

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

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September 26, 2025

Brian Foss, Planning Director
Nevada County
Community Development Agency
950 Maidu Avenue, Suite 170
PO Box 599002
Nevada City, CA 95959-7902

Dear Brian Foss:

RE: Final Regional Housing Need Determination and Draft Plan

This letter provides Nevada County its final Regional Housing Need Determination and draft Allocation Plan. Pursuant to state housing element law (Gov. Code, § 65584, et seq.), the Department of Housing and Community Development (HCD) is required to provide the determination of the region's existing and projected housing need.

In assessing Nevada County's regional housing need, HCD and Nevada County staff completed a consultation process from June 2025 through August 2025 covering the methodology, data sources, and timeline for HCD's determination of the Regional Housing Need. To inform this process, HCD also consulted Walter Schwarm and Jim Miller of the California Department of Finance (DOF) Demographic Research Unit.

Attachment 1 displays the minimum regional housing need determination of **7,055** total units among six income categories. Attachment 2 explains the methodology applied pursuant to Government Code section 65584.01. In determining the region's housing need, HCD considered all the information specified in state housing law (Gov. Code, § 65584.01(c)). Attachment 3 displays HCD's methodology and draft RHNA Plan for the region, for the *projection* period beginning June 30, 2027 and ending May 15, 2035.

Government Code section 65588(e)(6) specifies the RHNA *projection* period begins December 31 or June 30, whichever date most closely precedes the previous *projection* period end date. The RHNA *projection* period end date is set to align with the *planning* period end date. Nevada County local governments are responsible for

updating their housing elements for the *planning* period beginning May 15, 2027, and ending May 15, 2035, to accommodate their share of new housing need for each income category. Please note, a jurisdiction authorized to permit residential development may take RHNA credit for new units approved, permitted, and/or built since the start date of the RHNA *projection* period (June 30, 2027).

As specified in Government Code section 65584.06(c), a city or county may, within 90 days from the date of this letter, propose to revise the distribution of its share of regional housing need. Such a proposal must comply with the criteria set forth in the draft distribution and be based on comparable data available for all affected jurisdictions, accepted planning methodology, and adequate documentation.

HCD encourages all Nevada County local governments to consider the many affordable housing and community development resources available to local governments. HCD's programs can be found at <https://www.hcd.ca.gov/grantsfunding/nofas.shtml>.

HCD commends Nevada County's leadership in fulfilling their important role in advancing the state's housing, transportation, and environmental goals. HCD looks forward to continued partnership with the region and assisting in planning efforts to accommodate the region's share of housing need.

If HCD can provide any additional assistance, or if you, or your staff, have any questions, please contact Taylor Price, Specialist, at taylor.price@hcd.ca.gov or Balaji Balaganesan, Senior Specialist at Balaji.balaganesan@hcd.ca.gov.

Sincerely,



Marisa Prasse
Fair Housing Section Chief

Enclosures

cc: Tyler Barrington, Principal Planner, Nevada County Community Development Agency
David Nicholas, Associate Planner, Nevada County Community Development Agency
Yumie Dahn, Principal Planner, Town of Truckee Community Development Department, Planning Division
Chelsey Norton Payne, Director of Urban Planning, Ascent
Lisa McCandless, City Planner, Nevada City Planning Department
Amy Kesler-Wolfson, City Planner, City of Grass Valley Planning Department

**ATTACHMENT 1
HCD REGIONAL HOUSING NEED DETERMINATION
Nevada County:
June 30, 2027 through May 15, 2035**

| INCOME CATEGORY | PERCENT | HOUSING UNIT NEED |
|------------------------|----------------|--------------------------|
| Acutely Low | 8.4% | 596 |
| Extremely Low | 8.8% | 620 |
| Very Low | 12.8% | 902 |
| Low | 15.9% | 1,123 |
| Moderate | 19.6% | 1,381 |
| Above Moderate | 34.5% | 2,433 |
| Total | 100.0% | 7,055 |

Notes:

Income Distribution:

Income categories are prescribed by California Health and Safety Code (section 50063.5, et. seq.). Percentages are derived based on Census/ACS reported household income brackets and county median income as determined by HCD.

ATTACHMENT 2
HCD REGIONAL HOUSING NEED DETERMINATION
Nevada County:
June 30, 2027 through May 15, 2035

Methodology

| Nevada County: June 30, 2027 - May 15, 2035 (8 years) HCD Determined Population, Households, & Housing Unit Need | | |
|---|--|---------------|
| <i>Reference No.</i> | <i>Steps Taken to Calculate Regional Housing Need</i> | <i>Amount</i> |
| 1. | Population: June 30, 2034 (DOF June 30, 2034 projection adjusted + 10.5 months to May 15, 2035) | 97,507 |
| 2. | - Group Quarters Population: June 30, 2034 (DOF June 30, 2034 projection adjusted + 10.5 months to May 15, 2035) | -1,863 |
| 3. | Household (HH) Population | 95,643 |
| 4. | Projected Households | 44,735 |
| 5. | + Vacancy Adjustment for Existing Households | +319 |
| 5. | + Vacancy Adjustment for Projected Households | +33 |
| 6. | + Overcrowding Adjustment | +0 |
| 7. | + Cost-burden Adjustment | +4,562 |
| 8. | - Adjustment to account for HHs that experience both overcrowding and cost-burden (DOF data) | -0 |
| 9. | + Replacement Adjustment Demolitions (0.10%) | +45 |
| 10. | + Replacement Adjustment Seasonal, Recreational, and Occasional Use (2015 vs. 2023) (10.00%) | +641 |
| 11. | + Jobs Housing Relationship Adjustment | +0 |
| 12. | + Homelessness Adjustment | +235 |
| 13. | + State of Emergency Adjustment | +43 |
| 14. | - Occupied Units (HHs) estimated projected June 30, 2027 (from DOF data) | -43,558 |
| 15. | Preliminary Regional Housing Need (Not including Replacement Adjustment Seasonal, Recreational, and Occasional Use) | 6,414 |
| 16. | + Feasible Jobs/Housing Balance Adjustment | +0 |
| Total | 7th Cycle Regional Housing Need Assessment (RHNA) | 7,055 |

Detailed background data for this chart is available upon request.

Explanation and Data Sources

- 1-4. Population, Group Quarters, Household Population, & Projected Households: Pursuant to Government Code section 65584.01, projections were extrapolated from Department of Finance (DOF) projections. Population reflects total persons. Group Quarter Population reflects persons in a dormitory, group home, institution, military, etc. that do not require residential housing. Household Population reflects persons requiring residential housing. Projected Households reflect the propensity of persons, by age-groups, to form households at different rates based on Census trends.
5. Vacancy Adjustment: HCD applies a vacancy adjustment based on Nevada County's current vacancy percentage to promote healthy market vacancies that facilitate housing availability and resident mobility. Healthy vacancy rates are 2% owner and 6% renter for non-MPO regions (7% for MPO regions). There are two methodologies utilized to calculate this adjustment. The first methodology is to calculate the vacancy adjustment for existing households. The adjustment for existing households is the difference between standard 2% and 6% vacancy rates and the region's current vacancy rates based on the 2019-2023 5-year American Community Survey (ACS) data. That difference is then multiplied by the number of existing households by tenure (existing households multiplied by current rates of renter and owner). For Nevada County, the existing household owner vacancy rate (1.75%) is below the healthy standard, resulting in a 0.25% adjustment. The existing household renter vacancy rate (3.88%) is below the healthy standard, resulting in a 2.12% adjustment. The second methodology is to calculate the vacancy adjustment for projected households. The projected household vacancy adjustment is obtained by applying the standard 2% and 6% vacancy rates to the projected owner and renter households. The healthy vacancy rates (2% and 6%) are then multiplied by the number of projected households by tenure (projected households multiplied by current rates of renter and owner). Data is from the 2019-2023 5-year ACS and DOF.
6. Overcrowding Adjustment: Pursuant to Government Code section 65584.01(b)(1)(C), HCD uses ACS data to consider the percentage of households that are overcrowded in the region compared to the United States national average of households that are overcrowded. In regions where the overcrowding rate is greater than the U.S. national average overcrowding rate (3.40%), HCD applies an adjustment based on the amount the region's overcrowding rate exceeds the U.S. overcrowding rate. For Nevada County, the region's overcrowding rate (1.97%) is lower than the national average (3.40%), resulting in no adjustment. Data is from the 2019-2023 5-year ACS.
7. Cost Burden Adjustment: Pursuant to Government Code section 65584.01(b)(1)(H), HCD uses ACS data to consider the percentage of households that are cost burdened in the region compared to the United

States national average of households that are cost burdened. In regions where the cost burdened rate is greater than the U.S. national average rate (31.68%), HCD applies an adjustment based on the amount the region's overcrowding rate exceeds the U.S. overcrowding rate. For Nevada County, the region's cost burdened rate (42.13%) is higher than the national average (31.68%), resulting in a 10.45% adjustment. Data is from the 2019-2023 5-year ACS.

8. Adjustment to account for HHs that experience both overcrowding and cost-burden: To minimize double counting the housing needs of households that are both overcrowded and cost burdened, HCD has implemented an additional overcrowding and cost burden adjustment. For regions with an adjustment for both overcrowding and cost burden, a downward adjustment is applied based on the number of households that are estimated to be both overcrowded and cost burdened according to an analysis of 2023 ACS Public Use Microdata Sample File data (PUMS) provided by DOF. If the DOF data for this adjustment exceeds the individual adjustments for overcrowding or cost burden, then this adjustment is limited to the lesser of the two. This double counting consideration resulted in no reduction.
9. Replacement Adjustment (Demolitions): HCD applies a replacement adjustment between 0.1% to 5% to the total housing stock based on the current 10-year average percent of demolitions in the region's local government annual reports to DOF. Units lost during a state of emergency declaration are not included. For Nevada County, the 10-year average was 0.02% so the adjustment of 0.1% is applied to the projected occupied households.
10. Replacement Adjustment (Seasonal, Recreational, and Occasional Use Housing Units): In addition to the demolition replacement adjustment, HCD also applies a replacement adjustment to account for housing units that are not available for permanent year-round occupancy. This adjustment is calculated based on the change in the percentage of housing units that are for seasonal, recreational, and occasional use per ACS data. There are two methodologies utilized to calculate this adjustment, depending on changes in the occupied housing stock over the period of analysis. If both the total number of seasonal, recreational, and occasional use housing units and the overall occupied housing stock increased over the relevant 8-year period, HCD calculates the adjustment based on the proportion of newly added housing units used for seasonal, recreational, or occasional purposes during that timeframe. This proportion is then applied as a percentage increase to the preliminary housing need assessment. If, however, either the total number of seasonal, recreational, and occasional use housing units or the overall occupied housing stock decreased, HCD instead compares the change in the share of seasonal, recreational, occasional use housing units to total occupied housing units. For Nevada County, both the

total number of seasonal, recreational, occasional use housing units increased and the total occupied housing units increased from 2015 to 2023. The total number of seasonal, recreational, occasional use housing units increased from 2015 to 2023, resulting in an adjustment of 35.45%. However, this rapid increase in seasonal, occasional, and recreational housing units appeared to be somewhat of an outlier compared to other regions in the state. HCD felt that a more realistic adjustment would be lower, and as a result, HCD capped this adjustment at 10.00%. Therefore, the 10.00% rate is applied to the preliminary RHND of 6,414 units, resulting in a 641-unit adjustment. Data is from the 2015 and 2023 ACS 5-year estimates.

11. Jobs Housing Relationship Adjustment: HCD applies an adjustment based on the number of in-commuters to a region. The adjustment is calculated by dividing the number of in-commuters to the region by HCD's jobs/housing standard of 1.5. This adjustment does not include commuters entering from or leaving to states other than California. In Nevada County, the number of employed residents exceeded the number of people employed in the county, resulting in no adjustment. Data is from the US Census Bureau LEHD Origin-Destination Employment Statistics, 2022 and 2019-2023 5-year ACS.
12. Homelessness Adjustment: HCD applies an adjustment based on the housing needs of individuals and families experiencing homelessness. For non-COG regions and COGs that do not provide their own data, by default HCD uses the most recent Point-in-Time counts from the region's Continuum of Care and DOF household formation rates. An adjustment of 235 units was applied to Nevada County using data from the Nevada County Continuum of Care 2024 Point-in-Time and DOF household formation rates.
13. State of Emergency Adjustment: HCD used data provided by the California Governor's Office of Emergency Services (CalOES) and the California Department of Forestry and Fire Protection (CAL FIRE) pursuant to Government Code section 65584.01(b)(1)(I) to adjust for units lost due to a declared state of emergency during the previous planning period (since 2019). Data is from 2025. To estimate the percentage of units lost that were originally occupied, HCD uses 2019-2023 ACS data to calculate the percentage of units in the region that are temporarily occupied by persons with a usual residence elsewhere. HCD then multiplies the occupancy rate by the units lost due to a state of emergency. For Nevada County, this resulted in an adjustment of 43-units to the RHNA. HCD uses the California Franchise Tax Board and CalOES list of disasters and emergency proclamations data to ensure that only units destroyed by a Governor-declared State of Emergency are utilized when calculating this adjustment.
14. Occupied Units: Reflects DOF's projected occupied units at the start of the projection period (June 30, 2027).

15. Preliminary Regional Housing Need Determination: Housing need calculated after applying factors described in Government Code section 65584.01(b). This preliminary Regional Housing Need Determination is used to evaluate feasible balance between jobs and housing and the Replacement Adjustment (Seasonal, Recreational, and Occasional Use).
16. Feasible Jobs/Housing Balance Adjustment: According to statute, the “region’s existing and projected housing need shall reflect the achievement of a feasible balance between jobs and housing within the region using the regional employment projections in the applicable regional transportation plan” (Gov. Code, § 65584.01(c)(1)). After applying the adjustments noted above, HCD compared the 7th cycle RHNA determination and the region’s total occupied housing units to the Caltrans employment projections for Nevada County to determine whether a feasible balance was achieved. This analysis resulted in a jobs housing balance of 0.71 (1.41 housing units for every projected job). Because this is below the healthy rate of 1.5, no additional adjustment is needed. Data is from the 2019-2023 5-Year ACS data, US Census Bureau LEHD Origin-Destination Employment Statistics, 2022, and Caltrans, Long-Term Socio-Economic Forecasts by County, 2023.

**ATTACHMENT 3
HCD DRAFT REGIONAL HOUSING NEEDS ALLOCATION PLAN:
NEVADA COUNTY LOCAL GOVERNMENTS:**

June 30, 2027 through May 15, 2035

Distribution of Draft RHNA

This table reflects the draft Regional Housing Need Allocation (RHNA) distribution for each local government based on the methodology discussed below:

Regional Housing Need 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 |

Purpose of Regional Housing Need Allocation Plan

The purpose of the RHNA plan is to comply with state law (Gov. Code, § 65584, et. seq.) in allocating to each local government a share of regional housing need for use in updating the General Plan housing element. The housing element must accommodate the total RHNA for each of the six (6) income categories (acutely low, extremely low, very-low, low, moderate, and above-moderate) over the designated planning period (May 15, 2027 through May 15, 2035). These requirements were enacted into state housing law (Article 10.6 of the Government Code) upon the California legislature determining that the provision of adequate housing is an issue of statewide concern.

HCD, pursuant to Government Code section 65584(a), is required to determine the existing and projected need for housing within regions of the state. In addition, HCD (per Gov. Code, § 65584.06) is required to develop a plan to distribute the determination of regional housing need to each local government not represented by a COG. The RHNA, per Government Code section 65584(d), is required to further all of the following objectives:

- (1) Increasing the housing supply and mix of housing types, tenure, and affordability.
- (2) Promoting infill development and socioeconomic equity, protecting environmental and agricultural resources, and encouraging efficient development patterns.

- (3) Promoting an improved intraregional relationship between jobs and housing.
- (4) Balancing disproportionate household income distributions.
- (5) Affirmatively furthering fair housing.

The RHNA is based on the projection of population and new household formation determined by the Demographic Research Unit of DOF. The resulting RHNA is a minimum projection of additional housing needed to accommodate household growth over the planning period; it is not a prediction, production quota, or building permit limitation for new residential construction.

To comply with state law in addressing the jurisdiction’s RHNA, the updated housing element must identify adequate sites and program actions to accommodate the total RHNA for each income category. Housing elements are required to be updated by May 15, 2027 and sent to HCD for determination of compliance with state law. In updating the housing element, jurisdictions may take credit for and subtract from their RHNA (by income category) new units permitted since the beginning of the RHNA projection period June 30, 2027.

RHNA Plan Methodology

HCD considers three factors when distributing the regional housing need to local governments. HCD applies a weighting to each factor that determines how much of the total regional housing need is distributed based on this factor. The individual factors and example of their weighting is shown below for a hypothetical regional determination of 1000 units.

| | Factor 1: Distribution by Household Population (-XX percent from unincorporated county) | Factor 2: Jobs/Housing Balance | Factor 3: Affirmatively Furthering Fair Housing | Total |
|------------------|--|---------------------------------------|--|--------------|
| Weighting | 33% | 47% | 20% | 100% |
| Units | 330 | 470 | 200 | 1000 |

Once weighting of each factor is applied, HCD uses a five-step approach in distributing RHNA to local governments within the county.

First, DOF’s January 1, 2025 estimates (E-5 reports available on DOF’s website) were used to determine each jurisdiction’s percentage of household population in the county. The RHNA for each jurisdiction was derived by multiplying the jurisdiction’s percentage of household population against the total countywide RHNA. This approach is aligned with the first statutory objective, and also considers market demand for housing consistent with Government Code section 65584.06(b).

Second, a policy adjustment of 10% percent was applied to the unincorporated county RHNA total to decrease the unincorporated share and increase city shares to address the second statutory objective to protect agricultural resources and encourage efficient

development patterns.

Below is hypothetical example of results after completing the first and second steps:

| <i>Factor 1 - Explanation</i> | <i>HH Population</i> | <i>Share</i> | <i>Weighted Share of RHNA</i> | <i>Adjustment (XX%)</i> | <i>Weighted Share of RHNA</i> |
|-------------------------------|----------------------|--------------|-------------------------------|-------------------------|-------------------------------|
| <i>County</i> | <i>50,000</i> | <i>100%</i> | <i>330</i> | | <i>330</i> |
| <i>City A</i> | <i>10,000</i> | <i>20%</i> | <i>66</i> | <i>+33</i> | <i>99</i> |
| <i>Unincorporated County</i> | <i>40,000</i> | <i>80%</i> | <i>264</i> | <i>-33</i> | <i>231</i> |

The third step applies the jobs/housing adjustment factor and is consistent with the third statutory objective. This step also takes into consideration employment opportunities and commuting patterns per Government Code section 65584.06(b). Data on the number of primary jobs in each jurisdiction is determined from Longitudinal Employer-Household Dynamic data from the US Census Bureau. This is compared with the total number of housing units in each jurisdiction to calculate a ratio of jobs to housing. This ratio is normalized on a scale of 1.5 to .5, with the jurisdiction with the highest jobs/housing ratio assigned a ratio of 1.5 and the jurisdiction with the lowest ratio assigned a ratio of .5. The normalized ratio is divided by the number of housing units assigned after the first and second step, then converted to a percentage. This ensures the size of the adjustment is proportional to the size of the jurisdiction.

| <i>Factor 2 - Explanation</i> | <i>Jobs</i> | <i>Units</i> | <i>Ratio</i> | <i>Normalized ratio scale .5-1.5</i> | <i>Convert to percent share</i> | <i>Weighted Share of Allocation</i> |
|-------------------------------|-------------|--------------|--------------|--------------------------------------|---------------------------------|-------------------------------------|
| <i>Jurisdiction 1</i> | <i>1000</i> | <i>600</i> | <i>1.39</i> | <i>0.50</i> | <i>16%</i> | <i>74</i> |
| <i>Jurisdiction 2</i> | <i>1000</i> | <i>400</i> | <i>1.64</i> | <i>1.50</i> | <i>84%</i> | <i>396</i> |

The fourth step applies the fair housing adjustment and is consistent with the fifth statutory objective. Data on the number of households within high/highest opportunity areas, as defined in the COG Geography HCD/TCAC Opportunity Map is used to create normalized scores for each jurisdiction from 1.5 to .5, with 1.5 being the highest opportunity jurisdictions and .5 being the lowest opportunity jurisdictions. The normalized ratio is divided by the number of housing units assigned after the first and second steps, then converted to a percentage. This ensures the size of the adjustment is proportional to the size of the jurisdiction.

| <i>Factor 3 - Explanation</i> | <i>% in High/Highest Resource</i> | <i>Normalized %</i> | <i>Convert to percent share</i> | <i>Weighted share of allocation</i> |
|-------------------------------|-----------------------------------|---------------------|---------------------------------|-------------------------------------|
| Jurisdiction 1 | 50% | 0.5000 | 15.8% | 32 |
| Jurisdiction 2 | 75% | 1.5 | 84.2% | 168 |

Once a weighted share of the allocation is calculated for each factor, they are added together for each jurisdiction in order to determine the total allocation for each jurisdiction.

The last step is the determination of RHNA by income category. To assist in meeting the first, fourth, and fifth statutory objectives (mix of housing type, affordability and income category allocation based on the countywide distribution of household incomes, affirmatively furthering fair housing), the income distributions of each jurisdiction's households were compared to the countywide distribution. A "fair share" policy adjustment (150%) was applied to city income categories to move city percentages closer to county percentages as demonstrated in this hypothetical example.

| <i>County/ City</i> | <i>Very-Low Income %</i> | <i>Difference County-City</i> | <i>Fair Share Multiplier</i> | <i>Fair Share Adjustment</i> | <i>Adjusted Very-Low RHNA</i> |
|---------------------|--------------------------|-------------------------------|------------------------------|------------------------------|-------------------------------|
| <i>County</i> | 22% | 0 | None | N/A | Same |
| <i>City A</i> | 41% | 22% - 41% = = -19% | 1.5 | (-19%)*1.5 = = -28.5% | 41% - 28.5% = 12.5% |

City's Low-Income RHNA = City Total RHNA x 12.5% = 720 x 12.5% = 90 units