

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT

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June 15, 2020

Jon Clark, Executive Director
Butte County Association of Governments
326 Huss Dr. Suite 150
Chico, CA 95928

Dear Jon Clark:

RE: Final Regional Housing Need Determination

This letter provides Butte County Association of Governments (BCAG) 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 BCAG's existing and projected housing need.

In assessing BCAG's regional housing need, HCD and BCAG staff completed an extensive consultation process from December 2019 through May 2020 covering the methodology, data sources, and timeline for HCD's determination of the Regional Housing Need. HCD also consulted with Walter Schwarm and Doug Kuczynski of the California Department of Finance (DOF) Demographic Research Unit.

Attachment 1 displays the minimum regional housing need determination of **15,506** total units among four income categories for BCAG to distribute among its local governments. Attachment 2 explains the methodology applied pursuant to Gov. Code section 65584.01. In determining BCAG's housing need, HCD considered all the information specified in state housing law (Gov. Code section 65584.01(c)).

As you know, BCAG is responsible for adopting a methodology for RHNA allocation and RHNA Plan for the projection period beginning December 31, 2021 and ending June 15, 2030. Pursuant to Gov. Code section 65584(d), the methodology to prepare BCAG's RHNA plan must further 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
- (5) Affirmatively furthering fair housing

Pursuant to Gov. Code section 65584.04(d), to the extent data is available, BCAG shall include the factors listed in Gov. Code section 65584.04(d)(1-13) to develop its RHNA

plan, and pursuant to Gov. Code section 65584.04(f), BCAG must explain in writing how each of these factors was incorporated into the RHNA plan methodology and how the methodology furthers the statutory objectives described above. Pursuant to Gov. Code section 65584.04(h), BCAG must submit its draft methodology to HCD for review.

Increasing the availability of affordable homes, ending homelessness, and meeting other housing goals continues to be a priority for the State of California. To support these goals, the 2019-20 Budget Act allocated \$250 million for all regions and jurisdictions for planning activities through the Regional Early Action Planning (REAP) and Local Early Action Planning (LEAP) Grant programs. BCAG has \$883,334 available through the REAP program and HCD applauds BCAG's efforts to engage early on how best to utilize these funds and HCD looks forward to continuing this collaboration. All BCAG jurisdictions are also eligible for LEAP grants and are encouraged to apply to support meeting and exceeding sixth cycle housing element goals. While the SB 2 Planning Grant deadline has passed, ongoing regionally tailored technical assistance is still available through that program as well.

The November 2018 Camp Fire in Butte County has become California's deadliest and most destructive wildfire on record and destroyed approximately 19,000 structures, including 14,000 homes. Tragically, 85 lives were lost. To assist with disaster recovery efforts both federal Community Development Block Grant – Disaster Recovery (CDBG-DR) grants and disaster-related housing tax credits are available to Butte County and its impacted jurisdictions. California was allocated \$1.02 Billion for CDBG-DR and another \$1 Billion in housing tax credits. The CDBG-DR allocation alone for Butte County is estimated to be between \$150 to \$180 Million dollars across county and municipal jurisdictions. CDBG-DR program will also support single family homeowners impacted by the Camp Fire to repair or reconstruct owner occupied housing units with grants up to \$200,000. These funds can assist with planning, infrastructure and housing needs to assist the county in meeting housing needs.

HCD also encourages all BCAG's local governments to consider the many other affordable housing and community development resources available to local governments. HCD's programs can be found at <https://www.hcd.ca.gov/grants-funding/nofas.shtml>

HCD commends BCAG its leadership in fulfilling its important role in advancing the state's housing, transportation, and environmental goals. HCD looks forward to its continued partnership with BCAG and its member jurisdictions and assisting BCAG 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, Acting Deputy Director, at megan.kirkeby@hcd.ca.gov or Tom Brinkhuis, Housing Policy Specialist at (916) 263-6651 or tom.brinkhuis@hcd.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'Megan Kirkeby', with a small dot at the end of the line.

Megan Kirkeby
Acting Deputy Director

Enclosures

ATTACHMENT 1

HCD REGIONAL HOUSING NEED DETERMINATION BCAG: December 31, 2021 through June 15, 2030

<u>Income Category</u>	<u>Percent</u>	<u>Housing Unit Need</u>
Very-Low*	13.4%	2,081
Low	8.3%	1,290
Moderate	20.7%	3,202
Above-Moderate	57.6%	8,933
Total	100.0%	15,506
* Extremely-Low	14.3%	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 and have been adjusted to account for structures lost during the Camp Fire.

ATTACHMENT 2

HCD REGIONAL HOUSING NEED DETERMINATION: BCAG December 31, 2021 through June 15, 2030

Methodology

BCAG: PROJECTION PERIOD (8.5 years)		
HCD Determined Population, Households, & Housing Unit Need		
Reference No.	Step Taken to Calculate Regional Housing Need	Amount
1.	Population: June 15 2030 (DOF June 30 2030 projection adjusted - .5 months to June 15 2030)	239,700
2.	<i>- Group Quarters Population: June 15 2030 (DOF June 30 2028 projection adjusted - .5 months to June 15 2030)</i>	-6,035
3.	Household (HH) Population	233,655
4.	Projected Households	85,750
5.	+ Vacancy Adjustment (.78%)	+669
6.	+ Overcrowding Adjustment (0%)	+0
7.	+ Replacement Adjustment (.64%)	+550
8.	<i>- Occupied Units (HHs) estimated December 31, 2021</i>	-80,499
9.	+ Cost-burden Adjustment	+233
10.	+ Camp Fire Adjustment	8,803
Total	6th Cycle Regional Housing Need Assessment (RHNA)	15,506

Detailed background data for this chart is available upon request.

Explanation and Data Sources

- 1-4. Population, Group Quarters, Household Population, & Projected Households: Pursuant to Gov. Code Section 65584.01, projections were extrapolated from 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 within the Household Population to form households at different rates based on American Community Survey (ACS) trends.
5. Vacancy Adjustment: HCD applies a vacancy adjustment (standard 5% maximum to total projected housing stock) and adjusts the percentage based on the region's current vacancy percentage to provide healthy market vacancies to facilitate housing availability and resident mobility. The adjustment is the difference between standard 5% vacancy rate and regions current vacancy rate based (**4.22%**) on the 2014-2018 ACS data. For BCAG that difference is **.078%**.
6. Overcrowding Adjustment: In regions where overcrowding is greater than the U.S. overcrowding rate of 3.35%, HCD applies an adjustment based on the amount the regions overcrowding rate (**3.18%**) exceeds the U.S. overcrowding rate. Data is from the 2014-2018 ACS. For BCAG, the county overcrowding rate does not exceed the national average, therefore an adjustment is not applied.

7. Replacement Adjustment: HCD applies a replacement adjustment between .5% and 5% to the total housing stock based on the current 10-year annual average percent of demolitions the region's local government annual reports to Department of Finance (DOF). For BCAG the 10-year annual average multiplied by the length of the projection period is **.64%**, excluding the Camp Fire year as an outlier.
8. Occupied Units: This figure reflects DOF's estimate of occupied units at the start of the projection period (December 31, 2021).
9. Cost Burden Adjustment: HCD applies an adjustment to the projected need by comparing the difference in cost-burden by income group for the region to the cost-burden by income group in the nation. The very-low and low income RHNA is increased by the percent difference ($68.31\% - 64.23\% = \mathbf{4.08\%}$) between the region and the national cost burden rate for households earning 80% of area median income and below, then this difference is applied to very low- and low-income RHNA proportionate to the share of the population these groups currently represent. The moderate and above-moderate income RHNA is increased by the percent difference ($14.75\% - 11.48\% = \mathbf{3.27\%}$) between the region and the national cost burden rate for households earning above 80% Area Median Income, then this difference is applied to moderate and above moderate income RHNA proportionate to the share of the population these groups currently represent. Data is from 2012-2016 CHAS.
10. Camp Fire Adjustment: HCD used data provided pursuant to Government Code 65584.01(b)(1)(I) (units lost due to a declared state of emergency) to apply a Camp Fire Adjustment. HCD used data from the Department of Finance to determine the structure type of units lost, and proportionally assigned a structure type to the 8,803 units expected to be rebuilt by BCAG. This does not represent the full estimate of units lost during the Camp Fire, only those expected to be rebuilt during the projection period. Those unit types correspond to different affordability levels, and are applied to each income category of the RHNA accordingly.