



THE CITY OF  
**MONTEREY**

# 2023-31 HOUSING ELEMENT

Volume 1



Adopted July 16, 2024  
Certified October 4, 2024



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Prepared by

**DYETT & BHATIA**

Urban and Regional Planners

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# I Introduction

## Purpose and Objectives

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All California cities and counties are required to have a Housing Element included in their General Plan which establishes housing objectives, policies, and programs in response to community housing conditions and needs. This Housing Element has been prepared to respond to current and near-term future housing needs in the City of Monterey and provide a framework for the community's longer-term approach to addressing its housing needs.

The Housing Element contains goals, updated information, and strategic directions (policies and implementing actions) that the City is committed to undertaking. Housing affordability in Monterey County and in California is a critical issue. Over the past 30 years, housing costs have ballooned, driven by rising construction costs and land values, and homeownership in Monterey and throughout Monterey County has become an ever more distant dream for many people. The typical home value in Monterey in August 2022 was more than \$1.1 million, an increase of 54 percent over the past decade. The double-edged sword of steep home prices is apparent as subsequent generations are priced out of the local housing market. Similarly, people who work in Monterey are often forced to live far away where housing is more affordable, and high housing costs have become a significant obstacle to hiring service and hospitality workers, teachers, first responders, and others essential to the community.

This Housing Element touches many aspects of community life. It builds upon the goals, policies, and implementing programs contained in the City's 2015-2023 Housing Element and other City policies and practices to address housing needs in the community. The overall focus of the Housing Element is to preserve and enhance community life, character, and serenity through the provision of adequate housing opportunities for people at all income levels, while being sensitive to the unique and historic character of Monterey that residents know and love.

The following are some of the specific purposes of the Housing Element update:

1. **Address Regional Housing Needs Allocation (RHNA).** Ensure capacity for the development of new housing to meet the RHNA of 3,654 housing units at all income levels for the 2023-2031 planning period.
2. **Provide a Variety of Housing Opportunities.** Provide a variety of housing opportunities proportionally by income to accommodate the needs of people who currently live, work, and go to school in Monterey, such as elderly residents, large families, students, teachers, and service and hospitality workers.
3. **Provide Equal Housing Opportunities.** Provide for fair and equal housing opportunities for all persons, regardless of protected characteristics, including but not limited to, age, ancestry, sex, gender, gender expression, sexual orientation, religion, disability, family status, race, creed, color, or national origin.

4. **Address Affordable Housing Needs.** Continue existing and develop new programs and policies to meet the projected affordable housing need of extremely low, very low, low, and moderate-income households.
5. **Address the Housing Needs of Special Need Groups.** Continue existing and develop new programs and policies to meet the projected housing needs of persons living with disabilities, unhoused people, elderly residents, students, and other special needs households in the community.
6. **Remove Potential Constraints to Housing.** Evaluate potential constraints to housing development and encourage new housing in locations supported by existing or planned infrastructure, while maintaining existing neighborhood character. Develop programs to help remove or reduce barriers to the development of housing for all income levels.
7. **Maintain Existing Housing.** Maintain the existing housing stock to assure high quality maintenance, safety, and habitability of existing housing resources.
8. **Provide Adequate Housing Sites.** Identify appropriate housing sites within specified areas that have the potential to accommodate or are proximate to transportation, shopping and schools, and the accompanying zoning required to accommodate housing development.
9. **Promote Sustainability and Energy Efficiency.** Continue to promote sustainability and energy efficiency in residential development to lower energy use through energy-efficient urban design and through better design and construction in individual projects.

## Legal Requirements

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State law requires each city, town, and county in California to adopt a General Plan containing at least seven elements, including a Housing Element. Regulations regarding Housing Elements are found in the California Government Code sections 65580-65589. Although the Housing Element must follow State law, it is by its nature a local document. The focus of the Monterey Housing Element is on the needs and desires of Monterey residents and workers as they relate to housing in the community. Within these parameters, the intent of the Element is also to comply with State law requirements.

Unlike the other mandatory General Plan elements, the Housing Element requires periodic updating and is subject to detailed statutory requirements and mandatory review by the State of California Department of Housing and Community Development — HCD. According to State law, the Housing Element must:

- Provide goals, policies, quantified objectives, and scheduled programs to preserve, improve and develop housing.
- Identify and analyze existing and projected housing needs for all economic segments of the community.
- Identify adequate sites that will be zoned and available within the Housing Element planning period — between 2023 and 2031 — to meet the City’s share of regional housing needs at all income levels.
- Be submitted to HCD to review and certify that the Housing Element complies with State law.

State law establishes detailed content requirements for Housing Elements and establishes a regional “fair share” approach to distributing housing needs throughout all communities in the Association of Monterey Bay Area Governments (AMBAG) region. The law recognizes that for the private sector and non-profit housing sponsors to address housing needs and demand, local governments must adopt land use plans and implementing regulations that provide opportunities for, and do not unduly constrain, housing development.

## REGIONAL HOUSING NEEDS ALLOCATION (RHNA)

Monterey’s Housing Element was last updated in 2015 to plan for the years 2015-2023. This Housing Element update reflects the RHNA as determined by AMBAG for the Sixth Cycle Housing Element update, covering the years 2023-2031. The RHNA is a State-mandated process intended to ensure every city, town, and county plans for enough housing production to accommodate future growth. HCD assigns each region of the state an overall RHNA allocation. AMBAG distributes a “fair share” portion of that allocation to each local jurisdiction in Monterey and Santa Cruz counties. The Council of San Benito County Governments distributes RHNA to jurisdictions within San Benito County. Each city and county must then identify adequate sites with a realistic capacity for development sufficient to meet this RHNA.

For the 2023-2031 period, Monterey must identify sites sufficient to accommodate 3,654 new housing units between 2023 and 2031, with a specific number of units designated as affordable to each income category, as shown in Table 1-1. The RHNA does not specifically break down the need for extremely-low-income households. As provided by State law, the housing needs of extremely-low-income households, or those making less than 30 percent of area median income (AMI), is estimated as 50 percent of the very-low-income housing need. More detail on the RHNA allocation process is described in Chapter 3 as well as in Appendix C.

**Table 1-1: Monterey Regional Housing Needs Assessment, 2023-2031**

| <i>Income Level</i>   | <i>AMI</i> | <i>Needed Units</i> | <i>Percent of Needed Units</i> |
|-----------------------|------------|---------------------|--------------------------------|
| Very-Low-Income       | 0-50%      | 1,177               | 32.2%                          |
| Low-Income            | 51-80%     | 769                 | 21.0%                          |
| Moderate-Income       | 81-120%    | 462                 | 12.6%                          |
| Above-Moderate-Income | >120%      | 1,246               | 34.1%                          |
| <b>Total</b>          |            | <b>3,654</b>        | <b>100.0%</b>                  |

*Source: HCD State Income Limits, 2023; City of Monterey, 2022; Dyett & Bhatia, 2023*

## HOUSING ELEMENT LAW: STATE CHANGES

Various amendments have been made to Housing Element law since adoption of the 2015-23 Housing Element, especially since 2017. Some of the key changes for 6th cycle RHNA and Housing Element update include:

- Assembly Bill (AB) 72 (2017), codified in Government Code section 65585, provides additional authority to State HCD to scrutinize housing elements and enforce housing element noncompliance and other violations of state housing laws.
- AB 879 (2017), which amended Government Code sections 65400, 65583, and 65700 and Health and Safety Code section 50456, and AB 1397 (2017), which amended Government Code sections 65580, 65583, and 65583.2, require additional analysis and justification of sites listed on a local government’s housing sites inventory, additional explanation of the realistic capacity of those listed sites, and further scrutiny of governmental and nongovernmental constraints that limit the production of housing.
- AB 686 (2018), which amended Government Code sections 65583 and 65583.2, requires local governments to Affirmatively Further Fair Housing (AFFH) by including in revised housing elements (1) an assessment of fair housing; (2) equitable distribution of housing to meet the needs of households at all income levels and dismantle segregated living patterns with integrated

and balanced living patterns; (3) policies and programs that address fair housing barriers and promote fair housing patterns; and (4) a comprehensive, collaborative, accessible, inclusive, and equity-driven public engagement approach.

- AB 215 (2021), which amended Government Code section 65585, extends the housing element compliance review process by requiring local governments to make draft housing elements available for public review prior to submittal to State HCD rather than conducting concurrent review. The draft must be made publicly available for at least 30 days, and the local government must consider and incorporate public comment for at least 10 business days, before sending the draft to State HCD. AB 215 also increased State HCD’s review period of the first draft element submittal from 60 to 90 days and within 60 days of its receipt for a subsequent draft amendment or adoption. However, the January 31, 2023, statutory deadline remains the same, even as these new requirements have significantly added to the time a city needs to complete the overall housing element update process.
- AB 1398 (2021), which amended Government Code sections 65583, 65583.2, and 65588, revises the consequences for local governments that do not meet the deadline for housing element adoption. Local governments must complete rezoning no later than one year from the statutory deadline for adoption of the housing element if that jurisdiction fails to adopt a housing element that State HCD has found to be in substantial compliance with state law within 120 days of the statutory deadline. The City retains the three-year rezoning period if the housing element is adopted within 120 days of the statutory deadline.
- AB 1304 (2021), which amended Government Code sections 8899.50, 65583, and 65583.2, clarifies that a public agency has a mandatory duty to comply with existing Housing Element Affirmatively Furthering Fair Housing (AFFH) requirements. AB 1304 revises the items to be included in AFFH analysis and requires that analysis to be done in a specified manner. In addition, the housing inventory must analyze the relationship of the sites identified in the inventory to the city’s duty to affirmatively further fair housing.

The contents of this Housing Element comply with these amendments and all other requirements of Housing Element law.

## **ENVIRONMENTAL REVIEW**

An Environmental Impact Report (EIR) will be prepared to identify and mitigate any significant adverse environmental effects that could result from implementation of the 2023-31 City of Monterey Housing Element. Consistent with the requirements of the California Environmental Quality Act (CEQA), a Notice of Preparation (NOP) of an EIR was circulated to invite comments from public agencies and interested community members to scope content of issues and alternatives that should be considered in the EIR. A public review Draft EIR reflecting comments on the NOP was made available for public review between February 9 and March 25, 2024. The Final EIR, responding to public comments on the Draft EIR will be released in May 2024.

## **Process for Updating the Housing Element**

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The 2023-31 Housing Element is a comprehensive update to the Housing Element of the General Plan, undertaken to accommodate the City’s share of the regional housing need and address new State law. Amid the ongoing housing shortage in California, Monterey is required by law to plan for 3,654 new housing units over the next 8 years. As a community with few vacant lots, steep topography, airport safety zones, and significant areas of flood, wildfire, and liquefaction risk, accommodating new housing will require a

thoughtful approach that integrates new homes to serve local needs while preserving the unique and historic sense of place so important to our community.

## COMMUNITY INVOLVEMENT

Community involvement is an integral component of the Housing Element process. The City of Monterey employed a range of public outreach and engagement strategies to solicit meaningful community input that has informed the 2023-2031 Housing Element. These strategies included targeted community listening sessions, an online survey, a youth-led survey, decision-maker meetings, and pop-up outreach at popular locations around town as well as ongoing communication with the community online at the project's website. Details of outreach activities and community input are included in Appendix G, together with a summary of how feedback is reflected in the Housing Element. A summary of these engagement activities is described below:

- **Web and Social Media** – At the outset of the process, a webpage was created on Have Your Say Monterey website to serve as a one-stop information portal for the Housing Element Update. The webpage provided contextual information on legal requirements and key concepts and housed draft documents for public review. Updated content was posted to the City website and on social media regularly to keep the community informed of progress.
- **Citywide Mailers** - The City sent postcards to every household in Monterey at three key points in the process to help raise awareness of the project and the process and keep community members informed of status and key dates. The mailers announced the dates/times of community open house meetings and invited participation in the community online survey.
- **Focus Group Discussions** - The City hosted a series of listening sessions with property owners, community group representatives, local architects, real estate developers and builders, major employers, affordable housing advocates and service providers, and others to gather information on housing needs and preferences, as well as opportunities and constraints to residential development in Monterey. In total, 12 listening sessions of 5 to 10 participants were held over the course of December 6-8, 2022, at the Monterey Conference Center. Participants included representatives from Monterey Unified School District, Monterey Bay Aquarium, Naval Postgraduate School, U.S. Army (Defense Language Institute), hospitality and service employers, downtown property owners, architects who have designed/built ADUs in Monterey, and residents. Participant feedback from these groups helped inform the program of implementing actions in the Housing Element.
- **Community Online Survey** – In order to gather community input to inform updates to the Housing Element, an online survey was conducted March 1, 2023, to April 30, 2023. The survey provided residents with an opportunity to help identify and evaluate strategies for accommodating and encouraging new housing to serve local needs to help the City meet the legal requirements for the Housing Element. The survey was also promoted via the City's website and email blasts to community members, citywide mailers to all households in Monterey, as well as newspaper. In total, 1,050 respondents participated in the survey.
- **Pop-Up Outreach** - Using a “go to them” strategy to raise awareness of the project and provide community members with additional in-person opportunities for input, City staff conducted pop up events in March and April 2023 at locations where community members gather, such as the Del Monte Farmer's Market, Monterey Public Library, Captain + Stoker Coffee Roasters, and the Alvarado Farmer's Market. The events were structured as "chalk board chats" that provided community members with opportunities to learn about the project and share quick feedback.

The events were also an opportunity to hand out postcards advertising the community online survey.

- **Public Review Period** - The Draft Housing Element was released for a 30-day public review period on August 2, 2023 to provide the community with an opportunity to ask questions and comment on the public review draft. During the public comment period, a community open house was held on August 7, 2023 at the Monterey Conference Center. The date and time were noticed with a direct mailer to every household in Monterey, an email blast to the community, social media, and an announcement on the City’s website. Revisions made in response to comments from HCD were posted for public review in April and in June 2024.
- **Decision-Maker Review** – A series of study sessions before the Planning Commission and City Council was held as the components of the Housing Element were developed and refined, to provide additional opportunity for public input and decision-maker review. Upon close of the 30-day public review period, the Draft Housing Element and public comments were presented to the Planning Commission and City Council. Adoption hearings before the Planning Commission and City Council are scheduled for June 2024.

## Organization of the Housing Element

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The Housing Element is an integrated part of the General Plan, published under separate cover. It is an eight-year plan that is updated more frequently than other General Plan elements to ensure its relevancy and accuracy. The Housing Element consists of the following major components organized as described below:

- **Chapter 1 - Introduction:** Provides an introduction to the purpose of the document and the legal requirements for a Housing Element, together with an overview of the community and the community involvement process.
- **Chapter 2 – Community Profile:** Documents population characteristics, housing characteristics, and current development trends to inform the current housing state of Monterey and to identify community needs.
- **Chapter 3 – Adequate Sites for Housing:** Presents an inventory of adequate sites suitable for construction of new housing sufficient to meet needs at all economic levels along with projections of their realistic capacity for housing during the planning period and an overview of administrative and financial resources to support housing planning and production.
- **Chapter 4 - Housing Action Plan:** Articulates housing goals, policies, and programs to address the City’s identified housing needs, including those of special needs groups and the findings of an analysis of fair housing issues in the community. This Housing Element identifies a foundational framework of six overarching goals to comprehensively address the housing needs of Monterey residents and workers.
- **Appendix A – Sites Inventory:** Presents a parcel-by-parcel inventory of sites identified to accommodate the City’s RHNA together with other pertinent details in the electronic inventory form provided by the State for use in Housing Elements.
- **Appendix B – Housing Needs Assessment:** Presents a profile of the community, including demographic and economic characteristics, commute patterns, and environmental conditions in the city.
- **Appendix C – Constraints Analysis:** Includes an analysis of constraints to housing production and maintenance in Monterey. Constraints include potential market, governmental, and environmental limitations to meeting the City’s identified housing needs. In addition, an assessment of

impediments to fair housing is included, with a fuller analysis of actions needed to comply with AFFH is included in a separate appendix.

- **Appendix D – Fair Housing Assessment:** Identifies fair housing issues and solutions to meet Monterey’s AFFH mandate.
- **Appendix E – Fifth Cycle Accomplishments:** Summarizes the City’s achievements in implementing goals, policies, and actions under the previous Housing Element.
- **Appendix F – Additional Analysis and Information in Support of Housing Projections:** Includes additional details to demonstrate the viability of sites included on the inventory of housing sites and the projections for housing development during the 2023-31 period, as well as a letter of intent from the Monterey Peninsula School District.
- **Appendix G – Outreach Materials:** Includes outreach materials, summaries, and a description of how community and stakeholder input has been reflected in the Housing Element.
- **Appendix H – Test Fits:** Includes illustrative project design calculations to inform the analysis of regulatory constraints in Appendix C.

## General Plan Consistency

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State law requires that the General Plan and all its elements comprise an integrated, internally consistent, and compatible statement of policies. The City of Monterey General Plan was adopted in 2005, and the Housing Element, published under separate cover, was certified and adopted in 2015. The Sixth Cycle Housing Element Update is consistent with the Monterey General Plan, which seeks to encourage housing, including mixed-use housing to meet the needs of business (Economic Element Goal D), as well as preserve existing and encourage development of new family housing in Monterey (Social Element Policy a.1). In 2022, the Monterey County Multi-Jurisdictional Hazard Mitigation Plan was approved by the Federal Emergency Management Agency (FEMA) on September 14, 2022. The Plan implements the FEMA’s Mitigation Planning regulations (44 Code of Federal Regulations, Part 201), the federal Disaster Mitigation Act of 2000, and the Floodplain Management Plan requirements of FEMA’s Community Rating System (CRS). The City is required to have a FEMA-approved hazard mitigation plan to be eligible for disaster recovery assistance and mitigation funding.

In parallel with the Sixth Cycle Housing Element Update, the City has initiated an update to the Safety Element of the Monterey General Plan, which is anticipated for adoption in early 2024. The updated Safety Element will incorporate new data, information, and maps related to flooding, sea level rise, tsunamis, wildfires, landslides, and seismic hazards, as well as the findings of an emergency evacuation capacity analysis being conducted by the City to inform the Safety Element Update. This Sixth Cycle Housing Element builds upon the City's current, adopted General Plan and is consistent with its goals, policies, and implementation actions. Through the implementation of Program 6-A in this Housing Element, the City will continue to review the General Plan and Housing Element annually for internal consistency as amendments are proposed and adopted.

## 2 Community Profile

Monterey is a coastal community of about 28,000 residents with a rich historic background and a distinctive small-town feel. The city occupies 8.67 square miles of land between the southern shore of Monterey Bay and the forested ridgeline of the foothills, bordered by the City of Pacific Grove to the northwest and the City of Seaside to the east. Known for its stunning natural scenery and world-renowned attractions like the Monterey Bay Aquarium, tourism is a pillar of the local economy. Monterey is also home to four educational institutions – U.S. Naval Postgraduate School, Monterey Peninsula College, Middlebury Institute of International Studies, and the U.S. Army Defense Language Institute Foreign Language Center – and its enviable quality of life continues to make the community an attractive place to live.

This community profile documents population and housing characteristics, economic conditions, and current development trends to highlight community housing needs as well as issues and opportunities related to housing production. For a more detailed analysis of local housing needs, please see Appendix B: Housing Needs Assessment.

## Location and Context

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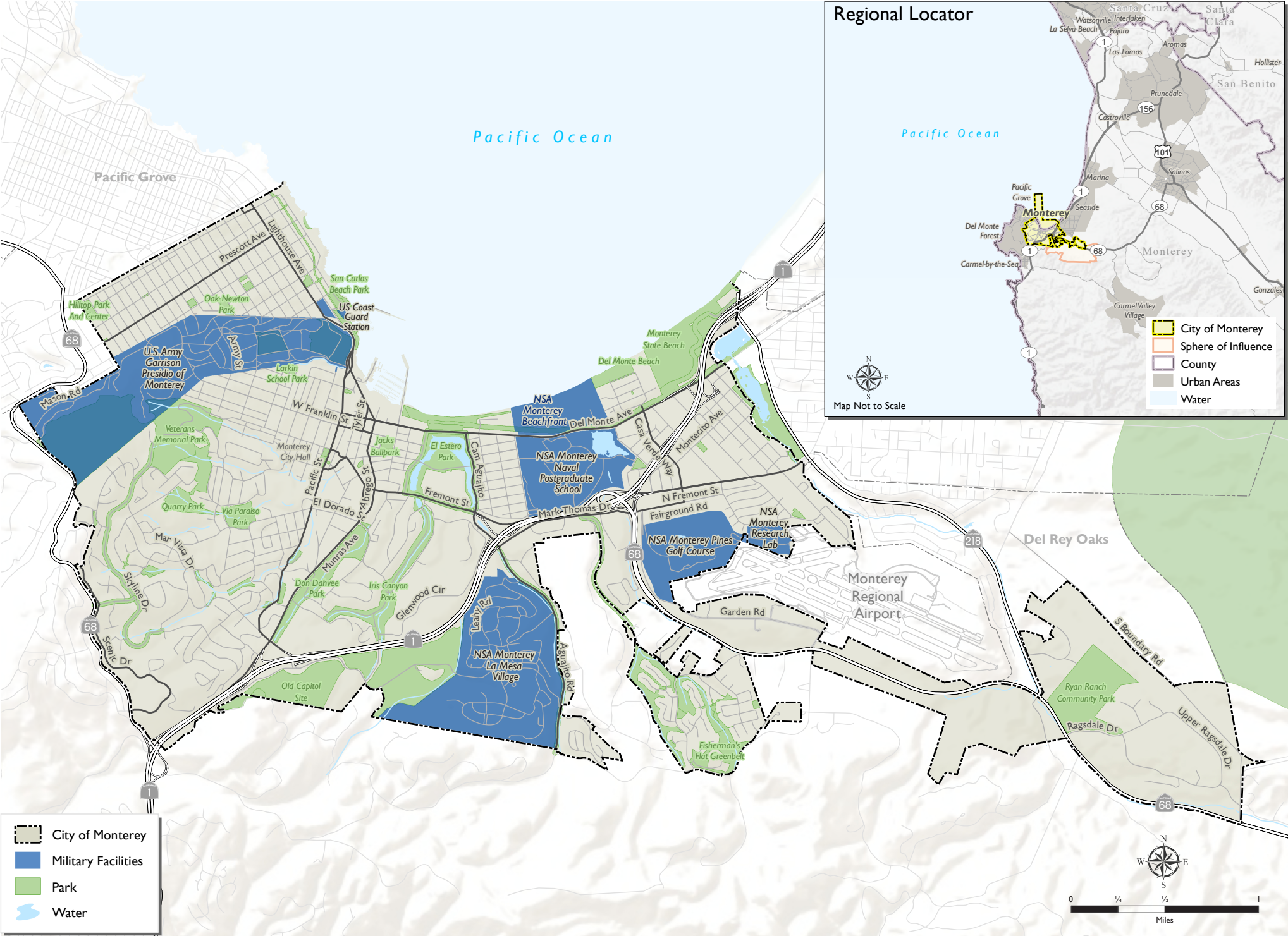
### LOCATION AND ACCESS

The City of Monterey is located in northern Monterey County about 19 miles west of Salinas, 29 miles north of Big Sur, and 115 miles south of San Francisco, as shown in Map 2-1. Covering an area of approximately 8.67 square miles, excluding 3.5 square miles of water area in the Monterey Bay, the City is largely a built-out community beside the bay, framed by a forested hill backdrop and rich historical background. Highway access is provided by California State Route 1 (SR1), a north-south highway that runs through the center of Monterey, as well as California State Route 68 (SR68), an east-west highway that serves as a major route between Salinas and Monterey Peninsula. Monterey-Salinas Transit (MST) provides connections at the Monterey Transit Plaza to the Salinas Transit Center as well as other surrounding cities such as Pacific Grove, Carmel Valley, Seaside, and Marina.

### EXISTING LAND USE PATTERN AND USES

The City of Monterey is the third most populous jurisdiction in Monterey County, behind Salinas and Seaside. The city is largely developed with single-family homes, multi-family apartments, military and educational facilities, commercial corridors, and parks, with little vacant parcels throughout. The single largest land use category in Monterey is public/semi-public at 1,876.8 acres, which encompasses all publicly owned facilities and private facilities operated to serve the general public. Included in this category are public schools, military facilities, airport, and cemetery. Single-family residential accounts for 991.7 acres of land use in City, while multi-family residential covers about 387.5 acres. Parks and recreation uses occupy 617.5 acres, commercial uses occupy 428.8 acres, and industrial uses occupy 112.8 acres.

# Map 2-1: Regional Location and Planning Area



Data Source: City of Monterey, 2023; Monterey County GIS, 2023; Dyett & Bhatia, 2023.

## NATURAL RESOURCES AND ENVIRONMENTAL CONSTRAINTS

Natural resources are an integral part of the city’s setting, economy, and physical development. Monterey features an array of natural habitats and protected areas that are home to abundant wildlife, from the coastal beaches, rocky bluffs, and sand dunes, the marine life in the Monterey Harbor and federally protected Monterey Bay National Marine Sanctuary, to upland oak and pine forests and chaparral habitats. While the natural setting of Monterey helps define the character of the community, it also holds potential for natural hazards that pose risk to human life and property. As shown in Map 2-2, upland areas in the south and southwest of the city are classified as Very High Fire Hazard Severity Zones by California Department of Forestry and Fire Protection (CALFire), based on the presence of vegetation that is highly flammable and extremely dry during the summer months. There are areas of high liquefaction risk along the course of creeks that drain from the hills to the Monterey Bay, and there is an area of high landslide susceptibility in the hills near Fisherman’s Flats Greenbelt. Low lying areas of Downtown and along Del Monte Avenue are subject to flooding and coastal inundation. Coastal erosion is common along much of the Monterey coastline, which could increase with sea level rise. Careful consideration of environmental constraints was vital in selecting and allocating adequate sites for all income categories in Monterey’s inventory.

## Population Characteristics

### POPULATION TRENDS

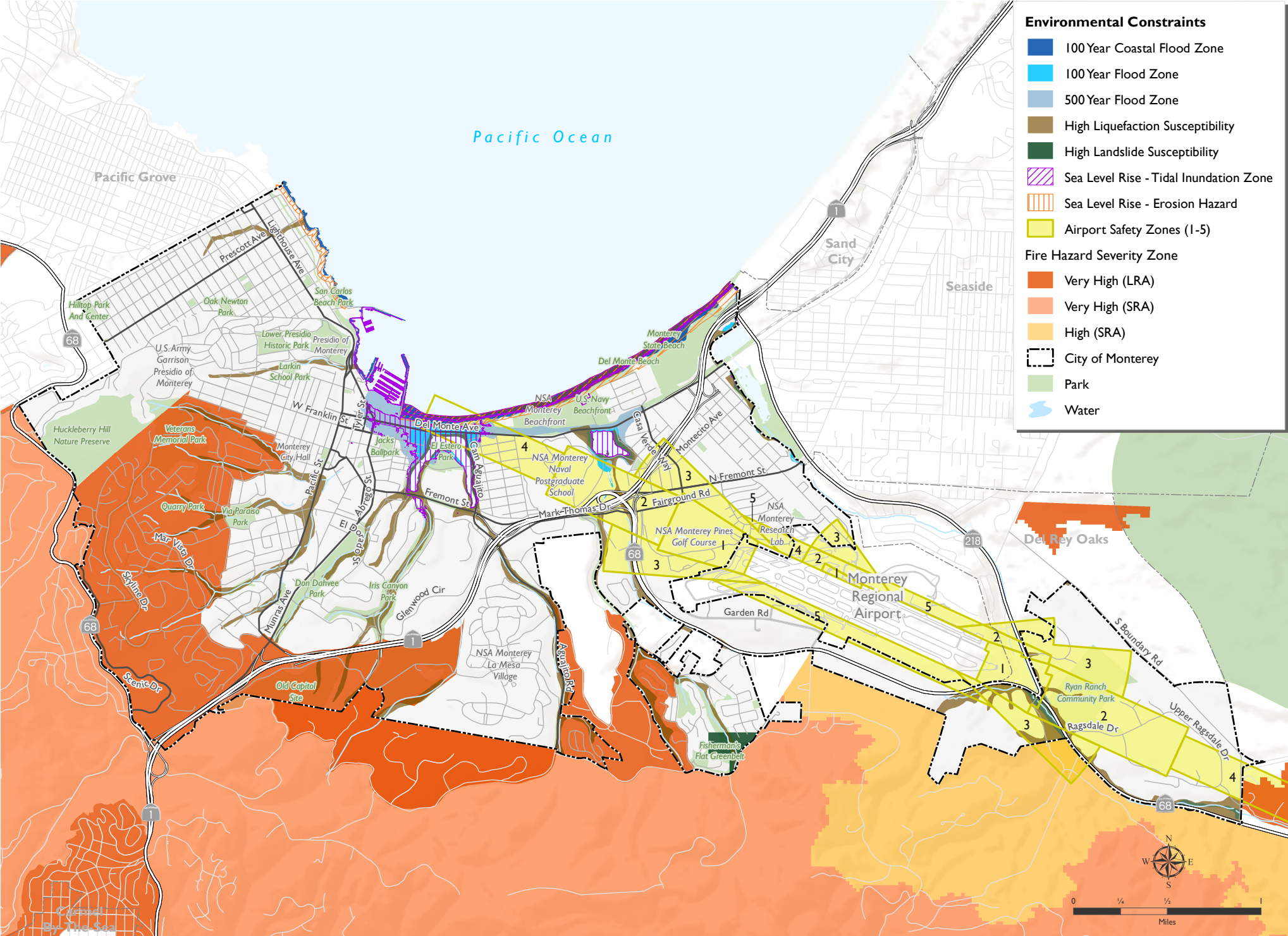
According to the California Department of Finance (DOF), the total population of the City of Monterey in 2020 was 28,304, an increase of 2.3 percent since 2010 (27,810). As shown in Table 2-1, AMBAG projects that by 2040 the population of the city will increase approximately 10 percent from the 2010 reported Census population. The AMBAG projections show a slightly higher population in 2020 than the U.S. Census count (28,575).

**Table 2-1: City of Monterey Population Projections (2010-2050)**

|                 | 2010    | 2015    | 2020    | 2025    | 2030    | 2035    | 2040    | 2045    | 2050    |
|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Monterey        | 27,810  | 28,239  | 28,304  | 28,044  | 28,650  | 29,032  | 29,342  | 29,639  | 29,934  |
| Monterey County | 415,057 | 430,277 | 440,393 | 453,956 | 464,124 | 471,901 | 477,265 | 480,694 | 481,305 |

Source: Association of Monterey Bay Area Governments, 2022, California Department of Finance, E-5 series, P-1: State Population Projections (2010-2060), 2023

# Map 2-2: Environmental Hazards



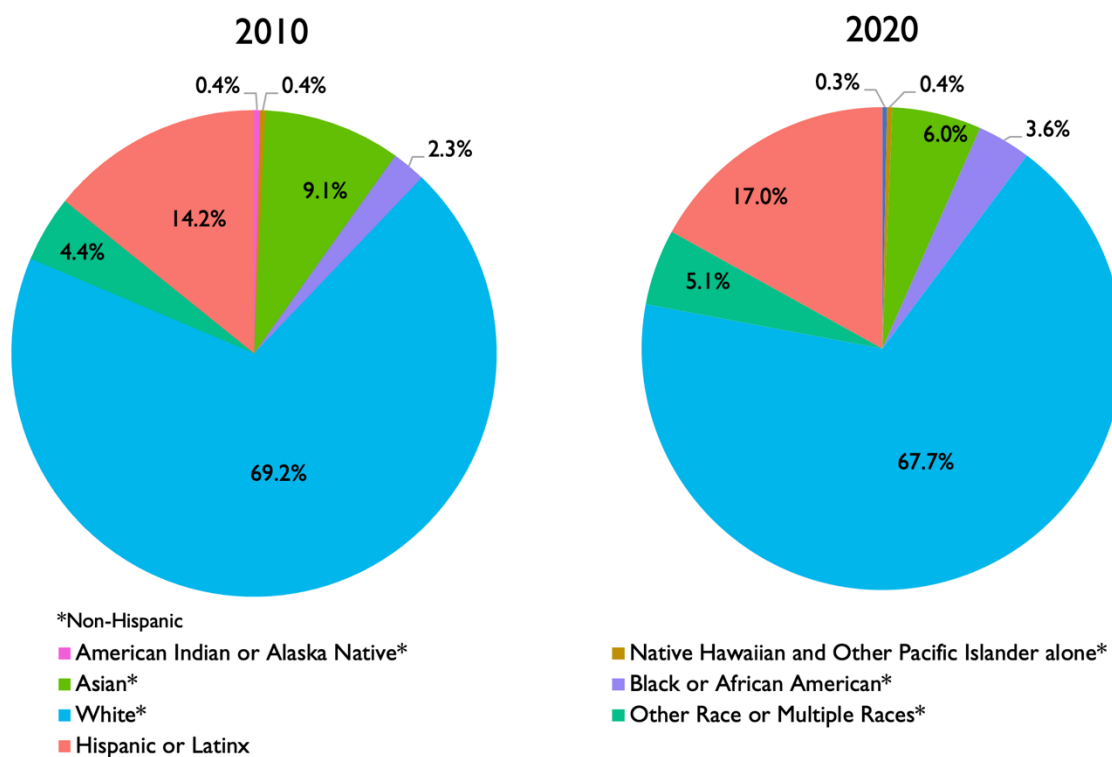
Data Source: Fire Hazard Severity Zones in SRA, CAL FIRE, September 2023 (Effective April 1, 2024); Very High Fire Hazard Severity Zones in LRA, Recommended by CAL FIRE, 2007; National Flood Hazard Layer, FEMA 2017; Liquefaction Data, County of Monterey, 2014; Landslide Layer, County of Monterey, 2018; Monterey Regional Airport Land Use Compatibility Plan, 2019; City of Monterey, 2023; Monterey County GIS, 2023; Dyett & Bhatia, 2023.

## RACE AND ETHNICITY

Understanding the racial and ethnic makeup of Monterey and the region can be important for designing and implementing effective housing policies and programs. Throughout the U.S., past practices - including exclusionary zoning, discriminatory lending practices, and urban renewal projects - have historically impeded fair access to housing for certain ethnic groups and the legacy of these actions continues to impact communities of color today.

Chart 2-1 presents the racial and ethnic composition of the City of Monterey’s population in 2010 and 2020, as reported in American Community Survey five-year data (for 2010 and 2020). Since 2010, Monterey has seen an increase in its Hispanic or Latinx population from 14.2 percent to 17 percent, making it the city’s second largest racial or ethnic group. The largest racial or ethnic group remains White, at 67.7 percent in 2020, down from 69 percent in 2010. In 2020, non-Hispanic Black and Non-Hispanic Asian populations stayed the same in their share of the city’s overall population at 3.6 percent and 6 percent, respectively.

**Chart 2-1 Population by Race in Monterey, 2010 and 2020**



Source: U.S. Census Bureau, American Community Survey 5-Year Data (2016-2020), Table B03002

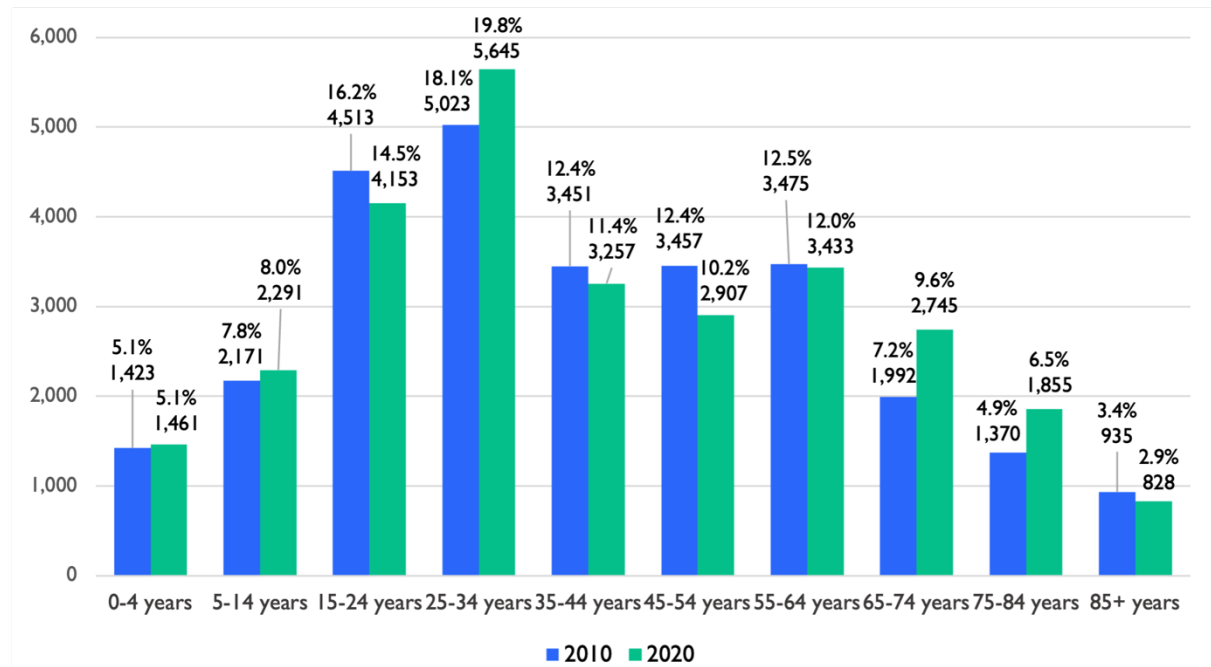
## AGE

Current and future housing needs are typically determined in part by the age characteristics of a community’s residents. Each age group has distinct lifestyles, family type and size, incomes, and housing preferences. Consequently, evaluating the age characteristics of a community is important in determining its housing needs.

The city’s median age is 36.9, which is 2.2 years older than Monterey County’s median age of 34.7. A review of data on population by age in the city since 2010 indicates that while the share of residents 34 years and

younger has remained relatively stable over time, the share of residents aged 35-54 has dropped by 10.8 percent (Chart 2-2). By contrast, the fastest growing segment of the population is the cohort aged 55 years and over, which grew by 14 percent between 2010 and 2019. Older adult residents are considered a special needs housing group because they tend to live on fixed incomes and have requirements for aging in place.

**Chart 2-2: Age Distribution in Monterey, 2010 and 2020**



Source: U.S. Census Bureau, Census 2000 SFI, Table P12; U.S. Census Bureau, Census 2010 SFI, Table P12; U.S. Census Bureau, American Community Survey 5-Year Data (2016-2020), Table B01001

## GENDER

In 2020, there were 28,304 residents in Monterey. Female-headed families, including those with children, are identified as a special needs group in State law because they are more likely to be supporting a household with one income, increasing the probability the household is low-income and housing cost-burdened. In Monterey, there are approximately twice as many female-headed households (725) as there are male-headed households (357). Female-headed households represent about 5.8 percent of owner-occupied households and 5.9 percent of renter-occupied households. Approximately 24 percent of female-headed households have children.

## INCOME

Household income is one of the most significant factors affecting housing choice and opportunity. Income largely determines a household’s ability to purchase or rent housing. While higher-income households have more discretionary income to spend on housing, lower- and moderate-income households are limited in the range of housing they can afford. Typically, as household income decreases, cost burdens and overcrowding increase.

For the purpose of evaluating housing affordability, housing need, and eligibility for housing assistance, income levels are defined by guidelines adopted each year by the California State Department of Housing and Community Development (HCD). For Monterey County, the applicable Area Median Income (AMI) for a family of four in 2023 is \$100,400. This is an increase of 46.1 percent from the 2014 median income of

\$68,700. HUD has defined the following income categories, based on the median income for a household of four persons for 2023:

- Extremely low-income: 30 percent of AMI and below (\$0 to \$36,100)
- Very low-income: 31 to 50 percent of AMI (\$36,101 to \$60,200)
- Low-income: 51 to 80 percent of AMI (\$60,201 to \$96,350)
- Moderate-income: 81 to 120 percent of AMI (\$96,350 to \$100,400)
- Above moderate-income: 120 percent or more of AMI (\$100,401 or more)

A full 62 percent of households in the City of Monterey make more than 100 percent of AMI, more than in Monterey County as a whole (51 percent). Correspondingly, the share of moderate- and lower-income households is lower in the city than in the county. In the City of Monterey, extremely low-income households account for 7.8 percent, very low-income households account for 7 percent, and low-income households account for 14.2 percent.

Putting a face to these income categories, the starting salary for teachers with the Monterey Peninsula Unified School District is \$55,048 annually<sup>1</sup> while the average annual salary for law enforcement officers on the Monterey Peninsula is \$70,347<sup>2</sup>, meaning single people working in these professions are classified as low-income households. The average annual salary for service workers employed in food preparation and hospitality-related occupations is \$30,774<sup>2</sup>, and those employed in healthcare support occupations earn \$31,157<sup>2</sup> on average annually, meaning single people working in these professions are classified as extremely low-income households. With extremely low vacancy rates and a chronic shortage of housing to meet the needs of the local workforce, lower income households on the Monterey Peninsula experience significant housing related challenges. When housing is unaffordable, cost burdens and overcrowding increase. This displays the affordability crisis in Monterey, as it is becoming a challenge for essential employees to afford to live and stay in Monterey.

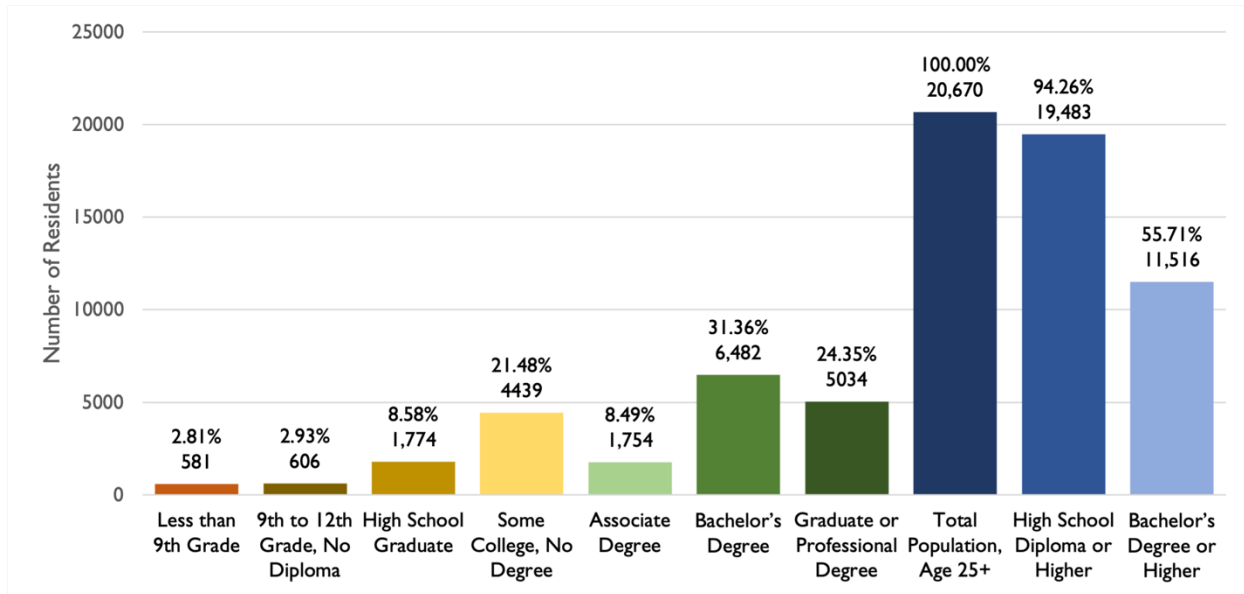
## **EDUCATIONAL ATTAINMENT**

As shown in Chart 2-3, the share of the population age 25 and over in Monterey who held a high school diploma or higher was 94.3 percent in 2020. About 55.7 percent of the population in Monterey holds a bachelor's degree or higher. The share of the population with a bachelor's degree or higher has grown steadily in Monterey, from 48.3 percent in 2012 to 55.7 percent in 2020.

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<sup>1</sup> Monterey Peninsula Unified School District, Teacher Salary Schedule 2022-2023, <https://4.files.edl.io/9e8b/05/02/22/143637-95946a00-3c5d-4119-89f0-f4e0a2ee9d37.pdf>, accessed July 25, 2023.

<sup>2</sup> U.S Census, American Community Survey, 2016-2020 5-Year Estimates, Table B24021.

**Chart 2-3: Educational Attainment Among Those Age 25 Years and Over, 2020**

Source: US Census Bureau American Community Survey, 2020, Table B15003; Dyett & Bhatia, 2023

## SPECIAL NEEDS GROUPS

Certain groups have greater difficulty in finding suitable affordable housing due to their special needs and circumstances. This may be a result of employment and income, family characteristics, disability, or household characteristics. Consequently, certain residents in the City of Monterey may experience more instances of housing cost burdens, overcrowding, or other housing problems. The categories of special needs that must be addressed by law in the Housing Element include:

- **Extremely-Low-Income Households.** About 8.6 percent of Monterey households fall below 30 percent of AMI. American Indian or Alaska Native (non-Hispanic) households are most likely to fall below 30 percent AMI at 50 percent, meanwhile Asian (non-Hispanic) and Hispanic or Latinx households represent 15.6 percent and 15.5 percent of extremely low-income households, respectively. Households that identify as White (non-Hispanic) and Other or Multiple Races (non-Hispanic) have the lowest prevalence of extremely low-income households at 7 percent and 0 percent respectively.
- **Older Adult Households.** There are 5,280 older adults (ages 65+) in Monterey, which accounts for 19 percent of the total population. Older adult renters are much more likely to fall into the extremely low-income (0 to 30 percent of AMI) or very low-income (31 to 50 percent of AMI) categories than older adults who own their homes. Among renters with at least one older adult aged 62 and over in the household, 21 percent are considered extremely low-income.
- **Persons with Disabilities.** In Monterey, an estimated 4,543 persons have a disability (about 19 percent of non-institutionalized population). The most prevalent disability among civilian population aged 18 and over was ambulatory difficulty<sup>3</sup> at 4.8 percent.
- **Female-headed Households.** There are approximately twice as many female-headed households (725) as there are male-headed households (357) in Monterey. Female-headed households represented about

<sup>3</sup> Ambulatory difficulty refers to having serious difficulty walking or climbing stairs.

5.8 percent of owner-occupied households and 5.9 percent of renter-occupied households. Approximately 24 percent of female-headed households have children.

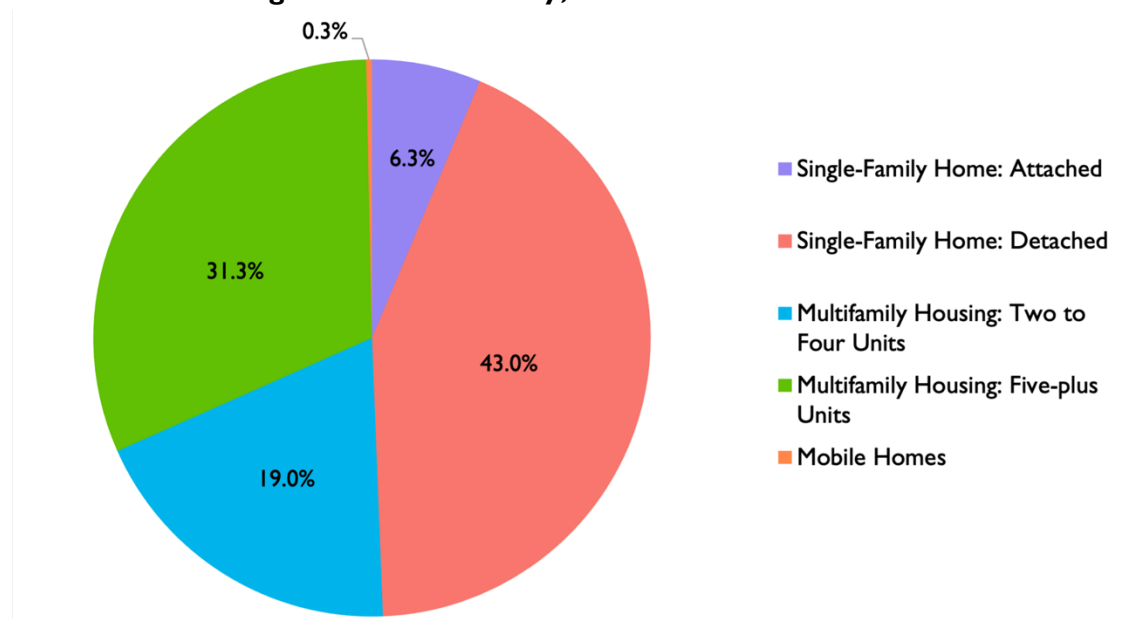
- **Large Households.** In comparison to surrounding jurisdictions, Monterey has a much smaller proportion of large family households. About 4 percent of households in Monterey are considered large households, while 19.7 percent in Monterey County are considered large households. Of the large families in Monterey, approximately 19 percent are considered extremely low- or very low-income households.
- **Persons Experiencing Homelessness.** The Salinas, Monterey, and San Benito Counties Point in Time count in 2022 found a total of 2,404 people experiencing homelessness, of whom 779 were sheltered homeless persons and 1,625 were unsheltered homeless persons. The City of Monterey has seen a 70 percent decrease in homelessness since 2017, with the number of unhoused individuals falling from 338 to 101 over the period.
- **Farmworkers.** The number of permanent and seasonal farm workers in Monterey County has both increased and decreased respectively from 2002 to 2017. From 2012 to 2017, the permanent farm worker population has decreased, totaling 14,806 in 2017; while the number of seasonal farm workers has also decreased during this time, totaling 12,123 in 2017. Farmworkers predominantly live in the Salinas Valley, near the agricultural fields.
- **Students.** City of Monterey has a sizeable student population, with a substantial portion of these students being associated with the military. The city has four advanced education institutions, which include U.S. Naval Post Graduate School (NPS), U.S. Army Defense Language Institute/Foreign Language Center (DLI), Middlebury Institute of International Studies, and Monterey Peninsula College.
- **Military Employers and Veterans.** Monterey is home to NPS and DLI. As a result, there is a large population of service members living in Monterey that are associated with DLI and NPS. While there are family housing communities within both NPS and DLI that account for 2,580 housing units with various amenities, the military community serves 4,000-plus population of service members and their families.
- **Group Quarters Populations.** Group quarters are places where people live or stay in a group living arrangement that are owned or managed by an organization providing housing and/or services for the residents, such as college residence halls, residential treatment centers, skilled-nursing facilities, group homes, military barracks, correctional facilities, and workers' dormitories. The largest group quarter population in Monterey are those living in military quarters, coming in at 82 percent, about 3,580 residents.

## Housing Market Characteristics

### EXISTING TYPOLOGIES

Today Monterey has a variety of housing types, with single-family detached homes, apartments, and condominiums in residential neighborhoods, and multi-family complexes downtown and along key commercial corridors, including North Fremont Street and Lighthouse Avenue. As shown on Chart 2-4, there is a relatively even balance of single-family (49.3 percent) and multi-family homes (50.6 percent) in the community. Increasingly, Monterey is seeing the construction of accessory dwelling units (ADUs) - sometimes called "granny flats" or "in-law units" - in established residential neighborhoods. These smaller homes typically cost less to build, buy, or rent, and as such they can offer affordable opportunities for older adults living on fixed incomes, for students and young people, and for lower income households. While this data from the California Department of Finance (DOF) notes the housing stock consists of 0.3 percent mobile homes, as of 2023 there are no mobile home parks in Monterey.<sup>4</sup>

**Chart 2-4: Housing Stock in Monterey, 2023**



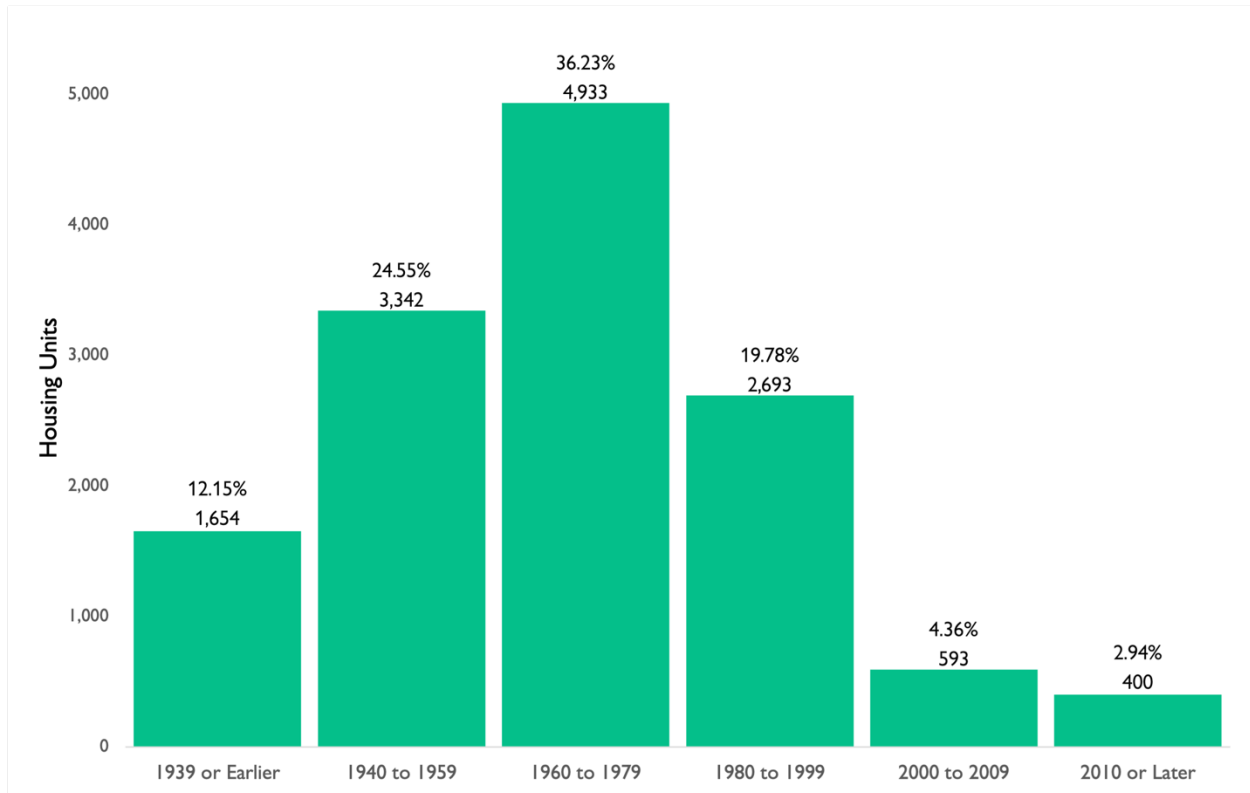
Source: California Department of Finance, E-5 City/County Population and Housing Estimates, 4/1/2010 & 1/1/2023

### AGE OF HOUSING STOCK

The condition of the housing stock, including the age of buildings and units that may be in substandard condition, is also an important consideration in a community's housing needs. In Monterey, about 72.9 percent of the housing stock was constructed prior to 1980 and is over 40 years old. About 7.3 percent of the housing stock has been constructed since 2000, with only 3 percent constructed since 2010. See Chart 2-5 for the age of Monterey's housing stock as of 2020.

<sup>4</sup> Source: Kimberly Cole, Community Development Director, City of Monterey, 2023.

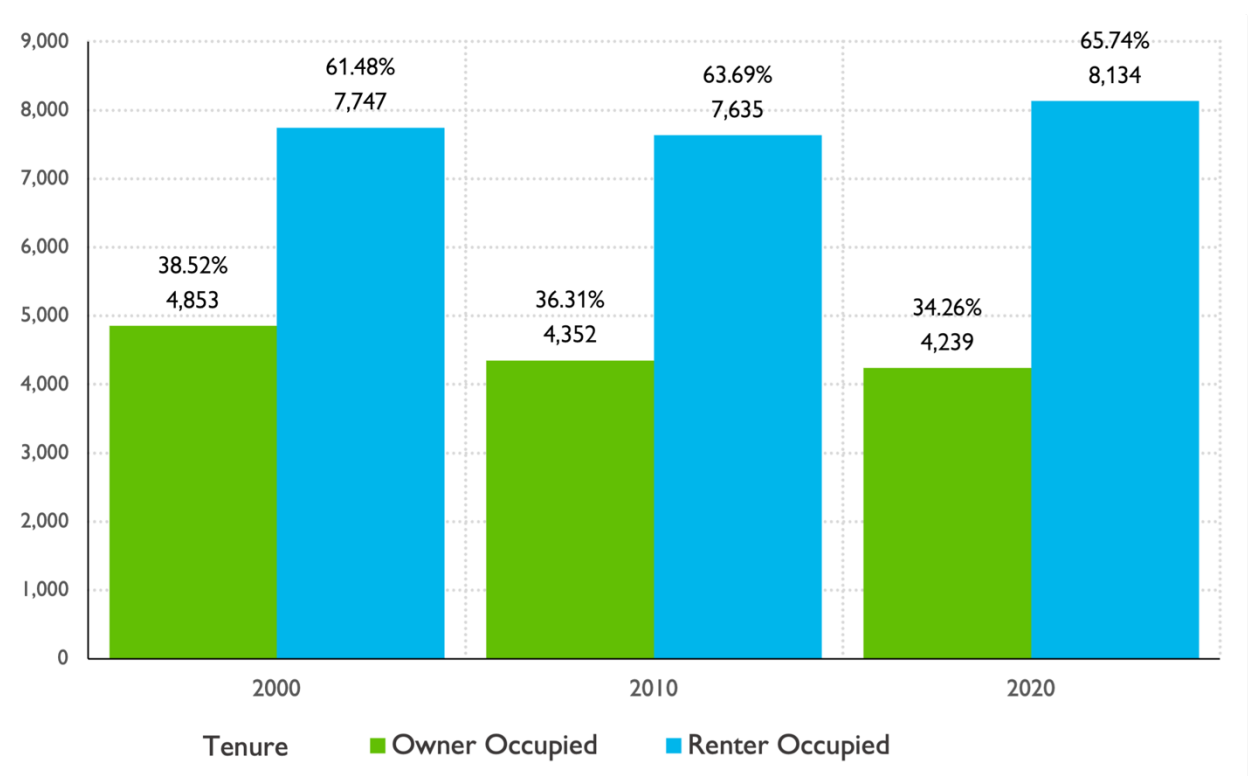
**Chart 2-5: Age of Monterey Housing Stock**



Source: U.S. Census Bureau, American Community Survey 5-Year Data (2016-2020), Table B25034

## TENURE

Tenure refers to whether a house is rented or owned. Compared to Monterey County, the rate of homeownership in the city is substantially lower and the rate of renting is substantially higher. In the City, the number of owner-occupied housing units decreased by 4 percent from 2000 to 2020 (Chart 2-6). As a result, the number of renter-occupied housing units increased by 4 percent from 2000 to 2020. Overall, as of 2020, renter-occupied units account for 65.7 percent, while owner-occupied units account for 34.3 percent in Monterey.

**Chart 2-6: Monterey Household Tenure, 2000 to 2020**

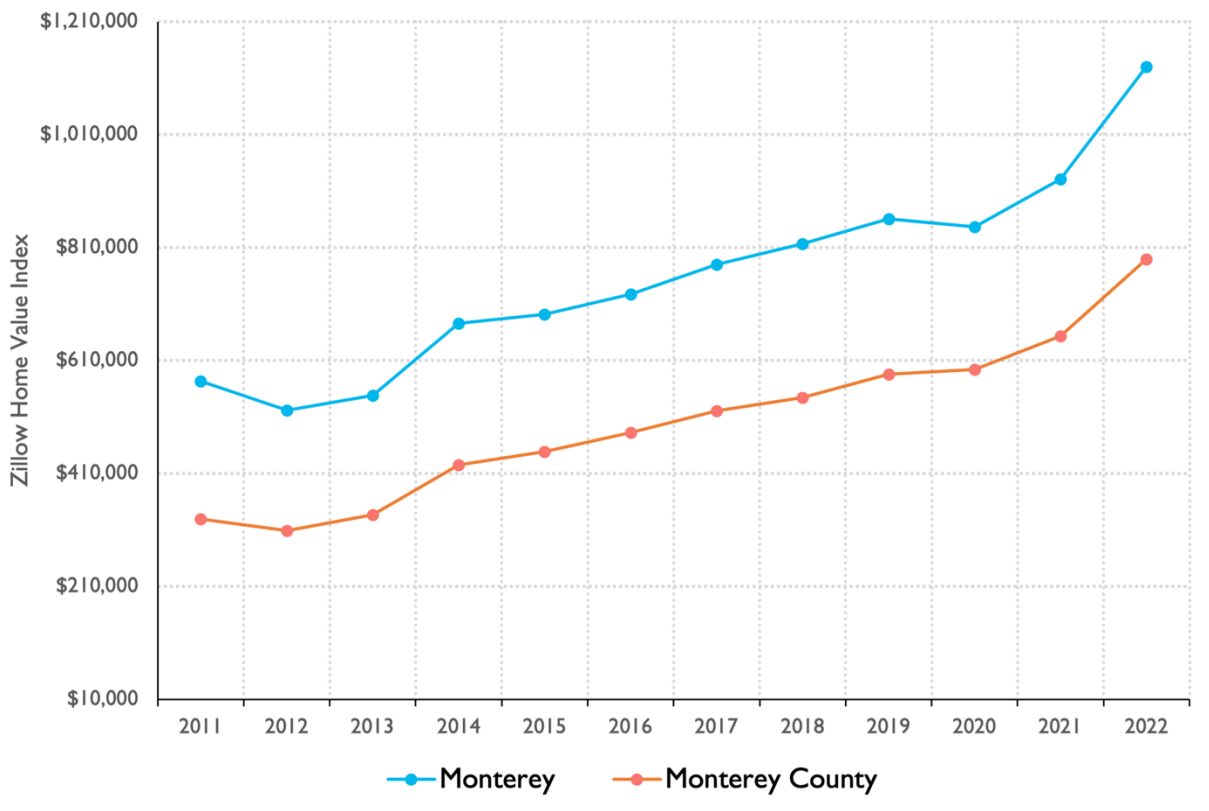
Source: U.S. Census Bureau, Census 2000 SFI, Table H04; U.S. Census Bureau, Census 2010 SFI, Table H04; U.S. Census Bureau, American Community Survey 5-Year Data (2016-2020), Table B25003

## AFFORDABILITY

The most commonly used definition of affordable housing comes from the federal Department of Housing and Urban Development (HUD). According to HUD, affordable housing means housing for which the occupants are paying no more than 30 percent of their income for gross housing costs, including utilities. Monterey has seen a dramatic increase in housing costs in recent years. As shown in Chart 2-7, home values in the city increased by 97 percent between 2011 and 2022. Rental prices increased by 50.8 percent between 2010 and 2020. Housing costs are significantly higher in the city than in Monterey County. Given the prevailing rent and home sales prices in the city, home ownership is exclusive to all income groups earning moderate-income and below.

In Monterey, 22.7 percent of households (2,659 households in total) are cost burdened (meaning they spend 30 to 50 percent of their income on housing-related costs), while 21.1 percent (2,480 households in total) are severely cost burdened (spend more than 50 percent of their income on housing) (Chart 2-8). Further, renters are particularly impacted by cost burden, as, unlike homeowners, they cannot build equity with their homes. Renters in Monterey tend to have higher rates of cost burden than owners – for instance, 52.3 percent of all renters experience some level of cost burden while only 30.1 percent of owners do.

**Chart 2-7: Housing Affordability in Monterey**



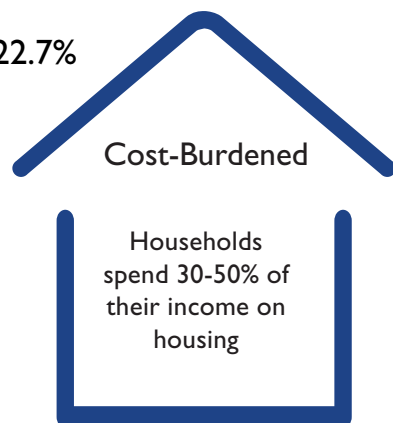
Source: Zillow, ZHVI January 2011 – January 2022

**Chart 2-8 Cost Burden in Monterey**

In 2020:

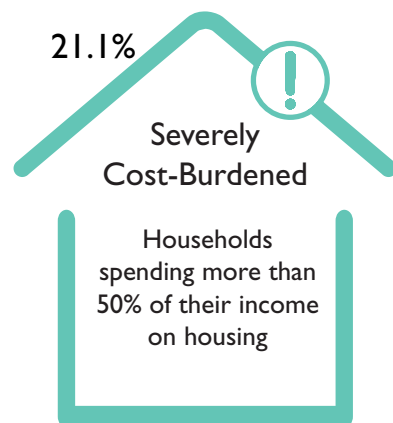
**2,659** households were cost-burdened

22.7%



**2,480** households were severely cost-burdened

21.1%



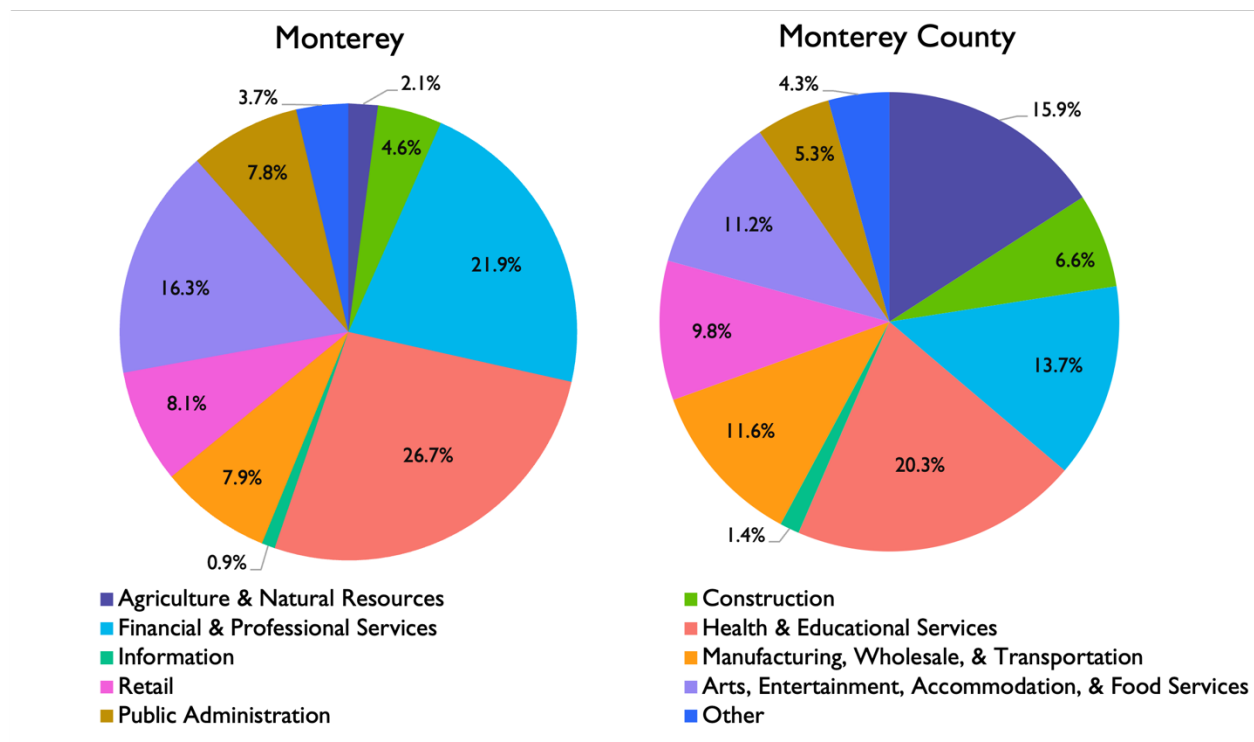
Renters are more likely to experience cost burden, with about 50% experiencing some level of cost burden versus approximately 30% for owners.

## Economic Characteristics

### EMPLOYMENT TYPES

According to the American Community Survey, there are 13,550 people in the labor force in the City of Monterey as of 2020. As seen in Chart 2-9, the largest industry sector represented among the City’s working residents is Health and Educational Services (26.7 percent), which is a greater share of the workforce represented in the industry compared to the county (20.3 percent). Financial and Professional Services is the second largest represented amount Monterey working residents (22 percent). Compared to Monterey County, the number of residents employed in the Agriculture and Natural Resources industry account for significantly less of the City’s employment distribution (2 percent) than that of the county (16 percent).

**Chart 2-9: Monterey and Surrounding Areas Employment by Industry, 2020**



Source: U.S. Census Bureau, American Community Survey 5-Year Data (2016-2020), Table S2405

### MAJOR EMPLOYERS

Table 2-2 provides an overview of the major employers in Monterey. The following three major employers provide the largest employment base for residents and non-residents of the city: Community Hospital of Monterey Peninsula (CHOMP), Naval Postgraduate School, and Defense Language Institute, aligning with the largest industry sector presented in Chart 2-5 above, Health & Educational Services. All three major employers have an employment base of about 1,000 to 4,999 people, according to the Annual Comprehensive Financial Report for Fiscal Year 2022. Additionally, Monterey is well-known for its hospitality and tourism industry, where four hotels and the Monterey Bay Aquarium are major employers.

**Table 2-2 Major Employers in Monterey**

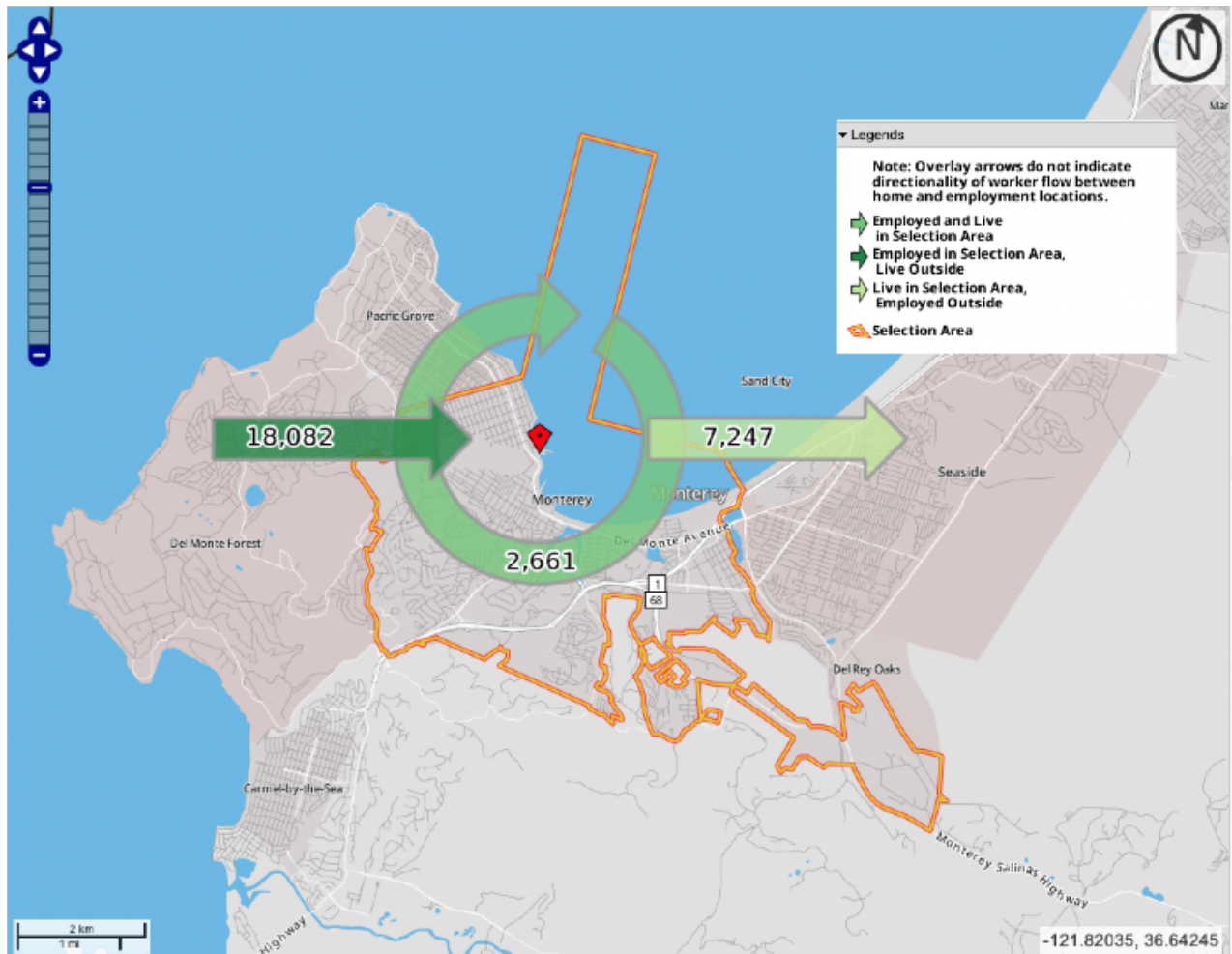
| <i>Employer</i>  | <i>Product/Function</i>         | <i>Employee Size Range for Fiscal Year 2022</i> |
|--|---------------------------------|---|
| <b>Private Sector</b>  |                                 |   |
| Community Hospital of Monterey Peninsula                         | Health Care                     | 1,000 to 4,999                                  |
| Middlebury Institute of International Studies                    | Education                       | 500 to 999                                      |
| DRC/CTB (Data Recognition Corporation/California Testing Bureau) | Educational Consultants         | 250 to 999                                      |
| Macy's   | Department Stores               | 250 to 499                                      |
| Monterey Bay Aquarium  | Ecotourism                      | 250 to 499                                      |
| Monterey Plaza Hotel & Spa                                       | Lodging/Visitor Services        | 250 to 499                                      |
| Portola Hotel & Spa  | Lodging/Visitor Services        | 250 to 499                                      |
| Dole Fresh Vegetables Co   | Agricultural Growers & Shippers | 150 to 499                                      |
| Hyatt Regency-Monterey   | Lodging/Visitor Services        | 100 to 299                                      |
| Monterey Marriott  | Lodging/Visitor Services        | 100 to 299                                      |
| Robert Talbott, Inc  | Clothing-Manufacturer           | 20 to 100                                       |
| <b>Public Sector</b>   |                                 |   |
| Naval Postgraduate School  | Education                       | 1,000 to 4,999                                  |
| Defense Language Institute                                       | Education                       | 1,000 to 4,999                                  |
| Monterey Peninsula College                                       | Education                       | 500 to 999                                      |
| City of Monterey   | Government                      | 400 to 799                                      |
| Monterey-Salinas Transit   | Public Transportation           | 200 to 599                                      |

Source: 2021-2022 (FY 22) Annual Comprehensive Financial Report, City of Monterey

## COMMUTING TRENDS

U.S. Census Bureau OnTheMap tool displays where workers are employed and where they live. As shown on Map 2-3, the U.S. Census identified 20,743 workers in the City of Monterey in 2020, of whom 18,082 commute from outside of the city, which represents 87.2 percent of the total worker population. Approximately 2,661 people both live and work in Monterey, which accounts for only 12.8 percent of total worker population. About 7,247 workers who live in Monterey commute outside of the city for work. This means almost three times the number of workers commute out of Monterey compared to those who live and work in the city. Additionally, more than double the number of workers commute into Monterey as compared to those who live in Monterey and commute out of the city to work.

Map 2-3 Job Inflow and Outflow, 2020



Source: OnTheMap, U.S. Census, 2020

## Recent Development Trends

During the 2010 to 2023 period, the city saw development of only 241 new homes, as shown on Table 2-3. This is due in large part to limits on housing production linked to the availability of water supply, as the State of California, State Water Resources Control Board, has issued a Cease-and-Desist Order for any new water hookups or increased water use. The restrictions are in place to limit the amount of water taken from the Carmel River to protect critical habitat and endangered species; however, these restrictions have also effectively halted the development of housing in the region and severely impacted the development of workforce housing, resulting in workers who work on the Monterey Peninsula living far outside the community and enduring long and expensive commutes.

**Table 2-3: Monterey Housing Types, 2010-2023**

| Building Type                          | 2010          |             | 2023          |             | Percent Change (2010 – 2023) |
|--|---------------|-------------|---------------|-------------|------------------------------|
|  | Number        | Percent     | Number        | Percent     |                              |
| Single-Family Home: Attached           | 830           | 6.1%        | 875           | 6.3%        | 0.22%                        |
| Single-Family Home: Detached           | 5,861         | 43.1%       | 5,951         | 43.0%       | -0.10%                       |
| Multifamily Housing: Two to Four Units | 2,618         | 19.3%       | 2,623         | 19.0%       | -0.30%                       |
| Multifamily Housing: Five-plus Units   | 4,226         | 31.1%       | 4,329         | 31.3%       | 0.20%                        |
| Mobile Homes                           | 49            | 0.4%        | 47            | 0.3%        | -0.02%                       |
| <b>Total</b>                           | <b>13,584</b> | <b>100%</b> | <b>13,825</b> | <b>100%</b> | <b>-</b>                     |

Notes

- I. California DOF data on the number of mobile homes conflicts with the City’s local knowledge. The City does believe there are any mobile home parks in Monterey.

Source: California Department of Finance, E-5 City/County Population and Housing Estimates, 4/1/2010 & 1/1/2023

Recognizing that an adequate supply of affordably priced housing is critical for the economic and social sustainability of the community, the City has put in place a range of regulatory programs that seeks to foster the development of housing options for lower income households. These regulations include:

- Inclusionary zoning, which requires new development projects of six units or more to make at least 20 percent of the units affordable for low and moderate income households;
- A density bonus program, that offers developers increased density above the maximum allowed in the Zoning Ordinance in exchange for a making a certain percentage of the new units available at below market rate rents;
- An ADU ordinance, which establishes streamlined permitting procedures to facilitate construction of ADUs and junior ADUs;
- A short-term rental prohibition, which makes it illegal to rent a house for a period of less than 30 days in Monterey to help ensure that housing remains available for those who live and work in the community.

The City's Housing Programs Office also manages over 500 affordable, deed-restricted single-family homes and apartments, ensuring they continue to be affordable for renters and first-time home buyers for generations to come. Additionally, the City has taken action to reduce homelessness and increase housing security for all residents of the community with the provision of emergency rental assistance during the COVID pandemic and by funding A Safe Place, a comprehensive program for at-risk homeless youth between ages of 18 and 24 years old, and *Casa de Noche Buena*, a shelter for women and families. The Monterey Police Department’s Multi-Disciplinary Outreach Team (MDOT) works side-by-side with various governmental and non-governmental organizations to offer, provide and find solutions for those who are unhoused. In the most recent "point-in-time" homeless count, there was a 50 percent decrease in the number of homelessness individuals in the city between 2019 and 2022, the largest decrease of any community in Monterey County.

Chapter 4, Housing Action Plan, includes a suite of goals, policies, and implementing programs that build on the foundation of Monterey's existing housing policies and programs to address local housing needs, reduce barriers to housing development, and affirmatively further fair housing practices.

## 3 Adequate Sites for Housing

The Housing Element is a component of the General Plan which guides planning for housing to meet the current and projected needs of all households in the community. This chapter summarizes the various resources available for the preservation, improvement, and development of housing in Monterey. The analysis includes an evaluation of the availability of land resources available to accommodate the City's share of the region's future housing needs, as well as the administrative resources available to assist in implementing the City's housing programs and policies, and the financial resources available to support housing activities.

### Land Resources

---

Government Code (GC) Section 65583(a)(3) requires local governments to prepare an inventory of land suitable for residential development, including vacant sites and sites with the potential for redevelopment. The inventory must identify specific parcels that are available for residential development and be accompanied by an analysis of public facilities and services capacity to serve the identified sites. Further, the inventory must have sufficient capacity to accommodate the jurisdiction's share of the regional housing need, as determined by the applicable council of governments, in this case Association of Monterey Bay Area Governments (AMBAG).

This section presents the City's inventory, identifying sites available for residential development and their realistic capacity for housing. It identifies planned and recently approved residential projects in Monterey and it details the process for identifying suitable sites, the methodology for calculating capacity, and the availability of public facilities and services available to serve new housing.

#### LEGAL REQUIREMENTS FOR INVENTORY AND SITES

State law requires that a community identify an adequate number of sites to accommodate and facilitate production of the City's regional share of housing. To determine whether the City has sufficient land to accommodate its share of regional housing needs for all income groups, the City must identify "adequate sites." Land considered suitable for residential development includes the following:

- Vacant sites zoned for residential use.
- Vacant sites zoned for nonresidential use that allow residential development.
- Residentially zoned sites that are capable of being developed at a higher density (non-vacant sites, including underutilized sites).
- Sites owned or leased by a city, town, or county
- Sites zoned for nonresidential use that can be redeveloped for residential use and a program is included in the Housing Element to rezone the site to permit residential use within three years of adoption.

Further, State law stipulates criteria for the adequacy of sites included on the inventory, including that they be zoned to accommodate housing, have appropriate development standards, and be served by public facilities as needed to facilitate the development of a variety of housing products suitable for all income levels. Vacant sites included on the prior period inventory and non-vacant sites included on prior inventories in two or more consecutive planning periods cannot be carried forward to the current planning period to satisfy the need for housing affordable to lower income households unless they are rezoned to allow residential use by right at the default density for the jurisdiction, which in Monterey's case is 20 dwelling units per acre.

Additional suitability criteria apply to sites identified to accommodate lower income RHNA, including that they be of appropriate size, be free from environmental constraints, be zoned to accommodate housing, have appropriate development standards, and be served by public facilities. The intent of these criteria is to help ensure that sites identified for lower income RHNA are viable candidates for housing and can be feasibly developed in the near term. In view of feasibility considerations, parcels that are less than 0.5 acres in size are generally not considered suitable for lower income housing development as smaller parcels may not allow development of a sufficient number of units for proposed affordable housing projects to compete effectively for limited funding resources. Parcels larger than 10 acres in size are also not considered suitable by HCD as development of very large projects may lead to an over concentration of affordable housing in one location or may render proposed affordable housing projects ineligible for funding.

## **REGIONAL HOUSING NEEDS ALLOCATION**

The Regional Housing Needs Allocation (RHNA) is the total number of new housing units that the City must plan to accommodate in the 2023-31 planning period. RHNA is split into four categories representing different levels of affordability, based on median income level in the county. RHNA is established through the following process: the California Department of Housing and Community Development (HCD) first determines the estimated need for new housing in each region of California for the planning period, based on population projections and other factors including rates of vacancy, overcrowding, and cost-burden. Each council of governments (COG) then allocates a target to each city or town within its jurisdiction, considering factors such as access to jobs, good schools, and healthy environmental conditions. For the Monterey Bay Area, AMBAG developed and refined a methodology for 2023-31 RHNA allocations with input from local jurisdictions. The AMBAG Board of Directors adopted the 6th Cycle Final RHNA Allocation, Methodology, and Regional Housing Needs Determinations on October 12, 2022. Monterey's Regional Housing Needs Assessment (RHNA) allocation for the 2023-31 planning period has been determined by ABAG to be 3,654 housing units, including 1,177 units for very low-income households, 769 units for low-income households, 462 units for moderate-income households, and 1,246 units for above moderate-income households (Table 3-1). AB 2634 mandates that localities calculate the subset of the very low-income regional need that constitutes the communities need for extremely low income housing. As an alternative to calculating the subset, local jurisdictions may assume that 50 percent of the very low income category is represented by households of extremely low income (less than 30 percent of the Area Median Income or AMI).

**Table 3-1: Regional Housing Needs Allocation 2023-2031**

| <i>Income Group</i> | <i>% of County AMI</i> | <i>Number of Units Allocated</i> | <i>Percent of Total Allocation</i> |
|---------------------|------------------------|----------------------------------|------------------------------------|
| Very Low            | 0-50%                  | 1,177                            | 32.2%                              |
| Low                 | >50-80%                | 769                              | 21.0%                              |
| Moderate            | >80-120%               | 462                              | 12.6%                              |
| Above Moderate      | 120%+                  | 1,246                            | 34.1%                              |
| <b>Total</b>        |                        | <b>3,654</b>                     | <b>100.0%</b>                      |

Source: Association of Monterey Bay Area Governments, 2022

## PIPELINE PROJECTS

According to HCD Guidance, projects that have been approved, permitted, or received a Certificate of Occupancy during the projection period (June 30, 2023 – December 15, 2031) can be counted toward the 2023-31 cycle RHNA. As shown on Table 3-2, there are 26 pipeline projects in Monterey expected to generate a total of 503 new housing units during the planning period, including 8 new single-family residences and 495 new multifamily units. The location of the projects is shown on Map 3-1 and affordability commitments are reflected in Table 3-2. The City's inclusionary ordinance requires that a minimum of 20 percent of the units in any project with more than six new housing units be made permanently affordable to moderate- and low-income households for the life of the project.

## SITE IDENTIFICATION

The City of Monterey is a largely built-out community of approximately 12,375 existing homes nestled between the southern shore of Monterey Bay and the forested ridgeline of the foothills. The City's RHNA allocation of 3,654 new homes for the 2023-31 planning period represents a 29.5 percent increase in the total number of housing units in the city. Given that only approximately 5 percent of the land area within the City limit is vacant and 21.7 percent is occupied by military facilities over which the City does not have land use planning jurisdiction, infill housing and redevelopment of non-vacant sites will be an important priority. Further, the State Water Resources Control Board Cease-and-Desist Order prohibiting new water hookups or increased water use in the city means that, in the near term, non-vacant commercial and industrially-zoned sites are among the most viable sites for housing development, as they have water credits available. However, the redevelopment capacity of infill sites alone is not sufficient to accommodate the City's RHNA allocation with an adequate buffer and it will be necessary to plan for housing on available sites in the southeast of the community to meet the current and projected need.

To identify potential sites for new housing, a parcel-based analysis of properties within the City limit was conducted using County Assessor data. Vacant sites were identified, along with underutilized non-vacant sites with potential for redevelopment within the planning period and any surplus City-owned sites. Two primary metrics were used to identify underutilized parcels: assessed value ratio (A/V) and low as-built floor area ratio (FAR). A/V ratio considers the relationship between the value of the land and the improvements constructed on it. Where the value of the land is worth substantially more than the value of the structures on it, there is an incentive for the owner to redevelop with new uses that command higher rents or sales prices. Similarly, a low FAR means that the square footage of buildings is small compared to the overall size of the site, indicating the potential for redevelopment with other uses. A commercially zoned property containing a low-slung shopping center with large areas of surface parking could be considered underutilized, particularly if vacancy rates are high.

Table 3-2: Pipeline Projects

| ADDRESS               | APN(S)   | PROJECT DESCRIPTION   | PROJECT STATUS  | SITE SIZE (ACRES) | VERY LOW, LOW, AND MODERATE INCOME | ABOVE MODERATE INCOME | TOTAL UNITS |
|-----------------------|--|---|---|-------------------|------------------------------------|-----------------------|-------------|
| 1230 Sixth St         | 001-844-002  | New 1,600 sf single-family dwelling   | Under Construction  | 0.09              |                                    | 1                     | 1           |
| 11 Portola Avenue     | 013-025-025  | New 1,578 sf single-family dwelling   | Under Construction  | 0.1               |                                    | 1                     | 1           |
| 810 McClellan Avenue  | 001-112-011  | New 2,336 sf single-family dwelling   | Under Construction  | 0.14              |                                    | 1                     | 1           |
| 200 Glenwood          | 001-771-013  | Four-story, 40-unit senior independent living apartment building  | Under Construction  | 10.1              |                                    | 40                    | 40          |
| 601 Lighthouse Avenue | 001-066-007  | Conversion of existing building to create four new apartment units, 3,345 square feet of retail space and one 914 office space  | Under Construction  | 0.14              |                                    | 4                     | 4           |
| 537 Anthony St        | 001-712-010  | Remodel-convert 611 sf of existing warehouse into residential apartment   | Under Construction  | 0.09              |                                    | 1                     | 1           |
| 457 Wave Street       | 001-026-003  | Construct two new three-story buildings, totaling four residential condominium units  | Under Construction  | 0.13              |                                    | 4                     | 4           |
| 2000 Garden Road      | 013-312-008  | Convert existing commercial building to multi-family building with 34 apartment units   | Architectural Review Committee (ARC) preliminary review approved; ARC final review pending  | 1.77              | 7                                  | 27                    | 34          |
| 1015 Cass Street      | 001-671-034  | Convert existing commercial office space to seven apartment units   | Planning permits underway; Has not received Building Permits  | 0.41              | 2                                  | 5                     | 7           |
| 600 Irving Avenue     | 001-085-005  | Planning permits approved; Water allocation pending   | Construct an addition to existing structure to create five new residential units  | 0.27              |                                    | 5                     | 5           |
| 480 Cannery Row       | 001-021-011, 001-021-020, 001-021-019, 001-021-018, 001-021-017, 001-021-015, 001-021-014, 001-021-013, 001-021-012, 001-021-010, 001-022-023, 001-022-024, 001-022-025, 001-022-026, 001-022-027, 001-022-028, 001-022-029, 001-022-030, 001-022-031, 001-022-032, 001-022-033, 001-022-035 | Construct a combination of buildings to include 51 residential units, 87,362 square feet of commercial use 30,000 square feet of restaurant space, and 8,408 square feet of coastal/community use | City use permit and vesting tentative map extended through 2025. Coastal permit for small-scale desal denied. Project to be reviewed by Coastal Commission de novo once applicant has paid the filing fee and provided evidence of adequate water source. | 0.15              | 11                                 | 40                    | 51          |
| 857 Cass Street       | 001-681-19   | Convert existing commercial space to two apartment units. The result would be a mixed-use building.   | Planning permit underway  | 0.16              |                                    | 2                     | 2           |
| 2600 Garden Road      | 013-322-013  | Demolish existing structure; Construct five three-story multi-family buildings with 57 apartment units  | ARC preliminary review approved; ARC final review pending   | 3.35              | 12                                 | 45                    | 57          |

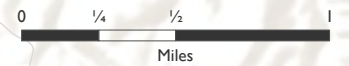
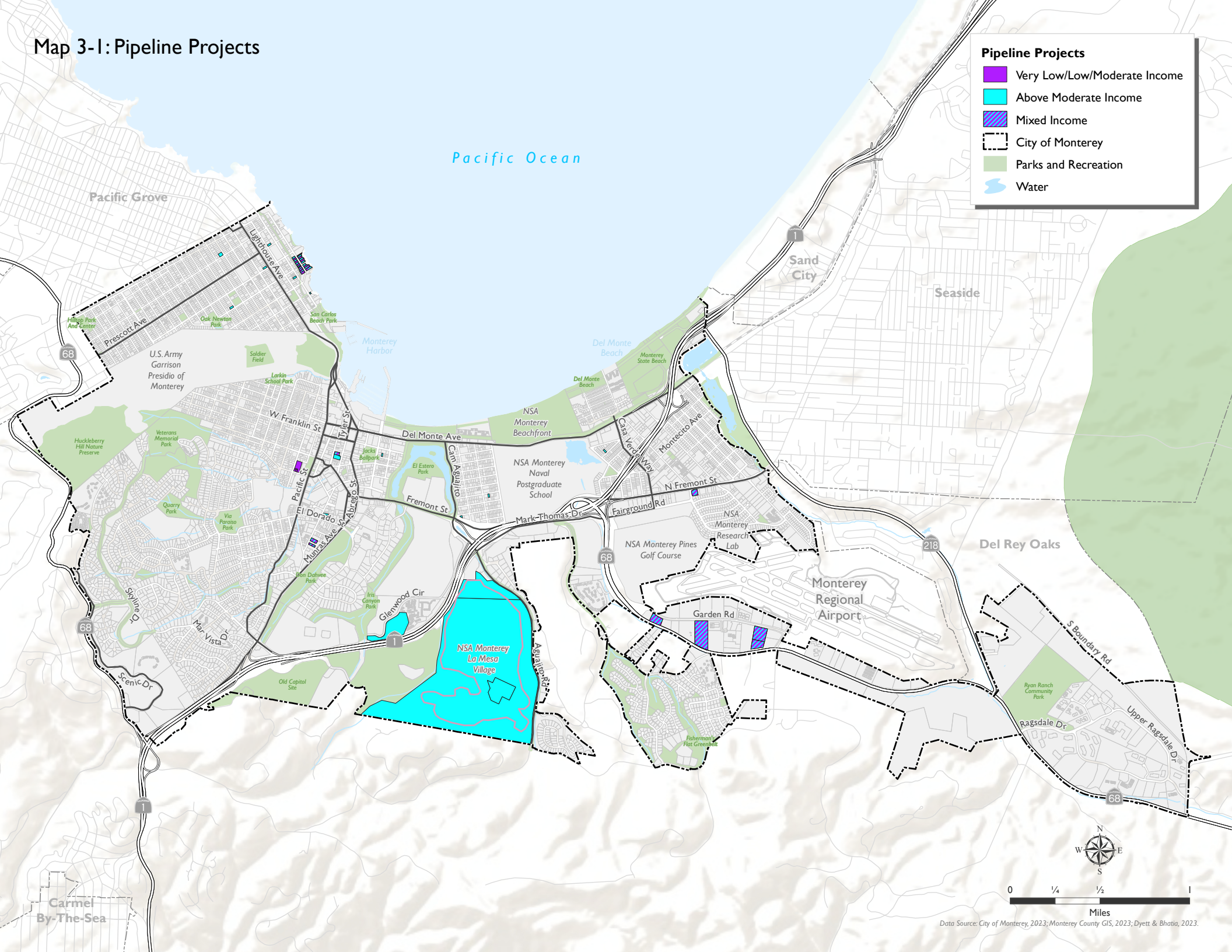
Table 3-2: Pipeline Projects

| ADDRESS                | APN(S)  | PROJECT DESCRIPTION  | PROJECT STATUS   | SITE SIZE (ACRES) | VERY LOW, LOW, AND MODERATE INCOME | ABOVE MODERATE INCOME | TOTAL UNITS |
|------------------------|---|--|--|-------------------|------------------------------------|-----------------------|-------------|
| 2560 Garden Road       | 013-322-014   | Proposed remodel of an existing industrial-zoned office building; remodel to include 25 apartment units  | Planning permit incomplete   | 1.86              | 5                                  | 20                    | <b>25</b>   |
| 2200 North Fremont     | 013-171-014   | Construct a three-story mixed-use building with 40 apartment units and 6,000 square feet of commercial space   | Building permit in review  | 0.67              | 8                                  | 32                    | <b>40</b>   |
| 704 Foam Street        | 001-016-006   | Demolish existing structure; Construct four new stand-alone residential units with detached garages  | Planning permits in review; Environmental review pending                                 | 0.13              |                                    | 4                     | <b>4</b>    |
| 1000 Eight Street      | 001-851-005   | Convert existing commercial space to two apartment units. The result would be a mixed-use building.  | Planning permit approved; Building permit in review                                      | 0.08              |                                    | 2                     | <b>2</b>    |
| 300 Cannery Row        | 001-031-003   | Conversion of existing building to create eight new residential condominium units and 8,500 square feet of retail & Coastal Commercial with parking offsite. | Planning permit approved; Currently in review with Coastal Commission                    | 0.05              |                                    | 8                     | <b>8</b>    |
| 2300 Garden Road       | 013-312-004   | Convert existing office building into 64 apartment units   | ARC preliminary review approved; ARC final review pending                                | 6.79              | 13                                 | 51                    | <b>64</b>   |
| 449 Alvarado Street    | 001-574-028   | Demolish existing structure; Construct a four-story mixed-use building with 34 new apartment units and 2,376 square feet of retail space                     | EIR preparation in process; has not received Planning permits                            | 0.3               | 7                                  | 27                    | <b>34</b>   |
| 476 Tyler Street       | 001-574-029   | Converting existing ground floor commercial space within an existing mixed-use building into three studio apartments   | Planning permits approved; Has not applied for Building permits                          | 0.54              |                                    | 3                     | <b>3</b>    |
| La Mesa Village        | 001771040000,<br>001781025000,<br>001771039000          | 60 new homes for military personnel at La Mesa Village   | Start date after completion of construction at Ord Military Community                    |                   |                                    | 60                    | <b>60</b>   |
| MidPen Housing Project | 001-522-009, 010, 011; and a portion of 001-522-015-000 | City sponsored 100 percent affordable housing project  | City has entered into ENA with MidPen Housing and predevelopment activities are underway |                   | 43                                 |                       | <b>43</b>   |
| 1045 Cass Street       | 001-671-003-000   | Construction of twelve multi-family units  |  | 0.25              | <b>2</b>                           | <b>10</b>             | <b>12</b>   |
|                        |   |  |  |                   | <b>110</b>                         | <b>393</b>            | <b>503</b>  |

# Map 3-1: Pipeline Projects

**Pipeline Projects**

- Very Low/Low/Moderate Income
- Above Moderate Income
- Mixed Income
- City of Monterey
- Parks and Recreation
- Water



Data Source: City of Monterey, 2023; Monterey County GIS, 2023; Dyett & Bhatia, 2023.

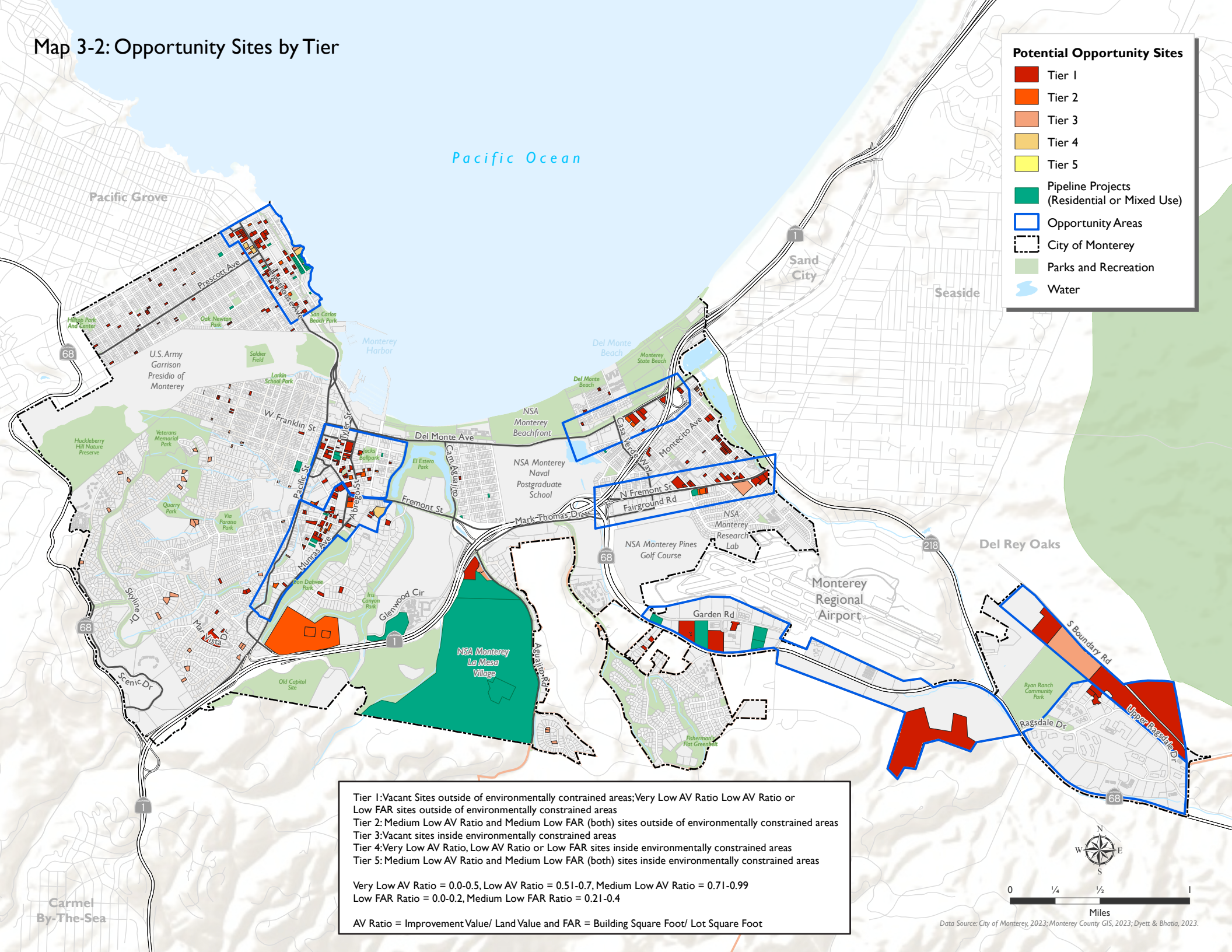
Areas where vacant and underutilized sites cluster are locations where change is most foreseeable over the planning period and as such are an important focus of planning activities. The opportunity sites were ranked by viability for development with housing in consideration of the prevailing land use characteristics and hazards and organized into tiers, as shown on Map 3-2. Tier 1 sites are those with indicators that signal the strongest redevelopment potential, and which are also least encumbered by natural and humanmade hazards. Tier 5 sites are those with some indication of redevelopment potential, but which are constrained by hazards. This tiering helped identify viable non-vacant sites to accommodate lower income RHNA, in view of State requirements for additional analysis to justify their inclusion on the Housing Element sites inventory. Based on this analysis, seven "opportunity areas" where change is foreseeable over the planning period were identified (see Map 3-3) and a community survey was conducted to solicit feedback to help plan where new housing should be located and how to achieve other community objectives like improving transportation options, revitalizing older commercial streets, and preserving and enhancing neighborhood character. Between March 1 and April 30, 2023, over 1,050 residents, business owners, and people working or attending school in Monterey participated in the Monterey 2031 Community Survey. Overall, respondents broadly support housing in all seven opportunity areas and a survey report documenting community input and presenting key implications for the planning process is included in Appendix G. Drawing on the community input received, a preliminary inventory of sites available for housing and key strategies to facilitate housing development on the identified sites was prepared and reviewed with the Planning Commission and City Council over a series of public meetings in June 2023. The inventory and strategies were refined based on public input and direction from City decision-makers received at the June meetings prior to inclusion in this Draft Housing Element. Additionally, during the 30-day public review period for the Draft Housing Element, several owners of non-vacant commercial properties expressed interest in housing development and requested to have their sites added to the inventory.

## **SITE SCREENING AND CAPACITY PROJECTIONS**

A majority of the sites included on the inventory are non-vacant, meaning they contain buildings or other significant improvements that are permanent and add significantly to the value of the property. Per State law, if the inventory identifies non-vacant sites to address a portion of the regional housing need allocation, analysis is required to demonstrate the viability of sites for redevelopment with housing during the planning period. Accordingly, a survey of recent residential development projects was conducted to confirm that the characteristics of sites identified are conducive to redevelopment and to establish average as-built densities that can be applied to determine the realistic capacity of sites included in the inventory. Although housing demand is high in the city, production has been severely constrained by water supply availability. Therefore, the survey also considered recent residential development projects on comparable sites in Seaside, Marina, and Sand City that do not face the same water supply constraints as Monterey so as to provide a realistic estimate of the future capacity of sites when new water supply is available. Profiles of the recent residential precedents are included in Appendix F, detailing project location, site characteristics prior to redevelopment, and approved/constructed densities. A comparison of development standards and permit procedures applicable to survey sites and non-vacant sites on the inventory is also provided. The profiles indicate that the project sites have characteristics comparable to the non-vacant sites on the inventory, in evidence of their viability. These characteristics include:

- Typical parcel size range from 0.3 to 5.5 acres
- Typical existing use: Commercial use or parking lot
- As-Built FAR prior to redevelopment: 0.07 to 0.61, with average of 0.26 FAR
- Zoning: Commercial or Mixed Use Zoning
- Location: Along commercial corridors, at intersections or mid-block

Map 3-2: Opportunity Sites by Tier



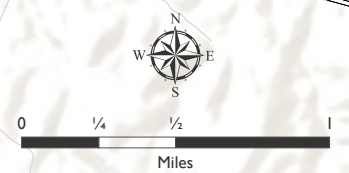
**Potential Opportunity Sites**

- Tier 1
- Tier 2
- Tier 3
- Tier 4
- Tier 5
- Pipeline Projects (Residential or Mixed Use)
- Opportunity Areas
- City of Monterey
- Parks and Recreation
- Water

Tier 1: Vacant Sites outside of environmentally constrained areas; Very Low AV Ratio Low AV Ratio or Low FAR sites outside of environmentally constrained areas  
 Tier 2: Medium Low AV Ratio and Medium Low FAR (both) sites outside of environmentally constrained areas  
 Tier 3: Vacant sites inside environmentally constrained areas  
 Tier 4: Very Low AV Ratio, Low AV Ratio or Low FAR sites inside environmentally constrained areas  
 Tier 5: Medium Low AV Ratio and Medium Low FAR (both) sites inside environmentally constrained areas

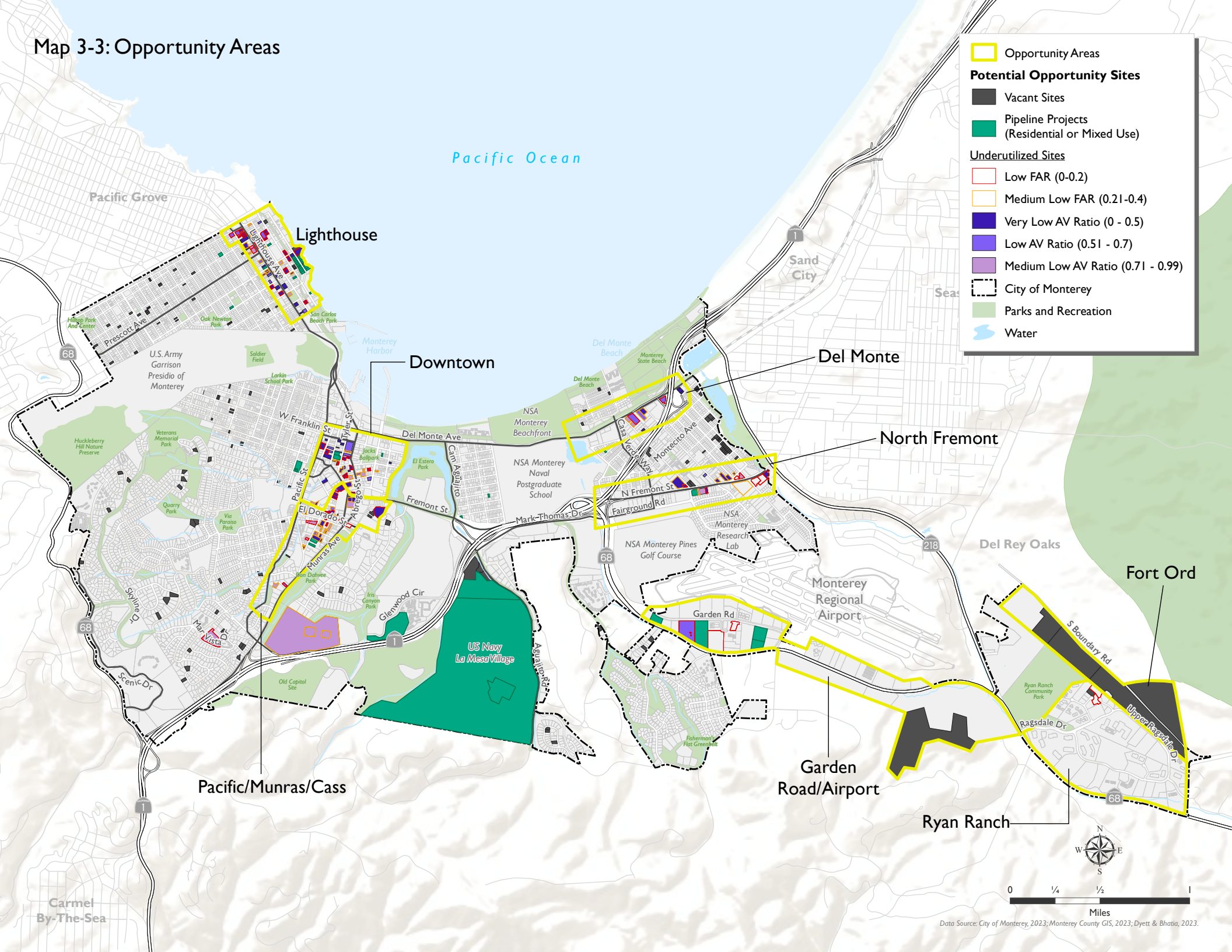
Very Low AV Ratio = 0.0-0.5, Low AV Ratio = 0.51-0.7, Medium Low AV Ratio = 0.71-0.99  
 Low FAR Ratio = 0.0-0.2, Medium Low FAR Ratio = 0.21-0.4

AV Ratio = Improvement Value/ Land Value and FAR = Building Square Foot/ Lot Square Foot



Data Source: City of Monterey, 2023; Monterey County GIS, 2023; Dyett & Bhatia, 2023.

Map 3-3: Opportunity Areas



**Opportunity Areas**

**Potential Opportunity Sites**

- Vacant Sites
- Pipeline Projects (Residential or Mixed Use)

**Underutilized Sites**

- Low FAR (0-0.2)
- Medium Low FAR (0.21-0.4)
- Very Low AV Ratio (0 - 0.5)
- Low AV Ratio (0.51 - 0.7)
- Medium Low AV Ratio (0.71 - 0.99)

**Other Features:**

- City of Monterey
- Parks and Recreation
- Water

Pacific Grove

Lighthouse

Pacific Ocean

Downtown

Del Monte

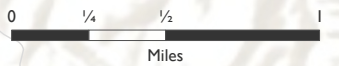
North Fremont

Pacific/Munras/Cass

Garden Road/Airport

Ryan Ranch

Fort Ord



Data Source: City of Monterey, 2023; Monterey County GIS, 2023; Dyett & Bhatia, 2023.

Based on the results of the survey, the following densities have been used to project realistic capacity on individual sites included on the inventory: 56 dwelling units per acre (du/ac) in the Alvarado District Downtown, where maximum permitted density is 100 dwelling units per acre under current zoning, and in the North Fremont Specific Plan area, the Garden Road area, and the Pacific/Munras/Cass area, where rezoning is proposed as described below; 29 dwelling units per acre for sites in other parts of downtown, along commercial corridors, and in other areas with zoning that permits high density housing. For vacant residential lots in low density neighborhoods, a typical rate of one unit per lot was assumed. Sites meeting the criteria established in State law for lower income RHNA sites were counted toward the City's Low and Very Low Income RHNA allocation; other sites were attributed to the City's Above Moderate RHNA allocation.

## **HOUSING POTENTIAL BY OPPORTUNITY AREA**

This section introduces the opportunity areas and their capacity for new housing, accounting for community input received and State guidance for site suitability. A description of development potential in each area and strategies to facilitate development are proposed, including changes to City policies and regulations. Maps depicting sites in each area that can potentially accommodate new housing are also included.

### **Downtown**

Downtown Monterey is the city's premier business and tourism district, featuring shopping, restaurants, office, hotels, banks, and some higher density housing. There are few vacant parcels, but there is strong potential for redevelopment of older, underutilized commercial properties that currently feature 1-story buildings and large alleys or surface parking lots. The area south of Franklin Street between Alvarado and El Estero Park (known as the Pearl District) is projected to be impacted by sea level rise in 2050 and parts of this area are already subject to flooding during storms. The Downtown Specific Plan establishes a Density Cap Overlay which applies to much of the Pearl District, which limits building height to 4 stories for predominantly residential projects and caps permitted housing development at a maximum of 30 dwelling units per acre (du/ac) calculated on the basis of all sites included in the overlay with no limit for individual parcels.

In the citywide survey, respondents indicated the highest level of support for density and taller buildings downtown. A full 55 percent of respondents indicated that they believe low rise or mid-rise apartments and condominiums are appropriate housing type in this area of the city. Today, residential development at up to 100 du/ac is permitted in the Alvarado District and at up to 30 du/ac on other properties downtown. Recent development has been approved at above 50 du/ac in the area. Height limits vary by district, with up to four stories allowed in the downtown core (Alvarado District), three stories permitted in the East Village District, and generally two stories permitted in other areas (except the Pearl District as noted above). Parcel size tends to be small, less than 10,000 square feet on average, and the ownership pattern is somewhat fragmented, which poses challenges for development. The best development opportunities can be found in the Alvarado District, where there are several adjacent clusters of underutilized commercial properties along Calle Principal and Tyler that offer opportunities for redevelopment. The City Council has previously identified the Calle Principal Garage and Lot 14 as potential housing opportunity sites, so redevelopment of these properties has been assumed over the planning period, supported by Program 1-G in Chapter 4). Given that the Pearl District is projected to be heavily impacted by sea level rise, no sites in this subarea have been included on the inventory.

To facilitate housing development downtown, the following strategies have been incorporated into the Housing Action Plan (Chapter 4):

- Program 1-C: Revise City land use and zoning regulations to permit building heights up to 5 stories in the Alvarado District in order to enhance development feasibility. (No change to permitted density or building heights in other parts of downtown).
- Program 1-C: Revise City policy and regulations to incorporate a clear statement that 100 percent residential projects are permitted throughout the downtown area, except on/adjacent to Alvarado Street per City Council resolution 21-129 C.S.
- Program 1-C: Offer municipal shared parking agreements to projects that propose at least 30 new housing units within 1,000 feet of a City-owned parking lot or structure to assist with development feasibility and encourage lot consolidation.
- Program 1-G: Partner with a non-profit developer for the construction of workforce housing on Two City-owned downtown parking facilities (Lot 14 parking lot on Bonifacio Pl & Adams St and the Calle Principal Garage on Calle Principal near Bonifacio Pl) to meet the needs of lower income households in Monterey.

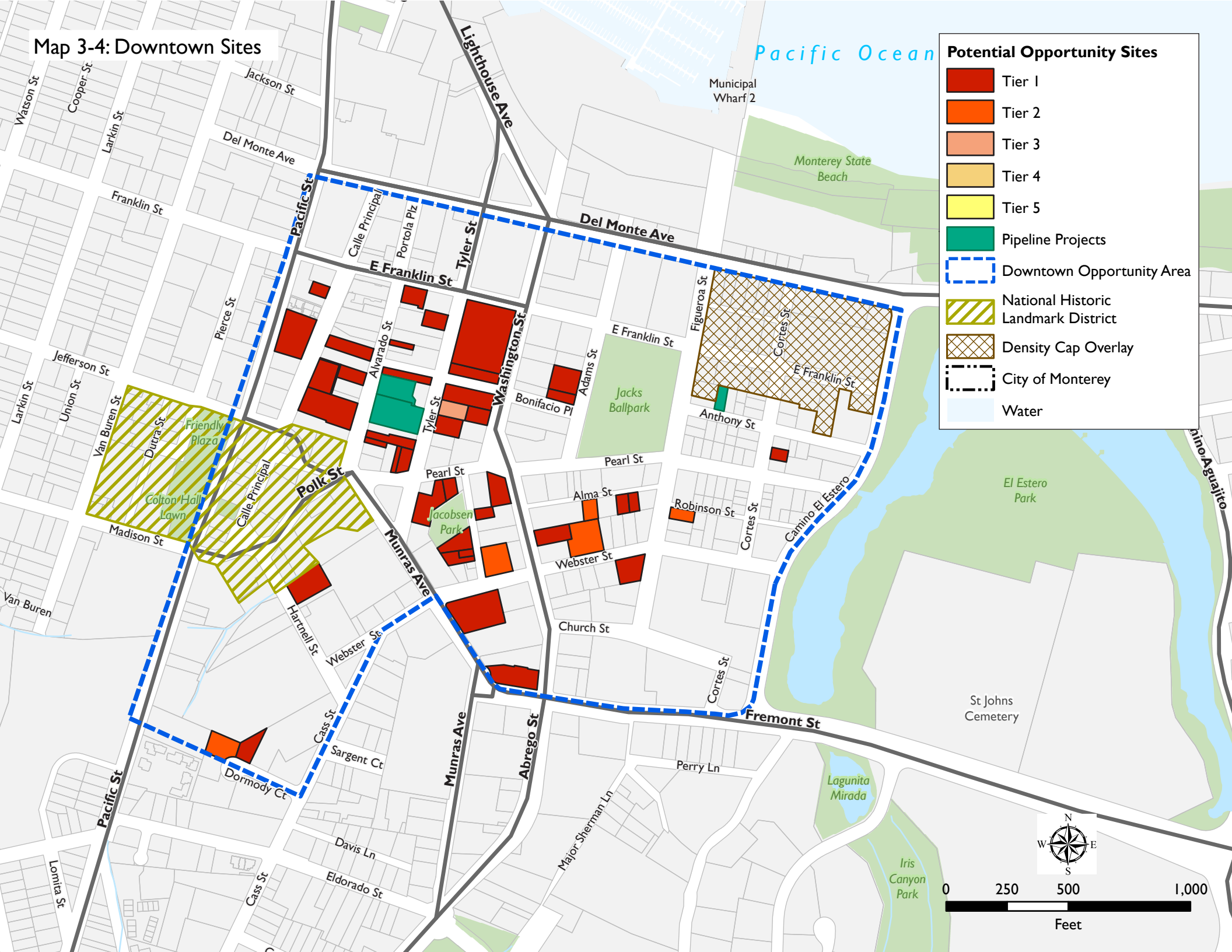
On this basis, the inventory assumes development of 399 new housing units downtown, including 146 that would be affordable to households making less than 80 percent of the area median income. Sites are shown on Map 3-4. No rezoning is needed to accommodate these projections and all of the units projected toward lower income RHNA are on sites of adequate size and meeting the other parameters established in State law.

### **North Fremont**

The North Fremont corridor extends from Highway 68 to the eastern City limit north of the Fairgrounds. To the north and south are single-family residential neighborhoods. The airport approach zone extends over the western part of the corridor and higher density housing is prohibited here, which significantly constrains the potential to add housing over the area. The approach zone ends just west of Airport Road, and along the eastern part of the corridor there are several vacant and underutilized properties. Existing development is primarily motels, restaurants, and strip retail center with large surface parking areas which represent opportunities for redevelopment.

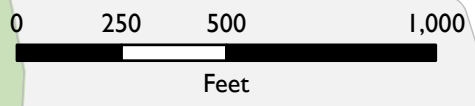
High density residential uses (30 du/ac or more) are conditionally permitted on commercial properties along the corridor, although recent development has been approved at over 45 du/ac. Parcel size along North Fremont is larger than downtown or along Lighthouse Avenue, on average 0.77 acres or about 33,500 square feet. There are three adjacent larger parcels under common ownership at the east end of the corridor and several pairs of adjacent underutilized properties that could be consolidated to facilitate development. In the citywide survey, community members expressed strong support for housing along North Fremont, particularly apartments (low rise and mid-rise) and townhomes. Many respondents expressed support for reimagining the area as a walkable, mixed use corridor that provides attainable housing options together with retail, restaurants, and daily services.

Map 3-4: Downtown Sites



**Potential Opportunity Sites**

- Tier 1
- Tier 2
- Tier 3
- Tier 4
- Tier 5
- Pipeline Projects
- Downtown Opportunity Area
- National Historic Landmark District
- Density Cap Overlay
- City of Monterey
- Water



To help facilitate this vision and integrate new housing along the eastern portion of the corridor, the following strategies are proposed:

- Program 1-C: Revise City land use and zoning regulations to permit up to 60 du/ac on all properties fronting Fremont Street with adjustments to development standards as needed to accommodate additional density.
- Program 1-C: Revise City policy and regulations to incorporate a clear statement that 100 percent residential projects are permitted along the eastern segment of the North Fremont corridor outside of the Airport Compatibility Overlay.

On this basis, the inventory assumes development of 498 new housing units, including 348 that would be affordable to households making less than 80 percent of the area median income. Sites are shown on Map 3-5. Amendments to the North Fremont Specific Plan would be required to rezone sites in this opportunity area to accommodate projections. All of the units projected toward lower income RHNA are on sites of adequate size and meeting the other parameters established in State law.

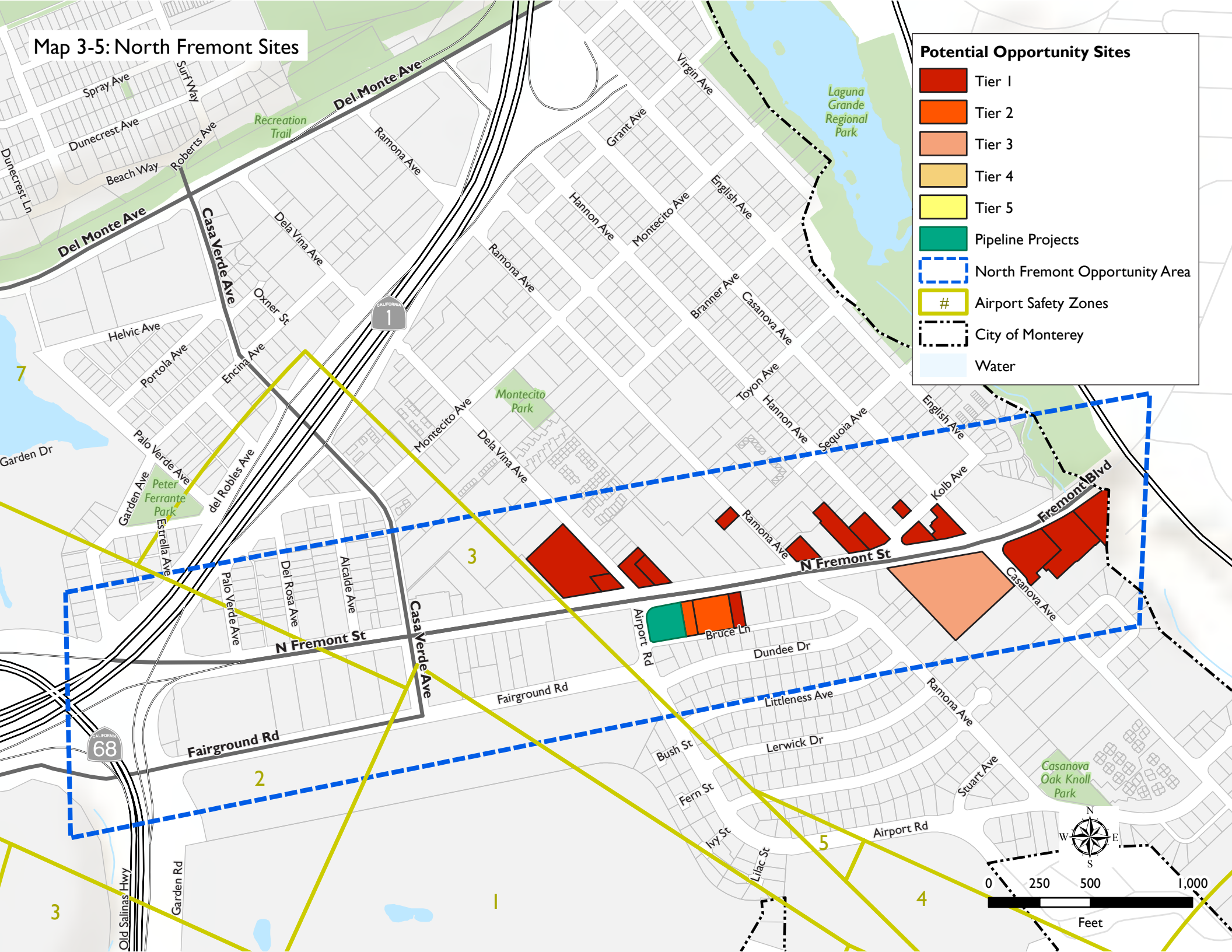
## **Lighthouse**

This area encompasses Lighthouse Avenue, Foam Street, Wave Street and Cannery Row, roughly from Reeside Avenue to the City limit. Today, the area features a mix of neighborhood and visitor-oriented businesses interspersed with housing, including 2 and 3 story apartment buildings, duplexes, and single-family homes. Portions along the coast near Cannery Row are susceptible to flooding from sea level rise, but overall risk of environmental hazard is lower here than in other areas of Monterey. Particularly along Lighthouse Avenue and Foam Street, underutilized commercial properties with low slung buildings and larger surface parking lots represent opportunities for redevelopment.

There are substantially more underutilized commercial properties with potential for new housing in this area than along the North Fremont and Garden Road corridors, although parcel size tends to be smaller in this area, averaging under 9,500 square feet. High density residential uses (30 du/ac or more) are conditionally permitted on commercial properties along the corridor, and ground floor residential uses involving more than four units are conditionally permitted along Lighthouse Avenue. Clusters of underutilized parcels under common ownership on Lighthouse and Wave represent some of the best opportunities for redevelopment. There are also adjacent underutilized parcels that could be consolidated to facilitate redevelopment.

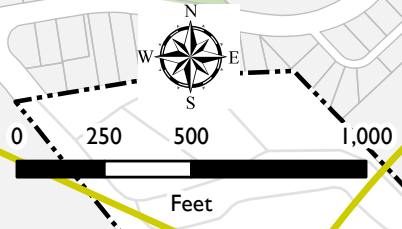
In the citywide survey, community members generally expressed support for housing in the area. More than 80 percent of 10-minute survey respondents and apartments and condominiums (mid and low rise) were the most preferred housing typology; however, 5-minute respondents tended to allocate a smaller portion of the total number of new units in the Lighthouse area. Survey respondents emphasized a desire for a walkable, mixed use environment with plazas and public spaces that provide opportunities for socializing and events. Survey respondents also highlighted the need to ensure that traffic, parking, and pollution are adequately addressed as new housing is incorporated over the area.

Map 3-5: North Fremont Sites



**Potential Opportunity Sites**

- Tier 1
- Tier 2
- Tier 3
- Tier 4
- Tier 5
- Pipeline Projects
- North Fremont Opportunity Area
- # Airport Safety Zones
- City of Monterey
- Water



On this basis, the inventory assumes development of 287 new housing units, including 46 that would be affordable to households making less than 80 percent of the area median income. Sites are shown on Map 3-6. No rezoning is required to accommodate the projected capacity of these sites, however, to help facilitate this vision and integrate new housing along the eastern portion of the corridor, the following strategies are proposed:

- Program 1-C: Revise City policy and regulations to permit 100 percent residential projects on Lighthouse Avenue.
- Program 1-C: Offer municipal shared parking agreements to projects that propose at least 20 new housing units within 1,000 feet of a City-owned parking lot or structure outside the coastal zone to assist with development feasibility and encourage lot consolidation.

## **Garden Road**

Garden Road is a 0.7-mile corridor that runs from the Monterey Pines Golf Club to Olmsted Road, between the Airport and Highway 68. The area features a mix of commercial and office development today, with notable uses that include the Monterey Herald, California State parks Monterey District offices, Caltrans District Office, Garden Place Professional Center, Shoreline Church, and the Comfort Inn. Existing development in the area consists of 1- and 2-story buildings with surface parking heavily screened from view with trees and landscaping. Parcel size is relatively large, ranging from 0.9 acres to approximately 6 acres. Parcels on the norther side of the corridor abut the airport to the north and are largely within Airport Safety Zone 3 (Inner Turning Zone), where residential development is generally prohibited.

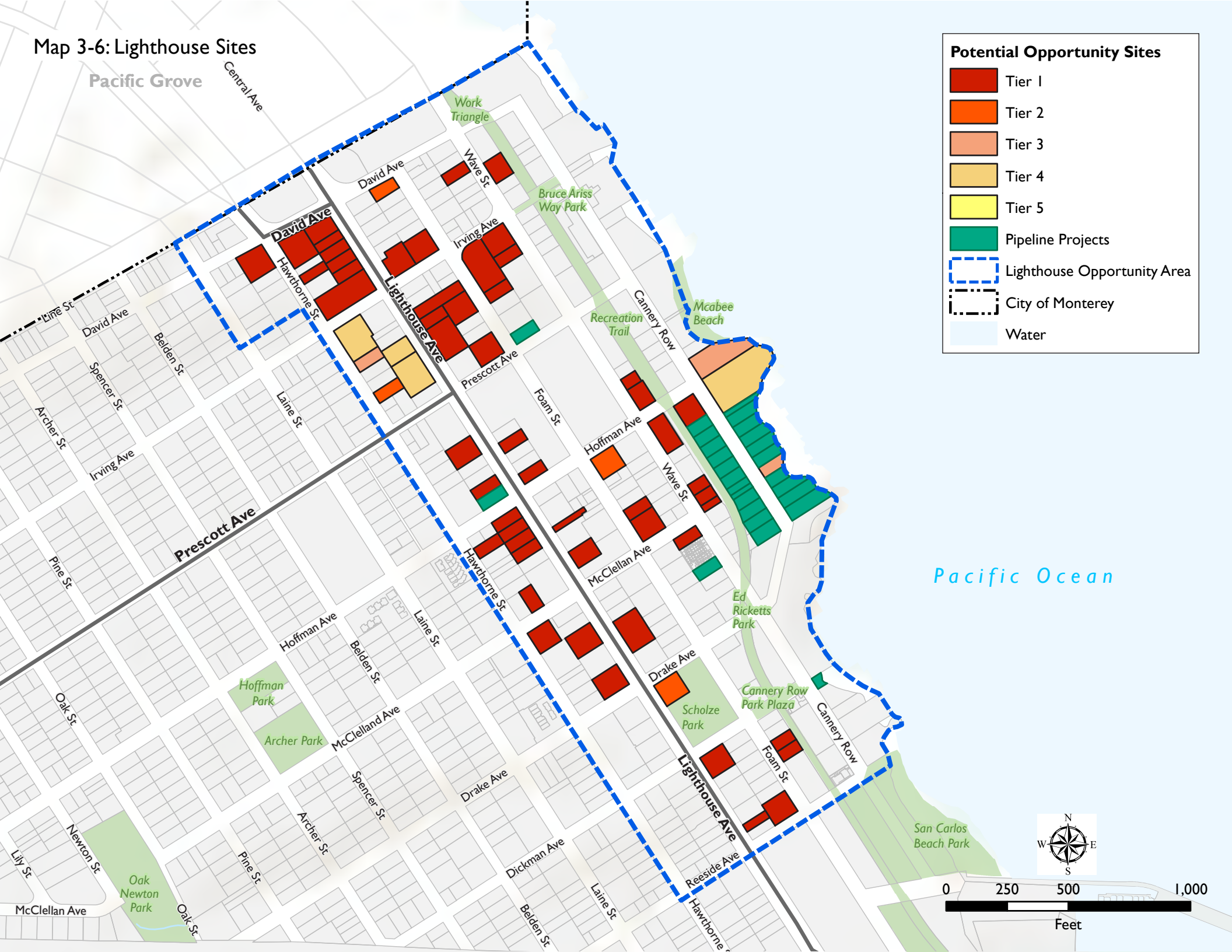
The Multifamily Residential Overlay District applies to the corridor, allowing the conversion of existing buildings to housing or the development of new housing at up to 30 du/ac under current zoning. Several development applications along the corridor are currently under review and one project involving 25 units on a 1.86-acre office site was approved in January 2023. Additional underutilized commercial/office properties along the southern side of the corridor present further opportunities for redevelopment with housing. In the citywide survey, there was solid support for additional high density housing along the corridor, including apartments and townhomes. Survey respondents emphasized the need to provide transit and bicycle connectivity to the rest of the community if housing is added here and to ensure adequate airport noise mitigation strategies are implemented.

Recognizing interest from the development community in sites along Garden Road and the relatively larger size of parcels than in other areas of the city, the Multifamily Residential Overlay District will amended to increase the maximum residential density through the following program:

- Program 1-B: Increase the maximum permitted density in the Multifamily Residential Overlay District from 30 to 60 du/ac and consider establishing a minimum density for the area when adequate water supply becomes available.

On this basis, the inventory assumes development of 687 new multifamily housing units along Garden Road, which would all be at densities deemed affordable for households making less than 80 percent of the area median income. In combination with pipeline projects, this will help ensure a mix of incomes in the area. Sites are shown on Map 3-7. This rezoning strategy is proposed to help accommodate the City's RHNA obligations. All of the Garden Road sites included on the inventory meet the requirements of Government Code 65583.2(h).

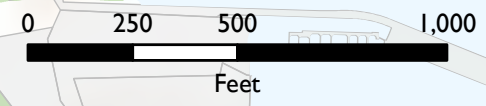
Map 3-6: Lighthouse Sites



**Potential Opportunity Sites**

- Tier 1
- Tier 2
- Tier 3
- Tier 4
- Tier 5
- Pipeline Projects
- Lighthouse Opportunity Area
- City of Monterey
- Water

Pacific Ocean



Additionally, a notable number of survey respondents expressed support for the development of clustered housing on vacant hillside land south of the airport within the City limit. This area contains a large, vacant parcel owned by the Monterey City School District (MPUSD). Located east of Tarpey Flats and south of the airport, the 50-acre parcel is on relatively flat terrain and is identified as potential site for moderate and low income housing in the Highway 68 Area Plan if MPUSD were to declare the property surplus. The Plan provides policy direction and design guidelines that could serve as a starting point for planning of the site and surroundings, and the City and the School District could also jointly pursue an Enhanced Infrastructure Financing District (EIFD) to help fund the cost of infrastructure to support development of the site. To facilitate development of this site with mixed income housing, Program 1-I has been included in the Housing Action Plan (Chapter 4) and the inventory assumes 614 new housing units, including 51 homes affordable to moderate income households and 51 homes affordable to lower income households over the planning period based on the City's inclusionary requirements.

### **Pacific/Munras/Cass**

Adjacent to Downtown Monterey, this area features an eclectic mix of hotels, small-scale offices and apartments, and single-family homes. In particular, some underutilized commercial and office properties along Pacific, Cass, Abrego, and Munras offer opportunities for housing within easy walking distance of downtown. The area has relatively low risk of environmental hazards. Current General Plan land use and zoning for the area is Commercial, which allows for development at up to 30 du/ac along Munras Avenue and the Pacific/El Dorado/Cass Street area. Parcel size varies, with larger parcels ranging from 0.25 acres to 0.9 acres on Munras and smaller, odd-shaped parcels on Caas, El Dorado and Davis Lane. Notably, there are several clusters of small, adjacent underutilized parcels under common ownership that may be redeveloped together.

In the citywide survey, respondents strongly supported additional housing in the area, including low and mid-rise apartments, condominiums, fourplexes, triplexes, duplexes with styles that reflect the existing character. Additionally, since the release of the Public Review Draft 2023-31 Housing Element, the City has received inquiries from property owners in the area interested in developing high density housing. Accordingly, the Multifamily Residential Overlay will be applied to commercial parcels in the area, which will permit a maximum residential density of up to 60 du/ac once revised per Program 1-B. On this basis, the inventory assumes development of 341 new housing units on underutilized sites in this area, including 116 that would be affordable to households making less than 80 percent of the area median income. Sites are shown on Map 3-8. This rezoning strategy is proposed to help accommodate the City's RHNA obligations. All of the Pacific/Munras/Cass sites on the inventory projected to accommodate lower income RHNA meet the requirements of Government Code 65583.2(h).

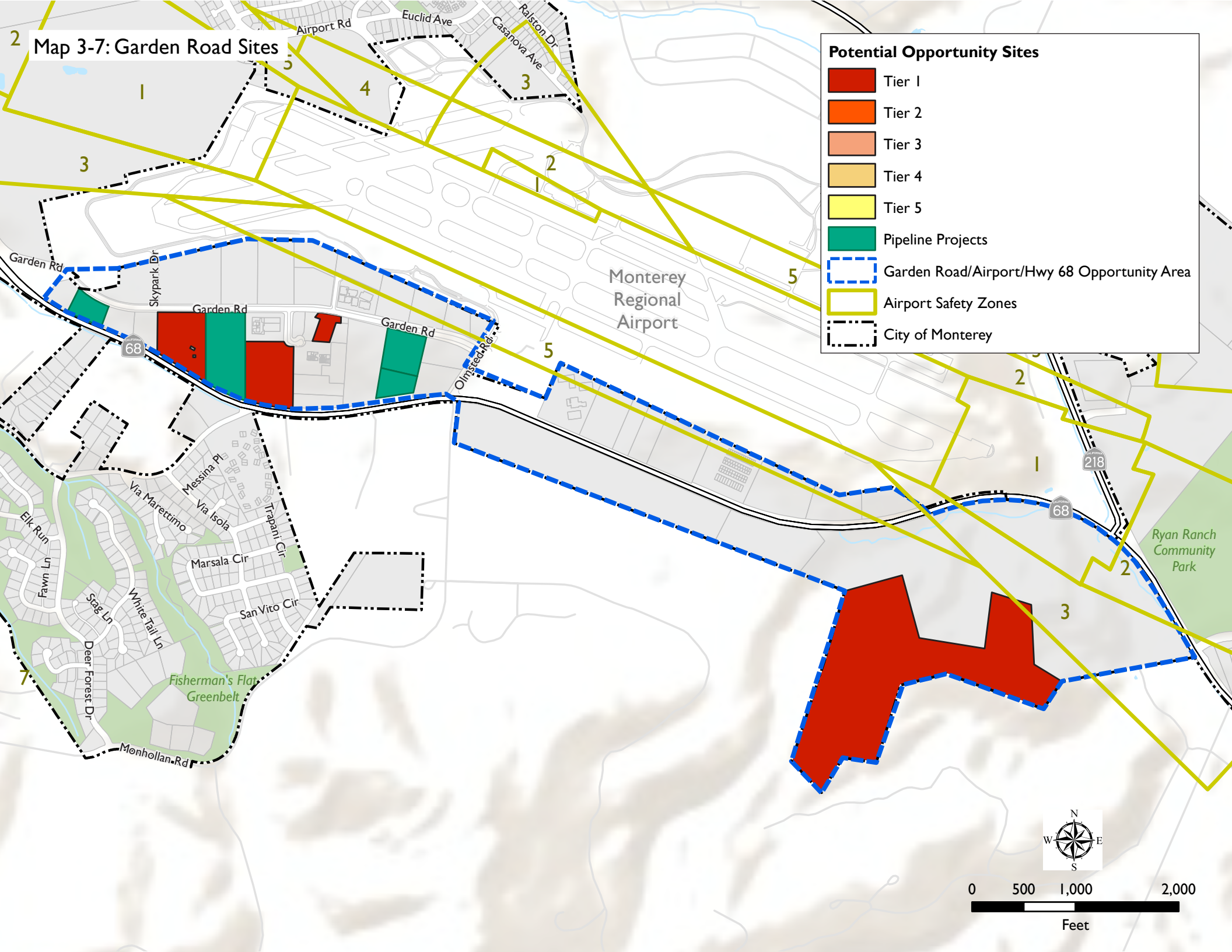
### **Del Monte**

This commercial corridor runs east of Del Monte Lake to Highway 1, featuring storage and auto-oriented businesses with some large surface parking lots and undeveloped land that could represent opportunities for redevelopment. There is existing single and multifamily housing north of the corridor. Coastal bluffs shield the corridor from the ocean and the risk of environmental hazard in the area is relatively low. Current General Plan land use and zoning for the area is Commercial, which allows for development at up to 30 du/ac. Parcel size varies, but is typically larger than in the Downtown, Lighthouse, and Pacific/Munras/Cass opportunity areas. Average parcel size is 0.81 acres, with three parcels over 1-acre in size and a 1.94-acre cluster of underutilized sites under common ownership offering some of the best opportunities for

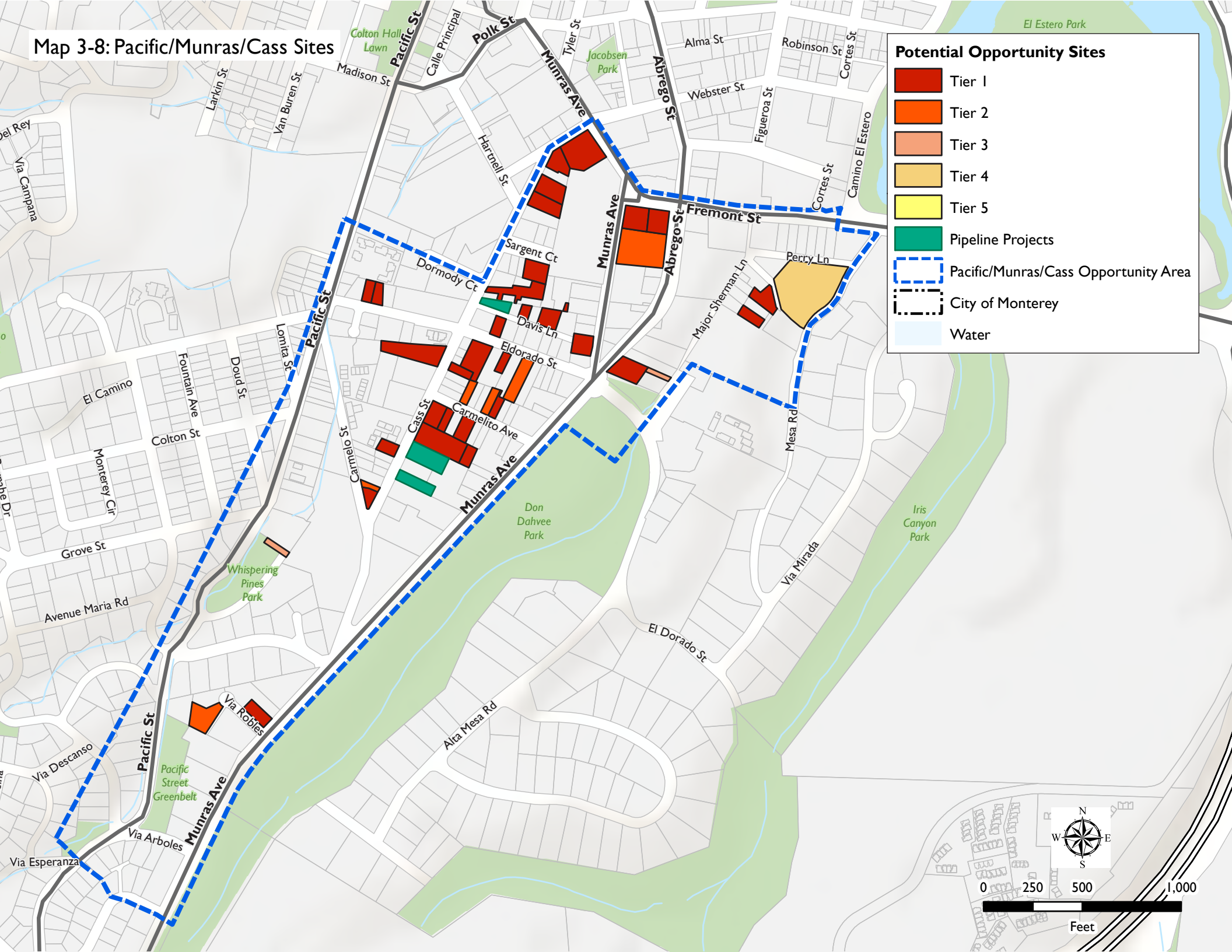
# Map 3-7: Garden Road Sites

**Potential Opportunity Sites**

- Tier 1
- Tier 2
- Tier 3
- Tier 4
- Tier 5
- Pipeline Projects
- Garden Road/Airport/Hwy 68 Opportunity Area
- Airport Safety Zones
- City of Monterey



Map 3-8: Pacific/Munras/Cass Sites



**Potential Opportunity Sites**

- Tier 1
- Tier 2
- Tier 3
- Tier 4
- Tier 5
- Pipeline Projects
- Pacific/Munras/Cass Opportunity Area
- City of Monterey
- Water

0 250 500 1,000  
Feet

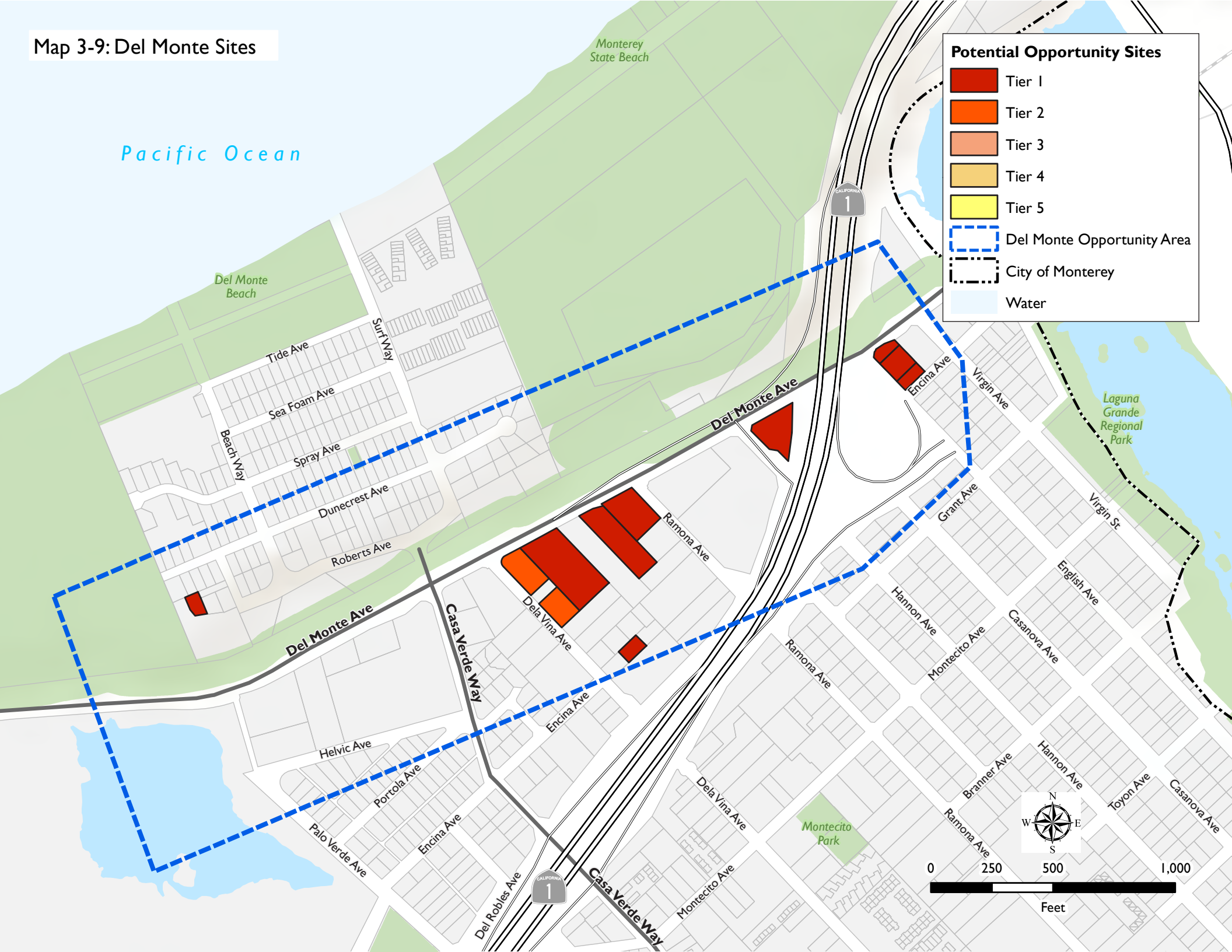
redevelopment. In view of the available sites and development opportunities, the inventory assumes development of 126 new housing units on underutilized sites in this area, all of which would be at densities deemed affordable for households making less than 80 percent of the area median income. Sites are shown on Map 3-9. No rezoning is needed to accommodate these projections and all of the units projected toward lower income RHNA are on sites of adequate size and meeting the other parameters established in State law.

### **Ryan Ranch and Fort Ord**

Located immediately southeast of the airport, the Ryan Ranch Area is home to Montage Health, an office park, and some light industrial businesses. New housing is prohibited in the airport approach zone which extends through the central part of the area, but there is a cluster of underutilized commercial properties north of Upper Ragsdale Road which presents opportunities for redevelopment. Immediately adjacent to the north is the former Fort Ord Military Base, where approximately 130 acres of vacant land is potentially available for development with housing and other uses. The Fort Ord area is largely outside of the airport safety zones and risk of natural hazard is lower here than in other areas of Monterey, although the presence of unexploded ordnance requires remediation before residential development can take place. Specifically, the northernmost parcel at Fort Ord (APN 031191018000) is subject to deed restrictions regarding Munitions and Explosives of Concern (MEC), which require remediation of hazardous materials on this property and within Boundary Road, as well as reimbursement agreements with the federal and State agencies that will provide oversight. The timeline for putting the agreements in place, engaging contractors, and completing remediation activities is expected to be approximately 60 months. However, the other more southerly parcels at Fort Ord, totaling over 105 acres, can feasibly be developed during the 2023-31 planning period. Further, with the closure of Ford Ord, an allotment of 65-acre-feet of water was conveyed to the City (an amount sufficient for 260 new homes), making Fort Ord one of the more feasible locations for housing development in the near term. Marina Coast Water District (MCWD), which serves Fort Ord, has confirmed that existing and planned water supply is sufficient to serve projected housing development at Fort Ord. A letter to this effect is included in Appendix F.

The General Plan land use designations applicable in this area include Industrial (I) and Parks, Recreation and Open Space (PROS). Current zoning does not permit housing in Ryan Ranch, but two of the six parcels at Fort Ord are zoned Planned Community (PC), which permits residential development subject to a PC Plan or Specific Plan. In the Citywide survey, Fort Ord was the area respondents identified most favorably for new housing, and generally felt it would be appropriate for a mix of housing types, primarily including single-family homes and townhomes with some multifamily housing as well. Ryan Ranch was also ranked highly by survey respondents as a location for new housing, including a mix of apartments and townhomes. Community comments highlighted some of the challenges for development in this area, including the limited capacity of existing infrastructure and lack of access/connectivity to other areas of the community (particularly for transit, bicycles, and pedestrians). Preferences for the future of the area also varied, with many advocating for the creation of a mixed-use village over the area, others preferring to see lower scale development integrated with the natural environment, and some not favorable to development on natural open spaces or biologically sensitive areas.

Map 3-9: Del Monte Sites



Integrating new housing into this area would need to be done carefully and in a way that responds to the variety of preferences and concerns that community members expressed through the survey. Therefore, a key implementing strategy for the area, articulated in Program 1-H, involves the preparation of a specific plan to establish a clear vision for the areas and to guide future development and conservation, identify infrastructure needs and financing mechanisms, and establish measures to ensure sustainable development and adequate resource protection. Through implementation of Program 1-H and preparation of the Specific Plan, infrastructure improvements necessary to support the development envisioned would be planned and provisions implemented to ensure parcelization at adequate sizes. Mixed income housing is envisioned and, given that the City of Monterey is the property owner, Program 1-H stipulates that incentives be incorporated to support development of moderate and lower income housing on the site. On this basis, the inventory assumes a total of 1,200 new housing units in the Ryan Ranch and Fort Ord area, 100 of which would be made available to moderate-income households and 100 of which would be made available to low-income households, consistent with the City's inclusionary ordinance. Sites are shown on Map 3-10.

### **Other Key Sites**

The inventory also assumes development of several key sites outside of the opportunity areas. These are shown on Map 3-11. Description of existing conditions and development potential is provided below.

#### *County Courthouse Site*

The County has decided to relocate the courthouse and this 4.4-acre site, located on Aguajito Road, east of Highway 1, is available for redevelopment with housing. Currently, the site is designated LDR in the General Plan and zoned R-1; but if the site is declared surplus, it could accommodate higher density housing to help meet the needs of moderate, low and very low-income households. Through Program 1-L, the site will be rezoned to R-3 and the Multifamily Residential Overlay will be applied, permitting up to 60 du/ac. On this basis, the inventory projects the site will accommodate 246 new units affordable to moderate, low, and very low income households. The site meets the requirements of Government Code 65583.2(h).

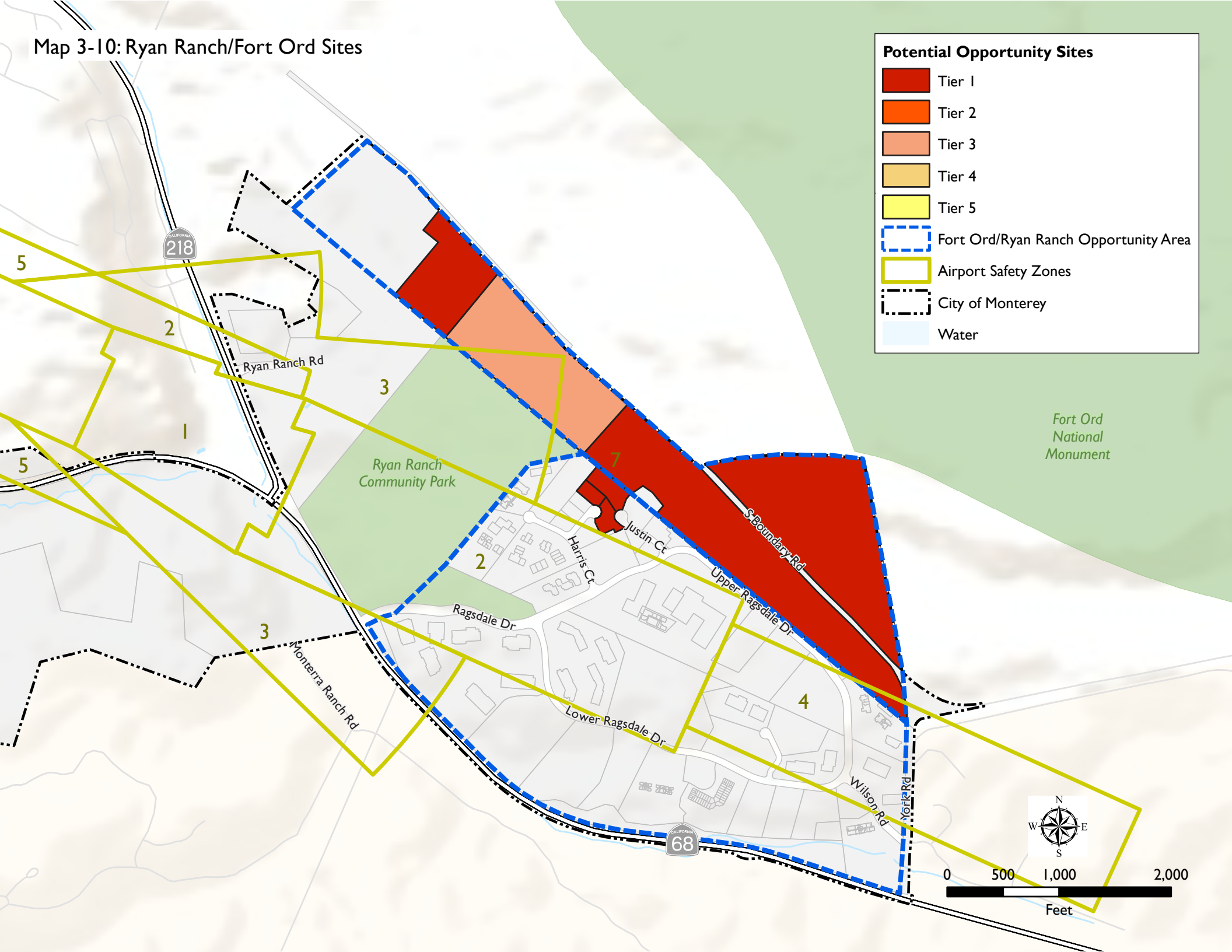
#### *Monterey Museum of Art Perry Lane Site*

Located at 590 Perry Lane just a short walk from El Estero Park and downtown Monterey, this 1.82-acre site is available for housing. The site is currently for sale. It contains some small single-story structures and is partially located within an area of high liquefaction risk, construction techniques are available to mitigate this risk. The site is currently zoned Commercial, which allows for residential development at up to 30 du/ac. On this basis, the preliminary inventory assumes development of 50 new housing units, 10 of which would be moderate and lower income households based on the City's adopted inclusionary requirements. No rezoning is required to accommodate projected capacity.

Map 3-10: Ryan Ranch/Fort Ord Sites

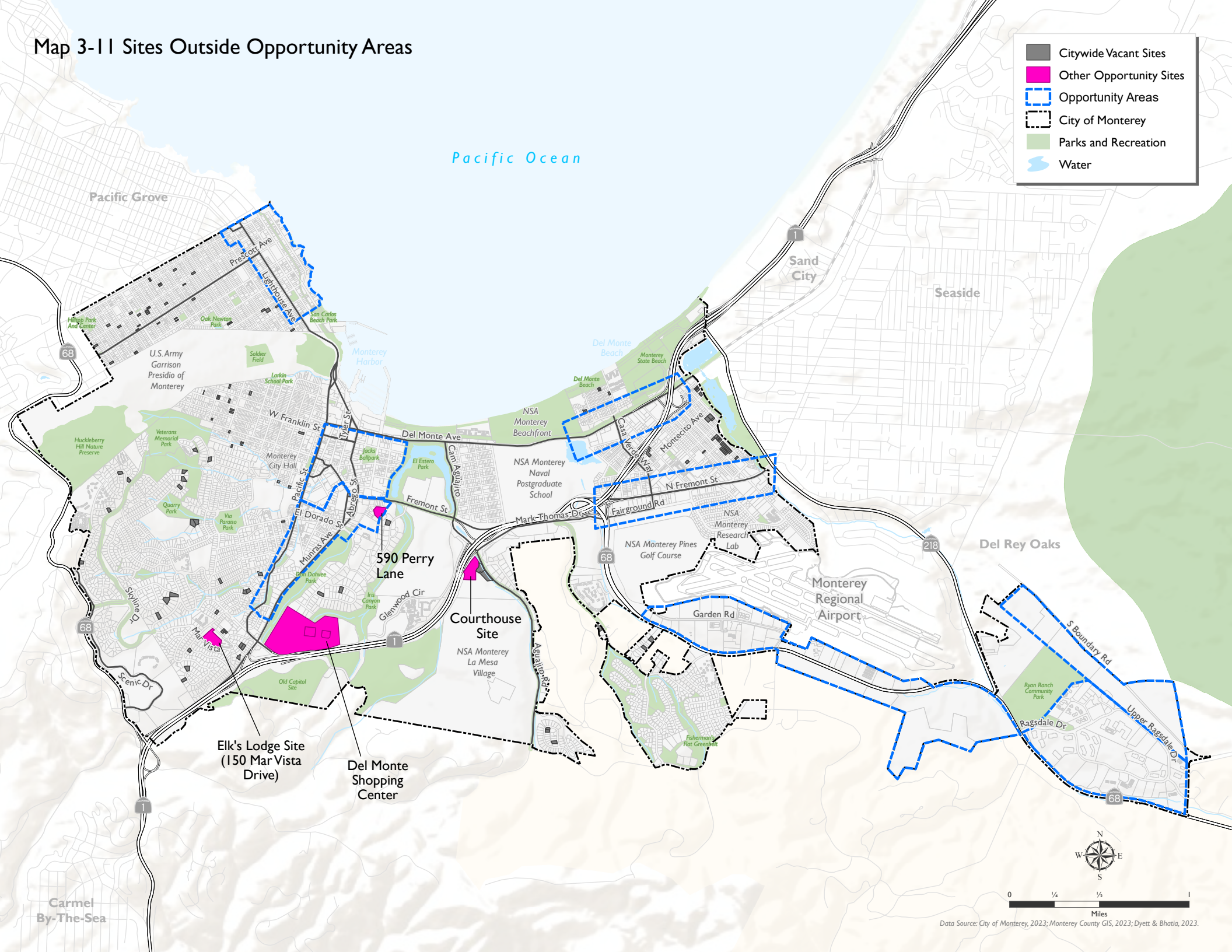
**Potential Opportunity Sites**

- Tier 1
- Tier 2
- Tier 3
- Tier 4
- Tier 5
- Fort Ord/Ryan Ranch Opportunity Area
- Airport Safety Zones
- City of Monterey
- Water



# Map 3-11 Sites Outside Opportunity Areas

- Citywide Vacant Sites
- Other Opportunity Sites
- Opportunity Areas
- City of Monterey
- Parks and Recreation
- Water



Data Source: City of Monterey, 2023; Monterey County GIS, 2023; Dyett & Bhatia, 2023.

### *Elks Lodge Site*

Monterey Elks Lodge is located at 150 Mar Vista Drive. The 3.75-acre site contains approximately 22,000 square feet of existing buildings constructed in 1963 and has large areas of surface parking lot that could be redeveloped with housing. The site is surrounded by existing multifamily developments including the 3-story Palo Verde Apartments immediately adjacent to the west. The site itself is generally outside of mapped areas of environmental hazard, although the Very High Fire Hazard Severity Zone extends to the opposite side of Mar Vista Drive, uphill from the graded and developed portion of the site. The General Plan Land Use designation applicable to the site is Residential - Medium Density (MDR), which allows for 8 to 30 du/ac. Assuming the existing building and structures remain on the property and new housing is integrated onsite, the Elks Lodge property could accommodate 94 new units at a density deemed affordable to low and very low income households by the State. No rezoning is required to accommodate projected capacity.

### *Del Monte Shopping Center*

Located on three parcels with a combines area of nearly 48 acres, the Del Monte Shopping Center consists of retail shops and restaurants in single story buildings organized around large areas of surface parking. Subject to property owner interest, a portion of the site could be developed with housing to further support the vitality of existing businesses and address local housing needs. The City has contacted the property owner to gauge interest and what measures could be put in place to facilitate the addition of housing to the site in the event the owner would like to proceed. Provisionally, the inventory assumes development of 150 market rate units on a portion of the property, 30 of which would be affordable to moderate and low income households consistent with the City's inclusionary requirements. No rezoning is required to accommodate projected capacity.






### **Vacant Residential Land**

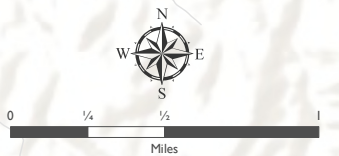
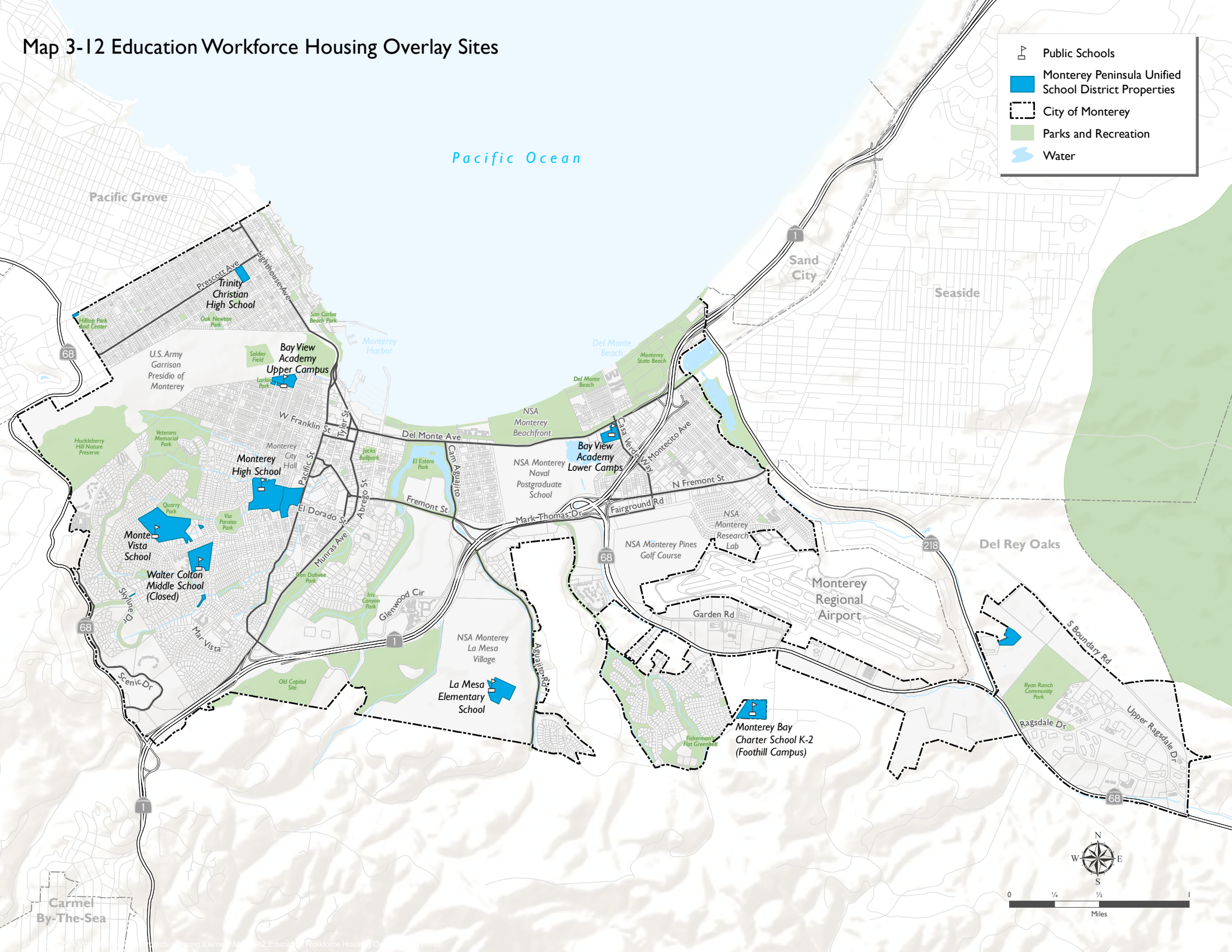
Map 3-11 also shows the location of vacant residential parcels within the City limit. In total, there are 113 parcels designated Low Density Residential (LDR) in the General Plan and zoned R-1, as well as 17 vacant parcels designated Medium Density Residential (MDR) in the General Plan and zoned either R-2 or R-3. These sites are available for development when new water sources become available and their capacity is reflected in the inventory.

### **LOCAL EDUCATIONAL AGENCY LANDS**

As shown on Map 3-12, the Monterey Peninsula Unified School District (MPUSD) owns 17 properties in the city with a total land area of 139.31 acres. Ten of these properties are schools and two are vacant, including a 4.24-acre property at the end of Del Rey Garden Road in Ryan Ranch and a 50-acre property south of Highway 68 and southeast of the airport. The ten properties with existing school facilities range in size from 0.28 acres to 21.25 acres and have base zoning that currently allows from residential development (R-1-5, R-1-20, R-3-5, and PC). Facing a declining enrollment trend in recent years, MPUSD has closed three facilities; however, the high cost of housing in the Monterey Peninsula is a significant barrier to recruitment and retention of teachers and staff. MPUSD reports that each year it loses 20-25 percent of its teaching staff due to a critical housing shortage of housing in the region and the high cost of living. As such, MPUSD has a strong interest in developing housing for teachers and school district staff and has submitted a statement to that effect, included in Appendix F.

# Map 3-12 Education Workforce Housing Overlay Sites

-  Public Schools
-  Monterey Peninsula Unified School District Properties
-  City of Monterey
-  Parks and Recreation
-  Water



0 1/4 1/2 1 Miles

Recognizing the critical need for housing for local educational agencies (LEAs), the Governor signed AB2295 into law in 2022. The law exempts LEA housing projects from the provisions of the Surplus Land Act and allows housing at densities deemed affordable to lower income households on properties wholly owned by LEAs, subject to certain conditions. Program 1-E in Chapter 4 Housing Action Plan commits the City to adopting an Education Workforce Housing Overlay and associated objective development standards that implements AB2295 locally and permits housing development at up to 30 du/ac by right without discretionary review on urban infill sites owned by the MPUSD in the City of Monterey. Therefore, the inventory projects development of 110 new housing units on infill MPUSD properties in established residential neighborhoods by 2031, based on consultations with MPUSD and in view of District resources and capacity over the next 8 years. Development is assumed at densities of at least 20 du/ac, the level deemed affordable to lower income households by the State.

## **RELIGIOUS INSTITUTIONAL LANDS**

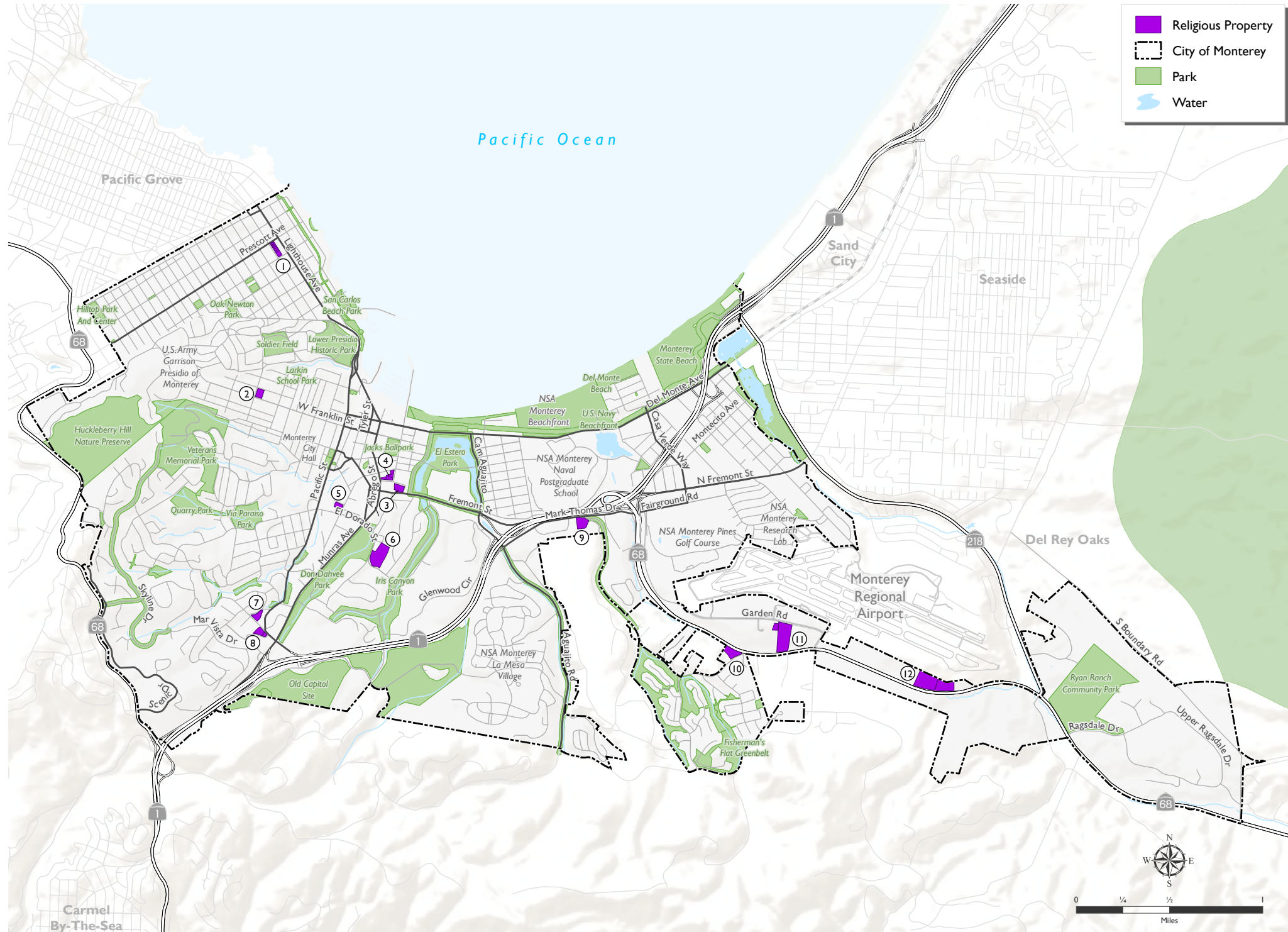
New State laws recognize religious institutions as important partners in affordable housing development and seek to provide incentives to facilitate construction by churches, synagogues, and mosques, such as through the reduced parking requirements available to religious facilities seeking to develop affordable housing on their properties by way of AB 1851. In Monterey, there are 12 properties owned by religious institutions that range in size from 1- to 9 acres and are located outside of environmental hazard areas, including flood zones, Very High Fire Hazard Severity Zones, airport safety zones, areas of high liquefaction risk, and areas susceptible to sea level rise and coastal flooding. These properties, shown on Map 3-13, typically have zoning that permits low density residential development and many of them with vacant land and/or surface parking lots that could be developed with affordable housing.

The City is working to set up focus group discussions with representatives of the local faith-based community to understand if there is interest in pursuing affordable housing projects and what the City could do to support housing development by faith-based property owners. On the basis of this outreach, a refined list of candidate properties will be developed together with specific actions the City could take to facilitate the development of affordable housing by interested faith-based institutions, which would include zoning amendments to permit residential development at densities of at least 20 du/ac, permit streamlining procedures, and technical assistance. Program 1-F in Chapter 4 Housing Action Plan envisions the creation of a Congregational Overlay and associated development standards, as well as implementation of a program of technical assistance and development support for interested faith-based institutional property owners, which may include the preparation of factsheets; introductions to qualified design professionals, construction contractors, property management firms, and affordable housing operators; consultations on navigating the development application process.

## **ACCESSORY DWELLING UNITS**

Sometimes called “in-law units” or “granny flats,” an accessory dwelling unit (ADU) is an additional smaller unit on the same property as an existing single-family home. ADUs come in many shapes and sizes, but are always a self-contained home that is smaller than the main house and legally part of the same property. ADUs have a kitchen, bathroom, and place to sleep, while junior ADUs (JADUs) are smaller - up to a maximum of 500 square feet - and must contain an efficiency kitchen (sink, stove, fridge, and counter) or wet bar, but may share a bathroom and full kitchen facilities with the main house.

# Map 3-13: Congregational Overlay Sites



Data Source: City of Monterey, 2023; Monterey County GIS, 2023; Dyett & Bhatia, 2023.

Residential land uses comprise nearly 30 percent of all existing land use in Monterey, meaning there is significant opportunity for development of ADUs and JADUs. Since they are typically smaller than a single-family home, ADUs and JADUs can be “affordable by design,” meaning they cost less to build, buy, or rent. As such they can offer affordable opportunities for older adults living on fixed incomes, students, teachers, service sector workers and others employed in the community. Demographic factors indicate that ADUs and JADUs can play an important role in helping to meet local housing needs. Adults aged 65 and older accounted for nearly 19 percent of the city's population in 2020, up from 15.45 percent in 2010. ADUs can be an important resource that allow older adult residents to “age in place,” whether by providing opportunities for extended families to live together while maintaining privacy or by providing space for in-home caregivers. At the same time, ADUs can offer affordable housing options for some of the more than 7,500 post-secondary students at the Middlebury Institute of International Studies and the Monterey campus of Monterey Peninsula College. Equally, ADUs and JADUs can provide additional housing opportunities for those employed in the hospitality, tourism, retail, and service sectors that make up 25 percent of the jobs in the local economy.

Safe harbors in State Housing Element law allow for the use of local trends since 2018 to project the future rate of ADU production. On average since 2018, the City has issued construction permits for 12.3 ADUs each year, as shown in Table 3. By this measure, Monterey can project at least 12 ADUs annually throughout the planning period; however, as noted in HCD’s Housing Element Site Inventory Guidebook, this methodology represents “a conservative option [that] only account[s] for the effect of the new laws without local promotional efforts or incentives.” In Monterey, the production trend has generally increased year-on-year since 2018, with 7 ADUs permitted in 2018, 13 in 2020, and 19 in 2022 and 2023 even as past production trends have been constrained by water supply availability. The Housing Action Plan contains a program of zoning incentivizes (Program 3-G) to encourage the production of ADUs and JADUs, particularly for lower income households, as well as Program 1-M that involves educational and outreach activities to promote and encourage ADU production, and Program 1-N, through which the City will make pre-approved ADU floor plans available to help reduce cost and complexity for interested homeowners and stimulate production. This approach recognizes that local topography and environmental conditions will require site-specific design while still providing cost savings for homeowners. On this basis, the Town projects 15 new ADUs/JADUs annually throughout the planning period for a total of 120 new ADUs by 2031.

The City does not collect data on rental pricing for ADUs in the community; however, data available from other communities in the AMBAG region and the nearby San Francisco Bay Area provide important insight into the affordability of ADUs. The City of Santa Cruz conducts voluntary rental pricing surveys for ADUs each year, the results of which indicate the majority of ADUs are rented at low-income rents or below. For the 2022 survey, 89 percent of respondents who provided rental cost

**Table 3-3: Recent ADU Approvals**

| <b>Year</b>           | <b>ADU Building Permits Issued</b> |
|-----------------------|------------------------------------|
| 2018                  | 7                                  |
| 2019                  | 7                                  |
| 2020                  | 13                                 |
| 2021                  | 9                                  |
| 2022                  | 19                                 |
| 2023                  | 19                                 |
| <b>Total</b>          | <b>74</b>                          |
| <b>Annual Average</b> | <b>12.3</b>                        |

Source: City of Monterey, Annual Progress Reports, 2018-2022

data were charging at or below the low income rent for their units. The Association of Bay Area Governments (ABAG), the metropolitan planning organization for the San Francisco Bay Area has conducted an extensive study of ADU affordability throughout California, and based on its findings, it is assumed that 60 percent of the ADUs/JADUS constructed in the City of Monterey over the planning period (72 units total) will be affordable to low and very low-income households, 30 percent of these units (36 units total) will be affordable to moderate-income households, and 10 percent (12 units total) will be affordable for above moderate income households. Implementation of Program 3-G, described above, will also help ensure the affordability of new ADUs and JADUs produced in the planning period.

## **SUMMARY OF RHNA CAPACITY**

Table 3-4 summarizes the City's strategy for accommodating RHNA. As shown, a total of 1,873 units can be accommodated under current zoning, including 617 units for lower income households and 127 units for moderate income households. This accounts for development of vacant residential land, pipeline projects, ADU production, and realistic projections under current zoning on sites identified in the Downtown, Lighthouse, and Del Monte opportunity areas as well as on the Elk's Lodge, Perry Lane and Del Monte Shopping Center sites. Per State guidance, ADUs are not assigned to individual sites, but rather projected on a citywide basis. Low and Very Low RHNA capacity has been attributed to sites that meet the suitability criteria outlined in State law, including parcel size, location, and zoning. Sites within the opportunity areas that do not meet the established suitability criteria are assumed to develop with market rate housing and that capacity has been assigned to above moderate income households. However, the City has adopted an Inclusionary Ordinance which requires that 20 percent of new units in projects of six or more units be affordable to moderate and low income households and through Program 2-I in the Housing Action Plan (Chapter 4), the ordinance will be revised to specify that 10 percent of the units provided must be affordable to moderate income households and 10 percent must be affordable to low income households. Accordingly, 10 percent of the total above moderate infill development capacity has been reallocated to moderate income RHNA, and 10 percent to lower income RHNA.

Capacity under current zoning is not sufficient to meet RHNA obligations; accordingly, rezoning is required. As described above, rezoning strategies identified to accommodate RHNA include amending the North Fremont Specific Plan to increase the maximum permitted density in the area to 60 du/ac; amending the Multifamily Residential Overlay to permit up to 60 du/ac; rezoning the County Courthouse site to R3; and applying the Multifamily Residential Overlay to the County Courthouse site and sites with commercial zoning in the Pacific/Munras/Cass opportunity area. Government Code Section 65583.2(h) requires that sites rezoned to accommodate a shortfall of lower income RHNA must meet the following requirements:

- Permit multifamily development "by right," subject to objective standards;
- Permit at least 16 units per site at a density of at least 20 du/ac;
- Permit 100 percent residential developments; and
- If mixed use is permitted, require that at least 50 percent of the floor area in a mixed use development be for residential uses.

**Table 3-4: Summary of RHNA Capacity**

| <i>Location/Strategy</i>                       | <i>L/VL</i>  | <i>Moderate</i> | <i>Above Moderate</i> | <i>Total</i> |
|--|--------------|-----------------|-----------------------|--------------|
| <b>Units Accommodated Under Current Zoning</b> |              |                 |                       |              |
| Pipeline projects                              | 109          | 1               | 393                   | 503          |
| Vacant land                                    |              |                 | 144                   | 144          |
| Downtown                                       | 126          | 20              | 253                   | 399          |
| Lighthouse                                     | 46           |                 | 241                   | 287          |
| Del Monte                                      | 100          |                 | 26                    | 126          |
| Elk's Lodge                                    | 94           |                 |                       | 94           |
| Del Monte Shopping Center                      |              |                 | 150                   | 150          |
| Perry Lane                                     |              |                 | 50                    | 50           |
| ADUs   | 72           | 36              | 12                    | 120          |
| Subtotal                                       | 547          | 57              | 1,269                 | 1,873        |
| Inclusionary Reallocation                      | 70           | 70              | -140                  |              |
| <b>SUBTOTAL (A)</b>                            | <b>617</b>   | <b>127</b>      | <b>1,129</b>          | <b>1,873</b> |
| RHNA   | 1,946        | 462             | 1,246                 | 3,654        |
| % RHNA   | 32           | 27              | 91                    | 51           |
| <b>Rezoning per 65583.2 (h)</b>                |              |                 |                       |              |
| North Fremont                                  | 348          |                 | 150                   | 498          |
| Garden Road                                    | 687          |                 |                       | 687          |
| Pacific/Munras/Cass (w/overlay)                | 116          |                 | 225                   | 341          |
| County Courthouse                              | 146          | 100             |                       | 246          |
| Inclusionary Reallocation                      | 37.5         | 37.5            | -75                   |              |
| <b>SUBTOTAL (B)</b>                            | <b>1,335</b> | <b>138</b>      | <b>300</b>            | <b>1,772</b> |
| <b>Other Rezoning Strategies</b>               |              |                 |                       |              |
| Local density bonus                            |              | 200             |                       | 200          |
| <b>SUBTOTAL (C)</b>                            |              | <b>200</b>      | <b>0</b>              | <b>200</b>   |
| <b>TOTAL A + B + C</b>                         | <b>1,952</b> | <b>465</b>      | <b>1,429</b>          | <b>3,845</b> |
| <b>Buffer</b>                                  |              |                 |                       |              |
| Educational Workforce Housing                  | 110          |                 |                       | 110          |
| Fort Ord/Ryan Ranch                            | 100          | 100             | 1,000                 | 1,200        |
| Highway 68                                     | 51           | 51              | 512                   | 614          |
| <b>GRAND TOTAL</b>                             | <b>2,213</b> | <b>616</b>      | <b>2,941</b>          | <b>5,769</b> |
| <b>RHNA</b>                                    | <b>1,946</b> | <b>462</b>      | <b>1,246</b>          | <b>3,654</b> |
| <b>% RHNA</b>                                  | <b>114</b>   | <b>133</b>      | <b>236</b>            | <b>158</b>   |

All of the sites identified for rezoning through these strategies meet the size requirements of Government Code Section 65583.2(h), and Programs 1-B, 1-C, and 1-L in the Action Plan (Chapter 4) will ensure that other parameters identified in Government Code Section 65583.2(h) and (i) are met through rezoning.

These rezoning strategies will create capacity for an additional 1,772 units, including 1,335 lower income units, 138 moderate income units and 300 above moderate units. This is sufficient to meet the City's lower and above moderate RHNA obligations, but a shortfall of moderate income units remains. Therefore, the City will also adopt a local density bonus program through Program 3-C, offering bonus density over the maximum base permitted in the Monterey City Code as an incentive for projects that provide additional moderate income units over and above any provision of such units required under the City's Inclusionary Zoning Program. The local density bonus program is projected to incentivize an additional 200 moderate income units within multifamily developments on sites identified on the inventory, which represents approximately 8 percent of the total capacity for multifamily housing on sites identified for above moderate RHNA.

On this basis, the inventory demonstrates capacity meet RHNA obligations at all income levels with a modest buffer. In order to ensure that there is sufficient capacity to meet RHNA obligations at all times during the planning period in the event that some sites on the inventory actually develop at lower densities than envisioned, additional rezoning strategies are also identified, including Program 1-E, which involves adoption of an educational workforce housing overlay to permit multifamily housing for teachers and staff on properties owned by MPUSD, Program 1-H, which involves preparation of a specific plan to integrate mixed income housing in the Fort Ord/Ryan Ranch opportunity area, and Program 1-I, which involves an update to the Highway 68 Plan to incorporate mixed income housing on a 50-acre parcel owned by the MPUSD. Map 3-14 shows sites included on the inventory and the income category of projected units. Appendix A contains the full sites inventory in the format required under State law.

## Financial Resources

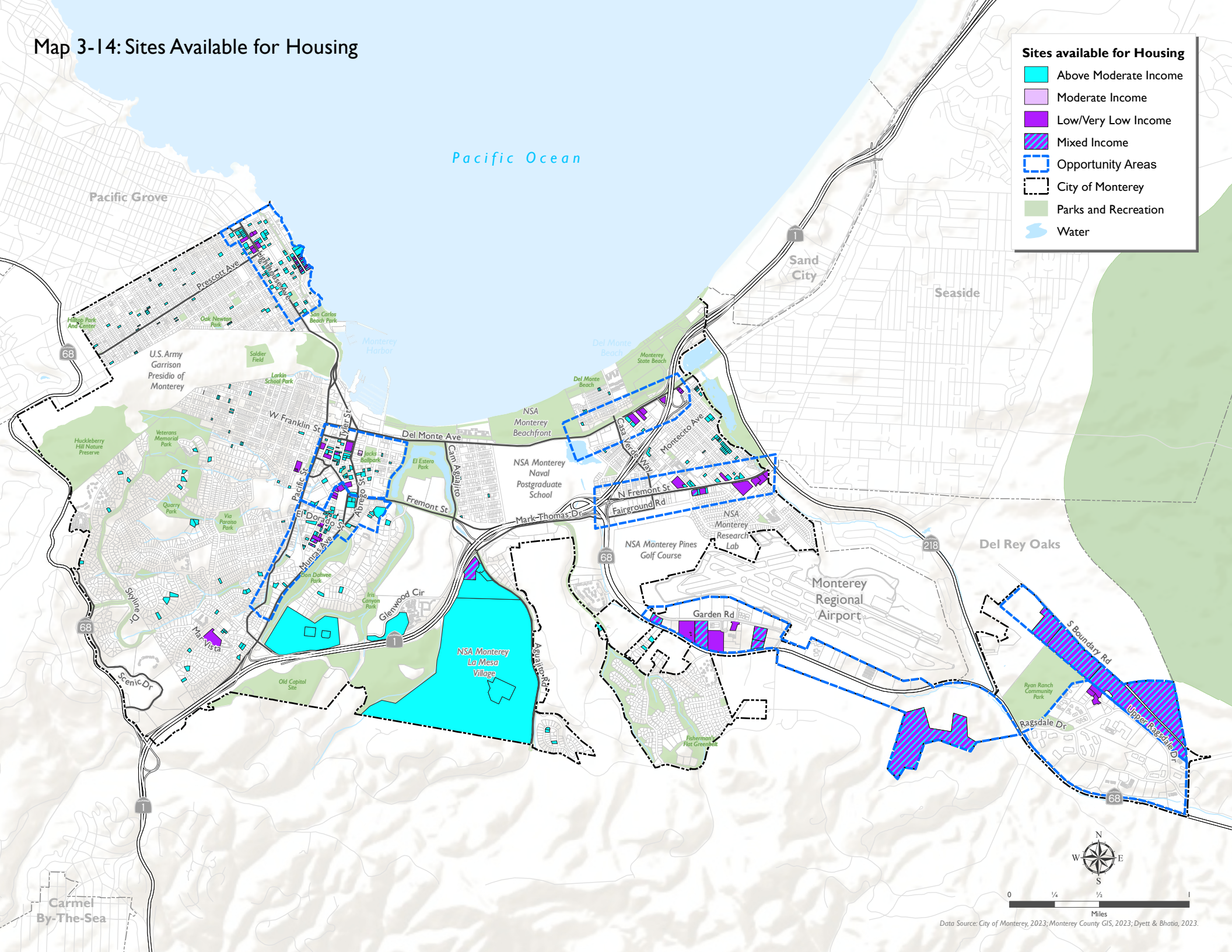
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As a small community, and especially since the loss of Redevelopment Agencies statewide, the City of Monterey has limited availability of funds for affordable housing activities. Key funding sources now include limited Community Development Block Grant funds and the City's Inclusionary Housing Program. Through these funding sources, the City has achieved affordable housing for lower and moderate income households.

### **COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS**

Through the CDBG program, HUD provides funds to local governments for a range of community development activities. The eligible activities include, but are not limited to, acquisition and/or disposition of real estate property, public facilities and improvements, relocation, rehabilitation and construction (under certain limitations) of housing, home ownership assistance, and also clearance activities. In addition, these funds can be used to acquire or subsidize at-risk units. The City of Monterey typically receives approximately \$250,000 annually from the U. S. Department of Housing and Urban Development (HUD). The City has also been awarded an additional approximately \$100,000 in CARES Act funds, and projected program income is \$1,000,000.

# Map 3-14: Sites Available for Housing



**Sites available for Housing**

- Above Moderate Income
- Moderate Income
- Low/Very Low Income
- Mixed Income
- Opportunity Areas
- City of Monterey
- Parks and Recreation
- Water

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S

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Miles

Data Source: City of Monterey, 2023; Monterey County GIS, 2023; Dyett & Bhatia, 2023.

## **PERMANENT LOCAL HOUSING ALLOCATION**

In 2017, Governor Brown signed a 15-bill housing package aimed at addressing the State's housing shortage and high housing costs. Specifically, it included the Building Homes and Jobs Act (SB 2, 2017), which establishes a \$75 recording fee on real estate documents to increase the supply of affordable homes in California. Because the number of real estate transactions recorded in each county will vary from year to year, the revenues collected will fluctuate.

The first year of SB 2 funds are available as planning grants to local jurisdictions. For the second year and onward, 70% of the funding will be allocated to local governments for affordable housing purposes and will be distributed using the same formula used to allocate federal CDBG. This funding is known as the Permanent Local Housing Allocation (PLHA) and can be used to:

- Increase the supply of housing for households at or below 60 percent of AMI
- Increase assistance to affordable owner-occupied workforce housing
- Assist persons experiencing or at risk of homelessness
- Facilitate housing affordability, particularly for lower and moderate income households
- Promote projects and programs to meet the local government's unmet share of RHNA
- A Housing Element certified by the State HCD is a prerequisite for receiving PLHA funds

## **PUBLIC FINANCING**

The State Housing and Community Development Agency, and HUD, offer construction, rehabilitation, and permanent financing as low as three percent to qualified applicants such as housing authorities or private non-profit developers. These funds are competed for based on participation of other funding sources and local need.

## **Administrative Resources**

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Described below are public and non-profit agencies that can serve as resources in the implementation of housing activities in Monterey. These agencies play an important role in meeting the housing needs of the City. In particular, they are critical in the production of affordable housing and the preservation of at-risk housing units in Monterey. There are additional nonprofit agencies that are developing a local track record; these agencies may also assist in this area during the life of this Housing Element.

### **HOUSING AUTHORITY OF THE COUNTY OF MONTEREY (HACM)**

HACM administers the Housing Choice Voucher program that also covers the City of Monterey. In addition, HACM actively pursues affordable housing development, especially farm labor housing, through its developer arm – Monterey County Housing Authority Development Corporation (MCHADC).

### **COMMUNITY HOUSING IMPROVEMENT SYSTEMS AND PLANNING ASSOCIATION (CHISPA)**

CHISPA is a Community Housing Development Organization (CHDO) operating in the Central Coast area. As the largest private, nonprofit developer in Monterey County, CHISPA has completed more than 2,200 affordable single-family, multi-family, and senior housing units since its incorporation in 1980.

## **MID-PENINSULA HOUSING**

Mid-Peninsula Housing (Mid-Pen) is an active nonprofit affordable housing developer in the Monterey Bay area. Currently Mid-Pen is working a 90-unit affordable permanent supportive housing project in Salinas' Chinatown area. Through a groundbreaking collaboration between MidPen Housing and the Central California Alliance for Health, Moon Gate Plaza connects housing and health services for the highest utilizers of the healthcare system, with 20 supportive apartments set aside for that population. Another 20 apartments accept referrals from Interim, Inc., a leading provider of mental health services and support. The other 50 apartments provide homes for the area's other low-income residents.

In 2018, Mid-Pen completed construction of a 19-unit senior apartment complex on Van Buren Street in the City of Monterey, and the City has entered into an Exclusive Negotiating Agreement for a 100 percent affordable low income project on City leased land behind City Hall. Mid-Pen plans for the project to include 43 very low and low income units.

## **INTERIM, INC.**

This nonprofit organization provides supportive services and affordable housing for persons with mental disabilities. It provides a range of housing options throughout the County.

## **HABITAT FOR HUMANITY**

Habitat for Humanity is a community service organization that renovates and builds homes with the goal of eliminating poverty and providing decent shelter for all. Through volunteer labor and tax-deductible donations of money and materials, Habitat for Humanity constructs or rehabilitates homes in partnership with the families that will become the owners of the properties. Rehabilitated or newly constructed homes are sold to the families for the cost of materials through a mortgage that does not include interest or profit. Habitat for Humanity, Monterey County is actively works with jurisdictions to find and acquire appropriate properties for residential development and redevelopment.

## **EDEN COUNCIL FOR HOPE AND OPPORTUNITY (ECHO) HOUSING**

Echo Housing is a HUD-approved housing counseling agency aimed at fairly and equally providing education and assistance in obtaining and maintaining housing. Echo's offers a range of services, including rental assistance, housing assistance, tenant/landlord counseling, home seeking, home sharing, and mortgage and home purchase counseling. In addition, they offer a Fair Housing Program that provides counseling, investigation, mediation, enforcement, and education in response to reports of housing discrimination and complaints. Echo Housing is based in Hayward and operate in Alameda County, Contra Costa County, and Monterey County, which they expanded services to in 2017. They are currently under contract with the Cities of Monterey, Salinas, and Seaside, and urban Monterey County to provide Fair Housing and Tenant/Landlord Services.

## **UNITED WAY OF MONTEREY COUNTY**

United Way is a non-profit organization that aims to help families achieve financial stability by providing support and resources for early care and education, affordable housing, and asset building. United Way ran the Emergency Rental Assistance Program (ERAP) in 2022, distributing emergency rental funds to support people experiencing financial distress as a result of the COVID-19 pandemic. United Way also runs Monterey County's 2-1-1 program, a free service that connects callers and texters with information about critical health and human services available to them. 2-1-1 has a range of housing related referral services, including housing expense assistance, emergency housing and services for homeless individuals and

families, affordable housing options, landlord/tenant assistance, and connection to housing stability services, such as legal services.

### **COALITION OF HOMELESS SERVICE PROVIDERS**

The Coalition of Homeless Service Providers works to eliminate homelessness in Monterey and San Benito Counties by promoting regional partnerships and interagency collaboration for a comprehensive system of housing. The Coalition administers the Continuum of Care (CoC) program, researches, trains, and supports providers in learning about best practices, advocates, on the subject of homelessness with policy makers, public funders, and those with lived experience, and coordinates and facilitates community-wide education. In addition, CoC promotes access to and utilization of mainstream programs and optimizes self-sufficiency among individuals and families experiencing homelessness. In 2021, CoC partnered with Focus Strategies, the City of Salinas, the County of Monterey, and County of San Benito to lead efforts in assessing the homelessness response system, report on key findings, hold public listening sessions, and interview key stakeholders, to inform the Lead Me Home 5-Year Plan to Reduce Homelessness by 50 percent by 2026. Strategies in the plan included increasing collaboration and participation by key stakeholders across the region to address homelessness, improving performance of the homeless response system, and expanding service-oriented responses to unsheltered individuals.

### **MONTEREY BAY ECONOMIC PARTNERSHIP**

Monterey Bay Economic Partnership (MBEP) is a regional nonprofit, membership organization consisting of public, private and civic entities located throughout the counties of Monterey, San Benito and Santa Cruz. Founded in 2015, its mission is to improve the economic health and quality of life in the region.

In 2016, MBEP launched its housing initiative to support an increase in the supply of all housing at all income levels in the Monterey Bay region. The initiative starts with a broad, regional coalition of individuals and organizations to advocate for the construction of all types of housing through our MBEP Action Center. To encourage development, MBEP joined forces with Housing Trust Silicon Valley to create the Monterey Bay Housing Trust: a local housing trust fund that provides a new loan pool to bring affordable housing projects throughout the region. In the Trust Fund's first year, MBEP raised \$12 million and funded three projects.

## 4 Housing Action Plan

The Housing Action Plan describes the specific goals, policies, and programs the City will undertake to achieve the long-term housing objectives set forth in the Monterey Housing Element. These goals, policies, and programs are intended to provide a framework for increasing the range of housing options in the community, removing barriers and constraints to housing construction, ensuring the continued maintenance of existing housing, and providing equal access to housing opportunities and services for all who live and work in Monterey.

The City's housing policies and implementing programs are organized around six key goals that correspond to community priorities. Quantified and qualitative objectives are described under each program. Assumptions are based on past program performance, development trends, land availability, realistic capacity, and future program funding. A timeline depicting the implementation timing and sequence of the programs is included at the end of this chapter.

A critical consideration for implementation is the availability of water supply to serve new residential development, as detailed in Appendix C, Housing Constraints. Accordingly, the implementation timing for programs in this Action Plan has been synchronized with the anticipated availability of adequate water supply.

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### **Housing Goal #1. Increase housing supply and facilitate production of at least 3,654 new homes by 2031.**

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- Policy I.1** Maintain sufficient land designated and appropriately zoned for housing to achieve a complementary mix of single-family and multi-family development to accommodate RHNA allocations at all levels throughout the planning period.
- Policy I.2** Promote infill development in adopted Specific Plan areas where high density residential development can be accommodated in locations with good pedestrian and bicycle infrastructure and proximity to employment, shopping, transit, recreation, and other services.
- Policy I.3** Recognizing that infill development alone will not be sufficient to meet the City's RHNA obligations, plan holistically to integrate new housing in context sensitive ways on larger vacant properties in the southeast of Monterey to take advantage of opportunities where they exist.
- Policy I.4** Incentivize and facilitate housing development on properties owned by schools, churches, synagogues, mosques, and businesses so that interested property owners can build housing to help meet the needs of the local workforce.

- Policy I.5** Promote development of a variety of housing types, sizes, and densities that meet community needs based on the suitability of the land, including the availability of infrastructure, the provision of adequate services, and recognition of environmental constraints.
- Policy I.6** Continue to partner with and support non-profit and for-profit organizations in their efforts to construct, acquire, and improve housing to accommodate households with lower and moderate incomes.
- Policy I.7** Provide opportunities and facilitate innovative housing approaches in financing, design, construction, and types of housing to increase the variety and supply of lower and moderate-income housing.

*Programs*

**Program I-A** **Inventory of Available Sites.** Maintain and publish an inventory of properties available for residential development on the City's website, updating it at regular intervals.

**Responsibility:** Community Development Department

**Timeframe:** Publish inventory by April 2024; updates to be made quarterly throughout the planning period

**Objective:** 3,654 new housing units, consistent with RHNA obligations

**Funding:** General Fund

**Program I-B** **Multi-Family Residential Overlay Amendments.** The City has established a Multifamily Residential (MFR) Overlay District, set forth in City Code section 38-99.4 et seq., applicable to properties along the south side of Garden Road that permits the conversion of existing commercial and office buildings to housing or the development of new housing at up to 30 du/ac. Garden Road and the Pacific/Munras/Cass area have attracted significant developer interest in recent times and the City will amend the MFR overlay and related standards to further facilitate housing development in these areas, which have a total combined area of 90 acres. Specifically, through this program the City will amend the MFR Overlay to:

- Increase the maximum permitted density from 30 to 60 du/ac;
- Permit residential uses “by right” without discretionary review per Government Code 65583.2 (h) and (i) on sites in the MFR overlay when at least 20 percent of the proposed units are affordable to lower income households;
- Apply the overlay to sites with Commercial zoning in the Pacific/Munras/Cass area (total area: 37.84 acres);
- Recognizing the smaller parcel size and existing mixed use context in the Pacific/Munras/Cass area, incorporate appropriate objective development standards (including standards for side setbacks, building heights etc) to integrate higher density housing in the area and ensure the projected yield of new units can be achieved;

- Require that residential uses occupy at least 50 percent of the total floor area of a mixed-use project in the MFR overlay (mixed use is not permitted on Garden Road but may be permitted in the Pacific/Munras/Cass area); and
- When adequate water supply becomes available establish a minimum density for the MFR overlay which would prevail over any density standards the base zone.

**Responsibility:** Community Development Department

**Timeframe:** Adopt amendments by end of Q3 2024

**Objective:** Help accommodate a lower income RHNA shortfall and facilitate development of 803 new housing units by Q4 2031

**Funding:** General fund

**Program I-C Focused Specific Plan Updates.** The City has adopted specific plans with the intention of integrating new high density housing into three key commercial areas with good access to employment, shopping, transit, recreation, and other services: Downtown, North Fremont, and Lighthouse Avenue. Buildout of the specific plans will primarily involve infill development, and recognizing the associated challenges, the specific plans incorporate strategies to assist with the financial feasibility of high density infill housing development, including reduced parking requirements and provisions for permitting density above 30 du/ac. The specific plans control zoning for their respective areas. As described in Chapter 3, the North Fremont Specific Plan needs to be amended to accommodate a lower income RHNA shortfall and there are additional opportunities to facilitate and incentivize development in the Downtown and Lighthouse specific plan areas. Through this program the City will:

- Amend the North Fremont Specific Plan to increase maximum permitted density to 60 du/ac; revise development standards (including standards for building height, setbacks, parking) to integrate higher density product, establish appropriate transitions to adjacent lower density development, and ensure the projected yield of new units can be achieved; permit residential uses “by right” without discretionary review per Government Code 65583.2 (h) and (i) on sites identified to accommodate a lower income RHNA shortfall when at least 20 percent of the proposed units are affordable to lower income households; and require that residential uses occupy at least 50 percent of the total floor area of a mixed-use project if proposed;
- Amend the Downtown Specific Plan to increase permitted building heights to five stories in the Alvarado District; offer municipal shared parking agreements to projects that propose a minimum number of new housing units in proximity to a City-owned parking lot or structure; and incorporate additional incentives for consolidation of adjacent, small lots; and
- Amend the Lighthouse Avenue Specific Plan to permit 100 percent residential projects fronting Lighthouse Avenue; offer municipal shared parking agreements to projects that propose a minimum number of new housing units in proximity to a City-owned parking lot or structure; and incorporate additional incentives for consolidation of adjacent, small lots.
- When adequate water supply becomes available establish a minimum density standard of 20 du/ac in the specific plan areas.

**Responsibility:** Community Development Department

**Timeframe:** Prepare focused amendments concurrently and bring to the City Council for adoption before December 15, 2024.

**Objective:** Help accommodate a lower income RHNA shortfall and facilitate development of 1,184 new housing units by Q4 2031, including 520 units affordable to lower income households

**Funding:** General fund and grant funding

**Program I-D Permit Streamlining Pilot Project.** The Monterey Peninsula faces an acute shortage of housing that undermines the local economy and the social fabric of its communities. Lack of an adequate water supply is the primary constraint on new housing development; however, the development approval and permitting process in Monterey can add complexity, uncertainty, and cost for housing projects. Therefore, to fast-track infill housing development in core areas of the city identified for high density housing when adequate water supply becomes available, the City will adopt an ordinance modeled after the Resilient City Development Measures enacted by the City of Santa Rosa following the Tubbs and Nuns fires of October 2017. The ordinance will:

- Allow housing projects by-right in portions of the Downtown and Pacific/Munras/Cass areas with concentrations of housing opportunity sites (see Map 4-1);
- Delegate design review (subject to objective standards enacted pursuant to Program 3-C) to the City staff with the exception of properties in the National Landmark Historic District;
- Establish expedited permitting procedures to reduce the time required for review and approval of planning, engineering, and building permits;
- Remain in force for a period of three years from the date it becomes effective, unless otherwise amended by subsequent action of the City Council.

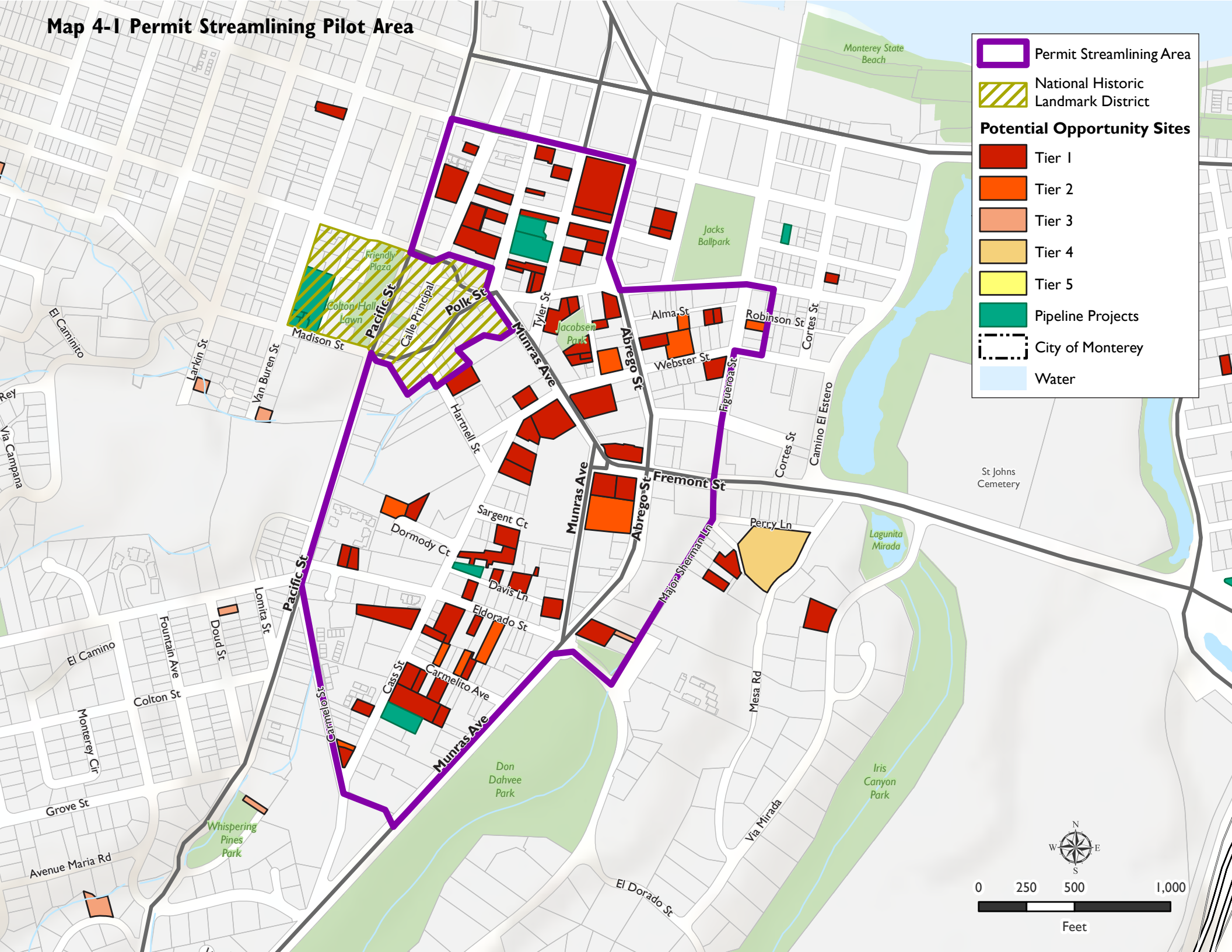
**Responsibility:** Community Development Department

**Timeframe:** Initiate preparation of the draft ordinance in Q2 2025 and bring the draft ordinance to the City Council for adoption in Q2 2026











**Objective:** 587 new housing units

**Funding:** General Fund

# Map 4-I Permit Streamlining Pilot Area



**Legend**

-  Permit Streamlining Area
-  National Historic Landmark District
- Potential Opportunity Sites**
-  Tier 1
-  Tier 2
-  Tier 3
-  Tier 4
-  Tier 5
-  Pipeline Projects
-  City of Monterey
-  Water

**Scale and Orientation**

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**Program I-E Education Workforce Housing Overlay.** The cost of housing on the Monterey Peninsula is a significant barrier to the recruitment and retention of teachers and school district staff. Each year the Monterey Peninsula Unified School District (MPUSD) loses approximately 20 percent of its teaching staff due to a critical housing shortage of housing in the region and the high cost of living. In 2022, the Governor signed into law AB2295, codified as Government Code section 65914.7, intended to facilitate housing development projects on property owned by a local educational agency (LEA). The law exempts LEA housing projects from the provisions of the Surplus Land Act and allows housing at densities deemed affordable to lower income households on properties wholly owned by LEAs, subject to certain conditions. To provide much needed housing for teachers, school district employees, public agency staff, and others in the community, the City will adopt an Education Workforce Housing Overlay and associated development standards that implements AB2295 locally and permits housing development by right at up to 30 du/ac on urban infill sites owned by the MPUSD in the City of Monterey and by interested private schools in the city, subject to compliance with the objective standards adopted as part of the overlay. Additionally, the City will work with MPUSD to facilitate approval and development of educational workforce housing following adoption of the overlay. Specific actions will include:

- Conduct outreach to MPUSD and private school operators by end of Q2 2024;
- Bring draft ordinance to City Council for adoption in Q1 2025;
- Meet quarterly with MPUSD to help advance site planning and development applications;
- By mid-2028, evaluate progress toward construction target within the planning period and if production is not in line with target, take action as needed to ensure compliance with "no-net loss" provisions of State law. Corrective actions may include providing additional regulatory or process incentives; or if actual production and affordability is far from anticipated trends, amending the housing element, identifying additional sites as needed to accommodate RHNA, and rezoning within 1 year of the corrective action evaluation.

**Responsibility:** Community Development Department

**Timeframe:** Timing as noted above

**Objective:** 110 new housing units at densities deemed affordable to lower income households Documentation from MPUSD expressing its intent to develop on these sites within the next eight years is attached as Appendix F.

**Funding:** General Fund

**Program I-F Congregational Overlay.** The faith-based community can play an important role in providing affordable housing in Monterey. The City has identified 12 sites owned by religious institutions with potential for redevelopment over the planning period should the owners wish to pursue that option. Current zoning for most of the properties permits housing development; however, cost and familiarity with the development process can be barriers to development even where supportive zoning is already in place. Therefore, to facilitate production of affordable housing projects on properties owned by religious institutions, the City will:

- a. Adopt a congregational overlay and associated objective development standards that permits residential development at up to 30 dwelling units per acre by-right (consistent with Government Code section 65583.2 (h) and (i)) on properties owned by religious institutions where affordable housing is proposed;
- b. Provide a program of technical assistance and development support to faith-based organizations wishing to pursue affordable housing developments on their properties. This may include the preparation of factsheets; introductions to qualified design professionals, construction contractors, property management firms, and affordable housing operators; consultations on navigating the development application process;
- c. Proactively conduct outreach to faith-based organizations in Monterey to raise awareness of programs and incentives available to them for affordable housing development. This may include mailers, phone calls, meetings, and publication of information on the City's website.

**Responsibility:** Community Development Department

**Timeframe:** (a) Rezoning complete within 3 years or 1 year of statutory deadline as applicable; (b) institute program of technical assistance/support in April of year following rezoning; (c) ongoing with regular reporting annually by April of each year thereafter via Annual Progress Report to HCD

**Objective:** 100 new housing units affordable to Low and Very Low Income Households on properties owned by religious facilities

**Funding:** General Fund

**Program I-G Surplus Municipal Parking Facilities.** Two City-owned downtown parking facilities (Lot 14 parking lot on Bonifacio Pl & Adams St and the Calle Principal Garage on Calle Principal near Bonifacio Pl) have been identified as candidates for redevelopment with workforce housing to increase opportunities for hospitality and service workers, teachers, public servants, and others who earn less than 80 percent of the area median income. Both sites are located in the Alvarado District where the Downtown Specific Plan permits residential development at up to 100 du/ac. Through this program, the City will seek to partner with a non-profit developer for the construction of workforce housing on the sites to meet the needs of lower income households in Monterey. In making these properties available for affordable housing development, the City will comply with the requirements of the Surplus Lands Act. City actions for implementation will include:

- Releasing an RFP for the sites in Q4 2025;
- Identifying partner(s) and entering into an Exclusive Negotiating Agreement (ENA) by end of Q2 2025;
- Negotiating Development and Disposition Agreement (DDA), including incentives such as a ground lease and soft costs by end of Q4 2025 so long as there is sufficient guarantee of a water supply for this site.
- Holding regular meetings with developer in order to expedite processing development application and design work with the goal of project approval by end of Q2 2027;

- Completion of construction by end of Q2 is anticipated in 2028.
- If the project is not approved by Q1 2028, the City will review and take action proportional to the gap identified to ensure compliance with "no-net loss" provisions of State law. Actions may include further streamlining and incentivizing affordable housing construction, rezoning additional non-residential sites, or other similar actions.

**Responsibility:** Community Development Department; City Manager's Office

**Timeframe:** Actions and timing as noted above with the goal of completing construction by the end of Q2 2028 if water supply is available

**Objective:** 48 lower income units by Q2 2028

**Funding:** General Fund

**Program I-H Fort Ord/Ryan Ranch Specific Plan.** In a community survey conducted for the Housing Element that garnered over 1,050 responses, the former Fort Ord Military Base was the area of the city identified most favorably for new housing to meet current and projected need. Adjacent Ryan Ranch, home to a regional medical center and office park south of the airport, was also ranked highly as a location for new townhomes and apartments by respondents. Integrating new housing into this area would need to be done carefully and in a way that responds to the variety of preferences and concerns that community members expressed through the survey, as described in Chapter 3. Therefore, the City will prepare a specific plan to establish a clear vision for the area and to guide future development and conservation, identify infrastructure needs and financing mechanisms, and establish measures to ensure sustainable development and adequate resource protection. The overarching objective should be to foster the creation of a mixed-use village on a portion of the site to provide housing, jobs, schools, shops, services and recreation for future residents while also preserving carefully selected areas of natural open space and habitat. The Specific Plan should prioritize housing and mixed-use development on any combination of the parcels shown on Map 3-10 Sites Available for Housing; however, future land uses planned on the Fort Ord property that are within the Monterey Regional Airport Influence Area shall be compatible with the ALUCP. The Specific Plan will incorporate mechanisms to ensure parcelization at appropriate sizes (ie. between 0.5 and 10 acres) and objective development standards to integrate high density housing into the area. Additionally, given that the City of Monterey is the property owner, incentives should be incorporated to ensure that at least 100 of the new homes planned will be affordable to moderate income households and at least 100 homes will be affordable to lower income households.

**Responsibility:** Community Development Department

**Timeframe:** (a) identify funding sources and release RFP by end of 2024; (b) complete site remediation work, special status species surveys, and biological study by the end of Q3 2026; (c) bring draft specific plan to City Council for adoption in Q2 2028 (d) target issuance of building permits for an initial project phase by end of Q1 2030; (e) by end of Q3 2029 if permitting is not on track, take action (such as identifying new sites or rezoning) as needed to ensure compliance with "no-net loss" provisions of State law.

**Objective:** 1,200 new housing units, including 100 homes affordable to moderate income households and 100 homes affordable to lower income households

**Funding:** General Fund and grant funding

**Program I-I Highway 68 Area Plan Update.** MPUSD owns a vacant 50-acre parcel on relatively flat land, east of Tarpey Flats and south of Highway 68 and the Monterey Regional Airport. The Highway 68 Area Plan envisions a mix of up to 300 low- and moderate-income housing units on this property if MPUSD declares the property surplus, and the Plan provides policy direction and design guidelines that could serve as a starting point for planning of the site and surroundings. Through this program, the City will update the Highway 68 Area Plan to facilitate development of mixed income housing, access and infrastructure improvements, and neighborhood services and amenities on the site. The Highway 68 Area Plan Update should identify portions the site for low-medium density housing, high density housing, and open space preservation, including creation of a parcel or parcels no greater than 10-acres in size for development at densities deemed appropriate to accommodate housing for lower income households; incorporate regulatory or process incentives to facilitate on-site provision of housing for households with limited financial resources; establish a basis for the City, MPUSD, and Monterey County to jointly pursue an Enhanced Infrastructure Financing District (EIFD) to help fund the cost of infrastructure to support development of the site. Policies and standards in the Plan should account for and provide adequate buffer from the adjacent property, acquired for the purpose of natural resource and habitat conservation. Future land uses planned within the Monterey Regional Airport Influence Area shall be compatible with the ALUCP. City actions for implementation will include:

- Revising the Area Plan and bringing it to the Council for adoption by Q1 2026;
- Working with MPUSD for release of an RFP/Q for development of the site by Q2 2026;
- Meeting regularly with MPUSD and the developer to facilitate project approval by Q1 2028; and
- Targeting issue of construction permits by Q4 2028;
- Evaluating progress of application(s) by end of Q3 2029 if permitting is not on track, take action (such as identifying new sites or rezoning) by the end of Q4 2029 as needed to ensure compliance with "no-net loss" provisions of State law.

**Responsibility:** Community Development Department

**Timeframe:** Actions and timing as noted above with the goal of issuing construction permits by Q1 2028 if water supply is available

**Objective:** 512 new housing units, including 51 homes affordable to moderate income households and 51 homes affordable to lower income households

**Funding:** General Fund and grant funding

**Program I-J SB 9 Housing Ordinance.** SB 9 allows division of lots in single-family residential districts to facilitate the development of smaller scale housing that may be more affordable in existing neighborhoods. The new requirements, which are codified in Government Code sections 65852.21.21 and 66411.7, require ministerial approval of a housing development with no more than two primary units in a single-family zone or subdivision of a parcel in a single-family zone into two parcels subject to compliance with objective

development standards and requirements in the State law. This program commits the city to enacting regulations to comply with SB 9 and to promote and facilitate SB9 housing as appropriate in Monterey. Further, to promote housing opportunities for very low-income families with children in single-family neighborhoods in Monterey, the ordinance will allow up to six units on what is currently a single-family parcel if the property owner commits to making at least one of the additional units affordable to households earning less than 50 percent of the Monterey County AMI through a long-term affordability agreement.

**Responsibility:** Community Development Department

**Timeframe:** As part of an omnibus Code clean up effort, prepare revisions to Zoning Code to comply with State law and bring to City Council for adoption by end of 2024

**Objective:** Comply with State law; Promote housing mobility and increase housing choices and affordability in single-family neighborhoods; Cumulatively, in combination with Programs 1-E, 1-F, 1-J, 3-E, 3-G, and 3-H) target the creation of 200 new housing opportunities for disadvantaged households in low density neighborhoods in the south of the city over the planning period, including affordable ADUs, home sharing opportunities, and school and church-sponsored affordable housing.

**Funding:** General fund (staff time)

**Program I-K Employer Sponsored Housing.** The availability and cost of housing is a significant impediment to hiring and retention of employees for Monterey businesses. The Community Hospital of the Monterey Peninsula (CHOMP) has expressed interest in potentially building employee housing on property they own and other local businesses may also be interested. Therefore, the City will conduct outreach to major employers in the city to gauge interest in employee sponsored housing and discuss potential zoning mechanisms that could facilitate housing development for interested employers. If appropriate, the City will develop an overlay or comparable zoning mechanism to facilitate development of employee housing on properties they own, subject to objective standards.

**Responsibility:** Community Development Department

**Timeframe:** (a) complete outreach in Q4 2023; (b) if appropriate, adopt an Employer Sponsored Housing Overlay and related objective standards by the end of Q3 2026

**Objective:** Increase housing options for those employed in the City of Monterey

**Funding:** General Fund

**Program I-L County Courthouse Site.** The County has decided to relocate the courthouse and this 4.4-acre site, located on Aguajito Road, east of Highway 1, is available for redevelopment with housing. Through this program, the City will coordinate with the County to facilitate redevelopment of the site with at least 246 new homes affordable to moderate, low, and very low income households. City actions will include:

- Rezoning the site to promote multifamily housing at densities deemed affordable to lower income households before December 15, 2024. Rezoning actions will

involve changing the base zone to R3, applying the MFR overlay to allow up to 60 du/ac, and permitting residential uses “by right” per Government Code 65583.2 (h) and (i) on the site;

- Regular coordination meetings with the County to identify and implement a schedule of actions for redevelopment of the property, including compliance with the Surplus Land Act;
- Identification of regulatory and process incentives and rezoning of the site at densities appropriate to accommodate moderate, low, and very low income housing by Q4 2025;
- Assisting the County with outreach to the development community to solicit applications;
- Facilitating approval of a development application by Q4 2027 and issue of construction permits by Q4 2028; and
- Reviewing progress by the end of Q2 2028 and if a development application has not been approved at that time, identifying and implementing corrective actions to ensure the capacity of the inventory is sufficient to meet the City's RHNA obligations for all income categories. Actions may include further streamlining and incentivizing affordable housing construction, rezoning additional non-residential sites, or other similar actions.

**Responsibility:** Community Development Department

**Timeframe:** (a) rezone the site for compliance with Government Code 65583.2 (h) and (i) before December 15, 2024; (b) initiate coordination meetings in Q3 2024; (c) identify and implement additional regulatory/process incentives by Q4 2025; (c) target approval of a development application by Q4 2027 and issue of construction permits by Q4 2028; (d) assess progress by Q1 2028; (e) if needed, implement corrective actions to ensure adequate inventory capacity by Q4 2028

**Objective:** Help accommodate a lower income RHNA shortfall and facilitate redevelopment of the County Courthouse site with at least 246 new homes affordable to moderate, low, and very low income households

**Funding:** General Fund

**Program I-M ADU/JADU Awareness.** The City will initiate a program to inform the public about benefits and incentives offered, with the objective of promoting the development of ADUs and JADUs in Monterey. The program will include the following elements:

- Citywide email blasts and newsletter articles advertising incentives and resources available to interested homeowners;
- Preparation of an ADU/JADU application checklist and informational handouts on cost-saving building materials and construction techniques;
- Pop up presence at events around City to raise awareness and answer questions;
- Community seminars providing advice and information to interested homeowners.

**Responsibility:** Community Development Department

**Funding:** General Fund

**Objectives:** Outreach, including newsletters, pop ups, and seminars, will be conducted bi-annually following program inception with the aim of issuing 15 ADU/JADU construction permits annually over the planning period

**Timeframe:** Prepare informational materials and launch program by end of Q4 2024 with updates via Annual Progress Report to HCD

**Program I-N Pre-Approved ADU Floor Plans.** Designing an ADU can be a long and complex process. To streamline and simplify process for interested homeowners, the City will solicit proposals from licensed architects and builders, including those who have experience in Monterey and other locations in the AMBAG region, for a range of schematic floor plans in different unit sizes, bedroom configurations, and designs. The Building Department will review floor plans submitted for compliance with applicable City regulations and pre-approve a selection from the proposals received, making them available on the City website. Interested homeowners will then be able to select a pre-approved floor plan and contact the architect or builder to have them complete site design, accounting for site-specific context, structural engineering, and exterior building materials considerations.

**Responsibility:** Community Development Department

**Timeframe:** Solicit floor plans by Q4 2024; Pre-approve selection by end of Q2 2025; Promote availability of pre-approved floor plans bi-annually as part of Program 1-M implementation

**Funding:** General Fund

**Objectives:** Construction of 15new ADU/JADUs in Monterey annually over the planning period

**Housing Goal #2. Remove or reduce barriers to housing production in Monterey and address the regulatory, process, and market factors that limit and adversely affect affordability.**

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**Policy 2.1** Review and revise use permit and design review thresholds including expanding number and type of housing projects allowed by-right.

**Policy 2.2** Increase flexibility in development standards including building heights, parking, and other requirements.

**Policy 2.3** Develop zoning standards to encourage smaller multi-unit housing types including fourplexes, townhouses, and rowhouses.

**Policy 2.4** Reduce constraints to the development of Accessory Dwelling Units.

**Policy 2.5** Ensure that City fees are equitable and reflect reasonable cost of reviewing projects.

**Policy 2.6** Remove obstacles to the development of Single Room Occupancy housing and other affordable options available to individuals and households who are unsheltered and those transitioning from homelessness.

*Programs*

**Program 2-A By-Right Rezoning Sites from Prior Inventories.** A number of the non-vacant commercial sites identified on the housing sites inventory were included on two prior Housing Element inventories and identified to accommodate lower income RHNA units (see Map 4-2). As these sites are also anticipated to accommodate lower income RHNA during the 2023-31 planning period, the City will create a zoning provision to allow developments by-right pursuant to Government Code section 65583.2(h) and (i) when 20 percent or more of the units are affordable to lower income households.

**Responsibility:** Community Development Department

**Timeframe:** Complete rezoning by December 15, 2024

**Objective:** Support meeting RHNA obligations, including development of 1,177 units affordable to very low income households and 769 affordable to low income households over the planning period

**Funding:** General Fund

**Program 2-B Permit Thresholds for Multi-Family Projects.** The Zoning Code requires a use permit for multi-family projects with four or more units in R-2, R-3, C-1, C-2, C-3, CO, and CR Districts and for mixed-use projects including residential units in the districts where the Code allows them. As noted below, the same requirements apply to supportive and transitional housing with four or more units. In most cases, these projects also require design review. These requirements are a constraint to development of small multi-family projects including those with 5,000 square feet of floor area or less on sites where a non-residential building of the same size would be permitted by-right. As part of the process of bringing its zoning into compliance with the General Plan and Housing Element, the City will review its permit thresholds and identify revisions to eliminate disparate treatment of residential projects.

**Responsibility:** Community Development Department

**Timeframe:** (a) detailed scope of work and schedule by mid-2024; (b) adopt amended standards by end of Q4 2025

**Objective:** Comply with State law requiring that decisions on residential projects be based on objective design standards.

**Funding:** General fund (staff time)

**Program 2-C ARC Review.** The Monterey City Code establishes a two-step architectural review process: Preliminary Architectural Review and Final Architectural Review. Both levels of review consider consistency with the General Plan, and any applicable Area or Neighborhood Plan, design guidelines, or similar document. Section 38-191 specifies findings that the ARC or City Manager must make to approve an application submitted for Preliminary and Final Review. Through Program 2-D below, the City will adopt

objective design and development standards for use in the architectural review process to the extent they do not already exist. Through this Program, the City will revise Section 38-191 of the City Code to remove findings based on subjective determinations (such as whether design features are “appropriate for the project site, the immediate area, and the City;”, whether the proposed project will not “unreasonably impair the views, privacy, or living environment currently enjoyed by other properties;” and that whether the proposed project is “substantially consistent” with the General Plan and other plans, guidelines, and such documents applicable to the project) and replace them with findings based on objective determinations. Additionally, Section 38-188 will be updated to clarify that architectural review does not apply to projects that qualify for streamlined review. Implementation of this program will help ensure that architectural review focuses on development features that may conflict with construction standards, such as public safety access and the California Building Code, Title 24, requirements for disability access.

**Responsibility:** Community Development Department

**Timeframe:** End of Q1 2025

**Objective:** Comply with State law requiring that decisions on residential projects be based on objective design standards







**Funding:** General fund (staff time)

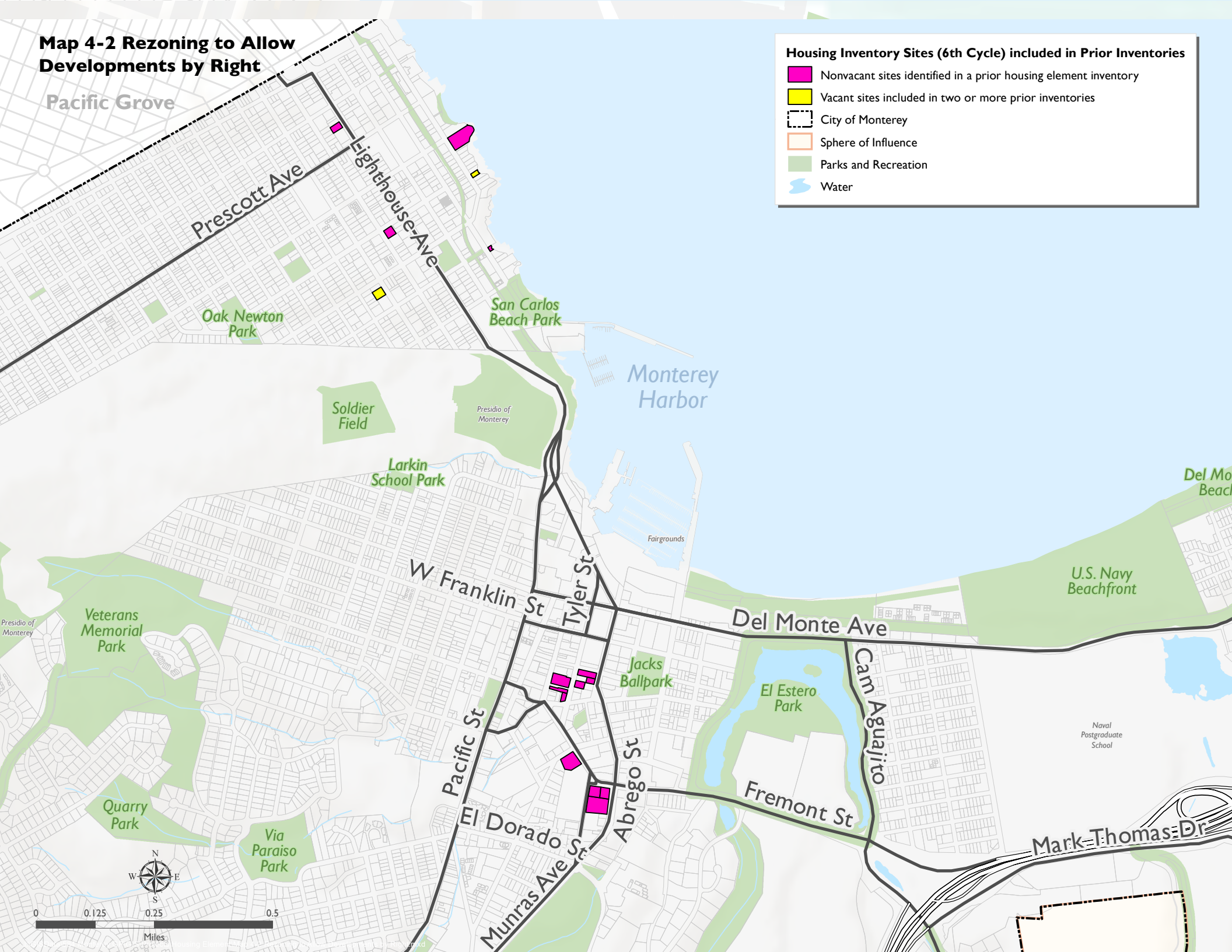
**Program 2-D Revise Adopted Plans and Zoning with Objective Standards.** The Housing Accountability Act (Gov Code Sec.65589.5 (j)(1) requires objective development standards as a basis for denying or conditioning approval of all multifamily and residential mixed-use projects. Additionally, in Monterey, multifamily and mixed use projects that make at least 10 percent of their proposed units affordable to low income households are subject to streamlined review and approval, based on the 2023 Statewide SB35 determination. SB35 stipulates that qualifying projects are eligible for a streamlined approval process subject to consistency with objective zoning, subdivision, or design review standards. Given that the City's inclusionary zoning program requires projects of six units or more to make 20 percent of their units affordable to low and moderate income households, this means that most projects pursuant to this Housing Element will qualify for SB35 streamlining. However, the City's three adopted specific plans and 14 adopted area and neighborhood plans include policies, standards and guidelines that use imprecise terms that rely on subjective judgment. Commercial zoning district standards for mixed-use development also contain provisions that are subjective, as discussed in Appendix C. Therefore, through this program the City will adopt objective design and development standards (ODDS) applicable to all multifamily and residential mixed use projects, including those that qualify for SB35 streamlining. The City has already adopted ODDS for the Downtown and Lighthouse Specific Plan Areas, and through Programs 1-B and 1-C in the Housing Action Plan will adopt ODDS for the MFR Overlay and the North Fremont Specific Plan Area by December 15, 2024. As such, the focus of this program is on ODDS for multifamily and mixed use projects in other areas of the city. Standards for commercial zoning districts where the inventory envisions more new housing will be prioritized and the City will establish a schedule for review and revision of all remaining adopted area and neighborhood plans to ensure that they contain objective standard and comply with other applicable State requirements. In addition to

# Map 4-2 Rezoning to Allow Developments by Right

Pacific Grove

## Housing Inventory Sites (6th Cycle) included in Prior Inventories

-  Nonvacant sites identified in a prior housing element inventory
-  Vacant sites included in two or more prior inventories
-  City of Monterey
-  Sphere of Influence
-  Parks and Recreation
-  Water



establishing objective policies and standards, pursuant to State law, Specific Plans must be consistent with the General Plan. (California Government Code section 65454).

**Responsibility:** Community Development Department

**Timeframe:** (a) detailed scope of work and schedule by end of Q3 2024; (b) target incremental adoption with updates to all plans complete by end of Q2 2029

**Objective:** Comply with State law requiring that decisions on residential projects be based on objective design and development standards

**Funding:** General fund (staff time)

**Program 2-E** **Revise Parking Requirements.** Amendments to State law enacted in 2023 (AB 2097), amending Government Code section 65585 and adding Government Code section 65863.2, generally prohibit public agencies from imposing minimum parking requirements within a half-mile of “high quality” public transit. The City will revise parking requirements to remove minimum requirements for all projects located within one half mile of a major transit stop or high-quality transit corridor with fixed route bus service with service intervals no longer than 15 minutes during peak commute hours and reduce the minimum parking requirements for multi-units buildings to an average maximum of 1.5 spaces per bedroom and 1 space for studio unit for projects located within one half mile of other major public transit routes. In addition, the City should reduce the base parking requirements for mixed-use sites so that they reflect the maximum demand for parking at any one time, rather than the sum of the requirements for all individual uses. The City will revise the Zoning Code to ensure its parking requirements conform to the requirements applicable to areas within a half-mile of public transit and will also initiate an evaluation of all parking requirements for residential uses to identify regulations that applicants identify as a constraint to affordable housing development and propose revisions to the Code.

**Responsibility:** Community Development Department

**Timeframe:** (a) As part of an omnibus Code clean up effort, adopt revisions Zoning Code to comply with changes to State law and bring to City Council for adoption by end of 2023; (b) detailed scope of work and schedule for parking study by end of 2023

**Objective:** Comply with State law requiring reduced parking within a half mile of transit and undertake study as a basis for additional revisions to parking requirements

**Funding:** General fund (staff time)

**Program 2-F** **Update Density Bonus Ordinance.** New State laws pertaining to density bonuses were enacted in 2023: AB 2334, which amended Government Code section 65915, makes important changes to the Density Bonus Law to define development capacity; and AB 1551, set forth in Government Code section 65915.7, reinstates the ability to seek State Density Bonus Law benefits for commercial projects. Additional bonuses (including up to 80 percent for completely affordable projects) are now available. This program commits the City to updating its density bonus ordinance to incorporate the new requirements.

**Responsibility:** Community Development Department

**Timeframe:** As part of an omnibus Code clean up effort, prepare revisions to Zoning Code to comply with State law and bring to City Council for adoption by end of 2024

**Objective:** Comply with State law

**Funding:** General fund (staff time)

**Program 2-G Prepare Local Coastal Program (LCP).** Because Monterey has not yet adopted a Local Coastal Program (LCP) and implementation plan for certification by the State Coastal Commission, new housing in the coastal zone requires Coastal Commission review and approval of a Coastal Development Permit for most new development with possible exception of individual single-family development. The City will prepare an LCP for Coastal Commission that meets all applicable requirements at the same time it prepares a hearing on the draft of Zoning Code update so it can be submitted to Coastal Commission for review and approval immediately following City Council action on the Zoning Code update.

**Responsibility:** Community Development Department

**Timeframe:** Adoption by end of Q4 2024

**Objective:** Comply with State law requiring that decisions on residential projects be based on objective design standards

**Funding:** General fund (staff time)

**Program 2-H Expand Online Transparency.** Government Code section 65940.1 requires cities and counties to provide transparency in publicizing land use controls and fees. The Planning Office website provides links to a variety of resources as well as links to downloadable versions of Land Use Plans, Regulations, and Studies. The City must also continue to ensure that the on-line version of the City Code is regularly updated and that revisions to review procedures are available on-line as well as in handouts at the Planning counter. This program commits the City to ensuring these requirements are met and to addressing the recently enacted regulations in Government Code section 65913.3 requiring cities to compile lists specifying information applicants must provide to obtain post-entitlement phase permits. These requirements are effective at the end of 2023 but the City may be eligible for an extension.

**Responsibility:** Community Development Department

**Timeframe:** Comply with State requirements or obtain an exemption by the end of 2023

**Objective:** Comply with State requirements

**Funding:** General fund (staff time)

**Program 2-I Inclusionary Zoning.** Chapter 8 of the City Code establishes a requirement that a minimum of 20 percent of the units in any project with more than six new housing units be made permanently affordable to moderate- and low-income households for the life of the project. The inclusionary requirements are an important mechanism for increasing the total stock of affordable homes in the community over time. As a matter of practice, projects subject to the City's inclusionary requirement typically comply by making 10 percent of the proposed units available to moderate income households and 10 percent

available to low income households. Through this program, the City will amend the Code to codify this as a requirement. Additionally, as an anti-displacement strategy, the City will continue to administer the Purchase and Resale Program that provides below market rate homeownership opportunities for households in the city or with a family member who works in the city.

**Responsibility:** Community Development Department

**Timeframe:** Adopt amendments by the end of Q4 2024 as part of an omnibus Code clean up effort

**Objective:** Facilitate development of below market rate units, including 2,213 lower income units and 616 moderate income units by 2031; prevent the displacement of existing households.

**Funding:** General fund (staff time)

**Program 2-J**

**Water Distribution Policy.** As detailed in Appendix C, Housing Constraints, the State Water Resources Control Board has put in place a Cease-and-Desist Order that effectively prohibits new water hookups or increased water use in Monterey. Consequently, the City cannot approve housing projects that would result a net increase in water consumption until the water supplier, the California American Water Company, has terminated illegal diversions from the Carmel River and a new water supply is in operation. Additional water supply is anticipated to become available starting in 2025 if the California Public Utilities Commission authorizes Cal-Am to enter into a water purchase agreement for the Pure Water Monterey expansion project, with supply to the City of Monterey increasing incrementally as new sources come online. Additional water sources are being explored for feasibility and are also anticipated to increase the overall water supply for the City. Therefore, as it becomes available, the City will develop a methodology for allocating new water supply in a manner that prioritizes affordable housing projects. The methodology will consider the overall size of the project, the number of affordable units proposed, and the level of affordability proposed.

**Responsibility:** Community Development Department

**Timeframe:** Adopt a Water Distribution Policy by the end of Q4 2024

**Objective:** Support development of 2,213 lower income units by Q4 2031

**Funding:** General fund (staff time)

**Program 2-K**

**Addressing Water Supply Constraints.** The primary constraint to development on the Monterey Peninsula is water supply. While new sources of water supply are anticipated to become available during the planning period, the City does not currently have access to sufficient water to support development of its full RHNA allocation. Therefore, the City will the City continue to work with other jurisdictions and agencies to optimize the use of available supply in the short-terms and to augment the existing water supply in the mid- to long-term with the following actions:

- Continue to require as a condition of project approval that new development and remodels implement the Monterey Peninsula Water Management District's Rule 142 Water Efficiency Standards, as applicable, in order to minimize the use of water;

- Support efforts by the Monterey Peninsula Water Management District (MPWMD), the California American Water Company (Cal-AM), and the Marina Coast Water District (MCWD) to expand the water supply, including but not limited to future supply from the Pure Water Monterey Expansion Project and the Monterey Peninsula Water Supply Project Ocean Desalination Plant, anticipated to become available by 2030. Support will include:
  - Advocating at least annually for additional water supply, through meetings with agency staff, written communications, and comments at public meetings; and
  - Continuing to participate in regional decision-making processes, such as representation on the Monterey One Water (MIW) Board of Directors;
- Work with MPWMD and Cal-AM to increase participation among City of Monterey households in water conservation programs such as Water Wise House Calls (free water conservation audits for homeowners and renters) and Free Devices (Cal-AM and MPWMD offer customers free water-saving devices including low-flow showerheads, sink aerators, hose nozzles, and timers) to augment water for existing development projects. City actions will include promoting the availability of water conservation programs through web, email, and social media communications at least annually;
- Upon adoption of the Housing Element, provide a copy of the Element to MPWMD, Cal-AM, and MCWD to facilitate prioritization of adequate supply for affordable housing projects, in compliance with AB 1087.

**Responsibility:** Community Development Department

**Timeframe:** (a) require use of Rule 142 standards starting Q1 2024; (b) coordinate annually with water service providers starting in Q3 2024; (c) promote the availability of water conservation programs at least annually starting in Q4 2024; and (d) send adopted Housing Element to MPWMD and Cal-AM by end of Q2 2024

**Objective:** Support development of 3,654 new homes by Q4 2031 and target a 15 percent increase in the rate of participation among Monterey residents in MPWMD/Cal-AM water conservation programs by the end of 2028.

**Funding:** General fund (staff time)

**Program 2-L Moratorium on Vehicle Storage.** The Multifamily Residential Overlay applies to properties in the Industrial, Administration, and Research District (I-R District) along Garden Road. These sites represent important opportunities for high density infill housing in Monterey and have attracted interest from residential developers in recent years; however, water constraints limit the potential for housing in the short-term while the cease-and-desist order remains in place. Until new sources of water supply come online, there is a risk that these sites may develop with uses such as vehicle storage that generate revenue but do not require new water connections. Therefore, to protect these sites for high density housing to meet community need, the City will adopt an urgency ordinance prohibiting vehicle storage uses in the I\_R district for a period of three years.

**Responsibility:** Community Development Department

**Timeframe:** Adopt urgency ordinance by the end of Q1 2024

**Objective:** Preserve housing sites in the Multifamily Residential Overlay District

**Funding:** General Fund

**Program 2-M Permit Processing Procedures.** The time between planning application approval and building permit issuance is influenced by a variety of factors, including the time the applicant needs to produce required technical or engineering studies; complete construction drawings and detailed site and landscape design; secure construction and permanent financing; and retain a building contractor and subcontractors. To facilitate the review process, the City currently allows applicants to apply for concurrent review of planning and building permits, which many developers opt to pursue. Through this program, the City will identify internal process improvements to further reduce the time required for review and approval of planning, engineering, and building permits. Such improvements may include establishing regular inter-departmental coordination meetings and designating a staff member track and expedite review. Additionally, through this program the City will amend Section 38-189.D of the City Code to allow an option for affordable multi-family projects to utilize 3-D modeling or other comparable methods in lieu of story poles and netting that provide objective information to assess impacts of development on important scenic views and resources.

**Responsibility:** Community Development Department

**Timeframe:** Identify and implement process improvements by Q2 2025

**Objective:** Reduce permit processing times

**Funding:** General Fund

**Housing Goal #3. Provide for fair and equal housing opportunities for all persons, regardless of protected characteristics such as age, sex, family status, race, creed, color, or national origin, etc.**

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- Policy 3.1** Enforce fair housing laws and address discrimination in the building, financing, selling, or renting of housing based on protected characteristics such as race, religion, family status, national origin, disability, color, sex, gender, gender expression, sexual orientation, or other protected class.
- Policy 3.2** Work collaboratively with local non-profit, public, and private sector partners to raise awareness and achieve implementation of fair housing practices.
- Policy 3.3** Promote a wider variety of housing types in High Resource areas of Monterey.
- Policy 3.4** Expand housing choices for special needs groups throughout Monterey to better accommodate the varied housing needs of current and future residents.
- Policy 3.5** Ensure that the City’s regulations, policies, practices, and procedures provide equal access to housing for all persons.

*Programs*

**Program 3-A Legal Services and Fair Housing Education.** Continue to contract with a fair housing counseling group in providing legal services (mediation and the processing of fair housing complaints) and fair housing education, both of which can assist in the prevention of discrimination against such households. Each year, the City’s fair housing counseling group uncovers and helps to resolve cases of housing discrimination, including cases of housing discrimination based on protected characteristics such as race, color, national origin, religion, sex, familial status, and disability. Additional specific actions will include:

- Making information detailing fair housing practices available at City Hall and on the City’s website;
- Partnering with a fair housing counseling group to conduct workshops and seminars about landlord and tenant responsibilities and rights.

**Responsibility:** Community Development Department

**Timeframe:** Beginning in Q1 2024, (a) provide funding annually to a fair housing counseling group to; (b) publish information on City website and update annually as appropriate; (c) conduct workshops or seminars annually.

**Objective:** Provide fair housing support services for 75 persons annually during each year of the planning period

**Funding:** CDBG funds

**Program 3-B Housing for ELI Households and Persons with Special Needs.** Recognizing that local funding capacity for affordable housing has been severely diminished by the dissolution of redevelopment agencies, the City will continue to facilitate production of affordable housing, including units targeted to extremely low income (ELI) households and persons with special needs (elderly, disabled/developmentally disabled, large households, female-headed households, the unhoused, and farmworkers), through the following efforts:

- Provide administrative assistance upon request to developers seeking available State and federal funding and/or tax credits for the construction of low- and moderate-income housing;
- Facilitate projects that incorporate affordable units, including units targeted to ELI households and persons with special needs, by granting modifications to development standards, expediting the review process, and/or providing financial incentives consistent with City regulations and State law;

**Responsibility:** Community Development Department

**Timeframe:** Beginning in Q1 2024

**Objective:** 25 units for ELI households and persons with special needs during the planning period

**Funding:** CDBG funds

**Program 3-C Local Density Bonus.** Enact a local density bonus program that offers additional density over the maximum base permitted in the Monterey City Code as an incentive for projects that consolidate small, adjacent lots and/or develop 2- and 3-bedroom units; and/or commit to additional Moderate-Income units over and above any provision of such units required under the City’s Inclusionary Zoning Program. Additional building height would be available through the program for qualifying projects as needed to support a higher share of 2- and 3-bedroom units at a number of stories that would facilitate achieving maximum densities in the Alvarado District downtown and the commercial zoned properties in the Pacific/Munras/Cass area. The local density bonus program would complement additional density available to qualifying projects under State Density Bonus law with the objective of addressing particular local constraints and needs. The prevalence of parcels less than 0.5 acres in size in centrally located parts of the city is a constraint on infill development and the city has a relatively high rate of overcrowding, due in part to the fact that a disproportionate share of large households live in poverty.

**Responsibility:** Community Development Department

**Timeframe:** Adopt local density bonus provisions before December 15, 2024

**Objective:** Facilitate development of at least 200 units affordable to Moderate Income households and 75 rental units with two or three bedrooms over the planning period

**Funding:** General Fund

**Program 3-D Family-Sized Rental Units.** Prioritize resources such as HOME Investment Partnerships Program (HOME) funds, California Housing Finance Agency single-family and multiple-family programs, HUD Section 208/811 loans for the development of rental projects that provide units with two or three bedrooms.

**Responsibility:** Community Development Department

**Timeframe:** Beginning in Q1 2024

**Objective:** Promote the development of 20 rental units with two or three bedrooms over the planning period

**Funding:** CHFA funds; HUD loans; HOPE funds; HOME funds

**Program 3-E Home Sharing and Tenant Matching.** Home-sharing and tenant matching programs pair existing homeowners with renters in need of space and may also offer supportive services such as background checks, applicant interviews/screening, and facilitation of living together agreements. These programs make efficient use of existing housing stock and provide affordable rental rates without the need for new construction. Home sharing can be a particularly effective tool to support independent living for seniors and disabled residents while also increasing local housing opportunities for students and lower income earners who work in Monterey County. There are currently no home-sharing/tenant matching programs operating on the Monterey Peninsula; however, United Way is studying the feasibility of expanding its 211 service to include such a program. Through this program, the City will support United Way in this initiative, promoting participation by local homeowners by providing information via the website, City newsletters, and public contact events, referring interested parties to United Way of Monterey County.

**Responsibility:** Community Development Department

**Timeframe:** Beginning in Q1 2024, (a) publish information on City website and update annually as appropriate; (b) publicize the program in City newsletters annually; (c) conduct public outreach annually

**Objective:** 100 home sharing matches over the planning period, with geographic targeting to homeowners in High Resource neighborhoods; Cumulatively, in combination with Programs 1-E, 1-F, 1-J, 3-E, 3-G, and 3-H) target the creation of 200 new housing opportunities for disadvantaged households in low density single-family neighborhoods in south of the city designated as RCAAs and shown on Map D-16B over the planning period

**Funding:** General Fund and partnership with nonprofit

**Program 3-F Affirmative Marketing of Affordable Housing Opportunities.** Western and central areas of Monterey are designated High or Highest Resource areas by the California Tax Credit Allocation Committee (CTCAC), which facilitates the investment of private capital into the development of affordable rental housing for low-income Californians. In order to increase access to High/Highest Resource areas for Low, Very Low, and Extremely Low-Income households and special needs populations (including older adults, the disabled (including developmentally disabled), large households, female-headed households, people experiencing homelessness, and farmworkers), the City will encourage and facilitate affordable housing development in Monterey by:

- Preparing information on available sites and potential opportunities for affordable housing in Monterey, updating and distributing it annually to affordable housing developers;
- Conducting targeted outreach to housing developers with experience in development projects that include units affordable to extremely low income households and households with special needs;
- Creating and maintaining a contact list that interested developers can opt into and be notified of available opportunities;
- Continuing to provide technical assistance to housing developers to assist with the development application process;
- Annually exploring various sources (e.g., HCD and HUD) for funding opportunities, including those available for housing for extremely low income and special needs households; and
- Supporting applications for affordable housing funds for projects or programs that are consistent with the goals and objectives of the Housing Element.

**Responsibility:** Community Development Department

**Timeframe:** (a) Prepare materials by Q2 2024; (b) prepare list of experienced developers and contact them by end of Q3 2024; (c) conduct outreach in Q1 2025 and annually thereafter.

**Objective:** Facilitate development of 1,177 units affordable to very low income households and 769 affordable to low income households over the planning period; prevent the displacement of existing households.

**Funding:** General Fund

**Program 3-G Zoning Incentives for Deed Restricted ADUs/JADUs.** ADUs and JADUs can be an important source of affordable housing to help meet the needs of lower income seniors and people who work in Monterey. The City will amend the Zoning Code to incentivize the development of ADUs and JADUs made available to households earning less than 80 percent of the Monterey County annual median income through a binding commitment to rent-restrict. Incentives may include:

- Increasing the maximum allowable lot coverage permitted by-right to 50 percent;
- Increasing the maximum allowable FAR permitted by-right to 50 percent;
- Allowing two detached or attached ADUs on lots over 8,000 square feet in size where slope does not exceed 25 percent and where trees removed are replace at a ratio of 3:1.

**Responsibility:** Community Development

**Timeframe:** Update Zoning Code to enact incentives by end of Q1 2026

**Objective:** Construction of 10 new ADUs/JADUs affordable to lower income households annually over the planning period, with geographic targeting to homeowners in high resource neighborhoods

**Funding:** General Fund (staff time)

**Program 3-H Co-Housing Overlay.** Co-housing is an intentional community of private homes clustered around shared common spaces, such as a communal kitchen, game rooms, laundry facilities, gardens, or recreational spaces. Households have independent incomes and private lives, but neighbors collaboratively plan and manage community activities and share resources like tools and lawnmowers. The legal structure is typically an HOA, Condo Association, or Housing Cooperative. Larger lots in Monterey offer potential opportunities for co-housing communities. Such communities can help groups of older adults age in place or provide opportunities for intergenerational living. As part of “housing mobility” strategy to expand the range of housing types in the community, the City will prepare a co-housing zoning overlay and related objective standards to permit the development of co-housing communities on lots of 1-acre or more.

**Responsibility:** Planning Department.

**Financing:** General fund and staff time.

**Objectives:** Promote housing mobility and increase housing choices and affordability in single-family neighborhoods; Cumulatively, in combination with Programs 1-E, 1-F, 1-J, 3-E, 3-G, and 3-H) target the creation of 200 new housing opportunities for disadvantaged households in low density single-family neighborhoods in south of the city designated as RCAs and shown on Map D-16B over the planning period, including affordable ADUs, home sharing opportunities, and school and church-sponsored affordable housing.

**Timeframe:** Bring an ordinance to City Council for adoption by the end of Q4 2026.

**Program 3-1 Place-Based Capital Improvements.** Since 1985, the City has implemented the Neighborhood and Community Improvement Program (NCIP), which directs tourist-generated dollars directly back into the City's residential neighborhoods for public improvements nominated by local residents. A committee consisting of Monterey residents from each of the 15 City neighborhoods considers all nominated projects and makes a recommendation to City Council of which projects should be funded, helping to ensure equitable public investments. To further ensure that place-based strategies are implemented to the benefit of lower income and disadvantaged residents, the City will implement the following capital improvement projects targeted to areas shown on Map D-10, which have the highest concentrations of low and moderate income (LMI) households, and will identify funding and prioritize additional capital improvements to areas with higher concentration of poverty and LMI households:

- Monterey Sports Center (MSC) Repairs & Upgrades: A \$1.7 million project to repair and upgrade the City's premier sports facility, located downtown. Improvements include repairs to roof and pool; ADA remodel of front desk; installation of LED lighting indoors and in parking lot; and replacement of boilers, HVAC system, and saunas. (Complete construction by end of Q4 2027);
- Lake El Estero Multi-Use Path: A \$1.2 million project to construct a Class I multi-use path around the perimeter of Lake El Estero, close gaps in the sidewalk network, and construct pedestrian crossing improvements at Del Monte Ave. (Complete construction by end of Q4 2030);
- East Franklin Street Bicycle and Pedestrian Improvements: A \$2.7 million project to construct bicycle and pedestrian improvements between the Monterey Sports Center and the Rec Trail, including widening multi-use sidewalks, constructing ADA upgrades, and rehabilitating the concrete pavement on East Franklin Street. (Complete construction by end of Q4 2029).

**Responsibility:** Public Works Department

**Financing:** MSC will require General Funds. Lake El Estero Multi-Use Path and East Franklin Street Bicycle and Pedestrian Improvements will include Measure P/S and Measure X (Sales Tax Revenue)

**Objectives:** Complement NCIP projects with additional investments to further ensure that place-based strategies are implemented to the benefit of lower income and disadvantaged residents

**Timeframe:** As noted above for individual projects, with all construction complete by end of Q4 2030.

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## **Housing Goal #4. Take action to prevent homelessness and address the needs of unhoused people.**

**Policy 4.1** Preservation and Rehabilitation. Continue to prioritize funding for the acquisition, rehabilitation, and preservation of affordable housing stock in the community and funding to assist low-income homeowners with home repair, rehabilitation, and accessibility improvements that keep people in their homes.

- Policy 4.2** Prevention Resources. Connect those most at risk of becoming unhoused to programs and services that will help prevent them from losing their homes.
- Policy 4.3** Housing First. Focus on “housing first” as a way of transitioning those who are unhoused to permanent housing.
- Policy 4.4** Continuum of Housing. Increase access to a continuum of housing, including emergency shelters, transitional housing, and supportive housing, to bridge the gap from homelessness to permanent housing by offering structure, supervision, support, and life skills training.
- Policy 4.5** Continuous Improvement. Monitor the effectiveness of existing programs through the Consolidated Annual Performance and Evaluation Report (CAPER) process and explore opportunities for additional homelessness prevention, response, and services.
- Policy 4.6** Collaborative Approach. Continue to cooperate and coordinate with other jurisdictions and public service organizations to address the needs of the unhoused in the community.

*Programs*

**Program 4-A Multi-Disciplinary Outreach Team (MDOT).** The Monterey Police Department’s (MPD) MDOT works side-by-side with various governmental and non-governmental organizations to offer, provide, and find solutions for those who are unhoused. In 2023, the MPD MDOT team will expand its capacity to serve the unhoused with the recent City Council approval of a “Homeless Navigator position” to be added to the MPD MDOT team during the FY23-24 budget. MPD will also open an Outreach and Navigation Center at the Old French Consulate building adjacent to Lake El Estero in a waterfront location to better serve the public and the unhoused. In the most recent “point-in-time” homeless count, there was a 50 percent decrease in the number of homelessness in the City between 2019 and 2022, the largest decrease of any community in Monterey County. Through this program, the City will:

- Provide workstations at the Monterey Police Department for service provider staff to facilitate solutions for the unhoused and collaboration with MPD officers;
- Connect unhoused people with domestic violence workers, social workers, women's services, adult protective services, mental health and drug treatment programs, veterans programs, long-term housing solutions; and other relevant services;
- Abate illegal encampments to prevent beach erosion, public health problems, environmental damage, nuisance conditions, and fire hazards; and
- Publish information about these collaborative efforts via the City website.

**Responsibility:** Monterey Police Department; local service providers

**Timeframe:** Ongoing with community reports throughout the planning period and annual reports through the CAPER process

**Objective:** To continue to address and find resolution for the unhoused over the planning period

**Funding:** General Fund

**Program 4-B Rental Assistance Pilot Program.** Rental assistance is an effective way to prevent homelessness and improve housing security. Nearly half of all households in the City Monterey are considered cost burdened, meaning they devote more than 30 percent of their annual income to housing costs and are at high risk of becoming homeless. Large families and low-income seniors are disproportionately affected by severe cost burden. While the Housing Authority of the County of Monterey (HACM) provides rental assistance through the federal Housing Choice Voucher (Section 8) Program, the program is fully subscribed and there are an additional 1,500 households on the voucher waiting list. To help address the urgent need, the City will establish a rental assistance program that provides lower income renter households with recurring rental assistance at a fixed rate (known as a shallow subsidy) to help improve housing stability and prevent displacement. The City has \$250,000 in the General Fund to support this initiative.

**Responsibility:** City Manager

**Timeframe:** Beginning Q1 2024

**Objective:** Provide shallow subsidies to 20 lower income households per year throughout the planning period

**Funding:** General Fund

**Program 4-C Housing Rehabilitation Program.** The City administers and manages a Housing Rehabilitation Program which encompasses a variety of home repair grants and loans intended to improve the condition of substandard owner-occupied single-family homes, with special emphasis placed on the remediation of health and safety housing issues. The program coordinator works closely with participating homeowners, helping to select a contractor, supervising construction along with the contractor, and inspecting all work completed - all at no cost to the homeowner. The City will continue to implement this program to help low income senior homeowners remain in their homes.

**Responsibility:** Housing Office

**Timeframe:** Beginning Q1 2024 with annual reporting the CAPER process

**Objective:** Repairs to 25 lower income homes

**Funding:** CDBG

**Program 4-D Classify Residential Care Facilities as Residential Uses.** The Monterey Zoning Code classifies licensed residential care facilities providing 24-hour-a-day care to six or fewer persons with non-medical conditions as a residential use. Residential care facilities, limited, are permitted in all residential districts (R-E, R-1, R-2, and R-3). In contrast, State-licensed residential care facilities providing 24-hour-a-day care to seven or more persons with non-medical conditions, are categorized as a type of public/semipublic facility. Residential care facilities, general, require a conditional use permit in all residential districts (R-E, R-1, R-2, and R-3). This program proposes revising the Zoning Ordinance to classify all licensed residential care facilities as a residential use that is permitted by-right or, in the case of facilities that exceed a specific threshold, by approval of the Director subject to objective standards that promote housing for persons with disabilities in districts where residential uses are allowed and include a definition for residential care facility that complies with State law. Facilities will be subject to objective

standards, such as providing employee parking, to ensure the facilities are a good fit in the areas where they are established.

**Responsibility:** Community Development Department

**Timeframe:** As part of an omnibus Code clean up effort, prepare revisions to Zoning Code to comply with State law and bring to City Council for adoption by end of 2024

**Objective:** Compliance with State law

**Funding:** General fund and staff time.

**Program 4-E Zoning for Supportive and Transitional Housing.** The Monterey Zoning Code includes definitions for supportive and transitional housing that distinguish these housing types based on the length of tenure. The definition for supportive housing states that this housing is occupied by a target population and is linked to on-site or off-site services. The definition of transitional housing is identical to the one in Government Code section 65582 of the Housing Element law that buildings are configured as rental housing developments but makes no reference to the provision of services. Further, the current Code does not comply with Government Code Section 65651, which specifies that supportive housing shall be a use by-right in all zones where multi-family and mixed-uses are permitted, including non-residential zones permitting multi-family uses, if the proposed development meets specified criteria in State law. These include requiring that all of the units are restricted to lower income households and devoting a specified percentage of the non-residential space to onsite supportive services.

The City requires a use permit for supportive and transitional housing with four or more units, although residents of supportive housing facilities may live in a single unit and both types of facilities may be operated as group housing. Program 2-B, which will eliminate the disparate treatment of residential and non-residential projects with comparable development characteristics, will help to eliminate this obstacle. Additionally, through this program the City will amend the Zoning Code as follows for compliance with State law:

- Revise the Code to clarify that the conversion of an existing multi-family housing development to accommodate supportive or transitional housing does not require a new use permit;
- To make it easier to identify transitional and supportive housing uses and ensure compliance with State requirements, the terms “supportive housing”, “supportive services”, “target population”, and “use by right” shall include citations to the applicable provisions of State law as stated in Government Code Section 65650;
- Amend the Code to allow supportive housing by right in zones where multifamily and mixed use development are permitted.

**Responsibility:** Community Development Department

**Timeframe:** As part of an omnibus Code clean-up effort, prepare revisions to Zoning Code to comply with State law and bring to City Council for adoption by end of 2024

**Objective:** Comply with State law requiring that decisions on residential projects be based on objective standards

**Funding:** General fund (staff time)

**Program 4-F** **Allow Low Barrier Navigation Centers in Mixed-Use and Nonresidential Districts.** In 2015, Monterey established the Safe Parking Program (City Code section 38-126), which allows the use of existing parking lots on a temporary basis to provide individuals and families living in vehicles with a safe place to park overnight while working towards a transition to permanent housing. Actions the city needs to take in response to the needs of the unhoused include revising the Zoning Code to comply with Government Code Section 65662 to allow a Low Barrier Navigation Center (LBNC) permitted by-right in mixed-use districts and nonresidential zones that permit multifamily development. A LBNC is defined as a "housing-first, low-barrier, temporary, services-enriched shelter focused on helping homeless individuals and families to quickly obtain permanent housing." This program also commits the City to establishing a definition of "emergency shelters," to comply with Government Code section 65583(a)(4), and to distinguish emergency shelters, which are temporary housing, from residential care facilities. As required by State law, the revised Code must ensure that zones where shelters are located near amenities and services that serve homeless individuals.

**Responsibility:** Community Development Department

**Timeframe:** As part of an omnibus Code clean up effort, prepare revisions to Zoning Code to comply with State law and bring to City Council for adoption by end of 2024

**Objective:** Compliance with State law

**Funding:** General fund and staff time

**Program 4-G** **Recognize Single-Room Occupancy (SRO) Units as a Housing Type.** A single room occupancy unit provides living and sleeping space for the exclusive use of the occupant but requires that the occupant share sanitary and/or food preparation facilities with others. These spaces are also known as co-living spaces or micro-apartments. Monterey's current regulations do not recognize Single-Room Occupancy (SRO) units as a type of housing. The Lighthouse Area Specific Plan includes a definition for Single Room Occupancy (SRO) facilities but does not specify what type of approval Monterey requires for this land use. The Housing Action Plan (Chapter 4) commits the city to revising the Zoning Ordinance and other related City regulations to recognize that SRO units, even if rented for less than 30 days, are housing. SRO units should, at a minimum, be permitted in some commercial and higher density residential.

**Responsibility:** Community Development Department

**Timeframe:** As part of an omnibus Code clean up effort, prepare revisions to Zoning Code to comply with State law and bring to City Council for adoption by end of 2024

**Objective:** Facilitate the development of an alternative type of housing that can accommodate low- and very low-income households transitioning from or avoiding homelessness

**Funding:** General fund (staff time)

**Program 4-H** **Mobile/Manufactured Homes.** Under State law, Mobile homes (also referred to as manufactured homes) installed on a permanent foundation approved by the City and

certified under the National Mobile Home Construction and Safety Standards Act of 1974 are considered single-family homes and must be treated as such. The Monterey Zoning Code and Subdivision Ordinance include requirements for obtaining a Certificate of Compatibility that must be renewed every two years and prohibiting manufactured homes on lots with an average slope exceeding 10 percent, which differ from those applicable to single-family homes. Therefore, the City will revise the Code to remove requirements from the Zoning Code and Subdivision Ordinance that apply standards to manufactured homes that are different from those applicable to stick-built single-family homes except as permitted by State law.

**Responsibility:** Community Development Department

**Timeframe:** As part of an omnibus Code clean up effort, prepare revisions to Zoning Code to comply with State law and bring to City Council for adoption by end of 2024

**Objective:** Comply with State law

**Funding:** General fund (staff time)

**Program 4-I** **Reasonable Accommodation.** The Monterey City Code (Article 30) establishes a clear process for processing requests for exceptions from the City’s land use regulations that meets the requirements of federal and State law and is similar to the model ordinance developed by Mental Health Advocacy Services available on the HCD website; however, the City’s regulations do not describe any procedures for appealing decisions. Therefore, the City will amend Article 30 to add appeal provisions consistent with the Mental Health Advocacy Services model ordinance. Additionally, through this program the City will remove the review authority from discretionary bodies when a reasonable accommodation request is reviewed concurrently with another land use permit and maintain the City Manager or a designated staff member as the sole reviewer for all reasonable accommodation requests.

**Responsibility:** Community Development Department

**Timeframe:** As part of an omnibus Code clean up effort, prepare revisions to Zoning Code to comply with State law and bring to City Council for adoption by end of 2024

**Objective:** Comply with State law

**Funding:** General fund (staff time)

**Program 4-J** **Anti-Displacement Strategy.** In 2023, the City enacted Rental Inventory Ordinance No. 3671 C.S. to create a local rental registry. The ordinance requires landlords with three or more units to notify the City if there are rent increases or registration amendments, including occupancy status and reasons for prior tenancy being terminated. Through this program, the City will use information collected to inform preparation of an anti-displacement strategy, including but not limited to consideration of the following:

- **Preserve Subsidized Affordable Units:** Create partnerships with the Housing Authority of the County of Monterey (HACM) to support acquisition of affordable units at-risk of conversion to market rate; identify a code enforcement specialist on staff to provide technical assistance and information to property

owners of lower income units to address code enforcement issues; seek funding to support rehabilitation of substandard multi-family units; and restrict conversion of existing units occupied by lower-income households to short term rentals.

- **Protect Current Residents:** Provide a link on the City’s website to the Housing Authority of the County of Monterey (HACM) Portfolio Directory for availability of affordable rental units; partner with nonprofits that serve underserved residents within the City to share information on fair housing and tenant rights; and add first right of refusal for BMR units for displaced residents.
- **Awareness and Marketing:** Develop an engagement strategy to disseminate information on tenant rights and protections (e.g., source of income, and State rent stabilization and just cause eviction regulations).

**Responsibility:** Community Development Department

**Timeframe:** Evaluate 2 years of rental registry data by end of Q1 2026; Adopt Anti-Displacement Strategy by the end of Q4 2026

**Objective:** Address displacement risk citywide, with a focus on areas of greatest risk identified on Map D-25

**Funding:** General fund

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**Housing Goal #5. Continue to promote sustainability and energy efficiency in residential development to lower energy use through energy-efficient urban design and through better design and construction in individual projects.**

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**Policy 5.1** Promote energy conservation programs and incentives, including those offered by Central Coast Community Energy.

**Policy 5.2** Encourage the incorporation of energy conservation design features in existing and future residential developments to conserve resources and reduce housing costs.

**Policy 5.3** Encourage the use of building placement, design, and construction techniques that promote energy conservation, including green building practices, the use of recycled materials, and the recycling of construction and demolition debris.

*Programs*

**Program 5-A Energy Efficient Design.** Promote the use of solar energy and other environmentally sound, energy efficient methods for heating and cooling homes, consistent with adopted building, mechanical and plumbing codes. Provide information through the website and newsletters to residents, highlighting the availability of financial incentives available through federal, State, and local government programs such as those offered by Central Coast Community Energy.

**Responsibility:** Community Development Department; Building and Safety Division

**Timeframe:** 2023-2031

**Objective:** Promote energy efficiency

**Funding:** General Fund

**Program 5-B Green Building Incentives.** Evaluate the feasibility of offering incentives for residential and mixed-use projects built to green building standards that exceed the requirements of Title 24 California Code of Regulations, Part 11 (CalGreen). Incentives may include density/intensity bonus, fee waivers, or expedited processing. Harmonize incentives with those provided for high density multifamily projects in the Specific Plan areas.

**Responsibility:** Community Development Department; Public Works Department

**Timeframe:** 2023-2031

**Objective:** Promote energy efficiency

**Funding:** General Fund

**Program 5-C Sustainable Design.** Promote environmentally sensitive construction practices and project design that reduce greenhouse gases by:

- Restricting the use of chlorofluorocarbons (CFCs), hydrochlorofluorocarbons (HCFCs), and halons in mechanical equipment and building materials;
- Promoting the use of products that are durable and allow efficient end-of-life disposal (recyclable);
- Requiring large project applicants to submit a construction waste management plan for City approval;
- Promoting the use of locally or regionally available materials;
- Promoting the use of cost-effective design and construction strategies that reduce resource and environmental impacts;
- Promoting use of green products with low volatile organic compound (VOC) content, such as low-VOC architectural coatings, cleaning supplies, consumer products, and alternatively fueled landscaping equipment; and
- Encouraging building decarbonization and projects that use all-electric appliances without any natural gas connections and does not use propane or other fossil fuels for space heating, water heating, or indoor cooking.

**Responsibility:** Community Development Department; Sustainability Division

**Timeframe:** 2023-2031

**Objective:** Promote energy efficiency

**Funding:** General Fund

**Housing Goal #6. Monitor the effectiveness of housing programs to ensure that they respond to housing needs.**

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- Policy 6.1** Ensure that the City is meeting State requirements as well as the housing needs of current and future residents by developing and carrying out procedures for tracking progress toward achieving adopted housing goals and objectives.
- Policy 6.2** Work with community groups, other jurisdictions and agencies, non-profit housing sponsors and the building and real estate industry when implementing Housing Element programs.
- Policy 6.3** Provide outreach and information to the community on the availability of programs to address individual housing needs, and will actively involve the community through information, outreach, and review.

### *Programs*

**Program 6-A Adequate Sites Available to Meet RHNA.** To ensure adequate sites remain available for residential development to accommodate the City’s Regional Housing Need Allocation (RHNA) for all income categories, the City shall annually review its Available Land Inventory to ensure Monterey can accommodate its share of the RHNA throughout the planning period. As development projects are considered, the City shall not take action to permit fewer units on a site than projected on the Available Land Inventory unless: 1) the reduction is consistent with the general plan and housing element; and 2) the remaining sites identified in the Available Land Inventory are adequate to accommodate the City’s share of the RHNA. If the remaining sites are not adequate to accommodate the City’s share of the RHNA, the City will identify (and rezone, if necessary) sufficient additional sites to meet RHNA. Further, the City will monitor the progress of entitled and pipeline projects listed in Table 3-2 and of educational workforce housing pursuant to Program 1-E, undertaking a formal evaluation of status by the end of Q1 2027. If the evaluation determines that sufficient progress toward completion of these projects has not been made and the capacity of the inventory is not sufficient to meet the City’s RHNA obligations for all income categories at that time, the City will identify and implement corrective actions by the end of Q4 2027. These actions may include prioritizing available water supply for affordable housing projects; identifying supplementary sources of water; rezoning; or further process streamlining.

**Responsibility:** Community Development Department

**Timeframe:** (a) Complete review and submit report by April 1 of every year; (b) undertake formal evaluation of entitled and pipeline projects by end of Q1 2027; (c) if needed, undertake corrective action to ensure no net loss by end of Q4 2027

**Objective:** Conduct review and submit report to State Department of Housing and Community Development as required

**Funding:** General Fund

**Program 6-B Annual Review.** In conjunction with State requirements for preparation and submittal of annual housing progress report (Government Code section 65400), evaluate Housing Element implementation. Provide opportunities for public review and comment and submit to Planning Commission and City Council for review and any necessary action.

**Responsibility:** Community Development Department

**Timeframe:** Complete review and submit report by April 1 of every year

**Objective:** Conduct review and submit report to State Department of Housing and Community Development as required

**Funding:** General Fund

**Program 6-C ADU/JADU Monitoring.** Monitor ADU and JADU permitting/construction trends and affordability in Monterey, reporting performance in its Housing Element Annual Progress Reports. If actual performance is not in line with projections in March 2026 or biennially thereafter, the City will review and take action proportional to the gap identified to ensure compliance with "no-net loss" provisions of State law. Actions may include further streamlining and incentivizing ADU construction, rezoning additional non-residential sites, or other similar actions.

**Responsibility:** Community Development Department

**Timeframe:** (a) reporting with annual report to HCD in April 2024; annually by April of each year thereafter (b) Q2 2026 or biennially thereafter for corrective action evaluation (if needed)

**Objective:** Track progress toward Sixth Cycle RHNA production goals ensure compliance with State law

**Funding:** General Fund

**Program 6-D Development and Replacement Unit Requirements.** The replacement of lower income units affordable to the same or lower income level is required as a condition of any development on a non-vacant site identified in the Housing Element, consistent with those requirements set forth in Government Code section 65915(c)(3). Replacement requirements apply to sites identified in the inventory that currently have residential uses, or within the past five years (based on the date the application for development was submitted) have had residential uses that have been vacated or demolished, and were:

- Subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of low or very low-income; or
- Subject to any other form of rent or price control through a public entity's valid exercise of its police power; or
- Occupied by low or very low-income households.

The City will not approve a housing development project that requires the demolition of residential dwelling units regardless of whether the parcel was listed in the inventory unless the project will create at least as many residential dwelling units as will be demolished, and the affordability criteria stipulated in Government Code section 66300(d) are met.

**Responsibility:** Community Development Department

**Timeframe:** Beginning in Q1 2024

**Objective:** Protection of existing housing

**Funding:** General fund (staff time)

## Quantified Objectives

California Government Code Section 65583(b) requires that housing elements contain quantified objectives for the maintenance, preservation, and construction of housing. The quantified objectives shown in Table 4-1 set a target goal for Monterey to strive for, based on needs, available resources, and constraints.

**Table 4-1: 2023-2031 City of Monterey Quantified Objectivities**

| <i>Income Category</i> | <i>New Construction<sup>1</sup></i> | <i>Rehabilitation<sup>2</sup></i> | <i>Conservation/Preservation</i> |
|------------------------|-------------------------------------|-----------------------------------|----------------------------------|
| Extremely Low          | 25 <sup>3</sup>                     | --                                | --                               |
| Very-Low               | 1,152                               | --                                | --                               |
| Low                    | 769                                 | 25                                | 64 <sup>4</sup>                  |
| Moderate               | 462                                 | --                                | --                               |
| Above Moderate         | 1,246                               | --                                | 15 <sup>5</sup>                  |
| <b>TOTALS</b>          | <b>3,654</b>                        | <b>25</b>                         | <b>79</b>                        |

1. The new construction objective is equal to Monterey's' RHNA allocation.
2. Through implementation of the City's Housing Rehabilitation Program (Program 4-C), which offers loans and grants for rehabilitation of substandard homes.
3. Through implementation of Program 3-B, incentives for ELI households and special needs groups.
4. Assumes preservation of 64 assisted units at Portola Vista with covenants expiring in 2033
5. Based on inquiries at the planning counter, assumes conversion of commercial space to apartments and/or boarding house projects









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Urban and Regional Planners