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EXECUTIVE SUMMARY
EXECUTIVE SUMMARY

The County prepares an Annual Housing Report each year to present strategies for the upcoming calendar year to focus the limited funding and staffing resources available to the County on the most critical issues related to providing needed affordable housing. This year the County faces numerous challenges related to the overall economic conditions of the region, very limited funding opportunities, the loss of redevelopment funding, and increasing need for affordable and special needs housing.

The County of Monterey continues to struggle with an uncertain economy and diminishing resources with which to respond. Unemployment remains at an all-time high with companies continuing to either downsize or not hire. People remain uncertain in regard to keeping their jobs and to their general well-being. An overall mood of fear of the unknown continues to impact recovery. All estimates are that this period will be protracted with little change over the next two to three years. The housing market is directly tied to the local economy. Until unemployment is reduced and people regain their confidence that they are secure in their jobs, the housing market cannot recover.

Most recently, the California Supreme Court took action to uphold the dissolution of Redevelopment Agencies. This is a serious blow to the County in regard to both economic development and housing. Traditionally, 80% of these funds have been used to support local community development projects with the balance of the funds being used to support affordable housing efforts. Without this steady source of funds, the efforts of the County to affect recovery will be severely diminished.

Given this backdrop, it remains imperative that housing strategies be linked to economic development activities. As much as possible, it is critical that efforts be aimed at ameliorating the current downward cycle. In addition, the housing strategies need to address housing in the context of overall economic opportunities. As an example, the East Garrison Project which includes 1400 new housing units has gotten underway again. Facilitating this project will not only increase the inventory of affordable housing units, but it will also create a significant number of construction jobs.

Continuing as an important objective this year is to concentrate the limited resources available to help those at the very bottom of the economic ladder: the very low income and special needs populations. This segment is the most vulnerable not only in normal times but especially during these tough economic times and requires a safety net to retain and access housing that meets their specific needs. Partnering with non-profit housing developers to improve or construct rental housing for farmworkers and disabled people should continue to be prioritized.

Although the crash of the housing market has negatively impacted our communities in many ways, the resulting low prices of homes and land presents an opportunity. Moderate income families can now afford market rate housing in some areas of the County. Unfortunately, the inventory of for-sale units is being kept artificially low by two groups. First, lenders are holding onto foreclosed homes. Second, investors are snapping up houses for all cash where the prices
provide for a better return on investments than alternative investments or the house can be flipped in a short period of time for a profit. These investors often outbid owner-occupant Buyers who are understandably experiencing “fatigue” in this market. The County is providing a small amount of assistance with its NSP Program, an aggressive downpayment assistance program, and by preparing buyers through homebuyer education courses. With land prices continuing at record lows, the County could take advantage of this situation if it can identify available resources to do so.

The strategies presented in this year’s Annual Housing Report have been formulated with the goal of creating healthy communities. Ensuring that the necessary infrastructure to support this goal is maintained or installed is critical. Safe water, wastewater, and storm drainage systems must continue to be addressed so that existing communities are supported and enhanced. Healthy communities also include appropriate community amenities such as parks, health clinics, and functioning resident-serving uses. Putting resources and energy toward specific community improvement efforts must be a high priority.

In light of the challenges the County faces, it is particularly important to leverage all available resources to the greatest extent possible. Partnering with other agencies and organizations to achieve common goals, approaching funding opportunities in a way that maximizes every available dollar, and prioritizing staff resources to focus on efficiently undertaking very strategic work directed at specific outcomes are all critical. Some of the primary strategies are:

- Facilitate new rental housing for low and very low income and special needs households by supporting the Sea Gardens Apartment project located in Castroville, the Manzanita Court project in East Garrison on the former Fort Ord, and Camphora Farm Labor Camp in South County.

- If funding is identified, facilitate land purchases for future affordable housing projects in key locations while acquisition prices are low.

- If funding is available, finish infrastructure and community amenity improvement projects including the Boronda Storm Drain, the Pajaro Park, A.R. Wilson Park in Aromas, Chualar tot lot, and the San Lucas Well Replacement to support the creation of healthy communities and new affordable housing opportunities.

Most critical will be to focus efforts on securing as much funding as possible to counterbalance the loss of redevelopment funds in order to continue the County’s mission of improving economic and housing opportunities.
CURRENT HOUSING CONTEXT
CURRENT HOUSING CONTEXT

Summary

It is clear that structural changes are still underway in Monterey County, as well as elsewhere in the state, related to the economy. Development of new single-family ownership housing is at a virtual standstill. Sales of existing homes have not recovered from the low levels seen in 2010. One main reason for this situation is the lack of job recovery in the economy and the continued prospect of reduced hours and wages for many workers who are still employed. This has resulted in depressed household incomes. At the same time, the mortgage industry continues to restrict access to capital for all but the most highly qualified buyers. Owner-occupant buyers also continue to face substantial competition from investors offering cash purchases for existing homes. In view of this market situation, there is increasing pressure on the rental market and most development of new housing is focused on this market segment.

Most industry observers see the current situation persisting well past the short term outlook. Developers active in the rental housing market indicate that favorable market conditions should continue for the next five years. At the same time, some real estate professionals believe that, while sales activity may start to increase in the next couple of years, it may take ten to fifteen years to recoup single family home prices to their previous peak levels of 2005.

One positive outcome of the is situation is the fact that low housing prices represent an asset for economic development in the sense that the previous high prices were a barrier to attracting businesses and highly skilled workers to California. They were also pricing many families out of the market. Secondly, the small increase in rents is a relief for apartment owners and investors that have seen flat rent levels for a number of years. Continued development of affordable rental housing should improve housing opportunities for many lower income households.

Housing Trends

Statewide, the number of home sales is up slightly from the same period last year, but the median price has continued to drop. The available inventory is down and the period of time that properties are on the market is up slightly. Overall, the market can be characterized as stagnant at best. Very much the same can be said for the Monterey County market. In June 2011, Dr. Leslie Appleton-Young, Chief Economist of the California Association of Realtors presented data on real estate sales trends for the cities of Monterey, Salinas, and Carmel, as well as for Monterey County as a whole. For the county, the number of sales in May 2011 was down 13.5% from the prior year, the median price was down 11%, and the available inventory was down about 20%. By November, countywide prices had inched back up to the levels they were in December 2010, but there are substantial fluctuations throughout the county in these figures.

In Salinas, the number of sales between May 2010 and May 2011 was flat but prices dropped 10%. On the other hand, the number of sales in Carmel declined 20% and the median sales price dropped 30% percent. This past year, the reverse was true, as higher end properties seemed to
hold their prices much better. Within Salinas, a similar pattern seems to be underway. In the eastern and northern areas of the City, prices have gone up a bit due to investor buying while other higher priced areas in the City have continued to see price declines. Prices have also declined 9-10% in both the Highway 68 area and in Prunedale.

With single family home prices so low, many developers and investors are upside down in raw land they had purchased or optioned for future projects. It is estimated that many of the vacant sites planned for new development now have a negative value of $20,000 to $25,000 per acre, particularly when taking into account for necessary infrastructure expenditures and fees related to development.

In Salinas and South County, many investors who have purchased homes have been converting their use to rental housing rather than immediately reselling them. Even with the increase in supply, rents have been increasing due to increased demand as many new families are now in the rental market after losing their homes to foreclosure. For example, an 81-unit project which opened in Salinas last year received 1,000 applications for tenants. Some observers expect a continued strong rental market for at least five years as the for-sale market struggles to absorb the huge inventory of foreclosed homes and credit markets continue to be tight. It was recently reported that CalHFA is still absorbing delinquencies at all-time high levels. Despite offering lower rates, major banks are requiring extremely high credit ratings which even many employed families can’t meet, let alone those suffering foreclosures.

Despite strong market conditions, there are a number of threats to new development of rental housing as well. There is a lack of land supply in the urban areas where the housing is needed, particularly in the unincorporated areas of the County. In addition, programs that help to fund affordable housing have seen budgeting decreases. This has occurred in both the State HOME and CDBG programs. Additionally, State Proposition 1C housing funds have been depleted. Finally, the demise of redevelopment agencies has resulted in the loss of funding for projects. This funding traditionally represented both gap and leverage financing for a project. Fortunately, the tax credit market has strengthened resulting in increased funding. Nevertheless, the increase does not come close to filling the gap created by the loss of RDA funding. If other sources of funding for housing are not identified and readily available, it will delay or reduce the number of projects that can go forward.

Consequently, affordable housing developers are trying to move forward with new project proposals albeit more cautiously and with more unknowns. In addition, they report significant efforts to reduce costs and increase efficiencies in developing new projects. In part, this means developing housing designs that are more efficient to build and perhaps forego some of the amenities previously built into affordable projects such as green building. Also, developers are looking at building projects with smaller units, both in terms of the number of bedrooms and the building square footage. There is also more effort to find sites that are conducive to efficient and cost effective development. Some developers report looking for opportunities to land bank while prices are low or to find sites where housing can be developed with a conditional use permit as a way to cut land costs and get better sites.
**Direction for the Upcoming Program Year**

Since the market remains stagnant at best, most of the direction from the previous year is still relevant, although traditional funding sources are very constrained.

- Residential land prices remain low which creates possible opportunities for land banking for future affordable housing, if funding can be identified.

- The County’s NSP3 funds can be used to purchase foreclosed homes for use as rentals.

- The impact of housing dislocation on special needs groups including disabled residents and veterans needs to be addressed.

Overall, observers consulted for this report indicate that there are structural issues that need to be addressed at all levels of government. At the federal level, industry changes are needed in banking practices that restore reasonable underwriting criteria for qualified buyers. At the state level, affordable housing programs will need to adjust to the new financing environment. The loss of RDA Set-Aside funding is a real blow to housing. In addition, an economic development policy is needed that can help generate new job creation. At the local level, one major challenge will be to reset the financial structure for funding infrastructure and facilities to support new residential development. The cost structure of developing new property has been drastically altered by the loss in market value and may not return to former levels for many years. In the meantime, the County will need to find a way to pay for needed improvements at the new lower levels of residential project feasibility.
HOUSING STRATEGIES AND PRIORITIES
HOUSING STRATEGIES AND PRIORITIES

In order to respond to the current housing context in a manner that leverages available financial and staff resources, a number of key strategies are recommended for 2012. An important focus this year is to identify strategies that integrate economic development goals and activities with the aim at providing the greatest benefit to the County's residents. As stated in the Housing Context section, until economic conditions improve, particularly employment, meeting the housing needs of the County will continue to be very challenging. However there are some unique opportunities that are available related to the significant drop in housing and land prices.

To provide background and further context, the Annual Housing Element Implementation Progress Report which is required to be filed annually with the State of California Department of Housing and Community Development has been included in the appendices.

Support Economic Development Efforts

As described in last year's Annual Housing Report, healthy communities are directly tied to economic conditions. Monterey County has experienced a significant loss of jobs and reductions in hours for those that have retained their jobs. Loss and reduction of income directly affects the ability of households to qualify for housing, affects consumer demand for goods and services, and results in more need for social services. In an era of diminishing governmental resources, it is imperative that the County's housing programs and projects be designed to create housing for the County's workforce while also leveraging economic development opportunities. The formation of the new Economic Development Department, which includes Housing, Economic Development, and Work Force Investment Board (WIB) functions, presents a real opportunity to link the County's affordable housing programs with job creation and training, business development, and community revitalization efforts. This integrated approach has the potential to maximize the impact of housing programs on the creation of healthy communities and improving the economic conditions of the County.

During the past year, it became clear that the housing market will not recover until the job picture improves significantly. Job creation can result from both enhancing existing businesses as well as attracting new businesses. Recent economic analyses prepared by the County have highlighted several target industries including agriculture, tourism, education and research, and small businesses. All of these industries have their own specific relationship to the employment pool in the County which, in turn, relates to housing needs. Attracting new businesses that provide higher income jobs requires the availability of attractive housing choices, good schools, and community amenities.

Agriculture and tourism have historically been the primary economic drivers in the County. These industries provide many jobs but the majority pay low wages. Ensuring that appropriate housing is provided for this workforce is critical to maintaining these important industries. The education and research industries are emerging as an important economic opportunity. Encouraging and facilitating expansion of this industry could create a significant number of jobs directly and indirectly. In addition, partnering with education institutions to align curriculums
with industry sector staffing needs has emerged as a new opportunity. Finally, while attracting new businesses to the County is critical for achieving economic recovery, supporting existing small businesses in the County's existing communities remains a priority. Improving small businesses, especially residential-serving businesses, enhances and supports healthy communities.

Specific activities recommended to be undertaken this next fiscal year which support housing programs as related to economic development activities in Monterey County include the following:

- Support the existing Hartnell College/Monterey County Workforce Investment Board (WIB) Partnership's Training Program by facilitating use of trainees on County-supported affordable housing and community improvement projects and identifying outside potential funding to integrate the program into other affordable housing efforts.

- Continue to focus on facilitating the implementation of the East Garrison Specific Plan. Approved by the County Board of Supervisors in 2005, the project has been designed to be affordable by building high density and modest-sized housing units within a walkable community. Current economic forecasts indicate that this type of housing will be the first market segment to recover and can support housing need of emerging industry sectors. The new developer group for the project, UCP East Garrison LLC, intends to capitalize on this trend and is aggressively working to complete entitlements for the first two phases of the projects. Housing units in the first phase are anticipated to come on the market beginning in mid-2013. Taking advantage of current trends related to the cost of housing, this project could provide housing for an important segment of the County's workforce that has previously been priced out of home ownership opportunities. The project could also create several hundred local construction jobs.

- Continue to implement the business support programs currently being undertaken in Castroville and Pajaro, as funding is identified and becomes available, and enhance the business support functions related to the WIB with the goal of improving existing businesses and attracting new ones.

Facilitate the Creation of New Affordable Rental Housing

As documented in the Housing Context Section, the rental market for lower priced units continues to be very tight due to many families losing their homes to foreclosure and/or losing their jobs and having to move into less expensive housing. While there has been an increase in the availability of single family rentals, these are usually priced to be affordable primarily to moderate income and above households. Low and very low income households typically cannot afford these units without doubling or tripling up. There continues to be a limited supply and fierce competition for subsidized units affordable to the very low and low income population. Significant numbers of households are forced to live in substandard, overcrowded and/or inappropriate units that do not meet their needs. Developing affordable rental housing and/or rehabilitating existing units for low and very low income households usually requires significant
subsidies and takes a number of years to implement. Since the County has very limited local funding sources, it is therefore very important to leverage all available funding. Strategies to be implemented this coming fiscal year to assist in the development and rehabilitation of rental housing include:

- As available funding permits, complete the Boronda Community Plan and facilitate potential development of the mixed use areas of the South Boronda Area in order to incorporate a significant amount of new high-density housing.

- Assist affordable housing developers to implement well-designed rental housing projects within established or planned communities.

Facilitate the Creation and Rehabilitation of Housing for Special Needs Populations

Low income and special needs populations continue to be particularly impacted by the current economic conditions. Farmworkers, people with disabilities, and the elderly most often have limited income and very specific housing needs. Housing for people with disabilities is particularly challenging because, in addition to housing unit design, it is critical to address project location to ensure access to medical and other services required by the target population. It is also desirable to facilitate the provision of on-site supportive services where appropriate. A large number of individuals in this target population are extremely low income and require significant housing subsidies. Partnering with non-profits is the best way to effectively provide this type of housing. In order to address these unique challenges, it is recommended that the Housing Office undertake a number of activities as described below:

- Continue to implement the Neighborhood Stabilization Program (NSP3). Funding in the amount of $1,284,794 was awarded to the County in 2011 to: 1) purchase foreclosed homes in Soledad to be used as rental housing for special needs populations; and 2) assist Interim's Rockrose Garden Supportive Housing Project in Marina.

- Partner with non-profits and other organizations to address housing condition issues at farm labor camps and other farmworker housing facilities, including providing assistance to South County Housing Corporation to rehabilitate and ultimately redevelop the Camphora Farm Labor Facility, as funding becomes available.

- Partner with non profits and other organization to provide housing and supportive services to populations that have specific challenges.

- Take advantage of low land and housing prices to acquire property or units that have the potential to be developed as special needs housing, subject to funding availability.
Complete Infrastructure and Community Facility Projects to Address Community Deficiencies

Creating healthy communities requires that safe water, adequate wastewater, and functioning drainage systems are in place. In addition, basic public amenities such as parks and community meeting/gathering spaces are necessary to enhance community involvement and provide safe activity spaces and facilities for youth. Following are specific strategies and projects to be undertaken during this upcoming fiscal year:

- Continue implementing public infrastructure improvement projects, subject to funding availability, such as the Boronda Storm Drain Project, to ensure that required infrastructure is in place to support existing housing and development of new higher density housing.

- Apply for new funding to facilitate infrastructure improvement efforts that preserve existing housing, serve new housing, and benefit existing communities. Specifically, continue to assist with the San Lucas Well Replacement Project.

- Identify and assist the development of appropriate public facilities that will support families living in areas of higher density housing that currently lack such facilities. Specifically, continue to support the development of community parks in Chualar and Pajaro. In furtherance of these activities, the County will begin construction on the Pajaro Park in 2012. Additionally, the County is in the process of working with the community and the school district in Chualar to implement a park/tot lot facility.

- The Cynara Court affordable housing project was completed this past year. The project consists of 58 apartments located on Merritt Street in downtown Castroville. Merritt Street is also State Highway 183 and has significant traffic. The community has expressed concerns about pedestrian safety. The RHO will continue to assist with implementing pedestrian safety improvements on Merritt Street.

Assist Qualified Households to Access Homeownership Opportunities

As described in the Housing Context section, the continued decrease in home prices this past year provides opportunities for low and moderate income households to potentially access market rate housing. In many instances, these households have sufficient income and excellent credit but are prevented from accessing ownership opportunities due to a lack of a sufficient down payment. There are several funding sources for down payment assistance that the County has obtained to implement programs to provide qualified households with homeownership opportunities. A description of the specific programs that will be undertaken this next fiscal year related to this strategy follows.

- Continue to implement the NSP 1 Program which purchases foreclosed homes and rehabilitates and resells them to qualified households. NSP1 provides down payment assistance in the form of a "soft second" allowing a household to purchase a house with
a small equity investment and a conventional loan. Program Income is still available to fund approximately six more purchases/resales.

• Continue implementation of an $800,000 HOME Grant for a down payment assistance program.

• Apply for additional funding for down payment assistance as funding becomes available.

**Maintain and Enhance Existing Housing Programs to Protect Existing Affordable Housing**

Over the past several years, the County has developed a number of housing programs that have provided funding for the development of affordable housing or access to affordable housing by qualified households. It is important to focus energy on maintaining and, if appropriate, enhancing these existing programs. Specific activities that will be undertaken this upcoming fiscal year include the following:

• Continue to enhance the County's Inclusionary Housing Program through annual unit monitoring; addressing foreclosures through improved noticing and other legal mechanisms to ensure that the existing units remain affordable; and addressing program implementation issues such as clarifying how new development should comply with the Program to better address the housing needs of the County.

• Continue to monitor the existing housing loan portfolio to ensure compliance with affordability restrictions and loan requirements.

**Leverage New Funding Opportunities**

The Housing Office has had considerable success in securing grants from State and Federal programs over the past several years. Sources have included CDBG, State HOME, CalHOME, NSP, EDA, and, State Proposition 84. These funding sources allow the County to leverage available local funding in order to assist affordable housing projects and programs. While many of these funding sources are dwindling, several activities will be undertaken this next year related to accessing outside funding.

It is recommended that the following activities be undertaken during the upcoming fiscal year.

• Apply for HOME funding for either a project or program as determined through the established NOFA or Emerging Opportunities process.

• Apply for CDBG funding through the State Super NOFA Process for the Camphora Farm Labor Facility.

• Apply for other funding as potential sources are identified throughout the year.
HOUSING FUND PROGRAM RECOMMENDATIONS
HOUSING FUND PROGRAM RECOMMENDATIONS

The County’s adopted Housing Policy and Allocation Manual provides that County funding may be allocated based upon six program components as listed below. Further, funding for specific projects is to be provided to housing development providers as part of an annual Notice of Funding Availability (NOFA) process. The following sections of this report:

- Summarize the primary program components and funding objectives;
- Provide an estimate of available revenues, recommended expenditure program for the remaining months of fiscal year 2011-12 and for Fiscal Year 2012-13; and
- Provide specific project recommendations related to the annual NOFA process.

Funding Objectives

In developing the recommended expenditures program for 2012-13, it is necessary to balance a number of different objectives. The housing expenditure program should:

- Promote achievement of the recommended housing priorities and strategies included in the Annual Housing Report.
- Support on-going program commitments in order to maximize staff/organizational capacity.
- Be consistent with the adopted Housing Policy and Allocation Manual including criteria associated with location, levels of assistance, and project/program readiness.
- Be managed in accordance with State requirements and should be targeted to maximize competitiveness for State and federal grants.
- Include sufficient financial reserves to fund future year project opportunities in recognition multi-year funding and implementation of affordable housing opportunities and inherent uncertainty related to future funding sources.

Program Funding Components for Remaining Fiscal Year 2011-12

Down Payment Assistance/First Time Homebuyer Program
The County’s Down Payment Assistance Program (DPA)/First Time Homebuyer Program provides qualified homebuyers with down payment assistance to increase access to available housing units. The program is currently being funded through grants such as NSP1 and HOME and HOME Program Income.

An enhanced DPA program that is more directed at the target households (50%, 80-% and 120% of the Area Median Income) and matched to the available funding sources has been developed.
A description of the funding being allocated to the DPA Program for the remaining months of Fiscal Year 2011-12 follows.

- **NSP1**: The County’s NSP1 Program has been implemented over the last two years and includes a component consistent with the new DPA Program. While all of the original grant funds have been expended, the NSP1 Program continues through the use of Program Income. Households earning less than 120% of the Area Median Income (AMI) were targeted for the grant funds. The NSP Program Income phase includes targeted populations earning less than 120% of the AMI of which one quarter must earn less than 50% of the AMI. Sixteen homes have been purchased to date of which three were purchased in 2011-12. Of the twelve homes that have been resold, nine were resold in 2011-12 and an additional two are in escrow. It is estimated that approximately $620,000 will be available during the rest of this fiscal year to purchase an additional three homes.

- **HOME Grant**: In 2011, the County was awarded $800,000 in HOME funds for down payment assistance. The Program is currently being marketed. It is estimated that $280,000 in grant funds and $160,000 of PI will be expended during the remaining months of the 2011-2012 Fiscal Year.

- **NSP3**: As Notices of Funding Availability (NOFA) are issued by HUD, the State, and other entities, Monterey County applies for funding. In 2011, the County was awarded $1,284,794 of NSP3 funding to continue stabilization of neighborhoods through purchase, rehabilitation, and resell of foreclosed housing. Of the total grant, $831,315 is allocated for this purpose. However, NSP3 program will differ from NSP1 in that the program specifies that the houses be sold to non-profits for $1 in exchange for use as rental housing for special needs populations including farmworkers. One of the houses will be restricted to occupancy by a very low income household earning less that 50% of the Area Median Income (AMI). The balance of the houses will be restricted to occupancy by moderate income household earning less that 120% of the AMI. The balance of the grant activity funding will be used for a rental housing project in Marina (see Project Assistance/Emerging Opportunities section below).

### Housing Rehabilitation

Depending on funding availability, Monterey County administers a housing rehabilitation program that provides assistance to very low- and low-income homeowners and owners of rental units occupied by low-income households. Program assistance includes financial subsidies as well as management of the actual rehabilitation process. The program is typically funded with new grants, HOME and CDBG Program Income, and, in the past, Redevelopment Housing Set-Aside funds. During the past several years, funding and staff resources that could be devoted to this program have been constrained. Although no specific allocation is being included for the remaining monies of Fiscal Year 2011-12, the NSP Program includes a component of rehabilitation which includes rehabilitation and retrofitting homes with energy efficient appliances as needed.
Over-the-Counter (OTC) Grants
This program provides small loans and grants (up to $25,000 each) for pre-development activities related to future affordable housing projects or programs. The program guidelines provide grants for pre-development activities such as technical studies, architecture and engineering services, and financial feasibility studies. In addition, funding from this program is available for emergency financing on a short-term loan basis for affordable housing projects. Funding for this program historically has been derived from Inclusionary Housing funds and redevelopment set-aside revenues. However Inclusionary funds are currently very constrained and the RDA set-aside funds are no longer available. Therefore, there is no allocation to OTC Grants for the remainder of this fiscal year.

Project Assistance/Emerging Opportunities
This program provides grants or loans to qualified projects that benefit the provision of affordable housing, generally through a Notice of Funding Availability (NOFA) process or Emerging Opportunities Process. Funding for individual projects is obtained through County sponsored programs, State and Federal housing programs, and/or, in the past, redevelopment set-aside revenue. Based upon the dissolution of redevelopment agencies and the lack of Inclusionary Housing funds, no funds are being reserved for this Program Fund Component for the remaining months in Fiscal Year 2011-12 except for other outside sources of funding that have already been committed.

• **Interim Rockrose Gardens:**
Through the County’s 2010 NOFA, Interim previously requested and was awarded NSP3 funds by the County in the amount of $325,000 for a new affordable rental housing project to be located in the City of Marina on the former Fort Ord. The 3.32 acre site was previously developed with eleven multi-family units which have been vacant since Fort Ord closed in 1994. Due to the extensive deterioration of the units over the last 17 years, the buildings are blight on the neighborhood, beyond repair, and will have to be demolished. Interim has site control through a Disposition and Development Agreement with the City of Marina and land use entitlements are complete.

It is recommended that the County reserve funding for this project in the amount of up to an additional $120,000 to be funded from remaining NSP3 grant funds that may be available after other NSP3 activities have been completed.

• **A. W. Wilson Community Park Project (Aromas):**
The County has been awarded state Housing Related Parks Program (HRPP) grant funds in the amount of $127,625 for improvements to a community park in Aromas. The amount of grant funds available is based upon the number of affordable housing foundations completed in 2010. Due to construction progress on the Cynara Court project, the County was eligible for this funding.
Program Funding Components for Fiscal year 2012-13

Funding in 2012-2013 will continue to be severely constrained due to the demise of the redevelopment and little to no activity in inclusionary housing. Following is the recommended funding program for the upcoming fiscal year.

Down Payment Assistance (First Time Homebuyer)
It is recommended that the County’s enhanced Down Payment Assistance Program (DPA) be continued in Fiscal Year 2012-13 as described below:

- **NSP1**: The NSP1 Program will be continued during the next fiscal year as Program Income is generated. A total of approximately $700,000 of NSP-1 Program Income is budgeted to be received through the sale of NSP1 homes with the proceeds to be used for homebuyer assistance and the purchase of additional houses.

- **HOME Grant**: The HOME Grant funded Down payment Assistant Program will be continued during the next fiscal year. It is estimated that $490,000 will be expended the program during Fiscal Year 2012-13.

Housing Rehabilitation
Although no specific allocation is being included for fiscal year 2012-13, the NSP Program includes a component of rehabilitation which includes limited improvements and retrofitting homes with energy efficient appliances as needed. The expenditures for rehabilitation in the NSP1 program are dictated by the condition of the homes purchased.

Over-the-Counter (OTC) Grants
No funding is being recommended for this category due to the lack of funding available from the usual funding sources of Inclusionary Housing funds and the loss of Redevelopment Set-Aside funding.

Project Assistance
This program provides grants or loans to qualified projects that benefit the provision of affordable housing, generally through a Notice of Funding Availability (NOFA) process. Funding for individual projects selected through the NOFA process is obtained through County sponsored programs, State and Federal housing programs, and/or, in the past, redevelopment set-aside revenue. Three entities responded to the NOFA issued in September, 2011:

New Grants: The County has had considerable success in applying for and being awarded CDBG and HOME Grants. State CDBG released a “Super NOFA” on January 9, 2012. Based on the NOFA, it is recommended that the County apply for funding for the following:

- **Camphora Farm Labor Camp**:  
  In fiscal year 2009-10, the County Redevelopment Agency approved funding in the amount of $300,000 to assist South County Housing with the purchase of the Camphora Farm Labor Camp located near Soledad in southern Monterey County. SCH purchased Camphora in October of 2010 for $1,525,000. The County had previously provided an
Over-The-Counter Grant for $25,000 to undertake a feasibility study and then provided an unsecured Redevelopment (RDA) loan of $300,000 to assist with acquisition of the facility. Financing for the acquisition included the RDA loan and a “Seller Take-Back” loan for $1,205,000. The Seller Take Back loan is due in October of 2013 and the County RDA loan is due in 2015.

It is recommended that the County apply for CDBG acquisition and rehab funding in the amount of $1,000,000. The activity and activity delivery portion of the grant is $925,000. Of that, $779,000 would be used to pay down $777,000 of the Seller Take-Back loan and $2,000 would be allocated for closing and legal costs. The balance of $146,000 would be used to make upgrades to the onsite water system. The balance of the grant, $75,000, would be used for administration of the grant. As a part of the transaction, it is proposed that the County extend the term of the RDA loan for fifteen years in exchange for repayment of $100,000 principal on the RDA note. Repayment proceeds would go to the Successor Housing Agency.

- **Boronda Meadows (Pacific West Communities):**
  Pacific West Communities (PWC) proposed a mixed-use affordable housing project in a portion of the South Boronda area located at the corner of Davis Road and the planned extension of Rossi Street. The project would include retail, commercial, and high-density residential. As part of the mixed-use concept, the Boronda Meadows project would include 120 units of affordable rental housing comprised of one-, two-, and three-bedroom apartment units. All tenants are anticipated to be very low-income, earning less than 50% of the AMI.

Initially, it was recommended that the County approve the use of RDA Set Aside funding in the amount of $2,000,000. However, no funding recommendation is now being made due to the loss of RDA Set Aside funds and the fact that PWC no longer has an option to purchase the site.

- **Rancho Cielo:**
  Rancho Cielo is a non-profit organization that provides at-risk young people in Monterey County the opportunity to reevaluate their life options, empowering them to become accountable, competent, productive and responsible citizens through education, job training, and individualized counseling. All of the youth participating in the program are gang affiliated or at risk of gang affiliation. Rancho Cielo plans to construct 4 transitional housing units on their campus located in north Monterey County. Rancho Cielo’s two-year YouthBuild Program for high school dropouts, aged 16-24, will be the primary source of labor for the construction of the houses. The Safe Home project will be comprised of four 4-bedroom single family homes which will accommodate 2 youths per bedroom for a total of eight youths per house and 32 youths in total. The project has been entitled and building permits have been issued. All tenants are anticipated to be extremely low-income, earning less than 30% of the AMI. The project budget is estimated at $1,089,520 including wastewater upgrades and two other ancillary buildings.
While it was previously recommended that the County apply for CDBG public facilities funding in the amount of $432,400 for this project, detailed discussions with HCD and HUD has resulted in a determination that the proposed project is ineligible for funding. While the County Housing Office fully supports the project in concept, the County can not include this project in the current CDBG application.

Emerging Opportunities/Reserve
This program is used to establish reserve funding to assist projects or opportunities during the year that emerge outside the NOFA timeline or solicitations related to specific funding opportunities. The Emerging Opportunities program is also intended to ensure adequate funding for future affordable housing projects currently in the planning process, opportunities to purchase land, and programs that enhance existing housing programs. Funding can be through new grants and loans and/or Program Income.

For Fiscal Year 2012-13, no recommendations of funding are being made at this time. However, assistance could be made based upon funding as it is identified and becomes available.

Other Housing Funding Allocations for 2012-13

In addition to the funding programs described above, funding is allocated to Planning and Consulting Services and Services and Supplies as described below.

Planning and Consulting Services
The recommended allocation of $116,658 for Fiscal Year 2012-2013 provides for consulting services required to continue to assist with grant administration and specialized legal services required for certain housing programs and projects. This allocation is less than 30% of the previous year’s budget due to reduced project activity because of the dissolution of the County’s Redevelopment Agency.

Services and Supplies
The recommended allocation of $598,077 for Fiscal Year 2012-2013 will fund on-going staff and overhead costs based on projected workload. Staff costs will allow staff to meet its ongoing responsibilities and obligations in regard to monitoring of and reporting on existing projects as well as fund costs of seeking new grants. A portion of the expense is projected to be funded from administration funding allocations from grants. Overhead costs include such items as office supplies, training, publications, and legal notices. Funding would be from inclusionary funds, redevelopment revenues, and administrative and activity funds from new grants. The budgeted allocation is less than 45% of the previous year’s budget due to reduced project activity because of the dissolution of Redevelopment Agencies.

Fiscal Year 2011-12 and 2012-13 Revenue and Expenditure Estimates

Appendix 2 contains estimates and refinements for the current fiscal year 2011-12. While redevelopment agencies have been dissolved and unobligated funds are no longer available, the 2011-2012 refined budget still includes the unobligated funds. Under the current law, housing
funds will be transferred to the Successor Agency for allocation to the taxing entities and not used for affordable housing. The reason that the funds have been left in the current 2011-12 refined budget is that there is pending legislation to allow the RDA housing funds to be remain and be used for affordable housing purposes. However, unless and until legislation is passed, the funds are not available for projects. Appendix 3 includes detailed estimates of revenues and expenditures for Fiscal Year 2012-13 and includes a line item showing the unobligated former RDA housing Set Aside funds. Appendix 4 describes the individual project recommendations related to the 2011-12 NOFA process.
APPENDICES
APPENDIX 1

2011 HOUSING ACCOMPLISHMENTS
2011 HOUSING ACCOMPLISHMENTS

In spite of continuing significant challenges presented by the economic crisis, the County made progress in regard to a number of affordable housing-related issues. In particular, the County provided assistance for specific projects, facilitated partnerships with non-profit organizations and other agencies, accessed new funding sources, improved existing housing programs, and facilitated community improvement efforts.

Creating Opportunities for Development of New Housing

Community and Specific Plans
Over the past several years, the County has prepared and facilitated implementation of community and specific plans for Castroville, Boronda, and East Garrison on the former Fort Ord. The plans include programs to provide for needed infrastructure, commercial and industrial uses, and public amenities to create healthy, mixed-income communities with appropriate housing and move-up job opportunities.

Castroville
The Castroville Community Plan was adopted by the Board of Supervisors in 2007. Since that time, the Redevelopment and Housing Office (RHO) has been incrementally implementing the Plan. RHO staff worked closely with the Planning Department to prepare and process a Zoning Code Amendment that incorporates the Community Plan land use classifications of the Inland Zoning Code (Title 21), development standards, and design guidelines for non-costal areas. This amendment was adopted in 2010. During the past year, the RHO focused on revitalization efforts for the Downtown Corridor as envisioned by the Community Plan.

The Castroville Community Plan identified a number of necessary traffic circulation improvements for addressing problems of congestion and to support new redevelopment projects. Improvement of State Highway 183 (Merritt Street) is one of the most critical elements in the Plan. Over the past year, the RHO worked on improvements to enhance pedestrian safety in downtown Castroville particularly in light of the Cynara Court housing project, located on Merritt Street, being completed. Conceptual plans for a signal and crosswalks have been prepared and discussed with Caltrans staff. Supporting analysis is currently being prepared for an application for an encroachment permit.

The RHO has also been undertaking a number of projects to revitalize the downtown and the community including a painting/façade program and pavement of degraded areas on the street system. The elimination of RDA funding will curtail most of these efforts with the exception of the road improvements on Merritt which has funding secured through an enforceable agreement with the Community Services District. This project will be implemented in 2012.
Boronda

A Boronda Community Plan was drafted in late 2004 with considerable participation by the community. Included in the draft Community Plan was a development concept for the undeveloped South Boronda area. In 2007, a developer submitted an application for a project called Boronda Meadows located in South Boronda and work was done to revise the Draft Community Plan to incorporate the land use concept and start an EIR.

Subsequently, the Boronda Meadows project was withdrawn but the RHO proceeded with drafting a revised Community Plan which incorporated some of the concepts from the Boronda Meadows Project as well as reflecting the current economic conditions in the region. A draft EIR has been prepared. The completion of the Community Plan may be completed under the County’s auspices due to the elimination of the RDA.

East Garrison

The Fort Ord Redevelopment Project Area and Redevelopment Plan were adopted by the County and Redevelopment Agency in 2002. The East Garrison Specific Plan and the associated EIR were completed in 2005 and approved by the County. The Specific Plan provides for approximately 1400 new housing units in conjunction with commercial uses, public amenities such as a library and fire station, and the rehabilitation of historic buildings on the site to provide space for arts and cultural activities. Affordable housing agreements were executed with three non-profits for three phases of affordable rental housing totaling 195 units.

In 2008, the developer informed the County that the downturn in the local and statewide housing market had reached significant proportions and requested approval of provisions in the Development and Disposition Agreement (DDA) relating to “Enforced Delay”. In 2010, the development was foreclosed and subsequently purchased by a new developer. An Implementation Agreement was entered into in July of 2011. Work on the project, specifically completion of the Phase I infrastructure, began in October of 2011.

In 2010, the County and MidPen Housing Corporation, the Phase I non-profit developer, applied for and were awarded a $10 million Neighborhood Stabilization Program (NSP1-3) grant. The grant comprises a primary funding source of permanent financing for Manzanita Place, the first of the three affordable housing rental projects in East Garrison. The project will consist of 66 units and just over half of the units will be affordable to very low income households with the balance of the units affordable to those earning between 50 and 60% of the Area Median Income. Project construction is scheduled to start in March of 2012 with completion anticipated in the summer of 2013.

Although the East Garrison project was a RDA project it will be allowed to continue because it is subject to a number of enforceable agreements.

General Plan Update

A new County General Plan was adopted on October 26, 2010. The new General Plan includes a number of policies that will enhance the County’s ability to provide affordable housing opportunities in areas that have access to the necessary infrastructure and services.
Housing Element Update
A major component of the General Plan is the Housing Element. In 2010, the RHO completed an update to the County’s Housing Element as mandated by State Law. The primary purpose of the Housing Element is to identify and zone sites to provide for the development of housing units to meet Regional Housing Needs Allocation (RHNA) established by the State. The majority of the sites identified in the Housing Element Update available to meet the RHNA are located in the former Redevelopment Project Areas. The Housing Element also includes implementation programs specific to assisting in the provision of affordable housing and special needs housing. Several amendments to the County’s Zoning Codes were completed in 2011 as necessary to comply with State law. State Housing Element Law also requires that the County prepare and submit Annual Housing Element Implementation Progress Reports to the State Department of Housing and Community Development (HCD). The report includes the specific status related to each implementation program included in the Housing Element. The 2011 Housing Element Implementation Progress Report has been prepared and is included as Appendix 5 to this Annual Housing Report.

Project Assistance
In 2011, the County directly facilitated and assisted several new affordable housing developments. These projects include Cynara Court (58 rental units in downtown Castroville); Sea Garden Apartments (formerly called Axtell Apartments - 59 rental units in Castroville); and the Camphora Farm Labor Camp Project (44 units near Soledad). They are described in more detail below.

Cynara Court
Over the past few years, the RDA and the County assisted MidPen Housing Corporation (MidPen), a non-profit housing developer, with an affordable rental project located in downtown Castroville. The RDA provided $2.77 million in direct funding assistance in addition to providing staff assistance to obtain the required land use entitlements and permits. Located on two separate sites, Cynara Court provides a total of 58 rental units for low and very low income households. Additionally, fifteen of the units are reserved for farmworkers. This project addresses the need for affordable rental housing in Castroville where there are serious overcrowding problems and limited affordable housing opportunities. Construction was completed in October of 2011 and 100% occupancy was achieved in November of 2011.

Sea Gardens Apartment Project (formerly Axtell Apartments)
In early 2009, the County approved the Sea Gardens rental housing project located at Preston and Axtell Streets in Castroville. Initially planned as a market rate project, the project now consists of 58 affordable apartments and a manager’s unit. The original project approval required that 10 of the rental units be restricted for affordability in compliance with the County’s Inclusionary Ordinance. The project developer subsequently entered into a Purchase and Sale Agreement with CHISPA, a non-profit affordable housing developer, to purchase and develop the project as a 100% affordable rental project. In furtherance of this effort, the RDA approved a $2,300,000
loan to assist CHISPA with the acquisition of the project. CHISPA has completed securing funding for the project, purchased the land, and plans to start construction in March of 2012.

**Camphora**
The Camphora Farm Labor Camp is located near Soledad in southern Monterey County. The project currently consists of 44 dilapidated market rate rental units that are primarily occupied by farmworkers. In 2010, the RDA provided a $300,000 loan to South County Housing (SCH) to assist SCH to purchase the Camphora facility and convert it to affordable housing. The ultimate concept is to demolish the existing structures and build a new rental housing project. In addition to replacing the existing units, additional units were considered for inclusion to be used for initial relocation of some of the existing tenants. Subsequent to the completion of the rental units, the relocation units were then to be used for other relocation purposes. Due to challenges in obtaining funding and land use entitlements for the transitional, SCH subsequently scaled back the project and eliminated those units from the proposal. SCH is continuing to work on project land use entitlements and securing funding.

**Manzanita Place**
In September of 2009, the County and MidPen Housing Corporation submitted a joint application for a $10 million grant from the Neighborhood Stabilization Program (NSP1-3). In August of 2010, MidPen was notified that an award of funds had been approved. The grant is being used as a primary funding source of permanent financing for Manzanita Place, the first of three affordable housing rental projects in East Garrison. The project will consist of 66 units with affordable rents for very low income households (those earning less than 50% of the Area Median Income (AMI)) and low income households limited to those earning between 50% and 60% of the AMI. It is anticipated that the project will begin construction in March of 2012 with completion in the summer of 2013.

**Rockrose Gardens**
In 2011, the County awarded $325,000 of NSP-3 funding to Interim's Rockrose Garden project in Marina. The project will consist of 21 units of permanent housing with supportive services for adults with mental disabilities who are homeless or at the risk of becoming homeless. Interim serves a County-wide special needs population and is one of the few non-profits in the County that provides housing to adults with mental disabilities.

**Correct Infrastructure and Public Facility Deficiencies**
Provision of adequate infrastructure, including roadways, water systems and wastewater systems, is essential to retaining existing housing stock as well as providing for new housing. In addition, public facilities that match community needs are critical in creating healthy communities and supporting new affordable housing. During 2011, the County continued to make critical infrastructure improvements and implement public facility projects in Boronda, Pajaro, and Castroville.
Boronda Storm Drain Master Plan
In 2000, the Boronda Storm Drain Master Plan was prepared to identify drainage and road improvements needed in the existing, developed portions of North Boronda. Implementation of the Master Plan has been underway for the past several years using a phased approach as funding becomes available. In 2011, activities related to the Hyland Drive/El Rancho Way Improvement Project (Phase 3) continued. These activities included: finalizing the engineering plans, specifications and bid documents; obtaining regulatory environmental permits; acquiring easements from property owners for the utility relocations and improvements; and obtaining construction rights of entry from all property owners along the project frontage. Construction of this phase of the drainage and road improvements began in May 2011 and was completed in March 2012. While the next planned phase was to include improvements on Virginia Avenue, El Rancho Way, and Boronda Road, with the dissolution of the RDA, these projects can not proceed until alternative funding is secured.

Madison Lane
Madison Lane is an existing County road in Boronda which has a very high volume of heavy truck traffic. The road is in substandard condition. The Redevelopment Agency worked with the local property owners to implement improvements. In 2011, the Board of Supervisors approved initiation of an assessment district, an initial environmental study was completed, and preliminary engineering was begun. With the dissolution of the RDA, this project can not proceed until alternative funding is secured.

San Jerardo Water System
In 2007, a $25,000 Over-the-Counter (OTC) Grant was provided to the County Public Works Department to facilitate replacement of the water system for the San Jerardo Farm Labor Community whose residents are primarily low income. The existing water system had been identified as substandard and the system was under a State “bottled water order”. The County installed and operated a temporary filtration system to ensure that potable water was supplied to the residents while a new system was being designed and constructed. In 2007, the RHO applied for and was awarded a $1,000,000 CDBG grant to help finance a portion of the construction of the new system. The County Public Works Department then took lead responsibility for the implementation of the project. In the fall of 2009, the County obtained American Recovery and Reinvestment Act of 2009 (ARRA) stimulus funding and State Revolving Funds (SRF) to complete the necessary funding of the project. The construction of the project commenced in December of 2009 and was completed in March of 2011.

Merritt Street Improvements
The RHO is in the process of implementing a Traffic Safety Improvement Project on Merritt Street in Castroville that will involve intersection improvements and pedestrian safety improvements. The project is being developed in conjunction with other downtown improvement efforts in downtown Castroville under an agreement with the Castroville Community Services District (CSD). When implemented, these activities will enhance the quality of life and address safety issues in support of existing and new residential development under construction on Merritt Street. This RDA project will be able to continue based on the enforceable agreement with the Castroville Community Services District. It is anticipated that a
Caltrans Encroachment Permit application will be completed and submitted by the Summer of 2012 with project construction commencing in late 2012 or early 2013.

**Pajaro Medical and Dental Clinic**

Over the past year, the RHO worked with the non-profit Clinica de Salud del Valle de Salinas to develop a medical and dental clinic in Pajaro. Following completion of a community-wide site location survey, it was determined that the presently under-utilized and County owned Senior Center on Bishop Street would be the best location for a new clinic in Pajaro. The Redevelopment Agency committed $134,690 to the project. Construction of the tenant improvements began in early 2011 and was completed in March of 2012.

**Pajaro Community Park**

In 2010, Granite Construction Company donated a five-acre parcel located in Pajaro for the development of a new community park. The Pajaro community has a predominately low-income population with a significant number of young children living in over-crowded housing conditions. There are no park facilities currently located in the community. RHO worked closely with the community to prepare conceptual design plans for the park. An Environmental Impact Report (EIR) was prepared and certified. The property transfer was completed in mid-2010. In late 2010, the RHO was awarded a $5 million State Park grant under Proposition 84 which will allow for enhancement of the planned facilities at the park including installation of artificial turf. Although a RDA project, the enforceable State Grant Agreement and related contracts allows the project to continue. Construction of the park is anticipated to commence in 2012 and be completed in 2013. The project will have a direct beneficial impact on providing facilities to a community with some of the highest density housing in the County.

**San Lucas Water System Well**

In December of 2008, the County was awarded a Community Development Block Grant (CDBG) Planning and Technical Assistance (PTA) grant for $40,000 to conduct water system well testing and test well drilling for the community of San Lucas. The level of total dissolved solids in the existing water well that supplies the community has recently increased and now exceeds the maximum allowed levels under State law. Thus, it is not possible to increase the number of permitted connections to the system until an acceptable source of water supply is obtained. This has prevented CHISPA from moving forward with an approved 33-unit affordable housing development in San Lucas. Therefore, it appears a new well is required. The well study was completed in 2010. Subsequently the nitrate levels at the existing municipal well become elevated and now the community is under a “bottled water order”. The RHO has been attempting to identify funding to replace the well and has applied for several State grants. However at this time, neither site control nor funding for the project has been secured.

**Enhance Housing Programs**

**Code Enforcement**

The need for enhanced residential code enforcement has been identified as an issue of long-standing concern in many of the unincorporated areas of the County. In 2009, the RHO applied for and was awarded a Homelessness Prevention and Rapid Re-housing program (HPRP) grant
in the amount of $1.6 million to be used for rental assistance and social services for those that are homeless or at risk of becoming homeless. Approximately 25% of the funds were designated to assist code enforcement efforts. The program is currently being administered by the Department of Social and Employment Services (DSES). To date, over 300 households (800+ people) have been assisted through the program.

**Homebuyer Assistance Study**
In December of 2008, the County was awarded a CDBG Planning and Technical Assistance (PTA) grant which included $30,000 for the preparation of a housing study to develop an effective Downpayment Assistance Program for the unincorporated areas of Monterey County. Completed in 2010, the study examined the current housing stock and current income levels in the County and identified funding sources available to match the need of County residents. From this, a new Downpayment Assistance Program was developed and approved by the Board of Supervisors in 2010. Subsequently, the County applied for and was awarded an $800,000 grant from the State HOME program. The grant funds will be used to provide downpayment assistance to qualified new homebuyers. The County entered into a Standard Agreement in 2011 and the Housing Office is in the process of preparing the marketing materials and standard loan documents for the Program. The Housing Study was also used to enhance the Neighborhood Stabilization Program (NSP1).

**Inclusionary Housing Program**
The County adopted a new Inclusionary Housing Ordinance in 2003 which requires that new residential development provide for a contribution equal to 20% of the total number of units for affordable housing. An Administrative Manual was adopted in conjunction with the Ordinance which provides a detailed description of administrative processes including the establishment of underwriting criteria for calculating sales prices, rent levels, in-lieu fees, and the selection of buyers through a lottery system. Due to the current economic crisis, very little new development is being entitiled through the County. As a result, no new Inclusionary Units were produced in 2010 or 2011.

Over the past several years, the County’s Housing Advisory Committee (HAC) has discussed potential revisions to the Inclusionary Ordinance to address specific issues including inheritance, agricultural subdivisions, and service fees for re-sale and refinance requests. Amendments to the Ordinance and Manual were approved by the Board of Supervisors in 2011. Additional revisions pertaining to approving modifications to Inclusionary requirements for new development, including allowing the payment of In-Lieu Fees was presented to and recommended by the HAC in December of 2011. It is expected that an amendment to the Manual will be considered by the Planning Commission and Board of Supervisors in 2012.

The Inclusionary Ordinance and Manual requires that the County monitor all Inclusionary units for compliance with the occupancy restrictions recorded on each property. During 2011, a total of 237 units were monitored with 83% responding. Efforts are underway to improve compliance with the monitoring requirements for ownership units, including adjusting the schedule and content of the request letters to clearly state the owner’s obligations and the legal actions that may be taken for not responding.
In addition to the ownership unit monitoring process, the RHO completed monitoring of all 45 Inclusionary rental properties which include 288 individual units. These properties are monitored for compliance with restrictions in regard on income and rents.

**Loan Monitoring**
The County has provided funding to affordable housing projects and to individuals for housing rehabilitation and down payment assistance in the form of loans. Each loan has a loan agreement that sets forth the terms including occupancy requirements and loan repayment. Specific monitoring requirements are based on the funding source. During 2011, all required monitoring was completed and the loan-monitoring schedule was refined to more closely correspond with State monitoring requirements, thereby eliminating duplicative efforts.

**Foreclosure Counseling and Homebuyer Education**
In July of 2008, the County of Monterey was awarded a State Community Development Block Grant (CDBG) in the amount of $300,000 for a Homeowner Preservation and Foreclosure Prevention Service (HPFPS) program. The Housing Resource Center of Monterey County (HRC) is providing these services to residents in the unincorporated and non-entitlement areas of the County under a grant subrecipient agreement with the County. The HPFPS program provides counseling to current homeowners who are behind or at risk of becoming behind on their mortgage payments in order to stabilize their financial situation and bring their payments current. Since the inception of the program and as of the end of 2011, 400 households were assisted in regard to foreclosure prevention, short sales, and counseling to resolve loan issues.

In 2010, the County received approval from the State to allocate $50,000 in HPFPS funding to provide homebuyer educated and related services to assist families to become homeowners. In 2011, this amount was amended to $84,000. Overall, 282 families have participated to some extent in the program. To date, 34 families have been qualified to purchase a house and 22 have purchased or are in escrow to purchase a house.

**Neighborhood Stabilization Program (NSP1 and NSP1-3))**
The Federal Housing and Economic Recovery Act of 2008 (HERA) included a special Community Development Block Grant (CDBG) allocation to purchase, acquire, rehabilitate and finance foreclosed homes. In 2009, the County was awarded $2,140,714 from NSP1. This funding has been used to purchase and provide rehabilitation for 16 foreclosed units to date. The grant is being implemented in cooperation with the Cities of Gonzales, Greenfield, King City, Marina, Seaside and Soledad through a Memorandum of Understanding (MOU). The RHO is in the process of qualifying buyers and closing sales. Thirteen of the homes have been resold to date or are in escrow to be sold. The proceeds from the sales are rolled back into the program to fund soft second loans and closing costs to Buyers and to purchase, rehabilitate and re-sell additional units.

In partnership with MidPen Housing Corporation, the County was awarded a $10 million NSP1-3 grant for affordable rental housing on Fort Ord in August of 2010. A more detailed description is included in the accomplishments section for the East Garrison Project described above.
Special Needs Housing

Mental Health Services Act
The Mental Health Services Act (MHSA) is a tax on millionaires in California which provides funding for housing and supportive services for individuals with psychiatric disabilities who are homeless or at risk of homelessness. The County was awarded a total of $4,615,000 in MHSA Housing Program funding. Previously, the Housing Office entered into a Memorandum of Understanding (MOU) with the County Health Department’s Behavioral Health Division to increase the provision of permanent supportive housing in accordance with MHSA requirements. The MOU provided for the two departments to collaborate in reviewing and evaluating requests for MHSA funding as it relates to housing.

The County provided MHSA funding to Interim, Inc. in the form of a permanent loan of $1,649,000 and an operating subsidy grant of $1,538,400 in addition to $500,000 of CDBG funding for construction of the Sunflower Gardens Housing Project. The project is an 18 unit supportive housing project located in the City of Salinas which serves 23 adults with psychiatric disabilities who are homeless or at risk of homelessness. Construction was completed in 2010. The project provides a full range of on-site supportive services such as counseling and education to address the specific needs of the tenants.

In 2011, the County Health Department’s Behavioral Health Division issued a NOFA to award the balance of MHSA funds. Interim’s Rockrose Garden project was selected to receive the remaining funds. The project will consist of 21 one bedroom units of permanent housing with supportive services for adults with mental disabilities who are homeless or at the risk of becoming homeless. The project was awarded HUD 811 funding and expects to begin construction in early 2013.

Farmworker Housing
The 2009 and 2010 Annual Housing Reports included initiatives and priorities related to improving the conditions and availability of farmworker housing. These reports cited the importance of providing safe housing in appropriate locations for this special needs population in order to preserve the labor force for the County’s most important industry. Achieving this goal presents a number of challenges including the relatively low wages associated with farm labor jobs, the limited existing supply of affordable rentals, the lack of available land with the necessary infrastructure to develop new housing, the large family size of many of the farmworker families requiring larger units and amenities for families with children, and the lack of funding sources to construct or rehabilitate farmworker housing units.

During 2011, the County continued to keep farmworker housing issues as a priority. The Cynara Court rental project in Castroville opened and provided fifteen units for very low and low income farmworkers. In addition, the County continued providing assistance in regard to efforts to redevelop the Camphora Farm Labor Camp and to assist the community of San Lucas with a well replacement project. Finally, the County has met with leaders of the agricultural industry to discuss farm labor housing needs in connection with the E-Verify and H-2A Temporary Agricultural programs. Efforts are continuing in order to address the changing needs of farm labor housing in Monterey County.
NSP3 Program for Special Needs Housing
In March of 2011, the County was notified that it was awarded $1,284,794 in NSP3 funds directly from the Federal Department of Housing and Urban Development (HUD). Of the total grant award, 25% of the funds are required to be used in support of rental housing for households earning less than 50% of the County Area Median Income (AMI). The balance of the funding may be targeted to those households earning up to 120% of the AMI. Unlike NSP1, the majority of the funds must be concentrated in one target area to ensure that the program has a noticeable effect in stabilizing neighborhoods impacted by foreclosures. The NSP3 funding will be used to:
- Purchase and rehabilitate and resell houses to assist non-profits in providing rental housing for special needs populations (farmworkers and/or the disabled).
- Provide funding to Interim, Inc. for the Rockrose Gardens project in Marina which will provide permanent housing with supportive services for adults with mental disabilities who are homeless or at the risk of becoming homeless.

Over-the-Counter Grants
The County’s Over-the-Counter Grant Program (OTC) provides Inclusionary Housing and, previously, Redevelopment Housing Set-Aside funding on a year-round basis to non-profit organizations and private developers to facilitate the development of affordable housing projects and other housing initiatives that promote the availability, quality and/or stability of housing. Allocations are limited to $25,000 per project per calendar year. During 2010, the County awarded an OTC grant to CHISPA, a local non-profit affordable housing developer who has formed a partnership with Hartnell College through which students from Hartnell’s Construction Technology Program build single-family affordable homes under the supervision of CHISPA staff. CHISPA is seeking to acquire one or more single-family lots for the program in Boronda. Two potential properties have been identified. An OTC Grant in the amount of $10,000 was used in 2011 for costs associated with the preparation of site feasibility reports consisting of site concept plans, a summary of development requirements and appraisal information. This CHISPA/Hartnell program offers valuable training for Hartnell’s students in construction and green building methods while advancing the County’s goals of encouraging partnerships, providing affordable housing, and promoting sustainable green building.
APPENDIX 2
SUMMARY OF HOUSING FUND PROJECTIONS/REFINEMENTS
FOR FISCAL YEAR 2011-12
## Appendix 2
### Summary of Housing Fund Projections/Refinements for Fiscal Year 2011-2012

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<th>2011-2012 Forecast</th>
<th>Total</th>
<th>Inclusionary</th>
<th>Rdevel Hsg Set-Aside</th>
<th>Program Income</th>
<th>New Grants</th>
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<td>300,500</td>
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<tr>
<td>CDBG - Foreclosure/Housing Counseling</td>
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<td>114,500</td>
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<td></td>
</tr>
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<td>Hsg Related Parks Program (Aromas Park)</td>
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<td>127,625</td>
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<td>Infrastructure/Capital Projects:</td>
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<td>San Jerardo Water Quality</td>
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<td>Grants/Loans to Agencies/Nonprofits</td>
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<tr>
<td>CDBG - Foreclosure/Housing Counseling</td>
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<td>102,000</td>
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<tr>
<td>CHISPA / Axtell Sea Gardens</td>
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<td>2,300,000</td>
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<td>127,625</td>
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<td>Over-the-Counter Grants</td>
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<td></td>
</tr>
<tr>
<td>Grants/Loans to Homeowners</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>10 HOME FTHB</td>
<td>280,000</td>
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<td></td>
<td>280,000</td>
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<tr>
<td>Reserved for former RDA Project Areas</td>
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<td>East Garrison DDA commitment</td>
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<td>355,800</td>
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<tr>
<td>Other Housing Set-Aside</td>
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<td>249,681</td>
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<td>Debt Service</td>
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<td>83,614</td>
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<td>Monitoring</td>
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<td>Planning &amp; Consulting Services</td>
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<td>33,195</td>
<td>88,050</td>
<td>61,464</td>
<td>8,419</td>
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<td>Services and Supplies</td>
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<td>146,223</td>
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<td>106,880</td>
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<td><strong>Total Expenses</strong></td>
<td>7,090,909</td>
<td>442,960</td>
<td>2,990,285</td>
<td>2,587,425</td>
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<tr>
<td><strong>Forecast Ending Balance 6/30/12</strong></td>
<td>4,739,876</td>
<td>228,637</td>
<td>3,865,685</td>
<td>645,554</td>
<td>(0)</td>
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</tbody>
</table>

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APPENDIX 3
SUMMARY OF HOUSING FUND PROJECTIONS
FOR FISCAL YEAR 2012-13
### Appendix 3
Summary of Housing Fund Projections/Refinements for Fiscal Year 2012-2013

<table>
<thead>
<tr>
<th>2012-2013</th>
<th>Total</th>
<th>Inclusionary</th>
<th>Redevelopment Hseg Set-Aside</th>
<th>Program Income</th>
<th>New Grants</th>
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<tr>
<td>Estimated beginning balance 7/1/12</td>
<td>4,739,876</td>
<td>228,637</td>
<td>3,865,685</td>
<td>645,554</td>
<td>(0)</td>
</tr>
<tr>
<td><strong>Revenues:</strong></td>
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<td></td>
<td></td>
</tr>
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<td>Recurring Revenues</td>
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<td>Loans Paid</td>
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<td>7,200</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rents, net of expenses</td>
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<td></td>
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<tr>
<td>Miscellaneous Revenues</td>
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<td>FY10 SERAF loan repayment</td>
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<td>60,295</td>
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<td><strong>Grant Funds:</strong></td>
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<td></td>
<td></td>
</tr>
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<td>NSP 3</td>
<td>718,958</td>
<td></td>
<td></td>
<td>718,958</td>
<td></td>
</tr>
<tr>
<td>10 HOME FTHB</td>
<td>490,000</td>
<td></td>
<td></td>
<td>490,000</td>
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<tr>
<td>Planned Grant Applications</td>
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<tr>
<td>CDBG Camphora</td>
<td>1,000,000</td>
<td></td>
<td></td>
<td>1,000,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>3,149,650</td>
<td>40,500</td>
<td>157,092</td>
<td>743,100</td>
<td>2,208,958</td>
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<tr>
<td><strong>Total Available:</strong></td>
<td>7,889,526</td>
<td>269,137</td>
<td>4,022,778</td>
<td>1,388,654</td>
<td>2,208,958</td>
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<tr>
<td><strong>Expenses:</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants/Loans to Agencies/Nonprofits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NSP PI Revolving</td>
<td>615,500</td>
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<td></td>
<td>615,500</td>
<td></td>
</tr>
<tr>
<td>HOME PI - FTHB</td>
<td>15,075</td>
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<td></td>
<td>15,075</td>
<td></td>
</tr>
<tr>
<td>NSP 3</td>
<td>650,000</td>
<td></td>
<td></td>
<td>650,000</td>
<td></td>
</tr>
<tr>
<td>CDBG Camphora</td>
<td>925,000</td>
<td></td>
<td></td>
<td>925,000</td>
<td></td>
</tr>
<tr>
<td><strong>Grants/Loans to Homeowners</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 HOME FTHB</td>
<td>469,500</td>
<td></td>
<td></td>
<td>469,500</td>
<td></td>
</tr>
<tr>
<td><strong>Reserved for RDA Project Areas</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserved pending legislation/litigation</td>
<td>3,865,686</td>
<td></td>
<td></td>
<td>3,865,686</td>
<td></td>
</tr>
<tr>
<td><strong>Monitoring</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planning &amp; Consulting Services</td>
<td>116,658</td>
<td>35,000</td>
<td>7,200</td>
<td>67,000</td>
<td>7,458</td>
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<tr>
<td>Services and Supplies</td>
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<td>234,137</td>
<td>11,738</td>
<td>195,202</td>
<td>157,000</td>
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<td><strong>Total Expenses</strong></td>
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<td>269,137</td>
<td>3,884,624</td>
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<td>Forecast Ending Balance 6/30/13</td>
<td>634,030</td>
<td>(0)</td>
<td>138,154</td>
<td>495,877</td>
<td>(0)</td>
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</table>
PROJECT ASSISTANCE RECOMMENDATIONS

The adopted Housing Allocation Manual specifies that the County will loan and grant funds to housing providers and other public/private organizations on an annual basis. To facilitate preparation of the 2012-13 expenditure programs, a Notice of Funding Availability (NOFA) was disseminated to providers in September of 2011. The following Project Summaries describe each application submitted and the recommended funding.
2011 NOFA PROJECT SUMMARY

**Applicant:** Rancho Cielo Youth Campus  
**Project:** Rancho Cielo "Safe Home" Transitional Housing Project  
**Location:** Northeast of Salinas in unincorporated Monterey County  
**Requested:** $400,000 grant  
**Recommended:** No reservation of funds as no source of funds could be identified for this project  

**Project Summary**  
Rancho Cielo requested a $400,000 grant for the construction of 4 transitional housing units to be developed on their campus located in north Monterey County. The Safe Home project will be comprised of four 4-bedroom single family homes, a caretaker house, and a laundry/community room/storage building. Each house will accommodate 2 youths per bedroom for a total of eight youths per house and 32 youths in total. The project has been entitled and building permits have been issued. All tenants are anticipated to be extremely low-income, earning less than 30% of the AMI.

Rancho Cielo is a non-profit that provides at-risk young people in Monterey County the opportunity to reevaluate their life options, empowering them to become accountable, competent, productive and responsible citizens, through education, job training, and individualized counseling. One hundred percent of the youth participating in the program are gang affiliated or at risk of gang affiliation. The existing campus was leased over 11 years ago and opened in 2004.

Rancho Cielo’s two-year YouthBuild Program for high school dropouts, aged 16-24, will be the primary source of labor for the construction of the houses. The students will earn their high school diploma while learning to build affordable housing units. The proposed housing will provide independent transitional living for at-risk young adults who need a safe place to rent and call home. The students study a nationally-recognized construction curriculum which is taught by a licensed contractor. In addition to earning their high school diploma, they also earn 16 college credits while co-enrolled in Hartnell College. Part of the curriculum is “Sustainable Construction”, a very desirable skill set in the current construction industry. The students will earn stipends paid through a federal Department of Labor (DOL) grant recently awarded to Rancho Cielo. Other youth who will live in the transitional housing will probably not earn more than the minimum wage at outside jobs, insufficient to afford rental housing in Monterey County. The need for affordable housing for independent living - especially for at-risk young adults - is much needed and generally unavailable in Monterey County. Additionally, the need for safe housing for former gang affiliated youth, unsafe in their current neighborhoods, is critical and currently unavailable.

Rancho Cielo leases the property where the campus is located from the County. The ninety-nine year lease has 88 years remaining. Rancho Cielo will act as developer, construction and project manager, and property manager for the Safe Home. Rancho Cielo is requesting that the County fund a portion of the construction materials as well as some miscellaneous development costs. The total budget, including student services and staff, is approximately $3,000,000 of which
$2,106,000 has been funded to date from the Department of Labor, the Regional Occupational Program, Workforce Investment Act, and Monterey County Behavioral Health. The construction portion of the project is estimated to be $1,089,520 including wastewater upgrades. Funding sources for the construction portion of the project are as follows:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Notes</th>
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<tr>
<td>County grant</td>
<td>$ 400,000</td>
<td>Requested from County</td>
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<tr>
<td>Rancho Cielo</td>
<td>$ 239,520</td>
<td>Committed/requested (private donations)</td>
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<tr>
<td>Named Private Donation</td>
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<td>Committed</td>
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<td><strong>Current Committed Funding</strong></td>
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<tr>
<td>Gap</td>
<td>$ 150,000</td>
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</tr>
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</table>

A Monterey County CDBG grant would be used to leverage a $1.1 million dollar DOL grant awarded for the YouthBuild portion of the project. Leverage is often required as part of grant awards. It also shows support of a project and can be extremely helpful in raising the gap funding that Rancho Cielo still needs.

**Application Eligibility/Performance**
Rancho Cielo Youth Campus is a 501(c)(3) non-profit which was formed in 2000 and opened its doors in 2004. Rancho Cielo has a proven track record in regard to securing donations and funding for its programs. While this is Rancho Cielo’s first housing project, they have received the building permits and also have the program in place for supervision and construction of the homes by the students.

**Eligible Activity**
Safe Home will provide 32 beds for extremely low-income youth. The project is located in the unincorporated area of Monterey County and is consistent with the adopted 2011 Annual Housing Report. It will facilitate the construction of new affordable transitional housing units which will benefit an identified population of youth who are gang-affiliated and who have special housing needs.

The requested funding of $400,000 exceeds the County’s per bed subsidy of $320,000 based upon $10,000 per bed as delineated in the Housing Allocation Manual. Based upon the need addressed in the community by the project, the scarcity of funding for at-risk youth housing, and the development of extremely low income housing, it is recommended that an exception to the limit be approved.

**Location**
The project will be located at 710 Old Stage Road in north Monterey County.

**Project Readiness/Financial Viability**
The project is fully entitled and building permits have been issued. Construction is estimated to begin in the fall of 2012 and be completed in 2014.

**Compatibility/Design**
Safe Home will be located within the 100 acre Rancho Cielo property and is designed to be compatible with other uses of the site.
RECOMMENDATION

While the County supported recommending State CDBG funding for this project in the amount of $400,000, the State recently notified the County that the project would not be eligible for funding. No other funding is available for the project at this point in time.
2011 NOFA PROJECT SUMMARY

Applicant: Pacific West Communities, Inc. (PWC)
Project: Boronda Meadows
Location: Boronda
Requested: $5,000,000 County HOME
$5,040,000 RDA
$1,000,000 CDBG
Recommended: No reservation of funds as RDA funding is no longer available and PWC no longer holds an option on the site

Project Summary
PWC proposed a mixed-use affordable housing project in a portion of the South Boronda area, located at the corner of Davis Road and the planned extension of Rossi Street. The proposed project to be developed would include retail, commercial, and high-density residential. The project must be designed to be consistent with the Boronda Community Plan (currently under preparation) and to incorporate connections to a planned City park to the north and significant open space amenities associated with the adjacent Markley Swamp drainage facility to the west.

As part of the mixed-use concept, PWC has included a significant number of affordable housing units. They have not yet applied for land use entitlements but have applied for funding through the 2011 NOFA. Following is a summary of the project and funding request.

The proposed project concept includes housing as well as a component of retail/commercial development. The affordable housing component includes 120 units of rental housing comprised of one-, two-, and three-bedroom apartment units, a community room including computer lab, fitness room and kitchen, a property management office, multiple playgrounds, and podium parking. One unit will be used for a resident manager and will not be income restricted. All tenants are anticipated to be very low-income, earning less than 50% of the AMI. This project will be in a mixed use format with the retail/commercial located on the corner of Davis and Rossi and the residential units located both above and behind the retail/commercial component. A draft site plan and elevations are being finalized.

PWC's proposed funding was as follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Tax Credits</td>
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<tr>
<td>Monterey County RDA</td>
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<tr>
<td>HCD HOME</td>
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<tr>
<td>HCD CDBG</td>
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<td>Perm Loan</td>
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<tr>
<td><strong>Total Project Funding</strong></td>
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</tr>
</tbody>
</table>

Application Eligibility/Performance
PWC has a portfolio of over 100 multi-family and senior citizen housing developments in eight western states. In the local region, they have developed a project in Salinas and one in Watsonville. PWC is vertically integrated with development, finance, architecture and construction services.
Eligible Activity
Boronda Meadows will provide 120 units of very-low income rental housing plus a manager’s unit in the unincorporated area of Monterey County within a County redevelopment area. This concept is generally consistent with the adopted 2011 Annual Housing Report in that it will facilitate the construction of new affordable multi-family housing rental units.

The requested funding generally conforms to the County’s per unit subsidy targets of $50,000 per unit for very low income rental projects as delineated in the Housing Allocation Manual.

Location
The project will be located adjacent to the Rossi Street extension, west of Davis Road in an unincorporated area of the County just north of the City of Salinas.

Project Readiness/Financial Viability
Adoption of the Boronda Community Plan is required for the project Land Use Entitlements to be approved. An Environmental Impact Report (EIR) for the Community Plan is currently under preparation and scheduled for release for public review in early 2012. PWC can apply for the project land use entitlements prior to the Community Plan being adopted and tier off the Community Plan EIR. However, project level environmental review will be required to be prepared prior to the project being considered for approval. This will likely take approximately nine months or more. It is expected that the Community Plan will be considered by the Planning Commission and Board of Supervisors the spring of 2012.

PWC had an option on the mixed-use property but the lender recently foreclosed on the property. PWC subsequently entered into a Letter of Intent to purchase the property and expects to enter into a Purchase Agreement by the end of 2011 with close of escrow scheduled for August 2012.

PWC has a proven track record in developing mixed use affordable housing projects. However, the project is in the early stages of pre-development with no financing commitments yet and the developer has not applied for land use entitlements. It is recommended that the County not apply for HOME or CDBG funds in 2012 on behalf of this project as it is felt that the status of entitlements may not allow the project to be competitive. Based upon dissolution of redevelopment agencies, no funding is being recommended at this time.

Compatibility/Design
Boronda Meadows appears to be generally consistent with the Community Plan that is underway. However, the design is conceptual at this point and it is too early to comment on the final design.

RECOMMENDATION
It is recommended that no funding be reserved for this project as PWC has withdrawn its request as it no longer has an option to purchase the site.
2011 NOFA PROJECT SUMMARY

Applicant: South County Housing Corporation
Project: Camphora Farm Labor Community
Location: Unincorporated area of Monterey County near Soledad
Requested: $1,000,000
Recommended: A Reservation of Funds in the amount of $1,000,000 from CDBG, if awarded, subject to certain terms and provisions

Project Summary
South County Housing (SCH) is requesting a total of $1,000,000 for “pay down” of loans incurred for the acquisition of the Camphora Farm Labor Camp and minor rehabilitation activities relating to short-term health and safety issues. Located in an unincorporated area of Monterey County near the city of Soledad, SCH purchased Camphora in October of 2010 for $1,525,000. The County had previously provided an Over-The-Counter Grant for $25,000 to undertake a feasibility study and then provided an unsecured Redevelopment (RDA) loan of $300,000 to assist with acquisition of the facility. Financing for the acquisition and pre-development expenses included the RDA loan, a first loan for $227,000 from Century Housing Corporation, and a “Seller Take-Back” loan for $1,205,000. The first loan is due in April of 2012. Both the RDA and Seller Take-Back loans are due in October of 2015.

Camphora is a fifty year old substandard farm labor camp. Since purchase, SCH has kept it open and is operating it as affordable housing until such time as the permit process is completed and all financing is secured to redevelop it. The project development program includes extending a sewer line to hook-up to Soledad’s sewer system. SCH will then move forward with relocation of the existing residents, razing the existing structures, and replacing them with a like number of appropriately sized units for farmworker families. When completed, the project will consist of 44 units of affordable farmworker housing including common area facilities and recreational space to serve the existing low and very-low income families.

The total project cost is estimated to be $14,404,710. SCH anticipates the following funding sources for this project:

USDA 514 Loan $ 3,000,000
HOME Loan $ 5,000,000
County CDBG $ 1,000,000
Federal Home Loan Bank’s Affordable Housing Program $ 440,000
Federal Department of Labor $ 566,632
Grants (County OTC, LISC, Enterprise) $ 50,000
Deferred Developer Fee $ 11,595
Limited Partner Capital $ 3,971,078
General Partner Capital $ 365,405
Total Funding: $14,404,710
Application Eligibility/Performance
SCH has developed nearly 2,700 affordable homes and apartments since it was founded in 1979. In addition to providing family affordable housing, SCH serves seniors, families in transition, people with disabilities and farmworkers in Monterey, Santa Clara, San Benito and Santa Cruz Counties.

Eligible Activity
The project will replace 44 units of dilapidated rental housing with 44 new and appropriately-sized units affordable to very low- and low-income households. This project is consistent with the County’s 2011 Annual Housing Report priorities to develop rental housing for low and very-low income households and special needs populations, specifically farmworkers. The Camphora Farm Labor Community is currently overcrowded and residents typically pay more than 30% of their income for rent and utilities.

SCH’s funding request conforms to the County’s per unit subsidy targets for extremely low-, very low- and low-income rental units of $75,000, $50,000, and $10,000, respectively, as delineated in the Housing Allocation Manual.

Location
The project is located outside of the City of Soledad in unincorporated Monterey County.

Project Readiness/Financial Viability
The condition of the Camphora Farm Labor Camp has been a long standing concern for the County. Over the past several years, several housing advocacy organizations have been working with the residents and the previous owner to move forward with redevelopment of the site. SCH purchased the facility in October of 2010 and has submitted an application to the County for permits for the project. The project will require completion of environmental review and County land use entitlements.

The majority of the funding still needs to be secured which will take a minimum of at least one and a half years assuming that all applications for funding are successful. If the requested CDBG funding is approved, SCH will pay down approximately 70% of the second loan and undertake some minor short-term repairs necessary to keep the project open until the redevelopment of the site can begin.

Compatibility/Design
SCH is proposing to demolish the existing dilapidated 44-unit facility and replace it with 44 new units of high quality affordable housing. The unit mix, as currently envisioned, would include 22 two-bedroom and 22 three-bedroom apartments. The proposed project will address serious housing condition issues at the existing facility. The proposal is compatible with the vicinity, which is primarily agricultural in character, as it continues the current use with improved design and conditions.
RECOMMENDATION
It is recommended that the County apply for CDBG funding for this project in the amount of $1,000,000 to be reserved for this project. If funding is awarded in the fall of 2012, the recommended funding would be provided subject to the following:

1. Approval and award of State CDBG funds in the amount of $1,000,000 including $75,000 for the County to administer the grant.

2. Approval of improvements to be made within one year of the CDBG award as specified in an Agreement.

3. A Deed restriction for 55 years restricting the use of the units as affordable housing will be a part of the Agreement.

Based on the conditions precedent above, funding would be provided as follows:

1. Based upon a commitment of total funding for the project, funds in the amount of approximately $777,000 would be used for acquisition costs, $129,150 for water system upgrades, and $18,850 for miscellaneous activity and activity delivery, but shall, in no case, be issued unless NEPA and CEQA assessments are completed of the project. The timeline for disbursement of funds is no later than one year from the award of CDBG funding.

2. The County and SCH will enter into an Agreement that includes a loan agreement and affordability restriction agreement to provide $925,000 of CDBG funding to SCH.
## 2011 NOFA PROJECT SUMMARY

<table>
<thead>
<tr>
<th>Applicant:</th>
<th>Interim, Incorporated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project:</td>
<td>Rockrose Gardens</td>
</tr>
<tr>
<td>Location:</td>
<td>Marina</td>
</tr>
<tr>
<td>Requested:</td>
<td>up to $609,857</td>
</tr>
<tr>
<td>Recommended:</td>
<td>A Reservation of Funds in the amount of up to $120,000 funding from excess/remaining Neighborhood Stabilization Program 3 (NSP3) funds, subject to certain terms and provisions</td>
</tr>
</tbody>
</table>

### Project Summary
Through the County’s 2010 NOFA, Interim previously requested and was awarded NSP3 funds by the County in the amount of $325,000 for a new affordable rental housing project to be located in the City of Marina on the former Fort Ord. The 3.32 acre site was previously developed with eleven multi-family units which have been vacant since Fort Ord was closed in 1994. Due to the extensive deterioration of the units over the last 17 years, the buildings are blight on the neighborhood, beyond repair, and will have to be demolished. Interim has site control through a Disposition and Development Agreement with the City of Marina and land use entitlements are complete.

The proposed 21 unit project will be comprised of one-bedroom apartment units, a community room, and a services office. One unit will be used for a resident manager and will not be income restricted. The project will be designed to provide quality permanent supportive housing for adults with psychiatric disabilities. All tenants are anticipated to be extremely and very low-income, earning less than 50% of the Area Median Income (AMI). Nine of the units will be designated for use under the Mental Health Services Act (MHSA) Housing Program. Supportive services will be offered both on and off site. The project will most likely be designed to meet the requirements of a platinum LEED certification. The project may incorporate some or all of the following: photovoltaic panels, solar thermal hot water, recycling of demolished building materials, and numerous other energy saving features. A preliminary site concept has been developed and design review has been completed by the City of Marina. Architectural plans are 15% complete.

Interim did not respond to the NOFA as it had applied for three funding sources and did not anticipate needing further County assistance. Subsequently, Interim’s funding applications to the State for MHP Supportive Housing and HOME were not funded due to exceptionally competitive rounds. Due to these unsuccessful applications, Interim requested additional assistance from the County in November of 2011.
Rockrose’s total development budget is $5,786,109. Interim’s funding Sources are as follows:

| Source                          | Amount  
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>HUD 811</td>
<td>$3,023,400</td>
</tr>
<tr>
<td>Monterey County NSP3</td>
<td>$325,000</td>
</tr>
<tr>
<td>Recommended NSP3 addition</td>
<td>$120,000</td>
</tr>
<tr>
<td>MHSA Capitalized</td>
<td>$927,852</td>
</tr>
<tr>
<td>Interim funds/donations</td>
<td>$700,000</td>
</tr>
<tr>
<td>Marina fee reduction</td>
<td>$75,000</td>
</tr>
</tbody>
</table>

**Committed/Recommended Funding**  
$5,171,252

**Requested Funding:**  

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>AHP</td>
<td>$200,000</td>
</tr>
<tr>
<td>Total Possible Funding</td>
<td>$5,371,252</td>
</tr>
<tr>
<td>GAP</td>
<td>$414,857</td>
</tr>
</tbody>
</table>

**Application Eligibility/Performance**

Over the last 35 years, Interim has provided affordable supportive housing, residential treatment, mental health and dual recovery services, outreach and intensive support for homeless adults, supported education and employment, and peer support for adults with mental illness in Monterey County. Over the last 15 years, Interim has financed, developed, managed and provided services for 19 affordable housing and treatment facility projects throughout the County of Monterey.

**Eligible Activity**

The Rockrose Gardens project will provide 20 units of very low- and extremely low-income rental housing plus a manager’s unit in the City of Marina. While not located in the unincorporated area of Monterey County or in a former County redevelopment area, the project is consistent with the adopted 2011 Annual Housing Report in that it will facilitate the construction of new affordable multi-family housing units that will benefit special needs individuals from throughout the County.

Interim’s funding request conforms to the County’s per unit subsidy targets for extremely low-, and very low-income rental units of $75,000 and $50,000, respectively, as delineated in the Housing Allocation Manual.

In March of 2011, the County was awarded an NSP 3 grant. Currently, the County’s NSP3 includes funding in the amount of $325,000 for Rockrose Gardens and $831,315 to purchase single family foreclosed houses in Soledad. If, after purchasing the houses, remaining funds are insufficient to purchase an additional house, those funds would be allocated to the Rockrose project. This is an eligible and allowable use of NSP3 funding.

**Location**

The project will be located at 3012-3032 Lexington Court in the former Fort Ord section of the City of Marina.
Project Readiness/Financial Viability
The project is in the mid-stage of development with assembly of financing nearing completion. Project estimates are for plans, permits and funding to be completed by the end of 2012 and construction to begin in early 2013. Construction is estimated to be completed in early 2014.

Interim is in the process of identifying funding for both their commitment as well as the gap from both donors, foundations, and other sources. Because of the HUD commitment and the significant rental assistance being provided by HUD, it is believed that Interim will eventually be successful through a variety of sources.

Compatibility/Design
Rockrose Gardens will be compatible with other housing on Lexington Court which is currently owned by Shelter Outreach Plus (SOP) and occupied by homeless single men and women or homeless families. SOP is currently leasing six of their units to Interim for use as transitional housing for homeless single adults with mental illness. All SOP units are used for transitional housing.

The project design will incorporate green design features and include community space. Additionally, the project design will be compatible with the development standards and design guidelines set forth by the City of Marina.

RECOMMENDATION
It is recommended that the County reserve funding for this project in the amount of up to $120,000 to be funded from remaining NSP3 grant funds that will likely be available after other NSP3 activities have been completed. The recommendation of funding is subject to the following:

1. An enforceable Option to Purchase or ownership of the site.

2. Completion of construction and a certificate of occupancy within three years of the NSP3 funding award.

Based on the conditions precedent above, funding would be provided as follows:

1. Upon a determination that excess NSP3 funding is available.

2. Based upon a commitment of total funds for the project, remaining NSP3 funds in the amount of up to $120,000 would be used for eligible development costs and shall, in no case, be issued no later than two years from County approval of funding.

3. Based on awards of sufficient funding to the project, Interim would enter into a Subrecipient Agreement including a loan agreement and affordability restrictions to provide up to $120,000 of additional NSP3 funding above and beyond the $325,000 of NSP3 funding already awarded to the project.
2011 NOFA PROJECT SUMMARY

Applicant: Chualar Union School District
Project: Chualar Tot Lot
Location: Chualar
Requested: $108,100
Recommended: A Reservation of Funds in the amount of $108,100 funding from CDBG Program Income, if a waiver for the use is approved by State CDBG, subject to certain terms and provisions

Project Summary
In early 2011, staff began working on the Chualar Tot Lot project with Chualar Union School District (District). Staff has now identified it as a potential candidate for CDBG funding based upon the Super-NOFA anticipated to be released by HCD.

The proposed tot lot would be situated on a portion of the Chualar Elementary School site but would be operated as a public park. As identified in a Facilities Master Plan prepared for the District by NTD/HBFL Architecture, the proposed site is 1,750 square feet in size. The site improvements will be finalized after a community meeting to be held in early 2012. The beneficiaries are anticipated to fall within the Low-Mod income requirements of CDBG, since the majority of the residents of Chualar qualify as very low- and low-income.

The District did not submit a request to the NOFA as the Redevelopment and Housing staff have taken on the responsibility of identifying funding and facilitating the project.

A total budget for the project has been set at $108,100. The final development plan will be developed based upon the budget. No funds have yet been identified for the project.

Application Eligibility/Performance
This is a Monterey County initiated project.

Eligible Activity
The Chualar Tot Lot project is an eligible activity under the Public Facilities category of CDBG as it would be new construction of a public tot lot for public use. The community currently lacks any public parks facilities to serve the high number of children that reside there.

Location
The project will be located near the intersection of Lincoln and Scott Streets in Chualar, an unincorporated area in south Monterey County.

Project Readiness/Financial Viability
The project is in the early stages of development. The District is providing the site and the County will enter into a Cooperative Agreement with the District to restrict the use for a period of time and to ensure maintenance. It is estimated that plans, permits and funding will be completed by the mid-to late 2012 and construction will take place as soon as possible thereafter.
Compatibility/Design
The Chualar Tot Lot will be located on school grounds and serve children. Thus, it will be compatible with the school-serving uses currently on site.

RECOMMENDATION

It is recommended that the County reserve funding for this project in the amount of up to $108,100 to be funded from CDG Program Income. The recommendation of funding is subject to the following:

1. Approval of a waiver from State CDBG.

Based on the conditions precedent above, funding would be provided as follows:

1. Based upon a commitment of total funds for the project, CDGB Program Income funds in the amount of $108,100 would be used for all eligible development costs.

2. Based on approval of the waiver, Chualar Union School District would enter into a Cooperative Agreement governing the use and maintenance of the site.
ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202 )

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Monterey County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reporting Period</td>
<td>1/1/2011 - 12/31/2011</td>
</tr>
</tbody>
</table>

Table A

Annual Building Activity Report Summary - New Construction

Very Low-, Low-, and Mixed-Income Multifamily Projects

<table>
<thead>
<tr>
<th>Housing Development Information</th>
<th>Housing with Financial Assistance and/or Deed Restrictions</th>
<th>Housing without Financial Assistance or Deed Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5</td>
<td>5a</td>
</tr>
<tr>
<td>Project Identifier (may be AFN No., project name or address)</td>
<td>Unit Category</td>
<td>Tenure</td>
</tr>
<tr>
<td>030-186-002-000 (Cynara Ct)</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>030-128-015-00 (Cynara Ct 2)</td>
<td>5</td>
<td>5</td>
</tr>
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</table>

(9) Total of Moderate and Above Moderate from Table A3: 62
(10) Total by income Table A/A3: 48
(11) Total Extremely Low-Income Units: 58

* Note: These fields are voluntary
### Table A2

**Please note:** Units may only be credited to the table below when a jurisdiction has included its housing element in a program in its housing element to rehabilitate, preserve or acquire units to accommodate a portion of its

**RHA's commitment to section 65593.1(c)(7)**

### Table A3

<table>
<thead>
<tr>
<th>Activity Type</th>
<th>Affordability by Household Income</th>
<th>1. Single Family</th>
<th>2.</th>
<th>3.</th>
<th>4.</th>
<th>5. Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Rehabilitation Activity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
<td>62</td>
</tr>
<tr>
<td>(2) Preservation of Units at Risk</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>(3) Acquisition of Units</td>
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<td></td>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

*Note: This field is voluntary*

**Number of infill units:**

- Total: 0
- Mobile Homes: 3

---

**Annual building activity report summary for above moderate-income units (not including those units reported on Table A):**

<table>
<thead>
<tr>
<th>No. of units permitted for moderate</th>
<th>No. of units permitted for above moderate</th>
</tr>
</thead>
<tbody>
<tr>
<td>59</td>
<td>0</td>
</tr>
</tbody>
</table>

*Note: This field is voluntary*
<table>
<thead>
<tr>
<th>Income Level</th>
<th>RHNA Allocation by Income Level</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 8</th>
<th>Year 7</th>
<th>Year 9</th>
<th>Year 6</th>
<th>Year 5</th>
<th>Year 4</th>
<th>Year 3</th>
<th>Year 2</th>
<th>Year 1</th>
<th>Total Units to Date (all years)</th>
<th>Total Remaining RHNA by Income Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Low</td>
<td>Deed Restricted</td>
<td>347</td>
<td>140</td>
<td>27</td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>167</td>
<td>115</td>
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<tr>
<td></td>
<td>Non-deed restricted</td>
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<td>65</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>65</td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td>Deed Restricted</td>
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<td>174</td>
<td>31</td>
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<td>205</td>
<td>-19</td>
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<td></td>
<td>Non-deed restricted</td>
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<td>75</td>
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<td></td>
<td></td>
<td>75</td>
<td></td>
</tr>
<tr>
<td>Moderate</td>
<td>Deed Restricted</td>
<td>295</td>
<td>28</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>28</td>
<td>20</td>
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<tr>
<td></td>
<td>Non-deed restricted</td>
<td></td>
<td>247</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>247</td>
<td></td>
</tr>
<tr>
<td>Above Moderate</td>
<td></td>
<td>651</td>
<td>2,862</td>
<td>68</td>
<td>39</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,759</td>
<td>-2,108</td>
</tr>
<tr>
<td>Total RHNA by COG.</td>
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<td>1,554</td>
<td>3,81</td>
<td>128</td>
<td>39</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>3,546</td>
<td>-1,992</td>
</tr>
</tbody>
</table>

Note: units serving extremely low-income households are included in the very low-income permitted units totals.
<table>
<thead>
<tr>
<th>Name of Program</th>
<th>Objective</th>
<th>Timeframe in H.E.</th>
<th>Status of Program Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Rehabilitation Program (H-1.a)</td>
<td>Rehabilitate an average of five owner-occupied lower-income units and 20 renter-occupied lower income units annually. Work to achieve 10% of the rental units to extremely low income households. Include information on County's website and develop written material to advertise the program within one year of adoption of the Housing Element.</td>
<td>Annually</td>
<td>During 2011 the County continued to implement the NSP-1 Program. A total of 3 foreclosed homes have been purchased and rehabilitated. Of those, 7 were sold to low and moderate income families during 2011. In addition, the County is assisting a non-profit with the rehabilitation of the Camphora Farm Labor Camp that currently houses 44 very low income farmworkers families (29 of which are extremely low) totaling 174 people. The County initiated processing of the land use entitlements and assisted in preparing a funding program. In 2011, the County was awarded $1,284,794 in NSP-3 funding for the rehabilitation of up to five foreclosed units to be sold to non-profits for use as special needs housing and assistance to the 21 unit Rockrose supportive housing project in Marina.</td>
</tr>
<tr>
<td>Mobile Home Park Preservation (H-1.b)</td>
<td>Preserve 3169 existing mobile homes. Maintain contact with property owners and monitor status of mobile home parks. When feasible, work with tenants to preserve mobile parks by providing technical assistance and assisting in funding applications. Conduct survey of existing mobile home park residents and owners and determine the feasibility of establishing a mobile home rent stabilization program in 2010-2011.</td>
<td>on going and 2011</td>
<td>In 2010 the County prepared an analysis on a potential mobile home rent stabilization program. It was concluded that this program would not be feasible to implement. The County continues to work with park residents and owners to address significant rent increases and condition issues.</td>
</tr>
<tr>
<td>Preservation of Existing Affordable Units (H-1.c)</td>
<td>Preserve 11 at-risk very low income affordable housing units.</td>
<td>on going</td>
<td>See H-1a above pertaining to the Camphora Farm Labor Camp.</td>
</tr>
<tr>
<td>Tenant Relocation and Homeless Assistance (TRHA) Program (aka “Soft Landing”) (H-1.d)</td>
<td>Adopt the program in 2009. Refer 100 households for assistance annually (including 10 extremely low income households.) Expand inventory of relocation housing units to 50 by 2014.</td>
<td>2009 and annually</td>
<td>In 2009, the County was awarded an HPHP grant of $1.6 million which is aimed at preventing homelessness. Part of the funding is reserved for housing tenants that are displaced due to County code enforcement actions. The County Redevelopment Agency (RDA) reserved nine units at the Kents Court Swing Housing Facility in Pajaro to provide temporary housing. To date, two families, primarily extremely low income, specific to the the Kents Court units.</td>
</tr>
<tr>
<td>Foreclosure and Credit Counseling (H-1.e)</td>
<td>Provide foreclosure prevention and credit counseling services to 150 homeowners annually. Assist 29 lower and moderate income households to purchase homes through the NSP program.</td>
<td>annually and on-going</td>
<td>In 2008, the County was awarded a CDBG grant to provide foreclosure counseling. This program continued during 2011. To date 51 households have been assisted. In addition, 13 low and moderate income households have been assisted through the NSP Program.</td>
</tr>
<tr>
<td>Energy Conservation (H-1.f)</td>
<td>Reduce energy consumption and carbon emissions throughout the planning period.</td>
<td>on going</td>
<td>The County is undertaking a number of energy conservation related initiatives. In 2009, the County received funding in the form of an Energy Efficiency and Conservation Block Grant (EECBG) primarily to conduct energy audits and to retrofit County buildings with energy efficiency upgrades. In addition, funding was awarded to prepare green ordinances and energy efficiency policies, a Greenhouse Gas Inventory and Tracking System and a public energy efficiency education program. The County Planning Department is in the process of preparing materials for the public related to energy upgrades and reduction of carbon. These materials should be available in 2012.</td>
</tr>
<tr>
<td>Name of Program</td>
<td>Objective</td>
<td>Timeframe in H.E.</td>
<td>Status of Program Implementation</td>
</tr>
<tr>
<td>-----------------------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>-------------------</td>
<td>---------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Green Building Initiative (H-1.g)</td>
<td>Provide educational materials to prospective developers and develop recommendations for incorporating “green” practices by end of 2011.</td>
<td>on going</td>
<td>Educational materials are being prepared pursuant to the EECBG grant received, see H-1.f above.</td>
</tr>
<tr>
<td>Affordable Housing Project Assistance (H-2.a)</td>
<td>Assist 50 lower and moderate income rental housing units annually.</td>
<td>Annually</td>
<td>During 2011, the Redevelopment and Housing Office assisted in facilitating the completion of the Cynara Court Project in Castroville which includes 57 affordable apartments. In total, the RDA provided $2,700,000 in funding. The County has also provided $2,300,000 in RDA funding and processing assistance to the Sea Gardens Apartment Project (formerly Axtell) which consists of 58 affordable apartments. Construction is scheduled to commence in March 2012. Funding in the amount of $300,000 has also been provided to a non-profit to acquire and rehabilitate 44 rental units at the Camphora Farm Labor Camp, and the County is assisting with the land use entitlement process. The County RDA, in partnership with Mid Pen Housing, was awarded a $10 million NSPI-3 grant for a 60 unit affordable rental project on Fort Ord (Manzanita Court). Construction is scheduled to commence in April 2012.</td>
</tr>
<tr>
<td>Farmworkers and Agricultural Employees Housing (H-2.b)</td>
<td>Assist employers to provide 10 lower income farmworker housing units annually.</td>
<td>Annually</td>
<td>During 2011, the County provided land use entitlement assistance to the Camphora Farm Labor Camp Project consisting of 44 units of rental housing for farmworkers. In addition, the Cynara Court Project in Castroville which was completed and occupied in 2011, including 15 units reserved for farmworkers.</td>
</tr>
<tr>
<td>Extremely Low Income and Special Needs Individuals and Households (H-2.c)</td>
<td>Assist 10 extremely low income individuals and households in new or expanded residential care facilities, emergency shelters, transitional housing, supportive housing, or SRO facilities annually.</td>
<td>Annually</td>
<td>In 2010, the County assisted the Sunflower Gardens Supportive Housing Project which serves 23 very low income adults with mental disabilities and the 200 unit Pacific Meadow Senior Housing Project. During 2011, the County received $1,264,794 of funding through the NSPI-3 program to assist Interim's Rockrose Garden Project which will provide 21 units of supportive housing for very low and extremely low income adults with mental disabilities.</td>
</tr>
<tr>
<td>Housing Resource Center (H-2.d)</td>
<td>Provide financial and as-needed technical assistance to the HRC related to implementing the County's affordable housing programs and promote the center's services.</td>
<td>On going</td>
<td>Since 2004, the County has provided support to the HRC and in 2011, the County provided specific funding to conduct foreclosure prevention counseling, homebuyer education, and homebuyer qualifying for the NSPI-1 and Inclusionary Housing Programs.</td>
</tr>
<tr>
<td>Name of Program</td>
<td>Objective</td>
<td>Timeframe in H.E.</td>
<td>Status of Program Implementation</td>
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<tr>
<td>Down payment Assistance Program (H-2.e)</td>
<td>Assist 29 households through the NSF program in 2010/2011. Assist three to five first-time homebuyers annually with RDA funding or new grants. Ongoing implementation throughout the planning period.</td>
<td>2011 and on going</td>
<td>In 2011, the County provided down payment assistance (DPA) to seven households through the NSF-1 Program. It is anticipated that nine additional households will be assisted in 2012. In addition, the County applied for and was awarded an $800,000 HOME Grant for DPA. This grant is currently being implemented. It is anticipated that a total of 12-14 households will be assisted.</td>
</tr>
<tr>
<td>Section 8 Housing Choice Vouchers (H-2.f)</td>
<td>Support Housing Authority of Monterey County efforts to provide vouchers to very low income individuals and families annually.</td>
<td>On going</td>
<td>County continues to support the Section 8 Program by referring inquiries to the Housing Authority.</td>
</tr>
<tr>
<td>Inclusionary Housing (H-2.g)</td>
<td>Facilitate the development of 10 affordable and workforce housing units annually.</td>
<td>Annually</td>
<td>The County continues to implement the Inclusionary Housing Program and analyzes new development applications to ensure that they are conditioned to supply affordable units as appropriate. Due to current economic conditions, there was very little development activity, and there were no new Inclusionary Agreements executed in 2011.</td>
</tr>
<tr>
<td>Disaster Rental Assistance Grants (H-2.h)</td>
<td>Provide rental assistance to lower income households impacted by disasters.</td>
<td>On going</td>
<td>In 2008, the County was awarded a CDBG Freeze Grant to respond to a disaster with rental assistance in partnership with HRC. Although this grant is closed, the program could be reinitiated in the event of another disaster.</td>
</tr>
<tr>
<td>Infrastructure Coordination and Development (H-3.a)</td>
<td>Coordinate infrastructure and public facility improvements and service delivery to facilitate the development of housing in Monterey County.</td>
<td>on going</td>
<td>In 2011, the RDA continued to implement the Boronda Storm Drain Master Plan to address existing deficiencies and support new development. Phase 3 is currently nearing completion. Due to the elimination of the RDA on February 1, 2012, Phase 4 is on hold pending identification of an alternative funding source. In 2011, the County also completed the San Jerardo Water System Replacement Project which provided safe drinking water to the existing residents who are primarily low income farmworkers. The County continued to assist the community of San Lucas to replace their existing water well to preserve safe drinking water for the existing community and allow a 33 unit affordable housing project to move forward. In 2011, the County applied for several state grants aimed at safe drinking water to fund the replacement well project.</td>
</tr>
</tbody>
</table>
### Table C

**Program Implementation Status**

**Housing Programs Progress Report - Government Code Section 65583.**

Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Community and Specific Plans (H-3.b)</td>
<td>Adopt entire Castroville Community Plan in 2011. Pursue the General Development Plan for the Cypress Opportunity Area in Castroville Community Plan in 2010-2011. Pursue adoption of the Boronda Community Plan in 2010. Continue to work with the developers of East Garrison and Butterfly Village to implement Specific Plans throughout the planning period. Begin planning process for development of Community Plans for the Pajaro, Chualar, and Moss Landing Community areas prior to 2014.</td>
<td>2011 and ongoing</td>
<td>The Castroville Community Plan, as applied in the non-coastal area, was adopted in 2007. The Coastal Zone portions of the Plan require approval by the California Coastal Commission (CCC). A Coastal Program Amendment was prepared and submitted to the CCC. It was subsequently withdrawn due to lack of support from the CCC staff. The County is not pursuing another application at this time. During 2011, a revised draft Boronda Community Plan and an administrative draft EIR were completed. Processing has been delayed due to the elimination of the RDA on February 1, 2012. The County has continued to work with the new owners/developers of the East Garrison Project to implement the project. The County has prepared an administrative draft of the Moss Landing Community Plan as part of the General Plan implementation program. Processing of that community plan is expected to proceed during 2012, subject to available funding.</td>
</tr>
<tr>
<td>Adequate Sites for RHNA (H-3.c)</td>
<td>As part of the comprehensive General Plan update and with future and Community and Specific Plans, ensure that an adequate inventory of vacant and underutilized residential and mixed-use sites is available to accommodate the County’s remaining and future RHNA. Monitor the sites inventory annually to assess the County’s continued ability to facilitate a range of residential housing types. Provide inventory of vacant and underutilized sites and promote lot consolidation opportunities to interested developers throughout the planning period. Upon adoption of the General Plan update, pursue adoption of the Affordable Housing Overlay in 2011-2012.</td>
<td>on going and 2012</td>
<td>The County has a remaining RHNA of 174 units. In 2011, the County continued to provide assistance in the form of loans totaling $2,300,000 to the Sea Gardens Apartment Project (formerly called Axtell) in Castroville that will provide 58 affordable units. Construction will commence in the spring of 2012. The 57 affordable unit Cynara Court Project was completed and is fully occupied. In addition, in partnership with Mid Pen Housing, the RDA was awarded a $10 million NSP I-3 grant to construct a 56 unit affordable rental project on Fort Ord (Manzanita Court). Project construction will commence in late spring of 2012.</td>
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<tr>
<td>Zoning Ordinances and Permit Processing (H-4.a)</td>
<td>Remove governmental constraints on the provision of housing in Monterey County by amending the Zoning Ordinances within one year of adoption of the Housing Element</td>
<td>2011</td>
<td>The ordinances were adopted by the Board of Supervisors in May of 2011.</td>
</tr>
<tr>
<td>Fair Housing (H-5.a)</td>
<td>Include information on County’s website and develop written material as needed within one year of adoption of the Housing Element.</td>
<td>2011</td>
<td>The website update was completed in 2011.</td>
</tr>
<tr>
<td>Non-Profit Housing Assistance Programs (H-5.b)</td>
<td>Continue to support non-profit housing development and market the availability of the County to provide assistance via Homeshare Program, Eviction Prevention, and Rental Assistance, annually.</td>
<td>On going</td>
<td>Website update in process and scheduled for completion in 2012.</td>
</tr>
</tbody>
</table>