



# REGIONAL HOUSING NEEDS ALLOCATION PLAN: 2014 - 2023

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

## **Contents**

Contents .....	ii
Introduction .....	2
Housing Element Law.....	2
Senate Bill 375 and RHNA .....	3
Process for Developing RHNA.....	3
Distributing the RHNA and Income Categories.....	4
San Benito County .....	5
Coordination with Jurisdictions .....	5
Coordination with Regional Stakeholders and the Public.....	6
Timeline .....	6
The 2014 Regional Growth Forecast.....	7
Process for Development of the 2014 Regional Growth Forecast.....	7
Adopted RHNA Methodology and Distribution .....	8
RHNA Methodology .....	8
RHNA Factors.....	9
RHNA Allocation .....	15
Appendix: .....	16

## Introduction

The Regional Housing Needs Allocation (RHNA) establishes the total number of housing units that each city and county must plan for within an eight-year planning period. Based on the adopted RHNA, each city and county must update its housing element to demonstrate how the jurisdiction will meet the expected growth in housing need over this period of time.

This document, the Regional Housing Needs Plan (RHNP), officially assigns the allocations to cities and counties for two of the three counties within the Monterey Bay Area, Monterey and Santa Cruz. San Benito County conducts a separate RHNA as explained below. This RHNP covers the planning period from January 1, 2014 to December 31, 2023. The allocation is based on the 2014 Regional Growth Forecast housing needs and employment growth over the planning period, as described further below. The RHNA and RHNP are part of the state-mandated housing element law

(Government Code Sections 65580 et seq.).

## Housing Element Law

The state housing element law (Government Code Section 65584 (d)) requires the RHNA to be consistent with four objectives:

1. Increasing the housing supply and the mix of housing types, tenure, and affordability in all cities and counties with the region in an equitable manner, which shall result in all jurisdictions receiving an allocation of units for low and very low income households.
2. Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns.
3. Promoting an improved intraregional relationship between jobs and housing.
4. Allocating a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category.

As explained below, AMBAG's Metropolitan Transportation Plan and Sustainable Communities Strategy (MTP/SCS) and its RHNA are consistent with these objectives.

### **Senate Bill 375 and RHNA**

Senate Bill (SB) 375, passed into state law in 2008, requires the coordination of housing planning with regional transportation planning through the MTP/SCS. This in effect entails consistency in growth forecasts for land use, housing, and transportation purposes. In prior plans, the RHNA and the MTP were prepared independently and had different timelines and planning periods. SB 375 requires that the RHNA and MTP/SCS process be undertaken together in order to integrate housing, land use, and transportation planning to ensure that the state's housing goals are met and to help reduce greenhouse gas emissions (GHG) from cars and light duty trucks. The goal of this integrated planning is to create opportunities for residents of all incomes to have access to jobs, housing, services, and other common needs by a variety of means, including public transit, walking, and bicycling.

Prior to SB 375, RHNA was updated every five years and the MTP was updated every four years. Because SB 375 requires better coordination between transportation planning with land use and housing planning, the RHNA process is now tied to the adoption of every two cycles of the regional MTP/SCS. As a result, RHNPs must be adopted every eight years, aligning with the adoption of the MTP/SCS. This also means that each city and county will update its housing element every eight years instead of every five years, as it was before SB 375.

### **Process for Developing RHNA**

The State of California, through the Housing and Community Development Department (HCD), issued a Regional Housing Needs Determination to AMBAG for Monterey and Santa Cruz Counties (see appendix for the letter of determination). HCD calculated the regional determination using information provided by the California Department of Finance. The regional determination includes an overall housing need number, as well as a breakdown of the percentage of units required in four income distribution categories, as further defined below. The region's overall allocation for Monterey and Santa Cruz Counties is 10,430 housing units.

Based on the regional determination provided by HCD, AMBAG must develop the allocation of units to each jurisdiction, along with the plan document that contains the allocations. It is AMBAG's responsibility to coordinate with HCD prior to its determination of the regional housing need. Once AMBAG receives the regional

## Regional Housing Needs Allocation Plan: 2014 - 2023

determination, including the overall need number and the income category distribution, it must adopt a methodology for distributing the regional growth number throughout the region. The methodology is the basis for the final RHNA and RHNP that AMBAG adopts.

The methodology used for the RHNA distribution is developed in coordination with the local jurisdictions via the Planning Directors Forum and the AMBAG Board of Directors. Once the methodology is adopted, adjustments can be made up or down based on factors as outlined in Government Code Section 65584.04. See below for more detailed information. Factor adjustments are made based on information surveyed from each of the cities and counties, which are included in the Appendix.

The state mandated RHNP establishes the total number of housing units that each city and county must plan for within the eight-year planning period broken into four income categories as described above. Based on the adopted RHNA, each city and county must update its housing element by December 15, 2015.

### **Distributing the RHNA and Income Categories**

California's Housing Element Law (Government Code Sections 65580 et seq.) mandates that AMBAG develop and approve a RHNA and RHNP for Monterey and Santa Cruz Counties and the cities within. Once AMBAG receives the regional determination, including the overall need number and the income category distribution, it must adopt a methodology for distributing the regional growth number throughout the region. The methodology is the basis for the final RHNA distribution and RHNP that AMBAG adopts.

The RHNA has two parts as required by state law:

- Overall Allocation: AMBAG receives a total housing unit number for growth during the planning period for Monterey and Santa Cruz Counties. AMBAG is required to distribute this regional housing growth number to the jurisdictions within the region for the period from January 1, 2014 to December 31, 2023.
- Income Category Distributions: HCD also provides a household income distribution of the total regional housing unit number. As defined by state law, four income categories make up this distribution: very low income (less than 50 percent median family income [MFI]); low income (50 to 80 percent MFI); moderate income (80 to 120 percent MFI); and above moderate income (above

## Regional Housing Needs Allocation Plan: 2014 - 2023

120 percent MFI). The total housing unit growth AMBAG allocates to each jurisdiction must be further allocated into the four household income categories.

The four income categories, as listed above, must be addressed in a jurisdiction's housing element. Specifically, accommodations must be made to ensure that the jurisdiction provides sufficient zoning capacity to accommodate the projected housing need in each income category. For the very low and low income categories, jurisdictions generally are required to identify sites (constructed or vacant) zoned at multifamily residential densities.

It is important to note that each jurisdiction is responsible for providing sufficient zoning capacity for the units allocated to all four economic income categories, but is NOT responsible for the construction of these units. The intent of the housing element law is to ensure that jurisdictions do not impede the construction of housing in any income category. Other factors, such as market forces, are well beyond a jurisdiction's control and have considerable influence over whether or not housing units in each income category are actually constructed.

### **San Benito County**

The state mandate for distributing the RHNA is tied to the state designation of a Council of Governments (COG). Each COG is expected to distribute the RHNA to their member jurisdictions. AMBAG is the Metropolitan Planning Organization for the Counties of San Benito, Santa Cruz, and Monterey and has prepared a 2035 MTP/SCS for the tri-county region. However, it is the COG for only the Counties of Santa Cruz and Monterey. For this reason HCD makes a separate determination for San Benito County and tasks the San Benito County Council of Governments (SBtCOG) with developing its own RHNP. AMBAG does coordinate with SBtCOG so that the RHNP is consistent with the 2035 MTP/SCS.

### **Coordination with Jurisdictions**

The most critical factor in the RHNA process is the development of the methodology for allocating housing units within the region. The meetings of the regional Planning Directors Forum, comprised of local government planning staff but open to the public, served as the forum for the technical development of the draft methodologies. The Planning Directors Forum met monthly and provided input on approaches to different methodologies. AMBAG staff developed different alternatives and the associated

## Regional Housing Needs Allocation Plan: 2014 - 2023

illustrative housing allocations for each one for review, questions and input from the planning directors. The Board of Directors received regular updates on the development of the RHNA and the methodologies being considered. Of the various methodologies discussed at the Planning Directors Forum the jobs/housing methodology was selected as the preferred method and was recommended to the Board of Directors. The Board of Directors approved this methodology on December 11, 2013.

### **Coordination with Regional Stakeholders and the Public**

The methodology used in this RHNA allocation was presented to regional housing advocacy groups in addition to the planners in the region. These groups expressed strong support for the methodology and indicated that it was a good representation of housing need in the region. Additionally, public opportunities for comment have been provided at all Board of Directors meetings and will be accepted in written form during the 60 day public comment period starting February 12, 2014. A public hearing will be held on April 9, 2014 and the public comment period will end on April 13, 2014.

### **Timeline**

Under SB 375, the projected date of the MTP/SCS adoption is used to determine the RHNA timeline. The AMBAG 2035 MTP/SCS is scheduled for adoption by the AMBAG Board of Directors on June 11, 2014. Based on state statutory timelines prescribed in Government Code Section 65584.04, below are the key milestones dates for the RHNA:

- June 2013 to October 2013 – The Planning Directors Forum, comprised of the planning directors and local government planners for all of the cities and counties in the region, met monthly to discuss RHNA and to develop and evaluate draft RHNA methodologies. The AMBAG Board of Directors were informed regularly on the development of the different draft methodologies;
- December 11, 2013 – The AMBAG Board of Directors adopted the jobs/housing methodology and directed staff to prepare the RHNP;
- February 12, 2014 – The AMBAG Board of Directors is scheduled to release the draft RHNP for a 60 day public comment period;
- April 9, 2014 – Public Hearing on draft RHNA Plan;
- April 13, 2014 –Comment period ends for public and local jurisdictions;
- June 11, 2014 – AMBAG is scheduled to adopt final RHNA and RHNP along with the 2035 MTP/SCS (if no requests for revisions are made);

## Regional Housing Needs Allocation Plan: 2014 - 2023

- August 17, 2014 – Obtain HCD review and approval of Final RHNA Plan (if adopted by AMBAG Board without revisions or appeals).

## The 2014 Regional Growth Forecast

As the MPO, AMBAG carries out many planning functions for the tri-county area including development and maintenance of the regional travel demand model (RTDM), long range transportation planning and programming, and acting as a regional forum for dialogue on issues facing the region. Most of AMBAG's projects are carried out in support of these major functions, including but not limited to the regional growth forecast. AMBAG develops the forecast with a horizon year that matches the planning timeline of the MTP/SCS and the model years for the RTDM. In addition to informing MTP/SCS, the regional growth forecast serves as the starting point for the RHNA.

The 2035 MTP/SCS includes a planning period through 2035; however, a number of planning processes also rely on phasing assumptions for the year 2020. Therefore, the year 2020 is the first milestone year included in the 2014 Regional Growth Forecast. The other years forecasted include 2025, 2030, and 2035. Future jobs and future housing used for the RHNA methodology are obtained by drawing a straight line projection between the years 2010 and 2020 as well as 2020 and 2035 to obtain 2015 and 2023 estimates respectively.

## Process for Development of the 2014 Regional Growth Forecast

In consultation with local planning departments, AMBAG prepared an estimated 2035 growth forecast for the region, which was built by examining a wide range of factors in two areas: employment trends in the state and the region as well as policy or regulatory influences. The Planning Directors Forum was the primary venue for ongoing coordination between local agency planning staff and AMBAG; however, a number of jurisdiction-specific meetings and comment periods also were held, including over 100 one-on-one meetings held by AMBAG staff with each of the jurisdictions, the Local Agency Formation Commissions, the Fort Ord Reuse Authority, the University of California, Santa Cruz, and the California State University, Monterey Bay. The development of the 2014 Regional Growth Forecast and the methodology is documented in great detail as part of the 2035 MTP/SCS.

## Adopted RHNA Methodology and Distribution

The RHNA methodology was approved by the Board of Directors on December 11, 2013. Before asking the Board to approve a methodology AMBAG reviewed all of the adopted RHNA methodologies to date for the 5<sup>th</sup> housing cycle and presented all these options to the Planning Directors Forum. The list of options was refined and narrowed with the consensus of this group before presentation to the Board. The final methodology that was chosen distributes the RHNA based on the existing and projected location of jobs and housing in the two-county area. Using this method creates a direct tie to the objectives of the Housing Element law as well as the goals and concepts in the 2035 MTP/SCS. Additionally, this methodology maintains consistency between the 2035 MTP/SCS and the 2014 Regional Growth Forecast.

### RHNA Methodology

The adopted RHNA methodology distributes the regional figure based on a jurisdiction's proportional share of housing and jobs. The 2014 Regional Growth Forecast is used to determine a jurisdiction's proportional share of jobs or housing for any given year.<sup>1</sup> Below the methodology is broken out into steps:

**Step 1:** The first step is to create three categories on which to base the distribution: existing jobs, future jobs and future housing. Sixty percent of the housing need is placed in the existing job category, ten percent on future jobs, and thirty percent is placed in the future housing category:

- a) Regional figure \* .60 = amount to be distributed based on existing jobs in 2015 (6,258)
- b) Regional figure \* .10 = amount to be distributed based on future jobs in 2023 (1,043)
- c) Regional figure \* .30 = amount to be distributed based on future housing growth by 2023 (3,129)

---

<sup>1</sup> The years 2015 and 2023 were derived as follows: Future jobs and future housing are both obtained by drawing a straight line projection between the years 2010 and 2020 to obtain 2015 as well as between 2020 and 2025 to obtain 2023.

## Regional Housing Needs Allocation Plan: 2014 - 2023

**Step 2:** Each jurisdiction's proportional share of total existing jobs is multiplied by the result from Step 1a, or 6,258. For example, if a city has 10 percent of the jobs estimated in 2015, then they would receive 730 units from this part of the equation.

**Step 3:** Each jurisdiction's proportional share of total future jobs is multiplied by the result from Step 1b, or 1043. For example, if a city has 10 percent of the jobs estimated in 2023, then they would receive 104 units from this part of the equation.

**Step 4:** Each jurisdiction's proportional share of future housing is multiplied by the result from Step 1c. For example, if a city has 5 percent of the housing units estimated in 2023, then they would receive 156 units from this part of the equation.

**Step 5:** The results of Steps 2-4 are added together to get the baseline distribution for any given jurisdiction.

**Step 6:** Final adjustments are made as a result of the statutory factors described in the next section.

## RHNA Factors

To the extent that sufficient data is available, AMBAG must consider 10 factors in developing the RHNA distribution and explain in writing how each of the factors was incorporated into the final distribution (per Gov. Code Section 65584.04(d),(e)). These factors were used as justification for reductions or increases to the baseline distribution based on the methodology.

In order to collect information on the factors AMBAG surveyed each of the local jurisdictions, reviewed General Plans and met with local planning staff. The factors and their relationship to the RHNA distribution are described below.

### 1. Existing and projected jobs and housing relationship:

AMBAG reviewed the jobs and housing balance of all jurisdictions, except for San Benito County for the reasons explained earlier. AMBAG's 2014 Regional Growth Forecast considers areas where there are significant imbalances in jobs and housing today and the likelihood of those imbalances improving in the future given the recent market conditions and jurisdictions' local efforts to improve imbalances. Since the 2014

## Regional Housing Needs Allocation Plan: 2014 - 2023

Regional Growth Forecast represents the most likely growth pattern to occur, it was used as the basis for the overall RHNA distributions.

2. Opportunities and constraints to development of additional housing, including:
  - a. Lack of capacity for sewer and water due to federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period.

Many jurisdictions indicated that they would be running out of sewer and/or water capacity during the 2014-2023 RHNA cycle. However, the RHNA methodology developed by AMBAG staff did not reduce a jurisdiction's overall allocation because of diminishing sewer or water capacity (Gov. Code 65584.04(A)(2)) unless there is an existing state restriction that explicitly inhibits development as there is on the Monterey Peninsula. (State Water Resources Control Board Cease and Desist Order WR 2009-0060). As long as a jurisdiction is able to plan for additional sewer and/or water capacity, no special adjustments were considered in the RHNA methodology. The only case where a jurisdiction is allowed an adjustment is where federal or state regulations prohibit a jurisdiction from providing necessary infrastructure for additional development. This only applies on the Monterey Peninsula. For this reason, the allocations for the cities of Carmel, Monterey, and Pacific Grove were adjusted downward to fit the RHNA within their existing capacity for new development.

- b. Availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. The council of governments may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions.

The amount of land available for development varies from jurisdiction to jurisdiction. Generally speaking because the RHNA is lower in this housing cycle and very little construction has occurred between this cycle and the last cycle,

## Regional Housing Needs Allocation Plan: 2014 - 2023

most jurisdictions have adequate capacity identified in their current Housing Elements to accommodate the new RHNA. Additionally, many jurisdictions have indicated that they are able to accommodate the new RHNA allocation with infill development. However, there are a few jurisdictions that do not fall in this category. The County of Monterey has a limited amount of land suitable for urban development considering the large swaths of land set aside as open space or agricultural land. Developing this land would encourage fringe development contrary to the goals and policies in the SCS. The City of Capitola, on the other hand, does not have agricultural or open space constraints, but is constrained simply by the amount of land available for development. Capitola is largely built out with few opportunities for infill development given its topographic constraints and existing development. Similarly, the City of Santa Cruz has reuse, infill, and redevelopment policies such that the City of Santa Cruz is now relatively built out. In fact, it has some of the densest, most intense zoning ordinances in the region, making it difficult to locate, even under alternative zoning practices, additional land suitable for urban development. Additionally, the City of Santa Cruz has continued to build over the recession, such that their housing capacity has been reduced even further. For these reasons reductions to the overall allocations in the Cities of Capitola and Santa Cruz as well as in Monterey County were made.

- c. Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long-term basis.

Lands must be officially designated as federal or state conservation lands before any adjustments to the RHNA methodology are considered. Even if federal designations are given, a jurisdiction still has the ability to plan for residential development on other lands within its boundaries. The RHNA will be adjusted only when it is determined no land is available for development within a jurisdiction. Jurisdictions that choose to impose local restrictions on developable lands are not exempt from the RHNA methodology. Jurisdictions with self-imposed restrictions may allow other lands for residential development, and as such, will be given an allocation according to the RHNA methodology. To date no jurisdictions have indicated that this factor is a restriction.

## Regional Housing Needs Allocation Plan: 2014 - 2023

- d. County policies to preserve prime agriculture lands within an unincorporated area.

Some counties have policies that are intended to protect against the development of agricultural lands. However, neither Santa Cruz County nor Monterey County indicated that this would restrict their ability to accommodate housing on other lands.

3. Distribution of household growth assumed for a comparable period in the regional transportation plan and opportunities to maximize the use of public transportation and existing transportation infrastructure.

As described in the previous section, the foundation of the methodology is AMBAG's housing and employment projections. While the RHNA cycle covers from January 1, 2014 through December 31, 2023, the 2035 MTP/SCS and the 2014 Regional Growth Forecast cover the period from 2010 through 2035, with an interim projection from 2010 through 2020. The 2014 Regional Growth Forecast was developed by collaboration and coordination with each jurisdiction. To obtain the distribution of housing and employment in 2015 and 2023, the forecast was interpolated between years. This is done by drawing a straight line projection between the years 2010 and 2020 to get to 2015 as well as between 2020 and 2025 to get to 2023. To develop the baseline for the distribution, AMBAG took the percent share of housing and employment projected for each jurisdiction, and multiplied it by the RHNA two-county allocation. See previous section for details on the baseline calculation. This method is consistent with regional transportation plan in that transportation infrastructure investments have been made with consideration for this growth.

4. Market demand for housing

Several jurisdictions commented that the market demand for housing has declined significantly since the 2008 recession. Although there are clear signs that this is the case, this slowdown affects all jurisdictions and not any individual jurisdiction significantly more than others. In addition, the 2014 Regional Growth Forecast does take into account the relatively weak short-term market demand for housing. Therefore, the weak housing market is already accounted for in the baseline distribution. No jurisdictions are given any special adjustments or treatment in this situation.

## Regional Housing Needs Allocation Plan: 2014 - 2023

### 5. Agreements between counties and cities to direct growth toward incorporated areas

Monterey County has a policy as well as several agreements with cities to direct growth into incorporated areas. AMBAG considered and incorporated these policies and agreements into the development of the 2014 Regional Growth Forecast by directing the majority of growth in the forecast towards incorporated cities. Because the RHNA is based on the 2014 Regional Growth Forecast the distribution inherently directs growth towards incorporated cities. While most of the growth within Monterey County is planned within incorporated cities, and there are policies reinforcing this growth pattern, the County has made plans to accommodate new population within Community Plan Areas. Based on this and the reality of a continued presence of low income minority populations in the unincorporated areas of the County, Monterey County will also have to plan for affordable housing as allocated in this RHNA Plan.

### 6. Loss of units contained in assisted housing developments

Some jurisdictions indicated that there was a small loss of units contained in assisted housing developments. However, the cumulative loss for any given jurisdiction is relatively small and therefore was not considered as a factor adjustment.

### 7. High housing cost burdens

Some of the jurisdictions located along the coast report an excess of high cost housing. This is mostly due to market demand given the proximity to the ocean front. However, the RHNA distribution for this cycle emphasizes locating affordable housing near jobs. Given that the coastal cities contain the majority of the jobs in the region, there is already an emphasis on placing affordable housing in high-cost areas built into the baseline methodology. The methodology therefore captures the need for affordable housing in most of the high cost housing areas. The City of Scotts Valley is the one city that is not right on the coast, but has high housing costs by HUD affordability standards. For this reason, the overall allocation in Scotts Valley was increased.

### 8. Housing needs of farmworkers

While there is an ongoing need for affordable housing for farmworkers, much of the farming activity in the region is located in Monterey County within the Salinas Valley near cities that already contain a disproportionate share of low income housing.

## Regional Housing Needs Allocation Plan: 2014 - 2023

Simultaneously, job centers that employ service and hospitality workers on the coast are generally high cost areas to live. The RHNA allocation in this cycle seeks to balance the current jobs/housing imbalance by focusing the housing requirements in areas with the majority of jobs, such as the coastal areas with large hospitality and service sector employers. Within Santa Cruz County there is a similar need for housing near service and hospitality employers. While the RHNA does place an emphasis on locating affordable housing in these areas, these cities are also largely built out with little land remaining that is suitable for urban development. The City of Watsonville on the other hand has more capacity and is nearby much of the agricultural industry within the County of Santa Cruz. For this reason, an increase to the overall allocation for Watsonville was made.

### 9. Housing needs generated by the presence of a private university or a campus of the California State University or the University of California

The region currently has two major universities, the University of California, Santa Cruz (UCSC) and the California State University, Monterey Bay (CSUMB). Both universities place housing demands on their surrounding jurisdictions. UCSC has made efforts to meet some of that demand as there is a binding agreement between the University and the City. AMBAG is currently working with HCD to find a way to account for not just the housing need that is generated by these universities but also for the housing stock that the UCSC builds that helps to meet this need. However, no such agreement currently exists between CSUMB and its surrounding jurisdictions. CSUMB is planning for growth which has generated housing pressure on the surrounding jurisdictions. The City of Marina is actively working to meet some of this demand with plans for housing development in areas close to the campus. Not only will housing be in demand in the City of Marina, but Marina is a closer commute than the Salinas Valley is to those coastal cities that have severe restrictions on new development. For these reasons, housing allocation that was removed from the coastal cities on the Monterey Peninsula was placed in the City of Marina.

### 10. Any other factors, as determined by AMBAG.

No other factors were incorporated into the RHNA distribution.

## RHNA Allocation

<b>Geography</b>	<b>Total Allocation</b>	<b>Very Low (24.1%)</b>	<b>Low (15.7%)</b>	<b>Moderate (18.2%)</b>	<b>Above Moderate (42.0%)</b>
AMBAG Region	10,430	2,515	1,640	1,900	4,375
<b>Monterey County</b>	<b>7,386</b>	<b>1,781</b>	<b>1,160</b>	<b>1,346</b>	<b>3,099</b>
Carmel-By-The-Sea	31	7	5	6	13
Del Rey Oaks	27	7	4	5	11
Gonzales	293	71	46	53	123
Greenfield	363	87	57	66	153
King City	180	43	28	33	76
Marina	1,308	315	205	238	550
Monterey	650	157	102	119	272
Pacific Grove	115	28	18	21	48
Salinas	2,229	538	350	406	935
Sand City	55	13	9	10	23
Seaside	393	95	62	72	164
Soledad	191	46	30	35	80
Balance Of County	1,551	374	244	282	651
<b>Santa Cruz County</b>	<b>3,044</b>	<b>734</b>	<b>480</b>	<b>554</b>	<b>1,276</b>
Capitola	143	34	23	26	60
Santa Cruz	747	180	118	136	313
Scotts Valley	140	34	22	26	58
Watsonville	700	169	110	127	294
Balance Of County	1,314	317	207	239	551

## **Appendix:**

1. HCD Letter of Determination
2. Jurisdictional surveys
3. Comment Letters

## DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

## DIVISION OF HOUSING POLICY DEVELOPMENT

2020 W. El Camino Ave  
Sacramento, CA 95833-1829  
(916) 263-2911 FAX: (916) 263-7453  
[www.hcd.ca.gov](http://www.hcd.ca.gov)



October 30, 2013

Ms. Maura F. Twomey, Executive Director  
Association of Monterey Bay Area Governments  
445 Reservation Road, Suite G  
Marina, CA 93933

Dear Ms. Twomey,

**RE: 5<sup>th</sup> Cycle Regional Housing Need Determination for Housing Element Updates**

This letter provides the Association of Monterey Bay Area Governments (AMBAG) its fifth cycle regional housing need assessment (RHNA) determination for the projection period January 1, 2014 through December 31, 2023. The Department of Housing and Community Development (Department) is required to determine AMBAG's existing and projected housing need pursuant to State housing law (Government Code Section 65584, et. seq.)

As you know, Senate Bill 375, Chapter 728, Statutes of 2008 (SB 375) amended housing and transportation statutes to further strengthen the coordination of regional housing and transportation planning. Amendments also revised the housing element schedule to require AMBAG jurisdictions and all others on an 8-year housing element planning period to adopt the 5<sup>th</sup> cycle housing element no later than 18 months from the adoption date of the current RTP update.

The Department has prepared AMBAG's RHNA determination based on receipt of AMBAG's notification and estimate that the RTP will be adopted June 11, 2014. The resulting housing element due date is December 15, 2015 based on AMBAG's estimated June 2014 RTP adoption date. Please note that in the event the RTP is adopted on a different date, the RHNA and projection period will not change but the housing element planning period and element due date will change accordingly. The Department must be notified of any change to the RTP adoption date and will update the housing element schedule information on its website at: [http://www.hcd.ca.gov/hpd/hrc/plan/he/web\\_he\\_duedate.pdf](http://www.hcd.ca.gov/hpd/hrc/plan/he/web_he_duedate.pdf).

For your information, Government Code Section 65584.01 (d)(1) allows 30 days from the date of this letter to file an objection and proposed alternative to the Department's determination. An objection and proposed alternative must be based only on demographic issues set forth in the statute.

The Department determined AMBAG's regional housing need to be 10,430 for the 10-year projection period, from January 1, 2014 to December 31, 2023. In assessing AMBAG's regional housing need, the Department considered the critical role housing plays in developing sustainable communities and supporting employment growth. The Department further considered AMBAG's growth forecast, socio-economic base and potential for recent household formation trends to generate housing demand at a changing pace.

In determining the regional housing need, consideration was also given to the extraordinary uncertainty regarding national, State, local economies and housing markets. As a result, for this RHNA cycle only, the Department made an adjustment to account for abnormal vacancies and unique market conditions due to prolonged recessionary conditions, high unemployment, and unprecedented foreclosures. However, for AMBAG, such an adjustment was not necessary because the effective vacancy per the 2010 Census data did not exceed the number of vacancies associated with a healthy housing market. (Please see Attachment 2 for more information.)

The Department and representatives of AMBAG completed the consultation process specified in statute through correspondence, meetings and conference calls conducted between February and September, 2013. The consultation process included the Department attending AMBAG's August 15, 2013 board meeting to provide an overview of the RHNA. The Department appreciates the assistance provided throughout the consultation process by AMBAG representatives which included you, Ms. Heather Adamson, Principal Planner, Ms. Anais Schenk, Associate Planner, and Mr. Bob Leiter, consultant. The Department also received assistance from Mr. Walter Schwarm, demographics expert with the Department of Finance's Demographic Research Unit. Data, assumptions, and draft forecasts of population, employment and housing provided by AMBAG in regards to the above factors were considered.

In completing AMBAG's RHNA, the Department applied methodology and assumptions regarding the following factors (Government Code Section 65584.01(c)(1)):

- anticipated household growth associated with projected population increases;
- household size data and trends in household size;
- rate of household formation, or headship rates, based on age, gender, ethnicity, or other established demographic measures;
- vacancy rates in existing housing stock, and for healthy housing market functioning and regional mobility, as well as housing replacement needs;
- other characteristics of the composition of the projected population; and
- the relationship between jobs and housing, including any imbalance between jobs and housing.

The Attachments to this letter describe details of the Department's methodology and RHNA income category for AMBAG to distribute the 10,430 regional housing unit need among all its local governments. Each locality must receive a RHNA share of very-low and low-income units. The distribution of RHNA for lower income, moderate-income, and above-moderate income categories cannot be less than the total for each of these income categories shown in Attachment 1. The RHNA represents the *minimum* amount of residential development capacity all jurisdictions must plan to accommodate through zoning and appropriate development strategies. RHNA is not to be used within local general plans as a maximum amount or cap of residential development to plan for or approve.

Upon receipt of the Department's final RHNA determination, AMBAG is responsible for developing a RHNA distribution methodology and adopting a RHNA Plan for the projection period of January 1, 2014 through December 31, 2023. Housing element law (Government

Code Section 65584, et. seq.) requires AMBAG's methodology and RHNA Plan to be consistent with the following objectives:

- increasing the housing supply and mix of housing types, tenure, and affordability;
- promoting infill development and socio-economic equity, protecting environmental and agricultural resources, and encouraging efficient development patterns;
- promoting an improved intraregional relationship between jobs and housing; and
- balancing the distribution of households by income category.

Pursuant to Government Code Section 65584.05(h), AMBAG is required to submit its RHNA Plan to the Department for approval within three days of adopting the RHNA Plan. Once the Department has approved the RHNA Plan, AMBAG is to distribute to all its local government members their income category shares of new housing needs to be addressed in their housing element updates covering the 2015 - 2023 planning period.

Transfers of housing need among local governments are permitted pursuant to Government Code Section 65584.07. RHNA transfer agreements between local governments may occur until adoption of the RHNA Plan. Once AMBAG has adopted its RHNA Plan and until the housing element due date, transfers meeting specified conditions may only occur from the county to cities within the county. Transfers after the due date of the housing element are restricted to annexations and incorporations and must be completed within specified timeframes. The number of units by income to be transferred are determined either based on mutual agreement between affected local governments, or, when no agreement is reached, by the entity responsible for allocating housing need (AMBAG). The Department must be notified of all transfers; jurisdictions affected by RHNA transfers must amend their housing element within a specified timeframe.

In updating their housing elements, local governments may only take RHNA credit for units approved (entitled or permitted) since the January 1, 2014 start date of the RHNA projection period. Localities are also required to describe how units were credited to different income categories based on actual or projected sale price or rent level data.

Any city planning to accommodate a portion of RHNA on sites within a city's Sphere of Influence (SOI) needs to include an annexation program in the housing element. The annexation program needs to demonstrate SOI sites can be annexed early enough in the planning period to make adequate sites available before triggering penalties pursuant to Government Code sections 65583(c)(1)(A), and 65583(f).

The Department commends AMBAG's efforts in its election to meet the objectives of SB 375 and especially appreciates the assistance provided by Ms. Heather Adamson. We look forward to a continued partnership with AMBAG and its member jurisdictions in planning efforts to accommodate the region's housing need. If you need assistance or have any question, please contact me or Anda Draghici, Housing Policy Senior Specialist, at (916) 263-2911.

Sincerely,



Glen A. Campora  
Assistant Deputy Director

Enclosures

## HCD - ATTACHMENT 1

### AMBAG 5th CYCLE REGIONAL HOUSING NEED DETERMINATION Projection Period: January 1, 2014 through December 31, 2023

Income Category	Percent	Regional Housing Need (rounded) <sup>(1)</sup>
Very-Low	24.1%	2,515
Low	15.7%	1,640
Moderate	18.2%	1,900
Above-Moderate	42.0%	4,375
<b>Total</b>	<b>100.0%<sup>(2)</sup></b>	<b>10,430<sup>(3)</sup></b>

- (1) The statutory objective regarding RHNA requires HCD, in consultation with Department of Finance (DOF) and councils of governments (COGs), to determine projected household growth and housing need based on DOF population projections and COG regional population forecasts and requires regional and local jurisdictions to plan to accommodate capacity for all of the projected RHNA. The Legislature recognizes that different assumptions and variances in methodologies can be used that can result in different population projections. Projection of housing need developed by DOF and HCD for RHNA purposes does not consider local government constraints.
- (2) The income category percentages reflect the minimum percentage to apply against the total RHNA of 10,430 or more decided by AMBAG in determining housing need for very-low, low, and moderate income households. Each category is defined by Health and Safety Code (Section 50093, et seq.). Percentages are derived from the 2007-2011 American Community Survey's number of households by income, over 12 month periods. Housing unit need under each income category is derived from multiplying the portion of households per income category against the total RHNA determination.
- (3) The 10,430 determination (see Attachment 2) reflects AMBAG's projected minimum housing need (rounded). This column represents the minimum housing need that AMBAG's RHNA Plan must address in total and also for very-low, low, and moderate income categories.

Housing Element schedule (Subject to change if estimated RTP adoption date changes):

Estimated Housing Element Due Date: December 15, 2015

**HCD - ATTACHMENT 2**  
**2014-2023 REGIONAL HOUSING NEED DETERMINATION: AMBAG**

HCD Determined Population, Households, & New Housing Need: January 1, 2014-December 31, 2023(10 years)				
1 <b>Population: December 31, 2023</b> (aggregate of DOF Population Projections )				
2 less: Group Quarters Population - DOF Projections				
3 <b>Household (HH) Population December 31, 2023 (DOF Projections)</b>				
Household Formation Groups	HH Population	HH Formation or Headship Rate	2023 Households	
All Age Groups (DOF)			237,363	
Under 15				
15 - 24 years	96,980	8.63%	8,369	
25 - 34 years	94,205	33.84%	31,879	
35 - 44 years	91,448	46.30%	42,339	
45 - 54 years	76,056	52.10%	39,622	
55 - 64 years	77,003	56.30%	43,354	
65 -74 years	71,190	59.14%	42,102	
75 - 84 years	34,544	65.03%	22,462	
84+	10,720	67.50%	7,235	
4 <b>Projected Households-December 31, 2023</b>				
5 less: Households at Beginning of Projection Period (January, 2014, DOF Projection)				
6 <b>Household Growth: 10 Year Projection Period</b>				
7 Vacancy Allowance	Owner	Renter	Total	
Tenure Percentage per 2010 Census	53.70%	46.30%		
HH Growth by Tenure	5,379	4,638	10,017	
Healthy Vacancy Rate	2.00%	5.00%		
Vacancy Allowance	108	232	339	339
8 Replacement Allowance (minimum)	0.70%			10,357
				73
9 less: Adjustment for Absorption of Existing Excess Vacant Units				
Estimate Vacant Units Not Absorbed by 2014	Effective Vacant Units	Healthy Market Units	Differential	
Derived (2012 Census, HH Growth, & Vacancy Rate)	(7,161)	7,811	649	
Total 2012 Housing Stock	243,294			
Existing Vacant Unit (Others) Adjustment	1.74%	1.80%		
Total Adjusted Existing Vacant Units (Others)	(4,240)	4,379	139	
Estimated Units (Others) Not Absorbed by 2014	N/A			789
				N/A
<b>FINAL REGIONAL HOUSING NEED DETERMINATION (10 year RHNA Projection Period)</b>				
10,430				

- 1 **Population:** Pursuant to Government Code Section 65584.01(b), and in consultation with AMBAG, the December 31, 2023 is based on State of California, Department of Finance, Report P-2: State and County Population Projections by Race/Ethnicity, and 5-year age-group, 2010-2060. Sacramento, California, January 2013 available at: <http://www.dof.ca.gov/research/demographic/reports/projections/P-2/>
- 2 **Group Quarter Population:** Estimate of persons residing either in a group home, institution, military, or dormitory using 2010 Census data for group quarters. As this population doesn't constitute a "household" population generating demand for a housing unit, the group quarter population is excluded from the calculation of the household population, and is not included in the housing need.
- 3 **Household (HH) Population:** The portion of population projected to reside in housing units after subtracting the group quarter population from total projected population.
- 4 **Projected 2023 Households (HHs):** The December 31, 2023 number of households is projected by applying (to 2023 HH population by age, race and ethnicity) DOF-calculated household formation rates. The HH Population composition by age was provided by DOF. The use of the HH population is a result of consultation between HCD, DOF and AMBAG. The headship rates reflect the propensity of different population groups (age, racial and ethnic) to form households.

**HCD - ATTACHMENT 2**  
**2014-2023 REGIONAL HOUSING NEED DETERMINATION: AMBAG**

- 5 **Households at Beginning of Projection Period (2014):** The baseline number of households at the beginning of the projection period (January 2014) must be projected, as a direct effect of amendment to Section 65588(e)(6) specifying the new projection period to start on either June 30 or December 31 whichever date most closely precedes the end of the current housing element period (June 30, 2014 for AMBAG). As such, the 2014 household number was provided by DOF's Projections.
- 6 **Household (HH) Growth:** Projected HH growth calculated as difference between households at the end and at the beginning of the RHNA projection period.
- 7 **Vacancy Allowance:** An allowance (unit increase) is made to facilitate availability and mobility among owner and renter units. Owner/Renter % is based on Census 2010 data. A smaller rate is applied to owner units due to less frequent mobility than for renter households. Information from a variety of authoritative sources supports an acceptable range of 1 to 4% for owner units and 4 to 8% for renter units depending on market conditions.
- 8 **Replacement Allowance:** Rate (0.7%) reflects the housing losses (demolitions) based on localities annually reported to DOF each January for years 2003-2011.
- 9 **Adjustment for Absorption of Existing Excess Vacant Units:** Not applicable to AMBAG because the effective vacancy rate per 2010 Census was higher than the vacancies associated with the 2% and 5%, respectively, healthy vacancy rates. For this RHNA cycle only (due to extraordinary uncertainty regarding conditions impacting the economy and housing market not expected to similarly impact future RHNA cycles), a one-time adjustment was made where unprecedented high vacancies in existing stock due to unusual conditions including high foreclosures and economic uncertainties exceeded normal levels. Existing housing stock consists of two components: (1) housing units for sale and rent in existing housing stock that are above the housing units required to maintain the healthy market condition, calculated as the number of units in housing stock (for sale + for rent + sold, not occupied+rented, not occupied + occupied units), (2) housing units in the "vacant units others" category of existing housing stock above the level of 2000 (using Census 2000). The Department used 2010 Census Demographic profile data (DP-1) and "normal" vacancy rates by tenure, in conjunction with the region's household growth and proposed household formation rates. The vacancy adjustment is limited to not exceed the differential between the 2010 Census vacant units and the healthy market vacant units rate associated with the region's annual household growth. As the adjustment was above the differential, a downward adjustment was not necessary.

**RHNA Projection Period January 1, 2014 to December 31, 2023:** Pursuant to SB 375, the start of the *projection* period (in effect January 1, 2014) was determined pursuant to GC 65588(e)(6), which requires the new projection period to start on June 30 or December 31 that most closely precedes the end of the current housing element period, which for AMBAG region is June 30, 2014. The end of the projection period was determined pursuant to GC 65588(e)(5) to be the end of the housing element planning period. *Note: For projection purposes the end of the projection period is rounded to the end of the month.*

**Estimated Housing Element Planning Period December, 2015 to December, 2023: Subject to change, as it is based on the estimated June 11, 2014 RTP adoption date.** Pursuant to SB 375, the start of the *planning* period was determined pursuant to GC 65588(e)(5), 18 months from the estimated adoption date of AMBAG's Regional Transportation Plan, as notified by AMBAG to HCD, with the date rounded to the end of month for projection purposes. The end of the planning period was calculated pursuant to GC 65588(e)(3)(A), 18 months after the adoption of the second RTP, provided that it is not later than eight years from the adoption of the previous housing element. If the actual RTP adoption date differs from the estimated date of June 11, 2014, the RHNA determination and the projection period will not change, however the housing element due date, and implicitly, the housing element planning period would change accordingly.



## ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

**Date:** August 13, 2013

**To:** Planning Directors for Local Jurisdictions in Santa Cruz and Monterey Counties

**From:** Heather Adamson, Principal Planner, AMBAG

**Subject:** **Regional Housing Needs Allocations (RHNA) Methodology Statutory Factors Survey**

No more than six months prior to the development of a proposed RHNA methodology AMBAG is required by law to survey each member jurisdiction to request information regarding statutory factors that will allow for the development of an allocation methodology (Gov. Code Section 65584.04(b)(1)). This survey presents local agencies with the opportunity, before AMBAG initiates preparation of the RHNA, to provide us with information relevant to the methodology for allocation of the region-wide estimate of regional housing need to the member jurisdictions.

AMBAG is required to take these statutory factors into account when determining the methodology for allocating housing needs among the member jurisdictions. State law does not prescribe specifically how each planning factor shall be used, but instead allows each council of governments to address each factor in the regional housing needs plan in a manner appropriate for the region.

None of the information received by AMBAG in response to the survey may be used as a basis for reducing the total housing need established for the region. Rather, the information will be used in the allocation of the regional housing need to the cities and the county.

AMBAG will be preparing several draft RHNA methodology options over the next month. Please provide responses to this survey by September 6, 2013. Please try and keep your answers as concise as possible.

# AMBAG RHNA Methodology Factors Survey

---

*Please submit this survey by Friday September 6, 2013 to Anais Schenk at [aschenk@ambag.org](mailto:aschenk@ambag.org).*

Submitted by: Rich Grunow

Jurisdiction: City of Capitola

Date Submitted: 9/6/13

Pursuant to Government Code Section 65584.04(d), please provide relevant information for your jurisdiction regarding the following factors:

- I. Your jurisdiction's existing and projected jobs and housing relationship.

According to 2000 Census data, approximately 80% of employed persons in Capitola are employed outside the city limits. This trend is expected to continue.

2. The opportunities and constraints to development of additional housing in your jurisdiction, including all of the following:

- a. The availability of sewer and water service given federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period.

Water availability is a constraint to new development in Capitola. Water supply limitations have led to higher connection, service, and offset demand costs which can be prohibitive for housing developers. The Soquel Creek Water District, who serves the majority of Capitola, has also indicated that a moratorium on new connections may be imposed in the near future.

- b. The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. (The council of governments may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions.)

Capitola is a built-out city with very few undeveloped properties. Capitola also has a relatively high ratio of multi-family residential units and mobile homes in its housing mix. Although there are some underutilized properties which could accommodate increased density, current economic conditions and infrastructure and service constraints have stymied redevelopment.

- c. Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long term basis.

Capitola has properties which are preserved for open space and/or biological habitat protection. Capitola does not have any protected farmland.

- d. County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated area.

Not applicable to Capitola.

- 3. The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure.

???

- 4. The market demand for housing.

There is demand for housing in Capitola; however, high real estate prices exclude many potential buyers.

- 5. Agreements between a county and cities in a county to direct growth toward incorporated areas of the county.

Capitola does not have any direct agreements with the County of Santa Cruz to direct growth to incorporated Cities.

- 6. The loss of units contained in assisted housing developments, as defined in paragraph (9) of subdivision (a) of Section 65583 that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.

No substantial loss of assisted housing developments have occurred in Capitola since 1999, when affordability restrictions on the 78-unit Capitola Gardens development expired.

- 7. High-housing costs burdens.

Housing affordability is an issue in Capitola. Rents for market rate units exceed typical wages of renters and the high cost of real estate is prohibitive to many prospective owners. Affordability has become a bigger obstacle in recent years due to increased financing restrictions.

- 8. The housing needs of farmworkers. Given the difficulty of collecting data on where farmworkers live and work, where do you think farmworker housing is most needed?

Capitola does not have a substantial farmworker population.

9. The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction.

**There are no universities or colleges in Capitola; however, Cabrillo Community College and the University of California Santa Cruz are in close proximity.**

10. Please identify what you think the sub-regions are within the Monterey Bay Area. Below is a map showing the areas that AMBAG has identified as distinct housing markets.

**The sub-regions as shown appear appropriate.**

# Monterey Bay Area Market Sub-Regions

Based on average rents and lease rates as of Fall 2011



# Cited Sections of CA Code

---

## CAL. GOV. CODE § 65584.04 (d)

---

(d) To the extent that sufficient data is available from local governments pursuant to subdivision (b) or other sources, each council of governments, or delegate subregion as applicable, shall include the following factors to develop the methodology that allocates regional housing needs: *[see factors listed above.]*

## CAL. GOV. CODE § 56064

---

"Prime agricultural land" means an area of land, whether a single parcel or contiguous parcels, that has not been developed for a use other than an agricultural use and that meets any of the following qualifications:

(a) Land that qualifies, if irrigated, for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not land is actually irrigated, provided that irrigation is feasible.

(b) Land that qualifies for rating 80 through 100 Storie Index Rating.

(c) Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Range and Pasture Handbook, Revision 1, December 2003.

(d) Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars (\$400) per acre.

(e) Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars (\$400) per acre for three of the previous five calendar years.

## CAL. GOV. CODE § 65583 (9)

---

(9) An analysis of existing assisted housing developments that are eligible to change from low-income housing uses during the next 10 years due to termination of subsidy contracts, mortgage prepayment, or expiration of restrictions on use. "Assisted housing developments," for the purpose of this section, shall mean multifamily rental housing that receives governmental assistance under federal programs listed in subdivision (a) of Section 65863.10, state and local multifamily revenue bond programs, local redevelopment programs, the federal Community Development Block Grant Program, or local in-lieu fees. "Assisted housing developments" shall also include multifamily rental units that were developed pursuant to a local inclusionary housing program or used to qualify for a density bonus pursuant to Section 65916.

# AMBAG RHNA Methodology Factors Survey

---

**Please submit this survey by Friday December 20, 2013 to Anais Schenk at [aschenk@ambag.org](mailto:aschenk@ambag.org).**

Submitted by: Rob Mullane, AICP, Community Planning & Building Director

Jurisdiction: City of Carmel-by-the-Sea

Date Submitted: December 19, 2013

**Please provide documentation on housing that has been built to accommodate the last RHNA cycle distribution.**

The City of Carmel approved the Trevett Court project in December 2008. The project involved the demolition of a 9-unit affordable senior housing project and the construction of a new 15-unit affordable senior housing project, for a net increase of 6 affordable housing units on the east side of Dolores Street between 4<sup>th</sup> and 5<sup>th</sup> Avenues (APN 010-136-013). The project was constructed in 2010.

Pursuant to Government Code Section 65584.04(d), please provide relevant information for your jurisdiction regarding the following factors:

**1. Your jurisdiction's existing and projected jobs and housing relationship.**

The City's April 2010 Housing Element noted a relatively stable labor force, a high median age for its residents, and a relatively low rate of participation in the labor force. The City is largely a retirement community with no significant increase in jobs, and therefore does not anticipate substantial changes in its jobs and housing relationship.

**2. The opportunities and constraints to development of additional housing in your jurisdiction, including all of the following:**

- a. The availability of sewer and water service given federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period.

In October 2009, the State Water Resources Control Board issued a Cease and Desist Order requiring that Cal-Am Water cease certain diversions from the Carmel River by December 31, 2016. Cal-Am Water currently will not issue new water meter systems to vacant lots of record that could potentially be developed with new single-family residences.

- b. The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. (The council of governments may not limit its consideration of suitable

housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions.)

Carmel overall has limited vacant land, although there are opportunities for infill development of small parcels and for mixed-use development on underutilized commercial parcels.

- c. Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long term basis.

N/A

- d. County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated area.

N/A

- 3. The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure.<sup>1</sup>

The Monterey-Salinas Transit (MST) service includes stops in the City's residential neighborhoods as well as its commercial core. MST's service to Carmel's residential areas is primarily in areas that are zoned for single-family residential uses. However, there are several mixed-use developments in the commercial areas, which MST also serves.

- 4. The market demand for housing.

The City's April 2010 Housing Element projected a population decline of 5.71% over the period of 2010-2015. This was primarily based on U.S. Census data reporting that between the years of 1990 and 2000, the population declined from 4,239 to 4,081. The 2010 U.S. Census reported that Carmel-by-the-Sea had a population of 3,722, which was a great decline in population than the 5.71% decline trend estimated for 2000-2015. The latest (2013) Department of Finance estimate of the City's population is 3,775, which corresponds to a 1.4% population increase over the last 3 years. Overall, Carmel's population has declined over the past 23 years, which indicates a reduced housing demand.

- 5. Agreements between a county and cities in a county to direct growth toward incorporated areas of the county.

Not of which we are aware.

---

<sup>1</sup> Many jurisdiction planners have asked for clarity on this statutory factor. Essentially it is asking how transportation infrastructure including public transit will serve the planned housing growth in the RHNA period (2014-2023).

6. The loss of units contained in assisted housing developments, as defined in paragraph (9) of subdivision (a) of Section 65583 that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.

No recent contracts have expired to our knowledge.

7. High-housing costs burdens.

Carmel has a high median housing price relative to surrounding communities.

8. The housing needs of farmworkers. Given the difficulty of collecting data on where farmworkers live and work, where do you think farmworker housing is most needed?

N/A. Carmel does not have land in agricultural production.

9. The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction.

N/A

10. Please identify what you think the sub-regions are within the Monterey Bay Area. Below is a map showing the areas that AMBAG has identified as distinct housing markets.

The sub-regions indicated on the map that was provided seem to be reasonable.

# Monterey Bay Area Market Sub-Regions

Based on average rents and lease rates as of Fall 2011



## **AMBAG RHNA Methodology Factors Survey**

Submitted by: Thomas Truszkowski

Jurisdiction: City of Gonzales

Date Submitted: September 3, 2013

### **Answers:**

1. The City's Land Use Element includes a policy and implementing action that addresses a jobs/housing balance as stated below:

#### **Policy LU-1.1 Jobs/Housing Balance**

Promote a balance between housing growth and job growth. Encourage the provision of housing at a pace that keeps up with job growth in the City. Conversely, encourage the creation of jobs at a pace that keeps up with housing growth in the City.

*Implementing Action LU-1.1.1 – Land Use Assignments. Designate land that can support a mix of different housing types and a mix of different job types consistent with the land use assignments set forth in the section entitled: “Land Use Concept” on page 11-18.*

- 2a. There has been no federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider, including the City, that precludes the City from providing necessary infrastructure for additional development during the planning period.
- 2b. There is an available land supply in the City that is suitable for urban development for residential use, including land available for infill development and increased residential development.
- 2c. Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland and other natural resources on a long term basis do not pose a constraint to the development of additional housing within the City.
- 2d. County policies to preserve prime agricultural land within the unincorporated area does not pose a constraint to the development of additional housing within the City.
3. Gonzales updated and adopted a new General Plan in January 2011. The General Plan Land Use Element is built upon the concept of Neighborhood-Centered Growth. A Neighborhood contains activity centers like schools and parks, small-scale retail and commercial services all within easy walking distance. Gonzales' new neighborhoods will be of a higher density than existing subdivisions, which uses the land more efficiently, provide for more affordable infrastructure provision and facilitates more ridership for transit. The following goal and policy is contained in the General Plan Land Use Element:

#### **Residential Development**

**Goal LU-6:** New residential development that is organized into “neighborhoods” serving as the fundamental building block for residential growth, that is compatible with the City's small-town character, and that meets the housing needs of current and future Gonzales residents.

## Policies

### Policy LU-6.1 Neighborhoods as “Building Blocks”

Employ a neighborhood-based growth strategy whereby new pedestrian-oriented neighborhoods, complete with schools, park and recreation facilities, a wide range of housing types, and neighborhood-serving commercial services, form the basic planning unit or “building block” for new residential growth.

Implementing Action LU-6.1.1 – Housing Mix in Neighborhoods. *Ensure that new Neighborhood Residential development complies with the housing mix requirements described in Table II-3 to ensure that a full range of housing types and complementary uses are included within future neighborhoods.*

4. The market demand for housing remains very strong. in Gonzales. The vacancy rate is reported to be approximately 4%. Dwelling units that are appropriately priced are sold within a few months of being put of the market.
5. The City and County are working together on a Memorandum of Agreement regarding working cooperatively on common planning, growth and development issues in order to be as effective as possible in the implementation of their respective General Plans.

The County desires to implement its policies regarding City-Centered Growth (LU – 2.14 through LU – 2.19) as discussed in the adopted 2010 County General Plan, and reinforced by City General Plan Policy LU-1.4 (see below). The County recognizes that a commitment to City-Centered Growth principles implies long-term reliance on the City to accommodate housing and other urban needs, which relies on the City to be able to designate adequate land for its needs while developing in a logical, compact and orderly manner.

### Policy LU-1.4 City-Centered Growth

Support the concept of "City-Centered Growth" in the Salinas Valley. This concept concentrates urban uses in and around South County cities and conserves the remainder of the valley for agriculture.

Implementing Action LU-1.4.1 – AMBAG Growth Projections. *Maintain a General Plan growth area and LAFCO Sphere of Influence that contain a supply of land for urbanization that meets or exceeds AMBAG growth projections.*

6. The City is aware of approximately four (4) to five (5) single-family dwelling units that were covered by restrictive affordability covenants that were foreclosed upon. The City ha not undertaken the analysis as described in Government Code Section 65583, Subdivision (a), Paragraph 9.
7. The Cities of Gonzales, Del Rey Oaks and the County of Monterey are considered by HUD as an Urban County for the purposes of receiving CDBG entitlements funding directly from HUD. The following information is contained in the Urban County’s Housing Impediments Report.

### Cost Burden

According to the federal government, any housing condition where a household spends more than 30 percent of income on housing is considered cost-burdened. A cost burden of 30 to 50 percent is considered moderate; payment in excess of 50 percent of income is considered a severe cost burden.

Cost burden is an important housing issue because paying too much for housing leaves less money available for basics such as food and living expenses as well as for emergency expenditures.

In the Urban County, the majority of lower and moderate income households experience a housing cost burden, with approximately 42 percent of all lower and moderate income households experiencing a severe housing cost burden (Table 27). The proportions of lower and moderate income households experiencing cost burden was slightly higher in both in Del Rey Oaks and Gonzales (70 percent and 68 percent, respectively). In Del Rey Oaks, the majority of lower and moderate income households were likely to experience severe cost burden (57 percent). Owner-occupied households in all three jurisdictions are more likely to experience housing cost burden than renter-occupied households.

**Table 27: Housing Cost Burden (2005-2009)**

Cost Burden	Lower and Moderate Income Households			All Households		
	Cost Burden	Severe Cost Burden	Total	Cost Burden	Severe Cost Burden	Total
<b>Del Rey Oaks</b>						
Owner-Occupied	14.8%	53.3%	68.0%	21.3%	18.8%	40.0%
Renter-Occupied	7.5%	66.0%	73.6%	15.5%	16.9%	32.4%
All Households	12.6%	57.1%	69.7%	19.6%	18.2%	37.8%
<b>Gonzales</b>						
Owner-Occupied	40.0%	41.2%	81.2%	26.3%	27.5%	53.8%
Renter-Occupied	40.0%	19.3%	59.3%	30.2%	14.5%	44.7%
All Households	40.0%	27.7%	67.7%	19.1%	30.8%	49.9%
<b>Unincorporated Monterey County</b>						
Owner-Occupied	17.8%	46.9%	64.8%	21.3%	19.4%	40.7%
Renter-Occupied	26.2%	36.5%	62.7%	18.9%	19.6%	38.5%
All Households	21.9%	41.8%	63.7%	20.6%	19.5%	40.0%
<b>Urban County</b>						
Owner-Occupied	19.3%	46.6%	65.8%	21.4%	19.8%	41.2%
Renter-Occupied	25.1%	37.1%	62.2%	19.7%	19.1%	38.8%
All Households	22.2%	41.8%	64.0%	20.9%	19.6%	40.5%

Source: HUD Comprehensive Housing Affordability Strategy (CHAS) Data, American Community Survey (ACS), 2005-2009.

8. The Cities of Gonzales, Del Rey Oaks and the County of Monterey are considered by HUD as an Urban County for the purposes of receiving CDBG entitlements funding directly from HUD. The following information is contained in the Urban County's Housing Impediments Report.

## Farm Workers

Agriculture contributes millions of dollars to the local economy and provides jobs to people throughout the Monterey Bay region. It is also obvious that agriculture provides a beautiful working landscape, rich history, and deep-rooted heritage that are unique treasures the people of this region enjoy. As traditionally defined, farm workers are persons whose primary incomes are earned through permanent or seasonal agricultural labor. Permanent farm workers tend to work in fields or processing plants. During harvest periods when workloads increase, the need to supplement the permanent labor force is satisfied with seasonal workers. Often these seasonal workers are migrant workers, defined by the inability to return to their primary residence at the end of the workday.

Wine cultivation is a key industry in Gonzales. Civilians 16 years and over employed in farming, forestry, and fishing occupations represent a significant portion of the workforce in the City of Gonzales (40 percent); by contrast, only one percent of the employed population in Del Rey Oaks were farm workers (Table 13). A total of 16,025 residents in the unincorporated County were employed as farm workers, representing approximately 34 percent of the employed population.

**Table 13: Farmworkers (2006-2010)**

Area	# of Farm Workers	Percentage of Workforce
Del Rey Oaks	11	1.3%
Gonzales	1,465	40.2%
Unincorporated Monterey County	16,025	33.5%

Source: American Community Survey, 2006-2010.

## Resources

Farm workers are an integral component of the County's labor market. The County encourages and supports the provision of additional opportunities for migrant housing, especially in the Pajaro Valley area, and for permanent affordable housing in both the Pajaro and Salinas Valleys. The Housing Authority of Monterey County maintains a number of Migrant and Permanent Farm Labor housing units. A total of 215 housing units are available for this targeted population. The Migrant Center is located in King City and is open for six months each year. The permanent Farm Labor Complexes are located in Salinas, Chualar, and Castroville.

9. The City of Gonzales does not address the housing needs generated by the presence of a private university or a campus of the California State University or the University of California.
10. The sub-regions as currently shown are much too broad. Instead of defining a sub-region by rent and lease rate, perhaps the sub-regions should be identified by low to moderate income of poverty rate. Based on the question, I am not sure of the intended outcome.



## ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

**Date:** August 13, 2013

**To:** Planning Directors for Local Jurisdictions in Santa Cruz and Monterey Counties

**From:** Heather Adamson, Principal Planner, AMBAG

**Subject:** **Regional Housing Needs Allocations (RHNA) Methodology Statutory Factors Survey**

No more than six months prior to the development of a proposed RHNA methodology AMBAG is required by law to survey each member jurisdiction to request information regarding statutory factors that will allow for the development of an allocation methodology (Gov. Code Section 65584.04(b)(1)). This survey presents local agencies with the opportunity, before AMBAG initiates preparation of the RHNA, to provide us with information relevant to the methodology for allocation of the region-wide estimate of regional housing need to the member jurisdictions.

AMBAG is required to take these statutory factors into account when determining the methodology for allocating housing needs among the member jurisdictions. State law does not prescribe specifically how each planning factor shall be used, but instead allows each council of governments to address each factor in the regional housing needs plan in a manner appropriate for the region.

None of the information received by AMBAG in response to the survey may be used as a basis for reducing the total housing need established for the region. Rather, the information will be used in the allocation of the regional housing need to the cities and the county.

AMBAG will be preparing several draft RHNA methodology options over the next month. Please provide responses to this survey by September 6, 2013. Please try and keep your answers as concise as possible.

# AMBAG RHNA Methodology Factors Survey

---

*Please submit this survey by Friday September 6, 2013 to Anais Schenk at [aschenk@ambag.org](mailto:aschenk@ambag.org).*

Submitted by: Michael A. Steinmann, Acting Community Development Director

Jurisdiction: City of Greenfield

Date Submitted: Sept. 13, 2013

Pursuant to Government Code Section 65584.04(d), please provide relevant information for your jurisdiction regarding the following factors:

I. Your jurisdiction's existing and projected jobs and housing relationship.

Greenfield

Year 2010 job/population ratio: 57 jobs/1000 population

Year 2010 population/housing ratio: 4.8 persons/household

Year 2010 housing/jobs ratio: 3.7 housing units/job

Year 2025 job/population ratio: 51 jobs/1000 population

Year 2025 population/housing ratio: 4.4 persons/household

Year 2025 housing/jobs ratio: 4.5 housing units/job

Tri-County Region

Year 2010 job/population ratio: 424 jobs/1000 population

Year 2010 population/housing ratio: 2.8 persons/household

Year 2010 housing/jobs ratio: 1.2 housing units/job

Year 2025 job/population ratio: 429 jobs/1000 population

Year 2025 population/housing ratio: 2.8 persons/household

Year 2025 housing/jobs ratio: 1.2 housing units/job

Source: AMBAG, Monterey Bay Area 2008 Regional Forecast.

The City of Greenfield has the lowest ratio of jobs/1000 population of any community in the tri-county region, the highest average household size of any community, and the highest housing units per job ratio. This is true for both year 2010 and future year 2025.

Per U.S. Census data, the poverty rate for Greenfield is 19.5% for the period 2007-2011. The Monterey County rate is 15.1%, the Santa Cruz County rate is 13.7%, and the San Benito County rate is 11.3%.

The Greenfield poverty rate significantly exceeds that of any county in the tri-county area and is one of the highest poverty rates for any community in the tri-county region.

For Greenfield, the existing very low jobs/1000 population ratio, coupled with the high poverty rate and the high housing units/job ratio, is probably a significant contributing factor to the high average household size. The lack of local jobs is a major factor behind the high housing units per job ratio. Because of the lack of local jobs, high unemployment, and high poverty rate, local residents of necessity must share housing with others. It is not the lack of affordable housing that drives the high average household size, but, rather, the lack of local jobs.

Data from AMBAG, *Monterey Bay Area 2008 Regional Forecast*, identifies for Greenfield a worsening of the jobs/1000 population and housing units/jobs ratios between the years 2010 and 2025. If this projection becomes a reality, that would be a very alarming situation for Greenfield. It would indicate continued high unemployment and high poverty rates; rates that would significantly exceed those of nearly all, if not all, other communities in the tri-county region. Clearly, significant efforts to increase the number of local jobs are required.

The city is working very diligently to do its part to increase local economic opportunities and as a result the availability of local jobs. As we are successful in increasing the available local job inventory, it is anticipated there will be a strong demand for additional affordable housing (see the large average household size). Expanding the availability of local jobs will have a significant impact on reducing the high housing units per jobs ratio.

2. The opportunities and constraints to development of additional housing in your jurisdiction, including all of the following:

- a. The availability of sewer and water service given federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period.

There are no known federal or state laws, regulations, or regulatory action, or supply and distribution decisions by local sewer or water service providers that preclude Greenfield from providing necessary infrastructure for additional housing development.

- b. The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. (The council of governments may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions.)

Within the current city limits, there are a number of currently undeveloped parcels and areas suitable for single (1-7 units/acre) and multiple family (2-15 units/acre) residential development. Additional areas for single and multiple family residential development are available within the city's current sphere of influence. Areas adjacent to the city's business core along El Camino Real are suitably zoned for high density multifamily residential development (10-20 units/acre). Under current zoning regulations and land use designations for areas within the city limits and

the city's sphere of influence, sufficient land area is available to meet to projected housing needs for single and multiple family residential development.

- c. Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long term basis.

There are no existing federal or state programs relating to the preservation of open space, farmland, environmental habitats, or natural resources that would be an impediment to additional housing development to meet local needs. This is true for both the areas within the current city limits and the current sphere of influence.

- d. County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated area.

The City of Greenfield, Monterey County, and the Local Agency Formation Commission (LAFCO) of Monterey County are finalizing a Memorandum of Agreement (MOA) that addresses the preservation of agricultural land in unincorporated areas that are within the city's Sphere of Influence. Future annexation of areas within the city's expanded Sphere of Influence and development of those areas will be subject to the MOA regarding requirements for agricultural land mitigation measures and the provision of agricultural buffers for new development areas within 200 feet of land designated for agricultural use and within the unincorporated area. These mitigation and buffer requirements will impose additional costs on new housing development within the areas subject to the provisions of the MOA. Areas within the city's current city limits and the pre-2007 Sphere of Influence are not subject to the requirements of the MOA.

- 3. The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure.

MST has a current route with multiple stops along Walnut Avenue and El Camino Real that traverse generally through the center of the City of Greenfield and along its primary commercial/retail corridor. Areas zoned for high density multifamily residential development (10-20 units per acre) are within one city block of the MST route along El Camino Real. Significant population areas zoned for multiple family residential development (2-15 units per acre) are within four blocks of the El Camino Real MST transit route. The location of the existing MST route along Walnut Avenue and El Camino Real is supportive of efforts to maximize the use of public transportation and existing transportation infrastructure. In the past, MST has worked positively with the city to locate transit stops in areas that enhance public accessibility.

4. The market demand for housing.

The tri-county population is projected to increase by 15% from 2010 to 2025. During this same timeframe, the City of Greenfield is projected to increase its population by 40%. The south county region that includes the cities of Gonzales, Soledad, Greenfield, and King City is the area of greatest future population growth within the tri-county area. With the planned Walnut Avenue commercial/retail area development, continued development of the Yanks Air Museum and related commercial/retail development activities, and other city initiated economic development opportunities, it is anticipated there will be a significant increase in the number of available local jobs over the timeframe of this RHNA study analysis. As employment opportunities increase in the Greenfield area, so too will the demand for housing. The demand for housing will be influenced not only by natural population increases, but also by the availability of a growing supply of local jobs. The current high average household size for Greenfield indicates there will be a strong market demand for affordable housing as the number of local job opportunities increase. Data from AMBAG, *Monterey Bay Area 2008 Regional Forecast*, indicates that for Greenfield the future demand for housing will exceed the jobs and population growth rates. The market demand for housing in Greenfield will be among the strongest of any area or community within the tri-county area.

5. Agreements between a county and cities in a county to direct growth toward incorporated areas of the county.

The City of Greenfield and Monterey County do not have any such agreement. The MOA referenced under item 2.d. above will, however, impact future development of areas within the city's sphere of influence, and, as a consequence, will impose additional costs on development of those areas that will not be borne by development of areas within the city's current incorporated area or pre-2007 Sphere of Influence. The MOA will impact the economics of development of unincorporated versus incorporated areas but there is no specific agreement between the City of Greenfield and Monterey County specifically directing growth toward incorporated areas versus unincorporated areas.

6. The loss of units contained in assisted housing developments, as defined in paragraph (9) of subdivision (a) of Section 65583 that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.

The city is not aware of any low-income housing units that have been reclassified to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.

7. High-housing costs burdens.

It is not believed that there are any high-housing cost burdens for either existing or future housing development within the city's current incorporated area or pre-2007 Sphere of Influence. Future development of areas within the city's Sphere of Influence that are subject to the MOA referenced in

item 2.d. above will, however, be subject to additional development cost burdens, agricultural land mitigation measures, and agricultural buffer requirements that will increase the cost of housing development in the areas subject to the MOA.

8. The housing needs of farmworkers. Given the difficulty of collecting data on where farmworkers live and work, where do you think farmworker housing is most needed?

Greenfield is situated in the center of the Salinas Valley agricultural district. Data available from AMBAG, *Monterey Bay Area 2008 Regional Forecast*, indicates that Greenfield has the highest number of agriculture jobs of any community in the south county area and that number is nearly equal to the number of agriculture jobs in the City of Salinas, the city with the largest number of agricultural jobs of any community in the tri-county region. AMBAG data identified 207 agriculture jobs in Greenfield in the year 2010, 107 agriculture jobs in Gonzales, 159 agriculture jobs in Soledad, and 154 agriculture jobs in King City. Clearly, however, the vast majority of farmworker jobs are in the unincorporated areas within the Salinas Valley, the Pajaro Valley, the fields between Hollister and Gilroy, and the plain between Salinas and Castroville. Of these areas, it is believed that the greatest number of farmworker jobs is in the Salinas Valley. That is where farmworker housing should also be located. This would include the communities of Greenfield, Gonzales, Soledad, and King City.

9. The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction.

There are no private universities or campuses of the CSU or UC systems within the City of Greenfield. With planned economic development activities within Greenfield, it is foreseeable that a community college, such as Hartnell College, could establish an educational facility or local campus in Greenfield. It is not believed that such a facility by itself would have a significant impact on local housing demands.

10. Please identify what you think the sub-regions are within the Monterey Bay Area. Below is a map showing the areas that AMBAG has identified as distinct housing markets.

Should Salinas be identified as its own distinct housing market rather than included in a far reaching area that extends from Marina to Watsonville to Hollister?

The Hollister/San Juan Batista area geographically is very distinct from the Marina, Castroville, Watsonville, and Salinas areas. Should the sub-regions reflect this reality?

The designation of the Gonzales/Soledad/Greenfield/King City corridor as “Low Cost Areas” is misleading. Although there may be significant quantities of lower cost housing available in these areas, the newer residential construction that took place in the mid and late 2000s certainly could not be classified as low cost housing. But including these communities in a distinct south county region is appropriate.

## Monterey Bay Area Market Sub-Regions

Based on average rents and lease rates as of Fall 2011



# Cited Sections of CA Code

---

## CAL. GOV. CODE § 65584.04 (d)

---

(d) To the extent that sufficient data is available from local governments pursuant to subdivision (b) or other sources, each council of governments, or delegate subregion as applicable, shall include the following factors to develop the methodology that allocates regional housing needs: *[see factors listed above.]*

## CAL. GOV. CODE § 56064

---

"Prime agricultural land" means an area of land, whether a single parcel or contiguous parcels, that has not been developed for a use other than an agricultural use and that meets any of the following qualifications:

(a) Land that qualifies, if irrigated, for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not land is actually irrigated, provided that irrigation is feasible.

(b) Land that qualifies for rating 80 through 100 Storie Index Rating.

(c) Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Range and Pasture Handbook, Revision 1, December 2003.

(d) Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars (\$400) per acre.

(e) Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars (\$400) per acre for three of the previous five calendar years.

## CAL. GOV. CODE § 65583 (9)

---

(9) An analysis of existing assisted housing developments that are eligible to change from low-income housing uses during the next 10 years due to termination of subsidy contracts, mortgage prepayment, or expiration of restrictions on use. "Assisted housing developments," for the purpose of this section, shall mean multifamily rental housing that receives governmental assistance under federal programs listed in subdivision (a) of Section 65863.10, state and local multifamily revenue bond programs, local redevelopment programs, the federal Community Development Block Grant Program, or local in-lieu fees. "Assisted housing developments" shall also include multifamily rental units that were developed pursuant to a local inclusionary housing program or used to qualify for a density bonus pursuant to Section 65916.

## **AMBAG RHNA Methodology Factors Survey**

---

*Please submit this survey by Friday September 6, 2013 to Anais Schenk at aschenk@ambag.org.*

**Submitted by:** Doreen Liberto-Blanck, AICP, MDR

**Jurisdiction:** City of King

**Date Submitted:** 06 Sept. 2013

**Pursuant to Government Code Section 65584.04(d), please provide relevant information for your jurisdiction regarding the following factors:**

**1. Your jurisdiction's existing and projected jobs and housing relationship.**

*The City's has a number of service workers who travel to the Monterey coastal cities for employment. Not surprisingly, the City's existing housing cost is much lower than these area. The City is attempting to provide additional employment through working collaboratively with the property owners adjacent to the City's airport. (The City is within the Salinas Valley Enterprise Zone.)*

*The 107-acres within the East Ranch Business Park ("ERBP"), which is adjacent to the airport, has vacant land for future industrial development. (The ERBP is being amended to include property immediately adjacent to the airport.)*

*The Mesa Business park, located within the ERBP, includes an existing 721,983 square foot industrial plant on 56-acres. The City and industrial plant owners have been working jointly to fill all the structures with farm-related and high-tech businesses.*

*Additionally, the City is looking at ways to utilize the fiber optic cables along the railroad right-of-way as an incentive to attract future businesses.*

**2. The opportunities and constraints to development of additional housing in your jurisdiction, including all of the following:**

- a. The availability of sewer and water service given federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period.

### **Wastewater**

*The domestic wastewater treatment and disposal facility has a capacity of 1.2 million gallons per day (mgd) of domestic flow. According to the General Plan EIR, buildup of the City of King will increase wastewater flows to 2.4 mgd by 2015. The City of King's existing treatment plant would be unable to accommodate the additional flow. Additional development will eventually require expansion of the City's wastewater system. The City will make improvements to the system on an incremental basis, as needed.*

### **Water**

*The City of King is served by a municipal water system owned and operated by the California Water Services Company. This system relies on six wells that draw from the groundwater basin that is recharged by the Salinas River. The Cal Water system has a maximum production capacity of 3 million gallons per day, with a current daily usage of about 1.4 million gallons. A 250,000-gallon storage tank with a 2,000-gallon per minute pump provides ample water pressure throughout the City.*

The water system appears to be generally adequate for existing development, but a new well site would appear to be needed as additional development occurs in the future under the General Plan. No significant deficiencies are known to exist with respect to water pressure, volume, or quality. Cal Water will make improvements to the system on an incremental basis, as needed.

The Monterey County Water Resources Agency (“MCWRA”) is the State agency responsible under State law for the management of water resources within the Salinas Valley. MCWRA has undertaken numerous studies of water resources and has identified an imbalance between current demands and available long-term water supplies. Thus, the additional net water required by the General Plan, buildout is considered a significant impact, but will not constrain the development of housing.

- b. **The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. (The council of governments may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions.)**

The City of King has little vacant or underutilized land, as illustrated in Chapter 5 of the certified Housing Element. For this reason, and as part of the 2007-2014 RHNA numbers, Monterey County recognized that the City was relying on its contemplated Sphere of Influence change(s) to accommodate new housing consistent with its housing allocation. As such, housing in areas that are annexed within the planning period would be credited toward the City’s allocation.

The City revised the Neighborhood Commercial zone to allow a combination of commercial and residential units. (It previously only allowed commercial.) A developer took advantage of the amended zoning ordinance and built low-income housing units, which are currently under construction.

A 34-acre vacant site is available at southeastern portion of the City near Highway 101 and First Avenue. The General Plan and zoning designations make it an ideal to accommodate housing need for very low- and low-income households. The site is designated Highway Service commercial and Planned Development on the General Plan and Highway Service and Residential on the zoning map. The City has worked with a few potential developers in designing the site for mixed use with residential units facing the City’s golf course.

Additionally, in 2011, the City Council approved the Downtown Additional Specific Plan, which is a transit-oriented development. It is located on land that is predominately vacant. The mixed-use development on approximately 110-acres is located adjacent to the future multimodal transit center (“MMTC”). The City also worked with Cal Poly University to design higher density and mixed-use projects along First Street. There are several underutilized along this corridor.

- c. **Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long-term basis.**

There are:

- FEMA flood area designations adjacent to the San Lorenzo Creek.
- San Lorenzo Creek area.

- d. County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated area.

N/A

3. The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure.

*The City has focused on building a MMTC along First Street, a main corridor. In 2011, the Downtown Addition Specific Plan was approved by the City Council, which is a transit oriented development and adjacent to MMTC. Additionally, the City has approved the First Street Corridor Plan, which encourages mixed used development adjacent to the MMTC. The adopted Historic Revitalization Corridor Master Plan allows residential uses above commercial structures in the historic downtown, which is in close proximity to the MMTC.*

4. The market demand for housing.

*There was little demand for housing in the past few years due to the national economic slow down. However, there was a small housing inventory. The City's housing cost is relatively affordable when compared to elsewhere in Monterey County or north San Luis Obispo County. With the economy improving, requests for housing building permits have increased over the past six months.*

*The City believes that due to the increased permanent population at Fort Hunter Liggett and the expansion of the oil fields at San Ardo, there will be a demand for more moderate housing over the next Housing Element cycle.*

5. Agreements between a county and cities in a county to direct growth toward incorporated areas of the county.

*A MOU was finalized in the late 1990s which directed that the Mills Ranch and CreekBridge Specific Plans be higher density, with approximately 2/3 of the entire site being placed in a permanent agricultural easement and remain in the unincorporated area. (The development portion of the land had to be annexed by the City.) The Specific Plans are being built out at this time and include some Inclusionary Housing.*

6. The loss of units contained in assisted housing developments, as defined in paragraph (9) of subdivision (a) of Section 65583 that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.

*There have been no changes in approved low-income unit projects.*

7. High housing costs burdens.

**TAMC regional transportation fees.**

**Construction costs** vary widely depending on the type, size, and amenities of the development. Construction costs for typical single-family residential buildings range from approximately \$100 to \$150 per square foot; however, construction costs can run more than \$200 per square foot depending on the quality of construction and on-site environmental constraints.

**The supply and demand of available property** for sale and available increases the cost of real estate. The City of King is surrounded predominantly by "prime farmland," broadly defined as land with the best combination of physical and chemical properties able to sustain long-term production of agricultural crops. The City supports the preservation of agricultural land and recognizes the need to annex

*property to meet the future demands of housing.*

*In the future there will be a cost to expand the City's wastewater treatment plant, which is passed on to developments.*

- 8. The housing needs of farmworkers. Given the difficulty of collecting data on where farmworkers live and work, where do you think farmworker housing is most needed?**

*Farmworkers are a prominent special housing needs group in the City of King. Agriculture is an important aspect of the City's economy and seasonal and permanent farmworkers makeup a large percentage of those working in the agricultural sector.*

*Many farmworkers reside in substandard living conditions. For migrant workers, the City permits labor camps in the Agricultural Zone pursuant to a Conditional Use Permit. There will no doubt be a greater demand for farmworker housing as federal immigration laws are amended. For example, the City was collaborating with local farmers to identify a site for farmer worker housing under the H-2A Guest Worker Program. Cal Poly University assisted the City and farmers on identifying a location and design for H-2A housing; however, cooperation with the County is needed due to the limited available land in which to develop.*

- 9. The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction.**

*Hartnell College has a satellite campus in the City; however, the classes are primarily for part-time students who live in the area.*

- 10. Please identify what you think the sub-regions are within the Monterey Bay Area. Below is a map showing the areas that AMBAG has identified as distinct housing markets.**

*We agree that the Salinas Valley from north of Gonzales to south of the City of King is a low-cost area when compared with the coastal cities and north county area. We also believe that due to the demographics, housing designs, housing types (e.g., multi-generational housing), and land use planning is different than the high-cost areas.*



## ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

**Date:** August 13, 2013

**To:** Planning Directors for Local Jurisdictions in Santa Cruz and Monterey Counties

**From:** Heather Adamson, Principal Planner, AMBAG

**Subject:** **Regional Housing Needs Allocations (RHNA) Methodology Statutory Factors Survey**

No more than six months prior to the development of a proposed RHNA methodology AMBAG is required by law to survey each member jurisdiction to request information regarding statutory factors that will allow for the development of an allocation methodology (Gov. Code Section 65584.04(b)(1)). This survey presents local agencies with the opportunity, before AMBAG initiates preparation of the RHNA, to provide us with information relevant to the methodology for allocation of the region-wide estimate of regional housing need to the member jurisdictions.

AMBAG is required to take these statutory factors into account when determining the methodology for allocating housing needs among the member jurisdictions. State law does not prescribe specifically how each planning factor shall be used, but instead allows each council of governments to address each factor in the regional housing needs plan in a manner appropriate for the region.

None of the information received by AMBAG in response to the survey may be used as a basis for reducing the total housing need established for the region. Rather, the information will be used in the allocation of the regional housing need to the cities and the county.

AMBAG will be preparing several draft RHNA methodology options over the next month. Please provide responses to this survey by September 6, 2013. Please try and keep your answers as concise as possible.

# AMBAG RHNA Methodology Factors Survey

---

*Please submit this survey by Friday September 6, 2013 to Anais Schenk at [aschenk@ambag.org](mailto:aschenk@ambag.org).*

Submitted by: Craig W. Spencer, Associate Planner

Jurisdiction: Monterey County

Date Submitted: September 3, 2013

Pursuant to Government Code Section 65584.04(d), please provide relevant information for your jurisdiction regarding the following factors:

## I. Your jurisdiction's existing and projected jobs and housing relationship.

The County of Monterey contains a variety of housing types, densities, and landscapes. Within the County it is not possible to pinpoint one ratio of jobs to housing balance. Many of the jobs are located within City Boundaries. Outside the City Boundaries there are a variety of agricultural, commercial, and industrial job opportunities. The projected jobs and housing relationship within the County will be addressed in three area types: *Community Areas* (Castroville, Boronda, Chuluar, Fort Ord, and Pajaro) *Rural Centers* (Bradley, Lockwood, Pine Canyon/King City, Pleyto, River Road, San Ardo, and San Lucas) and *Affordable Housing Overlays*. Affordable housing remains one of the Counties greatest housing needs due to major employment in the agriculture and tourism industries. Jobs in Agriculture and Tourism tend to have a relatively low wages in comparison to other industries and Monterey County has a relatively high cost of living.

**Community Areas** are the first priority areas to accommodate growth in the unincorporated areas and are intended to provide a diverse range of residential densities and housing types, a mix of retail commercial businesses and offices, Industrial development where appropriate, and a variety of recreational opportunities. Community areas are intended to support higher density, small lot housing opportunities.

**Rural Centers** are the second priority areas to accommodate growth in the unincorporated areas. Rural Centers are intended to accommodate housing densities ranging from 1-5 acres per unit and small scale neighborhood-serving commercial uses.

**Affordable Housing Overlays** can be applied in Community Areas, Rural Centers or within three designated areas (Mid Carmel Valley, Monterey Airport and Vicinity, and Highway 68 and Reservation Road). The Affordable Housing Overlay provides permitting incentives in exchange for affordable housing development. Mixed uses are encouraged within the Affordable housing districts.

The majority of urban growth in the County is encouraged to be directed to cities through spheres of influence and redevelopment and infill (LU-2.14)

2. The opportunities and constraints to development of additional housing in your jurisdiction, including all of the following:

- a. The availability of sewer and water service given federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period.

There are a number of water service restrictions in the County.

California American (Cal-Am) water services are restricted by order of the State Water Quality Control Board. No new service connections are provided within the Cal-Am service area with the exception of Pebble Beach which was granted a limited amount of water in exchange for a recycled water project.

Use of water from Seaside groundwater basin and the Laguna Seca subbasin have been adjudicated by the courts. Availability of water from these groundwater basins are subject to the court decision.

There are also a number of water and sewer service limitations adopted within the Local Coastal Program for Monterey County through certification by the California Coastal Commission. Most notably, within the North County area, housing potential is limited to 50% of buildout until there is evidence of a long-term water supply for the area available and an amendment to the plan is processed.

- b. The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. (The council of governments may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions.)

The County has designated Community Areas as areas that are suitable for urban development. Sufficient land exists within the Community areas to accommodate infill and increased residential growth.

- c. Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long term basis.

There are many protected lands within the unincorporated areas of Monterey County however, the designation of the Community Areas, Rural Centers, and Affordable Housing Overlay areas will provide sufficient, unrestricted lands to accommodate future growth potential.

- d. County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated area.

Prime agricultural lands are protected from conversion to other uses within the County; however exceptions are provided for Community Areas and City annexation areas, leaving sufficient area to provide additional housing within these areas.

- 3. The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure.

Again, the distribution of housing growth in the unincorporated areas is intended to be within Community Areas, Rural Centers, and Affordable Housing Overlay districts. These areas already contain population centers and ideally would be connected to public transit. City Centered Growth would also aid in public transportation opportunities to serve existing and proposed population centers.

- 4. The market demand for housing.

Affordable Housing is in high demand.

- 5. Agreements between a county and cities in a county to direct growth toward incorporated areas of the county.

The County has Memorandums of Understanding with several of the Cities within the County including most of the Salinas Valley Cities (Salinas, Gonzales, Soledad, Greenfield, King City). The County General Plan explicitly directs growth towards incorporated areas (LU-2.14 through LU-2.19). The Memorandums of Understanding are intended to accommodate annexations and urban reserve areas to allow city-centered growth while protecting farmlands and other resources.

- 6. The loss of units contained in assisted housing developments, as defined in paragraph (9) of subdivision (a) of Section 65583 that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.

There are a total of 11 Assisted Rental Units at risk of being changed to unrestricted units between now and 2046. Those units include 2 units on Geil Street in Castroville (2011) and 9 units at Quail Meadows (2019).

- 7. High-housing costs burdens.

YES.

**8. The housing needs of farmworkers. Given the difficulty of collecting data on where farmworkers live and work, where do you think farmworker housing is most needed?**

A combination of agricultural employee housing on agricultural lands and housing within Cities, Community Centers, and Rural Areas from Pajaro to King City.

**9. The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction.**

California State University of the Monterey Bay is located within the Former Fort Ord and the County's General Plan identifies the need to designate and zone land appropriate to provide housing near the campus.

There are several satellite campus for other major universities, most notably in the Moss Landing area where a need to provide student housing has been identified.

There are also two Community Colleges and a number of other training and educational institutions that serve a generally more local population.

**10. Please identify what you think the sub-regions are within the Monterey Bay Area. Below is a map showing the areas that AMBAG has identified as distinct housing markets.**

The map of sub-regions intuitively seems correct however, according to the County's current Housing Element, in 2008 and 2009 the median sales price in Aromas, Castroville, Marina and Salinas (Medium Cost Areas) were:

Aromas: \$599,500

Castroville: \$120,000

Marina: \$317,750

Salinas: \$180,000

Median Sales prices in Gonzales, Greenfield, King City, and Soledad (Low Cost Areas) were:

Gonzales: \$230,000

Greenfield: \$152,500

King City: \$145,000

Soledad: \$162,000

While this represents a limited sample size, these numbers suggest that Marina and Aromas would be in the medium range and Castroville to King City would be in the Low Cost range. The term "Low Cost" is also relative in the sense that in many areas of the United States, what is referred to as low cost area here could be considered high cost area with these median housing prices in other areas.

# Monterey Bay Area Market Sub-Regions

Based on average rents and lease rates as of Fall 2011





# Cited Sections of CA Code

---

## CAL. GOV. CODE § 65584.04 (d)

---

(d) To the extent that sufficient data is available from local governments pursuant to subdivision (b) or other sources, each council of governments, or delegate subregion as applicable, shall include the following factors to develop the methodology that allocates regional housing needs: *[see factors listed above.]*

## CAL. GOV. CODE § 56064

---

"Prime agricultural land" means an area of land, whether a single parcel or contiguous parcels, that has not been developed for a use other than an agricultural use and that meets any of the following qualifications:

(a) Land that qualifies, if irrigated, for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not land is actually irrigated, provided that irrigation is feasible.

(b) Land that qualifies for rating 80 through 100 Storie Index Rating.

(c) Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Range and Pasture Handbook, Revision 1, December 2003.

(d) Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars (\$400) per acre.

(e) Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars (\$400) per acre for three of the previous five calendar years.

## CAL. GOV. CODE § 65583 (9)

---

(9) An analysis of existing assisted housing developments that are eligible to change from low-income housing uses during the next 10 years due to termination of subsidy contracts, mortgage prepayment, or expiration of restrictions on use. "Assisted housing developments," for the purpose of this section, shall mean multifamily rental housing that receives governmental assistance under federal programs listed in subdivision (a) of Section 65863.10, state and local multifamily revenue bond programs, local redevelopment programs, the federal Community Development Block Grant Program, or local in-lieu fees. "Assisted housing developments" shall also include multifamily rental units that were developed pursuant to a local inclusionary housing program or used to qualify for a density bonus pursuant to Section 65916.



## ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

**Date:** August 13, 2013

**To:** Planning Directors for Local Jurisdictions in Santa Cruz and Monterey Counties

**From:** Heather Adamson, Principal Planner, AMBAG

**Subject: Regional Housing Needs Allocations (RHNA) Methodology Statutory Factors Survey**

No more than six months prior to the development of a proposed RHNA methodology AMBAG is required by law to survey each member jurisdiction to request information regarding statutory factors that will allow for the development of an allocation methodology (Gov. Code Section 65584.04(b)(1)). This survey presents local agencies with the opportunity, before AMBAG initiates preparation of the RHNA, to provide us with information relevant to the methodology for allocation of the region-wide estimate of regional housing need to the member jurisdictions.

AMBAG is required to take these statutory factors into account when determining the methodology for allocating housing needs among the member jurisdictions. State law does not prescribe specifically how each planning factor shall be used, but instead allows each council of governments to address each factor in the regional housing needs plan in a manner appropriate for the region.

None of the information received by AMBAG in response to the survey may be used as a basis for reducing the total housing need established for the region. Rather, the information will be used in the allocation of the regional housing need to the cities and the county.

AMBAG will be preparing several draft RHNA methodology options over the next month. Please provide responses to this survey by September 6, 2013. Please try and keep your answers as concise as possible.

# AMBAG RHNA Methodology Factors Survey

---

Submitted by: Kim Cole

Jurisdiction: City of Monterey

Date Submitted: September 20, 2013

Pursuant to Government Code Section 65584.04(d), please provide relevant information for your jurisdiction regarding the following factors:

1. Your jurisdiction's existing and projected jobs and housing relationship.

*Response:* According to the 2000 Census, 17,673 employed persons over the age of 16 years lived in the City of Monterey and 13,382 housing units. The Department of Finance increased the City's housing unit total to 13,549 in 2008 as reported in the last City Housing Element.

The 2013 Department of Finance estimate is 13,627 housing units.

2. The opportunities and constraints to development of additional housing in your jurisdiction, including all of the following:

- a. The availability of sewer and water service given federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period.

*Response:* *The City of Monterey has adequate sewer capacity.*

*The City does not have adequate water supplies. All development must stay-within the current site's water allocation.*

*The City is experiencing some housing growth as long there are adequate water credits onsite. A recent example is 301-375 Alvarado. A night club is closing and several apartment units are replacing it.*

*Overall, growth is dramatically impacted by the lack of a long-term, viable water supply.*

- b. The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. (The council of governments may not limit its consideration of suitable housing sites or land suitable for urban development to existing

zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions.)

*Response: The City of Monterey has land available for infill development. The last Housing Element estimated approximately 14 acres of vacant land for development and 22 acres for intensification.*

- c. Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long term basis.

*Response: n/a*

- d. County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated area.

*Response: n/a*

- 3. The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure.

*Response: The City's General Plan focuses on infill development and designates three mixed use areas in the City – Lighthouse/Cannery Row, Downtown and North Fremont. The City has been working with Monterey Salinas on a Bus Rapid Transit program to provide transit service to these areas. Additionally, the City has been working on specific plans for these areas to identify bike and pedestrian improvements as well.*

- 4. The market demand for housing.

*Response: As reported in the City's Housing Element, vacancy rate measures the overall housing availability in a community and is often a good indicator of how efficiently for-sale and rental housing units are meeting the current demand for housing. A vacancy rate of 5 percent for rental housing and 2 percent for ownership housing is generally considered healthy and suggests that there is a balance between the demand and supply of housing. A lower vacancy rate may indicate that households are having difficulty finding housing that is affordable, leading to overcrowding or households having to pay more than they can afford.*

*According to the Department of Finance (DOF), the overall vacancy rate for the City of Monterey in 2008 was 5.65 percent, which is less than that of Monterey County (8.86 percent). DOF does not breakout vacancy rates for rental versus owner housing units, therefore the 2005-2007 American Community Survey is the most recent data available for vacancy by tenure. According to the 2005-2007 American Community Survey the owner vacancy rate was 3.1 percent and the renter vacancy rate was 2.5 percent. The rental vacancy rate of 3.1 percent is slightly lower than a healthy rate of 5 percent which indicates that housing prices are higher than people can afford (somewhat typical for an affluent coastal community), thus occupying more rental housing. Since the owner vacancy rate of 2.5 percent is higher than the healthy rate of 2*

*percent, it also indicates people were unable to purchase homes in the area. In addition, the vacancy rate may also be due to the higher number of vacation homes.*

5. Agreements between a county and cities in a county to direct growth toward incorporated areas of the county.

*Response: The City does not have any agreements.*

6. The loss of units contained in assisted housing developments, as defined in paragraph (9) of subdivision (a) of Section 65583 that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.

*Response: The City has 14 potential units converting by 6/30/2018 as reported in the Housing Element.*

7. High-housing costs burdens.

*Response: As reported in the City's Housing Element, the cost of housing is directly related to the extent of housing problems faced by low- and moderate-income households in a community. If housing costs are high relative to household income, correspondingly the incidence of housing cost burden and overcrowding will be high as well.*

#### *Home Sales*

*According to Real Estate Solutions, a company providing detailed information on resale activity, the average sales price for a single-family home in the City of Monterey in 2008 was \$831,389.*

### **Housing Prices (November 2008)**

<b>City/County</b>	<b>Average Sales Price</b>	<b>Median Price</b>
Carmel	\$1,875,000	\$1,737,500
Carmel Valley	\$986,025	\$854,550
Marina	\$382,714	\$360,000
<b>Monterey</b>	<b>\$821,389</b>	<b>\$730,000</b>
North County Monterey	\$365,464	\$360,000
South County Monterey	\$188,774	\$180,000
Pacific Grove	\$811,875	\$682,500
Pebble Beach	\$2,470,800	\$1,025,000
Seaside/Sand City	\$325,129	\$325,000
North Salinas	\$271,019	\$277,000
East Salinas	\$169,814	\$178,000
South Salinas	\$304,711	\$302,500

*Source: Real Estate Solutions, 2008*

## Rental Costs

The table shows the results of a rental survey completed in February 2009 to identify locally available rental units. The monthly median rent was \$2,875 for single-family homes and \$1,513 for units in multi-family structures. Although three-bedroom homes had the greatest number of listings for single-family home rentals, there were no three-bedroom apartments available for rent at the time of the survey. Two-bedroom apartments had the greatest availability among multi-family units available for rent. Of the single-family homes, the three-bedroom units were the cheapest per bedroom, at an average of \$799 per room. Of the units in multi-family structures, those with two bedrooms had the lowest per-bedroom cost at roughly \$775 per bedroom. Condominiums comprise a small percentage of the City's rental housing market. Seven condominiums were advertised for rent, with monthly rents ranging from \$1,400 to \$3,000.

*It is important to emphasize that this analysis is not representative of the entire rental housing market because several rentals are available through private companies that may choose not to advertise in the sources that were used for this survey. The rental survey was completed over a two-month period and included information gathered through phone interviews, Internet searches, and local paper listings. This analysis is a "snapshot" in time, which gives a sample of housing rental costs. In addition, the analysis oversimplifies the complex rental housing market dynamics, such as the fact that less-expensive units may be available far less frequently than higher-cost units.*

**Table  
City of Monterey Rental Costs (February 2009)**

Unit Type	# of Units	Average Rent	High Rent	Low Rent
<b>Single-Family</b>				
1 Bedroom	5	\$1,130	\$1,400	\$950
2 Bedroom	8	\$1,787	\$2,200	\$1495
3 Bedroom	12	\$2,399	\$3,000	\$1,995
4 Bedroom	4	\$3,375	\$6,000	\$2,250
5 Bedroom	3	\$5,683	\$9,750	\$2,300
<b>Condominium</b>				
1 Bedroom	2	\$1,400	\$1,500	\$1,300
2 Bedroom	5	\$1,860	\$2,500	\$1,550
3 Bedroom	1	\$3,000	\$3,000	\$3,000
<b>Apartments</b>				
Studio	9	\$887	\$1,150	\$725
1 Bedroom	13	\$1,156	\$1,550	\$650
2 Bedroom	27	\$1,550	\$2,350	\$1,185
3 Bedroom	0	----	----	----
Rooms for Rent	36	\$738	\$1,400	\$575

*Source: PMC Rental Survey, February 2009*

8. The housing needs of farmworkers. Given the difficulty of collecting data on where farmworkers live and work, where do you think farmworker housing is most needed?

*Response: The City of Monterey does not have any farmland.*

9. The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction.

*Response: CSUMB and UC housing needs are minimal within the City of Monterey. However, the housing need for students in Monterey schools is substantial. Local schools include: Monterey Institute of International Studies, Monterey Peninsula College, Defense Language Institute and Naval Post Graduate School.*

10. Please identify what you think the sub-regions are within the Monterey Bay Area. Below is a map showing the areas that AMBAG has identified as distinct housing markets.

*Response: AMBAG's draft looks appropriate.*

## Monterey Bay Area Market Sub-Regions

Based on average rents and lease rates as of Fall 2011



# Cited Sections of CA Code

---

## CAL. GOV. CODE § 65584.04 (d)

---

(d) To the extent that sufficient data is available from local governments pursuant to subdivision (b) or other sources, each council of governments, or delegate subregion as applicable, shall include the following factors to develop the methodology that allocates regional housing needs: *[see factors listed above.]*

## CAL. GOV. CODE § 56064

---

"Prime agricultural land" means an area of land, whether a single parcel or contiguous parcels, that has not been developed for a use other than an agricultural use and that meets any of the following qualifications:

(a) Land that qualifies, if irrigated, for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not land is actually irrigated, provided that irrigation is feasible.

(b) Land that qualifies for rating 80 through 100 Storie Index Rating.

(c) Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Range and Pasture Handbook, Revision 1, December 2003.

(d) Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars (\$400) per acre.

(e) Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars (\$400) per acre for three of the previous five calendar years.

## CAL. GOV. CODE § 65583 (9)

---

(9) An analysis of existing assisted housing developments that are eligible to change from low-income housing uses during the next 10 years due to termination of subsidy contracts, mortgage prepayment, or expiration of restrictions on use. "Assisted housing developments," for the purpose of this section, shall mean multifamily rental housing that receives governmental assistance under federal programs listed in subdivision (a) of Section 65863.10, state and local multifamily revenue bond programs, local redevelopment programs, the federal Community Development Block Grant Program, or local in-lieu fees. "Assisted housing developments" shall also include multifamily rental units that were developed pursuant to a local inclusionary housing program or used to qualify for a density bonus pursuant to Section 65916.

# AMBAG RHNA Methodology Factors Survey

---

*Please submit this survey by Friday September 6, 2013 to Anais Schenk at [aschenk@ambag.org](mailto:aschenk@ambag.org).*

Submitted by: Lynn Burgess

Jurisdiction: Pacific Grove

Date Submitted: September 26, 2013

Pursuant to Government Code Section 65584.04(d), please provide relevant information for your jurisdiction regarding the following factors:

- I. Your jurisdiction's existing and projected jobs and housing relationship.

**Existing and forecast land use and economic data provide trends in population, housing units and employment for Pacific Grove.**

2. The opportunities and constraints to development of additional housing in your jurisdiction, including all of the following:
  - a. The availability of sewer and water service given federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period.

**The greatest constraint on the production of new housing supply in Pacific Grove is the availability of water, due to SWRCB Order 95-10 which requires a dramatic reduction in withdrawals from the Carmel River watershed. Lack of water supply has resulted in very little new housing construction for over a decade, and this trend is expected to continue until a new water source is developed. There is available capacity within the MRWPCA wastewater treatment system. See Pacific Grove Housing Element 2007-2014, pgs. 83-84.**
  - b. The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. (The council of governments may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions.)

**The City conducted a thorough site inventory and analysis as part of the last Housing Element update. See Pacific Grove Housing Element 2007-2014, pgs. 54-60.**

- c. Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long term basis.

**Such lands within Pacific Grove are included within the Public, Open Space, or Open Space-Institutional land use designations in the 1994 Pacific Grove General Plan. See Land Use Map supplement to Pacific Grove General Plan.**

- d. County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated area.

**Not applicable.**

- 3. The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure.

**See population forecast data previously supplied by TAZ.**

- 4. The market demand for housing.

**See population forecast data, which is an unconstrained source of housing demand.**

- 5. Agreements between a county and cities in a county to direct growth toward incorporated areas of the county.

**See prior agreement to direct a greater share of very low income and low income housing units to coastal cities within Monterey County as part of the 2007-2014 RHNA Plan.**

- 6. The loss of units contained in assisted housing developments, as defined in paragraph (9) of subdivision (a) of Section 65583 that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.

**None anticipated at this time.**

- 7. High-housing costs burdens.

**Since 2000, the median home price in Pacific Grove has been consistently higher than the Monterey County median. Housing affordability and overpayment are a concern in the City. See Pacific Grove Housing Element 2007-2014, pgs. 38-42**

- 8. The housing needs of farmworkers. Given the difficulty of collecting data on where farmworkers live and work, where do you think farmworker housing is most needed?

**Either on-site or within nearby cities.**

9. The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction.

**Not applicable.**

10. Please identify what you think the sub-regions are within the Monterey Bay Area. Below is a map showing the areas that AMBAG has identified as distinct housing markets.

**Agree with Monterey Peninsula being identified as a “high cost area” relative to other areas in Monterey County.**

# Monterey Bay Area Market Sub-Regions

Based on average rents and lease rates as of Fall 2011



# Cited Sections of CA Code

---

## CAL. GOV. CODE § 65584.04 (d)

(d) To the extent that sufficient data is available from local governments pursuant to subdivision (b) or other sources, each council of governments, or delegate subregion as applicable, shall include the following factors to develop the methodology that allocates regional housing needs: *[see factors listed above.]*

## CAL. GOV. CODE § 56064

"Prime agricultural land" means an area of land, whether a single parcel or contiguous parcels, that has not been developed for a use other than an agricultural use and that meets any of the following qualifications:

- (a) Land that qualifies, if irrigated, for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not land is actually irrigated, provided that irrigation is feasible.
- (b) Land that qualifies for rating 80 through 100 Storie Index Rating.
- (c) Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Range and Pasture Handbook, Revision 1, December 2003.
- (d) Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars (\$400) per acre.
- (e) Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars (\$400) per acre for three of the previous five calendar years.

## CAL. GOV. CODE § 65583 (9)

- (9) An analysis of existing assisted housing developments that are eligible to change from low-income housing uses during the next 10 years due to termination of subsidy contracts, mortgage prepayment, or expiration of restrictions on use. "Assisted housing developments," for the purpose of this section, shall mean multifamily rental housing that receives governmental assistance under federal programs listed in subdivision (a) of Section 65863.10, state and local multifamily revenue bond programs, local redevelopment programs, the federal Community Development Block Grant Program, or local in-lieu fees. "Assisted housing developments" shall also include multifamily rental units that were developed pursuant to a local inclusionary housing program or used to qualify for a density bonus pursuant to Section 65916.



## ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

**Date:** August 13, 2013

**To:** Planning Directors for Local Jurisdictions in Santa Cruz and Monterey Counties

**From:** Heather Adamson, Principal Planner, AMBAG

**Subject:** **Regional Housing Needs Allocations (RHNA) Methodology Statutory Factors Survey**

No more than six months prior to the development of a proposed RHNA methodology AMBAG is required by law to survey each member jurisdiction to request information regarding statutory factors that will allow for the development of an allocation methodology (Gov. Code Section 65584.04(b)(1)). This survey presents local agencies with the opportunity, before AMBAG initiates preparation of the RHNA, to provide us with information relevant to the methodology for allocation of the region-wide estimate of regional housing need to the member jurisdictions.

AMBAG is required to take these statutory factors into account when determining the methodology for allocating housing needs among the member jurisdictions. State law does not prescribe specifically how each planning factor shall be used, but instead allows each council of governments to address each factor in the regional housing needs plan in a manner appropriate for the region.

None of the information received by AMBAG in response to the survey may be used as a basis for reducing the total housing need established for the region. Rather, the information will be used in the allocation of the regional housing need to the cities and the county.

AMBAG will be preparing several draft RHNA methodology options over the next month. Please provide responses to this survey by September 6, 2013. Please try and keep your answers as concise as possible.

# AMBAG RHNA Methodology Factors Survey

---

*Please submit this survey by Friday September 6, 2013 to Anais Schenk at [aschenk@ambag.org](mailto:aschenk@ambag.org).*

Submitted by: Alan Stumpf, Assistant Director

Jurisdiction: City of Salinas Community and Economic Development Department

Date Submitted: September 10, 2013

Pursuant to Government Code Section 65584.04(d), please provide relevant information for your jurisdiction regarding the following factors:

I. Your jurisdiction's existing and projected jobs and housing relationship.

Salinas has 22,521 of its residents work within the City, while 29,222 residents commute to other cities. This is somewhat less than the 31,561 workers from other cities that commute to jobs in Salinas. These figures indicate a fairly good balance of inbound and outbound jobs at the present. However, unemployment in Salinas in 2012 was 15.9%, compared with 11.4% for Monterey County and 10.5% for the State. Salinas provides housing for many of the region's lower wage earners – visitor serving jobs along the coast and agricultural jobs inland, and thus has significant issues of housing affordability and overcrowding, as indicated by an average of 3.7 persons per housing unit.

In the short term, there are limited opportunities for infill housing development to supply housing for jobs growth. However, two Specific Plans for 2 of 3 Future Growth Areas of the City, are expected to allow for a mix of new housing developments within 2 1/2 to 3 years. Once the FGA developments are underway, housing pressures will decrease and Salinas will again have a healthy, competitive housing market.

2. The opportunities and constraints to development of additional housing in your jurisdiction, including all of the following:

- a. The availability of sewer and water service given federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period.

In virtually all parts of the City, sewer and water service is readily available, pending extension of local lines and infrastructure – and there is significant regional capacity for growth at the existing regional sewage treatment facility.

- b. The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. (The council of governments may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions.)

The City Housing Element 2007-2014 indicates infill capacity of 2,529 units on existing infill sites at 30 du/acre. The City, in June 2013, adopted a Zoning Code Amendment to allow such development “by right”. The Draft West Area (of the Future Growth Area) Specific Plan, currently under review by the City, would provide an additional 4,340 du of low, medium, and high densities, while the Draft Central Area Specific Plan, also under review, would provide up to 3,612 du. Both areas are already annexed to the City of Salinas.

- c. Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long term basis.

A significant portion of the developed portion of City of Salinas, more than 1,200 acres, is designated for parks, open space, and agriculture. Development of the Future Growth Area would result in approximately 700 acres more of land dedicated for parks and open space.

- d. County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated area.

The City and County have several MOUs that identify favored areas for growth, generally to the north and east, to protect prime farmland. In addition, the City has policies in its General Plan to protect agricultural lands.

- 3. The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure.

Salinas has identified its Future Growth Areas (West and Central Areas) for new development of homes, while infill development will take place largely on sites identified in the Housing Element, at higher densities (30du/ac min). These sites are generally along the City’s major arterials – N and South Main Street, East Alisal Street, East Market Street, Abbott Street, and in the downtown.

- 4. The market demand for housing.

Rents and housing prices continue to remain high, relative to incomes, along with traditionally low vacancy rates. This is particularly true for subsidized, affordable housing that typically has extended waiting lists. While for-sale prices dropped more than 50% during the recession, prices have risen significantly and foreclosures rates are dropping. The for-sale market for families continues to be a challenge, as many homes are being purchased by investors and then rented out.

5. Agreements between a county and cities in a county to direct growth toward incorporated areas of the county.

The City of Salinas has several MOUs that identify specific areas that the City and County agree where growth should be directed for areas immediately adjacent to the City. The County has a general policy to not allow new urban development near the City, with the exception of within the boundaries of the existing Boronda neighborhood.

6. The loss of units contained in assisted housing developments, as defined in paragraph (9) of subdivision (a) of Section 65583 that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.

The City Housing Element identifies 270 units at risk of converting to market rate units. Of these, affordability of 140 units have since been preserved through refinancing.

7. High-housing costs burdens.

More than 50% of Salinas households pay more than 30% of income for rental housing, meaning that more than half of all households have high housing cost burdens.

8. The housing needs of farmworkers. Given the difficulty of collecting data on where farmworkers live and work, where do you think farmworker housing is most needed?

Farmworker housing should be provided in the most affordable communities of the region, close to agricultural lands. However, the other part of the equation is equitable distribution of costs to provide this affordable housing, as well as schools and other support services for these families. This burden should be shared by high cost areas of the region, which do not provide a proportionate share of affordable housing for low wage earners.

9. The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction.

No data is available for the City of Salinas.

10. Please identify what you think the sub-regions are within the Monterey Bay Area. Below is a map showing the areas that AMBAG has identified as distinct housing markets.

The map does not show distinct markets but rather “high, medium and low cost” areas. Using these criteria, the Santa Cruz area could be extended to Aptos, while the Monterey area could be extended to parts of the Highway 68 corridor and Carmel Valley.

# Monterey Bay Area Market Sub-Regions

Based on average rents and lease rates as of Fall 2011



# Cited Sections of CA Code

---

## CAL. GOV. CODE § 65584.04 (d)

---

(d) To the extent that sufficient data is available from local governments pursuant to subdivision (b) or other sources, each council of governments, or delegate subregion as applicable, shall include the following factors to develop the methodology that allocates regional housing needs: *[see factors listed above.]*

## CAL. GOV. CODE § 56064

---

"Prime agricultural land" means an area of land, whether a single parcel or contiguous parcels, that has not been developed for a use other than an agricultural use and that meets any of the following qualifications:

(a) Land that qualifies, if irrigated, for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not land is actually irrigated, provided that irrigation is feasible.

(b) Land that qualifies for rating 80 through 100 Storie Index Rating.

(c) Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Range and Pasture Handbook, Revision 1, December 2003.

(d) Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars (\$400) per acre.

(e) Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars (\$400) per acre for three of the previous five calendar years.

## CAL. GOV. CODE § 65583 (9)

---

(9) An analysis of existing assisted housing developments that are eligible to change from low-income housing uses during the next 10 years due to termination of subsidy contracts, mortgage prepayment, or expiration of restrictions on use. "Assisted housing developments," for the purpose of this section, shall mean multifamily rental housing that receives governmental assistance under federal programs listed in subdivision (a) of Section 65863.10, state and local multifamily revenue bond programs, local redevelopment programs, the federal Community Development Block Grant Program, or local in-lieu fees. "Assisted housing developments" shall also include multifamily rental units that were developed pursuant to a local inclusionary housing program or used to qualify for a density bonus pursuant to Section 65916.

# AMBAG RHNA Methodology Factors Survey

---

*Please submit this survey by Friday September 6, 2013 to Anais Schenk at [aschenk@ambag.org](mailto:aschenk@ambag.org).*

Submitted by: Steve Matarazzo

Jurisdiction: Sand City

Date Submitted: August 23, 2013

Pursuant to Government Code Section 65584.04(d), please provide relevant information for your jurisdiction regarding the following factors:

1. Your jurisdiction's existing and projected jobs and housing relationship.

*Projected housing = 794 DU's*

*Projected jobs = 2,500 (Existing numbers previously submitted).*

2. The opportunities and constraints to development of additional housing in your jurisdiction, including all of the following:

- a. The availability of sewer and water service given federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period.

*Sewer and water capacity are available to accommodate buildout.*

- b. The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. (The council of governments may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions.)

*Most land would be considered "urban in fill" as zoning allows mixed use which includes housing; dependent on market conditions. Lands available for housing*

*within the coastal zone are problematic due to resistance to approve from the Coastal Commission. Also, one of our largest open space areas designated for housing (211 units) is constrained by environmentally sensitive habitat.*

- c. Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long term basis.

*More than 60 acres of land West of Highway 1 will remain as open space.*

- d. County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated area.

*Not applicable.*

- 3. The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure.

*(Don't understand the issue).*

- 4. The market demand for housing.

*Market demand for new housing is starting to grow as foreclosure & short sale market diminishes with an improving economy.*

- 5. Agreements between a county and cities in a county to direct growth toward incorporated areas of the county.

*No agreement in effect.*

- 6. The loss of units contained in assisted housing developments, as defined in paragraph (9) of subdivision (a) of Section 65583 that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.

*None.*

- 7. High-housing costs burdens.

*(1) Price of land in Sand City.*

*(2) Need to demolish old uses & assemble properties in Sand City due to age of structures & small lot development.*

8. The housing needs of farmworkers. Given the difficulty of collecting data on where farmworkers live and work, where do you think farmworker housing is most needed?

*Farm worker housing is needed closest to agricultural areas in order to minimize job commute costs.*

9. The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction.

*Not applicable to Sand City.*

10. Please identify what you think the sub-regions are within the Monterey Bay Area. Below is a map showing the areas that AMBAG has identified as distinct housing markets.

*High cost areas should be expanded to include most of Santa Cruz County (except Watsonville) & Carmel Valley.*



## ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

---

**Date:** August 13, 2013

**To:** Planning Directors for Local Jurisdictions in Santa Cruz and Monterey Counties

**From:** Heather Adamson, Principal Planner, AMBAG

**Subject:** **Regional Housing Needs Allocations (RHNA) Methodology Statutory Factors Survey**

No more than six months prior to the development of a proposed RHNA methodology AMBAG is required by law to survey each member jurisdiction to request information regarding statutory factors that will allow for the development of an allocation methodology (Gov. Code Section 65584.04(b)(1)). This survey presents local agencies with the opportunity, before AMBAG initiates preparation of the RHNA, to provide us with information relevant to the methodology for allocation of the region-wide estimate of regional housing need to the member jurisdictions.

AMBAG is required to take these statutory factors into account when determining the methodology for allocating housing needs among the member jurisdictions. State law does not prescribe specifically how each planning factor shall be used, but instead allows each council of governments to address each factor in the regional housing needs plan in a manner appropriate for the region.

None of the information received by AMBAG in response to the survey may be used as a basis for reducing the total housing need established for the region. Rather, the information will be used in the allocation of the regional housing need to the cities and the county.

AMBAG will be preparing several draft RHNA methodology options over the next month. Please provide responses to this survey by September 6, 2013. Please try and keep your answers as concise as possible.

# AMBAG RHNA Methodology Factors Survey

---

*Please submit this survey by Friday September 6, 2013 to Anais Schenk at [aschenk@ambag.org](mailto:aschenk@ambag.org).*

Submitted by: Michelle King, Senior Planner

Jurisdiction: City of Santa Cruz

Date Submitted: September 10, 2013

Pursuant to Government Code Section 65584.04(d), please provide relevant information for your jurisdiction regarding the following factors:

**I. Your jurisdiction's existing and projected jobs and housing relationship.**

*The following table provides build out projections from the General Plan 2030 EIR. These are based on AMBAG's 2008 Housing and Employment Projections.*

Employment Projections for the City of Santa Cruz	
Year	Employment
2010	33,826
2020	37,411
Projected increase	3,585

Housing Projections for the City of Santa Cruz	
Year	Housing Units
2010	23,633
2020	24,794
Projected increase	1,161

*It should be noted that as the City is directly adjacent to urbanized areas of the County, there is a close commute shed and many employees who work within the City choose to live in adjacent communities even within a few miles of their workplace within Santa Cruz. For example, based on data provided from the University of California in 2009, the City of Santa Cruz General Plan EIR notes that 33% of students who live off campus live outside the City of Santa Cruz and 50% of employees who live off campus live outside the City. UCSC is the region's largest employer.*

2. The opportunities and constraints to development of additional housing in your jurisdiction, including all of the following:

- a. The availability of sewer and water service given federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period.

*Please see link to GP EIR section that discusses water and sewer availability:*

*Water Supply:*

<http://www.cityofsantacruz.com/Modules>ShowDocument.aspx?documentid=22461>

*Public Services/Utlities:*

<http://www.cityofsantacruz.com/Modules>ShowDocument.aspx?documentid=22459>

- b. The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. (The council of governments may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions.)

*Please see attached Appendix B from the current Housing Element.*

*The City of Santa Cruz has reuse, infill and redevelopment policies such that the City is now relatively built out. The City has some of the densest, most intense zoning ordinances in the region, making it difficult to find, even under alternative zoning practices, additional land suitable for urban development.*

- c. Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long term basis.

*Please see attached Land Use Map – map indicates areas that are open space and preserved as such.*

- d. County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated area.

N/A

3. The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure *This question is not clear.*

4. The market demand for housing.

City of Santa Cruz has historically low vacancy rates and high median home prices. See recent article about the demand for housing in City of Santa Cruz and rise of median home price.

[http://www.santacruzsentinel.com/ci\\_23253111/santa-cruz-county-median-home-price-640-000](http://www.santacruzsentinel.com/ci_23253111/santa-cruz-county-median-home-price-640-000)

5. Agreements between a county and cities in a county to direct growth toward incorporated areas of the county.

None

6. The loss of units contained in assisted housing developments, as defined in paragraph (9) of subdivision (a) of Section 65583 that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.

*No lost units in 2012. Limited losses expected in 2013.*

7. High-housing costs burdens.

*Housing Costs in the City are outpacing the median household income and in addition the City has a high rate of person living below poverty level (State of California, 14.5%)*

*Median value of owner-occupied housing units, 2007-2011 \$695,400*

*Median household income, 2007-2011 \$63,110*

*Persons below poverty level, percent, 2007-2011 20.2%*

8. The housing needs of farmworkers. Given the difficulty of collecting data on where farmworkers live and work, where do you think farmworker housing is most needed?

*Agricultural jobs are very limited in the City and farmworker housing is considered as part of the over all need for affordable housing in our current Housing Element. See section below:*

9. The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction.

*Please refer to the 2005 LRDP for UCSC.*

[http://lrdp.ucsc.edu/Final2005lrdp/2005LRDP\(LRDP\).pdf](http://lrdp.ucsc.edu/Final2005lrdp/2005LRDP(LRDP).pdf)

10. Please identify what you think the sub-regions are within the Monterey Bay Area. Below is a map showing the areas that AMBAG has identified as distinct housing markets.

*The map very generally shows the City of Santa Cruz and the surrounding area as a high cost housing market. I would comment that the “High Cost” areas for Santa Cruz County extend into Aptos and continue along the coast.*

## Monterey Bay Area Market Sub-Regions

Based on average rents and lease rates as of Fall 2011



# Cited Sections of CA Code

---

## CAL. GOV. CODE § 65584.04 (d)

(d) To the extent that sufficient data is available from local governments pursuant to subdivision (b) or other sources, each council of governments, or delegate subregion as applicable, shall include the following factors to develop the methodology that allocates regional housing needs: *[see factors listed above.]*

## CAL. GOV. CODE § 56064

"Prime agricultural land" means an area of land, whether a single parcel or contiguous parcels, that has not been developed for a use other than an agricultural use and that meets any of the following qualifications:

- (a) Land that qualifies, if irrigated, for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not land is actually irrigated, provided that irrigation is feasible.
- (b) Land that qualifies for rating 80 through 100 Storie Index Rating.
- (c) Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Range and Pasture Handbook, Revision 1, December 2003.
- (d) Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars (\$400) per acre.
- (e) Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars (\$400) per acre for three of the previous five calendar years.

## CAL. GOV. CODE § 65583 (9)

- (9) An analysis of existing assisted housing developments that are eligible to change from low-income housing uses during the next 10 years due to termination of subsidy contracts, mortgage prepayment, or expiration of restrictions on use. "Assisted housing developments," for the purpose of this section, shall mean multifamily rental housing that receives governmental assistance under federal programs listed in subdivision (a) of Section 65863.10, state and local multifamily revenue bond programs, local redevelopment programs, the federal Community Development Block Grant Program, or local in-lieu fees. "Assisted housing developments" shall also include multifamily rental units that were developed pursuant to a local inclusionary housing program or used to qualify for a density bonus pursuant to Section 65916.

# AMBAG RHNA Methodology Factors Survey

---

Submitted by: Kathy Previsich, Paia Levine

Jurisdiction: County of Santa Cruz

Date Submitted: 12-20-13

Pursuant to Government Code Section 65584.04(d), please provide relevant information for your jurisdiction regarding the following factors:

- I. Your jurisdiction's existing and projected jobs and housing relationship.
  - a. *The unincorporated portion of Santa Cruz County, and the County as a whole, has significantly more housing units than are needed to accommodate the number of jobs in the area. In 2011, the County had 111,600 jobs, including 91,700 employees of businesses, 8,120 persons who work at home, and about 11,800 sole proprietors who may work either at home or at business locations. In 2011, more than 18,000 employed residents commuted to Santa Clara County to work (Source: BAE Urban Economics, June 2013 Economic Trends Report), with an established commute also to San Mateo County and other Bay Area locations. The commute is on the order of one in five employed residents (Source: BAE Urban Economics, June 2013 Economic Trends Report). The County of Santa Cruz has in recent years placed a greater emphasis on economic vitality. In July 2012 the Planning Department was able to hire an Economic Development Coordinator to augment other efforts the Department was pursuing to improve the business and land use/regulatory environment in support of economic vitality. An Economic Vitality Strategy is being prepared, which will complement the Sustainable Santa Cruz County/Transit Corridors Plan. There is significant potential within the unincorporated area to accommodate new jobs as well as workforce housing, on vacant and underutilized opportunity sites and along key travel corridors. However, any analysis must consider the sizeable out-commute and the fact that a significant portion of any new jobs is likely to be filled by individuals currently housed in the County. Additional housing units for those jobs will not be required.*
  - b. *There is new information regarding projected job growth in Monterey County that was not available when the background study that determined the future employment projection, and which was relied upon to allocate projected jobs to the two Counties, was prepared by Stephen Levy. Economists from the University of Southern California (USC) are projecting a large expansion of employment in the petroleum and natural gas industry because of hydraulic fracturing techniques ("fracking") that exploit the resource potential of the Monterey Shale. Analysis of the economic effects of fracking in California indicates, in the median scenario, 512,000 new jobs in 2015 and 2,815,800 new jobs by 2020 ("The Monterey Shale and California's Economic Future", USC Price School of Public Policy, USC Global Energy Network and the University of Southern California, 2013). These skilled jobs will attract new workers who will create housing demand within this RHNA period. Since the South Salinas oil field in the Salinas Valley has been cited as being one of the two ~~most promising~~most promising areas for oil and gas extraction in the entire Monterey Shale formation ("Explorer", publication of the Association of American Petroleum Geologists, November, 2012) it can be reasonably assumed that a ~~significant~~*

~~percentage~~significant percentage of the jobs anticipated by the USC study will be located in southern Monterey County, with associated increased demand for housing. ) This is a new factor which was not analyzed previously and should be included in determining the Monterey County and Santa Cruz County housing allocations.

It is also important to note that the County has information on projected job creation from the economic analysis done for the Sustainable Santa Cruz County Plan (formerly the “Transit Corridors Plan for Santa Cruz County”), which is specific to the urban portion of the unincorporated area, which is where the existing jobs are located (Transit Corridors Plan for Santa Cruz County, Existing Conditions Report, October, 2012). While the consultants that prepared that study (BAE Urban Economics, San Francisco) determined a range for the projected number of jobs, they also reported that conditions indicate the low to moderate end of the range is most likely to be accurate. The low end projection of employment in the urban area is 1.4% through 2035.

c. A substantial percentage of all units built in the County in the last 3 years have been affordable units. A chart detailing the units is Attachment I.

II. The opportunities and constraints to development of additional housing in your jurisdiction, including all of the following:

a. The availability of sewer and water service given federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period.

Availability of water is a significant constraint. County aquifers are overdrafted, several critically so. Providers to the unincorporated urban areas are City of Santa Cruz Water Department and Soquel Creek Water District. The latter has recently considered a moratorium on new connections. Both agencies have stated that offset requirements are becoming difficult to meet. The City recently decided to place efforts to increase water supply through desalination on hold. The City’s water supply sources on the north coast are also being curtailed by Federal agencies due to the water needs of endangered fish populations in those streams. In other parts of the County, particularly areas in the Pajaro Valley Water Mgt. District where the basin is in severe overdraft and saltwater intrusion is worsening~~is~~, supply is also very constrained. The Pajaro Valley Water Management Agency recently released a draft Environmental Impact Report on their proposed Basin Management Plan. The Plan does not include significant sources of new supply.

Regarding sanitation, there are three areas – Arana Basin, Rodeo Basin, and Noble Basin – that currently have partial moratoria, meaning that creation of new lots is limited until capacity issues are resolved. The Sanitation District expects that Noble Gulch restrictions will be lifted but that other isolated areas may move into moratorium status during this RHNA period.

b. The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. (The council of governments may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions.)

*Sizeable vacant parcels are rare, as evidenced by the challenges involved with a several year effort that was undertaken during our last Housing Element cycle to locate and rezone property for high density (20 du/acre) residential use. 26.5 acres were rezoned to 20 dwelling units per acre zoning overlay district. Of that property, 20 acres have not yet been developed. Infill opportunity exists in parts of the urban area, especially if mixed used and second units are factored in.*

*A first order approximation of underutilized non-residential land was made for the Sustainable Santa Cruz County/ Transit Corridors Plan and reported in the Existing Conditions Report, 2012, Figure LU-2. Most of this property is needed for commercial use to generate employment, address jobs/housing imbalance and revitalize areas; however, mixed use is appropriate in many areas and can provide additional housing stock of various types. Four focus areas within the urban area were identified as part of the Sustainable Santa Cruz County/Transit Corridor Plan as good candidates for mixed use and enhanced transit. As the Plan proceeds it will generate recommendations for new land use designations and regulations to accommodate the types of workplaces and housing types needed in the community, including opportunities for higher density and mixed use projects.*

*See link for maps of the areas: <http://transitcorridorsplan.org/documents/project-documents/>*

c. Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long term basis.

*Federal and State laws protecting individual species of plants and animals constrain development in some of the urban areas. For example, the westernmost part of the urban area, Aptos/Seascape, has strict requirements for protection of Santa Cruz Long Toed Salamander including restrictions on lot coverage. There are numerous wetland and riparian areas that are protected from development as well. While these resources and the required setbacks from them can diminish the space available for development on any given parcel, they rarely if ever fully preclude development. For example, of the 6 high density residential sites designated in the last Housing Element cycle, 4 lost developable space to wetland and riparian resource but were still available for development.*

*Approximately half the urban area is inside the Coastal Zone and subject to Coastal Commission regulations restricting development in or adjacent to Environmentally Sensitive Habitat (ESHA).*

*In the urban area, State beaches with associated inland areas total approx. 250 acres.*

d. County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated area.

*The County has a great deal of land designated and zoned for agricultural uses, with a significant amount under Williamson Act preservation contracts. The Coastal Act and its implementing regulations are strongly protective of prime agricultural lands, and therefore in Santa Cruz County there are very strong constraints on creating lots and developing agricultural land zoned Commercial Agriculture, Agriculture, and Agricultural Preserve. Therefore, these agricultural lands are not considered to be available for more than limited single family dwellings.*

- e. The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure.

*The County has a strong commitment in the General Plan, the County Growth Management System (mandated by Measure J in 1978), the ongoing Sustainable Santa Cruz County/Transit Corridors Plan (SSCC) and the Climate Action Strategy to focus new growth within the existing Urban Services Line. It is anticipated that most future growth will be encouraged to locate on opportunity sites in the existing urbanized areas, and in particular along arterial roadways and transit routes.*

- f. The market demand for housing.

*Market demand strongly decreased with the recession. There are some indications that demand is increasing (median price of recent sales) however requests for new building permits have not increased.*

- g. Agreements between a county and cities in a county to direct growth toward incorporated areas of the county.

*The County has within it unincorporated urban areas where growth is directed. . Measure J, approved by the voters in 1978, implemented the County Growth Management System, currently allocates two ~~thirds~~ one-third of new residential (market rate) building permits to areas within the Urban Services Line.*

- h. The loss of units contained in assisted housing developments, as defined in paragraph (9) of subdivision (a) of Section 65583 that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.

*The County is always concerned about potential loss of deed restricted affordable units. Several projects are currently at risk; more information can be gathered as needed.*

- i. High-housing costs burdens.

*Santa Cruz County has one of the largest gaps between income and cost of housing in the nation. The high cost of housing is a significant burden to a large portion of the population. Land prices and construction costs are high, which also makes new housing development less feasible.*

- j. The housing needs of farm workers. Given the difficulty of collecting data on where farm workers live and work, where do you think farm worker housing is most needed?

*Farm worker housing is needed in many parts of the unincorporated area. Agricultural work sites are concentrated on the north coast and in the south part of the County. Proximity to fields and workplaces must be balanced with proximity to services and transportation.*

- k. The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction.

*A significant number of students reside in the unincorporated areas of Live Oak, and to a lesser degree Soquel and Aptos. UCSC Housing administration will have data on actual locations and numbers. Metro*

*ridership data will also point to high student areas. It is not only UCSC students who need housing, but increasingly students attending Cabrillo Community College move here from other areas to attend college in Santa Cruz County.*

- I. Please identify what you think the sub-regions are within the Monterey Bay Area. Below is a map showing the areas that AMBAG has identified as distinct housing markets.

*The high cost area should be extended to include Aptos.*

Attachment 1

AMBAG RHNA survey, 12-2013

Affordable units, approximately 2010-2013

Project	Units	Status	Income Level
Shapiro Knolls, 51-211-35	88	Occupied	Low income rental project
Aptos Blue 039-471-09 7839 Soquel Drive	40	Under construction, 85% complete	Low income rental project
Canterbury Park 038-401-16 140 Canterbury Drive	19	Occupied	For sale affordable units, mostly low income, some moderate units
St. Stephens Senior Housing 026-021-22 2500 Soquel Drive	40	In entitlement process, approved by Planning Commission	Very low and low income rental project
Total	187*		

\*The overall number of building permits for new units issued in this time period time is approximately 346.

# AMBAG RHNA Methodology Factors Survey

---

Please submit this survey by Friday September 6, 2013 to Anais Schenk at [aschenk@ambag.org](mailto:aschenk@ambag.org).

Submitted by: Taylor Bateman  
Jurisdiction: City of Scotts Valley  
Date Submitted: 09/17/13

Pursuant to Government Code Section 65584.04(d), please provide relevant information for your jurisdiction regarding the following factors:

I. Your jurisdiction's existing and projected jobs and housing relationship.

*City has experienced a significant loss of employers as a result of the economic downturn.*

2. The opportunities and constraints to development of additional housing in your jurisdiction, including all of the following:

- a. The availability of sewer and water service given federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period.

*Water is only sourced from a limited aquifer and service is provided by a special district that is not under the jurisdiction of the City.*

- b. The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. (The council of governments may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions.)

*The City provides a residential overlay that provides for alternative zoning to accommodate urban development and residential uses.*

- c. Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long term basis.

*Approximately one quarter of the City is located in the Sandhills region which is the habitat for the federally endangered Mount Hermon June Beetle.*

- d. County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated area.

*N/A*

- 3. The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure.

*A majority of the City is within a half mile of existing public transportation infrastructure.*

- 4. The market demand for housing.

*Pending the restoration of the overall economy.*

- 5. Agreements between a county and cities in a county to direct growth toward incorporated areas of the county.

*N/A*

- 6. The loss of units contained in assisted housing developments, as defined in paragraph (9) of subdivision (a) of Section 65583 that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.

*N/A*

- 7. High-housing costs burdens.

*N/A*

- 8. The housing needs of farmworkers. Given the difficulty of collecting data on where farmworkers live and work, where do you think farmworker housing is most needed?

*N/A*

- 9. The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction.

*N/A*

- 10. Please identify what you think the sub-regions are within the Monterey Bay Area. Below is a map showing the areas that AMBAG has identified as distinct housing markets.

*No Comment.*



## ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

**Date:** August 13, 2013

**To:** Planning Directors for Local Jurisdictions in Santa Cruz and Monterey Counties

**From:** Heather Adamson, Principal Planner, AMBAG

**Subject:** **Regional Housing Needs Allocations (RHNA) Methodology Statutory Factors Survey**

No more than six months prior to the development of a proposed RHNA methodology AMBAG is required by law to survey each member jurisdiction to request information regarding statutory factors that will allow for the development of an allocation methodology (Gov. Code Section 65584.04(b)(1)). This survey presents local agencies with the opportunity, before AMBAG initiates preparation of the RHNA, to provide us with information relevant to the methodology for allocation of the region-wide estimate of regional housing need to the member jurisdictions.

AMBAG is required to take these statutory factors into account when determining the methodology for allocating housing needs among the member jurisdictions. State law does not prescribe specifically how each planning factor shall be used, but instead allows each council of governments to address each factor in the regional housing needs plan in a manner appropriate for the region.

None of the information received by AMBAG in response to the survey may be used as a basis for reducing the total housing need established for the region. Rather, the information will be used in the allocation of the regional housing need to the cities and the county.

AMBAG will be preparing several draft RHNA methodology options over the next month. Please provide responses to this survey by September 6, 2013. Please try and keep your answers as concise as possible.

# AMBAG RHNA Methodology Factors Survey

---

*Please submit this survey by Friday September 6, 2013 to Anais Schenk at [aschenk@ambag.org](mailto:aschenk@ambag.org).*

Submitted by: Brent Slama, AICP

Jurisdiction: City of Soledad

Date Submitted: September 6, 2013

Pursuant to Government Code Section 65584.04(d), please provide relevant information for your jurisdiction regarding the following factors:

I. Your jurisdiction's existing and projected jobs and housing relationship.

The jobs-housing balance is heavily influenced by the population and workforce at the two prison facilities located in the City limits, otherwise the City of Soledad has struggled with maintaining a jobs-housing balance. We expect to follow the outline for jobs and housing set in the draft regional forecast, with a policy emphasis focusing on service jobs in retail and tourism, local office and medical jobs, and a shift away from agricultural based jobs within our jurisdiction.

2. The opportunities and constraints to development of additional housing in your jurisdiction, including all of the following:

- a. The availability of sewer and water service given federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period.

The City of Soledad controls the sewer and water utilities and built a state-of-the-art Sewer plant a number of years ago in anticipation of large growth that has yet to be realized and has a significant amount of excess capacity. The City also has water available to serve new residential development.

- b. The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. (The council of governments may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions.)

The City of Soledad currently has approximately 100 acres of incorporated vacant residential land available for residential opportunities. There are a number of infill opportunities in established parts of town, and there is a great potential for future growth outside of the Sphere of Influence, however, the City has not pursued annexations due to the economic downturn and the resulting lack of demand for new housing units.

- c. Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long term basis.

Soledad is surrounded by a number of vineyards and fields with Williamson Act designations, that prevent urban development for a significant period of time. This is most prevalent along the eastern edge of the City.

- d. County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated area.

Monterey County and Monterey County LAFCO have worked diligently in preserving agricultural land and thereby limiting the growth opportunities for Salinas Valley jurisdictions. These policies, due to strict requirements for ag mitigation and large buffers, are an impediment to growth for developers.

- 3. The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure.

Given the cost of housing and the low wages paid to people in the agricultural, service and tourism industries, any opportunity to increase access to public transportation is of interest to Soledad. However, given its location and distance to job markets, it is unlikely for us to expect significant additional usage. In addition, significantly increasing density in a transportation corridor in Soledad is not financially feasible due to lower rental rates in South County and a lack of demand for higher-density living in what is generally considered a rural area of the County.

#### 4. The market demand for housing.

There is a strong demand for housing and specifically new housing units, however the median income in Soledad cannot generally support the cost of developing housing in the private open market and therefore opportunities are somewhat limited. In order to address this issue, we have seen a significant amount of construction of publicly-subsidized units in South County.

- 5. Agreements between a county and cities in a county to direct growth toward incorporated areas of the county.

The City does not currently have an agreement of this sort, but is currently engaged with the County and LAFCO on a Memorandum of Agreement that would direct growth in certain areas adjacent to the city. Modeled after an agreement completed with Monterey County, LAFCO and the City of Greenfield, the agreement would satisfy this purpose.

6. The loss of units contained in assisted housing developments, as defined in paragraph (9) of subdivision (a) of Section 65583 that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.

The City does not have any large projects reverting their status, but has lost a number of subsidized single-family units due to foreclosure and short sales. However, it is important to note that many of these units were resold at prices that would be affordable to moderate and low income families, despite the loss of formal restrictions.

7. High-housing costs burdens.

The City of Soledad is located in a lower-cost area of Monterey County; however there are a number of homeowners and renters that struggle to make payments due to high costs of living. Bringing services into Soledad instead of requiring constant travel would greatly assist in this regard.

8. The housing needs of farmworkers. Given the difficulty of collecting data on where farmworkers live and work, where do you think farmworker housing is most needed?

We believe that to the greatest extent possible, farmworker housing should be integrated with the communities and cities and not excluded in a labor camp environment out in the unincorporated county. However, it is incumbent on the agricultural industry to provide tax dollars and support to these communities to make it sustainable in the long-term. This is not occurring in Monterey County and therefore is a significant financial burden to any community.

9. The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction.

The City of Soledad has no housing needs from universities.

10. Please identify what you think the sub-regions are within the Monterey Bay Area. Below is a map showing the areas that AMBAG has identified as distinct housing markets.

I would generally agree with the AMBAG map, but would extend the high-cost areas in Monterey County to include unincorporated areas down to Big Sur, Carmel Valley and the Highway 68 corridor.

# Monterey Bay Area Market Sub-Regions

Based on average rents and lease rates as of Fall 2011



# Cited Sections of CA Code

---

## CAL. GOV. CODE § 65584.04 (d)

---

(d) To the extent that sufficient data is available from local governments pursuant to subdivision (b) or other sources, each council of governments, or delegate subregion as applicable, shall include the following factors to develop the methodology that allocates regional housing needs: *[see factors listed above.]*

## CAL. GOV. CODE § 56064

---

"Prime agricultural land" means an area of land, whether a single parcel or contiguous parcels, that has not been developed for a use other than an agricultural use and that meets any of the following qualifications:

(a) Land that qualifies, if irrigated, for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not land is actually irrigated, provided that irrigation is feasible.

(b) Land that qualifies for rating 80 through 100 Storie Index Rating.

(c) Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Range and Pasture Handbook, Revision 1, December 2003.

(d) Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars (\$400) per acre.

(e) Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars (\$400) per acre for three of the previous five calendar years.

## CAL. GOV. CODE § 65583 (9)

---

(9) An analysis of existing assisted housing developments that are eligible to change from low-income housing uses during the next 10 years due to termination of subsidy contracts, mortgage prepayment, or expiration of restrictions on use. "Assisted housing developments," for the purpose of this section, shall mean multifamily rental housing that receives governmental assistance under federal programs listed in subdivision (a) of Section 65863.10, state and local multifamily revenue bond programs, local redevelopment programs, the federal Community Development Block Grant Program, or local in-lieu fees. "Assisted housing developments" shall also include multifamily rental units that were developed pursuant to a local inclusionary housing program or used to qualify for a density bonus pursuant to Section 65916.



## ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

**Date:** August 13, 2013

**To:** Planning Directors for Local Jurisdictions in Santa Cruz and Monterey Counties

**From:** Heather Adamson, Principal Planner, AMBAG

**Subject:** **Regional Housing Needs Allocations (RHNA) Methodology Statutory Factors Survey**

No more than six months prior to the development of a proposed RHNA methodology AMBAG is required by law to survey each member jurisdiction to request information regarding statutory factors that will allow for the development of an allocation methodology (Gov. Code Section 65584.04(b)(1)). This survey presents local agencies with the opportunity, before AMBAG initiates preparation of the RHNA, to provide us with information relevant to the methodology for allocation of the region-wide estimate of regional housing need to the member jurisdictions.

AMBAG is required to take these statutory factors into account when determining the methodology for allocating housing needs among the member jurisdictions. State law does not prescribe specifically how each planning factor shall be used, but instead allows each council of governments to address each factor in the regional housing needs plan in a manner appropriate for the region.

None of the information received by AMBAG in response to the survey may be used as a basis for reducing the total housing need established for the region. Rather, the information will be used in the allocation of the regional housing need to the cities and the county.

AMBAG will be preparing several draft RHNA methodology options over the next month. Please provide responses to this survey by September 6, 2013. Please try and keep your answers as concise as possible.

# AMBAG RHNA Methodology Factors Survey

---

*Please submit this survey by Friday September 6, 2013 to Anais Schenk at [aschenk@ambag.org](mailto:aschenk@ambag.org).*

Submitted by: \_\_\_\_\_ Keith Boyle \_\_\_\_\_

Jurisdiction: \_\_\_\_\_ City of Watsonville \_\_\_\_\_

Date Submitted: \_\_\_\_\_ 9/4/2013 \_\_\_\_\_

Pursuant to Government Code Section 65584.04(d), please provide relevant information for your jurisdiction regarding the following factors:

I. Your jurisdiction's existing and projected jobs and housing relationship.

As of 2010 census the jobs housing balance in the City of Watsonville was 2.23 persons / job, based on the assumptions in the 2030 General plan the jobs housing balance in the community will improve to 2.16 persons / job by 203 which will reduce the imbalance between jobs and people in the community.

2. The opportunities and constraints to development of additional housing in your jurisdiction, including all of the following:

- a. The availability of sewer and water service given federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period.
  - i. The city of Watsonville has considerable sewer capacity for future jobs and residents with approximately 4 million gallons per day remaining capacity.
  - ii. Water availability is more constrained based on an existing overdraft condition within the overall Pajaro Valley basin. However, the City has its own wells and does not have a set limit on the provision of water to those within the service district. Existing conservation measures in the community have resulted in minor decrease in overall water consumption to 6,956 AFY from approximately 7000 AFY between 1997 and 2010 although the city's population has increased by approximately 8000 residents in that same time frame.

- b. The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. (The council of governments may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions.)
    - i. The 2008-2013 Housing Element identifies vacant, underutilized and potential infill sites that could accommodate approximately 1119 units within the existing City limits of Watsonville. The 2030 General Plan also identifies approximately 620 acres of new growth areas outside the City limits that could accommodate an additional 1900 units, if future annexations are approved through the County LAFCO process.
  - c. Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long term basis.
    - i. The community is surrounded by agricultural land. Measure U identified the City's approximately 700 acres of future growth areas outside of the city boundaries but this remains controversial.
  - d. County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated area.
    - i. Existing County policies protect ag land surrounding the community of Watsonville.
3. The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure.
- a. The 2030 General Plan focuses new infill growth along the City's main transportation corridors including Main Street, Freedom Blvd. and East Lave Ave. (152)
4. The market demand for housing.
- a. Since 2008 the market demand for housing has been very limited due to the significant recession that the US has experienced. Between the period of 2008 and 2013 there has been fewer than 100 units constructed of which less than half were market rate.

5. Agreements between a county and cities in a county to direct growth toward incorporated areas of the county.
  - a. There are no formal agreements between the Santa Cruz County and the City to direct growth towards incorporated areas. A joint specific plan prepared for future growth in the City for the Atkinson Lane area between the County and the City of Watsonville was sued by the Farm Bureau even though the plan was consistent with the measure U growth boundaries recommended by the Farm Bureau during the APV process.
6. The loss of units contained in assisted housing developments, as defined in paragraph (9) of subdivision (a) of Section 65583 that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.
  - a. Most low income projects have been renewed within the City limits by non -profit housing companies. We see this trend continuing because new projects are going to be harder to fund and support because of lack on ongoing property tax payments to help pay for municipal services.
7. High-housing costs burdens.
  - a. The Central Coast region has high land and utility costs that make new housing expensive throughout the region. The City of Watsonville is limited in its ability to provide additional affordable housing that does not pay property tax because these projects do not provide ongoing fees to have services provided. There needs to be an equitable way to provide housing that pays for municipal services. Without a payment in lieu of taxes system, affordable housing will be more difficult to achieve.
8. The housing needs of farmworkers. Given the difficulty of collecting data on where farmworkers live and work, where do you think farmworker housing is most needed?
  - a. I think farm worker housing should be focused in the Counties near the fields they are working in reducing the need for transportation to the fields.
9. The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction.
  - a. The City of Watsonville does not have a campus in its jurisdiction that generates additional residential need. The satellite Cabrillo campus in town has limited additional impact because

residents are already here and do not specifically come to our City to go to the community college extension.

10. Please identify what you think the sub-regions are within the Monterey Bay Area. Below is a map showing the areas that AMBAG has identified as distinct housing markets.

- a. It appears that the Aptos area of Santa Cruz County has been left out and this is a significant area for potential housing. However, it should be listed as the high cost housing potential similar to Santa Cruz and Capitola.

# Monterey Bay Area Market Sub-Regions

Based on average rents and lease rates as of Fall 2011



# Cited Sections of CA Code

---

## CAL. GOV. CODE § 65584.04 (d)

---

(d) To the extent that sufficient data is available from local governments pursuant to subdivision (b) or other sources, each council of governments, or delegate subregion as applicable, shall include the following factors to develop the methodology that allocates regional housing needs: *[see factors listed above.]*

## CAL. GOV. CODE § 56064

---

"Prime agricultural land" means an area of land, whether a single parcel or contiguous parcels, that has not been developed for a use other than an agricultural use and that meets any of the following qualifications:

(a) Land that qualifies, if irrigated, for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not land is actually irrigated, provided that irrigation is feasible.

(b) Land that qualifies for rating 80 through 100 Storie Index Rating.

(c) Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Range and Pasture Handbook, Revision 1, December 2003.

(d) Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars (\$400) per acre.

(e) Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars (\$400) per acre for three of the previous five calendar years.

## CAL. GOV. CODE § 65583 (9)

---

(9) An analysis of existing assisted housing developments that are eligible to change from low-income housing uses during the next 10 years due to termination of subsidy contracts, mortgage prepayment, or expiration of restrictions on use. "Assisted housing developments," for the purpose of this section, shall mean multifamily rental housing that receives governmental assistance under federal programs listed in subdivision (a) of Section 65863.10, state and local multifamily revenue bond programs, local redevelopment programs, the federal Community Development Block Grant Program, or local in-lieu fees. "Assisted housing developments" shall also include multifamily rental units that were developed pursuant to a local inclusionary housing program or used to qualify for a density bonus pursuant to Section 65916.

# LAFCO of Monterey County

## LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

### 2014 Commissioners

**Chair**  
Louis R Calcagno  
*County Member*

**Vice Chair**  
Steve Snodgrass  
*Special District Member*

Fernando Armenta  
*County Member, Alternate*

Sherwood Darington  
*Public Member*

Matt Gourley  
*Public Member, Alternate*

Joe Gunter  
*Alternate, City Member*

Maria Orozco  
*City Member*

Warren E. Poitras  
*Special District Member, Alternate*

Ralph Rubio  
*City Member*

Simón Salinas  
*County Member*

Graig R. Stephens  
*Special District Member*

### Staff

Kate McKenna, AICP  
*Executive Officer*

132 W. Gabilan Street, #102  
Salinas, CA 93901

P. O. Box 1369  
Salinas, CA 93902

Voice: 831-754-5838  
Fax: 831-754-5831

[www.monterey.lafco.ca.gov](http://www.monterey.lafco.ca.gov)

March 28, 2014

Heather Adamson, AICP, Principal Planner  
Association of Monterey Bay Area Governments  
445 Reservation Road, Suite G  
Marina, CA 93933

RE: Draft 2014-2023 Regional Housing Needs Allocation Plan

Dear Ms. Adamson,

Thank you for this opportunity to comment on the Draft 2014-2023 Regional Housing Needs Allocation Plan. This letter is provided as a companion to LAFCO's comment letter for AMBAG's related Draft 2035 Metropolitan Transportation Plan/Sustainable Community Strategy (MTP/SCS) and the Draft Environmental Impact Report for the MTP/SCS.

### COMMISSION AUTHORITY

LAFCO's statutory authority to regulate local government boundaries and services is derived from the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code section 56000, et seq.) as amended. Among the purposes of the Local Agency Formation Commission are discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation, growth and development of local agencies based upon local conditions and circumstances (Government Code section 56301).

LAFCO is a Responsible Agency under the California Environmental Quality Act (CEQA), with regulatory authority for future local government boundary and service applications in the study area. Please refer to the "Commission Authority" section of LAFCO's September 2013 comment letter for the MTP/SCS for a full description of LAFCO's role and legislative authority as they relate to AMBAG's planning process.

### DRAFT 2014-2023 RHNA METHODOLOGY

The report's RHNA Factors section describes 10 factors that AMBAG must consider in developing the RHNA distribution and explain in writing how each of the factors was incorporated into the final distribution (per Gov. Code Section 65584.04(d),(e)). In summary form, the factors are:

## LAFCO Comments on the AMBAG 2014 MTP/SCS

1. Existing and projected jobs and housing relationship
2. Opportunities and constraints to development of additional housing
3. Distribution of household growth
4. Market demand for housing
5. Agreements between counties and cities to direct growth toward incorporated areas
6. Loss of units contained in assisted housing developments
7. High housing cost burdens
8. Housing needs of farmworkers
9. Housing needs generated by the presence of a private university or a campus of the California State University or the University of California
10. Any other factors, as determined by AMBAG

LAFCO respectfully requests clarification regarding the Draft 2014-2023 RHNA Plan's implementation of factor #5, *Agreements between Counties and Cities to Direct Growth toward Incorporated Areas*. The Draft 2014-2023 RHNA Plan states: "Monterey County has a policy to direct growth into incorporated areas. However, AMBAG has already considered and incorporated this policy into the development of the 2014 Regional Growth Forecast. Therefore, this factor is already accounted for in the baseline distribution. No jurisdictions are given any special adjustments or treatment in this situation."

LAFCO's adopted policies prioritize the direction of future growth, residential and otherwise, into cities' adopted Spheres of Influence, enabling most growth to occur within City limits rather than in unincorporated areas. Factor #5 addresses City-County agreements—distinct from County General Plan Policies—directing future growth to occur within city boundaries rather than in nearby unincorporated areas. Several such agreements have been adopted in Monterey County. Other similar agreements are likely to occur in the near future. Please expand this section to more clearly discuss how these types of agreements have been factored into the RHNA plan's allocations.

We appreciate this opportunity to provide comments on the Draft 2014-2023 Regional Housing Needs Allocation Plan. Please continue to keep us informed throughout AMBAG's processes. LAFCO's Executive Officer, Kate McKenna, would be pleased to meet with AMBAG staff and consultants for more detailed discussions.

Sincerely,

  
Louis R. Calcagno  
Chair



# CALIFORNIA RURAL LEGAL ASSISTANCE, INC.

April 13, 2014

Heather Adamson, Principal Planner  
Association of Monterey Bay Area Governments  
445 Reservation Road, Suite G  
Marina, CA 93933

RE: Draft Regional Housing Needs Allocation Plan for Review and Comment

Dear Ms. Adamson,

Thank you for the opportunity to comment on the Draft Regional Housing Needs Allocation (RHNA), formally released for public comment on February 12, 2014.

California Rural Legal Assistance, Inc. (CRLA) is a statewide organization, which represents low-income individuals, families and communities throughout California. CRLA works to address the need for decent, affordable housing and to eliminate infrastructure and service disparities and deficiencies in disadvantaged and low-income communities. CRLA's comments address the deficiencies of the draft RHNA, i.e., areas in which revision are needed in order to comply with applicable law.

The Regional Housing Needs Assessment (RHNA) was created to address California's shortage of affordable housing. The legislature created the RHNA law to determine regional needs of persons of all income levels and allocate the burden of meeting those needs to local governments, such that every local jurisdiction shares in the obligation to accommodate the statewide housing need. 9 Miller & Starr, Cal. Real Estate (3d ed. 2011) § 25:6, p. 25-29; Gov. Code § 65580. The legislature explicitly promoted and required consistency with equitable distribution of burdens and socioeconomic equity in establishing RHNA requirements. Gov. Code § 65584. Association of Monterey Bay Area Governments (AMBAG) is required to adopt a RHNA methodology that will meet the regional housing needs of all economic segments of the community. The RHNA must distribute affordability in an equitable manner and promote socioeconomic equity. Id. It must address imbalance between jobs and housing, Gov. Code § 65584.01, and it must be consistent with projected and existing housing need for the region, Gov. Code § 65584.05. It also must be consistent with federal and state fair housing law.

While, the recently selected jobs-housing balance methodology advances the goals of the Sustainable Community Strategy and SB 375 in a more equitable and balanced way than the previous RHNA, the Draft allocation, generated via the application of the ten statutory factors, raises a number of equity and fair housing concerns that should be addressed or mitigated prior to releasing the final RHNA so that it complies with the language and the spirit of the law.

## **I. EQUITY CONCERNS**

Housing element law requires the RHNA to be consistent with (1) increasing the housing supply and affordability in **all** cities and counties with the region in an equitable manner, which shall result in all jurisdictions receiving an allocation of units for low and very-low income households, (2) socioeconomic equity and (3) allocating a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category. Gov. Code § 65584(d). The draft RHNA fails to increase housing supply and affordability in predominantly affluent areas, shifting those allocations to lower income jurisdictions, thereby concentrating disproportionately high shares of households in that income category.

### **A. MONTEREY COUNTY**

A number of affluent jurisdictions in Monterey County saw a dramatic reduction in allocation once the ten statutory factors were incorporated into the baseline distribution generated by the jobs-housing balance methodology, which more accurately reflects housing needs in a particular jurisdiction. The city of Monterey, Pacific Grove and Carmel-by-the-Sea, respectively, experienced reductions of 35%, 69% and 72% from the baseline distribution based on the methodology.<sup>1</sup> Those units shifted to less affluent jurisdictions that already have high poverty rates and a disproportionate amount of low-income housing compared to other jurisdictions. The Draft RHNA, for example, allocates Carmel-by-the-Sea, a jurisdiction with a median household income (MHI) of \$76,473 and a poverty rate of less than 8%, a total of 31 units, 81 units less than the baseline. Those 81 units were shifted either to Marina or Salinas, both of which have high poverty rates (above 16%) and an MHI of less than \$52,000. Due to the dramatic reduction in allocation, only 12 low and very-low income units will be allocated under the draft, instead of the 44 low and very-low income units that would have been allocated by simply applying the methodology. Alarmingly, all three jurisdictions had similar low allocations in the 2007-2014 RHNA. Thus, over the course of 16 years, Carmel-by-the-Sea, a jurisdiction that has disproportionate amounts of above moderate housing, will only be allocated 24 low and very-low income units, units that will not necessarily be built. Drastically reducing the allocation of affluent jurisdictions, particularly jurisdictions with high housing cost burdens, does not increase affordability throughout the county or the region in an equitable manner or promote socioeconomic equity. On the contrary, significantly reducing the allocation segregates the rich from the poor and concentrates poverty in areas that already have high poverty rates. Segregation of the rich from the poor, as you know, also has the unfortunate differential effect of segregating the regional population by other demographic characteristics, such as race, national origin, family size, disability, occupation in farm work and other low wage employment, raising serious implications for violation of fair housing and related land use laws.

---

<sup>1</sup> The baseline allocation for the cities of Monterey, Pacific Grove and Carmel-by-the-Sea were 1006, 373 and 112, respectively. The Draft RHNA allocated the City of Monterey 650 units, Pacific Grove 115 units and Carmel-by-the-Sea only 31 units.

The Draft RHNA attributes the allocation reductions in the Monterey Peninsula cities to lack of capacity for water due to state regulations, specifically the State Water Board's Cease and Desist Order (CDO) WR 2009-0060. This might be a legitimate basis for reducing the RHNA numbers, but it does not answer a number of questions regarding the extent of the decreases and why they have varied so drastically. There is no explanation about how this factor was taken into account for Monterey, Pacific Grove and Carmel. The limited information provided makes it unclear whether some of the exceptions of the CDO were taken into account and whether there is any potential for a new water source if the CDO is lifted before 2023. The CDO for example does not apply to adding service connections that were permitted before October 20, 2009, and certain named water systems, including Ryan Ranch. The Monterey City website itself indicates that while "the City of Monterey currently does not have water available for commercial and residential development," the "one exception is Ryan Ranch at Monterey which has its own water source. (See attachment 1). Additional information must be provided regarding how the allocations were determined, and legitimate efforts must be made to address and/or mitigate the disparate outcomes generated by the constricted application of the statutory factor.

## **B. SANTA CRUZ COUNTY**

Affluent jurisdictions in Santa Cruz County also saw significant reduction in allocation. The City of Santa Cruz, which admits high housing costs burdens and a need for more affordable housing options in its survey, was allocated 151 fewer units than were projected by a strict application of the jobs-housing balance methodology; the City of Capitola was assigned 17 fewer units than projected. The vast majority of those units, 159 units to be exact, were shifted to Watsonville, a jurisdiction with one of the lowest median household incomes in the entire county. (The other nine units were shifted to Scotts Valley.) This is inconsistent with the objectives of the regional housing needs allocation plan, fails to address the shortage of affordable housing in areas that are known to have extremely high rents and property values, and raises precisely the same fair housing concerns raised above in the discussion about Monterey County.

The Draft RHNA attributes the reductions to the fact that the City of Santa Cruz and Capitola are already relatively built out and suffer from other topographic constraints. This justification seems inadequate and raises multiple concerns. First of all, even if these jurisdictions have made good headway with infill development, reuse and redevelopment, there is no reason that they cannot pursue mixed-use strategies to accommodate the units originally projected, which would address both existing and projected housing needs as governing law requires. Blending a combination of residential, commercial or cultural uses in a single building, for example, would not require additional land. Secondly, using this line of reasoning, the allocation for these jurisdictions will forever decrease in each new RHNA, thereby systematically relieving jurisdictions of their responsibility to accommodate and plan for their fair share of housing for all economic segments of the communities. Lastly, the reasoning provided is disconcerting in its incompleteness. Even if one were to agree that the topographic constraints in the City of Santa Cruz and Capitola are enough to reduce the allocation, this fails to explain why 95% of the units were diverted to Watsonville and only 5% (9 units) were diverted to Scotts Valley which has a MHI of \$99,076, a 3.5% poverty rate

and very different demographics when accounting for characteristics such as race, national origin and other classes protected by fair housing and land use laws.

The draft's current dramatic inconsistencies with equity principles in both Monterey and Santa Cruz County, makes it critically important to strive to find ways to mitigate the inequitable distribution of burdens in order to comply with law.

### **C. HIGH HOUSING COST BURDEN FACTOR**

Part of improving consistency with equity objectives is balancing conflicting factors to generate fair outcomes. Factors involving constraints to developments-such as lack of capacity for water and land availability- have heavily dictated dramatic shifts in allocation, but the high housing cost burden factor was given very little weight, with one very limited exception.

The Draft RHNA argues that the high housing cost burdens factor is fully accounted for by the baseline jobs-housing methodology, which emphasizes locating affordable housing near jobs, which are primarily located in coastal cities. It is argued that therefore the methodology captures the need for affordable housing in the high cost housing areas. This reasoning is flawed, for two reasons. First of all, this type of reasoning fails to account for its impact, i.e., the extent to which the application of factors involving constraints to development significantly limits or almost fully erases the need for affordable housing in high cost areas originally generated by the baseline methodology, a consequence that is inconsistent with applicable law. Secondly, given this dynamic, the reasoning overstates the extent to which the baseline methodology accounts for low-income housing needs in coastal areas, on its own, without the need to consider high housing costs burdens. Assuming that the baseline methodology sufficiently captures the need in high cost areas is mistaken and renders unfair outcomes. Comparing coastal cities with jurisdictions like Salinas that also have high job rates, one discovers coastal cities which have high cost burdens and a very high need for low-income housing will have to build far fewer units than Salinas which already has a significant amount of low income housing. Salinas is allocated more low and very-low income units than Carmel, Monterey, Pacific Grove, Capitola, Santa Cruz and Scotts Valley combined. Thus, it critically important that high-housing costs are adequately factored in generating the final allocation in order to comply with the language and purpose of state law and to be equitable under related fair and land use laws.

### **II. TITLE VIII- FAIR HOUSING ACT CONCERNS**

Shifting of allocation from high-income communities to lower income communities as indicated above also has significant racial implications. Title VIII, also known as the Fair Housing Act, bars discrimination “against any person in the [...] sale or rental of dwellings, or in the provision of services or facilities in connection therewith, because of race, color, religion, sex, familial status or national origin.” It applies to housing discrimination that is intentional and to housing discriminations that has a differential effect because of race, national origin, disability and other protected characteristics. It also prohibits government decisions that perpetuate or tend to perpetuate segregated housing patterns. Related state fair housing and land use laws similarly prohibit discrimination, intended or not. The Draft RHNA has the effect of perpetuating or tending to

perpetuate segregated housing patterns. The Draft shifts the allocation of units away from predominantly white communities and disproportionately concentrates low-income households, typically comprised of people of color, people with disabilities, farmworkers, large families and other protected groups in jurisdictions with already high concentrations of minorities. The demographics of the peninsula cities that received reductions in allocation in Monterey County are primarily white communities. The populations in the City of Monterey, Pacific Grove and Carmel are 71%, 78% and 90% white, respectively, according to AMBAG's own 2010 data in the MTP/SCS EIR. The allocation was shifted to the City of Marina which has a 64% minority population and Salinas which has an 85% minority population, thereby impeding and discouraging the choices of low-income communities of color to reside in the peninsula and concentrating working class communities of color in specific jurisdictions. Similarly in Santa Cruz, the allocations of the cities of Santa Cruz and Capitola, over 66% white, were shifted to Watsonville, which is comprised of 86% minority populations. Thus, the Draft RHNA has the potential effect of insulating and potentially exacerbating racial and economic segregation.

#### **A. Gov. CODE 65564.04(d)**

It is not sufficient to claim that the shift in allocation from homogeneous higher income jurisdictions to lower income jurisdictions, primarily comprised of minorities, is attributable to the statutory RHNA factors. According to Gov. Code 65564.04(d), to the extent that sufficient data is available from local governments, each council of governments must include the ten listed statutory factors to develop the methodology that allocates the regional housing needs. The council of governments then must explain in writing how each of the factors described in subdivision (d) was incorporated into the methodology and how the methodology is consistent with subdivision (d) of section 65584. Gov. Code 65564.04(e). The methodology may include numerical weighing. *Id.*

Gov. Code 65564.04(d) neither mandates nor permits the incorporation of any factor to the point that it renders the methodology inconsistent with the equity objectives in Gov. Code 65564(d) or in violation of fair housing law. The factors can potentially be included in the development of the methodology and attributed numerical weights, for example, in an effort to maintain consistency. This position is not only reinforced by permitting numerical weighing, but also by the fact that the law speaks of "factors." A factor, by definition is something to be considered that may contribute to a result or outcome or can partially contribute. AMBAG should mitigate the inherent disparities in the distribution of burdens in an effort to fulfill the objectives of section 65564(d) and to remain within the bounds of law.

Thank you for your time and attention.

Sincerely,

Kenia Acevedo  
Water and Land Use Staff Attorney

Cc:

Glenn Campora, HCD, Housing Policy Development, Assistant Deputy Director  
Grechen Regenhardt, CRLA, Regional Director- Central Coast

Elena Dineen, CRLA, Directing Attorney

Ilene Jacobs, CRLA, Director of Litigation, Advocacy and Training

Mike Meuter, CRLA, Director of Litigation, Advocacy and Training



[Home](#)    [About Monterey](#)    [City Hall](#)    [Departments](#)    [Residents](#)    [Visitors](#)    [Business](#)    [I Want To](#)

You are here: Residents » Utilities

## Utilities

<a href="#">City Services</a>
<a href="#">Community Survey</a>
<a href="#">Emergency Resources</a>
<a href="#">Facilities and Recreation</a>
<a href="#">Neighborhoods</a>
<a href="#">Pets and Wildlife</a>
<a href="#">Residents New to the Area</a>
<a href="#">Resident Parking</a>
<a href="#">Sustainability at Home</a>
<a href="#">Utilities</a>

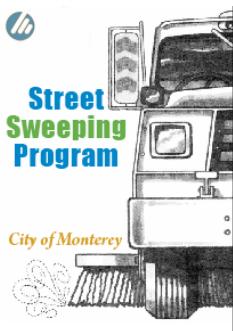
[Back to Residents Main](#)

### Non-city Services

Type of Service and Company Name	Address	Phone	Web address
Cable, Internet, Phone Service - <i>Comcast</i>		800-945-2288 or 800-266-2278	<a href="http://www.comcast.com">www.comcast.com</a>
Cable, Internet, Phone Service - <i>AT&amp;T</i>		800-310-2355 (residential) 800-750-2355 (business)	<a href="http://www.att.com">www.att.com</a>
Sewer Service - <i>Monterey Regional Water Pollution Control Agency</i>		831-372-3367	<a href="http://www.mrwPCA.org">www.mrwPCA.org</a>
Gas and Electricity - <i>Pacific Gas &amp; Electric</i>		800-743-5000	<a href="http://www.pge.com">www.pge.com</a>
Trash Pickup/Disposal Service/Recycling Services - <i>Monterey Disposal Service</i>	Recycling Facility, Ryan Ranch, Monterey	831-372-7977	<a href="http://www.montereydisposal.com">www.montereydisposal.com</a>
Landfill - <i>Monterey Regional</i>	14201 Del	831-384-	<a href="http://www.mrwmd.org/">www.mrwmd.org/</a>

Landfill - Monterey Regional Waste Management	14201 Del Monte Blvd., Marina	831-384-5313	<a href="http://www.mrwmd.org/">www.mrwmd.org/</a>
Water Service - Cal-American Water Company		888-237-1333 and 831-646-3287	<a href="http://www.calamwater.com">www.calamwater.com</a>

## Street Sweeping



Service provided by *Monterey City Disposal Service*.

## Water Availability Status



In other areas of the City, proposed commercial and residential projects are placed on a water waiting list. While there may be some additional water available in the future for projects on the waiting list, the timing for and amount of any additional water is unknown at this time.

Additional info on the availability of water and the status of the water waiting list can be obtained by calling the Planning Office at (831) 646-3885 or sending an email to [montereysuggest@monterey.org](mailto:montereysuggest@monterey.org). You can also view the current water chart.

## Buy Local



Learn more about Buy Local Monterey...

## Connect

### General Contact

#### Mailing address:

City Hall  
580 Pacific Street  
Monterey, CA 93940



### About the City

### Quick Find

[Whats New](#) [City Code](#)[Jobs](#)[City Council](#)[Videos](#)[Planning](#)[Commission Videos](#)[Monterey Channel](#)[Programs](#)[City Council](#) [Meetings](#)[Calendar](#)[City Services](#)[Neighborhoods](#)[Accessibility](#) [Police](#) [Fire](#)[Frequently Used Numbers](#)  
[Cross](#)[Emergency Resources](#)[Newsroom](#)[Reference Directory](#)[Site Map](#)[Planning](#) [Storm Water](#)[Parking](#)[I-SEARCH](#)  
[Monterey](#)  
[NIP Program](#)[Outdoor Fun](#) [About this](#)[Site](#)[Environmental Programs](#)