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**Monterey County
Housing Element Update**

MEETING MINUTES

Name of Meeting: Affordable Housing Developers Stakeholder Meeting
Date of Meeting: January 31, 2023
Time: 3:00 PM
Location: Zoom Meeting
Subject: Housing Element Update - Challenges & Opportunities

Participant	Organization
Participant # 1	MidPen Housing
Participant # 2	Eden Housing
Participant # 3	CHISPA (Community Housing Improvement Systems and Planning Association, Inc.)
Melanie Beretti – County Staff	Housing and Community Development, Monterey County
Jaime S. Guthrie – County Staff	Housing and Community Development, Monterey County
Hitta Mosesman – Consultant	Harris & Associates
Kelly Morgan – Consultant	Harris & Associates

Have you considered, are currently undertaking or completed a project in unincorporated Monterey County? If so, what are some challenges and opportunities you face as a developer?

- Participant 3: Currently has subdivision developments in Castroville, East Garrison, and San Lucas. Some of the challenges have been via developing in the County you don't score for tax credit allocations or qualify for bond allocations. Dealing with the coastal commission, water constraints, and predevelopment costs for water and traffic have also been challenges. The opportunities and benefits of building in the County have been that the construction process has been smooth, however fee waivers and fee deferrals would be helpful. Entitlement has not been a major constraint and County staff has been extremely helpful. Development standards & processes on par with other projects
- Participant 1: No current projects in unincorporated Monterey County.
- Participant 2: Has completed projects in Salinas and Castroville. Some opportunities through HEU process could include addressing challenges with entitlement and finding sites that score amenity points. Constraints with water and the water districts vary but need to find a better way for Coastal Commission processing.

How much of a constraint is water and infrastructure in unincorporated Monterey County and the region? Are there any other specific constraints you would identify as being an impediment?

- Participant 3: Carmel Valley and down the central coast but can't build down there. Highest opportunity areas don't seem to be in most productive places.
- Participant 1: Avoid Big Sur for several reasons plus you wouldn't score for funding, cost, infrastructure, political, and it ultimately wouldn't pencil.
- Participant 3: Logistics don't work out.
- Participant 2: Look at amenity scoring; one thing to consider is anything set as rural might be opportunity to get distances for amenities; can identify in tax credits.
- Harris & Associates: Highest resources along with coastal area but seems like not enough to pencil since not within 1 mile of services.
- Participant 2: Natural barriers, often will look at the SB35 criteria for things to tick through. Fire is a big thing. Flood/fault can mitigate, but fire zones are hard to get insurance in.
- Harris & Associates: Does the water recycling program possibly open the door to developing more affordable housing?
- Participant 3: Knows that in Monterey and Carmel, using recycled water would probably help with the sea water intrusion argument for affordable housing.
- Participants 1 & 2: Water is a major constraint, lots of places you can't get a water allocation even in incorporated parts of the County.

What types of things can the County do to incentivize affordable housing projects (e.g., affordable housing overlays, zoning, fee deferrals, streamlining, etc.)?

- Participant 2: Funding as the capital stack for the LIHTC must include local money, especially in unincorporated area, it would be hard to pencil developments without local funding.
- Participant 3: On the 4% credits, Serna rural, MHP – urban projects, almost all have AHSC but doesn't qualify due to lack of train station. Other funding goes to county projects for 55 yr. projects. Pre-dev funding doesn't help too much but long-term funding like trust fund funding would help to create more housing.
- Participant 2: Zoning, always looking to develop as of right or ministerial approval and without environmental hurdles when appropriate, it cuts down the time to jump in and get funding.
- Participant 1: Agree, Santa Cruz was forced to get local land use approvals and it was due to the 2010 HEU that helped that. Also, if Monterey County can get a few sites that line up with high & highest resources, that would be great but it's not as critical as amenities.
- Harris & Associates: AFFH requires housing be spread throughout, but you are indicating it's not the end all?
- Participant 2: Correct. Highest resource is nice to have but not the end all.

What are your comments on market conditions (labor/construction costs, interest rates, etc.)?

- Participant 3: Costs are not an issue as of now, can find labor where before that was a problem. Lumber going down but with interest rates going up, construction/finance issues can handle. Political, entitlement, and allocation are harder issues to handle. Entitlement is not as difficult as the political issue in Monterey County. Seems like the desire for more housing is just not there as the County has been lagging behind for decades.

Opportunities for commercial (including parking lots) to residential conversions in unincorporated Monterey County.

- Participant 3: On the outskirts of Castroville or golf courses as they close down. A few years back Carmel Valley reduced use since courses require a lot of water. Infill not really a focus, the County need subdivisions – more Las Palmas and East Garrison like developments. There is no focus on the 50% affordable, need folks that can move, not enough market rate housing either.

- Participant 2: State has been issuing regulations on funding. Affordable housing is reliant on market rate. There is a need for more density.
- Harris & Associates: For the purposes of the HEU, some sites have to be 100% affordable since density bonus is not used as extensively.

Programs, procedures, or incentives in other cities or counties that have significantly facilitated housing development.

- Participant 2: On the ground knowledge to help guide and provide outreach. Besides money and zoning, helping to get in front of outreach efforts would help. When Santa Clara County was disposing of extra land, they did community outreach prior to developer coming on board to help make the process smoother.
- Participant 1: The biggest issue to work through is approvals - someone in planning familiar with issues for multi-family vs single family. Point person like a multi-family specialist.
- County Staff: We have a permit coordinator who tries to play the role, but we are asking to be reclassified as an ombudsman, might be in need of 2 individuals within the County. Looking to provide HEU support for more staff in the department.
- Harris & Associates: A lot of the programs involve establishing additional support for AH projects to run through the process quicker.
- Participant 1: In Santa Cruz County this tends to work well. The Planning Department tries to filter multi-family housing to people that have the familiarity and a point person to help them.

Creative housing solutions that would help the County facilitate the development of more housing/ affordable housing in unincorporated Monterey County.

- Participant 2: With market conditions, less bullish on land risk if there is an option for funding having a focus to move quickly on an acquisition. Indicate dedication of the availability of land in developer agreements. This helps secure the site and it's better for financing and timeline issues.