MONTEREY COUNTY
HOUSING ADVISORY COMMITTEE
REVISED AGENDA
Wednesday, January 27, 2016
Monterey County Government Center, Monterey Room, 2nd Floor
168 West Alisal Street, Salinas, CA
5:00 p.m. – 7:00 p.m.

1) Call to Order

2) Public Comment:
The Housing Advisory Committee will receive public comment on items not listed on the
agenda within the purview of the Housing Advisory Committee. The Chair may limit the
length of individual presentations.

3) Approval of Meeting Minutes
May 27, 2015
July 8, 2015

4) Old Business:
None

5) New Business:
   a. Election of Officers
   b. Approve calendar for 2016 meetings
   c. Receive a report on the Development of the Affordable Housing Overlay Ordinance and
      provide input to the Planning Department
   d. Receive a further update report on the Inclusionary Housing Program and provide input
to staff in regard to next steps; and consider appointing an Ad Hoc Committee to make
recommendations in regard to changes to the Program.

6) Updates
Status of application to reduce the term of affordability of Moro Cojo

7) Committee Member Reports
Committee members will report on matters, events and activities as related to HAC goals
and advocating for housing.

8) Additions to Future Agendas
Committee members may give direction regarding future agenda items.

9) Schedule of Upcoming Meetings
February 10, 2016: Rancho Canada

10) Adjournment
The Chair will adjourn the meeting.

Individuals with a disability who require a modification or accommodation (such as auxiliary aids or
services) in order to participate in the public meeting may make these requests to the Economic
Development Department by calling (831) 755-5390.
Members Present: Karen Araujo, Ignacio “Mog” Cabatu, Sabino Lopez, Wayne Ross, Mark Trabing, and La’Quana Williams

Members Absent: Margaret Robbins

Staff Present: Jane Barr, Luke Connolly, John Ford, Anita Nachor, Luis Osorio, Wendy Strimling

Guests Present: Alfred Diaz-Infante, President-CEO CHISPA
                Juan Uranga, CCA

1. Call to Order:
   Mr. Cabatu called the meeting to order at 5:13 p.m. and noted that a quorum was established.

2. Mr. Cabatu asked for public comment on items not on agenda but there was none.

3. Approval of the April 8, 2015 Meeting Minutes:
   Motion: Mr. Ross moved to approve the April 8, 2015 minutes. Ms. Araujo seconded the motion.

   VOTES:
   AYES: Araujo, Cabatu, Ross, Trabing, and Williams
   NAYS: None
   ABSTAINED: Sabino Lopez

4. Old Business:
   a. (continued from April 8, 2015)
   Make a recommendation to the Board of Supervisors on a request from CHISPA on behalf of 161 owners of single family homes in the Moro Cojo subdivision to reduce the duration of the affordability restriction on their homes from “permanent” to fifteen years.

   Sabino Lopez recused himself and left the room due to a conflict of interest in regard to his employment with CCA.

   Ms. Barr introduced staff: Mr. Connolly, Mr. Ford, and Mr. Osorio with the Planning Department; Ms. Strimling with County Counsel;, and Ms. Nachor, new Senior Secretary with the Economic Development Department.
Public Comments: 
Alfred Diaz-Infante and Juan Uranga both spoke in their capacity as representatives of the applicants. Five Moro Cojo homeowners in favor of the reduction and one member of the public spoke against it. Discussion was held by the HAC members.

**Motion:** The deed restriction be modified from “permanent” to none on condition that CHISPA obtain entitlement, undertake new construction, and receive certificates of occupancy of at least 161 qualified replacement housing units located within the unincorporated area of the County within ten years from the date of approval of the modification. Qualifying units are defined as 80% of project units (100% less 20% required affordable units per the Inclusionary Ordinance) or 49% of project units if the County funds any portion of a project. Replacement units will be deed restricted for a minimum of 45 years for single family housing and 55 years for multifamily housing. The responsibility rests with CHISPA and its successors in interest to produce the replacement units. If the condition is met prior to ten years, the removal of the permanent restriction shall occur at the time of certification of occupancy of the 161st unit.

**Motion:** Mr. Ross made the motion and Mr. Trabing seconded it.

**VOTES:**
- **AYES:** Cabatu, Ross, Trabing, and Williams
- **NAYS:** Araujo
- **ABSTAINED:** None

5) **New Business:**
None.

6) **Updates:**
Ms. Barr thanked members for completing Form 700 Interest Form. One person still needs to complete it.

7) **Committee Members Reports:**
There were none

8) **Additions to Future Agendas:**
   a. Request code enforcement to review previous sales in regard to whether the affordability restrictions have been met and report back to HAC on this.

   b. Request administration to confirm CHISPA’s role in administering the affordability of the Moro Cojo units and report on how South County Housing administers it.
c. Request more information from Alfred Diaz-Infante in regard to the affordability issues and the Administrative Handbook referred to by him.

9) **Schedule of Upcoming Meetings**
   - June 10, 2014: Special meeting *(Cancelled)*
   - July 8, 2015: Regular quarterly meeting
   - October 14, 2015: Regular quarterly meeting

10) **Adjournment:**
    Mr. Cabatu moved to adjourn the meeting and the motion was seconded by Ms. Araujo. The meeting was adjourned at 6:39 PM.
Monterey County Administration Building
Monterey Room
168 W. Alisal Street, Salinas, CA

Wednesday, July 8, 2015, 5:00 PM

Members Present: Karen Araujo, Ignacio “Mog” Cabatu, Sabino Lopez, Margaret Robbins, Mark Trabing, and La’Quana Williams

Members Absent: Wayne Ross

Staff Present: Jane Barr, Anita Nachor, Nadia Amador and Jacqueline Onciano (Planning)

Others Present: Alfred Diaz-Infante, President-CEO of CHISPA, Veronica Tam, Veronica Tam & Associates

1. Call to Order:
Mr. Cabatu called the meeting to order at 5:03 p.m. and noted that a quorum was established.

2. Public Comment:
Mr. Cabatu asked for public comment on items not on the agenda, but there was none.

3. Approval of the April 8, 2015 Meeting Minutes:
Motion: Ms. Williams moved to approve the April 8, 2015 minutes. Mr. Trabing seconded the motion.

VOTES:
AYES: Cabatu, Trabing, and Williams
NAYS: None
ABSTAINED: Karen Araujo, Sabino Lopez, and Margaret Robbins
The motion failed.

4. Old Business:
None

5) New Business:
a. Receive the draft Housing Element and provide input in regard to housing needs, constraints, and opportunities.

Ms. Tam gave an update on the Housing Element which is part of the General Plan. The Housing Element has an 8 year planning horizon. The Housing Element looks at the needs in the community, not only current housing needs but future needs as well. The Element looks at the constraints and opportunities in addressing those needs and
establishes goals, policies, and programs to meet the needs. The Housing Element is somewhat different from the rest of the general plan as only the Housing Element is required to be submitted to the State Department of Housing and Community Development for review to comply with state law. The kickoff meeting was held in November. This agenda item was a study session for the HAC committee to provide questions and input. The Housing Element will be presented to the Planning Commission on July 29, 2015 for their comments.

Mr. Trabing asked is the Homeless Coalition had been consulted and if a homeless prevention section was incorporated into the Housing Element. Ms. Tam stated all agencies and government try to stave off homelessness rather than deal with it once people become homeless. The Housing Element does address homelessness and prevention. Ms. Tam stated that there is some discussion about the Continuum of Care and what the county is able to do with limited CDBG funds regarding homelessness in particular. Areas that were covered were funding of outreach to the homeless and housing resource centers. She stated that the county has to be conscious on what can be done with limited funding. The Housing Element measures success in terms of meeting objectives.

Mr. Trabing asked how Agriculture employers provide housing. Ms. Barr stated that Ag is not able to attract sufficient labor without providing housing. She said that she expects that Ag will provide more affordable housing in the future.

Ms. Araujo made a comment on how Ag affordable housing will make a good impact.

Mr. Trabing asked if the Housing Element addresses homeless housing prevention such as utility assistance, etc. Ms. Tam stated that the Housing Resource Center and Catholic Charities are mentioned as programs that deal with this type of assistance.

Ms. Araujo asked what can or cannot be done in the Housing Element. Ms. Tam states that the HAC’s role is to advise the Planning Commission and the Board of Supervisors on policy but that the HAC cannot enact policy.

In regard to a question about transitional housing, the Housing Element addresses transitional housing in support of housing for the homeless and the disabled and also addresses the next step of transitioning out of homelessness to permanent housing.

Ms. Araujo asked what the policies are on zoning and planning. Ms. Tam stated that, because of no development funding and limited state and federal funding, the Housing Element is geared toward affordable housing for lower income households. Further, it is
more feasible to look at higher density development in areas where people can rely on transportation

Ms. Araujo asked if In Lieu fees paid instead of providing low-income housing is reflected in the Housing Element. Ms. Tam stated that this not something that is tracked. However, she noted that the County keeps track of that information.

Ms. Araujo asked why the non-coastal areas such as Cypress Residential and Merritt St. Corridor are named? Ms. Tam stated that the two areas combined help to meet the RHNA which has been allocated. The affordable housing that may occur in Castroville is shown based on the density that is feasible but whether or not affordable housing will occur depends upon securing financial subsides.

Mr. Cabatu commented on the amount of low-income housing already built in Castroville. Ms. Tam stated that the majority of the lower housing RHNA is not relying on Castroville but is met through projects in East Garrison and Butterfly Village. Only a portion may be in the Castroville Community area. The reality is that affordable housing is dependent upon significant financial subsidies.

Ms. Onciano stated one of the challenges in providing mixed communities is that residents do not want affordable housing in different areas such as Pebble Beach. The planning community and the residents often clash when the planner proposes a project and tries to encourage a developer to mix the housing in with market rate houses. The residents would rather have In Lieu fees paid and houses built somewhere else.

Mr. Cabatu stated everyone puts their Inclusionary Housing in Castroville and there is a need to mix some market rate housing into the mix of what is already built. He believes there needs to be solutions to encourage people to come up with housing in other areas. Ms. Onciano stated that this it is not the position of the county to isolate affordable housing in one area. She stated that the planner often requires development to be mixed. She added that we need to encourage people to speak up and support mixed communities. The Planning Commission believes that there should not be In-Lieu fees and that the housing should be mixed in.

Ms. Williams asked to clarify where Butterfly Village is in the county. Ms. Amador stated that Butterfly Village is located in the Greater Salinas Area in north Salinas near San Juan Grade road.

Ms. Araujo commented that she did not have a chance to go through Kathryn Thoeni’s information that was sent on the Coalition of Homeless Services and asked if Ms.
Thoeni’s comments reflected the coalition’s recommendations and if the Coalition of Homeless Services recommendation had been incorporated into the Housing Element. Ms. Barr stated that she had just received the information from Ms. Thoeni yesterday and that it would be reviewed to incorporate what is not already in the Housing Element. Ms. Araujo stated it would behoove us to make use of the Coalition’s data.

Ms. Araujo stated that the Housing Element is a progress report on where things stand and inquired about our goals for the future. She asked if we needed to reflect an increase in what we want to produce or see produced for very low and extremely low since the increase in homeless folks. Ms. Barr stated that this is something given to us by the state. The state dictates how many units we need to provide land for. Ms. Tam stated that there is a quantified objective of units to be rehabbed, units to be conserved, and units to be constructed within the Housing Element. There is a quantifiable objective under those categories and the county needs to show a plan as to how to meet the allocation. Whether or not it is met is not a requirement. The county tries to be as realistic as possible. She pointed out that it cost about $350,000 per affordable unit. The county does not have the money to do that many affordable units. What is put in the quantified objectives in the Housing Element to achieve is not related to the theoretical capacity. It is a reflection of what is believed to be achievable based on projects already approved and projects under review.

Public Comments:
Alfred Diaz-Infante spoke about the Tanlimura & Antle and Pebble Beach projects that CHISPA supports. Mr. Diaz-Infante mentioned previously to the committee that CHISPA owns 44 acres along Highway 156 and Castro Boulevard in the coastal zone but no amendment of the local coastal plan is required because the property has been designated high-density residential since 1982. CHISPA hopes to make a full application to the county in 30-60 days. The current plan shows 116 multifamily units and 63 family single family homes for a total of 179 units. There will be a variety of income types that include single family homes for moderate income and, if the committee would like to see above moderate income homes, CHISPA can accommodate them as well. The multifamily units will be low and very low income. CHISPA is also building 66 affordable units in East Garrison.

b. Receive an update on the Inclusionary Housing Program.
Ms. Barr presented information about the Inclusionary Housing Program.

Mr. Trabing asked about the loss of 14 units to foreclosure and if we had a program like NSP to buy units, rehab them, and resell them at affordable prices.
Ms. Barr stated that we do not have other outside programs. She stated that the county had taken back a unit that was to be foreclosed and it has been rehabbed and made available to people on the Inclusionary lottery and waiting lists. When the house is sold, the county can revolve the funds to continue the program.

6) **Updates:**
   Moro Cojo

Mr. Diaz-Infante stated that he would like the HAC committee to consider reviewing the term of affordability for the Inclusionary Program which is in perpetuity and asked if it really makes sense.

7) **Committee Member Reports:**
   Committee members received information regarding a CalVet funding announcement, letters sent by the Board of the Supervisors to the Assembly in support of AB35 and AB90 Bills, and a report entitled “Priced Out in 2014 (The Housing Crisis for People with Disabilities)”.

Karen Araujo noted that she would share with Committee members an article on “Phoenix’s Three Year Plan Housing All Veterans.”

8) **Additions to Future Agendas:**
   a. In-Lieu Fees
   b. Perpetuity as it relates to the Inclusionary Housing manual and ordinance.

9) **Schedule of Upcoming Meetings**
   October 14, 2015: Regular quarterly meeting

10) **Adjournment:**
    Mr. Lopez moved to adjourn the meeting and the motion was seconded by Mr. Cabatu. The meeting was adjourned at 7:05 PM.
MONTEREY COUNTY HOUSING ADVISORY COMMITTEE

MEETING:      January 27, 2016                      AGENDA NO.:      5c
SUBJECT:      Receive a report on the Development of the Affordable Housing
              Overlay Ordinance and provide input to the Planning Department
DEPARTMENT:   Economic Development Department

RECOMMENDATION:
It is recommended that the Housing Advisory Committee (HAC) receive a report on
the Development of the Affordable Housing Overlay Ordinance and provide input to the
Planning Department.

DISCUSSION:
The 2010 General Plan policies include an Affordable Housing Overlay (AHO) Program (Policy LU-
2.11) which designates five areas in the County where property owners could develop AHO projects
instead of a project otherwise allowed by the underlying zoning district. This is specifically in regard to
Community Areas and Rural Centers but would also allow additional areas outside of the five
designated areas to develop affordable housing if certain criterion is met. Planning staff is developing a
new chapter in the zoning ordinance to address the AHO combining district that will regulate standards
for project review, establish the application process, and determine the hearing authority. To date, the
Planning Department has conducted internal scoping meetings and workshops with the Planning
Commission.

The Planning Department will present a preliminary partial draft of the AHO Ordinance and seek input
from the Housing Advisory Committee.

Prepared By:

Jane Royer Barr
Housing Program Manager
MEMORANDUM

Date: January 13, 2016

To: Housing Advisory Committee

From: Grace Bogdan, Project Planner (RMA – Planning)

Subject: REF140023 Zoning Update
Development of Affordable Housing Overlay Ordinance

The 2010 General Plan policies include an Affordable Housing Overlay (AHO) Program (Policy LU-2.11). This program designates 5 areas in the County where property owners could develop AHO projects as opposed to uses allowed by their underlying zoning district, including Community Areas and Rural Centers. The program would also allow additional areas outside of the 5 designated areas to develop affordable housing if certain criterion is met; this is referred to as a Floating Affordable Housing Overlay. Staff is developing a new chapter in the zoning ordinance for an AHO combining district that will regulate standards for project review, establish the application process, and determine the hearing authority. Through internal scoping and workshops with the Planning Commission, the attached discussion draft reflects the conceptual process thus far. The AHO ordinance needs to address a regulatory process for three different scenarios:

1) Existing Affordable Housing Overlays (Mid Carmel Valley, Monterey Airport Vicinity, Highway 68 & Reservation Road) The Planning Commission expressed a desire to ensure the locations that were vetted through the General Plan process would be able to develop as AHO with minimal permitting from the County. This means the AHO Chapter would provide development standards and regulations for a property owner or applicant to build affordable housing in the identified AHO areas with a construction permit, as long as the development meets the ordinance criteria and subdivision is not proposed.
2) **Affordable Housing in Community Areas and Rural Centers.**

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<td>River Road/Pine</td>
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<td>Canyon</td>
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Community Areas:

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*Community Plan Adopted*

The General Plan policies also recognize Community Areas and Rural Centers as primary locations for affordable housing overlays, prior to the development of a Community Plan or Capital Improvement Financing Plan (CIFP). However, staff does not recommend that all AHO development in these areas be approved ministerially, as the density allowed in the AHO policy may not be appropriate for all Rural Centers and Community Areas. One consideration may be to allow development of a certain density to remain ministerial, while larger development projects require discretionary review at an administrative or public hearing level.

3) **Floating Affordable Housing Overlay.** The General Plan policies allow property owners to propose a 100% affordable housing project outside of the designated areas, if suitable, and rezone the property to include the AHO combining district. This process would be subject to the Development Evaluation System, which is under development, to determine if the site is suitable for this type of development. The ordinance could require discretionary review for these types of projects.

**HAC considerations:**

This item is before the Housing Advisory Committee for initial recommendations and feedback on the draft ordinance’s conceptual elements. Some components staff would like the HAC to consider are:

- **What development standards would be appropriate for the existing AHO’s?** There are standards for affordable housing development within the High Density Residential (HDR) District which may be utilized and enhanced (available below).

- **What level of discretionary review is appropriate, and should a public hearing be required for AHO projects in Community Areas, Rural Centers, and floating AHO’s?** Previously staff has considered requiring a General Development Plan for these projects to allow flexibility during project review. However, it is possible that smaller projects could be administratively approved, and larger projects could require a public hearing.

- **What would be an appropriate density of development to remain ministerial in Rural Centers or Community Areas?** These areas vary greatly in existing density, environment, and infrastructure, so a one size fits all approach would not work. Staff recommends a technical approach to determine existing density in each area and utilizing that as a way to determine projects of a certain density to remain ministerial, while allowing more dense projects with discretionary review.

- **How involved should the HAC be during review process?** Staff recommends any project requiring discretionary review to be referred to the HAC prior to project decision. The HAC could provide recommendations for ministerial projects, though the ordinance would need to be written to include this process and require HAC recommendations to be incorporated into the project before issuance of the building permit.
- The General Plan policy allows the levels of affordability to be modified on a project basis if certain criteria are met, does the HAC agree with these criteria or should it be more specific? Would the HAC need to approve these modifications through the project review process? The criteria is located in the LU-2.11 policy below under Section b.i, it generally speaks to economic factors such as cost of infrastructure, construction, and/or land.

- Is there anything we are missing?

For Reference:
(Attached)
Figure AHO-1: Mid Carmel Valley
Figure AHO-2: Monterey Airport Vicinity
Figure AHO-3: Highway 68 and Reservation Road

2010 General Plan Policy Land Use Element 2.11
The County shall encourage the development of affordable and workforce housing projects through the establishment of an Affordable Housing Overlay Program, based on the following parameters.

a. The following areas shall be designated as Affordable Housing Overlay (AHO) Districts:
   (1) Mid-Carmel Valley. Approximately 13 acres located east and west of existing mid-valley development, excluding portions of properties located within the floodplain.
   (2) Monterey Airport and Vicinity. Approximately 85 acres located south of Highway 68, excluding areas with native Monterey pine forest.
   (3) Highway 68 and Reservation Road. A 31-acre parcel located on the south side of Reservation Road shall be developed with a mix of neighborhood commercial uses and residential units that serve a range of income levels.
   (4) Community Areas prior to the adoption of a Community Plan.
   (5) Rural Centers prior to the adoption of a Capital Improvement and Financing Plan.

b. Properties shall meet the following suitability criteria in order to be eligible for the Affordable Housing Overlay Program:
   (1) The property is located within an Affordable Housing Overlay (AHO) district;
   (2) Development within the Affordable Housing Overlay District shall be approved on a project-by-project basis and achieve the following levels of affordability (plus or minus 1%):
      - 10% Very Low
      - 15% Low
      - 15% Moderate
      - 20% Workforce I, and
      - 40% Workforce II.

Individual projects may increase the percentage of Very Low, Low and Moderate income categories by reducing the percentage of Workforce I or Workforce II income levels. A project may be allowed to replace up to 25% of the Workforce II housing allocation with market-rate units if one or more of the following criteria are met:
   i) the County has identified a different mix of levels needed for affordable housing in the local area;
   ii) special economic factors, such as land cost or infrastructure upgrades, affect the cost of development within the local area;
   iii) the applicant proposes to accommodate at least 15% farmworker housing.

(3) Mixed use development that combines residential with commercial uses shall be encouraged to tie in with surrounding commercial and residential land uses. A mix of housing types shall be provided on sites in excess of 5 acres, i.e., at least two product types, such as
for-rent apartments, for-rent townhomes, ownership townhomes, or ownership single family homes. On sites of less than 5 acres, a single housing type may be allowed. The mix of housing types and designs shall be sensitive to neighboring uses.

c. If a property meets all of the suitability criteria in (b), above, the property owner may voluntarily choose to develop an Affordable Housing Overlay project, rather than a use otherwise allowed by the underlying land use designation.

d. The minimum density for an Affordable Housing Overlay project shall be 6 units per acre, up to a maximum of 30 units per acre. An average density of 10 units per acre or higher shall be provided. The maximum lot size for detached single-family affordable units shall be 5,000 square feet.

e. To encourage voluntary participation in the Affordable Housing Overlay process, the County shall provide incentives for Affordable Housing Overlay projects such as:
   (1) Density bonuses;
   (2) Streamlined permitting process, including assigning experienced staff to such projects, hiring outside contract planners, plan checkers and building inspectors (at the cost of the developer)
   (3) Waiver or deferral of planning and building permit fees (but not fees for the purpose of financing infrastructure);
   (4) Priority allocation of resource capacity such as water and sewer over other projects not yet approved.
   (5) Modified development standards and grant funding assistance.

f. Within Community Areas, affordable housing projects meeting the provisions of this policy may proceed prior to adoption of a Community Plan and needed regional infrastructure as long as all project related infrastructure improvements are made concurrent with the development.

g. Within Rural Centers, affordable housing projects meeting the provisions of this policy may proceed prior to preparation of an Infrastructure and Financing Study as long as all project related infrastructure improvements are made concurrent with the development.

h. When affordable housing overlay projects are proposed in Community Areas that are also designated Redevelopment Areas, tax increment may be used from the project area to finance off-site infrastructure and level of service improvements and to subsidize the Very Low and Low income units within the Affordable Housing Overlay project.

i. The Board of Supervisors shall review the 25% exemption cap for market rate units (paragraph b.2 above) every two years to assure that this Affordable Housing Overlay policy achieves its intended goal of encouraging developers to voluntarily produce Affordable Housing Overlay projects.

Monterey County Code
Section 21.10.070
A. Developments in excess of five dwelling units on a lot shall provide a trash enclosure area for the residents of the development. The location of and the design of the trash enclosure area shall be approved by the Director of Environmental Health, the Director of Planning. A plan showing the trash enclosure area shall contain the following:
   1. A site plan of the overall development;
   2. The location of the trash enclosure area;
3. Elevations of the design of the trash enclosure area;
4. Adequate fencing to ensure safety of the residents and the public.

B. Developments in excess of five dwelling units on a lot shall provide a recreational area for the residents of the development. The location of and the design of the recreational area shall be approved by the Director of Planning. A plan showing the recreational area shall contain the following:
   1. A site plan of the overall development;
   2. The location of the recreational area;
   3. A list and location of all recreational area facilities to be provided;
   4. The recreational area shall consist of at least three percent of the lot.

C. Manufactured dwelling units meeting the standards of Section 21.64.040 are permitted subject to the requirements of any conventional dwelling unit in this Chapter.

D. Multiple dwellings and dwelling groups for affordable housing projects shall be an allowed use in this District provided all of the following standards and requirements are met:
   1. That the project site is located in a Development Incentive Zone as established in the Monterey County Housing Element.
   2. That the project be a one hundred (100) percent affordable housing project;
   3. That the proportion of very low and low income units in the project be in accord with the housing needs analysis of the Monterey County Housing Element;
   4. That the continuing availability of the units be assured by deed restrictions, agreements or other such instruments as may be approved by the Director of Planning and the County Counsel;
   5. That the project does not include any form of subdivision;
   6. That the project’s gross density does not exceed the gross density as shown on the Sectional District Map;
   7. That the project complies with all of the Site Development Standards in Section 21.10.060 of this Chapter;
   8. The project complies with the Special Regulations in Section 21.10.070A and B of this Chapter;
   9. That the project is reviewed by the Water Resources Agency, Health Department, Public Works Department, County Fire Warden and any other agencies deemed necessary by the Director of Planning and that the requirements of those agencies are satisfied;
   10. That the design, color and location of all structures, signs and fences are subject to Chapter 21.44 (Regulations for Design Control Districts) of this Title.
AFFORDABLE HOUSING OVERLAY ZONING DISTRICTS OR “AHO” DISTRICTS

Purpose.
Applicability.
Regulations.
  Existing Affordable Housing Overlays.
  Affordable Housing in Community Areas and Rural Centers.
  Floating Affordable Housing Overlays.
Standards.
  Levels of Affordability.
  Terms of Affordability.
  Housing Types.
  Site Development Standards.

Purpose.
The purpose of this Chapter is to provide regulations for affordable housing development, including those areas designated by the Monterey County General Plan and areas that are in proximity to existing utilities and infrastructure to encourage and incentivize development of affordable housing.

Applicability.
A. The provisions of this Chapter shall apply to affordable housing development applications in districts which are combined with the AHO district.
B. Development that is proposed in accordance with the underlying zoning district is not subject to the provisions on this Chapter.
C. The purpose of this Chapter is to provide density incentives that exceed those allowed in Public Resources Code 65915, therefore the Density Bonus and Incentives Chapter (21.65) does not apply to affordable housing development applications within the AHO combining district.

Regulations.
Existing Affordable Housing Overlays
  - Ministerial permit process
  - If subdivision proposed, discretionary process
  - Development standards need to be developed for those areas
  - HAC referral?

Affordable Housing in Community Areas and Rural Centers
  - Discretionary process required for suitability (perhaps intensity related permit)
  - Referral to the HAC

Floating Affordable Housing Overlay
  - Subject to the Development Evaluation System
  - Rezone property to add AHO combining district, concurrent with application process
  - Use Permit or General Development Plan entitlement process
  - Referral to the HAC
Standards.

A. Levels of affordability. Affordable Housing development applications shall achieve the following level of affordability:
   - 10% Very Low
   - 15% Low
   - 15% Moderate
   - 20% Workforce I, and
   - 40% Workforce II.

1. Affordable housing development projects may increase the percentage of Very Low, Low and Moderate units by reducing the percentage of Workforce I or Workforce II units. The moderate rate units may also be replaced with very low and low units if tax credit or other financing precludes moderate units.

2. Up to 25% of the Workforce II housing allocation may be replaced with market-rate units if one or more of the following findings can be made and substantiated by evidence:
   - the County has identified a different mix of levels needed for affordable housing in the local area; or
   - special economic factors, such as financing, land cost, or infrastructure upgrades, are present; or
   - The project provides a minimum of 15% farmworker housing.

B. Terms of Affordability.

Affordable housing units shall be subject to the Administrative Manual Chapter and shall be restricted by deed for the following length of time:
   - Self Help Housing: 15 years
   - Single Family Dwellings: 45 years
   - Multi Family Dwellings: 55 years

C. Housing Types.

Project sites less than 5 acres may provide one type of housing. Project sites in excess of 5 acres shall provide at least two of the following housing types:
   - Single Family Dwelling (attached, detached, clustered)
   - Duplex
   - Apartment

D. Site Development Standards.

1. General development standards:
   - Parcel Size. The maximum lot size for single family dwellings shall be 5,000 square feet. Development Density.
     - Minimum density shall be 6 units per acre
     - Maximum density shall be 30 units per acre

2. Specific development standards:
   - Existing Affordable Housing Overlays
   - Affordable Housing in Community Areas and Rural Centers
   - Floating Affordable Housing Overlay
Figure # AHO-3

Photo Date: 2007

MONTEREY COUNTY HOUSING ADVISORY COMMITTEE

MEETING: January 27, 2016
AGENDA NO.: 5d

SUBJECT: Receive a further update on the Inclusionary Housing Program; provide input on next steps; and consider appointing an Ad Hoc Committee to make recommendations in regard to changes to the Program.

DEPARTMENT: Economic Development Department

RECOMMENDATION:
It is recommended that the Housing Advisory Committee (HAC) receive a further update on the Inclusionary Housing Program, provide input on next steps, and consider appointing an Ad Hoc Committee to make recommendations in regard to changes to the Program.

DISCUSSION:
At the July 8, 2015 HAC meeting, an update on the Inclusionary Housing Program was provided (see Attachment 1) which outlined the history of the program and its current status. The purpose of this staff report is to provide further information, take input from the HAC, and provide for a means to implement changes.

Background:
The County’s Inclusionary Housing Ordinance was approved on October 28, 1980. It has been amended nine times since then, the last being on April 26, 2011. The most significant amendment, made in April of 2003, changed the term of affordability from thirty years to in perpetuity and the required affordability from 15% to 20% of the total units in a development.

Additionally, on October 26, 201, the County adopted a new General Plan. There are several policies in the General Plan that pertain to affordable housing. Steps must be taken to implement these General Plan policies.

General Plan Policies requiring Implementation:
The policies which pertain to affordable housing are:

- “LU1.19: Community Areas, Rural Centers and Affordable Housing Overlay districts are the top priority for development in the unincorporated areas of the County. Outside of those areas, a Development Evaluation System shall be established to provide a systematic, consistent, predictable, and quantitative method for decision-makers to evaluate developments of five or more lots or units and developments of equivalent or greater traffic, water, or wastewater intensity. The system shall be a pass-fail system and shall include a mechanism to quantitatively evaluate development in light of the policies of the General Plan and the implementing regulations, resources and infrastructure, and the overall quality of the development. Evaluation criteria shall include but are not limited to:
  a. Site Suitability
  b. Infrastructure
  c. Resource Management
  d. Proximity to a City, Community Area, or Rural Center
  e. Mix/Balance of uses including Affordable Housing consistent with the County Affordable/Workforce Housing Incentive Program adopted pursuant to the Monterey County Housing Element
  f. Environmental Impacts and Potential Mitigation
  g. Proximity to multiple modes of transportation
  h. Jobs-Housing balance within the community and between the community and surrounding areas
  i. Minimum passing score
Residential development shall incorporate the following minimum requirements for developments in Rural Centers prior to the preparation of an Infrastructure and Financing Study, or outside of a Community Area or Rural Center:

1) 35% affordable/Workforce housing (25% inclusionary; 10% Workforce) for projects of five or more units to be considered.
2) If the project is designed with at least 15% farmworker inclusionary housing, the minimum requirement may be reduced to 30% total.

This Development Evaluation System shall be established within 12 months of adopting this General Plan.”

The Development Evaluation System is currently under development by the Planning Department.

- “LU-2.11: The County shall encourage the development of affordable and workforce housing projects through the establishment of an Affordable Housing Overlay Program, based on the following parameters.
  
a. The following areas shall be designated as Affordable Housing Overlay (AHO) Districts (maps are located at the end of this Element):
   
   (1) Mid-Carmel Valley (Figure AH0-1). Approximately 13 acres located east and west of existing mid-valley development, excluding portions of properties located within the floodplain.
   (2) Monterey Airport and Vicinity (Figure AH0-2). Approximately 85 acres located south of Highway 68, excluding areas with native Monterey pine forest.
   (3) Highway 68 and Reservation Road (Figure AH0-3). A 31-acre parcel located on the south side of Reservation Road shall be developed with a mix of neighborhood commercial uses and residential units that serve a range of income levels.
   (4) Community Areas prior to the adoption of a Community Plan.
   (5) Rural Centers prior to the adoption of a Capital Improvement and Financing Plan.

b. Properties shall meet the following suitability criteria in order to be eligible for the Affordable Housing Overlay Program:

   (1) The property is located within an Affordable Housing Overlay (AHO) district;
   (2) Development within the Affordable Housing Overlay District shall be approved on a project-by-project basis and achieve the following levels of affordability (plus or minus 1%):
      - 10% Very Low
      - 15% Low
      - 15% Moderate
      - 20% Workforce I, and
      - 40% Workforce II.

   Individual projects may increase the percentage of Very Low, Low and Moderate income categories by reducing the percentage of Workforce I or Workforce II income levels. A project may be allowed to replace up to 25% of the Workforce II housing allocation with market-rate units if one or more of the following criteria are met:
      i) the County has identified a different mix of levels needed for affordable housing in the local area;
      ii) special economic factors, such as land cost or infrastructure upgrades, affect the cost of development within the local area;
      iii) the applicant proposes to accommodate at least 15% farmworker housing.

   (3) Mixed use development that combines residential with commercial uses shall be encouraged to tie in with surrounding commercial and residential land uses. A mix of housing types shall be provided on sites in excess of 5 acres, i.e., at least two product types, such as for-rent apartments, for-rent townhomes, ownership townhomes, or ownership single family homes. On sites of less than 5
acres, a single housing type may be allowed. The mix of housing types and designs shall be
sensitive to neighboring uses.

- If a property meets all of the suitability criteria in (b), above, the property owner may voluntarily
choose to develop an Affordable Housing Overlay project, rather than a use otherwise allowed by
the underlying land use designation.

- The minimum density for an Affordable Housing Overlay project shall be 6 units per acre, up to a
maximum of 30 units per acre. An average density of 10 units per acre or higher shall be provided.
The maximum lot size for detached single-family affordable units shall be 5,000 square feet.

- To encourage voluntary participation in the Affordable Housing Overlay process, the County
shall provide incentives for Affordable Housing Overlay projects such as:
  1. Density bonuses;
  2. Streamlined permitting process, including assigning experienced staff to such projects,
hiring outside contract planners, plan checkers and building inspectors (at the cost of the
developer);
  3. Waiver or deferral of planning and building permit fees (but not fees for the purpose of
financing infrastructure);
  4. Priority allocation of resource capacity such as water and sewer over other projects not yet
approved;
  5. Modified development standards and grant funding assistance.

- Within Community Areas, affordable housing projects meeting the provisions of this policy may
proceed prior to adoption of a Community Plan and needed regional infrastructure as long as all
project related infrastructure improvements are made concurrent with the development.

- Within Rural Centers, affordable housing projects meeting the provisions of this policy may
proceed prior to preparation of an Infrastructure and Financing Study as long as all project related
infrastructure improvements are made concurrent with the development.

- When affordable housing overlay projects are proposed in Community Areas that are also
designated Redevelopment Areas, tax increment may be used from the project area to finance off-
site infrastructure and level of service improvements and to subsidize the Very Low and Low
income units within the Affordable Housing Overlay project.

- The Board of Supervisors shall review the 25% exemption cap for market rate units (paragraph
b.2 above) every two years to assure that this Affordable Housing Overlay policy achieves its
intended goal of encouraging developers to voluntarily produce Affordable Housing Overlay
projects.”

The Affordable Housing Overlay is currently under development by the Planning Department.

- “LU-2.12: Monterey County shall establish a program for retaining affordable housing units. For-sale
housing units with affordability restrictions developed within redevelopment project areas (Boronda,
Castroville, Fort Ord, and Pajaro), Community Areas and Rural Centers prior to the adoption of their
Plans, as well as any project developed under the Affordable Housing Overlay Program shall be
consistent with term of affordability provisions in State Redevelopment law. Rental units shall be deed
restricted in perpetuity countywide. For-sale units with affordability restrictions in all other areas shall
have the option of conforming to State Redevelopment law term of affordability criteria or conforming
to the following guidelines:
  a) Affordable housing units shall be offered to the County of Monterey who shall have a First Right
of Refusal.
  b) Units developed under this option shall be subject to a 30-year Program.
  c) Within the first 15 years of this Program:
     1) Units must be resold to a qualified buyer at the same income level at which the unit was first
sold.
     2) The 30-year restriction shall restart from the date of sale if the unit is sold.
  d) Between year 16 and 30 of this Program, sale of units may be sold at market value but shall be
subject to an Equity Sharing Program that increases based on the length of ownership.
  e) Units retained by the same owner for more than 30 years shall not be subject to this Program.”
The Affordable Housing Retention Program needs to be developed by the Economic Development Department.

- "LU-2.13: The County shall assure consistent application of an Affordable Housing Ordinance that requires 25% of new housing units be affordable to very low, low, moderate, and workforce income households. The Affordable Housing Ordinance shall include the following minimum requirements:
  a) 6% of the units affordable to very low-income households
  b) 6% of the units affordable to low-income households
  c) 8% of the units affordable to moderate-income households
  d) 5% of the units affordable Workforce I income households"

The Affordable Housing Ordinance will need to be amended by the Economic Development Department in order to comply with the General Plan.

All of the changes required by the General Plan which need to be implemented will need to be reviewed by HAC, the Planning Commission, and Board of Supervisors who may then consider approval of them.

Finally, the HAC has expressed an interest in revisiting portions of the Inclusionary Housing Ordinance and Administrative Manual.

Specific areas of interest that have been expressed to date are:

- In Lieu Fees
  The In Lieu fees currently in effect were set in 2000. At the time of the last amendment, updating of the In-lieu fee was discussed at length by the full HAC, a HAC Subcommittee, the Planning Commission and the Board of Supervisors. No consensus could be reached; therefore the issue was tabled. Therefor, the amendment still cites the following fees:

MONTEREY COUNTY INCLUSIONARY HOUSING PROGRAM
Effective Date: December 8, 2000

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<thead>
<tr>
<th>ADOPTED IN-LIEU FEES (11/7/00)</th>
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<td>Redevelopment Area</td>
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Note: The “Coast” Planning Area contains the Big Sur Coast Local Coastal Plan (LCP). The “Greater Monterey Peninsula” Planning Area contains the Carmel and Del Monte Forest LCP. The “North County” Planning Area contains the North County LCP.
• Method for complying with the Ordinance
  The HAC may want to endorse or suggest changes to the preferences/priorities of onsite units vs offsite units vs in lieu fees.
• Other fees for service
  The HAC may want to update the fees for services.
• Alternative methods for achieving affordable housing instead of through an Inclusionary Program.
  Given the dire need for affordable housing and recent court decisions, the HAC may want to consider alternative ways to provide and/or increase the supply of affordable housing.

SUMMARY
It is recommended that an Ad Hoc Committee be formed to assist with review and recommendations in regard to the Ordinance and Administrative Manual. Those recommendations could then be brought back to the HAC for discussion and possible action.

Prepared By:

[Signature]
Jane Royer Barr
Housing Program Manager
MONTEREY COUNTY HOUSING ADVISORY COMMITTEE

MEETING: July 8, 2015
SUBJECT: Receive an update on the Inclusionary Housing Program
DEPARTMENT: Economic Development Department

AGENDA NO.: 5b

RECOMMENDATION:

It is recommended that the Housing Advisory Committee (HAC) receive an update on the Inclusionary Housing Program.

DISCUSSION:

Background:
The County’s Inclusionary Housing Ordinance was approved on October 28, 1980. It has been amended nine times since then, the last being on April 26, 2011. The most significant amendment, made in April of 2003, changed the term of affordability from thirty years to in perpetuity and the required affordability from 15% to 20% of the total units in a development. Findings in support of the original ordinance and amendments are as follows:

1. A decent home and suitable living environment for all is a priority of the highest order and this priority conforms with State and Federal policies. The goal of the County is to achieve a balanced community with housing available for persons of all economic levels, with priority given to those persons currently residing or working within the County.

2. There is an inadequate supply of housing in Monterey County which is affordable to very low, low and moderate income households. Federal and State housing finance and subsidy programs are not sufficient in themselves to meet that need.

3. The cost of housing in new developments has increased and will continue to perpetuate this housing shortage. Further, land for residential development in the County is limited, and the amount of land which can be used for development of housing for very low, low, and moderate income households is being depleted by development of high cost housing.

4. The provision of housing affordable to very low, low, and moderate income households is a countywide responsibility, and the provision of such housing is a goal of the Housing Element of the County General Plan.

5. The housing shortage for persons of very low, low, and moderate income is detrimental to the public health, safety and welfare, and particularly finds that provision of very low, low, and moderate income housing is fundamental to the maintenance of an adequate, growing workforce and market place for the local economy, as well as to provide housing for additional employees whose jobs serve the increasing population living in new market-rate housing.

6. If very low, low, and moderate income workers cannot find housing in the County, then employers will have difficulty in securing a labor force, and employees will be forced to commute. Employee commutes use limited gasoline resources and increase air pollution.

7. A Countywide Inclusionary Housing Program will benefit the County as a whole. Each property which contributes to inclusionary housing augments the housing mix, increases the supply of...
housing for all economic segments of the community, and thereby provides for a balanced community which is deemed to be in the public interest.

8. The effect of an Inclusionary Housing Program is severely diminished if it benefits only the first occupants of very low, low, and moderate income housing, and inclusionary units are resold at market prices. Therefore, the Board of Supervisors recognizes that resale control, to ensure the continuing availability of inclusionary units to very low, low, and moderate income households, is a necessary consideration in order to prevent undermining of the credibility of the whole program, particularly because of the loss of the unit itself as an affordable unit.

9. Public housing programs and housing subsidy programs can meet only a small portion of the need for very low, low, and moderate income housing. The vast majority of housing units has been and will continue to be produced by the private housing industry. This industry has the knowledge and ability to produce housing affordable to very low, low, and moderate income households given supportive government policies, including incentives and public investment as appropriate. Therefore, the Board of Supervisors finds it is a public purpose of the County to seek assistance and cooperation from the private sector and non-profit agencies in making available an adequate supply of housing for persons of all economic segments of the community.

Other objectives cited in the Ordinance are:

1. To meet the housing needs of all types of very low, low, and moderate income groups in a manner that is economically feasible and consistent with their needs.

2. To provide housing opportunities in all planning areas of the County for very low, low, and moderate income households.

3. To provide housing opportunities for very low, low, and moderate income household members currently residing or working in Monterey County, on a priority basis.

Further, in support of the collection of fees, findings were that the fees required or permitted were appropriate and permissible and they were fair and effective because:

1. The fee amount will be based on the amount necessary to make possible construction of an affordable unit or affordable units as called for by this Chapter, so that when a developer elects to pay an in-lieu fee, funds will be available to reach the County's overall affordability target, without excessive payments and without setting varying fee standards on a case-by-case basis;

2. The fee amount necessary to construct units at the affordability levels specified by this Chapter will be based on land, construction and other costs of units in the County;

3. Payment of in-lieu fees will be within a specific period of time, thereby allowing a predictable and stable flow of in-lieu fees; and

4. The fees collected will be used in a specific time frame for the provision of very low, low, and/or moderate income housing.

Status of Program:
The Inclusionary Housing Program required by the Ordinance is administered by the Economic Development Department. To date, there are 220 single family units after having lost 14 to foreclosure.
In regard to rental units, there are 446, with an increase of 123 units over the last three years due to the addition of the Cynara Court and Sea Garden projects in Castroville and Manzanita Place project in East Garrison.

The In Lieu fees currently in effect were set in 2000. At the time of the last amendment, updating of the In-lieu fee was discussed at length by the full HAC, a HAC Subcommittee, the Planning Commission and the Board of Supervisors. No consensus could be reached; therefore the issue was tabled. Therefore, the amendment still cites the following fees:

**MONTEREY COUNTY**
**INCLUSIONARY HOUSING PROGRAM**
**Effective Date: December 8, 2000**

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Given a very recent legal decision in regard to Inclusionary Housing, it is recommended that a workshop be agendized for the October quarterly meeting. Based upon information received at that meeting, the HAC will then have a framework with which to review the Ordinance and Administrative Manual. At that time, the HAC may then provide direction in regard to reviewing the Inclusionary Housing Program and specific areas of interest. Additionally, the HAC can also indicate the approach for review such as at quarterly meetings or through a subcommittee.

Prepared By:

Jane Royer Barr
Housing Program Manager