

Attachment 1

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**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

651 Bannan Street, Suite 400
Sacramento, CA 95811
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov



August 25, 2025

Craig W. Spencer, Director
Department of Housing and Community Development
County of Monterey
1441 Schilling Place, South Second Floor
Salinas, CA 93901

Dear Craig W. Spencer:

RE: County of Monterey's 6th Cycle (2023-2031) Revised Draft Housing Element

Thank you for submitting the County of Monterey's (County) revised draft housing element received for review on June 26, 2025. Pursuant to Government Code section 65585, the California Department of Housing and Community Development (HCD) is reporting the results of its review. In addition, HCD considered public comments from California Rural Legal Assistance, LandWatch, City of Marina, City of Monterey and various citizens related to Tarpy Flats pursuant to Government Code section 65585, subdivision (c).

The revised draft housing element addresses many statutory requirements described in HCD's November 18, 2024, review; however, revisions will be necessary to substantially comply with State Housing Element Law (Gov. Code, § 65580 et seq). The enclosed Appendix describes the revisions needed to comply with State Housing Element Law.

As a reminder, the County's 6th cycle housing element was due December 15, 2023. As of today, the County has not completed the housing element process for the 6th cycle. The County's 5th cycle housing element no longer satisfies statutory requirements. HCD encourages the County to revise the element as described above, adopt, and submit to HCD to regain housing element compliance.

Public participation in the development, adoption and implementation of the housing element is essential to effective housing planning. Throughout the housing element process, the County should continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available and considering and incorporating comments where appropriate. Please be aware, any revisions to the element must be posted on the local government's website and to email a link to all individuals and organizations that have

previously requested notices relating to the local government's housing element at least seven days before submitting to HCD.

A jurisdiction that did not adopt a compliant housing element within 120 days from the statutory deadline (December 15, 2023) must rezone sites within one year of the statutory deadline and meet requirements pursuant to Government Code sections 65583, subdivision (c)(1)(A) and 65583.2, subdivisions (c), (h) and (i), as applicable. As this year has passed and Programs H-2.D (By-Right Approval on Reuse of Prior Housing Opportunity Sites) and H-3.A (Rezoning for Higher-Density Residential Development) have not been completed to meet all statutory requirements, the housing element is out of compliance and will remain out of compliance until the rezoning has been completed and submitted to HCD to meet all statutory requirements. Once the County completes the rezoning, a copy of the resolution or ordinance should be transmitted to HCD. HCD will review the documentation and issue correspondence updating the status of the County's housing element compliance.

Several federal, state, and regional funding programs consider housing element compliance as an eligibility or ranking criteria. For example, the CalTrans Senate Bill (SB) 1 Sustainable Communities grant, the Strategic Growth Council and HCD's Affordable Housing and Sustainable Communities program, and HCD's Permanent Local Housing Allocation consider housing element compliance and/or annual reporting requirements pursuant to Government Code section 65400. With a compliant housing element, the County will meet housing element requirements for these and other funding sources.

For your information, some general plan element updates are triggered by housing element adoption. HCD reminds the County to consider timing provisions and welcomes the opportunity to provide assistance. For information, please see the Technical Advisories issued by the Governor's Office of Land Use and Climate Innovation at: <https://www.lci.ca.gov/planning/general-plan/guidelines.html>.

HCD is committed to assisting the County in addressing all statutory requirements of State Housing Element Law. If you have any questions or need additional technical assistance, please contact Mao Lee, of our staff, at Mao.Lee@hcd.ca.gov.

Sincerely,



Paul McDougall
Senior Program Manager

Enclosure

APPENDIX COUNTY OF MONTEREY

The following changes are necessary to bring the County's housing element into compliance with Article 10.6 of the Government Code. Accompanying each recommended change, we cite the supporting section of the Government Code.

Housing element technical assistance information is available on HCD's website at <https://www.hcd.ca.gov/planning-and-community-development/hcd-memos>. Among other resources, the housing element section contains HCD's latest technical assistance tool, Building Blocks for Effective Housing Elements (Building Blocks), available at <https://www.hcd.ca.gov/planning-and-community-development/housing-elements/building-blocks> and includes the Government Code addressing State Housing Element Law and other resources.

A. Housing Needs, Resources, and Constraints

1. *Affirmatively further[ing] fair housing in accordance with Chapter 15 (commencing with Section 8899.50) of Division 1 of Title 2...shall include an assessment of fair housing in the jurisdiction. (Gov. Code, § 65583, subd. (c)(10)(A).)*

Local and Regional Patterns and Trends: The element includes meaningful analysis related to patterns and trends of those socio-economic characteristics at a broader regional level. For example, the element discusses many disparities between coastal and inland areas. To supplement this analysis, the element should also discuss patterns and trends of socio-economic characteristics within each of the communities or planning areas (comparing neighborhoods or areas). This assessment should incorporate local data and knowledge and other relevant factors (see below), particularly in smaller rural areas, to better evaluate patterns of disparities in access to opportunities.

Identified Sites and Affirmatively Furthering Fair Housing (AFFH): The element now largely addresses this requirement. However, similar to the above finding, the element should also address the number of units by income group and location, any isolation of the regional housing need allocation (RHNA) by income group within each of the communities or planning areas. The analysis should be supported by local data and knowledge and other relevant factors and programs should be added or modified as appropriate to promote inclusive and equitable communities within each of the communities and at a county level. For example, based on the outcomes of this analysis, the element should add or modify programs to promote housing mobility (choices and affordability throughout communities) and enhance place-based strategies toward community revitalization.

Local Data and Knowledge and Other Relevant Factors: While the element provides some general information on the history of the County, it should utilize local data and knowledge and other relevant factors to supplement the data and maps and better examine patterns within communities and across communities. Examples of local data and knowledge include local and regional advocates, public comments (e.g., CRLA), service providers, County officials, past surveys and plans and assessments of community conditions such as parks, streets, sidewalks and infrastructure. Examples of other relevant factors including historical land use, infrastructure availability, zoning, governmental and nongovernmental spending including transportation investments, demographic trends, historical patterns of segregation, or other information that may have impeded housing choices and mobility. HCD will send additional guidance under separate cover.

Contributing Factors to Fair Housing: Upon a complete analysis, the element must reassess and prioritize contributing factors to fair housing issues that are unique to the unincorporated areas of Monterey County and add or modify programs as appropriate.

2. *An inventory of land suitable and available for residential development, including vacant sites and sites having realistic and demonstrated potential for redevelopment during the planning period to meet the locality's housing need for a designated income level, and an analysis of the relationship of zoning and public facilities and services to these sites. (Gov. Code, § 65583, subd. (a)(3).)*

Progress in Meeting the RHNA: The element must still demonstrate the affordability and availability of pending projects. For affordability, the element indicates some units will accommodate units affordable to lower-income and moderate-income households but should demonstrate affordability based on actual or anticipated sales prices and rents or other mechanisms that ensure affordability (e.g., deed restrictions). For availability, the element should update the status and discuss remaining steps, any known barriers and likelihood of construction in the planning period, including accounting for the chances of expired or unused entitlements in the planning period.

Infrastructure: While the element generally describes water and sewer capacity, including limitations and the planned number of units in each of the service areas, it should describe or list the existing and planned water and sewer capacity in each of districts or community areas relative to planned residential capacity. If the capacity is uncertain or dynamic due to complicating factors, the element should at least describe whether the existing and planned capacity is adequate for planned residential capacity and, if inadequate, the magnitude of the gap in providing capacity. Based on the outcomes of a complete analysis, the element must add or modify programs.

Environmental Constraints: The element now describes various potential constraints (Table 7.11) on a community plan level and some environmental constraints on a site-by-site basis but should expand the application of various potential constraints to identified sites. For example, the analysis (Table 7.15), starting on page 7-219, could incorporate the broader set of potential constraints such as shape, agricultural preservation strategies, coastal zone compatibility or easements.

Suitability of Nonvacant Sites: The element demonstrates the potential for redevelopment on many of the identified nonvacant sites. However, the element should include additional analysis for Sites 31 (Bunker Hill Drive), 40 (Aguaquito Road), 50 (303 Salinas Road) and 51 (70-80 Porter Drive). The analysis should address the extent to which existing uses may constitute an impediment to additional residential development; past experience in converting existing uses to higher density residential development; the current market demand for the existing use and existing leases or other contracts or conditions that perpetuate the existing use. Please see HCD's prior review and technical assistance.

Publicly-Owned Sites: The element now includes a sample schedule for the development of publicly-owned sites but must still analyze status, necessary steps, any known barriers to development in the planning period, actual or anticipated development schedule, including anticipated completion dates and add or modify programs based on the analysis.

Electronic Sites Inventory: For your information, pursuant to Government Code section 65583.3, the County must submit an electronic sites inventory with its adopted housing element. The County must utilize standards, forms, and definitions adopted by HCD. Please see HCD's housing element webpage at <https://www.hcd.ca.gov/community-development/housing-element/index.shtml#element> for a copy of the form and instructions. The County can reach out to HCD at sitesinventory@hcd.ca.gov for technical assistance.

Zoning for a Variety of Housing Types:

- *Emergency Shelters:* The element now explains emergency shelters are permitted by right and Programs will address parking requirements and new definitions of emergency shelters. However, the element must still clarify that emergency shelters are permitted *without discretionary action* and analyze development standards as potential constraints on emergency shelters including but not limited to proximity criteria, bed limits and the operations plan, particularly neighborhood plan. Based on a complete analysis, the element should add or modify programs as appropriate.

- *Transitional and Supportive Housing:* The element states transitional and supportive housing are permitted in all zones allowing residential uses but Table 3-38 (p. 3-151) shows transitional and supportive housing are excluded from some zones that allow single family uses. The element should include actions to address this identified constraint and amend zoning to permit transitional and supportive housing as a residential use in all zones allowing residential uses and only subject to those restrictions that apply to other residential dwellings of the same type in the same zone.
3. *An analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the types of housing identified in paragraph (1) of subdivision (c), and for persons with disabilities as identified in the analysis pursuant to paragraph (7), including land use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, and local processing and permit procedures... (Gov. Code, § 65583, subd. (a)(5).)*

Local Processing and Permit Procedures: The element now discusses processing timelines but must still list and analyze approval findings for a typical multifamily development that complies with the general plan and zoning. This analysis should specifically address impacts on approval certainty.

On/Off-Site Improvements: While the element includes a brief discussion of on- and off-site improvements, it must still analyze their impact as potential constraints on housing costs. For example, the element could address the impact on total development costs.

Inclusionary Housing: The element now explains the relationship between the inclusionary requirement and State Density Bonus Law but must still analyze the County's inclusionary housing requirements, including its impacts as potential constraints on the development of housing for all income levels. The analysis should evaluate the inclusionary broader policy's implementation framework, including the percentage of new residential construction that is dedicated to affordable housing, threshold requirements, alternatives for compliance, the types of options and incentives offered, and any other factors that may impact housing costs.

B. Housing Programs

1. *Identify actions that will be taken to make sites available during the planning period with appropriate zoning and development standards and with services and facilities to accommodate that portion of the city's or county's share of the regional housing need for each income level that could not be accommodated on sites identified in the inventory completed pursuant to paragraph (3) of subdivision (a) without rezoning, and to comply with the requirements of Government Code section 65584.09. Sites shall be*

identified as needed to facilitate and encourage the development of a variety of types of housing for all income levels, including multifamily rental housing, factory-built housing, mobilehomes, housing for agricultural employees, supportive housing, single-room occupancy units, emergency shelters, and transitional housing. (Gov. Code, § 65583, subd. (c)(1).)

As noted in Finding A2, the element does not include a complete site analysis; therefore, the adequacy of sites and zoning were not established. Based on the results of a complete sites inventory and analysis, the County may need to add or revise programs to address a shortfall of sites or zoning available to encourage a variety of housing types. In addition, the element should be revised as follows:

- *Program H-2.A* (Encourage, Incentivize and Monitor Accessory Dwelling Units): While the Program commits to implement alternative actions if assumptions in the sites inventory are not met, it should also commit to a timeline earlier in the planning period (e.g., within 12 months).
- *Program H-3.A and H-3.C* (Rezoning for the Shortfall of RHNA Capacity): As noted in the prior review, the element appears to indicate that sites will be rezoned with a minimum density of 20 units per acre and, in some cases, a maximum allowable density of 20 units per acre. While this minimum density proposal is required to meet statutory requirements, a maximum allowable density that is the same as the required minimum density would require a precise development proposal and does not allow a range of allowable densities. This lack of a range of allowable densities presents a constraint on development. The element should consider a range of allowable densities to promote development feasibility (e.g., 20 to 30 units per acre).
- *Program H-2.E* (Mid-Cycle Review): The Program should commit to alternative actions earlier in the planning period (e.g., within 12 months).
- *Program H-3.D* (Coordination with Public Entities): The Program should also commit to a schedule of actions to facilitate development in the planning period in stride with assumptions in the inventory such as numerical objectives; removing barriers to development; facilitating entitlements, assisting with funding and issuing building permits. In addition, alternative actions should have discrete timing such as by 2027 instead of benchmarking to housing element certification.
- *Infrastructure and Large Sites*: As noted in Finding A2, Programs must be added or modified based on a complete analysis. Further, all relevant actions must have discrete timing (e.g., by 2027) to have a beneficial impact in the planning period.
- *Program H-2.C* (Maintain/Update the Sites Inventory – Pipeline Projects): In addition to assessing progress in the entitlement process, the Program should

commit to progress toward completion in the planning period and assumed affordability of pipeline projects.

- *Program H-4.G* (Zoning Ordinances and General Plan Efficiencies: For by right permanent supportive housing, the Program should correct the citation from Government Code section 65621 to 65651 and commit to discrete timing earlier in the planning period. Regarding emergency shelters, the Program should specifically commit to address identified constraints such as bed limits and amending the definition of emergency shelters.

2. *The Housing Element shall contain programs which assist in the development of adequate housing to meet the needs of extremely low-, very low-, low- and moderate-income households. (Gov. Code, § 65583, subd. (c)(2).)*

The element should add or modify programs to assist in the development of housing for lower-income and special needs households, as follows:

- *Program H-5.G* (Farmworker Housing): The Program must include specific commitment and discrete timing to have a beneficial impact for farmworkers in the planning period. In response, the Program only commits to “explore”, “collaborate” and take action “as needed”. In addition, the Program should clearly commit to identify and pursue new and existing housing and funding opportunities at least annually.
- *H-5.M* (Persons Experiencing Homelessness): The Program should commit to discrete timing (e.g., at least annually and ongoing).
- *Program H-2.Q* (Sufficient Water and Sewer Resources): For establishing priority water and sewer service, the Program should have discrete timing such as by 2027 instead of benchmarking to housing element certification

3. *Address and, where appropriate and legally possible, remove governmental and nongovernmental constraints to the maintenance, improvement, and development of housing, including housing for all income levels and housing for persons with disabilities. The program shall remove constraints to, and provide reasonable accommodations for housing designed for, intended for occupancy by, or with supportive services for, persons with disabilities. (Gov. Code, § 65583, subd. (c)(3).)*

As noted in Findings A3 and A4, the element requires a complete analysis of potential governmental and nongovernmental constraints. Depending upon the results of that analysis, the County may need to revise or add programs and address and remove or mitigate any identified constraints.

4. *Promote and affirmatively further fair housing opportunities and promote housing throughout the community or communities for all persons regardless of race, religion, sex, marital status, ancestry, national origin, color, familial status, or disability, and other characteristics... (Gov. Code, § 65583, subd. (c)(5).)*

As noted in Finding A1, the element requires a complete AFFH analysis. Depending upon the results of that analysis, the County may need to revise or add programs. In addition, goals and actions must specifically respond to the analysis and to the identified and prioritized contributing factors to fair housing issues and must be significant and meaningful enough to overcome identified patterns and trends. Actions must have specific commitment, milestones, geographic targeting and metrics or numerical targets and, as appropriate, address housing mobility enhancement, new housing choices and affordability in higher opportunity or higher income areas, place-based strategies for community revitalization and displacement protection. For example, the element must add significant and meaningful housing mobility actions to overcome the existing patterns in the County related to the broader region and place-based strategies toward community revitalization in areas of relatively higher concentrations of lower-income households and poverty.

C. Quantified Objectives

Establish the number of housing units, by income level, that can be constructed, rehabilitated, and conserved over a five-year time frame. (Gov. Code, § 65583, subd. (b)(1 & 2).)

The element now increases rehabilitation and conservation objectives but could consider rehabilitation objectives in stride with the needs of the community. For example, the element notes a rehabilitation need of 861 units which indicates a much stronger rehabilitation need than 15 units for the eight-year planning period.

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