

**Sierra County
Board of Supervisors'
Agenda Transmittal &
Record of Proceedings**

MEETING DATE: July 7, 2020	TYPE OF AGENDA ITEM: <input checked="" type="checkbox"/> Regular <input type="checkbox"/> Timed <input type="checkbox"/> Consent
--------------------------------------	---

DEPARTMENT: Behavioral Health
APPROVING PARTY: Lea Salas, Administrative Director
PHONE NUMBER: (530) 993-6746

AGENDA ITEM: Approval of Sierra Housing Study and discussion regarding Site Feasibility Study and the joint project with Plumas County for No Place Like Home.

SUPPORTIVE DOCUMENTS ATTACHED: Memo Resolution Agreement Other
Sierra Housing Study

BACKGROUND INFORMATION:

FUNDING SOURCE:
GENERAL FUND IMPACT: No General Fund Impact
OTHER FUND:
AMOUNT: \$ N/A

ARE ADDITIONAL PERSONNEL REQUIRED? <input type="checkbox"/> Yes, -- -- <input checked="" type="checkbox"/> No	IS THIS ITEM ALLOCATED IN THE BUDGET? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No IS A BUDGET TRANSFER REQUIRED? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
--	---

SPACE BELOW FOR CLERK'S USE

BOARD ACTION: <input type="checkbox"/> Approved <input type="checkbox"/> Approved as amended <input type="checkbox"/> Adopted <input type="checkbox"/> Adopted as amended <input type="checkbox"/> Denied <input type="checkbox"/> Other <input type="checkbox"/> No Action Taken	<input type="checkbox"/> Set public hearing For: _____ <input type="checkbox"/> Direction to: _____ <input type="checkbox"/> Referred to: _____ <input type="checkbox"/> Continued to: _____ <input type="checkbox"/> Authorization given to: _____	Resolution 2020- _____ Agreement 2020- _____ Ordinance _____ Vote: Ayes: Noes: Abstain: Absent: <input type="checkbox"/> By Consensus
---	---	---

COMMENTS:

CLERK TO THE BOARD

DATE

SIERRA COUNTY HOUSING STUDY

May 2020



Prepared for Sierra County by:

 **HousingTools**

TABLE OF CONTENTS

INTRODUCTION	1
GEOGRAPHY	3
DEMOGRAPHICS	4
ECONOMY	6
HOUSEHOLD CHARACTERISTICS	11
HOUSING CHARACTERISTICS	14
RESIDENTIAL CONSTRUCTION TRENDS	16
FOR-SALE MARKET	17
MARKET RATE FOR-SALE OPPORTUNITIES	19
AFFORDABLE FOR-SALE NEED	20
RENTAL MARKET	21
MARKET RATE RENTAL OPPORTUNITIES	24
AFFORDABLE RENTAL HOUSING NEED	25
HOMELESSNESS IN SIERRA COUNTY	28
AFFORDABLE RENTAL FUNDING ENVIRONMENT	30
CONCLUSION	33

INTRODUCTION

The purpose of this study is to describe general housing market conditions and identify development opportunities in Sierra County. The description of the housing market begins with an overview of base market conditions, including geography and proximity to job centers, demographics, local economic indicators, and household characteristics. Local housing trends and issues are then analyzed, including housing characteristics, residential construction trends, for-sale market statistics, and rental market statistics. Based on an assessment of these data points, the report identifies housing needs and opportunities within the County.

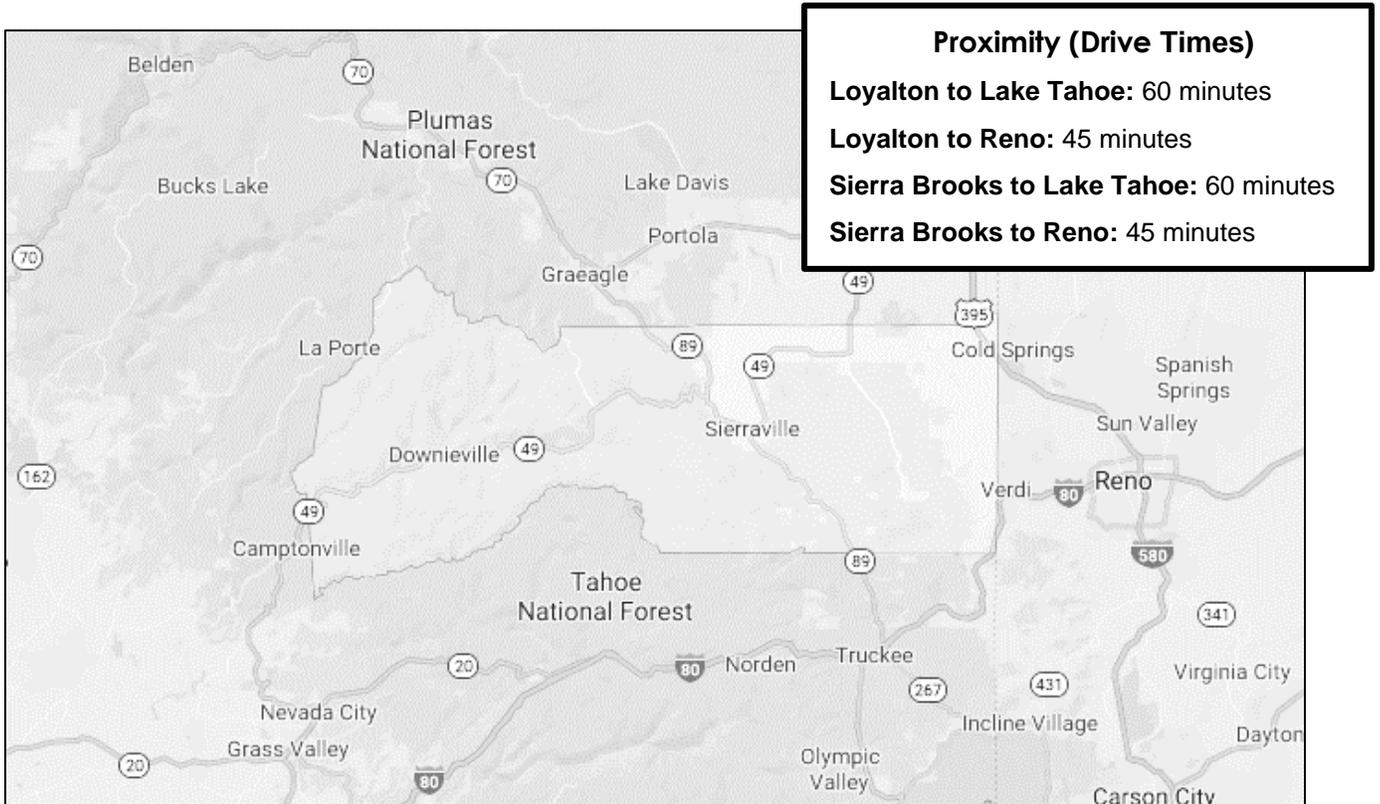
Key findings of the study are highlighted in bold type throughout the document, and are also summarized below.

- Neighboring Washoe County has a population of 457,333, most of which lives in Reno, which has a population of 250,998. Reno has become a major technology hub and also is home to the University of Nevada, Reno. There are potential development opportunities to develop housing for people that live and/or work in the Reno area.
- Sierra County's largest age cohort is 65 years old or older, with 853 residents in this category (28% of the total population).
- After a steady decline in population from 2010 to 2015, the County's population increased slightly from 2015 to 2019.
- Sierra County's industry with the most employment is State Government, with 2,470 jobs, which also had the most job growth from March 2019 to March 2020.
- 83% of households earning less than \$35,000 pay 30% or more of income on housing, and 28% of renter households in the County pay more than 50% of income to rent.
- The two income categories with the most households are \$100,000-\$149,999 with 263 and \$35,000-\$49,999 with 196. About a quarter of homeowner households earn \$100,000-\$149,000 (259), while half earn less than \$50,000 (477).
- There is a clear shortage of smaller units for small households, and an oversupply of larger units.
- About two-thirds of residential units in the County were built in 1979 or earlier, and about one-third of these were built in 1949 or earlier. This likely indicates a high need for rehabilitation of older houses.
- Sierra County has experienced a net loss of six residential units from 2015-2020. A major contributor was the demolition of 30-plus mobile homes at Loyaltan Mobile Estates that are no longer available to households with limited incomes.

- The Zillow Home Value Index for Sierra County increased at a rate just under half that of the state as a whole between January 2016 and March 2020.
- There are three for-sale home submarkets across the County, with Loyalton, Sierra City, and Downieville each demonstrating distinct price points, based on a survey of current listings. The average asking price for homes in Downieville are 52% higher than the average asking price for homes in Loyalton.
- Most likely due to COVID-19 impacts, a review of recent vacation home postings show that many of these homes are transitioning from weekly leases to lower priced, longer-term leases. This presents a potential opportunity to open up the rental market to more middle and lower income households by increasing the overall rental stock available to local residents.
- The significant share of homeowner households earning less than \$35,000 and paying more than 35% of income on housing costs indicates that many households have limited income for home maintenance and repairs.
- The County has four distinct rental markets, which include market rate, rent-restricted affordable, short-term vacation rentals, and mobile home and special occupancy parks.
- A three-person household earning 60% of Area Median Income (AMI) can afford \$182 less than the Fair Market Rent of \$1,270 in the County. The Fair Market Rent is much lower than the Countywide Zillow Rental Index for January 2020, which was \$1,681.
- There is a significant shortfall of at least 427 units that are affordable to Low Income households in the County.

GEOGRAPHY

Sierra County has a total of 962 square miles, of which 953 square miles is land and 9.0 square miles is water. Adjacent counties are Nevada County on the south, Yuba County on the west, Plumas County to the north, Lassen County on the northeast, and Washoe County on the East.¹



Neighboring counties with populations greater than 100,000 include Washoe County which has a population of 465,735 and Butte County which has a population of 231,256. Most of the Washoe County population lives in Reno, Nevada which has a population of 250,998.² Due to large-scale investments from Seattle and Bay Area companies including Amazon, Tesla and Microsoft, Reno has become a major technology hub in the United States³. Anchored by University of Nevada, Reno also serves as a hub for education. Most of the Butte County population lives in the Chico Urban Area which has a population of 106,720.⁴ Chico is a regional hub for education and healthcare services throughout the region and is also home to Butte College.

¹ California Department of Finance, Employment Development Department, 2019

² U.S. Census, 2018 American Community Survey

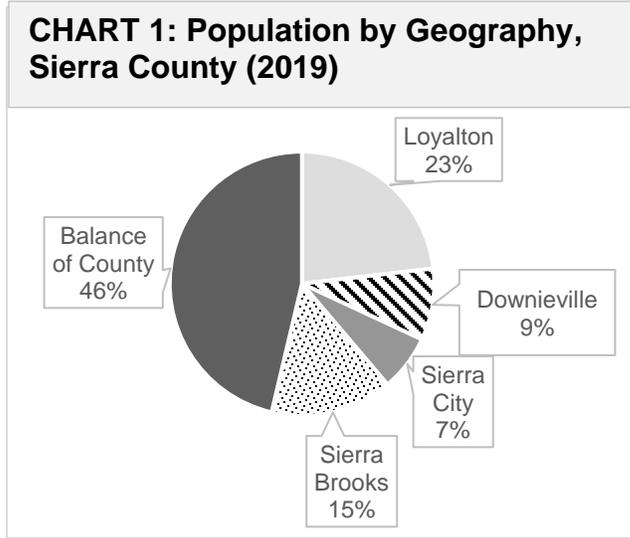
³ Bloomberg, 2017

⁴ U.S. Census, 2018 American Community Survey

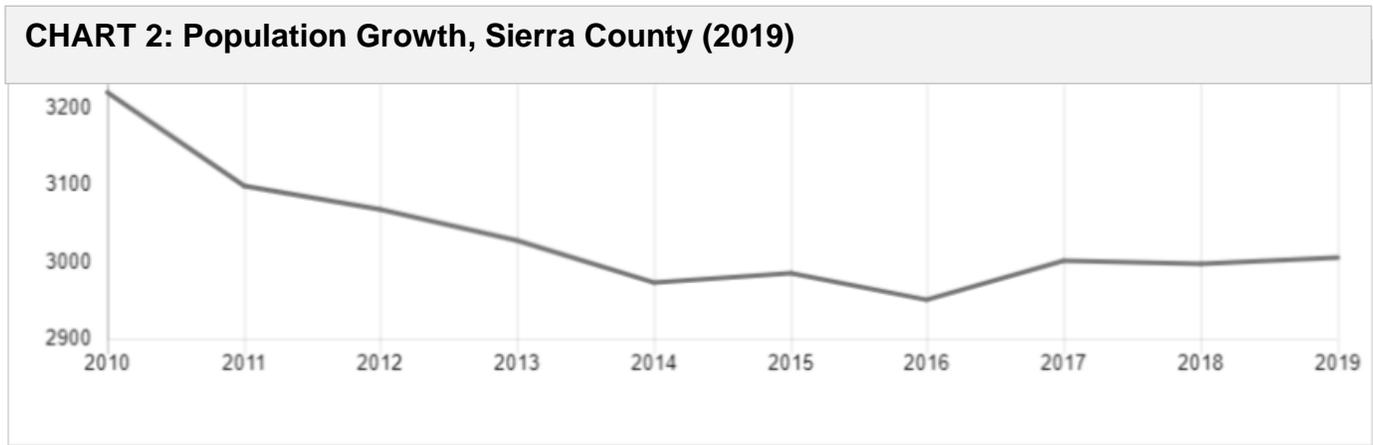
DEMOGRAPHICS

Sierra County is mostly rural, with a population of 3,005, making it California’s second least-populous county.⁵ Chart 1 shows how the population is distributed geographically. Most of the county’s population lives in Loyalton, Sierra Brooks, Downieville, and Sierra City. Loyalton is Sierra County’s only incorporated city.

Sierra County’s population declined between 2010 and 2016 by 269 people, before rebounding slightly with an increase of 54 people between 2016 to 2019. Overall, Sierra County’s population has seen a decrease of 6% over the past nine years, from 3,220 in 2010 to 3,005 in 2019, an average annual decrease of 0.75%. By comparison, the State of California has experienced an average annual increase over the same period of 0.72%.⁶



Source: State of California, Department of Finance, 2019

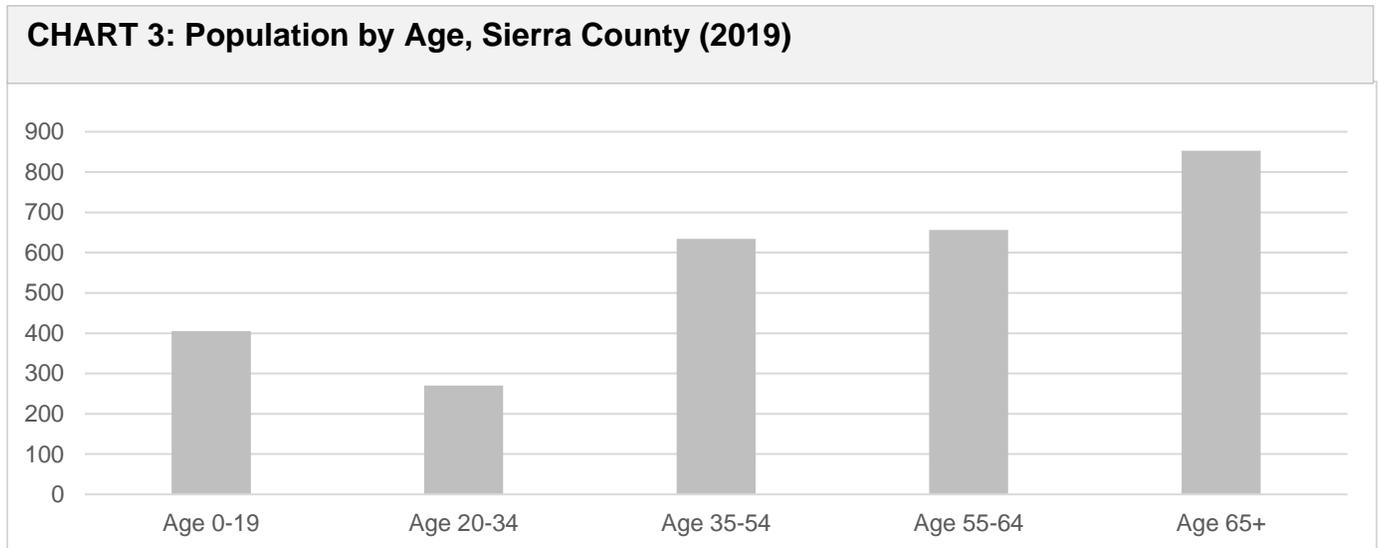


Source: State of California, Department of Finance, 2019

⁵ California Department of Finance, 2019

⁶ California Department of Finance, 2019

Sierra County's largest age population cohort is 65+ with 853 people.



U.S. Census, 2014-2018 American Community Survey

In terms of ethnic makeup, within Sierra County, 96.9% of the population identifies as white, while about 1% identify as American Indian (Cherokee), and 1.9% as two or more races. Sierra County has a much larger proportion of the population that is white than the State of California overall, which is 60% white.⁷

⁷ *U.S. Census, 2014-2018 American Community Survey*

ECONOMY

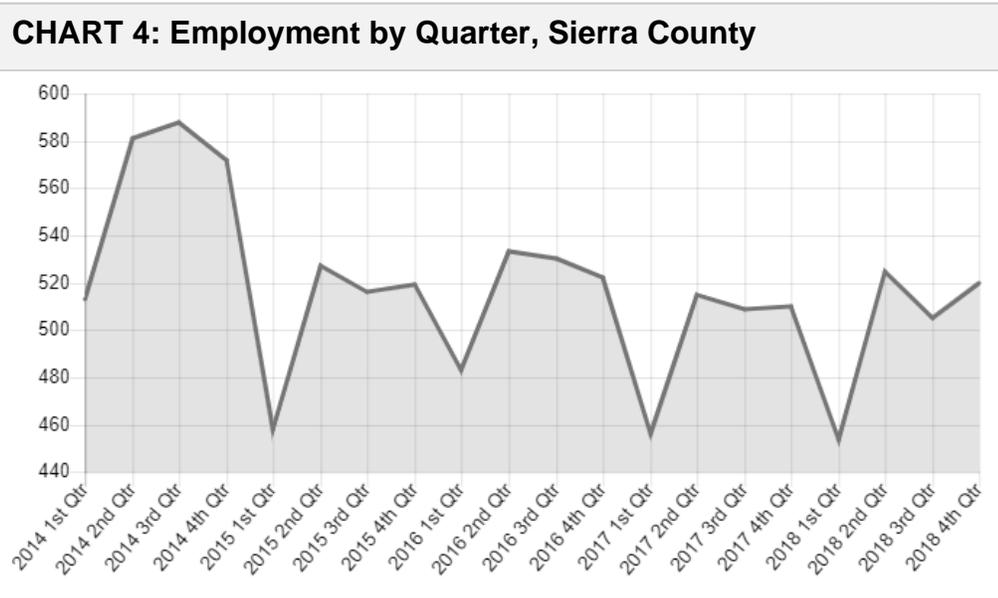
The foundation of Sierra County’s economy is Healthcare, Local Government and Education. The largest employer is Eastern Plumas Health Care (EPHC). It is currently unknown how much of an impact COVID-19 will have on the economy going forward, but a decline in sales taxes could potentially reduce Local Government employment.

Table 1: Largest Employers, Sierra County

Employer Name	Employees	Location	Industry
Eastern Plumas Health Care	100-249	Loyalton	Hospitals
County of Sierra	75-120	Downieville	Government Offices-County
Haypress Power Project	20-49	Sierra City	Electric Companies
Sierra Plumas Joint Unified School District	20-49	Loyalton	Schools
Tahoe National Forest	20-49	Sierraville	Government Offices-Us
Golden West Dinning	10-19	Loyalton	Restaurants
Herrington's Sierra Pines	10-19	Sierra City	Resorts
Leonards-Loyalton	10-19	Loyalton	Grocers-Retail
Sardine Lake Resort	10-19	Sierra City	Resorts
Western Sierra Medical Clinic	10-19	Downieville	Physicians & Surgeons

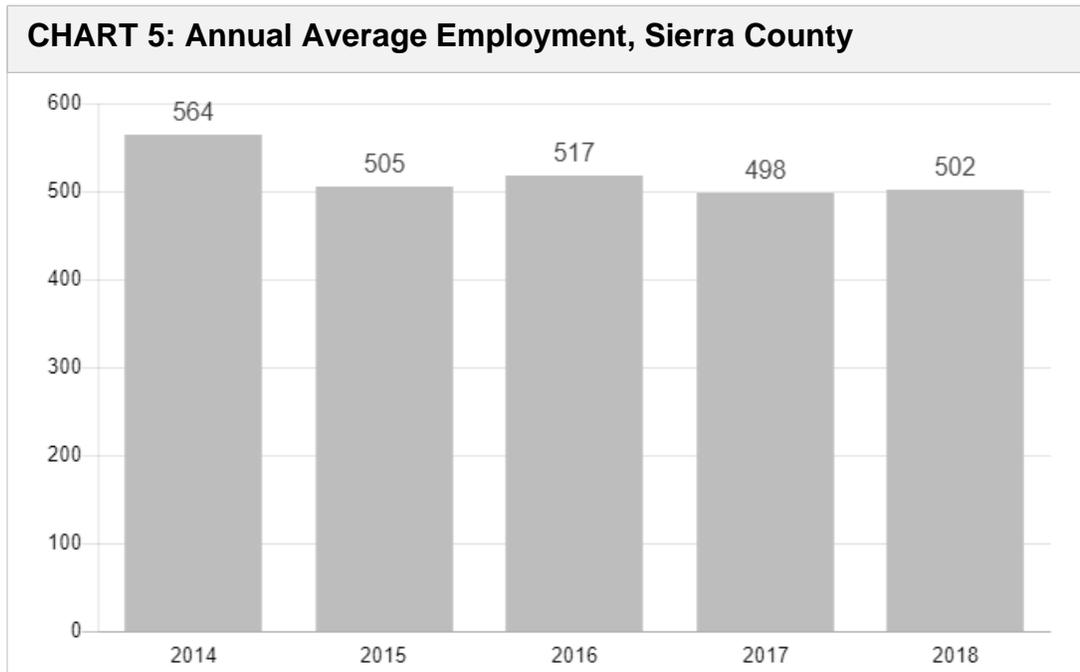
Source: California Employment Development Department, 2018

Total employment in Plumas County cycles through annual peaks and valleys due to the significant proportion of seasonal jobs, as reflected in quarterly employment numbers.



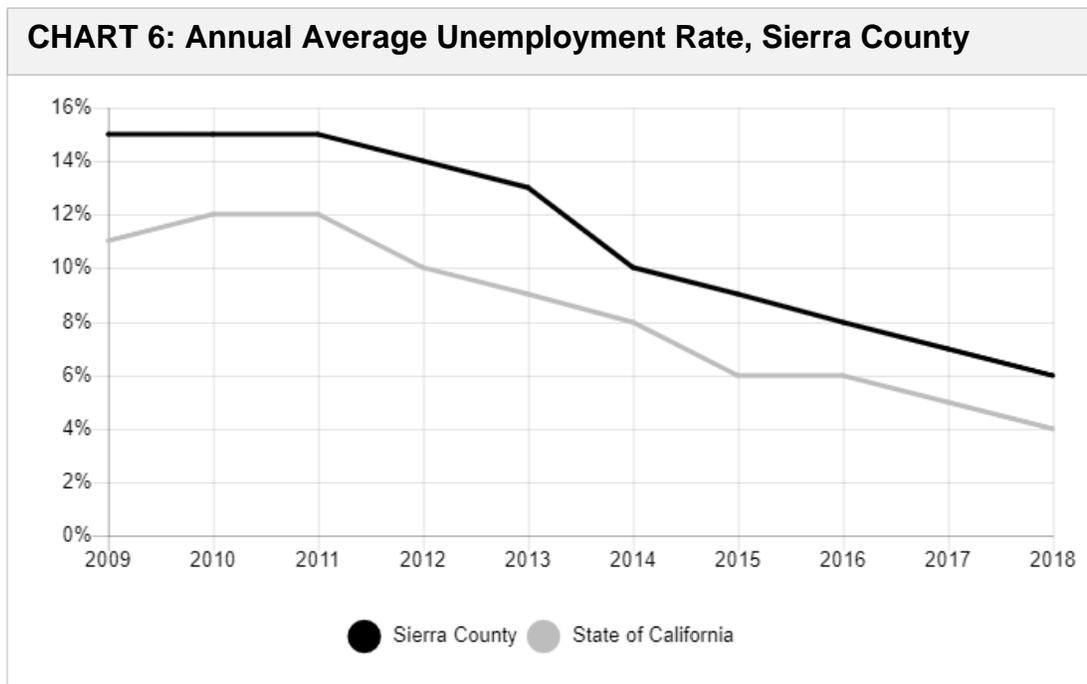
Source: U.S. Bureau of Labor Statistics, 2019

Annual average employment has slightly decreased by 62 jobs since 2014, as shown in Chart 5.



Source: California Employment Development Department, 2014-2018

Overall, the Sierra County unemployment rate has decreased from 15% in 2009 to 6% in 2018.



Source: California Employment Development Department, 2019

Table 2 shows changes in employment by industry from October 2018 to October 2019. State Government and Service Providing industries each gained 50 jobs over this period. The Goods

Producing industry gained 30 jobs. Local Government lost 20 jobs. Overall, Civilian Employment increased by 0.8%.

Table 2: Employment by Industry, Sierra County

Industry	Mar-19	Mar-20	Percent Change
Federal Government	30	40	33%
Goods Producing	220	250	13.6%
Government	630	640	1.6%
Local Government	270	250	-7.4%
Private Service Providing	150	150	0%
Service Providing	730	780	6.8%
State Government	2,420	2,470	2.1%
Farm	60	60	0%
Civilian Labor Force	1,290	1,310	1.5%
Civilian Employment	1,190	1,200	0.8%
Civilian Unemployment	100	110	10%

Source: California Employment Development Department, 2019 Notes: (1) Civilian labor force data are by place of residence and includes: self-employed individuals, unpaid family workers, domestic workers, and workers on strike. (2) Industry employment is by place of work and excludes: self-employed individuals, unpaid family workers, domestic workers, and workers on strike. Data may not add due to rounding.

Table 3 shows wages by occupation for the North Valley Region as of 2018, which includes Colusa, Glenn, Lassen, Modoc, Nevada, Plumas, Sierra, Siskiyou, Tehama, and Trinity Counties. The occupations with the most workers can be categorized into the following wage categories:

High Wage (Average Annual Wage: \$93,609 - \$110,287)

Management (4,740 Jobs)

Healthcare Practitioners and Technical Occupations (4,430 Jobs)

Middle Wage (Average Annual Wage: \$52,091 - \$77,954)

Education, Training and Library (8,660 Jobs)

Construction and Extraction (4,650 Jobs)

Protective Service (4,070 Jobs)

Business and Financial Operations (3,220 Jobs)

Lower Wage (Average Annual Wage: \$30,147 - \$50,057)

Office and Administrative Support (13,100 Jobs)

Sales and Related (9,180 Jobs)

Food Preparation and Serving-Related (9,140 Jobs)

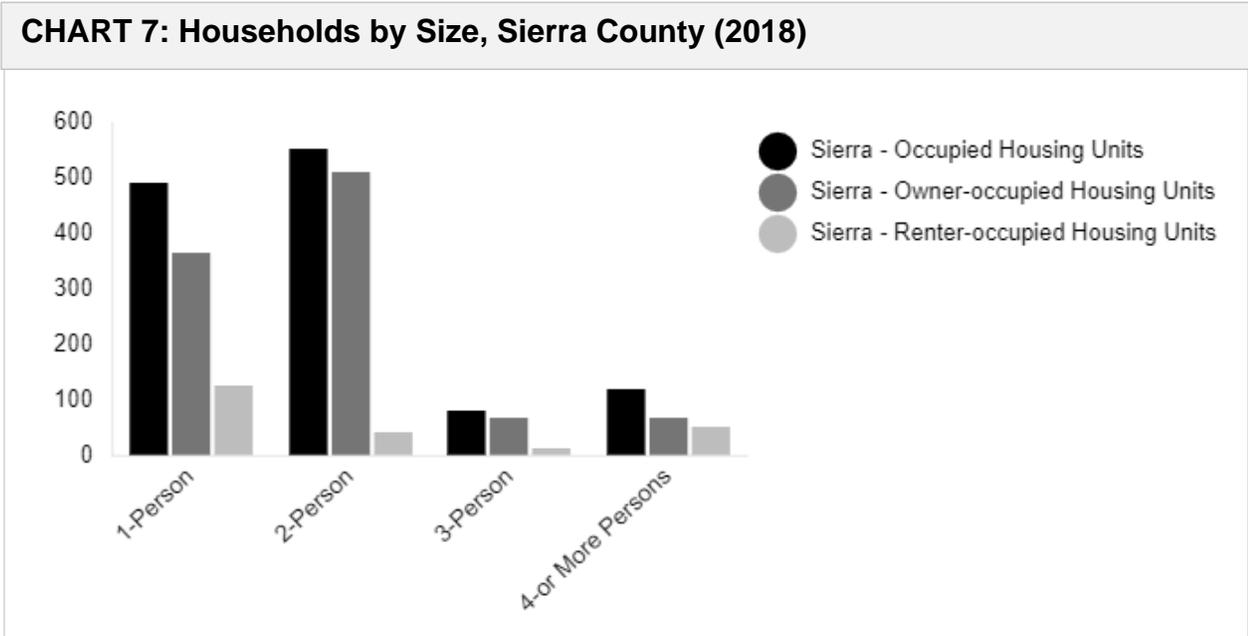
Transportation and Material Moving (7,210 Jobs)

Table 3: Wages by Occupation, North Valley Region (incl. Plumas and Sierra Counties)

Occupation	May 2018 Employment Estimates	Average Hourly Wage	Average Annual Wage	25th Percentile Hourly Wage	50th Percentile Hourly Wage	75th Percentile Hourly Wage
Legal Occupations	3	\$53.03	\$110,287	\$32.07	\$40.40	\$64.35
Healthcare Practitioners and Technical	4,430	\$46.36	\$96,430	\$26.70	\$42.08	\$56.95
Management	4,740	\$45.01	\$93,609	\$27.79	\$39.59	\$56.57
Computer and Mathematical	730	\$37.48	\$77,954	\$23.55	\$33.86	\$46.83
Architecture and Engineering	650	\$37.20	\$77,364	\$27.04	\$34.64	\$45.46
Protective Service	4,070	\$33.26	\$69,191	\$21.36	\$31.29	\$43.72
Business and Financial Operations	3,220	\$32.07	\$66,708	\$22.88	\$29.75	\$38.35
Education, Training, and Library	8,660	\$29.78	\$61,950	\$16.89	\$27.89	\$39.76
Construction and Extraction	4,650	\$25.84	\$53,748	\$19.90	\$25.07	\$29.94
Community and Social Services	2,270	\$25.53	\$53,099	\$17.41	\$23.03	\$31.44
Life, Physical, and Social Science	2,550	\$25.33	\$52,692	\$16.27	\$22.26	\$30.94
Arts, Design, Entertainment, Sports	570	\$25.04	\$52,091	\$15.80	\$19.99	\$31.10
Installation, Maintenance, and Repair	4,000	\$24.07	\$50,057	\$16.98	\$22.74	\$28.90
Production	5,650	\$19.83	\$41,241	\$13.84	\$17.52	\$23.41
Transportation and Material Moving	7,210	\$19.75	\$41,084	\$13.68	\$18.53	\$23.50
Office and Administrative Support	13,100	\$19.72	\$41,012	\$14.71	\$18.44	\$23.48
Healthcare Support	1,860	\$18.40	\$38,270	\$14.52	\$17.20	\$20.66
Sales and Related	9,180	\$17.49	\$36,382	\$11.93	\$14.21	\$19.77
Cleaning and Maintenance	3,440	\$16.31	\$33,914	\$12.41	\$14.77	\$19.09
Farming, Fishing, and Forestry	3,340	\$14.94	\$31,061	\$11.49	\$12.43	\$15.16
Food Preparation and Serving-Related	9,140	\$14.49	\$30,147	\$11.66	\$12.53	\$15.15
Personal Care and Service	5,110	\$13.90	\$28,909	\$11.51	\$12.26	\$14.65

HOUSEHOLD CHARACTERISTICS

About 84% of Sierra County households consist of one or two persons, with 1,041 households between those two categories. Households that own their homes are most likely to have two persons. Renter households are most likely to have one person.



Source: U.S. Census, 2014-2018 American Community Survey

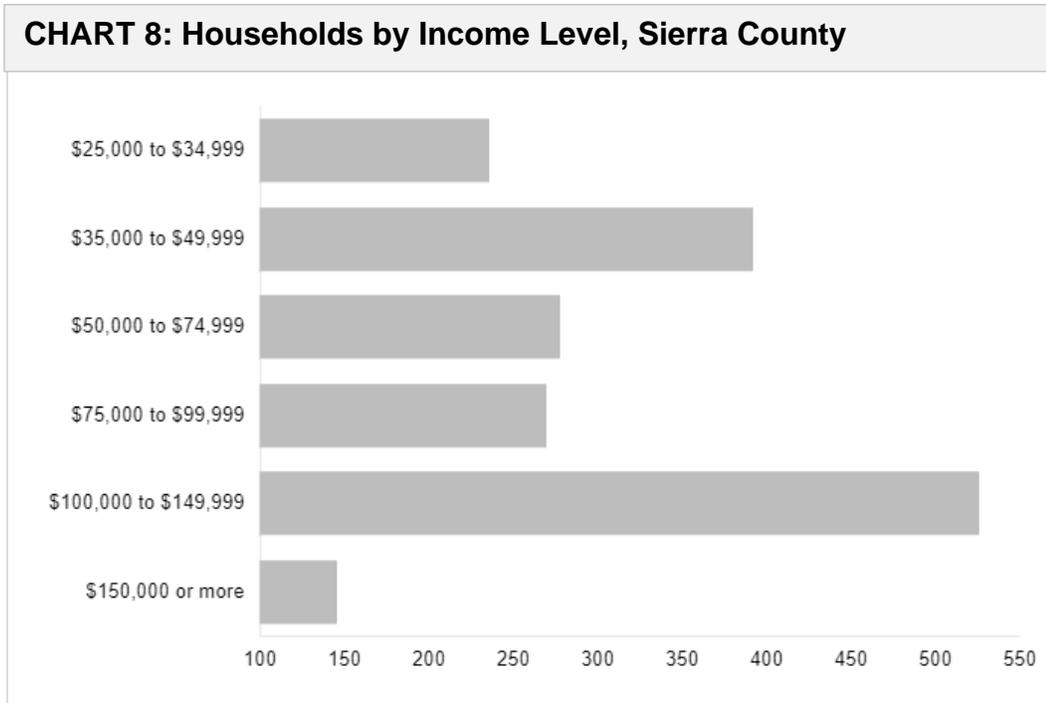
Table 4 shows that Sierra County has a low median income compared to the State of California and the nation.

Table 4: Median Household Income, Sierra County (2018)

Sierra County	\$48,125
State of California	\$71,228
United States	\$60,293

Source: U.S. Census, 2014-2018 American Community Survey

Chart 8 shows the number of Sierra County households by income level. **The two largest income categories for number of households shown in Chart 8 and Table 5 are \$100,000-\$149,999 with 263 households, and \$35,000-\$49,999 with 196 households.**



Source: U.S. Census, 2014-2018 American Community Survey

Table 5 shows the number of households by number of occupants per room. More than one occupant per room indicates moderate overcrowding. More than 1.5 occupants per room indicates severe overcrowding. As shown, there are minimal overcrowding issues in the County.

Also shown in Table 5 are income categories broken out between homeowner and renter households. **About a quarter of homeowner households earn \$100,000-\$149,999, while half earn less than \$50,000 (477 households,).** Of these 477 households, 289 earn less than \$35,000.

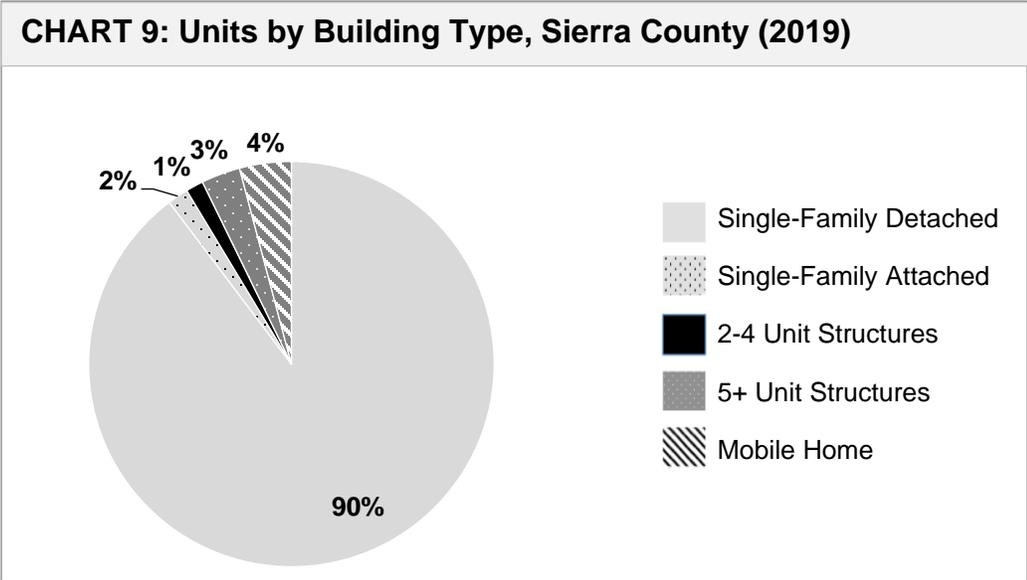
Table 5: Household Characteristics by Tenancy, Sierra County (2018)

	Occupied Housing Units		Owner-Occupied Housing		Renter-Occupied Housing	
	Number	Percent	Number	Percent	Number	Percent
Occupied Housing Units	1208	-	963	79.8%	245	20.2%
1-Person Household	443	36.7%	324	33.6%	119	48.6%
2-Person Household	585	48.4%	538	55.9%	47	19.2%
3-Person Household	63	5.2%	31	3.2%	32	13.1%
4-or More Person Household	117	9.7%	70	7.3%	47	19.2%
1.00 or Less Occupants Per Room	1,206	99.8%	961	99.8%	245	100.0%
1.01 to 1.50 Occupants Per Room	2	0.2%	2	0.2%	0	0.0%
1.51 or More Occupants Per Room	0	0.0%	0	0.0%	0	0.0%
Household Income						
Less than \$5,000	45	3.6%	45	4.5%	0	0.0%
\$5,000 to \$9,999	0	0.0%	0	0.0%	0	0.0%
\$10,000 to \$14,999	127	10.2%	82	8.1%	45	19.5%
\$15,000 to \$19,999	88	7.1%	48	4.8%	40	17.3%
\$20,000 to \$24,999	57	4.6%	43	4.3%	14	6.1%
\$25,000 to \$34,999	118	9.5%	71	7.0%	47	20.3%
\$35,000 to \$49,999	196	15.8%	188	18.6%	8	3.5%
\$50,000 to \$74,999	139	11.2%	113	11.2%	26	11.3%
\$75,000 to \$99,999	135	10.9%	88	8.7%	47	20.3%
\$100,000 to \$149,999	263	21.2%	259	25.6%	4	1.7%
\$150,000 or more	73	5.9%	73	7.2%	0	0.0%
Median Household Income	\$48,125		\$51,628		\$31,354	

Source: U.S. Census, 2014-2018 American Community Survey

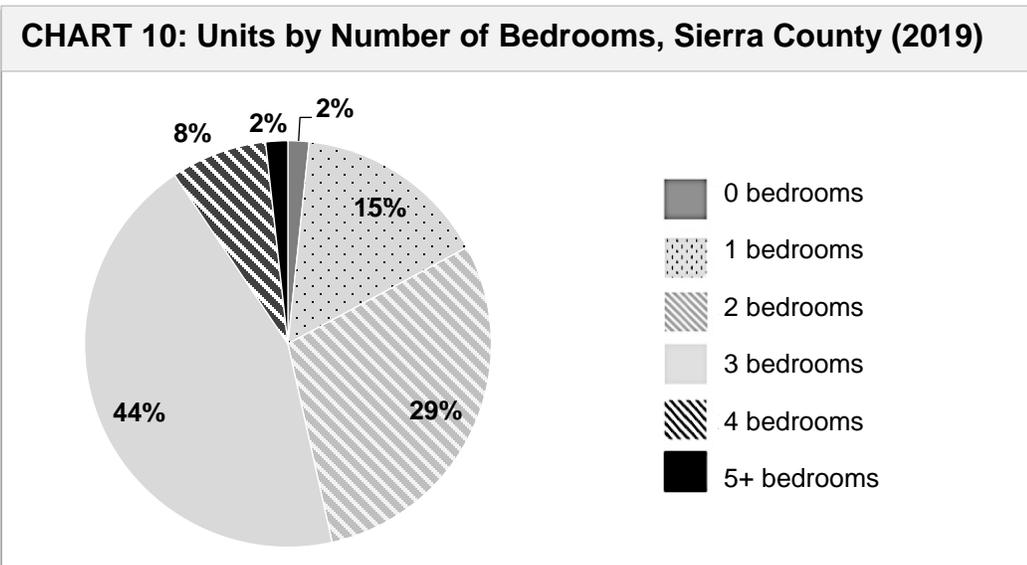
HOUSING CHARACTERISTICS

The majority of residential units in Sierra County are detached single-family homes, with over 2,110 homes or 90% of total housing stock. Attached single-family homes are townhomes that share walls with adjacent homes.



Building Type - Source: California Department of Finance, 2019

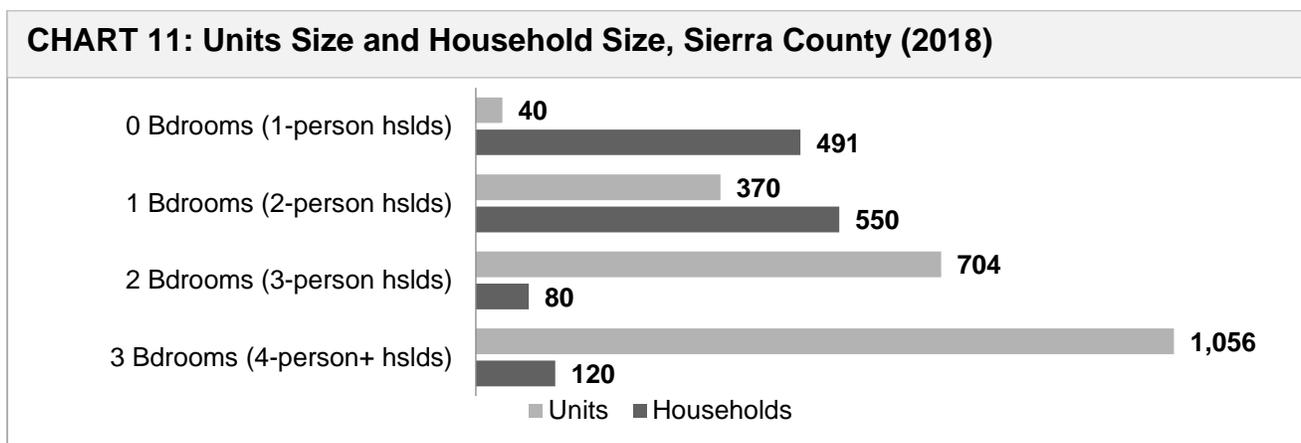
Almost half of all residential units have three bedrooms, making it by far the largest unit category by number of bedrooms. The next largest category is two-bedrooms at 29%. Together, two-bedroom and three-bedroom units make up 73% of the housing stock in Sierra County.



Bedrooms in Units - Source: U.S. Census, 2014-2018 American Community Survey

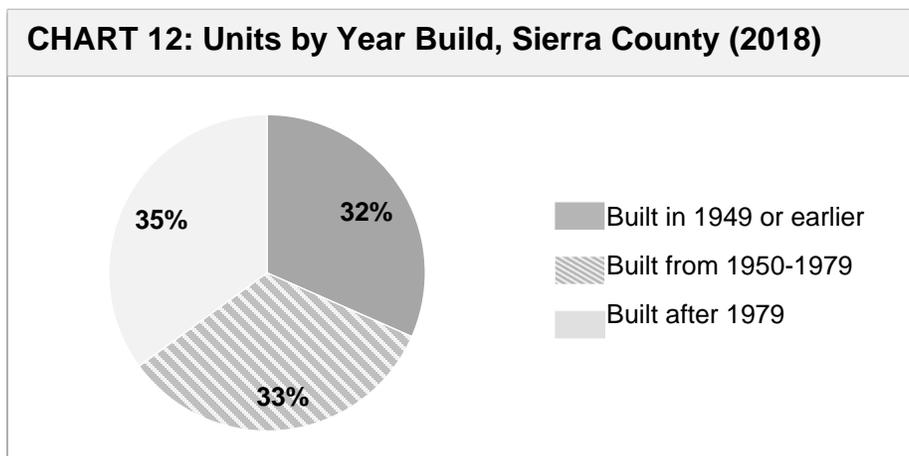
Chart 11 compares unit sizes (shown in dark grey) with household sizes (shown in light grey) to determine the match of supply to demand by unit size. As shown in the first grouping on Chart 11, there are 40 0-bedroom, or studio, units compared to 491 one-person households. In the second grouping, there are 370 one-bedroom units in comparison to 550 two-person households. In the third grouping, there are 704 two-bedroom units compared to 80 three-person households. In the fourth grouping, the number of three-bedroom units (1,056) is almost nine times the number of four-person or more households (120).

The Chart 11 illustrates a mismatch between household size and units size. This demonstrates the need for Sierra County to fund and incentivize the production of studio and one-bedroom units.



Source: U.S. Census, 2014-2018 American Community Survey

Chart 12 shows that there is about the same number of units built in each time period: 1949 or earlier, 1950-1979, and after 1979. **The share of units built before 1949 is unusually high for a California county. The fact that about two-thirds of units in Sierra County were built before 1980 indicates that there is most likely a high need for rehabilitation of residential structures.**



Source: U.S. Census, 2014-2018 American Community Survey

RESIDENTIAL CONSTRUCTION TRENDS

Table 6: Residential New Construction and Demolition Permits, Sierra County (2015-2020)

	2015	2016	2017	2018	2019	2020	Subtotals (2015-2019)
New Construction Permits	0	10	10	6	7	3	33
Demolition Permits	2	1	2	34	0	0	39
Net	0	9	8	-28	7	3	-6

RECENT CONSTRUCTION

Sierra County has experienced a net loss of residential units from 2015-2020. A major contributor to this was the loss of the Loyalton Mobilehome Estates with its 30-plus units that are no longer available to those with limited income. From 2015 to 2020, a total of 33 New Construction residential new construction building permits were issued, and during this same period a total of 39 demolition permits were issued.

None of the residential new construction permits are for multi-family homes, which are rare in Sierra County. Most of the permits issued are for single-family homes, while a handful of building permits are for manufactured homes on permanent foundations.

CURRENT AND FUTURE CONSTRUCTION

By year-end of 2020, it is projected that there will be 13 new construction residential permits, including 3 permits issued before April 2020 and another 10 in progress that have been reviewed by the Planning Department.

WATER & SEWER INFRASTRUCTURE

There are no public sewer systems anywhere in unincorporated Sierra County. The City of Loyalton, the only incorporated jurisdiction, has public sewer and water—and they have made it available to a few sites/projects that immediately border the city (or are partially inside city limits)—including the Loyalton Mobilehome Park, the Loyalton Senior Apartments, and the SPI Business Park.

Several communities have small community water systems available to some residents, provided by public or private water purveyors. Public water systems include: Downieville, Calpine, Sierraville, Alleghany, and Sierra Brooks (south of Loyalton). Private community water systems are available in Goodyears Bar, Coyoteville, Sierra City, and Verdi. Most residential units in the County utilize private wells.

FOR-SALE MARKET

Due to the low volume of sales in Sierra County, limited data is available from the California Regional Multiple Listing Service regarding the for-sale market, including number of sales and median sale price. Therefore, the Zillow Home Value Index and a survey of homes currently listed for sale on Zillow were the data sources used to understand trends in the Sierra County for-sale market.

The Zillow Home Value Index is a seasonally adjusted measure of the typical home value and market changes across a region. Whereas the California Regional Multiple Listing Service tracks home sales, the Zillow Home Value Index tracks all homes, including those that are not listed for sale or have not been sold in many years. Table 7: Zillow Home Value Index, Sierra County, 2016-2020 shows the annual average Zillow Home Value Index. Increases in the index have slowed from 4% between 2016 and 2017, to 2.2% between 2018 and 2019. Current trends indicate that change in the index will slow further in 2020.

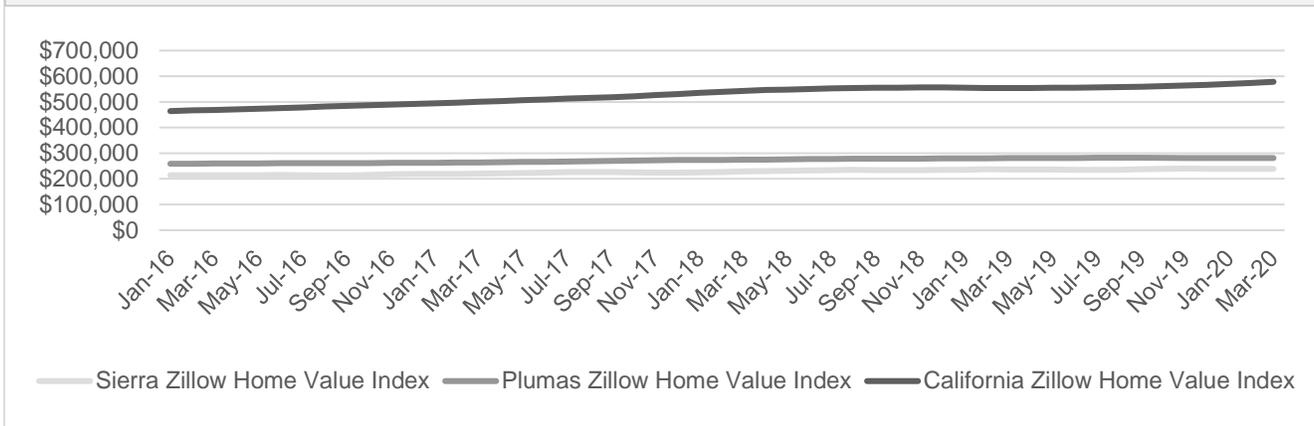
Table 7: Zillow Home Value Index, Sierra County Annual Average, 2016-2020

	Home Value Index	Percent Change
2016	\$214,934	
2017	\$223,430	4.0%
2018	\$231,982	3.8%
2019	\$237,057	2.2%
2020	\$238,843	0.8%

Source: Zillow, April 2020

Chart 13: Zillow Home Value Index, Sierra-Plumas-State shows the monthly Home Value Index from January, 2016 through March, 2020. This chart illustrates that the Zillow Home Value Index for both Sierra and Plumas Counties has increased very slowly over the past four years, especially compared to the statewide index. **The Zillow Home Value Index for the State of California was \$464,023 in January 2016 and rose to \$578,267 in March 2020, an increase of 25% over four years and three months. By comparison, the Zillow Home Value Index for Sierra County increased by 12% over the same period.**

CHART 13: Zillow Home Value Index, Sierra, Plumas, California



Source: Zillow, April 2020

Table 8: Home Listing Snapshot, Sierra County, April 2020 provides a summary of homes listed for sale on Zillow April 28-29, 2020. County Total Average Days on Market are much higher than California metropolitan areas, but are lower than Plumas County. County Total Average Square Feet and Average Asking Price are also lower than Plumas County. **Table 8 shows clear differences in the market between Loyalton, Sierra City, and Downieville in terms of average asking price. Loyalton, the largest town in Sierra County, is the most affordable. The average asking price for homes in Downieville is 52% higher than the average asking price for homes in Loyalton.**

Table 8: Home Listing Snapshot, Sierra County, April 2020

Area	Number of Listings	Average Square Feet	Average Days on Market	Average Asking Price	Pop
Loyalton	10	1,552	121	\$242,807	769
Sierra City	9	1,982	115	\$300,000	221
Downieville	7	1,661	225	\$369,000	282
County Total	26	1,730	147	\$275,000	

Source: Zillow, April 2020

MARKET RATE FOR-SALE OPPORTUNITIES

Market rate for-sale opportunities are limited in Sierra County due to the small and dispersed population, and absence of a major city. Historic sale activity as described in the previous chapter confirms that the market is rather weak relative to other California counties and metro areas. A review of household incomes as shown in Chart 8 illustrates that the two largest household income categories are below median income (\$35,000-\$49,999), and upper income (\$100,000-\$149,999). Households in these income categories are not ideal targets for new home development and sales, which would typically cater to incomes in the \$60,000-\$70,000 range as first-time homebuyers, and move-up buyers in the \$70,000 to \$100,000 range. Even though the \$100,000-\$149,000 household income category is the largest in the County, it is still a small number at under 550 households.

While the vacation home market is not as strong in Sierra County as neighboring Plumas County, it is a significant part of the for-sale market. **Similar to trends in Plumas County in response to changes in tourism affected by COVID-19, Sierra County vacation homes are showing signs that they are transitioning from weekly vacation rentals to longer term leases for local residents.** This may provide an opportunity to open up the rental market more to middle and lower income households by increasing the overall rental stock available for long-term leases. Indications of this are seen through discounts for monthly rates, with the highest noted being 65% off the typical daily rates.

Due to the proximity of some parts of Sierra County to Reno, there may be opportunities to draw some of the Reno market as that metropolitan area grows. As of 2012, the Reno-Sparks Metropolitan Area had a population of 433,612, (U.S. Census, 2012 American Community Survey). Loyalton is only a 45-minute drive from Reno. Lower land costs and a more rural, laid-back lifestyle may be a market advantage to lure some homebuyers that work in Reno.

AFFORDABLE FOR-SALE NEED

There are very few renters in Sierra County in terms of total numbers and share of total households, as illustrated in Table 5. There are an estimated 245 renter-occupied units in the County, which is just 20% of all occupied housing units. Of renter households, there are only an estimated 26 households earning \$50,000-\$74,999, which is generally the low to moderate income range that would be able to afford to purchase a home. This data indicates that there is a limited market for new affordable for-sale homes in in the County.

The County is unique in that there are slightly more homeowner households that do not have a mortgage than those that have a mortgage. This indicates that there are a large number of senior homeowners that have owned their home for a long period, or households that have inherited their homes. It appears that a significant portion of these homeowners have very low incomes. Among homeowners in the County, Table 5 shows that there are 435 households earning less than \$35,000, which is 36% of all homeowners in the County. There are 199 homeowner households paying more than 35% of income to housing costs, including 84 households that do not have a mortgage.⁸

The significant share of homeowner households earning less than \$35,000 and paying more than 35% of income on housing costs indicates that many households have limited income for home maintenance and repairs. In addition, about two-thirds of the housing stock was built before 1980. This points to a need for rehabilitation assistance to help these households remain in their homes and maintain economic self-sufficiency.

The State offers some rehabilitation programs that may assist the County in stabilizing low income homeowners and upgrading the housing stock. The State Housing and Community Development Department (HCD) administers the HOME and CDBG Programs, which makes funding available each year. One of the eligible uses of HOME and CDBG funds is rehabilitation assistance. The State CalHome program funds homeownership for low income households, and includes set-asides for rehabilitation. The State also offers assistance for mobile home rehabilitation and purchase.

⁸ U.S. Census, 2014-2018 American Community Survey

RENTAL MARKET

Because Sierra County is not within a larger Metropolitan Statistical Area, industry-standard rental market reports from services such as Reis or Costar are not available. Therefore, the authors conducted a direct and indirect survey of rental listings, which included three market-rate properties, one affordable rent-restricted property, and four short term rentals. Of note, data collection was completed while the state of California was enforcing shelter-in-place orders in response to the COVID-19 pandemic and may have provided a better picture of vacancy rates for that moment in time rather than an illustration of typical rental market trends.

Overall, the survey included 49 units with one bedroom and one bathroom, 7 units with two bedrooms and one bathroom, 1 unit with two bedrooms and two bathrooms, and 1 unit with three-bedrooms and two bathrooms, 1 unit with 4 bedrooms and 2 bathrooms, for a total of 58 units. Mobile home rentals and RV community trailer parking spaces were not included in rental market survey results in the tables below.

MARKET RENTAL RATE

Of the three market-rate properties surveyed, one was located in Downieville, one was located in Loyalton, and one was located in Sierra City. This represents the market-rate rental listings in the County listed between February and May 2020 and is the result of a thorough survey and research of market-rate rentals in the area. No market-rate multi-family complexes were present in the County and single-family homes were the only rental listings available.

Table 9 shows the results of the rental market-rate survey. Average rent ranged from \$850 for the one-bedrooms to \$2050 for the two-bedrooms. There was a significant difference in the average rent between the two-bedroom/one-bath units (\$875) and the two-bedroom/2-bath units (\$2,050). The properties with two bedroom units differ greatly in cost due to an additional bathroom in the higher priced property, and due to its riverfront location and 300 more square feet of living space overall.

The Zillow Rent Index is a smoothed measure of the typical estimated market rate rent across a given region and housing type. ZRI is the mean of rent estimates that fall into the 40th to 60th percentile range for all homes and apartments in a given region, including those not currently listed for rent. As of January 2020, Sierra County’s ZRI is \$1,681 per month.

Table 9: Sierra County Rental Market Survey, Market Rate Units (3 Properties Surveyed)

	Type of Unit	Available 30 days after listing	Average Unit Size (SF)	Average Rent	Amenities
1 bed / 1 bath	House	No	N/A	\$850	In-Unit Washer and dryer, Heating, backyard
2 bed / 1 bath	House	No	988	\$875	In-Unit Washer and dryer, Heating, backyard

2 bed / 2 bath	House	No	1248	\$2,050	In-Unit Washer and dryer, Heating, backyard, river access
Total Units	3	No	1,118	\$1,258	

Source: Survey conducted by Housing Tools, 2020

AFFORDABLE RENTAL RATE

The only multi-family complex within the County is also the only affordable rent-restricted housing available in the County—a 50-unit garden apartment complex reserved to house moderate income seniors. The complex has 44 one-bedrooms with one bathroom and 6 two-bedrooms with one bathroom for a total of 50 units, with 1 unit reserved for an onsite manager. It should be noted that these units were not included in the average rent calculations because the rent for these units is set at 30% of tenant income, and therefore varies based on income.

Table 10 shows the results of the affordable, rent-restricted survey. Of the 50 units surveyed, there was an undetermined number of vacant units as the complex responded to the needs of their residents during the COVID-19 pandemic.

Table 10: Sierra County Rental Market Survey, Affordable Rent Restricted Units (1 Project Surveyed)

	Total Units	Average Rent
1 bed / 1 bath	44	Income Based
2 bed / 1 bath	6	Income Based
Total Units	50	

Sources: Survey conducted by Housing Tools, 2020

SHORT TERM RENTAL RATE

With tourism playing a significant role in the local economy and limited hotel room options, short term rental properties listed on platforms like AirBnB provide a place for tourists to stay in, while also providing income for hosts who rent out their ADUs or second-income properties. . In the past, these units have typically served non-residents of Sierra County, but in recent months have started offering month-to-month rates that are discounted up to 65% below previous rates for short-term rentals. Five short term rental listings have been included in this survey as they offer another housing market to locals who are unable to find housing in traditional methods or markets.

Table 11: Sierra County Rental Market Survey, Short Term Units (5 Units Surveyed)

	Total Units	Average Unit Size (SF)	Location(s)	Average Monthly Rent
1 bed / 1 bath	3	600	Calpine, Mohawk Valley, Sierra City	\$1,442
3 bed / 2 bath	1	N/A	Sierra City	\$3,150
4 bed / 2 bath	1	N/A	Downieville	\$2,652
Total Units	5			

Sources: Survey conducted by Housing Tools

RV AND MOBILE HOME COMMUNITY RENTAL RATE

RV and Mobile Home Communities serve both as a place for people who own their own trailers or mobile homes to rent parking spaces, or to rent trailers or mobile homes, much like renting an apartment or home for those of moderate-income or below.

In the past, Loyaltan Mobile Estates served this population in the community of Loyaltan, but received code violations from the State Department of Housing & Community Development, indicating it was not safe for habitation. This led to the revocation of its mobile home park license on December 31st, 2015, leaving many without permanent homes after the November 13, 2017 demolition of all remaining homes. The park contained 52 approved spaces, including a laundry building and a former restaurant.

MARKET RATE RENTAL OPPORTUNITIES

As described in the Rental Market section, there are very few renters in Sierra County. There are not any multi-family rental complexes and most rentals are homes, rooms or mobilehomes. There is a bi-furcated rental market with small affordable rentals on the low end, and larger home vacation rentals on the high end.

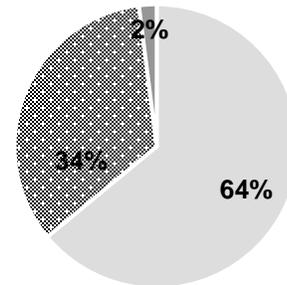
There may be opportunities for more affordable mobilehome or manufactured home rentals in Sierra County. This could be a low-cost, low-overhead form of market rate, but affordable, housing for small families, workers, and seniors. Parts of the County have lower land costs relative to surrounding areas, mostly in the eastern area around Loyalton. According to the Home Listing Snapshot summarized in Table 8, Loyalton has the lowest average asking price for home sales of the three largest towns in the area. It is also the closest town in the County to the Reno Metropolitan Area, offering an opportunity to capture some of that demand.

AFFORDABLE RENTAL HOUSING NEED

A key indicator of affordable rental housing need is housing cost burden. This is a measure of the percent of household income that is spent on housing. **Chart 14 shows that 34% of renter households pay more than 35% of income to rent, which is a total of 78 households. Chart 15 shows that 28% of households pay more than 50% of income to rent, which is a total of 64 households.**

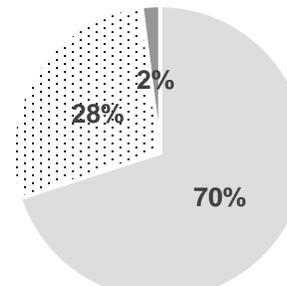
Affordable housing programs subsidize the production of units based on the incomes served, expressed in terms of percent of Area Median Income. Area Median Income is the “middle” income in the range of incomes of all households in a defined area, and reflects gross incomes. Table 12 shows income levels for various percentages of Area Median Income by household size (including adults and children), as set by the U.S. Department of Housing and Urban Development (HUD) for 2020.

CHART 14: Renter Households Paying >35% of Income to Rent, Sierra County



- Renter Households Paying < 35% of Income to Rent
- ▨ Renter Households Paying >35% of Income to Rent
- Not Computed

CHART 15: Renter Households Paying >50% of Income to Rent, Sierra County



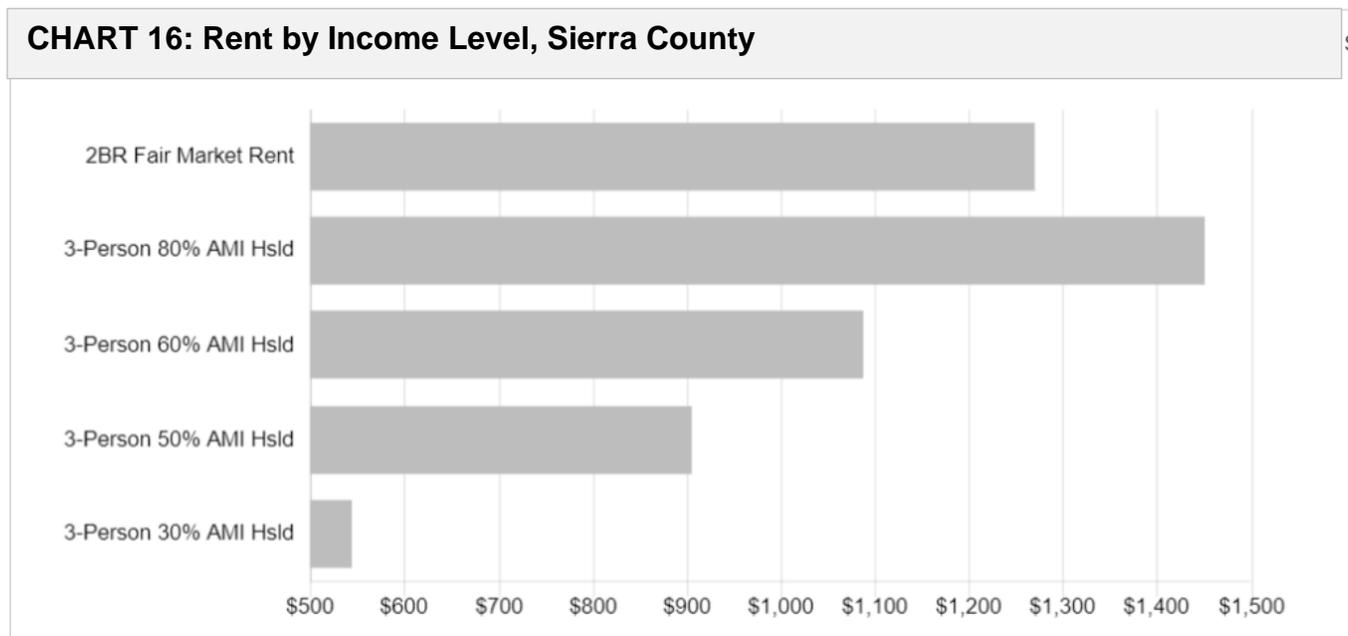
- Renter Households Paying <50% of Income to Rent
- ▨ Renter Households Paying >50% of Income to Rent
- Not Computed

Table 12: Incomes by Percent of Area Median Income, Sierra County (2020)

Percent of Area Median Income (AMI)	Household Size			
	One Person	Two Person	Three Person	Four Person
80%	\$45,120	\$51,520	\$58,000	\$64,400
60%	\$33,840	\$38,640	\$43,500	\$48,300
50%	\$28,200	\$32,200	\$36,250	\$40,250
30%	\$16,920	\$19,320	\$21,750	\$24,150

Source: U.S. Department of Housing and Urban Development, 2020

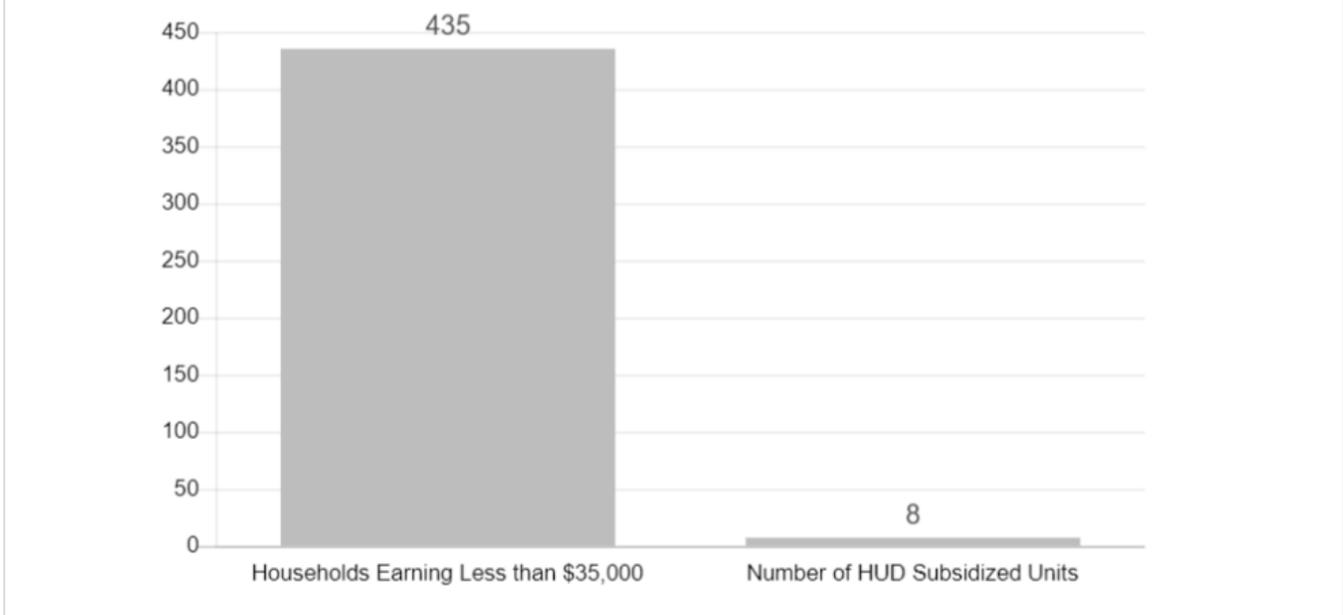
Chart 16: Affordable Rent by Income Level shows housing affordability for various three-person household income levels that correspond with Table 12 above. The two-bedroom Fair Market Rent is a measure of market rent as determined by the Department of Housing and Urban Development (HUD). The first bar in Chart 16 below shows the Fair Market Rent for a two-bedroom unit in Sierra County, as determined by HUD. It is notable that the Sierra County Fair Market Rent is \$354 higher than neighboring Plumas County. The other bars show how much rent households at various household income levels could afford to pay in comparison to Fair Market Rent. **A three-person household earning 60% of Area Median Income can afford \$182 less than the Sierra County Fair Market Rent of \$1,270. By comparison, the Zillow Rent Index is \$1,681. When income falls to 50% of Area Median Income and below, it becomes even more difficult to afford market rent.**



Source: U.S. Department of Housing and Urban Development, 2020

Chart 17: Affordable Units Compared to Need below shows the number of affordable housing units in the County compared to need. Affordable, rent-restricted housing is generally restricted to, and priced affordably for, households with incomes less than 50% of Area Median Income. Table 12 shows that 50% of Area Median Income is just above \$35,000 for a three-person household. Chart 17 shows an estimated 435 households in the County with incomes less than \$35,000. By comparison, there are 8 HUD-subsidized, rent-restricted units in the County. **As illustrated, there is a significant shortfall of at least 427 units that are affordable to Low Income households.**

CHART 17: Affordable Units Compared to Need, Sierra County



Sources: U.S. Department of Housing and Urban Development, 2020 and U.S. Census, 2014-2018 American Community Survey

The State Housing and Community Development Department establishes a Regional Housing Needs Allocation (RHNA) every five years for Sierra County. The RHNA provides a target for housing production that will meet the projected need of County residents. The target is subdivided into affordability levels, including Very Low (50% AMI), Low (80% AMI), Moderate (120% AMI), and Above-Moderate (>120% AMI). For the period of 2014-2019, the RHNA goals for Sierra County are 1 Moderate Income unit, 2 Low Income units, and 2 Very Low Income units. No units in these categories have been produced during this time period.

HOMELESSNESS IN SIERRA COUNTY

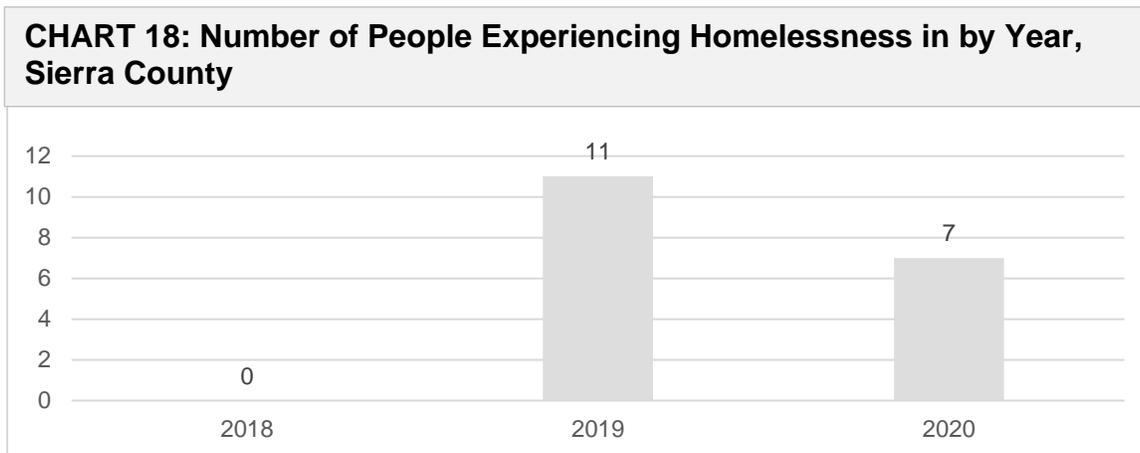
Similar to every other community in California, Sierra County has a portion of its population experiencing homelessness. The County acts as the representative entity for Sierra County in the NorCal Continuum of Care (CoC), which applies for and oversees funding from the federal Department of Housing & Urban Development (HUD) to provide permanent supportive housing opportunities for individuals and families experiencing homelessness. Every two years, each CoC conducts a Point in Time count (PIT) of those who are homeless on a selected day in January. The counts derived from this effort not only establish funding thresholds for federal and state funds, but they also provide a snapshot of who is experiencing homelessness in each community.

The 2020 Point-in-Time Survey counted a total of 7 individuals experiencing homelessness in Sierra County. All 7 individuals were unsheltered, as Sierra County does not have any emergency shelter options.

The 2019 Point-in-Time Survey counted a total of 11 individuals experiencing homelessness in Sierra County. Of these individuals:

- All were unsheltered
- All were white, non-Hispanic or Latino
- 7 were male, 4 female
- 2 people had lived their entire life in the County, 5 people from from 5-10 years
- There was one child, ages 5-12 and one person reported being a veteran
- Based on the number of times homeless in the past 3 years and number of months homeless, 8 of the 11 were chronically homeless, a rate of nearly 73%.

CHART 18: Number of People Experiencing Homelessness in by Year, Sierra County



Sierra County, prior to 2019, had not been able to carry out a Point-in-Time survey, so the chart above for 2018 shows a baseline of zero. This should not be construed to mean that in 2018 and the years prior, there were not individuals experiencing homelessness in Sierra County. The drop from 11 persons in 2019 to 7 persons in 2020 has been noted to be a result of County staff’s efforts to find people housing.

Traditionally, the PIT is considered to likely undercount the number of people who are homeless, since it relies on volunteers canvassing communities to find individuals who are willing to participate in the survey on that one day. Therefore, the number of people experiencing homelessness in Sierra County may be somewhat higher than shown. The PIT definition of homeless is more restrictive than other definitions and does not include households doubling up or living temporarily in motels. While homelessness is a complex and multi-faceted problem, addressing the county's need for additional affordable housing units for very-low and extremely-low income households, in particular, the need for one-bedroom affordable units for single individuals, will contribute significantly to long-term solutions. New funding from the State, designed to specifically address homelessness, is discussed in more detail below. These funds can be used to develop critical infrastructure and support the wraparound services needed to help move individuals and families out of homelessness.

AFFORDABLE RENTAL FUNDING ENVIRONMENT

As demonstrated above, **there is a clear need for affordable housing in Sierra County**. Beyond meeting an immediate need for residents, affordable housing creates the potential for positive spillover benefits to the broader community. In areas with soft housing markets, new affordable rental housing often increases surrounding property values and stimulates reinvestment and revitalization. In addition, housing construction creates jobs and economic activity. Jobs are created through contracts for the construction in the short-term, and through operations and maintenance activities post-construction in the long-term. Furthermore, lower rents free up more discretionary household income that can be spent within the local community.

Affordable housing requires public subsidies to compensate for restricted, below-market rents. Traditionally, subsidies for rural counties have been provided through the HOME and Community Development Block Grant (CDBG) programs administered by the State Housing and Community Development Department (HCD). Funding from these programs is made available to rural counties throughout the State annually through a competitive application process, as described below.

HOME INVESTMENT PARTNERSHIP ACT (HOME)

A total of \$42 million was made available in the Notice of Funding Availability (NOFA) released in October 2019 with applications due in late January 2020. Generally, the State issues one HOME NOFA per year. Funding is available for new rental construction (up to \$5 million per loan, or up to \$6 million for projects with deep affordability targeting, serving special needs populations and/or those experiencing homelessness), rental rehabilitation (up to \$5 million), homebuyer projects (up to \$80,000 per unit), activity delivery and administrative costs.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

The most recent CDBG NOFA released in January 2020 made available \$60 million. Round 1 applications for Housing and Community Development Competitive program and Economic Development Competitive Program funds are due June 1st, 2020. Round 2 applications for additional Economic Development Competitive Program funds are due July 15th, 2020. Economic Development Over-the-Counter Project Allocation application closing September 15th, 2020. Multifamily Housing, Housing Infrastructure, and Community Development OTC Project application period closes on September 30th, 2020. The State has been working to revamp the CDBG program and now plans to issue an annual NOFA every January with streamlined processes for awards. The two most significant redesign related changes to this NOFA cycle include the addition of an Over-the-Counter application process for all capital construction projects and the implementation of the new eCivis Grants Managements System that will allow applicants to apply online and track the status of their application. At least 70% of all CDBG funds must be used for activities that benefit low- and moderate-income individuals, families, and households.

NEW STATE FUNDING SOURCES

The State legislature has recently passed a number of pieces of legislation over the past two years that fund affordable housing and related homeless services. A description of these programs is provided below.

NO PLACE LIKE HOME (NPLH)

The purpose of this program is to provide permanent supportive housing for homeless persons with serious mental health conditions. There are two funding streams: a Non-Competitive Program and a Competitive Program. Both funding streams may be combined for one project. It is expected that counties will partner with a Development Sponsor (an experienced supportive housing developer) who will actually own and manage the project. Counties are required to commit to provide and facilitate tenant supportive services, including mental health services, for a minimum of 20 years. Sierra County is eligible to receive \$500,000 through the Non-Competitive Program, with any project application intending to use these funds due no later than February 15, 2021. The County and a partner Development Sponsor can also propose to utilize Competitive funds from the Small County Set Aside in a project application that is responsive to one of the State's annual NOFAs. The third round of Competitive funding is scheduled for the Fall of 2020 and the fourth round is scheduled for the Fall of 2021. Any project proposing to use both streams of funding will submit one combined project application in response to one of the NOFAs, with a maximum project loan of \$20 million.

PERMANENT LOCAL HOUSING ALLOCATION (PLHA)

The PLHA was established through the Building Homes and Jobs Act (SB2) of 2017. The PLHA will be a broad, ongoing affordable housing program funded by fees collected from real estate transaction recordings. HCD estimates that annual revenue will be \$250 million statewide. Sierra County can access PLHA funds through two mechanisms:

- Non-competitive annual allocation: These funds will be provided to the County on an annual basis, subject to the submittal of an HCD-approved 5-Year Expenditure Plan. The Year 1 (2020) estimate of funding for the County is \$67,624. Annual funding amounts are subject to the amount of revenue collected by the State.
- Competitive allocation: Counties that do not receive CDBG entitlement funds can also apply for competitive funds which will be made available via a NOFA process on an annual basis. Priority points will be given for jurisdictions proposing to use competitive funds for provide assistance to those experiencing homelessness and who have an unincorporated population of less than 200,000.

For 2020, the State issued a NOFA in March for the non-competitive allocation, with Expenditure Plans/Applications due no later than July 27, 2020. A NOFA for the competitive funds is anticipated for release in August 2020 with applications due in October 2020. Eligibility threshold is having a currently compliant Housing Element and up-to-date submittal of the Housing Element Annual Progress Report (APR). As noted above, once a jurisdiction's 5-Year Expenditure Plan is approved, they will receive their non-competitive allocation each year, and can apply for competitive funds each year pursuant to an annual NOFA process.

PLHA funds are designed to be flexible in order to address each jurisdiction's greatest housing needs, especially for those households who earn 60% of Area Median Income or less.

Eligible uses of the non-competitive funds are:

1. Predevelopment, development, acquisition, rehabilitation and preservation of multifamily, residential live-work, rental housing that is affordable to extremely-low, very-low, low- and moderate-income households, including necessary operating subsidies. Accessory Dwelling Units (ADUs) are eligible for assistance.
2. Affordable rental and ownership housing that meets the needs of a growing workforce earning up to 120% of Area Median Income or 150% of AMI in high-cost areas.
3. Matching portions of funds placed into local or regional housing trust funds.
4. Matching portions of funds available through the Low and Moderate Income Housing Asset fund pursuant to subdivision(d) of the Section 34176 of the Health and Safety Code.
5. Capitalized reserves for services connected to the creation of new permanent supportive housing, including, but not limited to, developments funded through the Veteran's Housing and Homelessness Prevention Bond Act of 2014.
6. Assisting persons who are experiencing or at risk of homelessness, including providing rapid rehousing, rental assistance, navigation centers, emergency shelters, and new construction, rehabilitation and preservation of permanent and transitional housing. This activity may include using PLHA funds for continued assistance to households assisted with California Emergency Solutions and Housing (CESH) Program funds.
7. Accessibility modifications.
8. Efforts to acquire and rehabilitate foreclosed or vacant homes.
9. Homeownership opportunities, including down payment assistance.
10. Fiscal incentives or matching funds to local agencies that approve new housing for extremely-low, very-low, low- and moderate-income households.

Eligible uses of the competitive funds are:

1. Development of new multifamily rental housing that is affordable to households at or below 60-percent of AMI or substantial rehabilitation of multifamily rental housing that will be affordable to households at or below 60-percent of AMI, but which is not currently restricted as affordable housing; or
2. Assistance to persons who are experiencing or at risk of homelessness, including, but not limited to, through rapid rehousing, or rental assistance, supportive services and case management services that allow people to obtain and retain housing, operating and capital costs for navigation centers, or new construction, rehabilitation, or preservation of permanent or transitional rental housing.

CONCLUSION

In Sierra County, the severe economic recession from 2009-2014 slowed and stabilized somewhat from 2105-2019. Employment dipped slightly by 62 jobs between 2014 and 2018 while the unemployment rate fell from 10% to 6% over that period. After County population fell from 3,220 in 2010 to 2,951 in 2016, it stabilized a level of 3,005 in 2019. Despite the recent economic recovery, the County must now deal with the economic fallout of COVID-19, which is likely to negatively impact the primary employment sectors in services and state government as tourism and sales tax receipts decline.

Despite these challenges, this report has identified opportunities for the rehabilitation of existing housing and development of market rate and affordable housing, which are outlined below. These activities will require public/private partnership and strategic investment from outside the County. These investments can help strengthen the overall economy by reducing the cost of living for local workers and attracting workers and residents from outside the County.

- Incentivize and fund the development of affordable and market rate studio and one-bedroom units to meet the needs of smaller households. Utilize the HOME and CDBG programs to rehabilitate motels and duplexes, tri-plexes, and four-plexes for use as permanent, small unit, low cost housing. Development incentives could include lower impact funds that better reflect lower infrastructure demands of smaller households and/or reduced parking requirements for smaller units.
- Implement a more expansive housing rehabilitation program for low income homeowners utilizing State CalHome, HOME and/or CDBG funds.
- Work with the State Housing and Community Development Department (HCD) Mobilehome Assistance Center and Rural Communities Assistance Corporation (RCAC) to fund mobile home rehabilitation and/or the provision of new mobile homes, particularly in Loyalton.
- Prepare to access new State funding sources such as the No Place Like Home program (NPLH) to provide Permanent Supportive Housing for individuals and families experiencing homelessness. Identify opportunities to acquire a motel or other property in the Loyalton area that could be converted or rehabilitated to house 5-20 individuals. Explore opportunities to fund a joint project with Plumas County.