

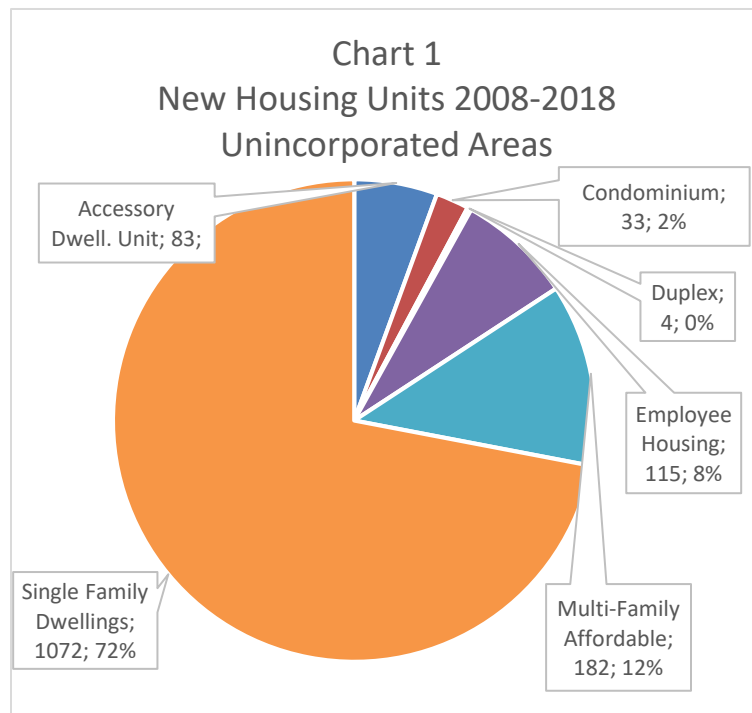
Attachment 1

Housing Production and Goal Setting

In the Unincorporated Areas of Monterey County

HOUSING PRODUCTION

To set realistic goals, it is necessary to understand how much housing has been produced and trends in housing production. The following statistics cover the period July 2008 – February 2018 and are based on the date that the County Building Official “finaled” the building permit.



Since July 1, 2008, the Building Inspection Division of the Resource Management Agency finalized 1,489 building permits for a variety of housing types as shown in Chart 1. Chart 1 reflects new units and includes three multi-family projects (Cynara Court, Manzanita Place, and Sea Garden Apartments) and three large subdivisions (East Garrison, Rogge Village, and Spreckels) and the Spreckels Crossing employee housing¹. These seven projects account for 60% of all new housing units built in the last ten-years. There were an additional 109 construction permits for homes to replace existing units demolished or to replace fire damage units. Chart 2 illustrates the number of final building permits by type of residential building from 2009 through the present.

Over the last five years housing production has increased. Between 2008 and 2013 an average of 126 new units were approved annually. From 2014 to September 2018, the housing stock has increased at an average of 199 units annually, a 37% increase over the 2008-2013 period.

Of concern, after deducting Cynara Court, East Garrison, Sea Garden and Tanimura and Antle units, the share of units in smaller subdivisions declined from 71% of all new units between 2008 and 2013 to 20% between 2014 and 2018.

Approximately 10% of the new units built since 2014, are income restricted or assumed to be occupied by income eligible households and count towards the County's Regional Housing Needs Allocation (RHNA). The income distribution of these units is shown in Table 1.

Table 1
RHNA Units by Affordability 2014-2016

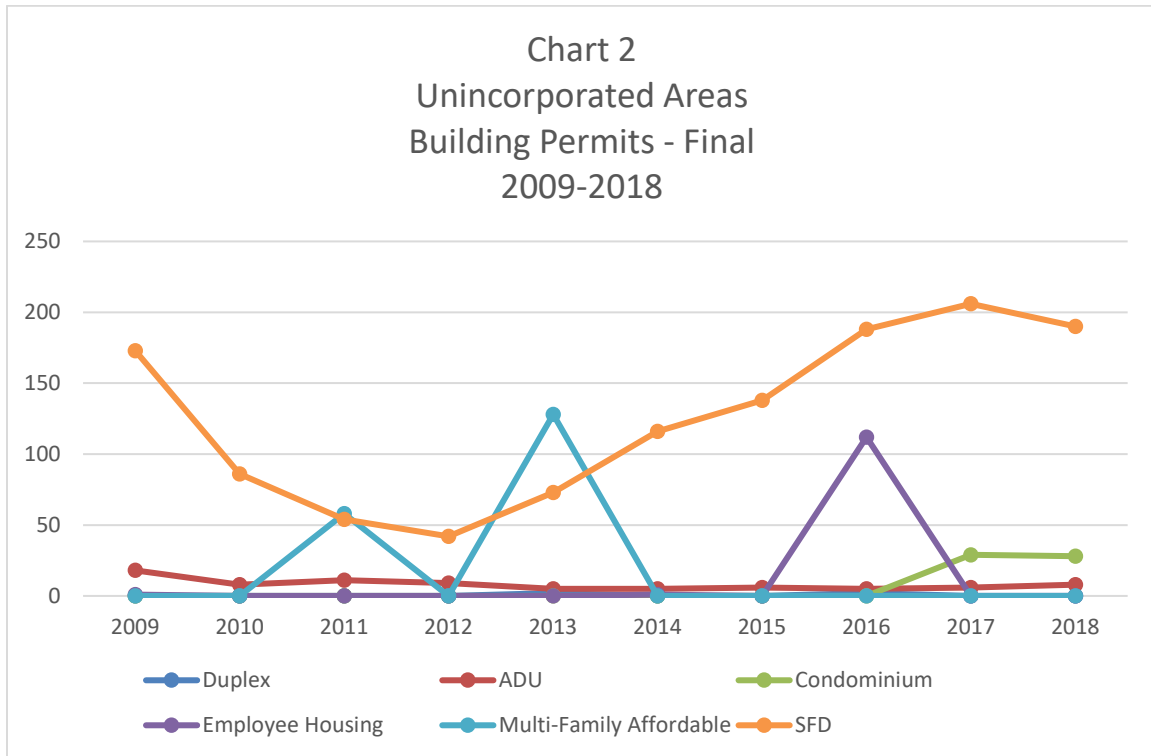
RHNA Income Level	New Units	Share of New Units
Very Low-Income	37	9%
Low-Income	6	1%
Moderate Income	0	0%
Above Moderate	383	90%

¹ The Spreckels Crossing development houses 800 farmworkers in 100 permitted units. Unless otherwise noted, this paper refers to the number of permitted units and not the number of beds contained in those units.

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KEY HISTORIC MEASURES

Single Family Homes

- 1,266 – number of new homes built since 2009
- 897 – number of new homes built between 2014 and September 13, 2018
- 617 – number of new single family homes built at East Garrison
 - 69% of all new homes and condominiums built since 2014
- 196 – average number of SFD and condominiums built per year between 2014-2018

Accessory Dwelling Units

- 81 permitted in last 10-years.
- 37% were built between 2014 and 2018.

Multi-Family Rental Units

- 0 – number of units built by for-profit developers in last 10-years.
- 182 – number of new units built by non-profit developers in last 10-years
- 2 – number of new developments in Castroville
- 1 – new project since July 2018

Employee Housing

- 815 - number of employees that can be housed in employer sponsored housing built in the last 10-years.

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GOAL SETTING

As the Board moves to considering setting specific goals for housing, there are a few other things to consider besides just the historic building levels. These include goals that have been introduced by other organizations and how long it takes for large subdivisions to move through the process from project proposal through approval of entitlements, obtaining financing, and construction.

Farmworker Housing Study & Action Plan for Salinas & Pajaro Valley

Goal: Produce 5,000 permanent, affordable farmworker housing units over the next five years to stabilize the agriculture workforce in the Salinas and Pajaro Valley Region.

Comments: goal needs to be higher/is reasonable for five years, can we accelerate? split $\frac{3}{4}$ Monterey County, $\frac{1}{4}$ Santa Cruz county

- $5,000 \times 75\% = 3,750$ units in Monterey County

Project Lead Times A Consideration

East Garrison, which accounts for more than 69% of the units built in the unincorporated area since 2014, was approved by the Board of Supervisors in 2006.

The building permit for Manzanita Place, the first residential units at East Garrison, was not finalized until July 23, 2013, seven years after the original approvals were granted.

The following page is a sample of Sonoma County's Housing Goals, Measures & Priority Projects. This maybe a template that the County wants to use as it works with the cities, AMBAG, and HCD as we develop specific measurable goals for countywide housing production.

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SONOMA COUNTY HOUSING GOALS, MEASURES & PRIORITY PROJECTS

Given the state of the countywide post-fire housing landscape, the Board of Supervisor's subregional housing production goal is 30,000 units countywide by 2023, including 3,375 new units on County-owned land. The subregional goal was informed by research by Beacon Economics, and accounts for historic unmet housing needs countywide, housing units lost in the fires, and anticipated employment growth and economic forecasts. In the unincorporated County, the Board has a goal of rebuilding 2,000 destroyed units and building 1,000 new accessory dwelling units within the next five years.

The average number of new units permitted by the County from 2013–2017 was 716 per year. Of those, the current average number of new accessory dwelling units is 50 per year. Meeting this ambitious goal will require innovative new funding and policy mechanisms. According to Beacon Economics, “the local economy has become severely constrained by little or no growth in the County labor force, partly because of the high cost of living”—failure to meet the housing goal will impact the County's ability to grow its economy and recovery fully from this disaster.

Specific goals for this priority are to:

1. Create 3,375 new homes countywide for people of all incomes by 2022.
2. Speed the pace of development by reducing the cycle time for entitlements and improving flexibility of local funding sources.
3. Reduce incidence of housing instability and homelessness.
4. Raise the credibility of County government as a vital partner in housing creation.

Potential outcome measures to track progress toward these goals could include:

1. The creation of an average of 675 new units per year over the next five years.
2. Vacancy rates for rentals to increase to 3% by 2022 and rental price inflation to slow.
3. The number of homeless individuals and families to drop below 1000 county-wide.
4. The length of time any person or family is not in permanent housing drops.

Priority Projects

The County has identified several existing and future projects to advance the Housing for All priority, all of which will require strong partnership with the cities, developers, and other funders. In addition, there are several influencing factors, representing potential opportunities to advance this priority or threats to its progress. These include: Changes in state and federal funding may limit resources for projects; public resistance to development areas; political siloes between jurisdictions; lack of agency bandwidth; housing market downturn; and increasing interest rates which raise the costs of capital.

Based on the County's current assessment, the following projects will help the County accomplish the goals of this priority.

1. Achieve up to 1,375 units by focusing reuse of select County-owned properties on mixed-income and mixed-use housing development in Santa Rosa. Projects include Chanate (800 units); West College Ave (200 units); Main County Administration Center Campus (200 units); Roseland Village (175 units)
2. Facilitate development of an additional 2,000 units countywide in collaboration with cities, key stakeholders and potentially involving other publicly-owned parcels.
3. Create a five-year strategic housing investment plan, leveraging the Building Homes Toolbox, the California Statewide Housing Needs Assessment, and the General Plan update to clearly articulate housing needs and investment priorities by income level, geography and population type (i.e. seniors, families, special needs). The plan should consider jobs/housing balance, commute patterns, and projected population growth.
4. Update and refresh land use, entitlement regulations and fee structure, including deferral collection of impact fees; enacting housing code amendments for workforce housing; creating an Affirmative Housing Inspection Program to inspect, maintain and improve multi-unit housing.
5. Update and refresh housing finance programs and policies to entice more developers and target local funds to highest priority areas of need.
6. Pursue sustainable funding for the Palms Inn with Catholic Charities, and encourage similar projects.
7. Redesign homeless services funding to emphasize “housing first”.
8. Aggressively pursue new capital funds to support housing development.