

2018

Lake County

Regional Housing Needs Plan

FINAL

Prepared by

Lake County/City Area Planning Council

Nephele Barrett
Planning

Proposed for Adoption

October 10, 2018

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 early 2018. The process has included consultation with HCD, adoption of a methodology, forming a Methodology Committee, and consulting with other local governments, including tribal governments.

Summary of 2013 RHNA Process

The RHNA cycle has been conducted every 5 years, however, the region has elected to move to an 8 year cycle starting with this current plan. The last RHNA Plan was approved in 2013. 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. The methodology committee initially recommended an allocation based on population. However, the APC did not approve that allocation due to concerns about the high concentration of low income housing within the City of Clearlake at that time. The methodology committee reconsidered the allocation and opted to recommend the same methodology, but present additional supporting data to the APC Board. Ultimately, the APC Board voted to adjust the numbers to allocate fewer low and very low income housing units to the two incorporated cities. Because the overall regional determination in that cycle was lower than the previous 2008 determination, the effect of the additional units on the county was considered minimal. The following allocation was adopted by the APC.

Table 1
2013 RHNA Allocation

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

HCD Regional Housing Need Determination

The RHNA process has been based on a total housing need assigned to the Lake County region by HCD. The anticipated housing need from HCD is derived using projections from the

Department of Finance based on the 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 numbers are adjusted by HCD in an attempt to correct for overcrowding and/or low vacancy rates. The following table represents the housing need assignment from HCD:

Table 2
Regional Housing Need As Assigned by HCD
December 31, 2018 through August 15, 2027

	Very Low	Low	Moderate	Above Moderate	Total
Total Number	460	310	300	835	1905
Percentage	24.2%	16.1%	15.8%	43.9%	100%

This total housing need is somewhat lower than that provided during the 2013 RHNA period. In addition, the last RHNA allocation was for a period of 5.5 years, while this RHNA period now covers 8.8 years. The 2013 regional determination would have averaged about 376 housing units annually, while this longer planning period and the lower determination equate to an annual average of 216 housing units per year.

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

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. There is also greater housing availability in Lake County than in neighboring counties. The Department of Housing and Community Development

estimates the vacancy rate to be right at the state average of 5%, while most neighboring counties tend to have vacancy rates well below the state average.

Employment Opportunities

According to the Economic Development Department, the current labor force in Lake County for 2018 is estimated at 29,730. Of that number, approximately 28,020 individuals are employed, with an unemployment rate of 5.7%. This represents significant growth in the job market for Lake County, which had an unemployment rate nearing 11% at the time of the last RHNA Plan in 2013. Areas with the highest anticipated growth for the north coast region (Lake, Del Norte, Humboldt and Mendocino Counties) through 2024 are earth drillers, roofers, dry wall installers, heating/air/refrigeration workers, and construction trade helpers. 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 (20.5% according to American Community Survey Demographic and Housing Estimates) 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 June of 2018, it was estimated that there were approximately 1,100 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 three jurisdictions between 2000 and 2018.

Table 3
Population change 2000-2018

Jurisdiction	2000 Pop.	2010 Pop.	2018 Pop. Estimate
Clearlake	13,142	15,250	15,917
Lakeport	4,820	4,753	5,134
Unincorporated County	40,358	44,662	44,030
TOTALS	58,320	64,665	65,081

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

Previous growth rates 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 on average at less than 1% per year over the last 18 years. However, over the last 8 year period (2010-2018), the region has experienced a total of only 0.6% growth.

Wildfire

Over the last few years, Lake County has been severely impacted by fires. Both lives and homes have been tragically lost. While the loss of lives in these fires far outweighs the loss of property, the impact to housing cannot be ignored. In August 2015, the Jerusalem and Rocky fires destroyed another approximately 50 homes in the Lower Lake and Clearlake area. Then in September 2015, the devastating Valley Fire destroyed approximately 1,300 homes in the communities of Cobb, Middletown and Hidden Valley. In August 2016, 300 structures, including homes and businesses were destroyed in the Lower Lake area during the Clayton Fire. On October 9, 2017, at the same time that fires raged in the neighboring counties of Mendocino, Napa and Sonoma, Lake County was hit by the Sulphur Fire, resulting in the loss of 162 structures. In June of this year, another 22 structures were lost in the Spring Valley community during the Pawnee Fire. Currently (August 2018), the Mendocino Complex fire, which consists of the River Fire and Ranch Fire, is burning across four counties, including Lake County. It is now the largest fire recorded in California. Although the structural loss from these current fire is not known at this time, the fire has threatened the communities of Blue Lakes, Upper Lake, Lucerne, Nice, Witter Springs, Scotts Valley, Lakeport, Finley, Kelseyville, Big Valley Rancheria, Lake Pillsbury and many smaller communities surrounding those areas.

Many homes lost during the 2015 fires have still not been replaced and may have been un- or under-insured. In a county that is largely low income, recovering from fire can be particularly difficult. Replacement of homes lost in these fires is likely to use up the majority of local resources for building in the foreseeable future. Due to the extent of fire damage in neighboring counties, it is anticipated that resources that might otherwise be available from outside the area for cleanup and rebuilding will be limited.

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 between 0.18% and 0.37% annually between now and the end of this RHNA period in 2027. 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 are 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 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 2019 through 2027. 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 June of 2018. 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 June 13, 2018.

As part of the regional housing needs assessment, the Lake County/City Area Planning Council (APC) will allocate the housing need among its member agencies—the Cities of Clearlake and Lakeport and 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 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 and trends*
- *Past development trends*
- *Availability of appropriately zoned land*
- *Annexation opportunities*

- *Zoning change and General Plan amendment impacts*
- *Availability of resources and infrastructure services*
- *2013 housing allocation*
- *Vacancy rates*
- *Tribal population and housing development*
- *Limitations and challenges to housing and land resulting from recent wildfires*
- *Potential impacts of recent housing related legislation, including SB 35*

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:

Byron Turner, County of Lake
 Kevin Ingram, City of Lakeport
 Greg Folsom, City of Clearlake
 Gary Price, City of Clearlake (consultant)
 Nephele Barrett, APC

The Methodology Committee met to discuss a draft allocation of the housing needs. The draft allocation was developed proportionately to the 2013 allocation. At that time, the allocation was developed initially based on population, then adjusted to correct for existing higher concentrations of low income housing and population in the City of Clearlake. The APC Board supported the adjusted allocation in an effort to more evenly distribute the lower income housing across other areas of the county. 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 3/22/18

	Very Low	Low	Moderate	Above Moderate	Total Housing Units
County	332	224	207	576	1339
Clearlake	97	65	72	200	434
Lakeport	31	21	21	*58	132
Total	460	310	300	835	1905

Note: Due to a rounding error, the allocation of above moderate housing units for Lakeport was 58 in the allocation considered by the committee. This number has been corrected to 59 in the final proposed allocation.

Determination of Final Housing Allocation

Agency Notification

On June 8, 2018, 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. The appeal period ended on August 7, 2018. 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. Notices were published in the county wide newspaper alerting the public of both the proposed methodology and adoption of the allocation and plan. Information, including the draft allocation, was also available on the APC website for public review. The public was also provided opportunity to comment at public hearings for both the methodology and final allocation and plan.

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 5
Proposed Final Allocation – County of Lake

Income Level	Housing Units Needed
Very Low	332
Low	224
Moderate	207
Above Moderate	576
Total Units	1339

Table 6
Proposed Final Allocation – City of Clearlake

Income Level	Housing Units Needed
Very Low	97
Low	65
Moderate	72
Above Moderate	200
Total Units	434

Table 7
Proposed Final Allocation – City of Lakeport

Income Level	Housing Units Needed
Very Low	31
Low	21
Moderate	21
Above Moderate	59
Total Units	132

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. The local agencies will have approximately 10 months to complete the housing elements, per the requirements of SB 375. Adoption of the Regional Transportation Plan (RTP), which occurred February 14, 2018, triggered the due date for the next Housing Element. Housing Elements are due 18 months from the RTP adoption date, making them due in August of 2019. Subsequent RHNA Plans and Housing Elements will then be due every eight years.

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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August 13, 2018

Lisa Davey-Bates, Executive Director
Lake County/City Area Planning Council
367 North State Street
Ukiah, CA 95482

Dear Lisa Davey-Bates:

RE: Final Regional Housing Need Determination

This letter provides the Lake County/City Area Planning Council (Lake APC) its Final Regional Housing Need Determination. Pursuant to state housing element law (Government Code section 65584, et seq.), the Department of Housing and Community Development (HCD) is required to provide the determination of Lake APC's existing and projected housing need.

In assessing Lake APC's regional housing need, HCD and Lake APC staff completed a consultation process covering HCD's methodology, data sources, and timeline for both the HCD's Regional Housing Need Determination and Lake APC's Regional Housing Need Allocation (RHNA). HCD also consulted with Walter Schwarm of the California Department of Finance (DOF) Demographic Research Unit.

Attachment 1 displays the minimum regional housing need determination of **1,905** total units among four income categories for Lake APC to distribute among its local governments. Attachment 2 explains the methodology applied pursuant to Gov. Code section 65584.01. In determining Lake APC's housing need, HCD considered all the information specified in state housing law (Gov. Code section 65584.01(c)).

Lake APC is responsible for adopting a methodology and RHNA Plan by August 15, 2018 for the *projection* period beginning December 31, 2018 and ending August 15, 2027. However, Lake APC has informed HCD of the need to adopt in September 2018 due to delays associated with the fires and HCD has agreed that is a reasonable approach. Within 30 days from the adoption date, Lake APC must submit the RHNA Plan to HCD for approval. Local governments are in turn responsible for updating their housing element for the *planning* period beginning August 15, 2019 and ending August 15, 2027 to accommodate their share of new housing need for each income category.

Pursuant to Gov. Code section 65584(d), the methodology to prepare Lake APC's RHNA plan must be consistent with the following objectives:

- (1) Increasing the housing supply and mix of housing types, tenure, and affordability.

- (2) Promoting infill development and socioeconomic equity, protecting environmental and agricultural resources, and encouraging efficient development patterns.
- (3) Promoting an improved intraregional relationship between jobs and housing.
- (4) Balancing disproportionate household income distributions.

Pursuant to Gov. Code section 65584.04(d), to the extent data is available, Lake APC should include the factors listed in Gov. Code section 65584.04(d)(1-10) to develop its RHNA plan, and pursuant to Gov. Code section 65584.04(e), Lake APC must explain in writing how each of these factors was incorporated into the RHNA plan methodology.

HCD commends Lake APC for its leadership in fulfilling its important role in advancing the state's housing, transportation, and environmental goals. HCD especially thanks Nephele Barrett for her significant efforts and assistance. HCD looks forward to its continued partnership with Lake APC and its member jurisdictions and assisting Lake APC in its planning efforts to accommodate the region's share of housing need.

If HCD can provide any additional assistance, or if you, or your staff, have any questions, please contact Megan Kirkeby, Assistant Deputy Director for Fair Housing, at (916) 263-7428 or megan.kirkeby@hcd.ca.gov, or Tom Brinkhuis, Housing Policy Analyst, at 916-263-6651 or tom.brinkhuis@hcd.ca.gov.

Sincerely,



Zachary Olmstead
Deputy Director

Enclosures

ATTACHMENT 1

HCD REGIONAL HOUSING NEED DETERMINATION

Lake Area Planning Council
December 31, 2018 through August 15, 2027

<u>Income Category</u>	<u>Percent</u>	<u>Housing Unit Need</u>
Very-Low*	24.2%	460
Low	16.1%	310
Moderate	15.8%	300
Above-Moderate	43.9%	835
Total	100.0%	1,905
* Extremely-Low	12.3%	Included in Very-Low Category

Notes:

Income Distribution:

Income categories are prescribed by California Health and Safety Code (Section 50093, et. seq.). Percents are derived based on Census/ACS reported household income brackets and County median income.

ATTACHMENT 2

HCD REGIONAL HOUSING NEED DETERMINATION: Lake Area Planning Council December 31, 2018 – August 15, 2027

Methodology

1. Lake County: December 31, 2018 – August 15, 2027 (8.7 years) HCD Determined Population, Households, & Housing Unit Need					
2.	Population: August 15, 2027 – DOF June 30, 2028 projection adjusted minus 10.5 months				66,985
3.	<i>- Group Quarters Population: August 15, 2027– DOF June 30, 2028 projection adjusted minus 10.5 months</i>				-1,120
4.	Household (HH) Population				65,865
	Household Formation Groups	HCD Adjusted DOF Projected HH Population	DOF HH Formation Rates	HCD Adjusted DOF Projected Households	
		65,865		27,485	
	under 15 years	11,495	n/a	n/a	
	15 – 24 years	7,785	9.50%	740	
	25 – 34 years	8,335	38.69%	3,225	
	35 – 44 years	7,475	49.38%	3,690	
	45 – 54 years	6,345	56.58%	3,590	
	55 – 64 years	7,215	61.82%	4,460	
	65 – 74 years	8,605	65.85%	5,665	
	75 – 84 years	6,360	70.13%	4,460	
	85+	2,250	73.54%	1,655	
5.	Projected Households (Occupied Unit Stock)				27,485
6.	+ Vacancy Adjustment (0%)				0
7.	+ Overcrowding Adjustment (0%)				0
8.	+ Replacement Adjustment (5%)				1,375
9.	<i>- Occupied Units (HHs) estimated January 1, 2018 (from DOF data)</i>				-26,955
6th	Cycle Regional Housing Need Assessment (RHNA)				1,905

Explanation and Data Sources

1. Projection period: Gov. Code 65588(f) specifies RHNA projection period start is December 31 or June 30, whichever date most closely precedes end of previous RHNA projection period end date. RHNA projection period end date is set to align with planning period end date. The planning period end date is eight years following the housing element due date, which is 18 months following the Regional Transportation Plan adoption rounded to the 15th or end of the month.
- 2-5. Population, Group Quarters, Household Population, & Projected Households: Pursuant to Government Code Section 65584.01, projections were extrapolated from Department of Finance (DOF) projections. Population reflects total persons. Group Quarter Population reflects persons in a dormitory, group home, institute, military, etc. that do not require residential housing. Household Population reflects persons requiring residential housing. Projected Households reflect the propensity of persons, by age groups, to form households at different rates based on Census trends.
6. Vacancy Adjustment: HCD applies a vacancy adjustment (standard 5% maximum to total housing stock) and adjusts the percentage based on the County's current "for rent and sale" vacancy percentage to provide healthy market vacancies to facilitate housing availability and resident mobility. Adjustment is difference between standard 5% vacancy rate and County's current vacancy rate based on the 2012-2016 American Community Survey (ACS) data.
7. Overcrowding Adjustment: In Counties where overcrowding is greater than the U.S. overcrowding rate of 3.34%, HCD applies an adjustment based on the amount the County's overcrowding rate exceeds the U.S. overcrowding rate. Data is from the 2012-2016 ACS.
8. Replacement Adjustment: HCD applies a replacement adjustment between 0.5% and 5% to total housing stock based on the current 10-year annual average percent of demolitions, applied to length of the projection period. Data is from County local government housing survey reports to DOF.
9. Occupied Units: This figure reflects DOF's estimate of occupied units at the start of the January closest to the projection-period start date, per DOF E-5 report.

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, 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. Currently, 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.

Wildfires

Since 2015, multiple wildfires have swept through the County, destroying over 1,700 homes and countless other structures. The Rockie/Jerusalem, Valley, Clayton, Sulphur, and Mendocino Complex fires have burned hundreds of thousands of acres in Lake County. The loss of housing and property values with these fires have severely hindered development in the 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 since. 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

August 21, 2018

The City of Clearlake has a number of development constraints highlighted by speculator land development practices, an insufficient and failing road system, significant flood zone area, drainage limitations, cultural resource areas, wild-fire areas, and insufficient and/or failing drainage system.

Speculator Land Development: Much of the community was created in the 1920s when speculators recorded paper subdivision maps without providing the necessary infrastructure to develop the residential lots. The speculators then sold these paper lots without improved roads and no sewer and water systems making the lots undevelopable and the ownership of the properties fractured and spread out, and making it extremely difficult to assemble the properties for a single development.

Circulation Constraints: The city has approximately 112 miles of public roads of which only 65 miles are paved. There are limited resources 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 roadways in the city limits, most of which are unpaved. Over the years, some of the lots developed as water and sewage disposal became available, but much of the road system in these subdivisions remains dirt with no drainage or other improvements. Sewer and water is still not available to a large portion of these areas. Developing these areas will be extremely expensive.

In 2016, voters passed Measure V, a sales tax specifically to fund road maintenance/improvements throughout the city. This tax took effect in 2017, and the city is using this funding to help maintain/improve roads in the city, but the money raised is limited and will take many years to catch the city up to a normal level.

Flood and Drainage Constraints: The City is responsible for implementing flood control measures within Clearlake. Significant portions of the city are affected by the Federal Emergency Management Agency's (FEMA) 100-year floodplain designation. Affected areas are primarily near the lakeshore and adjacent to watercourses, but other upland areas are subject to local flooding. The City's storm drainage system has serious problems. Many of the drainage facilities need to be replaced or upsized to avoid flooding problems. The City does not have a way to fund the needed drainage improvements. The City is in the process of developing a Stormwater Management Plan, but funding of improvements is limited. The City's inability to cover the cost of maintaining drainage facilities throughout the city, not just in the under improved subdivisions is a serious constraint to housing production.

Cultural Resource Areas: Due to its proximity to Clear Lake and Cache Creek, the city has extensive tribal and cultural resources that can impact the ability to fully develop properties. The City recently entered into an agreement with the Koi Nation of Northern California to work as partners in reviewing projects for impacts on cultural resources. The City has developed

environmental guidelines with cultural preservation criteria to assist development in identifying and mitigating impacts to cultural resources. However, a project may have to be reduced in scale to accommodate cultural mitigation.

Wildfire Areas: The city is bounded to the north and east by areas subject to wildfires. Development, particularly near the outskirts of the city, can pose as a constraint to development in terms of reduced project size and measures required to reduce the potential hazards from wildfires.

Improvement Visions for Clearlake: The City adopted a comprehensive update to the General Plan in 2016, which provides a blueprint for future community development through 2040. This plan includes significant land use devoted to future residential growth. The City is currently preparing a new Zoning Code to implement the General Plan to include measures to reduce constraints to residential development, including more flexible development standards. The City is also in the process of preparing a Capital Improvement Program to identify needed infrastructure improvements, such as roadway and drainage, to help reduce constraints to development. In combination with developing financial resources, such as Measure V, aggressively seeking grants, and creating development impact fees, many improvements are anticipated over the next several years that should help reduce development constraints and make future residential development more predictable.

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

**CITY OF LAKEPORT
CONSTRAINTS TO HOUSING
August 30, 2018**

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 incurs substantial increased costs. Additional lands include wetland areas and construction can be prohibited in these areas.

Sewer Expansion Fees:

Sewer Expansion fees in the CLMSD South are currently \$13,802 per residential unit equivalent. These fees are indexed annually and are subject to increases 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. The City, on behalf of the County of Lake, is currently collecting from housing developers an RUE expansion fee of \$11,753 for projects flowing to the LACOSAN facility. This fee is established by Lake County Special Districts.

Water Expansion Fees:

The current water expansion fees are \$7,514 for a standard ¾ inch residential connection. These fees are indexed annually and are subject to increases each January

Fuel Costs:

A long-term significant increase in fuel costs has 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.

LAKE COUNTY/CITY AREA PLANNING COUNCIL

RESOLUTION 18-19-9

RESOLUTION ADOPTING THE 2018 LAKE COUNTY REGIONAL HOUSING NEEDS PLAN

THE AREA PLANNING COUNCIL HEREBY FINDS, DECLARES AND RESOLVES THAT:

WHEREAS,

- The Lake County/City Area Planning Council (APC), as the regional council of governments, is the appropriate agency to conduct the Regional Housing Needs Allocation Process, as determined by the State of California; and
- The California Department of Housing and Community Development has provided a total Regional Housing Need for the region divided into four income levels ; and
- A methodology for allocating the housing need among the local jurisdictions was adopted by the APC on June 13, 2018; and
- A Regional Housing Needs Allocation Methodology Committee was formed and made up of representatives from the County, cities, and APC staff; and
- The Methodology Committee recommended an allocation to be used in the final Regional Housing Needs Plan; and
- The following allocation has been used in the 2018 Lake County Regional Housing Needs Plan:

Proposed Allocation
Housing Unit Needs - December 2018 through August 2027

	Very Low	Low	Moderate	Above Moderate	Total Housing Units
County	332	224	207	576	1339
Clearlake	97	65	72	200	434
Lakeport	31	21	21	59	132
Total	460	310	300	835	1905

- A review and appeal period was conducted during which no appeals were received;

NOW THEREFORE BE IT RESOLVED THAT:

The Lake County/City Area Planning Council hereby adopts the 2018 Lake County Regional Housing Needs Plan and directs staff to forward this resolution and the plan to the California Department of Housing and Community Development.

Adoption of this Resolution was moved by _____, and carried on this 10th day of October, 2018, by the following roll call vote:

AYES:

NOES:

ABSENT:

WHEREUPON, THE CHAIRMAN DECLARED THE RESOLUTION ADOPTED, AND SO ORDERED.

ATTEST: Lisa Davey-Bates
Executive Director

Stacey Mattina
Chair