

MONTEREY COUNTY HOUSING ADVISORY COMMITTEE

MEETING:	September 14, 2022	AGENDA NO.:	1
SUBJECT:	a. Receive a report on historic impact of the Inclusionary Housing Ordinance; and, b. Provide direction to staff on the specific affordability distribution that should be included in the updated Inclusionary Housing Ordinance.		
DEPARTMENT:	Housing and Community Development		

RECOMMENDATION:

It is recommended that the Housing Advisory Committee:

- a. Receive a report on historic impact of the Inclusionary Housing Ordinance; and,
- b. Provide direction to staff on the specific affordability distribution that should be included in the updated Inclusionary Housing Ordinance.

SUMMARY/DISCUSSION:

The County is currently in the process of updating The Monterey County Board of Supervisors first adopted an Inclusionary Housing Ordinance in October 1980. The Ordinance has applied three different thresholds for determining when projects were subject to its affordable housing requirements. The Ordinance required all projects to contribute towards affordable housing. This was accomplished through a sliding scale of affordability based on the number of proposed units. Projects with one unit were required to pay a 2% in-lieu fee while projects with 5 or more units were required to make 15% of the units affordable through either deed restrictions or payment of an in-lieu fee. The threshold for determining when projects needed to comply with the Ordinance was changed in 1985. The new threshold only applied to projects with 7 or more units and overall affordability remained at 15% of the project.

The most significant amendment to the Ordinance was in 2003 when the threshold for compliance was reduced to 3 units and the overall affordability requirement was increased to 20% of the new units. The Ordinance for the first time required that specific levels of affordability be achieved. The overall 20% affordability requirement stipulated that 6% of the units must be affordable to very low-income households; 6% of the units be affordable to low-income households; and, 8% of the units be affordable to moderate-income households. Fractional units were rolled up to the next affordability level and the applicant had the option of either paying an in-lieu fee for fractional moderate-income units or providing the whole unit.

The last change was made in 2010 with the adoption of the 2010 General Plan. General Plan Land Use Policy LU-2.13 increased the overall affordability requirement to 25%. The additional 5% was for a fourth affordability level, workforce. The County had worked with applicants beginning in 2003 to voluntarily restrict units at this affordability level and was successful at having several projects incorporate it into their unit mix.

The attached History of Monterey County’s Inclusionary Housing Ordinance has been prepared to provide an overview of the Ordinance and its historic impacts on affordable housing in Monterey County. Since 1980, more than 500 subdivisions and multifamily projects have been evaluated for compliance with the Inclusionary Housing Ordinance. This has resulted in more

than 1,500 units of affordable housing and payment of at least \$5,575 million of in-lieu fees. The County has funded at least 30 projects with more than \$2.852 million in grants and loans using the in-lieu fees.

Following a review of the past affordable housing production spurred by the Inclusionary Housing Ordinance, the Housing Advisory Committee will be asked to provide direction on establishing the project threshold that will be incorporated into the revised Affordable Housing Ordinance.

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Approved by: Erik V. Lundquist, AICP, Director

Attachment:

Attachment A: Overview of Monterey County's Inclusionary Housing Ordinance

Attachment B: Overview of Monterey County's Inclusionary Housing Policy Options