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March 17, 2022

Monterey Peninsula Water Management District Board of Directors

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RE: City of Monterey Regional Housing Needs Allocation

Dear Board of Directors,

The City of Monterey wanted to update the Monterey Peninsula Water Management District on the immediate need for water by 2023.

The Association of Monterey Bay Area Governments recently completed its State-mandated task of designating the number of housing units that will need to be planned for in each jurisdiction from 2023 to 2031. The State's goal is for those units to be constructed during this timeframe as well.

The City of Monterey wants to build the expected housing units that are ultimately assigned by our fellow jurisdictions through the AMBAG RHNA process.

Monterey was assigned 3,654 housing units (1,177 very low income, 769 low income, 462 moderate-income, and 1,246 market rate) to place housing closer to jobs and address equity metrics such as placing more housing in communities that are predominately white with higher incomes. The aspirational goal to address these issues is impossible without an immediate water supply.

The City has reviewed with MPWMD staff the water credits needed per residential type. The City estimates needing between **367- 406 acre feet by 2023** to meet the regionally and State required RHNA.

The City also wanted to update the Board on its efforts to construct housing. In terms of upcoming development, the City continues to lose out on housing development opportunities. While the City's implementation of new policies is working and have attracted experienced and solvent developers, the inability of the SWRCB to respond to requests made by the City and the Monterey Peninsula Water Management District has

led to a significant reduction in the scopes of the projects. Stated differently, while the State's legislature and the Governor have repeatedly prioritized increasing the supply of affordable housing opportunities, the SWRCB remains tone-deaf to the requests expressed by the City, the Monterey Peninsula Water Management District, Senator Laird, and housing advocates.

The following example demonstrates what our rental community is losing:

The Garden Road area allows 405 new housing units. The City received applications to construct housing at four sites along Garden Road. The original anticipated unit count was 298 units if the City could obtain additional water from the Water District's reserve category. The District conditionally allocated reserve water; however, the State Water Resources Control Staff indicated it would violate the Cease and Desist Order unless the project used no more water than it did before rezoning. As a result, this opportunity was lost, and projects were reduced to 180 units consistent with the onsite water credits/use. A loss of 118 units could have housed between 300 and 400 residents.

**Table 1
Garden Road Housing Opportunities**

| Address | Original Application - # of Units | Downsized Projects due to Water | Project Status |
|------------------|--|--|--|
| 2000 Garden Road | 72 | 34 | AR Preliminary and Final Permit Approved |
| 2300 Garden Road | 64 | 64 | ARC Review Scheduled 3/15 |
| 2560 Garden Road | 63 | 25 | Application Incomplete 2/2022 |
| 2600 Garden Road | 99 | 57 | AR Preliminary Review Approved |
| Total | 298 | 180 | |

Source: City of Monterey Community Development Department

There is no quick fix to reverse this fate. The projects were re-scoped, and plans were redrawn. Costs borne by the developers have been incurred.

The City has also inventoried its properties for affordable housing projects. Four sites were identified for 100% affordable housing projects, and a Request for Proposal was released. The City has selected two affordable housing developers for Exclusive Negotiating Agreement (ENA) discussions. These developers can potentially build 150 units that are 100% affordable housing. However, these sites do not have adequate-sized water meters or supply for the housing to be constructed.

In sum, there have been 118 affordable housing units lost as a result of water unavailability for the Garden Road area, and 150 low-income units are in abeyance.

The City of Monterey wanted the Monterey Peninsula Water Management District to understand from our perspective the quandary of meeting State-mandated housing

requirements, being designated additional housing units to be constructed between 2023-2031, and the need for water supply to be available in 2023 to meet the City and region's housing targets. The City would appreciate a letter from the MPWMD detailing from their perspective if water will be available by 2023. When will water be available for allocation? If not, what can the City of Monterey City Council do to make this happen?

Furthermore, the City requests that the MPWMD pass a resolution requesting that the State Water Resources Control Board immediately lift the Cease and Desist Order since the illegal diversions have ceased. If the CDO is lifted, developers could set new water meters and work within the Monterey Peninsula Water Management District credit system.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Roberson", written in a cursive style.

Clyde Roberson,
Mayor

e: David Stoldt, General Manager, Monterey Peninsula Water Management District
(dstoldt@mpwmd.net)
Senator John Laird, 17th Senate District
Assemblymember Mark Stone, 29th Assembly District