MONTEREY COUNTY
HOUSING ADVISORY COMMITTEE
REVISED AGENDA

Wednesday, March 9, 2016

Monterey County Government Center, Monterey Room, 2nd Floor
168 West Alisal Street, Salinas, CA
5:00 p.m. – 7:00 p.m.

1) Call to Order

2) Public Comment:
The Housing Advisory Committee will receive public comment on items not listed on the agenda within the purview of the Housing Advisory Committee. The Chair may limit the length of individual presentations.

3) Approval of Meeting Minutes
January 27, 2016

4) Old Business:
None

5) New Business:
a. Receive a report and presentation by Planning on the Rancho Canada Village project

6) Updates
None

7) Committee Member Reports
Committee members will report on matters, events and activities as related to HAC goals and advocating for housing.

8) Additions to Future Agendas
Committee members may give direction regarding future agenda items.

9) Schedule of Upcoming Meetings
May 11, 2016

10) Adjournment
The Chair will adjourn the meeting.

Individuals with a disability who require a modification or accommodation (such as auxiliary aids or services) in order to participate in the public meeting may make these requests to the Economic Development Department by calling (831) 755-5390.

HOUSING ADVISORY COMMITTEE MINUTES

Monterey County Administration Building
Monterey Room
168 W. Alisal Street, Salinas, CA

Wednesday, January 27, 2016, 5:00 PM

Members Present: Karen Araujo, Ignacio "Mog" Cabatu, Sabino Lopez, Margaret Robbins, Wayne Ross, and Mark Trabing

Members Absent: La'Quana Williams

Staff Present: Anita Nachor and Dave Spaur,
Grace Bogdan and Jacqueline Onciano (Planning)

Others Present: None

1. **Call to Order**:
   Mr. Cabatu called the meeting to order at 5:00 p.m. and noted that a quorum was established.

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

3. **Approval of the May 27, 2015 and July 8, 2015 Meeting Minutes:**
   Action: A motion was made by Mr. Ross to approve the May 27, 2015 minutes. Mr. Trabing seconded the motion.

   VOTES:
   AYES: Cabatu, Robbins, Ross, and Trabing
   NAYS: None
   ABSTAINED: Araujo and Lopez

   Action: A motion was made by Ms. Robbins to approve the July 8, 2015 minutes. Mr. Ross seconded the motion.

   VOTES:
   AYES: Cabatu, Robbins, Ross, and Trabing
   NAYS: None
   ABSTAINED: Araujo and Lopez

4. **Old Business:**
   None

5) **New Business:**
   a. Election of Officers
   Action: A motion was made by Mr. Lopez to appoint Mr. Cabatu as Chair. Mr. Ross seconded the motion.

   VOTES:
   AYES: Araujo, Cabatu, Lopez, Robbins, Ross, and Trabing
   NAYS: None
   ABSTAINED: None

   Action: A motion was made by Ms. Robbins to appoint Ms. Araujo as Vice-Chair. Mr. Ross seconded the motion.

   VOTES:
   AYES: Araujo, Cabatu, Lopez, Robbins, Ross, and Trabing
   NAYS: None
   ABSTAINED: None

   b. Approve calendar for 2016 meetings
   Action: A motion was made to approve the 2016 meeting calendar. The 2016 meetings will take place the 2nd Wednesday of every other month. The next meeting will be on Wednesday, March 9, 2016. A Special Meeting will be considered if critical.

   VOTES:
   AYES: Araujo, Cabatu, Lopez, Robbins, Ross, and Trabing
   NAYS: None
   ABSTAINED: None

   c. Receive a report on the development of the Affordable Housing Overlay Ordinance and provide input to the Planning Department
   Grace Bogdan presented the draft Affordable Housing Overlay Ordinance and a discussion was held.

   d. Receive a further update report on the Inclusionary Housing Program and provide input to staff in regard to next steps; and consider appointing an Ad Hoc Committee to make recommendations in regard to changes to the Program.
   Dave Spaur lead a discussion on the Inclusionary Housing Program. A discussion was held and HAC members provided input to staff in regard to next steps.

HOUSING ADVISORY COMMITTEE MINUTES

Monterey County Administration Building
Monterey Room
168 W. Alisal Street, Salinas, CA

Wednesday, January 27, 2016, 5:00 PM

Action: The committee appointed an Ad Hoc Subcommittee of members Arajuo, Ross, and Trabing.

VOTES:
AYES: Araujo, Cabatu, Lopez, Robbins, Ross, and Trabing
NAYS: None
ABSTAINED: None

Margaret Robbins departed at 6:30 p.m.

6) **Updates:**
Status of application to reduce the term of affordability of Moro Cojo
Dave Spaur informed the members that the Board of Supervisors made a decision to allow the affordability term to end after 20 years. He also informed them that, in response to a Board request, staff had made a presentation on January 26, 2016 in regard to the pipeline of developments for the next five years in the county and cities. He noted that there is an acute need for which we do not have funding.

7) **Committee Member Reports:**
Committee members will report on matters, events and activities as related to HAC goals and advocating for housing.
None

8) **Additions to Future Agendas:**
Committee members may give direction regarding future agenda items.
Action: Request for a report in regard to Habitat for Humanity by Trabing

9) **Schedule of Upcoming Meetings**
February 9, 2016: Rancho Canada development

10) **Adjournment:**
Action: Mr. Ross moved to adjourn the meeting and the motion was seconded by Mr. Lopez. The meeting was adjourned at 6:47 PM.

MONTEREY COUNTY HOUSING ADVISORY COMMITTEE

MEETING:	**March 9, 2016**	**AGENDA NO.: 5a**
SUBJECT:	**Receive a presentation on the Rancho Canada Village project (PLN040061) from the Applicant and staff and make a recommendation on Inclusionary Housing compliance to the Planning Commission and Board of Supervisors**	
DEPARTMENT:	**Economic Development**	

RECOMMENDATION:
It is recommended that the Housing Advisory Committee (HAC) receive a presentation on the Rancho Canada Village project (PLN040061) from the Applicant and staff and make a recommendation on Inclusionary Housing compliance to the Planning Commission and Board of Supervisors.

DISCUSSION:

Overview:
Rancho Canada Ventures, LLC ("Applicant") submitted an application for a 281 unit residential subdivision project known as the Rancho Canada Village (RCV) in 2004. The application was deemed complete in 2005. Subsequently, in conjunction with the new General Plan, the Carmel Valley Master Plan (CVMP) was updated. The CVMP resulted in a residential subdivision building cap of 190 new residential units in Carmel Valley. In response to the cap and community concerns, the Applicant devised a scaled-down, 130-unit Alternative consisting of single-family lots, duet units (single-family attached residences that share a common wall along a property line) and condominiums.

Description of Compliance Requirements:
The project application is subject to the County's Inclusionary Housing Ordinance #05175 as of April 26, 20111. Ordinance #05175, codified in Sections 18.40.060, 070, and 090 of the County Code, states:

> "18.40.060 INCLUSIONARY REQUIREMENTS
> A. All residential development consisting of five (5) or more units or lots in Monterey County shall provide inclusionary units on-site or off-site, except that a fee may be paid in-lieu of providing fractional units and in other circumstances specified in Section 18.40.090.... The size, design, and location of inclusionary units shall be consistent with the County General Plan, Local Coastal Plan as applicable, Zoning Ordinances, and other County ordinances and building standards...."

The Inclusionary requirement can be satisfied as follows:

> "18.40.070 ON-SITE UNITS
> A. To satisfy its inclusionary requirement on-site, a residential development must construct inclusionary units in an amount equal to or greater than twenty percent (20%) of the total number of units approved for the residential development..."

> "18.40.090 IN-LIEU FEES
> A. 4. Qualification for In-Lieu Fee:
> The developer of a residential development containing five (5) or more units may elect to pay a fee in-lieu of providing some or all of the required inclusionary units if the developer

demonstrates, in connection with the first approval for the residential development, that specific characteristics of the development site, such as lack of access to services, zoning which requires large lot development, or potentially high site maintenance costs, make the site unsuitable for households at the required income levels.

5. Fee Amount:
For residential developments which are permitted to satisfy the requirements of this Chapter in whole or part by payment of in-lieu fees, the fee amount shall be determined and approved by the Appropriate Authority as follows:
For each market-rate unit in the residential development, the fee shall be one-fifth of the difference between the affordable sales price for a four-person household at 100% of median income and the cost of developing an average market-rate three-bedroom home. The Director shall prepare an annual table which identifies in-lieu fee amounts based on criteria stated in the administrative manual. The Annual In-Lieu Fee Table shall be adopted by the Board of Supervisors. In the event that the Director does not prepare a revised annual table, or the Board of Supervisors does not approve one, the previous year's table shall remain in effect."

"18.40.110 Occupancy and continuing availability of units.
The occupancy and continuing availability of inclusionary units shall be provided for in the following manner:

A. Rental Inclusionary Units.
For rental inclusionary units, eight (8) percent of the total units in the residential development shall be set aside for moderate income households, six (6) percent of the total units in the development shall be set aside for low income households and an additional six (6) percent of the total units in the development shall be set aside for very low income households. On-site rental inclusionary units shall be rented only to eligible households, and off-site inclusionary units only to very low income households, at affordable rents for the relevant income category, and pursuant to further requirements set forth in any applicable inclusionary housing agreement, regulatory agreement and/or other documents in effect pursuant to this chapter. Where the number of required very low income units is not a whole number, the fractional units required shall be added to the number of low income inclusionary units required. If the resultant number of low income units is not a whole number, the fractional units required shall be added to the number of moderate units required. Where (after any addition of fractional units under the preceding sentences) the number of moderate income inclusionary units required is not a whole number, the applicant shall include the next higher whole number of moderate inclusionary units, or may elect to pay a fractional unit in-lieu fee for the fractional unit in the amount provided in Section 18.040.090. All leases or rental agreements for rental inclusionary units shall require annual certification by the Director of tenant household income and shall contain a provision prohibiting subletting or assignment of the inclusionary unit to an unqualified tenant.

B. For Sale Inclusionary Units.
1. For for-sale inclusionary units, eight (8) percent of the total units in the development shall be set aside for moderate income households, six (6) percent of the total units in the development shall be set aside for low income households and an additional six (6) percent

of the total units in the development shall be set aside for very low income households. On-site for-sale inclusionary units shall be sold only to eligible households and off-site inclusionary units only to low income households, at prices affordable to such households, and pursuant to further requirements of resale restrictions, a promissory note, second deed of trust naming the County of Monterey as beneficiary, deed restrictions, and/or other documents pursuant to this chapter. Where the number of required very low income units is not a whole number, the fractional units required shall be added to the number of low income inclusionary units required. If the resultant number of low income units is not a whole number, the fractional units required shall be added to the number of moderate income inclusionary units required. Where (after any addition of fractional units under the preceding sentences) the number of moderate income inclusionary units required is not a whole number, the applicant shall include the next higher whole number of moderate income inclusionary units, or may elect to pay a fractional unit in-lieu fee in the amount provided in Section 18.040.090. The initial maximum sale price of the inclusionary unit to the first purchaser shall be determined by the Director, pursuant to a method set forth in the administrative manual. Similar restrictions shall be required of subsequent owners at the time they acquire the unit."

The requirement of 20% affordability was more than met by the original project of 281 units as the Applicant proposed that 50% of the project be affordable, including workforce units. With the reduced project of 130 units, 26 units would have to be affordable at the percentages cited above.

Proposed Compliance:

The Applicant is proposing to build 20% of the residences as rental units onsite and affordable to moderate income households. Alternatively, the Applicant is proposing to meet the requirement to build 8% of the onsite units as Moderate and seek approval to pay an in-lieu fee for the required Very Low and Low income units. The basis for the applicant's position is the significant reduction in units from the original 281-unit project which made a higher proportion of affordable units more financially viable. Assuming that eleven units were built on site, the In Lieu Fee for the Greater Monterey Peninsula area of $275,392 per unit would result in a fee of $4,130,880 for the unmet 15 units.

CONDITION OF APPROVAL:

Should there be no deviation from the Inclusionary Housing Ordinance, prior to the recordation of the Final Map, the applicant shall comply with the County's Inclusionary Housing Ordinance #05175 by entering into an Inclusionary Agreement to build 26 units, to the satisfaction of the Economic Development Director, and consistent with the adopted Inclusionary Housing Administrative Manual in effect as of the date the application was deemed approved. This requirement would restrict occupancy of the houses to very low, low and moderate income households.

FINDING:

The project is subject to the Monterey County Inclusionary Housing Ordinance #05175, codified in Section 18.40 of the County Code. The project is required to supply 20% of the total number of proposed units as Inclusionary Units, with 6% affordable for very low income, 6% for low income, and 8% for moderate income. The project is therefore required to supply a minimum of 26 Inclusionary Units with seven (7) units at very low income, eight (8) units at low income, and eleven (11) at moderate income. However, Section 18.40.090 of the County's Inclusionary Ordinance allows for modifications to the requirements for compliance. The modification must be specifically approved by the Appropriate Authority with supporting findings and evidence.

STAFF RECOMMENDATION:
It is recommended that the HAC review and discuss whether or not a modification is appropriate. Further, HAC should formulate a recommendation to the Board of Supervisors based upon their deliberations. HAC should also direct staff to report the recommendation to the Board of Supervisors and Planning Commission along with any Findings and Evidence.

Prepared by:

Jane Royer Barr
Housing Program Manager

MONTEREY COUNTY
RESOURCE MANAGEMENT AGENCY

Carl P. Holm, AICP, Director
John Guertin, Acting Deputy Director
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Date: February 24, 2016
To: Housing Advisory Committee Members
From: Luke Connolly, AICP, Management Specialist
Subject: March 9, 2016 Housing Advisory Committee Meeting
Rancho Canada Village Subdivision – PLN040061
West Course at Rancho Canada Golf Club, 4860 Carmel Valley Road

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Project Description

The applicant, Rancho Canada Ventures, LLC, proposes two residential subdivision scenarios for the West Course of the Rancho Canada Golf Club, located on the south side of Carmel Valley Road (4860 Carmel Valley Road), approximately 0.6 miles east of Highway 1. One proposal (Project) is a 281-unit residential subdivision consisting of a mix of single-family residences (141 units), townhomes and condominiums (140 units). The alternative proposal (Alternative) is a lower-density, 130-unit subdivision consisting primarily of single-family attached and detached lots, but also includes 12 condominium units. Both scenarios occupy the same general, approximately 40-acre area of the West Course, except that the 130-unit Alternative also includes a 4.3 acre parcel, approximately one-half mile northeast of the main project area which is presently developed with maintenance facilities. The subject site is designated Public/Quasi-Public (P/Q-P) by the Monterey County General Plan and Carmel Valley Master Plan, with a Special Treatment designation allowing for residential development subject to certain provisions. The site is in the P/Q-P Zoning District, consistent with its General Plan land use designation and the site's existing public golf course use. An environmental impact report (EIR) analyzing both subdivision scenarios will be prepared for the project.

Background

The Rancho Canada Village Subdivision (RCV) Project was submitted to the County in April 2004 and deemed a complete application the following year, in August 2005. At that time the RCV Project was proposed as a 281-unit residential subdivision. The 281 units consisted of a mix of small-lot single-family residences, townhomes and condominiums, nearly half (140 of the 281 units) of which were proposed as either affordable or workforce housing units. A Draft Environmental Impact Report (DEIR) was prepared for the RCV Project and circulated for public comment in 2008; however, due to the economic downturn and other factors the project did not go forward for consideration by decision makers at that time.

In 2010, the County adopted a new General Plan, including an updated Carmel Valley Master Plan (CVMP), which resulted in a residential subdivision building cap (CVMP Policy CV-1.6) of

190 new residential units in Carmel Valley. In recognition of the RCV project, the 2010 General Plan also established a Special Treatment designation (CVMP Policy CV-1.27) for the RCV site that allowed residential development to occur subject to certain density (up to 10 units per acre) and affordability (50% affordable/workforce housing) provisions. These provisions were intended to accommodate the project as proposed at that time.

In response to the CVMP's 190-unit cap and community concerns about the project being too dense and out of character with semi-rural Carmel Valley, the applicant, Ranch Canada Ventures, LLC, devised a scaled-down, 130-unit Alternative consisting of single-family lots, duet units (single-family attached residences that share a common wall along a property line) and condominiums. Given the significant reduction in units proposed, from 281 to 130, the applicant does not propose that the 130-unit Alternative consist of 50% affordable or workforce housing, as specified in the Special Treatment designation, but instead would be subject to the 20% affordability requirement called for in the Inclusionary Housing Ordinance (Section 18.40.070A). In order to develop a residential project on the RCV site with less than 50% affordable/workforce housing, a General Plan Amendment will be necessary to modify the Special Treatment affordability provision.

Analysis: Policy Issues

General Plan Land Use Policy LU-2.13

In addition to the site-specific CVMP Special Treatment designation, there are other policy issues related to affordable housing associated with the RCV project, namely General Plan Policies LU-2.13 and LU-1.19. General Policy LU-2.13 states:

> *The County shall assure consistent application of an Affordable Housing Ordinance that requires 25% of new housing units be affordable to very low, low, moderate, and workforce income households. The Affordable Housing Ordinance shall include the following minimum requirements:*
>
> a) *6% of the units affordable to very low-income households*
> b) *6% of the units affordable to low-income households*
> c) *8% of the units affordable to moderate-income households*
> d) *5% of the units affordable to Workforce I income households*

At present, the County's Inclusionary Housing Ordinance (Chapter 18.40) requires 20% of new housing units to be affordable to Very Low, Low and Moderate income households at the percentages specified in Policy LU-2.13. Unlike Policy LU-2.13, the Inclusionary Ordinance does not require 5% of new units to be Workforce I. To date, no residential projects have been required to provide 25% affordable units, consistent with Policy LU-2.13.

Regarding the 130-unit Alternative, the applicant has proposed to build 20% of the residences as rental units onsite and affordable to moderate income households or to build 8% of the units as Moderate and seek approval to pay an in-lieu fee for the required Very Low and Low income units. The basis for the applicant's position is the significant reduction in units from the original 281-unit project, which made a higher proportion of affordable units more financially viable. Clearly, the site's existing Special Treatment designation (CVMP Policy CV-1.27) requirement of 50% affordable /workforce housing was not intended to apply to the 130-unit Alternative, which at 3.25 units/acre is well below the 10 units/acre density allowed. The issue then is whether the 130-unit alternative should: 1) comply with the existing Inclusionary Ordinance (20% total affordable units: 6% Very Low, 6% Low and 8% Moderate income); comply with General Plan Policy LU-2.13 requiring 25% of new housing units to be affordable; or 3) provide

20% Moderate income units onsite with the option of paying an in-lieu fee for the required Very Low and Low income units required by the existing Inclusionary Ordinance. Since approval of the 130-unit Alternative would require a General Plan Amendment to the site-specific Special Treatment language there is flexibility to choose from the options cited above.

Two important considerations regarding affordable housing are: 1) the major reduction in units proposed by the 130-unit Alternative (if the 281-unit Project were to be considered for approval the 50% Affordable/Workforce I provision would remain in place but a General Plan Amendment increasing the 190-unit building cap would need to be approved); and 2) the constraint to developing future affordable housing in Carmel Valley under the 190-unit building cap. Should the 130-unit Alternative pay an in-lieu fee rather than build onsite affordable units there is limited future opportunity (affordable units are subject to the 190-new units cap) to develop affordable housing in the Carmel Valley area. In addition to the 130-unit Alternative, the CVMP reserves 24 units for the former Carmel Valley Airport site and another 31-unit residential subdivision is presently proposed and under review. If all three of these projects were approved and fully developed, only five units would remain under the 190-new unit cap.

<u>*General Plan Land Use Policy LU-1.19*</u>

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

> *a. Site Suitability*
> *b. Infrastructure*
> *c. Resource Management*
> *d. Proximity to a City, Community Area, or Rural Center*
> *e. Mix/Balance of uses including Affordable Housing consistent with the County Affordable/Workforce Housing Incentive Program adopted pursuant to the Monterey County Housing Element*
> *f. Environmental Impacts and Potential Mitigation*
> *g. Proximity to multiple modes of transportation*
> *h. Jobs-Housing balance within the community and between the community and surrounding areas*
> *i. Minimum passing score*
>
> *Residential development shall incorporate the following minimum requirements for developments in Rural Centers prior to the preparation of an Infrastructure and Financing Study, or outside of a Community Area or rural Center:*
>
> 1) *35% affordable/Workforce housing (25% inclusionary; 10% Workforce) for projects of five or more units to be considered.*
> 2) *If the project is designed with at least 15% farmworker inclusionary housing, the minimum requirement may be reduced to 30% total.*
>
> *This Development Evaluation System shall be established within 12 months of adopting this General Plan.*

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

Carmel Valley Land Use Advisory Committee Consideration
The RCV Project and 130-unit Alternative were presented to the Carmel Valley Land Use Advisory Committee (LUAC) at its September 21, 2015 and February 1, 2016 meetings. Both the applicant and County staff attended the LUAC meetings, presented information and responded to questions from LUAC members and the public. At the conclusion of the February 1, 2016 meeting the LUAC voted not to provide a recommendation to the Planning Commission and Board of Supervisors regarding the RCV subdivision scenarios since the Draft EIR was not yet available. Similarly, the 281-unit Project was presented to the LUAC in May 2004, at which time the LUAC voted not to make a recommendation.

Recommendation
The RCV 130-unit Alternative proposes 151 fewer housing units than the original 281-unit Project and a lesser percentage (20% instead of 50%) of affordable housing units. Nevertheless, the 130-unit Alternative proposes a significant amount of much needed housing at the mouth of the Valley. Through the proposed mix of housing types (i.e., small-lot single-family detached, duet units and condominiums), it would be "affordable by design" relative to the large-lot residential development more characteristic of Carmel Valley. This proposed mix of small-lot attached and detached housing units not only builds in a degree of relative affordability but would also provide housing types in-demand and more in sync with younger professional and working families as well as seniors. The applicant is not proposing to build Very Low or Low income units, proposing instead to build 20% Moderate income residences onsite and maintain them as rental units. This proposal deviates from the letter of the Inclusionary Ordinance and does not meet the 25% affordability provision of General Plan Policy LU-2.13. Importantly, though, in light of the 190-new units cap in Carmel Valley, which applies equally to affordable and market-rate housing units, it would assure that affordable housing is constructed and maintained in a location badly in need of such housing. Staff, therefore, recommends approval of the 130-unit Alternative, with the provision that 20% Moderate income housing units are constructed and maintained onsite.