

Attachment D

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KEYSER MARSTON ASSOCIATES

MEMORANDUM

ADVISORS IN:

Real Estate
Affordable Housing
Economic Development

BERKELEY

A. Jerry Keyser
Timothy C. Kelly
Debbie M. Kern
David Doezeema

LOS ANGELES

Kathleen H. Head
James A. Rabe
Gregory D. Soo-Hoo
Kevin E. Engstrom
Julie L. Romey
Tim R. Bretz

SAN DIEGO

Paul C. Marra
Linnie A. Gavino

To: Darby Marshall, Housing Program Manager
County of Monterey

From: Kathleen Head

Date: March 22, 2023

Subject: Inclusionary Housing Ordinance: Updated In-Lieu Fee Analysis

In a report dated July 24, 2019, Keyser Marston Associates, Inc. (KMA) evaluated the requirements imposed by the County of Monterey (County) Inclusionary Housing Ordinance (Ordinance). The 2019 report included estimates of the in-lieu fee payments that were supported in seven submarkets based on the “Affordability Gaps” generated by the income and affordability requirements imposed by the Ordinance.

County staff requested that KMA update the in-lieu fee analysis based on the following factors:

1. The market rate home prices currently being exhibited in the seven submarkets;
2. The 2022 household incomes published by the California Department of Housing and Community Development (HCD);
3. The utilities allowances being applied by the Housing Authority of the County of Monterey as of January 1, 2023; and
4. The average interest rate applied to 30-year fixed rate mortgages based on information published by Freddie Mac.

MARKET RATE SALES PRICE ANALYSIS

In March 2023, KMA undertook a survey of home resales in the seven submarkets. The results are detailed in Appendix A, and summarized in the following table:¹

Location	Year Built (Average)	Average Home Size (Sq. Ft.)	Average Market Rate Sales Price	Average Market Rate Price Per Square Foot
BIG SUR SUBMARKET: HOMES CONSTRUCTED AFTER 1980	1995	2,947	\$5,380,900	\$1,899
GREATER CARMEL VALLEY SUBMARKET: HOMES CONSTRUCTED AFTER 2000	2006	3,102	\$2,499,600	\$799
GREATER MONTEREY PENINSULA SUBMARKET: HOMES CONSTRUCTED AFTER 2005	2008	3,470	\$2,644,200	\$767
NORTH COUNTY SUBMARKET: HOMES CONSTRUCTED AFTER 1980	1990	1,803	\$805,300	\$460
FORT ORD / EAST GARRISON SUBMARKET: HOMES CONSTRUCTED AFTER 2012	2017	1,809	\$875,800	\$487
CENTRAL / GREATER SALINAS VALLEY SUBMARKET: HOMES CONSTRUCTED AFTER 2000	2004	1,804	\$739,300	\$426
SOUTH COUNTY SUBMARKET: NO AGE LIMIT ON THE UNITS	1974	1,395	\$403,300	\$301

AFFORDABLE SALES PRICE CALCULATIONS

The “Affordable Sales Price” calculations are presented in Appendix B: Exhibit I. The calculations are based on the following assumptions:

Basic Assumptions

1. The household income information is based on 2022 income statistics for Monterey County as published by HCD.
2. The Affordable Sales Price estimates are based primarily on the calculation methodology defined in the County’s Draft Administrative Manual. Any modifications made by KMA are described in the appropriate places in the text.

¹ The resale information was compiled for three-bedroom units. Due to limited recent construction, KMA was required to include a range of construction date thresholds to obtain sufficient sales data for evaluation purposes.

3. The calculations include the elements described in the following sections of this analysis.
4. The Affordable Sales Price calculations were performed for three bedroom units.

HOUSEHOLD SIZE

The household size applied in the Affordable Sales Price calculations is set at the California Health and Safety Code Section 50052.5 (H&SC Section 50052.5) benchmark standard of the number of bedrooms in the home plus one. The imputed household size for a three-bedroom home is four persons.

This is not meant to be an occupancy cap. It is simply a benchmark used to create a consistent methodology for calculating the Affordable Sales Prices.

HOUSEHOLD INCOME

The Draft Administrative Manual applies a number of benchmark standards for use in establishing the Affordable Sales Prices. These benchmark standards are based on the calculation methodology defined in H&SC Section 50052.5.

The standards applied in the Draft Administrative Manual for Affordable Sales Price setting purposes only are:

Benchmark Household Incomes for Affordable Sales Price Calculations	
Income Category	% of AMI ²
Moderate	110%
Low	70%
Very Low	50%

² AMI = the area median income for Monterey County.

INCOME ALLOCATED TO HOUSING-RELATED EXPENSES

The Draft Administrative Manual and H&SC Section 50052.5 allocate the following percentages of the benchmark household incomes to the payment of housing-related expenses:

Household Incomes Allotted to Housing Expenses	
Income Category	% of AMI
Moderate	35%
Low	30%
Very Low	30%

HOUSING-RELATED EXPENSES

The variable housing related expense assumptions used in this analysis are:

1. A utilities allowance of \$414 per month, or \$4,968 per year is applied. This is based on the County of Monterey Housing Authority utilities allowances for three-bedroom units in effect through December 31, 2024.
2. A maintenance and insurance allowance of \$300 per month, or \$3,600 per year, is provided.
3. The property tax expense estimate is based on 1.25% of the home's Affordable Sales Price. This is done because the Inclusionary Housing Ordinance applies long-term irrevocable resale restriction covenants on the homes.³

³ If the County modifies the Inclusionary Housing Ordinance to replace the resale controls with a buyout option, the property tax expense will need to be calculated against the market rate prices for the Inclusionary Units.

SUPPORTABLE MORTGAGE AMOUNT

The supportable mortgage amounts derived from the Affordable Sales Price calculations are estimated using the income available after the other housing-related expenses are paid. A 6.86% mortgage interest rate is used in this analysis. This is based on the average interest rate published by Freddie Mac for the period between April 2022 and March 2023, plus a 100 basis points premium.⁴

BENCHMARK DOWN PAYMENT

In accordance with the Draft Administrative Manual calculations methodology, KMA set the benchmark down payment at 10% of the Affordable Sales Price. A down payment of this magnitude is commonly allowed by affordable housing programs.

Affordable Sales Prices

The resulting Affordable Sales Price estimates are presented in the following table:

Estimated Affordable Sales Prices March 2023	
Income Category	% of AMI
Moderate	\$313,300
Low	\$124,200
Very Low	\$59,300

The Affordability Gap is equal to the difference between the unrestricted market rate sales price and the Affordable Sales Price for a home. This represents the effective cost to provide an affordable housing unit. The Affordability Gap calculations for the seven submarkets are presented in Appendix B: Exhibit II.

⁴ It is KMA's recommendation that this rate should be adjusted at least once per year to reflect changes in the mortgage lending markets.

Estimated Affordability Gaps			
	Household Income Categories		
	Moderate	Low	Very Low
Big Sur	\$5,067,600	\$5,256,700	\$5,321,600
Greater Carmel Valley	\$2,186,300	\$2,375,400	\$2,440,300
Greater Monterey Peninsula	\$2,330,900	\$2,520,000	\$2,584,900
North County	\$492,000	\$681,100	\$746,000
Fort Ord / East Garrison	\$562,500	\$751,600	\$816,500
Greater Salinas Valley	\$426,000	\$615,100	\$680,000
South County	\$90,000	\$279,100	\$344,000

IN-LIEU FEE ANALYSIS

Projects with 19 or Fewer Units

Project with 19 or fewer units will be provided with the option to fulfill the Inclusionary Housing obligation by paying a fee in lieu of producing any affordable units. It is KMA's assumption that the County would like to impose in-lieu fees that approximate the net cost associated with providing the requisite number of Inclusionary Housing units at the affordability levels detailed in the Inclusionary Housing Ordinance.

KMA converted the estimated Affordability Gaps into in-lieu fee amounts. The resulting in-lieu fees are presented in the following formats:

1. The in-lieu fee amount required for each Inclusionary Housing unit that is required to be produced; or
2. The in-lieu fee amount per unit being developed in the now 100% market rate project; or
3. The in-lieu fee amount per square foot of building area being constructed in the now 100% market rate project.

All three methodologies generate the same total dollar in-lieu fee revenue amount. The different methodologies are shown to illustrate the different ways in which the County could structure an in-lieu fee schedule.

The in-lieu fee calculations for the seven submarkets are presented in Appendix C: Exhibits I and II:

1. Exhibit I is based on the assumption that the in-lieu fee is based on a 10% moderate income + 10% low income requirement.
2. Exhibit II is based on the assumption that the in-lieu fee is based on a 10% low income + 5% very low income requirement.

The results are summarized in the following tables:

In-Lieu Fee Calculations: 10% Moderate Income + 10% Low Income Requirement			
	Per Affordable Unit	Per Unit in a Market Rate Project	Per Sq. Ft. in a Market Rate Project
Big Sur	\$5,162,000	\$1,032,400	\$350
Greater Carmel Valley	\$2,281,000	\$456,200	\$147
Greater Monterey Peninsula	\$2,425,500	\$485,100	\$140
North County	\$586,500	\$117,300	\$65
Fort Ord / East Garrison	\$657,000	\$131,400	\$73
Greater Salinas Valley	\$520,500	\$104,100	\$58
South County	\$184,500	\$36,900	\$26

In-Lieu Fee Calculations: 10% Low Income + 5% Very Low Income Requirement			
	Per Affordable Unit	Per Unit in a Market Rate Project	Per Sq. Ft. in a Market Rate Project
Big Sur	\$5,278,700	\$791,800	\$269
Greater Carmel Valley	\$2,397,300	\$359,600	\$116
Greater Monterey Peninsula	\$2,541,300	\$381,200	\$110
North County	\$702,700	\$105,400	\$58
Fort Ord / East Garrison	\$773,300	\$116,000	\$64
Greater Salinas Valley	\$636,700	\$95,500	\$53
South County	\$300,700	\$45,100	\$32

Fractional In-Lieu Fee Schedules

Ownership housing development projects are allowed to fulfill an obligation to produce a fraction of a unit through the payment of an in-lieu fee. The detailed fractional unit in-lieu fee calculations are presented in Appendix C: Exhibits I and II. The results are summarized in the following tables:

10% MODERATE INCOME + 10% LOW INCOME REQUIREMENT

Fraction	Big Sur	Greater Carmel Valley	Greater Monterey Peninsula	North County	Fort Ord / East Garrison	Greater Salinas Valley	South County
0.1	\$516,200	\$228,100	\$242,550	\$58,650	\$65,700	\$52,050	\$18,450
0.2	\$1,032,400	\$456,200	\$485,100	\$117,300	\$131,400	\$104,100	\$36,900
0.3	\$1,548,600	\$684,300	\$727,650	\$175,950	\$197,100	\$156,150	\$55,350
0.4	\$2,064,800	\$912,400	\$970,200	\$234,600	\$262,800	\$208,200	\$73,800
0.5	\$2,581,000	\$1,140,500	\$1,212,750	\$293,250	\$328,500	\$260,250	\$92,250
0.6	\$3,097,200	\$1,368,600	\$1,455,300	\$351,900	\$394,200	\$312,300	\$110,700
0.7	\$3,613,400	\$1,596,700	\$1,697,850	\$410,550	\$459,900	\$364,350	\$129,150
0.8	\$4,129,600	\$1,824,800	\$1,940,400	\$469,200	\$525,600	\$416,400	\$147,600
0.9	\$4,645,800	\$2,052,900	\$2,182,950	\$527,850	\$591,300	\$468,450	\$166,050
1.0	\$5,162,000	\$2,281,000	\$2,425,500	\$586,500	\$657,000	\$520,500	\$184,500

10% LOW INCOME + 5% VERY LOW INCOME REQUIREMENT

Fraction	Big Sur	Greater Carmel Valley	Greater Monterey Peninsula	North County	Fort Ord / East Garrison	Greater Salinas Valley	South County
0.1	\$527,870	\$239,730	\$254,130	\$70,270	\$77,330	\$63,670	\$30,070
0.2	\$1,055,740	\$479,460	\$508,260	\$140,540	\$154,660	\$127,340	\$60,140
0.3	\$1,583,610	\$719,190	\$762,390	\$210,810	\$231,990	\$191,010	\$90,210
0.4	\$2,111,480	\$958,920	\$1,016,520	\$281,080	\$309,320	\$254,680	\$120,280
0.5	\$2,639,350	\$1,198,650	\$1,270,650	\$351,350	\$386,650	\$318,350	\$150,350
0.6	\$3,167,220	\$1,438,380	\$1,524,780	\$421,620	\$463,980	\$382,020	\$180,420
0.7	\$3,695,090	\$1,678,110	\$1,778,910	\$491,890	\$541,310	\$445,690	\$210,490
0.8	\$4,222,960	\$1,917,840	\$2,033,040	\$562,160	\$618,640	\$509,360	\$240,560
0.9	\$4,750,830	\$2,157,570	\$2,287,170	\$632,430	\$695,970	\$573,030	\$270,630
1.0	\$5,278,700	\$2,397,300	\$2,541,300	\$702,700	\$773,300	\$636,700	\$300,700

APPENDIX A

SINGLE-FAMILY HOME RESALES

THREE-BEDROOM UNITS

UNINCORPORATED MONTEREY COUNTY SUBMARKETS

INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS

MONTEREY COUNTY, CALIFORNIA

APPENDIX A: EXHIBIT I

SINGLE-FAMILY HOME RESALES
THREE-BEDROOM UNITS
UNINCORPORATED MONTEREY COUNTY SUBMARKETS
INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS
MONTEREY COUNTY, CALIFORNIA

APPENDIX A: EXHIBIT I - TABLE 1**SINGLE-FAMILY HOME RESALES: THREE-BEDROOM UNITS
BIG SUR SUBMARKET
HOMES CONSTRUCTED AFTER 1980
INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS
MONTEREY COUNTY, CALIFORNIA**

Address		Year Built	SF	Sales Price	Price / SF
48700 Highway 1	Big Sur	1997	1,400	\$3,000,000	\$2,143
51494 Partington Ridge Rd	Big Sur	1982	1,498	\$2,950,000	\$1,969
30590 Aurora Del Mar	Carmel	1980	2,729	\$6,936,000	\$2,542
35838 Hwy 1 So	Monterey	1991	3,014	\$5,202,000	\$1,726
47701 Coast Ridge Rd	Big Sur	2012	3,459	\$5,900,000	\$1,706
32691 Coastridge	Carmel	1986	4,145	\$6,528,000	\$1,575
46325 Pfeiffer Ridge Rd	Big Sur	2014	4,385	\$7,150,000	\$1,631
Minimum		1980	1,400	\$2,950,000	\$1,575
Maximum		2014	4,385	\$7,150,000	\$2,542
Average		1995	2,947	\$5,380,900	\$1,899

Sources: County Assessor Records and Redfin

APPENDIX A: EXHIBIT I - TABLE 2**SINGLE-FAMILY HOME RESALES: THREE-BEDROOM UNITS
GREATER CARMEL VALLEY SUBMARKET
HOMES CONSTRUCTED AFTER 2000
INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS
MONTEREY COUNTY, CALIFORNIA**

Address		Year Built	SF	Sales Price	Price / SF
26430 Via Mallorca	Carmel	2006	2,400	\$1,799,931	\$750
24305 San Juan Rd	Carmel	2012	2,658	\$3,525,000	\$1,326
35390 Sky Ranch Rd	Carmel Valley	2003	2,792	\$1,465,000	\$525
60 Toyon Way	Carmel Valley	2015	2,798	\$1,450,000	\$518
24332 San Juan Rd	Carmel	2013	2,918	\$2,856,000	\$979
365 Ridge Way	Carmel Valley	2007	3,133	\$2,600,000	\$830
7036 Valley Greens Cir	Carmel	2004	3,158	\$2,754,000	\$872
12365 Saddle Rd	Carmel Valley	2001	3,167	\$1,297,820	\$410
32 Asoleado Dr	Carmel Valley	2000	3,302	\$1,200,000	\$363
8630 River Meadows Rd	Carmel	2000	3,693	\$4,998,000	\$1,353
254 EL Caminito Rd	Carmel Valley	2006	4,100	\$3,550,000	\$866
Minimum		2000	2,400	\$1,200,000	\$363
Maximum		2015	4,100	\$4,998,000	\$1,353
Average		2006	3,102	\$2,499,600	\$799

Sources: County Assessor Records and Redfin

APPENDIX A: EXHIBIT I - TABLE 3

SINGLE-FAMILY HOME RESALES: THREE-BEDROOM UNITS
GREATER MONTEREY PENINSULA SUBMARKET
HOMES CONSTRUCTED AFTER 2005
INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS
MONTEREY COUNTY, CALIFORNIA

Address		Year Built	SF	Sales Price	Price / SF
108 Spreckels Blvd	Spreckels	2010	1,299	\$683,400	\$526
124 Second St	Spreckels	2008	2,170	\$821,100	\$378
124 Spreckels Blvd	Spreckels	2008	2,170	\$641,420	\$296
1070 Trappers Trl	Pebble Beach	2019	2,543	\$3,025,000	\$1,190
1021 Adobe Ln	Pebble Beach	2007	2,780	\$3,525,000	\$1,268
3079 Sloat Rd	Pebble Beach	2005	2,910	\$3,000,000	\$1,031
2889 17 Mile Dr	Pebble Beach	2020	3,026	\$4,375,000	\$1,446
26002 Paseo El Cajon	Monterey	2008	3,250	\$2,300,000	\$708
1164 Arroyo Dr	Pebble Beach	2009	3,264	\$3,700,000	\$1,134
16 Arroyo Sequoia	Carmel	2006	3,460	\$2,983,500	\$862
410 Mirador Ct	Monterey	2006	3,838	\$2,388,000	\$622
414 Mirador Ct	Monterey	2005	3,838	\$2,269,500	\$591
59 Rancho San Carlos Rd	Carmel	2009	4,088	\$3,442,500	\$842
906 La Terraza Ct	Monterey	2005	4,109	\$2,652,000	\$645
7579 Paseo Vista	Monterey	2007	4,135	\$1,813,271	\$439
411 Mirador Ct	Monterey	2005	4,435	\$1,683,000	\$379
407 Mirador Ct	Monterey	2005	4,435	\$1,987,980	\$448
7418 Alturas Ct	Monterey	2006	4,492	\$3,366,000	\$749
11550 Spur Rd	Monterey	2006	4,518	\$1,172,346	\$259
1471 Padre Ln	Pebble Beach	2005	4,645	\$7,055,044	\$1,519
Minimum		2005	1,299	\$641,420	\$259
Maximum		2020	4,645	\$7,055,044	\$1,519
Average		2008	3,470	\$2,644,200	\$767

Sources: County Assessor Records and Redfin

APPENDIX A: EXHIBIT I - TABLE 4**SINGLE-FAMILY HOME RESALES: THREE-BEDROOM UNITS
NORTH COUNTY SUBMARKET
HOMES CONSTRUCTED AFTER 1980
INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS
MONTEREY COUNTY, CALIFORNIA**

Address		Year Built	SF	Sales Price	Price / SF
11610 Union St	Castroville	2007	1,452	\$510,000	\$351
11185 Union Cir	Castroville	2007	1,443	\$566,100	\$392
1505 Lupine Way	Aromas	1998	2,203	\$1,085,000	\$493
11054 Axtell St	Castroville	1997	1,301	\$640,000	\$492
5316 Hidden Oak Ct	Royal Oaks	1996	2,072	\$1,195,000	\$577
287 Vega Rd	Royal Oaks	1995	1,938	\$1,000,000	\$516
4670 Lotte Ln	Royal Oaks	1988	1,152	\$815,000	\$707
15080 Charter Oak	Salinas	1987	1,806	\$651,317	\$361
7705 Fallen Leaf Ln	Salinas	1984	1,478	\$765,000	\$518
19608 Brentwood Ct	Salinas	1984	2,110	\$925,140	\$438
17985 Tan Leaf Ln	Salinas	1984	1,748	\$337,322	\$193
813 Rebecca Cir	Aromas	1982	2,823	\$1,019,898	\$361
9370 Holly Oak Way	Salinas	1982	2,128	\$867,000	\$407
793 Maher Rd	Royal Oaks	1981	1,225	\$882,500	\$720
15180 Charter Oak Blvd	Salinas	1981	2,172	\$820,000	\$378
Minimum		1981	1,152	\$337,322	\$193
Maximum		2007	2,823	\$1,195,000	\$720
Average		1990	1,803	\$805,300	\$460

Sources: County Assessor Records and Redfin

APPENDIX A: EXHIBIT I - TABLE 5

**SINGLE-FAMILY HOME RESALES: THREE-BEDROOM UNITS
FORT ORD / EAST GARRISON SUBMARKET
HOMES CONSTRUCTED AFTER 2012
INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS
MONTEREY COUNTY, CALIFORNIA**

Address		Year Built	SF	Sales Price	Price / SF
15519 Watkins Gate Rd	East Garrison	2016	1,432	\$690,000	\$482
15153 Breckinridge Ave	East Garrison	2016	1,432	\$770,000	\$538
16326 E Garrison Dr	East Garrison	2016	1,432	\$629,000	\$439
15010 Breckinridge Ave	East Garrison	2017	1,437	\$689,000	\$479
18594 McClellan Cir	East Garrison	2014	1,575	\$842,500	\$535
17711 Reynolds St	East Garrison	2016	1,575	\$770,000	\$489
15009 Breckinridge Ave	East Garrison	2017	1,575	\$785,000	\$498
18918 Kilpatrick Ln	East Garrison	2019	1,575	\$749,000	\$476
14343 Sherman Blvd	East Garrison	2019	1,575	\$898,000	\$570
14331 Sherman Blvd	East Garrison	2020	1,575	\$783,500	\$497
18331 Steedman St	East Garrison	2016	1,636	\$845,000	\$517
17111 Morgan St	East Garrison	2017	1,646	\$875,000	\$532
16730 Pickett Ln	East Garrison	2018	1,646	\$769,000	\$467
19322 Stonehenge Ln	East Garrison	2020	1,649	\$800,000	\$485
15001 Breckinridge Ave	East Garrison	2017	1,701	\$830,000	\$488
16611 Early Ln	East Garrison	2017	1,702	\$849,000	\$499
18926 Kilpatrick Ln	East Garrison	2019	1,702	\$892,000	\$524
14303 Sherman Blvd	East Garrison	2019	1,702	\$845,000	\$496
15050 Breckinridge Ave	East Garrison	2016	1,714	\$850,000	\$496
18474 McClellan Cir	East Garrison	2015	1,716	\$895,000	\$522
16927 Mahone St	East Garrison	2017	1,716	\$875,000	\$510
14335 Sherman Blvd	East Garrison	2019	1,735	\$855,000	\$493
13021 Pope Ln	East Garrison	2014	1,737	\$885,000	\$509
18250 Caldwell St	East Garrison	2014	1,865	\$902,000	\$484
17731 Reynolds St	East Garrison	2016	1,865	\$840,000	\$450
16715 Pickett Ln	East Garrison	2016	1,865	\$827,000	\$443
16306 E Garrison Dr	East Garrison	2016	1,865	\$825,000	\$442
15181 Breckinridge Ave	East Garrison	2016	1,865	\$810,000	\$434
21850 Ord Ave	East Garrison	2018	1,865	\$825,000	\$442
18830 Sedgwick Ln	East Garrison	2019	1,865	\$780,000	\$418
19130 Fallingwater Ln	East Garrison	2019	1,865	\$759,000	\$407
21622 Ord Ave	East Garrison	2020	1,865	\$949,000	\$509
18955 Kilpatrick Ln	East Garrison	2019	1,866	\$1,140,000	\$611
18402 McClellan Cir	East Garrison	2014	2,099	\$1,040,000	\$495
13722 Sherman Blvd	East Garrison	2015	2,125	\$1,200,000	\$565
14861 Kit Carson Dr	East Garrison	2016	2,125	\$889,000	\$418
14713 Kit Carson Dr	East Garrison	2017	2,127	\$1,100,000	\$517
14930 Breckinridge Ave	East Garrison	2017	2,127	\$1,050,000	\$494
14526 Lee Ave	East Garrison	2017	2,127	\$1,095,000	\$515
13150 Chamberlain Ave	East Garrison	2014	2,411	\$1,049,000	\$435
13730 Sherman Blvd	East Garrison	2015	2,503	\$1,325,000	\$529
13621 Sherman Blvd	East Garrison	2014	2,504	\$706,781	\$282
Minimum		2014	1,432	\$629,000	\$282
Maximum		2020	2,504	\$1,325,000	\$611
Average		2017	1,809	\$875,800	\$487

Sources: County Assessor Records and Redfin

APPENDIX A: EXHIBIT I - TABLE 6

**SINGLE-FAMILY HOME RESALES: THREE-BEDROOM UNITS
CENTRAL / GREATER SALINAS VALLEY SUBMARKET
HOMES CONSTRUCTED AFTER 2000
INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS
MONTEREY COUNTY, CALIFORNIA**

Address		Year Built	SF	Sales Price	Price / SF
350 SAN JUAN GRADE RD	Salinas	2008	1,097	\$437,989	\$399
795 ROGGE RD	Salinas	2008	1,097	\$469,200	\$428
12778 ROGGE VILLAGE LP	Salinas	2008	1,097	\$515,000	\$469
895 ROGGE RD	Salinas	2008	1,097	\$540,000	\$492
865 ROGGE RD	Salinas	2008	1,097	\$531,000	\$484
12766 ROGGE VILLAGE LP	Salinas	2008	1,353	\$443,142	\$328
845 ROGGE RD	Salinas	2008	1,353	\$620,000	\$458
360 SAN JUAN GRADE RD	Salinas	2008	1,353	\$600,000	\$443
27388 BAVELLA WAY	Salinas	2001	1,570	\$695,632	\$443
19627 BAVELLA CT	Salinas	2001	1,570	\$663,000	\$422
27340 BAVELLA WAY	Salinas	2001	1,570	\$730,320	\$465
19611 BAVELLA CT	Salinas	2001	1,570	\$927,000	\$590
19367 ACCLAIM DR	Salinas	2000	1,570	\$669,868	\$427
26415 HONOR LN	Salinas	2000	1,570	\$688,500	\$439
27343 BAVELLA WAY	Salinas	2001	1,690	\$678,300	\$401
103 SAN BENANCIO RD	Salinas	2005	1,841	\$628,094	\$341
21132 VALLE SAN JUAN DR	Salinas	2000	2,129	\$950,000	\$446
339 SAN BENANCIO RD	Salinas	2001	2,908	\$1,305,600	\$449
26535 COVEY LN	Salinas	2008	3,038	\$1,387,200	\$457
48 HARPER CYN RD	Salinas	2008	3,487	\$988,305	\$283
27860 CROWNE POINT DR	Salinas	2003	3,818	\$1,056,330	\$277
Minimum		2000	1,097	\$437,989	\$277
Maximum		2008	3,818	\$1,387,200	\$590
Average		2004	1,804	\$739,300	\$426

Sources: County Assessor Records and Redfin

APPENDIX A: EXHIBIT I - TABLE 7

**SINGLE-FAMILY HOME RESALES: THREE-BEDROOM UNITS
SOUTH COUNTY SUBMARKET
NO AGE LIMIT ON THE UNITS
INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS
MONTEREY COUNTY, CALIFORNIA**

Address		Year Built	SF	Sales Price	Price / SF
54310 Kennedy Way	Bradley	2014	1,197	\$490,000	\$409
62207 Annette St	San Ardo	1950	1,258	\$357,000	\$284
62420 Railroad St	San Ardo	1936	1,299	\$380,000	\$293
North St	San Ardo	1951	1,330	\$442,111	\$332
2435 Captains Walk	Bradley	2020	1,504	\$525,000	\$349
59801 Martin St	San Ardo	1962	2,088	\$309,169	\$148
Minimum		1936	1,090	\$309,169	\$148
Maximum		2020	2,088	\$525,000	\$409
Average		1974	1,395	\$403,300	\$301

Sources: County Assessor Records and Redfin

APPENDIX B

AFFORDABILITY CALCULATIONS INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS MONTEREY COUNTY, CALIFORNIA

APPENDIX B: EXHIBIT I

AFFORDABLE SALES PRICE CALCULATIONS - THREE-BEDROOM UNITS BENCHMARK HOUSEHOLD INCOMES BASED ON H&SC SECTION 50052.5 & THE ADMINISTRATIVE MANUAL INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS MONTEREY COUNTY, CALIFORNIA

		Household Income Categories		
		Moderate Income	Low Income	Very Low Income
I. <u>Income Information</u>				
Median Income: 4 Person Household	¹	\$90,100	\$90,100	\$90,100
Household Income as a % of AMI		110%	70%	50%
Income Allotted to Housing		35%	30%	30%
Income Available for Housing Costs		\$34,689	\$18,921	\$13,515
II. <u>Expenses</u>				
Annual Utilities Allowance	²	\$4,968	\$4,968	\$4,968
Maintenance & Insurance		3,600	3,600	3,600
Property Taxes @ 1.25% of Affordable Sales Price		3,916	1,553	741
Total Expenses		\$12,484	\$10,121	\$9,309
III. Income Available for Mortgage Debt Service		\$22,204	\$8,801	\$4,206
IV. <u>Affordable Sales Price</u>				
Supportable Mortgage @ 6.86% Interest	³	\$282,000	\$111,800	\$53,400
Down Payment @ 10% of Affordable Sales Price	⁴	31,300	12,400	5,900
Total Affordable Sales Price		\$313,300	\$124,200	\$59,300

¹ Based on 2022 household incomes published by HCD. The Affordable Sales Price calculations are based on the methodology detailed in the County's Inclusionary Housing Administrative Manual, which applies the Health & Safety Code Section 50052.5 calculation methodology.

² Based on the Housing Authority of the County of Monterey Utility Allowances for Detached Houses. Assumes costs for electric heating, cooking and water heating; basic electric; water; sewer; and trash services. Effective: January 1, 2023 through December 31, 2024.

³ Based on a 100 basis points premium applied to the Freddie Mac monthly average, between April 2022 and March 2023, for a fixed-interest rate loan with a 30-year amortization period.

⁴ Based on the home buyer down payment percentage applied in the County's Inclusionary Housing Administrative Manual. This down payment amount is only used as a benchmark for calculation purposes. The actual home buyer down payment will vary from purchaser-to-purchaser.

APPENDIX B: EXHIBIT II

AFFORDABILITY GAP CALCULATIONS
BENCHMARK HOUSEHOLD INCOMES BASED ON H&SC SECTION 50052.5 & THE ADMINISTRATIVE MANUAL
SUBMARKETS ANALYSIS - THREE BEDROOM UNITS
INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS
MONTEREY COUNTY, CALIFORNIA

		Submarkets						
		Big Sur	Greater Carmel Valley	Greater Monterey Peninsula	North County	Fort Ord / East Garrison	Greater Salinas Valley	South County
I.	Average Market Rate Sales Price	¹ \$5,380,900	\$2,499,600	\$2,644,200	\$805,300	\$875,800	\$739,300	\$403,300
II.	<u>Affordability Gap Calculations</u>							
A.	<u>Affordability Gap Per Affordable Unit: Moderate Income</u>							
	Average Market Rate Sales Price	\$5,380,900	\$2,499,600	\$2,644,200	\$805,300	\$875,800	\$739,300	\$403,300
	Affordable Sales Price	² 313,300	313,300	313,300	313,300	313,300	313,300	313,300
	Affordability Gap Per Affordable Unit: Moderate Income	\$5,067,600	\$2,186,300	\$2,330,900	\$492,000	\$562,500	\$426,000	\$90,000
B.	<u>Affordability Gap Per Affordable Unit: Low Income</u>							
	Average Market Rate Sales Price	\$5,380,900	\$2,499,600	\$2,644,200	\$805,300	\$875,800	\$739,300	\$403,300
	Affordable Sales Price	² 124,200	124,200	124,200	124,200	124,200	124,200	124,200
	Affordability Gap Per Affordable Unit: Low Income	\$5,256,700	\$2,375,400	\$2,520,000	\$681,100	\$751,600	\$615,100	\$279,100
C.	<u>Affordability Gap Per Affordable Unit: Very Low Income</u>							
	Average Market Rate Sales Price	\$5,380,900	\$2,499,600	\$2,644,200	\$805,300	\$875,800	\$739,300	\$403,300
	Affordable Sales Price	² 59,300	59,300	59,300	59,300	59,300	59,300	59,300
	Affordability Gap Per Affordable Unit: Very Low Income	\$5,321,600	\$2,440,300	\$2,584,900	\$746,000	\$816,500	\$680,000	\$344,000

¹ See TABLE 1.

² See APPENDIX B: EXHIBIT I.

APPENDIX C

IN-LIEU FEE CALCULATIONS UNINCORPORATED MONTEREY COUNTY SUBMARKETS INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS MONTEREY COUNTY, CALIFORNIA

APPENDIX C: EXHIBIT I

IN-LIEU FEE CALCULATIONS

10% MODERATE INCOME AND 10% LOW INCOME UNITS

BENCHMARK HOUSEHOLD INCOMES BASED ON H&SC SECTION 50052.5 & THE ADMINISTRATIVE MANUAL

SUBMARKETS ANALYSIS - THREE BEDROOM UNITS

INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS

MONTEREY COUNTY, CALIFORNIA

		Submarkets						
		Big Sur	Greater Carmel Valley	Greater Monterey Peninsula	North County	Fort Ord / East Garrison	Greater Salinas Valley	South County
I.	<u>Affordability Gap Per Affordable Unit</u>	1						
	A. Moderate Income	\$5,067,600	\$2,186,300	\$2,330,900	\$492,000	\$562,500	\$426,000	\$90,000
	B. Low Income	\$5,256,700	\$2,375,400	\$2,520,000	\$681,100	\$751,600	\$615,100	\$279,100
	C. Very Low Income	\$5,321,600	\$2,440,300	\$2,584,900	\$746,000	\$816,500	\$680,000	\$344,000
II.	<u>Distribution of Affordable Units</u>							
	Moderate Income	10%	10%	10%	10%	10%	10%	10%
	Low Income	10%	10%	10%	10%	10%	10%	10%
	Very Low Income	0%	0%	0%	0%	0%	0%	0%
	Total Distribution of Affordable Units	20%	20%	20%	20%	20%	20%	20%
III.	Average Home Size (Sq. Ft.)	2,947	3,102	3,470	1,803	1,809	1,804	1,395
IV.	<u>In-Lieu Fees: 1 - 19 Units</u>							
	Per Affordable Unit	\$5,162,000	\$2,281,000	\$2,425,500	\$586,500	\$657,000	\$520,500	\$184,500
	Per Unit in the Market Rate Project	\$1,032,400	\$456,200	\$485,100	\$117,300	\$131,400	\$104,100	\$36,900
	Per Square Foot in the Market Rate Project	\$350	\$147	\$140	\$65	\$73	\$58	\$26
V.	<u>In-Lieu Fees: Fractional Units</u>							
	0.1	\$516,200	\$228,100	\$242,550	\$58,650	\$65,700	\$52,050	\$18,450
	0.2	\$1,032,400	\$456,200	\$485,100	\$117,300	\$131,400	\$104,100	\$36,900
	0.3	\$1,548,600	\$684,300	\$727,650	\$175,950	\$197,100	\$156,150	\$55,350
	0.4	\$2,064,800	\$912,400	\$970,200	\$234,600	\$262,800	\$208,200	\$73,800
	0.5	\$2,581,000	\$1,140,500	\$1,212,750	\$293,250	\$328,500	\$260,250	\$92,250
	0.6	\$3,097,200	\$1,368,600	\$1,455,300	\$351,900	\$394,200	\$312,300	\$110,700
	0.7	\$3,613,400	\$1,596,700	\$1,697,850	\$410,550	\$459,900	\$364,350	\$129,150
	0.8	\$4,129,600	\$1,824,800	\$1,940,400	\$469,200	\$525,600	\$416,400	\$147,600
	0.9	\$4,645,800	\$2,052,900	\$2,182,950	\$527,850	\$591,300	\$468,450	\$166,050
	1.0	\$5,162,000	\$2,281,000	\$2,425,500	\$586,500	\$657,000	\$520,500	\$184,500

¹ See APPENDIX B: EXHIBIT II.

APPENDIX C: EXHIBIT II

IN-LIEU FEE CALCULATIONS

10% LOW INCOME AND 5% VERY LOW INCOME UNITS

BENCHMARK HOUSEHOLD INCOMES BASED ON H&SC SECTION 50052.5 & THE ADMINISTRATIVE MANUAL

SUBMARKETS ANALYSIS - THREE BEDROOM UNITS

INCLUSIONARY HOUSING ORDINANCE: IN-LIEU FEE ANALYSIS

MONTEREY COUNTY, CALIFORNIA

		Submarkets						
		Big Sur	Greater Carmel Valley	Greater Monterey Peninsula	North County	Fort Ord / East Garrison	Greater Salinas Valley	South County
I.	<u>Affordability Gap Per Affordable Unit</u>	1						
A.	Moderate Income	\$5,067,600	\$2,186,300	\$2,330,900	\$492,000	\$562,500	\$426,000	\$90,000
B.	Low Income	\$5,256,700	\$2,375,400	\$2,520,000	\$681,100	\$751,600	\$615,100	\$279,100
C.	Very Low Income	\$5,321,600	\$2,440,300	\$2,584,900	\$746,000	\$816,500	\$680,000	\$344,000
II.	<u>Distribution of Affordable Units</u>							
	Moderate Income	0%	0%	0%	0%	0%	0%	0%
	Low Income	10%	10%	10%	10%	10%	10%	10%
	Very Low Income	5%	5%	5%	5%	5%	5%	5%
	Total Distribution of Affordable Units	15%	15%	15%	15%	15%	15%	15%
III.	Average Home Size (Sq. Ft.)	2,947	3,102	3,470	1,803	1,809	1,804	1,395
IV.	<u>In-Lieu Fees: 1 - 19 Units</u>							
	Per Affordable Unit	\$5,278,700	\$2,397,300	\$2,541,300	\$702,700	\$773,300	\$636,700	\$300,700
	Per Unit in the Market Rate Project	\$791,800	\$359,600	\$381,200	\$105,400	\$116,000	\$95,500	\$45,100
	Per Square Foot in the Market Rate Project	\$269	\$116	\$110	\$58	\$64	\$53	\$32
V.	<u>In-Lieu Fees: Fractional Units</u>							
	0.1	\$527,870	\$239,730	\$254,130	\$70,270	\$77,330	\$63,670	\$30,070
	0.2	\$1,055,740	\$479,460	\$508,260	\$140,540	\$154,660	\$127,340	\$60,140
	0.3	\$1,583,610	\$719,190	\$762,390	\$210,810	\$231,990	\$191,010	\$90,210
	0.4	\$2,111,480	\$958,920	\$1,016,520	\$281,080	\$309,320	\$254,680	\$120,280
	0.5	\$2,639,350	\$1,198,650	\$1,270,650	\$351,350	\$386,650	\$318,350	\$150,350
	0.6	\$3,167,220	\$1,438,380	\$1,524,780	\$421,620	\$463,980	\$382,020	\$180,420
	0.7	\$3,695,090	\$1,678,110	\$1,778,910	\$491,890	\$541,310	\$445,690	\$210,490
	0.8	\$4,222,960	\$1,917,840	\$2,033,040	\$562,160	\$618,640	\$509,360	\$240,560
	0.9	\$4,750,830	\$2,157,570	\$2,287,170	\$632,430	\$695,970	\$573,030	\$270,630
	1.0	\$5,278,700	\$2,397,300	\$2,541,300	\$702,700	\$773,300	\$636,700	\$300,700

¹ See APPENDIX B: EXHIBIT II.