

Attachment 1

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Attachment 1 – Detailed Discussion

I. HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT SUMMARY

The Department of Housing and Community Development (HCD) is located at 1441 Schilling Place, 2nd Floor, Salinas, CA 93901. The Permit Center is open Monday – Friday from 8:00 a.m. to 4:00 p.m. HCD also has an online presence (<https://www.co.monterey.ca.us/government/departments-a-h/housing-community-development>) where its services may be accessed at any time. Customers may also contact HCD’s call center at (831) 755-5025 from 8:00 a.m. to 5:00 p.m. Monday through Friday.

The mission of HCD is to bring together a range of land use and construction related services to ensure reasonable and safe development, plan for the future needs of the County, manage infrastructure and County facilities, and protect natural resources. The vision of HCD is to enhance the quality of life and economic health of the community by providing responsive, efficient, and high-quality public services and to promote good stewardship of natural and man-made resources.

Executive staff are Erik V. Lundquist, Director; Craig Spencer, Chief of Planning; Joshua Bowling, Chief of Building Services; Elizabeth Gonzales, Permit Center Manager (WOC); and Melissa McDougal, Administrative Secretary. Key management staff are Evan Knuckles, Building Services Manager; Armando Fernandez, Senior Civil Engineer; Luis Rodriquez, Associate Hydrologist; Darby Marshall, Housing Program Manager; Melanie Beretti, Principal Planner; Anna Quenga, Principal Planner; Johanna Dy, Supervising Office Assistant; and Lori Woodle, Finance Manager.

The Department has four Divisions: Development Services, Planning Services, Permit Center and Administrative Support. Administrative Support provides budget, accounting, customer service, human resources, safety, secretarial support, and information. Development Services includes three sections: Building Services, Environmental Services, and Engineering Services. Planning Services is composed of three sections: Advance Planning, Current Planning, and Housing. The Permit Center provides single point of contact and processing guidance for planning and construction related permits. The Permit Center also manages public records and the call center.

The 2023 Recommended Budget for the Housing and Community Development (HCD) Department contains \$29.4 million in expenditures, financed by \$16.7 million in program revenue, \$10.4 million in General Fund Contribution, and \$2.3 million in fund balance use. The Recommended Budget for HCD department includes 103 positions, a net increase of four positions from FY 2021- 22 Adopted Budget. The additional positions include two Code Compliance Inspector II for Ordinance Enforcement, one Office Assistant and one Water Resources Technician.

Although HCD has many functions, its primary function is land use and construction permitting. This discussion focuses on permitting. Permitting regulates construction and property use to ensure safe, healthy, efficient, and accessible environments for human occupancy and habitation.

II. LAND USE PERMIT PROCESSING

The planning function began in the 1930s with the adoption of the County's subdivision ordinance (Ord. 374) and zoning ordinance (Ord. 377). The initial zoning ordinance was brief and enumerated a few regulations. By mid-1970's, the Zoning Ordinance had evolved into a more complex set of regulations. In 1981, the zoning ordinance was significantly reformatted, and the number of different zones were reclassified into the districts that are essentially effective today (Monterey County Code Titles 20 and 21). Along the way new uses were accommodated such as telecommunications and new standards were adopted to address environmental impacts.

Organizationally the Planning Department functioned independently until merged with other County functions into the retitled Resource Management Agency (RMA). On September 29, 2020, the Board of Supervisors adopted Ordinance No. 5342 dissolving the RMA and creating two new departments: Housing and Community Development Department and Community Services Department, now Public Works Facilities and Parks Department.

The first General Plan was adopted in 1968. In the early and mid-1970s federal and state funds were generally available to update general plans. This funding, coupled with laws that required the updating of general plans, and the State's mandate to include several new "elements" in general plans led to significant amendments to the County's General Plan during 1982. Subsequently, amendments to the General Plan enacted Area and Land Use Plans for specific geographic areas within the inland and coastal unincorporated areas. A comprehensive update to the General Plan was adopted on October 26, 2010, which only applies to the inland areas. The coastal Land Use Plans, together with the Coastal Implementation Plans for each of the coastal areas comprise the County's Coastal Implementation Plan originally certified by the Coastal Commission in 1988. The 1982 General Plan still applies in the coastal zone.

Two major events significantly shaped the planning functions beginning in the mid-1970s. The first was the adoption of the California Environmental Quality Act (CEQA) that is probably most famous for instigating the use of Environmental Impact Reports (EIRs) that are sometimes required for development projects. This law resulted in much greater attention being paid to environmental factors in the Zoning Ordinance, General Plan, and the processing of permits for various projects.

The second major event was the adoption in 1976 of the California Coastal Act. This act required local jurisdictions to adopt plans and ordinances to specifically address coastal properties and resources. The County's Coastal Plan and accompanying Coastal Zoning Ordinance were certified in 1988 and remain largely unchanged, as previously mentioned.

The zoning districts in the inland and coastal zones establish a list of allowed and conditionally allowed uses. Those that are conditionally allowed are discretionary projects. Discretionary approval requires consideration by the appropriate authority (e.g., Director of Planning, Zoning Administrator, Planning Commission or Board of Supervisors), often upon a recommendation by an advisory committee, to decide whether to proceed with a development or not.

The goal of a discretionary approval process is to determine whether a development proposal is worthy of entitlement, or the right to proceed with development and construction. The reviewing

authority decides whether to either approve or reject the development project. A by-right development, by comparison, conforms completely to the zoning code and is granted entitlement without a discretionary approval process. These are considered ministerial projects.

The decision-makers in discretionary approval processes will undertake this deliberative process and exercise legal judgment under intense scrutiny from politicians and the public. That pressure, and the many potential forms of discretionary approval, means that the outcomes of discretionary approval processes are far from certain.

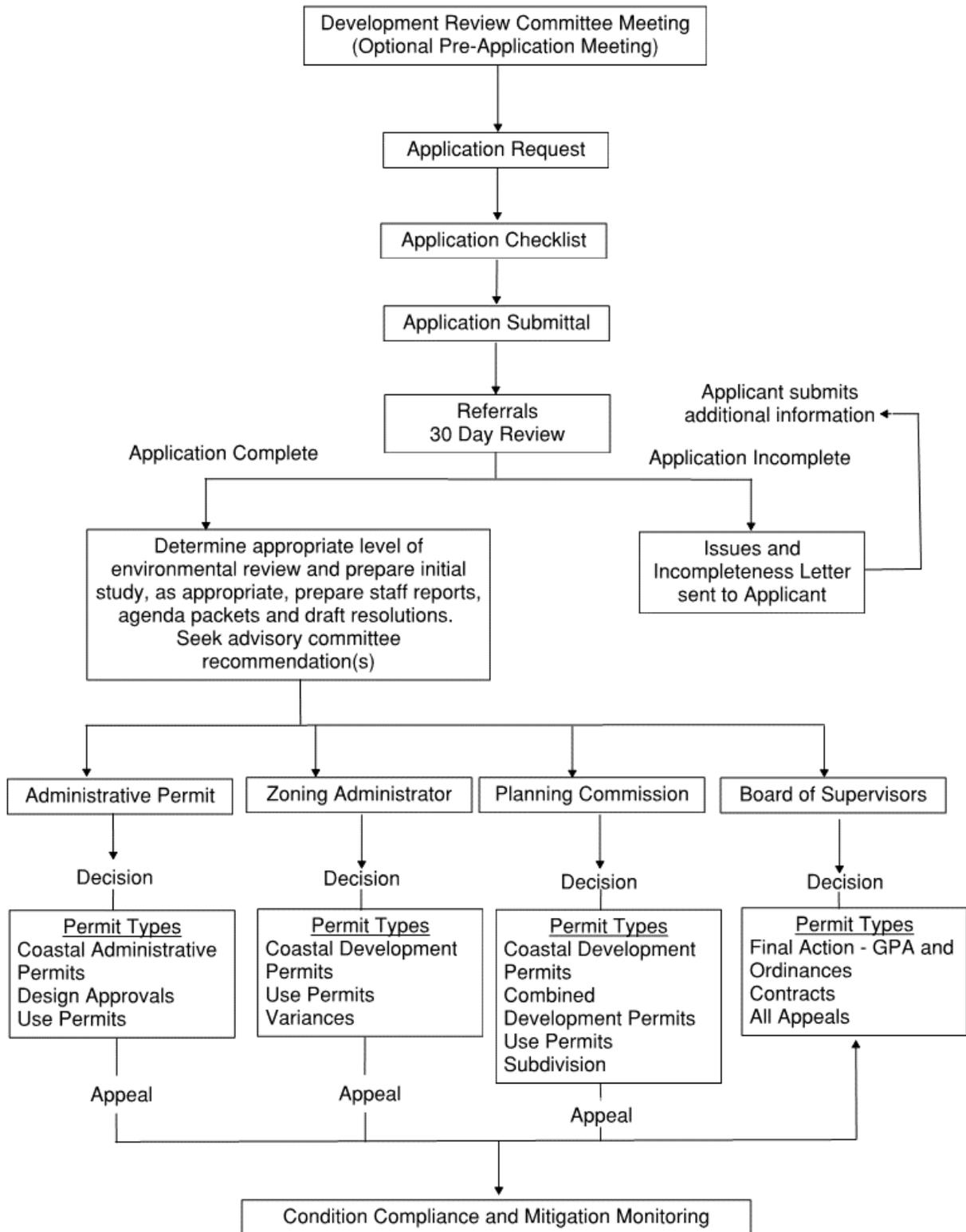
The discretionary approval process requires environmental review to identify potential impacts pursuant to the CEQA. The discretionary review also warrants a noticed public hearing or public notice of the action. Public hearings allow the applicant, and all interested parties to present testimony and position on the requested action. These decisions are appealable to the Planning Commission or to the Board of Supervisors. Those projects in the coastal zones may also be appealed to the Coastal Commission.

Planning staff will distribute each application to other departments (Building, Engineering Services, Environmental Service, Fire, Environmental Health Bureau, etc.), applicable state and federal agencies (RWQCB, Cal Trans, Fish and Wildlife, Army Corps, etc.), special districts, and local community advisory committees or citizen groups. The purpose of these referrals is to solicit comments about a project and obtain input from relevant parties. Once an application has been determined to be complete, most discretionary permits take six months to two years to process. Complex project may take as long as five to seven years to process. Many of these projects require an Environmental Impact Report. The discretionary review process is outlined below.

When market conditions are good the discretionary or planning permit trends tend to be relatively consistent at 300 applications per year received, as seen in the table below. This table does not include Design Approvals and Tree Removal permits because those permits generally have shortened review periods and may be reviewed and approved at the counter so not to add to the backlog. Otherwise, the number of completed applications does not exceed received so the backlog continues to grow.



The Discretionary Review Process



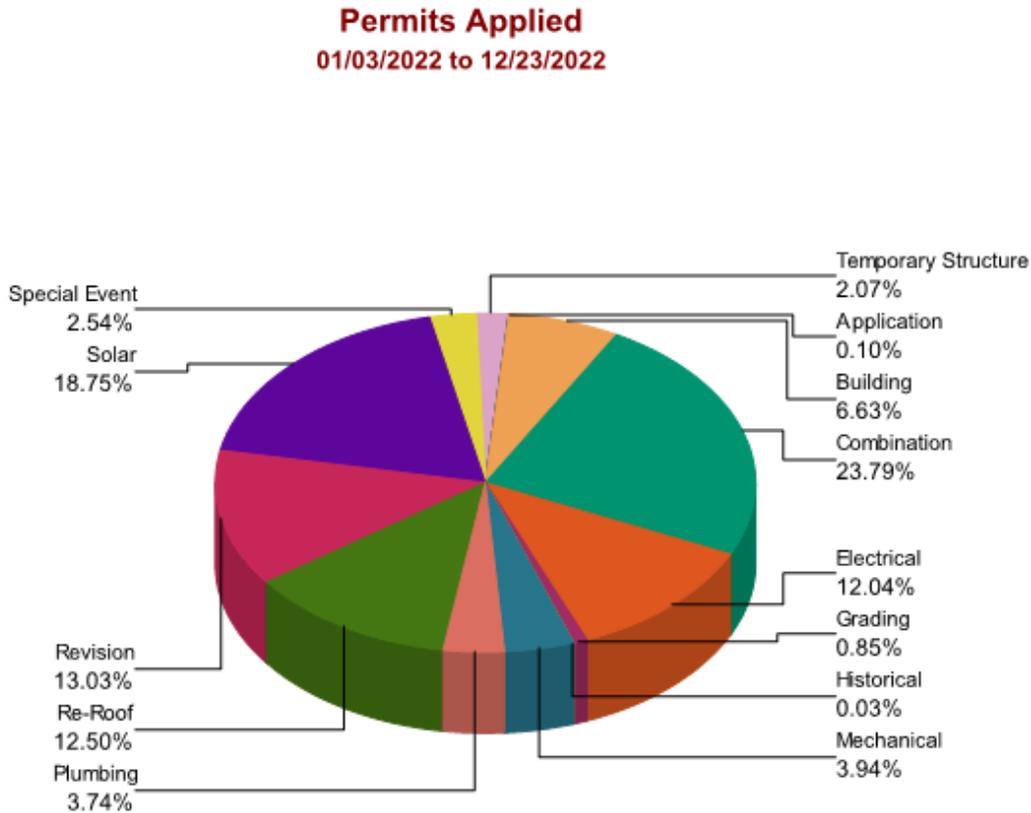
III. CONSTRUCTION PERMIT PROCESSING

A building or grading permit is permission to begin construction – a legal document that provides a permanent construction record to certify a building or grading project meets the current code requirements and, when necessary, conformed to approved plans and specifications. Permits also form a record of completed inspections and final approval. Some minor home improvement projects may not require a permit.

When a permit application is completed, and the plan check review is either approved or is not required, then a permit can be issued. Permit issuance is dependent upon the approval of other required agencies that may be triggered based on the scope of work. The permit can only be issued to a contractor with the appropriate license(s) Contractors State License Board (CSLB), to the property owner in certain cases, or to an agent representing one of these two permittees. A permit fee is collected, and the permittee is given the proper permit documents to start construction.

IV. PERMIT CENTER

The HCD Permit Center manages front counter operations, including permit processing, and provides general support services (reception, call center, cashier, records, scanning). Also, the starting point for special event permits is our Permit Center. In 2022, the Permit Center received 3,905 construction related permits. The permit type and percentages are shown in the chart below.

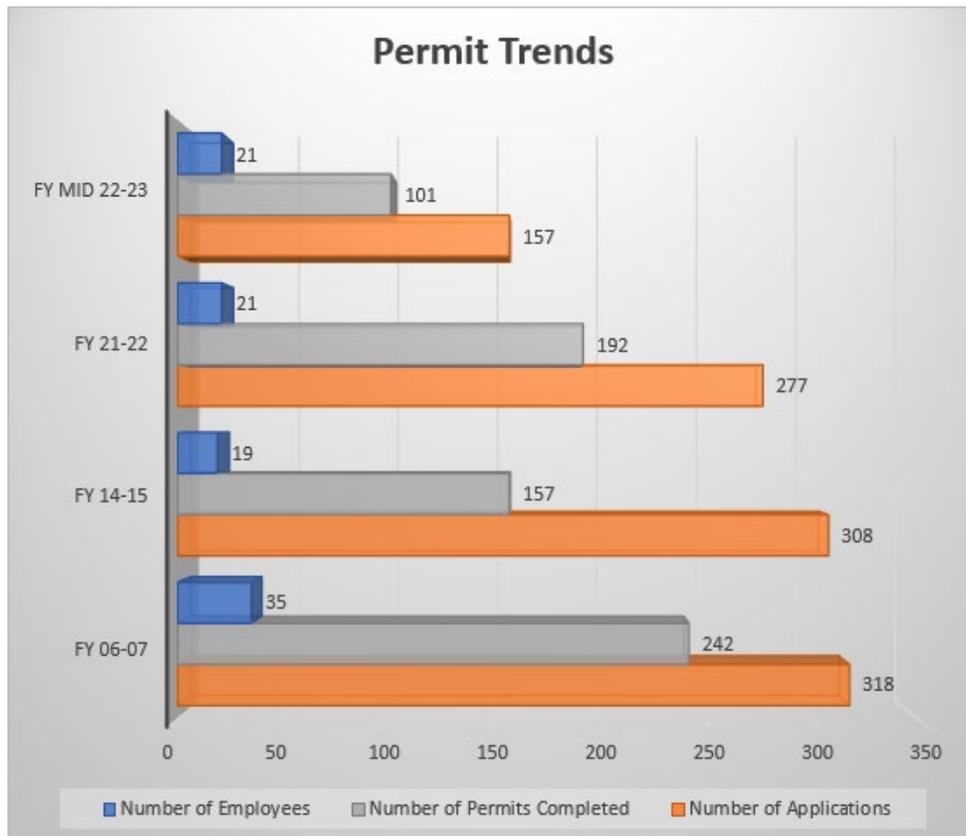


In 2022, the Permit Center issued 3,450 permits. It is difficult to understand if a backlog exists since permits carry over into future years. However, the performance of HCD related to construction permits processing is generally measured by time. The construction permit processing goal is six to eight weeks. The current timeline ranges widely from ten weeks to four months, and sometimes more, depending on the complexity of the project.

V. STAFFING LEVELS

Planning Staff

Data has been reviewed at key points in time to identify permit activity and permit processing based on staffing levels. The data presented here is again focused on discretionary permits as the primary source of the departments backlog. Fiscal Year 2006-2007 was selected as a starting point since it was prior to the recession that led to deep cuts in staffing positions County-wide. Fiscal Year 2014-2015 was selected as the midpoint between FY 2006-2007 and current. FY 2014-2015 was also a time when Planning was under the RMA umbrella. The data shows that the number of discretionary permit applications received continues to exceed the number of applications completed. This trend means that a backlog of permit applications grows year after year compounding the annual short fall between applications received and applications decided. A query of HCD permit system shows a current backlog of over 500 permits. Overall, the data indicates increasing productivity per staff position each year despite the growing backlog.



Within the Planning functions, there are a number of factors that are not illustrated in the table above. Those factors include:

- Staff positions dedicated to long-range planning and not of processing discretionary permit applications
- Staff vacancy rates
- Overtime
- Consultant service support

Currently, HCD-Planning Services has four staff positions dedicated to housing functions, nine positions dedicated to advance planning (including two Management Analysts), and thirteen positions dedicated to current planning or discretionary permit application processing (including one management analyst). Management Analysts are not considered planners and are not assigned to planning activities. HCD is working with HR through the FY24 Recommended Budget to reallocate the Management Analyst in position to two Permit Technician positions that would be more specialist to focus on discretionary permit applications. Potentially working on administrative permits and condition compliance, which would reduce the planner's workload. The Permit Technicians could also be assigned to the permit counter to review applications for initial completeness and eligibility for acceptance.

Although there are two vacant positions within the current planning section, HCD is working with HR through the FY24 Recommended Budget to allocate two new Associate Planners. The additional planners are necessary to reduce backlog, reduce planner burnout/workload, and to adhere to the permit timelines desired by the Board of Supervisors and the residents. HCD management continues to coordinate with Human Resources to fill vacant positions.

The Secretaries and Planning Support Services are also heavily involved in the permitting process. It is highly probable that if permits processing becomes more efficient that additional staffing will be needed in those section and units. Staff will report back to the Board of Supervisors on these needs at a later date.

Permit Center

With improvements in online submittals, the Permit Center now accepts permits through its Accela Automation system and in person at the permit counter. The counter operations component includes a Supervising Planner and nine Permit Technicians. A Permit Technician is responsible for working two days at the front counter, one day on phones (E-message board), and two days to review and process applications. Each Permit Technician receives between 15-18 building permit applications and two to three Design Approvals per week. The two Permit Technicians assigned to conducting the application completeness review will get one counter day, they share one day of phones and two days of application completeness review and receive approximately 10-15 building permit applications per week.

One Permit Technician II position vacant and HCD is working with the HR Department to fill the position. When someone calls in sick or is on vacation, duties have to be covered, which generally puts everyone behind in work. Staff suggests that the Board of Supervisors consider directing the

allocation of one additional Permit Technician for a total of 10 Permit Technicians assigned to the Permit Center. This would ensure that the standard timelines are achieved, which include the following:

- A Permit Technician is required to review an online application within 72 hours and deem it complete or incomplete.
- Completeness Review completed within 5 days.

Development Services

The construction plan check process occurring within the Development Services Division is generally functioning appropriately, with exception of the Environmental Service Section due to staffing limitations. All five positions Environmental Services were vacant for an extended period. Consultant services and staff from Building Services were used to support the storm water and floodplain related reviews. HCD has worked diligently with HR to recruit and staff the Environment Services section. Three of the five positions were filled in 2022 and one additional position was filled in early 2023. One vacant position remains. With a fully staffed section the permit reviews times and backlog will be reduced. HCD staff expects that in 2023 the Environmental Services section will be achieving the Board of Supervisors and residents desired timelines.

VI. STREAMLINING EFFORTS

Application Requests

The Application Request is a process that was originally established to ensure that each application received a unique application checklist specific to its project in advance of submittal. The Application Checklist contains the information necessary to file a formal application. It is the planner's intent to deliver the Application Checklist in response to the Application Request within two to three weeks. However due to the number of Application Requests and each planner's workload, it often takes a month or two to produce the Application Checklist.

This Application Request process is not subject to the Permit Streamlining Act and gives the false perception to applicants that the process has initiated. This is an unusual process. Most planning agencies have created generic Application Checklists for each application type (e.g., use permit, coastal development permit, rezone, variance, etc.).

Staff suggests that the Application Request process be eliminated, and that generic Application Checklists be created to reduce several months of process at the forefront of the discretionary process. The planners will rely on the generic Application Checklists to determine completeness. This will provide a streamlined process to request additional information to deem applications complete.

Public Hearing Waiver

Other jurisdictions within the state provide the authority to the director of the planning agency to waive the requirement for a public hearing and approve, conditionally approve, or deny use permit applications that meet certain. For example, if the project as meet one or more of the following:

1. Off-site impacts to adjacent properties would be insignificant because of the location of the site, large parcel sizes in the vicinity, or proposed siting of the use relative to neighboring residences.
2. The project either qualifies for a CEQA exemption or Negative Declaration/Mitigated Negative Declaration.
3. Due to the site's location, the provision of water and wastewater disposal can be accommodated with no significant impact to the environment or surrounding properties.
4. The project involves a minor expansion on a site that has no active enforcement action.
5. There is no evidence that the project would be controversial, detrimental to properties or residents in the vicinity, or contribute incrementally to any significant environmental impact in the local region.

If this is the case, the planning director would act on the application, subsequent to public noticing and having received no timely, written, and signed requests for public hearing. If the application does not meet the criteria, or if a timely, written, and signed request for public hearing is received, the item shall be noticed for a hearing before the appropriate authority.

Providing an opportunity to waive the public hearing for noncontroversial projects would substantially reduce the workload by reducing the need to prepare lengthy staff reports. Staff suggests that the Board of Supervisors direct staff to initiate amendments to Titles 20 and 21 (both inland and coastal) to include such provisions. Such ordinances would require a Planning Commission recommendation and consideration by the Board for adoption. Amendments to Title 20 (coastal), require Board adoption and Coastal Commission certification.

Streamline consideration of Administrative Permits and Zoning Administrator Hearings

In the 1980s, the consideration of Administrative Permits and those considered by the Zoning Administrator was quite simple but had the same effect. Over time the process evolved into a more complex process making it difficult for staff to achieve the timelines provided in the Monterey County Code. For instance, an Administrative Permit is to be acted on or set for hearing within fifteen days of the application being deemed complete. This timeline is difficult to adhere to since the internal process has evolved into warranting a lengthy resolution and expanded list of conditions of approval. To simplify this process and to achieve prescribed timeframes, staff suggest using its Accela Automation to streamline the approval or denial documentation (i.e., reducing the need for expanded resolutions).

Reclassify the Review Authority

The Board of Supervisors should consider reducing the number of application types that need to be reviewed by the Planning Commission. For example, the removal of more than three protected trees requires a use permit subject to the consideration of the Planning Commission. Perhaps, the Zoning Administrator would be the appropriate authority and/or increase the number of trees that the Director of Planning may authorize removal. Similarly, ridgeline development and grading on slopes in excess of 25% could be reviewed by the Zoning Administrator. Additionally, the Design Approvals are subject to the Zoning Administrators consideration. Perhaps, this authority should be that of the Director of Planning. All properties within the Carmel Valley Master Plan are within

the Design District triggering a Design Approval. If the Board of Supervisors is interested in reclassifying the review authority, it should direct staff to initiate an evaluation of opportunities and bring an ordinance back for its consideration upon recommendation of the Planning Commission.

Front Counter Streamlining Processes

The Permit Center has recently implemented a simple permit station. The simple permit station is for those applicants who need an over-the-counter simple permit (e.g., reroof, electrical, mechanical, plumbing). The Permit Center has also been focused on call center training, which reduces the number of phone calls that are being put on the E-Message Board and provides better customer phone service.