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AGENDA ITEM 8a
HCAOG Board Meeting
July 17, 2025

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DATE: July 9, 2025
TO: HCAOG Board of Directors
FROM: Brendan Byrd, Executive Director
SUBJECT: **Regional Housing Needs Allocation (RHNA) Update and Schedule**

Discussion Item Staff Report

RHNA Background and Cycle 7 Updates

Since 1980 the State of California 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 (RHNA). HCAOG is required under the 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 needs over a specified planning period.

Since 1980 there have been six (6) RHNA cycles. The last cycle of RHNA was brought to the HCAOG Board in early 2019 and the allocation covered the period from 2019-2027. With the Cycle 6 performance period coming to a close, the California Department of Housing and Community Development (HCD), in coordination with the California Department of Finance (DOF) has begun working on developing draft regional housing need determinations for the 7th Cycle, wherein HCAOG will again be tasked with distributing the regional housing need across all local jurisdictions and the county.

As part of the regional housing needs determination process, HCD staff reached out to HCAOG and initiated the RHNA 'consultation' process. This process began in May 2025 and includes HCD staff sharing with HCAOG the allocation workbooks in draft form, providing the opportunity for HCAOG to review and comment on the proposed allocations under consideration. For Cycle 7 this also allowed HCD staff the opportunity to highlight the differences between the methods used determine the total housing units between Cycles 6 and 7, which are highlighted further below. For clarity, the housing unit adjustments shown below in bold are those new to Cycle 7.

- Projected Households – This is the portion of RHNA that accounts for projected population growth and household formation rates.

- Vacancy Adjustment – Adds housing units to the regional allocation when a region's owner-occupied and rental housing units are vacant at lower rates then considered 'healthy'.

- Overcrowding Adjustment – Adds housing units to the regional allocation when a region's overcrowding rate is above the national average.

- Replacement Adjustment – Adds housing units based on the percentage of homes in the region that have been reported as demolished, or the percentage of units that are not available for year-round occupancy as a result of being used for seasonal, recreational, or occasional use (i.e. short-term rentals or vacation homes).

- **Cost-burden Adjustment** – Adds housing units when a region has a cost-burden rate above the national average. A cost-burdened household is defined as a household (owner occupied or rental) that spends more than 30% of gross household income on housing costs.

- **Relationship Between Jobs and Housing Adjustment** – Adds housing units when there is not enough housing to meet the job demand, or when a region's available job market results in 'in-commuters' from one region to another seeking work.

- **Homelessness Adjustment** – Adds housing units based on the most recent County homeless point-in-time count and applies the household formation rate percentages used in the projected household analysis.

In their summation, the bulleted categories above result in the total regional housing needs assessment, and there are three new adjustment categories that have been added in Cycle 7. At the time the staff report was published, HCD has yet to issue the final draft RHNA workbook or deliver the final housing needs determination letter to HCAOG. Staff have received and commented on three (3) draft workbooks to date and are expecting the final determination before the end of July. Given the developing nature of this process and to avoid confusion, staff are not including the most recent draft allocation results in this staff report as somewhat significant adjustments are expected. Rather, at the time of the Board presentation on July 17th staff will share the most recent information received from HCD to date. Staff will note that over the three draft submissions that have been received the total regional housing allocation need has ranged from approximately 5,500-7,000 housing units, and in general a larger percentage of the total allocation is assigned to the lower income catagories. In the most recent communications HCAOG has had with HCD staff, they have indicated that they expect the final housing needs determination to be at the lower end of the range above. For context, Humboldt total Cycle 6 allocation was approximately 3,400 housing units.

Allocation Methodology Development and Schedule

HCAOG's next major task in allocating the regional housing needs will be to develop and adopt a proposed methodology for distributing the regional housing need across all incorporated cities and the county. The method will not only include the 'gross' distribution of housing numbers, but also specifically allocate housing unit types to each jurisdiction based on income categories. Each region's allocation methodology will be subject to input from the Board, HCAOG member

jurisdictions, and the public. The allocation methodology also requires review and approval by HCD, who review it to ensure that the proposed methodology satisfies the following codified RHNA Objectives:

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.

In preparation for this process, HCAOG staff have been conducting regular meetings with local city and county planning staff in an effort to collectively develop and recommend a proposed preferred allocation method (or range of potential methods) for consideration by the HCAOG Board. Additionally, on July 10th HCAOG sent to each local agency a survey (required by code) that will be used to help inform the development of the proposed allocation method (included as an enclosure). Based on the regional RHNA meetings that have occurred to date, staff anticipate bringing forward an allocation methodology similar to what was used in Cycle 6, which distributes a percentage of the total allocation to each agency based on their respective regional percentage of current population and jobs. In the past the selected method used an equal weighting factor to both jobs and population, but in this cycle staff are likely to present methods that recommend a higher percentage of housing units (weighting factor) within the regions job centers. This adjustment is expected to better match specifically RHNA Objective 2 noted above, wherein new language has been added to the code referencing an allocation method's adherence to the region's greenhouse gas reduction targets.

Staff are hopeful that the draft methods will be brought to the Board for consideration at the August meeting, however given the uncertainty of when the final regional housing needs determination may be issued, this could be delayed until September. After the Board selects a preferred method, this will initiate a 60-day HCD and public review period, which will include a public hearing at an HCAOG Board meeting (September or October). If no substantial exceptions are taken to the proposed methodology this will culminate in final adoption of the method by the HCAOG Board in late 2025, with the adoption of the final Regional Housing Needs Allocation Plan to follow in early 2026. Should revision be required or if a local agency

takes exception to the allocation, this could delay a final Regional Housing Needs Allocation Plan until the first or second quarter of 2026.

Early Board Direction or Input

After presentation of the item staff will also be seeking from the Board any preliminary input or direction on the RHNA process. Possible areas of direction could include:

- The Boards thoughts on developing the allocation methodology, including factors to consider and potentially exploring a higher weighting factor for an agencies share of the region's job market.
- The Boards interest in having HCD staff present their allocations and findings at a future Board meeting. HCD staff have offered to make a presentation and answer questions after the final determination is released.