



County of Monterey Planning Commission

Item No.3

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

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REF220020 - GENERAL PLAN HOUSING ELEMENT SIXTH CYCLE UPDATE

Receive a status report of the draft Sixth Cycle Housing Element and provide direction to staff.

Project Location: Unincorporated County of Monterey

Proposed CEQA Action: Statutory exemption pursuant to Section 15262 of the California Environmental Quality Act ("CEQA") Guidelines.

RECOMMENDATION

It is recommended that the Planning Commission:

- a. Receive a status update on Referral No. 22.5 - draft Sixth Cycle Housing Element Update; and
- b. Provide direction to staff.

SUMMARY:

California state law requires all local governments (cities and counties) adequately plan to meet the housing needs of everyone in the community, at all income levels. California's local governments meet this requirement by adopting housing plans as part of their "general plan." General Plans serve as a local government's blueprint for how they will grow and develop. The County of Monterey is in the process of updating the Housing Element of the General Plan. This is the Sixth Cycle of Housing Element Updates ("HEU6") and it covers a planning period between calendar years 2023-2031. It is now 2025 and the County is more than 1 year past the legislative due date in state law which was December 15, 2023. Consequences of not meeting the legislative deadline include, most germanely, the "Builders Remedy", and difficulty in, or disqualification from, obtaining state grants.

As a reminder, the County has an assigned Regional Housing Needs Allocation ("RHNA") of 3,326 housing units allocated across four income level categories including 1,070 Extremely Low/Very Low-Income, 700 Low-Income, 420 Moderate-Income, and 1,136 Above Moderate-Income units. Additionally, state guidance advises that jurisdictions plan for a buffer of 15-30% above the base RHNA requirement for each income category to avoid being subject to "no net loss" housing law.

The County has made substantial progress and accomplished a significant milestone in the process of the HEU6 update since the last report provided to the Planning Commission including submitting a draft to the California Department of Housing & Community Development (CA HCD). CA HCD has reviewed the County's initial draft and provided a response dated November 18, 2024 in response. The CA HCD letter indicates that the County's draft element addresses many statutory requirements; however, revisions to the draft are necessary to substantially comply with State Housing Element Law (Gov. Code, § 65580 et seq).

County staff has reviewed the letter from CA HCD, has met with the reviewers at the state to get clarity on some of the recommended revisions, and is researching and gathering information in response to the findings in the letter. Simultaneously, the County has begun the process of preparing a Programmatic Environmental Impact Report (PEIR) pursuant to the California Environmental Quality Act (CEQA). Staff anticipates revising the draft HEU6, resubmitting to CA HCD for a 60 day review, releasing a Draft PEIR, Finalizing the PEIR, and brining the final HEU6 to the Board for consideration in August of this year.

At the hearing, staff will provide a presentation and any feedback or direction the Planning Commission may have on HEU6 revisions and next steps will be considered by staff and relayed to the Board.

DISCUSSION:

The first public draft HEU6 was circulated for the 30-day public review period starting May 6, 2024 through June 11, 2024. During this time staff brought the draft HEU6 before the Planning Commission on May 15, 2025 and June 5, 2025, then before the Board of Supervisors on June 11, 2024. Based on public input and direction provided by the Planning Commission and Board of Supervisors, staff updated the draft HEU6 and made it available to the public for 7 days from August 12, 2025 to August 19, 2025.

On August 19, 2024, staff submitted the County's draft Housing Element Sixth Cycle (2023-2031) update ("HEU6") for the first 90-day review by the California Department of Housing and Community Development ("CA HCD"). The draft HEU6 submitted to CA HCD for its first 90-day review provides for development of 1,564 Extremely Low-/Very Low-Income units, 1,065 Low-Income units, 748 Moderate-Income units, and 1,229 Above Moderate-Income units for a total of 4,606 units, excluding the pipeline projects. The 90-day review draft HEU6 and other project information can be accessed at [General Plan Elements Update: Housing Element 6th Cycle Update 2023-2031 \(REF220020\), LRPWP Task No. 21-02 | County of Monterey, CA](https://www.countyofmonterey.gov/government/departments-a-h/housing-community-development/planning-services/advance-planning/ordinances-plans-under-development/general-plan-elements-update-housing-element-6th-cycle-update-2023-2031-ref220020-lrpwp-task-no-21-02) <<https://www.countyofmonterey.gov/government/departments-a-h/housing-community-development/planning-services/advance-planning/ordinances-plans-under-development/general-plan-elements-update-housing-element-6th-cycle-update-2023-2031-ref220020-lrpwp-task-no-21-02>>.

On November 18, 2024, the County received CA HCD's review letter (**Exhibit A**). The review letter identifies needed revisions to the 90-day Draft HEU6 to substantially comply with State Housing Element Law and further reiterates that rezone of opportunity sites is required concurrent with HEU6 certification by the state to be in compliance upon certification of the HEU6. The County team met with CA HCD on December 6, 2024 to discuss and clarify the state's findings and receive input to better guide the County's approach to providing responsive edits. CA HCD has been consistent in messaging throughout meetings and correspondence with staff that the County's HEU6 must respond to all challenges, constraints, and underperformance of existing efforts to address housing issues, with programs.

The majority of findings relate to the sites inventory and the need to further demonstrate and substantiate the potential for residential development on the opportunity sites according to the

assumptions made in the draft HEU6. Findings were also made regarding Affirmatively Furthering Fair Housing (AFFH), as well as findings related to land use controls as a constraint to housing, certain proposed housing programs, and quantified objectives for rehabilitation and conservation of housing. The County team is well underway to address the state's review findings, including providing additional spatial analysis, identifying patterns and trends in a geographic context, and providing clear connections between constraints unique to each opportunity site, fair housing issues and existing efforts to address these issues. Additionally, the County response will provide clarification and amplification of programs in the Housing Plan (Chapter 8) that augment and/or strengthen actions to achieve the targets and goals set forth in the HEU6.

Staff tentatively plans to return to the Board of Supervisors on February 4, 2025, to review the CA HCD findings and responses and provide policy direction to staff to develop an updated draft of the HEU6 for submittal to the CA HCD for its second review period of 60 days ("60-day Draft").

Builders Remedy

There are certain consequences the County is subject to for having missed the December 31, 2023 deadline to have a certified Housing Element Sixth Cycle Update (2023-2031), and they have increased in severity from past cycles. As of January 1, 2024, the "Builders Remedy" provisions of the Housing Accountability Act apply, which prohibits a jurisdiction from denying or making infeasible "a housing development project...for very low, low, or moderate-income households...unless [the County] makes written findings based upon a preponderance of evidence in the record as to one of the following:" (paraphrased list to follow)

- (1) The County has a compliant housing element and we meet or exceed our share of the RHNA for one or more of the income categories (very low, low, moderate, above moderate).
- (2) The housing development, as proposed would have a specific, adverse impact upon the public health or safety, and there is no feasible method to satisfactorily mitigate or avoid the impact without rendering the development unaffordable.
- (3) Denial is required in order to comply with specific state or federal law.
- (4) The housing development is on land zoned for agriculture or resource preservation or does not have adequate water or wastewater facilities to serve the project.
- (5) The County has a compliant housing element and the development is inconsistent with the zoning and general plan land use designation.

As of January 3, 2025, the County has received the following pre-applications or applications under Builder's Remedy law:

24945 Valley Way, Carmel, CA 93923 [APN 009-061-003-000] - Carmel Assisted Living
PLN240092-DEP - Status: Application Checklist Given Out 7/16/24 - Proposing a total of 52 homes consisting of 41 market rate units and 11 low-income units.

711 Viejo Road, CA 93923 [APN 103-011-015-000] - Grove James O. & West Kim Trs.
PLN240344-DEP - Status: Application Request Submitted 11/18/24 - Preliminary Application pursuant to Senate Bill 330, allow construction of a 275,000 square foot apartment building consisting of 96 market rate units and 24 low income units.
PLN250004-DEP - Status: Application Request Submitted 1/3/25 - Preliminary Application

pursuant to Senate Bill 330, allow construction of a 107,250 square foot apartment building consisting of 60 market rate units and 15 low income units.

PLN250005-DEP - Status: Application Request Submitted 1/3/25 - Preliminary Application

pursuant to Senate Bill 330, allow construction of 200 units consisting of 160 market rate units and 40 low income units.

10196 Oakwood Circle, Carmel, CA 93923 [416-542-011-000] - McDougall Amy E.

PLN240139 - Status: Application incomplete as of 11/25/24 - Proposing a total of 3 homes (1 single-family, 1 ADU, 1 JADU) consisting of 2 market rate units and 1 low-income unit.

3705 Rio Road, Carmel, CA 93923 [009-562-015-000] - Carmel Center Place LLC

PLN240322-DEP - Status: Application Checklist Given Out 12/02/24 - Combined Development Permit consisting of a: 1) Vesting Tentative Map to allow a 34 lot subdivision; 2) Use Permit to allow the removal of more than 3 protected trees; and 3) Administrative permit and Design Approval to allow the construction of 34 multi-family residential units (5 of which will be inclusionary housing units).

1101 Olmsted Road, Monterey, CA 93940 [APN 259-011-072-000] - Knight Christopher S et al (Saucito Land Company et al)

PLN240299-DEP - Status: Application Checklist Given Out 12/6/24 - Preliminary Application pursuant to Senate Bill 330 and the "builder's remedy" for a proposed residential "housing development project consisting of 80 single family dwellings including detached homes ranging from approximately 4,288 to 4,346 square feet and 20 multi-family residential dwelling units of approximately 609 to 835 square feet (deed restricted & available for rent). The total unit count for the project is 100 and the total maximum square foot of the residential development is approximately 364,380.

26500 Val Verde Drive, Carmel, CA 93923 [015-021-020-000] - Carmel Rio Road LLC

PLN240105-DEP - Status: Application incomplete as of 12/11/24 - Proposing 74 new homes consisting of 59 market rate units and 15 low-income units.

967 Salinas Road, Royal Oaks, CA 95076 [APN 117-072-013-000] - PLP Pajaro LLC

PLN240268-DEP - Status: Application Checklist Given Out 12/23/24 - Proposed Residential units 160. Combined Development Permit to allow the renovation and reconfiguration of existing golf course with no net expansion of footprint consisting of: Coastal Development Permits for demolition of existing clubhouse and construction of new clubhouse on "OR" district land, new uses including camping, cabins and RV park on 7.2 acres of "OR" district land; Vesting Tentative Map for subdivision of approximately 14.2 acres of HDR district land; project includes new water system plant and relocated golf maintenance facility on "OR" district land.

10 Flight Road, Carmel Valley, CA 93924 [187-442-012-000] - Ryan Bridge LLC & Flight Road LLC

PLN250002-DEP - Status: Application Request Submitted 1/2/25 - SB 330 Application with Builder's Remedy & California State Density Bonus Law. The proposed new residential development project will consist of a total of twenty-four (24) multi-family residential units on the +/-4.37 acre site. Twenty-one (21) of the units will be for sale market rate duet 2-story townhouse units with

3-bedrooms, 2-bathrooms, and attached two car garage. The remaining three (3) units will be for rent inclusionary (affordable) 3-bedroom / 1-bathroom walk-up flats style apartments in a 2-story building with garage and surface parking. New site improvements include new driveways, on-site parking, utilities, and landscape areas with new replacement trees.

Funding Impacts

Another consequence the County is subject to for having a non-compliance Housing Element, as of July 1, 2024, is loss of eligibility for certain state funding sources. The County has a 5-year agreement for Permanent Local Housing Allocation (PLHA) funding that must be reapplied for annually. For 2025, the County cannot reapply for funding at this time (PLHA Section 302 Threshold Requirements [Section 302(a)]). The County was expected to receive approximately \$803,500 from PLHA in 2025 with 60% of the funding allocated to efforts to increase affordable owner workforce housing opportunities. This loss of PLHA funding directly impacts to the County as follows:

- \$482,131 not available for downpayment assistance or owner-occupied housing rehabilitation;
- \$151,937 not available for multifamily projects; and
- \$169,483 not available for homeless services.

Timing and Next Steps

Staff are simultaneously working to amend the draft HEU6 and ensure the environmental document reflects any changes needed subsequent to the 90-day and 60-day reviews by CA HCD. Notice of Preparation of the draft Program Environmental Impact Report was available for a 30-day public review period from October 21st through November 20th, 2024. In addition, the County held a noticed Public Scoping Meeting on November 7, 2024. The environmental document is required to circulate for public review and comment once completed. This is typically a 45-day public comment period. Staff will then review and respond to comments received during the public comment period. Once the environmental review is complete and the draft HEU6 has been updated to address CA HCD comments, the HEU6 will require review by the Planning Commission for recommendation to the Board of Supervisors to certify the Programmatic Environmental Impact Report ("PEIR") and to adopt the HEU6. Once adopted by the by Board, staff will transmit the final adopted HEU6 to CA HCD for certification.

The timeline, including the steps summarized above, is as follows:

- Winter 2024-2025
 - January 8, 2025 - Planning Commission to receive a status update report.
 - January 13, 2025 - Airport Land Use Commission to conduct consistency review with Airport Land Use Compatibility Plan.
 - February 2025 - Board of Supervisors consideration of updated draft HEU6
 - March 2025 - County submit revised draft HEU6 to CA HCD for its 60-day review period to receive a status of substantial compliance with state housing law.
- Spring 2025
 - May/June 2026 - Public draft PEIR 45-day review period
 - May 2025 - Receive CA HCD's 60-day review written findings.
 - May 2025 - Determine final HEU6 sites rezone.

- June 2025 - Update draft HEU6 in response to CA HCD's 60-day review findings
- Summer 2025
 - June/July 2025 - Response to comments and release Final PEIR for 10-day public review period.
 - July 2025 - Present Final PEIR, Final HEU6 and zoning ordinance amendments to Planning Commission for recommendation to Board of Supervisors
 - July/August 2025 - Present to Board of Supervisors Final PEIR for certification, Final HEU6 and zoning ordinance amendments for adoption
 - August 2025 - Submit Board adopted HEU6 to CA HCD for certification.

Staff continues to notify interested parties who have requested to be notified of engagement opportunities and public meetings. Written comments and questions about the HEU6 effort continue to be accepted. Requests for notice or any comments and questions should be sent to GeneralPlanUpdates@countyofmonterey.gov <<mailto:GeneralPlanUpdates@countyofmonterey.gov>> which is monitored by several County staff.

ENVIRONMENTAL REVIEW

Proposed Statutory Exemption

Pursuant to Section 15262 of the CEQA Guidelines, this presentation and workshop are statutorily exempt as early discussion on possible future actions that do not involve a commitment to a project.

Programmatic Environmental Impact Report (PEIR)

Pursuant to Government Code section 65584(a)(2), the County has a mandate to remove governmental barriers to housing production. Preparation of a PEIR is a reasonable action to complement the suite of programs in Chapter 8 to simplify the process for development of housing through the planning period 2023-2031.

Opportunity sites and the housing plan within the HEU6 will be analyzed in the PEIR for potential environmental impacts under CEQA. Environmental analysis in the PEIR will contemplate the potential effects of the HEU6 on County resources at a programmatic level. Future project-specific environmental review for sites analyzed as part of the PEIR "shall be limited to effects on the environment which are peculiar to the parcel or to the project and which were not addressed as significant effects in the prior environmental impact report, or which substantial new information shows will be more significant than described in the prior environmental impact report." (Public Resources Code section 21083.3(b)).

OTHER AGENCY INVOLVEMENT

Multiple County departments are involved in the development of the General Plan draft Sixth Cycle Housing Element including the Health Department's Environmental Health Bureau and its Planning, Evaluation and Policy Unit; Civil Rights Office; County Administrative Office's Sustainability Program, Homeless Services, and Office of Community Engagement and Strategic Advocacy; Agricultural Commissioner; Department of Emergency Management; Department of Economic Development; Department of Social Services; and the Public Works, Facilities and Parks Department, and the Office of County Counsel.

Staff coordinates with CA HCD on numerous issues throughout the HEU6 process.

On January 13, 2025, the Airport Land Use Commission is scheduled to review locations of the opportunity sites as well as the housing plan policies for consistency with the 2019 Airport Land Use Compatibility Plan ("ALUCP").

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Approved by: Melanie Beretti, AICP, Chief of Planning

The following exhibits are on file with the Housing and Community Development Department.

- Exhibit A - 90-day Comment Letter from CA HCD dated November 18, 2024