

**FINAL**

**Mendocino County**

**Regional Housing Needs Plan**

Prepared by

**Mendocino Council of Governments**

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For submittal to

**State of California**

Business, Housing & Transportation Agency

**Department of Housing & Community Development**

Division of Housing Policy Development

**August 2008**

## Introduction

This housing needs allocation plan has been prepared by the Mendocino Council of Governments (MCOG) 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 Mendocino County.

Although MCOG 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 Mendocino County unincorporated area and the Cities of Ukiah, Fort Bragg, Willits and Point Arena. Pertinent Government codes and legislation include Government Code Section 65584 and recent legislation contained in Chapter 85, Statutes of 2001.

Development of this plan began in 2007 after receipt of the total regional housing needs determination from the State of California Department of Housing and Community Development. The process has included consultation with HCD, forming a Methodology Committee, and consulting with other local governments, including tribal governments.

## Regional Housing Need – H&CD Assignment

The RHNA process has been based on a total housing need assigned to the Mendocino County region by the HCD. The anticipated housing need from HCD is derived using projections from the Department of Finance based on the 2000 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 following table represents the housing need assignment from HCD:

**Table 1**  
Regional Housing Need As Assigned by HCD

	<b>Very Low</b>	<b>Low</b>	<b>Moderate</b>	<b>Above Moderate</b>	<b>Total</b>
Total Number	798	588	662	1,447	<b>3,495</b>
Percentage	23%	17%	19%	41%	<b>100%</b>

Although the total housing need appears to be very high and is not likely to be realized, MCOG did not appeal the allocation. In order to successfully appeal the numbers assigned by HCD, MCOG would need to provide alternative demographic, population and housing data. As MCOG does not collect their own data, but relies on data from State and Federal sources in these areas, there was nothing to support an appeal.

## Methodology – 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 Mendocino 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 Mendocino County

### Market Demand for Housing

Beginning in 2007, the market demand for housing has declined sharply nationwide, and Mendocino County was no exception. In previous years, housing prices in Mendocino County had seen dramatic increases. That trend has taken a turn over the last year, however, prices still remain relatively high. However, compared to housing prices in neighboring Sonoma County and areas further south, prices are still relatively low. While this will continue to make Mendocino County a more affordable option for people employed in those counties. However, if fuel costs remain at their current high, the longer commute may no longer be a viable option for many.

### Employment Opportunities

According to the *Mendocino County 2008 Economic and Demographic Profile* (prepared by Center for Economic Development at California State University, Chico), the labor force in Mendocino County for 2007 is estimated at 43,990. Of that number, approximately 41,800 individuals are employed, with an unemployment rate of 5%. During the period 2002-2006 the number of jobs in the county decreased by 1,260. In spite of the overall decrease, certain sectors did experience growth during that time. Areas with the highest gain were educational and health services, leisure and hospitality, and financial services. A large percentage of job opportunities within the Mendocino 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 Mendocino 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. However, within city limits, available land is very limited. In some cases, although services and infrastructure may be present, systems have reached their capacity and are in need of expansion. The housing elements from each of the three jurisdictions contain information and detail concerning site suitability and public facilities.

### **Commuting Patterns**

Although they do not have an impact of the same magnitude as commute patterns in more urban areas, commute patterns still play a role in shaping growth in Mendocino County. The cities of Ukiah, Fort Bragg and Willits 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 Mendocino County are also traveling to Sonoma County and areas further south 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. In addition to individuals commuting from Mendocino County to Lake, there are also a considerable number that commute into Mendocino County from Lake County due to relative housing affordability in Lake County, which highlights the need for more affordable housing options within Mendocino County. 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 Mendocino County is to some degree influenced by the type and tenure of housing need and is defined regionally. More agricultural areas, such as Anderson Valley, have a higher incidence of farm worker housing need than do areas along the US 101 corridor.

Multi family units make up approximately 27% of the county's housing units, with the largest concentration of those units in the Ukiah area. However, over the five year period between 2002 and 2006, only about 10% of new units were multi-family countywide.

Due to the demographic make up of the County, there is a large senior (65 and older) population (14.1% based on a 2006 US Census Bureau estimate) who also have 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. According to the Statewide Housing Plan, within the Mendocino County region, a total of 27 developments, which total 1,179 units, are currently at risk of conversion, potentially displacing low income tenants currently residing in those developments.

### Housing Needs of Farm Workers

According to data gathered as part of the Mendocino County housing and transportation needs assessment conducted in 2007, 4163 farmworkers were employed in Mendocino County in 2006. Of those, 1,416 were employed for 7 months or more, 673 were employed for from 3-6 months, and 2,074 worked for less than 3 months. Of those responding, 90% cited Mendocino County as their permanent place of residence, while the other 10% traveled from into the County from other jurisdictions. Nearly 1 in 3 responding households (31%) reported the presence of children under the age of 18. Nearly half (46%) of households reported three or more children. There is a clear need for safe, decent, convenient farm worker housing, both for individuals and families, within Mendocino County.

### Population

Table 2 presents the population growth for each of the five jurisdictions between 2000 and 2007.

**Table 2**  
Population Growth 2000-2007

Jurisdiction	2000 Pop.	2007 Pop. Estimate	% Increase
Ukiah	15,480	15,742	1.7%
Fort Bragg	6,802	6,860	0.8%
Willits	5,074	5,007	-1.3%
Point Arena	473	491	3.8%
Unincorporated County	58,281	61,418	5.4%
<b>TOTALS</b>	<b>86,110</b>	<b>89,518</b>	<b>4%</b>

*Mendocino County Economic & Demographic Profile 2008, Center for Economic Development, California State University, Chico*

Growth rates over the period from 2000 to 2007 are not precise indicators of growth over the next planning period, but they do show a trend. Growth over this last 7 year period has slowed considerably from the historic growth shown in the 2003 RHNA plan.

### 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 the North Coastal

area of California (including Mendocino County). Although the State expects the county population to grow at an annual rate of 0.75% percent by 2010, the actual growth rate has been closer to 0.4% per year. Other external forces include global economics, credit availability, fuel and raw material prices, 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 Mendocino 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 is 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 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 – Allocation Process**

The previous regional housing allocation plan was prepared by MCOG in 2002. That plan included a detailed examination of the various factors affecting housing need. However, for this effort, the basics of identifying housing demand for Mendocino County have been calculated by the HCD staff. Appendix A outlines the general methodology used by HCD in projecting regional housing needs for 2007 through 2014. Tasks remaining for MCOG and local agencies is to arrive at a methodology for allocating the total housing need among the three jurisdictions, across the identified income levels.

The allocation process was initiated by contacting the individuals responsible for planning and preparation of the Housing Element for each of the local jurisdictions. These individuals then

agreed to participate in a Regional Housing Needs Allocation Methodology Committee to assist MCOG staff with development of an acceptable allocation. Each of the tribal governments within Mendocino County was also invited to participate in the process.

Participating Members:

Patrick Ford, County of Mendocino  
 Pam Townsend, City of Ukiah  
 Chris Carterette, City of Fort Bragg  
 Alan Falleri, City of Willits  
 Phil Dow, MCOG  
 Nephela Barrett, MCOG

A series of meetings was held with the Methodology Committee. A variety of data was considered in deriving an allocation methodology. Factors considered in developing the various trial allocation include the following:

- Availability of appropriately zoned land
- Annexation opportunities
- Possible variations of the allocation formula
- Redevelopment opportunities and zoning change impacts
- Current population distribution
- Availability of resources and services
- 2002 housing allocation
- Vacancy rates
- Tribal population and housing development

An initial trial allocation was developed proportionate to current population. This initial trial allocation is shown in Table 3.

**Table 3**  
 Initial Trial Allocation based on Population

<b>Income Group:</b>	<b>Very Low</b>	<b>Low</b>	<b>Moderate</b>	<b>Above Moderate</b>	<b>Total*</b>
County	542.28	400.81	447.97	966.67	<b>2,358</b>
Ukiah	144.37	106.71	119.26	257.36	<b>628</b>
Fort Bragg	65.43	48.36	54.05	116.64	<b>284</b>
Willits	47.27	34.94	39.05	84.26	<b>206</b>
Point Arena	4.42	3.27	3.65	7.88	<b>19</b>
<b>TOTALS*</b>	<b>804</b>	<b>594</b>	<b>664</b>	<b>1433</b>	<b>3495</b>

\*Note: Totals may not correspond exactly with totals given by HCD due to rounding.

Concern over this initial allocation was expressed due to the limited availability of high density zoning and vacant land in general within City of Ukiah limits. Additionally, the City of Willits expressed concerns due to a water connection moratorium currently in place. It was also recognized that lower income individuals can be better served by being closer to more urbanized areas. A second trial allocation was developed as a result of these concerns, as follows:

**Table 4**  
Second Trial Allocation  
5/12/08

<b>Income Group:</b>	<b>Very Low</b>	<b>Low</b>	<b>Moderate</b>	<b>Above Moderate</b>	<b>Total</b>
County	493	366	460	1213	<b>2532</b>
Ukiah	130	130	120	75	<b>455</b>
Fort Bragg	120	49	40	75	<b>284</b>
Willits	50	40	38	77	<b>205</b>
Point Arena	5	3	4	7	<b>19</b>
<b>TOTALS</b>	<b>798</b>	<b>588</b>	<b>662</b>	<b>1447</b>	<b>3495</b>

This second trial placed too much of the burden on the City of Fort Bragg, particularly in the very low income category. The cities of Willits and Ukiah are more constrained by zoning, available land, and infrastructure than either the County or City of Fort Bragg. The City of Point Arena is limited due in part to their size. Adjustments were made to the allocation in order to make the distribution more equitable among the agencies, as follows:

**Table 5**  
Draft Allocation  
Approved by the Methodology Committee 5/27/08

<b>Income Group:</b>	<b>Very Low</b>	<b>Low</b>	<b>Moderate</b>	<b>Above Moderate</b>	<b>Total</b>
County	513	366	460	1213	<b>2552</b>
Ukiah	134	130	120	75	<b>459</b>
Fort Bragg	92	49	40	75	<b>256</b>
Willits	54	40	38	77	<b>209</b>
Point Arena	5	3	4	7	<b>19</b>
<b>TOTALS</b>	<b>798</b>	<b>588</b>	<b>662</b>	<b>1447</b>	<b>3495</b>

The Committee reached consensus to approve this allocation for use in preparation of the final RHNA Plan.

## Determination of Final Housing Allocation

Following consensus by the Methodology Committee, MCOG staff began preparation of a draft plan.

### 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. A 60-day notice was published in the county wide newspapers alerting the public of the process and directing them to the MCOG website for further information. The draft allocation and summary were posted on the website for public review. Public comments will also be accepted at the public hearing at the time of adoption.



### **Annexation Policy**

This policy, adopted by MCOG November 4, 2002, 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 Mendocino Council of Governments (MCOG). 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 MCOG 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 MCOG, 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. MCOG 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 MCOG 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 Proposed Allocation**

**Table 6**  
Proposed Final Allocation – County of Mendocino  
Approved by Methodology Committee 5/27/08

<b>Income Level</b>	<b>Housing Units Needed</b>
Very Low	513
Low	366
Moderate	460
Above Moderate	1213
<b>Total Units</b>	<b>2552</b>

**Table 7**

Proposed Final Allocation – City of Ukiah  
Approved by Methodology Committee 5/27/08

<b>Income Level</b>	<b>Housing Units Needed</b>
Very Low	134
Low	130
Moderate	120
Above Moderate	75
<b>Total Units</b>	<b>459</b>

**Table 8**

Proposed Final Allocation – City of Fort Bragg  
Approved by Methodology Committee 5/27/08

<b>Income Level</b>	<b>Housing Units Needed</b>
Very Low	92
Low	49
Moderate	40
Above Moderate	75
<b>Total Units</b>	<b>256</b>

**Table 9**

Proposed Final Allocation – City of Willits  
Approved by Methodology Committee 5/27/08

<b>Income Level</b>	<b>Housing Units Needed</b>
Very Low	54
Low	40
Moderate	38
Above Moderate	77
<b>Total Units</b>	<b>209</b>

**Table 10**

Proposed Final Allocation – City of Point Arena  
Approved by Methodology Committee 5/27/08

<b>Income Level</b>	<b>Housing Units Needed</b>
Very Low	5
Low	3
Moderate	4
Above Moderate	7
<b>Total Units</b>	<b>19</b>

Upon adoption of this plan by the Mendocino Council of Governments, the numbers will be utilized by the cities and County in preparation of updates to their housing elements, as required by law. Updates to the housing elements are required to be completed by August 31, 2009.



## **Appendices**

- A Housing & Community Development Regional Housing Need Assignment & Methodology
- B Member Jurisdictions' Statements of Constraints to Housing Development
- C Public & Agency Coordination Documentation