



## Board Report

File #: 24-456, Version: 1

### REF220020/GENERAL PLAN HOUSING ELEMENT SIXTH CYCLE UPDATE

Receive a presentation of and conduct a public workshop to review and receive public input regarding the draft Sixth Cycle Housing Element.

**Project Location:** Unincorporated County of Monterey

**Proposed CEQA Action:** Statutory exemption pursuant to Section 15262 of the California Environmental Quality Act ("CEQA") Guidelines.

#### STAFF RECOMMENDATION

Staff recommends that the Board of Supervisors:

- a. Receive a presentation on the draft Sixth Cycle Housing Element;
- b. Conduct a public workshop to review and receive public input regarding the draft Sixth Cycle Housing Element; and
- c. Provide direction to staff.

#### SUMMARY

State law requires that all local governments (cities and counties) adequately plan to meet the housing needs of everyone in the community. Local governments are required to meet this obligation by adopting housing plans as part of the General Plan. Monterey County is currently working on the Sixth Cycle Housing Element of the General Plan ("HEU6"). The HEU6 covers a period of eight years (June 30, 2023 - December 15, 2031). Under state law, a housing element must address a variety of topics related to housing and homelessness including identification of sites that are capable of meeting the assigned minimum Regional Housing Needs Allocation ("RHNA") across four income categories (Extremely Low/Very Low, Low, Moderate, and Above Moderate (Market level)). The RHNA for the County of Monterey in the Sixth Cycle update is as follows:

Extremely Low/Very Low:	1,070 units min.
Low:	700 units min.
Moderate:	420 units min.
Above Moderate (Market)	1,136 units min.
Total:	3,326 units

In addition to the RHNA numbers, California Housing and Community Development ("CA HCD") recommends that each jurisdiction create a buffer of 15 to 30 percent more units than required by the RHNA, particularly in the lower income RHNA categories, to ensure sufficient capacity exists in the Housing Element throughout the planning period. The HEU6 provides a 24 percent buffer on the extremely low-/very low-income category which translates into the opportunity for 1,217 new extremely low-/very low-income units, excluding pipeline projects.

State law requires a 30-day public review and comment period on the draft HEU6. The County released its draft HEU6 for public review on May 6, 2024 with an original end date of June 6, 2024. The County has extended the public review end date through June 11, 2024. During this public review period, the County has sought feedback and comment on the draft HEU6. After conclusion of the public comment period, the County is

required to submit the draft plan to the CA HCD for their initial review and comment.

Throughout the public review period, the County has been conducting public workshops at the Monterey County Planning Commission (May 15, 2024 and June 5, 2024), at a joint meeting with the Housing Advisory Committee and the Board of Supervisors Health, Housing, and Human Services Committee (May 20, 2024), and at the Board of Supervisors (June 4, 2024 continued to June 11, 2024). Additionally, and in collaboration with each Supervisorial District, staff is conducting targeted community outreach (in English and Spanish) via the Monterey County Free Libraries, local town hall meetings and pop-up events throughout the County. All comments submitted to the County will be considered following conclusion of the first CA HCD review period.

On May 15, 2024, the Planning Commission (“Commission”) conducted a public workshop on the draft HEU6 (File No. PC 24-055). The Commission received substantial public comment, had discussion regarding the draft HEU6, and continued the workshop to June 5, 2024, to allow more time for review of the draft HEU6, to consider options, and to address questions and comments about the draft HEU6. On May 6, the Commission also requested that the Board of Supervisors (“Board”) delay consideration of the draft HEU6 and submittal to CA HCD to allow more time to consider public feedback and make responsive revisions. In response to the Commission, staff prepared a request for the Board to consider continuing the originally planned June 4, 2024 housing element workshop to a date certain of June 11, 2024, and extended the public review period for the draft HEU6 through June 11, 2024.

Key issues and questions raised during the May 15 Commission workshop that are to be considered at the June 5 workshop include, though are not limited to:

- Review of other county jurisdictions’ sites inventory methodology and housing element programs and policies;
- Review of the County’s track record with affordable housing implementation including certain data concerning the inclusionary housing ordinance (Chapter 18.40 of the Monterey County Code);
- Consider alternative sites inventory methodologies with the goal of reducing the number of sites including eliminating sites that are not near existing development and/or services as well as reducing the overall housing units above the RHNA;
- Consider options for policies and programs that will better assist the County to incentivize and support the desired types of housing development that are higher density and offer deeper affordability (via deed restriction or by design), including options for incentives packages for developers that meet certain desired affordability and/or density (or affordable by design) goals; and
- Develop a HUE6 executive summary that better consolidates the key points from the document and is more digestible for the public.

At the May 20, 2024, Board of Supervisor’s Health, Housing, and Human Services Committee and the County’s Housing Advisory Committee joint public workshop, public comment echoed the desire to consider an alternative approach to sites identification and more refinement of the policies and programs in the draft HEU6.

Staff met with CA HCD on May 22, 2024 to discuss questions and options for responding to public comment. In summary, CA HCD staff is supportive of efforts to revise the draft prior to submitting for their review; no additional public review and comment period is required if the draft is revised in response to comments; and CA HCD desires to see the justification for methodologies and assumptions proposed in the County’s plan. In addition, since the May 6 workshop staff has researched other similar jurisdictions for sites inventory approach and programs/policies and has conducted an in-depth review of the proposed opportunity sites and

methodology and developed some options for consideration. Staff will convey the Commission's recommendations to the Board at the June 11, 2024 workshop for consideration and provide recommendations for next steps.

All comments submitted to the County will be considered following the CA HCD review period of this draft. Staff requests that the Board conduct a public workshop to review, solicit public input, and provide direction to staff regarding the draft HEU6.

## DISCUSSION

The California legislature has declared that housing is of "statewide importance" and that the "attainment of decent housing and a suitable living environment for every Californian...is a priority of the highest order". The Housing Element is a planning tool that documents how jurisdictions have created opportunities that meet the housing needs. The County has prepared the draft HEU6 pursuant to state law and guidance.

The County's HEU6 contains eight Chapters and three Appendices that address all of the required provisions of state law. The content of each of these Chapters has been developed following guidance from CA HCD and current planning principles. Staff will cover the various components of the draft HEU6 in the presentation at the workshop.

Discussion in this report is focused on the following: Chapter 7. Adequate Sites Inventory Analysis and Methodology; Chapter 8. Housing Plan (Goals, Programs and Policies); and the Appendices A. Community Engagement and B. Affirmatively Furthering Fair Housing (AFFH).

### *Chapter 7. Adequate Sites Inventory Analysis and Methodology*

Chapter 7 contains an inventory of land that: 1) is suitable for residential development, 2) could be developed within the 8-year planning period, and 3) is sufficient to provide for the County's RHNA obligations at all income levels (Gov. Code section 65583.2). The County's draft plan identifies 79 sites (some sites comprise more than one parcel) in the inventory of land in the unincorporated area that may be appropriately zoned and designated to accommodate housing development. Six of the sites in the inventory are projects that have been approved by the County and are expected to be built within the planning period (sometimes called "pipeline projects"). The remaining 73 sites (or "opportunity sites") are assigned an estimated "realistic capacity," which is an estimation of the number of units that can be built on the parcel in each income category. The realistic capacity of a site is largely based on the size of the site and County's past track record of development densities. Opportunity sites identified in the inventory are required to be rezoned no later than one year from the statutory deadline pursuant to Gov. Code sections 65583(c) and 65583.2(c) to be found in compliance. The capacity assumptions for each opportunity site recognizes the increased density potential, and is adjusted based on realistic criteria for the potential of each parcel to be developed with affordable housing, among other factors. The County is currently out of compliance due to missing the CA HCD certification deadline of December 31, 2023; therefore, the necessary rezone must be completed concurrently with the draft HEU6.

Collectively the pipeline projects and the realistic capacity assumptions add up to accommodate the RHNA plus a buffer. As proposed, the draft HEU6 would accommodate the development of 1,217 Extremely Low-/Very Low-Income units, 1,023 Low-Income units, 869 Moderate-Income units, and 6,359 Above Moderate-Income units for a total of 9,468 units, excluding the pipeline projects.

The County has received numerous public comments concerning the "sites inventory", specifically regarding the way in which the County has allocated site capacity among income categories to demonstrate that RHNA numbers are met for each income category (very low, low, moderate, and above moderate). The current plan

assigns the potential for affordable housing at lower income levels (very low and low) to 22 of the 73 sites because they are owned by a religious institution, a school district, or a non-profit housing developer. The remaining sites (which are mostly privately owned) have capacity assigned among income categories that are similar to the percentages required by the County's inclusionary housing ordinance located in Chapter 18.40 of the Monterey County Code.

Public comment suggests that the potential capacity on each site could be allocated with higher numbers of affordable units and fewer above moderate units. Assignment of housing unit capacity among income categories is not regulatory; it is an estimate of potential future housing development, and there is no specific mandate from the state on how a jurisdiction should allocate units by income category. The assignment of site capacity by income category does relate directly to the number of opportunity sites that are needed to satisfy RHNA due to the way the County's RHNA numbers are distributed within the income categories (approximately 1/3 very low, 1/3 low/moderate, and 1/3 above moderate). If units are allocated differently, the number of sites needed to accommodate RHNA can be reduced. Due to the "no net loss" requirements in state law, allocating a high number of affordable housing units on opportunity sites increases the potential need for a mid-period amendment to the Housing Element during the 2023-2031 eight-year planning period. If opportunity sites develop below the assigned capacity, and/or with different mixes of affordability, the County must ensure that capacity exists on the remaining opportunity sites to accommodate the remaining RHNA numbers for each income category.

#### *Chapter 8. Housing Plan*

The County's HEU6 must contain a program that sets forth a schedule of actions the County is undertaking or intends to undertake during the planning period to achieve the goals of the Housing Element. Chapter 8 of HEU6 contains goals, policies, and programs that have been developed to assist in meeting housing needs (see Chapter 2), improve existing housing conditions and protect at risk affordable units (see Chapters 2 and 6), address constraints to housing development (see Chapter 3), AFFH (Appendix B), and other housing related conditions. These goals, policies and programs have been developed following the guidance of CA HCD.

There are five broad goals identified in HEU6 as follows:

- H-1: Assure the quality, safety, and habitability of existing housing, promote the continued high quality of residential neighborhoods, preserve all types of affordable housing developments, and conserve energy.
- H-2: Assist in the provision of housing that meets the needs of all socioeconomic segments of Monterey County.
- H-3: Provide suitable sites for housing development that can accommodate a range of housing by type, size, location, price, and tenure that achieves an optimal jobs/housing balance, conserves resources, and promotes efficient use of public services and infrastructure.
- H-4: Reduce or remove government constraints to housing production and opportunity when feasible and legally permissible.
- H-5: Ensure that all households have equal access to housing without discrimination. Establish and maintain an efficient institutional framework to effectively provide housing services and implement the goals, policies, and programs outlined in this Housing Element.

Policies and programs, including implementation measures and a schedule of actions that support the goals are included. Program implementation requires varied levels of County staff time, effort, and resources throughout the Sixth Cycle planning period to remove structural and financial barriers to housing development throughout County communities.

Several comments have been received during the public review period on the “programs and policies” intended to remove constraints to housing development (Chapter 8). Many suggestions were specifically discussed at a joint meeting of the Health, Housing, and Human Services Committee and the Housing Advisory Committee on May 7 and other suggestions have been made at the Planning Commission workshops. Staff intends to clarify and amplify the programs and policies in Chapter 8 in response to comments.

#### *Appendix A. Community Engagement*

Housing issues affect the entire County, and the Housing Element process is an opportunity to engage the community in defining the problem and creating solutions. State Law requires the County to make a diligent effort to achieve participation from all economic segments of the community and to describe the County’s efforts in the Housing Element (Gov. Code section 65583(c)(9)).

Throughout the process of developing the draft HEU6, community engagement has been implemented with workshops consisting of citizens and residents, efforts to promote participation from underrepresented segments of the community, stakeholder focus groups, and a community survey. Information was posted at libraries, business owner windows, and community boards at churches and educational institutions. The County provided Spanish language translation at public meetings and seeks to identify the need for translation in additional community-specific languages. Staff augmented consultant efforts for community engagement with boots-on-the-ground outreach efforts to community-based organizations and targeted pop-ups at strategic locations within areas of the community identified as hubs for those unable to participate in conventional forms of civic engagement and the policymaking process. Documentation and outcomes of community engagement efforts are provided as Appendix A in the HEU6.

Outreach efforts have provided opportunities to confirm both commonly shared housing issues throughout Monterey County, as well as community-specific experiences with housing issues. The County’s multipronged approach to community engagement provides empirical data that complements statistical and demographic data which informs the goals, policies, and programs provided in Chapter 8. Another aspect of the community outreach process has been a comprehensive examination of proposed opportunity sites in Chapter 7. Housing needs expressed in the HEU6 chapters align with community feedback on issues of affordability, overcrowding, expensive and time-consuming permitting processes, seasonal employment housing, a lack of safe and sanitary rental housing, housing that accommodates large families, unavailable or contaminated residential water, shortage of small starter homes, and the profound need for more transitional housing and shelters for persons and families experiencing or at risk of homelessness.

The County is now in the process of the official public review and comment period on the draft HEU6 and is seeking input from as many people in the community as can be reached. Staff has maintained a list of interested parties who, upon request, are notified of engagement opportunities and public meetings. Written comments and questions about the HEU6 effort continue to be accepted. Requests for notice or any comments and questions have been directed to [GeneralPlanUpdates@countyofmonterey.gov](mailto:GeneralPlanUpdates@countyofmonterey.gov) which is monitored by several County staff, and to Jaime Guthrie at [GuthrieJS@countyofmonterey.gov](mailto:GuthrieJS@countyofmonterey.gov) or by phone at (831) 796-6414.

#### *Appendix B. Affirmatively Furthering Fair Housing*

Along with facilitating the County’s RHNA, the update to the Housing Element must align with Affirmatively Furthering Fair Housing (“AFFH”) law. The AFFH law requires the County implement meaningful actions that, taken together, address significant disparities in housing needs and access to opportunity, replace segregated living patterns with truly integrated and balanced living patterns, transform racially and ethnically concentrated areas of poverty into areas of opportunity, and foster and maintain compliance with civil rights and fair housing laws. CA HCD guidance on AFFH outlines four parts:

- 1) Outreach: Diligent efforts to include all stakeholders in the housing element update process;
- 2) Assessment of Fair Housing: An analysis of fair housing issues facing Monterey County including segregation and exclusion, along with trends in current fair housing practices;
- 3) Site Analysis: An analysis of how housing opportunity sites will meet the needs of households at all income levels and will AFFH by replacing segregated living patterns with truly integrated living patterns transforming racially and ethnically concentrated areas of poverty into areas of opportunity; and
- 4) Priorities, Goals, and Actions: Identify barriers to fair housing and adopt programs that address these barriers and that AFFH.

The County manifests AFFH by taking actions to reach as many people as possible in the Housing Element process, acknowledging past discriminatory land use practices, ensuring those practices are not continued, and reversing past practices that have resulted in racially and ethnically concentrated areas of poverty. In practice, this means that housing opportunity sites are spread equitably throughout the County and affordable housing opportunities are provided in areas of affluence.

The AFFH discussion includes the collaboration between the California Tax Credit Allocation Committee (“TCAC”) and CA HCD that resulted in a state-wide mapping tool that identifies areas of higher and lower resources to evaluate access to opportunity. The tool maps areas of highest resource, high resource, moderate resource, moderate resource (rapidly changing), low resource and high segregation and poverty. The tool identifies areas of high and low resources and is available at:

<https://www.treasurer.ca.gov/ctcac/opportunity.asp>.

The TCAC/CA HCD Opportunity Maps can help to identify areas within the community that provide high quality access to opportunity for residents or, conversely, provide low quality access to opportunity. The information from the opportunity mapping can help to highlight the need for housing element policies and programs that could remediate conditions in low resource areas and areas of high segregation and poverty.

### *Next Steps*

After reviewing public comment, staff had expected to submit the draft HEU6 for the initial CA HCD review. Staff has received substantial feedback calling for a fundamentally different approach to the identification of housing opportunity sites in the draft HEU6. The changes suggest an approach that would substantially reduce the number of housing opportunity sites, while still meeting RHNA obligations. Additional comments have focused on specific sites in the plan. The Commission heard these comments and suggested that the County pause the submittal to CA HCD until some revisions can be explored. Staff is still exploring this option and the impacts on the timeline.

-- June 2024 - HEU6 Workshops with the Commission (June 5, 2024) and Board (June 11, 2024)

-- Summer 2024 - Actual timeline will depend on direction from the Commission and Board as well as the magnitude of any modifications to the draft HEU6

- June/July - Final HEU6 Sites Inventory determination and consideration/incorporation of comments received during public review and comment period.

- July - Airport Land Use Commission (ALUC) meeting - request finding of Draft HEU6 consistency with Airport Land Use Compatibility Plan (ALUCP).

- July/August - Notice of Preparation (NOP) of a Programmatic Environmental Impact Report (PEIR) for 30-day public review period and response to data request from consultant.

- July/August - County submittal and CA HCD 90-day review period of the draft HEU6.

-- Fall/Winter 2024-25

- Consideration of and response to CA HCD's written findings from the 90-day review period.
- County submittal and CA HCD 60-day review period of revised draft HEU6.
- Draft PEIR release for 45-day public review period.
- Final PEIR release for 10-day public review period.

-- Spring 2025

- Final PEIR, Findings and Statement of Overriding Considerations - 10 months from final HEU6 sites inventory determination and completed data request submittal to the consultant.
- Re-zone sites determined in the final HEU6 sites inventory.
- Board of Supervisors certify Final PEIR and adopt HEU6.
- CA HCD certify HEU6.

## ENVIRONMENTAL REVIEW

### *Proposed Statutory Exemption*

Pursuant to Section 15262 of the CEQA Guidelines, this presentation and workshop are statutorily exempt as early discussion on possible future actions that do not involve a commitment to a project.

### *Programmatic Environmental Impact Report*

Pursuant to Government Code section 65584(a)(2), the County has a mandate to remove governmental barriers to housing production. Preparation of a PEIR is a reasonable action to complement the suite of programs in Chapter 8 to simplify the process for development of housing through the planning period 2023-2031.

Opportunity sites within the HEU6 will be analyzed in the PEIR for potential environmental impacts under CEQA. Environmental analysis in the PEIR will contemplate the potential effects of the HEU6 on County resources at a programmatic level.

Future project-specific environmental review for sites analyzed as part of the PEIR "shall be limited to effects on the environment which are peculiar to the parcel or to the project and which were not addressed as significant effects in the prior environmental impact report, or which substantial new information shows will be more significant than described in the prior environmental impact report." (Public Resources Code section 21083.3(b)).

## OTHER AGENCY INVOLVEMENT

Multiple County departments are involved in the development of the General Plan draft Sixth Cycle Housing Element including the Health Department's Environmental Health Bureau and its Planning, Evaluation and Policy Unit; Civil Rights Office; County Administrative Office's Sustainability Program, Homeless Services, and Office of Community Engagement and Strategic Advocacy; Agricultural Commissioner; Department of Emergency Management; Department of Economic Development; Department of Social Services; and the Public Works, Facilities and Parks Department. County Counsel reviews as to form and legality.

## FINANCING

Staff time to support the General Plan Elements Updates is included in the FY2023-24 Adopted Budget and the FY2024-25 Recommended Budget for HCD Unit 8543, Appropriation Unit HCD002.

## BOARD OF SUPERVISORS STRATEGIC INITIATIVES

This project supports the Board of Supervisors' Health and Human Services Strategic Initiative with revision of the Housing Element for the Sixth Cycle Update which will contribute to strengthening a diversified and healthy community by removing barriers to potential housing development and promoting jobs/housing balance. Additionally, the Board's Administration Strategic Initiative of the Housing Element Sixth Cycle

Update would include strategies to ease the discretionary review process of potential housing development for the effective and efficient management of resources.

The Board has discussed four guiding principles to consider in developing housing programs as follows:

1. Meet the housing needs of residents and workforce;
2. Combat housing discrimination;
3. Use land efficiently; and
4. Implement a meaningfully inclusive process.

The Sixth Cycle Housing Element will further these principles and potential revisions to the draft on the “sites inventory” are being contemplated that will balance the goal of meeting housing needs with the efficient use of land.

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Approved by: Craig W. Spencer, HCD Director

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

Attachment 1 - Link to County of Monterey Draft Housing Element Sixth Cycle Update (2023-2031)

[www.countyofmonterey.gov/home/showdocument?id=131689](http://www.countyofmonterey.gov/home/showdocument?id=131689)

<<https://www.countyofmonterey.gov/home/showdocument?id=131689>>

Attachment 2 - Public Correspondence