

## I INTRODUCTION

This document is the Housing Element for the Unincorporated County of Monterey (UMC) as updated for the 2023–2031 6th Cycle planning period. The Housing Element is part of the County of Monterey (County) General Plan (General Plan) with the most recent update done in 2016. This Housing Element Update will apply countywide, in both the coastal and non-coastal unincorporated areas of the County. The 2010 General Plan applies only in the non-coastal area and the certified Local Coastal Program, together with the 1982 General Plan, apply in the coastal zone. These General Plans help to establish the vision of planning and land use for the County’s coastal and non-coastal areas.

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.

### 1.1 Background

The provision of adequate housing for families and individuals of all economic levels has been a focus for the State of California (State or California) and local governments and has grown in complexity due to rising land and construction costs along with increasing competition for physical and financial resources in both the public and private sectors.

In response to this concern, the California Legislature amended the California Government Code in 1980. The amendment instituted the requirement that each local community include a specific analysis of its housing needs and a realistic set of programs designed to meet those needs. This analysis is to be set forth in a Housing Element and incorporated into the General Plan of each municipality.

The California Legislature determined that a primary housing goal for the State is to ensure that every resident has a decent home and suitable living environment. The requirements of the law are in California Government Code Section 65580:

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- a. The availability of housing is of vital statewide importance, and the early attainment of decent housing and a suitable living environment for every Californian, including farmworkers, is a priority of the highest order.
- The early attainment of this goal requires cooperative participation of government and the private sector in an effort to expand housing opportunities and accommodate the housing needs of Californians of all economic levels.
- The provision of housing affordable to low- and moderate-income households requires the cooperation of all levels of government.
- Local and State governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for the housing needs of all economic segments of the community.
- The California Legislature recognizes that in fulfilling this responsibility, each local government also has the responsibility to consider economic, environmental, and fiscal factors and community goals set forth in the General Plan and to cooperate with other local governments and the State in addressing regional housing needs.
- Designating and maintaining a supply of land and adequate sites suitable, feasible, and available for the development of housing sufficient to meet the locality's housing need for all income levels is essential to achieving the State's housing goals and the purposes of this article.

Government Code Section 65588, requires that local governments review and revise the Housing Element of their comprehensive General Plans (e.g., County of Monterey General Plan) no less than once every eight years. Before the 6th Cycle Housing Element Update for the 2023–2031 planning period, the County's Housing Element for UMC was updated in 2016 for the 5th Cycle (2015–2023).

Multiple changes to California Housing Element law have become effective since all statewide jurisdictions processed the 5th Cycle Housing Element. In particular, the State increased its ability to enforce Housing Element requirements and the ability to challenge a local jurisdiction for compliance with State Housing Element law. Pursuant to Government Code Section 65585, the State has a greater range of penalties that can be imposed on jurisdictions for non-compliance. This puts the County at risk of exposure to a variety of fiscal impacts and regulatory impacts that could reduce local control over housing-related decision-making. Jurisdictions that do not comply also risk the State imposing a more frequent Housing Element update cycle (i.e., every four years).

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This 6th Cycle Housing Element update was prepared to comply with State housing laws, as amended, and federal, state, and local requirements as necessary to demonstrate compliance with State law and to achieve **California Department of Housing and Community Development (CA HCD)** certification.

### 1.2 Context for Housing Planning

The first comprehensive general plan for the County of Monterey was adopted in 1968. Responses to changes in state law and needs of the community have led to broad updates made in 1982 and 2010. Past and present objectives remain centered around providing direction for growth that supports continued sustainability and vitality of agricultural production while preserving the scenic and environmental resources for which the County has long been known and valued.

Monterey County is one of the largest counties in the State of California, covering over 3,300 square miles comprising a variety of natural habitats and residential communities. The County is bordered by Santa Cruz County to the North; San Benito, Fresno, and King Counties to the East; San Luis Obispo County to the South; and the Pacific Ocean to the West.

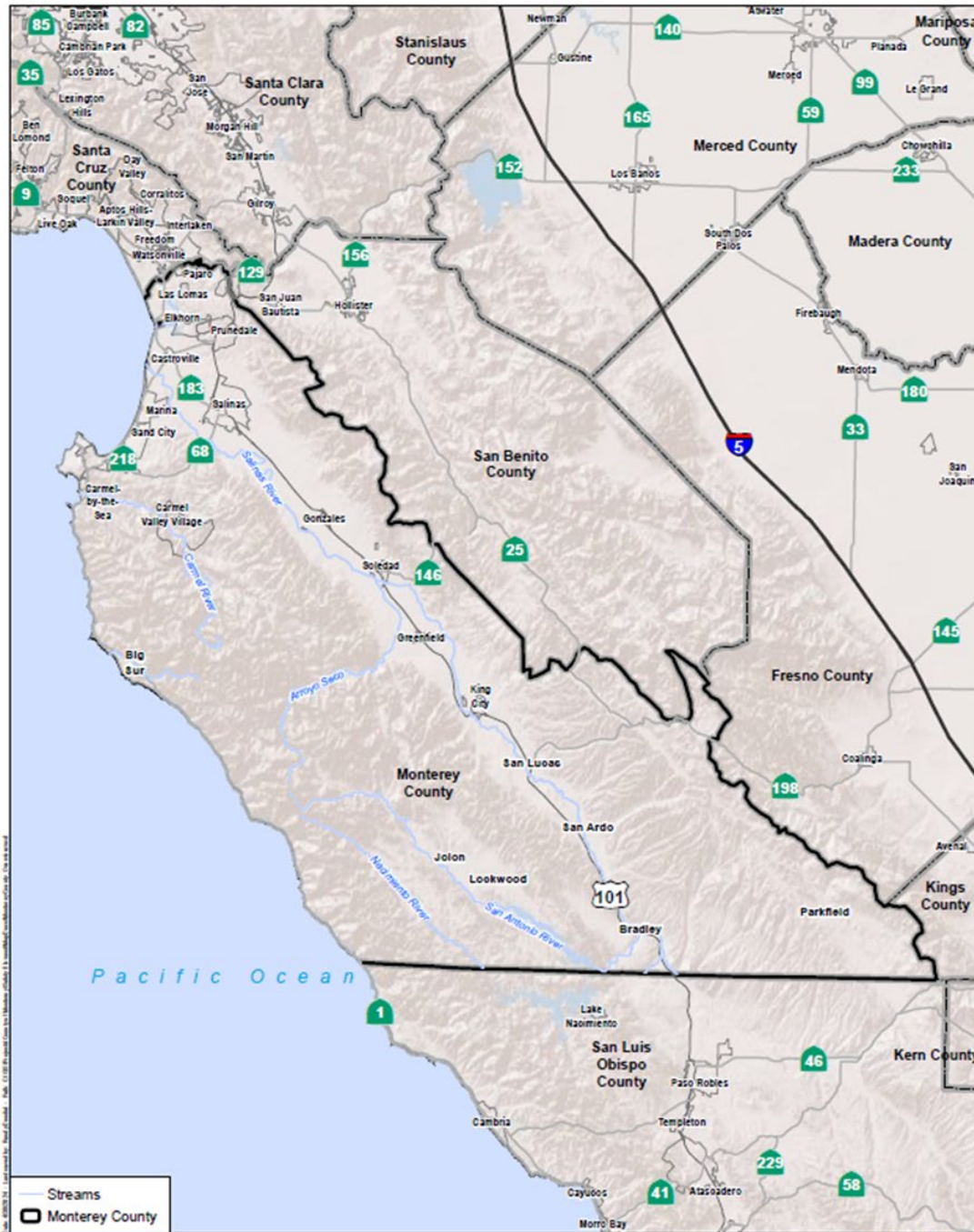
From its offerings of rich farmland located within the Salinas Valley to the tall peaks of the Santa Lucia Mountains making up the brilliant Big Sur coastline along the Pacific Ocean, the abundant agricultural land, mild climate, and remarkable coastline have placed Monterey County on the map as one of the most picturesque locations in the world.

There are 12 incorporated cities making up 75% of the County's population and roughly 15% of the total land area. These cities are generally classified as either valley or peninsula with five valley cities consisting of Gonzales, Greenfield, King City, Salinas (County seat), and Soledad; and seven peninsula cities consisting of Carmel-by-the-Sea, Del Rey Oaks, Marina, Monterey, Pacific Grove, Sand City, and Seaside. Despite there being 13 planning areas (inland and coastal), only three plan areas (Greater Monterey Peninsula, Greater Salinas, and Central Salinas Valley) contain cities within their boundaries. The remainder of the unincorporated County includes communities ranging in makeup of small clusters of homes to small towns. Military base closures over the years have led to the reduction of a military presence, and the reuse of portions of the former Fort Ord Army base have resulted in expansion of the Peninsula cities of Marina, Monterey, Del Rey Oaks, and Seaside, and increasing opportunities for land to be developed in Monterey County.

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Figure 1-1. Monterey County Boundary



### 1.3 Role and Content of Housing Element and Relationship to General Plan

#### 1.3.1 Legal Requirements

Government Code Section 65300.5, states the following: “The General Plan and elements and parts thereof comprise an integrated, internally consistent, and compatible statement of policies...” The purpose of requiring internal consistency is to avoid policy conflict and provide a clear policy guide for the future maintenance, improvement, and development of housing in UMC.

The Housing Element was prepared in a manner to ensure consistency with the other elements of the County’s General Plan, which include the Land Use Element; Circulation Element; Conservation and Open Space Element; Safety Element; Public Services Element; Agriculture Element; and Economic Development Element. In accordance with state Housing Element law (SB 1000), the County’s new Environmental Justice Element is being prepared concurrent with this Housing Element update for addition to the suite of elements in the General Plan. As part of the County of Monterey General Plan, the Housing Element establishes housing-related programs and actions to guide decision-making related to land use planning and development activities for the 2023–2031 6th Cycle planning period in accordance with state law and the County’s housing goals for UMC.

As required by Government Code Section 65300.5(a), the County’s goals, policies, and programs must remain internally consistent across all elements to the General Plan to function as a unified and cohesive document. Chapter 8, **Housing Plan**, includes a schedule of actions within a number of programs for the 2023–2031 planning period to guide the County’s implementation of these programs. The County anticipates programs implementation to result in the development and construction of affordable housing that meets the various needs of County residents and workforce in accordance with Government Code Section 65583(c). When amendments are made to any element, including the Housing Element, the County evaluates the impacts on all relevant elements to uphold consistency throughout the General Plan to ensure compliance with state laws.

As part of Program H.2.I, Annual Housing Element Report, an internal consistency review will be conducted to ensure alignment between the Housing Element and other General Plan elements throughout the planning period. This review will evaluate any updates, amendments, or actions undertaken within the Housing Element or other General Plan elements to confirm consistency and integration, as required by Government Code Section 65300.5(a). Should any inconsistencies be identified, the County will initiate corrective actions, including amendments to affected elements to maintain internal consistency. The findings of this review will be documented in the annual report

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submitted to the CA HCD and made available to the public as appropriate, ensuring transparency and accountability in the County’s planning efforts without including unnecessary information.

Additionally, Senate Bill (SB) 1000, signed into law by Governor Jerry Brown on September 24, 2016, amended Government Code Section 65302 to mandate that cities and counties with identified disadvantaged communities incorporate environmental justice policies into the general plan. These policies can be integrated across existing elements or developed as a standalone Environmental Justice Element, to be adopted upon the next revision of two or more elements concurrently. The County has identified disadvantaged communities and is concurrently amending both the Housing Element and Safety Element. In compliance with Government Code Section 65302, the County initiated preparation of the Environmental Justice Element in 2022, with adoption anticipated on a similar timeline as the Housing Element update.

Government Code Section 65583, contains requirements for Housing Elements, including the provision of an inventory of sites that meet specific criteria regarding zoning, lot sizes, and other factors. The general purpose of the sites inventory is to provide the planning and zoning framework within which the County identifies sites suitable for residential development. However, cities and counties do not build housing units – developers do. This Housing Element describes how the County can act within the planning framework to accommodate housing production and remove practical barriers as much as feasible within County control. Most significantly, the Housing Element is neither an approval of development proposal nor a guarantee, requirement, or commitment to develop housing.

The County’s Housing Element update includes parcel rezonings to meet additional housing requirements under the State HCD Regional Housing Needs Allocation (RHNA). These rezonings have potential to create inconsistencies within the County’s Land Use Element, Coastal Land Use Plans, and Community Area Plans. Rezonings affecting parcels within areas identified in these plans would necessitate an amendment to these plans to maintain internal consistency of the General Plan. Such amendments may be subject to review and certification by the governing body related to the plan (i.e., Coastal Land Use Plan amendments are subject to the California Coastal Act and require review and certification by the California Coastal Commission).

Chapter 8 of the Housing Element includes strategies for the maintenance of existing housing units and action-oriented programs to increase the capacity for additional housing options within the local housing supply. Implementation of these strategies will require that the County process a series of future actions, referred to as the “Housing Plan,” for compliance with California laws.

Table 1-1 demonstrates the consistency between the Housing Element goals and related goals in other General Plan elements.

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**Table 1-1. Housing Related Goals by Element**

Housing Element Goals	Related Goals – General Plan <sup>1</sup>
H-1: Conserve, Preserve, and Improve the Existing Supply of Housing.	<p><b>Land Use</b></p> <ul style="list-style-type: none"> <li>• LU-1. Promote appropriate and orderly growth and development while protecting desirable existing land uses.</li> </ul> <p><b>Safety</b></p> <ul style="list-style-type: none"> <li>• S-1. Minimize the potential for loss of life and property resulting from geologic and seismic hazards.</li> </ul>
H-2: Assist in the Development of Housing.	<p><b>Land Use</b></p> <ul style="list-style-type: none"> <li>• LU-2. Encourage residential development of various types and densities for all income levels in areas where such development would be accessible to major employment centers and where adequate public services and facilities exist or may be provided.</li> </ul> <p><b>Conservation/Open Space</b></p> <ul style="list-style-type: none"> <li>• OS-3. Prevent soil erosion to conserve soil and enhance water quality.</li> </ul> <p><b>Safety</b></p> <ul style="list-style-type: none"> <li>• S-4. Minimize the risks from fire.</li> </ul> <p><b>Public Services</b></p> <ul style="list-style-type: none"> <li>• PS-3. Ensure that new development is assured a long-term sustainable water supply.</li> </ul>
H-3: Provide Adequate Sites for a Variety of Housing Types.	<p><b>Land Use</b></p> <ul style="list-style-type: none"> <li>• LU-8. Encourage the provision of open space lands as part of all types of development including residential, commercial, industrial, and public.</li> </ul> <p><b>Safety</b></p> <ul style="list-style-type: none"> <li>• S-2. Reduce the amount of new development in floodplains and, for any development that does occur, minimize the risk from flooding and erosion.</li> </ul>

<sup>1</sup> County of Monterey, General Plan Update - 2010.

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Housing Element Goals	Related Goals – General Plan <sup>1</sup>
H-4: Remove Governmental Constraints.	<b>Land Use</b> <ul style="list-style-type: none"><li>• LU-6. Encourage uses on public lands that are compatible with existing and planned uses on adjacent lands.</li></ul>
H-5: Promote Housing Opportunities for All Persons	<b>Land Use</b> <ul style="list-style-type: none"><li>• LU-4. Encourage commercial development in close proximity to major residential areas and transportation routes.</li></ul> <b>Circulation</b> <ul style="list-style-type: none"><li>• C-4. Provide a public road and highway network for the efficient and safe movement of people and commodities.</li><li>• C-6. Promote viable transportation alternatives.</li></ul>

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### 1.4 Regional Housing Needs Allocation (RHNA)

The State of California and the Association of Monterey Bay Area Governments (AMBAG) conduct a process to establish quantitative “fair share housing” allocations for the creation of housing units, including affordable units under various income categories. These quantified numbers are known as the Regional Housing Needs Allocation (RHNA). The RHNA for the UMC is listed in Table 1-2 for the identified income categories.

**Table 1-2. 2023-2031 Regional Housing Needs Allocation assigned to County of Monterey**

	Totals by Numbers of Units	Very Low (<=50% AMI)	Low-Income (51-80% AMI)	Moderate (81-120% AMI)	Above Moderate (>120% AMI)
<b>2023-2031 RHNA</b>	3,326	1,070	700	420	1,136
<b>Percentage of Total</b>	100%	32%	21%	13%	34%

*Source: Association of Bay Area Governments*

### 1.5 Public Outreach and Participation

With the Housing Element serving as an important document that will shape the future of UMC, the County believes it is important that it reflects the vision of the people who make Monterey County special. To accomplish this, the County developed a broad and diverse outreach plan designed to reach as many community stakeholders as possible across all socio-economic levels who live and work in UMC. To ensure maximum participation by stakeholders in every economic segment of the community, the County completed the following steps to provide a comprehensive and transparent community engagement and participation process (a complete administrative record of all public outreach and participation actions is provided in Appendix A of this Housing Element):

- The first step in the Housing Element Update process was the preparation of the Public Engagement Plan for the 6<sup>th</sup> Cycle Housing Element. The Public Engagement Plan calls for various efforts to engage residents in the Housing Element Update process. Staff presented the Public Engagement Plan for review to the Planning Commission on December 7, 2022.
- The County provided a comprehensive online survey (with 31 questions) in both English and Spanish versions to the community between January 16 and February 20, 2023. The survey solicited input from community stakeholders on fair housing issues, housing needs, existing conditions and suggested programs and actions. There were 473 respondents to the English version and 59 respondents to the Spanish version of the survey.

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- Community workshops were held on January 26, 2023, and June 1, 2023. A combined total of 125 community members, in addition to County staff and the County’s Housing Element Consultants (Harris & Associates) attended the workshops, which included live polling and a question and answer/comment session at the end. During these workshops, the County discussed the Housing Element Update, provided preliminary information on community housing needs and potential sites, and gathered community feedback. The workshop events were posted on the County’s website, dedicated Housing Element Update webpage, through posts on the County’s social media accounts and announced at both Planning Commission and Board of Supervisor meetings. Following the workshops, the County made both recordings of the meetings and presentation slides available on the County’s Planning Division Housing Element update webpage.

In collaboration with Monterey County Free Libraries (MCFL), a total of nine pop up displays with two questions posed to community members regarding housing in their community were placed in Libraries throughout the County. Participants were provided bookmarks with a QR code to the community housing survey. Materials displayed were made available in both English and Spanish, detailing scheduled meetings and ways to get involved.

A total of nine pop-ups were held in various geographic locations throughout the County from February 3<sup>rd</sup> through February 16<sup>th</sup>, reaching approximately 400 community members. The purpose of these pop-ups was to gather input from the community on the topic of the Housing element and invite members of the public to get involved in the process. The events included a voting activity that asked residents two questions regarding housing in their community and the provision of a flyer with accessible QR codes to the complete community housing survey. All materials were provided in both Spanish and English, with Spanish and English-speaking staff available at all events.

- There were nine focused stakeholder meetings held to obtain additional qualitative data from affordable and market-rate housing developers, local community organizations and advocates, fair housing providers, affordable housing property managers, renters, agriculture-based businesses and organizations, and other community organizations. The stakeholders discussed strategies to encourage the development of affordable housing in UMC. Special invitations were sent to, and stakeholder meetings conducted with, the following parties:
  - Several market rate developers active in the County including Avila Construction, SHEA Homes, and Ausonio, Inc.

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- Housing advocates and service providers including the Center for Community Advocacy, Nation’s Finest, Veteran Transition Center, Housing Choices, and the Coalition of Homeless Service Providers.
- Several affordable housing developers active in the County including Eden Housing, Mid-Pen Housing, and Community Housing Improvement Systems and Planning Association, Inc.
- Fair housing providers including Interim Inc. and ECHO Fair Housing.
- Renters in the County.
- Agriculture-based businesses and organizations including Monterey County Farm Bureau, Monterey County Vintners Association, Center for Community Advocacy, Centro Binacional para el Desarrollo Indígena Oaxaqueño (CBDIO), Grower Shipper Association, and Harvest Moon.
- The County notified the community of the availability of the Housing Element Update through various forums including website notification, social media, and via community meetings, with the Draft Housing Element Update made publicly available online at: <https://www.co.monterey.ca.us/government/departments-a-h/housing-community-development/planning-services/advance-planning/ordinances-plans-under-development/general-plan-elements-update-housing-element-6th-cycle-update-2023-2031-ref220020-lrpwp-task-no-21-02>.
- The Draft Housing Element Update was made publicly available between May 6, 2024, and June 11, 2024, for the required 30-day period prior to CA HCD submittal. The First Draft of the Housing Element was submitted to CA HCD on August 20, 2024 and the County received its first Findings Letter on November 18, 2024.
- The County of Monterey completed a Second Submission draft of its 6th Cycle Housing Element (2023–2031) in response to the State HCDs comment letter dated November 18, 2024. This revision addressed statutory requirements identified by State HCD necessary for compliance with State Housing Element Law. The Second Submission Draft Sixth Cycle Housing Element was made available for a 7-day public review beginning Thursday, June 12, 2025, and ending Thursday, June 19, 2025, prior to re-submission to State HCD on June 25, 2025.
- County addressed the comments from State HCD and made the Second Draft available for public review for the required 7-day period starting Thursday, June 12, 2025, and ending Thursday, June 19, 2025, prior to re-submission to State HCD on June 25, 2025. County received a Second Findings letter from CA HCD on August 25, 2025.
- County addressed comments from State HCD’s Second Letter and is making the Third Draft available for public review for the required 7-day period beginning Tuesday, February 10, 2026 and ending Tuesday, February 17, 2026 prior to resubmittal to CA HCD.

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- Appendix A includes a comprehensive administrative record of the public participation and engagement process, including notices, survey results, webpage content, social media posts, presentations, correspondence with stakeholders, and polls.

### 1.6 Housing Accomplishments

The County of Monterey recognizes the importance of providing safe and affordable housing for residents of all income levels. To support housing development and increase access to safe and affordable housing for its residents in UMC, the County has adopted the following ordinances:

- Inclusionary Housing Ordinance requiring that 20% of units/lots in new residential developments be affordable to very low, low, and moderate-income households.
- Density Bonus Ordinance updated in 2015 providing increased density for the production of affordable housing. In addition to the density bonus, the County also provides other concessions, such as reductions in the amount of required on-site parking, fee reductions, expedited permit processing, and modified or waived development standards.
- Zoning and Building Codes updated in 2015 to amend the definition of family, include appropriate provisions for residential care facilities, transitional housing, and supportive housing, and to adopt a Reasonable Accommodation Ordinance.
- Accessory Dwelling Units Ordinance updated in 2020 to amend the County’s zoning regulations for accessory dwelling units in the non-coastal unincorporated Monterey County to align to the recently enacted state law requirements for accessory dwelling units. The ordinance also provides regulations for junior accessory dwelling units in conformance with state law. The County is currently working towards updating the ordinance for the coastal zone in unincorporated Monterey County.

As shown in Table 1-3. 2015-2023 RHNA Progress – New Construction (Including Permitted Units), these actions resulted in the development of 596 affordable housing units during the 5th Cycle Planning Period (2015-2023). While the County made progress towards its RHNA during 5th Cycle Planning Period, the County acknowledges the need for an increased effort to encourage the development of more units affordable to lower-income households, especially considering the significant reduction in federal, state, and local affordable housing funding sources as follows:

- Federal affordable housing funds have decreased up to 60% in the last 15 years.
- In recent years, state grants and other funding sources have prioritized housing solutions for unhoused individuals and families. Prior to 2015, a larger share of available state funding was focused on very-low-, low-, and moderate-income affordable housing.

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- An estimated \$2 billion annually (statewide) was lost when the State abolished Redevelopment in 2011–2012.

**Table 1-3. 2015-2023 RHNA Progress – New Construction (Including Permitted Units)**

	Totals by Numbers of Units	Very Low (<=50% AMI)	Low-Income (51-80% AMI)	Moderate (81-120% AMI)	Above Moderate (>120% AMI)
<b>2015-2023 RHNA</b>	1,551	374	244	282	651
<b>New Construction (Including Permitted Units)</b>	2,214	152	371	73	1,618
<b>Remaining RHNA</b>	304	222	(127)	209	(967)

Note: The County approved a total of 1,618 above-moderate units. However, units beyond the required 651 cannot be counted against the remaining RHNA, given that it is not affordable to lower- and moderate-income households.

Source: County of Monterey Housing & Community Development

## 1.7 Affordable Housing Need

Meeting the community’s housing needs is a high priority for the County. As widely reported throughout the State, California is in the midst of a housing crisis where demand greatly outweighs supply. Additionally, overall wage growth has not kept pace with increases in housing costs, making median home prices and rents out of reach for a large population within the State. According to the Joint Center for Housing Studies at Harvard University,<sup>2</sup> renters in California have to earn 120% or more of the area median income to afford the median priced home. This severe spending on housing costs has contributed significantly to various housing problems, such as a lack of affordability and homelessness.

According to the 2020 American Community Survey (ACS) 5-Year Estimates, home ownership units represent approximately 71% of all units in unincorporated Monterey County, while rental units make up 29% of units. Compared to incorporated Monterey County, the share of owner-occupied units in UMC is higher by 19% than the share of owner-occupied units in the County. The United States Department of Housing and Urban Development (HUD) Housing Comprehensive Housing Affordability Strategy (CHAS) data query for 2015–2019 ACS indicates that approximately 33% of all households in UMC are cost-burdened or spend 30% or more of their gross income on housing costs, with over 55% of low-

<sup>2</sup> Joint Center for Housing Studies of Harvard University. 2021. The State of the Nation’s Housing. Accessed May 2022. [https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard\\_JCHS\\_State\\_Nations\\_Housing\\_2021.pdf](https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_State_Nations_Housing_2021.pdf).

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income households cost-burdened. Approximately 15% of these households spend over 50% of their gross income on housing costs and are considered severely cost-burdened.

As detailed in Chapter 2 of the Housing Element Update, data from the HUD CHAS 2015-2019 ACS shows that 59% of owner-occupied households are cost burdened with a 56% or renter-occupied households cost-burdened, nearly the same as that of owner-occupied households. While the majority of households in UMC are owner-occupied, renter-occupied households represent nearly a third of households in the UMC and will likely continue to grow with future population growth.

Housing cost burden, in addition to the consistently growing population in California has made it necessary for communities to plan for more housing units. As a result, UMC is expected to plan for 3,326 units in the 6<sup>th</sup> Cycle Housing Element, of which 2,190 need to be planned for very low, low- and moderate-income households (as shown on Table 1-2 in this section).

## 1.8 Affordable Housing Challenges

State law recognizes that housing needs may (and do) exceed available resources and, therefore, does not require that the County's quantified objectives be identical to the identified housing needs. More specifically, Government Code Section 65583(b)(2), states the following:

*It is recognized that the total housing needs . . . may exceed available resources and the community's ability to satisfy this need within the content of the general plan requirements. Under these circumstances, the quantified objectives need not be identical to the total housing needs. The quantified objectives shall establish the maximum number of housing units by income category, including extremely low income that can be constructed, rehabilitated, and conserved.*

Acknowledgment of funding limitations is extremely important—cities and counties are required to prepare Housing Elements every eight years to identify needs and actions to provide for housing at all income levels and for all populations despite a *severe* shortage in local, State, and Federal funding that makes many of the actions needed and planned financially infeasible. It is important to recognize that state law requires cities to plan for housing, but almost all housing is developed by the private sector.

The role of local government is to *facilitate* housing development through the planning process. Nearly all cities and counties in the State have shown higher numbers of market-rate units, or housing units for above moderate-income households, versus affordable units in their annual Housing Element progress reports. This is generally because revenues derived from selling or renting market-rate housing exceed the cost to develop the units, resulting in a profit. Developers, not cities or counties, build housing. For-profit developers are businesses that, just like other businesses, do not move forward with production if the price they can command is less than the cost to produce the item or commodity. In this case, the item is a unit of housing. Additionally, developers often require investors to provide financial assistance,

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and these investors require a minimum rate of return to participate. While affordable housing and nonprofit housing developers do exist, these organizations will not move forward with a project unless it is financially feasible (i.e., revenues cover costs without a profit margin).

Affordable housing projects are generally more expensive to develop due to State laws and funding program requirements. For example, affordable housing projects that receive any Federal, State, and/or local public subsidies are required to pay prevailing wages on the construction of a project. Prevailing wages can add 13–25% to construction costs. In addition, Federal and State funding sources require sustainability practices, which are beneficial and important but can lead to higher costs for the development of a project. When these higher costs are combined with high land, construction, and materials costs in California, the development of affordable housing requires public subsidies and assistance because the costs to develop the housing far exceed the revenues derived from selling and renting the housing at affordable prices and rents.

Affordable housing is funded through a combination of sources (because no one source is sufficient to fund individual projects), including Low-Income Housing Tax Credits (LIHTCs), State grants, project-based housing vouchers from HUD, loan programs, donation of land, and other sources. Affordable housing projects can require up to 10 separate funding sources with different requirements and deadlines, adding to the complexity and feasibility of these projects.

It is worth noting that sufficient public funding is not available to fill the gap between what it costs to build affordable housing and the revenues generated by the housing on a state and federal level. Before 2011, over 400 jurisdictions in California (like the County of Monterey) used redevelopment as a financial tool to revitalize blighted areas and to fund affordable housing development. However, redevelopment was eliminated in 2011–2012, and this significant funding source (estimated at \$2 billion/year Statewide) of locally derived revenues was redirected away from affordable housing and toward local taxing entities' general funds.

An additional affordable housing challenge lies in the lack of water as a resource for the development of affordable housing. Significant water supply constraints have limited the location and development capacity of residential land, thereby adding considerably to land costs in the County when it comes to housing development. **Future solutions to addressing water availability must consider physical constraints as well as assessing priorities in** decisions that are made with respect to competing needs for the use of this scarce resource, who receives access to its use, and the economic costs associated with attempts to prevail under these circumstances.

Despite considerable funding challenges and water constraints, the County has successfully provided funding assistance to several affordable housing developments during the last eight years. However, the number of projects assisted is much lower than it would have been if federal, state, and local funding

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had not been reduced or eliminated in such a significant way and if water availability had not presented such a key constraint.

## 1.9 Organization

This Housing Element is organized into the following chapters:

- **Chapter 1, Introduction:** Provides an overview of the purpose, scope, and organization of the Housing Element.
- **Chapter 2, Community Profile and Housing Needs Assessment:** Provides a summary of the County’s demographic and housing characteristics, special needs groups, and housing needs.
- **Chapter 3, Housing Constraints:** Provides an assessment of the various constraints to housing development and preservation.
- **Chapter 4, Housing Resources and Opportunities:** Provides an inventory of resources available to meet the unincorporated County’s existing and projected housing needs.
- **Chapter 5, Housing Accomplishments (2015–2023):** Provides an assessment of progress during the 2015–2023 5th Cycle planning period for the Housing Element, including program status, objectives, actions, and appropriateness.
- **Chapter 6, At-Risk Affordable Housing:** Provides information on existing affordable units at risk of converting to market rate and a preservation analysis.
- **Chapter 7, Adequate Sites Inventory Analysis and Methodology:** Provides a detailed description of the methodology used to identify specific housing sites (by Assessor’s Parcel Number), the number of units for each site, the level of affordability for each site, and the methodology used to ensure that each site meets State law requirements.
- **Chapter 8, Housing Plan:** Outlines the County’s goals, policies, programs, and actions to provide and preserve housing opportunities in the community and quantified objectives for the 2023–2031 6th Cycle planning period. The following appendices provide additional information and data pursuant to legal requirements:
  - **Appendix A:** Public Engagement
  - **Appendix B:** Affirmatively Furthering Fair Housing Analysis
  - **Appendix C:** Sites Inventory Form.

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