

***Final***  
**San Benito County**  
**Regional Housing Needs Allocation Plan**



In partnership with:  
City of Hollister  
County of San Benito  
City of San Juan Bautista

July 2014

Prepared by:  
Council of San Benito County Governments

## **Table of Contents**

|   |    |
|---|----|
| Table of Contents .....   | 2  |
| Council of San Benito County Governments Board of Directors .....               | 3  |
| Council of San Benito County Governments.....                                   | 4  |
| Introduction and Purpose.....   | 4  |
| Role in Housing Element Law.....  | 5  |
| County Profile.....   | 5  |
| Description of Process and Planning Timetable.....                              | 6  |
| Existing and Projected Housing Needs.....                                       | 7  |
| Allocation of Projected Housing Need by Jurisdiction by Income Categories ..... | 8  |
| Guiding Principles .....  | 9  |
| Description of Method of Allocation .....                                       | 10 |
| Allocation of Housing Units by Jurisdiction .....                               | 10 |
| Regional Housing Needs Allocation Plan Factors .....                            | 11 |
| Public Hearing and Comments.....  | 14 |
| Appendix A.....   | 15 |
| Appendix B.....   | 16 |

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### **Council of San Benito County Governments**

The Council of San Benito County Governments is governed by a board of five (5) elected officials: two are appointed from each of the Hollister City Council and the San Benito County Board of Supervisors and one is appointed from the San Juan Bautista City Council. The Council of San Benito County Governments is mandated by state law in Government Code Section 65584 to prepare a Regional Housing Needs Allocation Plan.

### **Introduction and Purpose**

Every eight (8) years, the California Department of Housing and Community Development develops a regional housing need determination based on population projections prepared by the California Department of Finance or the Association of Monterey Bay Area Governments. The San Benito County Regional Housing Needs Allocation Plan identifies a need of 2,194 housing units for the planning period, January 1, 2014 to December 31, 2023.



The purpose of the Regional Housing Needs Allocation Plan is to allocate to the Cities and the County of San Benito their share of the region's projected housing need by household income group.

The Institute for Local Government issued a pamphlet entitled “Understanding SB: 375 – Regional Planning for Transportation, Housing and the Environment”.

Each locality’s regional housing needs allocation is distributed among four income categories to address the required provision for planning for all income levels. The regional housing need allocation plan is required to promote the following objectives per Government Code Section 65584(d):

1. Increase 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. Promote infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns.
3. Promote an improved intraregional relationship between jobs and housing.
4. Allocate 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.

## **Role in Housing Element Law**

With the passing of California Senate Bill 375 in 2008, housing and transportation statutes were amended to further strengthen the coordination of regional housing and transportation planning. Now, the Regional Housing Needs Allocation Plan is tied to the adoption date of the Regional Transportation Plan.

The purpose of allocating the regional housing need to local jurisdictions is for the update of their General Plan Housing Element. The Cities and County of San Benito have until December 31, 2015 to update their Housing Element. Each jurisdiction must receive an allocation and a share of the housing need in order to plan to accommodate housing in the update of their Housing Element. A jurisdiction may take credit for housing units permitted since January 1, 2014.

The regional housing need, as determined by Housing and Community Development, should be considered by the Cities and County of San Benito as a minimum projection of housing need for the 8 year planning period.

A jurisdiction may consider planning for more housing in its Housing Element to meet market demand and the needs of the jurisdiction.

The four income categories (very-low, low, moderate, and above moderate) must be addressed in a jurisdiction's housing element. Specifically, accommodations must be made to ensure that the jurisdiction provides sufficient zoning capacity to accommodate the projected housing need in each income category. For the very low and low income categories, jurisdictions generally are required to identify sites (constructed or vacant) zoned at multifamily residential densities. It is important to note that each jurisdiction is responsible for providing sufficient zoning capacity for the units allocated to all four economic income categories, but is not responsible for the construction of these units.

The intent of the housing element law is to ensure that jurisdictions do not impede the construction of housing in any income category. Other factors, such as market forces, are beyond a jurisdiction's control and have considerable influence over whether or not housing units in each income category are actually constructed.

## **County Profile**

San Benito County is located on the Central California Coast bordered to the north by Santa Cruz and Santa Clara Counties, to the west and south by Monterey County, to the south and east by Fresno County and to the east by Fresno and Merced Counties.

San Benito County was formed in 1874 from Monterey County. The County seat, Hollister, was named after Colonel Hollister. The population has grown from 1,000 in 1874 to 2,750 in 1925 to 55,269 in 2010 to an estimated 57,600 in 2013 (US Census).





Major industries in San Benito County include agriculture, manufacturing, service, retail, recreation, mineral and professional. According to the 2010 US Census, 48.9 percent of the San Benito County workforce commutes outside of San Benito County for employment. Of those working outside of San Benito County, 67 percent travel to Santa Clara County, 25.5 percent travel to Monterey County and 7.4 percent travel to Santa Cruz County.

A large percentage of commuters travel outside of San Benito County for employment, and as such create part of the need for housing. There are more economic opportunities for the workforce in the larger counties to the west and north. Additionally, the lack of more affordable housing near employment creates a strong demand for housing locally.

Due to the housing need pressure, San Benito County grew by 48 percent between 1990 and 2000. Between 2001 and 2009, the Regional Water Quality Control Board prohibited the City of Hollister from issuing new development until a new wastewater treatment facility was built. As of 2014, the region has weathered the worst of the economic recession of 2007-2010 and private investment activity was beginning to emerge. Although foreclosures were abundant between 2007 and 2010, they have since declined with what appears to be a rebounding housing market.

### **Description of Process and Planning Timetable**

The process for allocating each Council of Governments member's share of the regional housing need is outlined in the timetable below:

*Table 1: Schedule and Timeline*

| <b>Task 1: Initial Activities and Outreach</b>       | <b>Date</b>           |
|--|-----------------------|
| 1.1 Meet with local jurisdictions                    | Fall 2013             |
| 1.2 Consult with HCD re. regional determination      | Summer/Fall 2013      |
| <b>Task 2: Preparation of Methodology</b>            |                       |
| 2.1 Meet with local jurisdictions                    | Fall/Winter 2013      |
| 2.2 Request and obtain data from local jurisdictions | Fall 2013             |
| 2.3 Data processing and analysis                     | ongoing               |
| 2.4 Develop methodology alternatives                 | December 2013         |
| 2.5 Outreach and technical discussions               | ongoing               |
| Technical Advisory Committee reviews proposed        |                       |
| 2.6 methodology                                      | 2/6/2014              |
| 2.7 COG issues proposed methodology                  | 12/19/2013            |
| <b>Task 3: Review of Methodology</b>                 |                       |
| 3.1 60-day public comment period                     | 4/17/2014 – 6/16/2014 |
| 3.2 Outreach to local governments                    | ongoing               |
| 3.3 Public hearing about methodology                 | 5/15/2014             |
| 3.4 COG responds to public comments                  | 7/17/2014             |



3.5 COG adopts final methodology and RHNA Plan 7/17/2014

#### **Task 4: Preparation and Review of Draft RHNA**

4.1 Develop RHNA Plan 5/15/2014  
 4.2 Technical discussions and documentation ongoing  
 4.3 COG issues draft RHNA 4/17/2014  
 4.4 COG Holds Public Hearing 5/15/2014  
 4.5 Local jurisdictions may request revisions 5/30/2014  
 4.6 COG responds to revision requests 6/6/2014

#### **Task 5: Appeals Process**

5.1 Jurisdictions may appeal draft RHNA 9/15/2014  
 5.2 Public hearing about appeals, if needed 11/14/2014  
 5.3 COG reviews and responds to appeals requests 12/29/2014

#### **Task 6: Adoption of Final RHNA**

6.1 COG adopts final RHNA 7/17/2014  
 6.2 Public hearing to adopt final RHNA 7/17/2014  
 6.3 COG submits final RHNA to HCD 7/18/2014  
 6.4 Review and approval of final RHNA by HCD 9/15/14

### **Existing and Projected Housing Needs**

According to the 2010 U.S. Census, San Benito County had 17,870 housing units in 2010. This number is close to the 2012 U.S. Census estimate of 17,876 housing units. Development in the major urban center of Hollister has begun to rebound after the completion of the new wastewater treatment facility in 2009.

The 2010 U.S. Census further characterizes housing in San Benito County in the following table:

*Table 2: Excerpts from the Profile of General Population and Housing Characteristics: 2010 (DP-1)*

| Subject                       | Number | Percent |
|-------------------------------|--------|---------|
| <b>Housing Occupancy</b>      |        |         |
| Total housing units           | 17,870 | 100.0   |
| Occupied housing units        | 16,805 | 94      |
| Vacant housing units          | 1,065  | 6       |
| <b>Housing Tenure</b>         |        |         |
| Total occupied housing units  | 16,805 | 100.0   |
| Owner-occupied housing units  | 10,927 | 65      |
| Renter-occupied housing units | 5,878  | 35      |

The majority of the population and housing is contained in the City of Hollister, the City of San Juan Bautista, and the area of Ridgemark. In 2010, the vacancy rate for homeowners was 2 percent and 5.1 percent for rental units. Vacancy rates increased due to the economic recession of 2007-2010 which affected San Benito County, California, and the rest of the nation.

Despite the large downturn in the housing market, developments are starting up again in San Benito County due to improved economic conditions. Several development projects began construction once the Hollister housing moratorium was lifted. Other projects are approved for the unincorporated area of the County.

The California Department of Finance estimates that the population of San Benito County will grow from 57,600 in 2013 to 63,256 in 2023. This population growth translates to an estimated number of households of 17,876 in 2012 and 19,688 in 2023.

The Association of Monterey Bay Area Governments (AMBAG) projects that the population of San Benito County will grow more than what the Department of Finance estimates. AMBAG projects that the region will grow to 75,604 by 2025.

The Council of San Benito County Governments estimates that growth will be much higher and will likely exceed the required minimum housing need of 2,194 as projected by the Department Housing and Community Development. Households are projected to grow to 22,652 in 2020 according to the Association of Monterey Bay Area Governments for 2035.

The Cities and County are encouraged to plan for additional growth beyond the projected need.

### **Allocation of Projected Housing Need by Jurisdiction by Income Categories**

According to the Bureau of Economic Analysis, in 2011, per capita personal income in San Benito County was \$36,273. In 2012, per capita personal income rose to \$38,030 compared to the statewide average of \$46,477 and Santa Clara County average of \$66,353.

The allocation of regional housing need by income category was determined by the Department of Housing and Community Development (Appendix B).

*Table 3: Regional Housing Need Allocation by Income Category*

| Income Category | Allocation | Percent |
|-----------------|------------|---------|
| Very Low        | 520        | 23.7%   |
| Low             | 315        | 14.4%   |
| Moderate        | 430        | 19.6%   |
| Above Moderate  | 929        | 42.3%   |
| Total           | 2,194      | 100.0%  |



The allocation of regional housing need to the local jurisdictions by income categories is included in Table 4: Allocation of Housing Need to Local Jurisdictions. The basis for this allocation formula is outlined in the Guiding Principles below and on the following pages.

*Table 4: Allocation of Housing Need to Local Jurisdictions*

| <b>Allocation of Housing Need to Local Jurisdictions</b> |                |              |
|--|----------------|--------------|
| <b>City of Hollister</b>                                 |                | <b>1,316</b> |
|  | Very Low       | 312          |
|  | Low            | 189          |
|  | Moderate       | 258          |
|  | Above Moderate | 557          |
| <b>City of San Juan Bautista</b>                         |                | <b>41</b>    |
|  | Very Low       | 10           |
|  | Low            | 6            |
|  | Moderate       | 8            |
|  | Above Moderate | 17           |
| <b>County of San Benito</b>                              |                | <b>837</b>   |
|  | Very Low       | 198          |
|  | Low            | 120          |
|  | Moderate       | 164          |
|  | Above Moderate | 355          |
| <b>Total</b>   |                | <b>2,194</b> |

*Note: A local jurisdiction may take credit for and reduce their share of housing units built after January 1, 2014 in their submittal of the Housing Element update.*

### **Guiding Principles**

The Council of Governments coordinated the effort of this Regional Housing Needs Allocation Plan with the Cities of Hollister and San Juan Bautista, and the County of San Benito planning staffs. Additionally, at the forefront of the allocation methodology was the recognition that housing and jobs are linked.

Each Council of Governments member's share of the regional housing need shown in this Plan shall be used in that member's Housing Element as the local goal in planning for and accommodating the regional housing need. The number of dwelling units allocated to each Council of Governments member should be considered as a minimum housing need. Nothing in this Plan restricts or prohibits the local jurisdictions from planning for a higher number of dwelling units than its regional allocation.

The goal of the Regional Housing Needs Plan is to assure a fair distribution of housing among the Cities and County, so that every community provides an opportunity for a mix of housing affordable to all economic segments. The housing allocation targets are not building requirements, but goals for each community to plan for and accommodate through appropriate planning policies and land use

regulations. The Regional Housing Need number is not a housing unit quota that jurisdictions must achieve within the time frame of their next Housing Element update. Allocation targets are intended to assure that adequate sites and zoning are made available to address anticipated housing demand during the planning period and that market forces are not inhibited in addressing the housing needs of all economic segments of a community.

### **Description of Method of Allocation**

The methodology for the housing needs allocation is broken down into three phases:

1. Review methodology options for the allocation of housing,
2. Allocation of housing units by jurisdiction, and
3. Allocation of housing units by income group.

#### *Review Methodology Options for the Allocation of Housing*

Once the Council of Governments receives the countywide housing allocation provided by the California Department of Housing and Community Development, including the overall needs number and the income category distribution, it must adopt a methodology for distributing the regional growth number throughout the region.

Staff reviewed several options for distributing the regional housing need with planning staff of the local jurisdictions. Some of the options included distributing the housing need determination by jobs, housing, or employment based on past, present, and future numbers.

### **Allocation of Housing Units by Jurisdiction**

The Council of Governments is required to allocate a fair share of the housing need to each jurisdiction. In this case, the Council of Governments worked with the Cities of Hollister and San Juan Bautista and the County of San Benito to draft a distribution methodology.

Ultimately a jobs/housing methodology was selected as the preferred option and was recommended to the Council of Governments Board of Directors. The Board of Directors reviewed this methodology on December 19, 2013 and approved it on February 20, 2014.

This methodology distributes the regional figure based on a jurisdiction's proportional share of employment in the year 2025 (within 2 years of the end of the planning period). The AMBAG Final 2014 Regional Growth Forecast was used to determine a jurisdiction's proportional share of jobs for the year 2025.

The allocation methodology is broken out into these four steps:

- Step 1- Determine the number of jobs in 2025 by jurisdiction
- Step 2 - Determine the percentage share of jobs in 2025 per jurisdiction
- Step 3 - Distribute the total housing need of 2,194 to the local jurisdictions based on Step 2
- Step 4 - Distribute each jurisdiction's housing need based on Step 3 by income category

*Allocation of Housing Units by Income Category*

The Council of Governments assigned the total housing need to each of the four (4) income categories in the same manner as the Department of Housing and Community Development. The allocations are included in *Table 4: Allocation of Housing Need to Local Jurisdictions*.

**Regional Housing Needs Allocation Plan Factors**

State law (Government Code Section 65584.04(b)(1)) requires that San Benito COG consider, to the extent that sufficient data is available, when developing its Regional Housing Needs Allocation Plan the following factors:

1. *Each member jurisdiction's existing and projected jobs and housing relationship:*

San Benito COG reviewed the jobs and housing balance of the jurisdictions for the present, past, and future. Both of the incorporated cities are projected to have a better jobs to housing balance in 2025. The County is expected to have a lower jobs to housing balance in 2025. This may be explained by the annexation of County lands to the City of Hollister in the sphere of influence over the next 8 years.

Because the Association of Monterey Bay Area Governments 2014 Growth Forecast represents the state and federally recognized basis for the San Benito Regional Transportation Plan (2014), it was used as the basis for the overall Regional Housing Needs Allocation Plan methodology.

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.*

None of the jurisdictions indicated that they would run out of water and/or sewer capacity during the 2014-2023 planning period. No adjustments were considered in the Regional Housing Needs Allocation methodology for lack of water and/or sewer.

- 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. The determination of available land suitable for urban development may exclude lands where the Federal Emergency Management Agency (FEMA) or the Department of Water Resources has determined that the flood management infrastructure designed to protect that land is not adequate to avoid the risk of flooding.*

The amount of land available for development varies by jurisdiction. None of the jurisdictions indicated that land suitable for urban growth would be an obstacle during the 2014-2023 planning period.

- 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.*

While there are federal lands in the south of San Benito County, these lands are unsuitable and undesirable for urban development. Development has occurred primarily in the northern part of the County including the City of Hollister and San Juan Bautista. In this northern area, there are no lands preserved or protected from urban development which would impact this Regional Housing Needs Allocation Plan.

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

There are lands preserved in the County and Cities of Hollister and San Juan Bautista within the Alquist-Priolo Earthquake Fault Zoning Act. These areas are regulated by the Act but no adjustments in the number of housing units were made for Regional Housing Needs Allocation Plan purposes.

- 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 2014 Regional Growth Forecast prepared by the Association of Monterey Bay Area Governments shows that growth in housing over the planning period is compatible with the Regional Housing Needs Allocation Plan and methodology used. The City of Hollister is allocated 183 units more than the housing projected in the 2014 Regional Growth Forecast for the planning period. This amount is 16 percent higher than the 2014 Regional Growth Forecast.

Allocating the projected housing need using projected employment in each jurisdiction, maximizes the opportunity for people to use public transportation and existing transportation infrastructure.

- 4. *The market demand for housing.*

Planning staffs of the local jurisdictions reported a variety of factors which influence the market demand for housing including low down payment loans, available inventory, availability of financing, and median house sales prices. While these factors influence the market demand for housing, no adjustments were made for the treatment of this situation.

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

There are no agreements between the County and cities to direct growth toward incorporated areas of the county.

- 6. *The loss of units contained in assisted housing developments, as defined in paragraph (9) of subdivision (a) of Section 65583, that changed to non-low-income use through mortgage repayment, subsidy contract expirations, or termination of use restrictions.*

State Government Code requires each Housing Element to assess the potential impact of expiring public subsidies on low-income units. According to the General Plan Housing Element updates of the three jurisdictions during the last planning cycle of 2007-2014, there were a total 10 units in the unincorporated area of San Benito County, 262 units within the City of Hollister, and 0 (zero) units within the City of San Juan Bautista at risk of conversion from assisted to market rate housing.

No more recent data was available for this Regional Housing Needs Allocation Plan and no adjustments were made for the treatment of this situation.

7. *High-housing cost burdens.*

Information about housing overpayment and overcrowding was found in the 2012 American Community Survey 5-Year Estimates, Table DP04: Selected Housing Characteristics. Overcrowding is considered more than one (1) person per room per house while overpayment is considered 30% or more of monthly income.

The following table summarizes the conditions of overpayment and overcrowding for the Cities of Hollister and San Juan Bautista and San Benito County:

*Table 5: Conditions of Housing Overpayment and Overcrowding*

| <b>Conditions of Housing Overpayment and Overcrowding</b>                      | <b>Hollister</b> | <b>San Juan Bautista</b> | <b>San Benito County</b> |
|--|------------------|--------------------------|--------------------------|
| Selected Monthly Owner Costs as a Percentage of Household Income (30% or more) | 59.7%            | 70.3%                    | 59.0%                    |
| Gross Rent as a Percentage of Household Income (30% or more)                   | 61.3%            | 54.5%                    | 58.6%                    |
| Occupants per Room (1.01 or more)  | 8.8%             | 10.2%                    | 7.9%                     |

The Council of San Benito County Governments sought to accommodate its projected household growth throughout the region in developing this Regional Housing Needs Allocation Plan by connecting projected jobs to housing.

8. *The housing needs of farmworkers.*

Farmworker housing needs in this Regional Housing Needs Allocation Plan are addressed in the very low-income category. Several low-income housing developments were built in the last two decades in San Benito County. Many of the residents in these communities work in the agricultural industry. There are also several farmworker communities in San Benito County that address the existing and transient 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.*

The Gavilan College Hollister site offers a limited number of classes due to its small size. Gavilan College is planning to grow its Hollister campus and move to a new location but will likely take many years to accomplish. The existing and future housing needs of students, faculty, and staff are accommodated in the income categories identified in this Regional Housing Needs Allocation Plan. There are currently no group quarters associated with the Gavilan College Hollister site.

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

There were no other factors adopted by the Council of Governments for considering in the allocation of housing units to the local jurisdictions.

### **Public Hearing and Comments**

The Council of San Benito County Governments posts its agendas at locations freely available to the public. The Board discussed and provided direction to staff on the Regional Housing Need Allocation at three public meetings prior to releasing the draft Regional Housing Needs Allocation Plan in April. The Council of San Benito County Governments also noticed the public hearing in the local free newspaper.

At the public hearing on May 15, 2014, there was one public comment received from CHISPA (Community Housing Improvement Systems and Planning Association, Inc.). Gabriel Torres, Project Manager, stated that the organization was satisfied with the draft Regional Housing Needs Allocation Plan. Mr. Torres stated that CHISPA is expanding their efforts in affordable housing developments to San Benito County.

CHISPA is a private, nonprofit (501(c)(3)) housing developer in Monterey County focused on building affordable single family homes and multi-family and senior apartments.

**Appendix A**

Institute for Local Government - Understanding SB 375: Regional Planning for Transportation, Housing and the Environment



**Appendix B**

Letter from Department of Housing and Community Development dated November 19, 2013