

Heather Adamson

Subject: FW: AMBAG RHNA Methodology Concerns

From: Macedo, Tawny@HCD <Tawny.Macedo@hcd.ca.gov>
Sent: Friday, November 5, 2021 4:48 PM
To: Heather Adamson <hadamson@ambag.org>
Cc: Buckley, Tyrone@HCD <Tyrone.Buckley@hcd.ca.gov>; Osterberg, Annelise@HCD <Annelise.Osterberg@hcd.ca.gov>; Brinkhuis, Tom@HCD <Tom.Brinkhuis@hcd.ca.gov>; Rolfness, Kevan@HCD <Kevan.Rolfness@hcd.ca.gov>
Subject: RE: AMBAG RHNA Methodology Concerns

From: Buckley, Tyrone@HCD <Tyrone.Buckley@hcd.ca.gov>
Sent: Thursday, November 4, 2021 4:33 PM
To: Macedo, Tawny@HCD <Tawny.Macedo@hcd.ca.gov>; Osterberg, Annelise@HCD <Annelise.Osterberg@hcd.ca.gov>; Brinkhuis, Tom@HCD <Tom.Brinkhuis@hcd.ca.gov>; Rolfness, Kevan@HCD <Kevan.Rolfness@hcd.ca.gov>
Subject: FW: AMBAG RHNA Methodology Concerns

FYI

From: Rafa Sonnenfeld <rafa@yimbylaw.org>
Sent: Thursday, November 4, 2021 4:31 PM
To: Buckley, Tyrone@HCD <Tyrone.Buckley@hcd.ca.gov>
Subject: Re: AMBAG RHNA Methodology Concerns

Hi Tyrone,

The specific ask we have would be to talk to AMBAG's planning staff and offer them some additional technical assistance and guidance on AFFH best practices.

1) We generally like the approach of using Racial Concentrated Areas of Affluence (RCAA) as the way of AFFH'ing jurisdiction's allocations, but the all-or-nothing approach that lets the city of Santa Cruz reduce its low and very low allocation by 50% because it is only 66% affluent instead of 68% affluent is not acceptable. AMBAG should change its methodology for determining RCAs-based allocations for jurisdictions that are more than 50% white by reducing the percentage of low and very low units by the *relative* amount of affluence compared to the region. So for Santa Cruz, instead of a full 50% reduction to low income units, it should be a reduction of ~1%.

2) Ensure that the statutory adjustments mentioned to reduce sprawl and directing units to infill are given enormous weight for unincorporated Monterey County, due to their legal barriers to AFFH.

3) Recommend that AMBAG implement a bottom-up approach for the allocation like ABAG did that integrates equity into the total allocation (or at the very least, include it as an option with draft allocation numbers for the Directors to consider) rather than the income shift approach, which is the only methodology which the directors have seen draft numbers for, and which has never been presented to them as a real possibility.

Best,
Rafa

On Wed, Nov 3, 2021 at 12:56 PM Kirkeby, Megan@HCD <Megan.Kirkeby@hcd.ca.gov> wrote:

Thank you Rafa for reaching out!

I'm forwarding this to our RHNA team lead for consideration.

Thanks,
Megan

Megan Kirkeby | Housing Policy Development (HPD)

Deputy Director, Housing Policy Development

California Department of Housing & Community Development (HCD)

2020 W. El Camino Ave, Suite 500, Sacramento, CA 95833

Megan.Kirkeby@hcd.ca.gov | Work Cell: (916) 317-0228 (Working Remotely)

From: Rafa Sonnenfeld <rafa@yimbylaw.org>
Sent: Wednesday, November 3, 2021 12:39 PM
To: Kirkeby, Megan@HCD <Megan.Kirkeby@hcd.ca.gov>
Subject: Fwd: AMBAG RHNA Methodology Concerns

Hello Ms. Kirkby,

I wanted to make sure you and your staff are aware of some of the problems with AMBAG's proposed RHNA methodology, which is being voted on next week. I'm forwarding you an email thread raising some of our concerns. In addition to those comments, I have some additional technical details about the problematic proposal as it relates to unincorporated Monterey County. It may be helpful to start from the beginning of this thread (at the bottom).

Based on the allocation recommended by staff at the Monday meeting, Monterey County would have to have to find somewhere to zone for 1,370 very low and 896 low income units. Since Monterey County's 2010 General Plan bars sprawl development (GP Policy LU-1.19), the affordable units would have to be located in

- the "Community Areas" of Castroville, Chualar, Boronda, East Garrison, and Pajaro, of which Pajaro and Chualar are the highest priority (LU-2.23)
- the "Rural Centers" of Bradley, Lockwood, Pine Canyon, Playto, River Road, San Ardo, and San Lucas, or
- the 3 Affordable Housing Overlay districts (see Policy LU-2.11)
 - AHO1 - 13-acre Mid-Carmel Valley - see map at <https://www.co.monterey.ca.us/home/showpublisheddocument/45880/63638994150360000> [[co.monterey.ca.us](https://www.co.monterey.ca.us)]
 - AHO2 - 85-acre Airport Area AHO - see map at <https://www.co.monterey.ca.us/home/showpublisheddocument/45940/636389942172030000> [[co.monterey.ca.us](https://www.co.monterey.ca.us)]
 - AHO3 - 31-acre Highway 68/Reservation Road AHO - see map at <https://www.co.monterey.ca.us/home/showpublisheddocument/45942/636389942179370000> [[co.monterey.ca.us](https://www.co.monterey.ca.us)]

These are the only areas in which the General Plan permits Monterey County to focus future growth. (GP Policy LU-1.19.) And at this point, no additional development would be allowed in the Mid-Carmel Valley AHO in light of the 190-unit cap in the Carmel Valley Master Plan. (GP Policy CV-1.6.) Ironically, only the Mid-Carmel Valley site actually has the resources and opportunities that are supposed to be the rationale for allocating so many lower income units to the County.

There are various prerequisites to **non**-affordable project development in the Community Areas and Rural Centers, including the adoption of a Community Plan for Community Areas (Policy LU-2.23) and adoption of a Capital Improvement and Financing Plan for Rural Centers (Policy LU-2.29). The purpose of a Community Plan is to create a livable community by implementing General Plan Policy LU-2.22, which requires the following elements:

LU-2.22 Community Areas shall be designed to achieve a sustainable, balanced, and integrated community offering:

- a) A vision for that community
- b) Various types and nature of land use designations including:
 - A diverse range of residential densities and housing types.
 - A mix of retail commercial businesses and offices.
 - Industrial development where appropriate.
 - A variety of recreational opportunities and public amenities integrating enhancement of existing natural resources into the community where possible.
- c) Adequate public facilities and services including public water and sewer, an extensive road network, public transit, safety and emergency response services, adequate flood control, parks, and schools.
- d) Opportunities for workers to live near jobs.

To our knowledge, Monterey County has not yet adopted any community plans for Community Areas or Capital Improvement and Financing Plans for Rural Centers. However, Community Plans and Capital Improvement and Financing Plans are not required for 100% affordable projects in Rural Centers and Community Areas. (GP Policy LU-2.11 b, f, g.) The only requirement for a 100% affordable development in these areas is that it take care of its own infrastructure needs. (Policy LU -2.11, f, g.)

If the current allocation is adopted, Monterey County's revised Housing Element will have to upzone at least 113 acres of land in the Community Areas, Rural Centers, or AHOs to high density, i.e., at least the 20 units per acre required to meet HCD's density mandate for low income units ($1370+896=2266$ units, divided by 20 units per acre=113 acres). In effect, this means that the only way that Monterey County could develop its Low and Very Low Income affordable housing at this point would be to locate it in

- Community Areas, but without the Community Plans that are supposed to make the areas livable,
- Rural Centers, but without Capital Improvement and Infrastructure Plans and far from jobs and other opportunities,
- in the 116 acres of AHOs at Reservation Road and Highway 68 or around the Airport, where there would be no space to develop any other uses since essentially all of the space would be needed for the VL and L income units

This would result in isolated low income affordable units without community plans or comprehensive infrastructure plans. This segregation without resources or opportunities is contrary to the intent to affirmatively further fair housing, and will likely make it impossible to obtain necessary subsidies.

Again, this problem is a result of the over-allocation of units to the unincorporated Monterey County on the basis of its percentage of regional employment despite the fact that there is no jobs/housing imbalance in the unincorporated County. This base allocation to the unincorporated area is contrary to the statutory objective to promote "infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region's greenhouse gas reductions targets provided by the State Air Resources Board pursuant to Section 65080." (Gov. Code, § 65584(d)(2).)

The over-allocation of units to the unincorporated area of Monterey County is also contrary to the Government Code Section 65584.04(e)(4) mandate that the RHNA methodology shall include as one of its factors any "agreements between a county and cities in a county to direct growth toward incorporated areas of the county." The County has in fact entered into agreements with cities to direct growth into incorporated areas. These agreements are consistent with the County policies calling for City Centered Growth. (See GP Policies LU-2.14 through LU-2.17.) For example, Policy LU-2.14 requires the County to "[w]ork with AMBAG and cities to direct the majority of urban growth including higher density housing development into cities and their spheres of influence with an emphasis on redevelopment and infill."

Finally, it should be noted that in speaking with affordable housing developers whose job it is to try to build affordable housing in rural communities, it's just not feasible to develop the above-listed areas, no matter the zoning: they don't have the necessary infrastructure to be developable. If AMBAG and HCD allow the proposed methodology to proceed and give hundreds of units of our region's low income RHNA allocation to unincorporated Monterey county, it is a plan

doomed to fail, and our RHNA process will have been a wasted exercise for the thousands of low income families who depend on this process to work to build the affordable housing we need.

Regards,

Rafa Sonnenfeld he/him
Director of Legal Advocacy

831-298-0030

----- Forwarded message -----

From: **Rafa Sonnenfeld** <rafa@yimbylaw.org>

Date: Tue, Nov 2, 2021 at 5:26 PM

Subject: AMBAG RHNA Methodology Concerns

To: <HousingElements@hcd.ca.gov>

Good Afternoon,

I wanted to direct your organization's attention to the proposed RHNA methodology that AMBAG staff are set to bring to their BoD for a vote next week (Wednesday, 11/10). There was a final meeting of the AMBAG planning director's forum yesterday where staff presented a new preferred methodology. We have been advocating for significant changes to the methodology being considered by AMBAG, but it appears our concerns are falling on deaf ears. Our most recent letter is included in the attached agenda packet for yesterday's meeting. Below are a few concerns about the AMBAG approach to AFFH and 65584.04(e)(4) which are particularly problematic in how they affect the unincorporated Monterey County, and the RHNA as a whole.

According to AMBAG staff, upon conversations with HCD, they have been asked to increase the weighting of their equity adjustment, so they have. You'll notice that there is a new category called "RCAA," which stands for Racially Concentrated Areas of Affluence, that is basically the revised equity adjustment. The proposal is now to give a 50% adjustment for Affirmatively Furthering Fair Housing (AFFH) after the base allocation, to shift low and very low income units into high opportunity areas and out of low opportunity areas based on whether or not the jurisdiction has both higher than average white population and a higher than average affluent population. This is generally good a good concept, and makes sense for most cities, but it's executed poorly and it now highlights how inadequate the base allocation methodology is, because it results in assigning over 17% of the region's low income housing to unincorporated Monterey County, a jurisdiction that has a legal settlement that prevents them from AFFH. Pasted below is the staff-recommended methodology table Option B, which also changes the methodology of their AFFH

income shifting within jurisdictions by swapping VLI units for above moderate units and LI units for moderate units instead of the previous method (Option A) which swapped VLI for moderate units and LI for above-moderate units. HCD strongly encourages the Option B approach to income shift as opposed to the previous Option A.

DRAFT FOR DISCUSSION PURPOSES

Oct. 27, 2021

Option B: Income Allocation (Shifting A.M. to V.L. and M. to L.)

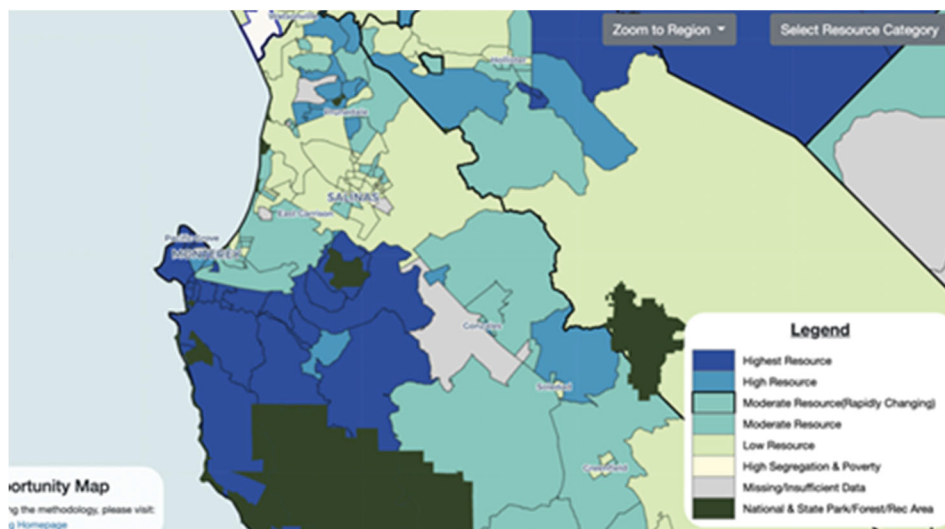
Region	Baseline Income Allocation				RCAA			Raw RCAA Adjustments				Rebalance to Income Group Totals				RHNA Total
	V.L.	Low	Mod.	A.M.	In RCAA	50%	50%	Very Low	Low	Mod.	Above Mod.	Very Low	Low	Mod.	Above Mod.	
						Shift V.L.	Shift Low									
Monterey County	7,868	5,146	6,167	14,093				6,284	4,110	7,203	15,677	7,868	5,146	6,167	14,093	33,274
Carmel-By-The-Sea	36	24	29	65	yes	18	12	54	36	17	47	68	45	15	26	154
Del Rey Oaks	46	30	36	82	yes	23	15	69	45	21	58	86	56	18	33	193
Gonzales	535	350	419	958		-268	-175	267	175	594	1,225	334	219	509	1,199	2,261
Greenfield	257	168	201	460		-129	-84	128	84	285	588	160	105	244	576	1,085
King City	239	156	187	427		-120	-78	119	78	265	547	149	98	227	535	1,009
Marina	339	221	265	607		-170	-111	169	110	376	777	212	138	322	760	1,432
Monterey	525	343	412	941	yes	263	172	788	515	240	678	987	645	205	384	2,221
Pacific Grove	107	70	84	191	yes	54	35	161	105	49	136	202	132	42	75	451
Salinas	2,210	1,446	1,733	3,961		-1,105	-723	1,105	723	2,456	5,069	1,383	905	2,101	4,964	9,353
Sand City	73	48	57	130		-37	-24	36	24	81	167	45	30	69	164	308
Seaside	325	213	255	583		-163	-107	162	106	362	746	203	133	310	730	1,376
Soledad	240	157	188	431		-120	-79	120	78	267	552	150	98	229	540	1,017
Unincorp. Monterey	729	477	571	1,306	yes	365	239	1,094	716	332	941	1,370	896	284	533	3,083
Santa Cruz County																
Capitola	172	112	135	307	yes	86	56	258	168	79	221	323	210	68	125	726
Santa Cruz	679	444	532	1,216		-340	-222	339	222	754	1,555	424	278	646	1,522	2,870
Scotts Valley	129	84	101	230	yes	65	42	194	126	59	165	243	158	51	92	544
Watsonville	620	406	486	1,111		-310	-203	310	203	689	1,422	388	254	590	1,392	2,624
Unincorp. Santa Cruz	607	397	476	1,087	yes	304	199	911	596	277	783	1,141	746	237	443	2,567

The Carmel Valley area of unincorporated Monterey County has a hard development cap of 190 units due to a legal settlement agreement with the Carmel Valley Association. That area is the reason why the unincorporated county has received so many affordable units (to further AFFH, which the county is legally prevented from doing--see the [settlement agreement \[ec2-34-221-130-80.us-west-2.compute.amazonaws.com\]](http://ec2-34-221-130-80.us-west-2.compute.amazonaws.com); relevant section about the growth cap is pasted below). So it will be virtually impossible for the County to achieve its AFFH requirements through its housing element process because it is legally prevented from increasing development in its highest opportunity community. The practical effect of Monterey County's RHNA allocation will be to up-zone areas like unincorporated Castroville for the purposes of providing affordable housing, even though that will directly conflict with the goals of AFFH; 17% of the region's very low income housing will be directed to areas that result in exacerbation of economic segregation. My hope would be if AMBAG approves this flawed methodology and HCD does sign off on this plan, that Monterey County commit to try to achieve their VLI RHNA through on-farm farmworker housing programs or something else that will be a real commitment to production of affordable housing instead of a paper pushing exercise.

CV-1.6 New residential subdivision in Carmel Valley shall be limited to creation of 190 new units as follows:

- a. There shall be preference to projects including at least 50% affordable housing units.
- b. Lots developed with affordable housing under the Inclusionary Housing Ordinance or an Affordable Housing Overlay (*Policy LU - 2.12*) may have more than one unit per lot. Each unit counts as part of the total unit cap.
- c. Existing lots with five (5) acres or more may have the first single family dwelling plus one auxiliary unit. Units added on qualifying existing lots shall not count as part of the total unit cap. New auxiliary units shall be prohibited on lots with less than five (5) acres, except that this provision shall not apply to projects that have already been approved, environmental review for auxiliary units has already been conducted, and in which traffic mitigation fees have been paid for such auxiliary units prior to adoption of this Carmel Valley Master Plan.
- d. New lots shall be limited to the first single family dwelling. Auxiliary units shall be prohibited.
- e. Of the 190 new units, 24 are reserved for consideration of the Delfino property (30 acres consisting of APN: 187-521-014-000, 187-521-015-000, 187-512-016-000, 187-512-017-000, 187-512-018-000, and 187-502-001-000) in Carmel Valley Village (former Carmel Valley Airport site) to enable subdivision of the property into 18 single family residential lots and one lot dedicated for six affordable/inclusionary units, provided the design of the subdivision includes at least 14 acres available for community open space use subject to also being used for subdivision related water, wastewater, and other infrastructure facilities.
- f. New units or lots shall be debited from the unit count when an entitlement is granted or a building permit is issued, whichever occurs first
- g. At five year intervals, the County shall also examine any other factors that might warrant a downward adjustment to the residential unit cap.

The County shall develop a tracking system and shall present, before the Planning Commission, an annual report of units remaining.



The other thing AMBAG staff has done is made it so that a jurisdiction loses 50% of their allocation of low and very low income if it's not a "Racially Concentrated Area of Affluence." And their definition of RCAA is that a city has to be both above-average wealthy, and above-average white. There is no sliding scale; it's all or nothing. Under the previously proposed income shift methodology, the city of Santa Cruz would have had 817 VLI units and 534 LI units. But because the city is only 66% affluent and not 67% or 68% affluent, it's getting just 424 VLI units and 278 LI units. A simple solution to this would be to give partial credit to jurisdictions like the City of Santa Cruz, which meets 98% of AMBAG's definition of an RCAA.

Defining Racially-Concentrated Areas of Affluence (RCAs) for the AMBAG Region

Region	Affluent	Racially-Concentrated		RCA
	% Population Above 200% of Poverty Level	Higher Than Regional Average	% White Higher Than Regional Average	Both Higher Income and Less Diverse
	67%		37%	
Monterey County				
Carmel-By-The-Sea	88%	yes	87%	yes
Del Rey Oaks	87%	yes	68%	yes
Gonzales	59%		5%	
Greenfield	56%		3%	
King City	45%		7%	
Marina	64%		33%	
Monterey	80%	yes	63%	yes
Pacific Grove	85%	yes	71%	yes
Salinas	58%		11%	
Sand City	66%		50%	yes
Seaside	65%		29%	
Soledad	52%		8%	
Unincorp. Monterey	72%	yes	45%	yes
Santa Cruz County				
Capitola	72%	yes	65%	yes
Santa Cruz	66%		58%	yes
Scotts Valley	87%	yes	72%	yes
Watsonville	53%		12%	
Unincorp. Santa Cruz	79%	yes	66%	yes

Data sources: U.S. Census Bureau, American Community Survey (2015-2019), and 2020 Census

There was also an attorney representing LandWatch Monterey County on the call as well, who brought up an important context that seems to be missing from AMBAG's analysis: that Monterey County has MOUs with several cities regarding development. He forwarded me a letter he sent to AMBAG. They are arguing for a reduction to unincorporated Monterey County's total allocation, and I agree with their reasoning.

"The County has previously recognized the need to focus growth in cities by adopting policies to limit residential development in the unincorporated area and by entering into MOAs and MOUs with cities to direct growth into incorporated areas. (See, e.g., agreements with Greenfield, Gonzales, and Salinas at <https://www.co.monterey.ca.us/government/departments-a-h/housing-community-development/planning-services/resources/mous> [co.monterey.ca.us]). Indeed, Government Code Section 65584.04(e)(4) mandates that the RHNA methodology "shall include" as one of its factors any policies that direct growth toward cities, including "agreements between a county and cities in a county to direct growth toward incorporated areas of the county."

We still feel a more equitable approach to the overall methodology is to use the "bottom up" approach as outlined in our letter, that creates a separate allocation methodology for each bucket of affordability, rather than the income-shift methodology that is on the fast track to adoption. There will still need to be adjustments for statutory requirements, especially concerning the situation in unincorporated Monterey County. To account for farmworker housing, which was a concern several jurisdictions, such as Soledad, feel is being overlooked, the original idea we had was to create a farmworker housing threshold/adjustment so that we could be sure that each jurisdiction with a farmworker housing need would be sure to get at that minimum number of units for low/very low. One way that could be done is by re-allocating the huge number of VLI units in unincorporated Monterey County to the other farmworker jurisdictions. Monterey County will almost certainly need to be adjusted down to fulfil the statutory requirement of directing housing to infill and AFFH.

Thank you,

Rafa Sonnenfeld he/him
Director of Legal Advocacy

831-298-0030

[\[yimbylaw.org\]](http://yimbylaw.org)