



May 11, 2017

The Honorable Joe Gunter and City Council
City of Salinas
200 Lincoln Street
Salinas, CA 93901

Re: *Salinas Inclusionary Housing Ordinance Update*

Dear Mayor Gunter and City Council Members:

Community Housing Improvement Systems & Planning Association, Inc. (CHISPA) is a member of the Technical Advisory Committee (TAC) and has participated in just about every meeting of the TAC. CHISPA also was a member of the advisory committee that provided input in the drafting of the existing 2006 Inclusionary Housing Ordinance (2006 Ordinance).

Since 1980, CHISPA has developed more than 1,400 affordable apartments and 800 single-family homes in Monterey, San Benito, and Santa Cruz Counties. CHISPA manages all of its 32 apartment developments and supports apartment residents with on-site classes and community services. CHISPA's construction subsidiary, Central Coast Residential Builders, is the general contractor for all of CHISPA's construction.

CHISPA's position with regard to the proposed *Salinas Inclusionary Housing Ordinance Update* is as follows:

1. Affordable housing advocates have given a concession by agreeing to reduce the percentage of affordable housing from 20% (under Option 1 of the 2006 Ordinance) to 12% (under the Rental scenario in the proposed ordinance) and 15% (under the Ownership scenario in the proposed ordinance). The Future Growth Area (FGA) is projected to include 12,000 housing units in the next 20 years. The reduction in the percentage of required affordable housing represents 960 fewer units under the 12% rental scenario and 600 fewer units under the 15% homeownership scenario.
2. Affordable housing advocates have given a concession by agreeing that the Median and Moderate ownership units can be built as attached housing (condominium or row houses) versus detached single-family homes. Under the 2006 Ordinance, ownership units must be of the same type. In other words, if a developer builds detached single-family homes, the affordable units have to be detached as well. The proposed ordinance allows the ownership units to be attached, which are less expensive to build than detached units.
3. Affordable housing advocates have given a concession by agreeing to allow the construction of 50% - 75% of market-rate homes before the affordable housing is built. The 2006 Ordinance requires concurrent construction of inclusionary housing and market-rate housing.

Community Housing Improvement Systems and Planning Association, Inc.

295 Main Street, Suite 100 • Salinas, CA 93901 • (831) 757-6251 • TDD: (831) 758-9481 • Fax (831) 757-7537 or (831) 757-6268

www.chispahousing.org

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4. Affordable housing advocates agreed to allow housing developers to receive a credit and transfer of the affordable housing within the Future Growth Area. We agreed to this in order to give housing developers the flexibility to build a larger than required affordable housing development so that they could achieve greater economies of scale.

Prior to the March 15, 2017 Salinas Planning Commission meeting, the TAC held 13 meetings. The TAC members reached general agreement on the percentages of affordable housing that would be required under the proposed ordinance. An additional TAC meeting was held on April 19, 2017. At this meeting, the affordable housing advocates were surprised to learn that the market-rate housing developers have now proposed changing the percentages. The affordable housing advocates have been negotiating in good faith with the market-rate developers for over a year. CHISPA does not support any changes to the percentages that are outlined in the proposed ordinance as recommended by City staff.

The FGA consists of approximately 12,000 housing units. The FGA is broken down into 3 specific plans with about 4,000 housing units in each specific plan. These units are projected to be constructed within the next 20 years. CHISPA acknowledges that the City is requiring developers to build a mix of high density, medium density and low density housing in the FGA, which includes a minimum percentage of apartments, condominiums and row houses. As a result, CHISPA is willing to accept a reduction in the percentage of required affordable housing, even though these higher density units will not have a deed restriction that requires the units to be affordable.

Affordable housing advocates have given the above concessions in the interest of encouraging new production of housing, including market-rate housing. CHISPA is not interested in having market-rate housing developers pay the in-lieu fee or impact fee. We prefer that market-rate housing developers build the affordable housing along with the market-rate housing. With that in mind, we suggest that the rental housing impact fee be increased to \$5 per square foot to encourage market-rate housing developers to build the affordable housing instead of simply paying the fee.

Thank you for your consideration and we look forward to making additional comments during the City Council meeting.

Sincerely,



Alfred Diaz-Infante, Pres./CEO