

Exhibit B

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EXHIBIT B DISCUSSION

General Plan Land Use Policy LU-1.19

General Plan Policy LU-1.19 calls for the establishment of a Development Evaluation System (DES) for areas of unincorporated County outside of Community Areas, Rural Centers, and Affordable Housing Overlay Districts. Once established, the DES would be a method for quantitative evaluation of development proposed in areas of the County outside the targeted areas for development. Pending adoption of a program implementing the DES, the County has been implementing the DES through application of the criteria in LU-1.19. Accordingly, an interim qualitative analysis has been completed for this project based on the Policy LU-1.19 criteria.

The DES criteria specified in Policy LU-1.19 are:

- a. Site Suitability
- b. Infrastructure
- c. Resource Management
- d. Proximity to a City, Community Area, or Rural Center
- e. Mix/Balance of uses including Affordable Housing consistent with the County Affordable/Workforce Housing Incentive Program adopted pursuant to the Monterey County Housing Element
- f. Environmental Impacts and Potential Mitigation
- g. Proximity to multiple modes of transportation
- h. Jobs-Housing balance within the community and between the community and surrounding areas

Residential development shall incorporate the following minimum requirements for developments in Rural Centers prior to the preparation of an Infrastructure and Financing Study, or outside of a Community Area or Rural Center:

- 1) 35% affordable/Workforce housing (25% inclusionary; 10% Workforce) for projects of five or more units to be considered.
- 2) If the project is designed with at least 15% farmworker inclusionary housing, the minimum requirement may be reduced to 30% total.

The project site is not within a Community Area, Rural Center, or Affordable Housing Overlay District. Therefore, the project is subject to analysis using the criteria of the Development Evaluation System. The objective of the DES is to strongly discourage or avoid “leap frog” development not proximate to urbanized or community areas where public services and facilities exist. The project meets this objective of the DES. The proposed project is consistent with all except one criterion for inclusion of affordable or workforce housing. In areas subject to the DES, the DES calls for new residential development to provide “35% affordable/workforce housing,” 10% more than General Plan Policy LU-2.13. Under the Inclusionary Housing Ordinance, the applicant will provide units in affordability categories and/or pay in lieu fees, each of which is directed and calculated by the County Housing Authority (Condition No. 18). Notwithstanding, the multi-family apartment building within the LSOP is located appropriately for providing housing choice to County residents working in the vicinity and to those who commute to work in either Salinas or on the Peninsula.

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Site Suitability & Proximity to a City, Community Area, or Rural Center – The Lot 5 project site is infill in nature due to its location within the Laguna Seca Office Park (LSOP) subdivision, established in 1983 (File No. 80-109, Resolution No. PC-3734). Further, the LSOP shares the easternmost boundary with Ryan Ranch within the City of Monterey urban overlay district in anticipation of future annexation, indicating development in a phased manner and in collaboration with the City. In addition to commercial and retail businesses within Ryan Ranch and the LSOP, nearby Monterey Peninsula communities of Carmel-by-the-Sea, Pacific Grove, Del Rey Oaks, Seaside, and Sand City are within short travel distance of the LSOP and offer a wide range of services, amenities, and employment opportunities that support suitability of the site for multi-family housing. The project plans were provided to the Monterey County Regional Fire Protection District and Sheriff's Office, neither of which indicated project implementation or operations would impact services provision.

Infrastructure, Resource Management, & Proximity to Multiple Modes of Transportation – The LSOP is located in an area of the County that has established roads and services which have been implemented in anticipation of complete LSOP buildout. Operation of the proposed 15-unit apartment building in the LSOP would not necessitate revisions to the existing infrastructure requirements, as previously analyzed. The location of the LSOP along State Route 68 facilitates favorable placement of public transit stops for traveling by bus (equipped with bicycle racks) to other Monterey Peninsula communities and to Salinas. Business trips via commuter flight out of the Monterey Regional Airport (approximately 1.5 miles away) can be made by residents of the apartments. Each LSOP parcel owner is responsible for providing professionally designed onsite stormwater management infrastructure within construction plans and to be implemented as part of development on the property. Water usage for the residential/commercial development within the LSOP, as proposed in the LSOP GDP, is estimated to be less than water usage for all commercial development, as contemplated in the certified FEIR.

Environmental Impacts and Potential Mitigation – While the proposed residential development on Lots 2-7 and a 15-unit apartment building on Lot 5 had not been previously anticipated, changes in circumstances would cause no significant effects on the environment that had not been previously examined. Water usage for the residential/commercial development within the LSOP, as proposed in the LSOP GDP, is estimated to be less than water usage for all commercial development, as contemplated in the certified FEIR. Mitigations adopted in the 1983 FEIR were implemented concurrently with the buildout of the LSOP roadway infrastructure. The project for a General Development Plan for the LSOP, residential development on Lots 2-7, and a 15-unit apartment building on Lot 5, as proposed, would have no further impact on traffic than previously analyzed. Vehicle trip generation is estimated as less for the residential proposal than for the previously analyzed commercial use only.

Mix/Balance of uses including Affordable Housing consistent with the County Affordable/Workforce Housing Incentive Program adopted pursuant to the Monterey County Housing Element & Jobs-Housing Balance Within the Community and Between the Community and Surrounding Areas – Under the Inclusionary Housing Ordinance, the applicant will provide units in affordability categories and/or pay in lieu fees, each of which is directed and calculated by the County Housing Authority (Condition No. 18). The 2015-2023 Housing Element, adopted by the Board of Supervisors 26 January 2016 [certified by Federal Housing and Community Development (HCD) 10 May 2016] showed that, in unincorporated County (as of 2012),

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approximately 63 percent of housing units were built prior to 1979, rental vacancy rates tended to be lower than the optimal five to six percent needed to balance housing demand and supply, and approximately five percent of renters live in overcrowded conditions. A certain number of vacant units are needed to moderate the cost of housing, allow sufficient choice for residents, and provide incentive for unit upkeep and repair. In the situation where the applicant chooses to submit in lieu fees, even market-rate units of an apartment building at the LSOP could contribute to alleviating rental housing pressures. Employees with jobs in and near this commercial hub do not have multi-family rental type options nearby. Implementation and operation of the project could contribute to availability of rental housing options with updated features, materials, and utilities, and increase the rental unit inventory. Commute times could be reduced for those employed in either Salinas or on the Peninsula and who do not live in a nearby single-family dwelling along SR 68.

General Plan Land Use Policy LU-2.13

General Plan Policy LU-2.13 calls for the consistent application of an Affordable Housing Ordinance that requires 25% of new housing units be affordable to very low, low, moderate, and workforce income households. The Affordable Housing Ordinance shall include the following minimum requirements:

- a) 6% of the units affordable to very low-income (31%-50% of median County household income)
- b) 6% of the units affordable to low-income (51%-80% of median County household income)
- c) 8% of the units affordable to moderate-income (81%-120% of median County household income)
- d) 5% of the units affordable to Workforce I income (120%-150% of median County household income)

The County's Inclusionary Housing Ordinance (Chapter 18.40) requires 20% of new housing units to be affordable to households within very low-, low-, and moderate-income at the percentages specified in Policy LU-2.13 (6% very low, 6% low, and 8% moderate). Unlike Policy LU-2.13, the Inclusionary Housing Ordinance does not include a requirement that 5% of new units be affordable to Workforce I income households. The County's Inclusionary Housing Ordinance provides that residential developments required to provide a fractional unit may pay an in-lieu fee corresponding to the fraction (MCC, Sec. 18.40.090.A.3).

Application of 35% Inclusionary Housing from the DES

Currently, the Area Median Income (AMI) in Monterey County is approximately \$63,249 [2013-2017 American Community Survey (ACS) 5-year Estimates]. The Monterey County Housing Authority would quantify minimum requirements for provision of units affordable to some or all of the following income ranges, calculated using the current AMI for Monterey County:

- a) Very low-income household (\$19,607 to \$32,256 household income)
- b) Low income household (\$32,257 to \$50,599 household income);

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- c) Moderate income household (\$50,600 to \$75,899 household income); and
- d) Workforce I household (\$75,900 to \$94,874 household income);

-OR-

Pay an in lieu fee that may be paid over five years and accrue simple interest at the prime rate plus 1%.

Safety and Land Use

Location of the LSOP approximately 1.5 miles from the Monterey Regional Airport requires development project applications within the subdivision be analyzed for consistency with the adopted airport land use compatibility plan. Until 25 February 2019, the 1987 Compatibility Land Use Plan (1987 CLUP) for the airport was the document used by the Airport Land Use Commission (ALUC) for a consistency determination. The ALUC is responsible for review of projects within the applicable area of influence. As of 25 February 2019, the 2019 Airport Land Use Compatibility Plan (2019 ALUCP) is the document used by the ALUC for consistency determination.

The commercial building approved in 2012 for development on Lot 5 (PC Resolution No. 12-035) had been analyzed by ALUC as consistent with the 1987 CLUP. The updated 2019 ALUCP echoes policy provisions as outlined in the 2011 Caltrans Airport Land Use Planning Handbook. The 2011 Handbook includes a Safety Zone 4 that allows a residential development density maximum of 1 dwelling unit per 2 acres. This maximum residential density requirement is not a factor in the 1987 CLUP for determining consistency of a project application. The subject project application was deemed complete by operation of law on 19 April 2018, and the ALUC would have had the opportunity to make a consistency determination using the 1987 CLUP.

Staff requested from the applicant additional information to fully analyze the project after 19 April 2018, and deemed the project application complete on 19 January 2019, prior to adoption of the 2019 ALUCP. On 11 March 2019, the applicant submitted the project for referral to the ALUC (File No. REF190012) which was subsequent to adoption of the updated 2019 ALUCP. The 2019 ALUCP Policy 4.1.5.2 provides that a project application deemed complete prior to adoption of the 2019 ALUCP should be evaluated under the 1987 CLUP. The applicant and ALUC staff disagreed as to whether the policy was referring to completeness determination by the ALUC staff or by the County. During the 30 May 2019 meeting, the ALUC voted in a 3(ayes) – 4(noes) decision against a motion to find the project inconsistent with the 2019 ALUCP. The ALUC voted in a 6(ayes) – 0(noes) decision to not make a consistency determination of the proposed project with either the 1987 CLUP or the 2019 ALUCP. Therefore, no consistency determination has been made for the project with either the 1987 CLUP or the 2019 ALUCP.

The 2019 ALUCP seeks to ensure that people and facilities are not concentrated in areas susceptible to high risk of aircraft accidents per the 2011 Handbook (Chapter 1, pg. 1-1, 2019 ALUCP), and allows a maximum 150 persons per acre for non-residential uses in Zone 4 (Chapter 4, Table 4b, pg. 4-28, 2019 ALUCP). Of the nineteen LSOP parcels, Lots 1 and 19 are outside Zone 4. The seventeen parcels of the LSOP within Zone 4 range from 0.7 to 2.2 acres in size. Thirteen of the parcels are developed with almost 130,500 square feet of commercial and

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office buildings over approximately fifteen acres. Using a rough conservative estimate of a maximum occupancy of 40 persons per 10,000 square feet of building, the occupancy of the existing buildings in the LSOP could be up to 522 persons (40 persons x 13.05) over fifteen acres. That is 35 persons per acre (522 persons divided by fifteen acres). The maximum 1 dwelling unit per 2 acres for residential development in Zone 4 would allow up to three inhabitants per acre (using a 6-person household). This would indicate that, on any given business day (7am-7pm), the concentration of people in the LSOP could be up to an estimated 35 persons per acre, far in exceedance of three persons per acre. The Monterey Regional Airport is open from 4am until the last arrival, always before midnight (4am-midnight). No flights operate midnight-4am. Therefore, daytime commercial operation of the LSOP concentrates people in the area during the majority of flights in and out of the airport.

The 2015-2023 Housing Element, adopted by the County Board of Supervisors 26 January 2016 and certified by State Housing and Community Development 10 May 2016, acknowledges the potential for an airport land use compatibility plan (ALUCP) to constrain residential development, most likely if General Plan land uses or any future residential development is deemed incompatible with an ALUCP (Chapter 3.2 – Governmental Constraints, pg. 57, 2015-2023 Housing Element). At the time of developing the 2015-2023 Housing Element, the 1987 CLUP was used for consistency determination and was not considered a significant constraint for residential development in Monterey County.

Zone 4 is the Outer Approach/Departure Zone with an accident risk level considered moderate, encompassing approximately five percent of general aviation aircraft accidents. There are seven total safety zones appointed in the 2019 ALUCP. Five of the safety zones account for a total of 47 percent of general aviation aircraft accidents. Safety Zone 1 is the Runway Protection zone with an accident risk level considered very high, accounting for 20 to 21 percent of general aviation aircraft accidents. The recommendation for non-residential uses in Zone 1 is for zero people maximum who may be on the parcels or site at a single point in time, whether indoors or outdoors. Zone 1 is applied to the locations of Tarp's Roadhouse and Stone Creek Plaza (7-Eleven, Starbucks, Jack-in-the-Box, Wells Fargo Bank, Pet Specialists of Monterey, Avian & Exotic Clinic, and Stone Creek Kitchen). This would indicate that, on any given business day (7am-7pm), daytime commercial/retail operation of the businesses located at Stone Creek Plaza concentrates people in the area during the majority of flights in and out of the airport.

Participants in commercial operations in the Stone Creek Plaza or the LSOP on any given business day (7am-7pm) are concentrated in areas susceptible to high risk of aircraft accidents more so than residents in the LSOP on any given day (4am-7am and 7pm-midnight when fewer Monterey Regional Airport departures and arrivals occur than 7am-7pm).

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