

Merced County Association of Governments

Regional Housing Needs Plan

January 1, 2001 through June 30, 2008



**Scheduled for Adoption
by MCAG Governing Board November 21, 2002**

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INTRODUCTION

Merced County Association of Governments (MCAG) is a Joint Powers Authority consisting of Merced County and the six incorporated cities of Atwater, Dos Palos, Gustine, Livingston, Los Banos and Merced. MCAG is Merced County's designated Regional Transportation Planning Agency, responsible for preparing and administering State and Federal transportation plans for the Merced County area.

MCAG is required by California Government Code Section 65584 to determine existing and projected regional housing needs for the period January 2001 through June 2008. MCAG is also required to determine each local jurisdiction's share of the regional need for housing. Jurisdictions will then decide how they will address this need through the process of updating the Housing Elements of their General Plans. Housing elements of MCAG jurisdictions must be adopted by December 31, 2003, and effective through June 30, 2008.

The final Regional Housing Needs Plan must be submitted to the California Department of Housing and Community Development by December 31, 2002. The most recent Regional Housing Needs Plan was adopted by the MCAG Governing Board April 25, 1991.

The Regional Housing Needs Plan must address:

- Employment opportunities
- Commuting patterns
- Housing needs of farmworkers
- Market demand for housing
- Type and tenure of housing need
- Availability of suitable sites and public facilities
- Loss of units contained in assisted housing developments that changed to non- low income use
- Disproportionate shares of lower income households

This report describes a methodology to estimate existing and projected housing needs, which is consistent with the specific statutory requirements. Chapter 1 discusses the statutory factors listed above. Chapter 2 describes the methods for calculating regional housing needs and how the specific statutory factors are considered.

Government Code Section 65584 provides a 90-day review period for MCAG member agencies to consider the initial determinations of local shares of the regional housing needs. The local review process is more fully described in Chapter 3.

The Regional Housing Needs Plan is a key tool for MCAG member jurisdictions to plan for growth anticipated through 2008; it does not necessarily encourage or promote growth, but rather allows communities to anticipate and therefore more effectively direct growth in ways that enhance quality of life and improve access to jobs, transportation, and housing.

Merced County Profile

Merced County is located in the center of the San Joaquin Valley (also known as the Central Valley). The County's 2000 population of 210,554 is distributed among six incorporated cities: Merced (63,893), Los Banos (25,869), Atwater (23,113), Livingston (10,473), Gustine (4,698) and Dos Palos (4,581). The remaining 77,927 residents are in unincorporated areas. A map of Merced County and its cities is included as Appendix A.



Merced County Regional Location

Table 1 depicts population growth during the past decade among MCAJ jurisdictions. Population shifts in Los Banos are especially noteworthy. The catalyst for its rapid growth (78.1% over the decade) was migration from Santa Clara and other San Francisco bay area counties, as families pursued affordable housing on the west side of Merced County.

Atwater's slow rate of growth was caused by the closure of Castle Air Force Base in 1995, although a majority of the population loss has since been recaptured.

The Valley accounts for 50 percent of the state's agricultural output, and is known as the richest agricultural region in the world. Merced County's leading industry is agriculture; chief products include milk, almonds, chickens, cotton, alfalfa, tomatoes, sweet potatoes, turkeys, eggs, and cattle. Nearly 80 percent of Merced County's land area is in agricultural use.

Table 1
Merced County Population Estimates
And
Percent Change 1990-2000

Jurisdiction	1990	2000	Percent Change
Merced County Total	178,403	210,554	11.4%
Atwater	22,282	23,113	3.7%
Dos Palos	4,196	4,581	9.2%
Gustine	3,931	4,698	19.5%
Livingston	7,317	10,473	43.1%
Los Banos	14,519	25,869	78.1%
Merced	56,216	63,893	13.7%
Unincorporated areas	69,942	77,927	11.4%

Source: 1990 & 2000 Census, www.census.gov

Continuing pressures on Merced County's west side from San Francisco bay area commuters and the projected 2004 opening of a new University of California campus guarantee that substantial planning decisions will be made over the next decade.

EMPLOYMENT OPPORTUNITIES

MCAG's determination of regional housing needs is required to consider employment opportunities.

Insufficient housing may impede economic growth by driving up the price of available housing, making it difficult for companies to attract new employees. This potential mismatch is referred to as a "jobs-housing balance".

Merced County's economic structure is defined by agriculture and related industries. Employment by industry is shown in Table 2.

Merced County's unemployment rate is consistently in the highest five of California's 58 counties. In the year 2000, Merced County's unemployment rate was 14.4 percent, in contrast to an overall state unemployment rate of 4.9 percent (Table 3).

Losses in government employment over the past decade were due to the closure of Castle Air Force Base and the County of Merced's financial difficulties. Even with these declines, by 1999 government employment trailed farm employment by only a small margin. A number of positions in finance, insurance and real estate declined from both downsizing by financial institutions nationwide and the local closure of Farmers Insurance Group.

Like other counties within the San Joaquin Valley, Merced County is experiencing major shifts in the distribution of new job growth. New jobs are also anticipated with the next University of California campus being located in Merced County. While many jobs will be service related, it is anticipated that professional job opportunities will expand as the University grows.

Table 2

Merced County Employment by Industry 1999			
Industry	Merced County		CA Total
Farming	12,100	19%	3%
Local Government	10,900	17%	11%
Retail Trade	10,100	16%	17%
Services	9,600	15%	30%
Nondurable Goods Mnfctg	8,900	14%	5%
Transp & Pub Utilities	2,900	5%	5%
Durable Goods Mnfctg	2,500	4%	8%
Const & Mining	2,300	4%	5%
Finance, Ins & Real Estate	2,000	3%	6%
Wholesale Trade	1,900	3%	6%
State Government	600	1%	3%
Federal Government	500	1%	2%

Source: CA Employment Development Department, Labor Market Information, <http://www.calmis.cahwnet.gov/file/COsnaps>

Table 3

Valley Unemployment Rates Year 2000		
	% Rate	Statewide Ranking (58 being worst)
Fresno	14.3	54
Kern	11.3	47
Kings	14.0	53
Madera	11.8	48
Merced	14.4	55
San Joaquin	8.8	43
Stanislaus	10.4	46
Tulare	15.4	56
CA	4.9	

Source: CA Employment Development Department, Labor Market Information Division

The Regional Housing Need determinations described in Chapter 2 are based upon State Department of Housing and Community Development projected housing needs for the Merced County region, as well as adopted population and employment forecasts contained in the MCAG 2001 Regional Transportation Plan. These adopted forecasts, discussed in more detail on pages 17 through 28, were calibrated based upon data from General Plans and Department of Finance projections, and allow for additional growth related to UC Merced.

As is noted throughout the Regional Housing Needs Plan, the 2001 MCAG Regional Transportation Plan population and employment forecasts are a major component of the utilized methodology. Those population and employment forecasts in turn are based upon the assumption that UC Merced will open in 2004 as scheduled.

For the purposes of this report, therefore, projected housing need determinations are assumed to reflect the projected employment opportunities of the region.

COMMUTING PATTERNS

MCAG's determination of regional housing needs is required to consider commuting patterns. As previously described, a "jobs-housing imbalance" refers to differential growth rates of jobs and housing. A mismatch forces families seeking affordable shelter to move farther away from the communities in which they work.

Results of the 1990 Census indicate that 86.1% of Merced County's workforce was employed within the County (Table 4). Comparative data is not yet available from the 2000 Census.

At the time of the 1990 Census, mean travel time between home and work ranged between 15 minutes and 18 minutes (Table 5), indicating that a majority of trips between home and work within the County were short or local trips (employees residing near their place of work). Available 2000 Census data indicates a substantial increase in mean travel time, particularly for residents on the west side of Merced County (Dos Palos, Gustine, and Los Banos).

As previously discussed, San Francisco bay area employees pursuing affordable housing have contributed to the rapid population growth on the west side of Merced County.

The Regional Housing Need determinations described in this report are based upon State Department of Housing and Community Development projected housing needs for the Merced County region, as well as adopted population and employment projections contained in the MCAG 2001 Regional Transportation Plan. As previously stated, these adopted projections were calibrated based upon data from General Plans and Department of Finance projections. The projections consider commuting patterns of the increasing number of residents who work more than 50 miles from their homes. Therefore, projected housing needs are assumed to reflect

Table 4

Merced County Commute Data Workers Age 16 & Over		
Incorporated Cities	Work in Merced County	Work Outside Merced County
Atwater	8568	879
Dos Palos	1085	272
Gustine	945	531
Livingston	2135	571
Los Banos	4777	710
Merced	19281	1631
Unincorporated Areas		
Delhi	340	837
Hilmar	713	687
Le Grand	356	45
Planada	935	173
S. Dos Palos	167	86
Winton	2327	302
Total	41,626	6,724
Total Expressed as %	86.1%	13.9%

Source: 1990 Census

Table 5

Merced County Travel Time to Work			
Jurisdiction	Mean Travel Time to Work 1990	Mean Travel Time to Work 2000	% Increase 1990-2000
Atwater	16	22	27%
Dos Palos	15	32	53%
Gustine	18	33	45%
Livingston	17	20	15%
Los Banos	17	44	61%
Merced	16	21	23%
County Total	17	26	34%

Source: 1990 Census & 2000 Census

the projected commuting patterns of the region. Each city and the county, however, should consider this category in individual housing elements.

FARMWORKER HOUSING NEEDS

MCAG’s determination of regional housing needs is required to consider the housing needs of farmworkers. Farmworkers provide an essential contribution to the agricultural economy of Merced County. Merced County ranks fifth in the state in value of agricultural production. The ten leading crops identified by their 1999 dollar value are shown in Table 6.

The farmworker population experiences a distinct set of issues contributing to housing challenges, including seasonal income fluctuations, very low incomes, and a severe deterioration of existing housing stock. Among the farmworker population, there are several different groups – each with its own housing problems.

Farmworker characteristics are difficult to determine due to a lack of data regarding farmworkers. This deficiency is caused by several contributing factors, potentially including limited English speaking abilities, low educational attainment levels, and a distrust of government agencies, including those who work for the Census Bureau.

Regular or year round farmworkers are defined by the Employment Development Department as those working 150 or more days for the same employer. **Seasonal** workers are those who work less than 150 days annually for the same employer. **Migrant** seasonal workers are defined as those who travel more than 50 miles across county lines to obtain agricultural employment.

The 2000 Census estimates that there were approximately 6,529 workers employed in agriculture in Merced County, about 30% lower than the 1990 level (Table 7). This figure includes farmers and members of their families who were unpaid; regular and seasonal hired domestic workers; and agricultural workers brought to California under contract from outside the United States.

Table 6
Merced County
Top Agricultural Commodities
And Dollar Value of Production
(in Millions) 1999

1	Milk	\$519.7
2	Chickens	\$165.5
3	Almonds	\$120.0
4	Tomatoes	\$81.7
5	Cotton	\$75.9
6	Cattle and calves	\$70.6
7	Alfalfa	\$56.6
8	Sweet Potatoes	\$56.0
9	Wine Grapes	\$42.8
10	Corn silage	\$33.8

*Source: CA Department of Finance,
www.dof.ca.gov/html/fs_data/profiles/merced.xls*

Farmworkers have the lowest annual household income of any occupation surveyed by the US Census.¹ In 1998, farmworkers who worked in food crops earned, on average, \$6.26 per hour.² The problem of low hourly wages is compounded by the seasonal nature of agricultural employment, resulting in farmworkers' inability to compete for housing on the open market.

The Housing Authority of the County of Merced manages four migrant housing centers in the county, totalling 255 units, which are available in the summer season only. These units are reserved for farmworkers only. The centers are located:

- 62 units, Atwater/Livingston
- 50 units, Merced
- 56 units, Los Banos
- 87 units, Planada (unincorporated Merced County)

Table 7
Merced County
Farmworkers

Jurisdiction	Total Workers Employed 1990	Total Workers Employed 2000	Workers in Farming 1990	Workers in Farming 2000	Percent Workers in Farming 1990	Percent Workers in Farming 2000
Atwater	7,901	8,858	358	567	4.5	6.4
Dos Palos	1,391	1,370	214	148	15.4	10.8
Gustine	1,493	1,905	122	123	8.2	6.5
Livingston	2,786	3,617	665	644	23.9	17.8
Los Banos	5,666	9,290	596	504	10.5	5.4
Merced	20,113	22,267	1,076	981	5.3	4.4
Unincorporated	26,776	28,014	6,374	3,562	23.8	12.7
Total Merced County	66,116	75,321	9,405	6,529	14.2	8.7

Includes workers in farming, forestry, and fisheries classifications
Source: 1990 & 2000 Census

In 2000, agricultural employment was equal to 8.7 percent of the total wage and salary employment in Merced County. Assuming that farmworkers' assisted housing need is equal to their proportion of the labor force, it can be estimated that 160 assisted housing units are currently needed. Based upon that estimate, that need is assumed to be met considering the 255 units offered by the Housing Authority as listed above.

¹ Alicia Bugarin and Elias S. Lopez, *Farmworkers in California* (California Research Bureau, [California State Library](#): July 1998).

² [Employment Development Department](#), *Occupational Employment and Wage Data 1998: Occupational Employment Statistics (OES) Survey Results* (Revised March 30, 2000), downloaded from [http://www.calmis.cahwnet.gov/file/occup\\$/oes\\$.htm](http://www.calmis.cahwnet.gov/file/occup$/oes$.htm).

The Housing Authority keeps no data which would either refute or support that finding.

In a phone interview conducted in September 2002, Nick Benjamin, the Director of Housing Services with the Housing Authority of the County of Merced, advised that typically the four migrant housing sites each have five or six families on a waiting list at any given time. However, based upon anecdotal experience, Mr. Benjamin estimates that on average, 30 to 40 families are turned away at each of the four migrant housing sites each year and do not request to be included on the waiting list.

The Regional Housing Needs Plan concentrates on determining a needed increase in housing available for year round occupancy; it is assumed that seasonal and migrant workers will continue to be housed in non-year round units. For planning purposes, this means that no net increase in seasonal or migrant housing is calculated. Allocation of regular farmworker households are assumed to be included in the projected additional housing units by 2008, shown in Table 20, page 25. Each city and the county, however, should consider this category of need in individual housing elements.

MARKET DEMAND FOR HOUSING

MCAG’s determination of regional housing needs is required to consider market demand for housing, including availability of suitable sites and public facilities, type and tenure of housing need, and loss of units contained in assisted housing developments that changed to non-low income use.

Availability of Suitable Sites and Public Facilities

Measured in terms of vacancy rates, Merced County’s housing stock has for the most part grown commensurately with growth in the number of households (Table 8), with exceptions noted for the cities of Dos Palos, Livingston, and Los Banos. The total housing stock includes the number of single and multi family residential units. A household is defined as one or more persons occupying a housing unit.

Land supply for residential purposes is not constrained in Merced County or its cities. It appears that suitable sites and facilities are available in the region to accommodate projected housing growth through the year 2008.

Table 8
Merced County
Household Growth vs. Housing Unit Growth

Jurisdiction	HSHLDS 1990	HSHLDS 2000	HSG UNITS 1990	HSG UNITS 2000	VACANCY RATES 1990	VACANCY RATES 2000
Atwater	7,197	7,247	7,422	8,114	3.7	10.7 10.5
Dos Palos	1,344	1,424	1,424	1,491	5	4.5 4.4
Gustine	1,546	1,683	1,583	1,763	3.9	4.5 4.3
Livingston	1,656	2,390	1,719	2,449	3.8	2.4 2.3
Los Banos	4,729	7,721	5,070	8,049	4.4	4.1 3.5
Merced	18,338	20,435	18,695	21,532	4	5.1 4.9
Unincorp	20,521	22,915	22,497	24,975	4.9	8.2 5.6
County Total	55,331	63,815	58,410	68,373	4.4	6.7 5.5

- Notes:
1. Vacancy Rates 1990 as determined in adopted 1991 MCAG Regional Housing Needs Plan
 2. Vacancy Rates 2000 determined by dividing total vacant permanent housing units (i.e., vacant units minus those for seasonal, recreational, or occasional use) by total housing units (i.e., owner occupied plus renter occupied plus vacant permanent housing units), as reported in Table DP-1 of 2000 Census
 3. Vacancy Rates 2000 for Unincorporated area determined by:
 - Calculating difference between County Total vacant permanent housing units (i.e., vacant units minus those for seasonal, recreational, or occasional use) and the sum of vacant housing units for incorporated cities (i.e., owner occupied plus renter occupied plus vacant permanent housing units); then
 - Calculating difference between County Total permanent housing units and the sum of permanent housing units for incorporated cities; then
 - Dividing total calculated Unincorporated area vacant permanent housing units by total calculated Unincorporated area permanent housing units (i.e., owner occupied plus renter occupied plus vacant permanent housing units)

Type and Tenure of Housing Need

The Department of Housing and Community Development (HCD) recommends consideration of several factors to determine the type and tenure of housing need, which are discussed in this section. Existing tenure characteristics are first presented in terms of numbers of renter and owner housing units (Table 9), and distribution of housing units by type (Table 10).

An assessment of housing problems are then presented as indicators of type and tenure of housing need. These housing problems include overcrowding (Table 11), overpayment (Table 12) and substandard housing (Table 13).

Table 9

Merced County Housing Tenure Characteristics						
Jurisdiction	OWNER OCCUPIED UNITS	RENTER OCCUPIED UNITS	% OWNER OCCUPIED UNITS	% RENTER OCCUPIED UNITS	OWNER VACANCY RATES	RENTAL VACANCY RATES
Atwater	4,334	2,913	59.8	40.2	1.6	4.7
Dos Palos	901	523	63.3	36.7	1.3	5.1
Gustine	1,143	540	67.9	32.1	2.0	2.2
Livingston	1,476	914	61.8	38.2	0.9	1.8
Los Banos	5,242	2,479	67.9	32.1	1.3	3.1
Merced	9,508	10,927	46.5	53.5	1.6	5.1
Unincorp	14,879	8,036	64.9	35.1		
County Total	37,483	26,332	58.7	41.3	1.4	4.2

Source: 2000 Census

Table 10

Distribution of Housing Units by Type Expressed as Percentages								
Units in structure	Atwater	Dos Palos	Gustine	Livingston	Los Banos	Merced	Unincorp	County Total
1 unit detached	64.1	85.0	79.5	76.0	78.6	57.9	78.1	70.2
1 unit attached	7.2	3.8	1.7	3.3	3.3	4.4	2.3	3.7
2 units	3.8	0.8	0.7	2.1	1.8	4.3	1.5	2.7
3 or 4 units	6.5	2.3	4.9	4.8	4.7	8.3	1.6	4.9
5 to 9 units	6.0	1.6	2.5	3.3	2.4	7.8	0.9	4.0
10 to 19 units	3.0	3.1	0.6	3.9	2.1	3.6	0.3	2.1
20 or more units	3.2	0.7	2.9	5.2	3.7	10.5	1	4.8
Mobile home	6.2	2.7	7.3	1.5	3.3	3.2	13.7	7.4
Boat, RV, van, etc.					0.1	-	0.6	0.2

Source: 2000 Census

Indicators of Overcrowding

The Census Bureau defines an overcrowded unit as one occupied by 1.01 persons or more per room (excluding bathrooms and kitchens). Units with more than 1.5 persons per room are considered severely overcrowded.

As shown in Table 11, overcrowding occurs in approximately 20 percent of all housing units in the region, with the notable exception of Livingston, where 43 percent of all housing units are considered overcrowded.

Table 11

Incidence of Overcrowding								
Occupants Per Room	Atwater	Dos Palos	Gustine	Livingston	Los Banos	Merced	Unincorp	County Total
1.00 or less	5907	1150	1471	1361	6462	16352	18316	51019
1.01 to 1.50	524	128	81	403	651	1649	1961	5397
1.51 or more	795	151	148	652	639	2479	2535	7399
Incidence of Overcrowding Expressed as Percentages								
1.00 or less	81.7	80.5	86.5	56.3	83.4	79.8	80.3	79.9
1.01 to 1.50	7.3	9.0	4.8	16.7	8.4	8.1	8.6	8.5
1.51 or more	11.0	10.6	8.7	27.0	8.2	12.1	11.1	11.6
Average Household Size								
Owner Occupied Units	3.01	3.16	2.66	4.38	3.29	2.93	*	3.14
Renter Occupied Units	3.37	3.26	3.07	4.34	3.40	3.18	*	3.42

*Unavailable

Source: 2000 Census

Housing Affordability Indicators

Affordability of housing may be quantified in terms of the percentage of the gross household income a household spends for housing. Housing is considered affordable if a household spends 30 percent or more of its gross household income on housing costs.

Table 12 displays housing costs in the region as a percentage of household income, for both owners and renters. Overpayment occurs in approximately 30 percent of all owner occupied housing units in the region, and in approximately 45 percent of all renter occupied units.

Table 12

Monthly Owner Costs as a Percentage of Household Income								
	Atwater	Dos Palos	Gustine	Livingston	Los Banos	Merced	Unincorp	County Total
Less than 15.0 %	25.6	32.9	35.3	26.8	24.0	28.8	28.9	27.8
15.0 to 19.9 %	16.7	18.4	17.5	13.5	14.6	15.8	13.9	15.1
20.0 to 24.9 %	18.3	7.8	9.6	14.5	14.8	14.3	14.6	14.6
25.0 to 29.9 %	13.2	8.8	9.3	12.6	14.4	10.4	12.6	12.1
30.0 to 34.9 %	8.6	4.5	8.7	9.6	8.1	9.6	6.9	8.1
35.0 % or more	17.2	26.6	18.7	21.6	23.5	20.7	23.1	21.6
Gross Rent as a Percentage of Household Income								
Less than 15.0 %	17.5	28.3	19.9	12.3	15.1	14.6	20.6	15.9
15.0 to 19.9 %	16.2	10.9	5.6	19.5	16.6	13.5	15.2	13.8
20.0 to 24.9 %	10.7	9.9	18.0	13.5	16.9	12.3	14.8	12.6
25.0 to 29.9 %	12.1	3.8	11.4	12.0	11.6	10.4	10.1	10.1
30.0 to 34.9 %	9.1	3.9	2.7	9.3	8.5	8.3	6.8	7.5
35.0 % or more	30.9	37.0	38.9	30.0	25.3	36.9	32.5	32.1

Source: 2000 Census

Indicators of Housing Stock Conditions

Substandard housing may be defined as a lack of adequate kitchen, toilet, heat, or plumbing facilities. Table 13 displays housing stock condition indicators in the region as a percentage of those units lacking complete plumbing facilities and complete kitchen facilities, for both owners and renters. In particular, the percentage of units built before 1960 can serve as an indicator of the housing stock condition of a jurisdiction, and an estimate of rehabilitation need.

Approximately 29 percent of all housing units in the region were constructed before 1960, however, wide disparities are noted. Only 14.7 percent of Livingston's housing stock was constructed before 1960, as opposed to Dos Palos' high of 35.3 percent.

Table 13

Housing Stock Condition Indicators Expressed as Percentages								
Indicator	Atwater	Dos Palos	Gustine	Livingston	Los Banos	Merced	Unincorp	County Total
Lacking complete plumbing	1.1	1.5	-	2.1	1.0	1.4	1.1	1.3
Lacking complete kitchen facilities	0.3	1.7	0.4	0.7	1.1	2.0	0.7	1.2
Year Structure Built								
1995-1998	10.2	4.8	4.8	6.2	13.5	6.0	7.9	8.0
1990-1994	7.1	2.2	6.7	28.6	20.7	7.9	10.6	10.9
1980-1989	20.4	19.0	17.0	16.9	13.1	19.3	16.3	17.4
1970-1979	22.3	21.3	14.2	21.5	13.4	26.7	18.2	20.9
1960-1969	15.0	17.4	18.3	11.7	16.0	13.4	16.4	15.2
1940-1959	20.8	25.3	20.4	10.9	11.8	19.2	19.1	18.4
1939 or earlier	2.8	10.0	13.3	3.8	4.3	6.0	9.7	7.0
House Heating Fuel								
Utility gas	66.0	74.8	67.6	62.8	62.2	58.9	40.6	54.3
Bottled, tank, or LP gas	1.5	0.8	2.2	2.7	1.5	1.8	19.6	8.1
Electricity	29.6	23.4	25.8	32.1	35.0	37.3	29.7	32.6
Fuel oil, kerosene, etc.	-	-	-	0.3	0.1	-	.2	0.1
Coal	-	-	-	-	-	-	-	-
Wood	2.1	1.0	3.5	1.4	0.9	1.3	8.4	4.0
Solar energy	-	-	-	0.5	-	-	-	-
Other fuel	0.1	-	0.9	-	-	0.2	1.1	0.5
No fuel used	0.6	-	-	0.2	0.3	0.4	.3	0.4

Source: 2000 Census

Loss of Units Contained in Assisted Housing Developments that Changed to Non Low Income Use

Assisted housing developments are privately owned multi family rental housing complexes that receive government assistance which are eligible to change to market rate housing due to termination of a rent subsidy contract (e.g. Section 8), mortgage prepayment, or other expiring use restrictions.³

According to the Housing Authority of the County of Merced, there have not been any units in its assisted housing developments which changed to non-low income uses. According to the Housing Authority of the County of Merced, an estimate of the loss does not currently apply to Merced County.

In October 2002, the State Department of Housing and Community Development provided to MCAG the following list (Table 14) of multifamily rental developments in the Merced County area, assisted by USDA's federal Rural Development Section 515 Program, and considered at risk of conversion to market rate.

Each jurisdiction will be required to estimate the number of assisted units which have converted to non-low income use in individual housing elements.

Summary: Market Demand for Housing

A certain number of vacant units are needed in the housing market to promote residential choice, moderate cost of units, and provide sufficient incentive for unit upkeep and repair. These factors are addressed in Tables 15A and 15B (page 19), for which vacancy rates were calculated.

As indicated throughout this discussion, factors such as overcrowding, affordability, housing stock condition, as well as suitable sites and public facilities, type and tenure of housing need, and loss of units in assisted housing developments vary significantly among jurisdictions. These issues should be addressed in individual jurisdiction housing elements.

³ Housing Element Questions and Answers, State of California Department of Housing and Community Development, June 2001, p. 11.

Table 14

**California's Multifamily Rental Developments
Assisted by the Federal Rural Development Section 515 Program
At Risk of Conversion to Market Rate**

Year Eligible to Prepay	Start	Project Name	Project Address	City	Prog Type	# Units	# Units Assisted	Borrower
2028	6/94	Almond Garden Apts	16200 W. Delhi Ave	Delhi	El	34	33	Almond Garden Elderly
2003	4/84	Magnolia Gardens	9760 Gordon Ave	Delhi	Fam	34	24	Security Enterprise
2007	3/88	Dos Palos Apts	21100 S. Hwy 33	Dos Palos	Fam	40	4	Dos Palos Associates
2028	1/97	Palos Verde Apts	21797 S. Reynolds	Dos Palos	Fam	32	31	South Dos Palos Enterprises
2001	5/80	Gustine Garden Apts	394 Wallis Ave	Gustine	El	34	34	Sira Enterprises
2007	12/88	Meredith Manor Apts	385 Meredith Ave	Gustine	Fam	40	16	Gustine Associates
2028	9/93	Le Grand Apts	13171 E. Brice St	Le Grand	Fam	35	34	Le Grand Enterprises
2005	12/86	Harvest Gardens	1429 Nut Tree	Livingston	Fam	44	0	Mist Ltd
2009	3/92	Vintage West Apts	1000 Front St	Livingston	Fam	55	54	Buttonwood Villa
2004	3/85	Central Valley Apts I	1100 D St	Los Banos	Fam	40	4	Los Banos Investors
2007	8/88	Central Valley Apts II	1130 D St	Los Banos	Fam	38	32	Los Banos Garden
2010	5/79	Los Banos Apts	44 West I St	Los Banos	Fam	68	66	Los Banos Apts
2001	9/78	MacArthur Apts	1130 F St	Los Banos	El	50	50	MacArthur Apts Associates
2001	10/80	MacArthur Apts II	1130 F St	Los Banos	El	50	50	MacArthur Apts Associates

Source: State Dept Housing & Community Development, October 2002

LOCAL HOUSING NEEDS DETERMINATIONS

This chapter summarizes the methods to estimate regional housing needs for Merced County and contains the Department of Housing and Community Development's determinations of existing and projecting housing needs. The tables provide the numerical information relating to determining the housing needs, and the factors to be considered in making the determinations.

The MCAG 2001 Regional Housing Needs Plan responds to State statute and guidelines by identifying the following components:

1. The existing and projected housing needs of the Merced County region;
2. The housing needs of persons at all income levels within the area significantly affected by a jurisdiction's general plan;
3. The distribution of housing needs to reduce the concentration of lower income households in communities which already have disproportionately high percentages of lower income households;
4. A January 1, 2001 to July 1, 2008 planning time frame consistent with the statutory schedule.

As has been stated throughout this report, the MCAG 2001 Regional Housing Needs Plan is intended to assist MCAG member jurisdictions in planning for growth anticipated through 2008. Each jurisdiction's need may be reduced in its housing element by permits issued since January 1, 2001. **The method by which each locality addresses the local housing need determinations described in the Regional Housing Needs Plan will be decided by each individual jurisdiction within their Housing Elements.** Housing elements of MCAG member jurisdictions must be adopted by December 31, 2003 and effective through June 2008.

As noted on page 20, the 2001 MCAG Regional Transportation Plan population forecasts are a major component of the utilized methodology. Those population forecasts in turn are based upon the assumption that UC Merced will open in 2004 as scheduled. In the event that UC Merced should be delayed, at the request of local jurisdictions, MCAG will consider appropriate amendments to the Regional Housing Needs Plan.

The 2001 MCAG Regional Transportation Plan forecasts are for the Specific Urban Development Plan (SUDP) areas. The Regional Housing Needs Plan will assume annexations and no re-allocation will be required after annexation.

Methodology Overview

On January 8, 2002, the State Department of Housing and Community Development (HCD) provided preliminary projections to MCAG of the region's share of the Statewide housing need from January 1, 2001 to July 1, 2008. HCD's estimate of the region's housing need was based

Merced County Association of Governments Regional Housing Needs Plan

on Merced County demographics. The MCAG Governing Board accepted HCD's total estimated regional need on February 21, 2002.

MCAG met with local government representatives between January 2002 and April 2002. A methodology was developed to determine the region's total housing need, as well as how to allocate shares to each jurisdiction.

In developing the methodology, MCAG took into account the need to have readily available, replicable, accepted, and regionally significant data sources. The following list of data sources was used in developing and implementing the RHND methodology:

- MCAG Regional Transportation Plan population and employment projections; the Regional Transportation Plan was adopted by the MCAG Governing Board on July 19, 2001
- 1990 US Census data for income distribution analysis (see discussion below)
- 2000 US Census data for base population estimates, housing unit and vacancy rates, and income distribution analysis
- State Department of Finance data for total housing units as of January 1, 2001

On April 18, 2002, the MCAG Governing Board adopted the methodology distributing each jurisdiction's local share of regional housing need. In addition, local share of regional housing need distributed by income category as determined by 1990 Census data was adopted, although the Board expressed strong concerns about basing the distribution on 1990 data as opposed to the 2000 Census.

The general concern raised was that 1990 Census information was outdated and may therefore distribute allocations in ways that the jurisdictions perceived as inaccurate. The Board expressed a desire that the Regional Housing Needs allocation be based as much as possible on 2000 Census data.

2000 Census data for income was received by MCAG staff May 14, 2002. The income distribution methodology approved by the Board on April 18, 2002 is therefore applied, utilizing 2000 Census data.

Realistically, no exact databases are available to complete a process such as the Regional Housing Needs Plan. MCAG staff believes that the use of both Regional Transportation Plan projections and Census data in concert provide the most reasonable and consistent measurement of household growth for a majority of the jurisdictions in the region.

The following pages describe the methodology developed by MCAG.

Existing Housing Need

MCAG is required to calculate the amount of existing housing need for each community.

MCAG acknowledges the efforts of jurisdictions in meeting the housing needs of their residents. The Existing Need determination:

- is intended as a planning aid for jurisdictions in programming, goal setting, and allocation of resources;
- does not reflect progress communities have made in alleviating housing problems since the 1990 Census, nor does it capture instances where conditions may have worsened;
- is not intended as construction targets, nor are jurisdictions expected to “solve” Existing Need within the context of the Housing Element.

Existing housing need portrays the sufficiency of housing in relation to demand as reflected by total housing units plus a 5 percent vacancy factor. The vacancy adjustment is built on the concept that vacancies serve an important function in a community’s housing market in order to promote residential choice, moderate cost of units, and provide sufficient incentive for unit upkeep and repair.

As indicated in the *Market Demand for Housing* discussion on page 9 and further demonstrated in Tables 15A and 15B below, Merced County’s housing stock has grown commensurately with household growth. At the time of the 2000 Census, Merced County overall had 359 more total units than the ideal 5 percent vacancy factor. According to the State Department of Finance, as of January 1, 2001, Merced County had 1,377 more total units than the existing housing need with the 5 percent vacancy factor.

Table 15A

Merced County					
Existing Housing Need as of April 2000					
Jurisdiction	TOTAL HSG UNITS 2000	TOTAL VACANT HSG UNITS 2000	VACANT HSG UNITS FOR SEAS, REC OR OCCAS USE (NOT PERMANENT STOCK)	VACANT YEAR ROUND HSG UNITS 2000	EXISTING HOUSING NEED 2000 (IDEAL # PERMANENT STOCK VACANT)
Atwater	8,114	867	19	848	-443
Dos Palos	1,491	67	2	65	9
Gustine	1,763	80	5	75	12
Livingston	2,449	59	3	56	66
Los Banos	8,049	328	48	280	120
Merced	21,532	1,097	42	1,055	20
Unincorp	24,975	2,060	703	1,357	-143
County Total	68,373	4,558	822	3,736	-359

Notes:

1. Data is based upon 2000 US Census; vacant year around housing units exclude those for seasonal, recreational, or occasional use
2. Existing Housing Need is:
 Total Housing Units minus vacant seasonal (equals # permanent stock);
 # permanent stock multiplied by 5% vacancy factor (equals ideal # permanent stock vacant);
 Actual # permanent stock vacant minus ideal # permanent stock vacant
3. Total housing units as of January 2001 is based upon State Department of Finance data, which does **not** include figures on housing units constructed for seasonal, recreational, or occasional use

Table 15B

Merced County					
Existing Housing Need as of January 1, 2001					
Jurisdiction	TOTAL HSG UNITS 2000 (APR 2000, CENSUS)	TOTAL HSG UNITS 2001 (JAN 2001, DEPT OF FINANCE)	DIFFERENCE APR 2000 & JAN 2001	EXISTING HSG NEED APR 2000	EXISTING HSG NEED JAN 2001
Atwater	8,114	8,186	72	-443	-515
Dos Palos	1,491	1,493	2	9	7
Gustine	1,763	1,811	48	12	-36
Livingston	2,449	2,451	2	66	64
Los Banos	8,049	8,484	435	120	-315
Merced	21,532	21,712	180	20	-160
Unincorp	24,975	25,254	279	-143	-422
County Total	68,373	69,391	1,018	-359	-1377

Projected 2008 Households

Step 1: Projected Year Households For Each Locality

- Base year population estimates for each locality were identified utilizing 2000 Census data (Table 16, Column 1).
- Projected year population forecasts for each locality were identified utilizing the MCAG Regional Transportation Plan forecasts (Column 4).

As noted below, the MCAG population forecasts are for the Specific Urban Development Plan (SUDP) areas for each incorporated city and for the remaining unincorporated areas of Merced County, as defined in each community's General Plan. Census estimates account only for population reported within the City limits.

This methodology is consistent with that used in the 1991 Regional Housing Needs Plan.

**Table 16
Merced County Population**

	POPULATION ESTIMATE 2000 CENSUS	POPULATION FORECAST MCAG REGIONAL TRANSPORTATION PLAN ADOPTED JULY 2001 (INCLUDES UC MERCED)			
	1	2	3	4	5
	2000	2000	2005	2008	2010
Atwater	23,113	28,545	31,557	33,197	34,291
Dos Palos	4,581	6,061	6,600	6,921	7,135
Gustine	4,698	4,655	5,119	5,400	5,588
Livingston	10,473	10,725	12,524	13,720	14,519
Los Banos	25,869	24,106	29,645	33,575	36,194
Merced	63,893	70,544	81,263	87,713	92,014
County Unincorporated	77,927	70,620	76,138	80,964	84,182

Notes:

1. 2000 Census population estimates account only for population reported within the City limits.
2. MCAG population forecasts are for the Specific Urban Development Plan (SUDP) areas for each incorporated city and for the remaining unincorporated areas of Merced County, as defined in each community's General Plan
3. MCAG population forecasts include UC Merced, based upon May 2000 data from EIP Associates

Step 2: Projected 2008 Shares of Regional Housing Needs for Each Locality

On January 8, 2002 the State Department of Housing and Community Development issued its Regional Housing Needs “middle” determination of 13,259 housing units for Merced County by June 2008. That determination was accepted and adopted by the MCAG Governing Board on February 21, 2002.

On October 10, 2002, HCD revised its income distribution determination to be consistent with 2000 Census data, shown below in Table 17, and discussed in more detail on page 23.

Table 17
Merced County Regional Housing Needs
January 2001 – July 2008

By Income Distribution	Percentage	Number of Housing Units	
		“Low” (Minimum)	“Middle”
Above Moderate	41%	5,087	5,436
Moderate	19%	2,357	2,519
Low	17%	2,109	2,254
Very Low	23%	2,853	3,050
Total Housing Units		12,406	13,259

Base year average household size for each locality was identified utilizing 2000 Census data (Table 18, Column 2). Projected year household forecasts for each locality were identified by dividing 2008 projected population (Column 3) by each locality's average household size (Column 2). The resulting projected 2008 households (Column 4) are then used to calculate each jurisdiction's percentage of projected households by 2008 (Column 5).

The percentage of each jurisdiction's projected households by 2008 (Column 5) is then applied to the region's share of total housing units (13,259) to determine each jurisdiction's share of the region's total additional housing units by 2008 (Column 7).

**Table 18
Merced County Housing Units and Households**

	HSHLDS 2000 CENSUS	AVG HSHLD SIZE 2000 CENSUS	2008 POP FORECAST	2008 PROJ HSHLDS	% PROJ HSHLDS BY 2008	TOTAL HUs JAN 1, 2001	# ADDITIONAL HUs BY 2008
	1	2	3	4	5	6	7
Atwater	7,247	3.15	33,197	10,539	12.95	8,186	1,717
Dos Palos	1,424	3.20	6,921	2,163	2.65	1,493	351
Gustine	1,683	2.79	5,400	1,935	2.37	1,811	314
Livingston	2,390	4.37	13,720	3,140	3.85	2,451	510
Los Banos	7,721	3.33	33,575	10,083	12.39	8,454	1,643
Merced	20,435	3.06	87,713	28,664	35.19	21,712	4,666
County Unincorp	22,915	3.25	80,964	24,912	30.60	25,2154	4,058
Merced County Total	63,815			81,436		69,391	13,259

Step 3: Base Year Income Group Percentages for Each Locality

Base year household income percentages for each locality were identified utilizing 2000 Census data for income (Tables 19A and 19B), provided by HCD October 2002.

The methodology applied to derive the income group percentages is described below.

Very Low:	<50%	County Median
Low:	50% - 80%	County Median
Moderate:	80% - 120%	County Median
Above Moderate:	>120%	County Median

2000 Merced County Median Household Income: \$35,532

Table 19A

Merced County's Number of Households by Income Category With 2000 Census Data ("without CHAS data")				
	Incomes in Each Category (Based on Median Income of \$35,532)		Number of Households in Income Range	Percentage
	Starting	Highest		
Very Low	0	\$17,766	14,651	23%
Low	\$17,767	\$28,426	10,663	17%
Moderate	\$28,427	\$42,638	12,327	19%
Above Moderate	\$42,639	All else	26,292	41%

Source: Department of Housing and Community Development, October 2002: based on 2000 Census Population and Housing Summary Tape File 3A, 040 California

Table 19B

Estimated Households on April 1, 2000 by Income Category							
Income Group	Atwater	Dos Palos	Gustine	Livingston	Los Banos	Merced	Unincorporated
Very Low	1493	379	436	522	1289	5802	4876
Low	1491	353	263	647	1270	4645	4706
Moderate	1073	160	201	348	1124	2590	3213
Above Moderate	3180	555	792	883	4075	7428	10139
Estimated Households on April 1, 2000 by Income Category Expressed as Percentages							
Very Low	20.63	26.19	25.77	21.75	16.62	28.35	21.26
Low	20.60	24.39	15.54	26.96	16.37	22.70	20.52
Moderate	14.83	11.06	11.88	14.5	14.48	12.66	14.01
Above Moderate	43.94	38.36	46.81	36.79	52.53	36.29	44.21

Source: 2000 Census

Step 4: Projected 2008 Income Group Percentages for Each Locality

Projected year household income percentages for each locality were applied utilizing 2000 Census county wide data (Table 20).

Each locality will plan for units by income that exactly match the county wide goal distribution. Therefore, those localities with shares of very low income units that exceed the county wide average share will receive their new allocation with shares matching the County's distribution. Over time, if the units were actually built, over concentrations would be reduced.

This methodology is identical to the methodology utilized in the 1991 Regional Housing Needs Plan, and has been deemed acceptable by HCD.

Table 20 shows the additional number of housing units required to satisfy housing demand for the population anticipated through July 2008 by jurisdiction.

The calculation considers MCAG Regional Transportation Plan adopted population forecasts, and 2000 Census income data.

As described in the MCAG 1991 Regional Housing Needs Plan, the resulting numbers from the procedure described above do not imply that each jurisdiction must produce the identified amount of very low, low, moderate and above moderate income housing. The numbers do imply a net increase in the number of available units in each of these income categories. A community may promote additional housing opportunities by a number of means, including:

- Allowing large single family homes to be converted to multi family uses
- Promoting or encouraging the rehabilitation of substandard units or units presently scheduled for demolition
- Providing for the conversion of seasonal units to year round occupancy
- Authorizing the construction of new low and moderate income housing units

How each locality addresses the determination of regional housing need by income category will be decided within the Housing Elements of each individual jurisdiction.

Table 20			
Projected Share of Additional Housing Units by July 1, 2008 with Income Group Allocations			
Jurisdiction	Income Group	%	#
Atwater	Very Low	23%	395
	Low	17%	292
	Moderate	19%	326
	Above Moderate	41%	704
	Total Projected Additional Housing Units by 2008		
Dos Palos	Very Low	23%	81
	Low	17%	60
	Moderate	19%	67
	Above Moderate	41%	143
	Total Projected Additional Housing Units by 2008		
Gustine	Very Low	23%	72
	Low	17%	53
	Moderate	19%	60
	Above Moderate	41%	129
	Total Projected Additional Housing Units by 2008		
Livingston	Very Low	23%	118
	Low	17%	87
	Moderate	19%	96
	Above Moderate	41%	209
	Total Projected Additional Housing Units by 2008		
Los Banos	Very Low	23%	378
	Low	17%	279
	Moderate	19%	312
	Above Moderate	41%	674
	Total Projected Additional Housing Units by 2008		
Merced	Very Low	23%	1073
	Low	17%	793
	Moderate	19%	887
	Above Moderate	41%	1913
	Total Projected Additional Housing Units by 2008		
County (Unincorporated)	Very Low	23%	933
	Low	17%	690
	Moderate	19%	771
	Above Moderate	41%	1664
	Total Projected Additional Housing Units by 2008		
Merced County	Very Low	23%	3,050
	Low	17%	2,254
	Moderate	19%	2,519
	Above Moderate	41%	5,436
	Total Projected Additional Housing Units by 2008		

Note: each jurisdiction's need may be reduced in its housing element by permits issued since January 1, 2001.

LOCAL GOVERNMENT REVIEW PROCESS

Government Code Section 65584 subsection (c) provides a local review process of Regional Housing Needs Plan, including consideration of revisions requested by jurisdictions, pursuant to meeting various specified conditions. The section below summarizes that process: Government Code Section 65584 (c) is included as Appendix B.

Initial Determinations Phase

The regional housing need and local shares of such need are identified after consideration of statutory factors. Completion of this step begins a 90 day local review and revision phase.

Local Review and Revision Phase

MCAG Governing Board authorizes release of Draft Regional Housing Needs Plan for comment and forwards to the California Department of Housing and Community Development (HCD) for review. Merced County and each of the six incorporated cities have 90 days in which to request a revision of the local share of the regional housing need; any revision must be based upon accepted planning methods and available data.

MCAG Action on Local Revisions Phase

Within 60 days after the 90 day Local Review and Revision Phase, the MCAG Governing Board must either:

- accept a local government's request for revision to its share of the regional housing need;
- modify its earlier determination; or
- indicate why the revision is inconsistent with regional housing needs.

The Government code specifies that local government revisions must be based on available data and accepted planning methods, however, it does not specify what constitutes available data, nor does it prescribe a planning methodology. A local government request for revision to its share of the regional housing need may be accepted only if the below conditions are met:

1. One or more cities within the county agree to increase its share or their shares in an amount that will make up for the reduction.
2. The county's share of low income and very low income housing shall be reduced only in proportion to the amount by which the county's share of moderate and above moderate income housing is reduced.

The housing need for the unincorporated area of the county is not distributed to the individual unincorporated communities. MCAG is relying on the county to decide how such housing needs are to be addressed for the unincorporated areas in the county's housing element. This strategy is consistent with the last Regional Housing Needs Plan, adopted April 1991.

The below listed milestones incorporate key dates in MCAG's Regional Housing Needs Plan process in relationship to the above listed statutory requirements.

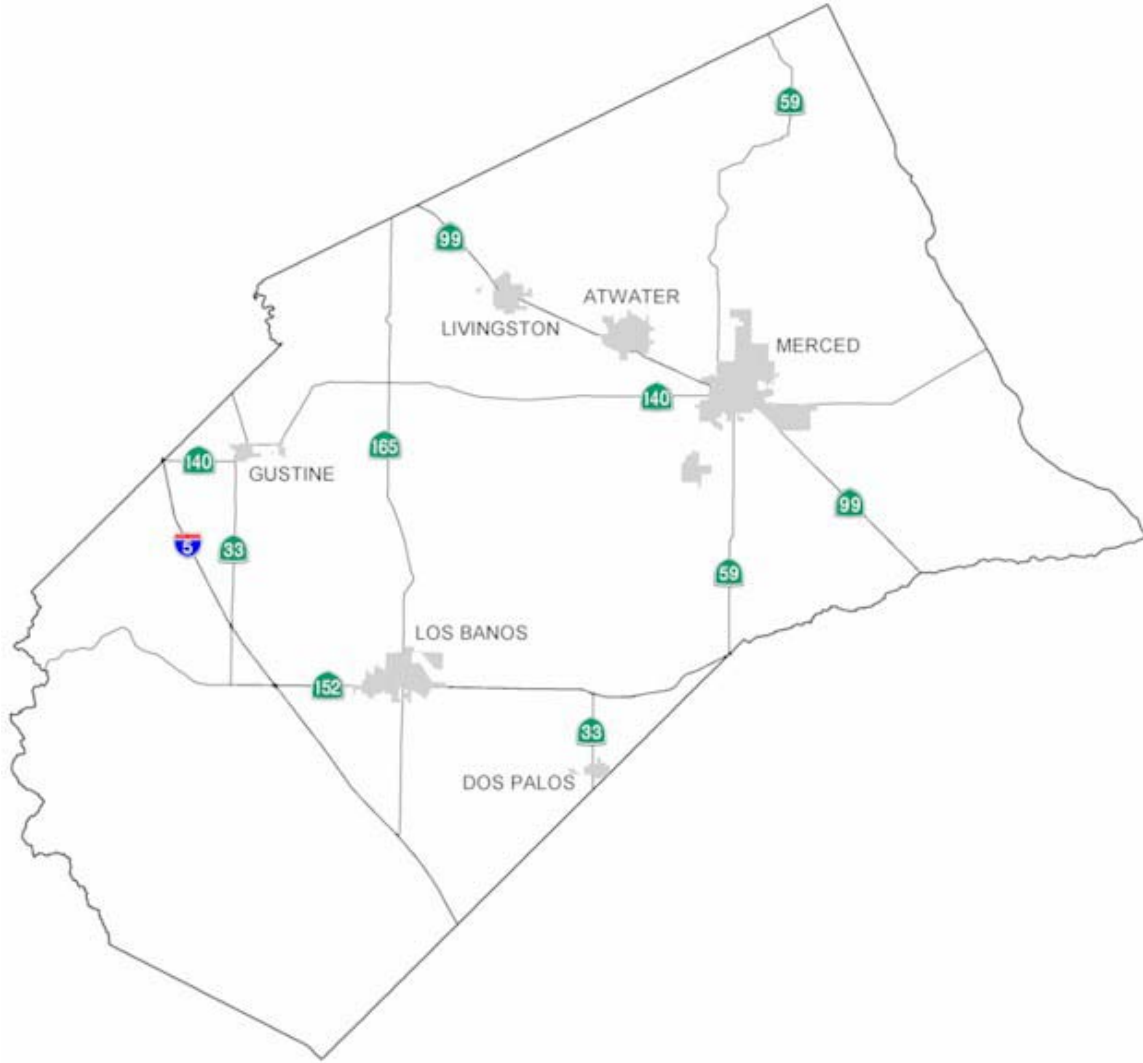
Milestone	Date
<i>Initial Determinations Phase</i>	
HCD determination of Merced County's regional share of state wide housing need	January 8, 2002
MCAG Governing Board accepted HCD determinations of Merced County region's share of the State's projected housing needs from the time period January 2001 to July 2008	February 21, 2002
MCAG Governing Board adopted:	April 18, 2002
<ul style="list-style-type: none"> • Methodology and determinations of each jurisdiction's local share of accepted regional housing need • Methodology distributing each jurisdiction's local share of housing need by income category as determined by Census household income 	
<i>Local Review and Revision Phase</i>	
MCAG Governing Board authorized staff to issue Draft Regional Housing Needs Plan for 90 day consideration including adopted jurisdiction local shares and income group distribution with 2000 Census data applied	June 20, 2002
90 day revision period closed; no written comments or written proposed revisions were received from any MCAG member jurisdiction	September 20, 2002

MCAG Action on Local Revisions Phase

MCAG to act on any proposed revisions of Draft Regional Housing Needs Plan within 60 days after close of 90 day revision period (not applicable: no revisions were proposed)	October 31, 2002
Appealing jurisdiction can request public hearing within 30 days (of October 31 action) (not applicable)	November 18, 2002
MCAG Governing Board adopted Final Regional Housing Needs Plan	November 21, 2002
Deadline to submit Final Regional Housing Needs Plan to HCD	December 31, 2002

APPENDIX A

MERCED COUNTY AND INCORPORATED AREAS



APPENDIX B

65584.

- a) For purposes of subdivision (a) of Section 65583, the share of a city or county of the regional housing needs includes that share of the housing need of persons at all income levels within the area significantly affected by a general plan of the city or county.

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, as defined in paragraph (8) of subdivision (a) of Section 65583, that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions, and the housing needs of farmworkers.

The distribution shall seek to reduce the concentration of lower income households in cities or counties that already have disproportionately high proportions of lower income households. Based upon population projections produced by the Department of Finance and regional population forecasts used in preparing regional transportation plans, and in consultation with each council of governments, the Department of Housing and Community Development shall determine the regional share of the statewide housing need at least two years prior to the second revision, and all subsequent revisions as required pursuant to Section 65588.

Based upon data provided by the department relative to the statewide need for housing, each council of governments shall determine the existing and projected housing need for its region. Within 30 days following notification of this determination, the department shall ensure that this determination is consistent with the statewide housing need. The department may revise the determination of the council of governments if necessary to obtain this consistency.

The appropriate council of governments shall determine the share for each city or county consistent with the criteria of this subdivision and with the advice of the department subject to the procedure established pursuant to subdivision (c) at least one year prior to the second revision, and at five-year intervals following the second revision pursuant to Section 65588. The council of governments shall submit to the department information regarding the assumptions and methodology to be used in allocating the regional housing need.

As part of the allocation of the regional housing need, the council of governments, or the department pursuant to subdivision (b), shall provide each city and county with data describing the assumptions and methodology used in calculating its share of the regional housing need. The department shall submit to each council of governments information regarding the assumptions and methodology to be used in allocating the regional share of the statewide housing need. As part of its determination of the regional share of the statewide housing need, the department shall provide each council of governments with

data describing the assumptions and methodology used in calculating its share of the statewide housing need. The councils of governments shall provide each city and county with the department's information. The council of governments shall provide a subregion with its share of the regional housing need, and delegate responsibility for providing allocations to cities and a county or counties in the subregion to a subregional entity if this responsibility is requested by a county and all cities in the county, a joint powers authority established pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1, or the governing body of a subregional agency established by the council of governments, in accordance with an agreement entered into between the council of governments and the subregional entity that sets forth the process, timing, and other terms and conditions of that delegation of responsibility.

- (b) For areas with no council of governments, the department shall determine housing market areas and define the regional housing need for cities and counties within these areas pursuant to the provisions for the distribution of regional housing needs in subdivision (a). If the department determines that a city or county possesses the capability and resources and has agreed to accept the responsibility, with respect to its jurisdiction, for the identification and determination of housing market areas and regional housing needs, the department shall delegate this responsibility to the cities and counties within these areas.
- (c)
 - (1) Within 90 days following a determination of a council of governments pursuant to subdivision (a), or the department's determination pursuant to subdivision (b), a city or county may propose to revise the determination of its share of the regional housing need in accordance with the considerations set forth in subdivision (a). The proposed revised share shall be based upon available data and accepted planning methodology, and supported by adequate documentation.
 - (2) Within 60 days after the time period for the revision by the city or county, the council of governments or the department, as the case may be, shall accept the proposed revision, modify its earlier determination, or indicate, based upon available data and accepted planning methodology, why the proposed revision is inconsistent with the regional housing need.
 - (A) If the council of governments or the department, as the case may be, does not accept the proposed revision, then the city or county shall have the right to request a public hearing to review the determination within 30 days.
 - (B) The city or county shall be notified within 30 days by certified mail, return receipt requested, of at least one public hearing regarding the determination.
 - (C) The date of the hearing shall be at least 30 days from the date of the notification.
 - (D) Before making its final determination, the council of governments or the department, as the case may be, shall consider comments, recommendations,

available data, accepted planning methodology, and local geological and topographical restraints on the production of housing.

- (3) If the council of governments or the department accepts the proposed revision or modifies its earlier determination, the city or county shall use that share. If the council of governments or the department grants a revised allocation pursuant to paragraph (1), the council of governments or the department shall ensure that the current total housing need is maintained. If the council of governments or the department indicates that the proposed revision is inconsistent with the regional housing need, the city or county shall use the share that was originally determined by the council of governments or the department.
- (4) The determination of the council of governments or the department, as the case may be, shall be subject to judicial review pursuant to Section 1094.5 of the **Code** of Civil Procedure.
- (5) The council of governments or the department shall reduce the share of regional housing needs of a county if all of the following conditions are met:
 - (A) One or more cities within the county agree to increase its share or their shares in an amount that will make up for the reduction.
 - (B) The transfer of shares shall only occur between a county and cities within that county.
 - (C) The county's share of low-income and very low income housing shall be reduced only in proportion to the amount by which the county's share of moderate- and above moderate-income housing is reduced.
 - (D) The council of governments or the department, whichever assigned the county's share, shall have authority over the approval of the proposed reduction, taking into consideration the criteria of subdivision (a).
- (6) The housing element shall contain an analysis of the factors and circumstances, with all supporting data, justifying the revision.

All materials and data used to justify any revision shall be made available upon request by any interested party within seven days upon payment of reasonable costs of reproduction unless the costs are waived due to economic hardship.

- d) (1) Except as provided in paragraph (2), any ordinance, policy, or standard of a city or county that directly limits, by number, the building permits that may be issued for residential construction, or limits for a set period of time the number of buildable lots that may be developed for residential purposes, shall not be a justification for a determination or a reduction in the share of a city or county of the regional housing need.

- (2) Paragraph (1) does not apply to any city or county that imposes a moratorium on residential construction for a specified period of time in order to preserve and protect the public health and safety. If a moratorium is in effect, the city or county shall, prior to a revision pursuant to subdivision (c), adopt findings that specifically describe the threat to the public health and safety and the reasons why construction of the number of units specified as its share of the regional housing need would prevent the mitigation of that threat.
- (e) Any authority to review and revise the share of a city or county of the regional housing need granted under this section shall not constitute authority to revise, approve, or disapprove the manner in which the share of the city or county of the regional housing need is implemented through its housing program.
- (f) A fee may be charged to interested parties for any additional costs caused by the amendments made to subdivision (c) by Chapter 1684 of the Statutes of 1984 reducing from 45 to 7 days the time within which materials and data shall be made available to interested parties.
- (g) Determinations made by the department, a council of governments, or a city or county pursuant to this section are exempt from the California Environmental Quality Act, Division 13 (commencing with Section 21000) of the Public Resources Code.