

October 24, 2024

Craig Spencer, Director of Housing and Community Development
Monterey County Housing and Community Development (HCD)
1441 Schilling Place, South 2nd Floor
Salinas, CA 93901
spencerc@CountyofMonterey.gov

Re: Fulfilling commitments of the 2014 Gonzales/County of Monterey MOA

Dear Craig,

In 2014, the County of Monterey ("County") and the City of Gonzales ("City") entered into a Memorandum of Agreement ("MOA") to address a variety of land use issues arising from the City's proposed expansion of its sphere of influence. LandWatch reminds the County of the commitments made in that MOA, commitments that should be fulfilled before the County considers signing the tax-sharing agreement necessary for the annexation of the land. The City is in negotiations with a developer for the Vista Lucia project in the sphere of influence zone that is subject to this MOA and may already be in discussions with County staff regarding its planned annexation application, thus this concern is time-sensitive.

The MOA, adopted by the Board of Supervisors on March 25, 2014, was the subject of several years of negotiations between the County and the City. County Supervisors Lou Calcagno and Simon Salinas were appointed as an ad hoc committee to negotiate with the City in recognition of the County's important role in sphere-of-influence and annexation decisions. The item was pulled from consent and discussed at length before being adopted. The County sought to address multiple concerns in the MOA, including (1) that the City should not seek to develop land outside the City limits before utilizing suitable development sites in the City limits; (2) that residential subdivisions springing up in the midst of farmland should not pit residential needs against critical farming operations, eroding the Salinas Valley's iconic and economically valuable agricultural industry; (3) that the regional needs for a jobs-housing balance should be at the forefront of consideration for any development; and (4) that the County's 2010 General Plan commitment to city-centered growth and prevention of urban sprawl requires cooperating with the City to provide regional housing

needs in a city-centered growth pattern. The MOA was executed, and on September 22, 2014, Monterey County LAFCO approved the expanded sphere of influence.

Vista Lucia is a proposed subdivision northeast of the City limits on approximately 768 acres of agricultural land, with 3,498 planned residential units, essentially doubling the size of Gonzales. As planned, Vista Lucia is a sprawling, commuter-based bedroom community. The average residential density of the Specific Plan is only 7.7 units per acre. Only 640 units, or 18% of the units, are zoned at the 20 units per acre density required to support low and very low income units. The total number of units represents 31 years of growth – roughly four RHNA cycles – at the 111 units per year growth rate projected by AMBAG for Gonzales.

The following sections of the MOA are worthy of careful review before the County considers the City's request for approval of annexation for Vista Lucia on the agricultural lands outside the City:

2.1 The City agrees(c) to encourage proposals for infill development on vacant or underutilized sites within the existing City Limits west of Highway 101 whenever possible, to avoid urban sprawl and postpone the conversion of agricultural land to urban uses.

(d) To require Specific Plans to include residential densities that ensure a compact urban form that helps protect agricultural land from premature conversions.

...

(g) To actively participate with the County, LAFCO and other cities within the Salinas valley to develop a Valley-Wide Agricultural Land Mitigation Program to address the loss of agricultural land due to development and conversion to urban uses.

Prior to engaging the City in any discussions of a tax-sharing agreement necessary for an annexation application to LAFCO, the County should ensure that the City has complied with conditions (c), (d), and (g) above. There is no urgency to approve the annexation because Gonzales' draft Housing Element acknowledges that its RHNA can be met without Vista Lucia, mostly by concentrating on available sites west of Highway 101. Furthermore, Vista Lucia is not being proposed in a "compact urban form that helps protect agricultural land from premature conversion." The County is obligated to raise this concern with the City per the parties' mutual commitments in the MOA.

The County should also consider the parties' commitment to gradual, phased development. Section 4 entitled "Development Phasing and Annexations" refers to a commitment that "Specific Plans will promote self-contained neighborhoods that are no smaller than 125 acres and no larger than 400 acres." Although the Vista Lucia project may purport to meet this commitment by characterizing the

project as two “neighborhoods,” it is clear that the proposed annexation of the entire 680 acres would be inconsistent with this commitment.

The MOA also establishes expectations that Gonzales will adhere to the principles of “logical, orderly development” (Section 1) and the “maintenance of a positive housing and jobs relationship” (Section 3.1(b)). The MOA Recitals refer to reducing costs of development “including affordable housing,” and to being “as effective as possible in the implementation of their respective General Plans.”

When this MOA was executed, the City’s General Plan required that any new development be proportional to its Regional Housing Needs Allocation requirements; in other words, the breakdown of housing types (low income, moderate, etc) must occur in the same percentage as the City’s RHNA. The proportionality mandate is required to support a positive jobs housing relationship. Gonzales has a high number of jobs per housing unit, but those jobs are predominantly lower wage. Fully 49% of Gonzales’ households are classified as Extremely Low, Lower, and Low Income Households in need of affordable housing. Unless Vista Lucia provides its proportional share of affordable housing for these workers, they will be forced to live elsewhere.

However, the City is proposing to remove the requirement of proportionality from its Housing Element and, as such, Vista Lucia’s proposal for a greater number of market share homes would then be consistent with the General Plan, but inconsistent with the commitment to a “logical, orderly development” and the “positive housing and jobs relationship” set forth in the MOA.

LandWatch urges the County to inform the City that removal of the proportionality requirement from development within the sphere of influence would violate the City’s commitments set forth in the MOA. Affordable housing is one of the most critical needs in the region and serves as an impediment to achieving a jobs-housing balance.

Vista Lucia does not provide, or even accommodate its proportional share of, the affordable housing the City needs. Approximately half of Gonzales’ residents need housing affordable to lower income households, yet the Vista Lucia project contains at best 22% affordable units as currently proposed.

Finally, we note that MOA Section 4.3 entitles the County Housing and Community Development Department to review and comment on any Specific Plans in the sphere of influence; to the extent that such review has not occurred, the County should contact the City and request a series of sessions to effectuate that review.

The County invested considerable time and energy in the creation of the MOA prior to its execution in the spring of 2014. Vista Lucia represents the exact type of project that the County presumably opposed when committing itself and Gonzales to the policies in the 2014 MOA. These MOA policies should not be allowed to lapse merely through the passage of time.

The County felt strongly enough about the policies set forth in the MOA to insist upon the inclusion of Section 8 entitled "Tax Sharing," which includes a requirement that the City and County "discuss the provisions" of a Master Tax Sharing Agreement prior to the annexation of any territory located in the subject area, and that any annexation "not consistent with this Agreement shall not accrue to the benefit of the City." In other words, the City would not be entitled to the tax revenue from any development in violation of the principles of the MOA.

In sum, there are numerous aspects of the Vista Lucia project which appear inconsistent with the MOA, and raise serious concerns related to affordable housing and preservation of agricultural land. LandWatch requests that the County staff schedule a public review of the MOA's requirements and discuss these matters with the Board of Supervisors prior to proceeding with the drafting of any Master Tax Sharing Agreement in support of the Vista Lucia project.

Thank you for your consideration.

Regards,

A handwritten signature in black ink, appearing to read "Michael DeLapa", with a stylized flourish at the end.

Michael DeLapa
Executive Director

cc: Monterey County Board of Supervisors