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**AGENDA ITEM 2**  
**HCAOG Board Meeting**  
**March 19, 2026**

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**DATE:** March 12, 2026  
**TO:** HCAOG Board of Directors  
**FROM:** Brendan Byrd, Executive Director  
**SUBJECT:** **Public Hearing – Appeal of Adopted HCAOG RHNA Methodology for 7<sup>th</sup> Cycle**

### **STAFF REPORT**

#### **Contents:**

- Staff Summary
- HCAOG Cycle 7 Adopted RHNA Methodology and Data Sources
- Letter Regarding Housing and Community Development’s Review of Draft RHNA Methodology, dated February 12<sup>th</sup>, 2026.
- City of Eureka Appeal of the Adopted RHNA Allocation, dated January 15, 2026
- RHNA Allocation Comparison Graphs

#### **Staff’s Recommended Action:**

1. Introduce the item;
2. Allow staff to present the item;
3. Open the public hearing and receive public comment;
4. Discuss item and direct staff as necessary.

#### **Staff Summary:**

The purpose of this item is to hold a public hearing regarding the appeal to the adopted HCAOG RHNA Methodology received by the City of Eureka. The Board will be asked to receive the staff presentation, open the public hearing, and then after discussion provide direction to staff on how to bring a resolution to this item back in April. The following sections present a brief overview of the RHNA process to date, the structure and constraints of the appeal process, the appeal received by the City of Eureka, staff’s review and analysis of the appeal, and finally the steps/options to resolve the appeal.

## **RHNA Background and Appeal Process**

On December 18<sup>th</sup> 2025, the Board adopted a final draft allocation methodology for the Cycle 7 Regional Housing Needs Allocation (RHNA) process. At the meeting the Board chose to adopt Regional Allocation Alternative 2, which was one of three methods developed and presented to the Board to preemptively respond to anticipated State Housing and Community Development Department (HCD) comments regarding the lack of a metric in HCAOG's original methodology directly addressing RHNA Objective 5 (Affirmatively Furthering Fair Housing). With Alternative 2, the total number of housing units assigned to each agency was based 50% each on an agency's proportion of regional jobs and population, and the placement of the below-moderate income RHNA across the region was based on a weighted methodology that considered both HCD Opportunity Score data, and work-based vehicle miles travelled (VMT). A full description of the adopted method and the associated data is included as an attachment to the staff report.

With the adoption of a method by the Board, staff submitted the final methodology to HCD. HCD's role in the RHNA process is to review the final draft allocation method adopted by Councils of Governments (COG's), and to make a determination on if the proposed methodology suitably 'furthers the five RHNA statutory objectives' listed in Government Code Section 65584(d). HCAOG received a transmittal letter from HCD, dated February 12, 2026 (attached), stating that the method adopted by the Board furthers the RHNA statutory objectives. For reference, the five RHNA statutory objectives are listed below:

- (1) Increasing the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner, which shall result in each jurisdiction receiving an allocation of units for low- and very low- income households. The regional housing needs allocation plan shall allocate units for extremely low- and acutely low-income households in a manner that is roughly proportional to, and within a range of 3 percent of, the housing need for very low-income households.
- (2) Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns, and the achievement of the region's greenhouse gas reduction targets provided by the State Air Resources Board pursuant to Section 65080.
- (3) Promoting an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction.
- (4) Allocating a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category, as compared to the countywide distribution of households in that category from the most recent American Community Survey.
- (5) Affirmatively furthering fair housing.

Following Board adoption of the methodology, and for a short period following HCAOG's receipt of the approval letter from HCD, HCAOG opened collectively a 40-day allocation appeal period. Per Government Code Section 65584.05(b), a local government may appeal to the COG for a revision of the share of regional housing need. Any appeal must be '*consistent with, and not*

to the detriment of the development pattern in an applicable sustainable communities strategy’ and shall be limited only to the following circumstances. Note that in parentheses, as necessary, staff have included more context on what each appeal circumstance addresses.

- (1) The council of governments or delegate subregion, as applicable, failed to adequately consider the information submitted pursuant to subdivision (b) of Section 65584.04. (***The council of governments failed to consider information provided by a local agency as a result of the local agency survey distributed by HCAOG in July of 2025***)
- (2) The council of governments or delegate subregion, as applicable, failed to determine the share of the regional housing need in accordance with the information described in, and the methodology established pursuant to, Section 65584.04, and in a manner that furthers, and does not undermine, the intent of the objectives listed in subdivision (d) of Section 65584. (***The council of governments failed to further the five RHNA statutory objectives***)
- (3) A significant and unforeseen change in circumstances has occurred in the local jurisdiction or jurisdictions that merits a revision of the information submitted pursuant to subdivision (b) of Section 65584.04. Appeals on this basis shall only be made by the jurisdiction or jurisdictions where the change in circumstances has occurred.

Following closure of the appeal period, a COG is required to notify agencies of appeals received and provide a minimum of 10-days for agency comment on appeals, and to hold a Public Hearing for the COG Board to consider the appeal. The public hearing requirement is the purpose of the agenda item at the March HCAOG Board meeting.

### **Appeals Received**

On January 15<sup>th</sup>, HCAOG received a written appeal from the City of Eureka. A full copy of the appeal is attached to the staff report, and staff from the City of Eureka will be presenting their appeal to the Board at the time of the hearing.

The appeal from the City of Eureka generally cites appeal criteria (2) listed above, specifically identifying that Step 2 of the adopted methodology (where below-moderate income housing is regionally distributed) *results in materially different proportional outcomes*’ and that the variable weighting assigned to work-based VMT for the City of Eureka *‘substantially outweighs the opportunity score adjustment’*. In summary, with the results presented in the table included in the appeal, the City of Eureka notes that the outcome of the methodology *‘raises concern that the adjustment step, as applied, does not meaningfully differentiate allocations based on access to opportunity and does not promote a balanced income mix consistent with the intent of Government Code 65584(d).’* In their appeal, the City of Eureka is not asking for a reduction to the total number of units included in their allocation, rather, and adjustment that rebalances their income category proportions. No specific adjustment amount is referenced in the appeal.

HCAOG received no additional appeals on the RHNA methodology. At the close of the second appeal period on February 28<sup>th</sup>, staff posted the appeal received by Eureka on the HCAOG website and sent a copy to each HCAOG member agency and HCD. The local agency written response-to-appeal period closes on March 16<sup>th</sup>, and at the time of publishing the Board packet HCAOG has received no written comments from other agencies regarding Eureka’s appeal.

## **Staff Review of the Appeal**

After receipt of the appeal HCAOG staff have reviewed the information provided by Eureka and their reasoning on why a housing unit adjustment should be considered. To further investigate the claims in the appeal and compare to allocation outcomes for all HCAOG member agencies, staff developed a number of graphs. The graphs are included as an attachment and below is a summary of what each graph conveys.

- 1. Alternative 2 – Percentage of Above Moderate RHNA by Agency.** This graph shows the total percentage of allocated units for each agency that fall into the moderate and above-moderate income categories. As shown in the graph, all agencies that have either lower work-based VMT's, higher opportunity scores, or both receive allocations of above moderate-income units at a rate below the regional average (47.7%).
- 2. Alternative 2 – Percentage of Below Moderate RHNA by Agency.** This graph shows the total percentage of allocated units for each agency that fall into Acutely Low to Low-income categories. As shown in the graph, all agencies that have either lower work-based VMT's, higher opportunity scores, or both receive allocations of below-moderate income units at a rate above the regional average (52.3%).
- 3. Percent Change to Below Moderate RHNA by Agency – Alternative 2 (adopted) Compared to Original Alternative.** This plot shows the percentage change (increase or decrease) to below moderate-income housing units assigned to each agency in Alternative 2, as compared to the original allocation method. As shown agencies with higher opportunity scores or lower VMT's all saw increases to allocations in below-moderate units. The County and Rio Dell, which have both high VMT's and generally lower opportunity scores see reductions. Staff will note that Trinidad sees a major reduction, which is a result of the fact that in the original method they were allocated 75% low-income units (which in Alternate 2 is reduced to ~56%).
- 4. Above Moderate-Income Housing Stock by Agency.** This graph shows both an agency's existing above moderate-income housing stock (blue), and the housing stock that would result from full buildout of the proposed RHNA allocation. As shown, Eureka, Fortuna, and the County generally exhibit above-moderate income housing stocks consistent with the regional average both pre- and post RHNA. Trinidad, which has an above-moderate housing stock above the regional average would see a decrease, towards the regional average. Blue Lake and Ferndale would see minimal changes to their percentages of above moderate housing stock, and Arcata and Rio Dell would see modest increases to their percentages.
- 5. Below Moderate-Income Housing Stock by Agency.** This graph is similar to the results discussed in graph 4 above, but in reverse. Eureka, Fortuna, and the County would maintain relatively balanced housing stocks for below-moderate income. Blue Lake and Arcata would see modest decreases to the percentages in below-moderate income housing stock (towards the regional average), Trinidad would see an increase, and Ferndale and Blue Lake would remain relatively unchanged.

In addition to the graphs described above, staff also compared the number of below-moderate income units that were assigned to agencies with opportunity score of 5 or above in both the original methodology and the adopted methodology. Staff found that the original methodology

allocated a total of 858 below-moderate income housing units to higher-opportunity agencies. The adopted methodology (Alternative 2) allocated a total of 927 below-moderate income units to agencies with higher opportunity scores, a 69 unit increase.

### **Adjustment Options and Next Steps**

Within 45 days of the public hearing, the Board is required to approve a final written determination that either accepts, rejects, or otherwise modifies the appeal received by the City of Eureka. In order to converge on this next step, staff are asking that the Board discuss the appeal after closing the public hearing, consider the supplementary material provided by staff, and provide direction on what type of written determination the Board would like to see brought back at the April Board meeting.

Regarding the potential for adjustment itself, as noted above the City's appeal does not ask for a specific numerical adjustment, but rather a 'rebalancing'. Should the Board choose to grant the appeal and direct staff to bring back a written determination modifying the allocation for the City, the rebalancing would have to fall into one of the following two categories based on Government Code Section 65584.05(f):

**1. If the proposed adjustment totals 7 percent or less of the regional housing needs determination, then the Council of Governments shall distribute the adjustments proportionally to all local governments.**

Under this scenario, if an adjustment for Eureka was proposed that would be anything below 417 units, then the number of units removed from Eureka would have to be proportionally redistributed to all seven remaining jurisdictions. As noted in Eureka's appeal they are not seeking a reduction in their total RHNA, so any below-moderate units removed from Eureka and proportionally redistributed to other agencies would have to be replaced, in-kind, by moderate and above-mentioned units from the same local agencies.

**2. If the proposed adjustments total 7 percent or more of the regional housing needs determination, then the Council of Governments shall develop a methodology to distribute the amount to local governments.**

Under this scenario, if an adjustment for Eureka was proposed that would be anything above 417 units, staff would have to develop a new methodology to redistribute units. This process is less certain, and does not have any specific references in Government Code on methodology expectations, or potential HCD review and comment timelines.

Although not specifically stated in the appeal, staff believe that if an adjustment is granted to Eureka, then one could be completed within the limits shown in category 1 above.

With direction from the Board staff will bring back a written determination for Board review and approval at the April Board meeting, and staff will request permission to finalize the draft Regional Housing Needs Plan (again) and submit to HCD. Staff anticipated that the final allocation plan will come back to the Board for review and approval in May or June.