

San Luis Obispo Council of Governments

Regional Housing Needs Plan



Adopted
August 2008

SAN LUIS OBISPO COUNCIL OF GOVERNMENTS

SLOCOG BOARD
2008

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Regional Housing Needs Plan

EXECUTIVE SUMMARY

The Regional Housing Needs Plan (RHNP) prepared by San Luis Obispo Council of Governments (SLOCOG) establishes numerical targets for the development of housing units in the state-mandated Housing Element update. Each of the seven incorporated cities and the County of San Luis Obispo unincorporated area are required to update their Housing Element to accommodate their allocation during 2008-09. For the 2007 through 2015 cycle the California State Department of Housing and Community Development (HCD) established a regional housing need allocation of 4,885 housing units for the SLOCOG region.

The key component of the RHNP is shown on the table that enumerates housing unit allocations by income categories to SLOCOG member agencies. The seven incorporated cities and the County are required to integrate the housing unit distribution numbers identified in the RHNP in the update the Housing Elements of their General Plan in order to accommodate their “fair share” of the anticipated future housing demand. The current allocation is shown on Table A below.

Table A

Regional Housing Need Allocation by Income Category										
Income Category	% Share	Arroyo Grande	Atascadero	Grover Beach	Morro Bay	Paso Robles	Pismo Beach	San Luis Obispo	Unincorporated County	Totals
Very Low	23%	83	106	44	41	149	36	366	298	1124
Low	16%	58	74	31	29	103	25	254	207	782
Moderate	19%	69	88	37	34	123	30	302	246	928
Above Moderate	42%	152	194	81	76	271	66	668	544	2052
		362	462	193	180	646	158	1589	1295	4885

The exceedingly high allocation presented to the region in the 2000-2007 housing allocation cycle (18,035 units) challenged many communities as they sought to meet their allocation targets while trying to respect prior planning efforts, resource and regulatory constraints, opposition to increased densities, and the high expenses associated with expanding existing community services. The current allocation of 4885 units should allow member jurisdictions to incorporate the respective targets within the framework of their existing housing elements without requiring major changes.

SLOCOG representatives from the South County cities of Arroyo Grande, Grover Beach and Pismo Beach as well as the District 3 and District 4 members of the Board of Supervisors met on a subregional basis and agreed that their respective assignments were reasonable and fair. The representatives indicated a desire to caucus during the next Regional Housing Needs Allocation cycle to evaluate the proposed allocation at a subregional level.

The RHNP is intended to assure that adequate sites and zoning exist to address anticipated housing demand during the planning period. The targets also help to ensure that sites exist to accommodate the housing need of a range of socioeconomic segments of a community. They are not housing unit quotas that jurisdiction s must achieve within the time frame of their next housing element update.

As noted in the prior RHNP, SLOCOG recognizes the importance of creating more housing opportunities for area residents, especially those at the lower end of the income-earning spectrum. Since the prior housing need cycle the area’s housing market has continued to witness unprecedented increases in home sale prices and rental rates, although the recent mortgage lending crisis has slowed the increase in costs, and resulted in reductions in many areas, they still remain prohibitively expensive for the average wage earner. The County continues to be faced with serious concerns in terms of maintaining the vibrant economy and valued labor force, while protecting natural resources, environmentally sensitive areas, premium agricultural lands, open spaces and at the same time limiting increases in traffic congestion and protecting and improving air quality. Cities and the County are faced with developing creating ways to foster housing development without overloading infrastructure and the ability to provide services.

The Regional Housing Needs Plan seeks to increase the housing supply and the mix of housing types, tenure, and affordability within the region in an equitable manner by using the adopted formula. The RHNP formula’s 60/40 weighting toward employment centers promotes infill development, improved intraregional relationship between jobs and housing, and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns.

Housing need has been allocated to the very low income category at 23%, and the low category at 16% for each agency. These exceed the existing 11% for very low and 10% for the low category. As such, none of the jurisdictions will be faced with a disproportionately high share of households in those categories.



SLOCOG Principles for Developing Housing Policy

Jobs / Housing Balance

People should have a reasonable opportunity to live close to where they work and each urban area should strive to achieve a better balance between housing and jobs; projects that are appropriately sited and seek to improve that balance should be encouraged through redesigned and efficient planning and development processes.

Permit Streamlining

Local, state and federal agencies should eliminate redundant policies and practices that are found to be obstacles to the production of appropriately located affordable housing, consistent with sound infill development opportunities and environmentally sensitive areas.

Mixed-Use Development

Support appropriately located mixed-use projects that encourage efficient transportation services and walkable communities.

Urban Limits

Urban areas should be efficiently developed within their respective boundaries. Support should be provided to agencies for the redevelopment of underutilized areas that can provide additional housing or employment opportunities that minimize the demands placed upon outlying agricultural or open space areas.

Wildlife/Environmental Sensitivity

Preserve and restore natural areas and open spaces in conjunction with efforts to provide appropriate housing and economic development in a manner that respects significant wildlife habitat, conserves land and preserves natural resources.

Social Equity: Housing for All Incomes and Age Levels

The long-term health of our economy and quality of life depends on maintaining a diverse population composed of a balance of income and age groups. A mixed housing stock addressing the range of housing options within communities provides the opportunity for diversity of age, lifestyle and incomes for residents.

Higher Density/Multi-Family Design

Good design is critical to community acceptance of higher density projects. Provide support for the development of design guidelines that presents attractive higher density affordable housing, which promotes responsible, efficient, and compact development to facilitate the preservation of open space.

Financing Mechanisms

Support the Affordable Housing Trust Fund as a vehicle to secure needed funds to assist in developing housing and to qualify for state matching funds. Affordable or workforce housing receiving public subsidies should be subject to restrictions that keep the housing affordable for an extended period of time or return some portion of the incremental gain in value for reinvestment in additional housing opportunities.

Regional Cooperation

Agencies (federal, state, regional and local) should work cooperatively to address the housing and development needs of the community as a whole in a manner that recognizes the common needs of the populace and the impacts to the environment.

Key Concepts

When using this plan, it is important to keep in mind what the intention of the RHNP is, and is not. There are four key concepts underlying the entire RHNP process that need to be clearly understood:

- 1. The allocations are intended to be used by jurisdictions when updating their housing elements as the basis for assuring that adequate sites and zoning are available to accommodate at least the number of units allocated. They are not housing unit quotas that jurisdictions must achieve within the time frame of their next housing element update.**

Many jurisdictions, as well as other groups having an interest in affordable housing issues, often treat the housing allocations as a numerical quota that must be achieved. This is not the intent of the process, nor is it what the California State Department of Housing and Community Development (HCD) is looking for when reviewing local housing elements. The State recognizes that the provision of affordable housing is largely market-driven, and that funding, subsidies and other incentives to provide affordable housing are very limited. One of the few major tools available to local jurisdictions to influence the development of affordable housing is the power to regulate land use. Thus, breaking down development barriers, such as exclusionary zoning and growth controls, are some of the major goals of State law in the housing arena.

- 2. The regional allocations only address a portion of each jurisdiction's local housing needs under the provisions of State housing law.**

The primary goal of the RHNP is to quantify each jurisdiction's responsibility for accommodating its fair share of the regional housing need. The RHNP does not address all of the local housing needs of each jurisdiction, just the share of the regional new housing construction need. Other local needs must also be addressed in each jurisdiction's housing element, such as housing overpayment and overcrowding, housing preservation, and the housing needs of farmworkers, students and other special-needs groups. Local needs may be greater than the regional need for one or more income categories. For example, higher than projected replacement housing needs, the loss of affordable rental housing, or local employment trends not anticipated by SLOCOG may create new housing construction needs greater than the regional allocations.

Jurisdictions should try to ensure that adequate sites and zoning are available to accommodate whichever need is the greatest within each household income category. In addition, localities should provide more definition of their need numbers by determining housing needs by type of dwelling unit and the housing requirements of special needs groups. The RHNP indirectly deals with housing affordability by providing a starting point from which jurisdictions can ensure that adequate sites and zoning are available to accommodate their regional allocations for very low and low-income households. The RHNP does not directly assess housing affordability within each jurisdiction. For example, the RHNP does not address the rent or mortgage payment that is affordable to households in each of the four income categories. Again, the responsibility for assessing local housing affordability rests with each jurisdiction as part of its housing element.

- 3. Under state law, existing zoning ordinances, policies, building standards and other land use regulations cannot be used by local jurisdictions as a justification to reduce their RHNP housing allocation targets.**

Government Code Section 65584 (d) of regional housing allocation law states that:

“(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.

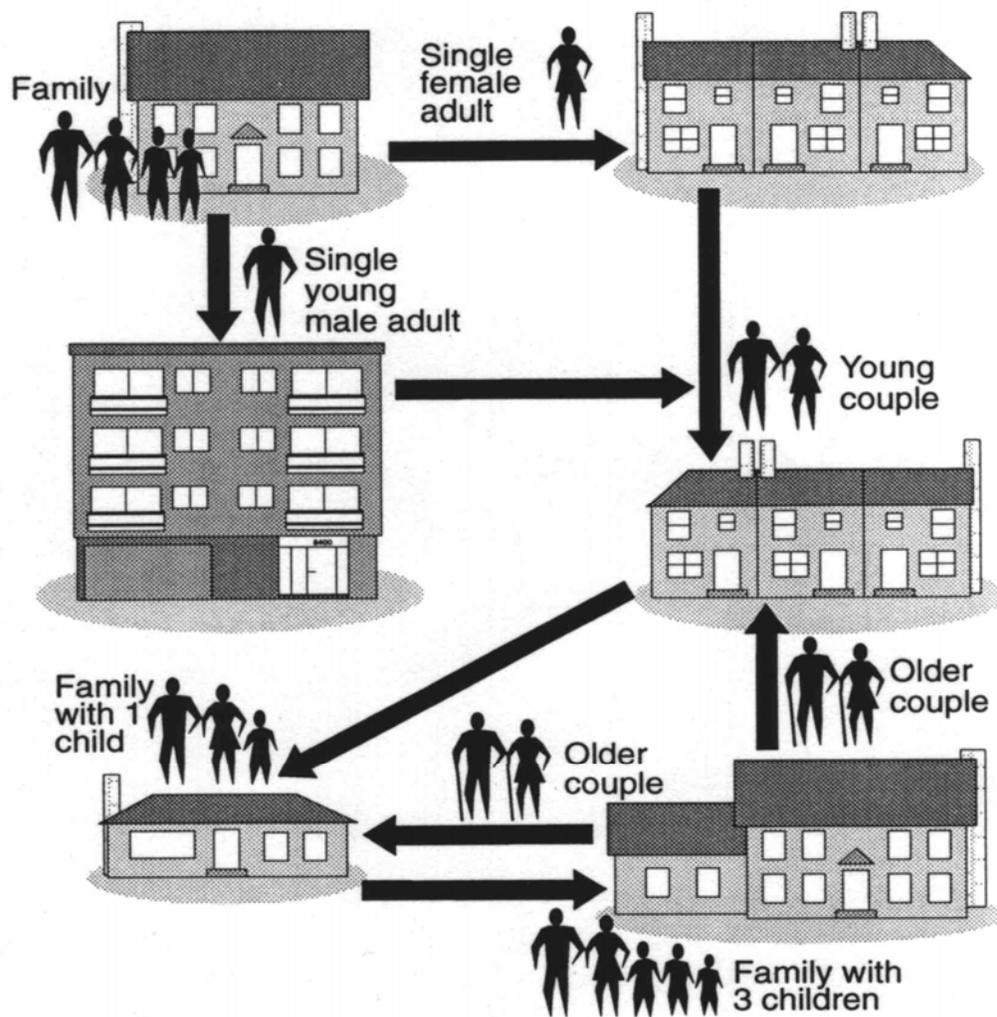
(2) Paragraph (1) does not apply to any city or county that imposes a moratorium on residential construction for a specified period of time in order to preserve and protect the public health and safety. If a moratorium is in effect, the city or county shall, prior to a revision pursuant to subdivision (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.”

The California Attorney General has concluded that the availability of suitable housing sites must be considered based not only upon the existing zoning ordinances and land use restrictions of the locality, but also based upon the potential for increased residential development under alternative zoning ordinances and land use restrictions. Councils of Governments, therefore, cannot accept reductions in a local jurisdiction’s RHNP housing allocation targets based upon existing land use regulations that limit the availability of suitable sites to accommodate its fair share allocation targets.

State law requires SLOCOG to follow a set of guidelines in preparing its regional housing need determination. Guidelines come from two primary sources: (1) HCD who sets a housing need planning target for the region, and (2) State law, which provides guidelines on how to allocate the region’s housing need among jurisdictions (Government Code, Sections 65584).

Housing needs typically change throughout the lifecycle.

The diagram illustrates how needs may shift and different housing types may serve an individual in the course of their development and maturity.



Major Considerations

State law requires that the RHNP address the following concerns.

(1) **Existing and projected jobs and housing relationship.**

The existing and projected relationship of jobs and housing is the core of the proposed formula. The relative percentage ratios for each jurisdiction are not projected to significantly change during the planning period. A key issue during this cycle was consideration for adjusting the formula to be more heavily weighted toward an emphasis on employment. The Board adopted the previous formula which was weighted 60% toward those communities where employment occurs versus 40% toward where population is located.

(2) **Opportunities and constraints** to development of additional housing:

- (A) **Lack of capacity for sewer or water service** due to federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period.

Resource issues are challenging in many areas of the region; no constraints were identified that prevents the distribution of units as proposed. While some unincorporated service areas have severe service level concerns or limitations, the proposed allocation to the overall unincorporated area can be accommodated.

- (B) The **availability of land suitable for urban development** or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities.

Adequate land exists within all jurisdictional areas. It should be noted that Grover Beach is a "landlocked" city and has limited area for future expansion without annexing the Oceano Community Services District that is currently substantially developed as an unincorporated urban area.

In addition, the region may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions.

- (C) **Lands preserved or protected from urban development** under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long-term basis.

This potential limitation does not preclude the absorption of the proposed allocation with any of the scenarios under consideration.

- (D) County **policies to preserve prime agricultural land**, as defined pursuant to Section 56064, within an unincorporated area.

This potential limitation does not preclude the absorption of the proposed allocation with any of the scenarios under consideration. The allocation does not require the rezoning of any prime agricultural land

3. The **distribution of household growth** assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure.

The focus on employment centers is intended to support public transportation and existing transportation infrastructure and address demand on the 101 corridor especially during peak commute times.

5. The **market demand** for housing.

The market demand for housing, especially in the very low, low and moderate ranges far exceeds supply. This is due to a number of factors including: the dominance of the tourism and agricultural sectors where many jobs provide relatively low pay; the disparity in the growth of housing costs and the growth in local income levels; the attractiveness of the area for retirement living and scarcity of coastal living environments with moderate climates; ongoing demand from beyond the local market that sustain relatively high housing costs in the region relative to other parts of the state and nation; and, resource capacity and other local service delivery system limitations that necessitate high development fees or increased utility costs. These factors impact all of the jurisdictions in varying degrees.

6. Agreements between a county and cities in a county to **direct growth toward incorporated areas of the county**.

Such agreements do not currently exist. The regional blueprint project called Community 2050 is being formulated as the sustainable community strategy for the region and includes consideration of directing development more purposefully to urban centers and may result in agreements between the county and cities to direct growth toward incorporated areas of the county.

7. The **loss of units contained in assisted housing developments that changed to non-low-income use** through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.

This issue is not a major problem area within the region.

9. **High housing costs burdens**.

High-housing costs burdens are endemic in the state of California and especially within the coastal areas south of Mendocino County. High land and housing costs represent one of the principle

challenges the region faces and is problematic in every community – although particularly acute in coastal communities where resource and regulatory constraints are the greatest .

10. The **housing needs of farmworkers**.

The housing needs of farmworkers are especially problematic due to the low pay afforded this segment of the workforce and the competing demand for affordable units. Many within this population double and even are known to triple-up to find shelter. Due to the year round agricultural opportunities many families reside within the urban areas to be near schools shopping and other services. The allocation formula anticipates that this segment of the population will be primarily served within the urban areas addressed in the proposed allocation

11. The housing **needs generated by the presence of a private university or a campus of the California State University** or the University of California within any member jurisdiction.

The housing needs generated by the presence of Cal Poly have been significantly addressed by the recent expansion of campus housing options with 618 apartments that will house about 1500 students. No adjustments are made due to this factor.

12. Any **other factors** adopted by the council of governments.

None

The adopted allocation formula is shown on Table B as follows:

Table B
SLOCOG Regional Housing Needs Plan Allocation Formula

	Share of Employment	60%	Share of Population	40%	Regional Housing Need	Unadjusted Jurisdiction Need	Vacancy Factor	Total Jurisdiction Need
	[j x 0.6 + p x 0.4]				r = n +		= T	
Arroyo Grande	[8.1% x 0.6 + 6.3% x 0.4]				4740 = 351 + 11 =		362	
Atascadero	[8.8% x 0.6 + 10.5% x 0.4]				4740 = 449 + 14 =		462	
Grover Beach	[3.2% x 0.6 + 5.0% x 0.4]				4740 = 187 + 6 =		193	
Morro Bay	[3.5% x 0.6 + 4.0% x 0.4]				4740 = 175 + 5 =		180	
Paso Robles	[14.6% x 0.6 + 11.1% x 0.4]				4740 = 627 + 19 =		646	
Pismo Beach	[3.2% x 0.6 + 3.2% x 0.4]				4740 = 153 + 5 =		158	
San Luis Obispo	[43.1% x 0.6 + 16.7% x 0.4]				4740 = 1,542 + 47 =		1589	
Unincorporated County	[15.4% x 0.6 + 43.2% x 0.4]				4740 = 1,257 + 38 =		1295	
					4,740	145	4885	

Note that the overall Vacancy Factor is included in the allocation from HCD
(Estimated as Homeowner Vacancy Adjustment – 1.8% and Rental Vacancy Adjustment – 5.0%)

GEOGRAPHY

The SLOCOG RHNP applies to the County of San Luis Obispo and the seven incorporated cities shown on the following map.

**Figure 1
Map of San Luis Obispo County**



Table C

Projected Housing Need by Income					August 2008
	Very-Low	Low	Moderate	Above-moderate	Total
	23%	16%	19%	42%	
Arroyo Grande	83	58	69	152	362
Atascadero	106	74	88	194	462
Grover Beach	44	31	36	80	192
Morro Bay	41	29	34	75	179
Paso Robles	149	103	123	272	647
Pismo Beach	36	25	30	66	158
San Luis Obispo	366	254	302	668	1589
Unincorporated County	298	207	246	544	1296
	1124	782	928	2052	4885

SCHEDULE

The following figure shows an outline of the RHNP process and the steps involved in the development of the regional housing needs plan. By December 2002, at the end of the RHNP process, the SLOCOG Board is required to adopt the regional plan or HCD will design and adopt a plan for the region. The final adopted Plan will then be used by the local jurisdictions in their Housing Element update process. Local housing elements must be adopted and certified by the end of 2003.

The following dates mark the major RHNA process milestones:

- July, 2007 Allocation of Regional Need by HCD
- July, 2007 – September, 2007 Regional Review of HCD assignment
- September, 2007 - February, 2008 Preparation of Draft RHNP
- April – June, 2008 Public and local review
- August 2008 RHNA adoption
- August 2008 to July 2009 The Housing Element preparation period for jurisdictions
- July 2007 to July 2008 Interim Planning Period*

*Jurisdictions may take credit for housing units approved or constructed during this interim planning period, and apply the credit to their housing elements.

Figure 2
RHNA Work Plan Outline
And Timeline Steps

2007							2008							
Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
1	1 2	3	4	4	4	4	4	5	6	6	6	7 8	9 10	10

- Step 1** July - August 2007 - HCD issues determination to of regional need to COG.**
- Step 2** August 2007, Consultation between HCD and SLOCOG regarding draft allocation figures.
- Step 3** SLOCOG accepts HCD estimate of countywide housing need.
- Step 4** October 2007 – February 2008, representatives of Methodology Committee review allocation methodology and other elements of RHNP.
- Step 5** Preliminary Draft RHNA methodologies circulated for comment.
- Step 6** SLOCOG authorizes release of draft plan for comment and forwards to HCD for review. HCD has 30 days, SLOCOG and local agencies have 90 days.
- Step 7** End of 90-day comment /appeal period by local jurisdictions.
- Step 8** Review of comments and appeals by SLOCOG.
- Step 9** August 2008- Revised final RHNA responding to SLOCOG jurisdictions comments and/or appeals considered and adopted by SLOCOG.
- Step 10** (If needed) Within 60 days SLOCOG can hear any appeals on final RHNP (includes a 30 day notice to local agencies). Any revisions adopted into final RHNP.

POLICY FOR RHNP REDISTRIBUTION UPON ANNEXATION OR INCORPORATION

In the event of annexation or incorporation of new jurisdictions during the planning period of this RHNP, provision needs to be made for the redistribution of housing needs. The following policy establishes the conditions and process for any such redistribution:

1. Filing of Application for Annexation or Incorporation

Upon receipt of notice of filing from LAFCO of a proposed annexation or incorporation, the affected county will notify SLOCOG of the proposal and resulting need for a redistribution of housing needs between the county and applicant jurisdiction.

2. Discussion with Annexing/Incorporating City

During the course of the annexation/incorporation process, the affected county will negotiate in good faith between the annexing/incorporating city and the county the RHNP allocations to be redistributed. There cannot be a net reduction in the RHNP allocations within the county. This means that the total number of housing units by income category accepted by the applicant jurisdiction, plus the remaining number of units by income category attributable to the donor county, shall not be less than the original number of units by income category originally allocated to the county by the RHNP. Other than satisfying this requirement, the affected county and annexing/incorporating city may negotiate any redistribution of housing need that is mutually acceptable.

3. SLOCOG Mediation

If, after negotiating in good faith, both the affected county and annexing/incorporating city cannot reach a mutually acceptable redistribution of housing need, either jurisdiction may request that SLOCOG mediate the redistribution of housing need. The purpose of such mediation will not be for SLOCOG to actually redistribute the housing need between the two affected jurisdictions, but to achieve mutually acceptable redistribution through negotiation. If, after mediation by SLOCOG, the affected county and annexing/incorporating city still cannot reach a mutually acceptable redistribution of housing needs, the matter will be referred to HCD.

4. Annexation/Incorporation Conditions

The affected county and the annexing/incorporating city will jointly draft conditions covering the transfer of RHNP allocations from the county to the annexing/incorporating city. The affected county will request that the RHNP conditions are included in the LAFCO resolution approving the annexation/incorporation.

5. LAFCO Imposition of Conditions

LAFCO imposes the proposed RHNP conditions in the resolution approving the annexation and/or incorporation.

6. Transfer of RHNA Allocations

RHNP allocations will be transferred from the county to the city as specified in the LAFCO resolution.

7. Housing Elements

7a. County Housing Element

The county's Housing Element should describe assumptions, conditions, and implications of any change in RHNP assumptions resulting from an annexation/incorporation. Following the effective date of an approved annexation/incorporation, the county may amend its Housing Element to reflect the change in RHNP allocations.

7b. City Housing Element Amendment (annexation)

If the annexation and accompanying redistribution of RHNP allocations between affected jurisdictions occurs after the statutory housing element amendments have been adopted, any city general plan amendment accompanying an annexation must include amendment of the city's housing element to reflect that change.

7c. City Housing Element (incorporation)

If the incorporation and accompanying redistribution of RHNP allocations between affected jurisdictions occurs after the statutory housing element amendments have been adopted, the new city will include the RHNP transfer in the housing element adopted for the new community.

8. State HCD Review

The transfer of RHNP allocations for annexations or incorporations pursuant to this policy is subject to the review and approval of HCD prior to the implementing action.

APPEALS CRITERIA AND PROCESS

Under State law, jurisdictions are given an opportunity to comment on, and propose revisions to, their share of the RHNP within 90 days of adoption. According to the government code, any revision must meet the test of accepted methodology, readily available data, and be consistent with State-identified criteria for the RHNP.

Accordingly, appeals will not be considered by SLOCOG unless they meet the following criteria:

1. The appeal must be received within 90 days of SLOCOG Board adoption of the Draft RHNP. SLOCOG strongly encourages jurisdictions intending to appeal to submit well in advance of the deadline.
2. The appealing jurisdiction must provide evidence that:
 - a) The RHNP methodology was incorrectly applied in determining the jurisdiction's targets; or
 - b) SLOCOG used incorrect or faulty numbers in determining their allocation targets.
3. Appeals must be submitted by an authorized signatory.
4. A contact person must be identified. This person should be able to respond to SLOCOG staff regarding the documentation pertinent to the appeal.

As stated previously, under State law, existing zoning ordinances, policies, building standards and other land use regulations cannot be used by local jurisdictions as a justification for a request to reduce their RHNP housing allocation targets. The only exception is in cases where a moratorium on residential construction is legally imposed for a specified period of time to preserve and protect the public health and safety that would constrain the projected housing need.

Following the end of the 90-day revision request period, SLOCOG is required to take action on any requested revision within 60 days. The SLOCOG Board will hear all appeals. SLOCOG staff will make a recommendation to the Board on the technical merits of the appeal. SLOCOG may 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.

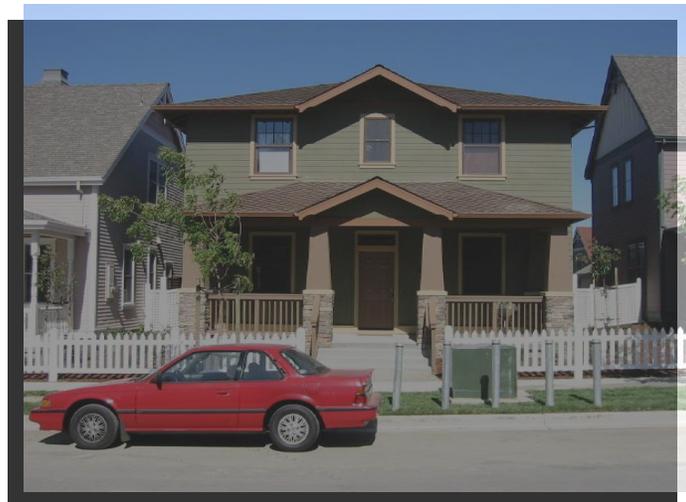
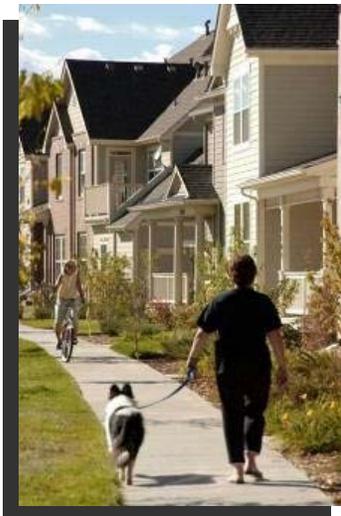
If the SLOCOG Board does not accept the proposed revision, then the requesting jurisdiction has 30 days to request a public hearing to review the housing allocation targets in question. SLOCOG then has 30 days to notify the requesting jurisdiction of at least one public hearing. The date established for such hearing must be within 30 days following this notification.

If, as a result of this process, SLOCOG accepts a proposed revision or modifies its earlier determination, the city or county shall use that share. If SLOCOG grants a revised allocation, it must still ensure that the current total regional housing need, as allocated by HCD, is maintained. This means that if one

jurisdiction's allocation changes, one or more other allocations must also change to insure the total regional allocation and distribution by income group remains the same. If SLOCOG determines that the proposed revision is inconsistent with the regional housing need, the city or county shall use the share that was originally determined by SLOCOG.

**Table D
Household Income Categories**

Determination of County's Number/Percentage of Households By Income Category per 2000 Census data San Luis Obispo County									
Income Limits in Each Category:									
Median Household Income \$ 42,428		Max % of Median	Starting	Highest					
		Very Low (50%)		\$ 21,214					
		Low (80%)	\$ 21,215	\$ 33,942					
		Moderate (120%)	\$ 33,943	\$ 50,914					
		Above Moderate	\$ 50,915	all else					
Households in Bracket	Income Brackets		Very Low	carryover	Low	carryover	Moderate	carryover	Above Moderate
8,382	\$ -	\$ 10,000	8,382						
6,115	\$ 10,000	\$ 14,999	6,115						
5,636	\$ 15,000	\$ 19,999	5,636						
5,879	\$ 20,000	\$ 24,999	1,428	4,451	4,451				
5,796	\$ 25,000	\$ 29,999	-	-	5,796				
6,174	\$ 30,000	\$ 34,999	-	-	4,869	1,305	1,305		
5,457	\$ 35,000	\$ 39,999	-	-	-	-	5,457		
5,199	\$ 40,000	\$ 44,999	-	-	-	-	5,199		
4,477	\$ 45,000	\$ 49,999	-	-	-	-	4,477		
8,500	\$ 50,000	\$ 59,999	-	-	-	-	777	7,723	7,723
10,218	\$ 60,000	\$ 74,999	-	-	-	-	-	-	10,218
9,735	\$ 75,000	\$ 99,999	-	-	-	-	-	-	9,735
4,817	\$ 100,000	\$ 124,999	-	-	-	-	-	-	4,817
2,441	\$ 125,000	\$ 149,999	-	-	-	-	-	-	2,441
1,945	\$ 150,000	\$ 199,999	-	-	-	-	-	-	1,945
1,961	\$ 200,000	\$ 999,999	-	-	-	-	-	-	1,961
			-	-	-	-	-	-	-
			-	-	-	-	-	-	-
92,732			21,561		15,116		17,215		38,840
100.0%			23%		16%		19%		42%



California Government Code Requirements for Development of Regional Housing Needs Plans (Changes from last update are underlined)

65584. (a) (1) For the fourth and subsequent revisions of the housing element pursuant to Section 65588, the department shall determine the existing and projected need for housing for each region pursuant to this article.

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

(2) While it is the intent of the Legislature that cities, counties, and cities and counties should undertake all necessary actions to encourage, promote, and facilitate the development of housing to accommodate the entire regional housing need, it is recognized, however, that future housing production may not equal the regional housing need established for planning purposes.

(b) The department, in consultation with each council of governments, shall determine each region's existing and projected housing need pursuant to Section 65584.01 at least two years prior to the scheduled revision required pursuant to Section 65588.

The appropriate council of governments, or for cities and counties without a council of governments, the department, shall adopt a final regional housing need plan that allocates a share of the regional housing need to each city, county, or city and county at least one year prior to the scheduled revision for the region required by Section 65588.

The allocation plan prepared by a council of governments shall be prepared pursuant to Sections 65584.04 and 65584.05 with the advice of the department.

(c) Notwithstanding any other provision of law, the due dates for the determinations of the department or for the council of governments, respectively, regarding the regional housing need may be extended by the department by not more than 60 days if the extension will enable access to more recent critical population or housing data from a pending or recent release of the United States Census Bureau or the Department of Finance.

If the due date for the determination of the department or the council of governments is extended for this reason, the department shall extend the corresponding housing element revision deadline pursuant to Section 65588 by not more than 60 days.

(d) 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.

(2) Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns.

(3) Promoting an improved intraregional relationship between jobs and housing.

(4) Allocating a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category, as compared to the countywide distribution of households in that category from the most recent decennial United States census.

(e) For purposes of this section, "household income levels" are as determined by the department as of the most recent decennial census pursuant to the following code sections:

(1) Very low incomes as defined by Section 50105 of the Health and Safety Code.

(2) Lower incomes, as defined by Section 50079.5 of the Health and Safety Code.

(3) Moderate incomes, as defined by Section 50093 of the Health and Safety Code.

(4) Above moderate incomes are those exceeding the moderate-income level of Section 50093 of the Health and Safety Code.

(f) Notwithstanding any other provision of law, determinations made by the department, a council of governments, or a city or county pursuant to this section or Section 65584.01, 65584.02, 65584.03, 65584.04, 65584.05, 65584.06, 65584.07, or 65584.08 are exempt from the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

65584.01. (a) For the fourth and subsequent revision of the housing element pursuant to Section 65588, the department, in consultation with each council of governments, where applicable, shall determine the existing and projected need for housing for each region in the following manner:

(b) The department's determination shall be based upon population projections produced by the Department of Finance and regional population forecasts used in preparing regional transportation plans, in consultation with each council of governments.

- If the total regional population forecast for the planning period, developed by the council of governments and used for the preparation of the regional transportation plan, is within a range of 3 percent of the total regional population forecast for the planning period over the same time period by the Department of Finance, then the population forecast developed by the council of governments shall be the basis from which the department determines the existing and projected need for housing in the region.
- If the difference between the total population growth projected by the council of governments and the total population growth projected for the region by the Department of Finance is greater than 3 percent, then the department and the council of governments shall meet to discuss variances in methodology used for population projections and seek agreement on a population projection for the region to be used as a basis for determining the existing and projected housing need for the region.
- If no agreement is reached, then the population projection for the region shall be the population projection for the region prepared by the Department of Finance as may be modified by the department as a result of discussions with the council of governments.

(c) (1) At least 26 months prior to the scheduled revision pursuant to Section 65588 and prior to developing the existing and projected housing need for a region, the department shall meet and consult with the council of governments regarding the assumptions and methodology to be used by the department to determine the region's housing needs.

The council of governments shall provide data assumptions from the council's projections, including, if available, the following data for the region:

(A) Anticipated household growth associated with projected population increases.

(B) Household size data and trends in household size.

(C) The rate of household formation, or headship rates, based on age, gender, ethnicity, or other established demographic measures.

(D) The vacancy rates in existing housing stock; the vacancy rates for healthy housing market functions regional mobility; as well as, housing replacement needs.

(E) Other characteristics of the composition of the projected population.

(2) The department may accept or reject the information provided by the council of governments or modify its own assumptions or methodology based on this information.

After consultation with the council of governments, the department shall make determinations in writing on the assumptions for each of the factors listed in subparagraphs (A) to (E), inclusive, of paragraph (1) and the methodology it shall use and shall provide these determinations to the council of governments.

(d) (1) After consultation with the council of governments, the department shall make a determination of the region's existing and projected housing need based upon the assumptions and methodology determined pursuant to subdivision (c). Within 30 days following notice of the determination from the department, the council of governments may file an objection to the department's determination of the region's existing and projected housing need with the department.

(2) The objection shall be based on and substantiate either of the following:

(A) The department failed to base its determination on the population projection for the region established pursuant to subdivision (b), and shall identify the population projection which the council of governments believes should instead be used for the determination and explain the basis for its rationale.

(B) The regional housing need determined by the department is not a reasonable application of the methodology and assumptions determined pursuant to subdivision (c). The objection shall include a proposed alternative determination of its regional housing need based upon the determinations made in subdivision (c), including analysis of why the proposed alternative would be a more reasonable application of the methodology and assumptions determined pursuant to subdivision (c).

(3) If a council of governments files an objection pursuant to this subdivision and includes with the objection a proposed alternative determination of its regional housing need, it shall also include documentation of its basis for the alternative determination. Within 45 days of receiving an objection filed pursuant to this section, the department shall consider the objection and make a final written determination of the region's existing and projected housing need that includes an explanation of the information upon which the determination was made.

65584.02. (a) For the fourth and subsequent revisions of the housing element pursuant to Section 65588, the existing and projected need for housing may be determined for each region by the department as follows, as an alternative to the process pursuant to Section 65584.01:

(1) In a region in which at least one subregion has accepted delegated authority pursuant to Section 65584.03, the region's housing need shall be determined at least 26 months prior to the housing element update deadline pursuant to Section 65588. In a region in which no subregion has accepted delegation pursuant to Section 65584.03, the region's housing need shall be determined at least 24 months prior to the housing element deadline.

(2) At least six months prior to the department's determination of regional housing need pursuant to paragraph (1), a council of governments may request the use of population and household forecast assumptions used in the regional transportation plan.

For a housing element update due date pursuant to Section 65588 that is prior to January 2007, the department may approve a request that is submitted prior to December 31, 2004, notwithstanding the deadline in this paragraph. This request shall include all of the following:

(A) Proposed data and assumptions for factors contributing to housing need beyond household growth identified in the forecast. These factors shall include allowance for vacant or replacement units, and may include other adjustment factors.

(B) A proposed planning period that is not longer than the period of time covered by the regional transportation improvement plan or plans of the region pursuant to Section 14527, but a period not less than five years, and not longer than six years.

(C) A comparison between the population and household assumptions used for the Regional Transportation Plan with population and household estimates and projections of the Department of Finance.

The council of governments may include a request to extend the housing element deadline pursuant to Section 65588 to a date not to exceed two years, for the purpose of coordination with the scheduled update of a regional transportation plan pursuant to federal law.

(b) The department shall consult with the council of governments regarding requests submitted pursuant to paragraph (2) of subdivision (a). The department may seek advice and consult with the Demographic Research Unit of the Department of Finance, the State Department of Transportation, a representative of a contiguous council of governments, and any other party as deemed necessary. The department may request that the council of governments revise data, assumptions, or methodology to be used for the determination of regional housing need, or may reject the request submitted pursuant to paragraph (2) of subdivision (a). Subsequent to consultation with the council of governments, the department will respond in writing to requests submitted pursuant to paragraph (1) of subdivision (a).

(c) If the council of governments does not submit a request pursuant to subdivision (a), or if the department rejects the request of the council of governments, the determination for the region shall be made pursuant to Sections 65584 and 65584.01.

65584.03. (a) At least 28 months prior to the scheduled housing element update required by Section 65588, at least two or more cities and a county, or counties, may form a subregional entity for the purpose of allocation of the subregion's existing and projected need for housing among its members in accordance with the allocation methodology established pursuant to Section 65584.04.

The purpose of establishing a subregion shall be to recognize the community of interest and mutual challenges and opportunities for providing housing within a subregion.

A subregion formed pursuant to this section may include a single county and each of the cities in that county or any other combination of geographically contiguous local governments and shall be approved by the adoption of a resolution by each of the local governments in the subregion as well as by the council of governments.

All decisions of the subregion shall be approved by vote as provided for in rules adopted by the local governments comprising the subregion or shall be approved by vote of the county or counties, if any, and the majority of the cities with the majority of population within a county or counties.

(b) Upon formation of the subregional entity, the entity shall notify the council of governments of this formation. If the council of governments has not received notification from an eligible subregional entity at least 28 months prior to the scheduled housing element update required by Section 65588, the council of governments shall implement the provisions of Sections 65584 and 65584.04.

The delegate subregion and the council of governments shall enter into an agreement that sets forth the process, timing, and other terms and conditions of the delegation of responsibility by the council of governments to the subregion.

(c) At least 25 months prior to the scheduled revision, the council of governments shall determine the share of regional housing need assigned to each delegate subregion. The share or shares allocated to the delegate subregion or subregions by a council of governments shall be in a proportion consistent with the distribution of households assumed for the comparable time period of the applicable regional transportation plan.

Prior to allocating the regional housing needs to any delegate subregion or subregions, the council of governments shall hold at least one public hearing, and may consider requests for revision of the proposed allocation to a subregion.

If a proposed revision is rejected, the council of governments shall respond with a written explanation of why the proposed revised share has not been accepted.

(d) Each delegate subregion shall fully allocate its share of the regional housing need to local governments within its subregion.

If a delegate subregion fails to complete the regional housing need allocation process among its member jurisdictions in a manner consistent with this article and with the delegation agreement between the subregion and the council of governments, the allocations to member jurisdictions shall be made by the council of governments.

65584.04.

(a) At least two years prior to a scheduled revision required by Section 65588, each council of governments, or delegate subregion as applicable, shall develop a proposed methodology for distributing the existing and projected regional housing need to cities, counties, and cities and counties within the region or within the subregion, where applicable pursuant to this section.

The methodology shall be consistent with the objectives listed in subdivision (d) of Section 65584.

(b) (1) No more than six months prior to the development of a proposed methodology for distributing the existing and projected housing need, each council of governments shall survey each of its member jurisdictions to request, at a minimum, information regarding the factors listed in subdivision (d) that will allow the development of a methodology based upon the factors established in subdivision (d).

(2) The council of governments shall seek to obtain the information in a manner and format that is comparable throughout the region and utilize readily available data to the extent possible.

(3) The information provided by a local government pursuant to this section shall be used, to the extent possible, by the council of governments, or delegate subregion as applicable, as source information for the methodology developed pursuant to this section.

The survey shall state that none of the information received may be used as a basis for reducing the total housing need established for the region pursuant to Section 65584.01.

(4) If the council of governments fails to conduct a survey pursuant to this subdivision, a city, county, or city and county may submit information related to the items listed in subdivision (d) prior to the public comment period provided for in subdivision (c).

(c) Public participation and access shall be required in the development of the methodology and in the process of drafting and adoption of the allocation of the regional housing needs.

Participation by organizations other than local jurisdictions and councils of governments shall be solicited in a diligent effort to achieve public participation of all economic segments of the community.

The proposed methodology, along with any relevant underlying data and assumptions, and an explanation of how information about local government conditions gathered pursuant to subdivision (b) has been used to develop the proposed methodology, and how each of the factors listed in subdivision (d) is incorporated into the methodology, shall be distributed to all cities, counties, any subregions, and members of the public who have made a written request for the proposed methodology.

The council of governments, or delegate subregion, as applicable, shall conduct at least one public hearing to receive oral and written comments on the proposed methodology.

(d) To the extent that sufficient data is available from local governments pursuant to subdivision (b) or other sources, each council of governments, or delegate subregion as applicable, shall include the following factors to develop the methodology that allocates regional housing needs:

(1) Each member jurisdiction's existing and projected jobs and housing relationship.

(2) The opportunities and constraints to development of additional housing in each member jurisdiction, including all of the following:

(A) Lack of capacity for sewer or water service due to federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period.

(B) The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities.

The council of governments may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions.

(C) Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long-term basis.

(D) County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated area.

(3) The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure.

(4) The market demand for housing.

(5) Agreements between a county and cities in a county to direct growth toward incorporated areas of the county.

(6) 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.

(7) High-housing costs burdens.

(8) The housing needs of farmworkers.

(9) The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction.

(10) Any other factors adopted by the council of governments.

(e) The council of governments, or delegate subregion, as applicable, shall explain in writing how each of the factors described in subdivision (d) was incorporated into the methodology and how the methodology is consistent with subdivision (d) of Section 65584. The methodology may include numerical weighting.

(f) Any ordinance, policy, voter-approved measure, or standard of a city or county that directly or indirectly limits the number of residential building permits issued by a city or county shall not be a justification for a determination or a reduction in the share of a city or county of the regional housing need.

(g) In addition to the factors identified pursuant to subdivision (d), the council of governments, or delegate subregion, as applicable, shall identify any existing local, regional, or state incentives, such as a priority for funding or other incentives available to those local governments that are willing to accept a higher share than proposed in the draft allocation to those local governments by the council of governments or delegate subregion pursuant to Section 65584.05.

(h) Following the conclusion of the 60-day public comment period described in subdivision (c) on the proposed allocation methodology, and after making any revisions deemed appropriate by the council of governments, or delegate subregion, as applicable, as a result of comments received during the public comment period, each council of governments, or delegate subregion, as applicable, shall adopt a final regional, or subregional, housing need allocation methodology and provide notice of the adoption of the methodology to the jurisdictions within the region, or delegate subregion as applicable, and to the department.

65584.05. (a) At least one and one-half years prior to the scheduled revision required by Section 65588, each council of governments and delegate subregion, as applicable, shall distribute a draft allocation of regional housing needs to each local government in the region or subregion, where applicable, based on the methodology adopted pursuant to Section 65584.04.

The draft allocation shall include the underlying data and methodology on which the allocation is based.

It is the intent of the Legislature that the draft allocation should be distributed prior to the completion of the update of the applicable regional transportation plan.

The draft allocation shall distribute to localities and subregions, if any, within the region the entire regional housing need determined pursuant to Section 65584.01 or within subregions, as applicable, the subregion's entire share of the regional housing need determined pursuant to Section 65584.03.

(b) Within 60 days following receipt of the draft allocation, a local government may request from the council of governments or the delegate subregion, as applicable, a revision of its share of the regional housing need in accordance with the factors described in paragraphs (1) to (9), inclusive, of subdivision (d) of Section 65584.04, including any information submitted by the local government to the council of governments pursuant to subdivision (b) of that section.

The request for a revised share shall be based upon comparable data available for all affected jurisdictions and accepted planning methodology, and supported by adequate documentation.

(c) Within 60 days after the request submitted pursuant to subdivision (b), the council of governments or delegate subregion, as applicable, shall accept the proposed revision, modify its earlier determination, or indicate, based upon the information and methodology described in Section 65584.04, why the proposed revision is inconsistent with the regional housing need.

(d) If the council of governments or delegate subregion, as applicable, does not accept the proposed revised share or modify the revised share to the satisfaction of the requesting party, the local government, may appeal its draft allocation based upon either or both of the following criteria:

(1) The council of governments or delegate subregion, as applicable, failed to adequately consider the information submitted pursuant to subdivision (b) of Section 65584.04, or a significant and unforeseen change in circumstances has occurred in the local jurisdiction that merits a revision of the information submitted pursuant to that subdivision.

(2) The council of governments or delegate subregion, as applicable, failed to determine its share of the regional housing need in accordance with the information described in, and the methodology established pursuant to Section 65584.04.

(e) The council of governments or delegate subregion, as applicable, shall conduct public hearings to hear all appeals within 60 days of the date established to file appeals.

The local government shall be notified within 10 days by certified mail, return receipt requested, of at least one public hearing on its appeal.

The date of the hearing shall be at least 30 days and not more than 35 days from the date of the notification.

Before taking action on an appeal, the council of governments or delegate subregion, as applicable, shall consider all comments, recommendations, and available data based on accepted planning methodologies submitted by the appellant.

The final action of the council of governments or delegate subregion, as applicable, on an appeal shall be in writing and shall include information and other evidence explaining how its action is consistent with this article.

The final action on an appeal may require the council of governments or delegate subregion, as applicable, to adjust the allocation of a local government that is not the subject of an appeal.

(f) The council of governments or delegate subregion, as applicable, shall issue a proposed final allocation within 45 days of the completion of the 60-day period for hearing appeals.

The proposed final allocation plan shall include responses to all comments received on the proposed draft allocation and reasons for any significant revisions included in the final allocation.

(g) In the proposed final allocation plan, the council of governments or delegate subregion, as applicable, shall adjust allocations to local governments based upon the results of the appeals process specified in this section.

If the adjustments total 7 percent or less of the regional housing need determined pursuant to Section 65584.01, or, as applicable, total 7 percent or less of the subregion's share of the regional housing need as determined pursuant to Section 65584.03, then the council of governments or delegate subregion, as applicable, shall distribute the adjustments proportionally to all local governments.

If the adjustments total more than 7 percent of the regional housing need, then the council of governments or delegate subregion, as applicable, shall develop a methodology to distribute the amount greater than the 7 percent to local governments.

In no event shall the total distribution of housing need equal less than the regional housing need, as determined pursuant to Section 65584.01, nor shall the subregional distribution of housing need equal less than its share of the regional housing need as determined pursuant to Section 65584.03.

Two or more local governments may agree to an alternate distribution of appealed housing allocations between the affected local governments.

If two or more local governments agree to an alternative distribution of appealed housing allocations that maintains the total housing need originally assigned to these communities, then the council of governments shall include the alternative distribution in the final allocation plan.

(h) Within 45 days of the issuance of the proposed final allocation plan by the council of governments and each delegate subregion, as applicable, the council of governments shall hold a public hearing to adopt a final allocation plan.

To the extent that the final allocation plan fully allocates the regional share of statewide housing need, as determined pursuant to Section 65584.01, the council of governments shall have final authority to determine the distribution of the region's existing and projected housing need as determined pursuant to Section 65584.01.

Within 60 days of adoption by the council of governments, the department shall determine whether or not the final allocation plan is consistent with the existing and projected housing need for the region, as determined pursuant to Section 65584.01.

The department may revise the determination of the council of governments if necessary to obtain this consistency.

(i) Any authority of the council of governments to review and revise the share of a city or county of the regional housing need 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.

65584.06. (a) For cities and counties without a council of governments, the department shall determine and distribute the existing and projected housing need, in accordance with Section 65584 and this section.

If the department determines that a county or counties, supported by a resolution adopted by the board or boards of supervisors, and a majority of cities within the county or counties representing a majority of the population of the county or counties, possess the capability and resources and has agreed to accept the

responsibility, with respect to its jurisdiction, for the distribution of the regional housing need, the department shall delegate this responsibility to the cities and county or counties.

(b) The distribution of regional housing need shall, based upon available data and in consultation with the cities and counties, take into consideration market demand for housing, the distribution of household growth within the county assumed in the regional transportation plan where applicable, employment opportunities and commuting patterns, the availability of suitable sites and public facilities, agreements between a county and cities in a county to direct growth toward incorporated areas of the county, or other considerations as may be requested by the affected cities or counties and agreed to by the department.

As part of the allocation of the regional housing need, the department shall provide each city and county with data describing the assumptions and methodology used in calculating its share of the regional housing need.

Consideration of suitable housing sites or land suitable for urban development is not limited to existing zoning ordinances and land use restrictions of a locality, but shall include consideration of the potential for increased residential development under alternative zoning ordinances and land use restrictions.

(c) Within 90 days following the department's determination of a draft distribution of the regional housing need to the cities and the county, a city or county may propose to revise the determination of its share of the regional housing need in accordance with criteria set forth in the draft distribution.

The proposed revised share shall be based upon comparable data available for all affected jurisdictions, and accepted planning methodology, and shall be supported by adequate documentation.

(d) (1) Within 60 days after the end of the 90-day time period for the revision by the cities or county, the department shall accept the proposed revision, modify its earlier determination, or indicate why the proposed revision is inconsistent with the regional housing need.

(2) If the department does not accept the proposed revision, then, within 30 days, the city or county may request a public hearing to review the determination.

(3) 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.

(4) The date of the hearing shall be at least 10 but not more than 15 days from the date of the notification.

(5) Before making its final determination, the department shall consider all comments received and shall include a written response to each request for revision received from a city or county.

(e) If the department accepts the proposed revision or modifies its earlier determination, the city or county shall use that share.

If the department grants a revised allocation pursuant to subdivision (d), the department shall ensure that the total regional housing need is maintained.

The department's final determination shall be in writing and shall include information explaining how its action is consistent with this section.

If 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 department.

The department, within its final determination, may adjust the allocation of a city or county that was not the subject of a request for revision of the draft distribution.

(f) The department shall issue a final regional housing need allocation for all cities and counties within 45 days of the completion of the local review period.

65584.07. (a) During the period between adoption of a final regional housing needs allocation until the due date of the housing element update pursuant to Section 65588, the council of governments, or the department, whichever assigned the county's share, shall reduce the share of regional housing needs of a county if all of the following conditions are met:

(1) One or more cities within the county agree to increase its share or their shares in an amount equivalent to the reduction.

(2) The transfer of shares shall only occur between a county and cities within that county.

(3) 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.

(4) The council of governments or the department, whichever assigned the county's share, shall approve the proposed reduction, if it determines that the conditions set forth in paragraphs (1), (2), and (3) above have been satisfied.

The county and city or cities proposing the transfer shall submit an analysis of the factors and circumstances, with all supporting data, justifying the revision to the council of governments or the department.

The council of governments shall submit a copy of its decision regarding the proposed reduction to the department.

(b) The county and cities which have executed transfers of regional housing need pursuant to this section shall amend their housing elements and submit them to the department for review pursuant to Section 65585.

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

A fee may be charged to interested parties for any additional costs caused by the amendments made to former subdivision (c) of Section 65584 that reduced from 45 to 7 days the time within which materials and data were required to be made available to interested parties.

(c) In the event an incorporation of a new city occurs after the council of governments, or the department for areas with no council of governments, has made its final allocation under this section, the city and county may reach a mutually acceptable agreement on a revised determination and report the revision to the council of governments and the department, or to the department for areas with no council of governments.

If the affected parties cannot reach a mutually acceptable agreement, then either party may request the council of governments, or the department for areas with no council of governments, to consider the facts, data, and methodology presented by both parties and make the revised determination.

The revised determination shall be made within one year of the incorporation of the new city based upon the methodology described in subdivision (a) and shall reallocate a portion of the affected county's share of regional housing needs to the new city.

The revised determination shall neither reduce the total regional housing needs nor change the previous allocation of the regional housing needs assigned by the council of governments or the department, where there is no council of governments, to other cities within the affected county.