOG Advisory Committees are scheduled to review the RHNA at their July 30-31, 2008 meetings. All comments and recommendations will be forwarded to the StanCOG Policy Board for action at their August 13, 2008 meeting.

Adoption by the StanCOG Policy Board
August 13, 2008

The StanCOG Policy Board is scheduled to take action on the RHNA at their August 13, 2008 meeting.

Following the additional 30 day review period, StanCOG staff will prepare a summary of any comments received and present these for review by the StanCOG Policy Board. As provided for under State law, the StanCOG Policy Board may either (a) accept a proposed revision(s); (b) modify its earlier allocation, or (c) indicate, based upon available data and accepted planning methodology, why the proposed revision would be inconsistent with the regional housing need.

Submittal to State Department of Housing and Community Development
August 14, 2008

RHNA Working Group Members

The methodology for preparing the 2007-2014 RHNA was developed with the assistance of the RHNA Working Group, consisting of the LAFCO Executive Officer and the Planning Directors from all nine cities and Stanislaus County. The Planning Directors and the LAFCO Executive Officer reviewed and commented on methodology related to the development of the RHNA allocation.

Organization

- City of Ceres
- City of Hughson
- City of Modesto
- City of Newman
- City of Oakdale
- City of Patterson
- City of Riverbank
- City of Turlock
- City of Waterford
- County of Stanislaus
- Stanislaus Local Area Formation Commission

Local Housing Elements Updates

In accordance with a legislative extension (AB 1259) recently signed by the Governor, adopted housing elements are due to HCD by August 31, 2009. Prior to adoption of their elements, each jurisdiction must also submit their Draft Housing Element to HCD for review and comment. HCD requires a 60-day review period for the draft elements. Final adopted Housing Elements must be submitted to HCD for a second review following adoption. HCD requires 90 days for the second review period, after which time an official determination of compliance with State Housing Element law will be issued to the local jurisdiction.

RHNA Methodology

California Government Code §65584 requires StanCOG to distribute the regional housing needs (as determined by HCD) to each jurisdiction in Stanislaus County. This section of the code contains a set of guidelines that StanCOG must follow when developing its distribution methodology. These guidelines include two principle components, which are (1) to prepare a region-wide allocation of the State's "housing unit goals," as determined by HCD; and (2) to consider the planning factors identified by HCD when determining the allocation of need in the region by jurisdiction.

The StanCOG Projections 2003 represents the most regional comprehensive approved distribution of population, employment and housing forecasts to the regional in the Stanislaus region. Land use projections for the 2007-2014 time period were reviewed and considered as a potential source for projection data.

Ultimately, housing data from the California Department of Finance, Demographics Research Unit was utilized for the RHNA distribution.

Initial Sample Allocations

Each jurisdiction's respective allocation was primarily determined by five factors. Each jurisdiction's pro rata share of:

1. Current Housing Stock
2. Current Residents Employed
3. Current Housing Stock and Resident Employed
4. Current Housing Stock, Residents Employed, with Small Cities Adjustment
5. Projected (2007 – 2014) housing growth based upon historical housing growth from 1990 to 2007.

To lessen the impact of new residential growth in the unincorporated areas of the County, and to not overburden the City of Modesto with the challenging task of planning for the vast majority of low-income housing, an "equity adjustment" was agreed upon:

1. It was determined that the 2007 population of the small and medium cities represented 34% of the total County population.
2. 34% of the County's share of the Regional Housing Allocation (1,842) was distributed back to the small and medium cities on a per-population basis.

The "equity adjustment" resulted in a slightly higher allocation for each of the eight small and medium cities, a 34% decrease in allocation for the unincorporated area of the County, and no change for the city of Modesto.

Regional Housing Needs Allocation by Jurisdiction

Region-wide Share of State Housing Unit Goals

The State Department of Housing and Community Development agency responsible for determining StanCOG's region-wide share of the estimated statewide housing need for the period of January 1, 2007 through June 30, 2014. The regional numbers supplied by HCD are "goal numbers" that often exceed the anticipated growth expected by cities and counties in the region. The methodology used to determine the statewide housing need, and each region's share of that need, incorporates factors such as vacancy rates, potential growth rates (population, jobs, and household formation rates) and demolition of existing housing stock. All of these factors are included in the State's projection of housing need. (See Appendix B for a copy of the housing needs determination for the region provided by HCD.)

StanCOG's share of the statewide housing need is provided in the form of a regional determination that is divided by income category (very low, low, moderate and above-moderate). StanCOG is required to distribute this number to jurisdictions based on a methodology that is developed independent of the one used by HCD to determine statewide housing goals. Consistent with past practice in the region, income category allocations are passed through to jurisdictions at the percentages provided by HCD.

Regional Housing Need Determination: Draft Allocation

Appendix A contains the draft allocation as prepared by the RHNA Working Group. As the table shows, the regional housing need determination of 25,602 units is organized by jurisdiction for Stanislaus County.

Accounting for Income

In addition to a total number of units distributed among the 9 cities and the unincorporated area in Stanislaus County, HCD assigned specific proportions of the units based on income. As shown in Appendix A, jurisdictions within the region must plan for 22 percent of units for very low-, 17 percent for low-, 19 percent for moderate- and 42 percent for above moderate-income. It is important to note that the county's share of very low- and low-income units can only be reduced proportionately to the reduction in share of moderate- and above moderate-income units.

Income Categories

Family Median Income for Stanislaus County - \$40,101

Very Low Income:	up to 50% of Family Median Income	up to \$20,050
Low Income:	51% - 80% of Family Median Income	\$20,050 to \$32,081
Moderate:	81% - 120% of Family Median Income	\$32,081 to \$48,121
Above Moderate:	above 120% of Family Median Income	above \$48,121

Source: State Department of Finance

Measure E: Thirty (30) Year Land Use Restriction Initiative

In November 2007, the voters of Stanislaus County passed Measure E, the Thirty (30) Year Land Use Restriction Initiative (see Appendix D). With its passage, the Initiative amended the Land Use Element of Stanislaus County's General Plan by adding Goal 6 and Policy 25 to restrict for a period of thirty (30) years the Board of Supervisors of Stanislaus County from approving the redesignation or rezoning of land in the incorporated area of the County from an agricultural or open space use to a residential use without the approval of a majority of voters of the County.

The Initiative has no effect on growth and General Plans of the nine cities in Stanislaus County and will not affect requests by cities to expand their sphere of influence or annexations for residential development. The initiative shall be in effect until December 31, 2036.

Appendix A

Regional Housing Needs Allocation

January 2007 – June 2014

Appendix A

Stanislaus Council of Governments Regional Housing Needs Allocation January 2007 - June 2014

Income Distribution %	Housing Unit Allocation per Income Category				Total Housing Units 100%
	<u>Very Low</u> 23%	<u>Low</u> 16%	<u>Moderate</u> 19%	<u>Above Moderate</u> 42%	
Ceres	424	297	351	747	1,819
Hughson	66	46	54	116	282
Modesto	2,596	1,818	2,145	4,571	11,130
Newman	98	69	81	173	421
Oakdale	229	161	189	404	983
Patterson	160	112	132	282	686
Riverbank	209	146	172	367	894
Turlock	807	566	667	1,421	3,461
Waterford	83	58	69	147	357
<u>County</u>	<u>1,298</u>	<u>910</u>	<u>1,073</u>	<u>2,287</u>	<u>5,568</u>
TOTAL	5,970	4,183	4,934	10,515	25,602

Appendix B

Regional Housing Needs Allocation Notification

from

State Department of Housing and Community Development

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

1800 Third Street, Suite 430
P. O. Box 952053
Sacramento, CA 94252-2053
(916) 323-3177
FAX (916) 327-2643



August 31, 2007

Mr. Vince Harris, Executive Director
Stanislaus Council of Governments
900 H Street, Suite D
Modesto, CA 95354

Dear Mr. Harris:

RE: Regional Housing Needs Determination

This letter transmits the Regional Housing Needs Determination for Stanislaus Council of Governments (StanCOG) region pursuant to Government Code Section 65584.01 of State housing element law. As you are aware, local governments play a critical role in advancing the State's housing goals through the update of their general plan housing elements. The determination of regional housing need is to be used for development of a regional housing need allocation plan (RHNP) to update housing elements.

On May 24, 2007, the Department of Housing and Community Development (Department) notified you that it extended the due date for jurisdictions to update their housing elements from June 30, 2009 to August 31, 2009. This extension was necessary to accommodate the Department of Finance's July 2007 update of the State's population projections.

The Department completed its consultation process after meeting with you on July 24, 2007. At this meeting, the Department provided a copy of its draft determination of the regional housing need. In addition, a briefing was given on applicable statutory requirements and changes relating to development of the distribution of the allocation and factors to be considered in the methodology of the RHNP. The Department informed representatives of the opportunity to provide comments and information for the Department to consider in finalizing its determination.

The Attachments present the final determination of minimum housing need for StanCOG to be allocated among cities and counties in the RHNP for the planning period 2007 – 2014. The RHNP is required to be consistent with the following objectives, as set forth in more detail in statute (Section 65584(d)):

- (1) Increasing the housing supply and the mix of housing types, tenure, and affordability;
- (2) Promoting infill development and socioeconomic equity, protection of environmental and agricultural resources, and encouragement of efficient development patterns;
- (3) Promoting an improved intraregional relationship between jobs and housing; and
- (4) Balancing the distribution of households by income category.

Each jurisdiction must be allocated a share of housing need, by income category, to plan to accommodate in updating their housing elements by August 31, 2009. Regarding local government's regional housing need allocation, jurisdictions may take credit for housing units permitted since the January 2007 baseline of the housing element planning period that ends August 31, 2014.

Government Code Section 65584.01(d)(1) allows 30 days from the date of this letter to file an objection and proposed alternative to the Department's determination based only on demographic issues set forth in the statute. Pursuant to Government Code Section 65584.05 (h), the RHNP is to be submitted to the Department for review within 60 days of adoption by the council of governments. The Department is required to determine whether the RHNP is consistent with the regional housing need determination made by the Department (conveyed by this letter) and is authorized to revise the RHNP to obtain this consistency.

The Department appreciates the important role your organization plays in the regional housing needs process and the cooperation provided by representatives. Staff is available to further assist development and implementation of the RHNP and updates of the housing elements. For assistance, please contact Glen Campora, of our office, at (916) 327-2640.

Sincerely,



Cathy E. Creswell
Deputy Director

Enclosures

Attachment 1

Stanislaus County

Regional Housing Need Determination

For the Period January 2007 Through June 30, 2014

<u>Income Category</u>	<u>Housing Unit Need</u>	<u>Percent</u>
Very Low	5,970	23
Low	4,183	16
Moderate	4,934	19
Above Moderate	<u>10,515</u>	<u>42</u>
Total	25,602	100%

Attachment 2

Stanislaus County: Explanation of Regional Housing Need Determination For the Period January 1, 2007 through June 30, 2014

Methodology, Assumptions, and Data Sources Used to Project Housing Unit Need:

1. Household (HH) growth (24,544) was derived by subtracting 1/1/2007 "Occupied Housing Units" (168,483) from 6/30/2014 "Projected Households" (193,027). The Demographic Research Unit of the California Department of Finance (DOF) prepares these official estimates and projections last updated July 2007 (Population Projections by Race/Ethnicity, Gender and Age for California and Its Counties 2000-2050, July 2007). For planning period purposes, DOF provides the Department projections of HH population and projected number of households. The HH population projection reflects the population housed (occupied housing units) and excludes the group quarters population. Occupied housing units are estimated by DOF in its E-5 report (Population and Housing Estimates for Cities, Counties and the State, 2001-2007, with 2000 Benchmark, May 2007). The projected change in HH population reflects the change between January 1, 2007 (513,663) and June 30, 2014 (604,879). In projecting households, DOF uses the cohort-component method by applying age- and ethnicity-specific HH formation ratios from Census 2000 to the projected population as described on its webpage (<http://www.dof.ca.gov/html/DEMOGRAP/ReportsPapers/Projections/P3>).
2. Homeowner and Renter households (HHs): allocation based on Census 2000 proportion of owner-occupied HHs (61.9%) held constant through projection period. Renter HHs reflect the difference in subtracting homeowner HHs from projected HH growth.
3. Vacancy allowance: rates of 1.8% (owner) and 5.0% (renter) reflect adjustments from standard targets of 2.0% and 6.0%, respectively, for current conditions. Standard targets identified by Office of Planning and Research, Economic Practices Manual (1984:37).
4. Replacement allowance: empirical demolition rate per housing unit averages .08% per year for 2001 through 2007 based on DOF demolition permit data (average 137 demolition permits among jurisdictions within the county, 2001-2007). The average rate is adjusted by a multiple of 2 to account for other losses, such as demolitions without a permit, conversions from residential use to other uses not involving demolition, and/or dwelling units destroyed because of a disaster. The adjusted rate is multiplied by 7.5 (years in the planning period) yielding a 1.25% replacement allowance rate. The minimum replacement percentage applied is 1% whereas the maximum replacement percentage applied is 2%.
5. Income category allocation: each income category was calculated by multiplying total housing need by the proportion of HHs in each income category based on County median HH income (Census 2000) and income definitions (H&S Code Sections 50079.5 and 50105, et.seq.).

Housing Unit Need Projection:

Household growth, Census 2000 headship rates (1)		24,544
Homeowner HHs (2)	61.9%	15,204
Homeowner HH vacancy allowance (3)	1.8%	274
Renter HHs	38.1%	9,340
Renter HHs vacancy allowance (3)	5.0%	467
	Subtotal	25,285
Replacement allowance (4)	1.25%	317
	Total	25,602