

2008

# Lake County

## Regional Housing Needs Plan

FINAL

Prepared by

Lake County/City Area Planning Council

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## Introduction

This housing needs allocation plan has been prepared by the Lake County/City Area Planning Council (APC) in response to statutory requirements, policy direction from the State of California Department of Housing and Community Development (HCD), and mandated deadlines for delivery of housing need allocation numbers to local jurisdictions within Lake County.

Although the APC does not typically deal with housing issues, they have been designated by HCD as the appropriate regional agency to coordinate the housing need allocation process. The political jurisdictions that comprise the region consist of the Lake County unincorporated area and the Cities of Clearlake and Lakeport. Pertinent Government codes and legislation include Government Code Section 65584 and recent legislation contained in Chapter 85, Statutes of 2001.

Development of this plan began in 2007 after receipt of the total regional housing needs allocation from the State of California Department of Housing and Community Development. The process has included consultation with HCD, forming a Methodology Committee, and consulting with other local governments, including tribal governments.

## Regional Housing Need – H&CD Assignment

The RHNA process has been based on a total housing need assigned to the Lake County region by the HCD. The anticipated housing need from HCD is derived using projections from the Department of Finance based on the 2000 US Census. The projected population is analyzed in relation to a detailed demographic breakdown of the population to arrive at a “headship rate” for the region. The following table represents the housing need assignment from HCD:

**Table 1**  
Regional Housing Need As Assigned by HCD

	<b>Very Low</b>	<b>Low</b>	<b>Moderate</b>	<b>Above Moderate</b>	<b>Total</b>
Total Number	1,299	917	993	2,296	<b>5,505</b>
Percentage	24%	17%	18%	42%	<b>100%</b>

Although the total housing need appears to be very high and is not likely to be realized, the APC did not appeal the allocation. In order to successfully appeal the numbers assigned by HCD, the APC would need to provide alternative demographic, population and housing data. As the APC does not collect their own data, but relies on data from the State in these areas, there was nothing to support an appeal.

## Methodology – Background

Before moving into the methodology and process for determining the housing needs by income category, it will be instructive to review the environment within which the allocation process has been implemented.

Regulations are contained in state law that specify the development of housing needs estimates by both HCD and the responsible regional agency. These laws are updated from time to time by the State Legislature, and the response of local agencies often depends on economic and demographic statewide conditions.

The Lake County Regional Housing Needs Plan has been developed in accordance with Section 66584 a. of the California Government Code which reads in part... “The distribution of regional housing needs shall, based upon available data, take into consideration market demand for housing, employment opportunities, the availability of suitable sites and public facilities, commuting patterns, type and tenure of housing need, the loss of units contained in assisted housing developments, change to non low-income use through mortgage pre-payment, subsidy contract expirations, or terminations of use restrictions, and the housing needs of farm workers.”

## Forces Impacting Housing Needs in Lake County

### Market Demand for Housing

Beginning in 2007, the market demand for housing has declined sharply nationwide, and Lake County was no exception. In previous years, housing prices in Lake County had seen dramatic increases. That trend has taken a turn over the last year, however, prices still remain relatively high. However, compared to housing prices in the neighboring counties of Sonoma, Napa, and Mendocino County, prices are still relatively low. This will continue to make Lake County a more affordable option for people employed in those counties.

### Employment Opportunities

According to the Economic Development Department, the labor force in Lake County for 2007 is estimated at 25,100. Of that number, approximately 23,000 individuals are employed, with an unemployment rate of 8.4%. During the period 2002-2006 approximately 340 new jobs were added in Lake County, an increase of 2.3%. Areas with the highest gain were government and agriculture. A large percentage of job opportunities within the Lake County region are in lower wage positions, resulting in a greater need for low income housing.

### The Availability of Suitable Sites and Public Facilities

In order to develop housing, the availability of suitable sites and public facilities plays a key role. Given the rural nature of Lake County, there is a significant amount of vacant land. Much of this land is constrained by a number of factors, including public ownership, zoning, lack of access or public infrastructure, environmental factors such as steep slopes or flooding, isolation/proximity to urban centers, and other factors. In those areas of the County that are urbanized, suitable sites and public facilities are more available. In the Lakeport area, for example, there is privately owned vacant land existing both within the city limits and the unincorporated area that is available for housing. This same situation exists within the City of Clearlake, in the

unincorporated towns ringing the Clear Lake shoreline and in the Middletown and the Hidden Valley Lake areas. The housing elements from each of the three jurisdictions contain information and detail concerning site suitability and public facilities. See the Constraints section of this document for additional discussion on this matter.

### **Commuting Patterns**

Although they do not have an impact of the same magnitude as commute patterns in more urban areas, commute patterns do play a role in shaping growth in Lake County. The cities of Clearlake and Lakeport are the primary employment centers and produce commuting patterns to and from the surrounding residential communities. In addition to commute patterns within the county, commuters from within Lake County are also traveling to the neighboring counties of Mendocino, Sonoma and Napa for employment. These cross county commute patterns were more carefully examined in the Wine Country Interregional Partnership Phase II Origin and Destination Study final report. The most common trip purpose identified through this report for these cross county trips was work/commute. Commuting patterns are influenced by other factors such as the presence of service facilities, education, and commercial shopping opportunities, which will also lead to out of county travel.

### **Type and Tenure of Housing Need**

The distribution of housing within Lake County is to some degree influenced by the type and tenure of housing need and is defined regionally. The Big Valley/Kelseyville area, for example, has a higher incidence of farm worker housing need than does the unincorporated area on the north shore of Clear Lake. A number of affordable housing units have been developed within the City of Clearlake in recent years, due to subsidies secured by private sector developers, resulting in 335 new low income, multi-family units produced between 2004 and 2008.

Due to the demographic make up of the County, there is a large senior (65 and older) population (15.9% based on a 2006 US Census Bureau estimate) who also have a need for housing. Many seniors need affordable housing due to the high cost of housing and the impact on fixed incomes. Some also need special services that can be provided in affordable housing developments. People with disabilities or special needs require safe, decent, and affordable housing. Very low income individuals rely on government assistance in order to access affordable housing, and those with large families also have unique needs.

### **Potential Loss of Units in Assisted Housing Projects**

A significant statewide housing problem is the potential loss of affordability restrictions on a substantial portion of the government assisted rental housing stock. These privately owned, multi-family rental developments provide housing for low income individuals, elderly people, and families with children. The rent restrictions and use periods for these developments vary, but there are a number of these projects which are considered to be at risk for conversion from affordable, below market rents financed with tax exempt bonds to market rate rents. According to the Statewide Housing Plan, within the Lake County region, a total of 15 developments, which total 590 units, are currently at risk of conversion. This potential conversion has the potential to displace low income tenants currently residing in those developments.

### Housing Needs of Farm Workers

According to data from the Employment Development Department, in 2007, it was estimated that there are approximately 1,800 agricultural workers employed on farms in Lake County. In reality, it is likely that this number is significantly higher due to undocumented migrant workers. There is a clear need for safe, decent, convenient farm worker housing within Lake County. It is anticipated that this issue will be addressed individually by the County of Lake and the two incorporated cities within their housing elements.

### Population

Table 2 presents the population growth for each of the five local jurisdictions between 2000 and 2007.

**Table 2**  
Population Growth 2000-2007

Jurisdiction	2000 Pop.	2007 Pop. Estimate	% Increase
Clearlake	13,147	14,032	6.7%
Lakeport	4,820	5,060	5%
Unincorporated County	40,358	44,648	10.6%
<b>TOTALS</b>	<b>58,325</b>	<b>63,740</b>	<b>9.3%</b>

*State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State, 2001-2008, with 2000 Benchmark. Sacramento, California, May 2008*

*State of California, Department of Finance, E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change — January 1, 2007 and 2008. Sacramento, California, May 2008*

Growth rates over the period from 2000 to 2007 are not precise indicators of growth over the next planning period, but they do show a trend. Growth over this last 7 year period has slowed considerably from the historic growth shown in the 2003 RHNA plan.

### Regulatory, Internal & External Forces

External forces also have an impact on the demand for housing. The type of external issues and the timing and nature of this impact is impossible to define precisely or to predict. The information and facts regarding economic growth, population growth, state in-migration patterns, market demand, housing prices, and California development patterns have been studied and trends identified. The California Department of Finance (DOF) provides annual population growth estimates. These projections show a modest population growth for the North Coastal area of California (including Lake County). The County population is projected to grow at an annual rate of 1.6 percent by 2010. Other external forces include global economics, decisions by corporate employers, and interregional shifts in housing supply from surrounding counties and the Bay Area. While these forces are of interest and need to be tracked, there is little that Lake County can do to alter their impact.

In summary, regulatory requirements that currently shape the housing need allocation process, and the subsequent preparation of Housing Elements of General Plans, are fairly clear in communicating the general approach and timetable as determined by HCD. The external forces cannot, for the most part, be changed or altered by any actions by the local jurisdictions. The

decisions of private sector builders, investors, and property owners in response to these forces is outside of the control of local government.

Internal structure is the one factor by which local government can take some initiative in shaping future housing demand. The housing constraints discussed later in this document and found in Appendix B can be addressed by each local jurisdiction as a precursor to the preparation of their Housing Element updates in balancing housing need with ability to create housing supply. Each jurisdiction will look at zoning, building/subdivision requirements, possible annexations, water and sewer treatment capacities, and other creative ways to meet housing demand that are within local jurisdiction administrative responsibility. The challenge will be to meet the regional housing needs with a coordinated and cooperative effort.

## Constraints

There are a variety of issues that may potentially constrain growth and the ability of each local agency to provide for the development of housing. Potential constraints include water availability, infrastructure availability, and zoning/land use designations. Not only do these factors play a crucial role in the supply of housing, but they also influence the location of new employment centers. The following is a summary of the more significant constraints faced by each of the local agencies:

### City of Lakeport

Flood zones: Approximately 27 percent of land area in the City of Lakeport is located within Special Flood Hazard Area "A" according to the City of Lakeport's Geographic Information System. New housing construction in these areas is subject to increased development standards and often incur substantial increased costs. Additional lands include wetland areas and construction can be prohibited in these areas.

Development Fees and Costs: Due to a Cease and Desist Order issued in 2007, the City was required to make \$2.5 million worth of expansion and improvements to the CLMSD wastewater treatment facility which have been completed. Sewer expansion fees in the CLMSD South area were increased to cover the cost of expansion, and are intended to be further increased in 2009 to \$9,000 per unit.

City wastewater flows north of Sixteenth Street are treated at the County of Lake's LACOSAN northwest treatment plant. Developers proposing four or more units are required to pay for a sewer capacity study. As of 2008, the City, on behalf of the County of Lake, is collecting an expansion fee of \$6,498.00 per unit for projects flowing to the LACOSAN facility.

Water expansion fees which are used to generate capital for water services facility expansion projects are currently \$4,597 per unit. These fees are planned to be increased to over \$6,000 in 2009.

In addition to these fees which may make development, particularly of low income units, cost prohibitive in the City, a recent significant increase in fuel costs have driven the cost of some construction materials to an all time high.

Incomplete City Street Utility systems: There are several areas of Lakeport with incomplete street systems. Developing residential lots within these areas calls for the developer to construct right-of-way improvements, including half-street paving. Several of these lots encounter topographic concerns, making the process even more costly. The lack of sewer, water, and storm drain lines also acts as a constraint to the development of housing. In order for residential lands to be developed at an urban density, these utility lines need to be extended in to the project sites at significant cost.

### **City of Clearlake**

Street Network: The City of Clearlake has a number of development constraints. The community was mostly created in the 1920's when speculators recorded subdivision maps creating thousands of 50' wide by 100' deep lots. These subdivisions are essentially paper subdivisions, with no roads built for access to the lots and no water or sewage disposal systems in place. Over the years the lots started to be developed when water and sewer service were extended. Most of the streets today are still dirt. In the past the City has annually graded 49 miles of the dirt streets.

Sewage System: The County's sewer system also has a serious problem with the collection system. The collection system cannot handle the flows during storms and as a result sewage is spilled on the streets. This is another constraint on the development of Clearlake.

Flooding: Future constraints on development will be flooding. Currently, some areas flood during heavy rainfall and the flooding will increase substantially as the lots in the paper subdivisions are developed.

Street & Drainage Maintenance: Another major constraint on future development is the City's inability to cover the costs of maintaining the streets and drainage facilities. Today the City maintains 65 miles of paved streets. No money is available to properly maintain the paved residential streets and these streets will start reverting to gravel in the next 10 to 20 years. The drainage pipes will also start collapsing when they reach the end of their life space and there is currently not enough money to replace these facilities.

### **County of Lake**

Land Availability: The existing Housing Element, adopted in December 2004, along with the County's land use and zoning maps continue to provide sufficient land availability to meet all categories of affordability in a range of densities and geographical locations. However, environmental and infrastructure limitations continue to limit the development potential on some correctly designated residential areas while market uncertainties have dramatically decreased the overall number of housing projects entering the application process.

The Lake County General Plan Update is entering the final stages of the public hearing process, and will likely be adopted in September 2008. This will result in a new policy framework that will encourage mixed-use residential above retail in downtown areas, and will ensure continued consistency between various elements of the general plan. In addition, the Shoreline Communities Area Plan is nearing completion, and will provide additional opportunities for affordable housing by amending the land use and zoning maps to provide additional high density sites in Clearlake Oaks and Lucerne.

Infrastructure Deficiencies: Water constraints in a number of areas continue to limit residential development potential. With a number of correctly designated areas lacking the ability to connect to water systems (due to new hook-up moratoriums) it is not possible to attain the density potential identified in the Housing Element in some communities, without incurring significant project development costs to mitigate the water system deficiencies.

Circulation constraints are a lesser concern in comparison to water but still impede housing development in a few areas. Of primary concern are the areas with limited access challenges.

Other Constraints: High energy costs along with prevailing national housing market difficulties will likely continue to constrain housing unit growth potential in Lake County for the next few years. New residential unit construction peaked in 2005 and has been declining rapidly during the past two years. As long as demographic and economic factors remain unchanged, significant constraints to new unit construction will continue to exist. Unlike land availability, the housing market constraint is largely out of the County's control.

Appendix B contains a more detailed description of locally anticipated constraints.

## **Methodology – Allocation Process**

The previous regional housing allocation plan was prepared by the APC in 2003. That plan included a detailed examination of the various factors affecting housing need. However, for this effort, the basics of identifying housing demand for Lake County have been calculated by the HCD staff. Appendix A outlines the general methodology used by HCD in projecting regional housing needs for 2007 through 2014. Tasks remaining for APC and local agencies is to arrive at a methodology for allocating the total housing need among the three jurisdictions, across the identified income levels.

The allocation process was initiated by contacting the individuals responsible for planning and preparation of the Housing Element for each of the local jurisdictions. These individuals then agreed to participate in a Regional Housing Needs Allocation Methodology Committee to assist APC staff with development of an acceptable allocation. Each of the tribal governments within Lake County was also invited to participate in the process.

### Participating Members:

Richard Coel, County of Lake  
Richard Knoll, City of Lakeport  
Trisha Franco, City of Lakeport  
Dale Neiman, City of Clearlake



Nathalie Antus, City of Clearlake  
 Jody Larson, Scotts Valley Band of Pomo Indians  
 Phil Dow, APC  
 Nephela Barrett, APC

A series of meetings was held with the Methodology Committee. A variety of data was considered in deriving an allocation methodology. In particular, a study had been recently completed to analyze traffic impact mitigation which included projected growth over the next 20 years for all three local agencies. The growth rates from that study were initially used in deriving a trial allocation. This initial trial allocation is shown in Table 3.

**Table 3**  
 Initial Trial Allocation based on AB 1600 Study  
 4/16/08

<b>Income Group:</b>	<b>Very Low</b>	<b>Low</b>	<b>Moderate</b>	<b>Above Moderate</b>	<b>Total*</b>
County	502	356	377	879	<b>2092</b>
Clearlake	713	505	535	1249	<b>2973</b>
Lakeport	106	75	79	185	<b>440</b>
<b>TOTALS</b>	<b>1321</b>	<b>936</b>	<b>991</b>	<b>2312</b>	<b>5560</b>

*\*Note: Totals did not correspond exactly with totals given by HCD due to rounding.*

Concern over this trial allocation was expressed by the City of Clearlake representatives as it placed a large portion of the growth within the City. The City’s representatives also explained that the City is intending to “down zone” some of their land currently zoned for multi family development in an effort to more evenly balance the demographics within the City.

As a result of these concerns, the Committee reevaluated the trial allocation. Other factors considered by the Methodology Committee include:

- Availability of appropriately zoned land
- Annexation opportunities
- Possible variations of the allocation formula
- Redevelopment opportunities and zoning change impacts
- Current population distribution
- Availability of resources and services
- 2003 housing allocation
- Vacancy rates
- Tribal population and housing development

A second trial allocation was developed that corresponded more to existing population share than to projected growth rates. This second method resulted in the following:

**Table 4**  
 Second Trial Allocation  
 5/9/08

<b>Income Group:</b>	<b>Very Low</b>	<b>Low</b>	<b>Moderate</b>	<b>Above Moderate</b>	<b>Total*</b>
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County	908	641	694	1604	<b>3847</b>
Clearlake	289	204	221	511	<b>1224</b>
Lakeport	102	72	78	181	<b>434</b>
<b>TOTALS</b>	<b>1299</b>	<b>917</b>	<b>993</b>	<b>2296</b>	<b>5505</b>

*\*Totals corrected to correspond with HCD total allocation.*

After consideration of this trial allocation, there was still concern from the City of Clearlake with the distribution of low and very low income units. The City has a disproportionate population of low and very low income households. In an effort to increase socioeconomic balance within the city and create a more viable, and economically healthy community, it was determined that the distribution of these lower income units should be adjusted. The Committee calculated this final trial allocation:

**Table 5**  
Third Trial Allocation  
Approved by Methodology Committee 07/29/08

<b>Income Group:</b>	<b>Very Low</b>	<b>Low</b>	<b>Moderate</b>	<b>Above Moderate</b>	<b>Total*</b>
County	908	641	694	1604	<b>3847</b>
Clearlake	196	138	270	624	<b>1228</b>
Lakeport	195	138	29	68	<b>430</b>
<b>TOTALS</b>	<b>1299</b>	<b>917</b>	<b>993</b>	<b>2296</b>	<b>5505</b>

*\*Totals corrected to correspond with HCD total allocation.*

The Committee reached consensus to approve this allocation for use in preparation of the final RHNA Plan.

## Determination of Final Housing Allocation

Following consensus by the Methodology Committee, APC staff began preparation of a draft plan.

### Public Participation

In addition to interagency coordination with local agencies and tribal governments, an effort was also made to involve the public in the allocation process. A 60-day notice was published in the county wide newspapers alerting the public of the process and directing them to the APC website for further information. The draft allocation and summary were posted on the website for public review. The progress of the RHNA process were on several APC agendas leading up to adoption of the plan. Public comments were also accepted at the public hearing at the time of adoption.

### Proposed Annexation Policy

This policy establishes a process for the redistribution of the housing needs allocation set forth in the adopted Regional Housing Needs Plan (RHNP) in the event of annexation, detachment, incorporation or other change of organization between the county and any member city during the planning period.

1. Pre-Application Process  
Prior to filing an application with the Local Agency Formation Commission (LAFCo) for a change of organization between the county and any member city, such as an annexation, detachment, incorporation or any combination thereof, the applicant is encouraged to file a pre-application with the county and subject city. The county and subject city are encouraged to engage in a pre-application process to review the RHNP allocations for potential redistribution. The proposed reallocation and any conditions thereof shall be submitted to the Lake County/City Area Planning Council (APC). A copy shall be submitted to LAFCo.
2. Filing of Application for Annexation, Detachment or Incorporation  
If a pre-application has not been undertaken, upon receipt of the LAFCo notice of filing of a proposed change of organization, the county or subject city may submit to the other and the APC a request for redistribution of the RHNP allocations. A copy shall be submitted to LAFCo.
3. County/City Negotiations  
The county and subject city shall negotiate in good faith to redistribute the RHNP allocations. The redistribution shall not result in a net reduction in the regional housing and population totals set forth in the RHNP adopted by the APC, nor in the allocation assigned to any other member city. The subject city and county may otherwise negotiate any redistribution and conditions thereof that are mutually agreeable.
4. APC Mediation  
If the county and subject city cannot reach a mutually acceptable agreement for redistribution within 60 days from the date of LAFCo filing, one or both jurisdictions may request the APC to mediate the redistribution of RHNP allocations. The mediation period should not exceed an additional 30 days unless a longer period is mutually agreed to. The purpose of mediation is to achieve a mutually acceptable redistribution.

## Final Proposed Allocation

**Table 7**  
Proposed Final Allocation – County of Lake  
Approved by Methodology Committee 7/29/08

Income Level	Housing Units Needed
Very Low	908
Low	641
Moderate	694
Above Moderate	1604
<b>Total Units</b>	<b>3847</b>

**Table 8**

Proposed Final Allocation – City of Clearlake  
Approved by Methodology Committee 7/29/08

<b>Income Level</b>	<b>Housing Units Needed</b>
Very Low	196
Low	138
Moderate	270
Above Moderate	624
<b>Total Units</b>	<b>1228</b>

**Table 9**

Proposed Final Allocation – City of Lakeport  
Approved by Methodology Committee 7/29/08

<b>Income Level</b>	<b>Housing Units Needed</b>
Very Low	195
Low	138
Moderate	29
Above Moderate	68
<b>Total Units</b>	<b>430</b>

Upon adoption of this plan by the Lake County/City Area Planning Council, the numbers will be utilized by the cities and County in preparation of updates to their housing elements, as required by law. Updates to the housing elements are required to be completed by August 31, 2009.

## **Appendices**

- A Housing & Community Development Regional Housing Need Assignment & Methodology
- B Member Jurisdictions' Statements of Constraints to Housing Development
- C Public & Agency Coordination Documentation