

Attachment A

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DISCUSSION

Project Description

The applicant, Rancho Canada Ventures, LLC, proposes two residential subdivision scenarios for the West Course of the Rancho Canada Golf Club, located on the south side of Carmel Valley Road (4860 Carmel Valley Road), approximately 0.6 miles east of Highway 1 (**Attachments C and D** - plans for Project and Alternative). The original proposal (Project) is a 281-unit residential subdivision consisting of a mix of single-family residences (141 units), townhomes and condominiums (140 units). The alternative proposal (Alternative) is a lower-density, 130-unit subdivision consisting primarily of single-family attached and detached lots, along with 12 condominium units. Both the Project and the Alternative are fully analyzed in the *Rancho Canada Village Project Recirculated Draft Environmental Impact Report (RDEIR)* which was prepared and re-circulated (a previous Draft EIR was prepared and circulated for comment in January 2008, making this a re-circulated environmental document) for public comment from June 2 through August 8, 2016, a comment period of 68 days. The Carmel Valley Association made a request for an extended comment period; based on this request, RMA-Planning staff granted the Association until August 31 to submit its comments; therefore, any individual, organization or agency that submits comments between the noticed August 8 RDEIR comment deadline and August 31 will receive a response in the Final EIR when it is prepared.

Both subdivision scenarios, Project and Alternative, occupy the same general, approximately 40-acre area of the West Course of the Rancho Canada Golf Club; the 130-unit Alternative also includes a 4.3 acre parcel (Lot 130), approximately one-half mile northeast of the main project area, which is presently developed with maintenance facilities; the Alternative would allow for the future redevelopment of one residence on this 4.3-acre parcel (Lot 130 would be rezoned under the 130-unit Alternative to prevent further subdivision of the parcel). While there are far more similarities than differences between the Project and the Alternative, there are notable differences, such as: 1) the Alternative, unlike the Project, does not require the importation of offsite fill material for proposed grading and site improvements; 2) the Alternative includes a transfer of 60 acre-feet/year (AFY) of water to California-American Water (Cal-Am) for other uses and an additional 50 AFY of water would be dedicated for in-stream purposes for the benefit of the adjacent Carmel River; thus, despite proposing fewer than half the residential units of the Project the Alternative would have slightly higher overall water usage due to the transfer and in-stream dedication.

The entire Project site (including Lot 130 of the Alternative) is designated Public/Quasi-Public (P/Q-P) by the *Monterey County 2010 General Plan* (2010 General Plan) and *Carmel Valley Master Plan* (CVMP; the CVMP is included in the General Plan), with a Special Treatment Area designation allowing for residential development subject to certain provisions, discussed in more detail, below. The subject site is in the P/Q-P Zoning District, consistent with its General Plan land use designation and the site's long-time use as a public golf course. Approval of either the Project or the Alternative will require a General Plan Amendment (the Project due to the number of units proposed; the Alternative due the proportion of affordable units included) and rezoning to a residential district(s). In order to fully develop either the Project or Alternative a Standard Subdivision and Combined Development Permit for development in the Carmel River Flooplain, tree removal, and grading and infrastructure installation will also be required, as well as Design Review and Site approvals.

BACKGROUND

Original Proposal: 281-Unit Subdivision and Specific Plan

The Rancho Canada Village (RCV) Project was submitted to the County in April 2004 and deemed a complete application the following year, on August 10, 2005. At that time the Project was subject to the provisions and policies of the 1982 General Plan, which was then in effect. The RCV Project was originally proposed through a Specific Plan consisting principally of a 281-unit residential subdivision and open space/recreational improvements; this remains the Project described in the present RDEIR. The proposed 281 units consist of a mix of small-lot single-family residences, townhomes and condominiums, nearly half (140 of the 281 units) of which are proposed as either affordable (56 affordable units; 20% of total units proposed) or workforce (84 units; 30% of total units proposed) housing units. In January 2008, the *Rancho Canada Village Specific Plan Draft Environmental Impact Report* (DEIR) was prepared and circulated for public comment; however, due to changing economic conditions and other factors the project did not go forward for consideration by the Planning Commission or Board of Supervisors at that time and was essentially put on hold. The original 281-unit proposal remains the Project described in the present RDEIR; the specific plan, however, is no longer proposed by the applicant as its means of implementation.

ANALYSIS

2010 General Plan/Carmel Valley Master Plan

On October 26, 2010, the Board of Supervisors adopted the 2010 Monterey County General Plan, including an updated CVMP, which resulted in the establishment of a residential subdivision building cap (CVMP Policy CV-1.6) of 266 new residential units in Carmel Valley. Subsequent litigation, which amended the CVMP in February 2013, resulted in a lowering of the building cap to 190 new residential units, 24 units of which were reserved for the Delfino (former Carmel Valley Airport) Property. This 190-unit cap remains in effect, with only five units subject to the cap having been approved to date. The 190-unit cap is significant in relation to the RCV Project since the 281-unit proposal, unlike the 130-unit Alternative, exceeds the cap. In addition to Policy CV-1.6, two additional 2010 General Plan policies bear directly on the proposal; they are CVMP Policy CV-1.27 and Land Use Policy LU-9.3.

In recognition of the proposed RCV Project, the 2010 General Plan established a Special Treatment Area (CVMP Policy CV-1.27) for the Rancho Canada Golf Club site and adjacent properties that would allow residential development to occur despite the Area's underlying P/Q-P land use and zoning designations. Residential subdivision and development would not otherwise be allowed on P/Q-P designated properties in Monterey County. 2010 General Plan Policy CV-1.27 states in full:

Special Treatment Area: Rancho Canada Village – Up to 40 acres within properties located generally between Val Verde Drive and the Rancho Canada Golf Course, from the Carmel River to Carmel Valley Road, excluding portions of properties in [the] floodplain shall be designated as a Special Treatment Area. Residential development may be allowed with a density of up to 10 units/acre in this area and shall provide a minimum of 50% Affordable/Workforce Housing. Prior to beginning new residential development (excluding the first unit on an existing lot of record), projects must address environmental resource constraints (e.g.: water, traffic, flooding). (APN: 015-162-017-000, 015-162-025-000, 015-162-026-000, 015-162-039-000 and 015-162-040-000, 015-162-033-000, 015-162-035-

000, 015-162-036-000, 015-162-037-000, 015-162-038-000, 015-021-005-000)

Thus, while the Special Treatment Area allowed for residential development on the Ranch Canada Golf Course site, it did so subject to density (up to 10 units per acre), area (up to 40 acres) and housing affordability (50% affordable/workforce housing) criteria. When the Special Treatment Area was adopted, all of these criteria had been tailored to accommodate the proposed 281-unit Project, as it was then proposed. Since the 130-unit Alternative, which was submitted to the County after the adoption of the 2010 General Plan, proposes only 20% of its units as affordable (the applicant has proposed 25 moderate units; this is discussed in more detail, below) a General Plan Amendment amending the “50% Affordable/Workforce Housing” provision of Policy CV-1.27 would be required in order to find the Alternative in conformance with the 2010 General Plan.

The 2010 General Plan also includes Land Use Policy LU-9.3 (consistent with Subdivision Map Act Section 66474.2), which states:

Tentative subdivision maps for both standard and minor subdivisions that were approved prior to the adoption of this [2010] general plan may record final maps subject to meeting all conditions of approval and other legal requirements for the filing of parcel or final maps. Applications for standard and minor subdivision maps that were deemed complete on or before October 16, 2007 shall be governed by the plans, policies, ordinances and standards in effect at the time the application was deemed complete (emphasis added). Applications for standard and minor subdivision maps that were deemed complete after October 16, 2007 shall be subject to this General Plan and the ordinances, policies, and standards that are enacted and in effect as a result of this General Plan.

The 1982 General Plan, in effect at the time the Project was deemed complete in August 2005, did not contain a similar Special Treatment Area provision allowing residential subdivision and land use; therefore, the Project would be inconsistent with the site’s P/Q-P land use designation (and P/Q-P zoning) under the 1982 General Plan. Accordingly, since the superseded 1982 General Plan cannot be amended, the Project is subject to the current 2010 General Plan, which allows residential use on the Rancho Canada Golf Course site through its Special Treatment Area provisions. However, due to the establishment through CVMP Policy CV-1.6 of the “190 new residential units cap” a General Plan Amendment increasing the cap would be needed in order to approve the 281-unit Project. In brief, both the 281-unit Project (to allow new units in excess of the 190-unit cap) and the lower-density 130-unit Alternative (lessening the 50% affordability requirement to 20%) would require amending the 2010 General Plan/CVMP. One additional issue related to amending the 2010 General Plan, Land Use Policy LU-9.6, which states in part:

“The Board shall consider two packages of general plan amendments per year. Projects deemed complete prior to October 16, 2007 shall not be subject to this limit;”

Based on this Policy, the project would not be subject to the two-times-per-year General Plan Amendment limitation due to its August 2005 completion date.

130-Unit Alternative/Inclusionary Housing Ordinance

In 2014, in response to the CVMP's 190-unit cap and community concerns expressed about the original Project being too dense and urban and potentially out of character with semi-rural Carmel Valley, the applicant, Ranch Canada Ventures, LLC, devised a scaled-down, 130-unit Alternative consisting of single-family lots, duet units (single-family attached residences that share a common wall along a property line) and condominiums. Given the significant reduction in residences, from 281 to 130, the applicant does not propose that the 130-unit Alternative consist of 50% affordable or workforce housing units, as specified in the Special Treatment Area. Based on the County's Inclusionary Housing Ordinance 20% affordability requirement (Inclusionary Housing Ordinance, Section 18.40.070A), a minimum of 26 units of the 130 proposed units would need to be designated affordable; however, the applicant has proposed to construct 25 rental units affordable to moderate-income households, rather than 26, based on the premise that 125 new lots (the Project site consists of five existing parcels) are being created through the proposed subdivision even though 130 new units are proposed. The Inclusionary Ordinance (Section 18.40.070A) states, "to satisfy its inclusionary requirement on-site, a residential development must construct inclusionary units in an amount equal to or greater than twenty (20) percent of the total number of units approved for the residential development (emphasis added)." The Alternative seeks approval of 130 total units, 20% of which is 26; therefore, a minimum of 26 affordable, or inclusionary, units would be required, not 25.

The Inclusionary Housing Ordinance also requires that the 20% affordability requirement be dispersed over a range of household income levels (8% moderate-income; 6% low-income; 6% very low-income) rather than focused on one income category; in this case the applicant has proposed moderate-income units only. The applicant has stated that due to the significant reduction in units proposed between the Project and the Alternative it is not financially feasible to comply with the Inclusionary Ordinance's requirements, particularly related to providing low and very low-income units. As an alternative to building 25 moderate-income rental units onsite, the applicant has stated that 8% (10 units) of the 130 units could be built onsite for moderate-income households and approval sought from the County to pay an in-lieu fee for the required very low and low-income units. Should, ultimately, a fee be paid in lieu of actually building affordable units onsite, there is limited opportunity in Carmel Valley to develop affordable units in the foreseeable future since affordable housing units are not exempt from the 190-unit cap.

In addition to the Inclusionary Ordinance, there are other policy considerations related to affordable housing that need to be considered in the context of the 130-unit Alternative, specifically, 2010 General Plan Policies LU-2.13 and LU-1.19.

General Plan Land Use Policy LU-2.13

General Policy LU-2.13 states:

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 to Workforce I income households

As stated, above, the County's Inclusionary Housing Ordinance (Chapter 18.40) requires 20% of new housing units to be affordable to very low, low and moderate-income households at the

percentages specified in Policy LU-2.13. Unlike Policy LU-2.13, the Inclusionary Ordinance does not require 5% of new units to be affordable to Workforce I (120%-160% of median County household income) income households. To date, no residential projects have been required to provide 25% affordable units, consistent with Policy LU-2.13.

As stated, the basis for the applicant's position for the Alternative to provide 20% affordable units to moderate income households is the significant reduction in units from the original 281-unit Project, which understandably made a higher proportion of affordable/workforce units more financially viable. It is plausible that had the 130-unit Alternative been a likely or foreseeable option at the time that the site's Special Treatment Area designation (CVMP Policy CV-1.27) was adopted the requirement for a minimum of 50% affordable/workforce housing would not have been included. The 130-unit Alternative, at 3.25 units/acre (based on 40 acres), is well below the 10 units/acre density allowed by the Special Treatment Area, indicating a fundamental relationship (i.e., the greater the density the greater the percentage of affordability) between density and affordability. The issue then is whether the 130-unit Alternative should:

- 1) Comply with the existing Inclusionary Ordinance (20% total affordable units: 6% very low, 6% low and 8% moderate-income);
- 2) Comply with General Plan Policy LU-2.13 requiring 25% of new housing units to be affordable (20%) and Workforce I (5%);
- 3) Provide moderate income units onsite, as proposed by the applicant, with the option of paying an in-lieu fee for the required very low and low-income units required by the existing Inclusionary Ordinance.
- 4) Maintain the Special Treatment Area criteria of "a minimum of 50% affordable/Workforce Housing" shall be provided.

Since approval of the 130-unit Alternative would require a General Plan Amendment to the site-specific Special Treatment Area language there is flexibility to choose from the options cited, above.

General Plan Land Use Policy LU-1.19

An additional consideration in relation to the Project and more particularly the 130-unit Alternative is General Plan Land Use Policy LU-1.19, which calls for the establishment of a Development Evaluation System (DES) for areas of the County outside of Community Areas, Rural Centers and Affordable Housing Overlay Districts. Despite being a distinctive, identifiable unincorporated community within Monterey County, the General Plan does not identify Carmel Valley as a Community Area. Once established (the DES is not yet in place), the DES would provide a quantitative means of evaluating development proposed in areas of the County not especially targeted or suited for future development. Essentially, the objective of the DES is to discourage or prevent "leap frog" development not proximate to urbanized or community areas where public services and facilities already exist. The DES criteria specified in Policy LU-1.19 are:

- 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.

Given the Project's infill nature (the site has been developed as a 36-hole public golf course for over 40 years) and location at the Mouth of Carmel Valley, near existing communities, major roadways and services, the RCV Project and 130-unit Alternative are consistent with the majority of the specified DES criteria, if the criteria were deemed to apply to an infill location such as the proposed site. The one clear area of inconsistency between the 130-unit Alternative and the DES concerns the proportion of affordable housing. In areas subject to the DES, the DES calls for new residential development to provide 35% affordable/Workforce housing, 10% more than General Plan Policy LU-2.13. However, as discussed, above, the RCV site is designated as a Special Treatment Area (CVMP Policy CV-1.27) by the 2010 General Plan; a designation that was established in acknowledgement of the RCV Project and, accordingly, treats the site in a manner unique to its location. Under the Special Treatment Area designation, the 281-unit Project would provide nearly 50% affordable/workforce housing, but, as discussed, due to the unit cap in CVMP Policy CV-1.6 the 281-unit Project cannot be approved without a General Plan Amendment increasing or eliminating the 190-new units cap, an unlikely occurrence given the community's support of the cap, which was established just over three years ago. Therefore, as previously discussed, a General Plan Amendment modifying the Special Treatment Area's 50% affordable/workforce housing provision is proposed in order to allow for the 130-unit Alternative.

Given the project's location at the Mouth of Carmel Valley, and the site's direct access to/from Carmel Valley Road, the RCV project is, overall, consistent with the infill-oriented criteria specified in Policy LU-1.19.

Specifically, in terms of "site suitability," "proximity to cities and communities," and "multiple modes of transportation," the project's location at the Mouth of Carmel Valley, near a mix of commercial development and immediately adjacent to higher-density housing, makes the site suitable for the type of residential development that is proposed. Moreover, the site's suitability for a residential project like the RCV proposal is reflected in the Special Treatment Area designation and criteria placed on the project site, allowing for a residential project of this scale and density on the existing Rancho Canada Golf Course. The site's location also provides direct access to Carmel Valley Road, the principal east-west transportation corridor through the valley, and efficient access to Highway 1, the major north-south transportation corridor 0.6 miles west of the proposed RCV site. Additionally, the nearby Monterey Peninsula communities of Carmel-by-the-Sea, Pacific Grove and Monterey are within short travel distance of the site and offer a

wide range of commercial and personal services, employment opportunities and, alternate modes of transportation, including bus access, bicycling and walking.

Regarding “infrastructure and services,” the site has long been developed and used as a public golf course, meaning that the proposed RCV project will result in less water usage than baseline conditions. For instance, it is estimated that the residential component of the 130-unit Alternative will use approximately one-third the water currently used by the West Course. To reiterate, the site’s location in the more intensely developed Mouth of the Valley also makes it a suitable location to more efficiently connect to other necessary infrastructure, such as sewer, and to be more conveniently served by existing services, such as fire, police and schools.

Regarding the criteria “mix/balance of uses” and “jobs-housing balance,” the Project and Alternative propose a significant amount of much-needed housing at the Mouth of the Valley. As discussed, the Alternative is subject to the County’s Inclusionary Housing Program, and through the mix of housing types (i.e., small-lot single-family detached, duet units and apartments/condominiums) proposed should be “affordable by design” relative to the large-lot, single-family detached residences more characteristic of Carmel Valley. While the majority of the Alternative’s proposed units would not be subject to deed restriction, ensuring long-term affordability based on income category (such as very low, low, moderate or workforce), the proposed mix of small-lot attached and detached housing units builds in a degree of relative affordability and would, based on recent housing trends, provide housing types more in sync with younger, working families and seniors. As stated by the applicant, due to the significant reduction in housing units from the original 281-unit Project, the 130-unit Alternative would not, however, meet the “35% affordable/workforce housing criteria specified in Policy LU-1.19.

Finally, regarding “resource management” and “environmental impacts and potential mitigations,” the RCV Project and Alternative propose to create a residential development that would be compatible with the remaining 18-hole East Golf Course (which will likely become permanent open space and park land in the near future based on the site’s recent purchase by the Public Trust for Land) and the surrounding park and open space land to the south. Specifically, the RCV Project and Alternative would add and enhance native landscaping, trails and natural-looking ponds to accommodate onsite drainage and benefit wildlife. The project site will also include connections to the existing bridge over the Carmel River, linking the site with Palo Corona Regional Park, and will maintain wildlife corridors allowing species access through the site to regional open space areas.

In summary, when considered in relation to the DES criteria specified in General Plan Land Use Policy LU-1.19, the Project is, overall, consistent and, excepting the Policy’s 35% affordable housing criteria, the Alternative is consistent as well.

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