Darby,

Thank you for the opportunity to respond to the Inclusionary Housing Ordinance Financial Evaluation by Keysar Marston Associates (KMA).

Here are our comments regarding the Financial Evaluation:

1. We suggest that the length of the covenant period on Inclusionary Housing ownership units be less than 45 years. We suggest something more reasonable like 20 - 30 years. We are fine with having an equity recapture or sharing provision. (page 6)

2. We do not recommend that acquisition and rehabilitation of existing units be an option that is available. This option does not produce new units that are desperately needed. Plus, as noted in the Financial Evaluation, these units do not count towards the RHNA obligation. (page 6)

3. We concur with the general rule that ownership housing units be at the moderate income and workforce income level. (page 13)

4. It may be a good idea to mention that CHISPA has an approved subdivision map in San Lucas for 33 units. At this time we are not able to move forward with this development due to poor water quality. If the County and San Lucas community is able to fix the water issue, there may be other opportunities to build housing in this Sought County submarket. (page 15)

5. We suggest that KMA confirm the utility allowance of $247 per month. This seems a bit high. Also, have KMA confirm the maintenance and insurance estimated at $300. (page 17)

6. The affordable sales prices listed under the Income Category in the table are not consistent with the County's 2018 Affordability Tables for ownership units. For example, the Affordability Table shows a price of $143,118 for a very-low income 3-bedroom unit. KMA's table shows $52,500 for very-low income. (page 18)

7. The In-Lieu Fee Calculation shows Fort Ord/East Garrison at $91,200 per unit. This amount appears to be low compared to Greater Salinas and South County. (page 22)

8. We do not think that the developer should be permitted to pay the in-lieu fee by right. There may be circumstances in which on-site development by the developer or land dedication is a better option. This is a more likely scenario in a large development such as East Garrison. There may also be circumstance in which paying the in-lieu fee may be a better option. For example, I have been informed that people who live in the inclusionary housing in Ranch San Carlos are reluctant to live there due to the long distance to services such as schools, grocery stores, medical, sports activities for kids,
9. KMA indicates that they did not find any data of recently constructed market rate apartments. I noticed that KMA used some rental data of units in Salinas. Creekbridge built a couple of market rate apartments in Salinas a few years ago. KMA should contact Creekbridge to see if they will share construction cost information. (page 24)

10. KMA mentions that the "leveraged rental apartment projects represents an excellent option for providing very low and low income units. We agree with this and suggest that this be coupled with the land dedication option. (page 26)

11. We would like to have more discussion about the recommendation under the Land Dedication section that "The developer makes a cash contribution equal to the financial gap exhibited by the project after factoring in the donation of the site at no cost." It seems to me that land dedication by itself could be enough in today's market. I want to make sure I understand KMA's recommendation. (page 30)

12. We agree that the Inclusionary Housing program should be updated at regular intervals. The real estate and construction market changes over time, which will affect the economics of being able to implement the inclusionary housing program. (page 31)

13. We strongly agree that a staffing plan be created to manage the development process. This should include getting developments processed quickly in order to minimize the economic impact to the market rate developer.

I would also like to have more discussion regarding the percentages that are currently required under the General Plan, which currently are at 25%. As you may recall, this issue was brought up during the stakeholder meeting that took place on February 15. My concern is that any amendment to the General Plan will be a very long process, not to mention very controversial.

Regards,

Alfred Diaz-Infante, Pres./CEO
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Salinas, CA 93901
www.chispahousing.org

From: Marshall, Darby 755-5391 <marshalld@co.monterey.ca.us>
Sent: Thursday, February 14, 2019 11:08 AM
To: Bauman, Lew x5113; Ben Harvey - City of Pacific Grove; Chip Rerig - Carmel-by-the-Sea; Craig Malin - City of Seaside; Dino @ Del Rey Oaks; Hans Uslar - City of Monterey; Layne Long - City of
Subject: Monterey County Inclusionary Housing Ordinance - Financial Evaluation

When: Friday, February 15, 2019 8:30 AM-10:00 AM.

Where: 1441 Schilling Place - South Building - Cayenne Room, Salinas, CA 93901 -- Go to main entrance and ask the desk guard for directions.

The County of Monterey is in the process of updating its Inclusionary Housing Ordinance. An integral component of the update process is the preparation of a financial evaluation of the current ordinance and ensuring that the new ordinance does not constitute a barrier to housing development. The County Housing Office will be holding a discussion session to take comment on the findings and recommendations contained in the Keyser Marston Associates Financial Evaluation.

Attached to this email are the Financial Evaluation and KMA’s PowerPoint presentation to the Board of Supervisors on February 5, 2019. The County is requesting your comments on the Financial Evaluation. Please submit written comments to:

   County of Monterey
   Economic Development
   Darby Marshall, Redevelopment & Housing Analyst
   1441 Schilling Place – North
   Salinas, CA 93901

Or

   Email to - marshalld@co.monterey.ca.us
   Fax to – 831.755-5398

Comments need to be received by 5:00 pm on February 20, 2019.