

FINAL

Mendocino County
Regional Housing Needs Plan

Prepared by

Mendocino Council of Governments

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Senior Planner



For submittal to

State of California

Business, Housing & Transportation Agency

Department of Housing & Community Development

Division of Housing Policy Development

Adopted

June 3, 2013

Amended

August 19, 2013

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 Chapter 85, Statutes of 2001.

Development of this plan began in 2012 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, adoption of a methodology, 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 2010 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. For the 2008 RHNA Plan, the region was allocated a total of 3,495 units. That number was considered by the local representatives to be unrealistically high. Fortunately, the number of units allocated to the region for this cycle is considerably lower, and in fact represent a 93% reduction from the last cycle. The following table represents the housing need assignment from HCD:

Table 1
Regional Housing Need As Assigned by HCD

	Very Low	Low	Moderate	Above Moderate	Total
Total Number	60	40	40	110	250
Percentage	24.7%	16.4%	17.6%	41.3%	100%

HCD staff consulted with MCOG regarding these numbers and provided an opportunity to appeal. In order to appeal the numbers, MCOG would need to provide alternative demographic, population and housing data. As MCOG does not collect such data, but relies on data from State and Federal Sources, there was nothing to support an appeal. In addition, the total number of housing units was very low, and therefore, did not warrant 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. Over the last several years, housing prices in Mendocino County and elsewhere have dropped drastically. While Mendocino County used to be a more affordable option for people employed in Sonoma County and areas to the south, the statewide reduction in housing prices has decreased the need for people to commute.

Employment Opportunities

According to the California Employment Development Department, the labor force in Mendocino County as of March 2013 is estimated at 42,050. Of that number, approximately 38,250 individuals are employed, with an unemployment rate of 9%. Since 2008, unemployment rates have been high, and the current rate is actually an improvement over past years, with a recent high of 12.6% in March 2010. In spite of the high rate of unemployment, certain sectors are experiencing growth. Areas with the highest anticipated growth are Information Security Analyst/Web, and Refuse & Recycling Collectors. The Service Industry currently provides the largest number of jobs. 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.

According to the Department of Finance *Report E-5 City/County Population & Housing Estimates*, multi-family units make up approximately 13% of the county's housing units, with the largest concentration of those units in the Ukiah area.

Mendocino County has a large senior (65 and older) population (15.4% based on 2010 Census Data) that also has 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. Such a change would pose a hardship for lower income households in Mendocino County as well as statewide.

Housing Needs of Farm Workers

According to Economic Development Department data, an annual average of 1520 farm workers were employed in Mendocino County in 2012, with a high of 2,120 during peak season. In 2007, the County of Mendocino conducted a housing and transportation needs assessment for agricultural workers. In a survey conducted as part of the assessment, 90% of respondents 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 change for each of the five jurisdictions between 2000 and 2013.

Table 2
Population Change 2000-2013

Jurisdiction	2000 Pop.	2010 Pop.	2013 Pop. Estimate	% Increase 2000-2013
Ukiah	15,497	16,075	16,065	3.6%
Fort Bragg	7,026	7,273	7,311	4%
Willits	5,073	4,888	4,893	-3.5%
Point Arena	474	449	449	-5.3%
Unincorporated County	58,195	59,156	59,573	2.4%
TOTALS	86,265	87,841	88,291	2.3%

US Census Bureau and California Department of Finance Demographic Research Unit E-1 Report

Growth rates over the period from 2000 to 2013 are not precise indicators of growth over the next planning period, but they do show a trend. Clearly, growth has slowed considerably, with some areas of the county experiencing declines in population rather than increases.

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 very modest population growth for Mendocino County, reaching 91,498 by 2020, only about 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 2008. 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 2014 through 2019. The task remaining for MCOG and local agencies is to arrive at a methodology for allocating the total housing need among the five jurisdictions, across the identified income levels.

The local process began with MCOG adopting a methodology statement in August of 2012. The statement was developed by MCOG staff and reviewed by a committee of planning representatives from each of the local agencies. The committee made revisions and recommended the following methodology, which was adopted by the MCOG Board by resolution on August 9, 2012.

***RHNA Methodology Statement
August 9, 2012***

As part of the regional housing needs assessment, the Mendocino Council of Governments will allocate the housing need among its member agencies—the Cities of Ukiah, Fort Bragg, Willits and Point Arena and County of Mendocino—using the following methodology:

A Regional Housing Needs Allocation Methodology Committee will be formed and made up of representatives from each of the cities and the county. Tribal governments within the region will also be invited to participate in the process. MCOG will work cooperatively with this committee to determine an allocation based on the following factors:

- *Current population distribution and trends*
- *Past development trends*
- *Availability of appropriately zoned land*
- *Annexation opportunities*
- *Zoning change and General Plan amendment impacts*
- *Availability of resources and infrastructure services*
- *2008 housing allocation*
- *Vacancy rates*
- *Tribal population and housing development*

Following adoption of the methodology, the same committee was convened to develop the allocation. These representatives are those responsible for planning and preparation of the Housing Element for each of the local jurisdictions. Each of the tribal governments within Mendocino County was also provided consultation and invited to participate in the process.

Committee Members:

John Speka, County of Mendocino
Charley Stump, City of Ukiah
Jennifer Owen, City of Fort Bragg
Alan Falleri/Gary Pedroni (consultant), City of Willits
Phil Dow, MCOG
Nephele Barrett, MCOG

A series of meetings was held with the Committee. An initial trial allocation was developed proportionate to current population. This initial trial allocation is shown in Table 3.

Table 3
**Initial Trial Allocation
10/25/12**

	Income Group:	Very Low	Low	Moderate	Above Moderate	Total
	% Population	60.0	40.0	40.0	110.0	
County	67.34%	40	27	27	74	168

Ukiah	18.30%	11	7	7	20	46
Fort Bragg	8.28%	5	3	3	9	21
Willits	5.56%	3	2	2	6	14
Point Arena	0.51%	0	0	0	1	1
Total		60	40	40	110	250

The majority of the committee agreed by consensus to this allocation due to the overall low number of units. However, there was some concern expressed that other factors should be considered. Specifically, Mendocino County staff was concerned that the low and very low income affordable housing units would be better located within City limits to provide households with a wider range of services. Therefore, an alternate allocation was developed which mirrored the percentages used during the 2008 RHNA process, which was developed using a number of different factors, including availability of land, infrastructure, availability of appropriate services, and equitability. The second trial allocation was as follows:

**Table 4
Alternate Trial Allocation
1/22/13**

Income Group:	Very Low	Low	Moderate	Above Moderate	Total
County	43.81	29.21	29.21	80.32	183
Ukiah	7.88	5.25	5.25	14.44	33
Fort Bragg	4.39	2.93	2.93	8.05	18
Willits	3.59	2.39	2.39	6.58	15
Point Arena	.32	.22	.22	.59	1
TOTALS	60	40	40	110	250

This alternate trial allocation was generally not favored by the committee. Methods were discussed to analyze the draft allocation. Unfortunately, these methods were deemed to be too costly and/or time consuming and were not warranted given the overall low total allocation. As a result, the committee’s recommendation reverted to the previously approved allocation.

**Table 5
Draft Allocation
Approved by Methodology Committee**

Income Group:	Very Low	Low	Moderate	Above Moderate	Total
County	40	27	27	74	168
Ukiah	11	7	7	20	46
Fort Bragg	5	3	3	9	21
Willits	3	2	2	6	14
Point Arena	0	0	0	1	1
TOTALS	60	40	40	110	250

It should be noted that this allocation does not establish a precedent for allocation of housing units during future RHNA cycles. This methodology and allocation were specific and appropriate to this particular cycle, and may not be appropriate for future cycles, particularly

when and if the overall allocation is higher. If in the future Mendocino sees an increase in housing need, it will be important to carefully examine a variety of factors.

Determination of Final Housing Allocation

Following development of the draft allocation, MCOG staff began preparation of a draft plan.

Agency Notification

On March 28, 2013, MCOG provided notices to each of the local agencies notifying them of the proposed draft allocation that would be used in preparation of the RHNA Plan. An appeal period was established and set to end on May 26, 2013.

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 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.

Proposed Final Allocation

Table 6
Proposed Final Allocation – County of Mendocino

Income Level	Housing Units Needed
Very Low	40
Low	27
Moderate	27
Above Moderate	74
Total Units	168

Table 7
Proposed Final Allocation – City of Ukiah

Income Level	Housing Units Needed
Very Low	11
Low	7
Moderate	7
Above Moderate	20
Total Units	46

Table 8
Proposed Final Allocation – City of Fort Bragg

Income Level	Housing Units Needed
Very Low	5
Low	3
Moderate	3
Above Moderate	9
Total Units	21

Table 9
Proposed Final Allocation – City of Willits

Income Level	Housing Units Needed
Very Low	3
Low	2
Moderate	2
Above Moderate	6
Total Units	14

Table 10
Proposed Final Allocation – City of Point Arena

Income Level	Housing Units Needed
Very Low	0
Low	0
Moderate	0
Above Moderate	1
Total Units	1

Amended Final Allocation

After the above allocation was approved by the MCOG Board on June 3, 2013, the plan was submitted to the California Department of Housing and Community Development for review. After their review of the document, staff was notified that the approved plan was not consistent with Government Code section 65584(d)(1), which states in part:

“The regional housing needs allocation plan shall be consistent with all of the following 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 allocation that was approved did not assign units in all categories to the City of Point Arena. Another problem discovered through MCOG’s own review was that some of the totals were off by one number due to rounding.

To address these issues, MCOG proposed a technical amendment to the plan to add one unit in each of the categories for the City of Point Arena and correct the rounding errors. No changes were made to the other jurisdictions’ allocations. The Department of Housing and Community Development confirmed that this technical amendment would bring the plan into compliance.

Following notification to the affected agencies, a legally noticed public hearing was held by the MCOG board. The technical amendment was approved via resolution. The final allocation, as amended, is as follows:

Table 11
Amended Final Allocation – County of Mendocino

Income Level	Housing Units Needed
Very Low	40
Low	27
Moderate	27
Above Moderate	74
Total Units	168

Table 12

Amended Final Allocation – City of Ukiah

Income Level	Housing Units Needed
Very Low	11
Low	7
Moderate	7
Above Moderate	20
Total Units	45

Table 13

Amended Final Allocation – City of Fort Bragg

Income Level	Housing Units Needed
Very Low	5
Low	3
Moderate	3
Above Moderate	9
Total Units	20

Table 14

Amended Final Allocation – City of Willits

Income Level	Housing Units Needed
Very Low	3
Low	2
Moderate	2
Above Moderate	6
Total Units	13

Table 15

Amended Final Allocation – City of Point Arena

Income Level	Housing Units Needed
Very Low	1
Low	1
Moderate	1
Above Moderate	1
Total Units	4

These numbers will now 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 June 30, 2014.

Appendices

- A Housing & Community Development Regional Housing Need Assignment & Methodology
- B Member Jurisdictions' Statements of Constraints to Housing Development

(Note: Current Statement of Constraints is currently unavailable for the City of Point Arena, however, the same general constraints from the 2008 RHNA cycle still apply.)

APPENDIX A

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

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Sacramento, CA 94252-2053
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June 27, 2012

Mr. Phil Dow, Executive Director
Mendocino Council of Governments
367 N. State Street, Suite 206
Ukiah, CA 95482

Dear Mr. Dow:

RE: Regional Housing Need Determination for Housing Element Updates

This letter provides Mendocino Council of Governments (MCOG) its fifth cycle regional housing need assessment (RHNA) determination for the projection period January 1, 2014 through June 30, 2019. The Department of Housing and Community Development (Department), is required to determine MCOG's existing and projected housing need pursuant to State housing law (Government Code Section 65584, et. seq.).

In assessing MCOG's regional housing need, the Department considered the critical role housing plays in developing sustainable communities and supporting employment growth. Since only partial demographic data was available from Census 2010 and the Department of Finance (DOF), the Department's RHNA determination also utilized American Community Survey (ACS) data. The Department determined MCOG's regional housing need to be 250 units for the 5.5-year projection period from January 1, 2014 through June 30, 2019. This RHNA reflects the Department's consideration of MCOG's recent household formation trends to generate housing demand at a changing pace.

In determining the regional housing need, consideration was also given to the extraordinary uncertainty regarding national, State, local economies and housing markets. As a result, for this RHNA cycle only, the Department made an adjustment to account for abnormal vacancies and unique market conditions due to prolonged recessionary conditions, high unemployment, and unprecedented foreclosures.

In assessing MCOG's regional housing needs, the Department and representatives of MCOG completed the consultation process specified in statute through correspondence and conference calls conducted between May and June 2012. MCOG participants included Ms. Nephele Barrett, Senior Planner. The Department also consulted with Ms. Mary Heim, demographic expert, and the DOF's Demographic Research Unit.

In finalizing MCOG's RHNA, the Department applied methodology and assumptions regarding the following factors (Government Code Section 65584.01(c)(1)):

- anticipated household growth associated with projected population increases;
- household size data and trends in household size;
- rate of household formation, or headship rates, based on age, gender, ethnicity, or other established demographic measures;
- vacancy rates in existing housing stock, and for healthy housing market functioning and regional mobility, as well as housing replacement needs;
- other characteristics of the composition of the projected population; and
- the relationship between jobs and housing, including any imbalance between jobs and housing.

For this cycle only, assumptions also included the rate with which existing vacant "for sale" and "for rent" housing units may be absorbed for occupancy by the beginning of the projection period in 2014.

The Attachments to this letter describe details of the Department's methodology and RHNA income category distribution for MCOG to allocate 250 housing unit need among all its local governments. As you know, MCOG must provide each locality a RHNA share of very-low, low-, and moderate-income units that at least equals the total for each of these income categories shown in Attachment 1 and also distribute housing need for above-moderate income households. The RHNA represents the *minimum* amount of residential development capacity a jurisdiction must plan to accommodate through zoning and appropriate development strategies. RHNA is not to be used within local general plans as a maximum amount or cap of residential development to plan for or approve.

MCOG's RHNA projection period (also described in the attachments) was determined pursuant to Government Code Section 65588(e)(6). The housing element due date schedule is updated periodically and made available on the Department's website at: http://www.hcd.ca.gov/hpd/hrc/plan/he/he_time.htm.

MCOG is responsible for developing a RHNA distribution methodology and adopting a RHNA Plan for the period of January 1, 2014 through June 30, 2019. Housing element law (Government Code Section 65584, et. seq.) requires MCOG's methodology and RHNA Plan to be consistent with the following objectives:

- increasing the housing supply and mix of housing types, tenure, and affordability;
- promoting infill development and socio-economic equity, protecting environmental and agricultural resources, and encouraging efficient development patterns;
- promoting an improved intraregional relationship between jobs and housing; and
- balancing the distribution of households by income category.

Pursuant to Government Code Section 65584.05(h), MCOG is required to submit its RHNA Plan to the Department for approval within three days of adopting the RHNA Plan. Once the Department has approved the RHNA Plan, MCOG is to distribute to all its local government members their income category shares of new housing needs to be addressed in their housing element updates covering 2014 - 2019.

In updating their housing elements, local governments may only take RHNA credit for units permitted since the January 1, 2014 start date of the RHNA projection period. Localities are also required to describe how units were credited to different income categories based on actual or projected sale price or rent level data.

Any city planning to accommodate a portion of RHNA on sites within a city's Sphere of Influence (SOI) needs to include an annexation program in the housing element. The annexation program needs to demonstrate SOI sites can be annexed early enough in the planning period to make adequate sites available before triggering penalties pursuant to Government Code sections 65583(c)(1)(A), and 65583(f).

Regarding transfers of housing need among local governments, AB 242 (Chapter 11, Statutes of 2008) amended certain provisions of Government Code Section 65584.07. RHNA transfers agreed between local governments may occur until adoption of the RHNA Plan. After MCOG has adopted its RHNA Plan and before the housing element due date, transfers meeting specified conditions may only occur from a county to cities within the county. Transfers after the due date of the housing element are restricted to annexations and incorporations and must be completed within specified timeframes. The numbers of units by income to be transferred are determined either based on mutual agreement between affected local governments, or, when no agreement is reached, by the entity responsible for allocating housing need (MCOG). The Department must be notified of all transfers; jurisdictions affected by RHNA transfers must amend their housing element within a specified timeframe.

We look forward to a continued partnership with MCOG and its member jurisdictions in planning efforts to accommodate the region's housing need. If you have any questions or need additional assistance, please contact me or Anda Draghici, Senior Housing Policy Specialist, at (916) 445-4728.

Sincerely,



Glen A. Campora
Acting Deputy Director

Enclosures

ATTACHMENT 1

HCD REGIONAL HOUSING NEED DETERMINATION: Mendocino COG Projection Period: January 1, 2014 through June 30, 2019

Income Category	Percent	Regional Housing Need (rounded) ⁽¹⁾
Very-Low	24.7%	60
Low	16.4%	40
Moderate	17.6%	40
Above-Moderate	41.3%	110
Total	100.0% ⁽²⁾	250 ⁽³⁾

- (1) The statutory objective regarding RHNA requires HCD, in consultation with Department of Finance (DOF) and councils of governments (COGs), to determine projected household growth and housing need based on DOF population projections and COG regional population forecasts and requires regional and local jurisdictions to plan to accommodate capacity for all of the projected RHNA. The Legislature recognizes that different assumptions and variances in methodologies can be used that can result in different population projections. Projection of housing need developed by DOF and HCD for RHNA purposes does not consider local government constraints.

For this RHNA cycle only (due to unique conditions not expected to recur to impact future RHNA cycles), the housing need was adjusted downward to account for an estimated 80 percent absorption level of unprecedented high vacancies in existing stock due to extraordinary conditions including high foreclosures and economic uncertainties.

- (2) The income category percentages reflect the minimum percentage applied against the total RHNA by HCD in determining housing need for very-low, low, and moderate income households. Each category is defined by Health and Safety Code (Section 50093, et seq.). Percentages are derived from the 2006-2010 American Community Survey's number of households by income, over 12 month periods. Housing unit need under each income category is derived from multiplying the portion of households per income category against the total RHNA determination.
- (3) The 250 allocation (see Attachment 2) reflects the county's projected minimum housing need (rounded), using household formation rates from 2010 Census and an adjustment (-18) for existing excess vacant units in estimating 20% of vacant units will not be absorbed before 2014. This column represents the minimum housing need that the county's RHNA Plan must address in total and also for very-low, low, and moderate income categories.

ATTACHMENT 2
HCD REGIONAL HOUSING NEED DETERMINATION: Mendocino COG

HCD Determined Population, Households, & New Housing Need: January 1, 2014-June 30, 2019 (5.5 years)				
1	Population: June 30, 2019 (DOF Interim)			91,297
2	<i>less: Group Quarters Population DOF E5 estimate</i>			2,193
3	Household (HH) Population June 30, 2019			89,104
	Household Formation Groups	2019 HH Population	HH Formation or Headship Rate (2010 Census)	2019 Households
	All Age Groups (DOF)	89,104		35,364
	Under 15	18,781	0	
	15 - 24 years	9,960	11.87%	1,182
	25 - 34 years	11,189	41.94%	4,693
	35 - 44 years	9,716	50.25%	4,882
	45 - 54 years	8,996	55.11%	4,958
	55 - 64 years	11,763	60.01%	7,059
	65 -74 years	11,759	65.03%	7,646
	75 - 84 years	5,055	71.00%	3,589
	84+	1,886	71.81%	1,355
4	Projected Households-June 30, 2019			35,364
5	<i>less: Households at Beginning of Projection Period (January, 2014)</i>			35,106
6	Household Growth: 5.5 Year Projection Period			258
7	Vacancy Allowance	Owner	Renter	Total
	Tenure Percentage per 2010 Census	58.95%	41.05%	
	HH Growth by Tenure	152	106	258
	Healthy Vacancy Rate	2.00%	5.00%	
	Vacancy Allowance	3	5	8
8	Replacement Allowance (minimum)	0.50%		266
				268
9	<i>less: Adjustment for Absorption of Existing Excess Vacant Units</i>			
	Estimate 80% Absorbed, 20% Not Absorbed by 2014	Effective Vacant Units	Healthy Market Units	Differential
	Derived (2010 Census, HH Growth, & Vacancy Rate)	(1,278)	1,188	-91
	Total 2012 Housing Stock	40,518		
	Existing Vacant Unit (Others) Adjustment	2.30%	2.31%	
	Total Adjusted Existing Vacant Units (Others)	(932)	935	3
	Estimated Vacant Units Not Absorbed by 2014	20%		-91
				-18
REGIONAL HOUSING NEED DETERMINATION				250

- Population:** Pursuant to Government Code Section 65584.01(b), and in consultation with the council of government , June 30, 2019 population projection was extrapolated based on Department of Finance (DOF) Interim Projections published in May 2012 for July 2020 and July 2015, and DOF's E5 estimate for January 2012.
- Group Quarter Population:** Figure is an estimate of persons residing either in a group home, institution, military, or dormitory using 2010 Census data for group quarters. As this population doesn't constitute a "household" population generating demand for a housing unit, the group quarter population is excluded from the calculation of the household population, and is not included in the housing need.
- Household (HH) Population:** The portion of population projected to reside in housing units after subtracting the group quarter population from total projected population.
- Projected 2019 Households (HHs):** The June 2019 number of households is derived by applying (to 2019 HH population) household formation rates calculated based on 2010 Census, as provided by DOF. HH formation or headship rates reflect the propensity of different population groups (age, racial and ethnic) to form households.

ATTACHMENT 2
HCD REGIONAL HOUSING NEED DETERMINATION: Mendocino COG

- 5 **Households at Beginning of Projection Period:** The baseline number of households at the beginning of the projection period (January 2014) must be projected, as a direct effect of amendment to Section 65588(e)(6) specifying the new projection period to start on either June 30 or December 31 whichever date most closely precedes the end of the current housing element period (June 30, 2014 for the county). As such, the 2014 household number was calculated based on 2014 population as an interpolation between DOF's E5 2012 estimate of households and the DOF's 2015 projected population.
- 6 **Household (HH) Growth:** This figure reflects projected HH growth and need for new units.
- 7 **Vacancy Allowance:** An allowance (unit increase) is made to facilitate availability and mobility among owner and renter units. Owner/Renter % is based on Census 2010 data. A smaller rate is applied to owner units due to less frequent mobility than for renter households. Information from a variety of authoritative sources supports an acceptable range of 1 to 4% for owner units and 4 to 8% for renter units depending on market conditions.
- 8 **Replacement Allowance:** Rate (0.5%) reflects the average housing losses that localities annually reported to DOF each January for years 2002-2011 multiplied by the number of years in the projection period (5.5), or 0.5%, whichever is higher.
- 9 **Adjustment for Absorption of Existing Excess Vacant Units:** For this RHNA cycle only (due to extraordinary uncertainty regarding conditions impacting the economy and housing market not expected to similarly impact future RHNA cycles), a new one-time adjustment was made to account for unprecedented high vacancies in existing stock due to unusual conditions including high foreclosures and economic uncertainties. An absorption rate of 80% of existing excess vacant units is assumed to occur in shrinking current excess vacant units before the start of the 2014 RHNA projection period. This results in applying a 20% adjustment to account for units not absorbed, reflected in a downward adjustment of (- 18). In general, existing vacant units in housing stock consists of two components: (1) housing units for sale and rent in existing housing stock that are above the housing units required to maintain the healthy market condition, calculated as the number of units in housing stock (for sale + for rent + sold, not occupied+rented, not occupied + occupied units), (2) housing units in the "vacant units others" category of existing housing stock above the simple average of 2.31% calculated based on Census data from 2000 and 2010. The Department used 2010 Census Demographic profile data (DP-1) and desirable "normal" vacancy rates by tenure, in conjunction with the region's household growth and proposed household formation rates. The vacancy adjustment is limited to not exceed the differential between the 2010 Census vacant units and the healthy market vacant units rate associated with the region's annual household growth. As the adjustment was below the differential, the adjustment was applied in calculating the RHNA determination. *For Mendocino COG region, there was no adjustment for "other vacant" units, as the normal rate over the past two decades was higher than the 2010 Census rate, indicating that the region did not have an excess of "other vacant" units.*

RHNA Projection Period January 1, 2014 to June 30, 2019: Pursuant to SB 375, the start of the RHNA *projection* period (in effect January 1, 2014) was determined pursuant to GC 65588(e)(6), which requires the new projection period to start on June 30 or December 31 that most closely precedes the end of the current housing element period, which for the county is June 30, 2014. The end of the projection period was determined pursuant to GC 65588(e)(5) to be the end of the housing element planning period.

Housing Element Planning Period June 30, 2014 to June 30, 2019: The housing element *planning* period was determined pursuant to GC 65588(e)(3)(B) and 65588 (f)(1) as a 5-year period between the due date for one housing element and the due date for the next housing element.

APPENDIX B

**STATEMENT OF CONSTRAINTS
TO HOUSING DEVELOPMENT

COUNTY OF MENDOCINO**



COUNTY OF MENDOCINO

DEPARTMENT OF PLANNING AND BUILDING SERVICES

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MEMORANDUM

TO: Nephela Barrett, Senior Planner, MCOG
FROM: Steve Dunicliff, Director
SUBJECT: RE: Draft Regional Housing Needs Assessment (RHNA) Allocation Statement of Constraints for Mendocino County
DATE: May 23, 2013

The Mendocino Council of Governments' (MCOG) process of distributing Regional Housing Needs Assessment (RHNA) numbers has resulted in the allocation of 168 housing units to the unincorporated areas of the County of Mendocino, intended to reflect the County's "fair share" proportion in the upcoming 2013 Regional Housing Needs Plan.

While it is recognized that this allocation is significantly lower than the 2008 distribution, constraints should be recognized that continue to impede the County's efforts in meeting its required allocation numbers including a lack of adequate infrastructure, inadequate availability of water, and development restrictions within the coastal regions of the County.

RHNA Allocation Methodology: The overall breakdown for the County of unit affordability based on household income was "very low" (40), "low" (27), "moderate" (27) and "above moderate" (74). While the Methodology Statement adopted by the MCOG Board in August 2012, included a list of items that could be used to influence the distribution, the allocation to the County appears to be based solely on the unincorporated region's 67.34% share of the overall population (per the 2010 Census). As originally noted in a letter sent by Planning & Building Services to MCOG staff in November, 2012, we believe that conventional planning principles require a reconsideration of the methodology used to allocate these numbers in the future.

Funding constraints on housing developers typically dictate that new stock of "low" and "very low" income housing units can only be produced at higher residential densities and where urban services exist within or adjoining incorporated cities. Additional benefit to "low" and "very low" income residents is then achieved through the availability of public and commercial services which are more naturally provided in those urbanized areas. This would include such services as public transportation, social services, schools, accessible shopping, and employment centers. By contrast, limited water availability and the sewer services in rural, unincorporated areas substantially prohibit higher density residential development and provide limited access to services.

From a sound planning perspective, it would thus seem appropriate to have the proportions of "low" or "very low" income allocation numbers be weighted more towards the incorporated, or urbanized, areas of the county as opposed to the equal, population-based allocation which would direct a larger share of such development into the more remote regions of the unincorporated County. While it is understood that the County and the cities within the county have a shared obligation to provide housing to meet anticipated countywide population growth, the RHNA allocation should take additional factors that reflect development constraints and opportunities into account beyond population distribution when making determinations that affect the overall development of the region.

Housing Development Constraints Infrastructure/Water Availability Constraints: The adopted RHNA Methodology listed "availability of resources and infrastructure services" as one of the factors in determining the appropriate allocation of housing units to the individual jurisdictions. Within the unincorporated areas of the county, there is a limited amount of land near urbanized areas in which public water and sewer is available. This constraint is further complicated by a number of water districts having imposed moratoria on water hook-ups due to a lack of available water. Within the Ukiah Valley, there are two county water districts (CWDs), Millview CWD and Calpella CWD, currently under a moratorium, as is the district just north of this area, Redwood Valley CWD. Other districts around the County, such as

Brooktrails are either under moratorium, or currently lack a public water district, such as Potter Valley and Boonville. These challenges also apply to a number of coastal communities, such as Mendocino, Elk, Manchester and Anchor Bay/Gualala, although coastal regions have additional constraints beyond water availability which are further discussed below.

Coastal Zone Constraints: Residential communities which lie within the Coastal Zone are subject to an additional layer of constraints due to development restrictions found within the County's Local Coastal Program (LCP) and maintaining overall compliance with the California Coastal Act. On top of the noted water and sewer constraints, a restriction on "second units" within the Coastal Zone adds to the difficulties of "low" and "very low" income households in finding affordable housing opportunities in these areas. Another of the factors listed within the adopted RHNA Methodology was "availability of appropriately zoned land," which is also an issue along the coastal regions of the County. Extensive areas along the County's coast consist of Sensitive habitat areas which dramatically impact the County's ability to rezone additional land for increased density. For appropriately zoned land, the highly discretionary nature of coastal development, in general, and permitting requirements that would likely accompany multi-family type development, in particular, only adds to the challenge of increasing housing stocks within these areas.

**STATEMENT OF CONSTRAINTS
TO HOUSING DEVELOPMENT**

CITY OF UKIAH

EXCERPTS FROM THE ADOPTED 2009-2014 UKIAH GENERAL PLAN HOUSING ELEMENT

How much housing is needed?

- MCOG Regional Housing Needs.** Under California law, every city and county has a legal obligation to respond to its fair share of the projected future housing needs in the region in which it is located. For Ukiah and other Mendocino County jurisdictions, the regional housing need is determined by the Mendocino Council of Governments, based upon an overall regional need number established by the State. The fair share numbers establish goals to guide local planning and development decision making.

In 2008, the MCOG in partnership with representatives from local City and County jurisdictions met and agreed upon the local fair share housing needs.

Table 6 – Mendocino Council of Governments Regional Housing Needs for Ukiah

Years	Extremely Low	Very Low	Low	Moderate	Above Moderate	Total
2004-2008	N/A	131	113	101	249	594
2009-2014	65	134	65	120	75	459

Limited Population Growth. As noted in Table 1, there are 162 fewer people in the City than when the 2004 Housing Element was prepared. Even with this decline in population, housing needs remain, particularly for extremely low, very low, and low income households. While the need for extremely low and very low income households remains high, the sharpest increase over the past five years has been for low income service level workers. This has been the result of increasing prices for both for-sale and rental units. Over the past two years, prices have dipped due to the slumping economy, yet are not expected to remain at these levels. In fact, in early 2009, prices for both for-sale and rental units began to rise.

Housing Production since 2004: Even with a reduction of regulatory constraints and continued City incentives and funding, housing production since 2004 has remained slow with a production of 53 affordable housing units. However, other factors have contributed to this limited production level. These factors include the fact that Ukiah is a small rural community, there was and is limited land devoid of physical constraints, there are infrastructure deficiencies (water and wastewater plants just recently upgraded), high land values, limited suitable land for sale, no annexations in 25 years, and diverse community perspectives on growth. All in all, 53 affordable units over the past five years should be regarded as moderately successful.

Year	Extremely Low	Very Low	Low	Moderate
2005	0	0	1 (second unit)	6 (Cottage Lane)
2006	0	8 (137 Ford Street)	0	15 (Cottage Lane)
2007	0	0	1 (second unit)	0
2008	0	0	0	0
2009	0	0	0	0
2010	22 (Transitional)	0	0	0
TOTAL	22	8	2	21

Where can new housing be located?

The 2004 Vacant and Underutilized Land Map was updated in May 2009 (Appendix 3 – page 55). Over the past four years there has been a 14.35 acre reduction in vacant and underutilized land available for housing development.

Table 7 – Vacant and Underutilized Land

Year	Total Vacant and Underutilized Land
2004	122 acres
2009	108 acres

The vacant and underutilized land continues to be spread out in the City with a very limited amount of large vacant parcels. Of the last remaining larger properties, most can be developed with residential land uses, but because of location (prime commercial) it is not probable. However, the enabling zoning and regulatory framework for the development of these parcels will continue to permit residential development.

The primary opportunity sites for very low, low and moderate priced rental and ownership housing are vacant infill parcels, underutilized land, and parcels ripe for redevelopment. To successfully develop these sites, traffic, design compatibility, infrastructure, neighbourhood compatibility, and other issues must be analyzed.

- **Infill Parcels.** The Vacant and Underutilized Land Map updated in 2009 shows a number of important infill opportunity sites within the City Limits. These parcels are close to existing infrastructure and situated along transportation corridors, and are close to the downtown, retail opportunities, medical services, and professional offices. Development of these parcels will promote increased pedestrian activities and will lower the City's overall carbon footprint.
- **Underutilized Land.** There is underutilized land throughout the City which provides opportunity for all types of needed housing.

Are there constraints to housing development in Ukiah?

The City has regulatory constraints (fees/exactions and zoning standards), as well as environmental constraints. The environmental constraints include drainage, traffic, flood zones, mature trees, and airport compatibility. All of these constraints affect future development to varying degrees, and each site listed in the Vacant and Underutilized Land Survey (Appendix 3), was examined not only for the presence of constraints, but to what degree the constraints would impact the future development of housing units.

The following table provides a listing and details of constraints to housing development.

Table 9 - Constraints

Constraint	Detail
Fees and Exactions	A new fee schedule was adopted in 2007. Reduced planning permit fees are charged for affordable housing and special needs housing projects.
Wastewater (Sewer) Treatment	The wastewater treatment plan upgrade and expansion project has been completed and sufficient capacity is available to serve the identified vacant, underutilized and redevelopable parcels.
Water Storage and Capacity	A water storage project has been completed, which added nearly 2 million gallons of storage to the City's water storage system, and an upgrade to the water treatment plant has been completed. Sufficient water exists to serve the identified vacant, underutilized and redevelopable parcels.
Zoning and Land Use Controls (see below)	<p>The amendments called for in the 2004 Housing Element were completed in 2008. Additionally, the City is working on a Downtown Zoning Code project that will provide more opportunity and certainty for housing development in the downtown. Medium and high density housing is now permitted in all commercial zoning districts, and the Planned Development tool has been used to facilitate unconventional housing and alternative development standards. Zoning is no longer considered a constraint.</p> <p>The City has lot coverage, yard setback, height and other regulatory constraints to development. While these zoning standards are typical, the City also does not have a Floor Area Ratio (FAR) standard, which limits development in other communities. The City also has a Planned Development overlay zoning classification, which provides flexibility for development projects.</p> <p>Additionally, in 2008, the City adopted new zoning regulations establishing reasonable accommodations for persons with disabilities (see procedure below).</p>
Airport	There are density limitations and 3-story buildings (other than for public facilities) are disallowed in the B2 Infill area north of the airport. However, many of the identified vacant, underutilized and redevelopable parcels are not located in the B1 or B2 infill area north of the airport.
Drainage	The City adopted new <i>Low Impact Development</i> drainage requirements which could result in lower costs for housing

	projects.
Traffic	The City adopted a City-Wide traffic study in 2007 and if traffic impact fees are considered in the future, reduced fees for affordable housing projects may be adopted. Additionally, the City has an adopted Capital Improvement Program that includes a number of significant street and intersection improvements that will reduce traffic related constraints for the identified parcels.
Parking	The Ukiah City Code requires 1 parking space for 1-bedroom apartment units and 2 spaces for 2-bedroom apartment units. However, the Planned Development zoning tool can be used to relax this standard if a proposed development such as senior housing can demonstrate that less parking would be needed.
Flood Zones	100-year flood zones and flood-ways exist in the City, but ample suitable land is available to meet the housing need. Most of the identified vacant, underutilized and redevelopable parcels are not situated in a 100-year flood zone.
Permit Processing Procedures	Permit processing for all permits is generally faster and less costly than surrounding jurisdictions. Priority processing is provided for affordable and special needs housing projects.
Housing for Persons with Disabilities	The zoning code was amended in 2008 to include provisions for reasonable accommodation (procedure listed below). Additionally, planning permit fees for special needs housing projects are even less than those charged for affordable housing projects.
Building Codes	<p>The City has adopted the 2007 California Building Codes. These codes have not presented a hardship to affordable housing developers. The State of California and the City of Ukiah will adopt the new 2010 California Codes on January 1, 2011. All building permit applications which are submitted after January 1, 2011 will be required to comply with these new regulations. One of the most significant changes that is anticipated in the new codes is that all new residential occupancies will be required to have fire suppression systems (fire sprinklers). This will add addition costs to affordable housing projects.</p> <p>The City is examining the possibility of using Redevelopment Housing 20% set-a-side funds to offer grants or low interest loans to assist affordable housing developers to comply with this anticipated new requirement.</p> <p>The City of Ukiah code enforcement activities have become complaint driven ever since the loss of the Code Compliance Coordinator position due to budget cuts. However, City staff due initial code compliance cases when they are observed during routine inspection and field observations.</p>
Cost of Land and Financing	<p>Currently, the cost of land is lower than it has been in many years. This is primarily due to the economic downturn. Similarly, the availability of land is higher than it has been with a larger than average number of properties on t5he market.</p> <p>While financing is tight, there is local optimism that lending institutions are relaxing recent restrictions and the financing market is opening up.</p>

	Additionally, interest rates are remaining low, and the City's first time home buyer program has been very active over the past year.
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**STATEMENT OF CONSTRAINTS
TO HOUSING DEVELOPMENT**

CITY OF FORT BRAGG

The development of new units is constrained in the Fort Bragg by four significant issues: 1) limits on water storage and supply; 2) Coastal Zone regulatory requirements; 3) single-family development on parcels with higher density zoning designations, which are unlikely to be demolished to maximize development density of parcels; 4) location and economic factors.

Water Storage and Supply – The City of Fort Bragg’s ability to serve new development is constrained by water availability and storage limitation in a severe drought. The City has completed an analysis of water storage and supply issues that has illustrated that the City can only increase water demand within City limits by 8% and continue to serve all customers in a severe drought. Since the completion of the study the City has allocated half of this capacity to three new development projects (brewery expansion, 25 unit affordable housing project, and an inn expansion). Additionally, the City has received an application for a 70 unit hotel, which it is currently process which will utilize an additional 1% of this capacity, leaving just a 3% increase in total water use available for new projects. The City is currently completing a CEQA document for the development of a 45 acre foot reservoir that will address some of these concerns. However this reservoir is not anticipated to be constructed, if approved and if the City obtains the funding to construct the reservoir until 2018. In the interim the City has the water capacity to serve an additional 150 units of housing.

The City reduced its sphere of influence in 2008 due to the lack of sufficient water storage to accommodate new development. Until the water storage issue is resolved there is little potential for the annexation of lands within the Sphere of Influence.

Coastal Zone Regulatory Constraints – Approximately 1/3 of the city is in the Coastal Zone and is subject to the prioritization of land uses legislated in the Coastal Act and the City’s new, state-certified Local Coastal Program. Coastal-dependent uses and visitor-serving uses are given the highest priority in the Coastal Zone, while residential uses are assigned the lowest priority. Before approving non coastal-dependent and non visitor-serving uses in the Coastal Zone, the City must prove that the service capacity dedicated to residential uses will not restrict future foreseen priority uses. The requirement in the LCP may limit the City’s ability to approve new residential development in the Coastal Zone given the constraint posed by the City’s lack of sufficient water storage.

Lack of Vacant Residentially Zoned Land and Underutilized of Residential Land – The majority of Fort Bragg’s Very High Density and other high density zoned parcels contain single-family dwellings. Given Fort Bragg’s market and the small size of the parcels involved, these single family homes are unlikely to be demolished to achieve the maximum density allowed under the zoning code. Therefore, the City is unlikely to achieve maximum build-out as defined in the General Plan. The City has a very limited number of residentially zoned vacant parcels. Most of the remaining vacant parcels with residential zoning are located in the Coastal Zone, which is subject to the requirements outlined above and many include significant development constraints such as being located on a bluff top or having wetland and riparian corridors through the parcel.

Location and Economics – The City of Fort Bragg is located in a remote coastal area, accessible by twisty two-lane roads. Its relative inaccessibility continues to result in a slow rate (below 1% annually) for housing, residential and job growth. Typically the City adds from ten to 15 new units of housing per year. The historic heart of the economy, timber and fishing, continue to decline as a source of employment and the current nationwide economic downturn is impacting Fort Bragg’s transition to a service and tourism-based economy. The combination of these factors has resulted in a poor environment for investment in residential development.

**STATEMENT OF CONSTRAINTS
TO HOUSING DEVELOPMENT**

CITY OF WILLITS

City of Willits
111 East Commercial Street
Willits, CA 95490

MEMORANDUM

To: Nephele Barrett, Senior Planner, MCOG
From: Gary Pedroni, Interim Community Development Director – City of Willits
Subject: RHNA; Constraints Statement
Date: 2/6/13

Anticipated constraints associated with the development of new housing within the City limits are described below.

Water: Subsequent to the adoption of the *City of Willits 2003-2008 Housing Element*, studies of the City's water supply and water treatment/distribution system concluded that the City does not have sufficient water resources and infrastructure to provide an adequate supply of water to accommodate development within the City. As expressed in previous correspondence from the City to your office, based on a *Willits Water Supply Planning Study* (West Yost & Assoc. February 2006) and a Department of Health Services letter dated March 6, 2006, the City's attorney provided an opinion that the City would not be able to make CEQA findings to support any development that would result in a significant water use. Although no formal moratorium was declared, the City Council adopted a position that, until improvements to the water supply and distribution system can be completed, no large-scale development resulting in significant water use can be approved. This position remains in effect at this time.

The City has made strides in order to increase water supply/capacity, including initiating a water plant upgrade project and replacing sections of leaking water mains. Water plant upgrades are anticipated to take several years to complete.

Sewer Capacity: The City has completed a sewer treatment plant upgrade focused upon meeting technical requirements of the State RWQCB. Further improvements and expansion of the facility would be needed to accommodate significant future residential growth.

Seismic Hazards: The Alquist-Priolo Earthquake Fault Zone extends the full length of the City of Willits. The zone is located in the center of Willits and impacts two significant areas with development potential for new residences. Formal geotechnical studies have concluded that approximately 50 acres of R-1 zoned vacant or underutilized land in the northwest segment of the City are impacted by issues of seismicity and slope stability. Also, approximately 23 acres of land zoned R-2 in the area east of Baechtal Road in the southeast quadrant of the City are subject to the Alquist-Priolo Earthquake Fault Zone Act which requires costly geotechnical studies prior to construction in many cases.

Flood Hazards: Approximately 26 acres of vacant or underutilized residential lands in Willits are located in the 100-year flood plain identified by the Federal Emergency Management Agency (FEMA). The City's zoning code has established combining districts identifying these areas as being located in the Floodway Combining (-FW) Zone or the Floodplain Combining (-FP) Zone. Both of these combining zones require special conditions or building requirements which must be satisfied before a structure can be built or substantially remodeled.

Economic Development: Subsequent to the decline of the timber industry which was the backbone of the local economy, Willits has experienced minimal economic and population growth. This trend appears to be continuing into the foreseeable future, which is reflected in the development of limited new residential units.

Summary: The state of the local economy, coupled with limitations of infrastructure (water and sewer), as well as environmental limitations of flood and seismic hazard, continue to hamper the development of new residential units within the City of Willits.

**STATEMENT OF CONSTRAINTS
TO HOUSING DEVELOPMENT**

CITY OF POINT ARENA



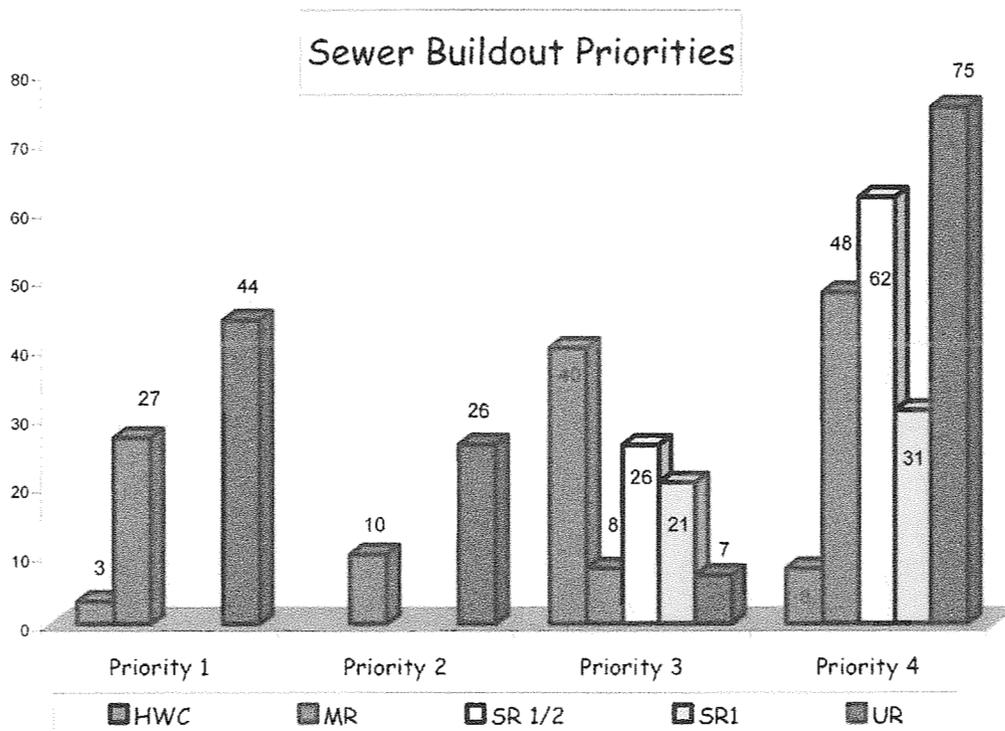
Leslie Dahlhoff – Mayor / Roads Commissioner Lauren Sinnott – Vice Mayor / Pier Commissioner
 Lloyd Cross – Councilmember / Administration Commissioner
 Brian Riehl – Councilmember / Utilities Commissioner
 Laura Smith – Councilmember / Public Safety Commissioner

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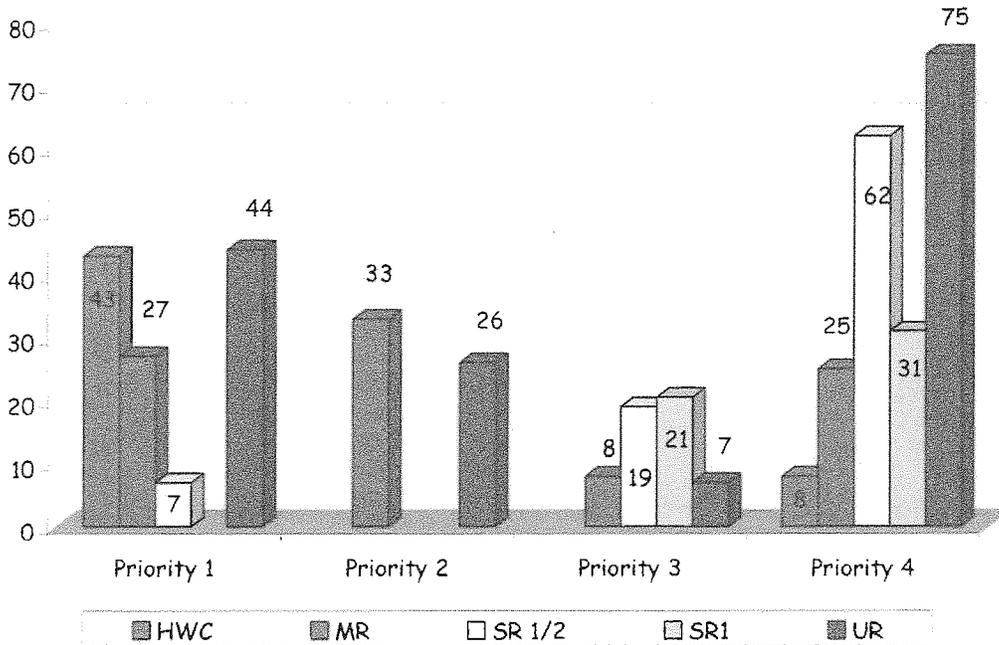
TO: NEPHELE BARRETT, SENIOR PLANNER, MCOG
FROM: CLAUDIA HILLARY, CITY CLERK, CITY OF POINT ARENA
SUBJECT: RHNA; CONSTRAINTS STATEMENT
DATE: 08/15/08

Water and Sewer Capacity: Our sewer system infrastructure is aging and in need of major repairs. Coastland Engineering was hired in 2005 to assist the City in evaluating the existing system and to recommend alternatives to replace deteriorating system components.

Last Spring a team was assembled to put together build-out estimates for both water and wastewater. The group met four times and determined that the City's buildout could result in a maximum total of 436 connections. After removing the Priority 4 parcels, the Team determined that the capacity for both sewer and water was 314 hook-ups. The sewer system currently has 197 hook-ups, leaving a balance of 117 available. The water system (a privately-held company) currently has 235 connections, leaving a balance of 79 available.



Water Buildout Priorities



Economic Development: There is no industry to speak of in Point Arena, and the major source of income is tourism. Considering the current unstable oil situation, it is possible that the City will see a downturn in this sector. The population growth in the City has been slow, with an increase of only 25 people over the last census period. In the years 2004-2008 YTD the City has received 6 permits for SFR, 3 CDPs for commercial buildings, and 2 permits for multi-family housing units. As of the date of this report, only one SFR has been started and completed, none of the MF units have been started, and two of the Commercial units have been started/completed.