

Exhibit A

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DISCUSSION

BACKGROUND

Original Proposal: 281-Unit Subdivision and Specific Plan

The Rancho Canada Village (RCV) Project was submitted to the County in April 2004 and deemed a complete application the following year, on August 10, 2005. At that time the Project was subject to the provisions and policies of the 1982 General Plan and 1987 Carmel Valley Master Plan, which were then in effect.

The RCV Project was originally proposed through a Specific Plan consisting principally of a 281-unit residential subdivision and open space/recreational improvements; this remains the Project described in the present FEIR. The proposed 281 units consist of a mix of small-lot single-family residences, townhomes and condominiums, nearly half (140 of the 281 units) of which are proposed as either affordable (56 affordable units; 20% of total units proposed) or workforce (84 units; 30% of total units proposed) housing units.

In January 2008, the *Rancho Canada Village Specific Plan Draft Environmental Impact Report* (DEIR) was prepared and circulated for public comment; however, due to changing economic conditions and other factors the project did not go forward for consideration by the Planning Commission or Board of Supervisors at that time and was essentially put on hold. The original 281-unit proposal remains the Project described in the present FEIR; the specific plan, however, is no longer proposed by the applicant as its means of implementation.

Project Description

The applicant, Rancho Canada Ventures, LLC, proposes a residential subdivision on the West Course of the Rancho Canada Golf Club, located on the south side of Carmel Valley Road (4860 Carmel Valley Road), approximately 0.6 miles east of Highway 1:

- The original proposal (Project) is a 281-unit residential subdivision consisting of a mix of single-family residences (141 units), townhomes and condominiums (140 units).
- The alternative proposal (Alternative) is a lower-density, 130-unit subdivision consisting primarily of single-family attached and detached lots, along with 12 condominium units.

The application consists of a Combined Development Permit that includes a Standard Subdivision Vesting Tentative Map, a Use Permit for development in the Carmel River Floodplain, Use Permit for tree removal, and Use Permit for grading and infrastructure installation, as well as Design Review and Site approvals.

Both subdivision scenarios, Project and Alternative, occupy generally the same, approximately 40-acre area of the West Course of the Rancho Canada Golf Club; the 130-unit Alternative also includes a 4.6 acre parcel (Lot 130), approximately one-half mile northeast of the main project area, which is presently developed with maintenance facilities and a residence; the Alternative would allow for the future redevelopment of one residence on this 4.6-acre parcel. A primary difference of the Alternative is that it does not require the importation of offsite fill material for proposed grading and site improvements. Disposition of water not required for the 130-unit project is proposed as follows:

- a) Transfer water to California-American Water (Cal-Am) for other uses (up to 60 acre-feet/year); and
- b) Dedicate water for in-stream purposes for the benefit of the adjacent Carmel River (up to 50 acre-feet/year).

While the Rancho Canada Village EIR water analysis includes these components, County action is focused on having a long-term water supply for the project. Subsequent actions relative to water rights/credits by other agencies, which would depend on decisions not under the control of the County and not necessary to County's action on the project, may require further analysis by those agencies for actions they may choose to take.

Approximately 82-acres is designated Public/Quasi-Public (P/Q-P) by the *Monterey County 2010 General Plan* (2010 General Plan) and *Carmel Valley Master Plan* (CVMP; the CVMP is included in the General Plan). This designation is consistent with the site's long-time use as a public golf course. A Special Treatment Area (STA) overlay was added as part of the 2010 General Plan update to allow for residential development subject to certain provisions, discussed in more detail below. This STA overlay would allow residential development without a change to the underlying land use/zoning designation provided the project conforms to STA provisions.

- The 130-unit Alternative would be allowed under the STA. However, the applicant proposes to reduce the proportion of affordable units required, which requires a General Plan Amendment (Amending the STA language in Policy CV-1.27). Although not technically required, the applicant also requests changing the land use/zoning designation from P/Q-P to residential. Under the 1982 General Plan, the 130-Unit Alternative would require changing the land use/zoning designation from P/Q-P to medium density residential, and be subject to providing 20% affordable units at various income levels (very low, low and moderate).
- The 281-unit Project would be allowed under the STA and could meet the affordability proportion. However, a buildout cap established in the 2010 General Plan (CV-1.6) only has capacity for 160 units. Amending the cap in CV-1.6 would require agreement from Carmel Valley Association (CVA) in accordance with a settlement agreement between CVA and County. Under the 1982 General Plan, the 281-Unit Project would require changing the land use/zoning designation from P/Q-P to high density residential, and be subject to providing 20% affordable units at various income levels (very low, low, moderate).

The proposed zone change from P/Q-P to residential is cleaner, but is not required for the RCV Project or Alternative under the 2010 GP. Zoning has no affect on affordability so the Board could approve a zone change even if the GP amendment is not approved.

Process

This project requires Board action by operation, not appeal. As such, the Board is the final decision-making body. Planning Commission is a recommending body.

A Draft Environmental Impact Report (DEIR) was prepared and circulated for comment in January 2008. Based on comments received, County determined that the DEIR should be revised and recirculated. A Recirculated Draft Environmental Impact Report (RDEIR) was prepared for this proposal and re-circulated for public comment from June 2nd through August 8th, 2016, a comment period of 68 days. Carmel Valley Association requested an extended comment period in order to prepare their comments. Based on this request, RMA-Planning staff granted the Association until August 31 to submit its comments and, accordingly, accepted and responded to comments from other individuals, organizations or agencies that submitted comments between the noticed August 8th RDEIR comment deadline and August 31st. Staff released the RDEIR prior to a PC workshop on September 14, 2016.

A Draft Final Environmental Impact Report (Draft FEIR) was provided to the Planning Commission on November 9, 2016. Planning Commission considered the project at a special meeting on November 16, 2016. The Planning Commission voted 4-3 to recommend that the Board of Supervisors take the following actions:

1. Certify the Rancho Canada Village Environmental Impact Report (EIR) (SCH#: 20006081150);
2. Adopt the above CEQA findings for Project approval and Statement of Overriding Considerations;
3. Amend the text of General Plan Policy CV-1.27 so that the 130-unit Alternative shall be required to provide a minimum of 20% affordable housing, rather than 50%, affordable/workforce housing;
4. Rezone the 130-unit Alternative site that occupies the former Rancho Canada West Course from Public/Quasi-Public (P/Q-P) to Medium-Density Residential (MDR) and Lot 130 from Public/Quasi-Public (P/Q-P) to Low-Density Residential (LDR);
5. Approve the Rancho Canada Village Subdivision Project 130-unit Alternative, consisting of a:
 - a. Vesting Tentative Subdivision Map for the 130-unit Alternative, subdividing 81.7 acres into 130 residential lots, common areas and roadways and a 39.4-acre open space lot;
 - b. Combined Development Permit for development in the Carmel River Floodplain; tree removal, allowing the removal of up to 139 native trees; and grading and infrastructure installation, including installation of a below-grade drainage pipe and culvert to improve area-wide flood control and drainage, in general conformance with the attached plans and subject to 135 conditions, all being attached hereto and incorporated herein by reference; and
6. Adopt the attached Mitigation Monitoring and Reporting Plan.

Pursuant to Government Code section 65354, an affirmative vote of the majority of the total membership of the Planning Commission is required to recommend approval of a General Plan Amendment. A motion recommending Board approval of the project as listed above received a 4-3 vote from the Planning Commissioners present, which does not constitute a majority of the total Commission membership. Therefore, a separate vote was taken on the General Plan amendment, and the motion to recommend approval of the amendment failed on a 4-3 vote.

A Final Environmental Impact Report (FEIR) was prepared based on comments received up to and during the PC hearing. CEQA requires that the Lead Agency (County) shall provide written response to public agencies 10 days prior to certifying and EIR (CEQA Guidelines, Section 15088); the 10 day period is specific to public agencies that submitted comments, and to the Board of Supervisors as the final decision-making body considering certification of the EIR. Staff provided the Final EIR to applicable public agencies on December 1, 2016, eleven days prior to the December 13 Board hearing.

The applicant has requested that this matter be presented to BOS before the end of the year. Staff prepared a resolution (attached to the staff report) based on the PC recommended 130-unit Alternative evaluated for consistency with 2010 GP.

ANALYSIS

General Plan/Carmel Valley Master Plan - Unit Cap

At the time the Project was deemed complete in August 2005, the operative policy documents in effect were the 1982 General Plan and 1987 Carmel Valley Master Plan (CVMP). These plans did not contain provisions allowing residential subdivision and land use on the Golf Course site. As such, the Project was fundamentally inconsistent with the site's P/Q-P land use designation (and P/Q-P zoning) under the 1982 General Plan. In 2002, the Board of Supervisors adopted Resolution 02-024 that stated subdivision in Carmel Valley would generally not be supported. The 1987 CVMP included a buildout cap for new residential units and lots (Policy 27.3.5 CV). This policy allowed 1,310 units (including pre-1987 lots) or lots. In 2007 staff presented the Board of Supervisors with a report that, based on County records of development in Carmel Valley, 237.5 lots (senior units counted as 0.5) or 757 units were available. These numbers include deduction for units in the September Ranch Project that was approved in 1997 but not yet built. At the time the RCV application was deemed complete, the number of units proposed by the Project was below that remaining under the 1987 CVMP cap. The application included a Specific Plan that would have become the operative policy regulations for the subject property.

On October 26, 2010, the Board of Supervisors adopted the 2010 Monterey County General Plan, including an updated CVMP, which replaced the 1982 GP, 1987 CVMP and Resolution 02-024. Following a lengthy process that included consideration of a Community Area or Rural Center designation at the mouth of the Carmel Valley, the 2010 GP established a residential subdivision building cap (CVMP Policy CV-1.6) of 266 new residential lots or units in Carmel Valley. This GP policy was drafted to generally follow the 1987 approach with more simplistic accounting. As drafted, multiple units on a lot counted as 1.0 and the first single family residence (SFR) on an existing lot was not deducted. As such, the Planning Director interpreted the Project, consisting of 281-units on 245 lots (one parcel had 35 condominiums) would be consistent under that 2010 policy.

As a result of subsequent litigation by the Carmel Valley Association (CVA), the Board of Supervisors adopted amendments to the CVMP in February 2013. Amendments included lowering of the building cap to 190 new residential units, 24 units of which are reserved for the Delfino Property (former Carmel Valley Airport). Effectively, 166 units would be available for use other than on the Delfino property. The establishment of the 190-unit cap under CVMP Policy CV-1.6 is a guiding policy in terms of land use, development and traffic control throughout Carmel Valley. The first SFR on a lot is accounted when the lot is created, so the first SFR on a lot does not count against the cap.

To date, six (6) units subject to the cap having been approved to date, including development of accessory units on a lot or lots created since October 2010 and not previously accounted in the unit cap. This essentially means that with the Delfino property reservation there are 160 new units currently available under the residential cap. The 281-unit RCV Project would meet the 1987 CVMP unit cap and original cap of 266 lots/units in 2010 GP (multiple units on a lot were counted as one lot), but it exceeds the amended 2010 unit cap (190 units with 24 allocated to Delfino). The 130-unit Alternative is within the limits of all three unit caps.

Special Treatment Area (STA)

In recognition of the proposed RCV Project, the 2010 General Plan established a Special Treatment Area (CVMP Policy CV-1.27) for the Rancho Canada Golf Club site. 2010 General Plan Policy CV-1.27 states in full:

Special Treatment Area: Rancho Canada Village – Up to 40 acres within properties located generally between Val Verde Drive and the Rancho Canada Golf Course, from the Carmel River to Carmel Valley Road, excluding portions of properties in [the] floodplain shall be designated as a Special Treatment Area. Residential development may be allowed with a density of up to 10 units/acre in this area and shall provide a minimum of 50% Affordable/Workforce Housing. Prior to beginning new residential development (excluding the first unit on an existing lot of record), projects must address environmental resource constraints (e.g.: water, traffic, flooding). (APN: 015-162-017-000, 015-162-025-000, 015-162-026-000, 015-162-039-000 and 015-162-040-000, 015-162-033-000, 015-162-035-000, 015-162-036-000, 015-162-037-000, 015-162-038-000, 015-021-005-000)

When the Special Treatment Area was adopted, all of these criteria had been tailored to accommodate the 281-unit RCV Project, as it was then proposed. Rancho Canada Village Special Treatment Area (STA) allows for residential development on the Rancho Canada Golf Course site subject to density (up to 10 units per acre), area (up to 40 acres) and housing affordability (50% affordable/workforce housing) criteria.

Total area of STA is about 300 acres; however, application is limited to a maximum of 40 acres. This 40 acre limit was based on the housing development footprint in the original 281-unit RCV Project. The total RCV project area (Project or Alternative) is about 80 acres. However, development of housing is limited to 40 acres; the remaining is open space.

In 2014, in response to the CVMP's 190-unit cap and community concerns expressed about the original Project being too dense and urban and potentially out of character with semi-rural Carmel Valley, the applicant, Ranch Canada Ventures, LLC, devised a scaled-down, 130-unit Alternative consisting of single-family lots, duet units (single-family attached residences that share a common wall along a property line) and condominiums. Given the significant reduction in residences, from 281 to 130, the applicant does not propose that the 130-unit Alternative, like the Project, consist of 50% affordable or workforce housing units, as specified in the Special Treatment Area. The 130-unit Alternative, submitted to the County after the adoption of the 2010 General Plan, proposes 25 (20%) moderate-income units, which requires a General Plan Amendment eliminating or modifying the "50% Affordable/Workforce Housing" provision of Policy CV-1.27 in order to find the Alternative in conformance with the 2010 General Plan.

As an alternative to amending the Special Treatment Area language, the 130-unit Alternative could be allowed through a General Plan Amendment to the CVMP Land Use Plan, amending the land use designation of the RCV site from P/Q-P to Medium-Density Residential, consistent with the Alternative's proposed residential density. This would leave the Special Treatment Area's 50% affordable/workforce housing criteria intact and the criteria could still be applied to the remainder of the Special Treatment Area, that being the approximately 180-acre East Golf Course.

Given the recent acquisition of Rancho Canada's East Golf Course by the Trust for Public Land for conversion to parkland and open space uses, as well as the 40 acre cap specified in the Special Treatment Area, it would be unlikely (not possible) that the Special Treatment Area would facilitate any future residential project in this area. If approved, RCV uses all of the STA capacity (40 acres). Therefore, no additional residential development under the STA could occur without a GP Amendment increasing the total acreage allowed. In addition, only 30 units remain available if RCV is approved (not counting Delfino 24).

Under the Subdivision Map Act, the project is entitled to proceed under the 1982 General Plan. The 2010 General Plan also includes Land Use Policy LU-9.3 (consistent with Subdivision Map Act Section 66474.2), which states:

Tentative subdivision maps for both standard and minor subdivisions that were approved prior to the adoption of this [2010] general plan may record final maps subject to meeting all conditions of approval and other legal requirements for the filing of parcel or final maps. Applications for standard and minor subdivision maps that were deemed complete on or before October 16, 2007 shall be governed by the plans, policies, ordinances and standards in effect at the time the application was deemed complete (emphasis added). Applications for standard and minor subdivision maps that were deemed complete after October 16, 2007 shall be subject to this General Plan and the ordinances, policies, and standards that are enacted and in effect as a result of this General Plan.

However, the Map Act also allows the applicant to choose to request changes in applicable ordinances, policies and standards in connection with a project, and to have those standards, if adopted, apply. (Gov't Code sec. 66474.2(c)). Due to the need for an amendment of the 1982 General Plan, if the applicant were to proceed under that plan, and due to the applicant's request for an amendment of the current General Plan it is appropriate to apply the current 2010 General Plan to the Project. The 2010 General Plan allows residential use on the Rancho Canada Golf Course site through its Special Treatment Area provisions, discussed above. As proposed, both the 281-unit Project and the lower-density 130-unit Alternative would require amending the 2010 General Plan/CVMP:

- 281-unit Project to allow new units in excess of the 190-unit cap.
- 130-unit Alternative to reduce the 50% affordability requirement to 20%

One additional issue related to amending the 2010 General Plan is Land Use Policy LU-9.6, which states in part:

"The Board shall consider two packages of general plan amendments per year. Projects deemed complete prior to October 16, 2007 shall not be subject to this limit;"

Based on this Policy, the project would not be subject to the two-times-per-year General Plan Amendment limitation due to its August 2005 completion date.

Inclusionary/Affordable Housing

At the time the project was deemed complete in 2005, the County's Inclusionary Housing Ordinance (Section 18.40.070A MCC) required subdivision to include 20% of units (very low, low, moderate income levels) on site. Section 18.40.070A MCC states, "to satisfy its inclusionary requirement on-site, a residential development must construct inclusionary units in an amount equal to or greater than twenty (20) percent of the total number of units approved for the residential development." The Inclusionary Housing Ordinance also requires that the 20% affordability requirement be dispersed over a range of household income levels (8% moderate-income; 6% low-income; 6% very low-income) rather than focused on one income category, unless the decision-maker finds that the requirements would cause a taking or it would be appropriate to modify the requirements as a result of unusual or unforeseen circumstances (Section 18.40.050B.2 of Monterey County Code).

The Project site consists of five existing parcels that would allow one residential unit per lot. Policy CV-1.27 includes language that "excludes the first unit on an existing lot of record." As such, the 130-unit Alternative would have a net increase of 125 units. With an interpretation that the terms "lots" and "units" are synonymous, a minimum of 25 inclusionary units would be required for 125 additional lots. Of the total residential units, 6% shall be in the very low-income category (7 units), 6% in the low-income category (8 units), and 8% shall be in the moderate-income category (10 units). If 20% is based on 130 units, the applicant would be required to provide 26 affordable units.

The Alternative project proposes to construct 25 rental units affordable to moderate-income households only (no on-site units for low or very low income levels are proposed). The applicant has stated that due to the significant reduction in units proposed between the Project and the Alternative it is not financially feasible to comply with the Inclusionary Ordinance's requirements, particularly related to providing low and very low-income units. As an alternative to building 25 moderate-income rental units onsite, the applicant has stated that 8% (10 units) of the 130 units could be built onsite for moderate-income households and approval sought from the County to pay an in-lieu fee for the required very low (7) and low-income (8) units. The Project is subject to the 2003 In-Lieu Fee schedule that was in effect at the time the Application was deemed complete. That fee schedule would result in payment of about \$1 million, which could fund development of 2-3 units.

Payment of an in-lieu fee would require the applicant to demonstrate that "specific characteristics of the site, such as lack of access to services, zoning which requires large lot development, or potentially high site maintenance costs, make the site unsuitable for development" (Section 18.40.090.C of Monterey County Code). Should, ultimately, a fee be paid in lieu of actually building affordable units onsite, for the foreseeable future there is limited opportunity in Carmel Valley to develop affordable housing since affordable housing units are not exempt from the 190-unit cap and only 30 units remain available if the 130-unit Alternative is approved.

In addition, there are other policy considerations related to affordable housing that need to be considered in the context of the 130-unit Alternative, specifically

- 2010 General Plan Policy LU-2.13 requires updating County's Inclusionary Housing Ordinance to require an additional 5% workforce housing. Chapter 18.40 has not been updated to reflect 2010 GP policy.

- 2010 General Plan Policy LU-1.19. Development Evaluation System establishes threshold/criteria that require 35% affordable housing outside areas designated for Community Areas, Rural Centers and Affordable Housing Overlays.
- Carmel Valley Master Plan Policy CV-1.27 requires 50% affordable housing as part of the Special Treatment Area. This was based in part on how 281-unit RCV project was presented at that time, prior to 130-unit Alternative (*unit cap agreed upon in negotiated settlement of CVA lawsuit*). The Special Treatment Area (STA) Policy CV-1.27 was not amended as part of the amendments that implemented the CVA lawsuit settlement. .

Proposed General Plan amendment (amending Policy CV-1.27) includes language "*notwithstanding any other GP policy*", which is interpreted to mean the 20% requirement applies, regardless of other policies like LU-1.19 or LU-2.13 (described further below). Affordable Housing is a policy determination. The Housing Advisory Committee was not able to reach consensus on a recommended approach. The Planning Commission voted 4-3 to recommend the 130-unit Alternative; however, the action did not receive the minimum six votes legally required to recommend approval of the General Plan Amendment to reduce the affordability requirement from 50% affordable/workforce to 20% affordable. The Board could identify different formula for affordability with the 130-unit Alternative project than what is presented by the applicant. Options include, but are not limited to:

- 25% (20% affordable/5% workforce) per GP policy LU-2.13. 125 added units equates to 6 very low, 7 low, 10 moderate, 6 workforce units
- 35% (25% affordable/10% workforce) per Development Evaluation System in GP policy LU-1.19. 125 added units equates to 6 very low, 7 low, 10 moderate, 12 workforce
- 50% Affordable/Workforce housing in accordance with current STA language. The STA language does not define a minimum ratio for the various income levels. This could be interpreted as requiring the difference (25-30%) in workforce housing (31-37 units). We could also consider the Affordable Housing Overlay (AHO) that breaks down 100% affordable as 10% very low, 15% low, 15% moderate, 20% Workforce I, and 40% Workforce II. The AHO policy allows County to consider a different ratio based on needs on the area.

Options include building low and very low housing units on site, or paying an in lieu fee for units that are not provided on site. A condition has been included that requires the developers and property owners to execute a Master Developer Inclusionary Housing Agreement or Developer Agreement reflecting the approved formula prior to recording the final subdivision map.

General Plan Land Use Policy LU-2.13

Policy LU-2.13 of the 2010 General Plan requires changing the Inclusionary Housing Ordinance to require a proportion of 25% affordable units, retaining the 20% for low, very-low and moderate income levels and adding 5% for workforce units. Policy LU-2.13 states:

The County shall assure consistent application of an Affordable Housing Ordinance that requires 25% of new housing units be affordable to very low, low, moderate, and workforce income households. The Affordable Housing Ordinance shall include the following minimum requirements:

- a) *6% of the units affordable to very low-income households*
- b) *6% of the units affordable to low-income households*
- c) *8% of the units affordable to moderate-income households*
- d) *5% of the units affordable to Workforce I income households*

As stated, above, the County's Inclusionary Housing Ordinance (Chapter 18.40) requires 20% of new housing units to be affordable to very low, low and moderate-income households at the percentages specified in Policy LU-2.13. Unlike Policy LU-2.13, the Inclusionary Ordinance does not require 5% of new units to be affordable to Workforce I (120%-150% of median County household income) income households. To date, no residential projects have been required to provide 25% affordable units, consistent with Policy LU-2.13.

As stated, the basis for the applicant's position for the Alternative to provide 20% affordable units to moderate income households is the significant reduction in units from the original 281-unit Project, which understandably made a higher proportion of affordable/workforce units more financially viable. It is plausible that had the 130-unit Alternative been a likely or foreseeable option at the time that the site's Special Treatment Area designation (CVMP Policy CV-1.27) was adopted the requirement for a minimum of 50% affordable/workforce housing would not have been included. The 130-unit Alternative, at 3.25 units/acre (based on 40 acres), is well below the 10 units/acre density allowed by the Special Treatment Area, indicating a fundamental relationship (i.e., the greater the density the greater the percentage of affordability) between density and affordability. The issue then regarding affordability is whether the 130-unit Alternative should:

- 1) Comply with the existing Inclusionary Ordinance requirements (20% total affordable units: 6% very low, 6% low and 8% moderate-income);
- 2) Comply with General Plan Policy LU-2.13 requiring 25% of new housing units to be affordable (20%) and Workforce I (5%);
- 3) Provide moderate income units onsite, as proposed by the applicant, with the option of paying an in-lieu fee for the required very low and low-income units required by the existing Inclusionary Ordinance.
- 4) Maintain the Special Treatment Area criteria of "a minimum of 50% affordable/Workforce Housing." As discussed, the Special Treatment Area affordability criteria could be maintained and the 130-unit Alternative could be approved by amending the CVMP Land Use Plan from P/Q-P to Medium-Density Residential. This, however, would leave only the East Golf Course subject to the Special Treatment Area and the East Course is likely to be converted to parkland and open space use in the near future, following its acquisition by the Trust for Public Land.

Since approval of the 130-unit Alternative would require a General Plan Amendment, either a text amendment to the site-specific Special Treatment Area language or to the CVMP Land Use Plan, there is flexibility to choose from the options cited, above. These options were presented to the Housing Advisory Committee (HAC). The HAC provides recommendations on proposed variations from the Inclusionary Housing Ordinance. The HAC, however, was not able to reach consensus on a recommendation for the 130-unit proposal. The Planning Commission voted 4-3 to recommend approval of the project as recommended by staff. A condition reflecting staff's recommendation requires a minimum of 20% of the total number of additional residential units (20% x 125[remaining units]) through a combination of 25 moderate income units to be located on the project site or payment of the Inclusionary Housing In-Lieu Fee for very low (6% or 7 units) and low income units (6% or 8 units for a total of 15 units - approximately \$1 million.

2010 General Plan Land Use Policy LU-1.19

An additional consideration in relation to the Project and more particularly the 130-unit Alternative is General Plan Land Use Policy LU-1.19, which calls for the establishment of a Development Evaluation System (DES) for areas of the County outside of Community Areas, Rural Centers and Affordable Housing Overlay Districts. Despite being a distinctive, identifiable unincorporated community within Monterey County, the General Plan does not identify Carmel Valley as a Community Area. During the development of 2010 GP, this area was considered for designation as a Community Area, Rural Center or Affordable Housing Overlay recognizing proximity to services at the mouth of the Valley.

Once established, the DES would provide a quantitative means of evaluating development proposed in areas of the County not targeted or especially suited for development. Pending establishment of the DES, the County has applied the evaluation criteria in LU-1.19 to projects. Essentially, the objective of the DES is to strongly discourage or avoid “leap frog” development not proximate to urbanized or community areas where public services and facilities exist. The DES criteria specified in Policy LU-1.19 are:

- a. Site Suitability*
- b. Infrastructure*
- c. Resource Management*
- d. Proximity to a City, Community Area, or Rural Center*
- e. Mix/Balance of uses including Affordable Housing consistent with the County Affordable/Workforce Housing Incentive Program adopted pursuant to the Monterey County Housing Element*
- f. Environmental Impacts and Potential Mitigation*
- g. Proximity to multiple modes of transportation*
- h. Jobs-Housing balance within the community and between the community and surrounding areas*
- i. Minimum passing score*

Residential development shall incorporate the following minimum requirements for developments in Rural Centers prior to the preparation of an Infrastructure and Financing Study, or outside of a Community Area or rural Center:

- 1) 35% affordable/Workforce housing (25% inclusionary; 10% Workforce) for projects of five or more units to be considered.*
- 2) If the project is designed with at least 15% farmworker inclusionary housing, the minimum requirement may be reduced to 30% total.*

This Development Evaluation System shall be established within 12 months of adopting this General Plan.

This Project is infill in nature (the site has been developed as a 36-hole public golf course for over 40 years) and its location at the Mouth of Carmel Valley is near existing communities, major roadways and services. In addition, the Special Treatment Area designation applies a distinct intent for a higher level of development in this area.

RCV Project and 130-unit Alternative are consistent with the majority of the specified DES criteria, if the criteria are deemed to apply to an infill location such as the proposed site. As with the Special Treatment Area, the Inclusionary Ordinance and General Plan Policy LU-2.13, the one clear area of inconsistency between the 130-unit Alternative and the DES is the proportion (and income level) of affordable housing proposed.

In areas subject to the DES, the DES calls for new residential development to provide “35% affordable/Workforce housing,” 10% more than General Plan Policy LU-2.13. However, as discussed, above, the RCV site is designated as a Special Treatment Area (CVMP Policy CV-1.27) by the 2010 General Plan; a site-specific designation that was established in acknowledgement of the RCV Project and, accordingly, treats the property in a manner unique to its location. Under the Special Treatment Area designation, the 281-unit Project would provide nearly 50% affordable/workforce housing, but, as discussed, due to the unit cap in CVMP Policy CV-1.6 the 281-unit Project cannot be approved without a General Plan Amendment increasing or eliminating the 190-new units cap, an unlikely occurrence given the community’s support of the cap, which was established just over three years ago through an amendment to the CVMP implementing a settlement agreement. Therefore, as previously discussed, a General Plan Amendment modifying the Special Treatment Area’s 50% affordable/workforce housing provision is proposed in order to allow for the 130-unit Alternative.

Specifically, in terms of “site suitability,” “proximity to cities and communities,” and “multiple modes of transportation,” the project’s location at the Mouth of Carmel Valley, near a mix of commercial development and immediately adjacent to higher-density housing, makes the site suitable for the type of residential development proposed. Moreover, the site’s suitability for a residential project like the RCV proposal is reflected in the Special Treatment Area designation and criteria placed on the project site, allowing for a residential project of this scale and density on the existing Rancho Canada Golf Course. The site’s location also provides direct access to Carmel Valley Road, the principal east-west transportation corridor through the valley, and efficient access to Highway 1, the major north-south transportation corridor 0.6 miles west of the proposed RCV site. Additionally, the nearby Monterey Peninsula communities of Carmel-by-the-Sea, Pacific Grove and Monterey are within short travel distance of the site and offer a wide range of commercial and personal services, employment opportunities and, alternate modes of transportation, including bus access, bicycling and walking.

Regarding “infrastructure and services,” the site has long been developed and used as a public golf course, meaning that the proposed RCV project will result in less water usage than baseline conditions. For instance, it is estimated that the residential component of the 130-unit Alternative will use approximately one-third the water currently used by the West Course. To reiterate, the site’s location in the more intensely developed Mouth of the Valley also makes it a suitable location to more efficiently connect to other necessary infrastructure, such as sewer, and to be more conveniently served by existing services, such as fire, police and schools.

Regarding the criteria “mix/balance of uses” and “jobs-housing balance,” the Project and Alternative propose a significant amount of much-needed housing at the Mouth of the Valley. As discussed, the Alternative is subject to the County’s Inclusionary Housing Program, and through the mix of housing types (i.e., small-lot single-family detached, duet units and apartments/condominiums) proposed should be “affordable by design” relative to the large-lot, single-family detached residences more characteristic of Carmel Valley. While the majority of the Alternative’s proposed units would not be subject to deed restriction, ensuring long-term affordability based on income category (such as very low, low, moderate or workforce), the

proposed mix of small-lot attached and detached housing units builds in a degree of relative affordability and would, based on recent housing trends, provide housing types more in sync with younger, working families and seniors. As stated by the applicant, due to the significant reduction in housing units from the original 281-unit Project, the 130-unit Alternative would not, however, meet the “35% affordable/workforce housing criteria specified in Policy LU-1.19.

Finally, regarding “resource management” and “environmental impacts and potential mitigations,” the RCV Project and Alternative propose to create a residential development that would be compatible with the remaining 18-hole East Golf Course (which will likely become permanent open space and park land in the near future based on the site’s recent purchase by the Public Trust for Land) and the surrounding park and open space land to the south. Specifically, the RCV Project and Alternative would add and enhance native landscaping, trails and natural-looking ponds to accommodate onsite drainage and benefit wildlife. The project site will also include connections to the existing bridge over the Carmel River, linking the site with Palo Corona Regional Park, and will maintain wildlife corridors allowing species access through the site to regional open space areas.

GP Policy LU-1.19 requires evaluating projects outside CA and RC, except projects developed under/using AHO. When considered in relation to the DES criteria specified in General Plan Land Use Policy LU-1.19:

- Project is consistent.
- Alternative is consistent, excepting the Policy’s 35% affordable housing criteria. By adopting the proposed General Plan Amendment, modifying the Special Treatment Area to allow for a minimum provision of 20% affordable housing, notwithstanding any other General Plan policies, this inconsistency will be resolved.

Since the 2010 GP was adopted, based on PC interpretation, County can/has approved projects with analysis of the DES as part of findings pending adoption of the DES. Staff has drafted findings for RCV in the resolution attached for Board consideration. As presented, RCV is consistent with County's current practice for implementing Policy LU-1.19. Technically, the Board could support the Combined Development Permit (subdivision, design approval, etc) even if the GP amendment is not approved. However, the lot/unit configuration would likely change if there is greater affordability requirement. That said, the Project cannot change significantly with the buildout cap (CV-1.6).

Flood Control and Drainage Improvements

Community Service Area (CSA) 50 has commissioned various studies to address both riverine and interior drainage impacts. A Study “Final Lower Carmel River Stormwater Management and Flood Control Report” (dated October 31, 2014) completed for CSA 50 in 2014 (updating previous 2002 and 1975 studies/plans) includes a plan for capital improvements to address flooding effects to CSA50 resulting from the Carmel River and Drainage Area 27 (DA27).

This site is located along the northern levee of the Carmel River. In 1995 and 1998 the northern levee failed resulting in river flow through Rancho Canada Golf Course, down Rio Road, and over SR1 into Hatton Fields. The Study identifies areas along the eastern boundary of CSA50 to create barriers (levees, walls) that would protect CSA50 from the Carmel River. Installing these barriers creates a need to also address the interior drainage coming from foothills north of the river. This Study identifies three drainage areas that flow into CSA50.

Drainage Areas (DA) 27 is a large area that drains under Carmel Valley Road. Some properties have a drainage swale to direct water flows south toward the river. However, water currently

sheet-flows across undeveloped properties west of the school toward Val Verde Drive because there is not a continuous defined drainage swale to contain and direct the flow. The Study identifies the need for a drainage swale collecting runoff from under Carmel Valley Road along the western border of the middle school and directly south to the Carmel River. The plan adopted with the Study identifies multiple properties that would be subject to dedicating an easement for future drainage. This includes as easement along the western boundary of the subject property.

Because of the current (baseline) condition where water flows toward Val Verde Drive, not much water flows into the subject property. Therefore, the only obligation for this project would be to dedicate an easement to comply with the adopted drainage plan for this area (Condition 45). The County is looking to create an open swale from Carmel Valley Road to Carmel River. The applicant's proposed design includes a below-grade pipe oriented in a north-south direction along the site's western boundary. This pipe would connect to a future County drainage project, immediately to the north, that would direct storm water from Carmel Valley Road to the Carmel River, greatly lessening storm water-related flood impacts in the area. The County's share of costs related to this improvement will be based on the cost to install and maintain an open swale (Condition 55).

The Alternative also includes the installation of a large culvert (10' x 12') along the site's western edge that would address riverine flooding. These improvements, not required through the CEQA process as mitigations, should lessen both riverine and storm water-related flooding for properties at the mouth of the Valley. Such public improvement beyond the minimum required can provide justification for adopting findings of overriding considerations.

Long-Term Sustainable Water

The fundamental intent of the County General Plan Goal PS-3 and associated policies PS-3.1 and PS-3.9 (and other related policies) is that new development must have a long-term sustainable water supply in terms of quantity and quality. The analysis shows that the Proposed Project or the 130-unit Alternative would not increase consumptive water use, would result in increased recharge to the Carmel Valley Alluvial Aquifer, and would not result in any substantial adverse effect on Carmel River instream flows. In regards to quality, the Proposed Project or the 130-unit Alternative would draw water from the same location that Cal-Am already draws water to serve its customers. Regardless of the mode of water delivery for the proposed residential use (Cal-Am distribution system or a separate community services district or mutual water company), the water can be treated to all regulatory standards just like the water being drawn at present from Cal-Am wells on the Rancho Canada golf course property and in nearby adjacent areas. Thus, the water source is of an acceptable water quality.

The proposed water supply for this project was reviewed using the criteria in County General Plan Policy PS-3.2 (Policy criteria in italics):

- *Water Quality:* Water is the same quality as current local Cal-Am wells and is thus of acceptable water quality, as discussed above.
- *Authorized production capacity of a facility operating pursuant to a permit from a regulatory agency, production capability, and any adverse effect on the economic extraction of water or other effect on wells in the immediate vicinity, including recovery rates:* The analysis in the EIR shows that the on-site pumping levels for the Project or Alternative would be less than baseline (i.e., golf course) pumping levels, which will help with groundwater recharge and thus would have no adverse effects to other wells or

groundwater level recovery.

- *Technical, managerial and financial capability of the water purveyor or water system operator: If the project is served by Cal-Am, it has proven capabilities to deliver water.* If a separate water system is proposed, the Project Applicant will be required to obtain all necessary permits for the separate water delivery system and to demonstrate to the County's satisfaction that the water delivery system can deliver water consistently and perpetually to the project. With the mitigation identified in the EIR, the project's water supply can meet this criterion.
- *The source of the water supply and the nature of the right(s) to water from the source:* There are riparian rights associated with the project site that meet the water needs of either the Project or Alternative. The Applicant is also seeking to obtain an appropriative right from the State Water Resources Control Board (SWRCB) in order to facilitate the proposed water transfer. The SWRCB is the decision-making agency regarding the water transfer.
- *Cumulative impacts of existing and projected future demand for water from the source, and the ability to reverse trends contributing to an overdraft condition or otherwise affecting supply:* Cumulative conditions were taken into account when establishing significance criteria for the water supply analysis in the EIR as no net increase in consumptive water use, no net reduction in groundwater recharge, and no substantial adverse change in instream flows in the Carmel River. Neither the Project's nor the Alternative's water supply impact will exceed any of the significance criteria. The project would reduce water use relative to baseline and help to reverse cumulative trends of water supply impacts on the Carmel River.
- *Effects of additional extraction or diversion of water on the environment including on instream flows necessary to support riparian vegetation, wetlands, fish or other aquatic life, and the migration potential for steelhead, for the purpose of minimizing impacts on the environment and to those resources and species:* The Project's/Alternative's water supply will not result in a net increase in consumptive water use, no net reduction in groundwater recharge, and no substantial adverse change in instream flows in the Carmel River. Thus, it will not result in any additional extraction or diversion of water impacts on the environment and will not result in impacts to riparian vegetation, wetlands, fish or other aquatic life, or migration potential for steelhead. Instead, the Project/Alternative should benefit riparian vegetation, wetlands, fish and other aquatic life and help improve spring and summer instream flows.
- *Completion and operation of new projects, or implementation of best practices, to renew or sustain aquifer or basin functions:* Neither the Project nor the Alternative will adversely affect aquifer or basin functions and will not hinder other efforts to renew aquifer or basin functions, such as the development of an alternative water supply to Cal-Am's withdrawals in excess of its current water rights or the dedication of water to instream uses by others. The Project/Alternative will instead contribute to sustaining aquifer and basin functions.
- *The hauling of water shall not be a factor nor a criterion for the proof of a long term sustainable water supply:* Hauling of water is not proposed by either the Project or the

Alternative.

With proposed Mitigation Measure PS-1 to ensure delivery of the project's water supply and constrain it to a maximum of the amounts estimated in this EIR, the Proposed Project or the 130-unit Alternative is considered to have a long-term sustainable water supply because it has already met the relevant criteria and/or will be required to meet the relevant criteria prior to issuance of any building permits.

The FEIR revised project baseline to 167 acre feet/year (af/yr) of water. The EIR assesses the applicant's concept to leave some water in the river and transfer some water for other development. County's action is limited to the project, which uses 70 acre feet (af). Therefore, the EIR analysis concludes that there is more than enough capacity under the baseline for the project. What is not used (97 af) is available to go back to the river unless some other action by another agency is taken to transfer (sell) water credits. Transferring water is not part of the County's actions.

Water rights are a separate matter (not a CEQA matter) to be addressed by other agencies. The 167 af baseline and 70 af project is what is important for County's action. Any question about amount of water for transfer is a separate debate for another agency, not Monterey County.

Transportation/Traffic

The EIR consultant, including registered traffic engineers, and County staff, including registered engineers, analyzed traffic for this project. The EIR recognizes significant impacts that cannot be fully mitigated. As such, a Statement of Overriding Considerations is required. Staff recommends adopting a Statement of Overriding Considerations for this project. That does not mean that the project is inconsistent with the GP.

The 2010 GP EIR was evaluated and certified based on a 266 unit cap (CV-1.6) that was later reduced to 190 units. 2010 GP was adopted with a finding of Overriding Considerations recognizing significant impacts to traffic (CV Rd and SR1). The project is within the cap evaluated as part of the GP - changing the affordability does not significantly affect that analysis.

Policy CV-2.17 establishes traffic thresholds for when an EIR is required. An EIR was prepared for this project so the project is consistent with Policy CV-2.17. While traffic numbers are important to identify the project's impacts and fair-share mitigation, how traffic numbers are accounted related to CV-2.17 is not relevant with an EIR being prepared.

The 130-unit Alternative, unlike the 281 unit Project, is consistent with abandonment of the Official Plan Line for the extension of Rio Road (CV-2.19). Access on the western edge of the property connecting to the existing Rio Road would be limited to only pedestrian, bicycle and emergency vehicles as part of the Alternative.

Traffic impacts to Highway 1 and Carmel Valley Road are the only impacts of the Project and Alternative that cannot be mitigated to a less than significant level. The Alternative would generate far fewer vehicle trips and generate less overall traffic due to the significant reduction in new residential units in comparison to the Project, but the Alternative would nevertheless result in traffic impacts that cannot be mitigated to a less than significant level, even though traffic mitigation measures, such as fair-share payment of fees (i.e., CVTIP Traffic Impact fee), are required.

An additional traffic/transportation-related issue was brought to staff's attention after the close of public comment on the RDEIR and the September 14 Planning Commission workshop on the Rancho Canada subdivision proposal. The issue is the retention of the existing parking lot east of the RCV site that served the 36-hole golf course. Since the RCV Project/Alternative would "remove" 18 holes of the overall golf course (i.e., one full championship course) from operating, the Transportation and Traffic section of the RDEIR accounted for this loss of 50% of the total golf course by subtracting (Table 3.7-8 Rancho Canada Village Project RDEIR) the average daily vehicle trips (414) generated by the 18-hole course from the average vehicle trips that would be generated by the Project (2,460) or Alternative (1,325). The subtraction of trips in a situation like this is standard practice in traffic analysis. The golf course is the Project/Alternative's baseline condition and 18 holes of the golf course would be displaced by the Project/Alternative on the West Course. The golf course was the generator of the vehicle trips, not the presence of the parking lot. So, whether the existing parking lot that served both 18-hole golf courses remains, the trips associated with the use are no longer occurring. Should a subsequent parks or open space project (the existing parking lot is on land recently acquired by the Trust for Public Land for park purposes) be proposed in the future, on the site that includes the parking lot, then the lot's adequacy to serve the proposed open space use would be a valid issue.

Environmental Review

Both the Project and the Alternative are fully analyzed in the *Rancho Canada Village Project Environmental Impact Report (EIR)*:

- Draft Environmental Impact Report (DEIR) was prepared and circulated for comment in January 2008. Based on comments received, County determined that the DEIR should be revised and recirculated. Comments submitted on the 2008 DEIR were incorporated into a revised DEIR (2016), so the 2008 comments and the DEIR are not considered part of EIR being certified.
- Recirculated Draft Environmental Impact Report (RDEIR) was prepared for this proposal and re-circulated for public comment from June 2 through August 8, 2016, a comment period of 68 days. The Carmel Valley Association requested an extended comment period in order to prepare their comments; based on this request, RMA-Planning staff granted the Association until August 31 to submit its comments and, accordingly, accepted and responded to comments from other individuals, organizations or agencies that submitted comments between the noticed August 8 RDEIR comment deadline and August 31. Staff released the RDEIR prior to a PC workshop on September 14, 2106. This document represents the bulk of information.
- Draft Final Environmental Impact Report (Draft FEIR) was provided to the Planning Commission on November 9, 2016. A memorandum went out to all persons on the County's RDEIR distribution list identifying where the Draft FEIR was posted on the County website. This memorandum was also included with the Planning Commission staff report that went out with the agenda. The draft FEIR included responses to comments received during the June 2 through August 31 time period. While some text in the RDEIR was amended as a result of comments received, staff found that responses amplified and clarified the RDEIR analysis and there was no need to re-circulate the RDEIR again. The Planning Commission (PC) is a recommending body to the Board of Supervisors regarding the EIR. It has been County practice (although not legally required) to provide the PC with an initial FEIR to consider in their action.
- Final Environmental Impact Report (FEIR) was prepared based on comments received up to and during the PC hearing. CEQA requires that the Lead Agency (County) shall

provide written response to public agencies 10 days prior to certifying and EIR (CEQA Guidelines, Section 15088); the 10 day period is specific to public agencies that submitted comments, and to the Board of Supervisors as the final decision-making body considering certification of the EIR. Staff provided the Final EIR to applicable public agencies on December 1, 2016, eleven days prior to the December 13 Board hearing. The FEIR was made available on County's website on December 1, 2016.

The RDEIR and the FEIR combined constitute the EIR being considered by the Board of Supervisors. The EIR addresses a range of CEQA issues and resource areas, including: land use, traffic and transportation, visual aesthetics, hydrology/flooding, water supply, biological resources, geology and soils, and construction impacts. Traffic, hydrology and water supply are the main environmental issues associated with the Project and Alternative, with the Alternative generally having less of an environmental impact (the RDEIR identified the 130-unit Alternative as the "environmentally superior alternative" of the alternatives considered) than the Project due to its reduced scale. All of these issues are discussed in greater detail in the draft resolution presented to the Board for its consideration.

Other Project Alternatives Considered in the EIR

In addition to the 130-unit Alternative, which was described and evaluated at a level equivalent to the Project, six additional alternatives to the Project were considered in the EIR, they are: 1) No Project Alternative; 2) East Golf Course Alternative; 3) Medium-Density Alternative (186 units); 4) Low-Density Alternative (40 units); 5) Rio Road Extension Emergency Access-Only Alternative; 6) Stemple Property Avoidance Alternative.

The No Project Alternative would result in just that, no project; the site would remain the former West Course (the West Course ceased operation earlier this year) of the Rancho Canada Golf Club and no development, residential or otherwise, would occur. The East Course Alternative considered developing the Project on the East Course of the Rancho Canada Golf Club in order to create a greater physical separation from Carmel Middle School, the church and residential areas to the west of the Project site. The East Course Alternative was not considered viable, however, since the development area needed would encroach into the Carmel River Floodplain. Moreover, now that the East Course properties have been acquired by the Trust for Public Land for park and open space purposes, this alternative is rendered infeasible. The Rio Road Extension Emergency Access-Only and Stemple Property Avoidance Alternatives considered minor changes to the Project related to limiting vehicular access (Rio Road) and the exclusion of a small, oddly-shaped property (Stemple) on the Project's northern boundary. Neither of these alternatives would result in any significant differences from the Project and the 130-unit Alternative already incorporates the defining elements of both these alternatives (i.e., Rio Road would be used only for pedestrian, bicycle and emergency vehicle access and the Stemple Property is not included) into its design.

The two remaining alternatives, Medium-Density (186 units) and Low-Density Alternatives, consider residential projects at densities less than the proposed Project at the Project location. The Medium-Density Alternative includes 186 residential units, 95 fewer than the original Project and would therefore lessen, though not avoid, some resource impacts, such as traffic. Similar to the Project, though, the Medium-Density Alternative would require an increase to the CVMP Policy CV-1.6 residential unit cap in that it includes 26 more units than the remaining cap (160) allows. The Medium-Density Alternative would meet the Project objectives of creating a residential community that would include affordable/workforce housing, though at a much smaller proportion than the Project (the Medium-Density Alternative would include

approximately 44 affordable/workforce units, 24% of the unit total). From a policy standpoint, the Medium-Density Alternative does not comply with either the Carmel Valley unit cap or the Special Treatment Area affordability requirements. The Low-Density Alternative includes 40 new lots/residences and assumes the same amount of open space (approximately 40 acres) proposed by the Project would be retained. Thus, the site would be developed with lots averaging about one-acre in area, more in keeping with the semi-rural character of Carmel Valley. This alternative, however, would result in far fewer new housing opportunities than both the Project and the 130-unit Alternative and is at a density well below that anticipated, or allowed, by the Special Treatment Area (10 units/acre).