County of Monterey

County of Monterey Government Center
1441 Schilling Place
Salinas, CA 93901

Meeting Agenda - Final

Wednesday, October 22, 2025
6:00 PM

1441 Schilling Place, 2nd Floor, Salinas, CA 93901
Thyme Room

Housing Advisory Committee

IMPORTANT NOTICE REGARDING PARTICIPATION IN THE HOUSING ADVISORY COMMITTEE MEETING

The Recommended Action indicates the staff recommendation at the time the agenda was prepared. That recommendation does not limit the County of Monterey Housing Advisory Committee alternative actions on any matter before it.

In addition to attending in person, public participation will be available by ZOOM and/or telephonic means:

PLEASE NOTE: IF ALL HAC MEMBERS ARE PRESENT IN PERSON, PUBLIC PARTICIPATION BY ZOOM IS FOR CONVENIENCE ONLY AND IS NOT REQUIRED BY LAW. IF THE ZOOM FEED IS LOST FOR ANY REASON, THE MEETING MAY BE PAUSED WHILE A FIX IS ATTEMPTED BUT THE MEETING MAY CONTINUE AT THE DISCRETION OF THE CHAIRPERSON.

You may participate through ZOOM. For ZOOM participation please join by computer audio at: https://montereycty.zoom.us/j/91704392412?pwd=ELrBN2kTXD5QolrDLvW7w1254tj7pZ.1

OR to participate by phone call any of these numbers below:
- **1 669 900 6833 US (San Jose)**
- **1 346 248 7799 US (Houston)**
- **1 312 626 6799 US (Chicago)**
- **1 929 205 6099 US (New York)**
- **1 253 215 8782 US**
- **1 301 715 8592 US**

Enter this Meeting ID number 917 0439 2412 when prompted.

PUBLIC COMMENT: Please submit your comment (limited to 250 or less) to the HAC Clerk at HAChearingcomments@countyofmonterey.gov. In an effort to assist the Clerk in identifying the agenda item relating to your public comment please indicate in the Subject Line, the meeting body (i.e. Housing Advisory Committee Agenda) and item number (i.e. Item No. 10). Your comment will be placed into the record at the Housing Advisory Committee meeting.

Public Comments received by 5:00 p.m. on the Tuesday prior to the HAC meeting will be distributed to the HAC via email.

Public Comment submitted during the meeting can be submitted at any time and every effort will be made to read your comment into the record, but some comments may not be read due to time limitations. Comments received after the agenda item will be made part of the record if received prior to the end of the meeting.

ALTERNATIVE FORMATS: If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 USC Sec. 12132) and the federal rules and regulations adopted in implementation thereof. For information regarding how, to whom and when a person with a disability who requires a modification or accommodation in order to participate in the public meeting may make a request for disability-related modification or accommodation including auxiliary aids or services or if you have any questions about any of the items listed on this agenda, please call the Monterey County Housing and Community Development at (831) 755-5390.

INTERPRETATION SERVICE POLICY: The Monterey County Housing Advisory Committee invites and encourages the participation of Monterey County residents at its meetings. If you require the assistance of an interpreter, please contact the Monterey County Housing and Community Development Department located in the Monterey County Government Center, 1441 Schilling Place, 2nd Floor South, Salinas - or by phone at (831) 755-5390. The Clerk will make every effort to accommodate requests for interpreter assistance. Requests should be made as soon as possible, and at a minimum 24 hours in advance of any meeting of the Housing Advisory Committee

La medida recomendada indica la recomendación del personal en el momento en que se preparó la agenda. Dicha recomendación no limita las acciones alternativas del Comité de Asesor de Vivienda del Condado de Monterey sobre cualquier asunto que se le haya sometido.

Además de asistir en persona, la participación del público estará disponible por ZOOM y/o medios telefónicos:

TENGA EN CUENTA: SI TODOS LOS MIEMBROS DEL COMITÉ DE ASESOR DE VIVIENDA ESTÁN PRESENTES EN PERSONA, LA PARTICIPACIÓN PÚBLICA DE ZOOM ES SOLO POR CONVENIENCIA Y NO ES REQUERIDA POR LA LEY. SI LA TRANSMISIÓN DE ZOOM SE PIERDE POR CUALQUIER MOTIVO, LA REUNIÓN PUEDE PAUSARSE MIENTRAS SE INTENTA UNA SOLUCIÓN, PERO LA REUNIÓN PUEDE CONTINUAR A DISCRECIÓN DEL PRESIDENTE DE LA REUNIÓN.

Puede participar a través de ZOOM. Para la participación de ZOOM, únase por computadora en: https://montereycty.zoom.us/j/91704392412?pwd=ELrBN2kTXD5QolrDLvW7w1254tj7pZ.1

O para participar por teléfono, llame a cualquiera de estos números a continuación:

+ 1 669 900 6833 US (San Jose)
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Presione el código de acceso de reunión: 917 0439 2412 cuando se le solicite.

COMENTARIO PÚBLICO: Por favor envíe su comentario (limitado a 250 palabras o menos) al personal del Comité de Asesor de Vivienda del Condado de Monterey al correo electrónico: HAChearingcomments@countyofmonterey.gov. En un esfuerzo por ayudar al personal, indique en la línea de asunto, la audiencia de la reunión (por ejemplo, la agenda del Comité de Asesor de Vivienda del Condado de Monterey) y el número de punto (por ejemplo, el No. de agenda 10). Su comentario se incluirá en el registro de la audiencia del Comité de Asesor de Vivienda del Condado de Monterey
Los comentarios públicos recibidos antes de las 5:00 p.m. del martes anterior a la reunión del Comité de Asesor de Vivienda del Condado de Monterey se distribuirán al Comité de Asesor de Vivienda por correo electrónico.

El comentario público enviado durante la reunión se puede enviar en cualquier momento y se hará todo lo posible para leer su comentario en el registro, pero algunos comentarios pueden no leerse debido a limitaciones de tiempo. Los comentarios recibidos después del tema de la agenda se incluirán en el registro si se reciben antes de que finalice la junta.

FORMATOS ALTERNATIVOS: Si se solicita, la agenda se pondrá a disposición de las personas con discapacidad en formatos alternativos apropiados, según lo exige la Sección 202 de la Ley de Estadounidenses con Discapacidades de 1990 (42 USC Sec. 12132) y las reglas y regulaciones federales adoptadas en implementación de la misma. Para obtener información sobre cómo, a quién y cuándo una persona con una discapacidad que requiere una modificación o adaptación para participar en la reunión pública puede hacer una solicitud de modificación o adaptación relacionada con la discapacidad, incluidas las ayudas o servicios auxiliares, o si tiene alguna pregunta sobre cualquiera de los temas enumerados en esta agenda, llame al Departamento de Vivienda y Desarrollo Comunitario del Condado de Monterey al (831) 755-5390.

POLÍZA DE SERVICIO DE INTERPRETACIÓN: Los miembros del Comité de Asesor de Vivienda del Condado de Monterey invita y apoya la participación de los residentes del Condado de Monterey en sus reuniones. Si usted requiere la asistencia de un interprete, por favor comuníquese con el Departamento de Vivienda y Desarrollo Comunitario localizado en el Centro de Gobierno del Condado de Monterey, (County of Monterey Government Center), 1441 Schilling Place, segundo piso sur, Salinas – o por teléfono al (831) 755-5390. La asistente hará el esfuerzo para acomodar los pedidos de asistencia de un interprete. Los pedidos se deberán hacer lo más pronto posible, y a lo mínimo 24 horas de anticipo para cualquier reunión del Comité de Asesor de Vivienda del Condado de Monterey.

The Recommended Action indicates the staff recommendation at the time the agenda was prepared. That recommendation does not limit the Housing Advisory Committee's alternative actions on any matter before it.

NOTE: All agenda titles related to numbered items are live web links. Click on the title to be directed to corresponding Staff Report

Participate via Zoom Meeting Link:
https://montereycty.zoom.us/j/91704392412?pwd=ELrBN2kTXD5QolrDLvW7w1254tj7pZ.1

Participate via Phone: 1-669-900-6833
Meeting ID Access Code: 917 0439 2412

Password (if required): 260632

6:00 P.M. - CALL TO ORDER

ROLL CALL

Peter Said (Chair) - District 4
Gilbert Ramos (Vice-Chair) - District 1
Sandi Austin - District 2
Robert Chacanaca - District 2
Braulio Fabian Zamudio - District 3
Cary Swensen - District 4
Mitch Winick - District 5
Eric Palmer - District 5

PUBLIC COMMENT

The Housing Advisory Committee (HAC) will receive public comment on non-agenda items within the purview of the HAC. The Chair may limit the length of individual presentations.

AGENDA ADDITIONS, DELETIONS AND CORRECTIONS

The Committee Clerk will announce agenda corrections, deletion and proposed additions, which may be acted on by the Housing Advisory Committee as provided in Section 54954.2 of the California Government Code.

APPROVAL OF CONSENT AGENDA

1. Approve the May 12, 2025 Draft Action Minutes **25-746**

Attachments: Staff Report
Draft HAC MEETING MINUTES_051425

2. Review and Approval of the 2026 Housing Advisory Committee (HAC) meeting dates. **25-760**

Attachments: Staff Report
2026 Draft Meeting Schedule

3. a. Receive a report on the 2025-2028 Board of Supervisors Strategic Plan; and, **25-747**
b. Provide direction to staff.

Attachments: Staff Meeting
Attachment A - Board Strategic Plan Attachment PAR 25-003

4. a. Receive a report on the Inclusionary Housing Ordinance update progress; **25-748**
b. Provide direction to staff on potential amendments to the Inclusionary Housing Ordinance (IHO) and General Plan (GP) Land Use Policies LU-1.19, LU-2.11 and

LU-2.13 including:
c. The applicability of the IHO based on the appropriate number of lots/units proposed in a development;
d The appropriate percentage of for sale lots/units and for rent units that should be required at very-low, low, and moderate incomes; and
e. The need and feasibility for the provision of work force I and II housing and the extent to which this requirement creates a constraint on overall housing development:
f. Provide direction to staff to develop a new Inclusionary In-Lieu fee; and
g. Direct staff to report the findings of the required analysis and recommended changes to the Inclusionary Housing Ordinance and 2010 Inland General Plan to the full Board of Supervisors by February 28, 2026.

Attachments: Staff Report
Attachment A - Overview of Affordable-Inclusionary Requirements in California
Attachment B - Recommendations b and c - Affordability Requirements
Attachment C - Discussion of Recommendation E
Attachment D - KMA 3-22-23 IHO Updated In-Lieu Fee Analysis

5. a. Receive a report on rental income generated by the Kents Court affordable housing development; and, **25-752**
b. Recommend that the Board of Supervisors approve basing Kents Court rents on annual tenant certified incomes.

Attachments: Staff Report
Attachment A - Sample Rent Adjustments

OTHER MATTERS

COMMITTEE COMMENTS, REQUEST AND REFERRALS

This is a time set aside for the members of HAC to comment, request, or refer a matter that is on or not on the agenda. At this time, members may also request that an item be added to a future HAC agenda.

DEPARTMENT UPDATE

NEXT SCHEDULED NEETING

November 12, 2025

ADJOURNMENT

County of Monterey

Item No.1

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

Board Report

Legistar File Number: 25-746

October 22, 2025

Introduced: 10/14/2025
Version: 1

Current Status: Agenda Ready
Matter Type: General Agenda Item

Approve the May 12, 2025 Draft Action Minutes

County of Monterey

Item No.1

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

Board Report

Legistar File Number: 25-308

May 14, 2025

Introduced: 5/7/2025
Version: 1

Current Status: Agenda Ready
Matter Type: General Agenda Item

Approve March 12, 2025 Draft Action Minutes

County of Monterey

County of Monterey Government Center
1441 Schilling Place
Salinas, CA 93901
Thyme Room

Meeting Minutes - Draft

Wednesday, May 14, 2025

6:00 PM

1441 Schilling Place, 2nd Floor, Salinas, CA 93901
Thyme Room

Housing Advisory Committee

6:00 P.M. - CALL TO ORDER

There was no Chair, therefore, Vice-Chair Ramos called the meeting to order at 6:05 p.m.

ROLL CALL

ROLL CALL
Members Present: Sandi Austin, Robert Chacanaca, Eric Palmer, Gilbert Ramos, Peter Said, Mitch Winick

Members Absent: Braulio Fabian Zamudio, Cary Swensen

Staff Present: Melanie Beretti, Criag Spencer (Zoom) Sonia De La Rosa (Zoom) Reed Gallogly (Zoom), Darby Marshall, Anita Nachor, Dawn Yonemitsu (Zoom)

PUBLIC COMMENT

Esther Malkin

AGENDA ADDITIONS, DELETIONS AND CORRECTIONS

Esther Malkin sent screenshots from the YouTube video for the Board of Supervisors meeting on Tuesday, May 13, 2025.

APPROVAL OF CONSENT AGENDA

Action: A motion was made by Committee Member Chacanaca to approve the consent agenda. Chair Said seconded the motion.

Ayes: Austin, Chacanaca, Ramos, Said, Winick
NAYES
ABSENT: Fabian Zamudio, Swensen
ABSTAINED: Palmer
Motion Passed – 5-0
Public Comment: None

1. Approve March 12, 2025 Draft Action Minutes

SCHEDULED MATTERS

2. Conduct a study session to prioritize 6th Cycle Housing Element Policies and Program for implementation.

   No motion required. The Committee received and discussed the 6th Cycle Housing Element Policies and Program for implementation.

   Public Comment: Esther Malkin

3. Conduct a workshop on the Draft Request for Proposals to prepare an Affordable Housing Strategic

Plan for Monterey County and provide feedback to staff.

No motion required. The Committee conducted a workshop on the Draft Request for Proposals to prepare an Affordable Housing Strategic Plan for Monterey County and provided feedback to staff.

OTHER MATTERS

Darby has invited the Housing Advisory Committee members to attend the Board of Supervisors meeting on June 24, 2025. He will be presenting the Housing Report that was given to the Health, Housing, Homelessness, and Human Services Committee.This item will be discussed in the afternoon, starting any time after 1:30 PM.
Additionally, Darby provided a report on the Housing Pipeline which includes active Planning development applications or applications that have been approved and still have units to build.

Vice-Chair Ramos requested to add a column to the Housing Pipeline that states when the application started.

The Housing Advisory Committee reached a consensus to approve the input on the Housing Plan and the Scope of Work presented by Darby Marshall.

COMMITTEE COMMENTS, REQUEST AND REFERRALS

Welcomed newest Committee Member Eric Palmer to the Housing Advisory Committee.

DEPARTMENT UPDATE

1. Craig Spencer will present future developments on Water Policy to the Housing Advisory Committee (HAC).

2. Request for Environmental Health to present on alternative water sources for single unit development at the HAC.

3. Request that Groundwater Sustainability Agency present on water sources to HAC.

4. A notice to the County of Monterey has been received that the Community Development Block Grant (CDBG) will be renewed for another year.

5. A notice to the County of Monterey has been received indicating that the County of Monterey is now eligible to apply for designation as a "Home Participating Jurisdiction." The County will automatically receive funding allocated specifically for affordable housing starting next year, provided it remains within the next Federal budget.

NEXT SCHEDULED MEETING:

Wednesday, July 9, 2025 at 6:00 p.m.

ADJOURNMENT

Vice-Chair Ramos moved to adjourn. The meeting was adjourned at 7:58 p.m.

County of Monterey

Item No.2

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

Board Report

Legistar File Number: 25-760

October 22, 2025

Introduced: 10/15/2025

Version: 1

Current Status: Agenda Ready

Matter Type: General Agenda Item

Review and Approval of the 2026 Housing Advisory Committee (HAC) meeting dates.

County of Monterey

Item No.2

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

Board Report

Legistar File Number: 25-760

October 22, 2025

Introduced: 10/15/2025
Version: 1

Current Status: Agenda Ready
Matter Type: General Agenda Item

Review and Approval of the 2026 Housing Advisory Committee (HAC) meeting dates.

HOUSING ADVISORY COMMITTEE (HAC) 2026 MEETING SCHEDULE

Meeting Dates/Time	Second Wednesday of every other month at 6:00pm, unless otherwise posted.
Location	Thyme Room 1441 Schilling Place, 2nd Floor, Salinas, CA 93901 Hybrid Meeting - In-Person and through Zoom
Chair	Peter Said
Vice-Chair	Gilbert Ramos

Meeting Date	Location	Time of Meeting
Wednesday, January 14, 2026	Thyme Room 1441 Schilling Place, 2nd Floor, Salinas, CA 93901 Hybrid Meeting - In-Person and through Zoom	6:00pm
Wednesday, March 11, 2026	Thyme Room 1441 Schilling Place, 2nd Floor, Salinas, CA 93901 Hybrid Meeting - In-Person and through Zoom	6:00pm
Wednesday, May13, 2026	Thyme Room 1441 Schilling Place, 2nd Floor, Salinas, CA 93901 Hybrid Meeting - In-Person and through Zoom	6:00pm
Wednesday, July 8, 2026	Thyme Room 1441 Schilling Place, 2nd Floor, Salinas, CA 93901 Hybrid Meeting - In-Person and through Zoom	6:00pm
Wednesday, September 9, 2026	Thyme Room 1441 Schilling Place, 2nd Floor, Salinas, CA 93901 Hybrid Meeting - In-Person and through Zoom	6:00pm
Wednesday, November 18, 2026	Thyme Room 1441 Schilling Place, 2nd Floor, Salinas, CA 93901 Hybrid Meeting - In-Person and through Zoom	6:00pm

County of Monterey

Board Report

Legistar File Number: 25-747

Item No.3

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

October 22, 2025

Introduced: 10/14/2025 **Current Status:** Agenda Ready
Version: 1 **Matter Type:** General Agenda Item

a. Receive a report on the 2025-2028 Board of Supervisors Strategic Plan; and,
b. Provide direction to staff.

RECOMMENDATION:
It is recommended that the Housing Advisory Committee
a. Receive a report on the 2025-2028 Board of Supervisors Strategic Plan; and,
b. Provide direction to staff.

SUMMARY:
In March 2025, the Monterey County Board of Supervisors adopted a Strategic Plan covering 2025-2028. The Housing Advisory Committee (HAC) will receive a report on the Board's Strategic Plan and discuss how the HAC can support achieving the Board's strategic goal for housing. This staff report is based on the new template that Housing and Community Development (HCD) will be using to prepare items for the Board of Supervisors consideration. Staff is seeking feedback on the format from the HAC and direction to either continue using it, or what changes the HAC would like to see made.

DISCUSSION:
In March 2025, the Board of Supervisors adopted a Strategic Plan for 2025-2028. The Plan is made up of five Strategic Goals: Well-Being and Quality of Life, Sustainable Infrastructure for the Present and Future, Safe and Resilient Communities, Diverse and Thriving Economy, and Dynamic Organization and Employer of Choice. Within the first Strategic Goal, the Board identified a key objective around housing:

Formulate policies and take action to meet resident and workforce housing needs while using land efficiently.

The Board also identified three strategies that would help achieve the housing objective. These strategies are:
1. Streamline permitting processes to encourage construction of affordable housing / alternative dwelling units.
2. Make measurable progress in achieving or exceeding Regional Housing Needs Allocation (RHNA) and expand opportunities for affordable and workforce housing development.
3. Support the development of permanent supportive housing (PSH) Countywide.

The County's ability to achieve the objective of making measurable progress towards meeting its

RHNA obligation is ultimately going to be determined by two factors. The private sectors willingness to develop more affordable units and County investments that provide subsidies for lower income households. Staff believes that the HAC is uniquely positioned to develop policy and programmatic recommendations that support these factors.

To reinforce the Board's commitment to the Strategic Plan, a new Board Report Template has been introduced that requires a discussion of how the proposed action will reduce constraints on housing development, increase the constraints on housing development, or have a neutral impact on housing development. This staff report is in the new template and will be used for all future HAC staff reports.

OTHER AGENCY INVOLVEMENT/COMMITTEE ACTIONS:
This section will not usually apply to items considered by the HAC. The HAC's consideration and direction on items will be included in this section of the report as it moves through the process and is ultimately considered by the Board of Supervisors.

HOUSING IMPACTS:
___Reduces constraints on Housing Development
___Increases constraints on Housing Development
_X_Neutral
___Not applicable [N/A]

QUALITATIVE SUMMARY of potential impacts of the policy/program on Housing: [Specific to housing ordinances and policies. Mark "N/A" for non-policy work]
Receipt of this report will not have a direct impact on policies or programs on impacting Housing. The Board's Strategic Plan will inform the HAC's future work on a wide variety of housing policy and program recommendations.

HOUSING CONSTRAINTS: [Refer to PAR 25-003 for a sample summary of Housing constraints. If not applicable, mark as "NA".]
The bracketed text is informational and directs staff where to find information on identified Housing constraints. The referenced document is attached to this report.

FINANCING:
There is no financial impact associated with receiving this report. Staff costs associated with preparing the report are included Fund 001, Budget Unit 8542, Appropriations Code HCD001 as part of the Board of Supervisors funding for HCD.

This section will be used to discuss any financing requirements associated with preparing special studies, convening community workshops, and other extraordinary expenses.

BOARD OF SUPERVISORS STRATEGIC PLAN GOALS:
Receiving this presentation does not directly support any of the Board of Supervisor's Strategic Plan Goals, but it does provide the HAC with information necessary to support achieving the Well-Being and Quality of Life goal in the future.

Mark a check to the related Board of Supervisors Strategic Plan Goals:
____ Well-Being and Quality of Life
____ Sustainable Infrastructure for the Present and Future
____ Safe and Resilient Communities
____ Diverse and Thriving Economy
____ Dynamic Organization and Employer of Choice
If does not fall under any of the above Board of Supervisors Strategic Plan Goals (Other):
____ Administrative

Link to the Strategic Plan:
https://www.countyofmonterey.gov/home/showdocument?id=139569

Prepared and approved by: Darby Marshall, Housing Program Manager, 831.755-5391

Attachment:
Attachment A - Board Strategic Plan Attachment PAR 25-003

County of Monterey

Item No.3

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

Board Report

Legistar File Number: 25-747

October 22, 2025

Introduced: 10/14/2025 **Current Status:** Agenda Ready
Version: 1 **Matter Type:** General Agenda Item

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The County's ability to achieve the objective of making measurable progress towards meeting its RHNA obligation is ultimately going to be determined by two factors. The private sectors willingness to develop more affordable units and County investments that provide subsidies for lower income households. Staff believes that the HAC is uniquely positioned to develop policy and programmatic recommendations that support these factors.

To reinforce the Board's commitment to the Strategic Plan, a new Board Report Template has been introduced that requires a discussion of how the proposed action will reduce constraints on housing development, increase the constraints on housing development, or have a neutral impact on housing development. This staff report is in the new template and will be used for all future HAC staff reports.

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___Reduces constraints on Housing Development
___Increases constraints on Housing Development
_X_Neutral
___Not applicable [N/A]

QUALITATIVE SUMMARY of potential impacts of the policy/program on Housing: [Specific to housing ordinances and policies. Mark "N/A" for non-policy work]
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This section will be used to discuss any financing requirements associated with preparing special studies, convening community workshops, and other extraordinary expenses.

BOARD OF SUPERVISORS STRATEGIC PLAN GOALS:
Receiving this presentation does not directly support any of the Board of Supervisor's Strategic Plan Goals, but it does provide the HAC with information necessary to support achieving the Well-Being and Quality of Life goal in the future.

Mark a check to the related Board of Supervisors Strategic Plan Goals:
____ Well-Being and Quality of Life
____ Sustainable Infrastructure for the Present and Future

____ Safe and Resilient Communities
____ Diverse and Thriving Economy
____ Dynamic Organization and Employer of Choice
If does not fall under any of the above Board of Supervisors Strategic Plan Goals (Other):
____ Administrative

Link to the Strategic Plan:
https://www.countyofmonterey.gov/home/showdocument?id=139569

Prepared and approved by: Darby Marshall, Housing Program Manager, 831.755-5391

Attachment:
Attachment A - Board Strategic Plan Attachment PAR 25-003

Attachment A

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Introduced: 1/23/2025
Version: 1
Current Status: Agenda Ready
Matter Type: Preliminary Analysis Report

Receive a preliminary response to Referral Number 2024.17 (Church) regarding the establishment of a structured approach to assessing the economic impacts on housing before adopting new County ordinances.

RECOMMENDATION:
It is recommended that the Board of Supervisors receive a report and provide direction to staff to incorporate a qualitative summary of the impacts of new or modified land use regulations on housing development in staff reports.

SUMMARY:
On November 14, 2024, Supervisor Church submitted a referral (Referral No. 2024.17) requesting the establishment of a structured approach for assessing the economic impacts of new ordinances on housing.
Local land use regulations play a significant role in new housing development. The costs/affordability of housing is more complex. For example, lack of housing supply has been a significant factor in current housing costs, but costs are also significantly impacted by location, inflation, mortgage rates, house size, homeowner association fees, insurance, and other market forces. Some factors are in the control of local governments and others are not.
Housing and Community Development (HCD) staff are currently working on a Housing Element update with one of the mandated components of this update being a review of "constraints to housing" and "identification of programs and policies to remove these constraints." In the Housing Element, analysis of constraints is addressed in terms of "governmental constraints" and "non-governmental constraints" following the logic discussed in the paragraph above. Some of the most often cited governmental constraints to housing development are listed below.

1. **Zoning**: Zoning dictates how land can be used (residential, commercial, industrial, etc.) and can influence the density of housing. Strict zoning regulations may limit housing development by prohibiting certain types of housing or restricting where they can be built. Zoning regulations also establish what land uses are allowed and which uses or development are conditionally allowed. Conditionally allowed uses require public hearings, environmental determinations, and increase the amount of time and uncertainty in process.
2. **Codes, Permit Fees, and Time**: Regulations that set standards for construction can affect the cost, timeline, and design of housing projects. Stringent codes may increase construction costs or slow down the process, potentially deterring developers from building affordable housing.
3. **Affordable Housing Requirements**: The County has adopted policies that require a percentage of affordable housing in new projects containing five or more units. This can

increase the availability of affordable units but also raise the overall cost of development, which might discourage investment in certain regions.

4. **Environmental Regulations**: Land use policies that protect natural resources or require environmental reviews can limit the amount of land available for housing development or increase development costs due to mitigation efforts.
5. **Impact Fees and Taxes**: Fees and taxes imposed to offset the impact of new housing on infrastructure, roads, schools, parks, environmental resources, and other services, increase the cost of housing development, may discourage private investment in housing developments, and these costs are often passed along to the consumers.
6. **Infrastructure**. Water, sewage disposal, utilities, roads, and other infrastructure needed to serve new development are limited in many of the unincorporated areas. Extension of public infrastructure to serve development may require annexations through the Local Agency Formation Commission (LAFCO) and can be very expensive. Onsite water, wastewater, and other infrastructure systems are also very expensive and require additional permits from local and state agencies to establish. In many cases, the lack of infrastructure makes housing development infeasible.

While housing is a critical need in our community and throughout the state, all housing developments are not desirable. It is a difficult task to identify areas where development is appropriate and remove constraints to development in those areas. In other areas, there are resources and locational factors that call for policies that discourage development or require increased levels of reviews and protections.

Referral No. 2024.17 requests the Board implement a policy requiring an assessment of potential housing economic impacts on residents in the legislative decision-making process. HCD has direct oversight over the majority of governmental constraints to housing development (zoning, permits, affordability requirements), but other agencies may also play a role (e.g., health requirements, infrastructure, and impact fees). HCD does not have the expertise to perform an economic assessment on the quantitative impacts of ordinances on housing prices. If the desire is to have an assessment of this kind, this would slow the pace of ordinance development and would require the creation of new positions with appropriate expertise to perform such analysis or the use of consultants. HCD does have the ability to provide a qualitative assessment of ordinances prepared by HCD for potential impacts on housing development. This analysis is recommended to be mirrored after the other templated sections of staff reports (like the Financing section or Strategic Initiatives sections -See below).

To illustrate what a qualitative analysis of housing impacts of ordinances could look like, a new section of this Board report titled "Housing Impacts" is included below. HCD staff recommends that the Board consider including an analysis, as illustrated below, in staff reports associated with new or modified land use policies and regulations brought forward by HCD.

HOUSING IMPACTS:
_X Reduces constraints on Housing Development
__ Increases constraints on Housing Development
__ Neutral

The proposed policy to consider impacts of new or modified land use regulations on housing development would potentially reduce constraints to housing by making the Board and public aware of the impacts before acting on the development. This will aid in avoiding implicit or unintended consequences of land use decisions on housing development and costs.

OTHER AGENCY INVOLVEMENT:
This report has been prepared by HCD. It is anticipated that HCD would review only those legislative changes that HCD brings forward in response to this referral. If the Board desires additional agencies or departments to include a Housing Impact analysis, HCD can make the staff report template available for use by others. If HCD is asked to consult on the analysis in every case, this would be an added duty within the Planning Division. The Planning Division is ill equipped with staffing resources to absorb such duties at this time and additional resources would be required.

FINANCING:
As recommended, there will be no impact on the general fund. A qualitative analysis and summary of housing impacts of new ordinances would be prepared by staff assigned to long-range planning functions. If a quantitative economic analysis is desired, there would be an estimated impact to the general fund of approximately $200,000 annually for new staff or consultants with appropriate expertise. Additionally, if the Board desires that HCD consult on all new ordinances and regulations within the County to determine potential impacts on housing development, there would be an estimated general fund impact of approximately $177,000 annually for new staff to assist with carrying out added duties within the planning division of HCD.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:
The proposed policy supports the Board's Economic Development, Health & Human Services, and Administration, initiatives by providing additional information to the Board and the public on the housing development consequences of new or modified land use regulations.

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

Prepared by: Craig Spencer, Director of Housing and Community Development

The following attachments are on file with the Clerk of the Board:
Attachment A - Referral No 2024.17

Monterey County Board of Supervisors
Referral Submittal Form

Referral No. 2024.17
Assignment Date: 12/3/24
(Completed by CAO's Office)

SUBMITTAL - Completed by referring Board office and returned to CAO no later than 10:00AM on Wednesday prior to Board meeting:

Date: 11/14/24	Submitted By: Supervisor Glenn Church	District #: 2
Referral Title: Policy for Evaluating Housing Economic Impacts on Residents in Legislative Decisions		
Referral Purpose: Request for the Board of Supervisors to implement a policy requiring an assessment of potential housing economic impacts on residents in the legislative decision-making process.		
Brief Referral Description (attach additional sheet as required): The referral aims to establish a structured approach for assessing the economic impacts on residential housing before enacting new county ordinances. Board reports would include potential economic impacts on the cost of housing in a dedicated section of the document. This policy will ensure that Board decisions consider potential financial burdens and economic effects on housing costs for the community.		

Classification - Implication	**Mode of Response**
☐ Ministerial / Minor ☐ Land Use Policy ☐ Social Policy ☐ Budget Policy ☐ Other: ______________________________	☐ Memo X Board Report ☐ Presentation **Requested Response Timeline** ☐ 2 weeks ☐ 1 month ☐ 6 weeks ☐ Status reports until completed ☐ Other: ASAP ☐ Specific Date: _______

ASSIGNMENT – Provided by CAO at Board Meeting. Copied to Board Offices and Department Head(s) Completed by CAO's Office:

Department(s):	Referral Lead:	Board Date:

REASSIGNMENT – Provided by CAO. Copied to Board Offices and Department Head(s). Completed by CAO's Office:

Department(s): Housing and Community Development and CAO	Referral Lead: Craig Spencer and Debbie Paolinelli	Date: 12/3/24

ANALYSIS - Completed by Department and copied to Board Offices and CAO:

Department analysis of resources required/impact on existing department priorities to complete referral:	
Analysis Completed By: ____________________________________ Date: ______________	**Department's Recommended Response Timeline** ☐ By requested date ☐ 2 weeks ☐ 1 month ☐ 6 weeks ☐ 6 months ☐ 1 year ☐ Other/Specific Date: _____________

REFERRAL RESPONSE/COMPLETION - Provided by Department to Board Offices and CAO:

Referral Response Date:	Board Item No.:	Referrals List Deletion:

Note: Please cc Claudia Escalante and Karina Bokanovich on <u>all CAO correspondence</u> relating to referrals.

Monterey County
Board of Supervisors

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066
www.co.monterey.ca.us

Board Order

Upon consensus the Board:

Received a report and provide direction to staff to incorporate a qualitative summary of the impacts of new or modified land use regulations on housing development in staff reports. County Administrative Officer to work with the Clerk of the Board to update the Board Report template to include a section regarding impact on housing costs.

I, Valerie Ralph, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 82 for the meeting February 4, 2025.

Dated: February 6, 2025
File ID: PAR 25-003
Agenda Item No.: 14

Valerie Ralph, Clerk of the Board of Supervisors
County of Monterey, State of California

Vicente Ramirez, Deputy

Introduced: 10/14/2025 **Current Status:** Agenda Ready
Version: 1 **Matter Type:** General Agenda Item

a. Receive a report on the Inclusionary Housing Ordinance update progress;
b. Provide direction to staff on potential amendments to the Inclusionary Housing Ordinance (IHO) and General Plan (GP) Land Use Policies LU-1.19, LU-2.11 and LU-2.13 including:
c. The applicability of the IHO based on the appropriate number of lots/units proposed in a development;
d The appropriate percentage of for sale lots/units and for rent units that should be required at very-low, low, and moderate incomes; and
e. The need and feasibility for the provision of work force I and II housing and the extent to which this requirement creates a constraint on overall housing development:
f. Provide direction to staff to develop a new Inclusionary In-Lieu fee; and
g. Direct staff to report the findings of the required analysis and recommended changes to the Inclusionary Housing Ordinance and 2010 Inland General Plan to the full Board of Supervisors by February 28, 2026.

It is recommended that the Housing Advisory Committee::
a. Receive a report on the Inclusionary Housing Ordinance update progress;
b. Provide direction to staff on potential amendments to the Inclusionary Housing Ordinance (IHO) and General Plan (GP) Land Use Policies LU-1.19, LU-2.11 and LU-2.13 including:
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e. The need and feasibility for the provision of work force I and II housing and the extent to which this requirement creates a constraint on overall housing development:
f. Provide direction to staff to develop a new Inclusionary In-Lieu; and
g. Direct staff to report the findings of the required analysis and recommended changes to the Inclusionary Housing Ordinance and 2010 Inland General Plan to the full Board of Supervisors by February 28, 2026.

<u>SUMMARY:</u>
During the Board of Supervisors consideration of the Annual Housing Report in June 2025, the Board directed staff to return with a plan for updating the Inclusionary Housing Ordinance (IHO) by the end of October 2025. Staff began the process by identifying the following objectives:

- Promote housing development in the planned growth areas;
- Increase and incentivize the development of affordable housing;
- Identify requirements and thresholds at which the IHO would accomplish the two objectives

above.

Staff reviewed local and regional inclusionary housing policies, the trends and history within the County under the current rules, the relevant policies of the General Plan including draft Housing Element implementation strategies, discussed inclusionary housing provisions with developers, and affordable housing experts in the financial and legal arenas to better understand the economic and market considerations associated with affordable housing requirements. The data and information gathered in these efforts reflect a range of considerations, geographic social and economic conditions, financial interests, and these varying considerations are also reflected in a range policies adopted by other jurisdictions. The complexity of the information and varying geographic considerations make it difficult to pinpoint precise policies that will spur development of the desired housing.

As reflected in the recommendation, there are several policy questions, all of which are inter-related. Policy questions included, but where not limited to:

- The number of units in a development that triggers the requirement to provide affordable housing;
- The percentage of units within a development that must be dedicated as affordable;
- The percentage of affordable units by income category (very low, low, moderate, and workforce) * and by type (for sale or for rent)
- When and how to collect a fee or land dedication in lieu of constructing affordable units;
- The length of time affordability restrictions remains in place.

Staff's recommendation has been informed by our outreach and review of available data. The recommended actions will bring the County's Inclusionary Housing Ordinance (IHO) more in line with the requirements of other jurisdictions on the Central Coast and continue to require developers to construct, or fund the construction of, affordable housing in the unincorporated areas of the County. The recommendation does decrease the percentage of units within a development that must be dedicated to affordable housing from 20% currently to 15% recommended. This change would necessitate revisions to the General Plan that currently call for 25%; 6% very low; 6% low, 8% moderate, and 5% workforce. The recommendations also increase the number of units in a development that trigger the affordable housing requirements from 5 units to 7 units.
It cannot be seen with any certainty that the suggested changes will accomplish the intended goals. We know that the current 20% system has not resulted in development of housing that meets the needs of lower income households or keeps pace with market demand; thus, some change is warranted. The economic analysis, lived experiences with developers, review of other jurisdictions policies, and some data points point toward decreasing the exactions for affordable housing that are currently in place (20%) rather than increasing them. It is thought that decreasing the percentage of affordable units will decrease the costs a housing development must absorb to comply with affordability requirements, leading to an increase in development of housing overall.

The recommendation presented is not set in stone. Staff suggests that specific economic analysis and targeted outreach be conducted on the recommendation/direction to provide greater clarity on the likely outcomes of the direction. Of particular importance is the balance between for sale moderate income housing requirements and for rent low and very low-income requirements. Using the County's Regional Housing Needs Assessment (RHNA) as a benchmark, the largest need is in the very low income category (1,072 units in the next 6 years).

DISCUSSION:
Updating the IHO has four primary goals:
•Require the private sector develop or support the development of affordable housing.
•Support private sector development of affordable housing consistent with assumptions made in drafting the 6th Cycle Housing Element.
•Demonstrate that the IHO does not constitute a constraint to development of housing for any income level by the private sector.
•Aligning the 2010 Inland General Plan and IHO affordability requirements.

The County of Monterey first adopted an Inclusionary Housing Ordinance in October 1980. Since then, the Ordinance has resulted in the construction of more than 800 units of affordable housing and used more than $6 million in in-lieu fees to support the development of almost 200 supportive housing units or emergency shelter beds. Over the last 44-years, approximately 430 projects, with the potential to create almost 13,000-units, have been assessed for compliance with the IHO. Depending on the affordable percentage (15% or 20%) required, these projects could have created between 1,921 and 2,562-affordable units, over 44-years. The County's 6th Cycle Regional Housing Needs Allocation for affordable units is 2,190. Given that the IHO has permitted or financed less than half that number of units over the last 44-years, it is unlikely that the IHO will have a significant impact on the number of affordable units permitted over the next seven-years.

As part of considering amendments or updating the IHO, the County is obligated to "provide an analysis of potential or actual governmental constraints up the maintenance, improvement, or development of housing for all income levels (Government Code Section 65583). To meet this requirement, the County needs to update the financial analysis of the IHO with the recommended affordability levels. Additionally, the County has never analyzed the workforce-income level requirements contained in the 2010 Inland General Plan to determine if they constitute a constraint to the development of housing.

The staff recommendation addresses six interrelated elements for how the IHO could be amended to balance the need to compel the private market to develop or contribute to the development of affordable housing without being an impediment to housing development. These elements are explored individually in attachments to this staff report.

OTHER AGENCY INVOLVEMENT/COMMITTEE ACTIONS:
On June 28, 2025, the Board of Supervisors received the Housing Report. The Board directed staff to deemphasize a regional approach to affordable housing and focus efforts on getting more affordable housing built in the unincorporated areas. This report was considered by the Housing Advisory Committee on October 22, 2025, and will be presented to the Board of Supervisors on November 4, 2025. Comments received during these meetings will be incorporated into the presentation to the Board of Supervisors.

HOUSING IMPACTS:
___Reduces constraints on Housing Development

___Increases constraints on Housing Development
_X_Neutral
___Not applicable [N/A]

QUALITATIVE SUMMARY of potential impacts of the policy/program on Housing:
It is challenging to evaluate the qualitive impacts the Inclusionary Housing Ordinance has had on the production of housing. Since 1980, at least 1,200 affordable housing units have been constructed or rehabilitated to comply with the Ordinance. Additionally, the Ordinance has generated in-lieu fees that have allowed the County to support development of shared permanent supportive housing units. What has not been quantified is the impact the Ordinance, is whether the Ordinance has led to housing development not occurring.

HOUSING CONSTRAINTS:
PAR 25-003 specifically calls out the County's affordable housing requirement as a potential constraint on development of housing. However, it also states that the requirement can increase the availability of affordable housing. Reducing the percentage of units dedicated to affordable housing will increase the number of market rate units available to subsidize the affordable units.

FINANCING:
Implementing the recommended actions are outside the scope of work of the County's current agreement with LeSar Development Consultants and will require a contract amendment and increase in the contract amount. Staff needs to work with LeSar to determine the potential budget increase required and available funding.

Updating the Inclusionary In-Lieu Fee will potentially increase revenue available for the County to support development of affordable and permanent supportive housing. The amount of revenue generated will depend on the number of projects subject to the fee and how the fee is calculated. The recommended fee is based on the cost to construct 15% of proposed units as affordable units evenly divided between very low- (7.5%) and low-income households (7.5%).

BOARD OF SUPERVISORS STRATEGIC PLAN GOALS:
Completing an analysis of the Inclusionary Housing Ordinance's impact on housing production and developing appropriate recommendations to either repeal to the Ordinance or make revisions is key to achieving the Board's objective around housing.

Mark a check to the related Board of Supervisors Strategic Plan Goals:
__X_ Well-Being and Quality of Life
____ Sustainable Infrastructure for the Present and Future
____ Safe and Resilient Communities
____ Diverse and Thriving Economy
____ Dynamic Organization and Employer of Choice

Prepared by: Darby Marshall, Housing Program Manager, 831.755-5391
Approved by: Craig Spencer, Director of Housing and Community Development,

Attachments:

Attachment A - Overview of Affordable/Inclusionary Requirements in California

Attachment B - Discussion of Recommendations B. and C.

Attachment C - Discussion of Recommendation D.

Attachment D - Discussion of Recommendation E.

County of Monterey

Board Report

Legistar File Number: 25-748

Item No.4

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

October 22, 2025

Introduced: 10/14/2025
Version: 1

Current Status: Agenda Ready
Matter Type: General Agenda Item

a. Receive a report on the Inclusionary Housing Ordinance update progress;
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As reflected in the recommendation, there are several policy questions, all of which are inter-related. Policy questions included, but where not limited to:

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Staff's recommendation has been informed by our outreach and review of available data. The recommended actions will bring the County's Inclusionary Housing Ordinance (IHO) more in line with the requirements of other jurisdictions on the Central Coast and continue to require developers to construct, or fund the construction of, affordable housing in the unincorporated areas of the County. The recommendation does decrease the percentage of units within a development that must be dedicated to affordable housing from 20% currently to 15% recommended. This change would necessitate revisions to the General Plan that currently call for 25%; 6% very low; 6% low, 8% moderate, and 5% workforce. The recommendations also increase the number of units in a development that trigger the affordable housing requirements from 5 units to 7 units.
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The staff recommendation addresses six interrelated elements for how the IHO could be amended to balance the need to compel the private market to develop or contribute to the development of affordable housing without being an impediment to housing development. These elements are explored individually in attachments to this staff report.

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____ Sustainable Infrastructure for the Present and Future
____ Safe and Resilient Communities
____ Diverse and Thriving Economy
____ Dynamic Organization and Employer of Choice

Prepared by: Darby Marshall, Housing Program Manager, 831.755-5391
Approved by: Craig Spencer, Director of Housing and Community Development,

Attachments:
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Attachment B - Discussion of Recommendations B. and C.
Attachment C - Discussion of Recommendation D.
Attachment D - Discussion of Recommendation E.

Attachment A

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Attachment A

Overview of Affordable/Inclusionary Requirements in California

The Grounded Solutions Network maintains a database of affordable and inclusionary housing programs nationwide. Information contained in the database is voluntarily supplied by jurisdictions with affordable and/or inclusionary housing programs in place. Because of the way that Grounded Solutions Network has structured the data it only provides a very high-level overview of individual program requirements. The data structure also includes elements, such as density bonuses, that are voluntary under California state law and not inclusionary housing programs. To work with this dataset, County staff added columns that allow for:

- Assigning geographic regions within the state
  - Capitol
  - Central Coast – Monterey, San Benito, San Luis Obispo, Santa Barbara, Santa Cruz, and Ventura counties
  - Eastern Sierra
  - Gold Country
  - Inland Empire
  - Northern California
  - San Francisco Bay Area
  - San Joaquin Valley
  - Southern California
- Creating multiple programs when a program has multiple elements with different components, e.g., a city has different affordability requirements if the project is owner-occupied or rental.
- Creating columns to break information into useable information, e.g., (Rental) Multiple Tiers of Income Targeting Detail

Citation: Grounded Solutions Network. (2020). Inclusionary Housing Database. Retrieved from http://inclusionaryhousing.org/map/

The Grounded Solutions Network also has an Inclusionary Housing Calculator that allows users to experiment with different program design options and incentives. This allows the user to assess the impacts of different strategies on the overall financial feasibility of a project. The Calculator can be found at: https://inclusionaryhousing.org/calculator/

Statewide there are more than 240 programs intended to increase the supply of affordable housing. Of these, approximately 132 are traditional inclusionary housing programs. On average, projects with 8 or more new units are required to make approximately 14% of the units affordable. Programs on the central coast are similarly triggered at 8 units but require 16% affordability. In addition to the County's IHO, seven cities in the County have adopted IHOs. Of the seven cities within Monterey County, on average IHO compliance is triggered when a project proposes 9 or more units, and when triggered, 18% of the proposed units are required to be affordable.

The County's current IHO, adopted in 2003, requires all residential development with three or more units to make 20% of the units affordable. The affordability requirement is further broken down to require 6% of the units be affordable to very low-income households, 6% be affordable to low-income households, and 8% be affordable to moderate-income households. The 2010 Inland General Plan requires an additional 5% of units be affordable for workforce-income households. The County's IHO requirements are more than the average requirements statewide. The following information is from the Inclusionary Housing Database and helps put the County's Inclusionary Housing Ordinance requirements in perspective.

Region Type of Program Mandatory or Voluntary	Number of Programs	Average Minimum Project Size	Average Affordable Set-Aside Requirement
Capitol	**8**		
Linkage/Impact Fee Program	**7**		
Mandatory Program	7		
Traditional Inclusionary Housing	**1**		
Mandatory Program	1		
Central Coast	**34**	**8**	**16.42%**
Linkage/Impact Fee Program	**4**		
Mandatory Program	4		
Traditional Inclusionary Housing	**30**	**8**	**16.42%**
Mandatory Program	25	8	16.32%
Voluntary Program	5	6	17.50%
Eastern Sierra	**1**		
Linkage/Impact Fee Program	**1**		
Mandatory Program	1		
Gold Country	**9**	**10**	**10.00%**
Linkage/Impact Fee Program	**1**		
Mandatory Program	1		
Traditional Inclusionary Housing	**8**	**10**	**10.00%**
Mandatory Program	7	10	10.00%
Voluntary Program	1	10	10.00%
Inland Empire	**7**	**8**	**11.25%**
Linkage/Impact Fee Program	**2**		
Mandatory Program	2		
Traditional Inclusionary Housing	**5**	**8**	**11.25%**
Mandatory Program	5	8	11.25%
Northern California	**10**	**9**	**10.88%**
Linkage/Impact Fee Program	**2**		
Mandatory Program	2		
Traditional Inclusionary Housing	**8**	**9**	**10.88%**
Mandatory Program	7	9	10.71%
Voluntary Program	1		12.00%
San Francisco Bay Area	**126**	**7**	**14.76%**
Density Bonus	**8**	**5**	**15.00%**
Voluntary Program	8	5	15.00%
Linkage/Impact Fee Program	**55**		**10.00%**
Mandatory Program	55		10.00%
Traditional Inclusionary Housing	**63**	**8**	**14.84%**
Mandatory Program	54	8	14.95%
Voluntary Program	9	7	13.80%
San Joaquin Valley	**3**	**10**	**12.50%**
Traditional Inclusionary Housing	**3**	**10**	**12.50%**
Mandatory Program	3	10	12.50%
Southern California	**46**	**6**	**13.57%**
Density Bonus	**2**	**4**	

Attachment A
Overview of Affordable/Inclusionary Requirements in California

Region Type of Program Mandatory or Voluntary	Number of Programs	Average Minimum Project Size	Average Affordable Set-Aside Requirement
Mandatory Program	1	3	
Voluntary Program	1	5	
Linkage/Impact Fee Program	**10**		
Mandatory Program	10		
Traditional Inclusionary Housing	**34**	**6**	**13.57%**
Mandatory Program	29	7	13.75%
Voluntary Program	5	4	10.00%
Grand Total	**244**	**7**	**14.28%**

Type of Program Mandatory or Voluntary	Number of Programs	Average Minimum Project Size	Average Affordable Set-Aside Requirement
Central Coast	**34**	**8**	**16.42%**
Monterey County	**8**	**9**	**18.38%**
Traditional Inclusionary Housing	8	9	18.38%
Mandatory Program	**8**	**9**	**18.38%**
City of Greenfield	1	5	20.00%
City of King City	1	20	15.00%
City of Marina	1	20	20.00%
City of Monterey	1	6	20.00%
City of Salinas	1	10	12.00%
City of Seaside	1	2	20.00%
City of Soledad	1	5	20.00%
County of Monterey County	1	3	20.00%
San Benito County	**2**	**6**	**20.00%**
Traditional Inclusionary Housing	2	6	20.00%
Mandatory Program	**2**	**6**	**20.00%**
City of Hollister	1		
City of San Juan Bautista	1	6	20.00%
San Luis Obispo County	**4**	**2**	**5.00%**
Linkage/Impact Fee Program	2		
Mandatory Program	**2**		
City of San Luis Obispo	1		
County of San Luis Obispo	1		
Traditional Inclusionary Housing	2	2	5.00%
Mandatory Program	**2**	**2**	**5.00%**
City of Arroyo Grande	1	2	5.00%
City of Atascadero	1		
Santa Barbara County	**7**	**7**	**15.33%**
Traditional Inclusionary Housing	7	7	15.33%
Mandatory Program	**5**	**8**	**14.40%**
City of Buellton	1		15.00%
City of Carpinteria		5	12.00%
City of Goleta	1	5	20.00%
City of Lompoc	1	10	10.00%
City of Santa Barbara	1	10	15.00%
County of Santa Barbara	1		
Voluntary Program	**2**	**5**	**20.00%**

Attachment A
Overview of Affordable/Inclusionary Requirements in California

Type of Program Mandatory or Voluntary	Number of Programs	Average Minimum Project Size	Average Affordable Set-Aside Requirement
City of Goleta	1	5	20.00%
County of Santa Barbara	1		
Santa Cruz County	**8**	**7**	**17.00%**
Linkage/Impact Fee Program	2		
Mandatory Program	**2**		
City of Watsonville	1		
County of Santa Cruz	1		
Traditional Inclusionary Housing	6	7	17.00%
Mandatory Program	**5**	**7**	**17.50%**
City of Capitola	1		
City of Santa Cruz	2		20.00%
City of Watsonville	1	7	15.00%
County of Santa Cruz	1	7	15.00%
Voluntary Program	**1**	**7**	**15.00%**
County of Santa Cruz	1	7	15.00%
Ventura County	**5**	**9**	**15.00%**
Traditional Inclusionary Housing	5	9	15.00%
Mandatory Program	**3**	**9**	**15.00%**
City of Oxnard	1	10	10.00%
City of Port Hueneme	1	10	25.00%
City of Thousand Oaks	1	6	10.00%
Voluntary Program	**2**		
City of Oxnard	1		
City of Santa Paula	1		

Attachment B

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Attachment B
Applicability & Affordability Requirements

Staff Recommendations:

a. Direct staff Direct staff to analyze the potential impacts of amending the Inclusionary Housing Ordinance and General Plan Land Use Policies LU-1.19, LU-2.11 and LU-2.13 to require projects creating more than 7 for sale lots/units make at least 20% of the units affordable for moderate-income households;
b. Direct staff to analyze the potential impacts of amending the Inclusionary Housing Ordinance and General Plan Land Use Policies LU-1.19, LU-2.11 and LU-2.13 to require projects creating more than 7 rental units make at least 7.5% of the units affordable for very low-income households, 7.5% affordable for low-income households, and 5% affordable for moderate-income households;
c. Direct staff to analyze if implementing General Plan Land Use Policies LU-2.11 and LU-2.13 constitute a constraint on the development of housing.

Threshold Rational:

1. Setting the threshold for applicability at 7-new lots/units makes the County's Inclusionary Housing Ordinance more in line with the requirement statewide.
2. Setting the threshold for applicability at 7-new lots/units means that all projects subject to the Ordinance will have to provide at least one affordable unit. Fewer than 7 lots/units results in only fractional affordability requirements.
3. Housing developments with fewer than 7 lots/units have a reduced ability to spread the costs of building affordable units throughout the development.

Affordability Rational:

1. Bifurcating affordability requirements between ownership and rental units recognizes the different financing requirements and opportunities imposed by the different occupancy models.
2. Setting the affordability requirement at 15% of total proposed units/lots is in line with what is found statewide in affordable housing programs.

Discussion:

The County's current Inclusionary Housing Ordinance requires projects with 3 or more units to make 6% affordable to very low-income households, 6% affordable to low-income households, and 8% affordable to moderate-income households. Since 1980, the County has reviewed approximately 430 projects that proposed creating opportunities to construct 12,813 residential units. The current Ordinance, if applied to these projects would capture 75% of the projects and 98% of the units that have been proposed over the last 45-years. Had all the units been constructed, the current Ordinance would yield 2,562.6 affordable units.

Reducing the project threshold to 15% could have these impacts on the universe of projects reviewed.

- Ordinance would apply to 156 fewer projects.

- Yield 1,921.95 affordable units.

The following tables provide additional information on how affordability would change between the current standard and proposed 15% affordability standard.

					Market Rate Units		Affordable Units	
Project Size	Number of Projects	% of Projects	Number of Units	% of Units	Current Ordinance	Proposed Ordinance	Current Ordinance	Proposed Ordinance
1	2	0%	2	0%	2	2	0.4	0.3
2	107	25%	214	2%	214	214	42.8	32.1
3	47	11%	141	1%	141	141	28.2	21.2
4	87	20%	348	3%	348	348	69.6	52.2
5	9	2%	45	0%	36	45	9.0	6.8
6	13	3%	78	1%	65	78	15.6	11.7
7	11	3%	77	1%	66	66	15.4	11.6
8	6	1%	48	0%	42	42	9.6	7.2
9	4	1%	36	0%	32	32	7.2	5.4
10-19	49	11%	686	5%	567	609	137.2	102.9
20-49	48	11%	1,512	12%	1,228	1,308	302.4	226.8
50-99	22	5%	1,721	13%	1,383	1,472	344.2	258.2
100-249	19	4%	2,891	23%	2,317	2,463	578.2	433.7
250-499	2	0%	668	5%	535	569	133.6	100.2
500+	4	1%	4,346	34%	3,478	3,696	869.2	651.9
Universe Total	**430**		**12,813**		**10,454**	**11,085**	**2,562.6**	**1,922.0**

			Average Cost of Compliance		
Row Labels	Number of Projects	Average Number of Units	Current Ordinance & Fee Schedule	Current Ordinance & Updated Fee Schedule	Proposed Ordinance & Updated Fee Schedule
Central Salinas Valley	118	46	$22,902	$44,181	$81,545
Coastal	4	14	$104,975	$415,411	$476,226
East Garrison	1	1,400	$55,000	$55,046	$38,824
Greater Carmel Valley	37	39	$55,035	$107,887	$209,260
Greater Monterey Peninsula	36	40	$55,038	$119,287	$222,836
North County	197	12	$27,222	$47,733	$86,421
South County	30	18	$22,269	$29,230	$44,847
Unknown	7	32	$47,773	$50,315	$32,742
Grand Total	**430**	**30**	**$31,535**	**$60,114**	**$106,814**

Compliance Assumptions

An average total development cost of $264,000 was used to estimate Affordable Unit Development Cost. The estimated cost was based on the cost to construct a 700 square foot, 2-bedroom unit and a 900 square foot, 3-bedroom unit. Construction costs were estimated at $275 per square foot and land costs at 20% of the construction cost.

In-Lieu Fees for the current Ordinance were assessed based on the 2011 In-Lieu Fee Schedule that applies to all current projects. This can be misleading because the in-lieu fees vary based on planning area and range from $22,950 in South County to $729,320 in Coastal Big Sur and Carmel.

In-Lieu Fees for the recommendation are from Keyser Marston Associates' March 22, 2023, draft In-Lieu Fee Model – 7.5% Moderate-Income and 7.5% Low-Income and In-Lieu Fee Model – 10% Moderate-Income and 10% Low-Income. This schedule also has a wide range of fees by planning area, $311,300 in South County to $5,289,300 in Big Sur.

Workforce-Income Affordability

The County has defined two levels of workforce-income, Workforce 1 covers households earning 120% - 150% of Area Median Income (AMI) and Workforce 2 includes households earning between 150% - 180% of AMI. These AMI limits exceed the affordability requirements of RHNA and are considered above moderate-income. During the 5th Housing Element Cycle, the County issued 885 building permits or 136% of the RHNA requirement and is expected to exceed the RHNA requirement for this affordability level during the 6th HE Cycle. To date the only workforce units constructed have been part of the Commons at Rogge Road and East Garrison.

The Commons at Rogge Road consisted of 48-apartments and 123-single family homes. The project was approved in March 2006. The apartments were income restricted for very low- through moderate-income households. The single-family homes were to be sold to Workforce 2 qualified households with the intent to discourage speculative buying. In late 2007, the developer indicated that they were unable to attract purchasers willing to limit their upgrade options and be income qualified by the County. In April 2008, the Board of Supervisors agreed to release the units from the requirement that they be initially sold to income qualified households.

The East Garrison units were sold to income qualified households with a one-year term of occupancy requirement, and all the affordability restrictions have expired. The East Garrison developer has also indicated difficulty attracting purchasers for the Workforce 2 units, even after offering incentives that would reduce buyer closing costs, for similar reasons.

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Attachment C

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Staff Recommendations:

d. Recommend the Board of Supervisors direct staff to develop a new Inclusionary In-Lieu Fee that is based on meeting a 15% affordability target divided 7.5% very low-income and 7.5% low-income to finance deeper affordability than required for units constructed on-site.

Staff Rational:

1. The County currently is using an In-Lieu Fee Scheduled adopted in 2011 that has not been updated since 2000.
2. Basing the fee on the cost to construct very low- and low-income units will result in a higher fee than one based on a blended rate to construct very low-, low- and moderate-income units.
3. The higher fee may act to incentivize construction of affordable units by developers.

Discussion:

Since 2018, state law has required all jurisdictions with affordable or inclusionary housing ordinances to allow developers alternative means to comply beyond just constructing units on-site as part of the larger project. The assessment of in-lieu fees is the most common alternative compliance method used statewide, and this has been allowed by the County since it adopted its first Inclusionary Housing Ordinance in 1980.

State law requires jurisdictions adopting in-lieu fees to prepare a nexus study at least once every five-years. The purpose of the study is to assess the accuracy of the in-lieu fees and whether they constitute an impediment to housing development. The County has not adopted an in-lieu fee schedule supported by the required nexus study since 2000.

In 2018, the County entered an agreement with LeSar Development Consultants, and their subcontractors Goldfarb-Lipman and Keyser Marsten Associates (KMA), to update the County's Inclusionary Housing Ordinance. Part of this effort included preparation of the required in-lieu fee nexus study and proposing a mechanism for updating the in-lieu fee schedule annually.

In-lieu fees are calculated to fill the gap between the median sales price of a 3-bedroom home less the affordable purchase price for that home. Tables 1 through 4 are extracted from KMA's March 22, 2023, Inclusionary Housing Ordinance: Updated Fee Analysis and demonstrate the steps to determine the appropriate in-lieu fee. KMA also recommends adjusting the fee annually by the California Department of General Services California Construction Price Index (CCPI). The tables have not been updated to reflect the 2.3% increase in the CCPI between 2023 and 2024.

Table 1

Planning Area	Year Built (Average)	Average Home Size (Sq. Ft.)	Average Market Rate Sales Price	Average Market Rate Price per Square Foot
Bug Sur Submarket: Homes Constructed after 1980	1995	2,947	$5,380,900	$1,899
Greater Carmel Valley Submarket (Homes Constructed After 2000)	2006	3,102	$2,499,600	$799

Greater Monterey Peninsula: Homes Constructed After 2005	2008	3,470	$2,644,200	$767
North County Submarket: Home Constructed After 1980	1990	1,803	$805,300	$460
Fort Ord / East Garrison Submarket: Homes Constructed After 2012	2017	1,809	$875,800	$487
Central / Greater Salinas Valley Submarket: Homes Constructed After 2000	2004	1,804	$739,300	$426
South County Submarket: No Age Limit on Homes	1974	1,395	$403,300	$301

Table 2

	Moderate-Income	**Low-Income**	**Very Low-Income**
Income Information			
Median Income: 4-Person Household	$90,100	$90,100	$90,100
Household Income as a % of AMI	110%	70%	50%
Income Allotted to Housing	35%	30%	30%
Income Available for Housing Costs	$34,689	$18,921	$135,515
Expenses			
Annual Utility Allowance	$4,968	$4,968	$4,968
Maintenance & Insurance	$3,600	$3,600	$3,600
Property Taxes @ 1.25% of Affordable Sales Price	$3,916	$3,916	$3,916
Total Expenses	$12,484	$12,484	$12,484
Income Available for Mortgage Debt Service	$22,205	$6,437	$123,031
Affordable Sales Price			
Supportable Mortgage @ 6.86% Interest	$282,000	$111,800	$53,400
Downpayment @ 10% of Affordable Sales Price	$31,300	$12,400	$5,900
Total Affordable Sales Price	$313,300	$124,200	$59,300

Table 4
Estimated Affordability Gaps
(Table 1 Market Price Minus Table 2 Afford Sale Price)

Planning Area	Moderate-Income	Low-Income	Very Low-Income
Big Sur	$5,067,600	$5,256,700	$5,321,600
Greater Carmel Valley	$2,186,300	$2,375,400	$2,440,300
Greater Monterey Peninsula	$2,330,900	$2,520,000	$2,584,900
North County	$492,000	$681,000	$746,000
Fort Ord / East Garrison	$562,500	$751,600	$816,500
Greater Salinas Valley	$426,000	$615,100	$680,000
South County	$90,000	$279,100	$344,000

Attachment C
Applicability & Affordability Requirements

The actual in-lieu fee varies not only based on the planning area, but also how the fee is weighted. Table 5 illustrates how using the affordability gaps of different incomes can change the amount of the in-lieu fee per affordable unit as shown in the following table.

Planning Area	Moderate-, Low-, & Very Low-Income	Moderate- & Low-Income	Low- & Very Low-Income
Big Sur	$5,215,300	$5,162,150	$5,289,150
Greater Carmel Valley	$2,334,000	$2,280,850	$2,407,850
Greater Monterey Peninsula	$2,478,600	$2,425,450	$2,552,450
North County	$639,667	$586,500	$713,500
Fort Ord / East Garrison	$710,200	$657,050	$784,050
Greater Salinas Valley	$573,700	$520,550	$647,550
South County	$237,700	$184,550	$311,550

Table 6 illustrates the impact of applying the various weights to market rate units. The cost per market rate unit is calculated by dividing the weighted affordable unit cost by the number of market rate units triggering compliance with the IHO. Fifteen percent affordability translates to 7.05 market rate units, and 20% affordability translates to 5 market rate units.

	Moderate-, Low-, & Very Low-Incomes		Moderate & Low		Low- & Very Low-Incomes	
Geographic Area	15% Affordability	20% Affordability	15% Affordability	20% Affordability	15% Affordability	20% Affordability
Big Sur/Carmel Highlands	$782,295	$1,043,060	$774,323	$1,032,430	$793,373	$1,057,830
Greater Carmel Valley	$350,100	$466,800	$342,128	$456,170	$361,178	$481,570
Greater Monterey Peninsula	$371,790	$495,720	$363,818	$485,090	$382,868	$510,490
North County	$95,950	$127,933	$87,975	$117,300	$107,025	$142,700
Fort Ord / East Garrison	$106,530	$142,040	$98,558	$131,410	$117,608	$156,810
Greater Salinas Valley	$86,055	$114,740	$78,083	$104,110	$97,133	$129,510
South County	$35,655	$47,540	$27,683	$36,910	$46,733	$62,310

Note on the Geographic Areas:

The listed geographic areas do not correspond to County Planning Areas or documents. Rather, they were an attempt to group real estate transactions within a specific time period and construction date, into meaningful geographies. The recommended update to the in-lieu fee analysis will match properties to specific County Planning Areas so that in-lieu fees are consistent with other County planning materials.

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Attachment D

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KEYSER MARSTON ASSOCIATES

MEMORANDUM

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To: Darby Marshall, Housing Program Manager
County of Monterey

From: Kathleen Head

Date: March 22, 2023

Subject: Inclusionary Housing Ordinance: Updated In-Lieu Fee Analysis

In a report dated July 24, 2019, Keyser Marston Associates, Inc. (KMA) evaluated the requirements imposed by the County of Monterey (County) Inclusionary Housing Ordinance (Ordinance). The 2019 report included estimates of the in-lieu fee payments that were supported in seven submarkets based on the “Affordability Gaps” generated by the income and affordability requirements imposed by the Ordinance.

County staff requested that KMA update the in-lieu fee analysis based on the following factors:

1. The market rate home prices currently being exhibited in the seven submarkets;
2. The 2022 household incomes published by the California Department of Housing and Community Development (HCD);
3. The utilities allowances being applied by the Housing Authority of the County of Monterey as of January 1, 2023; and
4. The average interest rate applied to 30-year fixed rate mortgages based on information published by Freddie Mac.

MARKET RATE SALES PRICE ANALYSIS

In March 2023, KMA undertook a survey of home resales in the seven submarkets. The results are detailed in Appendix A, and summarized in the following table:[1]

Location	Year Built (Average)	Average Home Size (Sq. Ft.)	Average Market Rate Sales Price	Average Market Rate Price Per Square Foot
BIG SUR SUBMARKET: HOMES CONSTRUCTED AFTER 1980	1995	2,947	$5,380,900	$1,899
GREATER CARMEL VALLEY SUBMARKET: HOMES CONSTRUCTED AFTER 2000	2006	3,102	$2,499,600	$799
GREATER MONTEREY PENINSULA SUBMARKET: HOMES CONSTRUCTED AFTER 2005	2008	3,470	$2,644,200	$767
NORTH COUNTY SUBMARKET: HOMES CONSTRUCTED AFTER 1980	1990	1,803	$805,300	$460
FORT ORD / EAST GARRISON SUBMARKET: HOMES CONSTRUCTED AFTER 2012	2017	1,809	$875,800	$487
CENTRAL / GREATER SALINAS VALLEY SUBMARKET: HOMES CONSTRUCTED AFTER 2000	2004	1,804	$739,300	$426
SOUTH COUNTY SUBMARKET: NO AGE LIMIT ON THE UNITS	1974	1,395	$403,300	$301

AFFORDABLE SALES PRICE CALCULATIONS

The "Affordable Sales Price" calculations are presented in Appendix B: Exhibit I. The calculations are based on the following assumptions:

Basic Assumptions

1. The household income information is based on 2022 income statistics for Monterey County as published by HCD.

2. The Affordable Sales Price estimates are based primarily on the calculation methodology defined in the County's Draft Administrative Manual. Any modifications made by KMA are described in the appropriate places in the text.

[1] The resale information was compiled for three-bedroom units. Due to limited recent construction, KMA was required to include a range of construction date thresholds to obtain sufficient sales data for evaluation purposes.

3. The calculations include the elements described in the following sections of this analysis.

4. The Affordable Sales Price calculations were performed for three bedroom units.

HOUSEHOLD SIZE

The household size applied in the Affordable Sales Price calculations is set at the California Health and Safety Code Section 50052.5 (H&SC Section 50052.5) benchmark standard of the number of bedrooms in the home plus one. The imputed household size for a three-bedroom home is four persons.

This is not meant to be an occupancy cap. It is simply a benchmark used to create a consistent methodology for calculating the Affordable Sales Prices.

HOUSEHOLD INCOME

The Draft Administrative Manual applies a number of benchmark standards for use in establishing the Affordable Sales Prices. These benchmark standards are based on the calculation methodology defined in H&SC Section 50052.5.

The standards applied in the Draft Administrative Manual for Affordable Sales Price setting purposes only are:

Benchmark Household Incomes for Affordable Sales Price Calculations	
Income Category	% of AMI [2]
Moderate	110%
Low	70%
Very Low	50%

[2] AMI = the area median income for Monterey County.

INCOME ALLOCATED TO HOUSING-RELATED EXPENSES

The Draft Administrative Manual and H&SC Section 50052.5 allocate the following percentages of the benchmark household incomes to the payment of housing-related expenses:

Household Incomes Allotted to Housing Expenses	
Income Category	% of AMI
Moderate	35%
Low	30%
Very Low	30%

HOUSING-RELATED EXPENSES

The variable housing related expense assumptions used in this analysis are:

1. A utilities allowance of $414 per month, or $4,968 per year is applied. This is based on the County of Monterey Housing Authority utilities allowances for three-bedroom units in effect through December 31, 2024.

2. A maintenance and insurance allowance of $300 per month, or $3,600 per year, is provided.

3. The property tax expense estimate is based on 1.25% of the home's Affordable Sales Price. This is done because the Inclusionary Housing Ordinance applies long-term irrevocable resale restriction covenants on the homes.[3]

[3] If the County modifies the Inclusionary Housing Ordinance to replace the resale controls with a buyout option, the property tax expense will need to be calculated against the market rate prices for the Inclusionary Units.

Supportable Mortgage Amount

The supportable mortgage amounts derived from the Affordable Sales Price calculations are estimated using the income available after the other housing-related expenses are paid. A 6.86% mortgage interest rate is used in this analysis. This is based on the average interest rate published by Freddie Mac for the period between April 2022 and March 2023, plus a 100 basis points premium.[4]

Benchmark Down Payment

In accordance with the Draft Administrative Manual calculations methodology, KMA set the benchmark down payment at 10% of the Affordable Sales Price. A down payment of this magnitude is commonly allowed by affordable housing programs.

Affordable Sales Prices

The resulting Affordable Sales Price estimates are presented in the following table:

Estimated Affordable Sales Prices March 2023	
Income Category	% of AMI
Moderate	$313,300
Low	$124,200
Very Low	$59,300

The Affordability Gap is equal to the difference between the unrestricted market rate sales price and the Affordable Sales Price for a home. This represents the effective cost to provide an affordable housing unit. The Affordability Gap calculations for the seven submarkets are presented in Appendix B: Exhibit II.

[4] It is KMA's recommendation that this rate should be adjusted at least once per year to reflect changes in the mortgage lending markets.

Estimated Affordability Gaps			
	Household Income Categories		
	Moderate	Low	Very Low
Big Sur	$5,067,600	$5,256,700	$5,321,600
Greater Carmel Valley	$2,186,300	$2,375,400	$2,440,300
Greater Monterey Peninsula	$2,330,900	$2,520,000	$2,584,900
North County	$492,000	$681,100	$746,000
Fort Ord / East Garrison	$562,500	$751,600	$816,500
Greater Salinas Valley	$426,000	$615,100	$680,000
South County	$90,000	$279,100	$344,000

IN-LIEU FEE ANALYSIS

Projects with 19 or Fewer Units

Project with 19 or fewer units will be provided with the option to fulfill the Inclusionary Housing obligation by paying a fee in lieu of producing any affordable units. It is KMA's assumption that the County would like to impose in-lieu fees that approximate the net cost associated with providing the requisite number of Inclusionary Housing units at the affordability levels detailed in the Inclusionary Housing Ordinance.

KMA converted the estimated Affordability Gaps into in-lieu fee amounts. The resulting in-lieu fees are presented in the following formats:

1. The in-lieu fee amount required for each Inclusionary Housing unit that is required to be produced; or

2. The in-lieu fee amount per unit being developed in the now 100% market rate project; or

3. The in-lieu fee amount per square foot of building area being constructed in the now 100% market rate project.

All three methodologies generate the same total dollar in-lieu fee revenue amount. The different methodologies are shown to illustrate the different ways in which the County could structure an in-lieu fee schedule.

The in-lieu fee calculations for the seven submarkets are presented in Appendix C: Exhibits I and II:

1. Exhibit I is based on the assumption that the in-lieu fee is based on a 10% moderate income + 10% low income requirement.

2. Exhibit II is based on the assumption that the in-lieu fee is based on a 10% low income + 5% very low income requirement.

The results are summarized in the following tables:

In-Lieu Fee Calculations: 10% Moderate Income + 10% Low Income Requirement			
	Per Affordable Unit	Per Unit in a Market Rate Project	Per Sq. Ft. in a Market Rate Project
Big Sur	$5,162,000	$1,032,400	$350
Greater Carmel Valley	$2,281,000	$456,200	$147
Greater Monterey Peninsula	$2,425,500	$485,100	$140
North County	$586,500	$117,300	$65
Fort Ord / East Garrison	$657,000	$131,400	$73
Greater Salinas Valley	$520,500	$104,100	$58
South County	$184,500	$36,900	$26

In-Lieu Fee Calculations: 10% Low Income + 5% Very Low Income Requirement			
	Per Affordable Unit	Per Unit in a Market Rate Project	Per Sq. Ft. in a Market Rate Project
Big Sur	$5,278,700	$791,800	$269
Greater Carmel Valley	$2,397,300	$359,600	$116
Greater Monterey Peninsula	$2,541,300	$381,200	$110
North County	$702,700	$105,400	$58
Fort Ord / East Garrison	$773,300	$116,000	$64
Greater Salinas Valley	$636,700	$95,500	$53
South County	$300,700	$45,100	$32

Fractional In-Lieu Fee Schedules

Ownership housing development projects are allowed to fulfill an obligation to produce a fraction of a unit through the payment of an in-lieu fee. The detailed fractional unit in-lieu fee calculations are presented in Appendix C: Exhibits I and II. The results are summarized in the following tables:

10% Moderate Income + 10% Low Income Requirement

Fraction	Big Sur	Greater Carmel Valley	Greater Monterey Peninsula	North County	Fort Ord / East Garrison	Greater Salinas Valley	South County
0.1	$516,200	$228,100	$242,550	$58,650	$65,700	$52,050	$18,450
0.2	$1,032,400	$456,200	$485,100	$117,300	$131,400	$104,100	$36,900
0.3	$1,548,600	$684,300	$727,650	$175,950	$197,100	$156,150	$55,350
0.4	$2,064,800	$912,400	$970,200	$234,600	$262,800	$208,200	$73,800
0.5	$2,581,000	$1,140,500	$1,212,750	$293,250	$328,500	$260,250	$92,250
0.6	$3,097,200	$1,368,600	$1,455,300	$351,900	$394,200	$312,300	$110,700
0.7	$3,613,400	$1,596,700	$1,697,850	$410,550	$459,900	$364,350	$129,150
0.8	$4,129,600	$1,824,800	$1,940,400	$469,200	$525,600	$416,400	$147,600
0.9	$4,645,800	$2,052,900	$2,182,950	$527,850	$591,300	$468,450	$166,050
1.0	$5,162,000	$2,281,000	$2,425,500	$586,500	$657,000	$520,500	$184,500

10% Low Income + 5% Very Low Income Requirement

Fraction	Big Sur	Greater Carmel Valley	Greater Monterey Peninsula	North County	Fort Ord / East Garrison	Greater Salinas Valley	South County
0.1	$527,870	$239,730	$254,130	$70,270	$77,330	$63,670	$30,070
0.2	$1,055,740	$479,460	$508,260	$140,540	$154,660	$127,340	$60,140
0.3	$1,583,610	$719,190	$762,390	$210,810	$231,990	$191,010	$90,210
0.4	$2,111,480	$958,920	$1,016,520	$281,080	$309,320	$254,680	$120,280
0.5	$2,639,350	$1,198,650	$1,270,650	$351,350	$386,650	$318,350	$150,350
0.6	$3,167,220	$1,438,380	$1,524,780	$421,620	$463,980	$382,020	$180,420
0.7	$3,695,090	$1,678,110	$1,778,910	$491,890	$541,310	$445,690	$210,490
0.8	$4,222,960	$1,917,840	$2,033,040	$562,160	$618,640	$509,360	$240,560
0.9	$4,750,830	$2,157,570	$2,287,170	$632,430	$695,970	$573,030	$270,630
1.0	$5,278,700	$2,397,300	$2,541,300	$702,700	$773,300	$636,700	$300,700

APPENDIX A

SINGLE-FAMILY HOME RESALES
THREE-BEDROOM UNITS
UNINCORPORATED MONTEREY COUNTY SUBMARKETS
INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS
MONTEREY COUNTY, CALIFORNIA

APPENDIX A: EXHIBIT I

SINGLE-FAMILY HOME RESALES
THREE-BEDROOM UNITS
UNINCORPORATED MONTEREY COUNTY SUBMARKETS
INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS
MONTEREY COUNTY, CALIFORNIA

APPENDIX A: EXHIBIT I - TABLE 1

SINGLE-FAMILY HOME RESALES: THREE-BEDROOM UNITS
BIG SUR SUBMARKET
HOMES CONSTRUCTED AFTER 1980
INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS
MONTEREY COUNTY, CALIFORNIA

Address		Year Built	SF	Sales Price	Price / SF
48700 Highway 1	Big Sur	1997	1,400	$3,000,000	$2,143
51494 Partington Ridge Rd	Big Sur	1982	1,498	$2,950,000	$1,969
30590 Aurora Del Mar	Carmel	1980	2,729	$6,936,000	$2,542
35838 Hwy 1 So	Monterey	1991	3,014	$5,202,000	$1,726
47701 Coast Ridge Rd	Big Sur	2012	3,459	$5,900,000	$1,706
32691 Coastridge	Carmel	1986	4,145	$6,528,000	$1,575
46325 Pfeiffer Ridge Rd	Big Sur	2014	4,385	$7,150,000	$1,631
Minimum		1980	1,400	$2,950,000	$1,575
Maximum		2014	4,385	$7,150,000	$2,542
Average		1995	2,947	$5,380,900	$1,899

Sources: County Assessor Records and Redfin

APPENDIX A: EXHIBIT I - TABLE 2

SINGLE-FAMILY HOME RESALES: THREE-BEDROOM UNITS
GREATER CARMEL VALLEY SUBMARKET
HOMES CONSTRUCTED AFTER 2000
INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS
MONTEREY COUNTY, CALIFORNIA

Address		Year Built	SF	Sales Price	Price / SF
26430 Via Mallorca	Carmel	2006	2,400	$1,799,931	$750
24305 San Juan Rd	Carmel	2012	2,658	$3,525,000	$1,326
35390 Sky Ranch Rd	Carmel Valley	2003	2,792	$1,465,000	$525
60 Toyon Way	Carmel Valley	2015	2,798	$1,450,000	$518
24332 San Juan Rd	Carmel	2013	2,918	$2,856,000	$979
365 Ridge Way	Carmel Valley	2007	3,133	$2,600,000	$830
7036 Valley Greens Cir	Carmel	2004	3,158	$2,754,000	$872
12365 Saddle Rd	Carmel Valley	2001	3,167	$1,297,820	$410
32 Asoleado Dr	Carmel Valley	2000	3,302	$1,200,000	$363
8630 River Meadows Rd	Carmel	2000	3,693	$4,998,000	$1,353
254 EL Caminito Rd	Carmel Valley	2006	4,100	$3,550,000	$866
Minimum		2000	2,400	$1,200,000	$363
Maximum		2015	4,100	$4,998,000	$1,353
Average		2006	3,102	$2,499,600	$799

Sources: County Assessor Records and Redfin

APPENDIX A: EXHIBIT I - TABLE 3

SINGLE-FAMILY HOME RESALES: THREE-BEDROOM UNITS
GREATER MONTEREY PENINSULA SUBMARKET
HOMES CONSTRUCTED AFTER 2005
INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS
MONTEREY COUNTY, CALIFORNIA

Address		Year Built	SF	Sales Price	Price / SF
108 Spreckels Blvd	Spreckels	2010	1,299	$683,400	$526
124 Second St	Spreckels	2008	2,170	$821,100	$378
124 Spreckels Blvd	Spreckels	2008	2,170	$641,420	$296
1070 Trappers Trl	Pebble Beach	2019	2,543	$3,025,000	$1,190
1021 Adobe Ln	Pebble Beach	2007	2,780	$3,525,000	$1,268
3079 Sloat Rd	Pebble Beach	2005	2,910	$3,000,000	$1,031
2889 17 Mile Dr	Pebble Beach	2020	3,026	$4,375,000	$1,446
26002 Paseo El Cajon	Monterey	2008	3,250	$2,300,000	$708
1164 Arroyo Dr	Pebble Beach	2009	3,264	$3,700,000	$1,134
16 Arroyo Sequoia	Carmel	2006	3,460	$2,983,500	$862
410 Mirador Ct	Monterey	2006	3,838	$2,388,000	$622
414 Mirador Ct	Monterey	2005	3,838	$2,269,500	$591
59 Rancho San Carlos Rd	Carmel	2009	4,088	$3,442,500	$842
906 La Terraza Ct	Monterey	2005	4,109	$2,652,000	$645
7579 Paseo Vista	Monterey	2007	4,135	$1,813,271	$439
411 Mirador Ct	Monterey	2005	4,435	$1,683,000	$379
407 Mirador Ct	Monterey	2005	4,435	$1,987,980	$448
7418 Alturas Ct	Monterey	2006	4,492	$3,366,000	$749
11550 Spur Rd	Monterey	2006	4,518	$1,172,346	$259
1471 Padre Ln	Pebble Beach	2005	4,645	$7,055,044	$1,519
Minimum		2005	1,299	$641,420	$259
Maximum		2020	4,645	$7,055,044	$1,519
Average		2008	3,470	$2,644,200	$767

Sources: County Assessor Records and Redfin

APPENDIX A: EXHIBIT I - TABLE 4

SINGLE-FAMILY HOME RESALES: THREE-BEDROOM UNITS
NORTH COUNTY SUBMARKET
HOMES CONSTRUCTED AFTER 1980
INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS
MONTEREY COUNTY, CALIFORNIA

Address		Year Built	SF	Sales Price	Price / SF
11610 Union St	Castroville	2007	1,452	$510,000	$351
11185 Union Cir	Castroville	2007	1,443	$566,100	$392
1505 Lupine Way	Aromas	1998	2,203	$1,085,000	$493
11054 Axtell St	Castroville	1997	1,301	$640,000	$492
5316 Hidden Oak Ct	Royal Oaks	1996	2,072	$1,195,000	$577
287 Vega Rd	Royal Oaks	1995	1,938	$1,000,000	$516
4670 Lotte Ln	Royal Oaks	1988	1,152	$815,000	$707
15080 Charter Oak	Salinas	1987	1,806	$651,317	$361
7705 Fallen Leaf Ln	Salinas	1984	1,478	$765,000	$518
19608 Brentwood Ct	Salinas	1984	2,110	$925,140	$438
17985 Tan Leaf Ln	Salinas	1984	1,748	$337,322	$193
813 Rebecca Cir	Aromas	1982	2,823	$1,019,898	$361
9370 Holly Oak Way	Salinas	1982	2,128	$867,000	$407
793 Maher Rd	Royal Oaks	1981	1,225	$882,500	$720
15180 Charter Oak Blvd	Salinas	1981	2,172	$820,000	$378
Minimum		1981	1,152	$337,322	$193
Maximum		2007	2,823	$1,195,000	$720
Average		1990	1,803	$805,300	$460

Sources: County Assessor Records and Redfin

APPENDIX A: EXHIBIT I - TABLE 5

SINGLE-FAMILY HOME RESALES: THREE-BEDROOM UNITS
FORT ORD / EAST GARRISON SUBMARKET
HOMES CONSTRUCTED AFTER 2012
INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS
MONTEREY COUNTY, CALIFORNIA

Address		Year Built	SF	Sales Price	Price / SF
15519 Watkins Gate Rd	East Garrison	2016	1,432	$690,000	$482
15153 Breckinridge Ave	East Garrison	2016	1,432	$770,000	$538
16326 E Garrison Dr	East Garrison	2016	1,432	$629,000	$439
15010 Breckinridge Ave	East Garrison	2017	1,437	$689,000	$479
18594 McClellan Cir	East Garrison	2014	1,575	$842,500	$535
17711 Reynolds St	East Garrison	2016	1,575	$770,000	$489
15009 Breckinridge Ave	East Garrison	2017	1,575	$785,000	$498
18918 Kilpatrick Ln	East Garrison	2019	1,575	$749,000	$476
14343 Sherman Blvd	East Garrison	2019	1,575	$898,000	$570
14331 Sherman Blvd	East Garrison	2020	1,575	$783,500	$497
18331 Steedman St	East Garrison	2016	1,636	$845,000	$517
17111 Morgan St	East Garrison	2017	1,646	$875,000	$532
16730 Pickett Ln	East Garrison	2018	1,646	$769,000	$467
19322 Stonehenge Ln	East Garrison	2020	1,649	$800,000	$485
15001 Breckinridge Ave	East Garrison	2017	1,701	$830,000	$488
16611 Early Ln	East Garrison	2017	1,702	$849,000	$499
18926 Kilpatrick Ln	East Garrison	2019	1,702	$892,000	$524
14303 Sherman Blvd	East Garrison	2019	1,702	$845,000	$496
15050 Breckinridge Ave	East Garrison	2016	1,714	$850,000	$496
18474 Mcclellan Cir	East Garrison	2015	1,716	$895,000	$522
16927 Mahone St	East Garrison	2017	1,716	$875,000	$510
14335 Sherman Blvd	East Garrison	2019	1,735	$855,000	$493
13021 Pope Ln	East Garrison	2014	1,737	$885,000	$509
18250 Caldwell St	East Garrison	2014	1,865	$902,000	$484
17731 Reynolds St	East Garrison	2016	1,865	$840,000	$450
16715 Pickett Ln	East Garrison	2016	1,865	$827,000	$443
16306 E Garrison Dr	East Garrison	2016	1,865	$825,000	$442
15181 Breckinridge Ave	East Garrison	2016	1,865	$810,000	$434
21850 Ord Ave	East Garrison	2018	1,865	$825,000	$442
18830 Sedgwick Ln	East Garrison	2019	1,865	$780,000	$418
19130 Fallingwater Ln	East Garrison	2019	1,865	$759,000	$407
21622 Ord Ave	East Garrison	2020	1,865	$949,000	$509
18955 Kilpatrick Ln	East Garrison	2019	1,866	$1,140,000	$611
18402 Mcclellan Cir	East Garrison	2014	2,099	$1,040,000	$495
13722 Sherman Blvd	East Garrison	2015	2,125	$1,200,000	$565
14861 Kit Carson Dr	East Garrison	2016	2,125	$889,000	$418
14713 Kit Carson Dr	East Garrison	2017	2,127	$1,100,000	$517
14930 Breckinridge Ave	East Garrison	2017	2,127	$1,050,000	$494
14526 Lee Ave	East Garrison	2017	2,127	$1,095,000	$515
13150 Chamberlain Ave	East Garrison	2014	2,411	$1,049,000	$435
13730 Sherman Blvd	East Garrison	2015	2,503	$1,325,000	$529
13621 Sherman Blvd	East Garrison	2014	2,504	$706,781	$282
Minimum		2014	1,432	$629,000	$282
Maximum		2020	2,504	$1,325,000	$611
Average		2017	1,809	$875,800	$487

Sources: County Assessor Records and Redfin

APPENDIX A: EXHIBIT I - TABLE 6

SINGLE-FAMILY HOME RESALES: THREE-BEDROOM UNITS
CENTRAL / GREATER SALINAS VALLEY SUBMARKET
HOMES CONSTRUCTED AFTER 2000
INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS
MONTEREY COUNTY, CALIFORNIA

Address		Year Built	SF	Sales Price	Price / SF
350 SAN JUAN GRADE RD	Salinas	2008	1,097	$437,989	$399
795 ROGGE RD	Salinas	2008	1,097	$469,200	$428
12778 ROGGE VILLAGE LP	Salinas	2008	1,097	$515,000	$469
895 ROGGE RD	Salinas	2008	1,097	$540,000	$492
865 ROGGE RD	Salinas	2008	1,097	$531,000	$484
12766 ROGGE VILLAGE LP	Salinas	2008	1,353	$443,142	$328
845 ROGGE RD	Salinas	2008	1,353	$620,000	$458
360 SAN JUAN GRADE RD	Salinas	2008	1,353	$600,000	$443
27388 BAVELLA WAY	Salinas	2001	1,570	$695,632	$443
19627 BAVELLA CT	Salinas	2001	1,570	$663,000	$422
27340 BAVELLA WAY	Salinas	2001	1,570	$730,320	$465
19611 BAVELLA CT	Salinas	2001	1,570	$927,000	$590
19367 ACCLAIM DR	Salinas	2000	1,570	$669,868	$427
26415 HONOR LN	Salinas	2000	1,570	$688,500	$439
27343 BAVELLA WAY	Salinas	2001	1,690	$678,300	$401
103 SAN BENANCIO RD	Salinas	2005	1,841	$628,094	$341
21132 VALLE SAN JUAN DR	Salinas	2000	2,129	$950,000	$446
339 SAN BENANCIO RD	Salinas	2001	2,908	$1,305,600	$449
26535 COVEY LN	Salinas	2008	3,038	$1,387,200	$457
48 HARPER CYN RD	Salinas	2008	3,487	$988,305	$283
27860 CROWNE POINT DR	Salinas	2003	3,818	$1,056,330	$277
Minimum		2000	1,097	$437,989	$277
Maximum		2008	3,818	$1,387,200	$590
Average		2004	1,804	$739,300	$426

Sources: County Assessor Records and Redfin

APPENDIX A: EXHIBIT I - TABLE 7

SINGLE-FAMILY HOME RESALES: THREE-BEDROOM UNITS
SOUTH COUNTY SUBMARKET
NO AGE LIMIT ON THE UNITS
INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS
MONTEREY COUNTY, CALIFORNIA

Address		Year Built	SF	Sales Price	Price / SF
54310 Kennedy Way	Bradley	2014	1,197	$490,000	$409
62207 Annette St	San Ardo	1950	1,258	$357,000	$284
62420 Railroad St	San Ardo	1936	1,299	$380,000	$293
North St	San Ardo	1951	1,330	$442,111	$332
2435 Captains Walk	Bradley	2020	1,504	$525,000	$349
59801 Martin St	San Ardo	1962	2,088	$309,169	$148
Minimum		1936	1,090	$309,169	$148
Maximum		2020	2,088	$525,000	$409
Average		1974	1,395	$403,300	$301

Sources: County Assessor Records and Redfin

APPENDIX B

AFFORDABILITY CALCULAITONS
INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS
MONTEREY COUNTY, CALIFORNIA

APPENDIX B: EXHIBIT I

AFFORDABLE SALES PRICE CALCULATIONS - THREE-BEDROOM UNITS
BENCHMARK HOUSEHOLD INCOMES BASED ON H&SC SECTION 50052.5 & THE ADMINISTRATIVE MANUAL
INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS
MONTEREY COUNTY, CALIFORNIA

			Household Income Categories		
			Moderate Income	Low Income	Very Low Income
I.	**Income Information**				
	Median Income: 4 Person Household	[1]	$90,100	$90,100	$90,100
	Household Income as a % of AMI		110%	70%	50%
	Income Allotted to Housing		35%	30%	30%
	Income Available for Housing Costs		$34,689	$18,921	$13,515
II.	**Expenses**				
	Annual Utilities Allowance	[2]	$4,968	$4,968	$4,968
	Maintenance & Insurance		3,600	3,600	3,600
	Property Taxes @ 1.25% of Affordable Sales Price		3,916	1,553	741
	Total Expenses		$12,484	$10,121	$9,309
III.	**Income Available for Mortgage Debt Service**		$22,204	$8,801	$4,206
IV.	**Affordable Sales Price**				
	Supportable Mortgage @ 6.86% Interest	[3]	$282,000	$111,800	$53,400
	Down Payment @ 10% of Affordable Sales Price	[4]	31,300	12,400	5,900
	Total Affordable Sales Price		$313,300	$124,200	$59,300

[1] Based on 2022 household incomes published by HCD. The Affordable Sales Price calculations are based on the methodology detailed in the County's Inclusionary Housing Administrative Manual, which applies the Health & Safety Code Section 50052.5 calculation methodology.

[2] Based on the Housing Authority of the County of Monterey Utility Allowances for Detached Houses. Assumes costs for electric heating, cooking and water heating; basic electric; water; sewer; and trash services. Effective: January 1, 2023 through December 31, 2024.

[3] Based on a 100 basis points premium applied to the Freddie Mac monthly average, between April 2022 and March 2023, for a fixed-interest rate loan with a 30-year amortization period.

[4] Based on the home buyer down payment percentage applied in the County's Inclusionary Housing Administrative Manual. This down payment amount is only used as a benchmark for calculaton purposes. The actual home buyer down payment will vary from purchaser-to-purchaser.

APPENDIX B: EXHIBIT II

AFFORDABILITY GAP CALCULATIONS
BENCHMARK HOUSEHOLD INCOMES BASED ON H&SC SECTION 50052.5 & THE ADMINISTRATIVE MANUAL
SUBMARKETS ANALYSIS - THREE BEDROOM UNITS
INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS
MONTEREY COUNTY, CALIFORNIA

		Submarkets						
		Big Sur	Greater Carmel Valley	Greater Monterey Peninsula	North County	Fort Ord / East Garrison	Greater Salinas Valley	South County
I. Average Market Rate Sales Price	1	$5,380,900	$2,499,600	$2,644,200	$805,300	$875,800	$739,300	$403,300
II. Affordability Gap Calculations								
A. Affordability Gap Per Affordable Unit: Moderate Income								
Average Market Rate Sales Price		$5,380,900	$2,499,600	$2,644,200	$805,300	$875,800	$739,300	$403,300
Affordable Sales Price	2	313,300	313,300	313,300	313,300	313,300	313,300	313,300
Affordability Gap Per Affordable Unit: Moderate Income		$5,067,600	$2,186,300	$2,330,900	$492,000	$562,500	$426,000	$90,000
B. Affordability Gap Per Affordable Unit: Low Income								
Average Market Rate Sales Price		$5,380,900	$2,499,600	$2,644,200	$805,300	$875,800	$739,300	$403,300
Affordable Sales Price	2	124,200	124,200	124,200	124,200	124,200	124,200	124,200
Affordability Gap Per Affordable Unit: Low Income		$5,256,700	$2,375,400	$2,520,000	$681,100	$751,600	$615,100	$279,100
C. Affordability Gap Per Affordable Unit: Very Low Income								
Average Market Rate Sales Price		$5,380,900	$2,499,600	$2,644,200	$805,300	$875,800	$739,300	$403,300
Affordable Sales Price	2	59,300	59,300	59,300	59,300	59,300	59,300	59,300
Affordability Gap Per Affordable Unit: Very Low Income		$5,321,600	$2,440,300	$2,584,900	$746,000	$816,500	$680,000	$344,000

1 See TABLE 1.
2 See APPENDIX B: EXHIBIT I.

APPENDIX C

IN-LIEU FEE CALCULATIONS
UNINCORPORATED MONTEREY COUNTY SUBMARKETS
INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS
MONTEREY COUNTY, CALIFORNIA

APPENDIX C: EXHIBIT I

IN-LIEU FEE CALCULATIONS
10% MODERATE INCOME AND 10% LOW INCOME UNITS
BENCHMARK HOUSEHOLD INCOMES BASED ON H&SC SECTION 50052.5 & THE ADMINISTRATIVE MANUAL
SUBMARKETS ANALYSIS - THREE BEDROOM UNITS
INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS
MONTEREY COUNTY, CALIFORNIA

			Submarkets						
			Big Sur	Greater Carmel Valley	Greater Monterey Peninsula	North County	Fort Ord / East Garrison	Greater Salinas Valley	South County
I.	**Affordability Gap Per Affordable Unit**	[1]							
A.	**Moderate Income**		$5,067,600	$2,186,300	$2,330,900	$492,000	$562,500	$426,000	$90,000
B.	**Low Income**		$5,256,700	$2,375,400	$2,520,000	$681,100	$751,600	$615,100	$279,100
C.	**Very Low Income**		$5,321,600	$2,440,300	$2,584,900	$746,000	$816,500	$680,000	$344,000
II.	**Distribution of Affordable Units**								
	Moderate Income		10%	10%	10%	10%	10%	10%	10%
	Low Income		10%	10%	10%	10%	10%	10%	10%
	Very Low Income		0%	0%	0%	0%	0%	0%	0%
	Total Distribution of Affordable Units		20%	20%	20%	20%	20%	20%	20%
III.	**Average Home Size (Sq. Ft.)**		2,947	3,102	3,470	1,803	1,809	1,804	1,395
IV.	**In-Lieu Fees: 1 - 19 Units**								
	Per Affordable Unit		$5,162,000	$2,281,000	$2,425,500	$586,500	$657,000	$520,500	$184,500
	Per Unit in the Market Rate Project		$1,032,400	$456,200	$485,100	$117,300	$131,400	$104,100	$36,900
	Per Square Foot in the Market Rate Project		$350	$147	$140	$65	$73	$58	$26
V.	**In-Lieu Fees: Fractional Units**								
		0.1	$516,200	$228,100	$242,550	$58,650	$65,700	$52,050	$18,450
		0.2	$1,032,400	$456,200	$485,100	$117,300	$131,400	$104,100	$36,900
		0.3	$1,548,600	$684,300	$727,650	$175,950	$197,100	$156,150	$55,350
		0.4	$2,064,800	$912,400	$970,200	$234,600	$262,800	$208,200	$73,800
		0.5	$2,581,000	$1,140,500	$1,212,750	$293,250	$328,500	$260,250	$92,250
		0.6	$3,097,200	$1,368,600	$1,455,300	$351,900	$394,200	$312,300	$110,700
		0.7	$3,613,400	$1,596,700	$1,697,850	$410,550	$459,900	$364,350	$129,150
		0.8	$4,129,600	$1,824,800	$1,940,400	$469,200	$525,600	$416,400	$147,600
		0.9	$4,645,800	$2,052,900	$2,182,950	$527,850	$591,300	$468,450	$166,050
		1.0	$5,162,000	$2,281,000	$2,425,500	$586,500	$657,000	$520,500	$184,500

[1] See APPENDIX B: EXHIBIT II.

APPENDIX C: EXHIBIT II

IN-LIEU FEE CALCULATIONS
10% LOW INCOME AND 5% VERY LOW INCOME UNITS
BENCHMARK HOUSEHOLD INCOMES BASED ON H&SC SECTION 50052.5 & THE ADMINISTRATIVE MANUAL
SUBMARKETS ANALYSIS - THREE BEDROOM UNITS
INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS
MONTEREY COUNTY, CALIFORNIA

		Submarkets						
		Big Sur	Greater Carmel Valley	Greater Monterey Peninsula	North County	Fort Ord / East Garrison	Greater Salinas Valley	South County
I. **Affordability Gap Per Affordable Unit**	[1]							
A. **Moderate Income**		$5,067,600	$2,186,300	$2,330,900	$492,000	$562,500	$426,000	$90,000
B. **Low Income**		$5,256,700	$2,375,400	$2,520,000	$681,100	$751,600	$615,100	$279,100
C. **Very Low Income**		$5,321,600	$2,440,300	$2,584,900	$746,000	$816,500	$680,000	$344,000
II. **Distribution of Affordable Units**								
Moderate Income		0%	0%	0%	0%	0%	0%	0%
Low Income		10%	10%	10%	10%	10%	10%	10%
Very Low Income		5%	5%	5%	5%	5%	5%	5%
Total Distribution of Affordable Units		15%	15%	15%	15%	15%	15%	15%
III. **Average Home Size (Sq. Ft.)**		2,947	3,102	3,470	1,803	1,809	1,804	1,395
IV. **In-Lieu Fees: 1 - 19 Units**								
Per Affordable Unit		$5,278,700	$2,397,300	$2,541,300	$702,700	$773,300	$636,700	$300,700
Per Unit in the Market Rate Project		$791,800	$359,600	$381,200	$105,400	$116,000	$95,500	$45,100
Per Square Foot in the Market Rate Project		$269	$116	$110	$58	$64	$53	$32
V. **In-Lieu Fees: Fractional Units**								
	0.1	$527,870	$239,730	$254,130	$70,270	$77,330	$63,670	$30,070
	0.2	$1,055,740	$479,460	$508,260	$140,540	$154,660	$127,340	$60,140
	0.3	$1,583,610	$719,190	$762,390	$210,810	$231,990	$191,010	$90,210
	0.4	$2,111,480	$958,920	$1,016,520	$281,080	$309,320	$254,680	$120,280
	0.5	$2,639,350	$1,198,650	$1,270,650	$351,350	$386,650	$318,350	$150,350
	0.6	$3,167,220	$1,438,380	$1,524,780	$421,620	$463,980	$382,020	$180,420
	0.7	$3,695,090	$1,678,110	$1,778,910	$491,890	$541,310	$445,690	$210,490
	0.8	$4,222,960	$1,917,840	$2,033,040	$562,160	$618,640	$509,360	$240,560
	0.9	$4,750,830	$2,157,570	$2,287,170	$632,430	$695,970	$573,030	$270,630
	1.0	$5,278,700	$2,397,300	$2,541,300	$702,700	$773,300	$636,700	$300,700

[1] See APPENDIX B: EXHIBIT II.

	County of Monterey	**Item No.5**
	Board Report	Board of Supervisors Chambers 168 W. Alisal St., 1st Floor Salinas, CA 93901
	Legistar File Number: 25-752	October 22, 2025

Introduced: 10/14/2025 **Current Status:** Agenda Ready

Version: 1 **Matter Type:** General Agenda Item

a. Receive a report on rental income generated by the Kents Court affordable housing development; and,
b. Recommend that the Board of Supervisors approve basing Kents Court rents on annual tenant certified incomes.

RECOMMENDATION:
It is recommended that the Health, Housing, Homelessness, and Human Services Subcommittee:a.
a. Receive a report on rental income generated by the Kents Court affordable housing development; and,
b. Recommend that the Board of Supervisors approve basing Kents Court rents on annual tenant certified incomes.

SUMMARY:
The Health, Housing, Homelessness, and Humans Services Committee is being asked to receive a report on how rents at the County owned Kents Court residential property are currently structured and make a recommendation to the full Board of Supervisors on a new rent structure. The current rent structure is based on requirements developed more than 15-years ago to repay a state loan used to purchase the manufactured homes and is inconsistent with the requirements of Section 50053(b) of the California Health and Safety Code, which defines affordable rents. The recommended changes to the rent structure will bring the property into compliance with the Health and Safety Code and generate additional revenue to finance ongoing property maintenance. The staff recommendation is to establish individual tenant rents based on annual certified household incomes with a reasonable allowance for tenant-purchased utilities.

DISCUSSION:
Kents Court is a 19-unit manufactured home community owned by the County and located in Pajaro. The County took ownership of the community in 2010, in-lieu of foreclosing on a loan by the Redevelopment Agency of the County of Monterey to South County Housing (SCH). The Agency loan and California Housing Finance Agency (CalHFA) were used to purchase the manufactured units and make necessary site improvements. SCH made the required payments for the Agency to retire the CalHFA debt, but the income stream from rents was insufficient to repay the Agency's loan. This was planned for and the County intended to use the units to provide temporary relocation housing in support of code enforcement. However, the code enforcement effort never took off, and the units became part of the permanent housing stock. At the time that the units were purchased, occupancy was restricted to households earning no more than 80% of Area Median Income (AMI), adjusted for household size. This recorded restriction meets the requirements of Section 50093 of the California

Health and Safety Code and exempts Kents Court from the rent increase limits of AB 1482.

The rents for Kents Court were initially established in 2005, they based on an assumption that tenant households would be lower income, earning 60% of AMI. When the County last conducted the annual income certification (February through April 2025), it was found that only 7 of the 18 tenants were earning at or below the 60% of AMI target used to establish the rent schedule. Six households had incomes above 80% AMI and are considered moderate or above moderate-income. Because of the disparity in household incomes, the amount households are now paying in rent varies from 7% to 71% of annual income.

The County currently charges $951 for a 2-bedroom unit and $1,089 for a 3-bedroom unit. Additionally, rent increases have only been about 0.5% annually, which has not kept pace with either market rents or even the restricted rents allowed by the County's Inclusionary Housing Ordinance or the state Multifamily Housing Program. These programs establish affordable housing costs of $1,953 for a two-bedroom unit and $2,256 for a 3-bedroom unit for households earning 60% of AMI.

Section 50053(b) of the California Health and Safety Code generally defines an affordable rent, "including a reasonable utility allowance" as 30% of income for households earning up to 110% of AMI. Staff recommends setting rents at 30% of the certified annual household income less the utility allowance. If the Board approves this change, the average rent increase will be $436 per month and the median will be $470. The variance been the amount individual rents change will vary between a $846 decrease to a $2,864 increase. Households earning above 110% of AMI will receive the largest increases, bringing them closer to market rate housing costs.

For purposes of establishing a reasonable utility allowance, the County relies on the Housing Authority for Monterey County's (HACM) Housing Choice Voucher Program, Allowances for Tenant-Purchased Utilities and Other Services - Detached House. The HACM prepares this allowance annually. Kents Court tenants receive utility allowance credits for electric heating, electric cooking, other electric, electric water heater, range and refrigerator. For calendar 2025, this equates to $356 per month for a 2-bedroom unit and $468 for a 3-bedroom unit.

OTHER AGENCY INVOLVEMENT/COMMITTEE ACTIONS:
This report has been prepared by the Housing & Community Development Department. The Housing Advisory Committee will receive this report on October 22, 2025. Any comments or recommendations from the HAC will be addressed when the item is presented to the Board of Supervisors.

HOUSING IMPACTS:
___Reduces constraints on Housing Development
___Increases constraints on Housing Development
_X_Neutral
___Not applicable [N/A]

The proposed rent increase for Kents Court will provide additional operating income. This will provide additional financial stability for the property and build a reserve for scheduled and extraordinary maintenance of this County-owned residential complex. Other options for using any rental income not required for reasonably foreseeable maintenance requirements at Kents County may be used to capitalize the Monterey County Local Housing Trust Fund with approval by the Board of Supervisors.

Higher income residents of Kents Court may be encouraged to voluntarily relocate because of rents moving closer to market rates. If this occurs, units will become available for income qualified households currently priced out of the market.

FINANCING:
There is no impact on the General Fund. Kents Court has been generally self-supporting since the County acquired it in 2010. The exception to this, was the extraordinary relocation expenses incurred by the County in 2023, that were the result of a planned renovation and the 2023 Pajaro River flood event. Revenue and expenses related to Kents Court are budgeted in Fund 175, Budget Unit 8547, Appropriations Code HCD006. Adopting the rent increase and utility allowance schedule as recommended could increase rent collections by $90,000 in the first year.

BOARD OF SUPERVISORS STRATEGIC PLAN GOALS:
Adoption of the staff recommendation will provide additional financial stability for the only County-owned affordable housing without requiring additional support from the General Fund. The recommendation will also make housing more affordable for the lowest income families at Kents Court by tying the amount of their rent to their household income.

_X_ Well-Being and Quality of Life
_X_ Sustainable Infrastructure for the Present and Future
____ Safe and Resilient Communities
____ Diverse and Thriving Economy
____ Dynamic Organization and Employer of Choice

Prepared by: Darby Marshall, Housing Program Manager, x5391
Approved by: Craig Spencer, Housing and Community Development Director, x5233

Attachment:
Attachment A - Same Rent Adjustment

County of Monterey

Item No.5

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

Board Report

Legistar File Number: 25-752

October 22, 2025

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_X_ Well-Being and Quality of Life
_X_ Sustainable Infrastructure for the Present and Future
____ Safe and Resilient Communities
____ Diverse and Thriving Economy
____ Dynamic Organization and Employer of Choice

Prepared by: Darby Marshall, Housing Program Manager, x5391
Approved by: Craig Spencer, Housing and Community Development Director, x5233

Attachment:
Attachment A - Same Rent Adjustment

Attachment A

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Attachment A
Sample Rent Adjustments

	Average Current Monthly Rent	Average Net Rent at 30% of HH Income	Average Rent Adjustment
Extremely Low-Income (30%)	**$1,043**	**$128**	**-$915**
2-Bedroom	$951	$105	-$846
3-Bedroom	$1,089	$139	-$950
Very Low-Income (50%)	**$1,020**	**$1,036**	**$16**
2-Bedroom	$951	$787	-$165
3-Bedroom	$1,089	$1,285	$196
Lower Income (60%)	**$1,020**	**$873**	**-$147**
2-Bedroom	$951	$966	$15
3-Bedroom	$1,089	$779	-$310
Lower Income (70%)	**$1,043**	**$1,456**	**$413**
2-Bedroom	$951	$1,438	$487
3-Bedroom	$1,089	$1,465	$376
Lower Income (80%)	**$1,020**	**$1,583**	**$563**
2-Bedroom	$951	$1,537	$586
3-Bedroom	$1,089	$1,629	$540
Moderate-Income (110%)	**$1,055**	**$2,011**	**$956**
2-Bedroom	$951	$1,933	$982
3-Bedroom	$1,089	$2,037	$948
Moderate-Income (120%)	**$1,089**	**$2,887**	**$1,798**
3-Bedroom	$1,089	$2,887	$1,798
Workforce 2 (180%)	**$951**	**$3,815**	**$2,864**
2-Bedroom	$951	$3,815	$2,864

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