



County of Monterey

Item No.

Board Report

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

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October 25, 2023

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Matter Type: Budget Committee

REF220010 - CASTROVILLE COMMUNITY PLAN UPDATE AND IMPACT FEE NEXUS STUDY

Consider a recommendation to the Board of Supervisors to:

- a. Authorize the Director of Housing and Community Development, or designee, to ratify application of and accept grant funds from the California Department of Housing and Community Development Regional Early Action Planning Grants Program of 2021 (REAP 2.0) in the amount of \$180,000 for grant period September 1, 2023 to March 31, 2026, to fund planning implementation for the Castroville Community Plan Update and Impact Fees Nexus Study;
- b. Approve and authorize the Director of Housing and Community Development, or designee, to sign and deliver a Memorandum of Understanding agreeing to the terms and conditions of the \$180,000 grant award as required by the REAP 2.0 program with the Association of Monterey Bay Area Governments (AMBAG) that is the Metropolitan Planning Organization and Council of Governments charged to administer approximately \$2.5 million in housing implementation funds to the Central Coast region through the REAP 2.0 grant program;
- c. Approve Amendment No. 2 to Professional Services Agreement No. A-16128 with Kimley-Horn and Associates, Inc. to include additional services associated with completion of the Castroville Community Plan Update, Impact Fees Nexus Study, and environmental review for increase of the total not to exceed amount of \$533,575 by \$35,000 for a new total not to exceed amount of \$568,575 with no change to the term date, and authorize future amendments to the Agreement where the amendments do not significantly alter the scope of work or change the approved Agreement amount by more than ten percent (10%), subject to review and approval by County Counsel; and
- d. Authorize and direct the Auditor-Controller to amend the Fiscal Year 2023-24 Adopted Budget to increase appropriations by \$287,739 and revenue by \$287,739 for the Housing and Community Development Department, Fund 013, Unit 8545, Appropriation Unit HCD004 financed by an increase in revenue from grants as follows: Senate Bill 2 (set to expire December 31, 2023) funds in the amount of \$62,085, Local Early Action Program funds in the amount of \$45,654, and REAP 2.0 funds in the amount of \$180,000. (4/5ths vote required)

RECOMMENDATION:

It is recommended that the Budget Committee recommend the Board of Supervisors adopt a resolution to:

- a. Authorize the Director of Housing and Community Development, or designee, to ratify application of and accept grant funds from the California Department of Housing and Community Development Regional Early Action Planning Grants Program of 2021 (REAP 2.0) in the amount of \$180,000 to fund planning implementation for the Castroville Community Plan Update and

Impact Fees Nexus Study;

- b. Approve and authorize the Director of Housing and Community Development, or designee, to sign and deliver a Memorandum of Understanding agreeing to the terms and conditions of the \$180,000 grant award as required by the REAP 2.0 program with the Association of Monterey Bay Area Governments (AMBAG) that is the Metropolitan Planning Organization and Council of Governments charged to administer approximately \$2.5 million in housing implementation funds to the Central Coast region through the REAP 2.0 grant program;
- c. Approve Amendment No. 2 to Professional Services Agreement No. A-16128 with Kimley-Horn and Associates, Inc. to include additional services associated with completion of the Castroville Community Plan Update, Impact Fees Nexus Study, and environmental review for increase of the total not to exceed amount of \$533,575 by \$35,000 for a new total not to exceed amount of \$568,575 with no change to the term date, and authorize future amendments to the Agreement where the amendments do not significantly alter the scope of work or change the approved Agreement amount by more than ten percent (10%), subject to review and approval by County Counsel; and
- d. Authorize and direct the Auditor-Controller to amend the Fiscal Year 2023-24 Adopted Budget to increase appropriations by \$287,739 and revenue by \$287,739 for the Housing and Community Development Department, Fund 013, Unit 8545, Appropriation Unit HCD004 financed by an increase in revenue from grants as follows: Senate Bill 2 (set to expire December 31, 2023) funds in the amount of \$62,085, Local Early Action Program funds in the amount of \$45,654, and REAP 2.0 funds in the amount of \$180,000. (4/5ths vote required)

SUMMARY:

The Castroville Community Plan and associated Impact Fees Nexus Study are being updated to right-size the plan and fees by excluding the coastal areas that were planned for development. The Coastal Commission did not certify the existing 2007 CCP and those coastal areas no longer have a nexus upon which to exact impact fees. The current impact fees have been suspended by the Board but were \$28,707 for residential development of a single-family 1,500 square foot unit and \$17,434 for each 800 square feet of a multi-family unit, which have been prohibitive to housing development for this community. Reducing the scope of the CCP by taking out the coastal areas from the plan will cause reduction in the impact fees as the intensity and scope of planned development in the area will be significantly reduced. Technical studies to support updates to the CCP are being prepared and will undergo environmental review. The update was to be completed by the end of 2023. The Castroville area is within District 2, along with the Pajaro area of north Monterey County. Delays as a result of flood events in March 2023 and other shifting priorities have impacted the timeline for completion of the update. Therefore, more work is falling into fiscal year 2024 than was anticipated in the budget.

The project has been funded by Senate Bill 2 (SB 2) and Local Early Action Planning (LEAP) grants during fiscal year 2023. SB 2 funds will no longer be available to fund the project because the grant is expiring December 31, 2023. Staff applied for the non-competitive \$180,000 of the Association of Monterey Bay Area Governments (AMBAG) Regional Early Action Planning Grants Program of 2021 (REAP 2.0) grant to be used, along with LEAP funds, to support completion of the update and to liberate a portion of LEAP funds for supporting planning efforts in initiating preparation of the new Chualar Community Plan.

Staff recommends that the Board of Supervisors accept the REAP 2.0 grant, enter into a Memorandum of Understanding with AMBAG for the grant funding, approve an amendment to increase the Kimley-Horn contract by \$35,000, and authorize amendment to the fiscal year 2023-24 Adopted Budget to increase both appropriations and revenue by \$287,739.

DISCUSSION:

On June 29, 2021, Governor Newsom signed the Budget Act of Fiscal Year 2021-2022 which established the Regional Early Action Planning Grants Program of 2021 (REAP 2.0 or Program) which allocated \$600 million in one-time funds to accelerate infill housing development, affirmatively further fair housing, and reduce Vehicle Miles Travelled (VMT). The California Department of Housing and Community Development (HCD) has been assigned as the state agency overseeing this program, and a portion of REAP 2.0 funds have been allocated to the Association of Monterey Bay Area Governments (AMBAG). The County is eligible to apply to the AMBAG for a grant authorized under the REAP 2.0 provisions pursuant to Health and Safety Code sections 50515 and 50515.05. AMBAG will grant the majority of REAP 2.0 funds to eligible entities in the AMBAG area and eligible entities may apply for a portion of AMBAG's REAP 2.0 funds according to an allocation method approved by the AMBAG Board.

Through the Local Suballocation Grant Program (LSGP), AMBAG has set aside \$2,625,000 for jurisdictions throughout the region for eligible projects which meet all REAP 2.0 goals and objectives. The goal of the LGSP is to provide all cities and counties with an opportunity to propose REAP 2.0 eligible projects while allowing for both implementation and planning uses that advance state planning priorities to invest in housing, planning, and infill housing-supportive infrastructure in a manner that reduces VMT, increases housing affordability, and advances equity. The County responded to the notice of availability of the non-competitive grant of \$180,000 with a project proposal that includes infill housing, more housing along existing transit routes, and housing closer to jobs to support a jobs/housing balance and to reduce VMT. Reduction of the impact fees is key to promoting equity in the disadvantaged community by making housing development more affordable.

The Professional Services Agreement (PSA) with Kimley-Horn provides professional services for the update to the Castroville Community Plan and execution of an Impact Fees Nexus Study. The first amendment to the PSA was not fiscal, only textual. Additional scope is now needed to complete the CCP update than was originally scoped. This second amendment includes an increase of \$35,000 to the contract for two additional public outreach events, an additional administrative draft review prior to circulation of the public review draft document, and an optional task available with written authorization only should future unanticipated work be needed to complete this CCP update in a timely manner. There is no change to the term date for the agreement. To fulfill the anticipated FY24 work, staff requests an increase of \$287,739 in appropriations, fully financed by grant funding.

LEAP and SB2 grants were allocated to the County in 2020 and 2019, respectively. Both of these grants are being used as the source of funding for this project and the SB 2 grant expires December 31, 2023, with submittal of final invoices required no later than October 31, 2023. The Regional Early Action Planning (REAP 2.0) grant was allocated to the County on September 1, 2023 and will provide a funding source in addition to the LEAP and SB 2 grants. The timeline for this contracted work aligns with a June 30, 2024 completion date for the County to be able to utilize these grant funds.

OTHER AGENCY INVOLVEMENT:

The Offices of the County Counsel and Auditor-Controller have reviewed and approved the amendment to the PSA as to form and legality, and fiscal provisions, respectively.

FINANCING:

A total of \$333,240 has been expended through September 30, 2023 on this project, and the remaining amount of \$235,335 of the total contract amount of \$568,575 (inclusive of the \$35,000 increase) is anticipated to be expended in this FY24. HCD is requesting that the Board of Supervisors authorize the increase of \$287,739 in appropriations and revenues in Fund 013, Appropriation Unit HCD-004, Unit 8545, the entire amount of which is funded by grants as follows: Senate Bill 2 (set to expire December 31, 2023) funds in the amount of \$62,085, Local Early Action Program funds in the amount of \$45,654, and REAP 2.0 funds in the amount of \$180,000. With the \$180,000 REAP 2.0 grant, the remaining unused LEAP grant balance will be made available to finance tasks required to begin preparation of the Chualar Community Plan, anticipated to get underway in early 2024.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:


This project supports the Board of Supervisors' Strategic Initiatives with preparation of an Impact Fee Nexus Study and revision of the Castroville Community Plan, both of which will contribute to supporting economic development by removing a barrier for potential housing developers to invest in housing production in the Castroville area. If housing construction increases, Monterey County residents could experience an improvement in housing choice and availability that would potentially reduce the burdens associated with unhealthy living conditions for those undergoing homelessness and with poorly maintained structures for low-income households.

 X Economic Development
 Administration
 X Health & Human Services
 X Infrastructure
 X Public Safety

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Reviewed by: Melanie Beretti, AICP, Acting HCD Chief of Planning

Approved by: Craig Spencer, Acting Director 

The following attachments are on file with HCD:

Attachment 1 - Draft Resolution

Attachment 2 - Draft MOU with AMBAG for REAP 2.0 Attachment

3 - PSA with Kimley-Horn

Attachment 4 - Amendment 1 to PSA with Kimley-Horn Attachment

5 - Amendment 2 to PSA with Kimley-Horn Attachment 6 - Board

Order Agreement No. A-16128