

January 26, 2024

Melanie Beretti
Monterey County Housing & Community Development
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Re: Vacation Rental Ordinances Draft EIR (SCH# 2022080643) (Coastal - REF130043 & Inland - REF100042)

Dear Ms. Beretti:

LandWatch Monterey County submits the following comments on the Vacation Rental Ordinances Draft EIR, informed by our objective to maximize the provision of both market rate and affordable rental housing in the high opportunity Carmel Valley area.

Carmel Valley desperately needs long-term rental housing, and especially affordable rental housing. Ensuring provision of affordable housing in the Carmel Valley is equitable and consistent with the County's obligation to affirmatively further fair housing under SB 686. The Carmel Valley is an area of high opportunities, with high-performing schools, greater availability of jobs that afford entry to the middle class, and convenient access to transit and services. The County has recognized its duty to increase the supply of affordable housing in the Carmel Valley in its recent deliberations regarding the 6th Cycle Housing element site inventory.

Provision of any long-term housing in the Carmel Valley, including market rate and affordable housing, is also environmentally beneficial. The Carmel area has a substantial in-commute from relatively more distant areas of the County due to the high numbers of service jobs. Providing more housing in the Carmel Valley will reduce vehicle miles travelled by commuters and reduce the associated greenhouse gas and other air quality impacts.

The DEIR acknowledges that "based on current trends, 50 percent of new possible commercial vacation rentals are currently used as long-term housing." (DEIR, p. 4.9-7.) The DEIR then determines that, based on the County's current occupancy rate of 3.1 persons per household, the project would displace 1,849 people if the proposed 6% cap on commercial short-term rentals (STRs) is reached. LandWatch questions the DEIR's conclusory determination that this displacement does not constitute a significant impact, especially in those areas of the County lacking affordable housing like Carmel Valley.

The DEIR acknowledges that the areas most in demand for commercial STR conversions include the Carmel Valley, where the proposed project would allow an additional 139 houses to be converted, presumably displacing 431 persons. This would represent a significant loss of long-term housing to the Carmel Valley. The housing loss would not just affect above median income households. Due to the “filtering effect,” the loss of market rate units would also reduce the availability of moderate and lower income units.

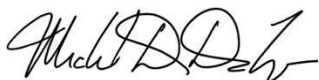
The filtering effect is the effect on availability of lower income units caused by changes in the supply of higher income units. An increase in the availability of market rate units also increases the availability of affordable units to lower income households due to the chain of households migrating into housing units left vacant by others. For example, when supply is increased by new market rate construction, new units are occupied by those who will leave behind slightly less desirable housing units at slightly lower prices, which in turn will be occupied by those who will leave behind other slightly less desirable units at even lower price. This migration chain will continue until some housing units are freed up at affordable rents.¹

Just as an increase in market rate unit supply increases the supply of affordable units, a decrease in market rate unit supply would decrease the supply of affordable units. Thus, even if the units converted to commercial STRs were not themselves affordable, the loss of these housing units would also reduce the availability of affordable units.

Accordingly, LandWatch asks that the County adopt Alternative 6, which would bar new commercial STRs from the Carmel Valley residentially zoned areas. This restriction on commercial STRs would still permit Carmel Valley residents to participate in the limited STR market and to provide visitor accommodations to support the local economy, but without displacing long-term housing. Alternative 6 would substantially reduce the displacement of existing long-term housing because there are relatively few single-family dwellings available for conversion to commercial STRs located in the non-residentially zoned areas in the Carmel Valley. Furthermore, the requirement that the owner or operator remain in full-time residence in agricultural areas would also serve to minimize conversion of single-family units in those areas.

Thank you for this opportunity to comment.

Regards,



Michael DeLapa
Executive Director

¹ See Evan Mast, The Effect of New Market-Rate Housing Construction on the Low-Income Housing Market , Upjohn Institute Working Paper 19-307, available at https://research.upjohn.org/cgi/viewcontent.cgi?article=1325&context=up_workingpapers.