

# Attachment A

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# PLANNING COMMISSION MEMORANDUM

**Date:**

**To:** Chair and Planning Commission Members

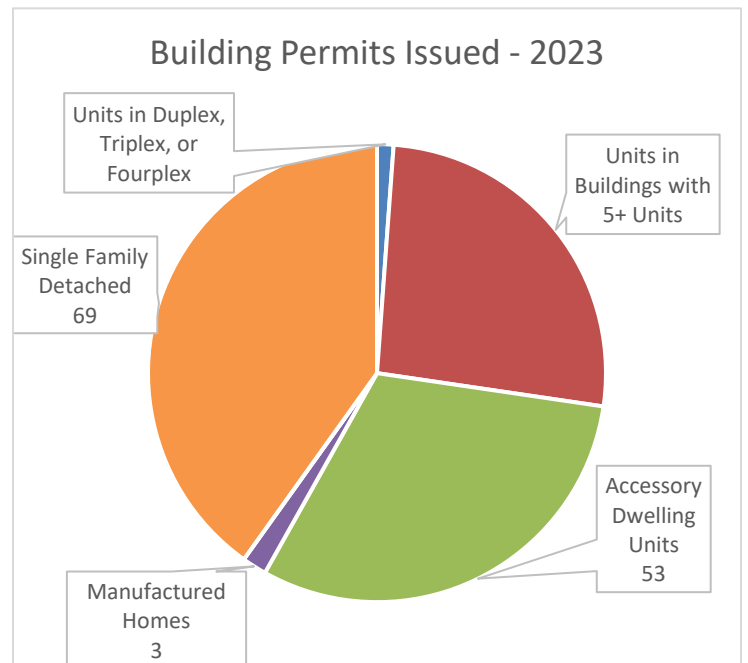
**From:** Craig Spencer, Interim HCD Director

**Subject:** 2023 5<sup>th</sup> Cycle Housing Element Annual Progress Report

**Attachments:** 1: 2023 Housing Element Annual Progress Report  
2: APR Table B Summary

The County is required to submit a Housing Element Annual Progress Report (APR) to the state Department of Housing and Community Development (HCD). The 5<sup>th</sup> Housing Element Cycle covered the nine years between 2015 and 2023. Underlying the Housing Element and APR is the Regional Housing Needs Allocation (RHNA). RHNA is the process the state uses, through local planning associations, to tell local communities how many housing units they must plan for and affordability levels.

The County is required to report information data on a range of housing and land use conditions. The most detailed information is on building permit applications received and processed by the County. Tables A and A2 contain information on all residential building permits at four stages of the development process (application, entitlement, building permit issue, and building permit final). Building information is reported based on the type of housing unit (2-4 plex, building with 5+ units, accessory dwelling units, manufactured homes, single family attached homes, and single-family detached homes). Additionally, the APR requires information on whether units are affordable, and if they are, the affordability level and if the affordability is enforceable, how, and whether the unit is owner or renter occupied. The full 2023 APR is included Attachment 1 of this memorandum. The County issued building permits for 172 housing units as shown in the adjacent chart.



The APR counts all building permits issued. This can create a misleading picture of the true number of new housing units are issued building permits. Units are counted when a building permit is issued as part of project that demolishes an existing unit and replaces it with a new unit; when a unit is rebuilt after being destroyed by a natural disaster or fire; a building permit is issued by later abandoned without constructing the

**Table 1**  
**5th Housing Element Cycle**  
**Summary of Building Permits Issued as Reported to HCD**

	RHNA Allocation	Building Permits Issued	RHNA Remaining	% RHNA Remaining
Very Low-Income	374	174	200	53%
Low-Income	244	344	-100	
Moderate-Income	283	34	210	88%
Above Moderate-Income	650	1,644	-994	
<b>Total</b>	<b>1,551</b>	<b>2,196</b>		

unit or if a second building permit is issued to modify existing building plans. The APR does not allow reporting negative numbers, which means units that are demolished and not rebuilt are not reported.

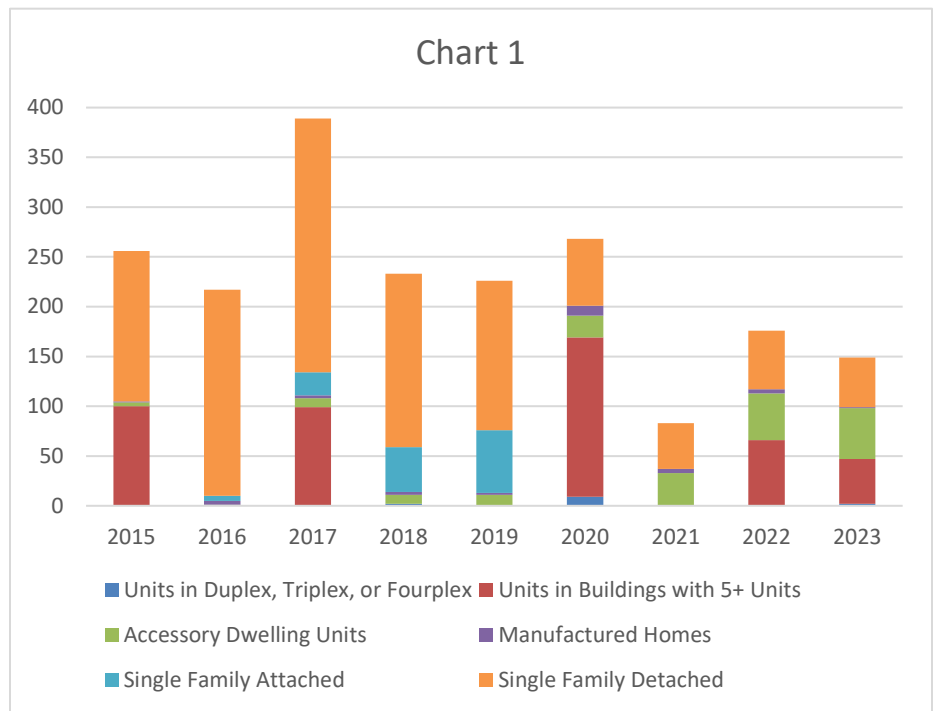
To create a more accurate picture of the number of new housing units permitted during the 5<sup>th</sup> Cycle, building permits have been classified as either new, replacement, or net loss. Table 1 summarizes the RHNA and building permits issued during the entire 5<sup>th</sup> Housing Element Cycle as they have been reported to HCD. Table 2 shows the number of housing units issued building permits after adjusting for the issues outlined above.

**Table 2**  
**5th Housing Element Cycle**  
**Net New Housing Units Permitted**

	RHNA Allocation	Building Permits Issued	RHNA Remaining	% RHNA Remaining
Very Low-Income	374	138	236	63%
Low-Income	244	338	-94	
Moderate-Income	283	73	210	74%
Above Moderate-Income	650	1,448	-798	
<b>Total</b>	<b>1,551</b>	<b>1,997</b>		

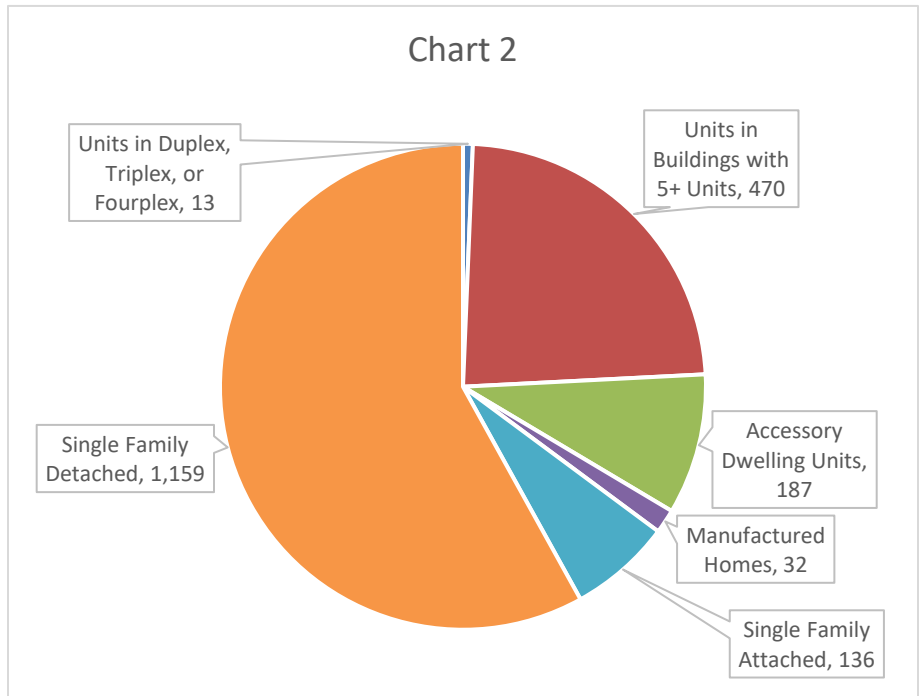
**2015 – 2023 5<sup>th</sup> Cycle Housing Element Overview**

During the 5<sup>th</sup> Cycle, the County issued building permits for 1,997 new units. The County issued permits for an average of 222 new units annually. However, the number of units permitted between 2021 and 2023 slowed to an average of 136 annually. One possible reason for this slow down is East Garrison Partners pausing development with 209 above moderate-income, 33 moderate-income, and 66 very low-/low-income units remaining. During the 5<sup>th</sup> Cycle, East Garrison pulled building permits for 42% of all units. East Garrison was responsible for the only affordable units permitted that were not employer sponsored permitted during the Cycle. Other, large, legacy projects, such as the Commons at Rogge Road and Santa Lucia Preserve accounted for another 26% of the permitted units and did not trigger new inclusionary or other affordability requirements.



Charts 1 and 2 show information on the types of units permitted by year and during the 5<sup>th</sup> Cycle overall.

One factor keeping the cost of housing high is the lack of new multifamily unit construction in the unincorporated areas. During the 5<sup>th</sup> Cycle, the County issued building permits for 470 units in buildings with five or more units. The only new multifamily project, the Alfred Diaz-Infante Apartments (31 very low- and 34 low-income units), was permitted in 2022. This project was specifically to satisfy East Garrison’s Phase II very low- and low-income affordable housing requirement. There was a nearly 16-year delay between when the requirement was imposed and when the developer satisfied it. East Garrison Partners still has its third phase affordable housing obligation to satisfy. This includes a multifamily project with 41 very low- and 24 low-income units, and 33 moderate income units. These units are not expected to be issued building permits until 2025 at the earliest, 2- years from when the project was entitled, and the requirement to construct affordable units was imposed.



The balance of the new multifamily units was employer sponsored housing and assumed to be affordable. To qualify as RHNA affordable units, only the front door was counted as a unit, the individual farmworker would earn less than 70% of area median income, and that the units will be occupied nine months a year. These units are also covered by permits issued by the County Health Department’s Environmental Health Bureau and inspected annually. While these units provide an essential source of housing for seasonal workers and reduce seasonal overcrowding, they do not increase the County’s supply of permanent housing.

Accessory Dwelling Units (ADUs), often seen as part of the solution to addressing the chronic housing shortage accounted for 9% of new housing units during the 5<sup>th</sup> Cycle. During the last three years of the cycle, ADU permits increased to 32% of issued permits. More than 63% of new ADUs have been permitted in the Big Sur, Carmel, and Greater Monterey Peninsula planning areas.

The Excel Workbook with the complete 2023 HE APR can be accessed at:  
<https://www.co.monterey.ca.us/government/departments-a-h/housing-community-development/planning-services/housing-programs/housing-element>

The California Department of Housing & Community Development has created a variety of dashboards that allow users to access data reported during the 5<sup>th</sup> HE Cycle for all jurisdictions in the state. These dashboards can be accessed at: <https://www.hcd.ca.gov/planning-and-community-development/housing-open-data-tools/housing-element-implementation-and-apr-dashboard>