

ATTACHMENT 1
HOUSING ELEMENT AND
REGIONAL HOUSING NEEDS ALLOCATION (RHNA)

There are three primary documents used for planning residential development in Monterey County, not counting the Local Coastal Plans. These documents and the year they were last adopted are: 2010 Monterey County General Plan; 2015 Housing Element; and, the Regional Housing Needs Allocation Plan: 2014-2023 (RHNA). The first two documents are prepared by the County.

The RHNA is prepared by the Association for Monterey Bay Area Governments based on the California Department of Housing and Community Development’s (HCD) projected statewide housing demand. AMBAG uses the RHNA to allocate Monterey and Santa Cruz counties housing obligation among the two

Table 1 RHNA Allocation by Selected Jurisdictions					
	Total Units	Very Low	Low	Moderate	Above Moderate
City of Salinas					
Allocation	2,093	517	330	400	846
Units Produced	146	24	16	1	105
Unincorporated Monterey County					
Allocation	1,551	374	244	282	651
Units Produced	426	37	6	0	383
Obligation Remaining	1,125	337	238	282	268
All Other Cities in County					
Allocation Other Cities	3,606	869	566	658	1513
Units Produced	0	0	0	0	0
Countywide Summary					
Allocation	7,250	1,760	1,140	1,340	3,010
Units Produced	572	41	22	1	488
Obligation Remaining	6,678	1,699	1,118	1,339	2,522

counties and cities within them. The RHNA further defines the quantity of housing each jurisdiction is obligated to provide at four specific income levels: very low; low; moderate; and, above moderate income. The RHNA allocated 7,250¹ units across the 13 land use jurisdictions in Monterey County. As of December 31, 2016, these jurisdictions had only produced 572 units, or less than 8% of the units allocated to them. Table 1 summarizes housing production obligations for all jurisdictions in the County under the 2014-2023 RHNA and the progress meeting those obligations as of December 31, 2016.

The first challenge the County faces when planning to meet its RHNA obligation is the different

Table 2								
	Very Low Income		Low Income		Moderate Income		All Income Restricted Units	
RHNA Required Units	24%	374	16%	244	18%	282	58%	900
Inclusionary Affordability Requirements	6%	93	6%	94	8%	124	20%	311
RHNA Units Credited		37		6		0		43
Total Units Built	35%	130	41%	100	44%	124	39%	354

percentages that are applied to the various levels of affordability by AMBAG and the County’s Inclusionary

¹ The RNHA document published by AMBAG allocated 7,386 units to Monterey County. The 7,250 shown in the text is based on the Annual Performance Report data published by HCD on February 25, 2018 and reflects an adjustment based on the City of Salinas’ Housing Element period.

Housing Ordinance.

If the County permits the minimum number of units required by RHNA and these units are only subject to the County's Inclusionary Housing Ordinance, then only 39% of the required income restricted units will be built. Table 2 highlights the disparity between the number of income restricted units required by RHNA and the income restrictions imposed by the County's Inclusionary Housing Ordinance.

What does this mean for the County:

- The County is going to need to have housing developers either voluntarily restrict additional units to very low, low and moderate income households;
- The County is going to need to provide financial support to "purchase" income occupancy restrictions in private developments; or,
- The County is going to need to work with the private development community to obtain other financing that imposes income limits on units.

**POTENTIAL RESIDENTIAL DEVELOPMENT IDENTIFIED IN THE
2010 GENERAL PLAN AND THE 2015 HOUSING ELEMENT**

The State housing element law requires the County to prepare a Housing Element (HE) consistent with the General Plan that lays out how the County plans to provide its fair share of housing as allocated through the RHNA process. There are two places in the HE where this is laid out: Table 39: Progress Toward RHNA for 2014-2013; and, Table 42: Vacant and Underutilized Sites.

Besides establishing the land use designations throughout the County, the 2010 General Plan and the 2015 Housing Element also identify specific areas for development of affordable housing. These plans are supplemented by the County’s Inclusionary Housing Ordinance, which requires most residential subdivisions and/or multi-family construction to set aside a specific percentage of units for very low, low and moderate income households².

The General Plan and Housing Element identify enough parcels and acreage to support almost double the County’s RHNA obligations. However, under the County’s Inclusionary Housing Ordinance developing the AHO and OS, and after considering the units already produced, will only yield approximately 70% of the very low, low, and moderate income units required by RHNA. The County’s RHNA performance considering units already constructed and assuming development of the AHO and OS is shown in Table 4.

As shown in the preceding tables, the full residential build out of Housing Element Opportunity Sites and Affordable Housing Overlay Districts at the anticipated densities and Inclusionary Housing Ordinance ratios will not satisfy the County’s affordable housing obligations under RHNA. The next section of this attachment highlights some of the development constraints that will probably limit

development at the anticipated 10 units per acre and further limit the County’s ability to construct affordable units in the correct affordability ratios.

Table 4 Unincorporated Monterey County Projected Affordable Housing Gap/(Surplus)					
	Units	Very Low	Low	Moderate	Above Moderate
RHNA Units Produced to Date	426.0	37.0	6.0	0.0	383.0
Potential Housing Units	2,974.1	178.4	178.4	237.9	2,379.3
RHNA Gap/(Surplus)	(1,849.1)	158.6	59.6	44.1	(2,111.3)

² The 2010 General Plan also requires these projects to set aside 5% of the units for Workforce 1 households, however the state does not represent this as a separate income category and the units are included in the above moderate category.

**OVERVIEW OF HOUSING ELEMENT OPPORTUNITY SITES &
GENERAL PLAN AFFORDABLE HOUSING OVERLAY DISTRICTS**

Opportunity Sites

- All Opportunity Sites are in Castroville and subject to the Castroville Community Plan.
- Nine parcels totaling 12 acres (an average 1.3-acres per parcel) and owned by six different parties.
- Seven parcels within the floodway and/or 100-year floodplain.
- Opportunity Site 10 consists of six parcels totaling a little over 91-acres and the potential to support more than 900 residential units.
- Five of the parcels are within the floodway and/or 100-year floodplain.
- All six parcels are Unique Farmland or Farmland of Statewide Importance.
- There are three traffic impact fees imposed on all development in Castroville.
 - Public Works
 - TAMC
 - Castroville Community Plan – adopted to fund mitigation for development impacts associated with the CCP. This fee is no longer necessary because the projects will not be built or will be funded by the other traffic impact fees.
 - Combined, these traffic impact fees are approximately \$25,000 per unit with no allowance for affordable or farmworker housing developments.

Affordable Housing Overlay Districts

Highway 68 & Reservation Road

- One, 31.5-acre parcel designated for mixed use with development potential of 310 units.
- Parcel is highly visible at the corner of Portola Drive and Reservation Road.
- Parcel is listed as Prime Farmland.

Mid-Carmel Valley

- Six parcels totaling 33.5 acres with development potential of 334 units.
- Only two of six parcels were designated for residential development in the General Plan despite the AHO designation.
- AHO is subject to the Carmel Valley unit “cap” which greatly diminishes development potential of all parcels within the AHO.

Monterey Peninsula Airport & Vicinity

- Eighteen parcels totaling more than 129-acres off Olmstead Road with development potential of more than 1,290 units at 10 units to the acre.
- All parcels are designated Resource Conservation in the General Plan.