



## League of Women Voters

January 12, 2006

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**SUBJECT: Potential Changes to the Term of Affordability Requirements for the Inclusionary Housing Program**

The Leagues of Women Voters of the Salinas Valley and the Monterey Peninsula have previously submitted a letter to the Planning Commission on this subject. A copy is attached for reference. We still recommend maintaining permanent restrictions on ownership homes which are required to be built as part of the County's Inclusionary Housing Program, as well as on rental units.

For almost a year, the County's Housing Advisory Committee and staff have held hearings, meetings, and workshops in various locations to receive public comments regarding the operation of the Program. The meetings have provided the opportunity for inclusionary homeowners to express concerns from their individual perspectives. We commend the HAC and staff for their efforts to resolve homeowners' issues, and to determine which of them may warrant policy or procedural changes that would improve the Program.

The findings and recommendations of staff and the HAC have been carefully documented and submitted to the Planning Commission. The staff report prepared for the August 31, 2005 meeting gave an overview and history of the Inclusionary Housing Program, a summary of the issues identified by the HAC in its public hearings and workshops, and the major considerations for policy-makers. We urge the Subcommittee to rely on this valuable work and not repeat what has already been done.

Housing staff has also presented information to the HAC and the Planning Commission about the financial implications of various alternatives to permanent restrictions, showing possible gains in equity over time for homeowners and recapture of the public/private subsidies invested in inclusionary units. Projected returns on the sale of homes at market rate were for demonstration purposes and are not assured, however, nor is the replacement of units as they are lost to the Program.

The decision on the term of affordability for this Program has to be considered together with

other options that may be available to developers and prospective homeowners. Only the Inclusionary homes and others with restrictions imposed by the funding sources are likely to protect the interests of very low to moderate-income families for more than one generation. It is important to preserve the Inclusionary mixed-income concept in as many communities as possible, not just Redevelopment Areas, so that people have choices among neighborhoods near schools and jobs.

While some units may be maintained as long as 45 years under Redevelopment law, an increasing number may have shorter terms and may revert to market-rate. Developers are opting to build Workforce level, with fewer restrictions on resale and more opportunity for upward mobility for buyers who qualify.

The comprehensive Affordable Housing Developer Incentive Program that was endorsed by the Planning Commission on January 11 will soon be presented to the Board of Supervisors, together with a pilot project, The Commons at Rogge Road in Salinas. It is to be 100% affordable, but of a total 171 units, only the rental component, 48 apartments, will be part of the County Inclusionary Program and subject to its long-term restrictions. For the moderate and workforce ownership units, the developer will establish a shared appreciation sales plan, including affordability terms and resale prices. It will be administered and monitored by Monterey County Work Force Housing, Inc. To make this project financially feasible for the developer, the County will have to make a significant contribution of public funds.

The Developer Incentive Program is proposing a minimum 30-year restriction on very low and low-income units. Moderate-income units could be sold at market rate provided the County recaptures its proportionate share of appreciation. Recaptured funds are to be used within three years to promote lower and/or moderate-income level homeownership. It is not clear how this will be accomplished.

Staff and the HAC are in process of developing a Workforce Housing Program for the creation and administration of Workforce Housing units, similar to the Inclusionary Program. Workforce ownership units would have less restrictive requirements, and include subsidy recapture and equity-sharing.

We hope that these programs will be successful in developing the kinds of affordable housing needed in Monterey County. New projects will still require considerable time to complete. There is still a long waiting list for inclusionary units, and we need to preserve the supply for the next generation of very low, low and moderate-income families. This can best be done by maintaining the permanent restriction.

We appreciate the opportunity to participate in the meetings of the Planning Commission Inclusionary Housing Subcommittee later this month. Further notification should be sent to: Jean Esary, 4078 El Bosque, Pebble Beach CA 93953 (Phone: 624-5822).

Sincerely,

Original Signed by

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