



PROJECT SUMMARY

Subject: 7th Cycle Housing Element Update
Environmental Status: Statutorily Exempt, Public Resource Code Section 21080.085
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RECOMMENDATION:

Receive and File

BACKGROUND:

California requires that all local governments (cities and counties) adopt a Housing Element of their General Plans, which adequately plans to meet the housing needs of the community, at all income levels. A general plan serves as a local government's blueprint for how the city and/or county will grow and develop and includes eight elements: land use, transportation, conservation, noise, open space, safety, environmental justice, and housing. A Housing Element is required to have the following components:

- Review of the previously adopted 6th Cycle Housing Element
- Ensuring adequate land zoned to accommodate Regional Housing Needs Allocation (RHNA)
- Inventory and analysis of adequate sites to meet RHNA
- Analysis of potential constraints
- Development of Housing policies and programs
- Quantified objectives

Regional Housing Needs Allocation (RHNA):

Prior to each Housing Element Cycle, HCD determines how much housing at varying affordability levels, is needed in regions within the state. For our region, HCD allocates the housing needs for Nevada County and distributes the RHNA targets amongst Grass Valley, Nevada City, Truckee and the unincorporated territory of the County. On January 8, 2026, HCD submitted its final RHNA distribution for Nevada County jurisdictions as follows:

Regional Housing Needs Allocation by Income Category

Jurisdiction	Acutely Low	Extremely Low	Very-Low	Low	Moderate	Above-Moderate	Total
Nevada County Region Total	596	620	902	1,123	1,381	2,433	7,055
City of Grass Valley	119	115	161	224	282	476	1,377
City of Nevada City	44	37	60	70	56	157	424
Town of Truckee	116	137	224	231	313	521	1,542
Unincorporated Nevada County	317	331	457	598	730	1,279	3,712

For reference the total RHNA demand for Nevada County under the 6th Cycle Housing Element update was 2,062 units, compared to the current 7th Cycle’s demand of 7,055 units. Similarly, Grass Valley’s 6th Cycle RHNA total was 743 units so the current cycle represents nearly twice the required targets as previously required. As part of the sites inventory analysis, staff will determine whether the City can meet the RHNA demand with existing zoning. If not, the City will be required to identify candidate sites to rezone to meet the RHNA demand, which is required to occur within three years of the Housing Element adoption. Staff is currently working on the sites inventory analysis, but based on the 6th Cycle analysis, and the approximate 300 sites removed from the site due to development, staff anticipates a potential need for 100 additional units to be accommodated through rezoning, with a focus on lower income accommodation. This is a rough estimate that, in part, considers the new regulations for determining realistic capacity of a site based on constraints that can be either physical (i.e. topography) or governmental/policy-driven (i.e. mixed use requirements, development standards).

Public Engagement:

In addition to this kick-off meeting, staff anticipates holding a public workshop on June 30, 2026 with a focus on community goals for higher density housing within the City. Staff also plans to put out a housing survey focused on perceived housing needs of the community and appropriate development types in traditional single-family residences. Once a draft of the Housing Element update is ready, staff will present the findings and anticipated programs at a public meeting.

Consequences of Non-Compliance:

If the City does not adopt a Housing Element certified by HCD as complying with state law, the City would be at risk for several consequences including the following:

- The city may be ineligible for state funding (not just limited to housing grants, but transportation funding and others)
- The could impose fines up to \$600,000 per month
- The city could further lose local control
 - “Builders Remedy” allows housing projects to bypass local zoning standards

Timeline:

The City adopted its 2019 – 2027 Housing Element on August 13, 2019. In order to ensure compliance with State law, the City is required to adopt and certify an updated Housing Element for the 2027-2035 planning period (7th cycle) by June 30, 2027. State law requires that HCD review and certify the Housing Element, which requires a 90-day HCD review period and potential revisions and subsequent 60-day reviews thereafter. In order to meet this timeline, staff is attempting to have an initial draft by December 2026 completed for public review.

Attachments:

HCD Final Regional Housing Need Determination and Final Allocation Plan