

# **County of Monterey**

Special Joint Meeting of Health, Housing & Human Services and Housing Advisory Committee  
Government Center - Cayenne Room 1441 Schilling Place, 1st Fl., Salinas, CA 93901



## **Meeting Agenda - Final**

### **Special Joint Meeting**

**Monday, May 6, 2024**

**5:00 PM**

**Join via Zoom at <https://montereycty.zoom.us/j/96244171607> or in person at: 1441  
Schilling Place 1st Floor, Salinas CA-Cayenne Room; or 599 El Camino Real,  
Greenfield CA 93927 – Dist. 3 Office**

**Health, Housing & Human Services Committee**

**Housing Advisory Committee**

Supervisor Chris Lopez will appear by video conference on this date at: 599 El Camino Real, Greenfield CA 93927. Consistent with Government Code Section 54953, an agenda will be posted at this location, and it will be accessible by the public.

**Participation in meetings:**

Members of the public may participate in Committee meetings in two (2) ways:

1. You may attend the meeting in person at 1441 Schilling Place, 1st Floor, Salinas CA 93901 – Government Center Building, Cayenne Room.
2. You may participate via Zoom at: <https://montereycty.zoom.us/j/96244171607>

If you do not have access to a computer, you may call into the meeting and participate by calling the following number: 1-669-900-6833 and entering the following meeting ID: 962 4417 1607

If you choose not to attend the Special Joint Meeting of Health, Housing & Human Services and Housing Advisory Committee meeting but desire to make a public comment on a specific agenda item, please submit your comment via email by 5:00 p.m. on the Friday prior to the meeting. Please submit your comment to Sophia Magana at [maganas@co.monterey.ca.us](mailto:maganas@co.monterey.ca.us) and your comment will be placed into the record at the meeting.

If you are watching the live stream of the Special Joint Meeting of Health, Housing & Human Services and Housing Advisory Committee meeting and wish to make either a general public comment or to comment on a specific agenda item as it is being heard, please select the “raise hand” option on the Zoom screen, and your microphone will be unmuted so you can speak. To select the “raise hand” option, click on the ‘participants’ icon at the bottom of your Zoom screen, then click the “raise hand” icon next to your name.

**PLEASE NOTE: IF ALL BOARD 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.**

**Participación en reuniones:**

Los miembros del público pueden participar en las reuniones del Comité de (2) maneras:

1. Puede asistir a la reunión en persona en 1441 Schilling Place, Primer Piso, Salinas, CA 93901 - Centro de Gobierno del Condado de Monterey, Cayenne Room.
2. Puede participar a través de Zoom en: <https://montereycty.zoom.us/j/96244171607>

Si no tiene acceso a una computadora, puede llamar a la reunión y participar llamando al siguiente número: 1-669-900-6833 e ingresando la siguiente identificación de la reunión: 962 4417 1607

Si decide no asistir a la reunión del Comité de Salud, Vivienda y Servicios Humanos, pero desea hacer un comentario, envíelo antes de las 5:00 p.m. del viernes anterior a la reunión, a Sophia Magana, por correo electrónico a: [maganas@co.monterey.ca.us](mailto:maganas@co.monterey.ca.us) y su comentario se incluirá en el registro de la reunión.

Si está viendo la retransmisión en directo de la reunión del Comité de Salud, Vivienda y Servicios Humanos y desea hacer un comentario público general o comentar un punto específico del orden del día mientras se escucha, seleccione la opción "levantar la mano" en la pantalla de Zoom, y su micrófono se silenciará para que pueda hablar. Para seleccionar la opción "levantar la mano", haga clic en el icono de "participantes" que encontrará en la parte inferior de la pantalla de Zoom y, a continuación, haga clic en el icono "levantar la mano" que encontrará junto a su nombre.

**TENGA EN CUENTA: SI TODOS LOS MIEMBROS DE LA JUNTA ESTÁN PRESENTES EN PERSONA, LA PARTICIPACIÓN DEL PÚBLICO POR ZOOM ES ÚNICAMENTE POR CONVENIENCIA Y NO ES REQUERIDA POR LA LEY. SI LA ALIMENTACIÓN 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.**

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

### **Call to Order**

### **Roll Call**

### **Additions and Corrections**

### **General Public Comment**

This portion of the meeting is reserved for persons to address the Committees on any matter not on this agenda but under the jurisdiction of the Committee.

### **Regular Agenda**

1. Conduct a workshop to review strategies to increase the construction of affordable housing in the unincorporated areas of Monterey County and provide direction to staff.

**Attachments:** [Board Report](#)  
[Attachment A - Current Development Densities](#)  
[Attachment B - Questions for Discussion](#)  
[Attachment C - Development Considerations](#)  
[Attachment D - AH Developer Stakeholder Meeting Minutes](#)  
[Attachment E - Market Rate Developer Stakeholder Meeting Minutes](#)  
[Attachment F - MCLHTF Design Questionnaire](#)

### **Adjournment**

Health, Housing and Human Services Committee Members: Supervisor Glenn Church, Chair; Supervisor Chris Lopez, Vice-Chair.

Health, Housing and Human Services Committee Staff: Deborah Paolinelli, Assistant County Administrative Officer; Stacy L. Saetta, Deputy County Counsel, Karina Bokanovich, Management Analyst III; and Sophia Magana, Committee Secretary.

Housing Advisory Committee Members: Jose Luis Barajas, Chair; Virginia H. Mendoza, Vice-Chair; Sandi Austin, Cary Swensen, Peter Said, Mitch Winick

Housing Advisory Committee Staff: Darby Marshal, Housing Program Manager and Anita Nachor, Committee Secretary

- Copies of staff reports or other written documentation relating to items referenced on this agenda and/or submitted after distribution of the agenda packet are on file and available for public inspection at the Housing and Community Development, County of Monterey Government Center, 1441 Schilling Place, 1st Floor, Salinas CA 93901.
- The following services are available when requests are made by 5:00 p.m. of the Friday before this noted meeting: American Sign Language interpreters during a meeting, large print agenda or minutes in alternative format.
- If you require the assistance of an interpreter, please contact the Senior Secretary in the County Administrative Office at 831-755-5115. Every effort will be made to accommodate requests for translation assistance. Requests should be made as soon as possible, and at a minimum 24 hours in advance of any meeting.
- Si usted requiere la asistencia de un intérprete, por favor comuníquese con la oficina de Administración localizada en el Centro de Gobierno del Condado de Monterey, (County of Monterey Government Center), 168 W. Alisal St., Tercer Piso, Salinas - o por teléfono llamar al 831-755-5115. La secretaria hará el esfuerzo para acomodar los pedidos de asistencia de un intérprete. Los pedidos se deberán hacer lo más pronto posible, y a lo mínimo 24 horas de anticipo de cualquier junta.



# County of Monterey

Item No.

## Board Report

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

Legistar File Number: 24-327

May 06, 2024

Introduced: 4/30/2024

Current Status: Agenda Ready

Version: 1

Matter Type: General Agenda Item

Conduct a workshop to review strategies to increase the construction of affordable housing in the unincorporated areas of Monterey County and provide direction to staff.

### RECOMMENDATION:

It is recommended that the Health, Housing & Human Services Committee conduct a workshop to review strategies to increase the construction of affordable housing in the unincorporated areas of Monterey County and provide direction to staff.

### SUMMARY:

The Monterey County Board of Supervisors, Health, Housing, and Human Services Committee (HHHS Committee) and the County's Housing Advisory Committee (HAC) are convening a study session to better understand market forces and regulatory constraints that hinder affordable housing development and to consider strategies that could increase opportunities for development of affordable housing in the unincorporated areas of Monterey County.

### DISCUSSION:

The County is currently drafting an update to the Housing Element of the General Plan ("6th Cycle Housing Element Update"). The 6th Cycle Housing Element Update must identify properties that are capable of being developed with housing to meet the Regional Housing Needs Allocation (RHNA) for the 8-year planning cycle (6th cycle) of:

1,070 very low-income units  
700 low-income units  
420 moderate-income units  
1,136 above moderate (market rate) units

AB1537 requires the County to rezone these parcels with a default density of least 20-units per acre. Conceptually, higher density housing is more affordable by nature; however, rezoning or upzoning is only part of the challenge facing potential housing development in the County. There are many governmental and non-governmental constraints to housing development. Some of these constraints, like market conditions, are beyond the control of the County. The focus of the workshop will be to consider policies and programs that are within the control of the County.

A review of current housing development proposals is included in this report to inform this discussion. Attachment A to this report lists 10 projects currently under review or complying with conditions of approval. In total these projects would develop approximately 945 units on 270-acres with an average

density of 3-units per acre. The median sized project is 15 acres and 78-units at 5-units per acre. The list includes 1 100% affordable project that proposes a density of 6-units per acre. Even the two “builder’s remedy” projects that have been submitted to the County are only proposing densities of 10 and 4-units per acre.

Things such as water and wastewater availability are clear limiting factors to development in Monterey County but there are many other factors that impact housing development and ultimately the question of what to do about these limiting factors remains. To keep the discussion focused on actions that the County can take, the HAC and HHHS have developed a list of questions that are intended to be posed to representatives of various local and regional housing developers. The questions are included in Attachment B to this report.

No specific action is anticipated as a result of this workshop but the committee may provide direction to staff to review and report back on items discussed during the workshop.

FINANCING:

Funding for staff time to prepare this report is included in the FY 23/24 Adopted Budget for HCD.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Access to affordable housing is foundational to meeting most, if not all, of the Board’s Strategic Initiatives.

☒ Economic Development  
☒ Administration  
☒ Health & Human Services  
☒ Infrastructure  
☐ Public Safety

Prepared by: Darby Marshall, Housing Program Manager, (831) 755-5391

Reviewed by: Craig Spencer, Director of Housing & Community Development *CS*

The following attachments are on file with the Clerk of the Board:

Attachment A: Current Development Densities

Attachment B: Questions for Discussion

Attachment C: Development Considerations

Attachment D: AH Developer Stakeholder Meeting Minutes

Attachment E: Market Rate Developer Stakeholder Meeting Minutes

Attachment F: MCLHTF Design Questionnaire

# Attachment A

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## Attachment A Current Development Densities

AB1537 mandated default densities that counties must zone Housing Element Opportunity Sites for development. For Monterey County, this default density is 20-units per acre. The table below lists 10 projects that the County is currently reviewing or have been approved but not yet started construction.

Project	Acres	Proposed Units	Proposed Density
Carmel Assisted Living <sup>1</sup>	5	47	9.7
Castroville Oaks <sup>2</sup>	38	215	5.6
Gard	4	16	4.0
McIntosh	7	103	14.6
Rancho Canada	76	145	1.9
Riverview	16	27	1.7
September Ranch	70	95	1.4
Toro Ranch	28	185	6.6
Val Verde	14	52	3.6
York School	12	60	4.9
 Total	 270	 945	 3.5
Average Project	49	172	3.5
Median Project	15	78	5.2

1. Carmel Assisted Living and Val Verde were submitted to the County under the “Builder’s Remedy” provisions of the Housing Accountability Act.
2. Castroville Oaks is a CHISPA project that is proposed to be 100% affordable with 127-apartment units and 88 single family detached homes.

# Attachment B

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## Attachment B

### Questions for Discussion

#### Development Environment

- What are the major barriers to developing affordable or affordable by design projects in unincorporated Monterey County?
- What types of projects make the most economic sense here and why?
- How would you describe the opportunities for developing projects with 20+ units in unincorporated Monterey County?
- Why aren't more dense or affordable by design projects being proposed for the unincorporated areas of the County, e.g. apartments, 2-,3-, and 4-plexes, row houses/townhomes, accessory dwelling units, or “tiny homes”?

#### County Policies & Procedures

- What programs or policies could the County implement to remove barriers and spur affordable residential development in the unincorporated areas?
- What specific County policies and/or processes cause unnecessary delays?
- Do you have examples of similar policies or processes from other counties that work better?
- What policies or procedures could the County change to increase opportunities to develop more projects with 20+ units?
- Besides mandated rezoning/upzoning Housing Element Opportunity Sites, what zoning code changes can the County make to encourage building of affordable housing?
- How can the Inclusionary Housing Ordinance be changed to make building inclusionary housing profitable?

#### Development Incentives & Delays

- Have you evaluated any sites in the unincorporated areas for application under either SB35 or SB330 (streamlining)?
- Why aren't property owners/developers taking advantage of density increases allowed by the density bonus Ordinance and law?
- What are primary reasons property owners/developers are delaying, or not pursuing, projects once they have been approved or taking so long to clear conditions of approval?

# Attachment C

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## Attachment C Development Considerations

- Infrastructure & Resource Considerations
  - Is there enough water, from a sustainable source, for the project?
    - Drives project size as much as what is allowed by zoning.
  - How will waste water be handled –
    - On-site septic requires more land, land value that is not recouped by development.
    - Connecting to an existing service provider may require annexation and extension of infrastructure.
    - Does the system have capacity to accept new connections?
      - This is a fixed cost regardless of the square footage of a unit or the number of bedrooms it has.
  - Does the project require construction of new internal road network?
  - Will the project likely trigger off-site improvements or assessments?
    - Traffic improvements, utility upgrades, parks, etc.
    - Are prior approvals catching up so that the next project has a marginal impact?
- Land Use Considerations
  - What is current zoning and land use designation?
  - What permits are required?
  - How much will the permits cost in time and money?
  - Earthquake, flood, or high fire risk zones – end purchaser of home may not qualify for mortgage if homeowners' insurance is not available.
  - Is project in Coastal Zone?
    - Approvals maybe appealed to California Coastal Commission – more time.
- California Environmental Quality Act (CEQA)
  - Does the project location qualify for a CEQA exemption or is it in an area already analyzed by a CEQA document that can be tiered off?
    - Census designated urbanized area
    - Community Plan
- Development Costs – Land, Engineering, Plans, Studies & Reports
  - Time to process entitlements
    - Planning reviews and hearing
    - CEQA
    - Coastal Commission appeal?
    - Litigation?
  - Fees to process entitlements
  - Impact fees and/or requirements
    - Fire, parks, schools, traffic, other growth induced impacts
  - Fees for individual building plan checks and permits.
  - Utility Connection Fees
    - Water connections, or wells and/or mutual water system
    - Wastewater connections or individual septic systems
  - Internal recreational opportunities
  - Internal traffic improvements

## Attachment C

### Development Considerations

- How to Pay for Development Costs
  - Directly include in cost of land and structure, or,
  - Establish ongoing Community Facilities District/Mello-Roos district for infrastructure construction and maintenance – higher property taxes mean less monthly income available for affordable mortgage payments.
- How to Pay for Ongoing Development Costs
  - Homeowner Association to maintain private subdivision improvements – higher monthly housing cost, which reduces amount available for other housing expenses, i.e., mortgage payments.



# Attachment D

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**Monterey County  
Housing Element Update**



# MEETING MINUTES

**Name of Meeting:** Affordable Housing Developers Stakeholder Meeting  
**Date of Meeting:** January 31, 2023  
**Time:** 3:00 PM  
**Location:** Zoom Meeting  
**Subject:** Housing Element Update - Challenges & Opportunities

Participant	Organization
Participant # 1	MidPen Housing
Participant # 2	Eden Housing
Participant # 3	CHISPA (Community Housing Improvement Systems and Planning Association, Inc.)
Melanie Beretti – County Staff	Housing and Community Development, Monterey County
Jaime S. Guthrie – County Staff	Housing and Community Development, Monterey County
Hitta Mosesman – Consultant	Harris & Associates
Kelly Morgan – Consultant	Harris & Associates

**Have you considered, are currently undertaking or completed a project in unincorporated Monterey County? If so, what are some challenges and opportunities you face as a developer?**

- Participant 3: Currently has subdivision developments in Castroville, East Garrison, and San Lucas. Some of the challenges have been via developing in the County you don't score for tax credit allocations or qualify for bond allocations. Dealing with the coastal commission, water constraints, and predevelopment costs for water and traffic have also been challenges. The opportunities and benefits of building in the County have been that the construction process has been smooth, however fee waivers and fee deferrals would be helpful. Entitlement has not been a major constraint and County staff has been extremely helpful. Development standards & processes on par with other projects
- Participant 1: No current projects in unincorporated Monterey County.
- Participant 2: Has completed projects in Salinas and Castroville. Some opportunities through HEU process could include addressing challenges with entitlement and finding sites that score amenity points. Constraints with water and the water districts vary but need to find a better way for Coastal Commission processing.

**How much of a constraint is water and infrastructure in unincorporated Monterey County and the region? Are there any other specific constraints you would identify as being an impediment?**

- Participant 3: Carmel Valley and down the central coast but can't build down there. Highest opportunity areas don't seem to be in most productive places.
- Participant 1: Avoid Big Sur for several reasons plus you wouldn't score for funding, cost, infrastructure, political, and it ultimately wouldn't pencil.
- Participant 3: Logistics don't work out.
- Participant 2: Look at amenity scoring; one thing to consider is anything set as rural might be opportunity to get distances for amenities; can identify in tax credits.
- Harris & Associates: Highest resources along with coastal area but seems like not enough to pencil since not within 1 mile of services.
- Participant 2: Natural barriers, often will look at the SB35 criteria for things to tick through. Fire is a big thing. Flood/fault can mitigate, but fire zones are hard to get insurance in.
- Harris & Associates: Does the water recycling program possibly open the door to developing more affordable housing?
- Participant 3: Knows that in Monterey and Carmel, using recycled water would probably help with the sea water intrusion argument for affordable housing.
- Participants 1 & 2: Water is a major constraint, lots of places you can't get a water allocation even in incorporated parts of the County.

**What types of things can the County do to incentivize affordable housing projects (e.g., affordable housing overlays, zoning, fee deferrals, streamlining, etc.)?**

- Participant 2: Funding as the capital stack for the LIHTC must include local money, especially in unincorporated area, it would be hard to pencil developments without local funding.
- Participant 3: On the 4% credits, Serna rural, MHP – urban projects, almost all have AHSC but doesn't qualify due to lack of train station. Other funding goes to county projects for 55 yr. projects. Pre-dev funding doesn't help too much but long-term funding like trust fund funding would help to create more housing.
- Participant 2: Zoning, always looking to develop as of right or ministerial approval and without environmental hurdles when appropriate, it cuts down the time to jump in and get funding.
- Participant 1: Agree, Santa Cruz was forced to get local land use approvals and it was due to the 2010 HEU that helped that. Also, if Monterey County can get a few sites that line up with high & highest resources, that would be great but it's not as critical as amenities.
- Harris & Associates: AFFH requires housing be spread throughout, but you are indicating it's not the end all?
- Participant 2: Correct. Highest resource is nice to have but not the end all.

**What are your comments on market conditions (labor/construction costs, interest rates, etc.)?**

- Participant 3: Costs are not an issue as of now, can find labor where before that was a problem. Lumber going down but with interest rates going up, construction/finance issues can handle. Political, entitlement, and allocation are harder issues to handle. Entitlement is not as difficult as the political issue in Monterey County. Seems like the desire for more housing is just not there as the County has been lagging behind for decades.

**Opportunities for commercial (including parking lots) to residential conversions in unincorporated Monterey County.**

- Participant 3: On the outskirts of Castroville or golf courses as they close down. A few years back Carmel Valley reduced use since courses require a lot of water. Infill not really a focus, the County need subdivisions – more Las Palmas and East Garrison like developments. There is no focus on the 50% affordable, need folks that can move, not enough market rate housing either.



- Participant 2: State has been issuing regulations on funding. Affordable housing is reliant on market rate. There is a need for more density.
- Harris & Associates: For the purposes of the HEU, some sites have to be 100% affordable since density bonus is not used as extensively.

**Programs, procedures, or incentives in other cities or counties that have significantly facilitated housing development.**

- Participant 2: On the ground knowledge to help guide and provide outreach. Besides money and zoning, helping to get in front of outreach efforts would help. When Santa Clara County was disposing of extra land, they did community outreach prior to developer coming on board to help make the process smoother.
- Participant 1: The biggest issue to work through is approvals - someone in planning familiar with issues for multi-family vs single family. Point person like a multi-family specialist.
- County Staff: We have a permit coordinator who tries to play the role, but we are asking to be reclassified as an ombudsman, might be in need of 2 individuals within the County. Looking to provide HEU support for more staff in the department.
- Harris & Associates: A lot of the programs involve establishing additional support for AH projects to run through the process quicker.
- Participant 1: In Santa Cruz County this tends to work well. The Planning Department tries to filter multi-family housing to people that have the familiarity and a point person to help them.

**Creative housing solutions that would help the County facilitate the development of more housing/ affordable housing in unincorporated Monterey County.**

- Participant 2: With market conditions, less bullish on land risk if there is an option for funding having a focus to move quickly on an acquisition. Indicate dedication of the availability of land in developer agreements. This helps secure the site and it's better for financing and timeline issues.

# Attachment E

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**Monterey County**  
**Housing Element Update**



**Harris & Associates**

# MEETING MINUTES

**Name of Meeting:** Market Rate Developer Stakeholder Meeting  
**Date of Meeting:** February 1, 2023  
**Time:** 2:00 pm  
**Location:** Zoom Meeting  
**Subject:** Housing Element Update – Existing challenges that create a barrier to develop affordable housing in unincorporated Monterey County and opportunities/solutions to help address these barriers.

Participant	Organization
Participant # 1	Ausonio Homes
Participant # 3	SHEA Homes
Participant # 4	Avila Construction
Jaime S. Guthrie – County Staff	Housing and Community Development, Monterey County
Hitta Mosesman – Consultant	Harris & Associates
Kelly Morgan – Consultant	Harris & Associates

## Challenges - General

- Participant 1: Nothing can be built reasonably in Castroville due to excessive fees. Even when converting to apartments developers still have to pay traffic impact fees. Fees are a constraint for anything to be developed in Castroville.
- Participant 3: Permit approvals can be difficult to obtain in a timely manner.
- Participant 4: If you build a housing project it's in spite of the regulations and processes. A few folks have figured out the barrier to entry, but it is very difficult.
- Participant 1: Even for something like a lot line adj for commercial property, it takes upwards of 3 years, timing for this is unacceptable.
- Participant 4: County staff also acknowledge processes to be lengthy.
- Participant 3: We are looking at other places in the County but having worked in Marina and now SHEA Homes has a very long bureaucratic process the timeframes are long and frustrating. To produce housing units and take advantage of opportunities need to deal with timing constraint. A serious conversation needed as are resources put behind plan check and review. The timing for entitlement permitting impacts expense; timing forces an economic shift and exposes unnecessary risk. When considering a project, initial questions always include if the development is in the County because of the difficulties in getting the



## Attachment E

entitlements and permits.

- Participant 4: Public meetings for projects are also excessive when considering the various boards and committees that have to be involved.
- Participant 3: SB330 and streamline provisions need to be adhered to, limiting the number of public hearings and need to be extended to residential mixed use and followed accordingly. The timing needs to be by-right from an entitlement stance so long as the existing zoning is okay and already in place.
- Participant 4: Agree.

### **Challenges – Water & Infrastructure in the unincorporated Monterey County and the region**

- Participant 4: In Pajaro there was a public housing development where to appease planning and neighbors, the developer had to fill in sidewalks and have a sewer report conducted despite the development not having an impact. Public works required this.
- Participant 3: The County has to back developers and not require developers to pay for infrastructure issues. SB330 should not have developers paying for non-objective issues. If housing is a priority, then act accordingly.
- Participant 3: Sometimes the water district is more of a burden than the cities.
- Participant 3: Water is most constrained in the County, definitely an issue/intrusion, political, etc. The issue needs federal funding. The County can increase housing by increasing water supply. Solutions in the works like Conveyance River or CalAm get pushed back by lawsuits, the coastal commission, etc., creating a hurdle to resolution.
- Participants 1 & 3: NIMBYism creates a hurdle as well, citing a lack of housing but creating infrastructure-based constraints that create a barrier to increasing housing stock.
- Participant 4: Potential sites are needed for agriculture (farm workers), but that availability is hard to come by with the infrastructure SOI, coastal commission barriers. The County agriculture mitigation policy is a huge constraint, causing issues if developers have to buy a permanent easement to mitigate the loss of agriculture land.
- Participant 3: The volume of agriculture land is going to shrink due to the robotizing of the actual work and the movement of opportunities outside of CA, likely to see reduction in use of agriculture land in Salinas. A policy that looks at capitalizing and treating agriculture land as endangered when it isn't is a poor policy. Should be looking ahead at the reality of the situation.
- Participant 4: Density mitigates use of agriculture land, density is a constraint, very small for multi-family and will help mitigate loss of agriculture land.
- Participant 1: Castroville was able to do density bonus to increase units for a development from 6 to 18. Should be noted that when switching to regular apartments, developers will need to adhere to fees. Density bonus then becomes an issue as parking is an issue. Can't always reduce parking realistically to take advantage of the density bonus incentive.
- Participant 4: Public transport infrastructure is lacking.

### **Opportunities/Solutions**

- Shorten timeline, waive impact fees, and adhere to state laws on streamlining permitting.
- Better policies, affordable housing overlays, and the County should look into and deliver water and provide additional supply for adequate water.
- Current densities need updating to help mitigate the issues, less public hearings, and more by-right for the zoning codes.
- County should reimburse developers that have to update infrastructure for issues non-related to their development.
- County coordination on infrastructure when a project comes forward and working with each district to

## Attachment E

move things forward. Cities will typically step in and advocate for AH. The County needs to do the same to make sure water district allocation is in its place.

- If considering mixed use - commercial should be stated as not requirement but instead optional w/ zoning. If requiring commercial and it can't be filled due to the market, it holds up the housing portion. The policy should be flexible.
- There are opportunities for conversion if considering the option to rezone to residential (Castroville, Carmel Valley, Mid-Valley, Rio Road, etc.).
- Identify grants, resources, environmental policies to help CEQA requirements upfront, and existing incentives for developers.
- Consider policies and procedures seen in other jurisdictions like Marina's housing overlay, Salinas' revitalization downtown plan, and Monterey's downtown specific plan.

# Attachment F

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## Attachement F

### MCLHTF Design Questionnaire

#### Eden Housing

Broadly, what is best way for local government to be your partner in developing affordable housing?

Most important would likely be soft loans awarded to project that would help pay for development costs and leverage tax credits and state funding. Second would be funding to acquire new development sites in order to add new projects to the housing pipeline. Finally, to the extent the County can control or assist, any type of fee waivers or deferrals to help reduce the cost of development are also useful.

Should the MCLHTF be used to purchase land and/or water rights and the MCLHTF then request proposals for development?

Yes, this could be useful, though it's our observation that when government entities are purchasing land, the sellers tend to boost the price. We've had success making an acquisition directly with a funding commitment in hand from a public entity. This way, the private seller can contract with the developer directly (say, with a "financing contingency"), and then the developer can close the acquisition with trust funds that stay in the deal, avoiding the risk and cost of obtaining private land loans.

What is best structure for MCLHTF assistance to leverage other federal and state resources, e.g., grants/loans, interest rates, loan terms, minimum amounts?

The best structure is "soft loans" to the project, forward committed with an interest rate of 3% simple or AFR, a 55-year term and payments via residual receipts. Access to these funds during predevelopment can help reduce the interest carry of the project during the design process and is particularly useful for smaller developers with less access to credit. It is especially valuable to have these funds before applying for outside resources to demonstrate leveraging. In general, anywhere from \$50,000 to \$300,000 per unit is really valuable, depending on other resources available for a given project.

What would you consider a fair return on the MCLHTF's investment in terms of cost per unit assisted, e.g., \$25,000 per unit or investment levels based on affordability?

In general, minimum investment returns from projects are unusual for public funds, and soft lenders share half the project's residual receipts pro rata. In terms of varying the amount of funding per unit, some lenders create a per unit subsidy that is deeper for lower levels of affordability by calculating the present value of the difference in rents foregone that could otherwise leverage private hard debt.

Assuming long repayment terms, how much capital should the MCLHTF target raising annually for multifamily development to ensure it has sufficient funds available to support at least one project annually?

In general, counties that can reliably raise \$10,000,000 per year are attractive for affordable housing developers. This could potentially support 2-3 projects per year, though some projects may apply more than once. This means that a developer could secure a site and have a decent chance at getting funds within 1-2 years of entitlements to leverage and compete for last-in state funding.

Would your organization prefer to see the cities and County participate in the competitive state HOME program or become an entitlement community and fund a blend of multifamily and single-family projects?

Whatever yields more funding. I think smaller entitlement jurisdictions often get less HOME funding than is useful for a single project. We've seen counties and cities blend HOME with HTF funds so reduce the burden of RFP releases and then match projects with the most applicable funding.

## Attachement F

### MCLHTF Design Questionnaire

#### Eden Housing

Anecdotally, County staff has heard that the non-profit development community has switched from trying to acquire property, entitle, finance, and construct units to partnering with local jurisdictions that have land available. How much of your current development activity (since 2021) is on publicly owned properties versus property your organization has purchased?

Since 2021, we have closed deals with all of the above sources of origination: privately purchased sites, donated land from public entities, donations from market rate developers, and partnerships with other non-profit entities. At this time, we are less willing than before to close on a purchased private site without a funding commitment for the land cost from a public partner. This is because current economic and funding conditions mean that projects are having to wait longer to get funded. Current interest rates make holding costs run millions of dollars, reducing the feasibility of these more “speculative” acquisitions.

Triggered by AH Developer Stakeholder Meeting Notes