

City of Monterey 2015-2023 Housing Element

Adopted by the Monterey City Council on
March 23, 2016
Resolution No. 16-042

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I. INTRODUCTION

The purpose of the Housing Element is to identify the community's housing needs, to state the community's goals and objectives (listed in the Housing Element Action Plan) with regard to housing production, rehabilitation, and conservation to meet those needs, and to define the policies and programs that the community will implement to achieve the stated goals and objectives.

State law requires cities and counties to address the needs of all income groups in their Housing Elements. The official definition of these needs is provided by the California Department of Housing and Community Development (HCD) for each city and county within its geographic jurisdiction. This 2015-2023 Housing Element updates the 2009-2014 Housing Element. As allowed by HCD's Streamlined Update template, some sections are comprehensively updated, as indicated as "NEW" next to each section heading. Other sections are revised in ~~strikeout~~ and underline text and the revisions are documented in the Streamline Update Template for ease of review.

State housing law (Government Code Section 65580) requires an assessment of housing needs and an inventory of resources and constraints relevant to meeting those needs. The assessment and inventory must include all of the following:

The Background Report of the Housing Element identifies the nature and extent of the City's housing needs that, in turn, provide the basis for the City's response to those needs in the Housing Element. In addition to identifying housing needs, the Background Report also presents information on the setting in which the needs occur, which provides a better understanding of the community and facilitates planning for housing. The Background Report includes the following:

- Analysis of population and employment trends and documentation of projections and a quantification of the locality's existing and projected housing needs for all income levels.
- Analysis of any special housing needs populations, such as those with disabilities, the elderly, large families, farmworkers, homeless, and single-parent households.
- Analysis and documentation of household characteristics including level of payment compared to ability to pay, the extent of overcrowding, and an estimate of housing stock conditions.
- Analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels. These constraints include land use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, and local processing and permit procedures.
- Analysis of potential and actual non-governmental constraints upon the maintenance, improvement, or development of housing for all income levels,

including the availability of financing, the price of land, the cost of construction, and the potential for private investment and public – private partnerships.

- A site-specific inventory of land suitable for residential development, including vacant and underutilized sites, and an analysis of the relationship of zoning, public facilities, and city services to these sites.
- Analysis of opportunities for energy conservation with respect to residential development.
- Analysis of the existing and projected needs including the locality's share of the regional housing need in accordance with Section 65584.

For the purpose of evaluating current (2015) housing affordability, housing need, and eligibility for housing assistance, income levels are defined by guidelines adopted each year by HCD. For Monterey County, the area median income for a household of four in 2015 was \$68,700.

HCD has defined the following income categories for Monterey County, based on the median income for a household of four persons:

- Extremely low income: 30 percent and below (\$0 to \$24,250)
- Very low income: 31 to 50 percent of median income (\$24,251 to \$36,250)
- Low income: 51 to 80 percent of median income (\$36,251 to \$58,000)
- Moderate income: 81 to 120 percent of median income (\$58,001 to \$82,450)
- Above moderate income: 120 percent or more of median income (above \$82,450)

In addition, the City has established the following income limits for workforce housing:

- Workforce Level I: 120 to 150 percent of the median income (\$82,440 to \$103,050)
- Workforce Level II: 150 to 170 percent of the median income (\$103,050 to \$110,679)

This information draws on a broad range of informational sources. Information on population, housing stock, and economics comes primarily from the 2010 U.S. Census, California Department of Finance and Housing and Community Development Department, Association of Monterey Bay Area Governments (AMBAG) publications, and City documents. Information on available sites and services for housing comes from numerous public agencies. Information on constraints on housing production and past and current housing efforts in Monterey comes from City staff, other public agencies, and some private sources.

The purpose of Monterey's Housing Element is to:

- Provide adequate sites to meet the Regional Housing Needs Allocation (RHNA) of 650 units;
- Meet the RHNA affordable housing goals of providing housing to varying income ranges: 22 percent extremely low- and very low-income households, 17 percent low-income, 19 percent moderate-income, and 42 percent above moderate-income, as well as protect existing low- and moderate-cost housing from conversion to market-rate housing;
- Encourage construction of rental housing available to a wide range of incomes and family sizes, and support construction of multiple housing types, including mixed-use housing;
- Encourage owner occupancy through construction of new for-sale housing and by protecting existing single-family housing from demolition in apartment and commercial areas; and
- Provide for special needs housing that will meet the needs of handicapped, single-parent, student, elderly, and family households.

A. Evaluation of Existing Housing Element (NEW)

Government Code Section 65588(a)(2) “Review and Revision” requires that each unit of local government review its Housing Element as frequently as appropriate to evaluate its effectiveness in attainment of the community’s housing goals and objectives. This section reflects the actual housing activities accomplished since adoption of the last Housing Element.

- The City adopted specific plans for two of the three mixed-use, future growth areas (Downtown and North Fremont) and completed a draft of a specific plan for the Lighthouse area, collectively identifying sites that can accommodate up to a total of 503 housing units that are close to services and transit, thereby reducing greenhouse gas emissions and revitalizing the three mixed use neighborhoods.
- The City adopted condominium conversion standards, which provided clear direction for notification and affordable housing agreements. The conversions that resulted yielded eight low and moderate income units.
- A Citywide parking study was conducted that identified parking programs and strategies that would reduce the need and cost of providing parking for new residential developments. These programs include shared parking and unbundling of parking from apartment rents to that a tenant would have the opportunity to pay for a parking space separate from the apartment rent. Such programs would likely be applied to mixed-use areas where a wider range of transportation options are available.
- The City included in its recently adopted specific plans an allowance for single-room occupancy units as a permitted use. The specific plan areas are near services and mass transit, which meets the goals of the program.

Housing Program	Accomplishments	Continue, Modify or Delete Program
Policy a.1. Encourage the production of new ownership housing units.		
<p>Program a.1.1. The City will continue to update its list of larger developable sites and contact property owners to determine opportunities for housing construction. There will be an emphasis on constructing housing types that provide mixed-income ownership opportunities.</p>	<p>Effectiveness/Progress: During the housing element cycle, the City adopted two specific plans for mixed use neighborhoods. Each plan included a list of vacant and underutilized sites that were ripe for development. This resulted in construction of a mix of housing types in these neighborhoods. Of the large development sites, an 8+ acre site was developed for senior housing and the Monterra ranch site was discussed but never developed.</p> <p>Appropriateness: The City will continue to put emphasis on larger developable sites but revise the program to seek more of a balance between rental and ownership opportunities that is appropriate to meet the needs of the community.</p>	Modify
<p>Program a.1.2. Maintain existing single-family zoning throughout the City. Rezoning of single-family land to other uses should not occur without findings that the proposed use is more beneficial to the City than retaining single-family ownership opportunities.</p>	<p>Effectiveness/Progress: There has not been any single-family land rezoned. The City has maintained all single-family zoned land.</p> <p>Appropriateness: The City will continue to maintain sites appropriate for single-family development.</p>	Continue
<p>Program a.1.3. Inclusionary housing units in an ownership housing project should generally be ownership units unless findings can be made that rental units are more beneficial.</p>	<p>Effectiveness/Progress: The City has successfully implemented this program, yielding 13 low and moderate-income units between 2008-2014.</p> <p>Appropriateness: Delete in the interest of seeking a balance between rental and ownership units.</p>	Delete
<p>Program a.1.4. Encourage and create development standards for new condominiums and ownership townhouses in R-3 and commercial areas that require amenities desirable to owners and require larger units (three or more bedrooms) to house families with children.</p>	<p>Effectiveness/Progress: Development standards for condominiums and ownership townhomes were adopted in 2010. Specific Plans with design and development standards for mixed use areas Downtown and on North Fremont were adopted in</p>	Continue

Housing Program	Accomplishments	Continue, Modify or Delete Program
Develop height, design, and setback standards to encourage the most creative designs. Area Plans are encouraged to identify potential incentives and ways to implement the incentives.	2013 and 2014. Appropriateness: The Lighthouse Area Specific Plan is underway and will provide design and development standards for the mixed use area of New Monterey. Modify program to focus on adoption of the Lighthouse Area Specific Plan.	
Program a.1.5. Evaluate and revise the condominium conversion standards as necessary to ensure adequate provision of amenities, parking, and larger units to house families with children.	Effectiveness/Progress: The development standards for condominium conversions were adopted in 2010. Forty Five conversions were processed from 2008 – 2014. Appropriateness: Complete	Delete
Program a.1.6. Continue to work with the major employers in Monterey and the region to provide targeted homeownership opportunities for employees (see Programs h.1.1 and h.1.2).	Effectiveness/Progress: The City has acquired workforce housing by offering incentives but nothing has been formalized. Appropriateness: The City intends to continue to work with large employers to target these opportunities.	Continue
Program a.1.7. Monitor and evaluate the use permit process for new multi-family projects in the R-3 and Commercial districts to determine whether the process qualifies as a constraint to residential development. Identify strategies to be implemented by the City to remove any constraint identified by the evaluation. Provide a summary of the evaluation (and strategies, if identified) to HCD as a part of the City's annual reporting requirement.	Effectiveness/Progress: The City initiated a zoning ordinance update that addresses this section. Appropriateness: The zoning ordinance revision is expected to be adopted by June 2016.	Continue
Policy a.2. Encourage the conservation of existing home ownership opportunities, including moderate-income units.		
Program a.2.1. Develop zoning incentives to encourage retention of single-family houses in R-3 areas. An estimated 300 single-family houses could be conserved (rather than demolished or converted to apartment units). To encourage retention of single-family homes, the City will evaluate and revise its development standards. The City will	Effectiveness/Progress: The City has completed historic surveys for Downtown and New Monterey neighborhoods, which contain the majority of the City's R-3 zoning that is developed with single family homes. Incentives are provided for properties that are historic. Historic and potentially historic properties would	Modify.

Housing Program	Accomplishments	Continue, Modify or Delete Program
also continue to allow additional floor area ratio for single-family homes and eliminate additional parking requirements with building upgrades.	require a lengthy process for demolition, which is another incentive for preservation. Appropriateness: Continue to implement	
<p>Program a.2.2. Consider reducing the minimum lot size for single-family subdivisions on existing R-3 lots to increase the stock of affordable housing, while retaining the existing house where one is present and retaining neighborhood character.</p> <p>The program may use condominium, townhouse, or detached form of housing units and shall utilize design and construction methods to maximize privacy and minimize sound transmission.</p>	<p>Effectiveness/Progress: The City has developed a program to allow the subdivision of existing R-3 lots but further program development will be required to allow smaller lot sizes.</p> <p>Appropriateness: The City will further develop this program to evaluate lot sizes.</p>	Modify.
<p>Program a.2.3. Continue the Down Payment Assistance Program. Investigate opportunities to increase Down Payment Assistance loans for equity sharing for detached single-family houses.</p>	<p>Effectiveness/ Progress: The City did not provide any down payment assistance in this 5-year period. During this period of time the focus of the City's affordable purchase and resale program was the sale of City owned units for which City provided down payment assistance was not permitted.</p> <p>Appropriateness: The City will further evaluate this program to determine if it will be practical to assign the City's purchase option to qualified buyers and then provide down payment assistance as one source of funding for the purchase.</p>	Modify
Policy b.1. Provide the opportunity to construct new multi-family housing units in pockets of opportunity.		
<p>Program b.1.1. Maintain multi-family densities at 30 units per acre in the R-3 zone and in commercial zones with the potential for density bonuses as outlined in Program i.1.2.</p>	<p>Effectiveness/Progress: The City adopted specific plans for two of its commercial centers that maintain a 30-unit/acre density for residential development. Within the Downtown Specific Plan Area, the City approved a 19-unit affordable senior housing project with a density bonus allowing 40-units/acre.</p> <p>Appropriateness: The City will continue to maintain multi-family,</p>	Continue

Housing Program	Accomplishments	Continue, Modify or Delete Program
	mixed use, and commercial zoning densities at 30 units/acre.	
<p>Program b.1.2. Assist the Housing Authority, nonprofit agencies, and private developers in providing extremely low-, low-, and very low-income housing as opportunities become available, using the current Housing Element as a basis for action.</p> <p>The City will continue to provide assistance by streamlining the permit process. A staff member is assigned to coordinate City reviews. The City will also coordinate with the developer to help make the project financially feasible, such as by providing low-interest loans and other incentives when affordable housing goals are met.</p>	<p>Effectiveness/ Progress: The City has continued its efforts to complete two new low and very low-income rental housing projects in the community. Project developers have been selected. Disposition and development agreements are in process, which will allow these projects to move forward to construction and occupancy. In each of these projects the City is committing the use of housing funds to assist the development.</p> <p>Appropriateness: The City will continue to explore opportunities to target housing funds to assist the development of new extremely low, low, and very low-income housing units in the City.</p>	Continue
<p>Program b.1.3. Evaluate the existing allocation of Section 8 vouchers and encourage and support the Housing Authority and private market landlords to expand utilization of the Section 8 voucher program.</p> <ul style="list-style-type: none"> • Encourage the Housing Authority to grant 20 percent rent exceptions for the Monterey area to provide a greater housing choice for very low-income renters. • Encourage the Housing Authority to market the Section 8 voucher programs to Monterey landlords and post applications on the City's website. • Encourage the Housing Authority to recruit more Monterey families assisted by Section 8 into the Family Self-Sufficiency Program. 	<p>Effectiveness/Progress: The City has found it very challenging to increase the use of Section 8 vouchers in the community due to the reluctance of landlords to accept these vouchers because many landlords find they can receive higher rents than the "Fair Market Rent" published by the HUD.</p> <p>Appropriateness: The City will assist as feasible the Housing Authority's applications for additional Section 8 vouchers. The City will assist efforts of the Housing Authority, Coalition of Homeless Services Providers and other interested parties on developing a local landlord outreach program to encourage greater landlord acceptance of Section 8 vouchers.</p>	Continue
<p>Program b.1.4. The City will encourage affordable rents by providing brochures that outline the City's Voluntary Rental Guidelines, but</p>	<p>Effectiveness/Progress: Providing affordable rents in the community has been very challenging due to the lack of supply</p>	Continue

Housing Program	Accomplishments	Continue, Modify or Delete Program
discourage citywide rent control.	<p>and high demand that results in generally high market rents.</p> <p>Appropriateness: The City will continue efforts to work with the Housing Authority to expand the use of Section 8 vouchers in the community and explore opportunities to work with developers to construct new housing units.</p>	
Program b.1.5. Require a minimum 5,000-square-foot lot size for new apartment development.	<p>Effectiveness/Progress: The City continues to require a minimum 5,000 square foot lot size for new apartment development</p> <p>Appropriateness: The City will continue to require a minimum 5,000 square foot lot size for the development of new apartments.</p>	Continue
Policy c.1. Encourage units suitable for family occupancy.		
<p>Program c.1.1. Encourage larger units with two or more bedrooms and open spaces with sufficient area for children's play in R-3 developments.</p> <p>The City will conduct a comprehensive review and revision of the current parking requirement to determine the feasibility of requiring at least one-third of any housing development over three units to provide two or more bedrooms. All housing projects will continue to be required to provide open space to give residents an opportunity for outside activities.</p>	<p>Effectiveness/Progress: A Citywide parking study was conducted that identified parking programs and strategies that would reduce the need and cost of providing parking for new residential developments. These programs include shared parking and unbundling of parking from apartment rents to that a tenant would have the opportunity to pay for a parking space separate from the apartment rent. Such programs would likely be applied to mixed-use areas where a wider range of transportation options are available.</p> <p>Appropriateness: This program is not appropriate for the City's R-3 areas because they are already underparked and are already built-out.</p>	Delete
<p>Program c.1.2. Encourage the Housing Authority and profit and nonprofit developers to build affordable housing for families with children whenever possible.</p> <p>The City will discuss family housing needs with potential developers</p>	<p>Effectiveness/Progress: The City has not yet implemented this program but plans to address this issue within this next Housing Element cycle.</p> <p>Appropriateness: The City plans to continue to look at ways to</p>	Continue

Housing Program	Accomplishments	Continue, Modify or Delete Program
and the financial and processing incentives that are available.	encourage family housing.	
Program c.1.3. Encourage the military to provide and add to family housing units should the opportunity arise.	<p>Effectiveness/Progress: The Army adopted an Area Development Plan for the Presidio of Monterey that does not provide new housing units.</p> <p>Appropriateness: Some new military housing will be built but only to house the existing population. This would decrease occupancy from three persons per room to two.</p>	Delete
Policy d.1. Provide rehabilitation assistance to low- and moderate-income households and encourage privately funded rehabilitation wherever deterioration is present.		
Program d.1.1. Provide emergency major repair assistance to low- and moderate-income households.	<p>Effectiveness/Progress: In the past five fiscal years the City has provided an average of \$143,311 annually for loan and grants to low- and moderate-income households. On average 10 of these grants and loans annually have been for emergency repairs in the City's Mr. Fix It program.</p> <p>Appropriateness: The City will continue to provide emergency repair loans and grants to lower-income households.</p>	Continue
<p>Program d.1.2. Provide rehabilitation assistance in the form of:</p> <ul style="list-style-type: none"> • Major rehabilitation loans; • Emergency repair loans; and • Home safety repair grants. 	<p>Effectiveness/Progress: The City provides rehabilitation assistance to low-income homeowners through the targeted use of CDBG funds. This program has traditionally been well received in the community. In the past fiscal year the City provided \$195,000 in grants and loans for single family home rehabilitation projects</p> <p>Appropriateness: The City plans to continue to provide rehabilitation assistance using Major Rehabilitation loans, Emergency Repair loans, and Home Safety repair grants.</p>	Continue

Housing Program	Accomplishments	Continue, Modify or Delete Program
<p>Program d.1.3. Continue the “Mr. Fixit” program to provide emergency repair assistance for minor repairs to an average of 10 units per year.</p>	<p>Effectiveness/Progress: This continues to be an effective program. In the past fiscal year \$35,000 in grants were distributed and 4 low-income households were directly assisted.</p> <p>Appropriateness: The City will continue to use the Mr. Fixit program to assist in minor and emergency repairs.</p>	Continue
<p>Policy d.2. Conserve existing low- and moderate-cost housing units.</p>		
<p>Program d.2.1. Investigate the option of purchase of inclusionary housing units or other units to replace them. Investigate programs, nonprofit sponsors, and funding sources to retain lower-income housing units at risk of conversion to market-rate rents.</p>	<p>Effectiveness/Progress: Due to the loss of a significant portion of former redevelopment agency housing funds the City has been challenged to fund the purchase of all available inclusionary units. As a result the City has been selective in purchase of units and consequently some inclusionary units have been lost.</p> <p>Appropriateness: The City will continue opportunity purchase of inclusionary housing units as funding allows. The City will also explore with non-profits and other parties opportunities for new funding sources to assist in the purchase and retention of lower-income housing units.</p>	Modify
<p>Program d.2.2. Maintain the affordability of low and moderate income rental units under the Inclusionary Housing Program through the use of deed restrictions and continue to implement the Purchase and Resale Program for owner occupied inclusionary units.</p>	<p>Effectiveness/Progress: The City did maintain affordability of low- and moderate-income rental units. However deed-restricted units with sunset dates are no longer in the City's program. The City did not have the opportunity to exercise its right of first refusal as the owners did not want to sell. New deed-restricted units are restricted in perpetuity.</p> <p>Appropriateness: The City plans to continue this program and will continue to maintain affordability of low- and moderate-income rental units under the Inclusionary Housing Program.</p>	Continue
<p>Program d.2.3. Continue to monitor at-risk units and gauge interest in renewal through individual contacts and surveys. Meet with property</p>	<p>Effectiveness/Progress: The City will continue to work with</p>	Continue

Housing Program	Accomplishments	Continue, Modify or Delete Program
owners to strategize what package of incentives would retain the affordable units.	<p>owners to retain affordable units as at-risk projects arise.</p> <p>Appropriateness: Through opportunity buying the City should be able to preserve some deed restricted units that are scheduled to expire. However, there are very limited incentives that can be offered that will encourage owners to extend existing deed restrictions due to the substantial difference in value between deed restricted pricing and fair market pricing.</p>	
Program d.2.4. The City will continue to meet with local non-profits interested in purchasing or managing affordable housing units.	<p>Effectiveness/Progress: The City was not successful in increasing the number of local non-profits who are willing to purchase and/or manage affordable housing units in the community.</p> <p>Appropriateness: The City intends in the future to explore with local non-profits and other affordable housing developers strategies and financing alternatives that can be employed to produce new affordable extremely low, low and very low-income housing in the community.</p>	Modify
Program d.2.5. Prioritize funding or acquire funding to assist nonprofits to purchase units that may be lost from the Inclusionary Program or acquire replacement units.	<p>Effectiveness/Progress: The City will continue to prioritize funding or acquire funding to assist nonprofits to purchase units.</p> <p>Appropriateness: The City will continue to communicate with non-profit agencies and explore opportunities to assist in the purchase of inclusionary units.</p>	Continue
Program d.2.6. Analyze the feasibility of utilizing a City sponsored rental rehabilitation program to encourage at-risk units to be retained.	<p>Effectiveness/Progress: The City plans to continue to analyze the feasibility of the program.</p> <p>Appropriateness: In the current fiscal year the City is targeting approximately \$60,000 in CDBG funding to assist in the rehabilitation and repair of non-profit owned deed restricted rental units.</p>	Continue

Housing Program	Accomplishments	Continue, Modify or Delete Program
<p>Program d.2.7. Reduce, waive or subsidize local fees associated with preservation or replacement of at-risk units.</p>	<p>Effectiveness/Progress: The City has not yet addressed this program but plans to develop a more formalized program.</p> <p>Appropriateness: The City will continue this program to address the ideas of reducing, waiving, or subsidizing local fees associated with preservation or replacement.</p>	Continue
<p>Policy e.1. Assure that all persons in Monterey receive equal housing opportunities. Promote equal housing opportunities by making this information available at the City library, Housing Department office and social service providers. Also, provide this information on the City's web page.</p>		
<p>Program e.1.1. Cooperate in countywide fair housing activities and federal government programs that emphasize educational and counseling activities.</p>	<p>Effectiveness/Progress: The City does a good amount of public outreach regarding fair housing activities and federal government programs that emphasize educational and counseling activities.</p> <p>The City assists the Housing Authority with counseling on fair housing and first-time homebuyers. The City also works with the Conflict Resolution and Mediation Center, a long-term City Community Services Grant recipient, which provides fair housing mediation services on resolving landlord tenant issues.</p> <p>The City actively participates in several local meeting groups which discuss various housing and community development issues (including fair housing) such as regional Community Development Block Grant (CDBG) and HOME Investment Partnerships grantee groups, a regional foreclosure prevention/intervention group, and the Local Homeless Assistance Committee/Monterey County Continuum of Care.</p> <p>In early 2006, the City co-sponsored a one-day Housing Exposition along with various public and private agencies including local lenders and housing services providers. Event attendees benefitted from informational presentations and handouts, many of which focused upon fair housing.</p> <p>The City provides funds through its annual Community Services</p>	Continue

Housing Program	Accomplishments	Continue, Modify or Delete Program
	<p>Grants program to several agencies which address fair housing activities through education and/or counseling including Monterey Research Center, Conflict Resolution and Mediation Center, and Legal Services for Seniors. All of these agencies have received funds over a period of several years.</p> <p>The City also developed an Analysis of Impediments to Fair Housing report in 2004 and assesses progress in addressing identified impediments on an annual basis through the Consolidated Annual Performance and Evaluation Report (CAPER) to the U.S. Department of Housing and Urban Development (HUD).</p> <p>Appropriateness: The City plans to continue their outreach efforts to educate the community.</p>	
<p>Program e.1.2. Provide contract fair housing mediation for all fair housing complaints and questions. Advertise fair housing mediation services. Notify social service agencies of programs. Advertise programs consistent with the City's Housing Consolidated Plan.</p>	<p>Effectiveness/Progress: The City has received multiple general inquiries over the years regarding potential fair housing issues as they relate to the private housing market. The City referred these inquiries as appropriate to local service providers and to the City of Monterey Voluntary Rental Guidelines, the State of California Tenant Rights, and the HUD Equal Opportunity for All handbooks.</p> <p>The City provided HUD fair housing complaint forms to one person in 2008 who expressed interest in filing a formal complaint against a private property management company. City staff also provided complaint form completion and submission guidance to this person.</p> <p>Appropriateness: The City will continue to provide contract fair housing mediation for all fair housing complaints and questions.</p>	Continue
<p>Program e.1.3. Distribute available housing subsidies to sites throughout the City to avoid concentrations of subsidized housing. Inclusionary housing units should be built on the site of market-rate</p>	<p>Effectiveness/ Progress: The City plans to continue to distribute housing subsidies throughout the City.</p> <p>Appropriateness: It is the City's policy to explore opportunities to</p>	Continue

Housing Program	Accomplishments	Continue, Modify or Delete Program
housing.	develop affordable inclusionary housing in all multi-family and commercial mixed-use areas of the City.	
Program e.1.4. Continue to provide on-line applications for the City's Purchase and Resale program waiting list to market affordable housing units on the City's web site.	<p>Effectiveness/Progress: The City is currently providing on-line applications for the City's Purchase and Resale program waiting list to market affordable housing units on the City's website.</p> <p>Appropriateness: The City will provide updates to the website annually.</p>	Continue
Program e.1.5. Continue to provide service referrals to rental assistance, ownership assistance, homeless assistance, and general community services.	<p>Effectiveness/Progress: The City consistently provides service referrals to the public for rental assistance (i.e., tenant/landlord mediation, rental subsidies including Section 8, etc.), ownership assistance (i.e., homebuyer/homeowner counseling, etc.), homeless assistance (i.e., emergency shelter, transitional housing, supportive housing services, etc.), and general community services (i.e., food provision, at-risk youth mentoring, etc.). The City also refers people to the Conflict Resolution and Mediation Center on resolving landlord tenant issues.</p> <p>Appropriateness: The City will continue to provide service referrals to the public for rental assistance.</p>	Continue
Program e.1.6. Continue to distribute Section 8 applications at the City's Housing Division and have staff available to help applicants with the process.	<p>Effectiveness/Progress: The City actively works to encourage the use of Housing Choice vouchers (formerly Section 8) for City residents. When the waiting list is open to solicit new recipients, the City distributes the applications, posts the applications at the library and on the website, and assists with answering questions.</p> <p>Appropriateness: The City will continue to take an active approach when encouraging the use of Housing Choice vouchers.</p>	Continue

Housing Program	Accomplishments	Continue, Modify or Delete Program
Policy f.1. Encourage construction of housing units that provide for special needs.		
Program f.1.1. Provide for needs of special housing needs groups by complying with ADA regulations in reviewing private development projects and in City-assisted housing projects.	<p>Effectiveness/Progress: The City effectively reviews projects for ADA compliance. Projects providing for special needs populations within the past planning timeframe include the Van Buren Senior Housing project and the Iris Canyon Residential Care Facility for the Elderly,</p> <p>Appropriateness: The City will continue to review residential projects for compliance with ADA regulations.</p>	Continue
Program f.1.2. Market low- and moderate-income housing programs through the use of direct advertising including but not limited to: website, referrals, brochures, newspapers, and other media.	<p>Effectiveness/Progress: The City advertises via four annual public hearings, various print ads and public notices published in English and Spanish in the local newspaper, distribution of hard copy and electronic informational materials, and group presentations.</p> <p>The City measures the effectiveness of outreach through monitoring of public hearing and group presentation attendance levels, program application submissions, and receipt of public comments and survey responses.</p> <p>Appropriateness: The City will continue to market low- and moderate-income housing programs through direct advertising.</p>	Continue
Program f.1.3. Encourage the schools, students, and senior citizen groups to cooperate with the City sponsored house-share roommate matching service to take advantage of underutilized homes in Monterey.	<p>Effectiveness/Progress:</p> <p>The City advertises the program via distribution of hard copy and electronic informational materials. The Alliance on Aging is also permitted to use a portion of its grant allocation to cover costs of advertising.</p> <p>Appropriateness: The City will continue to sponsor the house-share roommate matching service to take advantage of</p>	Continue

Housing Program	Accomplishments	Continue, Modify or Delete Program
	underutilized homes in Monterey.	
<p>Program f.1.4. Develop a program of emergency grants or loans to assist low-income households that are threatened with eviction. Provide funds on a one-time basis to assist households that could remain in their rental housing units if back rent is paid.</p>	<p>Effectiveness/Progress:</p> <p>The specific dollar amount provided to tenants varies by program, with funds covering partial or full monthly rental costs based on client need and funding availability. Some agencies provide a one-time emergency subsidy while others provide assistance over a period of time.</p> <p>Appropriateness: The City will continue to provide funds on a one-time basis to assist households that could remain in their rental housing units if back rent is paid.</p>	Continue
<p>Program f.1.5. Continue to provide City assistance to non-profit providers of services and temporary housing to Monterey homeless.</p>	<p>Effectiveness/Progress: Homeless are identified as a priority population in the Consolidated Plan. As such, funding preference is given for programs provided directly by City staff as well as those provided by Community Services Grant recipient agencies which target services to this group.</p> <p>Since 2002, through the Community Services Grants program, the City has provided approximately \$593,379 in CDBG and RDA grant funds to agencies including Housing Resource Center, Salvation Army – Monterey Peninsula Corps, Monterey County AIDS Project, Interim Incorporated, Shelter Outreach Plus, John XXIII AIDS Ministry, Community Human Services, and the Conflict Resolution and Mediation Center. These agencies provided housing advocacy, rental subsidies, and other supportive housing services for homeless persons and persons at risk of homelessness. Since 2002, these programs have served approximately 4,160 persons.</p> <p>Appropriateness: The City plans to continue to provide assistance to nonprofit providers and provide housing to Monterey homeless.</p>	Continue

Housing Program	Accomplishments	Continue, Modify or Delete Program
<p>Program f.1.6. Amend the City's Zoning Code to provide individuals with disabilities reasonable accommodation in rules, policies, practices, and procedures that may be necessary to ensure equal access to housing. The purpose of this is to provide a process for individuals with disabilities to make requests for reasonable accommodation in regard to relief from the various land use, zoning, or building laws of the City. As part of this program, the City will appoint a staff person to work with disabled persons who are proposing improvements to accommodate their needs. The purpose is to streamline the permit review process if needed.</p>	<p>Effectiveness/Progress: The City has not yet amended the Zoning Ordinance to allow special requests to ensure reasonable accommodations for persons with disabilities, and staff has not yet been assigned to the task. The Building Division does ensure that the Americans with Disabilities Act is implemented.</p> <p>Appropriateness: The City will continue to comply with ADA standards and will look into adopting a more formal reasonable accommodation procedure.</p>	Continue
<p>Program f.1.7. Pursuant to Senate Bill 2, the City will amend the Zoning Ordinance to allow emergency shelters as a permitted use in a newly created overlay zone in the City's C-1, C-2, and/or C-3 zoning districts which are close to transit corridors and close to services. The City has adequate capacity on vacant and underutilized parcels (approximately 34 acres) within the C-1, C-2 and C-3 zoning districts, which are suitable for the development of emergency shelters due to their proximity to public transit lines, social services, and personal services. The City will create this overlay zone with specific development standards for emergency shelters. In addition, the City will evaluate adopting development and managerial standards that will be consistent with Government Code Section 65583(a)(4). These standards may include such items as:</p> <ul style="list-style-type: none"> • Lighting; • On-site management; • Maximum number of beds or persons to be served nightly by the facility; • Off-street parking based on demonstrated need; and • Security during hours that the emergency shelter is in operation. 	<p>Effectiveness/Progress: The zoning ordinance allows shelters for 6 or fewer persons as a permitted use in the Residential Estate; Residential, single-family; Residential-two family; Residential, multi-family; and Commercial Office zoning districts. An area along Del Monte Avenue has been identified as having capacity on vacant and underutilized parcels within the C-2 and C-3 zoning districts to allow shelters for 7 or more persons. Del Monte Avenue is a transit corridor and is located close to social and personal services in the downtown area.</p> <p>Appropriateness: The City will continue to pursue amending the zoning ordinance to allow such shelters for 7 or more persons as a permitted use.</p>	Continue.

Housing Program	Accomplishments	Continue, Modify or Delete Program
<p>Program f.1.8. Pursuant to Senate Bill 2, the City must explicitly allow both supportive and transitional housing types in all residential zones. The City shall update its Zoning Ordinance to include separate definitions of transitional and supportive housing as defined in Health and Safety Code Sections 50675.2 and 50675.14. Both transitional and supportive housing types will be allowed as a permitted use subject to only the same restrictions on residential uses contained in the same type of structure.</p>	<p>Effectiveness/Progress: The zoning ordinance allows shelters for 6 or fewer persons as a permitted use in all Residential zoning districts. The City will amend the zoning ordinance to add definitions for transitional and supportive housing.</p> <p>Appropriateness: The City will continue to pursue amending the zoning ordinance to add definitions.</p>	Continue.
<p>Program f.1.9. To ensure zoning flexibility that allows for the development of single-room occupancy units (SROs), the City will update its Zoning Ordinance to explicitly allow for SROs in a district that is near services and mass transit.</p>	Complete.	Delete
<p>Program f.1.10. To support the development of housing affordable to extremely low-income households, the City shall apply for state and federal funding and grant priority to projects that include units affordable to extremely low-income households. Additionally, the City will prioritize a portion of the redevelopment set-aside funds to encourage the development of extremely low-income housing.</p>	<p>Effectiveness/Progress: The City's redevelopment agency was dissolved in 2012 in accordance to the Redevelopment Agency Dissolution Act. Since that time the City has only been able to preserve a portion of former redevelopment agency housing funds. The loss of these funds significantly reduced housing resources. In response the City will explore with the assistance of other non-profit agencies opportunities for grants and loans that might be available to assist development of new inclusionary housing in the community.</p> <p>Appropriateness: The City will continue to identify and pursue State and Federal funding opportunities.</p>	Modify

Housing Program	Accomplishments	Continue, Modify or Delete Program
Policy g.1. Meet the Association of Monterey Bay Area Governments (AMBAG) Fair Share of regional housing needs for the year 2008.		
<p>Program g.1.1. Retain the zoning capacity to meet the AMBAG Fair Share housing goal between January 1, 2000, and July 1, 2008. Retain the opportunity to construct the remaining fair-share requirement of 146 very low-, 101 low-, 117 moderate-, and 258 above moderate-income housing units with excess zoning capacity for mixed-use housing, apartments in commercial zones, and apartments in R-3 zones.</p>	<p>Effectiveness/Progress: The City will modify this program to show that its fair share of the regional housing need (650 units) will be met through the next cycle (2015-2023).</p> <p>Appropriateness: The demand for market rate housing in the community and the number of new units that are currently entitled or under construction appears to demonstrate the desirability of developing housing in the City's mixed-use commercial districts. The City will continue to explore development of inclusionary units as a component of new mixed-use housing developments.</p>	Continue
<p>Program g.1.2. Encourage exceptional design and innovative solutions for housing style, through the implementation of the Downtown Design Guidelines. The City is currently developing design guidelines for other mixed-use/transit-oriented development neighborhoods.</p>	<p>Effectiveness/Progress: The City adopted specific plans for the Downtown and North Fremont mixed-use/transit oriented neighborhood which include design guidelines. The City will soon adopt a similar specific plan for the Lighthouse Area.</p> <p>Appropriateness: The City will continue this program to implement guidelines for mixed-use/transit-oriented development neighborhoods.</p>	Continue
<p>Program g.1.3. The City will actively support the redevelopment of underutilized mixed-use sites to meet the City's RHNA allocation and to provide additional affordable housing opportunities throughout the City near transit stops, jobs, and services. The City will assist in the development of these underutilized sites by offering the following assistance:</p> <ul style="list-style-type: none"> ▪ The City will post a listing of underutilized sites on the City's website and provide this list of sites to developers interested in developing mixed-use projects in the City. ▪ The City will, where appropriate and when funds are available, 	<p>Effectiveness/Progress: The City included the vacant and underutilized sites in the adopted specific plans, which are posted on the City's websites. The City successfully engaged a developer, entitled an underutilized site, and assisted with grant applications for an affordable senior housing project. A density bonus was approved for this site.</p> <p>Appropriateness: The City will continue this program to encourage development of vacant and underutilized sites for mixed-use/transit-oriented development neighborhoods.</p>	Continue

Housing Program	Accomplishments	Continue, Modify or Delete Program
<p>assist with the development of affordable housing projects with the use of redevelopment funds on these underutilized sites.</p> <ul style="list-style-type: none"> ▪ The City will also provide technical assistance with applying for additional funding to construct an affordable mixed-use project on an underutilized site. ▪ The City will provide flexibility in development standards on the construction of an affordable housing project on an underutilized site including but not limited to reduced setback requirements and reduced parking requirements on a case-by-case basis. 		
Policy h.1. Design a program with Monterey employers to pool resources to develop workforce housing.		
<p>Program h.1.1. Encourage workforce housing programs for major Monterey employers, utilizing land and other resources available to those employers that could be devoted to workforce housing. Develop a program where land costs are removed or reduced as a cost of housing. Provide both owner and renter housing with a requirement for permanent cost reductions. The City of Monterey will take the lead in creating this program.</p>	<p>Effectiveness/Progress: The City has conducted outreach for the inclusionary units targeted to the local workforce, and the condo conversions (inclusionary component) have been successful in assisting employees of the Defense Language School. Additionally, the Monterey Peninsula Hospital and the City of Monterey, as well as local restaurant workers, will develop a workforce housing program in conjunction with major employers at Ryan Ranch utilizing employer contributions and a variety of funding programs.</p> <p>Appropriateness: The City will continue to encourage workforce housing programs for major Monterey employers.</p>	Continue
<p>Program h.1.2. Encourage workforce housing programs by the City of Monterey for Monterey City employees.</p>	<p>Effectiveness/Progress: The City has not yet implemented this program and is still in the process of pursuing it.</p> <p>Appropriateness: The City plans to continue this program to encourage workforce housing programs for City employees.</p>	Continue
<p>Program h.1.3. Utilize zoning tools such as Planned Unit Developments and Planned Community Zoning to provide flexibility in</p>	<p>Effectiveness/Progress: The City rezoned the mixed-use areas of the downtown and North Fremont areas to Planned Community</p>	Continue

Housing Program	Accomplishments	Continue, Modify or Delete Program
designing infill housing on larger development sites.	<p>and adopted specific plans for both of these areas, allowing flexibility that encourages the development housing units together with commercial development.</p> <p>Appropriateness: The City plans to continue this program to provide flexibility in designing infill housing on larger development sites.</p>	
Policy i.1. Provide incentives to meet the City's unique housing needs in excess of the requirements in the inclusionary housing ordinance.		
<p>Program i.1.1. Continue to implement the City's mixed-use zoning concept that was created to provide incentives to construct housing units by offering water allocations, height variances, and parking exceptions to affordable housing projects.</p>	<p>Effectiveness/Progress: The City adopted specific plans for the downtown and North Fremont mixed-use areas. A draft specific plan is underway for the Lighthouse mixed use area. Though there is not water to allocate, the City has approved height and parking exceptions for affordable housing projects.</p> <p>Appropriateness: The City will continue to implement this program.</p>	Continue
<p>Program i.1.2. Continue to allow appropriate density bonuses in the City's commercial districts. Density bonuses in excess of 25% may be allowed for projects that exceed the City's inclusionary housing percentages or the state-mandated criteria for low-income, moderate-income, and special-needs housing. Projects which receive density bonuses shall maintain affordability for the life of the project.</p>	<p>Effectiveness/Progress: The City has a density bonus ordinance and also allows increased densities in the commercial districts when a design that is compatible with the surrounding neighborhood is achieved. The City's density bonus law needs to be amended consistent with state law.</p> <p>Appropriateness: The City will continue to allow appropriate density bonuses in the City's commercial districts.</p>	Continue
<p>Program i.1.3. Give preference in the City's water allocation process to projects meeting fair-share housing goals.</p>	<p>Effectiveness/Progress: The City allocated its remaining water to seven projects that include an affordable housing component during the planning period. No more water is available to allocate.</p> <p>Appropriateness: This program is modified to recognize that the allocation of new water is not expected, but if an allocations</p>	Modify

Housing Program	Accomplishments	Continue, Modify or Delete Program
	available, the City will give preference to affordable housing.	
Program i.1.4. Develop alternatives for long-term water supply both within and outside the framework of the Water Management District and the California American Water Company	<p>Effectiveness/Progress: The City continues to participate on an authority of mayors that are seeking a solution to the Peninsula's water supply shortage.</p> <p>Appropriateness: The City will continue to participate on this committee.</p>	Continue
Program i.1.5. The City is committed to ensuring that there is enough water allocation to meet the needs of all new residential units within the 2007-2014 RHNA period. California American Water (CalAm), submitted an application on September 24, 2004, to the California Public Utilities Commission to implement the Coastal Water Project (CWP). The CWP would supply 12,500 acre-feet of water per year for urban users on the Monterey Peninsula. Delivery of this water to the City of Monterey would be adequate to accommodate the City's additional water needs to fulfill its regional housing allocation. Construction of the Monterey pipeline is scheduled for 2011-2013. The City will continue to support the efforts of CalAm for this project.	<p>Effectiveness/Progress: The CWP failed to be implemented due to litigation. CalAm is now moving forward with the Monterey Peninsula Water Supply Project (MPWSP) consisting of slant intake wells, a desalination plant and related facilities. The project EIR has been completed and CPUC approval is expected in October 2016, prior to the December 2016 SWRCB CDO deadline. The City will continue its participation with the water authority and support the MPWSP.</p> <p>Appropriateness: Continue to support CalAm efforts towards supplying adequate water to fulfill the City's RHNA.</p>	Continue
Program i.1.6. The City will continue to explore alternatives other than density bonus allowed in state law (Section 65915) to meet affordable housing goals.	<p>Effectiveness/Progress: The City has been granting parking adjustments in effort to meet its affordable housing goals.</p> <p>Appropriateness: The City will continue to explore options to assist in the development of affordable housing.</p>	Continue
Policy I.2 Continue the City's Inclusionary Housing program to provide affordable housing throughout Monterey		
Program i.2.1. Continue to provide a minimum of 20 percent permanently affordable low- and moderate-income units for any project with six or more new housing units or for condominium conversion. Residential projects are encouraged to satisfy the requirement by providing a minimum of 20 percent inclusionary	Effectiveness/Progress: The City's Inclusionary Housing Ordinance applies to residential projects of six or more units and the City will continue to implement it. However, recent California court rulings have limited the application of the ordinance to ownership units only. The Inclusionary housing Ordinance does	Modify

Housing Program	Accomplishments	Continue, Modify or Delete Program
housing units on-site.	<p>not apply to apartment projects.</p> <p>Appropriateness: The City will continue to apply the Inclusionary Housing Ordinance to ownership projects. The City will explore means and methods to provide incentives to include inclusionary units in new apartment construction</p>	
<p>Program i.2.2. Investigate a community housing trust to meet the need for workforce housing and other housing needs.</p>	<p>Effectiveness/Progress: This concept has not yet been investigated.</p> <p>Appropriateness: This could be an effective means of adding new inclusionary units provided the communities large employers participate.</p>	Continue
Policy j.1. Implement state energy conservation standards.		
<p>Program j.1.1. The City will continue to implement its Green Building ordinance</p>	<p>Effectiveness/Progress: The City repealed its Green Building Ordinance and applies state Green Building requirements.</p> <p>Appropriateness: The City will implement state Green Building requirements.</p>	Delete
<p>Program j.1.2. To facilitate the implementation of green building features in new housing units, the City will consider amending its Green Building Ordinance to require that all new housing projects include green building features.</p>	<p>Effectiveness/Progress: This program has been superseded by State Law</p> <p>Appropriateness: No longer applicable</p>	Delete

B. Coastal Zone Housing

The City of Monterey is required to report on the number of affordable housing units in the City's coastal zone. This analysis must include:

- The number of housing units approved for construction after January 1, 1982;
- The number of units for persons and families of low and moderate income that have been required to be included in new housing developments within three miles of the coastal zone;
- The number of existing units occupied by low- or moderate-income residents; and
- The number of low- and moderate-income residential units that have been required for replacement or authorized for demolition or conversion.

The City's housing stock is located within three miles of its coastal zone. The City has 555 total affordable housing units. Of these units, 423 were constructed after 1982. These units provide housing for 154 low-income and 256 moderate-income households and 13 units for workforce housing. During the last planning period, no units were demolished.

C. General Plan Consistency

The City of Monterey completed a General Plan Update in 2004. The General Plan consists of the following elements: Urban Design, Conservation, Historic Preservation, Economic, Open Space, Social, Noise, Safety, and Public Facilities. The Safety Element was updated in 2009 to update FEMA flood maps and Very High Fire Hazard areas. These updates do not constrain the City's potential to construct new housing. Regarding SB 244, there are no disadvantaged communities within the City of Monterey that do not have access to water, wastewater, stormwater drainage, and structural fire protection services. The Land Use and Circulation Elements were updated in 2010 to address the new Specific Plan areas and Multi-Modal Mobility Plan projects that steer the city towards mitigating new traffic trips with improving pedestrian and bike routes. All elements were reviewed for internal consistency as they were prepared. The City will ensure ongoing consistency as amendments to various elements, including the Housing Element, are adopted.

D. Public Participation

Stakeholder Meetings

The City convened a Housing Element Citizen's Advisory Group in July 2015 to address issues relevant to the housing element update. Representatives included City Council members, Fund for Homeless Women, Gathering Place, Mid Pen Housing, City of Monterey staff, United Methodists, Coalition of Homeless Services Providers, Interim, Family Supportive Services, First Presbyterian Outreach, and Shelter Outreach Plus. The group met monthly and produced the following list of recommendations:

1. Increase Supply

The City, as a jobs-rich community and as a center for business, generates a considerable need for affordable workforce housing for tourism workers, teachers, firefighters, police, and other moderate-income essential workers.

2. Emergency Housing

According to the US Department of Housing and Urban Development's 2014 Annual Homeless Assessment Report, 42% of homeless individuals in the United States slept in unsheltered, public locations. In Monterey, over 90% of homeless individuals were unsheltered in the 2015 census.

3. Supportive Housing

Permanent supportive housing is the final step towards successfully housing the chronically homeless as well as disabled residents of the City.

4. Adaptive Reuse

The water moratorium creates an additional burden on the already challenging task of providing more desperately needed housing in the City. Repurposing existing properties that already have water available is a viable way to move projects forward more quickly.

5. Access to Market Rate Housing

Voucher programs for low and extremely low income families are available to assist them with obtaining housing on the open market. However, many Landlords will not accept vouchers and others find they can receive higher rent than the "Fair Market Rent" published by the Federal Government (which dictates voucher payments) if they rent to a non-voucher holder.

6. Preservation

Loss of deed restricted housing further erodes the City's ability to provide affordable housing to its vulnerable and low-income populations. Preservation of existing housing tends to be less expensive than replacing that housing with new units. Additionally, housing being used for vacation rentals effectively reduces the supply of housing available to full-time residents of the City.

7. Funding for Affordable Housing

Some amount of local funding as well as local land use policy-alignment is necessary in order to leverage state and federal funding for development of housing affordable to our low, very-low and extremely-low income residents.

Public Workshop

The City held a public workshop to solicit input from City residents on November 23, 2015, at 6:00 pm and 21 participants were in attendance. The format for this meeting was a presentation identifying some of the key findings from the City's Housing Needs Assessment and a group discussion on some of the City's needs in regard to housing. The following is a listing of the comments received.

Topics discussed included the following:

- Workforce Housing
- Inclusionary Housing
- Water
- Low Income, single-parent, disabled, elderly housing
- Sustainability/Energy efficiency
- New goals/policies/programs—State Law requirements
- Upcoming Schedule through May 2016

Q: What is the latest water project with California American Water (Cal-Am)? The City is committed to ensuring that there is enough water allocation to meet the needs of all new residential units within the 2015-2023 RHNA period. CalAm is moving forward with its Monterey Peninsula Water Supply Project (MPWSP) consisting of slant intake wells, a desalination plant and related facilities. The project EIR has been completed and CPUC approval is expected in October 2016, prior to the December 2016 SWRCB CDO deadline. Pipeline, slant well, and desalination plant construction is expected to be completed in 2019. The City will continue its participation with the water authority and support the MPWSP

Q: Will there be gray water systems for individual use and watering lawns? Where are these discussions happening? There may be environmental health department requirements and/or building code requirements.

Q: How many homes are in the city of Monterey? 4,360 owned and 7,824 rented.

Q: How many homeless live in Monterey? A recent CSUMB study indicated the homeless population to be 542.

Q: What is the City's plan for emergency housing and the city's ability to contribute? The City will provide zoning that permits emergency shelters. The Last Housing Element Update included a program to permit emergency shelters.

Q: What is the City doing about the need for warming shelters? Staff is meeting with Homeless Service Providers to speak about gaps in service and anything that the homeless population needs to have addressed in light of the upcoming El Niño. This process is separate from the Housing Element.

Q: What is definition for safe parking ordinance? The safe parking ordinance is similar to the One Starfish program, in that it provides a permitted place for overnight parking for people that stay in their vehicles.

Q: Has rent control ever been considered in the city? It has never been implemented.

Q: What was the percentage of inclusionary housing that has to be low income? 20% for projects of six or more units.

Q: What are the legal responsibilities of that housing? The City is accommodating State Law by providing sites for transitional housing, coordinating regionally, coordinating land use and transportation land uses, and implementing green building practices. The City has to show adequate sites for meeting its regional housing allocation.

Q: Have we ever had or discussed having permanent housing for homeless in Monterey? The City's a 5-year plan addressing providing affordable housing and services for the homeless population. There is a need to identify supplies and funding as well as support services.

Q: How are sites chosen? Is it spread out? Does it go to lower-priced areas in general? The housing will be spread out as much as possible. A good example is the recently approved Van Buren low-income senior housing project.

Q: Would it be possible to figure out how much it costs to make a hacienda for homeless if land was available? Yes. Nonprofit housing developers could help determine project costs and funding strategies.

There was discussion about increasing traffic with people living in Marina and Seaside and commuting to Monterey. There are about 800 students at MIIS and a big challenge is finding affordable housing for students and teachers. Increasing the quality of affordable housing is also important. There is no water for new development, so adaptive reuse is imperative. Looking at hotels that are not utilized would be important as well.

There was discussion about partnering with the employment community and providing an adequate supply of workforce housing. A member of the Monterey County Business Board asked what is being done by Monterey to address needs. The City has been speaking with MIIS, researching, brainstorming, and reaching out to employers to address the issue. The speaker strongly urged that the city build up in the commercial district in order to have a live/work City. He said he knows that it's a tourist industry. No one can afford to live in the areas they are currently working.

Planning Commission and City Council Public Meetings

Planning Commission Study Session

The first Planning Commission meeting was held on December 8, 2015. The format for the meeting was a presentation that included a summary from the stakeholder meeting and the public workshop, a summary of demographic information from the Housing Element Housing Needs Assessment, new legislation requirements as they pertain to the City, and a discussion on key Housing Element policies and programs. There were no public comments received at this meeting. After discussion the Planning Commission directed staff to submit the Preliminary Review Draft Housing Element to HCD for the 60-day preliminary review period.

Public Comment during the HCD 60-Day Review Period

During the 60-day HCD review period, the City will make the Preliminary Draft Housing Element available for public viewing at City offices and on the City's website.

Public Hearings

The City received comments on the Preliminary Draft Housing Element from HCD on February 8, 2016 and staff incorporated the necessary changes and submitted the Housing Element back to HCD for review.

Once the final requested HCD revisions were complete, staff made the revised Draft Housing Element available to the public, Planning Commission, and City Council. Public hearings were advertised and scheduled for Planning Commission recommendation and City Council adoption of the Draft Housing Element.

Planning Commission Hearing

The City held a Planning Commission Meeting on February 9, 2016 to consider additional policy based on comments received from the public. On February 23, 2016 the Planning Commission held a public hearing to review the revised Housing Element and to provide an opportunity for the general public to comment on the revised draft prior to adoption. There was one public comment received at this meeting in support of exploring the legalization of second units. The Planning Commission made a recommendation to the City Council to adopt the Housing Element.

City Council Hearings

Two more public hearings took place on March 15, 2016 and March 23, 2016 before the City Council to provide a final chance for public comment on the revised draft and to present the final draft to the City Council for adoption. There were 30 public comments received at this meeting. The City Council adopted the Housing Element.

E. Goals, Policies, and Programs Quantified Objectives Summary

Based on the goals, policies, and programs outlined in the Housing Element and findings from the Housing Needs Assessment, the following objectives represent a reasonable expectation of the maximum number of new housing units that will be developed, rehabilitated, or conserved and the number of households that will be assisted over the next eight years (**Table 1**). The City should be able to facilitate the construction of 493 new units and assist with the rehabilitation of 30 and preservation of 14 affordable housing units between 2015 and 2023.

Table 1
Quantified Objectives Summary (2014–2023)

Task	Income Level				
	Very Low	Low	Moderate	Above Moderate	Total
Fair Share Allocation	157 ¹	102	119	272	650
Building Permits Issued 2015		12 ¹	34 ¹	8 ²	54
Projects Entitled	19 ³	15 ³	7 ³	18 ³	59
New Construction Objectives	138	75	78	246	537
Rehabilitation	10	20	0	0	30
Preservation	0	0	14 ⁴	0	14
Total	128	55	64	246	493
<p><i>Source: Association of Monterey Bay Area Governments, 2014; City of Monterey, 2015</i></p> <p>¹ Includes 50% as Extremely Low Income</p> <p>² Mixed-Use Projects – Building Permits Issued (54 units):</p> <p>301 Alvarado (Cibo's), 22 rental units (12 studios, 8 × 1 bdrm, 2 × 2 bdrm)</p> <p>230 Lighthouse, 32 rental units (26 × 1 bdrm, 6 × 2 bdrm, including 2 deed restricted as moderate)</p> <p>³ 3 Single-family homes constructed or building permits issued (above moderate-income)</p> <p>⁴ Mixed-Use Projects Entitled (30 units)</p> <p>520 Fremont – 12 rental units (4 studios, 8×1 bdrm, including 1 deed restricted as low)</p> <p>449 Calle Principal – 18 rentals (18×2-bdrm)</p> <p>613-669 Van Buren – 19 rentals, very-low, seniors</p> <p>595 Munras – 10 studio units</p> <p>⁴ The City currently has 14 units “at risk” of converting to market rate (De La Vina Apartments).</p>					

II. BACKGROUND REPORT

A. Population Characteristics

Since 1910 and 1990, the City's population grew steadily, with large increases in 1910, 1930, and 1950. In 2000, the City experienced its first decline in population in over a century. The U.S. Census reported a population of 29,674 persons in 2000, representing a 7 percent decrease between 1990 and 2000. According to the Department of Finance estimates, Monterey's population in 2010 was 27,810, showing another 7+ percent decline since 2000 (**Table 2**).

Table 2
City of Monterey
Historical Population Trends

Year	Population	Number Change	% Change
1890	1,662	-	-
1900	1,748	86	5%
1910	4,928	3,180	182%
1920	5,479	551	11%
1930	9,141	3,662	67%
1940	10,084	943	10%
1950	16,205	6,121	61%
1960	22,618	6,413	40%
1970	26,302	3,684	16%
1980	27,558	1,256	5%
1990	31,954	4,396	16%
2000	29,674	-2,280	-7%
2010	27,810	-1,864	-6.2%

Source: U.S. Department of Commerce, Bureau of the Census, California Department of Finance, 2010

In comparison to the City's population loss in recent years, the County of Monterey is growing (**Table 3**). The majority of growth is occurring in the unincorporated county area and the communities along Highway 101 in the Salinas Valley. In contrast, most communities on the Monterey Peninsula are either experiencing population decreases or minimal growth.

Table 3
Monterey County and Various Cities
Population Growth

Area	1970	1980	1990	2000	2010
Carmel	4,525	4,707	4,239	4,081	3,722
Del Rey Oaks	1,823	1,557	1,661	1,650	1,624
Gonzales	2,575	2,891	4,660	7,525	8,187
Greenfield	2,608	4,181	7,464	12,583	16,330
King City	3,717	5,495	7,634	11,094	12,901
Marina	Not incorporated	20,647	26,436	21,014	19,718
Monterey	26,302	27,558	31,954	29,674	27,810
Pacific Grove	13,505	15,755	16,117	15,522	15,081
Salinas	58,896	80,479	108,777	143,776	150,781
Sand City	212	182	192	261	334
Seaside	36,883	36,567	38,901	31,696	33,025
Soledad	4,222	5,928	7,146	11,263	25,738
Monterey County	247,450	290,444	355,660	401,762	416,342
<i>Source: U.S. Department of Commerce, Bureau of the Census, 1970, 1980, 1990 2000 Census Reports; California Department of Finance, 2010</i>					

Age Distribution

A community's age distribution can identify special housing and social service needs that may go unmet if not identified. For example, a community with a growing elderly population may need to provide smaller housing units with accessibility features. Communities with large numbers of school-age children may need to focus on family housing and support services, such as day care.

Monterey is generally shifting toward a more mature population when comparing 2000 and 2010 Census data (**Table 4**). The most significant increases in age cohorts were witnessed in the 55-64 year range. Conversely, declines were experienced in the majority of age cohorts less than 44 years. The reason for these shifts can be attributed to many factors, but there are likely three main factors at play:

- The 55-64 age group is part of the cohort of post-World War II baby boom households, which is large in itself and whose members tend to have the income to locate in a desirable area like Monterey.
- Navy housing has traditionally served families with children, and the demolition of 277 units in La Mesa Village has eliminated housing available to families with children.

- The above-75 age group most likely represents households that have lived in Monterey for many years and own houses, have long tenure in apartment units, or live in retirement housing.

The age distribution indicates that families with children are not finding housing in Monterey. This is most likely the result of rising housing costs, the lack of affordable housing for families, the lack of three-bedroom rentals (due to the fact that a large percentage of Monterey's rental housing stock was built for single soldiers), and the number of households that have remained in family housing after their children have left home.

Table 4
City of Monterey
Analysis of Age Groups

Age Group	2000	2010	Percentage Change
Under 5	1,477	1,423	-3%
5-9	1,421	1,162	-12%
10-14	1,263	1,009	-20%
15-19	1,961	1,672	-15%
20-24	2,695	2,841	-17%
25-34	5,382	5,023	-7%
35-44	4,638	3,451	-25%
45-54	4,031	3,457	-14%
55-64	2,396	3,475	31%
65-74	1,974	1,992	1%
75-84	1,699	1,370	19%
85+	737	935	21%
Total	29,674	27,810	-7.5%
Median Age	36.1	36.9	

Source: U.S. Department of Commerce, Bureau of the Census, 2000 and 2010 Census Reports

Race/Ethnicity

The majority of Monterey's residents are white (**Table 5**). Other racial groups comprise a small portion of the City's population and have remained relatively constant in number in the past decade. Over 1,000 persons reported that they were of two races.

Table 5
City of Monterey
Race Characteristics

	2000	2010
White	23,985	21,788
Black	749	777
American Indian	170	149
Asian	2,205	2,204
Native Hawaiian & Other Pacific Islander	86	91
Some Other Race	1,159	1,382
Two or more Races	1,320	1,419
Total	29,674	27,810
<i>Source: U.S. Department of Commerce, Bureau of the Census, 2000 & 2010 Reports</i>		

B. Household Characteristics

Household Type

The 2010 Census reports 12,184 households live in the City of Monterey, which is approximately a 3 percent decrease since 2000 (**Table 6**). There are two predominant types of households as defined by the Census: family and non-family households. The Census defines a family household as a household with one or more people living in the same household who are related by birth, marriage, or adoption. A non-family household is defined as persons living alone or with non-relatives.

There are 5,963 family households in Monterey, of which 4,690 are married families, 902 are single-mother households, and the remaining 371 are other types of households. Thirty eight percent of the married families and 45 percent of the single-mother households have their own children who are under the age of 18.

Over half of the City's households are categorized as non-family households by the Census. The majority of the non-family households are single persons living alone, and they account for approximately 77 percent of the non-family households. In general, these households fall into two groups: individual students and older households.

Table 6
City of Monterey Household Characteristics

	2000	2010	Percentage Change
Family Households	6,478	5,963	-8%
Non-Family Households	6,122	6,221	1.5%
Total Households	12,600	12,184	-3%
<i>Source: U.S. Department of Commerce, Bureau of the Census, 2000 & 2010 Census Reports</i>			

Household Size

Household size is an indicator of overcrowding. A city's household size will increase over time if there is a trend toward larger families. In communities where the population is aging, the average household size is likely to decline.

The average household size in Monterey was 2.13 persons in 2000. The 2010 Census indicates that household size has slightly decreased to 2.08 persons. The slight decrease in household size is reflective of the City's aging population and the decrease in family households in the City. In comparison, household size in Monterey is similar to most Monterey Peninsula cities (Carmel, Pacific Grove, Sand City, Marina, Del Rey Oaks), with the exception of Seaside. The inland communities along Highway 101 tend to have larger household sizes, ranging from 3.66 persons in Salinas to 4.71 persons in Greenfield (**Table 7**).

Table 7
Monterey County and Various Cities
Household Size

City/ County	2000	2010
Carmel	1.79	1.78
Del Rey Oaks	2.34	2.32
Gonzales	4.42	4.29
Greenfield	4.75	4.71
King City	4.03	4.26
Marina	2.79	2.75
Monterey	2.13	2.08
Pacific Grove	2.10	2.09
Salinas	3.66	3.66
Sand City	2.46	2.27
Seaside	3.21	3.16
Soledad	4.54	4.27
Monterey County	3.14	3.2
<i>Source: U.S. Department of Commerce, Bureau of the Census, 2000 & 2010 Reports</i>		

Owner and Renter Households

Information about renter- and owner-occupied households can indicate a need for a certain type of housing. The 2010 Census reported that the City of Monterey has a total of 12,184 households, of which 4,360 are owner-occupied and 7,824 are renter-occupied (**Table 8**). In comparison, most jurisdictions in Monterey County had a smaller percentage of renter households as compared to owner households.

Table 8
Monterey County and Various Cities
2010 Renter/Owner Occupancy

City/County	Owner Households		Renter Households	
	Number	Percentage	Number	Percentage
Carmel	1,303	57%	982	43%
Del Rey Oaks	539	77%	165	23%
Gonzales	991	58%	704	42%
Greenfield	1,569	59%	1,074	41%
King City	1,410	52%	1,326	48%
Marina	3,088	46%	3,657	54%
Monterey	4,360	36%	7,824	64%
Pacific Grove	3,607	49%	3,709	51%
Salinas	19,206	50%	19,092	50%
Sand City	29	36%	51	64%
Seaside	4,323	44%	5,510	56%
Soledad	1,535	62%	937	38%
Monterey County	66,213	55%	55,023	45%
<i>Source: U.S. Department of Commerce, Bureau of the Census, 2010 Report</i>				

Overcrowding

Overcrowding is an important indicator that housing is not meeting the needs of the population. When available housing is insufficient for households' needs in terms of cost and size, families will sometimes double up to save on housing costs. The Census defines overcrowded housing as units with more than one person per room, excluding kitchens, bathrooms, hallways, and porches.

The number of overcrowded housing units has increased slightly since 2000 (**Table 9**). Approximately three percent of all Monterey housing units (370) are overcrowded compared to six percent statewide. Renter-occupied units are far more likely to be

overcrowded than owner-occupied units (302 renter-occupied to 68 owner-occupied in Monterey).

Table 9
Tenure by Occupants per Room

	Monterey	
	Number	Percentage
Owner Occupied		
1.01 to 1.5 occupants per room	68	1%
1.51 to 2.00 occupants per room	0	0%
2.01 or more occupants per room	0	0%
Subtotal	68	1%
Renter Occupied		
1.01 to 1.5 occupants per room	272	3%
1.51 to 2.00 occupants per room	30	<1%
2.01 or more occupants per room	0	0%
Subtotal	302	3%
Total Overcrowded Households	370	3%
<i>Source: U.S. Department of Commerce, Bureau of Census, 2013 American Community Survey</i> <i>City of Monterey Total Owner Households 4,446; Renter Households 8,549</i>		

C. Employment

In 2002, the City of Monterey requested a study to determine the residence locations of employees working for large employers in the City. Based on the estimate of 35,312 jobs in Monterey area zip codes in the Dunn and Bradstreet report of 2002, it is safe to assume that the study addresses approximately 20 to 30 percent of the jobs in the City of Monterey. The survey identified ten major employers: the City of Monterey, the Community Hospital of Monterey Peninsula, Monterey Peninsula College, the Monterey Bay Aquarium, the Monterey Peninsula Unified School District, McGraw Hill, the Monterey Institute of International Studies, the Naval Postgraduate School, the Defense Language Institute, and the Monterey County Herald.

Of the 8,913 employees employed by the ten employers, the Monterey Peninsula Unified School District and the Community Hospital of Monterey Peninsula each employed 23 percent, 14 percent were from the Defense Language Institute, 12 percent were from the Naval Postgraduate School, 8 percent were from McGraw Hill, 6 percent were from Monterey Peninsula College, the Monterey Bay Aquarium and the City of Monterey each employed 5 percent, and the Monterey Institute of International Studies and the Monterey County Herald employed 2 percent each.

Although these 8,913 employees were employed in the City of Monterey, 76 percent lived on the Peninsula, 14 percent lived in Salinas, and 3 percent lived in South and North County.

According to the 2013 American Community Survey, 15,646 employed persons over the age of 16 years lived in the City of Monterey. The majority of these residents were employed in the education, health, and social services sector or the arts, entertainment, recreation, accommodation, and food services sector. Notably, the City also had approximately 1,696 persons in the armed forces employed in Monterey in 2013, which represented 11 percent of the City's working age population.

D. Household 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 the income of a household decreases, the incidence of housing cost burdening and overcrowding increases.

For the purpose of evaluating current (2015) 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 area median income for a household of four in 2015 was \$68,700.

HCD has defined the following income categories for Monterey County, based on the median income for a household of four persons:

- Extremely low income: 30 percent and below (\$0 to \$24,250)
- Very low income: 31 to 50 percent of median income (\$24,251 to \$36,250)
- Low income: 51 to 80 percent of median income (\$36,250 to \$58,000)
- Moderate income: 81 to 120 percent of median income (\$58,000 to \$82,450)
- Above moderate income: 120 percent or more of median income (above \$82,450)

In addition, the City has established the following income limits for workforce housing:

- Workforce Level I: 120 to 150 percent of the median income (\$82,450 to \$103,050)
- Workforce Level II: 150 to 170 percent of the median income (\$103,051 to \$116,790)

Table 10 shows Monterey County's maximum annual income level for each income group adjusted by household size. This data is used when determining a household's eligibility for federal, state, or local housing assistance and when calculating the maximum affordable housing payment for renters and buyers.

Table 10
Monterey County
Maximum Household Income Level by Household Size

Household Size	Maximum Income Level				
	Extremely Low	Very Low	Low	Median	Moderate
1 person	\$15,250	\$25,400	\$40,600	\$48,100	\$57,700
2 persons	\$17,400	\$29,000	\$46,400	\$54,950	\$65,950
3 persons	\$20,090	\$32,650	\$52,200	\$61,850	\$74,200
4 persons	\$24,250	\$36,250	\$58,000	\$68,700	\$82,450
5 persons	\$28,410	\$39,150	\$62,650	\$74,200	\$89,050
6 persons	\$32,570	\$42,050	\$67,300	\$79,700	\$95,650
7 persons	\$36,730	\$44,950	\$71,950	\$85,200	\$102,250
8 persons	\$40,890	\$47,850	\$76,600	\$90,700	\$108,850
<i>Source: Department of Housing and Community Development, Income Limits 2015</i>					

According to the Census, median income in the City of Monterey was \$63,958 in 2013. By comparison, in 2013 median income was \$59,168 in Monterey County and \$61,094 in the State of California. The percentage of households earning various incomes in 2013 is shown in **Table 11**.

Table 11
City of Monterey
Household Income, 2013

Income Range	Number of Households	Percentage
Less than \$15,000	1,428	11%
\$15,000-\$24,999	1,286	8%
\$25,000-\$34,999	1,084	11%
\$35,000-\$49,999	1,405	11%
\$50,000-\$74,999	2,337	18%
\$75,000-\$99,999	2,035	16%
\$100,000 or more	3,420	25%
Total	12,995	100%
City Median Household Income: \$63,958		
Monterey County Median Household Income: \$59,168		
<i>Source: 2013 Department of Finance</i>		

Housing Costs Compared to Ability to Pay

The following section discusses 2010 income levels and ability to pay for housing as compared to housing costs. Housing is classified as “affordable” if households do not pay more than 30 percent of their income for payment of rent (including monthly allowance for water, gas, and electricity) or monthly mortgage (including property taxes and insurance). Since above moderate-income households do not generally have problems locating affordable units, these units are frequently defined as those reasonably priced for households that are low- to moderate-income.

Table 12 shows the 2010 income limits for very low-, low-, and moderate-income households in Monterey County by the number of persons in the household. It also shows maximum affordable monthly rents and maximum affordable purchase prices for homes. For example, a four-person household classified as low-income with an annual income of up to \$58,000 could afford to pay a monthly gross rent (including utilities) of up to \$1,450 or to purchase a house priced at up to \$359,000.

Table 12
Housing Affordability by Income Level

Extremely Low Income (Households at 30% of 2015 Median Income)						
Household Size	1	2	3	4	5	6
Annual Income	\$15,250	\$17,400	\$20,090	\$24,250	\$28,410	\$32,570
Max. Monthly Gross Rent ¹	\$381	\$435	\$502	\$606	\$710	\$814
Max. Purchase Price ²	\$95,000	\$108,000	\$125,000	\$150,000	\$176,000	\$202,000
Very Low Income (Households at 50% of 2015 Median Income)						
Household Size	1	2	3	4	5	6
Annual Income	\$25,400	\$29,000	\$32,650	\$36,250	\$39,150	\$42,050
Max. Monthly Gross Rent ¹	\$635	\$725	\$816	\$906	\$978	\$1,051
Max. Purchase Price ²	\$157,000	\$180,000	\$202,000	\$225,000	\$242,000	\$260,000
Low Income (Households at 80% of 2015 Median Income)						
Household Size	1	2	3	4	5	6
Annual Income	\$40,600	\$46,400	\$52,200	\$58,000	\$62,650	\$67,300
Max. Monthly Gross Rent ¹	\$1,015	\$1,160	\$1,305	\$1,450	\$1,566	\$1,682
Max. Purchase Price ²	\$252,000	\$287,000	\$323,000	\$359,000	\$388,000	\$416,000
Moderate Income (Households at 120% of 2015 Median Income)						
Household Size	1	2	3	4	5	6
Annual Income	\$57,700	\$65,950	\$74,200	\$82,450	\$89,050	\$95,650
Max. Monthly Gross Rent ¹	\$1,443	\$1,649	\$1,855	\$2,061	\$2,226	\$2,391
Max. Purchase Price ²	\$357,000	\$408,000	\$459,000	\$510,000	\$551,000	\$590,000
<p><i>Source: California Department of Housing and Community Development, Official State Income Limits for 2015 and http://www.realtytrac.com/vcapps/financial_calculators.asp</i></p> <p><i>Notes:</i></p> <p>¹ Assumes that 30% of income is available for monthly rent, including utilities.</p> <p>² Assumes that 30% of income is available for mortgage payment, 20% down, taxes, mortgage insurance, homeowners insurance; at 3.75%, 30 year term fixed mortgage.</p>						

Housing Affordability

Table 13 provides a summary of Monterey households that overpay for housing as a percentage of household income. A household that pays more than 30 percent of its gross monthly income on rent or a mortgage payment is overpaying for housing. Thirty-seven percent of Monterey households currently overpay for housing. About 50 percent of all renter-occupied households overpaid for housing in 2013, which was higher than the percentage of owner-occupied households (37 percent) overpaying for housing.

According to the 2012 Comprehensive Housing Affordability Strategy (CHAS) data, it is estimated that of the 8,822 renter-occupied households, 930 households fall into the extremely low-income category and of the 5,696 owner-occupied households, 230 households fall into the extremely low-income category. There were approximately 1,160 extremely low-income households in the City of Monterey in 2012.

Table 13
Selected Monthly Costs as a Percentage of Household Income

Income Range	Total Households	% of Households Overpaying	Paying 30%+ of Household Income
Renter Occupied			
\$0-\$20,000	1,163	92%	1,078
\$20,001-\$34,999	1,329	93%	1,234
\$35,000-\$49,999	1,135	76%	861
\$50,000-\$74,999	1,901	39%	743
\$75,000+	2,915	16%	475
Subtotal	8,822	50%	4,391
Owner Occupied			
\$0-\$20,000	460	74%	339
\$20,001-\$34,999	669	64%	440
\$35,000-\$49,999	334	64%	213
\$50,000-\$74,999	702	46%	323
\$75,000+	3,503	22%	775
Subtotal	5,696	37%	2,090
Total Households (Occupied Units)	14,518	45%	6,481
<i>Source: 2013 American Community Survey</i>			

E. Special Needs Groups

The Housing Element identifies certain special needs groups that may have more difficulty finding decent affordable housing. In Monterey, these special needs groups are the elderly, disabled persons, female-headed households, homeless persons, students, and large families. The City has determined it does not have a significant enough farmworker population to warrant a consideration as a special needs group. **Table 14** shows the population in each of the special needs categories.

Table 14
City of Monterey
Special Needs Households

Special Needs Households	Number	Percentage of Population
Elderly Persons (Persons over 65)	1798 owners 1075 renters	10%
Disabled Persons (Developmental):	0-17 yrs: 51 18+ yrs: 66 ¹	.04%
Female-Headed Households	902	3%
Female-Headed Households with Children	460	2%
Male-Headed Households	593	2%
Male-Headed Households with Children	311	1%
Homeless (Persons) ¹	542 ²	1%
Students	7,302	26%
Farmworkers	157	1%
Large-Family Households	648	2%
<i>Source: U. S. Department of Commerce, Bureau of the Census, 2013</i> <i>Notes:</i> ¹ San Andreas Regional Center in Salinas, 2016 ² Applied Survey Research (2015 Monterey County Homeless Census)		

Elderly

Analysis of the housing needs of the elderly is important for three reasons: (1) many elderly have fixed and limited incomes, (2) many elderly persons are “over-housed” (living alone in a three- or four-bedroom house), and (3) because some elderly have mobility and health problems, these needs can create special housing requirements.

In the City of Monterey, the elderly (persons over 65) constituted 15 percent (4,297 persons) of the City's population in 2013. The number of elderly households made up 23 percent (2,963 households) of the total households in 2013.

Disabled Persons

According to Section 4512 of the Welfare and Institutions Code a "Developmental disability" means a disability that originates before an individual attains age 18 years, continues, or can be expected to continue, indefinitely, and constitutes a substantial disability for that individual which includes mental retardation, cerebral palsy, epilepsy, and autism. This term shall also include disabling conditions found to be closely related to mental retardation or to require treatment similar to that required for individuals with mental retardation, but shall not include other handicapping conditions that are solely physical in nature.

Many developmentally disabled persons can live and work independently within a conventional housing environment. More severely disabled individuals require a group living environment where supervision is provided. The most severely affected individuals may require an institutional environment where medical attention and physical therapy are provided. Because developmental disabilities exist before adulthood, the first issue in supportive housing for the developmentally disabled is the transition from the person's living situation as a child to an appropriate level of independence as an adult.

The State Department of Developmental Services (DDS) currently provides community based services to approximately 243,000 persons with developmental disabilities and their families through a statewide system of 21 regional centers, four developmental centers, and two community-based facilities. The San Andreas Regional Center in Salinas is one of 21 regional centers in the State of California that provides point of entry to services for people with developmental disabilities. The center is a private, non-profit community agency that contracts with local businesses to offer a wide range of services to individuals with developmental disabilities and their families.

The following information from the San Andreas Regional Center, charged by the State of California with the care of people with developmental disabilities, defined as those with severe, life-long disabilities attributable to mental and/or physical impairments provides a closer look at the disabled population.

There are a number of housing types appropriate for people living with a development disability: rent subsidized homes, licensed and unlicensed single-family homes, inclusionary housing, Section 8 vouchers, special programs for home purchase, HUD housing, and SB 962 homes. The design of housing-accessibility modifications, the proximity to services and transit, and the availability of group living opportunities represent some of the types of considerations that are important in serving this need group. Approximately 8.5 percent of the City's affordable housing units are reserved for seniors and disabled persons. Incorporating 'barrier-free' design in all, new multifamily housing (as required by California and Federal Fair Housing laws) is especially important to provide the widest range of choices for disabled residents. Special consideration should also be given to the affordability of housing, as people with disabilities may be living on a fixed income.

Disabled persons summary In order to assist in the housing needs for persons with Developmental Disabilities, the City will implement programs to coordinate housing activities and outreach with the Regional Center and, encourage housing providers to designate a portion of new affordable housing developments for persons with disabilities, especially persons with developmental disabilities, and pursue funding sources designated for persons with special needs and disabilities. Programs f.1.7-9 address the needs of the disabled in Monterey.

Single-Headed Households

Single-parent households require special consideration and assistance because of their greater need for day care, health care, and other support services. Single-parent headed households, female- headed in particular, tend to have lower incomes, thus limiting housing availability. In 2013, there were 902 female-headed households, of which 460 had children. In addition, there were 593 male-headed households, of which 311 had children.

Large-Family Households

Large households require housing units with more bedrooms than housing units needed by smaller households. In general, housing for these households should provide safe outdoor play areas for children and should be located to provide convenient access to schools and childcare facilities. These types of needs can pose problems, particularly for large families that cannot afford to buy or rent single-family houses, as apartment and condominium units are most often developed with childless, smaller households in mind.

Large families are recognized as a group with special housing needs based on the limited availability of adequately sized affordable housing units.

The 2000 Census reported 648 households with five or more members in Monterey, representing approximately 5 percent of the City's total households. In 2010, the Census reported 587 households with five or members, representing slightly less than 5 percent of the City's total households.

An important indicator of housing availability and affordability is based on how many renter-occupied households are overcrowded, in comparison to owner-occupied households. The 2010 Census reports 197 large-family households are homeowners and 390 large-family households are renters. Program a.1.1. states the City will encourage development of housing types that provide large family ownership opportunities.

Homeless

Homeless individuals and families have perhaps the most immediate housing need of any special needs group. They also have one of the most difficult sets of housing needs to meet, due to both the diversity and complexity of the factors that lead to

homelessness and to community opposition to the siting of housing that serves homeless clients.

In 2015, a homeless count for Monterey County was completed by Applied Survey Research. The data collected indicated a decrease in homelessness in Monterey County from a 2011 peak of 2,590 to 2,308 in 2015. Of the 2,308 population, 71% were unsheltered (30% on the street, 2% in abandoned buildings, 24% in cars/vans/RV's, and 14% in encampment areas), and 29% were sheltered (21% in emergency shelters and 9% in transitional housing). Monterey's homeless population was 542 (32 sheltered and 510 unsheltered). Program f.1.7 states the City will amend the Zoning Ordinance to allow emergency shelters as a permitted use in a newly created overlay zone along Del Monte Avenue east of the Naval Postgraduate School, which has vacant and underutilized parcels and is close to transit corridors and close to services. The City will create this overlay zone with specific development standards for emergency shelters.

Table 15 provides a list of facilities and services available in Monterey County for the homeless and persons threatened with homelessness.

**Table 15
Monterey County Homeless Services**

Facility Type	Capacity (number of beds)
EMERGENCY SHELTERS	
The Salvation Army	30
Victory Mission	52
Shelter Outreach Plus	92
YWCA	17
Interim, Inc.	15
Franciscan Workers	16
Total	222
TRANSITIONAL HOUSING (18 Months – 2 Years)	
Interim, Inc.	80
Pueblo del Mar – Monterey County Housing Authority	216
The Salvation Army	54
Shelter Outreach Plus	168
Sun Street Centers	105
Community Human Services	42
Veterans Transition Center	94
Total	759
HOMELESS PREVENTION AND INTERVENTION	

Facility Type	Capacity (number of beds)
Housing Resource Center	-
Legal Services for Seniors	-
Legal Aid	-
Catholic Charities	-
Monterey County Department of Social Services	-
Salvation Army	-
<i>Source: Coalition of Homeless Services</i>	

Farmworkers

The special housing needs of many agricultural workers stem from their low wages and the insecure nature of their employment. The urban nature of Monterey and surrounding communities accounts for the City's small farmworker population. The 2000 estimate for Monterey's farmworker population was 178 persons, less than 1 percent of the City's total population. The 2010 Census estimated that there were only 157 persons that worked in agricultural, fishing, forestry, hunting, and/or mining. The demand for housing generated by farmworkers in Monterey is thus estimated to be nominal and can be addressed through overall programs for affordability, such as SROs and Residential Care Facility, Limited, both of which are allowed by right.

In addition, the Housing Authority of Monterey County operates Migrant and Permanent Farm Labor units for a total of 215 housing units for this targeted population. The Housing Authority recently completed a project that rehabilitated a blighted property in central Salinas. The property consists of 44 units for single farmworkers. Though there is not a significant need for farmworker housing in the City of Monterey, the City of Monterey will support regional efforts to ensure that this need is met at a regional level.

The City's zoning, development standards and permitting processes currently comply with Health and Safety Code Sections 17021.5 and 17021.6. Section 17021.5, which generally require employee housing for six or fewer persons to be treated as a single-family structure and residential use. No conditional use permit, zoning variance, or other zoning clearance is required for this type of employee housing.

Section 17021.6, which generally requires employee housing consisting of not more than 36 beds in group quarters or 12 units or less designed for use by a single family or household to be treated as an agricultural use, does not apply to the City of Monterey because there are no agricultural zoning districts or agricultural lands.

Students

The City of Monterey has a sizeable student population. It is unique in that a substantial portion of these students are associated with the military. With the exception of the Monterey College of Law, which is no longer located within city limits, Monterey has four advanced education institutions (**Table 16**).

Table 16
City of Monterey
Inventory of Advanced Education Institutions

Education Institution	Number of Students
U.S. Naval Post Graduate School (a)	1,500
U.S. Army Defense Language Institute (b)	3,500
Monterey Institute of International Studies (c)	725
Monterey Peninsula College (Monterey and Marina Campuses) (d)	9,674
Total	12,351
<i>Sources::</i> a. <i>Naval Post Graduate School website, 2015</i> b. <i>U.S. Army Defense Language Institute, 2015</i> c. <i>Monterey Institute of International Studies, website, 2014 enrollment</i> d. <i>Monterey Peninsula College website, 2015</i>	

For students attending the Naval Post Graduate School and Army Defense Language Institute (DLI), the military provides a basic allowance for housing to live either on or off base. As of January 2009, the DLI provides basic allowance for housing. Juniors, not married, are required to live in dorms. Otherwise, the basic allowance is between \$1,926 and \$3,600 a month for off-base housing depending on a student's rank and whether or not they have dependents.

On-base housing is provided for both families and single persons. Family housing is provided at La Mesa Village in the City of Monterey, at the Ord Military Community located between the cities of Marina and Seaside, and at the Presidio of Monterey, which is located adjacent to Monterey's downtown. Housing for single persons is located on the Naval Post Graduate School campus in downtown Monterey and at the Presidio.

Military

There are three military residential communities in the Monterey Peninsula area that are managed through the Monterey Bay Military Housing partnership, which combines the strengths of both the public and private sectors. The Defense Language Institute is in the process of adopting a master plan and the City has provided its comments on the location of the housing. The City does not expect additional future opportunities to consult with the military on the construction of future housing.

Beginning in 2003, the U.S. Army, the U.S. Navy, and the Clark Pinnacle Family Communities LLC, a private company, combined forces and began the Parks at Monterey Bay. The Parks at Monterey Bay comprises of more than 2,900 military housing units that make up the neighborhoods at La Mesa Village, the Presidio of Monterey, the Naval Postgraduate School in Monterey, and the Ord Military Community in Seaside. The Parks at Monterey Bay works closely with the military commands through their Residential Communities Office, which acts as the liaison between the

private companies and the military. Currently, approximately 500 units are not required for military and therefore are occupied by civilians. These “waterfall units” rent for \$1,500 – 2,900/month.

La Mesa Village

La Mesa Village houses military personnel with E-7 through E-9, 01-03, and 04-06 ranking. The village is made up of two-, three-, and four-bedroom single-family homes. La Mesa contains sections which are reserved for foreign military service officers and at times has capacity to meet the unaccompanied housing personnel demand.

Presidio of Monterey

Housing at the Presidio is limited and made available to enlisted service personnel and officers. Apartments and single-family homes are available and range in size from two to four bedrooms. Unit availability and command requirements dictate personnel placement in homes at the Presidio.

Naval Postgraduate School (NPS)

Housing at the NPS campus is very limited. The four single-family homes located at the NPS are reserved for key and essential staff as well as the school’s executive staff.

Ord Military Community

The Ord Military Community is located outside of the City of Monterey, in the City of Seaside. Housing is available for both enlisted personnel and officers. Duplexes and single-family homes are available with two, three, and four bedrooms.

F. Housing Characteristics

Housing Units

The City of Monterey is the second largest city in Monterey County, with 13,680 housing units (**Table 17**). The largest city is Salinas, which has 42,268 housing units and is more than three times larger than Monterey. Between 1990 and 2000, Monterey’s housing stock decreased, partly because of the loss of housing units in the City’s military base (La Mesa). Between 2000 and 2010, housing in the City increased by 298 units.

Table 17
Monterey County and Various Cities
Analysis of Housing Trends

	Housing Units 1990	Housing Units 2000	Housing Units 2010	Growth 1990–2000	Growth 2000–2010
Carmel	3,324	3,334	3,363	10	29
Del Rey Oaks	733	727	727	-6	0
Gonzales	1,222	1,724	2,023	502	299
Greenfield	1,926	2,726	3,764	800	1038
King City	2,444	2,822	3,009	378	187
Marina	8,261	8,537	8,709	276	172
Monterey	13,497	13,382	13,680	-115	298
Pacific Grove	7,916	8,032	8,108	116	76
Salinas	34,577	39,659	42,268	5,082	2609
Sand City	86	87	138	1	51
Seaside	11,238	11,005	11,257	-233	252
Soledad	1,650	2,534	3,810	884	1276
Total City Housing Units	86,874	94,569	100,725	7,695	6156
Monterey County	121,224	131,708	140,296	10,484	8588
<i>Source: 1990, 2000, 2010 US Census</i>					

Housing Type

The City's housing stock comprises an almost equal number of single-family and multi-family housing units. As the table below shows, the percentage of multi-family housing units has steadily increased since 1950, while single-family residences have declined. This split between multi-family and single-family housing is unique to any jurisdiction in Monterey County (**Tables 18 and 19**).

Table 18
City of Monterey
Historical Analysis of Housing Unit Mix

	1950	1960	1970	1980	1990	2000	2010
Detached Single-Family	3,708	5,208	5,594	5,088	5,653	5,911	6,510
Attached Single-Family				950	1,095	916	843
Multi-Family*	1,452	2,297	3,827	6,058	6,749	6,593	7,018
Total Housing Units	5,160	7,505	9,421	12,096	13,497	13,420	14,371
SF/ MF Mix	71%/ 29%	69%/ 31%	59%/ 41%	50%/ 50%	50%/ 50%	49%/ 51%	51%/ 49%
<i>Source: U. S. Department of Commerce, Bureau of the Census, 1950-2000 Reports; American Community Survey, 2013</i> <i>* Condominiums are included under the multi-family count</i>							

Table 19
Monterey County and Surrounding Cities
Comparison of Single-Family to Multi-Family Housing Stock, 2013

City/County	Single-Family Detached*	Single-Family Attached	Multi-Family	Total Units	Percentage Single-Family	Percentage Multi-Family
Carmel	2,925	133	595	3,520	83%	17%
Del Rey Oaks	583	26	115	724	84%	16%
Gonzales	1,423	0	512	1,935	74%	26%
Greenfield	2,838	143	651	3,632	82%	18%
King City	2,838	143	651	3,632	76%	24%
Marina	3,630	543	3,269	7,442	56%	44%
Monterey	6,510	843	7,018	14,371	51%	49%
Pacific Grove	5,253	448	2,541	8,242	69%	31%
Salinas	23,407	2,716	19,294	42,701	55%	45%
Sand City	60	5	75	140	47%	53%
Seaside	7,064	1,081	2,833	10,978	74%	26%
Soledad	3,153	110	960	4,223	77%	23%
Monterey County	88,210	8,600	42,516	139,326	70%	30%
<i>Source: U.S. Census Bureau, 2009-2013 5-Year American Community Survey</i> <i>* The single-family detached number includes mobile homes</i>						

Vacancy Rate

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

According to the Source: U.S. Census Bureau, 2009-2013 5-Year American Community Survey, the homeowner vacancy rate was 2.2 percent and the renter vacancy rate was 3.2 percent. The rental vacancy rate of 3.2 percent is slightly lower than a healthy rate of 5 percent which indicates that housing prices are higher than people can afford (somewhat typical for an affluent coastal community), thus occupying more rental housing. Since the owner vacancy rate of 2.2 percent is higher than the healthy rate of 2 percent, it also indicates people were unable to purchase homes in the area. In addition, the vacancy rate may also be due to the higher number of vacation homes.

Age and Housing Stock Condition

Based on projections from the City's last Housing Element and conversations with staff in the City's Building Division, it is estimated that as of 2015, the City had approximately 880 units with serious deterioration, 2,140 units were clearly declining, and 4,830 units had deferred maintenance. There are two primary contributors to deterioration: age of housing stock and the number of long-term homeowners who have difficulty affording maintenance and repairs. An estimated 46 percent of the City's housing is over 45 years old. The accepted standard for major rehabilitation is after 50 years. Therefore, an estimated 6,654 housing units may require rehabilitation by 2023.

Table 20
City of Monterey
Age of Housing Stock

Year Built	Number of Units	Percentage of Total
1939 or earlier	1,626	11%
1940-1959	3,625	25%
1960-1969	2,466	17%
1970-1979	3,117	22%
1980-1989	1,757	12%
1990-1999	934	6%
2000-2009	846	6%
Total	14,371	100%
<i>Source: U.S. Department of Commerce, Bureau of the Census, 2000 Census Report; American Community Survey, 2013</i>		

In 1986, the City conducted a door-to-door housing conditions survey of single-family homes. This survey revealed that over 22 percent of the City's single-family housing stock exhibited "more deficiencies and clearly declining" to major housing condition deficiencies. Six percent of the single-family housing stock needed replacement. The US Census determines housing conditions based on selected characteristics, as shown in **Table 21**.

Table 21
City of Monterey
Condition of Single-Family Housing Stock

Housing Conditions	Percentage of Single-Family Units
Homes lacking complete plumbing facilities	0
Homes lacking complete kitchen facilities	125
<i>Source: US Census, American Community Survey, 2013</i>	

Housing Costs

The cost of housing is directly related to the extent of housing problems faced by low- and moderate-income households in a community. If housing costs are high relative to household income, correspondingly the incidence of housing cost burden and overcrowding will be high as well.

Home Sales

According to Home Junction Inc., a company providing detailed information on resale activity, the average sales price for a single-family home in the City of Monterey in October 2015 was \$977,642 (**Table 22**).

Table 22
Housing Prices (October 2015)

City/County	Average Sales Price	Median Price
Carmel	\$1,375,000	\$1,627,310
Carmel Valley	\$1,221,250	\$1,250,000
Monterey	\$977,642	\$823,213
North County Monterey	\$680,000	\$680,000
Pacific Grove	\$1,028,060	\$821,500
Pebble Beach	\$2,693,450	\$2,380,000
Seaside	\$435,854	\$415,000
East Salinas	\$169,814	\$178,000
South Salinas	\$360,000	\$360,000
<i>Source: Home Junction Inc, 2015</i>		

Rental Costs

Table 23 shows the results of a rental survey completed in November 2015 to identify locally available rental units. The monthly median rent was \$3,000 for single-family homes and \$2,099 for units in multi-family structures. Although three-bedroom homes had the greatest number of listings for single-family home rentals, there were no three-bedroom apartments available for rent at the time of the survey. Two-bedroom apartments had the greatest availability among multi-family units available for rent. Of the single-family homes, the three-bedroom units were the cheapest per bedroom, at an average of \$900 per room. Of the units in multi-family structures, those with two bedrooms had the lowest per-bedroom cost at roughly \$1,075 per bedroom. Condominiums comprise a small percentage of the City's rental housing market. Four condominiums were advertised for rent, with monthly rents ranging from \$2,300 to \$2,700.

Table 23
City of Monterey Rental Costs (November 2015)

Unit Type	# of Units	Average Rent \$/mo	High Rent \$/mo	Low Rent \$/mo
Single-Family				
1 Bedroom	0	0	0	0
2 Bedroom	7	2310	2875	2050
3 Bedroom	4	3081	3950	2500
4 Bedroom	1	3100	3100	3100
5 Bedroom	0	0	0	0
Condominium				
1 Bedroom	1	2300	2300	2300
2 Bedroom	2	2600	2700	2500
3 Bedroom	1	2400	2400	2400
Apartments				
Studio	1	1200	1200	1200
1 Bedroom	3	1541	1900	1350
2 Bedroom	12	2129	2700	1550
3 Bedroom	0	0	0	0
Rooms for Rent	30	800	1400	600
<i>Source: Craigslist, November 2015</i>				

G. Assisted Housing "At Risk" of Conversion

State law requires the City to identify, analyze, and propose programs to preserve housing units that are currently restricted to low-income households and that will become unrestricted and possibly lost as low-income housing. State law requires the following:

- An inventory of restricted multi-family housing projects in the City and their potential for conversion;
- An analysis of the costs of preserving and/or replacing the units "at risk" and a comparison of these costs;
- An analysis of the organizational and financial resources available for preserving and/or replacing the units at risk; and
- Programs for preserving the at-risk units.

Inventory of Affordable Housing

Currently, there are a total of 540 deed restricted housing units in the City of Monterey (**Table 24**). Of these units, 130 are owner-occupied units and 410 are renter-occupied units. Several of these units are restricted for affordable use through the City's Inclusionary Housing Program. Another large portion of these units are owned by nonprofits that provide housing for special needs groups. In addition to the affordable housing units show in **Table 24** there are 20 affordable rental units approved for future development. Eighteen of these affordable units are planned to be constructed on City-owned property in the 600 Block of Van Buren Street and 2 units are included in a new mixed-use project that is under construction at 230 Lighthouse Avenue

Table 24
2015 Affordable Housing Inventory (NEW)

Project Name	Project Address	Total Units	Very Low	Low	Mod	Rental	Owner
Portola Vista	20 Del Monte Avenue	64	20	22	22	64	
Interim Incorporated	606 Pearl Street	8	8	0	0	8	
Interim Incorporated	604 Pearl Street	3	3	0	0	3	
Osio Plaza	355 Calle Principal	30	0	6	24	30	
Europa Design Building	1280 Del Monte Avenue	3	0	0	3	3	
Wave Street Apartments	541 Wave Street	21	0	4	17	21	
Interim Incorporated	608 Pearl Street	8	8	0	0	8	
Monterey Hotel Apartments	406/410 Alvarado Street	18	3	9	6	18	
Community Human Services	544 Pearl Street	6	6	0	0	6	
Casanova Plaza	800 Casanova Avenue	86	43	43	0	86	
Various Apartment Projects	13 Sites Citywide	46	0	0	46	46	
Yerba Buena Townhomes	Various @ Yerba Buena Ct	12	0	0	12		12
Montecito - Public Housing	242 Montecito Street	8	8	0	0	8	
Watson – Public Housing	531 Watson Street	5	5	0	0	5	
English Avenue Townhomes	565 English Avenue	17	0	5	12		17
Oak Grove - Public Housing	1100 Second Street	5	5	0	0	5	
Pacific Vista Apartments	57 Soledad Drive	9	0	0	9	9	
El Estero Senior Housing	151 Park Avenue	26	26	0	0	26	
Ocean Harbor House	1 and 125 Surf Way	12	0	0	12		12
Villa Rose	Various @ Dela Vina Ave	2	0	0	2		2
Casa de la Estrella	420 Estrella Avenue	8	8	0	0	8	
Laguna Grande	Various @ Laguna Grande Ct	19	0	9	10		19
Interim Incorporated	504 W. Franklin Street	8	8	0	0	8	
Fifth Street	1098 Fifth Street	1	0	1	0		1
Interim Incorporated	345 Dela Vina Avenue	14	14	0	0	14	
Outzen Mixed Use	501 Lighthouse Avenue	2	0	0	2	2	
Centennial Gardens	399 Drake Avenue	6	2	2	2	6	
McNear Street	108 McNear Street	1	0	0	1	1	
Dream Theatre Site	675 Lighthouse Avenue	3	0	1	2	3	
Drake Condominiums	400 Drake Street	2	0	0	2		2
Footprints on the Bay	300 Glenwood Circle	24	0	9	15		24
Laine Hill Condominiums	585 Laine Street	4	0	1	3		4
Cypress Park Townhomes	820 Casanova Avenue	29	0	0	29		29
Vista del Mar	116 Mar Vista Drive	8	0	2	6		8
Sunrise Assisted Living	1125 Cass Street	12	3	3	6	12	
French Glass	131 Lighthouse Avenue	2	0	0	2	2	
Skyline Townhomes	1330 Skyline Drive	8	0	2	6	8	
Total Citywide		540	170	119	251	410	130

Source: City of Monterey Housing and Property Management, 2015

Loss of Assisted Housing

Affordability covenants and deed restrictions are typically used to maintain the affordability of publicly assisted housing, ensuring that these units are available to lower- and moderate-income households over a certain period of time. The City's Low and Moderate-Income Housing Ordinance and a project's funding source typically dictates the length of affordability. Once the affordability period expires, the units are at risk of reverting to market-rate rents or sale pricing unless the City or another local entity such as a nonprofit is able to acquire the project or incentivize an extension of the deed restriction. As shown in **Table 25**, there are currently 24 units considered to be at risk of converting to market rate. According to the HCD standards, any unit restricted by an agreement that will expire within ten years is considered "at risk." The deed restrictions on all of the identified units are scheduled to expire during of this time. They are all ownership units.

Table 25
City of Monterey
Affordable Housing at Risk of Conversion

Project	Date of Agreement Expiration	Number of Units
Yerba Buena Townhomes	Varies but all in 2016	10
Ocean Harbor House	7/15/2023	12
Villa Rose Houses at 423 & 427 Dela Vina Avenue	8/10/2023	2
Total At Risk		24
<i>Source: City of Monterey 2015</i>		

Preservation and Replacement Options

Generally, there are two ways to address and conserve units that may convert to market rates: preservation or replacements. Preserving units entails covering the difference between market-rate rents and the amount of rent that is affordable to a lower- or moderate-income household, and replacement necessitates the construction of new units. The cost of preserving the affordability of existing assisted units is generally estimated to be less than the total replacement of units through new construction. New construction tends to be less cost-efficient due to the shortage of available land, which is often a limiting factor in the development of affordable housing.

Many low- and moderate-income households can afford rents for two- and three-bedroom apartments without experiencing overpayment. However, extremely low- and very low-income households find it more difficult to obtain rental housing at an affordable price without overpaying. To maintain the existing affordable housing stock, the City may plan either for the preservation of the existing assisted units or the development of new units equivalent to those estimated to be lost to conversion to market rates.

Preservation

As stated previously, the cost to preserve the at-risk units may be more reasonable than financing the replacement cost of these units. The feasibility of preserving existing units depends on the willingness of the owner to sell the property, the existence of qualified nonprofit purchasers, and the availability of funding. A survey done in February 2009 in nearby Pacific Grove showed a multi-family project selling for \$19,800,000 (152-unit project). This equates to a per-unit cost of approximately \$130,263. With this per-unit cost, preserving the 24 units at risk in Monterey is estimated to cost approximately \$3,126,312.

There are several organizations available to acquire and manage these units, if property owners are interested, including the Housing Authority, CHISPA, Monterey County Housing Incorporated, South County Housing, and Interim. Funds available to encourage continued affordability include project-based Section 8, redevelopment set-aside, and HOME funds. The Housing Element goals and policies provide additional information on strategies to preserve the City's affordable housing stock.

Replacement Cost of At-Risk Units

The other option to conserve at-risk units is replacement or new construction. For example, the Monterey Hotel Apartments located at 310 Alvarado is an 18-unit project under construction. Ten units will be affordable to low-income households and 8 will be affordable to moderate-income households. The total cost of the Monterey Hotel Apartments is approximately \$3 million with \$2.2 million loaned by the City's Redevelopment Agency and an \$800,000 HOME grant. This equates to a per-unit cost of approximately \$166,661. Using this cost example, the cost to construct 24 new units would be \$3,999,864.

III. HOUSING CONSTRAINTS

Various interrelated factors can constrain the ability of the private and public sectors to provide adequate housing and meet the housing needs for all economic segments of the community. These factors can be divided into two categories: non-governmental and governmental. Non-governmental constraints consist of land availability, the environment, land cost, construction costs, and availability of financing. Governmental constraints consist of land use controls, development standards, processing fees, development impact fees, code enforcement, site improvement costs, development permit and approval processing, and provision for a variety of housing.

A. Non-Governmental

Land costs, construction costs, and market financing contribute to the cost of housing investment and can potentially hinder the production of new housing. Although many constraints are driven by market conditions, jurisdictions have some leverage in instituting policies and programs to address such constraints. The discussion below analyzes these market constraints, as well as the activities that the City can undertake to mitigate their effects.

Land Costs

Monterey is almost entirely built out. Future residential development potential rests upon infill, which is the recycling of existing sites and limited remaining vacant land. Land is expensive due to its low availability and other factors, such as ocean view and limited water. In 2014, three 5,000 lots in Monterey sold for \$250,000, \$450,000, and \$450,000, averaging \$50 and \$110 per square foot.

Construction Costs

As of November 2015, the City of Monterey Building Division reported that average single-family home construction cost is approximately \$350 per square foot and multi-family is \$250 per square foot (land costs not included). The high construction costs are possibly the result of location and the cost of delivering materials to the Monterey Peninsula.

Using current pricing sources, the average costs for a newly constructed 2,000 square foot single-family home (land costs not included) in the region would be approximately \$700,000

Infrastructure/ On-Site Improvements

Water

The primary constraint to development on the Monterey Peninsula is water. Water is supplied to most of the Monterey Peninsula by the California American Water Company through wells in Carmel Valley, dams on the Carmel River, and a well drawing from the Seaside Aquifer. The City is part of the Monterey Peninsula Water Management District,

which is responsible for developing long-term water supply for the Monterey Peninsula cities in the district.

In the past, the Monterey Peninsula Water Management District allocated water to jurisdictions within its district. All of the City's water has been allocated to projects. Some sites included on the adequate sites inventory (Tables 37 and 38) have already received their water allocations. Other sites have adequate water to redevelop as mixed-use projects that include housing units.

Some properties have water credits that can be reused for new residential or commercial development. While developing specific plans for each of the future growth areas in the mixed-use district, the City created a database of underutilized properties and water credits associated with each property. These opportunity sites are shown in the specific plans. Some properties could be combined under a single ownership and redeveloped to provide new housing units by sharing the water credits.

Some property owners are considering wells and desalination plants that are costly but possible alternatives. In addition, the Monterey Peninsula Water Management District has been evaluating a new dam on the Carmel River and other potential ways to increase water supply, such as stormwater diversion, desalination, or reclaimed water. Water is anticipated to continue to be the primary constraint to development. While a new water allocation is not anticipated, should the City receive a new water allocation, Housing Element Program i.1.3 states that the City will give preference in the City's water allocation process to projects meeting fair-share housing goals. The City is committed to ensuring that there is enough water to meet the needs of all new residential units within the 2015-2023 RHNA period. California American Water (CalAm) is moving forward with its Monterey Peninsula Water Supply Project (MPWSP) consisting of slant intake wells, a desalination plant and related facilities. The project EIR has been completed and CPUC approval is expected in October 2016, prior to the December 2016 SWRCB CDO deadline. Pipeline, slant well, and desalination plant construction is expected to be completed in 2019. The City will continue its participation with the water authority and support the MPWSP (see Program i.1.4).

Chapter 727, Statutes of 2005 (SB 1087) establishes processes to ensure the effective implementation of Government Code Section 65589.7. This statute requires local governments to provide a copy of the adopted housing element to water and sewer providers. In addition, water and sewer providers must grant priority for service allocations to proposed developments that include housing units affordable to lower-income households. Chapter 727 was enacted to improve the effectiveness of the law in facilitating housing development for lower-income families and workers.

For local governments, Chapter 727 requires all cities and counties to deliver housing element updates to water and sewer service providers within a month after adoption. When submitting copies of housing elements to service providers the Department further recommends inclusion of a summary/ quantification of the local government's regional housing need allocation and any other appropriate housing information. Moreover, to effectively implement the law, local governments should consult with water and sewer providers during the development and update of the housing element, as

well as sending copies of the adopted plan. This will facilitate effective coordination between local planning and water and sewer service functions to ensure adequate water and sewer capacity is available to accommodate housing needs, especially housing for lower-income households.

Program i.1.5 requires the City to fulfill this requirement in a timely and thorough manner.

Sewer

The Monterey Regional Water Pollution Control Agency (MRWPCA) charges a connection fee of \$3,337 per new unit and has the capacity to accommodate growth anticipated by the RHNA. The City is in the process of upgrading its sewer lines throughout the City, further ensuring adequate operation and capacity for future growth. Every two months, customers pay \$30.70 for wastewater treatment, a \$10.88 stormwater charge, and \$21.54 for sewer line maintenance within the City of Monterey.

Section 9.1 of the City Code requires that property owners install a sewer relief vent and backwater valve as part of the property's sewer lateral in the event that the lowest plumbing fixture of the property is less than 2 feet lower than the nearest upstream manhole cover. It is the responsibility of the principal owner of the property to purchase and install the sewer relief vent and backwater valve. The vent and the valve assist the City with cleanup efforts related to sewage backups and are a cost-effective way to ensure the health and safety of residents in the City.

To comply with Senate Bill 1087, the City will immediately forward its adopted Housing Element to its water and wastewater providers so they can grant priority for service allocations to proposed developments that include units affordable to lower-income households.

Curb, Gutter, Sidewalk, Landscaping, Transportation Infrastructure

The City requires all new multi-family and mixed-use development to install curbs, gutters, and sidewalks if they do not exist already. The City estimates these costs to be approximately \$176 per permit. The specific plan areas require street trees, at about \$200 per tree. The City's street network is well established, and no new streets are planned. A planned pedestrian and bicycle network is being implemented that mitigates traffic impacts from new development. The City does not have an adopted traffic impact fee. The improvements are funded using a combination of grant funds and a special tax.

Environmental and Location

There are several environmental constraints to development in Monterey due to its location, including the National Marine Sanctuary, the Monterey Pine Forest, hillsides in excess of 25 percent slope, and various endangered species located in and around the Monterey Bay, Del Monte Beach, Ryan Ranch, and Garden Road. There are also manmade constraints to the location and size of housing development due to the Monterey Peninsula Airport. The City's challenge is to target new housing development while balancing these constraints. None of the sites listed in the adequate sites inventory (Tables 37 and 38) have environmental constraints, therefore the City's ability to meet its regional housing need is not affected.

Availability of Financing

The cost of financing has a substantial effect on the affordability and availability of housing. Interest rates have a significant role in determining the feasibility of development projects, especially residential real estate. In the County of Monterey, interest rates were between 3.5 and 4.5 percent during 2015. Developers typically pass the cost of financing development projects onto buyers or tenants, thus affecting the affordability and availability of housing types for residents. The availability of financing for residents to purchase, refinance, and improve homes is an important analysis of the private market to determine the feasibility of homeownership access.

Tables 27, 28, and 29 provide summaries of loan activity as reported by lending institutions in the Salinas Metropolitan Statistical Area/Metropolitan Division (MSA/MD). The Home Mortgage Disclosure Act (HMDA) requires that lending institutions make publicly available an array of information related to lending activity on an annual basis. In order to determine the availability of financing and draw conclusions regarding the market's ability to ensure access to financing for residents in the City, HMDA data for approved loan activity, denied loan activity, and withdrawn/incomplete loan activity is provided in the tables below.

Table 26 provides a summary of approved loan activity (home purchase loans and refinance/improvement loans) in the City of Monterey and the Salinas MSA/MD for the years 2012 to 2014. As shown in the table, there were 37 approved home purchase loans and 89 approved home refinance and improvement loans between 2012 and 2014 in the City. Financing in the City appears to be equally available as financing within the MSA/MD. An equal share of all loans is approved in the City than in the MSA/MD, indicating that financing does not constrain access to housing.

An important trend presented by the data is the sharp decline in total loan activity within the Salinas MSA/MD. Approximately 10,574 loan applications were processed in the MSA in 2012. By 2014, processed loan applications had declined to 5,868, with a similar percentage of home loan applications being approved. Monterey also experienced a decline in loan application activity, but experienced an increase in the share of approved home loan applications.

Table 26
Approved Loan Activity
City of Monterey and Salinas MSA/MD, 2012-2014

Approved Loan Activity										
Year	Home Purchase Loans				Home Refinance & Improvement Loans				Total Loan Applications	
	Monterey		Salinas MSA/MD		Monterey		Salinas MSA/MD		Monterey	Salinas MSA/MD
	Number	Percent	Number	Percent	Number	Percent	Number	Percent		
2014	13	4%	189	3%	17	5%	228	4%	350	5,868
2013	13	2%	252	4%	34	5%	526	9%	654	9,311
2012	11	1%	198	2%	38	5%	519	5%	828	10,574
Total	37	2%	639	2%	89	5%	1,273	5%	1,832	25,753
<i>Source: Home Mortgage Disclosure Act, 2012, 2013, 2014</i> <i>Note: Loans Approved include: loans originated and loans approved, not accepted.</i> <i>Total Loan Applications is the sum of all Approved, Denied, and Withdrawn/Incomplete loan applications.</i>										

Table 27 provides a summary of denied loan activity in the City of Monterey and the Salinas MSA/MD. The share of denied home purchase loans fluctuated little between 2012 and 2014 in both the City and the MSA/MD. The percentage of denied home refinance and improvement loans increased steadily between 2012 and 2014 for both the City and the MSA/MD. Similarly, the state also reported comparable increases.

Table 27
Denied Loan Activity, City of Monterey and Salinas MSA/MD, 2012-2014

Denied Loan Activity										
Year	Home Purchase Loans				Home Refinance & Improvement Loans				Total Loan Applications	
	Monterey		Salinas MSA/MD		Monterey		Salinas MSA/MD		Monterey	Salinas MSA/MD
	Number	Percent	Number	Percent	Number	Percent	Number	Percent		
2014	31	9%	450	8%	87	25%	1,411	24%	350	5,868
2013	29	8%	534	9%	139	40%	2,150	23%	654	9,311
2012	46	6%	566	5%	191	23%	2,297	22%	828	10,574
Total	106	6%	1550	6%	417	23%	5,858	23%	1,832	25,753
<i>Source: Home Mortgage Disclosure Act, 2012, 2013, 2014</i> <i>Note: Loans Approved include: loans originated and loans approved, not accepted.</i> <i>Total Loan Applications is the sum of all Approved, Denied, and Withdrawn/Incomplete loan applications.</i>										

Table 28 provides a summary of all loan applications that were either incomplete or withdrawn from loan consideration. While the availability of financing is not understood by quantifying withdrawn and incomplete loan applications, it is important to analyze such data in order to explain fluctuations in approved and denied loan applications. As seen below, the share of withdrawn and incomplete loan applications changed little between 2012 and 2014, with the exception of a bump up in 2013 and back down in 2014, indicating that changes in approved and denied applications are strong indicators of the availability of financing.

The analysis of home loan activity in the City of Monterey compared with the Salinas MSA/MD between the years of 2012 and 2014 does not indicate that the availability of financing is a constraint to the access of homeownership.

Table 28
Withdrawn/Incomplete Loan Activity City of Monterey and Salinas MSA/MD
2012-2014

Withdrawn/Incomplete Loan Activity										
Year	Home Purchase Loans				Home Refinance & Improvement Loans				Total Loan Applications	
	Monterey		Salinas MSA/MD		Monterey		Salinas MSA/MD		Monterey	Salinas MSA/MD
	Number	Percent	Number	Percent	Number	Percent	Number	Percent		
2014	32	9%	432	7%	77	22%	1,276	22%	350	5,868
2013	48	14%	459	8%	109	31%	1,753	30%	654	9,311
2012	41	5%	492	5%	154	19%	2,083	20%	828	10,574
Total	121	4%	1,383	4%	340	10%	5,122	12%	1,832	25,753
<i>Source: Home Mortgage Disclosure Act, 2012, 2013, 2014</i> <i>Note: Loans Approved include: loans originated and loans approved, not accepted.</i> <i>Total Loan Applications is the sum of all Approved, Denied, and Withdrawn/Incomplete loan applications.</i>										

B. Governmental Constraints

Local policies and regulations can impact the price and availability of housing and, in particular, the provision of affordable housing. Land use controls, site improvement requirements, fees and exactions, permit processing procedures, and other factors may constrain the maintenance, development, and improvement of housing. This section discusses potential governmental constraints as well as policies that encourage housing development in the City of Monterey.

Land Use Controls

The City's Zoning Ordinance allows residential development in all the City's residential and commercial zones. The only zone that does not allow residential development is the I-R district (Industrial). As described in **Table 29** below, the residential densities allowed for development provide a wide range of development opportunities.

Table 29
Permitted Housing Type/Zoning

Zoning		Permitted Housing Type	Density (units/acre)
R-E	Residential Estate	Single-family detached homes	2-8
R-1	Residential Single-Family	Single-family detached homes	2-8
R-2	Residential Low Density Multifamily	Multi-family, including duplexes, townhouses, apartments, or cluster housing	14.5
R-3	Residential Medium Density Multifamily	Garden apartments, townhouses, cluster homes	30
C-1 ¹	Neighborhood Commercial	Business, mixed-use	30 ²
C-2 ¹	Community Commercial	Retail shopping area, mixed-use	30 ²
C-3 ¹	General Commercial	Auto sales, contractor yards, warehouses, mixed-use	30 ²
CO ¹	Office and Professional	Offices, mixed-use	30 ²
CR	Cannery Row Commercial	Specialty and general commercial, service, recreational and public and semipublic uses	30 ²
PC	Planned Community	Zoning for specific plan areas allowing residential uses as a permitted use as part of a mixed use project.	30-100
<p><i>Source: City of Monterey, Zoning Ordinance, November 2015</i></p> <p><i>Notes:</i></p> <p>¹ <i>Multi-family with 3 or fewer units are permitted; all others require a use permit.</i></p> <p>² <i>Densities may exceed 30 du/acre if the building size and height are compatible with adjoining buildings.</i></p>			

The City regulates the type, location, density, and scale of residential development through its zoning ordinance, design guidelines, and specific plans. Such land use regulations and design guidelines are designed to protect and promote the health, safety, and general welfare of residents, as well as to implement the policies of the Monterey General Plan. The land use regulations and design guidelines also help preserve the character and integrity of existing neighborhoods. **Table 30** summarizes the relevant residential standards for single-family, multi-family, and mixed-use development.

Table 30
Residential Development Standards

Zone	Min Lot size	Height	Front Setback	Side Setback	Rear Setback
R-E (R-E5A-R-E-20)	20,000 – 5 acres	2½ stories or 30 ft	35 ft	10% but no more than 10 ft	35 ft
R-1 (R-1-5-R-1-40)	5,000 – 40,000	2½ stories or 30 ft	35 ft	10% but no more than 10 ft	35 ft
R-2 (R-2-5-R-2-20)	5,000 – 20,000	2 stories or 25 ft	20 ft	5 ft or 10% of lot width	15 ft
R-3 (R-3-5-R-3-20)	5,000 – 20,000	2 stories or 25 ft	20 ft	5 ft or 20% of lot width	15 ft
C-1	5,000	2 stories or 25 ft	0 ¹	0 ¹	10 ¹
C-2	5,000	2 stories or 25 ft	0 ¹	0 ¹	0 ¹
C-3	10,000	2 stories or 25 ft 3 stories, 35 ft. ²	0 ^{1,3}	0 ¹	0 ¹
CO	15,000	2 stories or 25 ft 3 stories, 35 ft. ²	20	5 ⁴ Corner Site: 20 % of width; min. 10 ft; max. 15 ft.	Max of 15 ft.
CR ⁵	5,000	4 stories and 45 ft.	0	15, plus 3 ft. for each story over 3	0
PC-D (Downtown Specific Plan)	0	Alvarado District: 4 stories, other districts: 3 stories		0	0
PC-NF (North Fremont Specific Plan)	0	35-50 ft.	Bruce Lane: 15 North Fremont: 0 Side streets: 5-10 ft	5-10 for corner side of ground floor residential	0
¹ Abutting or fronting on an R district, the standards of the adjacent district apply. ² Use Permit required. ³ Along East Del Monte Avenue, the average yard shall be 15 feet, and the minimum yard shall be 10 feet. ⁴ Ten feet for two- and three-story buildings. ⁵ The Planning Commission may modify any development standard to permit a project that is consistent with the Cannery Row LCP. Specific design considerations require that a project: <ul style="list-style-type: none"> • Respects the historic character of Cannery Row structures; and • Respects architectural character, pedestrian scale, and perspective of the Cannery Row buildings. 					
<i>Source: City of Monterey, Zoning Ordinance, November 2015</i>					

Specific Plan Development Standards

Within the Downtown and North Fremont Specific Plan areas, residential uses (single family, multi-family, and single room occupancy units) are permitted uses, except when located on the ground floor of a mixed-use development when fronting North Fremont, and within the Heritage, Island of Adobes, and Pierce Districts of the Downtown, when a use permit is required. Ground floor residential is not permitted in the Alvarado District. Second floor residential uses are permitted uses in all specific plan areas, except those designated for public recreation. The allowed density is 30 units per acre in all specific plan areas, except for the Alvarado District, where up to 100/acre is permitted. The North Fremont Specific Plan allows for densities that exceed 30/acre if the project is of exceptional design, implements the vision of the North Fremont Specific Plan and is consistent with all applicable design objectives with no exceptions.

Commercial Zoning District Standards for Mixed-Use Development

Mixed-use projects are a permitted use in all commercial districts. After approval of the original use permit to establish a mixed use, offices and retail uses shall be allowed subject to requirements of the underlying zone. Mixed-use development shall meet the property development standards of the underlying zone, with the following qualifications and exceptions:

- Commercial and office uses shall be the predominant street frontage use in a mixed-use project.
- Mixed-use developments should be compatible with the existing design elements of the surrounding area. The development should not look like an apartment building, if the predominant design is commercial. Density may exceed 30 units per acre if the Planning Commission determines that additional units will make the mixed-use building size and height compatible with adjoining buildings.
- Private open space is encouraged for each residential unit. Interior patio areas or patios to the rear of a building are options for providing open space.
- Off-street parking and loading shall be required for all uses, subject to the requirements set forth in Article 18 of the Zoning Code.
- Residential apartment units shall have a minimum of one permanently assigned parking space for each unit (no covered parking spaces required). Units that exceed 1,000 square feet may be required to conform to multi-family, rental and multi-family, and condominium requirements. Additional parking may also be required if it is determined that the amount of residential space is disproportional to the amount of commercial space and the potential for shared parking is therefore minimal in the mixed-use project. Parking adjustments and shared parking may be used for both commercial and residential parking requirement in a mixed-use project.

- An acoustic analysis and noise mitigation program to reduce noise transmission between commercial and residential uses shall be submitted with a use permit application for a use which typically generates high noise levels in a mixed-use building.
- Each residential unit shall be provided a separate storage area consisting of at least 100 cubic feet and having a minimum horizontal surface of 25 square feet. In addition, for projects with more than four units, there shall be at least one washer and one dryer for each five units.

Parking Standards

The City's parking requirements for residential districts vary by housing type, the number of units, and parking needs. **Table 31** identifies the City's parking requirements for different housing types. Single-family units are required to have two covered spaces. For all other types of residential development, parking requirements are based on the number of bedrooms per unit.

Table 31
Parking Requirements

	R-E	R-1	R-2	R-3
Single-family	2	2	2	2
Multi-family/Condominium				
Studio	-	-	1.2	1.2
One bedroom	-	-	1.5	1.5
Two bedrooms	-	-	2	2
Three or more bedrooms	-	-	2.5	2.5
Guest house	1	1	1	1
Elderly housing	-	-	.5	.5
<i>Source: City of Monterey, Zoning Ordinance, November 2015</i>				

The specific plans have lower requirements for parking. In the North Fremont area, residential uses are required to provide 1.5 spaces per unit. In the downtown area, the following applies:

Residential: .5 spaces per unit. Maximum of 2 spaces per unit. All new residential development shall “unbundle” the full cost of parking from the cost of the housing itself, by creating a separate parking charge.

Parking space requirements may be met with an in-lieu fee.

Parking may be shared between:

- different uses within a single mixed-use building.

- residential buildings and an off-site parking facility, provided that the off-site facility is within 1,000 feet of the building entrance.
- non-residential buildings and an off-site parking facility, provided that the off-site facility is within 1,250 feet of the building entrance.

Off-site shared parking located further than 1,000 feet can be considered at the discretion of staff, so long as there is documentation that reasonable provision has been made to allow offsite parkers to access the principal use (e.g. a shuttle bus, valet parking service, free transit passes, etc.)

Provision for a Variety of Housing Types

Housing Element law specifies that jurisdictions must identify adequate sites to be made available through appropriate zoning and development standards to encourage development of various types of housing for all economic segments of the population. This includes single-family housing, multi-family housing, manufactured housing, mobile homes, emergency shelters, and transitional housing, among others. **Table 32** below summarizes those housing types.

Table 32
Housing Types Permitted by Zoning District

Housing Types Permitted	Zone Districts									
	R-E	R-1	R-2	R-3	C-1	C-2	C-3	CO	IR	PC
One-Family Dwelling	P	P	P	P						
Multi-Family Dwellings			P ¹	P ¹	P ¹	P ¹	P ¹	P ¹		
Second Units										
Manufactured (factory built)	P	P	P	P						
Residential Care, Limited ²	P	P	P	P						
Residential Care, General ²	U	U	U	U						
Farmworker Housing						P ²				
Transitional and Supportive Housing	P ²	P ²	P ²	P ²	P ²	P ²	P ²			
Emergency Shelters					P ²	P ²	P ²			
Single Room Occupancy units										P
<i>Source: City of Monterey Zoning Ordinance, November 2015</i> ¹ Three or fewer units permitted; four or more require a use permit ² Emergency Shelters could qualify as residential care. "Limited" means 6 or fewer persons. ³ Programs f.1.8 and f.1.9 states that the City will amend these uses to better comply with SB 2 and AB 2634. These will be the allowed uses after this amendment.										

Secondary Living Units

The second unit law was first enacted in 1982 with the addition of Government Code Section 65852.2, which authorized local agencies to approve second units through a conditional use permit process. The law has been amended four times, most recently with the adoption of AB 1866, which requires applications for a second unit to be considered ministerially without discretionary review or a hearing. That is, AB 1866 eliminated the use permit procedure. The small concession to the local agencies was that the legislators left intact the ability to adopt local standards. But if local standards are not adopted, second unit development applications will be reviewed pursuant to the minimum standards for review, set forth in Section 65852.2. It also continues to allow local agencies to prohibit the development of second units in single-family and multi-family residential zones based on formal written findings of adverse impacts on the public health, safety, and welfare. In a recent case involving the City of Santa Monica, the Court of Appeal determined that charter cities, such as Monterey, were not exempt from Section 65852.2.

Most cities have read the law as a mandate to process second units using either the statutory minimum standards or more restrictive locally adopted standards. However, Monterey has taken a different direction. In 1986, the City passed an ordinance that completely prohibits second units in the City, with findings of adverse impacts.

Mobile/Manufactured Homes

Mobile homes and manufactured housing offer an affordable housing option to many low- and moderate-income households. It is the intent of the City to provide opportunities for the placement of manufactured homes in R districts, consistent with state law, and to ensure that such manufactured homes are designed and located so as to be harmonious within the context of the surrounding houses and neighborhood. The City permits mobile homes and manufactured housing in all residential districts.

Farmworker Housing

The 2000 Census estimates that of the total working population only 178 City residents work in agricultural, fishing, forestry, hunting, and/or mining, representing less than 1 percent of the City's residents. Therefore, the demand for housing generated by farmworkers in Monterey is estimated to be nominal and can be addressed through overall programs for affordability.

Residential Care Limited

Residential care facilities, limited, are defined by the City as facilities providing 24-hour-a-day care to seven or more persons with non-medical conditions, including wards of the juvenile court, and those in need of personal services, supervision, protection, or assistance essential for sustaining the activities of daily living. This classification includes only those services and facilities licensed by the State of California. Residential care facilities, limited, are permitted in all residential districts (R-E, R-1, R-2, and R-3). Emergency shelters are allowed under this category.

Residential Care General

Residential care facilities, general, are defined by the City as facilities providing 24-hour-a-day care to seven or more persons with non-medical conditions, including wards

of the juvenile court, and those in need of personal services, supervision, protection, or assistance essential for sustaining the activities of daily living. This classification includes only those services and facilities licensed by the State of California. This classification also includes homeless shelters. Residential care, general, requires a resident manager. Residential care facilities, general, require a conditional use permit in all residential districts (R-E, R-1, R-2, and R-3).

Emergency Shelters

California Health and Safety Code Section 50801(e) defines an emergency shelter as “housing with minimal supportive services for homeless persons that is limited to occupancy of six months or less by a homeless person.”

In effect since January 1, 2008, Senate Bill (SB) 2 (Cedillo, 2007) requires the City to allow emergency shelters without any discretionary action in at least one zone that is appropriate for permanent emergency shelters (i.e., with commercial uses compatible with residential or light industrial zones in transition), regardless of its demonstrated need. The goal of SB 2 was to ensure that local governments are sharing the responsibility of providing opportunities for the development of emergency shelters. To that end, the legislation also requires that the City demonstrate site capacity in the zone identified to be appropriate for the development of emergency shelters. Within the identified zone, only objective development and management standards may be applied, given they are designed to encourage and facilitate the development of or conversion to an emergency shelter. Those standards may include:

- The maximum number of beds or persons permitted to be served nightly by the facility;
- Off-street parking based upon demonstrated need, provided that the standards do not require more parking for emergency shelters than for other residential or commercial uses within the same zone;
- The size and location of exterior and interior on-site waiting and client intake areas;
- The provision of on-site management;
- The proximity to other emergency shelters provided that emergency shelters are not required to be more than 30 feet apart;
- The length of stay;
- Lighting; and
- Security during hours that the emergency shelter is in operation.

Program f.1.7 states the City will amend the Zoning Ordinance to allow emergency shelters as a permitted use in a newly created overlay zone in the City’s C-1, C-2, and/or C-3 zoning districts which are close to transit corridors and close to services. The City has adequate capacity on vacant and underutilized parcels (approximately 34

acres) within the C-1, C-2 and C-3 zoning districts, which are suitable for the development of emergency shelters due to their proximity to public transit lines, social services, and personal services. The City will create this overlay zone with specific development standards for emergency shelters.

Transitional and Supportive Housing

Relevant definitions consistent with Government Code Section 65582 include the following:

“Supportive housing” means housing with no limit on length of stay, that is occupied by the target population, and that is linked to an onsite or offsite service that assists the supportive housing resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community.

“Target population” means persons with low incomes who have one or more disabilities, including mental illness, HIV or AIDS, substance abuse, or other chronic health condition, or individuals eligible for services provided pursuant to the Lanterman Developmental Disabilities Services Act (Division 4.5 (commencing with Section 4500) of the Welfare and Institutions Code) and may include, among other populations, adults, emancipated minors, families with children, elderly persons, young adults aging out of the foster care system, individuals exiting from institutional settings, veterans, and homeless people.

“Transitional housing” means buildings configured as rental housing developments, but operated under program requirements that require the termination of assistance and recirculating of the assisted unit to another eligible program recipient at a predetermined future point in time that shall be no less than six months from the beginning of the assistance.

SB 2 requires that transitional and supportive housing types be treated as residential uses and subject only to those restrictions that apply to other residential uses of the same type in the same zone. Compliant with SB 2, the City will explicitly define both transitional and supportive housing types, as well as permit both uses in all residential zones only subject to the requirements within that zone. Program f.1.8 states that the City shall update its Zoning Ordinance to include separate definitions of transitional and supportive housing as defined in Government Code Section 65582. Both transitional and supportive housing types will be allowed as a permitted use subject to only the same restrictions on residential uses contained in the same type of structure.

Housing for Persons with Disabilities

SB 520 (Chapter 671, Statutes of 2001) requires all local jurisdictions to undertake an analysis of governmental constraints to the development, improvement, and maintenance of housing for persons with disabilities and to include a program to remove constraints to, or provide reasonable accommodations for housing designed for occupancy by, or with supportive services for persons with disabilities. For the purposes of state law, “persons with disabilities” are defined in the Government Code as those individuals facing a variety of physical, mental, or health problems that make major life activities difficult or impossible.

Monterey's Municipal Code defines a family as "an individual or two or more persons living together in a dwelling unit as a single housekeeping unit." The definition is broad and neither mentions nor omits people with disabilities. Currently, Monterey does not have any specific land use or development standard related to the spacing or concentration of persons with disabilities or any special parking requirements, but the City has included Program f.1.6 to provide a process for individuals with disabilities to make requests for reasonable accommodation.

Program f.1.6 states that the City will amend the Zoning Ordinance to provide individuals with disabilities reasonable accommodation in rules, policies, practices, and procedures that may be necessary to ensure equal access to housing. The purpose of this program is to provide a process for individuals with disabilities to make requests for reasonable accommodation in regard to relief from the various land use, zoning, or building laws of the City. As part of this program, the City will appoint a staff person to work with disabled persons who are proposing improvements to accommodate their needs. The purpose is to streamline the permit review process if needed. Programs f.1.7-9 require the City to work with the San Andreas Regional Center in Salinas to meet the needs of persons with developmental disabilities.

Extremely Low-Income Households

Assembly Bill 2634 (Lieber, 2006) requires the quantification and analysis of existing and projected housing needs of extremely low-income households. Elements must also identify zoning to encourage and facilitate supportive housing and single-room occupancy units (SROs).

Extremely low-income households typically comprise persons with special housing needs, including, but not limited to, persons experiencing homelessness or near-homelessness, persons with substance abuse problems, and farmworkers. The Downtown and North Fremont specific plans allow for the development of SROs. Both areas are near services and mass transit. The Draft Lighthouse Area Specific Plan also includes this allowance.

Density Bonuses

State law requires cities and counties to approve density bonuses for housing developments that contain specified percentages of units affordable to very low- or low-income households or units restricted to occupancy by seniors.

Under state law (California Government Code, Sections 65915–65918), housing developers may qualify for several types of density bonuses of at least 25 percent and up to 35 percent based on the percentage of housing units in a development that is affordable to very low-income, low-income, moderate-income, or senior households. Density bonus units must be restricted to occupancy by seniors or affordable to the targeted income for at least 30 years. Depending on the percentage of affordable units and the income level(s) to which the units are affordable, cities and counties must also grant at least one to three "concessions" (additional incentives) in addition to a density bonus.

According to the Monterey Zoning Ordinance, the City will grant a 25 percent density bonus over the housing unit density allowed by the existing zoning if the developer agrees to meet the following conditions:

- At least 25 percent of the units are for low- or moderate-income households; and
- At least 10 percent of the units are for lower-income households.

Within 90 days of receiving a request for such an incentive, the City Council will hold a noticed public hearing. Following the hearing, the City Council may grant such incentives as are appropriate and consistent with the General Plan and the purposes of this ordinance which do not conflict with any other provision of this ordinance or the City Code.

After City Council approval of a request of incentives, the developer shall be required to enter into an agreement with the City to provide low- and moderate-income housing. This Housing Incentive Agreement shall include, but not be limited to, the following provisions:

- The proportion of the total units that will be affordable by persons and families of low or moderate incomes shall be specified.
- A commitment that the affordable units will remain available and affordable by persons and families of low- or moderate-income.
- A requirement that the units affordable by persons and families of low or moderate income be identified on building plans submitted for architectural review and described in the application for a low- and moderate-income housing incentive.
- A requirement that resale controls be included as a deed restriction to ensure continued affordability.
- A description of the specific incentives that the City will make available to the developer and any condition pertaining to them.

To comply with state law, Program i.1.2 states that the City will continue to allow appropriate density bonuses in the City's commercial districts. Density bonuses in excess of 25 percent may be allowed for projects that exceed City inclusionary housing percentages or the state-mandated criteria for low-income, moderate-income, and special-needs housing. Projects which receive density bonuses shall maintain affordability for the life of the project.

Inclusionary Ordinance

The purpose of an Inclusionary Ordinance is to encourage the development of housing affordable to a broad range of households with varying income levels within the City as mandated by state law, and to promote the City's goal to add affordable housing units to the City's housing stock in proportion to the overall needs and goals reflected in the Housing Element. The requirements for the Inclusionary Ordinance apply to developments of six or more ownership housing units as follows:

- Provide at least 20 percent of their project for moderate-income and low-income households. The units supplied shall be a proportionate mix of units to the number of units in the entire project and similar in size and type, excluding amenities.

OR

- Provide an approved Developer Housing Program to the City promoting the City's goal that at least 20 percent of all new housing be affordable to low- and moderate-income households. Designations of levels of affordability are subject to Council approval of the Developer Housing Program. The units supplied shall be a proportionate mix of units to the number of units in the entire project and similar in size and type, excluding amenities.

The developer may choose to produce 20 percent low-income housing instead of moderate-income housing. In such case, the City may choose to increase the level of incentives. If a developer provides land or funds in lieu of producing housing, the City or other housing sponsor may choose to use these resources to produce low- or moderate-income housing.

In consideration of developer participation, the City may offer incentives as it deems appropriate to developers of low- or moderate-income housing in the City, including those provided by state law. These incentives may be adopted by Council Resolution and suited to the particular circumstances of such developments.

Condominium Conversion Ordinance

The purpose of the Condominium Conversion Ordinance is to increase homeownership and the percentage of owner-occupied housing in the City. In 2005 the General Plan set forth a policy which encouraged condominium conversions, and then in 2007 the City adopted a Condominium Conversion Ordinance. Since 2005 the City has completed 457 condominium conversions and 135 tentative maps. Of these 457 condominium conversions, several have been affordable to low- and moderate-income households (Footprints on the Bay, 42 units; Cypress Park Townhomes, 32 units; Vista del Mar Condominiums, 8 units; Land Hill Condominiums, 5 units, and Skyline, 8 units). Condominium conversions are subject to the inclusionary housing requirement.

Permit Processing

Land use entitlements are processed through the Planning, Engineering, and Environmental Compliance Division. The table below summarizes the process and review body for each entitlement (**Table 33**).

Table 33
Land Use Entitlement Processes

Entitlement Involving New Housing Units	Fee	Administrative	ARC	Planning Commission	City Council	Expected Time Frame (days)
Design Review - major	\$4036		X			60
Design Review - minor	\$760	X				30
Use Permit*	\$2,666			X		60
Variance*	\$1,106			X		60
Rezone, General Plan Amendment, Tentative Map (more than 4 lots)**	\$4,000 deposit			X	X	90
<i>Source: City of Monterey Planning, Engineering, and Environmental Compliance Division, 2015</i> <i>Assumes new construction and based on a complete application, fee, and submittal package</i> <i>* 2/3 of fee is charged when in conjunction with design review permit</i> <i>** Deposit is collected in lieu of all fees and staff time charged against deposit. Any unused portion of deposit is returned to applicant.</i>						

Architectural Review - Design review is required for projects located in design review neighborhoods and commercial zoning districts. New structures require review by the City's Architectural Review Committee (ARC), unless the project is within a specific plan area and meets all the required design guidelines, when it can then be reviewed administratively. Additions are also eligible for administrative review if no view impact is possible.

Use Permits –Mixed-use projects in commercial zoning districts and apartments over four units require approval of a use permit by the Planning Commission. Such projects in the specific plan areas are permitted outright. Though not a requirement, staff encourages applicants to meet with staff early in the design process to discuss potential issues.

The first formal step in the permit process is the review of the application by staff and the environmental determination. Staff reviews the proposed use and reports to the Planning Commission at a public hearing. The Planning Commission approves the project if it can make that findings that the project will not be detrimental to the public health, safety, or welfare of persons residing or working in or adjacent to the neighborhood of such use, and will not be detrimental to properties or improvements in the vicinity or to the general welfare. Support for such findings require an analysis that

there is sufficient parking and that the transportation network is adequate to accommodate the increase in trips. After Planning Commission approval, the project is reviewed by the Architectural Review Committee as described in the above section (architectural review). Findings for architectural review include compatibility with the neighborhood in terms of mass, bulk, and design, and that views of the Monterey Bay will not be impaired. Processing time typically takes about 60 days. Based on the number of building permits that are approved each year, the City does not consider this a constraint to the development of housing in the City.

Variances – Applications that include a request for a variance require Planning Commission approval. Processing time and procedure is similar to that described above for the use permit.

Zoning and General Plan Amendments – Applications that require amendments to the Zoning Map, Zoning Ordinance, or General Plan require review and approval by both the Planning Commission and City Council. The City Council is the final decision-making body and receives a recommendation and report of findings from the Planning Commission. Upon City Council approval of the amendment request, the project proceeds through the architectural review process.

Building Codes and Enforcement - The City of Monterey adopted the 2010 Uniform Building Code and the 2013 California Green Buildings Standards Code. The City requires typical site improvements to adjacent rights of way for public health and safety including driveways, sidewalks, curb, and gutters.

Code enforcement plays an important role in maintaining the quality of neighborhoods. Code enforcement deals with a range of neighborhood issues, from abandoned vehicles parked in yards or driveways to illegal conversions of garages into living spaces to unsanitary buildup of trash and debris on private property.

The first “tool” in enforcing codes in Monterey is public education. When code enforcement officers explain that a law is being broken, most problems are resolved quickly. Actual code “enforcement” (usually by way of issuing citations) is normally used only when voluntary cooperation is not received. The City’s goal is to stay in contact with community groups to understand local concerns, and questions regarding neighborhood issues are welcomed.

Fees

The City collects various fees from applicants to cover the costs of processing permits, including fees for planning approvals, subdivision map approvals, environmental review, public works and plan check services, and building permits. In addition to these service fees associated with development processing, the City and regional transportation agency charges several impact fees to offset the future impact of development on regional traffic and circulation, parks, and libraries. Table 34 provides a list of development fees.

As a means of assessing the cost that fees contribute to development in Monterey, the City has calculated the total Building, Planning, and Public Works fees associated with development of three different residential projects (single-family, multi-family, and mixed-use). As indicated in **Table 35**, development fees for a 2,000 square foot residential project total approximately \$49,490 per unit. Development fees for a 4-unit multi-family building total about \$73,086. Development fees for a mixed-use project having 14 residential units (16,500 square feet residential) and 6,800 square feet of commercial space total \$346,850. The fees for a mixed use project reduced slightly due to the specific plans, which do not require use permits and enable administrative level design review.

Table 34
FY 2015/16 Planning Fees

Category	Permit Type	Fee
Architectural Review	ARC Major	\$4,036
	ARC Minor	\$1,217
	Admin Major	\$760
	Admin Minor (over the counter)	\$195
	Signs - ARC/HPC Review	\$1,165
	Signs - Admin Review	\$319
	Mills Act Request w/rezone (combines contract and rezone approvals)	\$2,153
Historic Review	Mills Act Request w/o rezone	\$1,271
	Demolition Review	\$195
	Historic Permit - Major (HPC Review)	\$1,414
	Historic Permit - Minor (Admin)	\$387
	Historic Report Review	\$1,531
	Historic Survey	\$1,217
Conditional Use Permit	Planning Commission Major – Preapplication - Deposit	\$1,000
	Planning Commission Major-Deposit	\$4,000
	Planning Commission Minor	\$2,153
	Zoning Administrator	\$884
	Temporary	\$319
Variance/Parking Adjustment	Major - Planning Commission	\$1,660
	Minor - Zoning Administrator	\$884
Subdivision	Tentative Map - >4 (includes Preliminary Map) - Deposit	\$6,000
	Minor Subdivision - <4	\$3,589
	Covenant of Easement	\$641
	Lot Line Adjustment	\$3,589
	Certificate of Compliance	\$1,408
Environmental Review	Environmental Impact Report	Estimated cost
	Initial Study - Deposit	\$4,000

Fisherman's Wharf Projects	Major - Deposit	\$4,000
	Minor	\$1,095
Text or Map Amendments	General Plan/Area Plan-Deposit	\$4,000
	Specific Plan/ZO-Deposit	\$4,000
	LCP-Deposit	\$5,000
Annexation	Deposit	\$5,000
Other Permits	Home Occupation	\$70
	Permit Extension	\$882
	Permit Amendment	2/3 of Permit Fee
	Special Permits-Bingo/Pet	\$195
	Temporary Sign	\$18
	Tree Permit (associated w/project)	\$109
	Tree Permit (not associated w/project)	\$203
	Concept review (Planning Commission)	\$1,520
	Undocumented Dwellings	\$319
Appeals	Appeals of Staff, ZA, ARC & Environmental to PC	\$321
	Appeal of PC to CC	\$693
Engineering	Miscellaneous - Public Improvement Design Service or Plan Check	\$111
	Miscellaneous - Administrative Notification Fee	\$111
Storm Water	Development Design Review	\$2,043
Fire	Fire Prevention Systems Plan Check & Inspection (Fire Alarm System)	\$300 + \$2/station
	Fire Prevention Systems Plan Check & Inspection (Automatic Fire Sprinkler System 1-5 heads)	\$100
	Fire Prevention Systems Plan Check & Inspection (Automatic Fire Sprinkler System 6-180 heads)	\$400 (or \$200 + contractor invoice)
	Fire Prevention Systems Plan Check & Inspection (Automatic Fire Sprinkler System 180+ heads)	\$400 + \$1.50/head
	Fire Prevention Systems Plan Check & Inspection (Fixed Fire Protection Systems - New)	\$400
	Fire Prevention Systems Plan Check & Inspection (Fixed Fire Protection Systems - Alteration)	\$200

Table 35
Fees for Sample Projects

TYPE OF DEVELOPMENT	FEE
Single-Family Residence (for 2,000 square foot home):	
City Design Review	\$760
City Building Permit	\$15,948
Building Standards Fee	\$57
Strong Motion Impact Fee	\$141
Construction Road Act Impact	\$14,102
City Fire Department Fee	Fire Sprinklers + \$628
MPUSD School Fee (outside agency)	\$6,312
MPWMD Water Fee (outside agency) (assumes 2 bathrooms, kitchen & laundry room)	\$4,619
MRWPCA Sewer Fee	\$3,337
Regional Transportation Agency Fees	\$3,586
Total (estimated)	\$49,490
<i>(Assumptions: Water is available for allocation; exempt from CEQA.)</i> <i>Estimated Total Project Cost: Single-Family Dwelling 2,000 sq. ft. \times \$350 = \$700,000</i> <i>Garage 400 sq. ft. \times \$25.43 = 10,172</i> <i>(Fees comprise about 12% of project cost.) \$710,172</i>	
Multi-Family Building (4-unit apartment building; 2,000 sq. ft. building, 900 sq. ft. parking; 3 x 1-bedroom units; 1 x 2- bedroom unit)	
City Use Permit (2/3 of design review permit)	\$2,666
City Design Review	\$4,036
City Building Permit	\$15,308
Building Standards Fee	\$53
Strong Motion Impact Fee	\$278
Construction Road Act Impact	\$13,229
City Fire Department Fee	Fire Sprinklers + \$1,206
MPUSD School Fee (outside agency)	\$7,627
MRWPCA Sewer Fee	\$10,928
MPWMD Water Fee (outside agency) (assumes 1 bathroom and kitchen per unit)	\$12,835
Regional Transportation Agency Impact Fees	\$10,072
Total (estimated)	\$73,086 (\$18,272 per unit)
<i>(Assumptions: Water is available for allocation; exempt from CEQA.)</i> <i>Estimated Total Project Cost:</i> <i>Residential 2,000 sq. ft. \times \$250 = \$500,000</i> <i>Garage 900 sq. ft. \times \$25.43 = \$22,887</i> <i>(Fees comprise about 14% of project cost.) \$522,887</i>	

Mixed-Use Project (14 apartments; 16,500 sq. ft. residential; 6,800 sq. ft. commercial)	
City Design Review	\$760
City Building Permit	\$36,864
Building Standards Fee	\$172
Strong Motion Impact Fee	\$900
Construction Road Act Impact	\$42,836
City Fire Department Fee	Fire Sprinklers + \$2,906
City Park Fee	\$23,100
MRWPCA Sewer Fee	\$31,869
MPUSD School Fee (outside agency)	Residential \$43,395 Commercial \$16,456
MPWMD Water Fee (outside agency) (assumes 1 bathroom, 1 kitchen, 1 washer per unit)	Residential \$44,923 Commercial \$31,601
Regional Transportation Agency Impact Fees	\$71,068
TOTAL	\$346,850
<i>(Assumptions: Water is available for allocation; 14 1-bedroom/ 1-bath apartments; does not include condominiums or PUD, meets all zoning code/regulations, requires only one use permit entitlement, and is exempt from CEQA)</i> <i>Estimated Total Project Cost:</i> <i>Residential 16,500 sq. ft. × \$250 = \$4,125,000</i> <i>Commercial 6,800 sq. ft. × \$200 = \$1,360,000</i> <i>Carports 5,058 sq. ft. × \$25.43 = \$128,625</i> <i>(Fees comprise about 6% of project cost.) \$5,613,625</i> <i>Source: City of Monterey, November 2015</i>	

IV. HOUSING OPPORTUNITIES

A. Availability of Sites for Housing

This section provides the inventory of vacant and underutilized land that is available in the City of Monterey for both multi-family and single-family residential development. **Table 38** provides the number of acres, zoning, unit potential, and availability of infrastructure for all vacant acreage not earmarked for a pending project. **Table 39** provides an inventory of underutilized properties that have potential for more intensive development (see Figure 1 for a map of vacant and underutilized sites).

A total of 650 new housing units have been allocated by AMBAG for the City of Monterey from 2015 through 2023. For this planning period, the Housing Element must show that the City has the capacity and appropriate zoning and development standards to facilitate the development of 259 housing units affordable to very low- and low-income households to meet its fair share allocation for these income levels. In addition, the City will have to allow for 119 housing units available to moderate-income households and 272 units to above moderate-income households.

RHNA Progress

Since January 2015 building permits have been pulled for 54 units, including 2 units restricted for moderate-income households. Entitlements have been approved for 59 units, including 19 very-low income senior units. This development reduces the City's RHNA allocation as shown under the Remaining RHNA column in **Table 37**. The City currently has an adequate amount of vacant and underutilized land capacity to accommodate the City's remaining fair share allocation. See **Tables 38** and **39** for a complete list of available sites to meet the City's 2015-2023 RHNA.

Table 37 displays the City's RHNA progress toward those allocations, its remaining allocations, a summary of the capacity of vacant and underutilized sites, and the resulting shortfall or surplus of appropriate sites. As previously stated, the City has issued 54 building permits since January 1, 2015, and is anticipating issuing permits for another 59 units for entitled projects. Therefore, the City has a remaining total RHNA allocation of 534 units and a total unit capacity of 715 units on vacant or underutilized sites.

As a result, the City has a surplus unit capacity of 87 units that would be affordable to extremely low-, very low-, and low-income households, a surplus capacity of 22 units for moderate-income households, and a surplus capacity of 72 units affordable to above moderate-income households, for a total surplus of 181 units. **Tables 38** and **39** exhibit the characteristics of the available sites for the development of 715 multi-family units. There is a potential for 66 single-family dwelling units and 705 multi-family dwelling units. The City's total housing allocation does not take into account all underutilized R-3 parcels, which are smaller and could support an additional single-family home. These parcels would likely be developed in response to housing demand and would serve above moderate-income households.

Table 36
Comparison of Regional Growth Need and Residential Sites (NEW)

Income Group	Total RHNA	Progress Since 2015	Remaining RHNA	Site Inventory Capacity	RHNA Surplus
Very Low	157	19	138	200	62
Low	102	27	75	100	25
Moderate	119	41	78	100	22
Above Moderate	272	26	243	315	72 ⁴
Total	650	113^{1,2,3}	534	715	181
<i>Source: Association of Monterey Bay Area Governments, 2015; City of Monterey, 2015</i> <i>Notes:</i> ¹ <i>Mixed Use Projects– Building Permits Issued (54 units):</i> 301 Alvarado (Cibo's), 22 rental units (12 studios, 8 × 1 bdrm, 2 × 2 bdrm) 230 Lighthouse, 32 rental units (26 × 1 bdrm, 6 × 2 bdrm, including 2 deed restricted as moderate) ² <i>3 Single-family homes constructed or building permits issued (above moderate-income)</i> ³ <i>Mixed Use Projects Entitled (30 units)</i> 520 Fremont – 12 rental units (4 studios, 8×1 bdrm, including 1 deed restricted as low) 449 Calle Principal – 18 rentals (18×2-bdrm) 613-669 Van Buren – 19 rentals, very-low, seniors 595 Munras – 10 studio units ⁴ <i>124.4 underutilized acres in the R-3 district not included in Site Inventory Capacity. The City has adequate underutilized R-3 parcels that can meet the future housing demands of above moderate-income households.</i>					

Realistic Capacity

The Zoning Districts and General Plan land use designations are shown for each site identified as having capacity for new residential construction. The realistic capacity of sites zoned residential in both **Tables 37** (vacant) and **38** (underutilized) is based on the allowed dwelling unit capacity and recent buildout yields of residential projects in the City. In addition, the realistic capacity of sites in non-residential zones suitable for mixed-use development has been determined based on recent mixed-use development trends. **Table 36** provides a summary of recent residential and mixed-use developments and the density of dwelling units achieved.

The dwelling unit density achieved by recent projects in each of the zones (R-3, C-2, C-R, and P-C) described in **Table 37** is used for determining the capacity of each parcel identified in **Tables 38** and **39**.

Residential

During the 2008-2014 planning period, there was an increase in the number of smaller multi-family projects developed on underutilized residential parcels, which is the result of a low supply of vacant parcels and a higher demand for additional housing units. These projects serve as the basis for developing the realistic development potential of underutilized residential sites identified in **Table 39**. The realistic capacity of each of the

underutilized sites, which currently have single-family homes, will be calculated assuming 27 dwelling units per acre.

Mixed Use

Mixed-use development examples in **Table 37** show the prior use and the redeveloped use of each site. In addition, **Table 37** provides the total size of each parcel and the portion of the parcels that were redeveloped with residential uses. For example, at 230 Lighthouse Avenue a commercial building occupied a 0.69 acre parcel which was redeveloped with a three-story mixed-use development consisting of ground-floor commercial and upper-floor residential uses. The zoning standards for mixed-use development permit commercial uses on the ground floor and residential on the upper floors. The Lighthouse project was developed with 32 residential units (2 affordable units), which equates to 46 dwelling units per acre.

As seen in **Table 37**, the residential density of each mixed-use site ranges between 15 and 86 dwelling units per acre. The average density of residential units for all mixed-use sites in **Table 37** is 40 dwelling units per acre. For the purpose of developing the residential development potential of mixed-use development on underutilized sites in **Table 39**, it is assumed that each site will develop at the average density of 40 dwelling units per acre.

The residential densities achieved in residential projects are calculated according to the total size of each site. The City's Zoning Code permits up to 30 dwelling units per acre in R-3 and commercial zones, but exceptions are made to allow higher densities in mixed-use projects to ensure compatibility with surrounding development. The Downtown Specific Plan allows densities up to 100/acre within the Alvarado District. Potential uses on sites that are prime for mixed use are considered into the calculation of the density of each development. Ground-floor commercial uses do not constrain more intense residential development as the City shows several examples in which residential density exceeds 30 dwelling units per acre.

Development Potential of Non-Vacant Sites

The City has a limited supply of vacant land suitable for residential development. The majority of the City is considered built out, and residential housing demand has been met through redeveloping underutilized properties. Through the remainder of the planning period, underutilized parcels are the most suitable resource to accommodate the City's remaining fair share allocation. The City has a relatively large supply of underutilized commercial and higher-density residential parcels that are suitable for redevelopment and more intensive residential development.

A large portion of the City's R-3 district has been developed with single-family homes. Programs a.2.1 and a.2.2 encourage the preservation of single-family homes in the R-3 district; however both programs recognize the importance for encouraging the development of smaller multi-family developments on the unused portions of parcels containing single-family homes. Underutilized R-3 parcels in **Table 39** are the most suitable for accommodating an increase of residential development.

The City's supply of underutilized commercially zoned sites is also an important resource to support residential development activity. The commercial sites identified in **Table 39** are most suitable for redevelopment. The City has determined these sites are the most suitable for redevelopment due to a variety of factors. For the most part, these sites are older and the intended uses are no longer fully realized. These sites are also connected to existing infrastructure (water, power, streets, etc), which makes them more valuable for redevelopment. **Table 39** assumes that underutilized commercial parcels will be redeveloped with mixed-use projects that contain residential units and meet the City's housing demand.

The mixed-use development located at 301 Alvarado is an example of a recently completed mixed-use project in the City's PC-D district. The 12 studio units are considered low-income units because they are small. The eight one-bedroom units are considered Moderate-income and the two two-bedroom units are considered above-moderate. Prior to the completion of the project, the site was used for commercial uses. This project is an example of a successful conversion of a commercial site to mixed use with residential uses shown in **Table 37**.

Table 37
Residential Development Examples (NEW)

Site Address	Zoning District	Acres	Project Type	Existing Use (units)	Number of Housing Units	Housing Density du/acre ¹	Notes
Mixed use and Multi-Family (2008-2014)							
301 Alvarado	PC-D	0.44	Mixed use	Commercial	22	50	Ground floor commercial preserved, two upper floors converted to apartments
230 Lighthouse	C2	0.69	Mixed Use	Commercial	32	46	Commercial buildings demolished, 3-story mixed use building constructed
459 Alvarado	PC-D	0.54	Mixed use	Commercial	21	39	Commercial uses destroyed by fire, 3-story mixed-use building constructed
515 Wave Street	C2	0.15	Residential	Single-family (1)	3	20	Single-family home retained and three units added.
Mixed Use (Prior to 2008)							
1280 Del Monte Ave	C2	.44	Mixed Use	Grocery store (0)	9	21	3-story (ground-level retail and two stories of residential)
191 Lighthouse Rd.	C2	.24	Mixed Use	Gas station (0)	5	21	Demolished gas station and constructed a new 10,383 square foot, two building mixed-use project with 2,633 square feet of retail space in a two-story building, five condominium units in a separate three-story building.
475 Alvarado St.	C2	.10	Mixed Use	Retail and office	3	30	Ground-floor retail and upper-floor residential.
426 Alvarado St	C2	.59	Mixed Use	Theater	11	19	Mix of retail, restaurant, office and residential.
131 Lighthouse Ave	C2	.57	Mixed Use	Commercial	12 (5 affordable units)	21	3-story mixed-use project (commercial on ground floor and residential on upper floors)

Site Address	Zoning District	Acres	Project Type	Existing Use (units)	Number of Housing Units	Housing Density du/acre ¹	Notes
643 Cannery Row	CR	.10	Mixed Use	Commercial	6	60	Two stories added to single-story commercial building. Additional floors are residential and the ground floor retained commercial use.
480 Cannery Row	CR	3.50	Mixed Use	Fish processing and warehousing	51	15	Oceanview Plaza with a mix of retail and residential.
201 Cannery Row	CR	.11	Mixed Use	Vacant	5	45	4-story mixed-use building (retail and residential).
330/350 Alvarado St.	PC	0.35	Mixed Use	-	30 (29 affordable units)	86	3-story mixed use project (retail/theater ground floor and residential on upper floors)
406 Alvarado	C2	.22	Mixed Use	Vacant	18	82	Monterey Hotel Apartments, 18 units (10 low-income, 8 moderate-income)
<i>Source: City of Monterey, 2015</i> ¹ Housing density per acre refers to the density of residential units located on the developed parcels.							

Available Vacant Sites

The City has a limited supply of available vacant land, which will not supply a large share of the future housing need. **Table 38** provides an inventory of vacant land in the City suitable for residential development. The table has been organized by available vacant sites in non-residential zones and residential zones.

The realistic capacity of each site was determined by utilizing the recent development examples identified previously in **Table 37**. Residential construction is permitted in mixed-use developments in the City's commercial zones. As discussed in the Realistic Capacity section of this Housing Element, mixed-use developments in the City achieve an average density of 40 dwelling units per acre. Sites 1-3 are located in the C-2 District, which requires a Planning Commission determination that a development is compatible with adjacent sites in order to allow an increase in density over 30 dwelling units per acre. Each of the sites 1-3 is suitable for development at 40 dwelling units per acre that would meet these criteria. For example, site 2 is 0.25 acres and located in the C-2 zone. If developed at a density of 40 dwelling units per acre, the site yields a capacity for 10 units. Site 3 is within the Downtown Specific Plan area that allows a density of 30 units per acre. The realistic capacity of vacant C-2 and PD sites is 28 units, all of which have been allocated toward meeting the City's above moderate-income housing need.

The R-3 district contains 3 parcels 0.23 acres or larger, which are suitable for multi-family development. The City's state-designated default density for sites appropriate for higher-density housing allocations is 20 dwelling units per acre. The City's R-3 district allows up to 30 dwelling units per acre, but the vacant site inventory conservatively assumes 20 dwelling units per acre. The vacant sites in the R-3 district have a realistic capacity of 23 units, which have been allocated toward the City's moderate-income housing need. **Table 12** displays the maximum affordable rents for all income levels. Comparing the maximum affordable monthly rent for moderate-income households with the average rental rates of apartments and condominiums presented in **Table 23**, market-rate rental units are affordable to moderate-income households.

In the Residential Single-Family (R-1) district, there are 11 vacant acres available for single-family construction made up of multiple small infill sites. The maximum number of units allowed per acre in the R-1 district is 8 units. According to recent development activity, it is realistic to plan for a density of 6 units per acre to be achieved in the R-1 district. The realistic development capacity of the vacant sites in the R-1 district is 66 units and is counted toward meeting the needs of above moderate-income households.

The realistic capacity of vacant sites in the commercial district and R-1 district is 94 units, all of which have been allocated toward the City's above moderate-income housing needs. The remaining above moderate-income household allocation was 246; after accounting for 94 additional units, the remaining need is 152 above moderate-income units. The capacity of vacant R-3 sites identified in **Table 38** is 23 units, which have been allocated toward the City's moderate-income household need of 78 units, which means the remaining moderate-income household allocation is 55 units.

Table 38
Available Vacant Land Inventory (NEW)

Site Number	APN	GP Designation	Zoning	Allowable Density (du/acre)	Acres	Realistic capacity	Infra-structure	Con-straints
1	001073004000	Commercial	C-2	Varies	0.21	8	Yes	Water ¹
2	011467002000	Commercial	C-2	Varies	0.25	10	Yes	Water ¹
3	001728002000	Commercial	PC-D	30	0.35	10	Yes	Water ¹
4	Site has been developed and therefore removed from inventory							
Total Vacant Non-residential					0.81	28		
5	001881050000	Residential	R-3	30	0.41	8	Yes	Water ¹
6	001057002000	Residential	R-3	30	0.27	5	Yes	Water ¹
7	001064009000	Residential	R-3	30	0.24	5	Yes	Water ¹
8	001066012000	Residential	R-3	30	0.23	5	Yes	Water ¹
Total R-3 Vacant				30	1.15	23		
Total Vacant R-1 Capacity				8	11.0	66		Water ¹
Total Vacant Residential (R-1 and R-3)					12.15	89		
Total Vacant					12.96	117		
<i>Source: City of Monterey, 2015</i>								
<i>¹ Program i.1.5 outlines a regional strategy for achieving a future water supply.</i>								

Underutilized Sites

As mentioned, the City of Monterey has limited vacant land resources to ensure adequate space for residential development. Through the planning period for this Housing Element, as was evidenced throughout the previous planning period, a large share of the City's housing need will be met through the development of underutilized sites. **Table 39** provides an inventory of sites that have been determined to be underutilized and capable of supporting an increase in residential capacity over the existing use. The inventory contains underutilized sites in the City's PC-NF, PC-D, C-2, C-R, and R-3 districts.

Mixed Use The sites identified for mixed-use development (PC-NF, PC-D, C-2 and C-R) are a significant resource for the City to meet future housing growth needs. As shown in **Table 37**, the City has experienced an increase in mixed-use development, most of which has occurred in the C-2 and PC districts. Mixed-use projects in the C-2 and PC districts have achieved densities of up to 86 dwelling units per acre, with a mixture of units affordable to households of all incomes. Mixed-use projects in the C-2 and PC districts typically average a density of 40 units per acre.

C-R parcels (sites 25, 31 and 32) have capacity to support the development of 92 housing units.

As mentioned, the recalculated RHNA for very low- and low-income households is 213 housing units and the remaining need for moderate-income households (after subtracting the vacant site development potential) is 55 units. Mixed-use development in the City's underutilized C-2 commercial zones has produced residential units in projects with densities as high as 86 units per acre. On average, mixed-use developments in the C-2, C-R and PC districts achieve 40 units per acre and represent the densest development occurring in the City, suitable for moderate- and lower-income households.

Sites 10 through 12 have a realistic development capacity of 132 units. The higher-density development and larger size of the parcels make them suitable for meeting the needs of lower-income (extremely low-, very low-, and low-) households. Accounting for the capacity of sites 10 through 12 (132 units) to meet the City's remaining lower-income housing need results in a remaining need of 81 lower-income housing units. Sites 25, 31, and 32 have a combined realistic capacity of 92 units, and based on the 13 units designated as moderate plus the realistic density and size of each parcel, the balance of the units could be made affordable to moderate-income households, which results in a surplus of 37 units that could be assigned to above moderate-income housing units. The remaining capacity of underutilized commercial sites 13 through 24 is 100 units, which leaves a remaining need of 15 units affordable to above moderate-income households.

Downtown, Lighthouse, and North Fremont Specific Plans

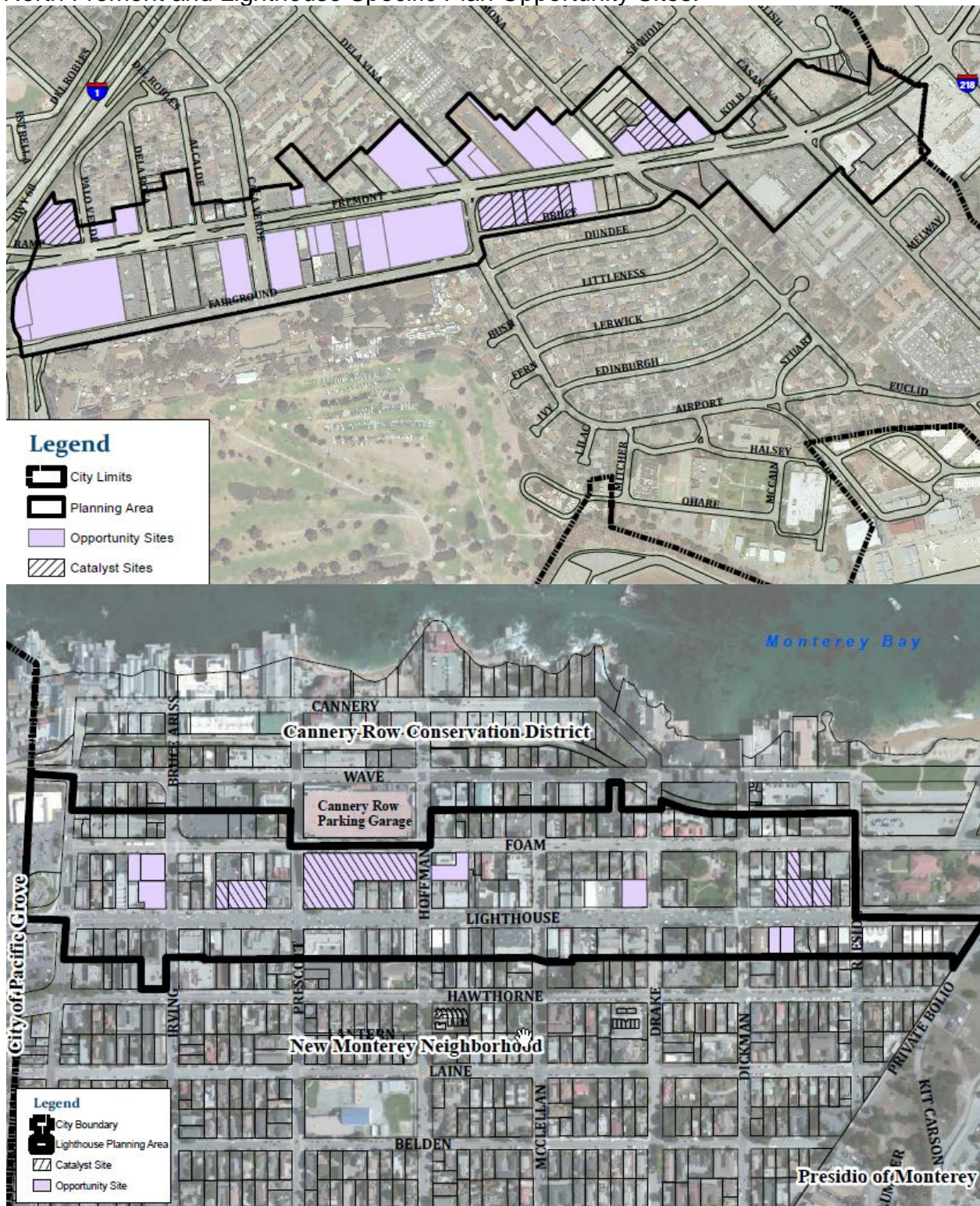
As shown in **Table 37**, a trend is emerging in the City to redevelop commercially zoned parcels with mixed-use development. Due to a limited inventory of land primarily zoned for residential development, mixed-use development has included residential units. The cost to redevelop underutilized parcels as mixed-use projects has proved to be a more affordable development option due to water availability and the low supply of vacant parcels. According to the County Assessor, the average cost for a vacant 5,000 square foot lot is \$350,000. While the cost to acquire and redevelop a non-vacant lot is difficult to determine because the existing use of the lot is calculated in the acquisition cost, developers are becoming more active in the acquisition and rehabilitation of non-vacant parcels.

Property owners have also been redeveloping existing commercial uses with a mixed-use development. For example, Site 13 in **Table 39** is an active gas station. The owner of the property has expressed interest and is seeking a development partner to redevelop the site as mixed use from the primary commercial use.

The City also actively supports the redevelopment of underutilized parcels in mixed-use areas (Program g.1.3). To capitalize on this trend, the City adopted or is in the process of adopting specific plans for each of the three future growth areas: Downtown, Lighthouse and North Fremont. The specific plans encourage redevelopment that provides housing opportunities that are affordable by design and that contribute to the character of the neighborhood (Program g.1.2). Commercial uses are encouraged at

the street level and residential uses on the upper floors. A variety of parking options, including shared and off-site parking, are offered to reduce the cost of redevelopment. In 2010, as part of the preparation of the specific plans and subsequent environmental analyses, City staff completed an in-depth inventory of vacant and underutilized sites, available water, and ownership patterns and analyzed the data to determine potential build-out for each of the three specific plan areas. While many of the downtown sites are identified on the Land Inventory Map and included in Table 38, the North Fremont and Lighthouse sites are shown below.

North Fremont and Lighthouse Specific Plan Opportunity Sites:



Assumptions included retail/commercial on the ground floor and residential units above at the density of 30 units per acre. A market analysis was conducted for the three areas to determine a healthy balance of retail, restaurant, and residential uses that would succeed as development projects and meet the goals of the specific plans. This

analysis provided a basis for assigning the water resources to create a desired balance of uses. The results of the analysis determined that the housing unit capacity under the current water constraint is as follows:

Specific Plan Area:	Potential Housing Units at 30 du/acre
North Fremont:	130
Downtown:	260
Lighthouse	113
Total Capacity	503
Subtract units constructed	135
Subtract units in Tables 37 and 38:	155
Net Capacity	213

Since the inventory and analysis was completed, 135 units have been built or are under construction per Table 36. Another 155 units were accounted for in **Tables 38 and 39**. Therefore, the specific plan areas provide an additional capacity for 213 housing units.

Residential

The City also has a large supply of underutilized sites in the R-3 district. The uses on R-3 sites identified in **Table 39** have been developed at low densities with single-family residential units. The City's Zoning Code allows for multi-family development with up to 30 units per acre in the R-3 zone.

The majority of the City's R-3 district has been built out. A large portion of the district is built with single-family homes, well below maximum allowable densities, and is therefore considered underutilized. Programs a.2.1 and a.2.2 preserve the existing single-family homes in the R-3 district as a measure to continue to support homeownership. At the same time, the City recognizes the need for denser development in order to meet the affordability needs of lower-income households. Therefore, the City has identified single-family parcels that can support additional housing units. Sites 26 through 28 in **Table 38** have been identified as ideal sites that could each support the development of residential units. Each site contains one single-family home.

Many R-3 parcels in the City contain a single-family home and a multi-family building. As previously discussed, multi-family development on underutilized R-3 parcels yields an average density of 27 dwelling units per acre. The R-3 sites in **Table 39** have a realistic capacity to support an additional 255 units. Site 29 is 7.46 acres and is currently occupied with an underutilized community building that is more than 40 years old. Site 29 has a capacity to support the development of 201 new housing units, which could be made affordable to lower-income households and have been allocated as such, which creates an excess capacity of 120 units affordable to lower-income households. Sites 26 through 28 have a capacity to support 44 multi-family housing units, which would be affordable to moderate-income households, and which creates a surplus of 44 housing units affordable to moderate-income households.

In addition to the underutilized parcels located in the R-3 zone suitable for development of larger multi-family housing, there are 124.40 acres of underutilized residential land in the R-3 district suitable to meet the needs of above moderate-income households. The

City's land use survey found that a large share of the underutilized R-3 sites will support minimal additions of residential units. There are over 800 sites with single-family units considered to be underutilized in the R-3 district. As previously mentioned, Programs a.2.1 and a.2.2 implement measures to retain home ownership while allowing for more intensive uses of the R-3 district. Specifically, Program a.2.2 encourages the City to explore the option of reducing the minimum lot size requirements of single-family lots in the R-3 zone. The intent of reducing the lot sizes is to promote more intense uses of the developed zone while retaining existing structures. The 124.40 underutilized acres in the R-3 district combined with Programs a.2.1 and a.2.2 is sufficient to meet the housing need of above moderate-income households, creating a surplus of available sites for above moderate-income households.

**Table 39
Underutilized Land Inventory (REVISED)**

Site #	APN	Address	GP Designation	Zoning	Allowable Density ²	Acres	Existing Use (units)	Description of Existing Use	Realistic Capacity
10	0131030-36000	2031 N. Fremont Street	Commercial ¹	PC-NF	Varies	1.05	Commercial (0)	Old restaurant occupies the site adjacent to residential under same ownership. City has received inquiries regarding the redevelopment of this site for increased density through mixed-use development.	31
11	0130210-12000	2020 Del Monte Ave.	Commercial ¹	C-2	Varies	1.11	Commercial (0)	Current use is a 40+ year-old roller skating rink with mixed-use potential. City has received inquiries regarding mixed-use development potential.	44 ³
12	0017030-03000	601 E. Franklin St.	Commercial ¹	PC-D	Varies	1.90	Commercial (0)	Vacant building, ripe for reuse. The City has received inquiries regarding mixed-use development potential.	57
13	0016820-10000	320 Fremont St.	Commercial ¹	C-2	Varies	0.61	Commercial (0)	Active gas station, but owner actively seeking partner to redevelop.	24 ³
14	0016810-37000	600 Munras Ave.	Commercial ¹	C-2	Varies	0.68	Commercial (0)	Old restaurant with office lease spaces upstairs that are vacant. City has received inquiries regarding mixed-use development potential	27 ³
15	0015730-12000	439 Alvarado St.	Commercial ¹	PC-D	Varies	0.17	Commercial (0)	Parking for adjacent bank. Downtown Design Guidelines opportunity.	7 ³
16	0015740-19000	470 Tyler Ave.	Commercial ¹	PC-D	Varies	0.2	Parking (0)	Parking for adjacent business. Downtown Design Guidelines opportunity.	8 ³
17	0015740-20000	478 Tyler Ave.	Commercial ¹	PC-D	Varies	0.1	Parking (0)	Parking for adjacent business. Downtown Design Guidelines	4 ³

Site #	APN	Address	GP Designation	Zoning	Allowable Density ²	Acres	Existing Use (units)	Description of Existing Use	Realistic Capacity
								opportunity.	
18	0015740-05000	482 Tyler Ave.	Commercial ¹	PC-D	Varies	0.1	Commercial (0)	Parking for adjacent business. Downtown Design Guidelines opportunity.	4 ³
19	0015740-15000	Corner of Tyler and Perry	Commercial ¹	PC-D	Varies	0.1	Parking (0)	Parking for adjacent business. Downtown Design Guidelines opportunity.	4 ³
20	0015740-13000	115 Pearl Ave.	Commercial ¹	PC-D	Varies	0.1	Parking (0)	Parking for adjacent business. Downtown Design Guidelines opportunity.	4 ³
21	0016920-07000	471 Tyler Ave.	Commercial ¹	PC-D	Varies	0.18	Parking (0)	Parking for adjacent business. Downtown Design Guidelines opportunity.	7 ³
22	0016920-04000	456 Washington St.	Commercial ¹	PC-D	Varies	0.15	Parking (0)	Parking for adjacent business. Downtown Design Guidelines opportunity.	6 ³
23	0016920-10000	468 Washington St.	Commercial ¹	PC-D	Varies	0.13	Parking (0)	Parking for adjacent business. Downtown Design Guidelines opportunity.	5 ³
24	0168200-90000	731 Munras Ave.	Commercial ¹	C-2	Varies	0.95	Restaurant (0)	Very old restaurant that is currently operating. Site is suited for mixed-use development.	38 ³
25	0010210-05000	600 Cannery Row	Commercial ¹	C-R	Varies	0.99	Restaurant (0)	Restaurant is currently in operation, however development standards would allow the entire site to be used for mixed-use development, including the addition of a second story above the restaurant, to meet the maximum allowed density of 30 du/acre.	29
26	0013610-15000	160 Seeno St.	Residential ¹	R-3	30	0.50	Single-family (1)	One single-family home currently occupies the site. Suitable for more intensive residential development.	14
27	0013610-	136 Seeno St.	Residential ¹	R-3	30	0.60	Single-	One single-family home currently	16

Site #	APN	Address	GP Designation	Zoning	Allowable Density ²	Acres	Existing Use (units)	Description of Existing Use	Realistic Capacity
	16000						family (1)	occupies the site. Suitable for more intensive residential development.	
28	0014030-11000	738 Jefferson	Residential ¹	R-3	30	0.50	Single-family (1)	One single-family home currently occupies the site. Suitable for more intensive residential development.	14
29	0132620-12000 0132620-13000	930 -950 Casanova	Residential ¹	R-3	30	7.46	0	This is an underutilized community center. Upon discontinuance of the use, the entire site would be redeveloped as multi-family.	201
31	0010310-03000	300 Cannery Row	Commercial ¹	C-R	30	0.45	0	Project has received preliminary planning review.	12
32		480 Cannery Row	Commercial	C-R	30	3.5	0	Project has received planning approval but not building permits	Permitted for 38 market rate and 13 mod. units
Total						21.53			598
<p><i>Source: City of Monterey, 2015</i></p> <p><i>Notes:</i></p> <p>¹ All existing sites have water that could be redistributed to residential development if redeveloped.</p> <p>² Residential development density is regulated through a mixed use permit in commercial districts and varies according to the proposed project.</p> <p>³ An increased density to 40 du/acre would be compatible with adjacent uses.</p>									

B. Resources for Affordable Housing

Financing is generally available for housing construction and purchase in the City of Monterey. This has not been a constraint to housing production in Monterey.

Efforts by the City to assist in the development, rehabilitation, and preservation of affordable housing would utilize organizational and financial types of resources. The following programs include local, state, and federal housing programs that are valuable resources in assisting in the development of affordable housing, preserving at-risk housing, and for housing rehabilitation.

Community Development Block Grant (CDBG)

The Department of Housing and Urban Development (HUD) awards Community Development Block Grant funds annually to entitlement jurisdictions and states for general housing and community development activities, including housing rehabilitation, public facilities and infrastructure, public services, and economic development activities. HUD also offers various other programs that can be utilized by the City and by nonprofit and for-profit agencies for the preservation of low-income housing units such as Section 202 and Section 108 loan guarantees.

Community Services Block Grant (CSBG)

In all states, the Community Services Block Grant program is designed to provide a range of services to assist low-income people in attaining the skills, knowledge, and motivation necessary to achieve self-sufficiency. The program also provides low-income people with immediate life necessities such as food, shelter, and health care needs. In addition, services are provided to local communities for the revitalization of low-income communities, for the reduction of poverty, and to help provider agencies to improve and increase their capacity at achieving results and to develop community resources with whom to link services and funding.

The Home Investment Partnerships Program

The Home Investment Partnerships Program (HOME) was created under the Cranston-Gonzalez National Affordable Housing Act enacted in November 1990. The HOME Investment Partnership Program is designed to improve and increase the supply of affordable housing. The City of Monterey applies to HCD for these funds and the grants are awarded on a competitive basis. HOME funds may be used for housing rehabilitation, new construction, and acquisition and rehabilitation for both single-family and multi-family projects.

Low Income Housing Tax Credit Program (LIHTC):

In 1986, Congress created the federal low-income housing tax credit to encourage private investment in the acquisition, rehabilitation, and construction of low-income rental housing.

Because high housing costs in California make it difficult, even with federal credits, to produce affordable rental housing, the California Legislature created a state low-income housing tax credit program to supplement the federal credit.

The state credit is essentially identical to the federal credit. State credits are only available to projects receiving federal credits. Twenty percent of federal credits are reserved for rural areas and 10 percent for nonprofit sponsors. To compete for the credit, rental housing developments have to reserve units at affordable rents to households at or below 46 percent of area median income. The assisted units must be reserved for the target population for 55 years.

The federal tax credit provides a subsidy over ten years toward the cost of producing a unit. Developers sell these tax benefits to investors for their present market value to provide upfront capital to build the units.

Credits can be used to fund the hard and soft costs (excluding land costs) of the acquisition, rehabilitation or new construction of rental housing. Projects not receiving other federal subsidy receive a federal credit of 9 percent per year for ten years and a state credit of 30 percent over four years (high cost areas and qualified census tracts get increased federal credits). Projects with a federal subsidy receive a 4 percent federal credit each year for ten years and a 13 percent state credit over four years.

California Housing Finance Agency (CalHFA)

The California Housing Finance Agency (CalHFA) offers permanent financing for acquisition and rehabilitation to for-profit, nonprofit, and public agency developers seeking to preserve at-risk housing units. In addition, CalHFA offers low-interest predevelopment loans to nonprofit sponsors through its acquisition/rehabilitation program.

California Department of Housing and Community Development (HCD)

HCD conducts the Urban Predevelopment Loan Program, which provides funds to pay the initial costs of preserving existing affordable housing developments for their existing tenants. Priority is given to applications with matching financing from local redevelopment agencies or federal programs.

HCD also conducts the acquisition and rehabilitation component of the Multifamily Housing Program to acquire and rehabilitate existing affordable rental housing. Priority is given to projects currently subject to regulatory restrictions that may be terminated. Assistance is provided through low interest construction and permanent loans. Eligible applicants include local government agencies, private nonprofit organizations, and for-profit organizations.

V. OPPORTUNITIES FOR ENERGY CONSERVATION

Energy-related costs could directly impact the affordability of housing, particularly with California in a midst of an energy crisis. Title 24 of the California Administrative Code sets forth mandatory energy standards for new development and requires the adoption of an “energy budget.” Subsequently, the housing industry must meet these standards and the City is responsible for enforcing the energy conservation regulations.

The City of Monterey Building Division reviews all new residential construction and additions for compliance with energy conservation requirements. Residential construction has the option of complying with pre-tested standards or demonstrating through energy calculations that the structure independently meets the energy conservation goals. According to the City's Building Official, most residential developers provide energy calculations that describe how the project will meet the energy requirements. Implementation of this law saves a significant amount of energy.

Monterey signed the U.S. Mayors Climate Protection Agreement. The agreement commits the City to meet the greenhouse gas emissions requirement of the Kyoto Protocol, which requires a 7 percent reduction from 1990 levels by 2012.

The City has a Climate Action Team which is made up of City staff and members of the Planning Commission. They meet regularly to discuss progress toward development of a Climate Action Plan for the City that will contain goals, objectives, and programs for how the City can reduce its carbon footprint.

In addition, the City Council signed the U.N. Urban Environmental Accords, which promote an environmentally sound, healthy, and safe urban environment. The Accords require the City to “adopt a policy that mandates a green building rating system that applies to all new municipal buildings.” The City adopted a Green Building Program in 2008. However, in 2013, the City repealed its Green Building Ordinance and adopted the 2013 California Green Building Standards Code (Cal Green), which equals the City's program in requiring green practices in building design.

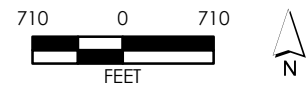
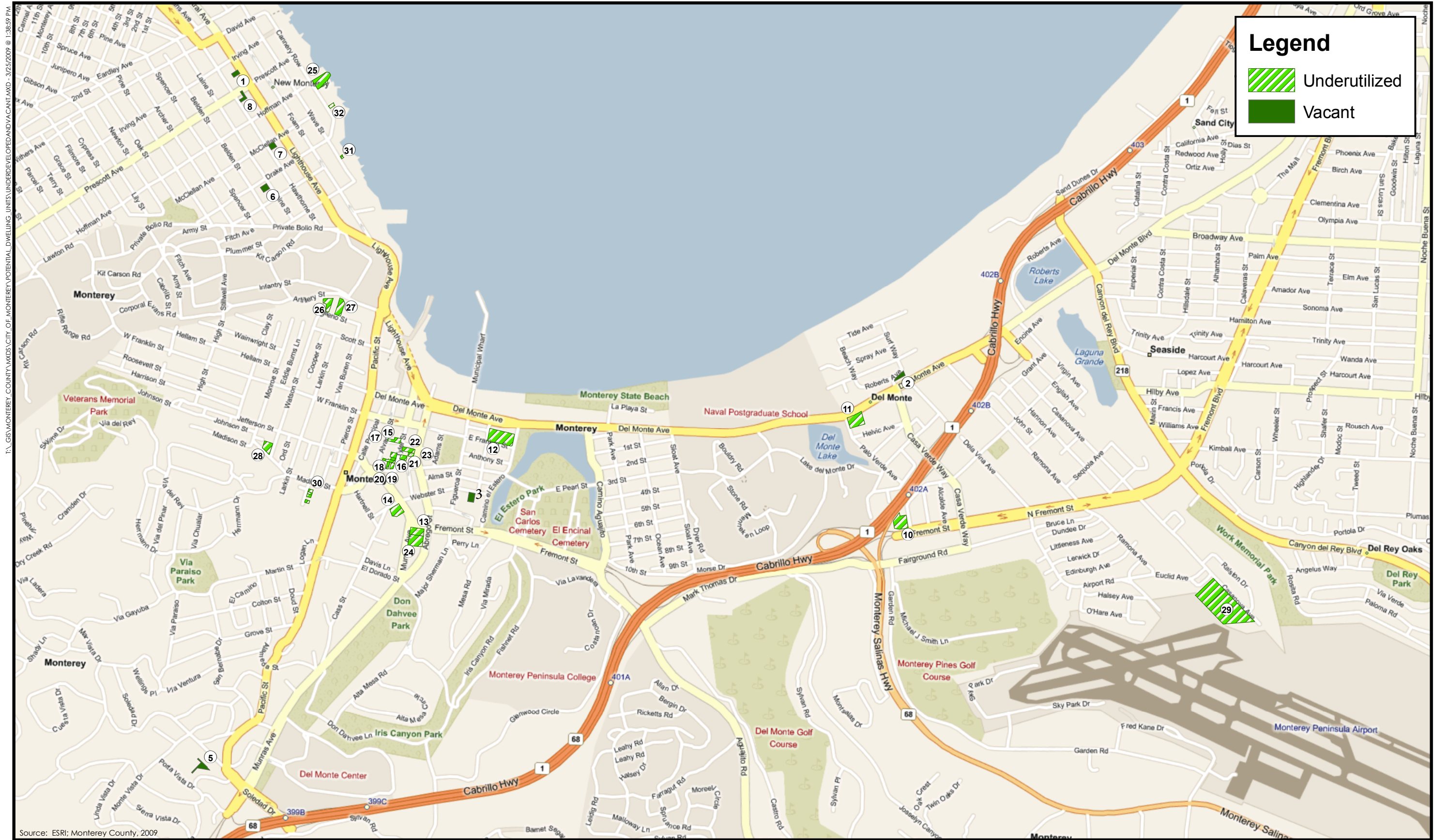


Figure 1
Vacant and Underutilized Parcels

PMC

VI HOUSING ELEMENT ACTION PROGRAM

Introduction

The Housing Element consists of goals, policies, and programs to meet Monterey's unique and specific position in the regional housing market. Monterey is mostly built out and is the central city of the Monterey Peninsula, so most new housing is higher-density and on previously developed sites. Since 2005, the City has directed new housing development towards its mixed-use neighborhoods, which are close to transit and services and minimize the need of an automobile. The Housing Element has goals, policies, and programs to provide opportunities for new housing development, particularly in the mixed-use neighborhoods in the Downtown, Lighthouse/Foam, and North Fremont areas.

The State of California requires that each unit of local government provide adequate sites to meet its portion of the statewide housing need. The State assigns a "fair share" number of housing units to the regional government (Association of Monterey Bay Area Governments (AMBAG)) and the total is distributed among the various cities. The primary impediment to meeting Monterey's share of statewide housing goals is a virtual water moratorium imposed by another state agency. Some properties have water credits that can be reused for new residential or commercial development. While developing specific plans for each of the future growth areas in the mixed-use district, the City created a database of underutilized properties and water credits associated with each property. These opportunity sites are shown in the specific plans. Some properties could be combined under a single ownership and redeveloped to provide new housing units by sharing the water credits. However, the City cannot anticipate meeting these Housing Element goals without a new water supply. To mitigate this problem, the City has incorporated programs to address water capacity, including giving preference in the City's water allocation process to projects meeting fair-share housing goals and to affordable housing projects and supporting the efforts of the California American Water Company in providing a new water source to the City.

The City of Monterey has for many years supported a wide variety of housing programs: loans, grants, and write-down of land costs for the Monterey Housing Authority and nonprofit agencies to support construction of low-cost housing; inclusionary zoning to provide low- and moderate-cost housing; and zoning for more apartments than will be built in the General Plan time frame. The City has done so to provide the opportunity for the private market to construct low- and moderate-cost housing. In addition, the City assists social service agencies and nonprofit housing providers in a wide range of housing services and construction needs.

Unless otherwise specified, the programs in the Housing Element will be administered by the Planning, Office and funded by the General Fund, and Community Development Block Grant (CDBG).

Goals, Policies, and Programs

a. Home Ownership

The percentage of owner-occupied housing in Monterey declined from 52 percent in 1950 to an estimated 36 percent in 1990. Ownership increased to 39 percent in 2010, but the preponderance of new housing will be cluster or apartment units, with the potential to reduce owner occupancy to less than 25 percent at maximum General Plan buildout. By comparison, owner occupancy statewide has remained almost constant, at 54 percent in 1950 and 56 percent in 2010.

The decreasing percentage of ownership housing results from two factors. First, the City is essentially built out, with a limited number of large vacant sites available for new housing construction. Second, the City's future growth areas are zoned for mixed-use development, which lends to multi-family/rental housing development.

The City has also adopted policies to encourage preservation of existing single-family housing in apartment-zoned areas in order to preserve ownership opportunities where the zoning would generally encourage removal of a potential owner-occupied unit.

Goal a. Promote construction of new ownership housing units and conservation of existing ownership housing units to maintain and/or improve the existing balance between owner and rental units in Monterey.

Policy a.1. Encourage the production of new ownership housing units.

Program a.1.1. The City will continue to update its list of larger developable sites and contact property owners to determine opportunities for housing construction. There will be an emphasis on constructing housing types that provide mixed-income and large family ownership opportunities.

Implementation Timeline: Annually, 2015-2023

Responsible Party: Planning Office, Housing Office

Funding: General Fund

Program a.1.2. Maintain existing single-family zoning throughout the City. Rezoning of single-family land to other uses should not occur without findings that the proposed use is more beneficial to the City than retaining single-family ownership opportunities.

Implementation Timeline: Ongoing, 2015-2023

Responsible Party: Planning Office

Funding: General Fund

Program a.1.3. Continue to create and adopt development standards for mixed use areas that have development potential for new housing units.

Implementation Timeline: Adopt Lighthouse Specific Plan by December 2016.

Responsible Party: Planning Office

Funding: General Fund

Program a.1.4. Continue to work with the major employers in Monterey and the region to provide targeted homeownership opportunities for employees (see Programs h.1.1 and h.1.2).

Implementation Timeline: Meet regularly with established working group, 2015-2023
Responsible Party: Planning Office, Housing Office
Funding: General Fund

Program a.1.5. Monitor and evaluate the use permit process for new multi-family projects in the R-3 and Commercial districts to determine whether the process qualifies as a constraint to residential development. Identify strategies to be implemented by the City to remove any constraint identified by the evaluation. Provide a summary of the evaluation (and strategies, if identified) to HCD as a part of the City's annual reporting requirement.

Implementation Timeline: Annually, 2015-2023
Responsible Party: Planning Office, Housing Office
Funding: General Fund

Policy a.2. Encourage the conservation of existing homeownership opportunities, including moderate-income units.

Program a.2.1. The City will continue allowing additional floor area for single-family homes and eliminate additional parking requirements with building upgrades for historic properties.

Implementation Timeline: Ongoing.
Responsible Party: Planning Office
Funding: General Fund

Program a.2.2. Begin process for determining whether City can reduce the minimum lot size for single-family subdivisions on existing R-3 lots to increase the stock of affordable housing, while retaining the existing house where one is present and retaining neighborhood character. The program may use condominium, townhouse, or detached form of housing units and shall utilize design and construction methods to maximize privacy and minimize sound transmission.

Implementation Timeline: Consider reducing the minimum lot size and amending the Zoning Code by June 2016.
Responsible Party: Planning Office, Housing Office
Funding: General Fund

Program a.2.3. Evaluate the Down Payment Assistance Program to determine if it will be practical to assign the City's purchase option to qualified buyers. Investigate opportunities to increase Down Payment Assistance loans for equity sharing for detached single-family houses.

Implementation Timeline: Annually 2015-2023,
Responsible Party: Housing Office
Funding: Redevelopment Housing Set-aside funds, CDBG funds.

b. Rental Housing

Most new market-rate and lower-cost housing in Monterey is rental housing.

Most of the multi-family housing potential is in areas that are currently developed, either in R-3-zoned areas that were formerly single-family neighborhoods or in mixed-use areas that have existing single-family houses or commercial buildings. Because most of these sites require removal of an existing building before new housing can be constructed, land costs are high and growth of rental units has been gradual over the past eight years.

Mixed-use developments (apartments over commercial use) or apartment projects in commercial areas typically provide the opportunity to build apartments in the affordable price ranges and have the potential of serving extremely low-, very low-, low-, and moderate-income renters. The City has developed specific plans for these areas that are form-based and removed many of the impediments to mixed-use and apartment developments.

The City currently prohibits second units in the Single-Family Residential Zoning District (R-1). This prohibition is based on findings that the historic character of the single-family neighborhoods could be threatened by a proliferation of second units. The Multi-Family Residential Zoning District (R-3) allows adaptive reuse of existing single-family residences to create additional affordable units within existing structures. Detached second units are also allowed on sites zoned R-3. Because the City has adequate capacity in the R-3 and Specific Plan areas for additional units, there has not been a need to allow second units in the R-1 districts to meet the City's allocation for the Housing Element.

Goal b. Broaden the choice of rental housing types available to residents of Monterey in all price ranges and for all family sizes, while maintaining neighborhood compatibility and, where possible, using second units to encourage owner opportunities.

Policy b.1. Provide the opportunity to construct new multi-family housing units in pockets of opportunity.

Program b.1.1. Maintain multi-family densities at 30 units per acre in the R-3 zone, specific plan areas, and in commercial zones with the potential for density bonuses as outlined in Program i.1.2.

Implementation Timeline: Ongoing, 2014-2023

Responsible Party: Planning Office

Funding: General Fund

Program b.1.2. Assist the Housing Authority, nonprofit agencies, and private developers in providing extremely low-, low-, and very low-income housing as opportunities become available, using the current Housing Element as a basis for action.

The City will continue to provide assistance by streamlining the permit process. A staff member is assigned to coordinate City reviews. The City will also coordinate with the developer to help make the project financially feasible, such as by providing low-interest loans and other incentives when affordable housing goals are met.

Implementation Timeline: Ongoing

Responsible Party: Housing Office, Housing Authority Funding: Redevelopment Housing Set-aside funds and HOME funds

Program b.1.3. Evaluate the existing allocation of Housing Choice Vouchers and encourage and support the Housing Authority and private market landlords to expand utilization of the Housing Choice Voucher program.

- Encourage the Housing Authority to grant 20 percent rent exceptions for the Monterey area to provide a greater housing choice for very low-income renters.
- Encourage the Housing Authority to market the Housing Choice Voucher programs to Monterey landlords and post applications on the City's website.
- Encourage the Housing Authority to recruit more Monterey families assisted by Housing Choice Voucher into the Family Self-Sufficiency Program.

Implementation Timeline: Annually, 2014-2023

Responsible Party: Housing and Property Management Office, Housing Authority

Funding: Housing Choice Vouchers and HOME funds

Program b.1.4. The City will encourage affordable rents by providing brochures that outline the City's Voluntary Rental Guidelines, but discourage citywide rent control.

Implementation Timeline: By June 2016

Responsible Party: Housing Office

Funding: Redevelopment Housing Set-Aside funds, CDBG

Program b.1.5. Continue to require a minimum 5,000-square-foot lot size for new apartment developments.

Implementation Timeline: 2014-2023, as new projects are processed through the Planning Office

Responsible Party: Planning Office

Funding: General Fund

c. Opportunities for Families with Children

The number of children under the age of 20 decreased substantially between 2000 and 2010. Apartment densities and floor area ratios generally result in small apartments without enough room or play areas for families with children. The number of single-family houses can be expected to decrease over time. As a result of these factors, family housing opportunities can be expected to diminish unless specific action is taken to provide units with adequate size and amenities for families with children. The main opportunities for family housing come from conserving existing single-family units (see Section d, Rehabilitation and Conservation Issues), providing housing types suitable for family housing, and providing some larger units in multi-family housing developments or condominiums.

Rental housing is the primary source of housing for lower- and moderate-income families. New apartment development should provide an adequate number of bedrooms and play areas for families. Condominium and ownership townhouse development can provide family opportunities if units and open space take family needs into account.

Goal c. Provide family housing opportunities on larger sites and for all income levels.

Policy c.1. Encourage units suitable for family occupancy.

Program c.1.1. Encourage larger units with two or more bedrooms and open spaces with sufficient area for children's play in R-3 developments. The City will conduct a comprehensive review and revision of the current parking requirement to determine the feasibility of requiring at least one-third of any housing development over three units to provide two or more bedrooms. All housing projects will continue to be required to provide open space to give residents an opportunity for outside activities.

Implementation Timeline: Conduct a comprehensive review and revisions of current parking requirements by June 2016.

Responsible Party: Planning Office

Funding: Redevelopment Agency, bonds, tax credits

Program c.1.2. Encourage the Housing Authority and for-profit and nonprofit developers to build affordable housing for families with children whenever possible. The City will discuss family housing needs with potential developers and the financial and processing incentives that are available.

Implementation Timeline: 2015-2023, as projects are approved through the Planning Department

Responsible Party: Planning Office, Housing Office and Housing Authority

Funding: General Fund

d. Rehabilitation and Conservation Issues

It is estimated that as of 2008 the City had 880 units with serious deterioration, 2,140 units that were clearly declining, and 4,830 units had deferred maintenance. There are two primary contributors to deterioration. First is the age of housing stock. An estimated 46 percent of the City's housing is over 45 years old. Second is the number of long-term homeowners who have difficulty affording maintenance and repairs. These owners often live in the oldest housing units in the City. Monterey also has 24 affordable housing units which could be converted to market-rate rents in the next ten years.

The City's rental unit stock is further reduced when homeowners chose to pursue short-term vacation rentals (less 30-days) instead of providing permanent housing.

Goal d. Encourage maintenance and rehabilitation of the entire housing stock. The City will continue to advertise rehabilitation programs on the City's website and provide brochures at the City library and housing office.

Policy d.1. Provide rehabilitation assistance to low-income households and encourage privately funded rehabilitation wherever deterioration is present.

Program d.1.1. Provide emergency major repair assistance to low- and moderate-income households.

Implementation Timeline: 2015-2023, as funding is available

Responsible Party: Housing Offices

Funding: CDBG funds

Quantified Objective: Provide assistance to 5 households per year

Program d.1.2. Provide rehabilitation assistance in the form of:

- Major rehabilitation loans;

- Emergency repair loans; and
- Home safety repair grants.

Implementation Timeline: 2015-2023, as funding is available

Responsible Party: Housing Office

Funding: CDBG funds and any other funding sources that become available during the planning period

Quantified Objective: Provide assistance to 5 households per year

Program d.1.3. Continue the “Mr. Fixit” program to provide emergency repair assistance, weatherization and energy retrofits to an average of 10 units per year.

Implementation Timeline: 2015-2023, as funding is available

Responsible Party: Housing Office

Funding: CDBG funds and any other funding sources that become available during the planning period

Quantified Objective: Provide assistance to 5 households per year

Policy d.2. Conserve existing low- and moderate-cost housing units.

Program d.2.1. Investigate the option of purchasing inclusionary housing units or other units to replace them. Investigate programs, nonprofit sponsors, and funding sources to retain lower-income housing units at risk of conversion to market-rate rents.

Implementation Timeline: Check on an annual basis whether projects are at risk of conversion to market rate

Responsible Party: Housing Office

Funding: Redevelopment Set-aside funds and other funding sources identified on a case-by-case basis

Program d.2.2. Maintain the affordability of low- and moderate- income rental units under the Inclusionary Housing Program through the use of deed restrictions and continue to implement the Purchase and Resale Program for owner-occupied inclusionary units.

Implementation Timeline: Ongoing, 2015-2023

Responsible Party: Housing Office

Funding: Redevelopment Set-aside funds, CDBG

Program d.2.3. Continue to monitor at-risk units and gauge interest in renewal through individual contacts and surveys. Meet with property owners to strategize what package of incentives would retain the affordable units.

Implementation Timeline: Contact property owners annually to determine conversion plans.

Responsible Party: Housing Office

Funding: General Fund

Program d.2.4. The City will continue to explore with local non-profits and other affordable housing developers strategies and financing alternatives that can be employed to produce new affordable extremely low, low and very low-income housing in the community.

Implementation Timeline: Meet with local nonprofits annually.
Responsible Party: Housing Office
Funding: Redevelopment Set-aside funds, CDBG

Program d.2.5. Prioritize funding or acquire funding to assist nonprofits to purchase units that may be lost from the Inclusionary Program or to acquire replacement units.

Implementation Timeline: Meet with local nonprofits annually.
Responsible Party: Housing Office
Funding: General Fund, apply for funding on a case-by-case basis

Program d.2.6. Analyze the feasibility of utilizing a City-sponsored rental rehabilitation program to encourage at-risk units to be retained.

Implementation Timeline: Determine feasibility by June 2010.
Responsible Party: Housing Office
Funding: Identify a funding source based on feasibility of establishing a program.

Program d.2.7. Implement a program to reduce, waive, or subsidize local fees associated with preservation or replacement of at-risk units.

Implementation Timeline: Implement a program by January 2017.
Responsible Party: Planning Office
Funding: Identify a funding source based on feasibility of establishing a program.

e. Equal Housing Opportunities

Monterey's minority group population is generally distributed throughout the City. The City's housing mediation service has not processed an equal opportunity complaint over the past 12 months. The U.S. and California Constitutions guarantee certain housing rights to all residents. These rights include the freedom to choose a home within the economic capacity of the household and unhindered by discrimination.

Goal e. Provide for fair and equal housing opportunities for all persons, regardless of age, sex, family size, race, creed, color, or national origin.

Policy e.1. Assure that all persons in Monterey receive equal housing opportunities. Promote equal housing opportunities by making this information available at the City library, Housing Department office, and social service providers. Also, provide this information on the City's website.

Program e.1.1. Cooperate in countywide fair housing activities and federal government programs that emphasize educational and counseling activities.

Implementation Timeline: Ongoing, 2015-2023
Responsible Party: Housing Office
Funding: CDBG funds, HOME funds

Program e.1.2. Provide contract fair housing mediation for all fair housing complaints and questions. Advertise fair housing mediation services. Notify social service agencies of programs. Advertise programs consistent with the City's Housing Consolidated Plan.

Implementation Timeline: Ongoing, 2015-2023

Responsible Party: Housing Office
Funding: Redevelopment Set-aside funds, CDBG

Program e.1.3. Distribute available housing subsidies to sites throughout the City to avoid concentrations of subsidized housing. Inclusionary housing units should be built on the site of market-rate housing. Inclusionary housing should be compatible with the surrounding neighborhood.

Implementation Timeline: Ongoing, 2015-2023
Responsible Party: Housing Office
Funding: General Fund

Program e.1.4. Continue to provide online applications for the City's Purchase and Resale program waiting list to market affordable housing units on the City's website.

Implementation Timeline: Ongoing, 2015-2023
Responsible Party: Housing Office
Funding: General Fund

Program e.1.5. Continue to provide service referrals to rental assistance, ownership assistance, homeless assistance, and general community services.

Implementation Timeline: Ongoing, 2015-2023
Responsible Party: Housing Office
Funding: Redevelopment Set-aside funds, CDBG

Program e.1.6. Continue to distribute Housing Choice Voucher applications at the City's Housing Division and have staff available to help applicants with the process.

Implementation Timeline: Ongoing
Responsible Party: Housing Office, Monterey County Housing Authority
Funding: Housing Choice Voucher funds, Redevelopment Set-aside funds, CDBG

f. Special Housing Needs

Housing for the Elderly. In 2010, 15 percent of the population was over 65 years old. The main housing concern among elderly renter households is overpaying for housing. Elderly ownership households have a high incidence of overpayment, defined as spending more than 30 percent of household income for housing. The need for elderly housing programs is a concern of both the public and private sectors.

Single-Parent Head of Household. In 2010, 5 percent of the households in Monterey had single-parent heads of household with children, virtually unchanged since 2000. The main concern among these households is overpaying. In addition, 11 percent of Monterey households have single-parent heads of household over 65 living alone. While there are no special programs targeted toward single-parent heads of household, new policies for larger multi-family units will help single-parent heads of household with children. The opportunity to construct lower-cost, multi-family units will help single-parent-headed and elderly households overpaying for housing.

Disabled Households. The State defines disabled households as those having a householder with an employment or transportation disability. There is a significant overlap between disabled households and elderly households. In Monterey, one problem facing disabled people is the

predominance of apartments built over parking, which creates, in effect, second-story units that are hard for the disabled to reach. The percentage of disabled households in Monterey is 9.1 percent, slightly less than the percentage in the County as a whole and approximately half the statewide percentage. The public and private elderly housing projects in Monterey all have provisions for disabled seniors.

Overcrowding/Large Families. Overcrowding is defined as more than 1.01 persons per room. It is primarily associated with large households, but overcrowding can also be an issue with smaller families in small rental units. Monterey has a low incidence of overcrowding when compared to Monterey County and California as a whole. While there are no special programs that address overcrowding, the provisions encouraging affordable rental housing may reduce the potential for overcrowding for smaller families in very small units.

Homeless Persons and Families. The City of Monterey has an average of 542 homeless people. Inability to pay rent or move-in costs is typically the main reason for homelessness, which would indicate that low- and moderate-cost housing is one of the primary solutions to homelessness. The opportunity to construct lower-cost multi-family housing would assist in these cases. The immediate need for emergency housing for the homeless can be met by the provision of emergency shelters.

Special Needs Housing Goals

Goal f. Remain sensitive to the needs of the elderly, single-parent-headed households, the disabled and large families, and develop positive programs to assist the homeless.

Policy f.1. Encourage construction of housing units that provide for special needs.

Program f.1.1. Provide for needs of special housing needs groups by complying with ADA regulations in reviewing private development projects and in City-assisted housing projects.

Implementation Timeline: Ongoing, 2015-2023, as projects are processed through the Planning Department

Responsible Party: Planning Office

Funding: Redevelopment Set-aside funds, CDBG funds, private developer funds

Program f.1.2. Market low- and moderate-income housing programs through the use of direct advertising including, but not limited to, the City's website, referrals, brochures, newspapers, and other media.

Implementation Timeline: Information will be available on the website by June 2016.

Responsible Party: Planning Office

Funding: Redevelopment Set-aside funds, CDBG

Program f.1.3. Encourage the schools, students, and senior citizen groups to pursue roommate matching service to take advantage of underutilized homes in Monterey.

Implementation Timeline: Ongoing, 2015-2023

Responsible Party: Planning Office

Funding: Community Service grants

Program f.1.4. Develop a program of emergency grants or loans to assist low-income households that are threatened with eviction. Provide funds on a one-time basis to assist households that could remain in their rental housing units if back rent is paid.

Implementation Timeline: 2015-2023, as funding is available

Responsible Party: Planning Office

Funding: Redevelopment Set-aside funds, CDBG, Community Service grants

Program f.1.5. Continue to provide City assistance to nonprofit providers of services and temporary housing to Monterey homeless.

Implementation Timeline: Ongoing, as funding is available

Responsible Party: Planning Office

Funding: Redevelopment Set-aside funds, CDBG, Community Service grants

Program f.1.6. Amend the City's Zoning Code to provide individuals with developmental disabilities reasonable accommodation in rules, policies, practices, and procedures that may be necessary to ensure equal access to housing. The purpose of this is to provide a process for individuals with disabilities to make requests for reasonable accommodation in regard to relief from the various land use, zoning, or building laws of the City. As part of this program, the City will appoint a staff person to work with disabled persons who are proposing improvements to accommodate their needs. The purpose is to streamline the permit review process if needed.

Implementation Timeline: Amend the Zoning Code by June 2016.

Responsible Party: Planning Office

Funding: General Fund

Program f.1.7: Work with the San Andreas Regional Center in Salinas to implement an outreach program that informs families within the City on housing and services available for persons with developmental disabilities. Such collaboration should include development of an informational brochure and information on services on the City's website, and providing housing-related training for individuals/families through workshops.

Implementation Timeline: Development of Outreach Program by January, 2017

Responsible Party: Housing Office

Funding: General Fund

Program f.1.8: Develop a program to provide rental assistance to fill the gap between income levels and the cost of housing for persons with Developmental Disabilities. The program will include the following steps: Step One: Work with the regional center to identify the housing needs of the clients and assist in identifying available housing that meets those criteria. Step Two: Identify the gaps that limit access to housing for persons with developmental disabilities (i.e. financial, accessibility). Step Three: Develop Guidelines and market program

Implementation Timeline: Begin Program Development January, 2017.

Responsible Party: Housing Office

Funding: General Fund

Objective: Assist 10 persons with developmental disabilities.

Program f.1.9: Explore models to encourage the creation of housing for persons with developmental disabilities and implement a program by 2017. Such models could include assisting in housing development through the use of set-asides, scattered site acquisition, new construction, and pooled trusts; providing housing services that educate, advocate, inform, and assist people to locate and maintain housing; and models to assist in the maintenance and repair of housing for persons with developmental disabilities. The City shall also seek State and Federal monies for direct support of housing construction and rehabilitation specifically targeted for housing for persons with disabilities.

Implementation Timeline: Begin Program Development January, 2017.

Responsible Party: Housing Office

Funding: General Fund

Objective: Assist 10 persons with developmental disabilities.

Program f.1.10. Pursuant to Senate Bill 2, the City will amend the Zoning Ordinance to allow emergency shelters as a permitted use in a newly created overlay zone along Del Monte Avenue east of the Naval Postgraduate School, which has vacant and underutilized parcels and is close to transit corridors and close to services. The City will create this overlay zone with specific development standards for emergency shelters. In addition, the City will evaluate adopting development and managerial standards that will be consistent with Government Code Section 65583(a)(4). These standards may include such items as:

- Lighting;
- On-site management;
- Maximum number of beds or persons to be served nightly by the facility;
- Off-street parking based on demonstrated need; and
- Security during hours that the emergency shelter is in operation.

Implementation Timeline: Develop this overlay designation by June 2016.

Responsible Party: Planning Office

Funding: CDBG

Program f.1.11. Pursuant to Senate Bill 2, the City must explicitly allow both supportive and transitional housing types in all zones that allow residential uses and treated the same as any other housing type in the same zone. The City shall update its Zoning Ordinance to include separate definitions of transitional and supportive housing as defined in Health and Safety Code Sections 50675.2 and 50675.14. Both transitional and supportive housing types will be allowed as a permitted use in all zones where residential uses are allowed, subject to only the same restrictions on residential uses contained in the same type of structure.

Implementation Timeline: Amend the Zoning Code by June 2016.

Responsible Party: Planning Office

Funding: General Fund

Funding: General Fund

Program f.1.12. To support the development of housing affordable to extremely low-income households, the City shall apply for state and federal funding and grant priority to projects that include units affordable to extremely low-income households, such as SROs.

Implementation Timeline: Annually, 2016-2023

Responsible Party: Planning, Office
Funding: General Fund

Program f.1.13. The City will support regional efforts to ensure that the need for farmworker housing is met at a regional level. The City will also analyze zoning ordinance on a regular basis for compliance with and Safety Code Sections 17021.5 and 17021.6. Section 17021.5. If any inconsistencies are found, amendments to achieve compliances shall be made within six months.

Implementation Timeline: Annually, 2016-2023, zoning amendments within six months of discovery of inconsistency

Responsible Party: Housing Office, Planning Office

Funding: CDBG

Program f.1.14. The City will support regional efforts and pursue the following to create adequate supportive housing for the community:

- Collaborate with Coalition of Homeless Service Providers and Monterey Homeless Exchange to develop a target for the number of Permanent Supportive Housing Units to be developed in the City. This will be a combination of some percentage of the current homeless population plus other populations in need of supportive housing.
- Pursue Tenant Based Rental Assistance funding from HOME Program to support the operations of permanent supportive housing communities.
- Work with the medical community, including CHOMP, the County, the Central California Alliance for Health and other providers to support case management and other tenancy support funding in new supportive housing communities. Studies have shown that stable housing results in better health outcomes and that less than 10% of the population uses a disproportionate amount of health care resources (“Super Utilizers”). By providing those Super Utilizers who are unstably house (or homeless) with stable housing, hospitals and providers can save money overall.
- Encourage and facilitate integration of data between homeless service providers, medical service providers and the criminal justice system to implement more effective discharge planning for patients and inmates.
- Provide capacity grants and support for fledgling organizations

Implementation Timeline: Annually, 2016-2023

Responsible Party: Housing Office

Funding: CDBG

g. Adequate Sites Analysis

State law requires the Housing Element to identify “adequate sites” with appropriate zoning and public services to allow development of a variety of housing types for all income levels. Existing zoning allows the capacity to meet the overall fair share and enables the types of units most likely to support the fair share of very low-, low-, and moderate-income housing.

The Housing Element provides for the opportunity to construct housing for all income groups. Nearly all new housing in the City will be built by private developers at market rates. The City can only provide the opportunity for private developers to build different unit types, which could provide for various income levels. The mixed-use designation provides the opportunity to construct very low- and low-cost units. The multi-family unit designation provides the opportunity

to construct very low-, low-, and moderate-cost units. The single-family unit designation provides the opportunity to construct above moderate-cost units. The available sites analysis in the Housing Element Background Report identifies the realistic potential to construct a total of over 1,000 units. The City's current Regional Housing Needs Allocation for 2015–2023 is 650. With a potential of more than 1,000 units, this gives the City a surplus of more than 350 units. These units are appropriate for provide housing to all income levels (extremely low, very low, low, moderate, and above moderate income).

Goal g. Provide adequate sites to build new housing units for all income levels and to meet the City's fair share of housing needs for 2015-2023.

Policy g.1. Meet the Association of Monterey Bay Area Governments (AMBAG) Fair Share of regional housing needs for 2015-2023.

Program g.1.1. Retain the zoning capacity to meet the AMBAG fair share housing goal between January 1, 2015, and July 30, 2023. Retain the opportunity to construct the remaining fair-share requirement of 157 very low-, 102 low-, 119 moderate-, and 272 above moderate-income housing units with excess zoning capacity for housing in mixed-use areas, apartments in commercial zones, and apartments in R-3 zones.

Implementation Timeline: Ongoing, 2015-2023
Responsible Party: Planning Office
Funding: General Fund

Program g.1.2. Encourage exceptional design and innovative solutions for housing style, through the implementation of the Downtown and North Fremont specific plans. The City will soon adopt a specific plan for the Lighthouse area, another mixed-use/transit- oriented development neighborhood.

Implementation Timeline: Continue to adopt and implement design guidelines for mixed-use/transit-oriented development neighborhoods (2015-2023).
Responsible Party: Planning Office
Funding: General Fund

Program g.1.3. The City will actively support the redevelopment of underutilized mixed-use sites to meet the City's RHNA allocation and to provide additional affordable housing opportunities throughout the City near transit stops, jobs, and services. The City will assist in the development of these underutilized sites by offering the following assistance:

- The City will post a listing of underutilized sites on the City's website and provide this list of sites to developers interested in developing mixed-use projects in the City.
- The City will, where appropriate and when funds are available, assist with the development of affordable housing projects on these underutilized sites.
- The City will also provide technical assistance with applying for additional funding to construct an affordable mixed-use project on an underutilized site.
- The City will provide flexibility in development standards on the construction of an affordable housing project on an underutilized site including but not limited to reduced setback requirements and reduced parking requirements on a case-by-case basis.

Implementation Timeline: Provide a listing of sites to affordable housing developers in the area on a yearly basis and assist developers as projects are processed through the Planning Office, 2015-2023

Responsible Party: Planning Office
Funding: General Fund, RDA funds

h. Workforce Housing

The need for housing for working moderate-income and visitor-service employees is a high priority, reduces traffic congestion and greenhouse gas emissions, and encourages increased collaboration between the private, nonprofit, and public sectors. The General Plan Economic Element identifies housing workers at all income levels as a key to attracting and retaining employees with the skills needed to maintain Monterey businesses.

Goal h. Provide housing that specifically meets the needs of the Monterey workforce.

Policy h.1. Design a program with Monterey employers to pool resources to develop workforce housing.

Program h.1.1. Encourage workforce housing programs for major Monterey employers, utilizing land and other resources available to those employers that could be devoted to workforce housing. Develop a program where land costs are removed or reduced as a cost of housing. Provide both owner and renter housing with a requirement for permanent cost reductions.

Implementation Timeline: Continue meeting with working group on regular basis, 2015-2023

Responsible Party: Housing Office

Funding: General Fund

Program h.1.2. Encourage workforce housing programs by the City of Monterey for Monterey City employees.

Implementation Timeline: Develop programs for City Council consideration by 2017

Responsible Party: Housing Office

Funding: General Fund

Program h.1.3. Utilize zoning tools such as Planned Unit Developments and Planned Community Zoning to provide flexibility in designing infill housing on larger development sites.

Implementation Timeline: 2015-2023, as projects are submitted to the Planning Department

Responsible Party: Planning Office

Funding: General Fund

i. Housing Incentive Programs and Inclusionary Housing Program

The City has adopted an inclusionary housing ordinance to assure that new housing construction also includes affordable housing units. In addition to the inclusionary provisions, the City has offered significant incentives, including financial support, parking relief, increased density, and modification of site development standards, to projects that provide substantial affordable housing in excess of the minimum inclusionary units. The incentive program is intended to provide assistance to projects which meet the broad goals of the Housing Element.

Goal i. Provide incentives for affordable housing, workforce housing, and ownership housing to meet the unique needs identified in the Housing Element. Provide incentives to complement the

inclusionary housing program, with a particular goal of maintaining inclusionary housing in perpetuity and increasing the percentage of affordable units. Parking adjustment incentives should not impact residential neighborhoods.

Policy i.1. Provide incentives to meet the City's unique housing needs in excess of the requirements in the inclusionary housing ordinance.

Program i.1.1. Continue to encourage mixed-use/transit-oriented projects in the specific plan areas that include affordable units by offering height and parking exceptions to affordable housing projects.

Implementation Timeline: 2015-2023, as projects are submitted to the Planning Office

Responsible Party: Planning Office

Funding: General Fund

Program i.1.2. Continue to allow density bonuses, as appropriate. Amend the zoning ordinance to state that:

- Density bonuses of up to 35 percent may be allowed for projects that exceed City inclusionary housing percentages or the state-mandated criteria for low-income, moderate-income, and special-needs housing; and
- Projects that receive density bonuses shall maintain affordability for the life of the project.

Implementation Timeline: Amend ordinance by June 2016 and implement as projects are submitted.

Responsible Party: Planning Office

Funding: General Fund

Program i.1.3. If new water is available for future allocation, the City shall give preference to projects meeting fair-share housing goals.

Implementation Timeline: 2015-2023, as projects are approved through the Planning, Office

Responsible Party: Planning Office

Funding: General Fund

Program i.1.4. Develop alternatives for long-term water supply both within and outside the framework of the Water Management District and the California American Water Company.

Implementation Timeline: 2015-2023, develop long-term water alternatives

Responsible Party: Plans and Public Works Department

Funding: General Fund

Program i.1.5. The City is committed to ensuring that there is enough water to meet the needs of all new residential units within the 2015-2023 RHNA period. California American Water (CalAm) is moving forward with its Monterey Peninsula Water Supply Project (MPWSP) consisting of slant intake wells, a desalination plant and related facilities. The project EIR has been completed and CPUC approval is expected in October 2016, prior to the December 2016 SWRCB CDO deadline. Pipeline, slant well, and desalination plant construction is expected to be completed in 2019. The City will continue its participation with the water authority and support the MPWSP.

Implementation Timeline: Ongoing, 2015-2023
Responsible Party: Planning Office
Funding: General Fund

Program i.1.6. The City will continue to explore alternatives other than density bonus allowed in state law (Section 65915) to meet affordable housing goals.

Implementation Timeline: Ongoing, 2015-2023
Responsible Party: Planning Office
Funding: General Fund

Program i.1.7. The City will deliver the adopted housing element update to water and sewer service providers within a month after adoption. When submitting copies of housing elements to service providers the City will include a summary / quantification of the local government's regional housing need allocation and any other appropriate housing information.

Implementation Timeline: One month following adoption
Responsible Party: Planning Office
Funding: General Fund

Policy i.2. Continue the City's Inclusionary Housing program to provide affordable housing throughout Monterey.

Program i.2.1. Continue to provide a minimum of 20 percent permanently affordable low- and moderate-income units for any project with six or more new housing units or for condominium conversion. The City will also explore means and methods to provide incentives to include inclusionary units in new apartment construction. Residential projects are encouraged to satisfy the requirement by providing a minimum of 20 percent inclusionary housing units on-site.

Implementation Timeline: 2015-2023, as projects of 6 or more units are processed through the Planning Department
Responsible Party: Planning Office
Funding Source: General Fund

Program i.2.2. Investigate a community housing trust to meet the need for workforce housing and other housing needs.

Implementation Timeline: Investigate a community housing trust by June 2017.
Responsible Party: Planning Office and Housing Office
Funding Source: General Fund

Sustainability and Energy Efficiency Programs

Goal j. The City will 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.

Policy j.1. Implement state energy and green building and conservation standards.

Program j.1.1. Encourage Transit Priority Projects, site designs, and use of building materials that promote energy efficiency.

Implementation Timeline: Continue to implement specific plans.

Responsible Party: Planning Office

Funding: General Fund