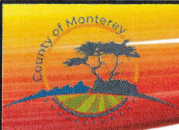


Attachment C

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2024 HOUSING REPORT

Monterey County Board of Supervisors
24 June 2025



Action

- Consider the **2024 Housing Report for Monterey County**; and
- Consider and provide direction regarding **priorities for the 2025-2026 Housing Strategic Plan**.

REF350006 Annual Reports

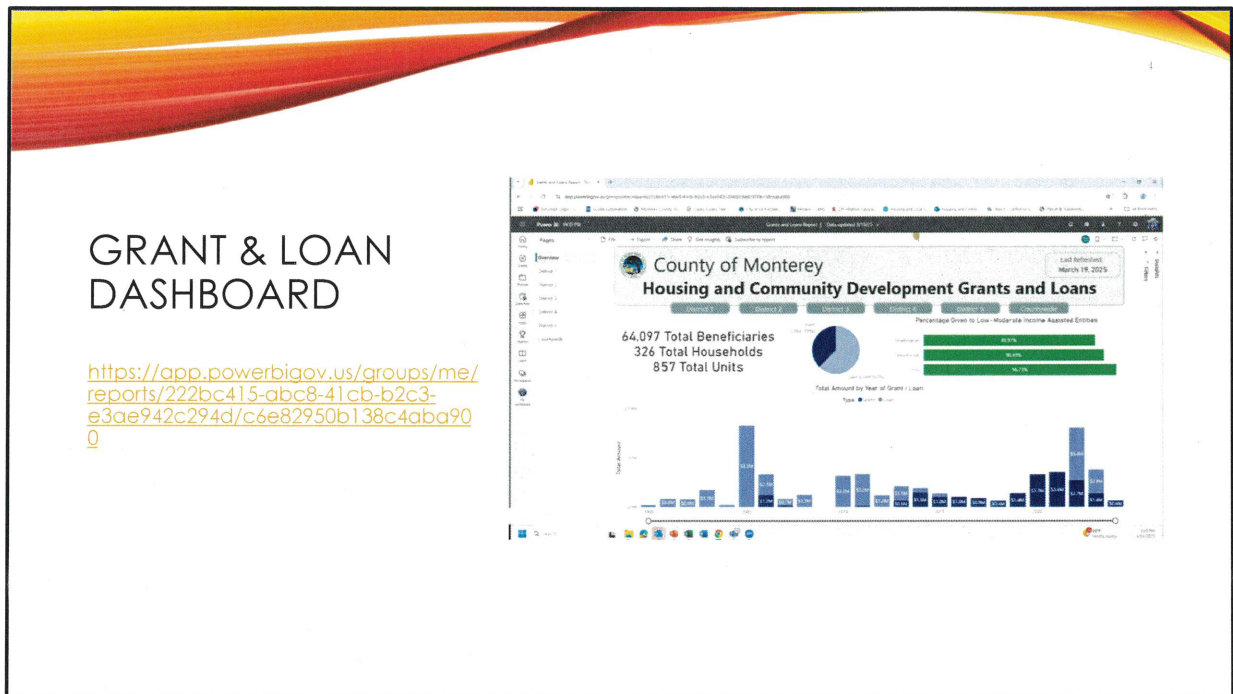


WHAT WE HAVE HEARD

- Inclusionary Housing Ordinance does not work.
- IHO is disincentive/impediment to housing development.
- What is it going to take to get private developers to build more housing?
- Affordable housing is not what we build.
- Getting an owner-occupied inclusionary unit is like winning the lottery.
- What have places like Monterey County done to stimulate affordable housing production?
- We need more coordination between County departments to maximize impact of County funding.
- Need to invest in County properties, Kents Court
- Prioritize and create back-up list of projects for County controlled funds.

I want to begin by acknowledging some of the things that we have heard over the last five-years.

I am not going to address all these topics today but know that they are on our radar, and we will be reporting back to the 4H Committee, Urban County Committee and the Board of Supervisors.



HCD receives a variety of grants and must provide at least annual reports to the state and federal agencies that provided the funding.

This dashboard is an attempt to standardize reporting and provide like-for-like comparisons between funding sources.

A few things about this information.

Nearly all grant programs used by the County require reporting of “unduplicated” beneficiaries. This gets challenging when we start funding housing projects with multiple sources. Each source counts the same unit, but for our purposes the County has only assisted one household.

Also, when we provide CDBG assistance to remove architectural barriers for those with disabilities, how should we count them. Theoretically every disabled person in the County benefitted when CDBG funds were used for ADA improvements at the Monterey Courthouse. But they also benefitted when we used CDBG funding for ADA improvements at San Lorenzo County Park. If we counted the theoretical

number of beneficiaries for each ADA project, they would rapidly exceed the County's actual population, so we only counted these beneficiaries once.

COMMUNITY PARTNERSHIPS

Economic Development
City of Gonzales
City of Greenfield

General Administration & Planning
Eden Council for Hope & Opportunity

Housing
CHSRA
Eden Housing, Inc.
GRD Alternatives
Mid-Penninsula Housing, Inc.

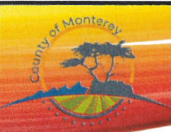
Public Facilities & Improvements
Alameda Water District
Chandler Union School District
City of Del Rey Oaks
City of Gonzales
City of Greenfield
City of Sand City
County Library
County Parks
County Public Works
EAH Housing, Inc.
Interim, Inc.
Monterey-Salinas Transit
North County Recreation & Park District
North Monterey County Fire District
Pajaro Community Services District
Rancho Cielo Youth Campus
Veterans Transition Center

Public Services
Alliance on Aging
Boys & Girls Clubs of Monterey County
Central Coast Center for Independent Living
Central Coast YMCA
City of Gonzales
Coville Foundation
Food Bank for Monterey County
Girls, Inc.
Housing Authority of the County of Monterey
Housing Resource Center
Interim, Inc.
Legal Services for Seniors
Meals on Wheels of the Monterey Peninsula
Meals on Wheels of the Salinas Valley
North County Recreation & Park District
Project Sentinel
Rancho Cielo Youth Campus
Shelter Outreach Plus - Community Human Serv.
United Way of Monterey County
Veterans Transition Center

Department of Social Services - Service Agreements with CBOs

Vendor Name	Service Branch	Funding Source See Agency Listing at	FY 2024-25 Funding	Purpose
Alameda County Behavioral Health Care Services	ASH	TESS 10-B, 10-C, 10-D, H&AP, NPPA	\$704,773	Provide treatment, intervention, health maintenance and advocacy and healthcare resources for patients and providers
Alameda County Children's Social Services	AAA	TESS 10-B, 10-C, 10-D, H&AP, NPPA	\$93,828	Provide long-term support for Monterey County residents
Alameda County Community Development	AAA	ASDC	\$113,051	Provide shelter assistance, food assistance, and support for those needing long-term services and supports
Alameda County Family Center	AAA	TESS 10-F	\$66,767	Provide family support services to Monterey County residents
Alameda County Health Services	AAA	MOCA	\$277,844	Provide family support services to Monterey County residents
Alameda County Housing Services	AAA	TESS 10-B, 10-C, 10-D, H&AP, NPPA	\$1,575,100	Provide long-term and emergency assistance for various life stages of age and other and other needs
Alameda County Job Training Center	AAA	TESS 10-B	\$45,100	Provide job training assistance to foster adults 18 years of age or older and individuals with disabilities 18 years or older
Alameda County Legal Services	AAA	TESS 10-C, 10-D	\$754,720	Provide legal and health care services for seniors in the Salinas, North and South Monterey County
Alameda County Mental Health Services	AAA	MOCA	\$64,712	Provide behavioral health services for residents in the Salinas, North and South Monterey County
Alameda County Public Health Services	AAA	TESS 10-C, 10-D, 10-E, 10-F	\$1,985,340	Provide emergency and home delivered meals, nutritional education, and health promotion services to seniors
Alameda County Social Services	AAA	MOCA	\$1,255,000	Provide emergency and home delivered meals, nutritional education, and health promotion services to seniors
Alameda County Youth Center & Park District	AAA	TESS 10-C, 10-D	\$75,780	Provide programs and health promotion services for residents in the county region
Central Coast Center for Independent Living	ASH	H&AP	\$95,038.28	Provide housing search, placement support and rental subsidies for Housing and Disability Allowance Program (H&AP) participants
Central Coast Center for Independent Living	ASH	MOCA	\$69,443.70	Provide housing search, placement support and rental subsidies for Housing and Disability Allowance Program (H&AP) participants
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We will revisit this slide later when we cover the administrative and operational aspects of the Affordable Housing Strategic Plan.



AFFORDABLE HOUSING – UNINCORPORATED AREAS

County Inclusionary Housing

- 318 For-Sale Units Constructed
- 908 Rental Units Constructed
- \$6.1 Million In-Lieu Fees Collected
- 448 Rental Units and Emergency Shelter Beds Assisted with In-Lieu Fees

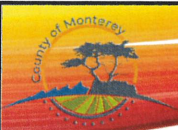
County Assisted Housing

- 354 Owner-Occupied Units
 - Downpayment Assistance Loans
 - Rehabilitation Loans
 - Energy Efficiency Grants
- 1,187 Rental Units
 - Acquisition/Rehabilitation Loans
 - Construction & Permanent Financing Loans
 - Energy Efficiency Grants

The actual numbers of units supported is hard to pin down because the Housing Authority managed the Inclusionary Housing program during the 1980's and their files were destroyed when their basement flooded.

Not all inclusionary rental or inclusionary assisted units are in unincorporated areas of County.

The County has used County controlled financing to assist Interim, Inc. with projects in Marina, Monterey, and Salinas, close to where services are available.



AFFORDABLE HOUSING - COUNTYWIDE

Owner-Occupied Units

- 1,339 total units
 - 698 Self-Help Units

Probably underrepresents total units because only some city data is available.

Rental Units

- 142 affordable projects
- 7,314 total units
- 90% of units located in cities

- \$1,525,216,258 development costs
- \$72,431,059 city and county financial assistance

Most of these units are from Tax Credit developments.

The count of affordable units is understated because of difficulties merging multiple data sources with inconsistent purposes, formats and standards.

The \$1.5 billion value has not been adjusted to current value.

INCLUSIONARY EXAMPLE

	% Required	Required Affordability	Waterfall 1	Waterfall 2	Net Affordability
Planned Units		28			
Existing Potential		-1			
Units for Calculation		<u>27</u>			
Moderate	8%	2.16		2.4	2
Low	6%	1.62	2.24	2	2
Very Low	6%	1.62	1		1
Fractional Units					0.4

Since 1980, the County has evaluated at least 412 projects for compliance with the Inclusionary Housing Ordinance.

The average project subject to the Inclusionary Housing Ordinance results in 28-units.

Under the current Ordinance, the average project would result in 5.4 Inclusionary Units.

The Inclusionary Housing Ordinance requires the 23 market rate units to subsidize the difference between the restricted sale price and the cost to construct the unit, a gap of approximately \$671,400.

This subsidy increased the cost of a market rate unit by approximately \$29,190.

INCLUSIONARY – EAST GARRISON

The "Project"

- 244 acres of County-owned land
- Approved for 1,400 Units + 70 "carriage" units
- 25% Affordability
 - Ownership
 - 5% Workforce II (150%-180% AMI)
 - 6% Moderate (80%-110% AMI)
 - Rental
 - 8% Low (50%-80% AMI)
 - 6% Very Low (>50% AMI)
- County shares "profits" after developer achieves 21.5% Internal Rate of Return

Implementation

- Essentially Inclusionary Ordinance 20% affordability
 - 1 change, swapped moderate and low-income percentage requirements
- Units built in at least 3 Housing Element Cycles
- 78-Units/Year Between 2010-2023
- Developer has not paid to construct the very low or low-income units
 - CHISPA and Mid-Peninsula Housing raised \$69,803,100 through public financing programs to construct first 130 very low- and low-income units

Construction of very low- and low-income units could have potentially added \$84,500 to the cost of each market rate home if the developer had to construct these affordable units.

The long absorption period for this project increases the developer's holding costs and decreases the overall profit. Which increases the likelihood that the developer will not hit the 21.5% IRR required to trigger profit sharing.

6TH CYCLE H.E. RHNA

	Very Low- Income	Low- Income	Moderate- Income	Total Affordable Units
Cities	3,342	2,183	3,608	9,133
County	1,070	700	420	2,190
Total	4,412	2,883	4,028	11,323

8,653 Affordable Units Constructed Since 1990-2024 – Countywide

At least \$1.5 Billion

Inclusionary – Self-Help – Tax Credit



AFFORDABLE HOUSING CHALLENGES & OPPORTUNITIES

Challenges

- Lack of locally controlled financial resources
- Carrying costs during entitlement and construction period
- County may not have surplus property appropriate for housing
- High cost of programs to support ownership opportunities

Opportunities

- Monterey County Local Housing Trust Fund
- Pooling financial resources w/cities
- "New" MPWMD water allocation to County
- City-Centered Growth & Unincorporated Community Centers

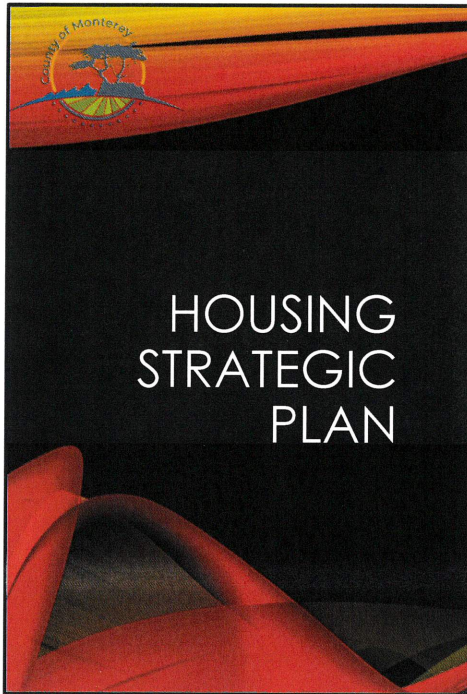
Traditional non-profit housing developers are much less willing to purchase and hold real estate during the entitlement and fund-raising stages of development.

Most 100% affordable developments are now done in partnership with local government owning land.

State programs, such as the Permanent Local Housing Allocation, mean that the state can dictate the kinds of programs and activities the County funds as opposed to what County policy makers may see as more important investments.

Long development horizons make project financing more challenging and do not bring many units to market each year.

For example, the Gonzales Vista Lucia Specific Plan lays out a plan to develop 3,000-units over 30-years, 300-units annually.



Affordable Housing Plan

Monterey County Local
Housing Trust Fund

5
Elements

Kents Court

6th Cycle Housing
Element Implementation

Program Administration
& Staffing



AFFORDABLE HOUSING STRATEGIC PLAN

Considerations

- Public desire to see more privately built affordable housing.
- Development community belief that 20% affordability is upper limit of maximum affordability requirement.
- Perception that those able to purchase inclusionary homes have "won the lottery".
- Where should housing be built?

The County is currently reviewing two Builder's Remedy projects where the applicants have raised the possibility of increasing the number of units in their projects if the County gives them water.

But they have stated that even with the increase in units, they cannot go above 20% affordability and still have financially viable projects.

This is like the argument put forward by East Garrison Partners in 2002-03, and they were not going to be responsible for constructing the 14% of the units that would be very low- or low-income. The DDA specifically identified the non-profit developers who would fundraise and construct those units.

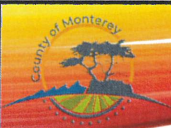


AFFORDABLE HOUSING STRATEGIC PLAN

Questions we want answered

- Why do so many projects appear to take so long to develop AFTER they are approved?
- What policies and programs have communities like Monterey County used to increase supply of affordable housing?
- What role should the County's Inclusionary Housing Ordinance play in creating affordable housing?
- Is there a path toward creating a countywide affordable housing plan?

It appears that many inclusionary housing ordinances were copied from other jurisdictions without taking local conditions into account.



MONTEREY COUNTY LOCAL HOUSING TRUST FUND

Background

- Established by Board of Supervisors in May 2022
- 8 sources of capital, none with guaranteed annual funding
- Approximately \$7.2 million available for affordable housing projects

Moving Forward

- Developing a permanent source of ongoing funding
- How should capital be deployed – ownership assistance or multifamily projects?
- Underwriting criteria
- Governance structure

MCLHTF can be a challenge to use funding because of different sources, affordability requirements, grant agency/legislative expectations.



KENTS COURT

Background

- 19-Units of manufactured housing
- Not originally intended to be part of permanent housing stock

Moving Forward

- Maintain as County-owned
- Transfer to community land trust to manage and sell units to residents
- Establish manufactured park cooperative and sell units to residents
- Relocate tenants and redevelop/sell property

Tenants would like to own their units.

Staff has reached out to the California Center for Cooperative Development to see if Kents Court might be a good candidate for a cooperative and if financing is potentially available to make it happen.




AFFORDABLE HOUSING STRATEGIC PLAN - SCOPE

Context

- Development environment & considerations in Monterey County
 - Types of projects
 - Timing of projects
 - ROI expectations
- What have communities like Monterey County done to encourage affordable housing
 - In and outside of California

Policies & Recommendations

- Concessions & Incentives
- Regional Policy Making
- Evaluation of Finance Models
 - Emphasis on quantifiable impacts both pro and con
- MCLHTF
 - Governance
 - ROI expectations



6TH CYCLE HOUSING ELEMENT

Background

- 5 Goals
- 38 Policies or Programs

Overlap with Affordable Housing Strategic Plan & MCHLTF

- Goal H-1.2 – housing rehabilitation programs
- Goal H-2.7, .11, .13, & .14 – Regular assessment of Inclusionary Housing Ordinance, funding for multifamily and ownership loan programs
- Goal H-3.8 & 9 – regional growth strategies & RHNA allocation process for jobs-housing balance

Many of the programs identified in the Draft 6th Cycle Housing Element require identification of new sources of funding, which ties back to the Affordable Housing Strategic Plan and potentially the Inclusionary Housing Ordinance and the MCLHTF.

The Housing Advisory Committee wants to have an active role in reviewing and helping to implement the 6th Cycle programs to ensure timely implementation.



ADMINISTRATIVE IMPROVEMENTS

Program & Asset Management

- Grant Management System to handle applications & reporting
- Loan Servicing System to manage loan portfolio
- Portfolio Management System to track and manage affordable housing projects where the County has a financial investment or security interest

Operational Management

- Develop written policies and procedures and update the Inclusionary Housing Administrative Manual
- Develop new templates for loan documents used in County programs

This information could then be fed into a system like Microsoft PowerBI to create information dashboards that cross departmental lines and give the public a total picture of how County programs spread throughout the community.



Recommendation

- Receive the **2024 Housing Report for Monterey County**; and
- Consider and provide direction regarding **priorities for the 2025-2026 Strategic Planning Program**.

Staff is available for questions or to provide additional detail, as may be desired by the Commission.

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