

February 26, 2024

Martha Diehl, Chair
Monterey County Planning Commission
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SUBJECT: Agenda Item No. 2 (PLN210098) - Opposition

Dear Chair Diehl and Members of the Planning Commission

LandWatch joins the Carmel Valley Association (CVA) in recommending denial of the 27610 and 27612 Schulte Road short term rental ("STR") permit application. Pending adoption of the County's STR ordinance, we request that the Planning Commission deny the application based on the cumulative impacts of individual STR approvals, which will worsen the County's housing crisis, as outlined more fully below.

LandWatch also recommends pausing all STR approvals until the County approves an effective STR ordinance. This will ensure a more consistent and holistic approach to the equity and environmental challenges posed by STRs.

LandWatch's objective is to maximize rental housing that is affordable to local working families and individuals in high opportunity areas like Carmel Valley. The paucity of affordable rental housing in Carmel Valley is especially acute, and there is a desperate need for long-term rental housing. 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. Under SB 686, the County is required to affirmatively further fair housing. Providing affordable rental housing in the Carmel Valley is consistent with this obligation.

In addition to the concerns specific to the 27610 and 27612 Administrative Permit PLN210098 request, LandWatch identifies the following generalized concerns, which will be further exacerbated by the approval of the 27610 and 27612 Schulte STRs, as well as the approval of any other individual STRs in the same area.

Permitting the conversion of homes to short term rentals equates to permitting the displacement of families that would otherwise live there. Additionally, under the “filtering effect,” the loss of market rate units in turn reduces the availability of moderate and lower income units. The filtering effect is the impact on the 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 prices. 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 decreases the supply of affordable units. As such, even if the units converted to commercial STRs were not themselves affordable, the loss of these housing units would, by virtue of the filtering effect, reduce the availability of affordable units.

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 traveled by commuters, thereby reducing the associated greenhouse gas and other air quality impacts.

For these reasons, LandWatch asks that the Planning Commission deny the permit requests until the County can investigate and fully address the specific concerns raised by LandWatch and CVA, as well as the aggregate impacts to affordable housing of individual STR approvals. This approach will reduce the displacement of existing long-term housing and, in doing so, avoid worsening Monterey County’s housing crisis.

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.