

# **Monterey County**

County of Monterey Government Center  
1441 Schilling Place, Salinas, CA 93901  
Via Teleconference/Zoom



## **Meeting Agenda - Final**

**Wednesday, September 14, 2022**

**5:00 PM**

**1441 Schilling Place  
Salinas, CA 93901  
Via Teleconference/Zoom**

### **Housing Advisory Committee**

*Tyller Williamson - Chair  
Jordan Caballero - Vice-Chair  
Darby Marshall - Secretary*

**Participate via Zoom Meeting Link:**

[https://montereycty.zoom.us/j/91510034759?](https://montereycty.zoom.us/j/91510034759?pwd=Nmp2MnNnVDQvYnBHTWRTWHB1YUVmQT09)  
[pwd=Nmp2MnNnVDQvYnBHTWRTWHB1YUVmQT09](https://montereycty.zoom.us/j/91510034759?pwd=Nmp2MnNnVDQvYnBHTWRTWHB1YUVmQT09)

**Participate via Phone: 1-669-900-6833**

**Meeting ID Access Code: 91510034759**

**Password (if required): 635101**

**5:00 P.M. - CALL TO ORDER****ROLL CALL**

Tyller Williamson (Chair) - District 5  
Jordan Caballero (Vice-Chair) - District 2  
Wes White - District 1  
Virginia H. Mendoza - District 1  
Sandi Austin - District 2  
Raul Calvo - District 3  
Jon Wizard - District 4  
Cary Swensen - District 4

**PUBLIC COMMENT**

The Housing Advisory Committee (HAC) will receive public comment on non-agenda items within the purview of the HAC. The Chair may limit the length of individual presentations.

**AGENDA ADDITIONS, DELETIONS AND CORRECTIONS**

The Committee Clerk will announce agenda corrections, deletion and proposed additions, which may be acted on by the Housing Advisory Committee as provided in Section 54954.2 of the California Government Code.

**APPROVE CONSENT AGENDA**

1. Adopt AB 361 Finding to continue remote Housing Advisory Committee meetings, that the COVID-19 pandemic state of emergency declared by Governor Newsom is still in effect; that the Housing Advisory Committee has reconsidered the circumstances of the state of emergency; and that the Monterey County Health Department continues to recommend that physical and social distancing strategies be practiced in Monterey County, which includes remote meetings of legislative bodies of local agencies, to the extent possible.

**[22-863](#)**

**Attachments:**     [Staff Report](#)

2. Approve August 3, 2022 and August 24, 2022, Draft Action Minutes.

[22-862](#)

**Attachments:** [HAC Draft Minutes 8.3.22](#)  
[HAC Draft Minutes 8.24.22](#)

### **SCHEDULED MATTERS**

3. a. Receive a report on historic impact of the Inclusionary Housing Ordinance; and,  
b. Provide direction to staff on the specific affordability distribution that should be included in the updated Inclusionary Housing Ordinance

[22-861](#)

**Attachments:** [Inclusionary Housing Ordinance Update - Staff Report Attachment A - Inclusionary Housing Ordinance Update - Overview of Ordinance](#)  
[Attachment B - Inclusionary Housing Ordinance Update - Policy Options](#)

### **OTHER MATTERS**

#### **COMMITTEE COMMENTS, REQUEST AND REFERRALS**

This is a time set aside for the members of HAC to comment, request, or refer a matter that is on or not on the agenda. At this time, members may also request that an item be added to a future HAC agenda.

#### **DEPARTMENT UPDATE**

#### **ADJOURNMENT**

#### **NEXT SCHEDULED AB361 MEETING**

Wednesday, October 12, 2022

#### **IMPORTANT NOTICE REGARDING COVID-19 AND PARTICIPATION IN THE HOUSING ADVISORY COMMITTEE MEETING**

County of Monterey Housing Advisory Committee will be held by teleconference in order to minimize the spread of the COVID-19 virus, in accordance with the State of Emergency proclaimed by Governor Newsom on March 4, 2020, Executive Order N-29-20 issued by Governor Newsom on March 17, 2020, and the Shelter in Place Order issued by the County of Monterey Health Officer on March 17, 2020, as may be periodically amended.

To participate in this County of Monterey Housing Advisory Committee meeting, the public are invited to observe and address the Committee telephonically or electronically. Instructions for public participation are below:

**Participate via Zoom Meeting Link:****[https://montereycty.zoom.us/j/91510034759?](https://montereycty.zoom.us/j/91510034759?pwd=Nmp2MnNnVDQvYnBHTWRTWHB1YUVmQT09)****pwd=Nmp2MnNnVDQvYnBHTWRTWHB1YUVmQT09****Participate via Phone: 1-669-900-6833****Meeting ID Access Code: 91510034759****Password (if required): 635101****Public Participation Instructions:**

The meeting will be conducted via teleconference using the Zoom program, and Committee members will attend electronically or telephonically. The meeting will have no physical location to physically attend. The public may observe the Zoom meeting via computer by clicking on the meeting link listed above, or the public may listen via phone by dialing the phone number listed above and then when prompted, entering the Meeting ID Access Code listed above as well. You will be asked for a “Participant ID”. You do not need a Participant ID to join the meeting, press the pound key (#) again and you will be automatically connected.

Members of the public are strongly encouraged to submit their comments in writing via email to the County Housing and Community Development at [HAChearingcomments@co.monterey.ca.us](mailto:HAChearingcomments@co.monterey.ca.us) by 2:00 p.m. on the Tuesday prior to the Committee meeting. To assist County staff in identifying the agenda item to which the comment relates, the public is requested to indicate the Housing Advisory Committee date and agenda number in the subject line. Comments received by the 2:00 p.m. Tuesday deadline will be distributed to the Committee and will be placed in the record.

Applicants and members of the public wishing to comment on a specific agenda item while the matter is being heard during the meeting may participate by any of the following means:

a. When the Chair calls for public comment on an agenda item, the Secretary of the Committee or his or her designee will first ascertain who wants to testify (among those who are in the meeting electronically or telephonically) and will then call on speakers and unmute their device one at a time. Public speakers including the applicant may be broadcast in audio form only.

Members of the public who wish to make a general public comment for items not on the day’s agenda may submit their comment via email, preferably limited to 250 words or less, to the Secretary of the Committee at [HAChearingcomments@co.monterey.ca.us](mailto:HAChearingcomments@co.monterey.ca.us). The Housing Advisory Committee date and “general comment” should be indicated in the subject line. The comment will be placed in the record for the meeting, and every effort will be made to read the comment into the record at the appropriate time on the agenda.

Individuals with disabilities who desire to request a reasonable accommodation or modification to observe or participate in the meeting may make such request by sending an email to the Clerk at [HAChearingcomments@co.monterey.ca.us](mailto:HAChearingcomments@co.monterey.ca.us). The request should be made no later than 2:00 p.m. on

the Tuesday prior to the meeting date in order to provide time for the County to address the request.

**INTERPRETATION SERVICE POLICY:** The County of Monterey Housing Advisory Committee invites and encourages the participation of Monterey County residents at its meetings. If you require the assistance of an interpreter, please contact the County of Monterey Housing and Community Development Department located in the County of Monterey Government Center, 1441 Schilling Place, 2nd Floor South, Salinas - or by phone at (831) 755-5025. The Clerk will make every effort to accommodate requests for interpreter assistance. Requests should be made as soon as possible, and at a minimum 24 hours in advance of any meeting of the Housing Advisory Committee.

**DOCUMENT DISTRIBUTION:** Documents relating to agenda items that are distributed to the Committee less than 72 hours prior to the meeting are available by request by sending an email to [HAChearingcomments@co.monterey.ca.us](mailto:HAChearingcomments@co.monterey.ca.us)

If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 USC Sec. 12132) and the federal rules and regulations adopted in implementation thereof. For information regarding how, to whom and when a person with a disability who requires a modification or accommodation in order to participate in the public meeting may make a request for disability-related modification or accommodation including auxiliary aids or services or if you have any questions about any of the items listed on this agenda, please call the County of Monterey Housing and Community Development at (831) 755-5025.

#### **AVISO IMPORTANTE SOBRE COVID-19 Y PARTICIPACIÓN EN LA REUNIÓN DEL COMITÉ DE ASESOR DE VIVIENDA**

El Comité de Asesor de Vivienda del Condado de Monterey se llevará a cabo por teleconferencia para minimizar la propagación del virus COVID-19, de acuerdo con el Estado de Emergencia proclamado por el Gobernador Newsom el 4 de marzo de 2020, la Orden Ejecutiva N-29-20 emitida por el Gobernador Newsom el 17 de marzo del 2020 y la Orden de Refugio en el Lugar emitida por el Oficial de Salud del Condado de Monterey el 17 de marzo del 2020, que puede ser modificado periódicamente.

Para participar en esta reunión el Comité de Asesor de Vivienda del Condado de Monterey, invita al público a observar y asistir la reunión por teléfono o electrónicamente. Las instrucciones para la participación pública son las siguientes:

Participe a través de Zoom haciendo clic en el enlace:  
[https://montereycty.zoom.us/j/91510034759?](https://montereycty.zoom.us/j/91510034759?pwd=Nmp2MnNnVDQvYnBHTWRTWHB1YUVmQT09)  
[pwd=Nmp2MnNnVDQvYnBHTWRTWHB1YUVmQT09](https://montereycty.zoom.us/j/91510034759?pwd=Nmp2MnNnVDQvYnBHTWRTWHB1YUVmQT09)

Participe por teléfono: 1-669-900-6833

Código de acceso de reunión: 91510034759

**Contraseña (si es necesario): 635101**

**Instrucciones de participación pública:**

La reunión se llevará a cabo a través de teleconferencia utilizando el programa Zoom, y los miembros del Comité asistirán electrónica o telefónicamente. La reunión no tendrá un lugar físico al que asistir físicamente. El público puede observar la reunión de Zoom a través de la computadora haciendo clic en el enlace de la reunión mencionado anteriormente, o el público puede escuchar por teléfono marcando el número de teléfono que aparece anteriormente y luego, cuando se le solicite, ingresando el código de acceso de la reunión mencionado anteriormente. Se le pedirá un "codigo de participante". No necesita un codigo de participante para unirse a la reunión, presione la tecla numeral (#) nuevamente y se conectará automáticamente.

Se recomienda a los miembros del público que envíen sus comentarios por escrito por correo electrónico al Departamento de Vivienda y Desarrollo Comunitario del Condado a [HAChearingcomments@co.monterey.ca.us](mailto:HAChearingcomments@co.monterey.ca.us) antes de las 2:00 p.m. del martes anterior de la reunión del Comité. Para ayudar al personal del Condado a identificar el punto del orden del día al que se refiere el comentario, se solicita al público que indique la fecha de la reunión del Comité de Asesor de Vivienda y el número de la agenda en la línea de asunto. Comentarios recibidos a las 2:00 p.m. del martes se distribuirá al Comité y se colocará en el registro.

Los solicitantes y miembros del público que deseen dar comentarios sobre un punto específico de la agenda del día mientras el asunto se escucha durante la reunión podrán participar por cualquiera de los siguientes medios:

Cuando el Presidente solicite comentarios públicos sobre un punto de la agenda del día, el Secretario del Comité o su designado determinará primero quién quiere hablar (entre los que están en la reunión electrónica o telefónicamente) y luego llamará al público y activará su microfono de uno en uno. Los miembros del públicos, incluyendo el solicitante, pueden transmitirse solo en forma de audio.

Los miembros del público que deseen hacer un comentario público general sobre los puntos que no están en la agenda del día pueden enviar su comentario por correo electrónico, preferiblemente limitado a 250 palabras o menos, al Secretario del Comité a [HAChearingcomments@co.monterey.ca.us](mailto:HAChearingcomments@co.monterey.ca.us). La fecha de la reunion del Comité de Asesor de Vivienda y las palabras "Comentario General" deben ser indicados en la línea de asunto del correo electrónico. El comentario se colocará en la agenda de la reunión, y se hará todo lo posible para leer el comentario en el momento apropiado en durante la reunión.

Las personas con discapacidades que deseen solicitar una adaptación o modificación razonable para observar o participar en la reunión pueden hacer dicha solicitud enviando un correo electrónico al Secretario en [HAChearingcomments@co.monterey.ca.us](mailto:HAChearingcomments@co.monterey.ca.us) . La solicitud debe hacerse a más tardar a las 2:00 p.m. del martes anterior de la fecha de la reunión para dar tiempo al Condado a cumplir la solicitud.

**POLÍTICA DE SERVICIO DE INTERPRETACIÓN:** El Comité de Asesor de Vivienda del Condado de Monterey invita y agradece la participación de los residentes del Condado de Monterey en sus reuniones. Si necesita la asistencia de un intérprete, comuníquese con el Departamento de Vivienda y Desarrollo Comunitario del Condado de Monterey ubicado en el Centro de Gobierno del Condado de Monterey, 1441 Schilling Place, segundo piso, Salinas, o por teléfono al (831) 755-5025. El Secretario hará todo lo posible para satisfacer las solicitudes de asistencia de intérpretes. Las solicitudes deben hacerse lo antes posible, y mínimo 24 horas antes de cualquier reunión del Comité de Asesor de Vivienda.

**DISTRIBUCIÓN DE DOCUMENTOS:** Los documentos relacionados con los puntos de la orden del día que se distribuyen al Comité menos de 72 horas antes de la reunión están disponibles mandando una solicitud de un correo electrónico a [HAChearingcomments@co.monterey.ca.us](mailto:HAChearingcomments@co.monterey.ca.us)

Si se solicita, la agenda estará disponible en formatos alternativos apropiados para las personas con discapacidad, como lo requiere la Sección 202 de la Ley de Estadounidenses con Discapacidades de 1990 (42 USC Sec. 12132) y las reglas y regulaciones federales adoptadas en implementación de la misma. Para obtener información sobre cómo, a quién y cuándo una persona con una discapacidad que requiere una modificación o adaptación para participar en la reunión pública puede hacer una solicitud de modificación o adaptación relacionada con la discapacidad, incluyendo las ayudas o servicios auxiliares, o si tiene alguna pregunta sobre cualquiera de los puntos enumerados en esta agenda, llame al Departamento de Vivienda y Desarrollo Comunitario del Condado de Monterey al (831) 755-5025.

## MONTEREY COUNTY BOARD OF SUPERVISORS

<b>MEETING:</b>	September 14, 2022	<b>AGENDA NO.:</b>	1
<b>SUBJECT:</b>	Adopt AB 361 Finding to continue remote Housing Advisory Committee meetings, that the COVID-19 pandemic state of emergency declared by Governor Newsom is still in effect; that the Housing Advisory Committee has reconsidered the circumstances of the state of emergency; and that the Monterey County Health Department continues to recommend that physical and social distancing strategies be practiced in Monterey County, which includes remote meetings of legislative bodies of local agencies, to the extent possible.		
<b>DEPARTMENT:</b>	Housing and Community Development		

### **RECOMMENDATION:**

It is recommended that the Housing Advisory Committee:

Adopt AB 361 Finding to continue remote Housing Advisory Committee meetings, that the COVID-19 pandemic state of emergency declared by Governor Newsom is still in effect; that the Housing Advisory Committee has reconsidered the circumstances of the state of emergency; and that the Monterey County Health Department continues to recommend that physical and social distancing strategies be practiced in Monterey County, which includes remote meetings of legislative bodies of local agencies, to the extent possible.

### **SUMMARY/DISCUSSION:**

In September 16, 2021, Governor Newsom signed AB 361. This legislation amends the Brown Act to allow meeting bodies subject to the Brown Act to meet via teleconference during a proclaimed state of emergency in accordance with teleconference procedures established by AB 361 rather than under the Brown Act's more narrow standard rules for participation in a meeting by teleconference. AB 361 provides that if a state or local health official recommends social distancing, the Housing Advisory Committee may meet remotely after September 30, 2021, provided that within 30 days of the first meeting after September 30, and every 30 days thereafter, the Housing Advisory Committee finds 1) the Governor's proclaimed state of emergency is still in effect; 2) the Housing Advisory Committee has reconsidered the circumstances of the state of emergency, and 3) the Monterey County Health Department continues to recommend that physical and social distancing strategies be practiced in Monterey County, which includes remote meetings of legislative bodies of local agencies, to the extent possible.

The Monterey County Health Department continues to recommend that physical and social distancing strategies be practiced in Monterey County, which includes remote meetings of legislative bodies of local agencies, to the extent possible, so the Housing Advisory Committee was able to meet remotely the first time after September 30, 2021. To continue meeting, the Housing Advisory Committee must make the findings outlined above.

Accordingly, staff recommends making the appropriate findings. This action is required every 30 days to keep meeting remotely; a special meeting may be necessary for that purpose.

Prepared by: Anita Nachor Senior Secretary, (831) 755-5381

Approved by: Darby Marshall, Housing Program Manager, WOC



# Monterey County

County of Monterey Government Center  
1441 Schilling Place, Salinas, CA 93901  
Via Teleconference/Zoom



## Meeting Minutes - Draft

SPECIAL MEETING

Wednesday, August 3, 2022

5:00 PM

1441 Schilling Place

Salinas, CA 93901

Via Teleconference/Zoom

### Housing Advisory Committee

*Tyller Williamson - Chair*

*Jordan Caballero - Vice-Chair*

*Darby Marshall - Secretary*

**5:00 P.M. - CALL TO ORDER**

**Chair Williamson called the meeting to order at 5:02 p.m.**

**ROLL CALL**

**Members Present: Sandi Austin, Jordan Caballero, Raul Calvo, Virginia Mendoza, Cary Swensen, Tyller Williamson, Jon Wizard**

**Members Absent: None – Committee Member Calvo left meeting at 5:02 p.m.**

**Staff Present: Erik Lundquist, Kristi Markey, Darby Marshall, Melissa McDougal, Dawn Yonemitsu**

**Others Present: No others present**

**PUBLIC COMMENT**

**There were no public comments to the agenda.**

**AGENDA ADDITIONS, DELETIONS AND CORRECTIONS**

**There were no agenda additions, deletions, and corrections to the agenda.**

**APPROVE CONSENT AGENDA (Items Below)**

1. Adopt AB 361 Finding to continue remote Housing Advisory Committee meetings, that the COVID-19 pandemic state of emergency declared by Governor Newsom is still in effect; that the Housing Advisory Committee has reconsidered the circumstances of the state of emergency; and that the Monterey County Health Department continues to recommend that physical and social distancing strategies be practiced in Monterey County, which includes remote meetings of legislative bodies of local agencies, to the extent possible.

[22-735](#)

**Action: A motion was made by Committee Member Mendoza to approve the consent agenda. Committee Member Wizard seconded the motion**

**AYES: Austin, Caballero, Mendoza, Swensen, Williamson, Wizard**

**NAYS: None**

**ABSENT: Calvo, White**

**ABSTAINED: None**

**Motion Passed – 6-0**

**Public Comment: None**

**OTHER MATTERS**

**There were no other matters.**

**COMMITTEE COMMENTS, REQUEST AND REFERRALS**

**There were no committee comments, request and referrals.**

**DEPARTMENT UPDATE**

**Darby Marshall gave an update on the 21 Elements. The Board of Supervisors directed Staff to reach out to the Mayors & City Managers Association. The County of Monterey will meet with the Mayors Association on August 12, 2022 and the City Managers on August 19, 2022.**

**ADJOURNMENT**

**Chair Williamson moved to adjourn. The meeting was adjourned at 5:07 p.m.**

**NEXT SCHEDULED AB361 MEETING**

**Wednesday, August 24, 2022**

# Monterey County

County of Monterey Government Center  
1441 Schilling Place, Salinas, CA 93901  
Via Teleconference/Zoom



## Meeting Minutes - Draft

SPECIAL MEETING

Wednesday, August 24, 2022

5:00 PM

1441 Schilling Place

Salinas, CA 93901

Via Teleconference/Zoom

## Housing Advisory Committee

*Tyler Williamson - Chair*

*Jordan Caballero - Vice-Chair*

*Darby Marshall - Secretary*

**5:00 P.M. - CALL TO ORDER**

**Chair was absent; therefore, Vice Chair Caballero called the meeting to order at 5:08 p.m.**

**ROLL CALL**

**Members Present: Jordan Caballero, Raul Calvo, Virginia Mendoza, Cary Swensen, Wes White, Jon Wizard**

**Members Absent: Sandi Austin and Tyller Williamson**

**Staff Present:, Erik Lundquist, Kristi Markey, Darby Marshall, Anita Nachor, Dawn Yonemitsu**

**Others Present: No others present**

**PUBLIC COMMENT**

**There were no public comments to the agenda.**

**AGENDA ADDITIONS, DELETIONS AND CORRECTIONS**

**There were no agenda additions, deletions, and corrections to the agenda.**

**APPROVE CONSENT AGENDA**

1. Adopt AB 361 Finding to continue remote Housing Advisory Committee meetings, that the COVID-19 pandemic state of emergency declared by Governor Newsom is still in effect; that the Housing Advisory Committee has reconsidered the circumstances of the state of emergency; and that the Monterey County Health Department continues to recommend that physical and social distancing strategies be practiced in Monterey County, which includes remote meetings of legislative bodies of local agencies, to the extent possible.

[22-746](#)

**Action: A motion was made by Committee Member White to approve the consent agenda. Committee Member Wizard seconded the motion**

**AYES: Caballero, Calvo, Mendoza, White, Wizard**

**NAYS: None**

**ABSENT: Swensen, Williamson**

**ABSTAINED: None**

**Motion Passed – 6-0**

**Public Comment: None**

**OTHER MATTERS**

**There were no other matters on this agenda.**

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**COMMITTEE COMMENTS, REQUEST AND REFERRALS**

**There were no committee comments, request and referrals on this agenda.**

**DEPARTMENT UPDATE**

**Darby Marshall gave an update on the Housing Trust Fund application was accepted to the state and waiting for the award amount.**

**ADJOURNMENT**

**Vice Chair Araujo moved to adjourn. The meeting was adjourned at 5:14 PM.**

**NEXT SCHEDULED REGULAR MEETING**

**Wednesday, September 14, 2022**

**MONTEREY COUNTY HOUSING ADVISORY COMMITTEE**

<b>MEETING:</b>	September 14, 2022	<b>AGENDA NO.:</b>	3
<b>SUBJECT:</b>	a. Receive a report on historic impact of the Inclusionary Housing Ordinance; and, b. Provide direction to staff on the specific affordability distribution that should be included in the updated Inclusionary Housing Ordinance.		
<b>DEPARTMENT:</b>	Housing and Community Development		

**RECOMMENDATION:**

It is recommended that the Housing Advisory Committee:

- a. Receive a report on historic impact of the Inclusionary Housing Ordinance; and,
- b. Provide direction to staff on the specific affordability distribution that should be included in the updated Inclusionary Housing Ordinance.

**SUMMARY/DISCUSSION:**

The County is currently in the process of updating The Monterey County Board of Supervisors first adopted an Inclusionary Housing Ordinance in October 1980. The Ordinance has applied three different thresholds for determining when projects were subject to its affordable housing requirements. The Ordinance required all projects to contribute towards affordable housing. This was accomplished through a sliding scale of affordability based on the number of proposed units. Projects with one unit were required to pay a 2% in-lieu fee while projects with 5 or more units were required to make 15% of the units affordable through either deed restrictions or payment of an in-lieu fee. The threshold for determining when projects needed to comply with the Ordinance was changed in 1985. The new threshold only applied to projects with 7 or more units and overall affordability remained at 15% of the project.

The most significant amendment to the Ordinance was in 2003 when the threshold for compliance was reduced to 3 units and the overall affordability requirement was increased to 20% of the new units. The Ordinance for the first time required that specific levels of affordability be achieved. The overall 20% affordability requirement stipulated that 6% of the units must be affordable to very low-income households; 6% of the units be affordable to low-income households; and, 8% of the units be affordable to moderate-income households. Fractional units were rolled up to the next affordability level and the applicant had the option of either paying an in-lieu fee for fractional moderate-income units or providing the whole unit.

The last change was made in 2010 with the adoption of the 2010 General Plan. General Plan Land Use Policy LU-2.13 increased the overall affordability requirement to 25%. The additional 5% was for a fourth affordability level, workforce. The County had worked with applicants beginning in 2003 to voluntarily restrict units at this affordability level and was successful at having several projects incorporate it into their unit mix.

The attached History of Monterey County's Inclusionary Housing Ordinance has been prepared to provide an overview of the Ordinance and its historic impacts on affordable housing in Monterey County. Since 1980, more than 500 subdivisions and multifamily projects have been evaluated for compliance with the Inclusionary Housing Ordinance. This has resulted in more

than 1,500 units of affordable housing and payment of at least \$5,575 million of in-lieu fees. The County has funded at least 30 projects with more than \$2.852 million in grants and loans using the in-lieu fees.

Following a review of the past affordable housing production spurred by the Inclusionary Housing Ordinance, the Housing Advisory Committee will be asked to provide direction on establishing the project threshold that will be incorporated into the revised Affordable Housing Ordinance.

Prepared by: Darby Marshall, Housing Program Manager (WOC) (831) 755-5391

Approved by: Erik V. Lundquist, AICP, Director

Attachment:

Attachment A: Overview of Monterey County's Inclusionary Housing Ordinance

Attachment B: Overview of Monterey County's Inclusionary Housing Policy Options



## Overview of Monterey County's Inclusionary Housing Ordinance 1980 - 2022

### AFFORDABLE HOUSING REQUIREMENTS

The County's current affordable housing requirements are codified at Chapter 18.40 of the County Code and the policies are found in the 2010 General Plan Land Use Element at Land Use Policy LU-2.13. Collectively the

County requires all projects with 3 or more new units to restrict 25% of the units as affordable distributed as: 6% very low-, 6% low-, 8% moderate-, and 5% workforce-income.

Projects with less than five new units may pay a fractional in-lieu fee.

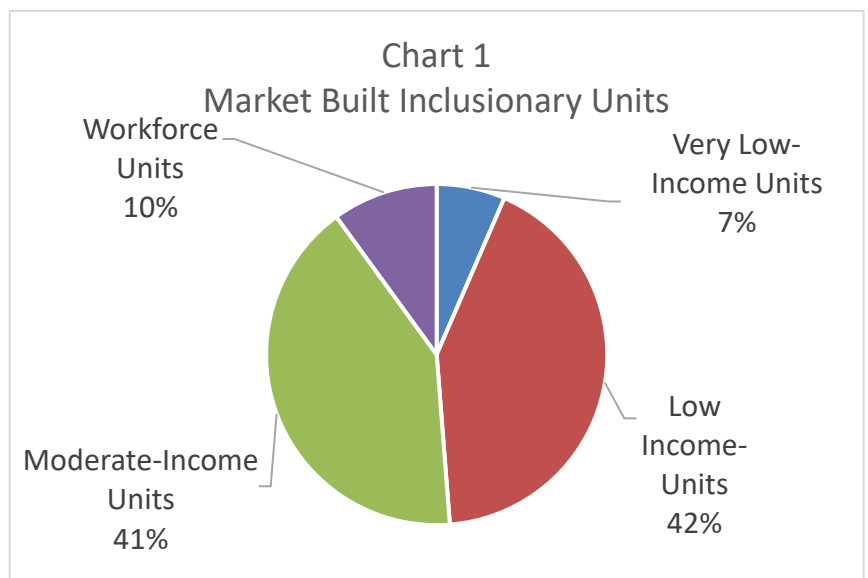
Projects with five or more new units are expected to provide on-site affordable units. Table 1 illustrates the affordability requirements for projects with different numbers of proposed new units.

New Units	Very Low- Income Units	Low- Income Units	Moderate- Income Units	Workforce Units	Total Affordable Units
5 - Units			1	0.25	1.25
10 - Units		1	1	0.5	2.5
15 - Units		1	2	0.75	3.75
16 - Units		1	2.2	0.8	4
20 - Units	1	1	2	1	5
25 - Units	1	2	2	1.25	6.25
30 - Units	1	2	3	1.5	7.5
35 - Units	2	2	3	1.75	8.75
40 - Units	2	2	4	2	10
45 - Units	2	3	4	2.25	11.25
50 - Units	3	3	4	2.5	12.5
56 - Units	3	3	5.2	2.8	14

Project applicants have the choice of paying fractional in-lieu fees or providing the next whole unit. Applicants are encouraged to consider voluntarily restricting at least 5% of the total units to very low-income households. Doing so qualifies the applicant for a 20% density bonus and concession from the County under the state Density Bonus law (Gov. Code. Section 65915).

In-lieu fees are assessed based on County Planning Area of the project. The current in-lieu fee schedule has not been updated since 2000. The current in-lieu fee schedule is found at the end of this document.

State law requires jurisdictions with affordable or inclusionary housing ordinances to allow project applicants to comply with the requirements in ways other than building on-site affordable units. Compliance in Monterey County has been through payment of in-lieu fees, land donations and voluntarily restricting more new units than required to create "credits" that maybe used to offset affordable housing obligations of other projects.



# Overview of Monterey County's Inclusionary Housing Ordinance 1980 - 2022

## PAST PERFORMANCE

Staff has identified more than 250 project that have been required to comply with the Inclusionary Housing Ordinance since 1980, when the County adopted its first Inclusionary Housing Ordinance. Compliance with the Inclusionary Housing Ordinance has resulted in the private market building more than 750 affordable units distributed as shown in the chart to the right. The Ordinance has also led to the payment of in-lieu fees of more than \$5.57 million.

<b>Table 2</b>			
	<b>Affordable Units Assisted</b>	<b>Grant Amounts</b>	<b>Loan Amounts</b>
For Sale - Rehabilitation	35		\$140,000
For Sale - Purchase Assist	71		\$384,380
Homeless Facilities	51	\$366,000	\$50,000
Rental Units	455		\$352,000
Feasibility Studies		\$75,000	
Supportive Housing	201	\$1,034,997	\$450,000
<b>Grand Total</b>	<b>813</b>	<b>\$1,475,997</b>	<b>\$1,376,380</b>

At least \$2.8 million in-lieu fees have been used to subsidize the construction and/or rehabilitation of more than 600 units and land donations in-lieu have been used to construct of 209 affordable units. Table 2 shows the types of units subsidized through these means. All the assisted housing units were assumed to be affordable to very low- and low-income households<sup>1</sup>.

At least \$1.9 million has been used to manage the Inclusionary Housing Program, prepare housing elements, and preparing the Annual Housing Element Progress Report.

The affordable assisted units are a mix of assisting income eligible households with purchasing a home, rehabilitating owner-occupied homes, rental units, permanent and temporary supportive housing, and emergency housing units. The Ordinance has allowed in-lieu fees to be used for a variety of uses that did not always result in affordable units. These uses included preparing studies to determine if projects were feasible and to improve the quality of life for presumed low and moderate-income households.

Compliance with the Inclusionary Housing Ordinance has led to the direct and indirect development of more than 1,500 affordable housing units since 1980. Table 3 and the chart below illustrate several important features associated with units directly and indirectly constructed through the Inclusionary Housing Program and inform future policy decisions to achieve desired goals. These key points include:

- Market rate projects produced a higher percentage of for-sale units and all the units for moderate- and workforce-income units.
- Projects assisted through the Inclusionary Housing Program subsidized a higher percentage of rental units and had deeper levels of affordability.

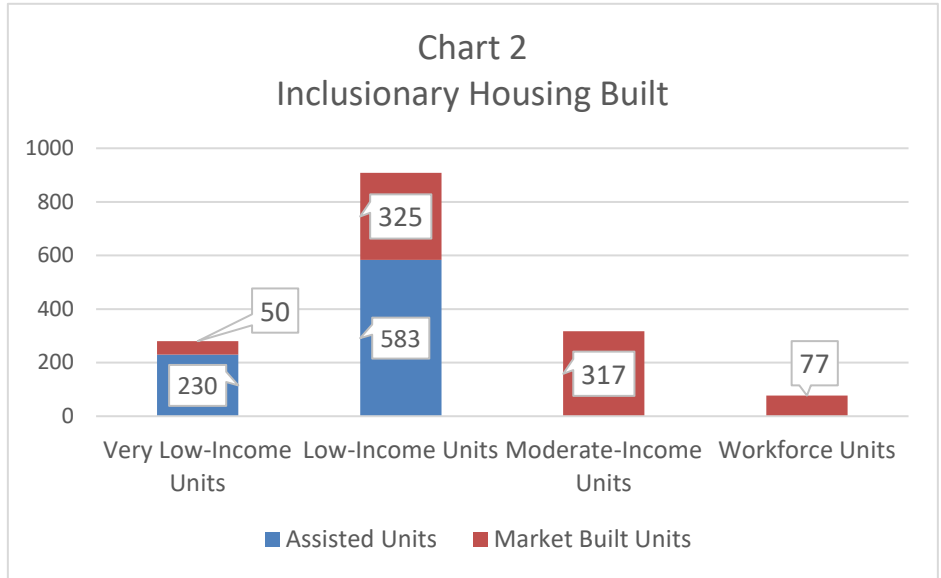
<b>Table 3</b>		
	<b>Affordable Units Built</b>	<b>Affordable Units "Lost"</b>
<b>Assisted Units</b>	<b>813</b>	<b>172</b>
For Sale - Rehabilitation	35	35
For Sale - Purchase Assist	71	71
Homeless Facility	51	
Rental Units	455	66
Supportive Housing	201	
<b>Market Built Units</b>	<b>769</b>	<b>266</b>
For Sale Units	422	166
Rental Units	347	100
<b>Total</b>	<b>1,582</b>	<b>438</b>

# Overview of Monterey County's Inclusionary Housing Ordinance 1980 - 2022

- A higher percentage of market rate units have been “lost” from the program than assisted units. Units are “lost” for a variety of reasons including, expiring terms of affordability and foreclosures.

### APPLICABILITY OF ORDINANCE

The Inclusionary Housing Ordinance has undergone four significant amendments that changed either the size of projects subject to the requirements of the Ordinance and the affordability distribution requirements. Table 4 includes the requirements of 2010 General Plan Land Use Policy 2.13 which have not been incorporated into the Ordinance but included in affordability calculations since 2011.



Because the project records are incomplete it is not possible to assess the impact of the Ordinance by the affordability requirements each project needed to meet. The date the application is deemed complete fixes the applicable Ordinance and the in-lieu fee schedule that the project must comply with. The 250+ projects that have complied with the Ordinance since 1980 have these characteristics:

- 25.3 – Average number of new units proposed.
- 3 – Median number of new units proposed.
- 30 projects purchased or used inclusionary credits from other projects to, at least partially, satisfy current inclusionary obligations.
- 199 projects paid in-lieu fees to, at least partially, satisfy current inclusionary obligation.

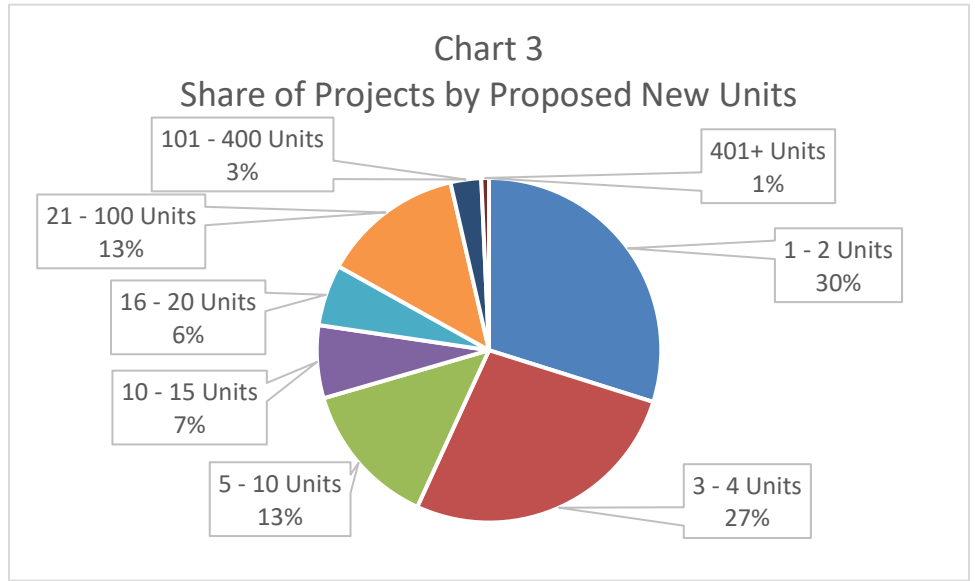
The number of units in a proposed project is an important consideration in designing the Inclusionary Housing Ordinance. Chart 3 shows the relative percentage of

		Table 4					
		Affordability Distribution					
Applicable Period	Project Size	Total Affordability %	Very Low-Income %	Low-Income %	Moderate-Income %	Workforce 1 %	
1980-1985	1 Unit	2%					
	2 Units	4%					
	3 Units	9%					
	4 Units	12%					
	5+ Units	15%					
1986-2003	7+ Units	15%			Negotiated		
2003-2010	3+ Units	20%	6%	6%	8%	Negotiated	
2011-2022	3+ Units	25%	6%	6%	8%	5%	

# Overview of Monterey County's Inclusionary Housing Ordinance 1980 - 2022

projects by the proposed number of new units since 1980.

Under the current Ordinance, 30% of these projects would be categorically exempt from the program. An additional 27% are only required to pay in-lieu fees. The median sized project (16-units) will produce 1-low-income, 2.2-moderate-income, and 0.8-workforce income units. Table 4 illustrates the potential production of affordable units under the current General Plan and Inclusionary Housing Ordinance requirements.



The current production requirements for the average (56-units) and median (16-units) sized projects since 1980 are shown for comparison.

### GEOGRAPHIC DISTRIBUTION OF PROJECTS

A major concern with the implementing the Inclusionary Housing Ordinance is attempting to integrate affordable units into market rate projects close to employment centers and, what the California Tax Credit Allocation Committee (TCAC) refers to as, high opportunity areas. These are areas characterized by higher educational achievement, standardized test scores, household-income, and better environmental conditions. Monterey County residents typically associate these areas being within the Greater Monterey Peninsula and Carmel Valley planning areas.

Table 5 illustrates the distribution of the more than 8,300 units that have been proposed for development since 1980 by County Planning Area. One thing that is not highlighted by the available data is the nature of projects proposed in Monterey County. Approximately 70% of the units proposed are in subdivisions that will sell improved lots for subsequent construction of custom built homes by a third party making it all but impossible to assess in-lieu fees based on the

Planning Area	Proposed New Units	Affordable Units Constructed
Carmel Valley, incl. Cachagua	732	221
Central Salinas Valley	189	189
Fort Ord	1,400	115
Greater Monterey Peninsula	1,226	326
Greater Salinas	1,344	337
North County, incl. Castroville	1,206	147
South County	443	10
Toro	1,527	67
Not Specified	267	170
<b>Grand Total</b>	<b>8,334</b>	<b>1,582</b>

# Overview of Monterey County's Inclusionary Housing Ordinance 1980 - 2022

square footage of the finished units during the project entitlement stage.

Projects in these high resource areas accounted for just under one-quarter of all new units but 35% of the affordable units built (although this is skewed by a land donation that was ultimately developed with 200-low-income units with tax credit assistance in Carmel Valley).

Five projects, Butterfly Village/Rancho San Juan (Greater Salinas), East Garrison (Fort Ord), Las Palmas Ranch I & II (Toro), Quail Hills (South County), and Santa Lucia Preserve (Greater Monterey Peninsula) accounted for more than 52% of the total proposed units.

## **FINANCING AFFORDABLE UNITS**

One challenge that was repeatedly voiced by the development community was the challenge of financing the construction of affordable units, whether through on-site construction or payment of in-lieu fees. Many projects in the unincorporated areas of the County rely on private road, water and sewage systems financed through community facility district or homeowner association assessments. The East Garrison development, for example, established a Community Facilities District to finance these improvements and provide services for the community. The actual assessment is based on the square footage of the home but for inclusionary units will be between \$1,800 and \$1,900 in fiscal 2022-23. The net effect is that inclusionary homeowners at East Garrison have \$150 a month less available to support a mortgage and reducing the sale price of the unit. When preparing financial projections, these factors must either be spread to the market rate units or reduce the sale price of affordable units.

Referring to Chart 2 and Table 2, affordable units developed with financial assistance possible through in-lieu fee payments have produced a greater percentage of the very low- and low-income units. These units are frequently located in the cities of Monterey and Salinas, and, are rentals. Many of these affordable developments rely on a local source of financing to leverage state, federal, and private contributions to fully fund their construction and ongoing operation.

As noted earlier, over the last 40-years, there have been several 100% affordable projects built to provide “credits” so that other projects could be constructed without having on-site affordable units. In cases where these projects achieved deeper levels of affordability, the affordability was achievable because the units were in urbanized areas with existing infrastructure and lower land costs (e.g., Castroville). In the case of Canada Woods/Tehama and Monterra Ranch, the developer was able to achieve a better economy of scale by producing all the affordable units (42-moderate-income units) in one community than would have been possible if each project attempted to integrate affordable units in otherwise large-lot subdivisions with custom built homes.

## **COMMUNITY FEEDBACK**

In February 2019, and February and March 2022, the County held a series of community meetings to collect feedback on how the Inclusionary Housing Ordinance fit into the affordable housing puzzle. Comments during these sessions came from three distinct groups: home builders; affordable housing advocates; and, affordable housing developers and operators.

The first session was held in February 2019 and was convened specifically to address the release of the Financial Feasibility Analysis of the County's Inclusionary Housing Ordinance. Home builders

# Overview of Monterey County's Inclusionary Housing Ordinance 1980 - 2022

and affordable housing advocates were the primary audience for this meeting. During the meeting and in written comments, builders of market rate projects cautioned that the affordable housing requirements may make some projects financially infeasible, especially for smaller projects. This group felt that a minimum project size of at least 10-units would be more appropriate. This was a concern echoed by LandWatch who commented that the requirements “can distort markets” and increase the cost of market rate housing. The affordable housing developer/operators stressed the need for in-lieu fees to continue being available to support their projects and that the County should retain flexibility to fund projects within cities.

Five community outreach sessions and on-line survey were conducted in February and March 2022. Participants in these sessions included housing advocates, developers, and residents. The key take aways from the survey were: 1) a slight preference to require fewer inclusionary units but with deeper levels of affordability; and, 2) a slight preference for providing fewer affordable units in high resource areas. Comments received reinforced these preferences by requesting that the County look at increasing opportunities for home ownership for low-income households. There was little support for reducing the affordability requirements, outside the development community, except for possibly eliminating the workforce affordability level. There was also strong support for requiring the continued on-site, integrated, development of affordable housing within projects.

Off-site compliance and the collection and use of in-lieu fees generated a lot of discussion. Generally, most commentors thought the County should require off-site compliance to be accomplished within the same planning area as the project that triggered the affordable housing requirements.

## **CONCLUDING THOUGHTS**

The County's Inclusionary Housing Ordinance has been an important tool to providing affordable housing in the unincorporated areas of the County since it was first adopted in 1980.

- The Ordinance has led to the construction of more than 400 units of for sale affordable housing and subsidized the purchase of and/or rehabilitation of an additional 100 owner occupied homes. More than 160 of these owner-occupied units have purchased by low-income households.
- The Ordinance has also supported the construction of nearly 1,000 rental units for very low- and low-income households.
- Based on the historic construction, the Ordinance has not been as successful at encouraging the private market to develop at supporting the development of ownership opportunities for very low- and low-income households.
- The historic trend for most development projects to propose finished lots as opposed to constructing units makes it very difficult for the County to assess in-lieu fees on the proposed square footage of homes.
- In-lieu fee revenue is an important source of funding for affordable housing developers, and they need to have flexibility in applying for and locating projects.
- The County is in the process of establishing the Monterey County Local Housing Trust Fund and the Board of Supervisors has pledged in-lieu fee revenue as a source of ongoing funding and capitalization for the MCLHTF. This will allow the County to leverage additional local and state funds for affordable housing and place a 10% limit on the amount that the County may use for administrative costs.

# Overview of Monterey County's Inclusionary Housing Ordinance 1980 - 2022

## IN LIEU FEE SCHEDULE EFFECTIVE DECEMBER 8, 2000

Planning Area	In-Lieu Fee - 1 On-Site Unit
Cachagua	\$25,729
Central Salinas Valley	\$29,173
Coast	\$729,320
Greater Monterey Peninsula	\$275,392
Greater Salinas	\$47,021
North County	\$67,813
Redevelopment Areas	\$23,402
South County	\$22,950
Toro	\$160,610

**DISCLAIMER:** Staff has worked diligently to verify all available information related to the past compliance, affordable housing production, the payment and use of in-lieu fee revenues to assess the impacts of the Inclusionary Housing between 1980 and 2022. However, the documentary record is incomplete and/or subject to different interpretations of historical data. The most challenging aspect of compiling this history is that between approximately 1980 and 1994, the County partnered with the Housing Authority of Monterey County (HACM) to implement the Inclusionary Housing Program, including the receipt and use of in-lieu fees. HACM records indicate that it used in-lieu fees to subsidize down payment assistance and rehabilitation assistance for income qualified households without any additional information as to income level, subsidy amounts, or whether these units were subject to ongoing affordability restrictions.

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<sup>i</sup> Where possible staff consulted loan or grant agreements, and tax credit staff reports to determine the appropriate level of affordability. However, many of these units were administered by the HACM. In these cases, it was assumed that the units were subject to low-income affordability requirements consistent with the limits of the U.S. Department of Housing and Urban Development Section 8 program.

## Option 1 – Status Quo

- Apply requirements to all projects with 3 or more new units to contribute 25% of new units to affordable housing.
- Allow projects between 3 and 5 units to pay an in-lieu fee to meet its obligation
- Require all projects with 5 or more new units to include 25% affordability distributed as:
  - 6% of units affordable to households earning less than 50% of Area Median Income as adjusted for household size
  - 6% of units affordable to households earning less than 80% of Area Median Income as adjusted for household size
  - 8% of units affordable to households earning less than 120% of Area Median Income as adjusted for household size
  - 5% of units affordable to households earning less than 150% of Area Median Income as adjusted for household size
- Update in-lieu fee schedule

## Option 2 –

- Apply requirements to all projects with at least 10 new units
- Require all projects with 10 or more new units to include 20% affordability distributed as follows:
  - 6% of units affordable to households earning less than 50% of Area Median Income as adjusted for household size
  - 6% of units affordable to households earning less than 80% of Area Median Income as adjusted for household size
  - 8% of units affordable to households earning less than 120% of Area Median Income as adjusted for household size
- Update in-lieu fee schedule

## Option 3 –

- Apply requirements to all projects with at least 1 new with a sliding scale
- Allow projects with up to 9 new units to pay in-lieu fees by right
- Require all projects with 10 or more new units to include 20% affordability distributed as follows:
  - 5% of units affordable to households earning less than 50% of Area Median Income as adjusted for household size.
  - 15% of units affordable to households earning less than 120% of Area Median Income as adjusted for household size.
  - “Waterfall” rounds down to very low-income to encourage applicants to take advantage of the State Density Bonus Law.
- Update in-lieu fee schedule