

# Attachment A

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# MONTEREY COUNTY

## HOUSING AND COMMUNITY DEVELOPMENT

HOUSING, PLANNING, BUILDING, ENGINEERING, ENVIRONMENTAL SERVICES

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### **PLANNING COMMISSION MEMORANDUM**

**Date:** March 13, 2024

**To:** Chair and Planning Commission Members

**From:** Craig Spencer, Acting HCD Director  
Planning Commission Referral 19.01

**Subject:** Quarterly Report of Affordable and Workforce Housing Applications Received by the County

**Attachments:** 1: Housing Pipeline

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At its November 13, 2019, meeting, the Planning Commission requested staff to provide quarterly reports related to affordable and workforce housing applications received by the County. At the Planning Commission's October 26, 2022, meeting it was further requested that pending and approved accessory dwelling units (ADUs) and junior accessory dwelling units (JADUs) be added to the report.

Annually, the County reports to California Housing & Community Development (CA HCD) on our progress toward meeting our Regional Housing Needs Allocation (RHNA). This report provides the information reported annually and throughout the course of the past Housing Element cycle (the 5<sup>th</sup> cycle covering the period from 2015-2023) in response to the Planning Commissions referral. Work on the 6<sup>th</sup> cycle Housing Element is currently in progress.

#### **Policies and Background Information:**

Before reviewing the data on housing applications, an understanding of the how Monterey County Housing & Community Development (HCD) considers housing projects is important to understand. When HCD receives an application, a permit determination is made with reference to zoning regulations and other applicable laws that apply to the proposed use or development.

Single family residential uses - Using a typical residential property development example, a single-family home (unrestricted for affordability), can be permitted with a ministerial building permit in some areas, or the need for a discretionary planning entitlement may be triggered before a building permit can be issued in other areas. This largely depends on location, zoning designation, and site-specific environmental factors. Pursuant to state law, accessory dwelling units (ADUs) are permitted with ministerial building permits unless they are in the Coastal Zone, in which case a planning entitlement is required.

Multi-family housing uses - New apartment building(s) or mobile home parks usually require discretionary planning approvals before building permits are issued. State laws such as the housing accountability act, urban lot splits (SB 9), and employer sponsored housing, have made certain types of development ministerial and eliminated the local discretionary planning entitlement process.

Planning Commission Memorandum  
Residential Pipeline Report

Subdivisions – Subdivisions are subject to the subdivision map act and the County’s local subdivision ordinances which require discretionary approval of a tentative map followed by ministerial consideration of a final map if the tentative map is approved. Lots cannot be sold separately until a final parcel map is accepted, even if a tentative map is approved. There are some exceptions (similar to those described above) in state law that remove the local discretion and allow for ministerial approval of a final map. Subdivisions, for the purposes of this discussion, can include creation of lots or can include lots and development. Many subdivisions simply create lots which are sold as vacant lots and buyers of those lots then apply for individual permits to develop. In some cases, a developer may build units on lots, like in the case of East Garrison or Rogge Commons, and sell the unit with the lot. In both cases, the actual creation of a unit can take years from the tentative map approval.

Planning Entitlements v Building Permits – Discretionary Planning Entitlements are often the first step in the process of building new housing units, establishing new uses, or creating new lots. The planning entitlement process provides an opportunity to consider if a proposed development is appropriate based on many different factors. This process can influence the size, shape, design, number of lots or units, and other aspects. It is also a process established to provide an opportunity for public input in the open and public decision-making process. If a planning entitlement is approved, it does not always directly result in a new house, unit, or lot being created. Often conditions of the planning approval must be satisfied and ministerial actions (like securing a building permit or filing a final map) may follow. Building Permits are ministerial approvals that permit the construction of structures and utilities according to approved plans and specifications. Building Permits are determined to meet the California Building Code (with local amendments as applicable) or not, a ministerial decision. Once a building permit is issued, construction may commence. A unit is finally ready for occupancy once a certificate of occupancy or final building inspection is completed.

Affordable Housing – Terms like “an affordable housing project,” “Inclusionary Housing Units”, “deed restricted affordable units (for sale or for rent), and “employer sponsored housing,” have different meanings in state law and in the County Code. Affordable housing projects are usually proposed by a non-profit housing developer or government agency and include the creation of lots and/or units that are intended to be sold or rented to very low-, low-, or moderate-income households. These developments are often financed by state or federal grant programs, tax increments, and local housing fund set asides. Inclusionary Housing usually refers to Chapter 18.40 of the Monterey County code which requires development of 5 or more lots or units provide for at least 20 % of the units for very low-, low-, or moderate-income households. Note: The General Plan requires updating the Inclusionary Housing Ordinance to add 5% of the units be provided to families that qualify as “workforce I” (or above moderate but less than market rate units), in addition to the 20% already required. To satisfy the Inclusionary Housing Ordinance requirements, a developer may provide units for sale or for rent on-site, off-site in certain cases, or pay a fee in lieu of building units. “Employer sponsored housing” is a housing development constructed or purchased by a business that is intended to be occupied by employees of the business. This includes “Agricultural employee housing.”

Due to the various types of development, the difference in potential units or lots and actual units or lots depending on the stage in the permitting process, the type of affordable housing, and other relevant factors, staff have attempted to distinguish the data reported below using terminology that reflects the summary above.

During the 2023 calendar year, the County handed out four applications for a subdivision or multifamily project proposing to construct 419 new housing units. Three projects proposed construction

Planning Commission Memorandum  
Residential Pipeline Report

of 242 units of employer sponsored housing units. The fourth project is an “affordable housing project” proposing to construct 132 affordable units on County owned property located at 855 E. Laurel Dr., Salinas. In addition to handing out applications for new projects, several projects that began the application process in prior years have restarted work to complete their applications. These projects include: Charolais Ranch, LaTourette, Riverview, and Harper Canyon.

**Pipeline Activity During 5<sup>th</sup> Cycle RHNA:**

The following tables summarize the status of all planning applications distributed during the 5<sup>th</sup> Housing Element Cycle, 2015-2023.

	<b>Number of Applications</b>	<b>Very Low-Income</b>	<b>Low-Income</b>	<b>Moderate-Income</b>	<b>Workforce Income</b>	<b>Above Moderate</b>	<b>Employer Sponsored Units</b>
2015	4	58	58	159	78	30	58
2016	2	0	0	52	0	0	0
2017	4	11	11	87	15	11	154
2018	3	2	2	753	5	2	41
2019	4	0	0	190	0	1	5
2020	2	1	1	31	2	1	4
2021	6	5	5	146	11	6	91
2022	4	18	18	19	26	16	241
2023	4	63	63	258	4	4	45
<b>Total</b>	<b>33</b>	<b>158</b>	<b>158</b>	<b>1,695</b>	<b>141</b>	<b>70</b>	<b>639</b>

<b>5th HE Cycle Applications Only</b>	<b>Number of Applications</b>	<b>Very Low-Income</b>	<b>Low-Income</b>	<b>Moderate-Income</b>	<b>Workforce Income</b>	<b>Above Moderate</b>
Active - Condition Compliance	7	4	50	7	5	79
Active – Construction	6	84	204	85	140	1,672
Active - Planning Review	11	138	352	109	47	322
Construction Complete	4	0	344	0	0	0
Inactive - Condition Compliance	2	0	40	1	1	5
Inactive - Denied/Replaced/Void/Withdrawn	8	16	849	24	18	234
	<b>38</b>	<b>242</b>	<b>1,839</b>	<b>226</b>	<b>210</b>	<b>2,311</b>

Table 3, includes 11 projects that were entitled prior to the 5<sup>th</sup> Housing Element Cycle, summarizes projects that are actively working with Planning to submit complete applications or to clear conditions of approval, are fully entitled. The entitled projects have 319 affordable and 2,073 above moderate-income units to construct. The largest single project is East Garrison, which has 99 affordable and 209 market rate units remaining. The oldest approved project with units remaining to construct is Monterra Ranch, approved in 1992.

Planning Commission Memorandum  
Residential Pipeline Report

<b>Table 3</b>						
<b>Planning Applications by Status &amp; Affordability W/ Units to Construct</b>						
<b>All Applications</b>	<b>Number of Applications</b>	<b>Very Low-Income</b>	<b>Low-Income</b>	<b>Moderate-Income</b>	<b>Workforce Income</b>	<b>Above Moderate</b>
Active - Condition Compliance	14	4	51	104	38	593
Active - Construction	6	41	86	33	76	227
Active - Planning Review	13	139	353	110	49	362
<b>Total Units Approved or Planned</b>	<b>33</b>	<b>184</b>	<b>490</b>	<b>247</b>	<b>163</b>	<b>1,182</b>

The construction of Employer Sponsored Housing has been an important part of the County’s ability to provide affordable housing. Table 4 summarizes the status of Employer Sponsored Housing applications distributed during the 5<sup>th</sup> Housing Element Cycle.

<b>Table 4</b>		
<b>Employer Sponsored Housing Applications</b>		
<b>5th HE Cycle Only</b>	<b>Number of Applications</b>	<b>Number of Units</b>
Active - Condition Compliance	2	48
Active - Construction	1	60
Active - Planning Review	4	261
Construction Complete	4	344
Inactive - Condition Compliance	1	40
Inactive - Denied / Replaced / Void / Withdrawn	3	830
<b>Total</b>	<b>15</b>	<b>1,583</b>

**6th Cycle RHNA**

As shown in Table 5, the current housing pipeline accounts for approximately 42% of the RHNA affordable units and enough above moderate-income units to satisfy the County’s RHNA obligations. As noted above, employer sponsored housing units disproportionately account for the number of affordable units entitled or planned.

<b>Table 5</b>				
<b>6th Cycle RHNA Impacts</b>				
	<b>Very Low-Income</b>	<b>Low-Income</b>	<b>Moderate-Income</b>	<b>Above Market</b>
Allocation	1,070	700	420	1,136
Active - Condition Compliance	4	51	104	631
Active - Construction	41	86	33	303
Active - Planning Review	139	353	110	411
<b>Potential Units</b>	<b>184</b>	<b>490</b>	<b>247</b>	<b>1,345</b>
6th Cycle RHNA Remaining	886	210	173	-209

Planning Commission Memorandum

Residential Pipeline Report

**Application Status**

Planning applications have been grouped based on the status of the project.

**Active – Condition Compliance** This includes planning application that have been approved subject to meeting one or more conditions of compliance and the applicant is actively working to clear these conditions. This classification also includes projects that have conditions of compliance that continue after the entitlements have vested and construction started.

**Active – Construction** This includes planning applications that have been approved and all conditions of approval have been satisfied. The applicant may begin building units.

**Active – Planning Review** This includes planning applications that have been handed out and staff is processing the application. Applications may be incomplete, complete, or complete and waiting for hearing.

**Construction Complete** This includes all planning application that was approved and has built all the entitled units.

**Inactive – Condition Compliance** This includes any planning application that was approved but that staff is unaware of any activity indicating the applicant is actively working to clear conditions of approval. Projects subject to litigation, additional study, or with resource constraints that must be addressed are also included in this category.

**Inactive – Denied/Void/Withdrawn** This is a catch all category for applications that were started but voluntarily withdrawn by the applicant, denied by a hearing body, or replaced by a subsequent planning application.