County of Monterey  
Housing Advisory Committee  
SPECIAL MEETING  
Monterey County Government Center  
1441 Schilling Place, South Building  
Thyme Room, 2nd Floor  
Wednesday, September 27, 2017  
5:00 p.m. to 7:00 p.m.  

AGENDA  

1) Call to Order  

2) Roll Call  

3) 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.  

4) Approval of Meeting Minutes for March 8, 2017  

5) Old Business:  

6) New Business:  
a. Receive an introduction of the two new committee members, Ms. Rosi Gonzalez and Mr. Wes White.  
c. Consider a request from the owners of the Pasadera Inclusionary Housing Rental Units to convert the units from Inclusionary Rental to Inclusionary For-Sale Workforce 2 units and adopt a recommendation to approve conversion of the units to Inclusionary For-Sale Workforce 1 with 30-year terms of affordability.  

7) Committee Member Reports  
Committee members will report on matters, events and activities related to HAC goals and housing advocacy matters. Committee members may give direction regarding future agenda items.  

8) Updates from Staff  
Staff will report on housing projects and other housing related matters.  

9) Schedule of Upcoming Meetings  
November 8, 2017  
January 10, 2018  

10) Adjournment  
The Chair will adjourn the meeting.
Copies of staff reports or other written documentation relating to items referred to in this agenda and/or submitted after distribution of the agenda packet are on file and available for public inspection at the Economic Development Department, Monterey County Government Center Administration Building, 168 West Alisal Street, 3rd Floor, Salinas.

Meetings of the Housing Advisory Committee are accessible to individuals with disabilities. Please contact the Monterey County Equal Opportunity Office at 831-755-5117, if you need assistance or accommodations in order to participate in a public meeting or if you need the agenda and public documents modified as required by Section 202 of the Americans with Disabilities Act.

The following services are available when requests are made by 5:00 p.m. of the Friday before this noted meeting: American Sign Language interpreters during a meeting, large print agenda or minutes in alternative format.

If you require the assistance of an interpreter, please contact Anita Nachor in the Economic Development Department at (831) 755-5390. Every effort will be made to accommodate requests for translation assistance. Requests should be made as soon as possible, and at a minimum 24 hours in advance of any meeting.

This agenda is posted in compliance with California Government Code Section 54954 2(a) or Section 54956.

Copias de reportes del personal u otra documentación escrita relativa a temas que se hacen referencia en esta agenda y/o presentados después de la distribución del paquete de la agenda son archivados y disponibles para inspección del público en el Departamento de Desarrollo Económico, Edificio de Administración del Centro de Gobierno del Condado de Monterey, 168 West Alisal Street, 3er Piso, Salinas.

Reuniones del Comité Consultivo de Vivienda son accesibles a personas con discapacidades. Por favor, póngase en contacto con la Oficina de Igualdad de Oportunidades del Condado de Monterey al (831) 755-5117, si Usted necesita asistencia o acomodación para poder participar en una reunión pública o si Usted necesita la agenda y documentos públicos modificados como requerido por la sección 202 de la Ley de Estadounidenses con Discapacidades (ADA por sus siglas en inglés).

Los siguientes servicios están disponibles cuando las peticiones son hechas antes de las 5:00 de la tarde del viernes antes de esta reunión notificada: intérpretes de lenguaje de señas americano durante una reunión, agenda con impresión grande o minutos en otro formato.

Si Usted requiere la asistencia de un intérprete, por favor comuníquese con Anita Nachor en el Departamento de Desarrollo Económico al (831)755-5390. Se harán todos los esfuerzo para acomodar los pedidos con asistencia de interpretación. Los pedidos se deberán hacer lo más pronto posible, y a lo mínimo 24 horas de anticipo de calquiera junta.

Esta agenda se publica en conformidad con la Sección 54954.2(a) o Sección 54956 de Código del Gobierno de California.
1. **Call to Order:**
Mr. Ross called the meeting to order at 5:05 p.m.

2. **Roll Call:**
   - **Members Present:** Karen Araujo, Sabino Lopez, Margaret Robbins, Wayne Ross, and Mark Trabing

   Karen Araujo arrived at 5:41 p.m.

   - **Members Absent:** Ignacio “Mog” Cabatu

   - **Staff Present:** Rosa Camacho-Chavez, Darby Marshall, Anita Nachor, and David Spaur

   - **Others Present:** Mandy Brooks, Ty Riddley Brooks, Natalia Molina

3. **Public Comment:**
Mr. Ross asked for public comment on items not on the agenda, but there was none.

4. **Approval of the November 9, 2016 Meeting Minutes:**
   - **Action:** A motion was made by Ms. Robbins to approve the November 9, 2016 minutes. Mr. Lopez seconded the motion.

   **VOTES:**
   - **AYES:** Lopez, Robbins, Ross, Trabing
   - **NAYS:**
   - **ABSENT:** Cabatu
   - **ABSTAINED:**

5. **Old Business:**
   a. Receive an update on the Paseo De La Rosas project (currently known as the Castroville Farm Labor Center).

   **Received an update from Rosa Camacho-Chavez on the Paseo De La Rosas project (currently known as the Castroville Farm Labor Center). Receive and File.**

6. **New Business:**

   **Received a report from Darby Marshall on the Inclusionary Housing Ordinance and a discussion was held. Receive and File.**

   *Wayne Ross recommended Margaret Robbins and Ignacio “Mog” Cabatu be on an Ad Hoc Subcommittee to discuss the Inclusionary Housing Ordinance.*
b. Receive a request for extension from inclusionary unit owner Ty Riddley Brooks to continue renting his inclusionary unit.

Received an update from Ty Riddley Brooks on an extension to continue renting his inclusionary unit and a discussion was held. Receive and File.

Action: A motion was made by Ms. Robbins, seconded by Mr. Ross to approve the extension until the end of November 2017. Mr. Brooks shall move into his inclusionary unit by December 2017. If Mr. Brooks fails to move back into the inclusionary unit, he must sell it.

VOTES:
AYES: Lopez, Robbins, Ross, Trabing
NAYS:
ABSENT: Cabatu
ABSTAINED:

7) Committee Member Reports:
None

8) Updates from Staff
   a. Committee member La’Quana Williams’ commission expired on March 3, 2017. Ms. Williams decided not to renew her term.

Received a report from Rosa Camacho-Chavez on La’Quana Williams. Receive and File.

b. Both annual owner-occupied monitoring letters and rental monitoring packets were sent out this month.

Received a report from Rosa Camacho-Chavez on both monitoring programs. Receive and File.

c. Staff is currently reviewing other files which may have a loan or in-lieu fees due to the County. These files will be presented to the HAC in the near future.

Received a report from Rosa Camacho-Chavez. Receive and File.

d. Staff will begin on-site monitoring at the end of the month.

Received a report from Rosa Camacho-Chavez on on-site monitoring. Receive and File.
e. Reminder: The filing of the Form 700-Statement of Economic Interests is due April 3, 2017. All committee members received the email with instructions from staff earlier this month. Please notify secretary if you need the form resent.

Received a reminder from Rosa Camacho-Chavez on the filing of the Form 700-Statement of Economic Interests. Receive and File.

9) Schedule of Upcoming Meetings
The next scheduled upcoming meetings are May 10, 2017 and July 12, 2017.

10) Adjournment:
Action: Ms. Robbins moved to adjourn the meeting and the motion was seconded by Ms. Araujo. The meeting was adjourned at 5:45 PM.

VOTES:
AYES: Robbins, Araujo, Lopez, Ross, Trabing
NAYS:
ABSENT: Cabatu
ABSTAINED:
MONTREY COUNTY HOUSING ADVISORY COMMITTEE

MEETING: September 27, 2017
DEPARTMENT: Economic Development Department

AGENDA NO.: 6b

RECOMMENDATION:
It is recommended that the Housing Advisory Committee (HAC):

DISCUSSION:
On October 26, 2010, the Monterey County Board of Supervisors adopted a General Plan for Monterey County. This General Plan (GP) calls for the County to encourage the development and workforce housing (Land Use Policy LU-2.11) and assure the consistent application of an Affordable Housing Ordinance (Land Use Policy LU-2.13). The County needs to bring the existing Inclusionary Housing Ordinance into alignment with the GP.

The GP differs from the current Inclusionary Housing Ordinance is several significant ways. First, the GP increases the minimum inclusionary housing requirements for most subdivisions or multi-family projects from 20% to 25%:
   • 6% of units affordable to very-low income households;
   • 6% of units affordable to low-income households;
   • 8% of units affordable to moderate-income households; and,
   • 5% of units affordable to workforce I income households.

Second, the GP places an emphasis on development in defined Community Areas, Rural Centers, and Affordable Housing Overlay (AHO) districts. Aerial maps of the AHO districts are included as Attachment 1 to this report. The GP also applies the AHO affordability requirements to projects in Community Areas before a Community Plan is adopted and Rural Centers before a Capital Improvement and Financing Plan is adopted. Development within these areas requires the following levels of affordability:
   • 10% of units affordable to very-low income households;
   • 15% of units affordable to low-income households;
   • 15% of units affordable to moderate-income households;
   • 20% of units affordable to workforce I income households; and,
   • 40% of units affordable to workforce II income households.

Third, the GP adds two new levels of affordability to the mix, Workforce I and Workforce II. Workforce I is defined as households earning between 120% and 150% of the Area Median Income (AMI) as adjusted for household size or $103,050 annually for a four-person household. Workforce II is defined as households earning between 150% and 180% of AMI or $123,650 annually for a four-person household.

Fourth, the GP changes the term of affordability of owner-occupied inclusionary units. Inclusionary units are currently subject to perpetual affordability restrictions, guaranteeing that the stock of affordable housing should not be reduced. The GP establishes a two-tiered term of affordability
based on location. Units constructed in redevelopment areas (Boronda, Castroville, Fort Ord, and Pajaro) must remain affordable for at least 45-years as required by State Redevelopment Law. Units built elsewhere must only remain affordable for 30-years. Additionally, the GP requires units to be resold to income qualified purchasers during the first 15-years and establishes the option of an equity sharing program for units sold during years 16-30 of the affordability term. Inclusionary rental units remain affordable in perpetuity. One additional challenge with the term of affordability comes with the workforce II income level. The GP does not include this income level in the Affordable Housing Ordinance or elsewhere describe the term of affordability for these units. However, based on Board of Supervisors approvals for the Rogge Road and East Garrison projects the term appears to be one year, essentially requiring that units are only affordable to the first-generation purchaser.

The affordable housing landscape has changed since October 2010. The first change came in 2012, when the State of California eliminated the tax increment financing element of the California Redevelopment Law (CRL). Other aspects of the CRL, including requirements that units assisted with redevelopment agency financing remain affordable for 45-55 years, remain in place. In FY 2010-11, the last full year funding was received this revenue stream generated approximately $1.4 million dollars for affordable housing. The second significant change is that jurisdictions no longer can impose maximum rent limits on inclusionary housing. In Palmer/Sixth Street Properties, L.P. v. City of Los Angeles the California Second District Court of Appeal found that inclusionary housing programs that imposed rent limits violated the Costa-Hawkins Act, which prohibits rent control in new buildings.

To accomplish these goals in the most expeditious manner possible staff is preparing a Request for Proposals (RFP) that will be used to select a consultant update the entire inclusionary housing program. The intent is to conduct more in-depth analysis of the cost to construct affordable and market rate housing, determine demand for affordable and market rate housing, and complete a nexus study that will determine the most equitable way to set in-lieu fees. A copy of the draft RFP is included as Attachment 1. Staff estimates that this process from completion of the RFP through adoption of an Inclusionary Housing Ordinance will take between 15 and 18 months.

**STAFF RECOMMENDATION:**
Receive a report on the Inclusionary Housing ordinance update.

Prepared by:

[Signature]

Darby Marshall
Redevelopment & Housing Analyst
OVERVIEW and BACKGROUND

The purpose of this Request for Proposals (RFP) is to solicit proposals from qualified firms to prepare an update to the County’s Inclusionary Housing Program.

The County of Monterey first adopted an Inclusionary Housing Ordinance (the “Ordinance”) in 1980 for new residential development and/or subdivision of land for residential development. Over the last 37 years, the Ordinance has been amended eight (8) times to address a variety of policy and market conditions. The most recent revision was adopted by the Monterey County Board of Supervisors on April 26, 2011. The current Ordinance requires that all new residential development of three or more units or lots set-aside eight (8) percent of the total units for moderate-income households; six (6) percent of the total units for low-income households; and, six (6) percent of the total units for very-low income households. The Ordinance contains exceptions for owner-occupied units and allows development and/or subdivisions for three or four units/ lots to satisfy their obligation through payment of an in-lieu fee.

The Ordinance prescribed County policy for affordable housing. However, it did not include instructions for administration to allow more flexibility in implementing the Ordinance, and instead called for Board of Supervisors to adopt program guidelines. In May 2003, the Board of Supervisors adopted the Inclusionary Housing Program Administrative Manual (the “Manual”), which provides further guidance and detail to the Ordinance. The Ordinance is included in Title 18 (Buildings & Construction) Chapter 18.40 (Inclusionary Housing) of the Monterey County Code.

On October 26, 2010, the Monterey County Board of Supervisors adopted the 2010 Monterey County General Plan (the “GP”). The GP made several changes to the Inclusionary Housing program that have not been reflected in either the Ordinance or the Manual. Among the most significant changes include the establishment of Community Areas, Rural Centers and Affordable Housing Overlay Districts which establish different ratios for providing inclusionary and affordable housing and adding workforce 1 and workforce 2 levels of affordability to the requirement without defining the new income levels. The basic requirement for providing inclusionary housing retains the current 6/6/8% requirement and requires that an additional five (5) percent of the total units be reserved for Workforce 1 income households for a total inclusionary obligation equal to 25% of the total units/ lots be dedicated as inclusionary housing.

Monterey County covers nearly 3,300 square miles and includes 99-miles of coastline. Project review is conducted by 11 Land Use Advisory Committees (LUAC) and two Neighborhood Design Review Committees (NDRC). Each LUAC or NDRC covers a specific planning area or community within the County. The planning areas and design review communities are: Big Sur, Cachagua, Carmel Unincorporated/Highlands, Carmel Valley, Castroville, Chualar Neighborhood Design Review, Del Monte Forest, Greater Monterey Peninsula, North County, South Coast, South County, Spreckels Neighborhood Design Review, and Toro.

In addition to the existing documents, the County is participating in the preparation of two focused housing documents. In February 2017, the Board of Supervisors agreed to work with the cities of Gonzales, Greenfield, King City and Soledad and Santa Cruz County to conduct a Regional Farmworker Housing Needs Study and Action Plan. In April 2017, the County (including Gonzales, Greenfield, and Sand City as participants in the Community Development Block Grant [CDBG])
entered into a cooperative agreement with the cities of Monterey, Salinas, and Seaside to prepare a regional Assessment of Fair Housing in response to the U.S. Department of Housing and Urban Development’s regulatory change requiring CDBG recipients to conduct more analysis of issues affecting the affirmative furthering of fair housing. Findings from these studies may be available and useful to quantify the demand for affordable housing and should be available beginning in late 2017.

With the downturn in the new housing construction market and recent court decisions questioning the legality of inclusionary zoning and related in-lieu fees for rental housing (Palmer/Sixth Street Properties L.P. v. City of Los Angeles, 175 Cal. App. 4th 1396 [2009] and Building Industry Assn of Central California v. City of Patterson, 171 Cal. App. 4th 886 [2009]), the County desires to conduct a review and update of the Ordinance to address current housing and market conditions, the significant implications of the aforementioned cases, and harmonize the GP and Ordinance. The County also desires to conduct a residential and non-residential nexus study to support potential impact fees.

SCOPE OF WORK

In preparing a response to this Request for Proposal (RFP), the consultant must adhere to the Proposal Format described later in this RFP, and shall address the following elements:

Element 1: Review of Existing Ordinance
State all aspects of work you propose for Element 1. These should include, but not be limited to:

   a. Examine current inclusionary requirements, Ordinance, and Guidelines including incentives
      • Inclusionary Housing Ordinance
        https://library.municode.com/ca/monterey_county/codes/code_of_ordinances?nodeId=T1T18BU.CO.CH18.40INHO
      • Inclusionary Housing Administrative Manual
   b. Evaluate Ordinance against state laws and court decisions

Element 2: Examination of Data
State all aspects of work you propose for Element 2. These should include, but not be limited to:

   a. Cost to produce affordable housing vs. market rate housing
   b. Existing market demand for affordable housing and market rate housing
   c. Current housing options available to very low-, low-, moderate-, workforce I, and workforce II-income households
   d. Review the County of Monterey’s 2010 General Plan
   e. Review the County of Monterey’s Housing Element 2015-2023
      http://www.co.monterey.ca.us/economicdevelopment/07-08-2015-draft-housing-element.pdf
   f. Review the Regional Housing Needs Allocation (RHNA) 2014-2023
Element 3: Affordable Housing Nexus Study
State all aspects of work you propose for Element 3. These should include, but not be limited to:

a. Methodology and assumptions
b. Economic analysis
c. Identification of impacts
d. Impact fee recommendations
e. Administration draft review prior to public draft

Element 4: Conclusions and Recommendations
State all aspects of work you propose for Element 4. These should include, but not be limited to:

f. Identify incentives and alternatives
g. Financial benefits, costs and impacts of incentives
h. Draft Inclusionary Housing Ordinance

Element 5: Citizen Participation and Consultation
The consultant will prepare a public outreach program designed to achieve public participation from all economic and planning areas of the community – including Spanish-speakers. At a minimum, the citizen participation and consultation should include:

- One (1) resource meetings with local housing and community development stakeholders, including housing developers.
- Eight (8) community workshops (subject to scheduling, County can provide venue) with LUACs and NDRCs.
- Two (2) Housing Advisory Committee (HAC) workshops after Element 3 and again when the draft Inclusionary Housing Ordinance and Administrative Manual is ready for review.
- One (1) public hearing before the Monterey County Planning Commission to present the draft Inclusionary Housing Ordinance and Administrative Manual.
- One (1) public hearing before the Monterey County Board of Supervisors to present the draft Inclusionary Housing Ordinance and Administrative Manual.
- To obtain public input, plan, coordinate, publicize and conduct an online/website survey.

Consultant will prepare all outreach material and provide English/Spanish translation services at community workshops (optional, list as separate item). County staff will post notices on the County website and in local newspapers, assist with distribution of outreach materials, and prepare public notices. County staff will provide the contact list for stakeholders and maintain an email list of contacts generated throughout the process.

Element 6: Board of Supervisors, Planning Commission, and Housing Advisory Committee
- Present Public Review Draft of Affordable Housing Nexus Study to the Housing Advisory Committee.
- Present Draft Inclusionary Housing Ordinance and Administrative Manual to the Housing Advisory Committee.
• Present recommendations from Affordable Housing Nexus Study and Draft Inclusionary Housing Ordinance and Administrative Manual to the Planning Commission.

• Present recommendations from Affordable Housing Nexus Study and Draft Inclusionary Housing Ordinance and Administrative Manual to the Board of Supervisors.

In addition to the Deliverables outlined below, the consultant will provide and update PowerPoint presentations for each meeting.

County staff will schedule presentation on agenda and coordinate required notices, agenda posting and agenda packet distribution. County staff will prepare staff report to accompany presentation. Present Public Review Draft to the Planning Commission and Board of Supervisors.

DELIVERABLES

a. Plan for Public Participation and outreach materials for workshops and public information materials in English and Spanish.
b. Administrative Draft of Document (for staff review) [five (5) unbound copies and one (1) pdf copy]
c. Screen Check Public Review Draft of Document (for staff review) [five (5) unbound copies and one (1) pdf copy]
d. Public Review Draft [twenty (20) bound copies and thirty (30) DVDs]
e. Final Draft for City Council consideration
f. Final Document (as adopted by City Council) [ten (10) bound copies and one DVD]

• All documents shall be provided to the City in both Microsoft WORD and .pdf formats.
• Public information and outreach materials (flyers/mailings announcing community meetings) shall be prepared by the consultant.
• For each administrative review draft document, two (2) electronic copies (one WORD and one .pdf file) shall be delivered to the County.
• Following approval by staff of each final (public draft) report, one (1) unbound reproducible original, and two (2) electronic copies shall be delivered to the County.
• For each public agency meeting, one (1) unbound reproducible original, one (1) electronic copy and four (4) print copies of the document shall be delivered to the County. Provide one (1) electronic copy and ____ (___) print copies to County for the Housing Advisory Committee meeting.

DELIVERABLES - MEETINGS

a) Resource Meetings (minimum of 1)
b) Housing Advisory Group (minimum of 2)
c) Land Use Advisory Committees/Neighborhood Design Review Committees (minimum of 8)
d) Planning Commission – Presentation of draft (1)
e) Board of Supervisors – Presentation of final draft, public hearing (1)
f) Meet with County Housing staff in Salinas (5)

The following documents (available online) should be reviewed by all potential responders to assess the RFP’s scope of work:
- Inclusionary Housing Ordinance
- Inclusionary Housing Administrative Manual
- 2010 General Plan
- Housing Element 2015-2023
- Regional Housing Needs Allocation (RHNA) 2014-2023
MONTEREY COUNTY HOUSING ADVISORY COMMITTEE

MEETING: September 27, 2017

SUBJECT:

a. Consider a request from the owners of the Pasadera Inclusionary Housing Rental Units to amend Condition of Approval (COA) #136 to convert the units from Inclusionary Low-Income Rental to Inclusionary For-Sale Workforce II units; and,

b. Adopt a recommendation to the Monterey County Board of Supervisors to amend COA #136 and allow conversion of the Pasadera Inclusionary Housing Rental Units to Inclusionary For-Sale Moderate-Income Units.

DEPARTMENT: Economic Development Department

RECOMMENDATION:

It is recommended that the Housing Advisory Committee (HAC):

a. Consider a request from the owners of the Pasadera Inclusionary Housing Rental Units to amend Condition of Approval (COA) #136 to convert the units from Inclusionary Low-Income Rental to Inclusionary For-Sale Workforce II units; and,

b. Adopt a recommendation to the Monterey County Board of Supervisors to amend COA #136 and allow conversion of the Pasadera Inclusionary Housing Rental Units to Inclusionary For-Sale Moderate-Income Units.

DISCUSSION:

In September 1995, the Board of Supervisors approved the Bishop Ranch Subdivision (PC7704). The development is now known as the Pasadera Country Club or the Nicklaus Club – Monterey. The project was approved subject to Monterey County Ordinance 3419 which required 15% of the total units be designated as Inclusionary Housing. Generally, the project called for the subdivision of a 564.7-acre parcel into 160 single family lots, 38 low and moderate income housing units, 55 townhouse units and an 18-hole golf course.

In 2005, the Pasadera developer began renting 12 Inclusionary Units (Pasadera 12) to low-income households. The owner is responsible for maintaining the Pasadera 12 rental units as Inclusionary Rental Units in perpetuity. Under the terms of the Developer’s Inclusionary Housing Agreement, the Developer is responsible for identifying potential renters and referring them to the Economic Development Department for income and asset certification. The Developer pays the EDD a flat fee of $200.00 for each potential tenant EDD must review to certify a new tenant.

The units are two-bedroom and using federal occupancy guidelines can be safely occupied by households with between 2 and 5 people. Table 1 summarizes the maximum annual income, maximum monthly rent, and maximum sales price for the Pasadera 12 at four different income levels. The Pasadera 12 units were originally proposed for employees of the golf club, but are now rented to the public because there was no interest in them from employees.

In August 2017, the owner of the Pasadera 12 submitted a request to the County Planning Department to modify the Inclusionary Housing Condition of Approval approved in 1995. Specifically, the owner wishes to convert the Pasadera 12 from Inclusionary Rental Units – Low Income to Inclusionary Housing For-Sale Units – Workforce II Units and a change to the zoning that supports this change. The owner’s request is included as Attachment 1 to this report.
Table 1

<table>
<thead>
<tr>
<th>Maximum Annual Income</th>
<th>Low (&lt;80% AMI)</th>
<th>Moderate (80%-120% AMI)</th>
<th>Workforce 1 (120%-150% AMI)</th>
<th>Workforce 2 (150%-180% AMI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 Person Household</td>
<td>$52,100</td>
<td>$65,950</td>
<td>$82,450</td>
<td>$98,900</td>
</tr>
<tr>
<td>3 Person Household</td>
<td>$58,600</td>
<td>$74,200</td>
<td>$92,800</td>
<td>$111,350</td>
</tr>
<tr>
<td>4 Person Household</td>
<td>$65,100</td>
<td>$82,450</td>
<td>$103,050</td>
<td>$123,650</td>
</tr>
<tr>
<td>5 Person Household</td>
<td>$70,350</td>
<td>$89,050</td>
<td>$111,300</td>
<td>$133,550</td>
</tr>
<tr>
<td>Maximum Monthly Rent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Person Household</td>
<td>$1,303</td>
<td>$1,649</td>
<td>$2,405</td>
<td>$2,885</td>
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<tr>
<td>3 Person Household</td>
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<td>$1,855</td>
<td>$2,707</td>
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<tr>
<td>4 Person Household</td>
<td>$1,628</td>
<td>$2,061</td>
<td>$3,006</td>
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<tr>
<td>5 Person Household</td>
<td>$1,759</td>
<td>$2,226</td>
<td>$3,246</td>
<td>$3,895</td>
</tr>
<tr>
<td>Maximum Sales Price</td>
<td>$200,879</td>
<td>$296,750</td>
<td>$346,339</td>
<td>$445,324</td>
</tr>
</tbody>
</table>

Staff is unable to verify or refute the owner’s statement that people who qualify for these units do not want to be “as far from schools, jobs and services as the Pasadera subdivision is located”. Staff does question the validity of the time it has taken to rent units and the “vague requirements” for qualifying renters. The County is aware that one unit will be vacated on October 1, 2017. The property manager requested an income and asset qualification for a prospective tenant on September 7, 2017 and the County approved the applicant on September 11, 2017. The applicant has since withdrawn their name from consideration and the County has not been asked to approve any other applicants.

The Inclusionary Housing Ordinance in effect at the time Pasadera was approved only required units to be affordable to low (less than 80% of Area Median Income [AMI]) or moderate (between 80% and 120% of AMI) income households. The Workforce I and II levels affordability were adopted as part of the 2010 General Plan (GP) but are not yet reflected in the Inclusionary Housing Ordinance. The GP defines Workforce I as households earning up to 150% of AMI and Workforce II as household earning up to 180% of AMI. Land Use Policy 2.13, which describes the requirements of the Affordable Housing Ordinance, does not include Workforce II as an affordability level that is generally required of projects. Workforce II is only required in specific situations, such as projects within Affordable Housing Overlay Districts or the applicant offers to increase the number of units affordable to very low income households while reducing the number of units affordable to low income households.

Staff is not recommending the request to convert the Pasadera 12 units to the Workforce II affordability level for the following reasons. The Workforce II affordability level is not part of the GP Land Use Policy that defines the new affordable housing ordinance requirements for most projects. Pasadera is not within an Affordable Housing Overlay District that would otherwise trigger the Workforce II affordability levels. The owner is not proposing deeper levels of affordability; e.g. more very-low units than required with Workforce II to offset the additional subsidies. For these reasons, staff does not believe conversion to the Workforce II affordability is justified.
Staff initially considered recommending that the Pasadera 12 units be converted to for-sale Workforce I product. This change would allow the owner to sell the units for up to $346,339. Staff is concerned that allowing the conversion of the units to use portions of new requirements without complying with all the requirements sets a dangerous precedent. If this project were going through review now it would be required to provide 63.25 inclusionary units (15 very-low income units, 15 low income units, 20 moderate income units, 13 workforce I units, and pay an in-lieu fee on one-quarter of a unit). Because the project is not meeting all of the affordable housing benefits required by the 2010 GP, staff does not believe the owner should benefit from affordability levels approved by the GP.

Staff is recommending that the Pasadera 12 units be converted to Moderate Income For-Sale Units. This level of affordability is consistent with the Inclusionary Housing Ordinance that was in effect at the time the subdivision was approved. The maximum sale price for the units at the moderate-income level of affordability is $296,750.

STAFF RECOMMENDATION:
Recommend to the Monterey County Board of Supervisors that Condition of Approval #136 be amended as follows:

Applicant shall comply with the requirements of the Inclusionary Housing Ordinance by agreeing to build 26 38 affordable to moderate income household units and 12 affordable to low income household units...

Prepared by:

[Signature]
Darby Marshall
Redevelopment & Housing Analyst
Darby Marshall
Monterey County RMA
1441 Schilling Place, 2nd Floor
Salinas, CA 93901

Re: Pasadera Subdivision Amendment Project Description

Dear Darby:

This letter serves to provide additional detail and background information for the accompanying application for an amendment to Condition #136 of the Pasadera Subdivision (PC07704). The application seeks to modify the inclusionary housing requirement imposed by Condition #136 and subsequently memorialized by the Inclusionary Housing Agreement to change the 12 low-income housing units to 12 Workforce 2 housing units and allow for those units to be subdivided.

This modification is sought because the applicant has a difficult time filling them with qualified renters throughout the year. In the experience of the applicant, most people who qualify for low income housing do not want to be as far from schools, jobs, and services as the Pasadera subdivision is located. Additionally, the units are hard to rent out both because of their location and the somewhat vague requirements for qualifying as a renter. When these units are vacant, our client informs us that it takes about 5 months to fill them.

In addition to the difficulties associated with the low-income housing requirement, there are significant benefits to be gained by their conversion to Workforce 2 housing. The need for housing for professionals in the Highway 68 corridor is critical, as a significant number of workers on the Monterey Peninsula commute from other portions of the County. Increasing the amount of housing units for professionals will help reduce traffic from commuters, and will help employers on the peninsula retain their employees.

This application also seeks to remove the current B6 zoning designation to allow for the condominiumization of the units in question, and in turn allow the eventual sale of the units to qualified Workforce 2 buyers. There is no proposed increase in the number of units on the property.

Please let me know if you have any questions regarding the foregoing.

Sincerely,

Cody J. Phillips
/cp