

SIERRA PLANNING ORGANIZATION

2007-2014 REGIONAL HOUSING NEED PLAN

Adopted June 4, 2008

NEVADA AND SIERRA COUNTY LOCAL GOVERNMENTS



Sierra Planning Organization

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FOREWORD

This document comprises the methodology and plan adopted by the Sierra Planning Organization (SPO) Board on June 4, 2008 to comply with State Housing Law in distributing to each local government of Nevada and Sierra County a share of the regional housing need determined by the State Department of Housing and Community Development (HCD) for the 2007-2014 planning period. Each local government within Nevada and Sierra Counties is required to plan to accommodate its share of Regional Housing Need Allocation (RHNA), pursuant to this plan, by updating the jurisdiction's Housing Element by August 31, 2009. Jurisdictions are required to submit the Housing Element to the Department of Housing and Community Development to review for compliance with State Housing Law.

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Introduction and Overview of Housing Need and Statutory Requirements

The California Legislature, in enacting State Housing Law (Article 10.6 of the Government Code), declared that the provision of adequate housing is an issue of statewide concern. California's process to address its housing needs is a three-step procedure that first begins with the State Department of Housing and Community Development (HCD) determining a projection (generally for a 7.5 year planning period) of regional housing need that is allocated to each local government and commonly referred to as the Regional Housing Need Allocation (RHNA). The RHNA encompasses four income categories based on Census data of area median income (AMI) at the county level as follows: very-low (up to 50% of AMI), low (up to 80% of AMI), moderate (up to 120% of AMI), and above-moderate income (above 120% of AMI). The second step requires the Council of Governments to develop a regional housing needs allocation methodology and plan to distribute a share of housing need, for each income category, to each local government that, in total and by income category, is equal to the regional determination made by HCD. The third step requires each local government to update the Housing Element of its General Plan to adequately identify a land inventory and program actions to encourage and facilitate new housing construction to fully address all RHNA income categories. The RHNA is a minimum projection of additional housing needed to accommodate household growth of each income level by the end of the planning period; it is not a prediction, production quota, or building permit limitation for new residential construction.

The Housing Element is one of seven elements of the General Plan and is generally required to be updated every five years. The Housing Element due date for Nevada and Sierra county jurisdictions is August 31, 2009 (note: for RHNA and housing update purposes, jurisdictions within El Dorado and Placer county are within the region of the Sacramento Area Council of Governments in which the Housing Element due date is June 30, 2008). The Housing Element statutory due date is the date that establishes RHNA due dates. The State (HCD), approximately two years before the due date for housing element updates, consults with regional councils of governments before finalizing the regional housing need. Councils of Governments are required to adopt a final Regional

Housing Needs Plan at least one year before housing elements are due. SPO is required to adopt its final plan before August 31, 2008 to enable local governments to complete and submit the update of their housing elements to HCD by August 31, 2009. The Housing Element is the only element of the General Plan that is subject to review and certification by HCD for compliance with State Housing Law. Certain State-administered loan and grant programs for local governments require a compliant housing element. A noncompliant housing element can place a local government at risk of legal challenge. There have been instances in which a resident, property owner, or aggrieved party, including a public agency, has sued to enforce the requirements for the adoption of an adequate General Plan in which courts have imposed various remedies to compel compliance.

State Planning and Zoning Law requires every city and county to prepare and adopt a long-term comprehensive General Plan for the development of the respective jurisdiction. The General Plan is a policy document designed to guide the physical development of the jurisdiction in a manner consistent with its physical, social, economic, and environmental goals. The plan provides a framework of policies and programs with which local decision-makers may direct the growth of the community.

HCD Regional Housing Need Determination: January 2007 through August 2014

HCD, on September 26, 2007, following a July 18, 2007 consultation with SPO staff on the RHNA process and draft numbers, finalized the Regional Housing Need Determination for the Nevada and Sierra County region. The income category, percent of need, and number of housing units that SPO is required to allocate among the counties and cities for local governments to plan for are:

<u>Income Category</u>	<u>Percent of Need</u>	<u>Housing Unit Need</u>
Very-Low	22%	1,221
Low	17%	982
Moderate	20%	1,120
<u>Above Moderate</u>	<u>41%</u>	<u>2,294</u>
Total	100%	5,617

Attachment 2 to HCD's letter of determination (Appendix A) provides details how the regional housing need was determined based on State Department of Finance estimates and projections of population and households and other data. As HCD determines housing needs at the county level, SPO's regional housing need results from combining Nevada and Sierra county housing needs. The 2007-2014 RHNA (5,617) is approximately one-third less than the 2001-2008 RHNA (8,278) (see Page 13).

Requirement for Councils of Governments to Develop a Methodology and Plan

Councils of Governments, per Government Code 65584.04 (refer to Appendix D), are required to develop a methodology for distributing a share of the RHNA, for each income category, to every local government. After receipt of HCD's September 2007 Determination, SPO and representatives of each local government first met with a representative from HCD on November 2, 2007 to discuss RHNA requirements and form the Methodology Committee (Appendix B lists all meeting dates and participants). A representative from each local government participated in most of the five meetings conducted between November 2, 2007 and March 13, 2008. A HCD representative attended these meetings to address questions and issues.

Statutory Requirements Applicable to RHNA Plan

The RHNA Plan, per Government Code Section 65584(d), is required to be consistent with these four objectives:

- (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.
- (2) Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns.
- (3) Promoting an improved intraregional relationship between jobs and 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 decennial United States Census.

In developing the allocation methodology, Government Code Section 65584.04(d) specifies several “factors” in which to survey local governments and explain in writing how each was considered in the methodology to be consistent with the above four objectives. These factors are identified below and were summarized into a hand-out that was provided to each local government representative. Each local government representative accepted responsibility to survey their respective jurisdiction to discuss applicable factors at methodology committee meetings. The factors were frequently referenced at meetings to initiate discussion and consideration. Below is a brief summary of the discussion and consideration given each of the following factors:

- Existing and projected jobs and housing relationship:
Future trends are expected to parallel the existing jobs and housing relationship as most jobs, and new housing units, are expected to be much more abundant in city jurisdictions.
- Development opportunities and constraints such as lack of sewer and water service, availability of land suitable for residential use, land preserved and protected from urban development, and policies to preserve unincorporated agricultural land:
Representatives of local governments agreed that each constraint impacts their jurisdiction and would be addressed in the Housing Element. Consensus was reached to try to allocate a greater future share of growth to cities.
- Distribution of household growth assumptions (for periods comparable to the RHNA cycle) updated for regional transportation plans and infrastructure:
Plans applicable to regional transportation and infrastructure do not cover periods comparable to the RHNA cycle.
- Market demand for housing:
Housing demand is anticipated to remain strong in all jurisdictions.
- Agreements to direct growth from county areas toward cities:

The county of Nevada and city of Grass Valley have an agreement for Grass Valley to annex development within its Sphere of Influence. Committee participants were informed of amendments to State Housing Law (Government Code Section 65584.07) since the previous RHNA cycle that restrict RHNA transfers. Upon adoption of the final RHNA, cities cannot transfer RHNA to other cities. Only a county can transfer RHNA to cities within the county, providing specified conditions are met, and only during the period between adoption of the final RHNA until the due date of the housing element update unless the transfer relates to city incorporation or annexation.

- Conversion of publicly assisted housing developments to market-rate units:
No one had current information about this factor. All agreed that this factor would be addressed in the Housing Element.
- High housing cost burdens:
Each local government representative indicated this factor has had an adverse impact on their community and resulted in some residents and workers moving and driving further to find housing that is more affordable.
- Housing needs of farm workers:
This special need population exists but on a smaller scale among jurisdictions in Nevada and Sierra counties and hasn't been able to be reliably counted.
- Housing needs generated by the presence of a private or public university:
This factor was deemed not applicable.
- Other factors:
Various diverse factors unique to certain jurisdictions were discussed such as (1) Nevada City topographical issues and historical designation, (2) Truckee's high proportion of seasonal housing, (3) Grass Valley's high proportion of lower income households versus Truckee's low proportion of lower income households, and (4) jobs and housing cost disparities among jurisdictions that results in an increase in commuters such as Loyalton in Sierra County that has less jobs and lower housing costs compared to Truckee in Nevada County that has more jobs and higher housing costs.

Of the above factors, most have a similar impact to all jurisdictions and thus did not need to be specifically incorporated into the RHNA methodology. Factors that did warrant consideration and incorporation into the methodology were those applicable to the relationship between jobs and housing, preserving and protecting unincorporated land, directing a greater share of growth to cities and applying a “fair share” adjustment in order for jurisdictions’ percentage of households among each income category to more closely reflect the income category percentages of the county. In discussions of these factors and their potential impacts to cities, including financial impacts due to potential lack of corresponding revenues, participants were informed to check governmental websites, such as HCD’s, for availability of grant funds, particularly for infill and infrastructure projects.

Local government representatives were made aware that State law (Government Code Section 65584.04(b)(4)) provides a process for a local government that did not participate in or respond to the survey of factors described above to subsequently submit information. Each local government may submit information related to the any of the factors prior to the required public comment period.

Public Participation Requirement

Pursuant to Government Code Section 65584.04(c), at least one public hearing must be conducted to receive oral and written comments on the proposed methodology before adoption of the allocation of regional housing need. To solicit public participation, a notice of the public hearing scheduled for April 2, 2008 was published in a newspaper of general circulation. The public and local government officials were informed that, upon SPO receipt of a written request, a copy of the draft proposed methodology would be provided. In addition, a request was made of each local government to notify persons and groups that are on their contact list to meet the public participation requirement in updating the Housing Element.

Methodologies Considered and Decided in Distribution of RHNA

Committee participants first considered two different basic methodological approaches and then developed a third methodology (representing a variation of the first approach considered) as a result of discussing local government responses to the survey of factors. Following is a short description of each methodology considered by committee members and a detailed description of the third methodology chosen in developing the RHNA methodology and plan in distributing a share of regional housing need, for each income category, to each local government:

- (1) replicate the previous process for the 2001-2008 RHNA cycle by applying the same jurisdiction percentages to distribute the current RHNA. This option was not chosen because some jurisdictions agreed to accept a higher RHNA number based on negotiations reflecting circumstances and conditions applicable at the time that have subsequently changed.
- (2) calculate RHNA based on each jurisdiction's 2007 household percentage of the county's households. Analysis and discussion of this option led participants to conclude that this approach mostly reflects past growth patterns, some of which should not be perpetuated, and wouldn't be as effective as the next approach described in trying to direct growth.
- (3) modify the 1st methodology considered by first distributing each county's share of the total RHNA based on the same county-level methodology used by HCD and Department of Finance in developing separate population and household estimates and growth projections for Nevada and Sierra counties. Second, distribute city shares of the county total RHNA based on current circumstances and conditions and consideration of the statutory factors identified. Last, determine and apply a separate methodology to distribute each jurisdiction's total RHNA across the four income categories (very-low, low, moderate, and above-moderate income) to agree with HCD's income category

figures. From the results of analyses and discussions of all methodology options, committee members unanimously agreed to use this modified methodology, described in detail below, as doing so distributes the RHNA on a similar basis to the county-level data and projections used by HCD to determine the RHNA (refer to Appendix A, Attachment 2).

Detailed Description of RHNA Methodology

Step 1. Distribute to Nevada and Sierra counties the county’s total figure that HCD calculated and used in its determination of total regional housing need:

Total RHNA: 5,617
 Nevada County: 5,472
 Sierra County: 145

Steps 2 and 3. Distribute each county’s total figure to jurisdictions based on the percentage distribution of the prior RHNA cycle similar to the 1st methodology considered and described on the preceding page. Adjust percentages among jurisdictions (except Nevada City and Loyalton) in consideration of current circumstances, conditions, and statutory factors:

	Step 2 (Pre-Adjustment)	Adjustment	Step 3 (Post-Adjustment)
Nevada County:	59.0%: 3,229	-241	54.6%: 2,988
Grass Valley:	17.5%: 958	+136	20.0%: 1,094
Nevada City:	2.4%: 131		2.4%: 131
Truckee:	21.1%: 1,154	+105	23.0%: 1,259
Sierra County:	63.1%: 124		63.1%: 124
Loyalton:	36.9%: 21		36.9%: 21
Region Total	5,617		5,617

Step 4. Distribute the income category share of each local government's total RHNA. The following three alternatives were discussed with Alternative 2 being chosen by committee members:

Alternative 1: apply the county income category percentages that HCD used in determining the RHNA by multiplying the income category percentage against the jurisdiction's total RHNA. Methodology Committee members agreed that this alternative did not result in a significant enough percentage change to address the statutory requirement [Government Code 65584(d)(4)] to try and bring each jurisdiction's income category percentage closer towards the county's income category percentage to adjust for over concentration of lower income households among jurisdictions (refer to Objective 4 on Page 6).

Alternative 2: modify results of Alternative 1 by applying a 120 percent "fair share" adjustment to each city's income category percentage to more adequately move the city's income category percentages closer to the county's income category percentages. Discussion of the fair share percentage began with calculating and analyzing the results of applying a 150% adjustment which led to discussing the range in the percentage adjustment used by other councils of governments. In 2007, the Association of Bay Area Governments, representing 109 jurisdictions, approved a 175% adjustment whereas in 2006 the Southern California Association of Governments, representing 193 jurisdictions approved a 110% adjustment. Due to the relatively small RHNA to distribute among local governments of Nevada and Sierra counties, the fair share adjustment has a negligible impact on small cities such as Nevada City and Loyalton, and thus has more of an impact on the larger cities of Grass Valley and Truckee. As an example of the adjustment impact, Alternative 1 would result in a very-low allocation of 238 for Grass Valley and 274 for Truckee. Applying Alternative 2's 120% adjustment, illustrated below, would decrease Grass Valley's very-low allocation to 199 (difference of 39) and increase Truckee's very-low allocation to 305 (difference of 31). Below shows how Alternative 2's fair share adjustment

is calculated and the resulting RHNA and “adjusted” very-low percentage for Grass Valley (18%) and Truckee (24%) in moving each jurisdiction closer toward the county’s very-low income percentage (22%):

<u>Jurisdiction (RHNA)</u>	<u>County-City Census %</u>	<u>Difference</u>	<u>Fair Share Adj Multiplier</u>	<u>Adjusted %</u>	<u>Adjusted Very-Low % (RHNA)</u>
Nevada County	22%				
Grass Valley (1094 RHNA Total)	41%	19% (22-41)	x 120%	-23%	18% (41-23) (199 RHNA)
Truckee (1259 RHNA Total)	11%	11% (22-11)	x 120%	+13%	24% (11+13) (305 RHNA)

Alternative 3: apply the jurisdiction’s income category percentage from the previous 2001-2008 RHNA cycle by multiplying each income category percentage against the jurisdiction’s total RHNA. This option was not chosen because of a law change in 2004 (Government Code 65584(d)(4), AB 2158) requiring allocating jurisdictions a lower proportion of income category need upon having an existing disproportionate higher income category percentage compared to the county percentage based on current Census. Refer to Appendix C for details and calculations for Alternatives 1-3. The chart on the next page summarizes RHNA, by income category, for each of the three alternative methodologies considered.

RHNA Summary of Income Category Alternatives 1-3

Jurisdiction	Alternative	Very-Low 1221	Low 982	Moderate 1120	Above- Moderate 2294	Total 5617
Nevada County	1	656	526	592	1214	2988
	2	656	527	593	1212	2988
	3	648	539	591	1210	2988
Grass Valley	1	235	191	219	449	1094
	2	199	181	222	492	1094
	3	234	189	220	451	1094
Nevada City	1	25	24	26	56	131
	2	26	23	27	55	131
	3	28	23	23	54	131
Truckee	1	270	220	253	516	1259
	2	305	229	248	476	1259
	3	265	214	257	523	1259
Sierra County	1	29	19	25	51	124
	2	31	17	26	50	124
	3	42	14	22	46	124
Loyalton	1	6	3	5	8	21
	2	4	4	4	9	21
	3	4	3	4	10	21

2007-2014 RHNA Distribution to Local Governments

As Alternative 2 was developed to comply with a change in law (AB 2158, statutes of 2003), the Methodology Committee decided on Alternative 2 in distributing RHNA to each jurisdiction as follows:

2007-2014 Regional Housing Need	Very-Low	Low	Moderate	Above-Moderate	Total
Region Total	1221	982	1120	2294	5617
	22%	17%	20%	41%	100%
Nevada CY Gov'ts	1186	961	1090	2235	5472
Nevada County	656	527	593	1212	2988
	22.0%	17.6%	19.8%	40.6%	100%
Grass Valley	199	181	222	492	1094
	18.2%	16.5%	20.3%	45.0%	100%
Nevada City	26	23	27	55	131
	19.8%	17.6%	20.6%	42.0%	100%
Truckee	305	230	248	476	1259
	24.2%	18.3%	19.7%	37.8%	100%
Sierra CY Gov'ts	35	21	30	59	145
Sierra County	31	17	26	50	124
	25.0%	13.7%	21.0%	40.3%	100%
Loyalton	4	4	4	9	21
	19.0%	19.0%	19.0%	43.0%	100%

Appendix A:

HCD Determination of Regional Housing Need

**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



September 26, 2007

Mr. Brent Smith, Executive Director
Sierra Planning Organization
560 Wall Street, Suite F
Auburn, CA 95603

Dear Mr. Smith:

RE: Regional Housing Needs Determination

This letter transmits the Regional Housing Needs Determination for the Sierra Planning Organization (SPO) region pursuant to Government Code Section 65584.01 of State housing element law. As you are aware, your organization and local governments play a critical role in advancing the State's housing goals through the update of local governments' general plan housing elements.

The determination of regional housing need made by the Department of Housing and Community Development (Department) is to be used by SPO to develop a regional housing need allocation plan (RHNP) that distributes a share of housing need, by income category, to each local government to plan to address in revising their housing element. Section 65583 requires the housing element to include an identification of existing and projected housing needs. Subparagraph (a)(1) specifies projected needs shall include the locality's share of the regional housing need in accordance with Section 65584. Section 65584(b) requires councils of governments to adopt a final RHNP at least one year prior to the scheduled revision of the housing element. The RHNP is to be prepared pursuant to Sections 65584.04 and 65584.05 with the advice of the Department and, within 60 days of adoption, submitted to the Department for approval.

On May 24, 2007, the 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 and Sandy Sindt of your office on July 18, 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. SPO was informed of the opportunity to provide comments and information for the Department to consider in finalizing its determination and only expressed concern with procedural requirements in the development and implementation of the RHNP. In subsequent

telephone conversations with you and Ms. Sindt, the Department committed to provide substantial technical assistance to SEDD to meet the statutory requirements and to participate in meetings with the local governments. It has been proposed that meetings (in Sierra and Nevada counties) for the purpose of briefing and surveying local governments for information to be used in development of methodology for allocation of the regional housing need, be scheduled in October.

The Attachments present the final determination of minimum housing need for SPO to allocate 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 the housing element that is due August 31, 2009. 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. Upon receipt of an objection, the Department has 45 days to consider and make a final written determination.

The Department appreciates the cooperation SPO has provided. Staff are available to advise and assist regarding both the RHNP and housing element update processes. For assistance, please contact Glen Campora, of our office, at (916) 327-2640.

Sincerely,



Cathy E. Creswell
Deputy Director

Enclosures

Attachment 1

Regional Housing Need Determination

Sierra Planning Organization (SPO)

(Nevada and Sierra County Jurisdictions)

For the Period January 2007 through August 31, 2014

<u>Income Category</u>	<u>Housing Unit Need</u>	<u>Percent</u>
Very Low	1,221	22%
Low	982	17%
Moderate	1,120	20%
Above Moderate	<u>2,294</u>	<u>41%</u>
Total	5,617	100%

Below is the income distribution for the applicable county within SPO's region. The income distribution was derived from Census 2000 county median income and household income data:

<u>County</u>	<u>Very Low</u>	<u>Low</u>	<u>Moderate</u>	<u>Above Moderate</u>
Nevada	22%	18%	20%	40%
Sierra	24%	16%	20%	40%

See notes on Attachment 2 (Final Determination Worksheet) that explain methodology

ATTACHMENT 2

Final Determination
Regional Housing Need:
Allocation Period: January 2007 - August 31, 2014

SPO: Nevada and Sierra County Local Governments									
I. PROJECTED HOUSEHOLD GROWTH	SPO Region								
Household growth, 2000 headship rates ⁽¹⁾	5,422					Nevada CY	Sierra CY		
						5,283	139		
II. PROJECTED TOTAL HOUSING NEED									
Homeowner HHs ⁽²⁾	4,102					75.8%	4,004	98	70.9%
Homeowner HH vacancy adjustment ⁽³⁾	74						72	2	
Renter HHs	1,320					24.2%	1,279	41	29.1%
Renter HHs vacancy adjustment ⁽³⁾	66						64	2	
Replacement adjustment ⁽⁴⁾	55						53	2	
Total Housing Need	5,617						5,472	145	
III. PROJECTED HOUSING NEED BY INCOME ⁽⁵⁾	Determination	Income %				Income %	Need	Need	Income %
Very Low	1,221	22%				22%	1,186	35	24%
Low	982	17%				18%	961	21	14%
Moderate	1,120	20%				20%	1,090	30	21%
Above moderate	2,294	41%				40%	2,235	59	41%
Total	5,617	100%				100%	5,472	145	100%
Homeowner vacancy adjustment ⁽³⁾	1.80%								
Rental vacancy adjustment ⁽³⁾	5.00%								
Replacement adjustment ⁽⁴⁾	1.00%								
DOF Demolition Data:	2001	2002	2003	2004	2005	2006	2007	Average	
Demolitions	-44	-22	-30	-38	-5	-14	-16	-24	
Housing Units	47,095	47,959	48,720	49,652	50,658	51,273	51,945	49,615	
Demolition %	-0.09%	-0.05%	-0.06%	-0.08%	-0.01%	-0.03%	-0.03%	0.049%	x 2 x 7.5 years = 0.73%
									minimum % = 1.00%
						Nevada CY	Sierra CY		
DOF Household Projection: 2014	48,143					46,429	1,714		
DOF Baseline "Occupied" Units: 2007	42,721					41,146	1,575		
Household Growth 2007-2014:	5,422					5,283	139		
DOF "Household" Population Projection: 2014	109,961					106,417	3,544		
DOF "Household" Population: 2007	102,236					98,787	3,449		
DOF "Household" Population: 2014	7,725					7,630	95		
Notes:									
1.	Population and household ("occupied" housing units) estimates as of 1/1/2007 are from DOF's E-5a report (State of California, Department of Finance, Population and Housing Estimates, for Cities, Counties, and the State, 2001-2007, with 2000 Benchmark, Sacramento, California, May 2007); DOF's population projections for 7/1/2014 are based on DOF's P-3 report (State of California, Department of Finance, Population Projections for California and Its Counties 2000-2050, by Age, Gender and Race/Ethnicity, Sacramento, California, July 2007). Projected households in 2014 are derived by DOF by applying age- and ethnicity-specific household formation ratios from Census 2000 to the projected population. Household growth reflects the difference between 2014 projected households and 2007 "occupied" units.								
2.	New households are allocated to either homeowner or renter categories based on proportion of owner/renter occupied households from 2000 Census (H-7 Tenure) held constant through projection period. Homeowner rate subtracted from 100% yields renter rate.								
3.	Vacancy rate percentages of 1.8% (owner) and 5.0% (renter) are estimated for current conditions from standard targets of 2.0% and 6.0%, respectively, per Office of Planning and Research, Economic Practices Manual (1984:37).								
4.	Replacement percentage is applied to the household growth figure based on demolition permits reported by DOF January 2001 through 2007. The average rate is adjusted by a multiple of 2 to account for missing permits and use conversions not involving demolition. The adjusted rate is then multiplied by 7.5 (years) to derive the estimated replacement percentage over the allocation period. The minimum rate applied is 1%.								
5.	The allocation per income category is calculated by multiplying the county's total housing need by the proportion of households in each income category as of Census 2000. The four income categories are based on Census 2000 median household income and income definitions of state law (Health and Safety Code Sections. 50079.5, 50105, et.seq.).								

Appendix B

RHNA Methodology Committee Meetings and Participants

RHNA Methodology Committee Meetings and Participants

Date	Participant	Title	Organization Representing
November 2, 2007 Meeting	Brent Smith	Executive Director	SPO
	Glen Campora	Senior Policy Advisor	State HCD
	Jeri Amendola	Economic Specialist	Grass Valley
	Tom Last	Planning Director	Grass Valley
	Mark Miller	City Manager	Nevada City
	Tom Parilo	Consultant	Nevada City
	Jan Christofferson	Interim Planning Director	Nevada County
	Tyler Barrington	Planner	Nevada County
	Brandon Pangman	Planner	Sierra County/Loyalton
	Duane Hall	Planner	Truckee
December 7, 2007 Meeting	Brent Smith		
	Glen Campora		
	Jeri Amendola		
	Tom Last		
	Tom Parilo		
	Tyler Barrington Brandon Pangman		
December 19, 2007 Conference Call	Brent Smith		
	Glen Campora		
	Jeri Amendola		
	Tom Last		
	Tom Parilo		
	Tyler Barrington Brandon Pangman Duane Hall		
February 13, 2008 Conference Call	Brent Smith		
	Glen Campora		
	Jeri Amendola		
	Tom Last		
	Tom Parilo		
	Tyler Barrington Brandon Pangman Duane Hall		
March 13, 2008 Meeting	Brent Smith		
	Glen Campora		
	Jeri Amendola		
	Tom Last		
	Tom Parilo		
	Tyler Barrington		
	Duane Hall		
John McLaughlin	Community Dev Director	Truckee	

Appendix C:

Details of RHNA Methodology Options and Alternatives

Summary of Alternatives 1-3
of RHNA by Income Category

2007-2014 PROPOSED RHNA ALLOCATION / DISTRIBUTION (SEDD: Nevada and Sierra County Jurisdictions):		INCOME CATEGORIES:					
		Very Low	Low	Mod	Above	Total	
HCD Determination (Nevada Cy & Sierra Cy) Sep 26, 07:	Numerical Allocation:	1221	982	1120	2294	5617	
	Percent Allocation:	22%	17%	20%	41%	100%	
Draft Distribution Recommended by Committee on Mar 13, 08:							
2007-2014 NEVADA CY RHNA		1186	961	1090	2235	5472	
County Unincorporated		656	527	593	1212	2988	
		22%	18%	20%	40%	100%	
Grass Valley		199	181	222	492	1094	
		18%	17%	20%	45%	100%	
Nevada City		26	23	27	55	131	
		20%	18%	21%	42%	101%	
Truckee		305	230	248	476	1259	
		24%	18%	20%	38%	100%	
2007-2014 SIERRA CY RHNA		35	21	30	59	145	
County Unincorporated		31	17	26	50	124	
		25%	13%	21%	41%	100%	
Loyalton		4	4	4	9	21	
		20%	18%	19%	41%	100%	

ALT 1-3 SUMMARY OF INCOME CATEGORY ALLOCATION: *Note: Committee Recommends Alt 2 to Adjust for Lower Income Over Concentration*

Alt 1: Allocation per HCD "County" Category %

Alt 2: Allocation per "20% Adjustment" for Over-Concentration

Alt 3: Allocation per prior RHNA category %

SUMMARY OF RHNA INCOME DISTRIBUTION ALTERNATIVES

Nevada Cy Unincorp Alt 1:	656	527	593	1212	2988
Nevada Cy Unincorp Alt 2:	656	527	593	1212	2988
Nevada Cy Unincorp Alt 3:	648	540	591	1209	2988
Grass Valley Alt 1:	235	191	219	449	1094
Grass Valley Alt 2:	199	181	222	492	1094
Grass Valley Alt 3:	234	189	220	451	1094
Nevada City Alt 1:	25	23	26	57	131
Nevada City Alt 2:	26	23	27	55	131
Nevada City Alt 3:	28	22	26	55	131
Truckee Alt 1:	270	220	252	517	1259
Truckee Alt 2:	305	230	248	476	1259
Truckee Alt 3:	265	214	257	523	1259
Sierra Cy Unincorp Alt 1:	29	19	25	51	124
Sierra Cy Unincorp Alt 2:	31	17	26	50	124
Sierra Cy Unincorp Alt 3:	42	14	22	46	124
Loyalton Alt 1:	6	2	5	8	21
Loyalton Alt 2:	4	4	4	9	21
Loyalton Alt 3:	4	3	4	10	21

		Alternative 1				
2007-2014 RHNA DETERMINATION / DISTRIBUTION (SEED: Nevada/Sierra):		INCOME CATEGORIES:				
		V-Low	Low	Mod	Mod	Total
<i>HCD Determination (Nevada Cy & Sierra Cy) Sep 26, 07:</i>	Category Allocation	1221	982	1120	2294	5617
		22%	17%	20%	41%	100%
DISTRIBUTION (TOTAL) per consensus of Committee Dec 19, 07:						
2007-2014 NEVADA CY RHNA		1186	961	1090	2235	5472
		22%	18%	20%	41%	100%
<i>County Unincorporated</i>						2988
<i>Grass Valley</i>						1094
<i>Nevada City</i>						131
<i>Truckee</i>						1259
2007-2014 SIERRA CY RHNA		35	21	30	59	145
		24%	14%	21%	41%	100%
<i>County Unincorporated</i>						124
<i>Loyalton</i>						21
Alt 1: Income Category Allocation Per HCD Category % Determination		22%	17%	20%	41%	
<i>NEVADA CY:</i>		1186	961	1090	2235	5472
<i>County Unincorporated</i>		648	525	595	1220	2988
<i>Grass Valley</i>		238	193	218	445	1094
<i>Nevada City</i>		26	23	26	56	131
<i>Truckee</i>		274	220	251	514	1259
<i>SIERRA CY:</i>		35	21	30	59	145
<i>County Unincorporated</i>		29	19	25	51	124
<i>Loyalton</i>		6	3	5	8	21
REGION TOTAL:		1221	982	1120	2294	5617

		Alternative 2				
2007-2014 RHNA DETERMINATION / DISTRIBUTION (SEED: Nevada/Sierra):		INCOME CATEGORIES:				
		V-Low	Low	Mod	Above	Total
<i>HCD Determination (Nevada Cy & Sierra Cy) Sep 26, 07:</i>	Category Allocation	1221	982	1120	2294	5617
		22%	17%	20%	41%	100%
DISTRIBUTION per consensus of Committee Dec 19, 07:						
2007-2014 NEVADA CY RHNA		1186	961	1090	2235	5472
		22%	18%	20%	41%	100%
	<i>County Unincorporated</i>					2988
	<i>Grass Valley</i>					1094
	<i>Nevada City</i>					131
	<i>Truckee</i>					1259
2007-2014 SIERRA CY RHNA		35	21	30	59	145
		24%	14%	21%	41%	100%
	<i>County Unincorporated</i>					124
	<i>Loyalton</i>					21
Alt 2: Fair Share Adj (120%) to Bring Jurisdiction Category % toward County %		Cy Median HH Income: \$45,864				
<i>NEVADA CY (per Census):</i>		22%	18%	20%	41%	
<i>County Unincorp (%'s match County %'s, no adjustment necessary)</i>		656	527	593	1212	2988
<i>Grass Valley</i>	1. City % (Census):	41%	23%	18%	19%	100%
	2. City % DIFF vs County %:	-19%	-6%	2%	22%	
	3. 120% Fair Share Adj of 2.	-22%	-7%	3%	26%	
	4. % DIFF AFTER Adj (1.+ 3.)	18%	17%	20%	45%	
	RHNA AFTER ADJ (4. x Total)	199	181	222	492	1094
<i>Nevada City</i>	1. City % (Census):	29%	21%	19%	32%	
	2. City % DIFF vs County %:	-7%	-3%	1%	9%	
	3. 120% Fair Share Adj of 2.	-8%	-4%	2%	10%	
	4. % DIFF AFTER Adj (1.+ 3.)	21%	17%	20%	42%	
	RHNA AFTER ADJ (4. x Total)	26	23	26	55	131
<i>Truckee</i>	1. City % (Census):	11%	15%	21%	54%	
	2. City % DIFF vs County %:	11%	3%	-1%	-14%	
	3. 120% Fair Share Adj of 2.	14%	3%	-1%	-16%	
	4. % DIFF AFTER Adj (1.+ 3.)	24%	18%	20%	38%	
	RHNA AFTER ADJ (4. x Total)	305	229	248	476	1259

		Alternative 3					
2007-2014 RHNA DETERMINATION / DISTRIBUTION (SEED: Nevada/Sierra):		INCOME CATEGORIES:					
		V-Low	Low	Mod	Above	Total	
<i>HCD Determination (Nevada Cy & Sierra Cy) Sep 26, 07:</i>	Category Allocation	1221	982	1120	2294	5617	
		22%	17%	20%	41%	100%	
DISTRIBUTION per consensus of Committee Dec 19, 07:							
	2007-2014 NEVADA CY RHNA	1186	961	1090	2235	5472	
		22%	18%	20%	41%	100%	
	County Unincorporated					2988	
	Grass Valley					1094	
	Nevada City					131	
	Truckee					1259	
	2007-2014 SIERRA CY RHNA	35	21	30	59	145	
		24%	14%	21%	41%	100%	
	County Unincorporated					124	
	Loyalton					21	
Alt 3: Per 2001-2007 RHNA "proportion" of Category Total		<i>Total</i>	1176	965	1094	2237	5472
	NEVADA CY:		<i>(jurisdiction % based on income category total not RHNA total)</i>				
	County Unincorporated	55%	56%	54%	54%	2988	
	Grass Valley	20%	20%	20%	20%	1094	
	Nevada City	2%	2%	2%	2%	131	
	Truckee	23%	22%	24%	24%	1259	
	<i>Total</i>	46	17	26	56	145	
		100%	100%	100%	100%		
	SIERRA CY:		<i>(jurisdiction % based on income category total not RHNA total)</i>				
	County Unincorporated	91%	80%	85%	82%	124	
	Loyalton	9%	20%	15%	18%	21	
REGION TOTAL:		1221	982	1120	2294	5617	

Appendix D:

State Housing Law

California Housing Law: Government Code Sections 65584 - 65584.1

65584. (a) (1) For the fourth and subsequent revisions of the housing element pursuant to Section 65588, the department shall determine the existing and projected need for housing for each region pursuant to this article. For purposes of subdivision (a) of Section 65583, the share of a city or county of the regional housing need shall include that share of the housing need of persons at all income levels within the area significantly affected by the general plan of the city or county.

(2) While it is the intent of the Legislature that cities, counties, and cities and counties should undertake all necessary actions to encourage, promote, and facilitate the development of housing to accommodate the entire regional housing need, it is recognized, however, that future housing production may not equal the regional housing need established for planning purposes.

(b) The department, in consultation with each council of governments, shall determine each region's existing and projected housing need pursuant to Section 65584.01 at least two years prior to the scheduled revision required pursuant to Section 65588. The appropriate council of governments, or for cities and counties without a council of governments, the department, shall adopt a final regional housing need plan that allocates a share of the regional housing need to each city, county, or city and county at least one year prior to the scheduled revision for the region required by Section 65588. The allocation plan prepared by a council of governments shall be prepared pursuant to Sections 65584.04 and 65584.05 with the advice of the department.

(c) Notwithstanding any other provision of law, the due dates for the determinations of the department or for the councils of governments, respectively, regarding the regional housing need may be extended by the department by not more than 60 days if the extension will enable access to more recent critical population or housing data from a pending or recent release of the United States Census Bureau or the Department of Finance. If the due date for the determination of the department or the council of governments is extended for this reason, the department shall extend the corresponding housing element revision deadline pursuant to Section 65588 by not more than 60 days.

(d) The regional housing needs allocation plan shall be consistent with all of the following objectives:

(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.

(2) Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns.

(3) Promoting an improved intraregional relationship between jobs and 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 decennial United States census.

(e) For purposes of this section, "household income levels" are as determined by the department as of the most recent decennial census pursuant to the following code sections:

(1) Very low incomes as defined by Section 50105 of the Health and Safety Code.

(2) Lower incomes, as defined by Section 50079.5 of the Health and Safety Code.

(3) Moderate incomes, as defined by Section 50093 of the Health and Safety Code.

(4) Above moderate incomes are those exceeding the moderate income level of Section 50093 of the Health and Safety Code.

(f) Notwithstanding any other provision of law, determinations made by the department, a council of governments, or a city or county pursuant to this section or Section 65584.01, 65584.02, 65584.03, 65584.04, 65584.05, 65584.06, or 65584.07 are exempt from the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

65584.01. (a) For the fourth and subsequent revision of the housing element pursuant to Section 65588, the department, in consultation with each council of governments, where applicable, shall determine the existing and projected need for housing for each region in the following manner:

(b) The department's determination shall be based upon population projections produced by the Department of Finance and regional population forecasts used in preparing regional transportation plans, in consultation with each council of governments. If the total regional population forecast for the planning period, developed by the council of governments and used for the preparation of the regional transportation plan, is within a range of 3 percent of the total regional population forecast for the planning period over the same time period by the Department of Finance, then the population forecast developed by the council of governments shall be the basis from which the department determines the existing and projected need for housing in the region. If the difference between the total population growth projected by the council of governments and the total population growth projected for the region by the Department of Finance is greater than 3 percent, then the department and the council of governments shall meet to discuss variances in methodology used for population projections and seek agreement on a population projection for the region to be used as a basis for determining the existing and projected housing need for the region. If no agreement is reached, then the population projection for the region shall be the population projection for the region prepared by the Department of Finance as may be modified by the department as a result of discussions with the council of governments.

(c) (1) At least 26 months prior to the scheduled revision pursuant to Section 65588 and prior to developing the existing and projected housing need for a region, the department shall meet and consult with the council of governments regarding the assumptions and methodology to be used by the department to determine the region's housing needs. The council of governments shall provide data assumptions from the council's projections, including, if available, the following data for the region:

(A) Anticipated household growth associated with projected population increases.

(B) Household size data and trends in household size.

(C) The rate of household formation, or headship rates, based on age, gender, ethnicity, or other established demographic measures.

(D) The vacancy rates in existing housing stock, and the vacancy rates for healthy housing market functioning and regional mobility, as well as housing replacement needs.

(E) Other characteristics of the composition of the projected population.

(2) The department may accept or reject the information provided by the council of governments or modify its own assumptions or methodology based on this information. After consultation with the council of governments, the department shall make determinations in writing on the assumptions for each of the factors listed in subparagraphs (A) to (E), inclusive, of paragraph (1) and the methodology it shall use and shall provide these determinations to the council of governments.

(d) (1) After consultation with the council of governments, the department shall make a determination of the region's existing and projected housing need based upon the assumptions and methodology determined pursuant to subdivision (c). Within 30 days following notice of the determination from the department, the council of governments may file an objection to the department's determination of the region's existing and projected housing need with the department.

(2) The objection shall be based on and substantiate either of the following:

(A) The department failed to base its determination on the population projection for the region established pursuant to subdivision (b), and shall identify the population projection which the council of governments believes should instead be used for the determination and explain the basis for its rationale.

(B) The regional housing need determined by the department is not a reasonable application of the methodology and assumptions determined pursuant to subdivision (c). The objection shall include a proposed alternative determination of its regional housing need based upon the determinations made in subdivision (c), including analysis of why the proposed alternative would be a more reasonable application of the methodology and assumptions determined pursuant to subdivision (c).

(3) If a council of governments files an objection pursuant to this subdivision and includes with the objection a proposed alternative determination of its regional housing need, it shall also include documentation of its basis for the alternative determination. Within 45 days of receiving an objection filed pursuant to this section, the department shall consider the objection and make a final written determination of the region's existing and projected housing need that includes an explanation of the information upon which the determination was made.

65584.02. (a) For the fourth and subsequent revisions of the housing element pursuant to Section 65588, the existing and projected need for housing may be determined for each region by the department as follows, as an alternative to the process pursuant to Section 65584.01:

(1) In a region in which at least one subregion has accepted delegated authority pursuant to Section 65584.03, the region's housing need shall be determined at least 26 months prior to the housing element update deadline pursuant to Section 65588. In a

region in which no subregion has accepted delegation pursuant to Section 65584.03, the region's housing need shall be determined at least 24 months prior to the housing element deadline.

(2) At least six months prior to the department's determination of regional housing need pursuant to paragraph (1), a council of governments may request the use of population and household forecast assumptions used in the regional transportation plan. For a housing element update due date pursuant to Section 65588 that is prior to January 2007, the department may approve a request that is submitted prior to December 31, 2004, notwithstanding the deadline in this paragraph. This request shall include all of the following:

(A) Proposed data and assumptions for factors contributing to housing need beyond household growth identified in the forecast. These factors shall include allowance for vacant or replacement units, and may include other adjustment factors.

(B) A proposed planning period that is not longer than the period of time covered by the regional transportation improvement plan or plans of the region pursuant to Section 14527, but a period not less than five years, and not longer than six years.

(C) A comparison between the population and household assumptions used for the Regional Transportation Plan with population and household estimates and projections of the Department of Finance.

The council of governments may include a request to extend the housing element deadline pursuant to Section 65588 to a date not to exceed two years, for the purpose of coordination with the scheduled update of a regional transportation plan pursuant to federal law.

(b) The department shall consult with the council of governments regarding requests submitted pursuant to paragraph (2) of subdivision (a). The department may seek advice and consult with the Demographic Research Unit of the Department of Finance, the State Department of Transportation, a representative of a contiguous council of governments, and any other party as deemed necessary. The department may request that the council of governments revise data, assumptions, or methodology to be used for the determination of regional housing need, or may reject the request submitted pursuant to paragraph (2) of subdivision (a). Subsequent to consultation with the council of governments, the department will respond in writing to requests submitted pursuant to paragraph (1) of subdivision (a).

(c) If the council of governments does not submit a request pursuant to subdivision (a), or if the department rejects the request of the council of governments, the determination for the region shall be made pursuant to Sections 65584 and 65584.01.

65584.03. (a) At least 28 months prior to the scheduled housing element update required by Section 65588, at least two or more cities and a county, or counties, may form a subregional entity for the purpose of allocation of the subregion's existing and projected need for housing among its members in accordance with the allocation methodology established pursuant to Section 65584.04. The purpose of establishing a subregion shall be to recognize the community of interest and mutual challenges and opportunities for providing housing within a subregion. A subregion formed pursuant to this section may include a single county and each of the cities in that county or any other combination of geographically contiguous local governments and shall be approved by the adoption of a resolution by each of the local governments in the subregion as well as by the council of governments. All decisions of the subregion shall be

approved by vote as provided for in rules adopted by the local governments comprising the subregion or shall be approved by vote of the county or counties, if any, and the majority of the cities with the majority of population within a county or counties.

(b) Upon formation of the subregional entity, the entity shall notify the council of governments of this formation. If the council of governments has not received notification from an eligible subregional entity at least 28 months prior to the scheduled housing element update required by Section 65588, the council of governments shall implement the provisions of Sections 65584 and 65584.04. The delegate subregion and the council of governments shall enter into an agreement that sets forth the process, timing, and other terms and conditions of the delegation of responsibility by the council of governments to the subregion.

(c) At least 25 months prior to the scheduled revision, the council of governments shall determine the share of regional housing need assigned to each delegate subregion. The share or shares allocated to the delegate subregion or subregions by a council of governments shall be in a proportion consistent with the distribution of households assumed for the comparable time period of the applicable regional transportation plan. Prior to allocating the regional housing needs to any delegate subregion or subregions, the council of governments shall hold at least one public hearing, and may consider requests for revision of the proposed allocation to a subregion. If a proposed revision is rejected, the council of governments shall respond with a written explanation of why the proposed revised share has not been accepted.

(d) Each delegate subregion shall fully allocate its share of the regional housing need to local governments within its subregion. If a delegate subregion fails to complete the regional housing need allocation process among its member jurisdictions in a manner consistent with this article and with the delegation agreement between the subregion and the council of governments, the allocations to member jurisdictions shall be made by the council of governments.

65584.04. (a) At least two years prior to a scheduled revision required by Section 65588, each council of governments, or delegate subregion as applicable, shall develop a proposed methodology for distributing the existing and projected regional housing need to cities, counties, and cities and counties within the region or within the subregion, where applicable pursuant to this section. The methodology shall be consistent with the objectives listed in subdivision (d) of Section 65584.

(b) (1) No more than six months prior to the development of a proposed methodology for distributing the existing and projected housing need, each council of governments shall survey each of its member jurisdictions to request, at a minimum, information regarding the factors listed in subdivision (d) that will allow the development of a methodology based upon the factors established in subdivision (d).

(2) The council of governments shall seek to obtain the information in a manner and format that is comparable throughout the region and utilize readily available data to the extent possible.

(3) The information provided by a local government pursuant to this section shall be used, to the extent possible, by the council of governments, or delegate subregion as applicable, as source information for the methodology developed pursuant to this section. The survey shall state that none of the information received may be

used as a basis for reducing the total housing need established for the region pursuant to Section 65584.01.

(4) If the council of governments fails to conduct a survey pursuant to this subdivision, a city, county, or city and county may submit information related to the items listed in subdivision (d) prior to the public comment period provided for in subdivision (c).

(c) Public participation and access shall be required in the development of the methodology and in the process of drafting and adoption of the allocation of the regional housing needs. Participation by organizations other than local jurisdictions and councils of governments shall be solicited in a diligent effort to achieve public participation of all economic segments of the community. The proposed methodology, along with any relevant underlying data and assumptions, and an explanation of how information about local government conditions gathered pursuant to subdivision (b) has been used to develop the proposed methodology, and how each of the factors listed in subdivision (d) is incorporated into the methodology, shall be distributed to all cities, counties, any subregions, and members of the public who have made a written request for the proposed methodology. The council of governments, or delegate subregion, as applicable, shall conduct at least one public hearing to receive oral and written comments on the proposed methodology.

(d) To the extent that sufficient data is available from local governments pursuant to subdivision (b) or other sources, each council of governments, or delegate subregion as applicable, shall include the following factors to develop the methodology that allocates regional housing needs:

(1) Each member jurisdiction's existing and projected jobs and housing relationship.

(2) The opportunities and constraints to development of additional housing in each member jurisdiction, including all of the following:

(A) Lack of capacity for sewer or water service due to federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period.

(B) The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. The council of governments may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions.

(C) Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long-term basis.

(D) County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated area.

(3) The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure.

(4) The market demand for housing.

(5) Agreements between a county and cities in a county to direct growth toward incorporated areas of the county.

(6) The loss of units contained in assisted housing developments, as defined in paragraph (8) of subdivision (a) of Section 65583, that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.

(7) High-housing costs burdens.

(8) The housing needs of farmworkers.

(9) The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within a member jurisdiction.

(10) Any other factors adopted by the council of governments.

(e) The council of governments, or delegate subregion, as applicable, shall explain in writing how each of the factors described in subdivision (d) was incorporated into the methodology and how the methodology is consistent with subdivision (d) of Section 65584. The methodology may include numerical weighting.

(f) Any ordinance, policy, voter-approved measure, or standard of a city or county that directly or indirectly limits the number of residential building permits issued by a city or county shall not be a justification for a determination or a reduction in the share of a city or county of the regional housing need.

(g) In addition to the factors identified pursuant to subdivision (d), the council of governments, or delegate subregion, as applicable, shall identify any existing local, regional, or state incentives, such as a priority for funding or other incentives available to those local governments that are willing to accept a higher share than proposed in the draft allocation to those local governments by the council of governments or delegate subregion pursuant to Section 65584.05.

(h) Following the conclusion of the 60-day public comment period described in subdivision (c) on the proposed allocation methodology, and after making any revisions deemed appropriate by the council of governments, or delegate subregion, as applicable, as a result of comments received during the public comment period, each council of governments, or delegate subregion, as applicable, shall adopt a final regional, or subregional, housing need allocation methodology and provide notice of the adoption of the methodology to the jurisdictions within the region, or delegate subregion as applicable, and to the department.

65584.05. (a) At least one and one-half years prior to the scheduled revision required by Section 65588, each council of governments and delegate subregion, as applicable, shall distribute a draft allocation of regional housing needs to each local government in the region or subregion, where applicable, based on the methodology adopted pursuant to Section 65584.04. The draft allocation shall include the underlying data and methodology on which the allocation is based. It is the intent of the Legislature that the draft allocation should be distributed prior to the completion of the update of the applicable regional transportation plan. The draft allocation shall distribute to localities and subregions, if any, within the region the entire regional housing need determined pursuant to Section 65584.01 or within subregions, as applicable, the subregion's entire share of the regional housing need determined pursuant to Section 65584.03.

(b) Within 60 days following receipt of the draft allocation, a local government may request from the council of governments or the delegate subregion, as applicable, a revision of its share of the regional housing need in accordance with the factors described in paragraphs (1) to (9), inclusive, of subdivision (d) of Section 65584.04, including any information submitted by the local government to the council of governments pursuant to subdivision (b) of that section. The request for a revised share shall be based upon comparable data available for all affected jurisdictions and accepted planning methodology, and supported by adequate documentation.

(c) Within 60 days after the request submitted pursuant to subdivision (b), the council of governments or delegate subregion, as applicable, shall accept the proposed revision, modify its earlier determination, or indicate, based upon the information and methodology described in Section 65584.04, why the proposed revision is inconsistent with the regional housing need.

(d) If the council of governments or delegate subregion, as applicable, does not accept the proposed revised share or modify the revised share to the satisfaction of the requesting party, the local government, may appeal its draft allocation based upon either or both of the following criteria:

(1) The council of governments or delegate subregion, as applicable, failed to adequately consider the information submitted pursuant to subdivision (b) of Section 65584.04, or a significant and unforeseen change in circumstances has occurred in the local jurisdiction that merits a revision of the information submitted pursuant to that subdivision.

(2) The council of governments or delegate subregion, as applicable, failed to determine its share of the regional housing need in accordance with the information described in, and the methodology established pursuant to Section 65584.04.

(e) The council of governments or delegate subregion, as applicable, shall conduct public hearings to hear all appeals within 60 days of the date established to file appeals. The local government shall be notified within 10 days by certified mail, return receipt requested, of at least one public hearing on its appeal. The date of the hearing shall be at least 30 days and not more than 35 days from the date of the notification. Before taking action on an appeal, the council of governments or delegate subregion, as applicable, shall consider all comments, recommendations, and available data based on accepted planning methodologies submitted by the appellant. The final action of the council of governments or delegate subregion, as applicable, on an appeal shall be in writing and shall include information and other evidence explaining how its action is consistent with this article. The final action on an appeal may require the council of governments or delegate subregion, as applicable, to adjust the allocation of a local government that is not the subject of an appeal.

(f) The council of governments or delegate subregion, as applicable, shall issue a proposed final allocation within 45 days of the completion of the 60-day period for hearing appeals. The proposed final allocation plan shall include responses to all comments received on the proposed draft allocation and reasons for any significant revisions included in the final allocation.

(g) In the proposed final allocation plan, the council of governments or delegate subregion, as applicable, shall adjust allocations to local governments based upon the results of the

appeals process specified in this section. If the adjustments total 7 percent or less of the regional housing need determined pursuant to Section 65584.01, or, as applicable, total 7 percent or less of the subregion's share of the regional housing need as determined pursuant to Section 65584.03, then the council of governments or delegate subregion, as applicable, shall distribute the adjustments proportionally to all local governments. If the adjustments total more than 7 percent of the regional housing need, then the council of governments or delegate subregion, as applicable, shall develop a methodology to distribute the amount greater than the 7 percent to local governments. In no event shall the total distribution of housing need equal less than the regional housing need, as determined pursuant to Section 65584.01, nor shall the subregional distribution of housing need equal less than its share of the regional housing need as determined pursuant to Section 65584.03. Two or more local governments may agree to an alternate distribution of appealed housing allocations between the affected local governments. If two or more local governments agree to an alternative distribution of appealed housing allocations that maintains the total housing need originally assigned to these communities, then the council of governments shall include the alternative distribution in the final allocation plan.

(h) Within 45 days of the issuance of the proposed final allocation plan by the council of governments and each delegate subregion, as applicable, the council of governments shall hold a public hearing to adopt a final allocation plan. To the extent that the final allocation plan fully allocates the regional share of statewide housing need, as determined pursuant to Section 65584.01, the council of governments shall have final authority to determine the distribution of the region's existing and projected housing need as determined pursuant to Section 65584.01. Within 60 days of adoption by the council of governments, the department shall determine whether or not the final allocation plan is consistent with the existing and projected housing need for the region, as determined pursuant to Section 65584.01. The department may revise the determination of the council of governments if necessary to obtain this consistency.

(i) Any authority of the council of governments to review and revise the share of a city or county of the regional housing need under this section shall not constitute authority to revise, approve, or disapprove the manner in which the share of the city or county of the regional housing need is implemented through its housing program.

65584.06. (a) For cities and counties without a council of governments, the department shall determine and distribute the existing and projected housing need, in accordance with Section 65584 and this section. If the department determines that a county or counties, supported by a resolution adopted by the board or boards of supervisors, and a majority of cities within the county or counties representing a majority of the population of the county or counties, possess the capability and resources and has agreed to accept the responsibility, with respect to its jurisdiction, for the distribution of the regional housing need, the department shall delegate this responsibility to the cities and county or counties.

(b) The distribution of regional housing need shall, based upon available data and in consultation with the cities and counties, take into consideration market demand for housing, the distribution of household growth within the county assumed in the regional transportation plan where applicable, employment opportunities and commuting patterns, the availability of suitable sites and public facilities, agreements between a county and cities in a county to direct growth toward incorporated areas of the county, or other considerations as may be requested by the affected cities or counties and agreed to by the department. As part of the allocation of the regional housing need, the department shall provide each city and county with data describing the assumptions and methodology used in calculating its share of the regional housing need. Consideration of suitable housing sites or land suitable for urban development is not limited to existing zoning ordinances and land use restrictions of a locality, but shall include consideration of the potential for increased residential development under alternative zoning ordinances and land use restrictions.

(c) Within 90 days following the department's determination of a draft distribution of the regional housing need to the cities and the county, a city or county may propose to revise the determination of its share of the regional housing need in accordance with criteria set forth in the draft distribution. The proposed revised share shall be based upon comparable data available for all affected jurisdictions, and accepted planning methodology, and shall be supported by adequate documentation.

(d) (1) Within 60 days after the end of the 90-day time period for the revision by the cities or county, the department shall accept the proposed revision, modify its earlier determination, or indicate why the proposed revision is inconsistent with the regional housing need.

(2) If the department does not accept the proposed revision, then, within 30 days, the city or county may request a public hearing to review the determination.

(3) The city or county shall be notified within 30 days by certified mail, return receipt requested, of at least one public hearing regarding the determination.

(4) The date of the hearing shall be at least 10 but not more than 15 days from the date of the notification.

(5) Before making its final determination, the department shall consider all comments received and shall include a written response to each request for revision received from a city or county.

(e) If the department accepts the proposed revision or modifies its earlier determination, the city or county shall use that share. If the department grants a revised allocation pursuant to subdivision (d), the department shall ensure that the total regional housing need is maintained. The department's final determination shall be in writing and shall include information explaining how its action is consistent with this section. If the department indicates that the proposed revision is inconsistent with the regional housing need, the city or county shall use the share that was originally determined by the department. The department, within its final determination, may adjust the allocation of a city or county that was not the subject of a request for revision of the draft distribution.

(f) The department shall issue a final regional housing need allocation for all cities and counties within 45 days of the completion of the local review period.

65584.07. (a) During the period between adoption of a final regional housing needs allocation until the due date of the housing element update pursuant to Section 65588, the council of governments, or the department, whichever assigned the county's share, shall reduce the share of regional housing needs of a county if all of the following conditions are met:

(1) One or more cities within the county agree to increase its share or their shares in an amount equivalent to the reduction.

(2) The transfer of shares shall only occur between a county and cities within that county.

(3) The county's share of low-income and very low income housing shall be reduced only in proportion to the amount by which the county's share of moderate- and above moderate-income housing is reduced.

(4) The council of governments or the department, whichever assigned the county's share, shall approve the proposed reduction, if it determines that the conditions set forth in paragraphs (1), (2), and (3) above have been satisfied. The county and city or cities proposing the transfer shall submit an analysis of the factors and circumstances, with all supporting data, justifying the revision to the council of governments or the department. The council of governments shall submit a copy of its decision regarding the proposed reduction to the department.

(b) The county and cities which have executed transfers of regional housing need pursuant to this section shall amend their housing elements and submit them to the department for review pursuant to Section 65585.

All materials and data used to justify any revision shall be made available upon request to any interested party within seven days upon payment of reasonable costs of reproduction unless the costs are waived due to economic hardship. A fee may be charged to interested parties for any additional costs caused by the amendments made to former subdivision (c) of Section 65584 that reduced from 45 to 7 days the time within which materials and data were required to be made available to interested parties.

(c) In the event an incorporation of a new city occurs after the council of governments, or the department for areas with no council of governments, has made its final allocation under this section, the city and county may reach a mutually acceptable agreement on a revised determination and report the revision to the council of governments and the department, or to the department for areas with no council of governments. If the affected parties cannot reach a mutually acceptable agreement, then either party may request the council of governments, or the department for areas with no council of governments, to consider the facts, data, and methodology presented by both parties and make the revised determination.

The revised determination shall be made within one year of the incorporation of the new city based upon the methodology described in subdivision (a) and shall reallocate a portion of the affected county's share of regional housing needs to the new city. The revised determination shall neither reduce the total regional housing needs nor change the previous allocation of the regional housing needs assigned by the council of governments or the department, where there is no council of governments, to other cities within the affected county.

65584.09. (a) For housing elements due pursuant to Section 65588 on or after January 1, 2006, if a city or county in the prior planning period failed to identify or make available adequate sites to accommodate that portion of the regional housing need allocated pursuant to Section 65584, then the city or county shall, within the first year of the planning period of the new housing element, zone or rezone adequate sites to accommodate the unaccommodated portion of the regional housing need allocation from the prior planning period.

(b) The requirements under subdivision (a) shall be in addition to any zoning or rezoning required to accommodate the jurisdiction's share of the regional housing need pursuant to Section 65584 for the new planning period.

(c) Nothing in this section shall be construed to diminish the requirement of a city or county to accommodate its share of the regional housing need for each income level during the planning period set forth in Section 65588, including the obligations to (1) implement programs included pursuant to Section 65583 to achieve the goals and objectives, including programs to zone or rezone land, and (2) timely adopt a housing element with an inventory described in paragraph (3) of subdivision (a) of Section 65583 and a program to make sites available pursuant to paragraph (1) of subdivision (c) of Section 65583, which can accommodate the jurisdiction's share of the regional housing need.

65584.1. Councils of government may charge a fee to local governments to cover the projected reasonable, actual costs of the council in distributing regional housing needs pursuant to this article. Any fee shall not exceed the estimated amount required to implement its obligations pursuant to Sections 65584, 65584.01, 65584.02, 65584.03, 65584.04, 65584.05, and 65584.07. A city, county, or city and county may charge a fee, not to exceed the amount charged in the aggregate to the city, county, or city and county by the council of governments, to reimburse it for the cost of the fee charged by the council of government to cover the council's actual costs in distributing regional housing needs. The legislative body of the city, county, or city and county shall impose the fee pursuant to Section 66016, except that if the fee creates revenue in excess of actual costs, those revenues shall be refunded to the payers of the fee.