

ATTACHMENT 7
THREE YEAR PLAN FOR AFFORDABLE HOUSING

The County's three-year plan to maximize the County's ability to capture new state funding and take advantage of state legislation consists of the following:

Year 1 –

- Identify parcels with the greatest potential for rapid residential development
 - E.g. those with the fewest regulatory constraints; a willing owner; and in a location that will be competitive for federal and state affordable housing subsidies (if not privately financed).
- Evaluate County properties to determine suitability for development of affordable housing.
- Evaluate other sources of funding for affordable housing to determine best approach to maximize funding for projects in Monterey County, e.g.
 - Is receiving a smaller, guaranteed allocation of HOME funding from HUD versus competing for larger, unguaranteed amount of HOME funding a better choice?
 - Entering cooperative agreements with Entitlement jurisdictions to combine SB2 70% allocations for affordable housing.
 - Work with jurisdictions within County to prioritize affordable housing funding applications to minimize internal County competition for funding from competitive sources such as the SB2 set-asides, SB3 funds and tax credits.
- Complete a Nexus Study of the Castroville Community Plan Development Impact Fee. Delete projects that are no longer being contemplated such as Artichoke Avenue and the Castroville Blvd/Highway 156 interchange.
- Update the County's Accessory Dwelling Unit Ordinance to conform to changes in state law.
 - RMA is currently drafting this update.
- Update the County Code to align with current legislation.
- Update the County's Inclusionary Housing Ordinance so that it conforms to state law and the 2010 General Plan.
 - The Economic Development Department has issued a Request for Proposals and is in the process of selecting a consulting team to work on this effort.
- Update North County Land Plan (Coastal) to remove reference of affordable housing consistent with the Coastal Act by adding a reference to California Public Resources Code §30500.1
- Update the Zoning Ordinance so that it is consistent with the General Plan and specifically the zoning in affordable housing overlay districts.

Year 2 –

- Entitle properties for affordable housing. Possible sites include:
 - UC MBEST Triangle
- Address resource constraints that prevent the development of currently zoned and/or approved affordable housing developments.
 - CHISPA – Mountain View owner occupied development in San Lucas subject to water supply limitations.
- Competitively select developer for affordable housing on selected properties.

- Support the selected developer's fundraising by applying for state grants and loans.

Year 3 –

- Begin construction of first affordable housing project.

There are many things that the County can do to encourage and support the development of income and/or occupancy restricted housing.

- Funding – Competition for grants, loans and tax credits to finance construction of housing is intense and local funds are important.
 - Tax credits require applicants to have high debt to income ratios but projects frequently cannot pay off debt, hence the use of residual receipts loans by junior lien holders.
 - Repayment is unlikely and if the loan is repaid, the annual income is insufficient to fund the next project for 10-15 years.
 - Since repayment is unlikely, local funding sources need another, constant, stream of new capital.
 - Anticipated SB2 funding to County on an ongoing basis is expected to be 25%-35% of what was available under redevelopment
- Align General Plan Land Use Designations and Zoning
 - County undertake responsibility for any zoning changes needed to support affordable housing proposals
- Inclusionary Housing Ordinance Update to allow consolidation of affordable housing off-site and payment of in-lieu fees that can be used to support private and public development
 - Consultant selection process is already underway
 - Funded out of Inclusionary Housing Fund, no impact on the General Fund, but it means fewer inclusionary dollars available to build units
- Develop a countywide approach to dealing with housing
 - Pool financial resources
 - One RHNA obligation for cities and County not 13
- Property Control
 - Identify areas appropriate for occupancy restricted housing
 - Purchase or option properties
 - RFP for developer to purchase property from the County or assume County's option and then be responsible for building housing stock required by the RFP