

2013

Lake County

Regional Housing Needs Plan

FINAL

Prepared by

Lake County/City Area Planning Council

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Senior Planner

Adopted

September 11, 2013



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 legislation contained in Chapter 85, Statutes of 2001.

Development of this plan began in 2012 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.

Summary of 2008 RHNA Process

The RHNA cycle takes place every 5 years. The last RHNA Plan was approved in 2008. At that time, a committee was formed of planning staff from the local agencies. 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. However, that allocation was not approved by the committee. The committee considered 3 different trial allocations prior to coming to agreement. Each time the allocation was revised, it was due to concerns raised by the City of Clearlake regarding their already high number of low income units and their desire to change their demographics. Ultimately, the City of Lakeport agreed to take on a much larger portion of the low and very low income units in order to accommodate Clearlake. The following allocation was ultimately agreed upon by the committee and adopted by the APC.

Table 1
2008 RHNA Allocation

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

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 2010 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

	Very Low	Low	Moderate	Above Moderate	Total
Total Number	510	320	370	870	2070
Percentage	24.7%	15.7%	17.9%	41.7%	100%

This total housing need is substantially lower than that provided during the 2008 RHNA period. 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.

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. Housing prices declined dramatically. Although, housing prices have

dropped statewide, Lake County home prices are still relatively low compared to housing prices in the neighboring counties of Sonoma and Napa. 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 annual average labor force in Lake County for 2012 is estimated at 25,520. Of that number, approximately 21,690 individuals are employed, with an unemployment rate of 15%. In spite of the high rate of unemployment, certain sectors are experiencing growth. Areas with the highest anticipated growth for the north coast region (Lake, Del Norte, Humboldt and Mendocino Counties) through 2018 are Refuse & Recycling Collectors, Home Health Aides and Pharmacy Technicians. The Service Industry currently provides the largest number of jobs. 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.

Due to the demographic make up of the County, there is a large senior (65 and older) population (17.6% based on a 2010 US Census Bureau data) who also has 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. 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 2012, it was estimated that there was an annual average of approximately 1,190 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 3 presents the population growth for each of the five jurisdictions between 2000 and 2013.

Table 3
Population change 2000-2013

Jurisdiction	2000 Pop.	2010 Pop.	2013 Pop. Estimate	% Change
Clearlake	13,142	15,250	15,192	15.6%
Lakeport	4,820	4,753	4,713	-2.2%
Unincorporated County	40,358	44,662	44,626	10.6%
TOTALS	58,320	64,665	64,531	10.6%

*US Census Data and State of California, Department of Finance,
Demographic Research Report P1 and Report E-1 and Report E-4*

Growth rates over the period from 2000 to 2013 are not precise indicators of growth over the next planning period, but they do show a trend. Growth over this period has slowed considerably

from the historic growth rates. The County as a whole is growing at less than 1% per year, with some areas even experiencing decline in population. Although the period from 2000 to 2010 showed slow but steady growth, the last 3 years have actually shown a decrease in population in the County as a whole.

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 Lake County. The County population is projected to grow at an annual rate of approximately 1.3 % between now and 2020. 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. Detailed descriptions of each agency's constraints to development can be found in Appendix B of this document.

Methodology

The previous regional housing allocation plan was prepared by the APC in 2008. 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 2014 through 2019. Tasks remaining for APC and local agencies were to arrive at a methodology for allocating the total housing need among the three jurisdictions, across the identified income levels.

The local process began with the APC adopting a methodology statement in August of 2012. The statement was developed by APC staff and reviewed by a committee of planning representatives from each of the local agencies. The committee made revisions and recommended the following methodology, which was adopted by the APC Board by resolution on August 9, 2012.

As part of the regional housing needs assessment in Lake County, the regional council of government - Lake County/City Area Planning Council (APC) will allocate the affordable housing need among its member agencies—the Cities of Lakeport and Clearlake and the County of Lake—using the following methodology:

A Regional Housing Needs Allocation Methodology Committee will be formed and made up of representatives from each of the cities and the county. Tribal governments within the region and Lake LAFCo will also be invited to participate in the process. The APC will work cooperatively with this committee to determine an allocation based on the following factors:

- Current population distribution
- Availability of appropriately zoned land
- Annexation opportunities
- Redevelopment opportunities and zoning change impacts
- Availability of resources and services
- 2008 housing allocation
- Proposed HCD 2012 regional housing need determination
- Vacancy rates
- Tribal population and housing development

Allocation Process

Following adoption of the methodology, the same committee was convened to develop the allocation. These representatives are those responsible for planning and preparation of the Housing Element for each of the local jurisdictions. Each of the tribal governments within Lake County was also provided consultation and invited to participate in the process.

Participating Members:

Richard Coel, County of Lake
 Kevin Ingram, County of Lake
 Trisha Franco, City of Lakeport
 Joan Phillipe, City of Clearlake
 Nephele Barrett, APC

The Methodology Committee met to discuss a draft allocation of the housing needs. The draft allocation was developed proportionately to current population distribution. Although there are many other factors that can be considered, this was used as a starting point for the allocation. Due to the low overall allocation, the committee was able to easily come to agreement on an allocation. The committee agreed unanimously on the following allocation to be used in preparation of the final RHNA plan.

Table 4**Trial Allocation**

Approved by Methodology Committee 11/28/12

Income Group:	Very Low	Low	Moderate	Above Moderate	Total
County	352	221	256	601	1430
Clearlake	120	75	87	205	488
Lakeport	37	24	27	64	152
TOTALS	510	320	370	870	2070

This allocation was used to develop a draft Regional Housing Needs Allocation plan, which was presented to the Lake Area Planning Council for adoption on June 12, 2013. However, at that meeting some board members expressed concerns with the allocation for the City of Clearlake. Those board members explained that due to the already high number of low income housing units in the City of Clearlake, the City should receive a lower allocation in those income categories. The APC decided not to act on the RHNA Plan at that time and continued it to the next meeting to allow time for APC staff to consult again with local agency staff.

On August 7, 2013, APC staff met with the local agency representatives to reconsider the RHNA allocation. An alternate allocation was presented to the committee for discussion, using the same percentages from the 2008 plan, as that allocation had been based on similar concerns from the City of Clearlake. The alternate allocation was rejected by the committee.

Table 5**Alternate Allocation**

Rejected by Methodology Committee 8/7/13

Income Group:	Very Low	Low	Moderate	Above Moderate	Total
County	357	224	259	609	2070
Clearlake	77	48	100	235	460
Lakeport	77	48	11	26	162
TOTALS	510	320	370	870	2070

The committee discussed the option of putting forth the previously recommended allocation to the APC Board, which was generally supported. There was agreement that additional data would be useful to support the recommendation.

The committee determined that the number of low income housing units, as compared with the population, would be supportive of the recommended allocation. This data would demonstrate that the imbalance of the distribution of low income housing is actually much less than perceived. Both of the cities provided this data, however, the County was not able to do so.

The City of Clearlake currently has 599 low income units for a population of 15,250 (2010 Census), or approximately 0.039 per capita. The City of Lakeport has 156 low income units for a population of 4,753, or approximately 0.033 per capita. The totals numbers of units include both senior and general low income housing units. Although housing unit data is not available for the County, it is typically considered poor planning to place a higher than needed burden on unincorporated areas of the county to provide for this type of housing. Low income individuals often rely on services, such as transit, that are not available in more rural areas. In addition, these areas do not typically have the infrastructure needed to support high density, low income developments.

This data was presented to the APC Board at their meeting of September 11, 2013. At that meeting, the APC Board opted to modify the allocation to reduce the low and very low allocations within the two cities. The modified allocation reduced those allocations within the cities by 10% each, adding the 26 units to the County's allocation within those income categories. Due to the overall low regional allocation, the impact to the County's allocation caused by this change was considered minimal.

Table 6
Approved Allocation
Approved by APC Board 9/11/13

Income Group:	Very Low	Low	Moderate	Above Moderate	Total
County	368	231	256	601	1456
Clearlake	108	67	87	205	467
Lakeport	34	22	27	64	147
TOTALS	510	320	370	870	2070

Determination of Final Housing Allocation

Agency Notification

On March 28, 2013, the APC provided official notices to each of the local agencies notifying them of the proposed draft allocation that would be used in preparation of the RHNA Plan. An appeal period was established and set to end on May 26, 2013. No appeals were received.

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 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 was 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.

Annexation Policy

This annexation policy was approved in the 2008 RHNA Plan. The 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 Allocation

Table 7
Proposed Final Allocation – County of Lake

Income Level	Housing Units Needed
Very Low	368
Low	231
Moderate	256
Above Moderate	601
Total Units	1456

Table 8
Proposed Final Allocation – City of Clearlake

Income Level	Housing Units Needed
Very Low	108
Low	67
Moderate	87
Above Moderate	205
Total Units	467

Table 9
Proposed Final Allocation – City of Lakeport

Income Level	Housing Units Needed
Very Low	34
Low	22
Moderate	27
Above Moderate	64
Total Units	147

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 June 30, 2014.

Appendices

- A Housing & Community Development Regional Housing Need Assignment & Methodology
- B Member Jurisdictions' Statements of Constraints to Housing Development

APPENDIX A

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

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Sacramento, CA 94252-2053
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June 27, 2012

Ms. Lisa Davey-Bates, Executive Director
Lake County-City Area Planning Council
367 N. State Street, Suite 206
Ukiah, CA 95482

Dear Ms. Davey-Bates:

RE: Regional Housing Need Determination for Housing Element Updates

This letter provides the Lake County/City Area Planning Council (Lake APC) its fifth cycle regional housing need assessment (RHNA) determination for the projection period January 1, 2014 through June 30, 2019. The Department of Housing and Community Development (Department), is required to determine Lake APC's existing and projected housing need pursuant to State housing law (Government Code Section 65584, et. seq.).

In assessing Lake APC's regional housing need, the Department considered the critical role housing plays in developing sustainable communities and supporting employment growth. Since only partial demographic data was available from Census 2010 and the Department of Finance (DOF), the Department's RHNA determination also utilized American Community Survey (ACS) data. The Department determined Lake APC's regional housing need to be 2,070 units for the 5.5-year projection period from January 1, 2014 through June 30, 2019. This RHNA reflects the Department's consideration of Lake APC's strong socio-economic base and potential for recent household formation trends to generate housing demand at a changing and more diverse pace.

In determining the regional housing need, consideration was also given to the extraordinary uncertainty regarding national, State, local economies and housing markets. As a result, for this RHNA cycle only, the Department made an adjustment to account for abnormal vacancies and unique market conditions due to prolonged recessionary conditions, high unemployment, and unprecedented foreclosures.

In assessing Lake APC's regional housing needs, the Department and representatives of Lake APC completed the consultation process specified in statute through correspondence and conference calls conducted between May and June 2012. Lake APC participants included Ms. Nephele Barrett, Senior Planner. The Department also consulted with Ms. Mary Heim, demographic expert, and the DOF's Demographic Research Unit.

In finalizing Lake APC's RHNA, the Department applied methodology and assumptions regarding the following factors (Government Code Section 65584.01(c)(1)):

- anticipated household growth associated with projected population increases;
- household size data and trends in household size;
- rate of household formation, or headship rates, based on age, gender, ethnicity, or other established demographic measures;
- vacancy rates in existing housing stock, and for healthy housing market functioning and regional mobility, as well as housing replacement needs;
- other characteristics of the composition of the projected population; and
- the relationship between jobs and housing, including any imbalance between jobs and housing.

For this cycle only, assumptions also included the rate with which existing vacant "for sale" and "for rent" housing units may be absorbed for occupancy by the beginning of the projection period in 2014.

The Attachments to this letter describe details of the Department's methodology and RHNA income category distribution for Lake APC to allocate 2,070 housing unit need among all its local governments. As you know, Lake APC must provide each locality a RHNA share of very-low, low-, and moderate-income units that at least equals the total for each of these income categories shown in Attachment 1 and also distribute housing need for above-moderate income households. The RHNA represents the *minimum* amount of residential development capacity a jurisdiction must plan to accommodate through zoning and appropriate development strategies. RHNA is not to be used within local general plans as a maximum amount or cap of residential development to plan for or approve.

Lake APC's RHNA projection period (also described in the attachments) was determined pursuant to Government Code Section 65588(e)(6). The housing element due date schedule is updated periodically and made available on the Department's website at: http://www.hcd.ca.gov/hpd/hrc/plan/he/he_time.htm.

Lake APC is responsible for developing a RHNA distribution methodology and adopting a RHNA Plan for the period of January 1, 2014 through June 30, 2019. Housing element law (Government Code Section 65584, et. seq.) requires Lake APC's methodology and RHNA Plan to be consistent with the following objectives:

- increasing the housing supply and mix of housing types, tenure, and affordability;
- promoting infill development and socio-economic equity, protecting environmental and agricultural resources, and encouraging efficient development patterns;
- promoting an improved intraregional relationship between jobs and housing; and
- balancing the distribution of households by income category.

Pursuant to Government Code Section 65584.05(h), Lake APC is required to submit its RHNA Plan to the Department for approval within three days of adopting the RHNA Plan. Once the Department has approved the RHNA Plan, Lake APC is to distribute to all its local government members their income category shares of new housing needs to be addressed in their housing element updates covering 2014 - 2019.

In updating their housing elements, local governments may only take RHNA credit for units permitted since the January 1, 2014 start date of the RHNA projection period. Localities are also required to describe how units were credited to different income categories based on actual or projected sale price or rent level data.

Any city planning to accommodate a portion of RHNA on sites within a city's Sphere of Influence (SOI) needs to include an annexation program in the housing element. The annexation program needs to demonstrate SOI sites can be annexed early enough in the planning period to make adequate sites available before triggering penalties pursuant to Government Code sections 65583(c)(1)(A), and 65583(f).

Regarding transfers of housing need among local governments, AB 242 (Chapter 11, Statutes of 2008) amended certain provisions of Government Code Section 65584.07. RHNA transfers agreed between local governments may occur until adoption of the RHNA Plan. After Lake APC has adopted its RHNA Plan and before the housing element due date, transfers meeting specified conditions may only occur from a county to cities within the county. Transfers after the due date of the housing element are restricted to annexations and incorporations and must be completed within specified timeframes. The numbers of units by income to be transferred are determined either based on mutual agreement between affected local governments, or, when no agreement is reached, by the entity responsible for allocating housing need (Lake APC). The Department must be notified of all transfers; jurisdictions affected by RHNA transfers must amend their housing element within a specified timeframe.

We look forward to a continued partnership with Lake APC and its member jurisdictions in planning efforts to accommodate the region's housing need. If you have any questions or need additional assistance, please contact me or Anda Draghici, Senior Housing Policy Specialist, at (916) 445-4728.

Sincerely,



Glen A. Campora
Acting Deputy Director

Enclosures

ATTACHMENT 1

HCD REGIONAL HOUSING NEED DETERMINATION: Lake APC Projection Period: January 1, 2014 through June 30, 2019

Income Category	Percent	Regional Housing Need (rounded) ⁽¹⁾
Very-Low	24.7%	510
Low	15.7%	320
Moderate	17.9%	370
Above-Moderate	41.7%	870
Total	100.0% ⁽²⁾	2,070 ⁽³⁾

- (1) The statutory objective regarding RHNA requires HCD, in consultation with Department of Finance (DOF) and councils of governments (COGs), to determine projected household growth and housing need based on DOF population projections and COG regional population forecasts and requires regional and local jurisdictions to plan to accommodate capacity for all of the projected RHNA. The Legislature recognizes that different assumptions and variances in methodologies can be used that can result in different population projections. Projection of housing need developed by DOF and HCD for RHNA purposes does not consider local government constraints.

For this RHNA cycle only (due to unique conditions not expected to recur to impact future RHNA cycles), the housing need was adjusted downward to account for an estimated 80 percent absorption level of unprecedented high vacancies in existing stock due to extraordinary conditions including high foreclosures and economic uncertainties.

- (2) The income category percentages reflect the minimum percentage applied against the total RHNA by HCD in determining housing need for very-low, low, and moderate income households. Each category is defined by Health and Safety Code (Section 50093, et seq.). Percentages are derived from the 2006-2010 American Community Survey's number of households by income, over 12 month periods. Housing unit need under each income category is derived from multiplying the portion of households per income category against the total RHNA determination.
- (3) The 2,070 allocation (see Attachment 2) reflects the region's projected minimum housing need (rounded), using household formation rates from 2010 Census and an adjustment (-198) for existing excess vacant units in estimating 20% of vacant units will not be absorbed before 2014. This column represents the minimum housing need that the county's RHNA Plan must address in total and also for very-low, low, and moderate income categories.

ATTACHMENT 2

HCD REGIONAL HOUSING NEED DETERMINATION: Lake APC

HCD Determined Population, Households, & New Housing Need: January 1, 2014-June 30, 2019 (5.5 years)				
1	Population: June 30, 2019 (DOF Interim)			70,226
2	<i>less: Group Quarters Population DOF E5 estimate</i>			1,322
3	Household (HH) Population June 30, 2019			68,904
	Household Formation Groups	2019 HH Population	HH Formation or Headship Rate (2010 Census)	2019 Households
	All Age Groups (DOF)	68,904		29,531
	Under 15	11,823		
	15 - 24 years	7,101	11.84%	841
	25 - 34 years	6,711	41.56%	2,789
	35 - 44 years	6,709	51.28%	3,441
	45 - 54 years	10,221	54.82%	5,603
	55 - 64 years	10,559	59.53%	6,285
	65 - 74 years	9,752	64.47%	6,287
	75 - 84 years	4,608	70.58%	3,252
	84+	1,422	72.66%	1,033
4	Projected Households-June 30, 2019			29,531
5	<i>less: Households at Beginning of Projection Period (January, 2014)</i>			27,363
6	Household Growth: 5.5 Year Projection Period			2,169
7	Vacancy Allowance	Owner	Renter	Total
	Tenure Percentage per 2010 Census	65.81%	34.19%	
	HH Growth by Tenure	1,427	741	2,169
	Healthy Vacancy Rate	2.00%	5.00%	
	Vacancy Allowance	29	37	66
8	Replacement Allowance (minimum)	1.30%		2,234
				2,263
9	<i>less: Adjustment for Absorption of Existing Excess Vacant Units</i>			
	Estimate 80% Absorbed, 20% Not Absorbed by 2014	Effective Vacant Units	Healthy Market Units	Differential
	Derived (2010 Census, HH Growth, & Vacancy Rate)	(1,831)	843	-988
	Total 2012 Housing Stock	35,631		
	Existing Vacant Unit (Others) Adjustment	2.30%	4.20%	
	Total Adjusted Existing Vacant Units (Others)	(820)	1,500	680
	Estimated Vacant Units Not Absorbed by 2014	20%		-988
				-198
	REGIONAL HOUSING NEED DETERMINATION			2,070

- Population:** Pursuant to Government Code Section 65584.01(b) and in consultation with the council of government , June 30, 2019 population projection was extrapolated based on Department of Finance (DOF) Interim Projections published in May 2012 for July 2020 and July 2015, and DOF's E5 estimate for January 2012.
- Group Quarter Population:** Figure is an estimate of persons residing either in a group home, institution, military, or dormitory using 2010 Census data for group quarters. As this population doesn't constitute a "household" population generating demand for a housing unit, the group quarter population is excluded from the calculation of the household population, and is not included in the housing need.
- Household (HH) Population:** The portion of population projected to reside in housing units after subtracting the group quarter population from total projected population.
- Projected 2019 Households (HHs):** The June 2019 number of households is derived by applying (to 2019 HH population) household formation rates calculated based on 2010 Census, as provided by DOF. HH formation or headship rates reflect the propensity of different population groups (age, racial and ethnic) to form households.

ATTACHMENT 2

HCD REGIONAL HOUSING NEED DETERMINATION: Lake APC

- 5 **Households at Beginning of Projection Period:** The baseline number of households at the beginning of the projection period (January 2014) must be projected, as a direct effect of amendment to Section 65588(e)(6) specifying the new projection period to start on either June 30 or December 31 whichever date most closely precedes the end of the current housing element period (June 30, 2014 for the county). As such, the 2014 household number was calculated based on 2014 population as an interpolation between DOF's E5 2012 estimate of households and the DOF's 2015 projected population.
- 6 **Household (HH) Growth:** This figure reflects projected HH growth and need for new units.
- 7 **Vacancy Allowance:** An allowance (unit increase) is made to facilitate availability and mobility among owner and renter units. Owner/Renter % is based on Census 2010 data. A smaller rate is applied to owner units due to less frequent mobility than for renter households. Information from a variety of authoritative sources supports an acceptable range of 1 to 4% for owner units and 4 to 8% for renter units depending on market conditions.
- 8 **Replacement Allowance:** Rate (1.3%) reflects the average housing losses that localities annually reported to DOF each January for years 2002-2011 multiplied by the number of years in the projection period (5.5), or 0.5%, whichever is higher.
- 9 **Adjustment for Absorption of Existing Excess Vacant Units:** For this RHNA cycle only (due to extraordinary uncertainty regarding conditions impacting the economy and housing market not expected to similarly impact future RHNA cycles), a new one-time adjustment was made to account for unprecedented high vacancies in existing stock due to unusual conditions including high foreclosures and economic uncertainties. An absorption rate of 80% of existing excess vacant units is assumed to occur in shrinking current excess vacant units before the start of the 2014 RHNA projection period. This results in applying a 20% adjustment to account for units not absorbed, reflected in a downward adjustment of (- 198). In general, existing vacant units in housing stock consists of two components: (1) housing units for sale and rent in existing housing stock that are above the housing units required to maintain the healthy market condition, calculated as the number of units in housing stock (for sale + for rent + sold, not occupied+rented, not occupied + occupied units), (2) housing units in the "vacant units others" category of existing housing stock above the simple average of 4.2% calculated based on Census data from 2000 and 2010. The Department used 2010 Census Demographic profile data (DP-1) and desirable "normal" vacancy rates by tenure, in conjunction with the region's household growth and proposed household formation rates. The vacancy adjustment is limited to not exceed the differential between the 2010 Census vacant units and the healthy market vacant units rate associated with the region's annual household growth. As the adjustment was below the differential, the adjustment was applied in calculating the RHNA determination. *For Lake APC region, there was no adjustment for "other vacant" units, as the normal rate over the past two decades was higher than the 2010 Census rate, indicating that the region did not have an excess of "other vacant" units.*

RHNA Projection Period January 1, 2014 to June 30, 2019: Pursuant to SB 375, the start of the RHNA *projection* period (in effect January 1, 2014) was determined pursuant to GC 65588(e)(6), which requires the new projection period to start on June 30 or December 31 that most closely precedes the end of the current housing element period, which for the county is June 30, 2014. The end of the projection period was determined pursuant to GC 65588(e)(5) to be the end of the housing element planning period.

Housing Element Planning Period June 30, 2014 to June 30, 2019: The housing element *planning* period was determined pursuant to GC 65588(e)(3)(B) and 65588 (f)(1) as a 5-year period between the due date for one housing element and the due date for the next housing element.

APPENDIX B

**STATEMENT OF CONSTRAINTS
TO HOUSING DEVELOPMENT
County of Lake**

Lake County

On-going Constraints to Development of Affordable Housing

Land Availability

The updated Housing Element, adopted in April 2012, 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.

Over the past five years the Lake County Community Development Department has invested a considerable amount of resources and time into the update of its long-range planning documents, including: The Lake County General Plan (2008), Shoreline Communities Area Plan (2009), Middletown Area Plan (2010), and Housing Element (2012). The General Plan update and associated Area Plans has resulted in a new policy framework that will encourage mixed-use residential above retail in downtown areas, and will provide a streamlined process for new affordable housing development projects. In addition, the Lake County Zoning Ordinance is in the process of being updated and will ensure that implementation measures and tools outlined in recent long-range plan updates, including the Housing Element, will aid in the further reduction of noted constraints to the provision of affordable housing in Lake County.

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 eight 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.

**STATEMENT OF CONSTRAINTS
TO HOUSING DEVELOPMENT
City of Clearlake**

City of Clearlake Development Constraints

The City of Clearlake has a number of development constraints highlighted by an insufficient and failing road system, significant flood zone area and insufficient and/or failing drainage system.

Much of the community was created in the 1920's when speculators recorded paper subdivision maps meaning that there were unimproved or no roads and no sewer and water systems making the lots undevelopable. Over the years some of the lots developed as water and sewage disposal became available but much of the road system in these subdivisions remain dirt with no drainage or other improvements and sewer and water is still not available to a large portion of these areas. Developing these areas will be extremely expensive.

Another major constraint on future development is the City's inability to cover the cost of maintaining the streets and drainage facilities throughout the city, not just in the subdivisions noted above. The city has approximately 112 miles public roads of which only 65 miles are paved. There is no money to properly maintain those streets and many are starting to revert to gravel. In addition to the public streets, there are about 55 miles of private roadway in the city limits most of which are unpaved.

The drainage system, where it exists, is antiquated and reaching the end of its lifespan. Without adequate financial resources, it is anticipated that the system will begin to collapse. There is no money to replace these facilities.

A large portion of the city falls within the floodplain. New construction in these areas will need to meet increased construction standards adding to the overall development cost.

Ultimately the city will have to consider implementing development fees to cover some of the cost of the needed improvements and infrastructure as noted above. There is certainly no guarantee that fees will be implemented due to the very fact that they will add to the cost to develop.

**STATEMENT OF CONSTRAINTS
TO HOUSING DEVELOPMENT
City of Lakeport**



CITY OF LAKEPORT, HOUSING DEPARTMENT
225 PARK STREET, LAKEPORT, CA 95453
phone: (707) 263-5613 ext. 28 / fax: (707) 263-8584

CONSTRAINTS TO HOUSING

June 4, 2013

Flood zones:

Approximately 1,172 acres (27 percent of the total) 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.

Sewer Expansion Fees:

The City has recently increased sewer expansion fees in the CLMSD South area to \$10,381 per residential unit equivalent (RUE). These fees are intended to be further increased each January.

City wastewater flows north of Sixteenth Street are treated at the County of Lake's LACOSAN northwest treatment plant. The County charges developers proposing development of four or more residential units with the burden of having a sewer capacity study completed by a civil engineering firm. This study costs approximately \$5,000. As of 2013, the City, on behalf of the County of Lake, is now collecting from housing developers an RUE expansion fee of \$11,753 for projects flowing to the LACOSAN facility.

Water Expansion Fees:

In order to generate sufficient capital to expand facilities to provide adequate water services in the City of Lakeport, water expansion fees were raised to \$6,525 in 2013.

Fuel Costs:

A long-term 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 the City 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 site at significant cost.