

4 HOUSING RESOURCES AND OPPORTUNITIES

This chapter provides an overview of the financial resources available to support the implementation of the County of Monterey’s housing policies and programs. More specifically, the various types of federal, State, and local financial programs that are potentially available to assist the County in fulfilling its housing need, particularly the affordable housing need (as determined by the Regional Housing Needs Allocation [RHNA]), are presented below. The grants, loans, financing tools and programs represent publicly funded tools to support the development, rehabilitation, and preservation of housing.

This Housing Element makes use of multiple definitions of Monterey County to convey its different meanings. For purposes of this Housing Element, Monterey County will be defined in the following ways:

- County of Monterey Government (County) – Represents Monterey County as the government entity responsible for the preparation of this Housing Element and its implementation.
- Unincorporated Monterey County (UMC) – Represents the geographic area overseen by the County as a government entity.
- Monterey County (Monterey County) – Represents the entire Monterey County geographic area, including incorporated and unincorporated communities.

4.1 Identification of Adequate Sites for Future Housing Needs

State (State or California) law requires that jurisdictions provide an adequate number of sites to allow for and facilitate the production of their regional share of housing. To determine whether a jurisdiction has sufficient land to accommodate its share of regional housing needs for all income groups, that jurisdiction must identify “adequate sites.” Under State law (California Government Code, Section 65583(c)(1)), adequate sites are those with appropriate zoning and development standards with services and facilities already in place needed to facilitate and encourage the development of a variety of housing for all income levels.

4.1.1 Regional Housing Targets

Table 4-1. 6th Cycle Regional Housing Needs Allocation (2023-2031) Table 4-1. 6th Cycle Regional Housing Needs Allocation (2023-2031), shows the 6th Cycle RHNA for the County of Monterey, as

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determined by the Association of Monterey Bay Area Governments (AMBAG), for the eight-year period (2023-2031).

Table 4-1. 6th Cycle Regional Housing Needs Allocation (2023-2031)

Income Category	Dwelling Units
Extremely Low-/Very Low-Income (0-50% AMI)	1,070
Low-Income (51-80% AMI)	700
Moderate-Income (81-120% AMI)	420
Above Moderate-Income (Above 120% AMI)	1,136
Total	3,326

Housing Element law does not require the County to ensure that the number of dwelling units identified in the RHNA is built within the planning period. However, the law requires that the County provide an inventory of land suitably zoned and with available infrastructure and utilities to meet that need. California Government Code, Section 65583.2(c)(3)(B), specifies that a minimum density of 10 units per acre is necessary to meet the County’s low- and very low-income housing needs (the County is considered a “rural” jurisdiction).

Additionally, California Government Code, Section 65583.2(c)(4)(A) requires housing elements due after January 1, 2022 (for metropolitan and suburban jurisdictions) to allocate 25% of their RHNA numbers for moderate- and above moderate-income housing to sites with zoning that allows at least four units of housing, with moderate-income sites being capped at a density of 100 units per acre (effective as of January 1, 2021).

4.2 Financial Resources

A variety of funding sources in the form of grants or loans through the federal government exist to support housing. They range from annual allocations of formula-entitled grants to Section 108 loan programs and vouchers. The programs and resources in this chapter represent available funding sources used by the County to date as applicable.

4.2.1 Federal Funding Sources

Current federal funding sources available for affordable housing (including special needs populations) and homelessness solutions are presented in this chapter.

4.2.1.1 U.S. Department of Housing and Urban Development Entitlement Funding

In 2012, the U.S. Department of Housing and Urban Development (HUD) approved the County of Monterey participation in the Community Development Block Grant (CDBG) program as an entitlement jurisdiction to receive annual funding directly from HUD. Collectively, Monterey County (unincorporated

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areas only), Del Rey Oaks, and Gonzales were known as the Monterey Urban County (Urban County). As part of the requalification process for Urban County status in 2019, the County was joined by additional cities of Greenfield and Sand City.

The Consolidated Plan, a five-year planning document required by HUD for all jurisdictions that directly receive HUD formula funds, refers to the “Urban County,” as an area comprised of Del Rey Oaks, Gonzalez, Greenfield, Sand City, and unincorporated areas of Monterey County. The Consolidated Plan provides HUD with a comprehensive assessment of the Urban County’s housing and community development needs and outlines the Urban County’s priorities, objectives, and strategies for the investment of CDBG funds to address these needs over the next five years, beginning July 1, 2020, and ending June 30, 2025. Currently, the Urban County is not eligible to receive funding under the HOME Investment Partnership Act (HOME), Emergency Solutions Grant (ESG), or Housing Opportunities for Persons with AIDS (HOPWA) – programs also covered under the Consolidated Plan regulations.

Over the Consolidated Planning Period FY 2020-2024, the County will be implementing a funding methodology that will allow the County and its partners to plan for larger projects by utilizing their overall allocations within a two- to three-year period. This change should reduce overall administration and allow more time to develop larger, more impactful projects. Over the Consolidated Planning period, the County will also be awarding a minimum of \$25,000 to public service projects and implementing a two-year funding cycle. This will allow for an automatic renewal of public service funding for two years. If a project is funded in FY 2021-2022, the project will be automatically renewed in FY 2022-23 and a project funded in FY 2023-24 will be automatically renewed in FY 2024-25. FY 2020-21 will be a one-year cycle during the five-year planning cycle.

The 2020 HUD allocation was \$1,388,044 for the Urban County. Over the five-year planning period, the Urban County assumes \$6,940,220 in CDBG allocations, excluding funds carried over from prior years and program income. Specifically, County projects will receive \$902,229 in FY 2020-2021, an automatic renewal in FY 2021-2022, and \$416,687 for FY 2024-2025.

The use of CDBG funds will focus on some of most critical needs in the Urban County, including the following improvements and provisions:

- Infrastructure improvements and public facilities in order to foster a suitable living environment for low- and moderate-income households and those with special needs;
- Services and programs to benefit low- and moderate-income households and those with special needs, such as youth (and at-risk youth), seniors, and the disabled;
- Services for the homeless and those at risk of becoming homeless; and

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- Affordable housing to low and moderate-income households and those with special needs.

The County continues to pursue additional funding aggressively and to leverage its funding partnerships with public, private, and non-profit groups. The Urban County will utilize a variety of funding sources to leverage CDBG funds, such as Low-Income Housing Tax Credit (LIHTC), No Place Like Home (NPLH), Inclusionary Housing In-Lieu fees, State HOME funds, housing choice vouchers, and other federal funds.

4.2.1.2 Section 108 Loan Guarantee Program

The Section 108 Loan Guarantee Program is the loan guarantee provision of the CDBG program. This provision provides communities with a source of financing for various housing and economic development activities. Rules and requirements of the CDBG program apply, and therefore, projects and activities must principally benefit low- to moderate-income people, aid in the elimination or prevention of blight, and/or meet the urgent needs of the community.

Monies received per the Section 108 Loan Guarantee Program are limited to no more than five times the applicant's most recently approved CDBG amount, less prior Section 108 commitments. Activities eligible for these funds include economic development activities eligible under CDBG; acquisition of real property; rehabilitation of publicly owned property; housing rehabilitation eligible under CDBG; construction, reconstruction, or installation of public facilities; related relocation; clearance or installation of public facilities; payment of interest on the guaranteed loan and issuance costs of public offerings; debt service reserves; and public works and site improvements.

Section 108 loans are secured and repaid by pledges of future and current CDBG funds. Additional security requirements may also be imposed on a case-by-case basis. It is important to note that, although the loan may be repaid with CDBG, the County would incur interest charges and administrative costs. If CDBG funds are reduced or eliminated in the future, the County's General Fund would need to pay loan payments in addition to whatever the County is required to pledge as collateral. To date, this loan has not been necessary to provide funding for the County's community development objectives, but this could change in future years.

4.2.1.3 Section 8 Housing Choice Voucher Program

The federal Section 8 Housing Choice Voucher Program (Section 8) provides rental subsidies to extremely low- and very low-income households, including families, seniors, and people with disabilities. The Housing Authority of the County of Monterey (HACM) operates Rental Assistance programs for County residents. The HACM converted all public housing units county-wide to Project-Based Rental Assistance under the Rental Assistance Demonstration program in 2015. Under the project-based program, the HACM enters into an assistance contract with the landlord for specified units and for a specified term.

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The HACM refers families from the waiting list to the project landlord to fill vacancies. As of November 2022, the U.S. Department of Housing and Urban Development’s (HUD) Office of Public and Indian Housing (PIH) Housing Choice Voucher (HCV) Data Dashboard indicated there were 3,157 vouchers under lease in Monterey County, and a leasing utilization rate of 64.9%, which is historically low during the 5th cycle planning period. As of September 2023, HUD’s PIH HCV Data reported 4,793 vouchers under lease in Monterey County, with a leasing utilization rate of 67.98%.

4.2.2 State Funding Sources

The funding currently and historically available through the California State Department of Housing and Community Development (HCD) and the California Tax Credit Allocation Committee (CTCAC) is presented in this chapter. While it is unknown what State funding will be available after next year, it is expected that the State will provide funding for projects for unhoused and lower-income households given the housing crisis.

The State’s fiscal year 2022-23 budget authorizes an additional \$7.2 billion over three years to 20 major housing and homelessness programs within the HCD, the California Housing Finance Agency (CalHFA), the California Tax Credit Allocation Committee (CTCAC), and the California Interagency Council on Homelessness (Cal ICH). The vast majority of funding is one time or temporary. However, the budget does provide \$34 million in ongoing funding beginning in 2022-23 for housing assistance for foster youth and former foster youth. Most of the funding—\$5.4 billion—is primarily for housing-related proposals, while \$1.9 billion is allocated primarily towards homelessness-related programs. The vast majority of spending is General Fund, including \$2 billion in emergency spending related to rental assistance that is funded through the California Emergency Relief Fund and \$500 million is in the form of tax credit authority.

Some of the major uses of housing and homelessness funding in the budget would support encampment resolutions, provide flexible aid to local governments to help address homelessness in their communities, fund affordable housing development, and establish a new homeownership program. The budget also provides funding that could be used to help address homelessness and/or housing affordability in other program areas, including the behavioral health, courts, and higher education areas.

The programs below are existing and historical State funding sources that are anticipated to continue during the next eight-year period.

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4.2.2.1 Low-Income Housing Tax Credits (Federally Funded for the Most Part/State Administered)

The CTCAC administers the federally funded Low-Income Housing Tax Credit (LIHTC) program to encourage private investment in affordable rental housing for households meeting certain income requirements. Credits are available for new construction projects or existing properties undergoing rehabilitation. Two types of federal tax credits administered by the State are available and are generally referred to as 9% and 4% credits, respectively. Each number refers to the approximate percentage that is multiplied against a project’s requested “qualified basis” to determine the amount of annual federal credits CTCAC will award the project.

According to the CTCAC 2021 Annual Report, \$191.4 million in 9% annual federal LIHTCs was awarded to 106 proposed housing projects, which included an additional \$80.7 million in 9% LIHTCs from the Consolidated Appropriations Act, 2021 for disaster relief to assist those counties devastated by wildfires that occurred in 2020. As in previous years, the 9% LIHTCs remained competitive and oversubscribed with 182 applications received in 2021.

The 4% program awarded \$356.9 million in annual federal tax credit to 164 proposed housing projects. Included with the 9% and 4% federal tax credit awards listed above, the Committee provided 91 of these projects with state tax credit awards. Historically, the CTCAC awards 4% tax credits non-competitively (i.e., over the counter) to all projects that meet threshold criteria, but in recent years, this source of funding has become competitive.

Recognizing the extremely high cost of developing housing in California, the State Legislature authorized a State LIHTC program to augment the federal LIHTC program. Authorized by Chapter 1138, Statutes of 1987, the State LIHTC is only available to a project that has previously received or is concurrently receiving an allocation of federal credits. Thus, the State LIHTC program does not stand alone but instead, supplements the federal LIHTC program. In 2020, the State authorized \$500 million in State LIHTCs. These are one-time credits taken over four years; thus, there is no ten-fold multiplier. Because State LIHTCs are also in limited supply, the CTCAC awards them competitively. In total, 85% of the State credits are integrated into 9% tax credit projects, while the remainder of State LIHTCs are reserved for 4% tax credit projects.

It is important to note that, with the increased focus on homelessness and increased funding to address the rising annual point-in-time counts of people experiencing homelessness each year, permanent supportive housing projects have increased substantially throughout the State. These projects typically serve the deepest level of affordability for extremely low-income households earning at or below 30% of AMI. As a result of the increase in tax credit applications for permanent supportive housing, all tax credits (9% and 4%) have become increasingly competitive, with 9% even more so given the significant

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funding available at the 9% level. The trend observed over the last year indicates that an award of 9% tax credits is not feasible for projects that do not include some component of permanent supportive housing.

Thus, projects focused on low-income units or a mix of very low- and low-income units are now applying for 4% tax credits, which represent significantly less funding. Overall, the demand for this significant funding source critical to the development of lower-income housing greatly outweighs the supply of funding, which makes the development of affordable housing more challenging. LIHTC is perhaps the single most important funding source available for affordable housing development. The County continues to support funding applications by affordable housing developers to pursue additional LIHTC.

4.2.2.2 Affordable Housing and Sustainable Communities Program

The Affordable Housing and Sustainable Communities (AHSC) Program funds land use, housing, transportation, and land preservation projects that support infill and compact development and reduce GHG emissions in disadvantaged communities. Funds are available in the form of loans and/or grants in three project areas: Transit Oriented Development (TOD); Integrated Connectivity (ICP); and Rural Innovation. There is an annual competitive funding cycle. The maximum AHSC Program loan or grant award or combination thereof is \$30 million with a minimum award of at least \$1 million in all project area types. The County has not applied for AHSC program funds in recent years.

4.2.2.3 CalHome Program

The State's 2022-23 budget provides HCD an additional \$350 million General Fund over two years (\$250 million in 2022-23 and \$100 million in 2023-24) for CalHome. The program provides grants to local public agencies and nonprofit corporations for first-time homebuyer and housing rehabilitation assistance, homebuyer counseling, and technical assistance activities to enable low- and very low-income individuals to become or remain homeowners. The County has approximately \$68,000 in repaid CalHome loans available for relending. The County will incorporate these funds into the Monterey County Local Housing Trust fund for relending.

4.2.2.4 Golden State Acquisition Fund

The Golden State Acquisition Fund (GSAF) was seeded with \$23 million from HCD's Affordable Housing Innovation Fund. Combined with matching funds, the GSAF makes up to five-year loans to developers for acquisition or preservation of affordable housing. Loans are a maximum of \$13,950,000, and funds are made available over the counter. The County has not applied for funding from Golden State Acquisition Fund in recent years.

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4.2.2.5 Homekey Program

Amendments to the 2021-22 budget provide HCD an additional \$150 million General Fund for the Homekey program. This is in addition to \$3.55 billion (all funds) authorized previously since 2020-21 to Homekey. Homekey allows properties, such as hotels and motels, to be converted and rehabilitated to provide permanent housing for persons experiencing homelessness and who are also at risk of COVID-19 or other communicable diseases.

4.2.2.6 Housing for a Healthy California Program

The Housing for a Healthy California (HHC) Program provides funding on a competitive basis to deliver supportive housing opportunities to developers using the Federal National Housing Trust Fund (NHTF) allocations for operating reserve grants and capital loans. The HHC Program creates supportive housing for individuals who are recipients of or eligible for healthcare provided through the California Department of Health Care Services' Medi-Cal Program. The goal of the HHC Program is to reduce the financial burden on local and State resources due to the overutilization of emergency departments, inpatient care, nursing home stays, and use of corrections systems and law enforcement resources as the point of healthcare provision for people who are chronically homeless or homeless and a high-cost health user. The County has not applied for funding from HHC Program in recent years.

4.2.2.7 Housing Navigators Program

Housing Navigators Program (HNP) allocates \$5 million in funding to counties for the support of housing navigators to help young adults aged 18–21 years secure and maintain housing, with priority given to young adults in the foster care system. The County was awarded \$34,595 in HNP funds for 2021 and 2022. The County recently applied for round 3 funding in the amount of \$81,721 and is awaiting receipt of contract from HCD.

4.2.2.8 Infill Infrastructure Grant (IIG) Program

The 2022-23 budget provides HCD \$425 million General Fund over two years (\$200 million in 2022-23 and \$225 million in 2023-24) for the IIG Program. The IIG Program provides funding for infrastructure that supports higher-density affordable and mixed-use housing in locations designated as infill. Under the program, developers and local governments can partner to apply for infrastructure funding for the construction, rehabilitation, demolition, relocation, preservation, acquisition, or other physical improvements that are necessary to facilitate the development of an infill project. For example, development or rehabilitation of parks or open space; water, sewer, or other utility service improvements; streets; roads; sidewalks; and environmental remediation. Budget-related legislation also expands the definition of eligible applicants to include specified governing bodies of Indian

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reservations or rancherias and tribally designated housing entities. This funding continues recent one-time discretionary General Fund augmentations for the program, for a total of \$975 million. However, historically, the program has been supported through bond funding.

4.2.2.9 Local Housing Trust Fund Program

Affordable Housing Innovation’s Local Housing Trust Fund (LHTF) Program lends money for construction of rental housing projects with units restricted for at least 55 years to households earning less than 60% of AMI. State funds match local housing trust funds as down payment assistance to first-time homebuyers. In 2023, Monterey County applied for (but was not awarded) \$3,544,645 for the Monterey County Regional Housing Trust Fund. This program is competitive and based on the available amount of matching funds a jurisdiction can contribute. The County application was for a regional trust fund, as opposed to the jurisdiction specific trust fund as was identified in the 2022 application that was also subsequently not awarded. The regional application included the County, Carmel-by-the-Sea, Greenfield, and Soledad. Each participating jurisdiction planned to contribute PLHA matching funds to the application.

4.2.2.10 Multifamily Housing Program

The Multifamily Housing Program (MHP) provides low-interest, long-term deferred-payment permanent loans for new construction, rehabilitation, and preservation of permanent and transitional rental housing for lower-income households. The 2022-23 budget provides HCD with an augmentation of \$325 million General Fund over two years (\$100 million in 2022-23 and \$225 million in 2023-24) for MHP. The County has not applied for funding from the MHP fund in recent years.

4.2.2.11 National Housing Trust Fund

The NHTF is a permanent federal program with dedicated source(s) of funding not subject to the annual appropriations. The funds can be used to increase and preserve the supply of affordable housing, with an emphasis on rental housing for extremely low-income households earning at or below 30% of AMI. In 2021, California received approximately \$10.1 million for the program. The County has not applied for funding from the NHTF program in recent years. No information about the 2022 or 2023 funding has been released.

4.2.2.12 Pet Assistance and Support Program

Pet Assistance and Support (PAS) Program provides funds to homeless shelters for shelter, food, and basic veterinary services for pets owned by individuals experiencing homelessness. Program grants are between \$100,000 and \$600,000. The Community Homeless Solutions and the Good Samaritan Shelter applied for funding but were not awarded PAS funds in recent years.

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4.2.2.13 Permanent Local Housing Allocation

Permanent Local Housing Allocation (PLHA) from SB 2 provides a permanent source of funding to all local governments in California to help cities and counties accomplish the following:

- Increase the supply of housing for households at or below 60% of AMI.
- Increase assistance to affordable owner-occupied workforce housing.
- Assist people experiencing or at risk of homelessness.
- Facilitate housing affordability, particularly for lower- and moderate-income households.
- Promote projects and programs to meet the local government’s unmet share of the RHNA.

Eligible activities include:

- The predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing that is affordable to extremely low-, very low-, low-, or moderate-income households, including necessary operating subsidies.
- The predevelopment, development, acquisition, rehabilitation, and preservation of Affordable rental and ownership housing, including Accessory Dwelling Units (ADUs), that meets the needs of a growing workforce earning up to 120% of AMI, or 150% of AMI in high-cost areas. ADUs shall be available for occupancy for a term of no less than 30 days.
- Matching portions of funds placed into Local or Regional Housing Trust Funds.
- Matching portions of funds available through the Low- and Moderate-Income Housing Asset Fund pursuant to subdivision (d) of Health and Safety Code (HSC) Section 34176.
- Capitalized Reserves for Services connected to the preservation and creation of new permanent supportive housing.
- Assisting persons who are experiencing or at risk of homelessness, including, but not limited to, providing rapid rehousing, rental assistance, supportive/case management services that allow people to obtain and retain housing, operating and capital costs for navigation centers and emergency shelters, and the new construction, rehabilitation, and preservation of permanent and transitional housing.

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- This activity may include sub-awards to administrative entities as defined in HSC Section 50490(a) (1-3) that were awarded CESH program or HEAP funds for rental assistance to continue assistance to these households.
- Applicants must provide rapid rehousing, rental assistance, navigation centers, emergency shelter, and transitional housing activities in a manner consistent with the Housing First practices described in 25 CCR, Section 8409, subdivision (b)(1)-(6) and in compliance with WIC Section 8225(b)(8). Any applicant allocated funds for the new construction, rehabilitation, and preservation of permanent supportive housing shall incorporate the core components of Housing First, as provided in WIC Section 8255, subdivision (b).
- Accessibility modifications in lower-income owner-occupied housing.
- Efforts to acquire and rehabilitate foreclosed or vacant homes and apartments.
- Homeownership opportunities, including, but not limited to, down payment assistance.
- Fiscal incentives made by a county to a city within the county to incentivize approval of one or more affordable housing projects, or matching funds invested by a county in an affordable housing development project in a city within the county, provided that the jurisdiction has made an equal or greater investment in the project. The County fiscal incentives shall be in the form of a grant or low-interest loan to an affordable housing project. Matching fund investments by both a county and a city also shall be a grant or low-interest deferred loan to the affordable housing project.

The County was awarded a five-year grant in 2020 with total funding estimated at \$3.9 million. To date, the County has received \$648,380 in 2021, \$1,007,784 in 2022, and \$1,109,035 in 2023. The County's 5-year plan focuses on capitalizing the Monterey County Local Housing Trust Fund, operating funds for navigation centers, development of affordable rental housing, and new construction of transitional housing.

4.2.2.14 Predevelopment Loan Program

The Predevelopment Loan Program (PDLP) makes short-term loans for activities and expenses necessary for the continued preservation, construction, rehabilitation, or conversion of assisted housing primarily for low-income households. Availability of funding is announced through a periodic NOFA from the State. Eligible applicants include local government agencies, nonprofit corporations, cooperative housing corporations, and limited partnerships or limited liability companies where all the general partners are nonprofit mutual or public benefit corporations.

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4.2.2.15 Section 811 Project Rental Assistance Program

Section 811 Project Rental Assistance offers long-term project-based rental assistance funding from HUD through a collaborative partnership with the California Housing Finance Agency (CalHFA), Department of Health Care Services (DHCS), HCD, CA Department of Developmental Sciences (DDS), and CTCAC. Opportunities to apply for this project-based assistance are through a NOFA published by CalHFA.

4.2.2.16 Transitional Housing Program

The Transitional Housing Program allocates \$8 million in funding to counties for housing stability to help young adults aged 18 to 25 years secure and maintain housing, with priority given to young adults formerly in the foster care or probation systems. The County applied for rounds 1 – 3 and was awarded \$145,600 in funding for each of those rounds. The County recently applied for round 4 funding in the amount of \$557,930 and was awarded.

4.2.2.17 Veterans Housing and Homelessness Prevention Program

The Veterans Housing and Homelessness Prevention (VHHP) Program provides long-term loans for development or preservation of rental housing affordable to very low- and low-income veterans and their families. For-profit and nonprofit developers and public agencies are eligible for these loans, which are announced annually through a NOFA released by May of each year and is administered by HCD.

4.2.2.18 California COVID-19 Rent Relief Program

The State Rental Assistance Program is intended to help eligible households cover rental and utilities arrears, to assist with prospective payments for rent and utilities, and to provide funding for housing stabilization services and other housing related expenses. The goal of the program is to prevent evictions and housing instability due to or during the COVID-19 pandemic.

4.2.2.19 Farmworker Housing Grant Program (FWHG)

The FWHG program helps fund new construction, rehabilitation, and acquisition of owner-occupied and rental units for agricultural workers, with a priority for lower-income households. Financial assistance is available as deferred-payment loans for multifamily housing new construction or rehabilitation and grants for single-family new construction or owner-occupied rehabilitation programs. The County has not applied for FWHG funding in recent years.

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4.2.2.20 Mobilehome Park Rehabilitation and Resident Ownership Program

The program provides low-interest loans to help finance the preservation of affordable mobilehome parks by conversion to ownership or control by resident organizations, nonprofit housing sponsors, or local public entities.

4.2.2.21 Portfolio Reinvestment Program (PRP)

The Portfolio Reinvestment Program (PRP) aims to preserve existing HCD-funded affordable housing projects by extending and restructuring affordability agreements; extending loan maturity dates; providing new low-interest long-term loans for rehabilitation; and providing forgivable loans to capitalize short-term operating subsidies.

4.2.2.22 Regional Early Action Planning (REAP)

REAP provides one-time grant funding to regional governments and regional entities for planning activities that will accelerate housing production and facilitate compliance in implementing the sixth cycle of the Regional Housing Needs Allocation. The County is not directly eligible but can apply to AMBAG. The County has been awarded \$530,000 in funding for FY 2021-2023 to be used towards updating the 6th Cycle Housing Element, General Program Administration, and an Inclusionary Housing Ordinance Update.

4.2.3 Quasi-Government Agencies

4.2.3.1 Federal Home Loan Bank – Affordable Housing Program

The purpose of the Affordable Housing Program (AHP) is to subsidize the interest rates on advances or loans made by the Federal Home Loan Bank system to a member bank and to provide direct subsidies to these banks. The banks then pass these subsidized interest rates and direct subsidies on to housing developers to assist them with financing for the development of affordable rental housing. The subsidies must be used to finance the purchase, construction, and/or rehabilitation of rental housing, of which at least 20% of the units will be occupied by and affordable for very low-income households for at least 15 years.

4.2.3.2 Fannie Mae/Freddie Mac – National Housing Trust Fund (NHTF)

The NHTF was established as part of the Housing and Economic Recovery Act of 2008 (HERA) to provide grants to states for the addition and preservation of affordable rental housing serving extremely low and very low-income households., This funding source can also be used to assist in the provision of affordable

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homeownership opportunities for lower-income families and individuals. HERA requires Fannie Mae and Freddie Mac to transfer a percentage of their new business to finance the Trust Fund.

4.2.4 Local Entities/Programs/Funding Sources

4.2.4.1 Inclusionary Housing Fees

The Monterey County Board of Supervisors adopted an Inclusionary Housing ordinance in 2011 that requires residential developments to construct inclusionary units in an amount equal to or greater than 20% of the total number of units approved for the residential development (except to the extent a fraction of a unit would be required, for which the applicant may elect to substitute a fractional unit fee).

For rental inclusionary units, 8% of the total units in the residential development shall be set aside for moderate-income households, 6% of the total units in the development shall be set aside for low-income households and an additional 6% of the total units in the development shall be set aside for very low-income households. On-site rental inclusionary units shall be rented only to eligible households, and off-site inclusionary units only to very low-income households, at affordable rents for the relevant income category.

For for-sale inclusionary units, 8% of the total units in the development shall be set aside for moderate-income households, 6% of the total units in the development shall be set aside for low-income households and an additional 6 % of the total units in the development shall be set aside for very low-income households. On-site for-sale inclusionary units shall be sold only to eligible households and off-site inclusionary units only to low-income households, at prices affordable to such households.

Developers may pay an in-lieu fee instead of constructing the inclusionary units. This fee is equal to one-fifth ($\frac{1}{5}$) of the difference between the current affordable sales price for a four-person household at 100% of median income and the cost of developing an average market-rate three-bedroom home.

As of December 2022, the County had \$100,000 available in the Inclusionary Housing Fund that was allocated to the Monterey County Local Housing Trust Fund to be used as part of the local match for the state LHTF grant application.

4.2.4.2 Community and Economic Development Program Fund

The Community Development Grant program provides for community and economic development projects funded through federal CDBG, State HOME, and other grant programs and funding sources. Projects eligible for funding include funding for public infrastructure, community facilities, housing projects for very low, low, and moderate-income households, and public service programs. Funding must be utilized in accordance with funding sources guidelines.

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It should be noted that The County's share of CDBG funding has been reduced by over \$150,000 over the last 3-years despite more overall funding for the project at the national level. While the County will not independently be applying for HOME funds, if a housing developer needs the County to apply on their behalf to finance a specific project, the County would consider doing so.

4.2.4.3 Low- and Moderate-Income Housing Funds

The former Redevelopment Agency was dissolved as a result of State law in 2012 and the former low and moderate-income set aside assets, loan repayments and any properties were retained by the Housing Successor to the former Redevelopment Agency. The Consolidated Plan states that expected revenues between 2020 through 2024 total approximately \$6,940,220.

4.2.4.4 Community Programs Fund

The County's Community Programs unit consists of facility costs for shelters and contracts with private non-profit community-based organizations for the provision of housing support, shelter, case management and counseling. The community served includes individuals and families experiencing housing instability and homelessness, as well as victims of domestic violence. Funded programs include Rental Assistance and Rapid Re-Housing, facility operation and service coordination to support the Salinas Housing Advancement, Resource and Education (SHARE) Center (the County's permanent regional emergency homeless navigation center), operational support for the domestic violence Women's Shelter, the youth homeless shelter, the Seaside Homeless Shelter for women and families, and the Safe Parking Program. It also includes funding from the Homeless Housing Assistance Program (HHAP) for individuals experiencing homelessness and for the Coalition of Homeless Services Providers to operate the local HUD Continuum of Care. This unit also funds an operating transfer from Community Action Partnership and IHSS Public Authority for the county share for General Liability-non recoverable. The expenditures provided are financed by Department of Housing and Community Development, Business, Consumer Services, and Housing Agency and the California Interagency Council on Homelessness, Domestic Violence revenues, and County General Fund Contributions.

4.2.4.5 Military and Veterans Services Fund

The County's Military and Veterans' Affairs Office (MVAO) assists and advocates for veterans and their families, including veterans housing support programs (Homeless Veterans Reintegration Program & Supportive Services Veterans Families), and home loans. Funding is awarded to the MVAO by the state, with use relegated to very specific projects. While the MVAO holds the funding and administers the contract, they nor the County have the ability to reapportion or reallocate the funding,

4.3 Opportunities for Energy Conservation

Construction of energy efficient buildings can add to the production costs of ownership and rental housing. Over time, however, housing with energy conservation features should reduce occupancy costs as the consumption of fuel and electricity is decreased. This can result in monthly housing costs that are equal to or less than what they otherwise would have been had no energy conservation devices been incorporated in the new residential buildings.

4.3.1 State Regulations

Title 24 of the California Administrative Code establishes energy conservation standards that must be applied to all new residential buildings. The regulations specify energy saving design for walls, ceilings, and floor installations, as well as heating and cooling equipment and systems, gas cooling devices, conservation standards, and the use of non-depleting energy sources, such as solar energy or wind power. Compliance with the energy standards is achieved by satisfying applicable mandatory measures and an energy budget.

Residential developers must comply with these standards in California Energy Code (Title 24, Part 6) while localities are responsible for enforcing the energy conservation regulations.

The 2022 California Energy Code, published by the California Building Standards Commission, is adopted, and referred to, and by this reference expressly incorporated and made a part of Title 18, Chapter 18.06 of the County of Monterey Municipal Code.

4.3.2 State and Federal Programs

The California Department of Community Services and Development in partnership with the network of local community services agencies that assist lower-income households, administers the Low-Income Home Energy Assistance Program, which provides financial assistance to lower-income households to offset the costs of heating and/or cooling their residences.

4.3.3 Private Sector Programs

The following private sector energy conservation program is available to housing developers and County residents:

- Central Coast Energy Services (CCES) operates a Home Energy Assistance Program (HEAP) that offers eligible applicants weatherization services which are energy efficiency-improving measures are done in the home to reduce energy costs. This program is available to renters as well as homeowners. Weatherization services may include:

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- Heating and gas appliance safety and efficiency inspection with possible repair or replacement of existing systems.
- On-site home inspection to determine energy losses.
- In-house crew implementation for installation of energy conservation and heat loss measures.
- Post-work inspection of quality, safety, and client satisfaction.
- Energy conservation education
- Rebate programs
- GRID Alternatives (GRID) provides solar panels to income eligible homeowners residing in disadvantaged communities. In California, GRID Alternatives serves as the statewide program administrator for the Single-Family Affordable Solar Homes (SASH) program, the Disadvantaged Communities – Single-family Solar Homes (DAC-SASH) program, and the solar component of the Low-Income Weatherization Program (LIWP)
 - Single Family Solar: GRID collaborates with low-income homeowners to install rooftop solar panels at no expense, aiming to reduce household electricity costs.
 - Multifamily Solar: GRID offers complimentary technical support and cost-effective design and installation services to owners and developers involved in affordable housing, providing homes and essential services to low-income renters.
- Pacific Gas and Electric Company (PG&E) is a utility company that provides gas and electricity services to jurisdictions throughout California, including Monterey County. PG&E offers the following services:
 - Budget Billing: The Budget Billing program averages energy costs over the previous 12 months to determine monthly payment amounts. If energy costs significantly change, PG&E will adjust the monthly payment amount once every four months.
 - Arrearage Management Plan (AMP): Offers a debt forgiveness plan to eligible PG&E residential customers. Arrearage Management Plan (AMP) will forgive half of the eligible debt, at least \$500 for gas and electricity, or at least \$250 for gas-only.
 - Energy Savings Assistance (ESA): Provides no-cost upgrades such as lighting, weatherization, or water-saving measures. Includes opportunities to upgrade or repair heat pump water heaters, furnaces, lighting, and refrigerators for no cost.

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- Relief for Energy Assistance through Community Help (REACH): Provides an energy credit to low-income families for up to \$300 based on past due bills. Customers can only receive services once in a twelve-month period. REACH is run by the nonprofit organization, Dollar Energy Fund, with assistance available through local organizations in each county.
- Residential Rebates for Smart Thermostat or Water Heater - Offers rebates on qualified smart thermostats and electric heat pump storage water heaters. Helps customers conserve energy and save on heating and cooling costs.

4.4 Local Measures and Programs

The 5th Cycle Housing Element references numerous local policies and programs to remove governmental constraints to the maintenance, improvement, and development of housing. Information on the status of program implementation and efficacy is provided in the County's 2022 Annual Element Progress Report for Housing Element Progress.

Zoning Ordinance and Permit Processing - In 2011, the County implemented several modifications to Title 21 to address governmental constraints identified in the 4th Cycle Housing Element. Subsequent changes to Title 20, specifically the coastal section of the Zoning Ordinance, were approved by the Board of Supervisors and certified by the California Coastal Commission during the 5th Cycle Planning Period.

- *Density Bonuses and Incentives* - In adherence to State law, developers undertaking qualifying affordable housing and senior housing projects are eligible for a density bonus of up to 35% beyond the otherwise maximum allowable residential density stipulated by the applicable zoning district, along with at least one concession or incentive. Additionally, AB 2222 introduced new stipulations to the State's density bonus provisions, particularly concerning replacement units and extended affordability control. The Board of Supervisors has since adopted amendments to Title 20, the coastal section of the Zoning Ordinance, a decision certified by the California Coastal Commission.
- *Accessory Dwelling Units* - Title 21 of the County previously underwent modifications to incorporate regulations for accessory dwelling units. The Board of Supervisors has since adopted amendments to Title 20, the coastal section of the Zoning Ordinance, a decision certified by the California Coastal Commission.
- *Farm/Agricultural Worker Housing* - Modifications were previously made to Title 21, incorporating updated definitions for agricultural worker and employee housing, along with provisions aligning with the State Employee Housing Act's requirements. The Board of Supervisors has since adopted amendments to Title 20, the coastal section of the Zoning Ordinance, a decision certified by the California Coastal Commission.

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- *Residential Care Homes* – Revisions were previously made to Title 21 to incorporate provisions for licensed residential care homes. The Board of Supervisors has since adopted amendments to Title 20, the coastal section of the Zoning Ordinance, a decision certified by the California Coastal Commission.
- *Emergency Shelters* - Modifications were previously introduced to Title 21 to encompass regulations for the establishment of homeless shelters. The Board of Supervisors has since adopted amendments to Title 20, the coastal section of the Zoning Ordinance, a decision certified by the California Coastal Commission.
- *Transitional and Supportive Housing* - Title 21 was previously modified to include new definitions and provisions for transitional and supportive housing. The Board of Supervisors has since adopted amendments to Title 20, the coastal section of the Zoning Ordinance, a decision certified by the California Coastal Commission. The County has since reviewed Titles 20 and 21, making necessary adjustments to ensure that transitional and supportive housing was uniformly regulated as a residential use across all zones that allow residential activities.
- *Definition of “Family”* - Modifications were previously made to Title 21, specifically to the definition of family, to clarify that the Ordinance governs land use types rather than individual users. The Board of Supervisors has since adopted amendments to Title 20, the coastal section of the Zoning Ordinance, a decision certified by the California Coastal Commission.
- *Reasonable Accommodation* - Title 21 previously underwent modifications to incorporate a structured procedure for both requesting and approving reasonable accommodations. The Board of Supervisors has since adopted amendments to Title 20, the coastal section of the Zoning Ordinance, a decision certified by the California Coastal Commission.
- *Use Permit (UP) requirement for Multi-Family Housing* – The County currently mandates a Use Permit (UP) process for multi-family housing development surpassing 10 units per acre in non-coastal areas (Title 21). The County is considering an amendment to eliminate the requirement for a Use Permit in the case of multi-family residential development.

Homebuyer Assistance Programs – The County acknowledges the importance of providing support to homebuyers and is actively running a First Time Homebuyer Program funded by HOME program income. In the past three years, three loans have been granted through this initiative. It should be noted that as of December 2023, the program has been temporarily placed on hold to allow for the development of new program guidelines by the California Department of Housing and Community Development.

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Additionally, residents with lower- and moderate-incomes in the UMC areas can benefit from the homebuyer programs provided by the California Housing Finance Agency (CalHFA) and the Golden State Finance Authority (GSFA). These programs include:

- *Mortgage Credit Certificates (MCC)* - The MCC Tax Credit, a federal credit, has the potential to decrease federal income tax liability, generating extra disposable income for borrowers to allocate towards their monthly mortgage payments. This program allows first-time homebuyers to transform a maximum of 20% of their annual mortgage interest into a direct, dollar-for-dollar tax credit on their U.S. individual income tax filings.
- *The CalPLUS Conventional Program* - This loan is a primary mortgage secured by private mortgage insurance within the conventional market. The interest rate for the entire 30-year duration of the CalPLUS Conventional loan remains fixed. Additionally, the CalPLUS Conventional is paired with the CalHFA Zero Interest Program (ZIP), a deferred-payment junior loan equivalent to 3% of the initial mortgage loan amount, providing assistance for down payment.
- *California Homebuyers Downpayment Assistance Program (CHDAP)* - The initiative provides a deferred-payment subordinate loan equal to 3% of the purchase price or appraised value, whichever is lower. This fund is intended for use in covering down payment and/or closing costs.
- *GSFA Platinum Downpayment Assistance Program* - This initiative furnishes support for down payment and closing costs to low and moderate-income households, extending eligibility to those with incomes up to 140% of the Area Median Income (AMI). Presently structured as a non-repayable grant, the assistance can amount to up to 5% of the loan amount. Notably, the program is open to all, not exclusively limited to first-time homebuyers.
- *GSFA Mortgage Credit Certifications* - The MCC Tax Credit, a federal credit, has the capacity to diminish potential federal income tax liability, leading to extra disposable income that borrowers can allocate towards their monthly mortgage payment. Through this MCC Tax Credit program, first-time homebuyers may have the opportunity to transform 20% of their annual mortgage interest into a direct dollar-for-dollar tax credit on their U.S. individual income tax returns.

Inclusionary Housing Ordinance - Since 1980, the County has implemented an Inclusionary Housing program, resulting in the direct creation of over 300 affordable units. The program underwent its most recent amendment in 2011 (Ordinance 5175), aiming to clarify specific regulations and procedures, enhance the program, and establish fees for services. The County commits to an annual review of its Inclusionary Housing Ordinance to ensure responsiveness to market conditions and continued alignment with the County's affordable housing objectives. There is an anticipation of revisiting the Inclusionary Housing Ordinance periodically to maintain consistency with the General Plan and reflect prevailing

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market conditions. The County will make necessary and appropriate amendments to enhance the Ordinance's effectiveness in addressing housing needs across all income groups.

Additionally, inclusionary housing funds may be utilized as needed to repurchase units with expiring deed restrictions, facing foreclosure risk or owners opting out of the program. These repurchased units would then be resold to income-qualified households when opportunities arise.

Homeless Services - The stability of existing neighborhoods in Monterey County is at risk due to economic conditions and a shortage of appropriate rental housing, contributing to a rise in homelessness. Annually, the County extends financial support through its Community Development Block Grant (CDBG) program to several local non-profit agencies that provide services to homeless individuals and families. The County continues to utilize CDBG funding to bolster public services and facilitate the establishment of both permanent and transitional housing for individuals experiencing homelessness or those on the verge of homelessness. According to the County's Consolidated Annual Performance and Evaluation Report submitted to HUD for the 2020-2021 period, it was reported that since 2013, CDBG funding has been instrumental in establishing 14 beds for homeless individuals or those at risk, with direct services extended to nearly 500 individuals.

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