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AGENDA ITEM 8a
HCAOG Board Meeting
September 18, 2025

DATE: September 10, 2025
TO: HCAOG Board of Directors
FROM: Brendan Byrd, Executive Director
SUBJECT: **Preferred Regional Housing Needs Allocation (RHNA) Methodology**

STAFF REPORT

Contents:
- Staff's Recommended Action
- Staff Summary
- Housing and Community Development's Regional Housing Needs Determination
- Jurisdiction Methodology Survey – Responses Received

Staff's Recommended Action:

1. Introduce the item as an action item;
2. Allow staff to present the item;
3. Receive public comment;
4. Discuss item and consider making the motion:

   "I move that the HCAOG Board identify Alternative 1 as the preferred RHNA methodology, and increase to income category adjustment to 20-percent."

Staff Summary:

Regional Housing Needs Determination

The State of California, since 1980, has required each town, city, and unincorporated area to plan for its share of the state's housing need for people of all income levels. This requirement, known as the Housing Element Law (Chapter 1143, Statutes of 1980; AB 2853), includes a process called the Regional Housing Need Allocation. HCAOG is required under California Government Code Section 65584 to prepare a Regional Housing Needs Allocation Plan (RHNP) for the Humboldt County Region. Based on the adopted RHNP, each city and county must update the

housing element of its general plan to demonstrate how the jurisdiction will meet the expected growth in housing need over a specified planning period. HCAOG received the Cycle 7 Regional Housing Needs Determination (RHND) from the California Department of Housing and Community Development (HCD) on July 15th 2025, which is included as an attachment to this staff report. The attached RHND is the same that was reviewed by the Board at the August meeting. As indicated in the final determination from HCD, the eight (8) year projection period begins June 30, 2027 and ends July 15, 2035. The allocation is based on California Department of Finance (DOF) population and household formation rate projections/estimates, in addition to a number of household unit adjustments applied by HCD, including most notably:

1. Owner/Renter property vacancy rate adjustments
2. Overcrowding and cost burden adjustments
3. Jobs/Housing balance adjustments
4. Homelessness Adjustments
5. Demolition and state of emergency adjustments

Each of the adjustments applied by HCD, and the underlying data, was presented in detail by HCD staff during their presentation to the HCAOG Board at the August 21st meeting. The two tables shown below summarize the household unit allocations for the Humboldt region from HCD. The first table shows the total number of units included in the allocation, itemized by the adjustment category. The second table shows the total number of units per each income category.

HCAOG Regional Housing Needs Determination June 30, 2027 – July 15, 2035 (8 years)
1.	**Estimate County Population: June 30, 2035**	131,962
2.	*- Group Quarters Population* **(those not requiring housing)**	-4,813
3.	**Household (HH) Population (net population requiring housing)**	127,149
4.	**Projected Households**	**58,396**
5.	+ Owner Vacancy Adjustment (0.99%)	+324
	+ Renter Vacancy Adjustment (3.55%)	+907
6.	+ Overcrowding Adjustment	+349
7.	+ Cost-burden Adjustment	+3,639
8.	- Cost-burdened and Overcrowded Households (DOF data)	-349
9.	+ Replacement Adjustment Demolitions (.10%)	+58
10.	+ Replacement Adjustment Seasonal, Recreational, and Occasional Use (2015 vs. 2023) (0.0%)	+0
11.	+ Jobs Housing Relationship Adjustment	+0
12.	+ Homelessness Adjustment	+769
13.	+ State of Emergency Adjustment	+0
14.	*- Occupied Units (HHs) estimated projected June 30, 2027*	-58,131
16.	+ Feasible Jobs/Housing Balance Adjustment	+0
Total	**7th Cycle Regional Housing Need Assessment (RHNA)**	**5,962**

HCAOG Regional Housing Needs Determination June30, 2027 – July 15, 2035 (8-years) Total Housing Units Per Income Category		
Income Category	**Percent**	**Housing Unit Need**
Acutely Low	9.4%	562
Extremely Low	14.5%	866
Very-Low	10.5%	627
Low	17.8%	1,064
Moderate	9.5%	565
Above-Moderate	38.2%	2,278
Total	**100.0%**	**5,962**

As shown in the first table above, the total regional allocation is 5,962 household units over the planning period. Of the 5,962 units, 5,697 are a result of adjustments as determined by HCD, and 265 are a result of projected population growth as estimated by DOF. In general, what HCD and DOF have determined through HCAOGs RHNA Cycle 7 RHND is that projected population growth over the 8-year period is not the region's primary driver for housing need. The primary driver for housing need is increased housing stock in all affordability categories, in order to reduce local housing costs. The second table is also directly from Humboldt's RHND, which further splits the total allocation into income categories. Each income category is defined by the Health and Safety Code as follows:

- Acutely Low income: 0%-15% Humboldt's median family income (MFI) of $88,300
- Extremely Low income: 15%-30% of MFI
- Very Low income: less than 50% of MFI
- Low income: 50% to 80% of MFI
- Moderate income: 80% to 120% percent of MFI
- Above Moderate income: above 120% MFI

For some historical context, the total number of units assigned to Humboldt County in RHNA Cycle 7 is the largest allocation since Cycle 2 in the early 1990's. A comparison from the previous RHNA cycles is as follows:

	Planning Period (PP)	**HCD Allocation/PP**	**Annualized RHNA**
CYCLE 2	12/31/90-6/30/97	5,984/6.5 years	921/year
CYCLE 3	12/31/00-6/30/08	3,975/7.5 years	530/year
CYCLE 4	12/31/06-6/30/14	4,747/7.5 years	633/year
CYCLE 5	12/31/13-6/30/19	2,060/5.5 years	375/year
CYCLE 6	12/31/18-8/31/27	3,390/8.7 years	390/year
CYCLE 7	6/30/2027-7/15/2035	5,962/8 years	745/year

Development of Regional Housing Allocation Methodology
The state-mandated RHNA process (Government Code Sections 65580 *et seq.)* requires HCAOG to develop a methodology that determines how to divide the overall allocation that the region receives from HCD to local jurisdictions. This includes dividing the total number of units

allocated to the seven incorporated Cities and the County and also balancing the number of units required in each income category. Section 65584.04(d) states that HCAOG shall include the following factors to develop the methodology that allocates regional housing needs, "to the extent that sufficient data is available from local governments or other sources." The list has been paraphrased for additional clarity.

1. The jurisdictions jobs and housing relationship
2. Constraints due to sewer, water, land suitability or preservation, evacuation route constraints, or climate change risks (i.e. sea level rise, wildfire risk)
3. The distribution of household growth that provide opportunities to maximize the use of public transportation and existing transportation infrastructure
4. Agreements between a county and cities in a county to direct growth toward incorporated areas of the county
5. The loss of units contained in assisted housing developments
6. High housing cost burdens (rate of households paying over 30% and over 50% for housing)
7. The rate of overcrowding
8. Housing needs for farm workers
9. Housing needs generated by Cal Poly Humboldt
10. Housing needs for homeless population
11. Loss of housing units during a state of emergency as declared by the Governor that have yet to be rebuilt
12. The region's greenhouse gas emissions targets
13. Any other factors that should be considered or adopted by the Council of Governments.

To ensure that regional jurisdictions are included in the methodology development process, it is a requirement that HCAOG survey each local jurisdiction in regards to the questions noted above. On July 10th, HCAOG staff sent out a survey to each local jurisdiction. Responses were received from Trinidad, Arcata, and Ferndale and a summary of the responses has been included as an attachment to the staff report. Staff will note that only a few responses to the survey were formally received, all member agencies regularly participated in the regional working group (which worked through methodology recommendations), which is discussed further below.

Additionally, it is also a requirement that an allocation methodology developed by any Council of Government for a region satisfy the RHNA Objectives per code section 65584(d), as 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.

To aid in the development of the allocation methodology recommended by HCAOG, staff began meeting with the 'RHNA working group', which is composed of Community Development staff from each HCAOG member agency. These meetings began in June of this year, and through several meetings have reviewed the RHND, changes to the RHNA guidelines and California Code, and have worked through various alternative allocation methodology options. Although the working group considered incorporating other jurisdictional factors into the allocation methodology, such as Opportunity Score or land availability/constraints, HCAOG staff and the regional working group are recommending a base allocation methodology that uses only the distribution of regional jobs and population. These two factors are based on readily available data for all jurisdictions, and the data comes from the state so it is robust and defensible.

Staff recommend continuing to use an agency's percentage of regional jobs as an allocation factor, given that locating housing near jobs is consistent with state and local infill goals and also helps to advance additional issues such as greenhouse gas and vehicle miles traveled (VMT) reductions. Staff also recommends allocating housing units to agencies based on their respective percentage of the counties total population, as this helps to allocate housing units in an equitable fashion. Additionally, allocating units based on existing populations will directly address the issue of cost-burden, vacancy rate, and overcrowding, (all of which are housing supply issues) which as shown in the RHND is the largest issue facing the local housing market. Similar to previous cycles of RHNA, HCAOG staff initially developed allocation scenarios, each with different weighting percentages for jobs and populations. Both scenarios are listed below:

Alternative 1: Weighting jobs at and population at 50%

Agency	2022 Employment Data	DOF Population (1/1/2012)	Jobs Distribution	Population Distribution	Jobs-Pop Allocation %	Jobs-Pop RHNA
Arcata	9,839	19,001	20.7%	14.2%	17.5%	1,042
Blue Lake	252	1,136	0.5%	0.8%	0.7%	41
Eureka	18,424	26,122	38.8%	19.5%	29.2%	1,740
Ferndale	427	1,361	0.9%	1.0%	1.0%	57
Fortuna	3,300	12,198	7.0%	9.1%	8.0%	479
Rio Dell	359	3,232	0.8%	2.4%	1.6%	95
Trinidad	330	296	0.7%	0.2%	0.5%	27
Unincorporated County	14,501	70,471	30.6%	52.7%	41.6%	2,481
Totals	47,432	133,817	100.0%	100.0%	100.0%	5,962

Alternative 2: Weighting jobs at 60% and population at 40%

Agency	2022 Employment Data	DOF Population (1/1/2012)	Jobs Distribution	Population Distribution	Jobs-Pop Allocation %	Jobs-Pop RHNA
					Alternative 2	
Arcata	9,839	19,001	20.7%	14.2%	18.1%	1,081
Blue Lake	252	1,136	0.5%	0.8%	0.7%	39
Eureka	18,424	26,122	38.8%	19.5%	31.1%	1,855
Ferndale	427	1,361	0.9%	1.0%	0.9%	56
Fortuna	3,300	12,198	7.0%	9.1%	7.8%	466
Rio Dell	359	3,232	0.8%	2.4%	1.4%	85
Trinidad	330	296	0.7%	0.2%	0.5%	30
Unincorporated County	14,501	70,471	30.6%	52.7%	39.4%	2,350
Totals	**47,432**	**133,817**	**100.0%**	**100.0%**	**100.0%**	**5,962**

Based on 2025 DOF Population & 2022 LEHD LODES Work Area Data

Staff will note that in past RHNA cycles HCAOG has considered a third alternative, which weighs population at 60% and jobs at 40%. Staff and the working group felt that this alternative did not need to be brought forward to the HCAOG Board, as providing an alternative that reduced the weighting of the region's jobs was not consistent with the region's infill goals. After several discussions on the allocation methodology, HCAOG staff and the working group recommend that Alternative 1 be identified as the preferred allocation methodology. By equally balancing weighting for population and jobs, HCAOG's allocation methodology will be equitable, will address the root cause of cost burden and vacancy rates in all of the county's jurisdictions (by increasing the potential housing stock countywide), and will focus on providing more housing in the counties job centers.

The second component of the regional allocation is to transform each agency's total RHNA allocation into a distribution of units based on income categories. To perform this portion of the allocation, HCAOG has traditionally initially assigned each agency a total number of units in each income category that is equal to the regionwide average (percentage), which is then adjusted by a factor based on how high, or low, an agency is currently performing at providing housing within that income level. In past cycles, the correction that was applied to each agency was equal to 10% of the difference between the agencies' existing housing stock versus the regionwide average. In initial discussions with the working group, HCAOG staff is recommending increasing the correction factor to 20%. Doing so would further emphasize the need to diversify the housing opportunities across all agencies. An example summary table showing each agencies draft unit allocation per income category is shown below. Staff will note that the table only shows the unit allocations for Alternate 1 (50%/50% weighting), and that if Alternative 2 was selected this table would vary slightly.

Jurisdiction	Acutley Low (0% - 15% MHI)	Extremely Low (15% - 30% MHI)	Very Low (30% - 50% MHI)	Low (50% - 80% MHI)	Moderate (80% - 120% MHI)	Above Moderate (120%<MHI)	Total Jurisdictional Allocation
Arcata	90	135	103	201	100	413	1,042
Blue Lake	3	7	4	7	4	16	41
Eureka	175	258	179	307	171	650	1,740
Ferndale	8	6	6	10	5	22	57
Fortuna	45	70	50	93	46	175	479
Rio Dell	8	14	8	16	10	39	95
Trinidad	4	4	5	7	3	4	27
County	229	372	272	423	226	959	2,481
Total	**562**	**866**	**627**	**1,064**	**565**	**2,278**	**5,962**

As part of the presentation of this item, HCAOG staff will be seeking that the Board provide direction on a preferred alternative for the RHNA methodology. This will include identifying a preferred alternative as noted above (Alternatives 1-2) and providing concurrence on the increase to the correction factor for applying an agency's units to each income category. Should the Board elect to select a preferred alternative, staff anticipate the 60-day public comment period will commence the week of September 22nd, with a notice published in the local paper, posting on the HCAOG website, social media and outreach to individuals who have expressed interest in the RHNA process. Staff will also provide direct written notice to each of HCAOG's member agencies, which will help to further foster discussions at the local agency elected level.

As part of the public review period, a public hearing will be held at the October 16th HCAOG Board meeting, which will incorporate any public comment received prior to that meeting. After the conclusion of the 60-day public comment period in late November, HCAOG staff will incorporate any final public input into a Draft RHNA methodology that will be presented to the Board for adoption at the December 18th HCAOG Board meeting. If the methodology is approved at the December meeting, HCAOG staff will notify all of the jurisdictions of the HCAOG Board action. That will begin an additional 60-day appeal period wherein a local government may request a revision. If no revision is received, a final RHNP will be presented to the HCAOG Board for adoption. Updated Housing Elements by local governments are due to HCD by July 15, 2027.