

MONTEREY COUNTY PLANNING COMMISSION

Meeting: August 10, 2011 Time: 10:00 a.m.		Agenda Item No.: 3
Project Description: A) The Planning Commission will consider making a recommendation to the Board of Supervisors on Local Coastal Program (LCP) amendments for the former Carmel Convalescent Hospital site, generally located at the northwest corner of Highway One and Valley Way. The amendments generally consist of amendments to the Carmel Area Land Use Plan to change the land use designation from Medium Density Residential, two units per acre (MDR/2) to High Density Residential, 12.5 units per acre (HDR/12.5) and amendments to the Monterey County Coastal Implementation Plan, Part 4 (Regulations for Development in the Carmel Area Land Use Plan) (Chapter 20.146) to allow high-density residential development on the site; B) The Planning Commission will consider rescinding its June 29, 2011 motion which continued the hearing on the application for a Combined Development Permit (PLN070497/Rigoulette, LLC (Villas de Carmelo)) until a final determination had been made on the LCP amendments. The Combined Development Permit includes: 1) a Vesting Tentative Map to subdivide 3.68 acres into 46 condominium parcels and common open space; 2) Coastal Development Permit to convert the former convalescent hospital into nine condominium units with underground parking, recreation room, storage, and a gym; 3 units in garage shop; 3) Coastal Administrative Permit to demolish one existing structure and construct 8 buildings for a total of 46 condominium units; 4) Coastal Development Permit to allow development on slopes of 30% or greater; 5) Coastal Development permit to allow the removal of 97 trees (21 coast live oak and 76 Monterey pines); and 6) Design Approval. C) If the motion to continue the hearing on the Combined Development Permit is rescinded, the Planning Commission may conduct a hearing on the Combined Development Permit application.		
Project Location: 24945 Valley Way, Northwest corner of Highway One and Valley Way, Carmel		APN: 009-061-002-000, 009-061-003-000, and 009-061-005-000
Planning File Number: PLN070497		Owner: Rigoulette, LLC Agent: Ed Shagen, Kevin Kane (The Widewaters Group, Inc.) Representative: Jacqueline Zischke
Planning Area: Carmel Area Land Use Plan		Flagged and staked: Yes
Zoning Designation: "MDR/2-D (CZ)" [Medium Density Residential, 2 units per acre, Design Control District in the Coastal Zone]		
CEQA Action: An Environmental Impact Report was prepared for the project. Adoption of Coastal Plans and Programs is Statutory Exempt per CEQA Section 15265. Projects which are disapproved are Statutory Exempt per CEQA Section 15270.		
Department: RMA - Planning Department		

RECOMMENDATION: Staff recommends that the Planning Commission

- 1) Consider rescinding the June 29, 2011 motion continuing the hearing on the application for a Combined Development Permit until a final determination had been made on the LCP amendments;
- 2a) If the continuance is not rescinded, conduct a hearing only on the LCP amendments; OR
- 2b) If the continuance is rescinded, conduct a public hearing on the LCP amendments and the application for the Combined Development Permit, provide direction to staff, and continue the matter to a specific date.

PROJECT OVERVIEW:

On June 29, 2011, the Villas de Carmelo project was presented to the Planning Commission (PC) with a staff recommendation to recommend that the Board of Supervisors certify the EIR, approve the LCP Amendment, and conditionally approve the project. The proposal includes infill/redevelopment of a 46 unit condominium project on a 3.68-acre site located in the unincorporated Coastal Zone of Monterey County, bordering the City of Carmel-by-the-Sea. Development of the property, as proposed, would require amendments to the Local Coastal Program (LCP), specifically the Carmel Area Land Use Plan (LUP) and Coastal Implementation Plan (CIP) in order to accommodate the proposed density.

On a 9-1 vote, the PC continued the hearing on the Combined Development Permit until after a final determination had been made on the LCP Amendments. The rationale was that the project should not be considered until after the status of the LCP Amendments was resolved; and that taking the land use component forward to the Board first before getting into the project would be appropriate. Separately on a 5-4 vote, the PC approved a motion of intent to recommend denial of the proposed LCP Amendments to the Board of Supervisors and continued the hearing on the LCP Amendments to July 27, 2011.

On July 27, 2011, a motion to approve the resolution to recommend denial of the LCP Amendments to the Board of Supervisors failed on a vote of 4-5. A motion was passed (5-4) to continue the hearing on the LCP Amendments to August 10 and to place an item on the August 10 agenda to consider rescinding the June 29, 2011 motion continuing the hearing on the application for the Combined Development Permit.

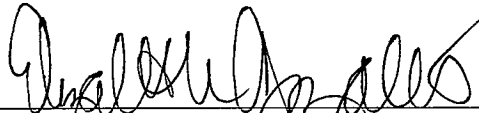
There are two primary points of discussion surrounding this project:

1. Land Use. The current designation is medium density residential and the designation being considered is high density residential. Questions have been raised as to the appropriate land use/density for this location, and how the proposed density fits with the overall land use plan for the area. If the Planning Commission desires, staff will be prepared to present an overview of the land use planning for the area and offer options for the Commission to consider.
2. Inclusionary/Affordable Housing. The Monterey County Inclusionary Housing Ordinance (Chapter 18.40 of the Monterey County Code) requires subdivision projects to comply with affordable housing regulations by providing affordable housing equal to 20% of the total number of lots proposed (6% very low, 6% low and 8% moderate income units). The decision-maker may approve a modification of this requirement based on a written finding, supported by substantial evidence, "that as a result of unusual or unforeseen circumstances, it would not be appropriate to apply, or would be appropriate to modify, the requirements of this chapter." Questions have been raised how/if the project complies with the County's Inclusionary Housing Ordinance (Chapter 18.40 MCC). Applicants have contended that Chapter 18.40 MCC does not apply in the coastal zone; however, the County has consistently interpreted Chapter 18.40 as applying both inland and in the coastal zone and has consistently applied requirements of the Inclusionary Housing Ordinance to all subdivision projects within the County of Monterey (Coastal and Inland). The Housing Advisory Committee did not support either

the applicants' original proposal for nine (9) moderate income units located on site, nor a concept to convert units in nearby areas (cities) to affordable units. The HAC ultimately voted to support payment of an in-lieu fee. The HAC's role is only advisory; the decision-maker on the permit is who determines whether a modification to the affordable housing requirements is warranted. If the Planning Commission decides to rescind its prior action to continue the hearing on the Combined Development Permit, staff will be prepared to present the history of this issue as it relates to this project and offer options for the Commission to consider.

OTHER AGENCY INVOLVEMENT: The following agencies and departments reviewed this project:

✓	Water Resources Agency		California Coastal Commission
✓	Environmental Health Bureau	✓	Cypress Fire Protection District
✓	Public Works Department		Monterey County Sheriff's Office
✓	Parks Department		Monterey Peninsula Water Management District
✓	Redevelopment & Housing Office		



Elizabeth Gonzales, Associate Planner
 (831) 755-5102, gonzalesl@co.monterey.ca.us
 August 1, 2011

cc: Front Counter Copy; Planning Commission; Cypress Fire Protection District; Public Works Department; Parks Department; Environmental Health Bureau; Water Resources Agency; Housing & Redevelopment; City of Carmel-by-the-Sea; Planning File PLN070497; Rigoulette, LLC (owners); The Widewaters Group, Inc. (Applicants); Jacqueline Zischke, Applicants' Representative; Molly Erickson, Attorney; Save Our Neighborhood Coalition; and Mark Bayne.

This report was reviewed by Carl Holm, AICP, Acting Deputy Director of the Resource Management Agency.

Exhibit A The Housing Advisory Committee's (HAC) July 14, 2010 recommendation

HOUSING ADVISORY COMMITTEE
NOTES FROM HOUSING ADVISORY COMMITTEE MEETING
July 14, 2010
Monterey County Administration Building, Monterey Room
168 W. Alisal St., Salinas, CA.
5:00 PM – 7:00 PM

Members Present: Lind English (Chair), Wayne Ross, Sarah Hardgrave, Mog Cabatu, and Steve McShane

Members Absent: Maria Orozco (Excused), Sabino Lopez (Excused), Denika Boardman (Excused), and Margaret Robbins

Others Present: Edward Shagen and Kevin Kane (Widewaters)

Staff Present: Marti Noel, Jane Royer Barr, and Karina Torres

1. **Call to Order:**
Linda English (Chair) called the meeting to order at 5:04 PM. Roll Call was from the sign-in sheet.
2. **Public Comment:**
None
3. **Approval of minutes from June 9, 2010:** Approval of the minutes was moved to later in the meeting due to a lack of quorum.
4. **New Business:**
The Chair changed the order of New Business items as requested by staff as there was not yet a quorum.
 - e) **Receive a status report on the San Lucas Well Study:** Marti Noel provided an update on the status of the San Lucas Well Study (Study). Pueblo Waters Services, Inc., the firm hired to prepare the Study, has completed the first phase of the project. A second phase of the project, focusing on locating a new potential well site, is due to occur in the near future. Staff will be coming back to the HAC with an update on the second phase and a strategy on how to help the San Lucas community move forward with the necessary improvements. Ms. Noel noted that CHISPA cannot begin construction of their affordable housing development until the project is complete. Wayne Ross asked if it would be acceptable to use the existing well as a back-up. Ms. Noel stated that because there is no health hazard issue with the existing well, there should be no issue in using it as a back-up. Linda English said it seemed like a stretch to have the Housing Authority and HAC involved in the project. Ms. Noel replied that "housing preservation" was the reason behind Housing Authority and HAC involvement in the project.
 - f) **Receive a status report on the Foreclosure Prevention Grant:** Jane Barr briefed the HAC on the status of the Foreclosure Prevention Grant. To date the Housing Resource Center (HRC) has assisted 165 households that were at risk of losing their homes to foreclosure. In addition, HRC has created a foreclosure prevention web page, brochures/handouts, holds bilingual homeownership education classes, and provides counseling. It is anticipated that 200 households can be served with the remaining funds prior to the expiration of the grant in June 2011. Ms. Barr added that the HPRP program has provided assistance to 80 persons and 33 households to date in the form of rent assistance and utility deposits.

Approval of minutes from June 9, 2010

MOTION: Motion was made by Sarah Hardgrave and seconded by Mog Cabatu to approve the minutes from June 9, 2010.

VOTE:
AYES: Cabatu, English, Hardgrave, McShane, and Ross
NAYS: None
ABSTENTIONS: None
ABSENT: Boardman, Orozco, Lopez, and Robbins

- a) **Consider a proposal from the Widewaters to comply with Inclusionary Ordinance for the Villas de Carmelo Project by paying an In-Lieu Fee:** Ms. Noel provided back ground information related to the item. She noted that the HAC had reviewed several Inclusionary Housing Compliance proposals from the applicants on different occasions. Based on input received from the HAC and Staff, the applicants have decided to pursue compliance through a payment of an In-lieu fee of \$2.5 Million. Ms. Noel provided an overview of challenges related to other forms of compliances for the project and noted that staff felt the in-lieu fee is the most appropriate for this type of project. Further, staff believes that the In-lieu fee of \$2.5 million can be leveraged to assist a non-profit in constructing or rehabilitating affordable housing in the area. The applicants clarified that they would be providing 20% of the units actually approved as opposed to 9.2 units as mentioned at a previous HAC meeting. HAC members expressed their agreement in regard to using the in-lieu fee as leverage for affordable housing projects in the area. Mr. Ross asked about timing of the payment. Ms. Noel responded that the payment would need to be made or secured prior to the final map being recorded.

MOTION: Motion was made by Wayne Ross and seconded by Sarah Hardgrave to approve Widewaters' proposal of paying an In-Lieu Fee as the form of Inclusionary Housing Compliance for the Villas de Carmelo Project.

VOTE:
AYES: English, Hardgrave, Ross, McShane, and Cabatu
NAYS: None
ABSTENTIONS: None
ABSENT: Boardman, Orozco, Lopez, and Robbins

Ms. English wished the applicants luck and asked that they continue to provide updates to the HAC. Sarah Hardgrave inquired about water credits.

- b) **Consider recommending approval of the revised First Time Homebuyer Manual:** Ms. Barr provided a brief summary of the item. She indicated that the First Time Homebuyer Manual (Manual) had been revised based on comments received by the HAC at the February meeting and recommendations contained in the Homebuyer Assistance Study. Revisions to the Manual include detailed information relative to loan policies, qualifying borrowers, processing loan applications, underwriting standards, and standard forms. Ms. Barr summarized policy revisions that are addressed in the revised Manual. Mr. Ross expressed his concerns with the length of the loan process. Ms. Noel said that the delay usually comes from the borrowers. She stated that Staff would like to take the item before the Board of Supervisors on August 24th in combination with the HOME Grant.

MOTION: Motion was made by Steve McShane and seconded by Sarah Hardgrave to recommend approval of the revised First Time Homebuyer Manual by the Board of Supervisors.

VOTE:
AYES: English, Hardgrave, Ross, Cabatu, and McShane
NAYS: None
ABSTENTIONS: None
ABSENT: Boardman, Orozco, Lopez, and Robbins

- c) **Consider recommending approval of the submittal of a HOME Grant Application for Down Payment Assistance:** Ms. Barr provided a brief report on the item. She reported that Staff has an opportunity to apply for HOME funds which would be used to jump start the First Time Homebuyer Program. The HOME Grant application is scheduled to be considered by the Board of Supervisors on August 24th in combination with the revised First Time Homebuyer Manual and will be submitted to the State by the September 1, 2010 deadline. Ms. English asked if the grant would be provided as a loan to the potential homeowners. Ms. Noel replied that it would be loaned and that repayment would be revolved for new loans.

MOTION: Motion was made by Sarah Hardgrave and seconded by Wayne Ross to recommend approval of the submittal of the HOME Grant Application by the Board of Supervisors.

VOTE:
AYES: English, Hardgrave, McShane, Cabatu, and Ross
NAYS: None
ABSTENTIONS: None
ABSENT: Boardman, Orozco, Robbins, and Lopez

- d) **Receive follow-up information related to potential amendments to the Housing Allocation Manual and provide direction to Staff:** Ms. Noel reported that a few issues had come up at the June meeting regarding unsecured loans to non-profits, policies related to residual receipt repayment of loans and the effects of cashflow on repayment. In regard to the unsecured loans to Camphora, Ms. Barr said that Staff felt an unsecured loan would help maintain flexibility. She noted that in this particular case, Staff did not want to take on the risk and the burden of becoming owners of a distressed farm labor camp if South County Housing were to default on the loan. Ms. English asked if some language could be added in the Housing Allocation Manual regarding the unsecured loans. Ms. Noel said that it would be problematic as each project is different and would need to be analyzed on a case by case basis. Mog Cabatu reminded staff of his request at the June meeting to obtain a written opinion from County Counsel that an unsecured loan was appropriate. He recommended that it be put on file. Staff concurred with Mr. Cabatu's recommendation.

It was noted that residual receipt loans are usually the first in for leverage with a repayment on a prorate basis along with State loans from remaining available cashflow after expenses and debt service on the first loan are paid.

Mr. Cabatu said it would be better to spread the funding around and not put too much in one project. Ms. Hardgrave concurred and requested that it be kept in mind when the next round of funding occurs. Staff did remind the HAC members that there are limits to funding per project in the Allocation Manual.

5. **Adjournment:**
Linda English (Chair) adjourned the meeting at 5:59 PM.