



**LandWatch**  
monterey county

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June 5, 2002

Monterey City Planning Commission  
Community Development Department  
Monterey City Hall  
Pacific and Madison Streets  
Monterey, CA 93940

RE: City of Monterey Inclusionary Housing Ordinance

Dear Chairperson Stocker and Members of the Commission:

I understand that the Commission will be considering possible changes to the city's inclusionary housing ordinance at the Commission meeting scheduled for June 11, 2002. I have had an opportunity to review the materials made available to the Commission for its May 14th deliberations, and this letter is to provide some brief comments on some of the key issues:

1. LandWatch supports lowering the "threshold" for the production of inclusionary housing. Currently, developments of ten or more units are required to produce inclusionary housing. We believe that the threshold should be set so that developments of five or more units are required to produce inclusionary housing. As indicated below, we favor setting the inclusionary percentage at a minimum of 25%. If that inclusionary percentage were applied to a development of five or more units, then one inclusionary unit would be required in a five-unit development.
2. In establishing a "threshold," the city's ordinance should set the level at which the actual construction of an affordable unit would be required. All new housing developments within the city, however, should be required to contribute to solving the city's affordable housing problem. In the case of developments of fewer than five units, where the actual construction of an inclusionary unit is not possible as part of the development, an "in lieu" fee should be charged. The "in lieu" fee for each new unit should be established as one-fifth (20%) of the amount it would cost to build a single new unit of the same type, as established from time to time based on the real costs of land, materials, labor, and charges for infrastructure and services. In other words, if it costs \$350,000 to produce a single unit, then the "in lieu fee," per unit, should be \$70,000. All such "in lieu" fees should go into an affordable housing assistance fund.
3. Except as indicated above, the city's ordinance should not permit developers of five or more units to pay a fee, and to avoid the actual construction of inclusionary housing. The objective of the ordinance should be to require developers actually to construct inclusionary units as housing developments proceed. "In lieu" fees should be allowed

only where it is not possible actually to produce an actual unit—i.e., in developments of fewer than five units.

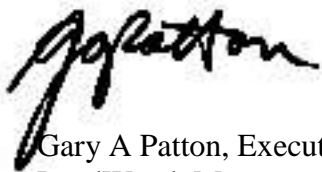
4. LandWatch believes that the inclusionary percentage requirement should be set at no less than 25%. We believe that anytime that a project includes a General Plan or zoning amendment that increases the development potential of the property on which the project is proposed (an “upzoning”) the city should require a 50% inclusionary requirement. Otherwise, the increased land value created by the city’s action in “upzoning” the property becomes a private benefit to the property owner, rather than a public benefit. Requiring an increased inclusionary percentage in that situation is a way to ensure that the city’s action in increasing the value of private property results in a genuine public benefit.
5. All required inclusionary units should be constructed before or concurrently with the construction of market rate units.
6. LandWatch strongly urges the city’s ordinance to establish a requirement for permanent affordability for all units created under the city’s inclusionary housing program, including any units making use of funds from the affordable housing assistance fund. Over time, establishing an inventory of housing units within the city that are “buffered” from market driven price increases will be of invaluable importance. There is no reason to allow some future owner of an affordable unit to reap a “windfall,” by being able to sell an affordable unit at a much higher market price, rather than at an affordable price that reflects his or her cost of purchase under the city’s inclusionary housing program.
7. LandWatch agrees that a “low-income” requirement should be added to the inclusionary housing program.
8. LandWatch strongly supports increased incentives for the production of affordable housing, when that housing will be maintained in perpetuity at affordable levels.
9. LandWatch believes that inclusionary units should truly be “included” in the developments in which they are required. Therefore, we favor an “on-site” requirement for all inclusionary units.
10. LandWatch agrees that the “administrative subsidy” currently provided by the city is appropriate.
11. LandWatch believes that the city should establish a housing impact fee for commercial projects. Further, LandWatch also believes that the city should require new commercial and professional office projects to design for and include the actual construction of affordable housing, as part of the development, unless that is completely infeasible. Mixed-use developments can provide significant new housing opportunities. Such development should be required, not just permitted. Land scarcity within the city mandates this type of approach, if a serious effort is to be made to deal with the affordable housing crisis. Shopping center and parking lot conversions should be strongly supported by the city’s housing, zoning, and other ordinances and policies.

In conclusion, LandWatch believes that the City of Monterey has shown significant leadership on the affordable housing crisis facing the larger community. The City’s leadership in helping to establish and staff the “Mayors’ Ad Hoc Housing Committee” last year is an excellent example.

At this time, it is critically important for all the cities in Monterey County, and the County of Monterey, to make an increased commitment to the actual production of housing that ordinary income and low-income persons can afford, and to do everything possible to ensure that “affordable” housing will remain affordable into the future.

LandWatch believes that the recommendations we make above will help accomplish these goals. Thank you for taking seriously our views on this critically important matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "G. Patton". The signature is written in a cursive, flowing style with a prominent initial "G".

Gary A Patton, Executive Director  
LandWatch Monterey County