# County of Monterey

## Legislation Details (With Board Report)

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| **File #:** | 22-1184 | **Name:** | Consider a recommendation to the Board of Supervisors on revisions to the County's 2010 General Plan, Inclusionary Housing Ordinance (Chapter 18.40 of the Monterey County Code) and administrative manual addressing applicable projects, affordability requir |
| **Type:** | General Agenda Item | **Status:** | Agenda Ready |
| **File created:** | 12/15/2022 | **In control:** | Housing Advisory Committee |
| **On agenda:** | 12/21/2022 | **Final action:** | |
| **Title:** | Consider a recommendation to the Board of Supervisors on revisions to the County's 2010 General Plan, Inclusionary Housing Ordinance (Chapter 18.40 of the Monterey County Code) and administrative manual addressing applicable projects, affordability requirements, terms of affordability and exemptions. | | |
| **Sponsors:** | | | |
| **Indexes:** | | | |
| **Code sections:** | | | |
| **Attachments:** | 1. Staff Report, 2. Attachment 1 - Inclusionary Housing Recommendations - Comments and Responses, 3. Attachment 2 - Background for Recommendations - Comments and Responses | | |

| Date | Ver. | Action By | Action | Result |
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| 12/21/2022 | 1 | Housing Advisory Committee | | |

Consider a recommendation to the Board of Supervisors on revisions to the County's 2010 General Plan, Inclusionary Housing Ordinance (Chapter 18.40 of the Monterey County Code) and administrative manual addressing applicable projects, affordability requirements, terms of affordability and exemptions.

RECOMMENDATION:
It is recommended that the Housing Advisory Committee consider a recommendation to the Board of Supervisors on revisions to the County's 2010 General Plan, Inclusionary Housing Ordinance (Chapter 18.40 of the Monterey County Code) and administrative manual addressing applicable projects, affordability requirements, terms of affordability and exemptions.

SUMMARY/DISCUSSION:
The Housing Advisory Committee (HAC) is charged with making recommendations to the Board of Supervisors on revisions to the Inclusionary Housing Ordinance. At the November 9, 2022 HAC meeting staff presented background information to support its recommendations. Five themes emerged during the discussion and public comment on the staff recommendations.

The first theme was around the idea that the County should consider different affordability percentages for high and low-cost areas within the County. The underlying concern expressed was that developers would elect to meet the project's affordable housing obligations off-site in lower development cost areas than constructing the affordable housing obligation on the project site. If this was to materialize, consistently developing the affordable units in disadvantaged communities would result in an inconsistency with the Affirmatively Furthering Fair Housing (AFFH) and the emerging policy direction of the 6th Cycle Housing Element.

The second theme was around the improved social and economic outcomes associated with lower-income households who are integrated into higher income communities. While not directly related to the Inclusionary Housing Ordinance update, these comments echoed the concerns around AFFH but also provided a researched based foundation for why affordable housing should be incorporated into high opportunity areas.

The third theme was around the need to meet Regional Housing Needs Allocation (RHNA) obligations to produce housing for very low-, low-, and moderate-income households. The central concern expressed was that reducing or eliminating percentages for very low, and low-income households would negatively impact the County's ability to meet its RHNA obligations. It is true that reducing the percentages required for very low- and low-income units will reduce the number of units built to satisfy the RHNA obligation. However, the Inclusionary Housing Ordinance has directly produced such a small number of units at these affordability levels that the proposed changes will have an almost negligible impact on the County's overall RHNA performance. Th majority of the very low- and low-income units in recent times have been developed within affordable housing projects rather than as a result of market rate projects and the inclusionary housing requirements of those projects. If the County is to rely on the Inclusionary Housing Ordinance to meet its 6th Cycle RHNA obligation, it would need to permit nearly 18,000 units and have them all subject to the Ordinance. This is more than 12 times the number of units at East Garrison.

The fourth theme was related to projects that would be exempt from the Ordinance. One area of discussion was around expanding the exemption for "farmworker" to all employer-sponsored housing. The second area of discussion was around the exemption for "unusual or unforeseen circumstances". County Counsel will provide a verbal update on the background for this exemption during the December 21, 2022, HAC meeting.

The fifth theme was the newly established the Monterey County Local Housing Trust Fund (MCLHTF). The current staff vision is that the MCLHTF will provide a financial resource that will help facilitate the construction of affordable housing, and especially very low, and low-income units, throughout the County. Questions were raised about how projects would be selected, whether future inclusionary in-lieu fees would be deposited into the MCLHTF. The MCLHTF is still in the development phase, but it is anticipated that a meeting with the development community will be held in January 2023 to help shape the objectives, uses, and high-level underwriting guidelines for the MCLHTF. The goal is to make the first round of funding available in July 2023.

Attached you will find staff's inclusionary housing recommendations and background for recommendations that were distributed as part of the November 9, 2022, HAC packet. These attachments have been marked up with comments supplied by members of the HAC and public.


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Approved by: Erik V. Lundquist, AICP, Director


Attachments:
Attachment 1 - Inclusionary Housing Recommendations - Comments and Responses
Attachment 2 - Background for Recommendations - Comments and Responses