

# City of Salinas

200 Lincoln Ave., Salinas, CA 93901

[www.cityofsalinas.org](http://www.cityofsalinas.org)



## Meeting Agenda - Final

Tuesday, September 13, 2022

4:00 PM

STUDY SESSION

SALINAS ROTUNDA

### City Council

*Mayor Kimbley Craig*

*Councilmembers:*

*Carla Viviana González, District 1 - Tony Barrera, District 2*

*Steve McShane, District 3 - Orlando Osornio, District 4*

*Christie Cromeenes, District 5 - Anthony Rocha, District 6*

*Steven S. Carrigan, City Manager*

*Christopher A. Callihan, City Attorney*

*City Clerk's Office: (831) 758-7381*

**STUDY SESSION - 4:00 P.M. TO 6:00 P.M.****PUBLIC NOTICE**

*This meeting is being conducted consistent with State of California Executive Order N-29-20 dated March 17, 2020, regarding the COVID-19 pandemic. The public may view the meeting on television and/or online and may participate in-person in the Council Chamber.*

**PLEDGE OF ALLEGIANCE****ROLL CALL****PUBLIC COMMENT PROCEDURES**

*Public comments are restricted to items on the special meeting agenda pursuant to California Government Code section § 54954.3(b). Public comment may also be submitted via email at [PublicComment@ci.salinas.ca.us](mailto:PublicComment@ci.salinas.ca.us) and will be entered into the record.*

**PUBLIC COMMENT TIME RESTRICTIONS**

*Public comments generally are limited to two minutes per speaker; the Mayor may further limit the time for public comments depending on the agenda schedule.*

**STUDY SESSION**[ID#22-491](#)**Visión Salinas 2040 General Plan Update**

**Recommendation:** No action required. This report presents information to the City Council regarding the Visión Salinas 2040 General Plan update.

[ID#22-502](#)**Inclusionary Housing Ordinance Discussion**

**Recommendation:** No action required. This report presents information to the City Council regarding the Inclusionary Housing Ordinance and Downtown Area exemption.

**ADJOURNMENT - 6:00 p.m.**

---

**Patricia M. Barajas, City Clerk**

**AGENDA MATERIAL / ADDENDUM**

*Any addendums will be posted within 72 hours of regular meetings or 24 hours of special meetings and in accordance with Californian Government Code Section 54954.2, unless otherwise allowed under the Brown Act. City Council agenda item reports may be viewed at the Salinas City Clerk's Office, 200 Lincoln Avenue, Salinas, and are posted on the City's website at [www.cityofsalinas.org](http://www.cityofsalinas.org) via the hyperlinks provided on the agenda. The City Council may take action that is different than the proposed action reflected on the agenda.*

*Disability-related modification or accommodation, including auxiliary aids or services, may be requested by any person with a disability who requires a modification or accommodation in order to participate in the meeting. Requests should be referred to the City Clerk's Office At 200 Lincoln Avenue, Salinas, 758-7381, as soon as possible but by no later than 5 p.m. of the last business day prior to the meeting. Hearing impaired or TTY/TDD text telephone users may contact the city by dialing 711 for the California Relay Service (CRS) or by telephoning any other service providers' CRS telephone number.*

## **PUBLIC NOTIFICATION**

*This agenda was posted on Wednesday, September 7, 2022 at the City Clerk's Office, in the Council Rotunda, and the City's website.*

*Meetings are streamed live at <https://salinas.legistar.com/Calendar.aspx> and televised live on Channel 25 at 4 p.m. on the date of the regularly scheduled meeting and will be broadcast throughout the day on the Wednesday, Friday, Saturday and Monday following the meeting. For the most up-to-the-minute Broadcast Schedule for The Salinas Channel on Comcast 25, please visit or subscribe to our Google Calendar located at <http://tinyurl.com/salinas25>. Recent City Council meetings may also be viewed on the Salinas Channel on YouTube at <http://www.youtube.com/thesalinaschannel>.*



# City of Salinas

200 Lincoln Ave., Salinas,  
CA 93901  
[www.cityofsalinas.org](http://www.cityofsalinas.org)

## Legislation Text

---

**File #:** ID#22-491, **Version:** 1

---

### **Visión Salinas 2040 General Plan Update**

No action required. This report presents information to the City Council regarding the Visión Salinas 2040 General Plan update.





## **CITY OF SALINAS COUNCIL STAFF REPORT**

---

**DATE:** SEPTEMBER 13, 2022

**DEPARTMENT:** COMMUNITY DEVELOPMENT

**FROM:** MEGAN HUNTER, DIRECTOR

**BY:** JONATHAN MOORE, SENIOR PLANNER  
MONICA GURMILAN, ASSOCIATE PLANNER

**THROUGH:** LISA BRINTON, ASSISTANT DIRECTOR

**TITLE:** VISIÓN SALINAS 2040 GENERAL PLAN UPDATE

**RECOMMENDED MOTION:**

This is an Administrative Report on the Visión Salinas 2040 General Plan update. No action is required.

**RECOMMENDATION:**

It is recommended that the City Council receive and accept the Administrative Report on the Visión Salinas 2040 General Plan.

**EXECUTIVE SUMMARY:**

The City is updating its General Plan and preparing its first Climate Action Plan under the umbrella of Visión Salinas 2040. Since the last update to Council in March 2022, staff have continued community engagement efforts (workshops, working groups, pop ups and surveys). The next big engagement topics to be addressed this calendar year include environmental justice, public safety, and the Housing Element. Based on community input, staff have developed draft Place Type land use designations and map. Place Types respond to a variety of community needs by emphasizing how uses come together to create a sense of place to maximize limited infill development opportunities. This Administrative Report summarizes community engagement efforts and the development of the draft Place Type designations and map.

## BACKGROUND:

Since launching Visión Salinas 2040 in 2021, the Community Development Department (CDD) has presented regular reports on the General Plan Update (GPU) to Council. Prior to this Study Session, the most recent update was [March 2022](#), which coincided with the preparation of the state General Plan Annual Progress Report (APR). The March 2022 report summarized General Plan implementation and accomplishments during the 2021 calendar year (APR) and Visión Salinas 2040 engagement efforts including hosting an Existing Conditions Webinar to present research that will help frame the GPU and community discussions.

## DISCUSSION:

### *Visión Salinas 2040 Community Engagement Update*

Below is a summary of engagement activities since March 2022. Primary activities include community workshops, working group meetings and pop ups and community events.

#### *Community Workshops*

- First [Climate Action Plan Workshop](#) via Zoom, reporting on the major sources of greenhouse gas emissions in Salinas, and the unique challenges and vulnerabilities faced by the community. (April 2022)
- [Community Design Webinar](#) via Zoom, focused on neighborhood improvements and the proposed shift from traditional land use and street classifications to place-based Place Types and Street Types. (June 2022)

#### *Working Groups*

Staff held seven (7) Working Group meetings from February through April 2022. Working Groups reviewed and discussed current General Plan and related policies in areas such as housing, transportation, economic development, environmental justice, sustainability, and water management.

Attachment 1 provides a detailed summary of workshops and Working Group meetings including links to complete meeting notes.

#### *Taking Engagement to the Community*

- Entered into an agreement the Center for Community Advocacy (CCA) to directly outreach to farmworkers and hire resident “ambassadors” to hold small group discussions on General Plan topics.
- Conducted pop-ups at events such as Ciclovía and Movie Night at the Park (July and September), and other community locations.

- Distributed notebooks, water bottles, blankets, and other items branded with Visión Salinas 2040 to build awareness.
- Preparing 400 youth activity kits which will be distributed through Library and Community Services. Using the kits, youth can design their own Visión Salinas 2040 city and post photos of their creations to [visionsalinas.org](https://visionsalinas.org). The kits will also have an information sheet on the General Plan Update.

Staff is planning two environmental justice workshops in September (one in English, one in Spanish) and outreach around the topic of public safety will begin in October.

### ***Housing Element Update***

Housing has been discussed at many General Plan meetings and in many other recent planning processes, but specific engagement is necessary to elevate this Element. Staff anticipates that the City's overall production target for the next eight years will be 6,674 units, based on the Regional Housing Needs Allocation (RHNA) methodology the Association of Monterey Bay Area Governments adopted in [April 2022](#). A key component of the Housing Element is a Sites Inventory that identifies potential locations for housing production. Staff has started drafting the Sites Inventory and will align it with the Place Types to facilitate future housing development. The City is closing in on one year until the statutory deadline of December 2023 submission of its 6<sup>th</sup> Cycle Housing Element. Because of state mandated deadline and review procedures, the Housing Element preparation and approval process may need to run ahead of the other parts of the General Plan.

### ***Place Type Land Use Designations***

Through this General Plan Update, staff is proposing a new approach to land use designations and land use map that aims to create and reinforce quality places where people want to live, work, play, and learn. The draft Place Types and Place Type Map were developed from community feedback heard at the seven (7) land use workshops held in 2021, Working Group and Steering Committee meetings. Draft Place Types incorporate land use policies and recommendations of recent strategic plans including the Alisal Vibrancy Plan and Economic Development Element. In general, residents and stakeholders wanted to see more housing and mixed-use development, sufficient area for businesses to grow, and a variety of entertainment and recreation for all ages.

The draft Place Types (Attachment 2) and Place Type map (Attachment 3, also available as a [interactive map](#)) respond to community identified needs by increasing flexibility to make the most use of limited infill sites and new development opportunities in the Future Growth Area (FGA). Even with the FGA buildout, there is a need to grow up, not just out. Place Type and map details will continue to be vetted and refined through future engagement and work on the Housing Element Sites Inventory. Some key changes include

- addition of two (2) mixed-use designations, plus special districts for the downtown and Alisal Marketplace,
- residential Place Types that allow for more housing in the “Missing Middle” (bungalows, duplexes, townhomes etc.) range that may be more affordable through design,
- unique place types for the West Area and Central Area Specific Plans that reference the recently approved documents, and
- and update to East Area of the FGA to blend the community’s desire for higher housing density with the vision and objective of a previous draft specific plan.

#### DEPARTMENT COORDINATION:

Although the development of this report was led by Community Development, it is expected that all departments, the City Council and Commissions continue to be involved in the General Plan Update.

#### CEQA CONSIDERATION:

The proposed action of accepting the GP APR and the administrative report on the GPU are not a project as defined by the California Environmental Quality Act (CEQA) per Guidelines Section 15378. An Environmental Impact Report will be prepared for the General Plan.

#### STRATEGIC PLAN INITIATIVE:

Visión Salinas 2040 furthers multiple components of the 2022-2025 Strategic Plan. The GPU will help implement the AVP through incorporating major land use and other policies. The SALC economic studies will include recommendations for actions to support Ag Tech business development. The Land Use and Housing Elements are crucial tools for identifying housing sites at multiple income levels and encouraging Transit Oriented Development. The Climate Action Plan (CAP) itself is a part of Infrastructure and Environmental Sustainability and the Safety and Environmental Justice Elements will also address vulnerability and resiliency.

#### FISCAL AND SUSTAINABILITY IMPACT:

This report has no direct fiscal impact to the General Plan. However, it is anticipated that the General Plan process will cost approximately \$3.4 million dollars. The City currently has approximately \$2.6 million for this effort planned in the Capital Improvement Program (CIP, Project # 9701). The Local and Regional Early Action entitlement grants received total \$855,000 and combined with the Sustainable Agricultural Land Conservation grant (all reimbursable grants) of \$250,000 brings total available funding to approximately \$3.4 million. In anticipation of the need to offset the costs of the General Plan, a General Plan/Zoning Maintenance Fee was established in 2015 and has surpassed the original estimate of generating between \$150,000 to \$200,000 annually. This funding will be used toward future needs to maintain the General Plan

including the Housing Element, which must be updated every eight (8) years to be eligible for grant funding.

**ATTACHMENTS:**

- 1) 2022 (January – August) Workshop and Working Group Summary
- 2) Draft Place Type Description Table
- 3) Draft Place Type Map
- 4) Current General Plan Land Use Map







Engagement Activity	Summary
January 20 <sup>th</sup> , 2022: <b>Existing Conditions/Working Group Kick-off</b>	<ul style="list-style-type: none"> <li>• Online webinar, over 90 participants</li> <li>• 1<sup>st</sup> part included presentation reviewing existing conditions and breakdown of working group topics. 2<sup>nd</sup> part - meeting was split into 3 breakout groups (Built Environment, Socioeconomic Systems, Natural Systems), one for every working group. Participants had the opportunity to choose one group or to visit all three. Facilitators asked 3 questions- <i>What stood out to you? What's something you want to change? What other information would you want?</i></li> <li>• Meeting notes: <a href="#">Existing Conditions Breakout Notes</a></li> </ul>
February 2022: <b>Working Group Meetings</b>	<b>Built Environment:</b> <ul style="list-style-type: none"> <li>• Online meeting, 40+ participants</li> <li>• Meeting served as an introduction to the General Plan Update process. Breakout groups explored challenges and opportunities related to housing &amp; land use.</li> <li>• Meeting notes: <a href="#">Built Environment Meeting #1</a></li> </ul>
March 2022: <b>Working Group Meetings</b>	<b>Built Environment:</b> <ul style="list-style-type: none"> <li>• Online meeting, 20+ participants</li> <li>• The meeting presentation focused on our current Housing goals, as well as a policy scan review. Breakout groups explored current housing priorities, policy changes, as well as missing topics.</li> <li>• Meeting notes: <a href="#">Built Environment Meeting #2</a></li> </ul> <b>Socioeconomic Systems:</b> <ul style="list-style-type: none"> <li>• Online meeting, 15+ participants</li> <li>• The meeting presentation included a short intro to the General Plan Update and engagement structure, as well as the topics included in the Socioeconomic Systems pillar. Breakout groups explored current Economic Development and Health/Environmental Justice goals.</li> <li>• Meeting notes: <a href="#">Socioeconomic Systems Meeting #1</a></li> </ul> <b>Natural Systems:</b> <ul style="list-style-type: none"> <li>• Online meeting, 10+ participants</li> <li>• The meeting presentation included a short intro to the General Plan Update and an intro to the Climate Action Plan and its connection to the Environmental Justice Element, as well as a review of the Salinas greenhouse gas emissions inventory. Group discussion was focused on areas of interest and questions related to the GHG inventory.</li> <li>• Meeting notes: <a href="#">Natural Systems Meeting #1</a></li> </ul>
April 2022: <b>Working Group Meetings</b>	<b>Built Environment:</b>







	<ul style="list-style-type: none"> <li>• In person meeting at El Gabilan Library, 10+ participants</li> <li>• The meeting presentation focused on our current Circulation Element goals. Group discussion explored current challenges and opportunities.</li> <li>• Meeting notes: <a href="#">Built Environment Meeting #3</a></li> </ul> <p><b>Socioeconomic Systems:</b></p> <ul style="list-style-type: none"> <li>• In person meeting at El Gabilan Library, 15+ participants</li> <li>• The meeting presentation included a review of Economic Development goals discussed in the previous meeting and an introduction to the Environmental Justice Element. Group discussion was focused on potential Environmental Justice goals and policies.</li> <li>• Meeting notes: <a href="#">Socioeconomic Systems Meeting #2</a></li> </ul> <p><b>Natural Systems:</b></p> <ul style="list-style-type: none"> <li>• In person meeting at El Gabilan Library, 10+ participants</li> <li>• The meeting presentation focused on water and water governance, as well as some discussion pertaining to agriculture and pesticides.</li> <li>• Meeting notes: <a href="#">Natural Systems Meeting #2</a></li> </ul>
April 28 <sup>th</sup> , 2022: <b>Climate Action Plan Webinar</b>	<ul style="list-style-type: none"> <li>• Online webinar, 25+ participants</li> <li>• The first part of the meeting was a presentation led by consultants from PlaceWorks and served as an introduction to the City's first Climate Action Plan and the current Vulnerability Assessment. The small group discussions focused on the different strategies residents can help reduce emissions in their daily lives.</li> <li>• Meeting summary: <a href="#">CAP Summary</a></li> </ul>
June 29 <sup>th</sup> , 2022: <b>Community Design Webinar</b>	<ul style="list-style-type: none"> <li>• Online webinar, 60+ participants</li> <li>• Webinar presentation focused on Community Design and its importance, the shift from traditional Land Use designations to Place Types as well as Street Types. The webinar included polling, a Q&amp;A portion, and raffle prizes for 3 lucky participants.</li> <li>• <a href="#">Comments and Poll Results</a></li> </ul>



Category	Place Type	Description	Example Images		Common Uses/Development Types	Development Standards	Most Comparable Zoning
Open Space and Public Service	1. Natural Preservation and Open Space	This place type intends to protect natural resources in Salinas, such as creeks, habitats, and hillslope areas.			<p>Open space ●●●●●</p> <p>Resource preservation ●●●●●</p> <p>Flood management/green infrastructure ●●●●</p> <p>Trails ●●</p>	Development of buildings and structures not permitted	Open Space (OS)
	2. Parks and Recreation	This place type provides a flexible designation for existing and future publicly- and privately-owned recreation areas. Parks can range from neighborhood tot lots to large multipurpose sports facilities, with many active recreation uses in between.			<p>Public parks ●●●●●</p> <p>Playgrounds ●●●●●</p> <p>Sports fields ●●●●</p> <p>Recreation centers ●●●</p> <p>Trails ●●●</p> <p>Flood management/green infrastructure ●●●</p> <p>Dog parks ●</p> <p>Community Gardens ●</p>	Max 0.2 FAR	Parks (P)
	3. Civic and Institutional	This place type includes schools, recreation centers, government offices, and hospitals, as well as the Salinas Airport. Some of these institutions require differing development standards to use space efficiently, including for associated housing, such as for school teachers and			<p>Grade schools ●●●●●</p> <p>Government buildings ●●●●</p> <p>College/post-secondary ●●</p> <p>Hospitals ●●</p> <p>Recreation centers ●●</p> <p>Residential ●</p>	<p>Typically 2-3 stories, maximum 4 stories</p> <p>Max 1.0 FAR</p> <p>Up to 30 DU/Acre for workforce/student housing only</p>	Public/Semi-Public (PS)




		staff on school sites, which can include tiny homes and other alternative housing types.	El Gabilan Library	Hartnell College - photo by “Sgerbic”	Airport ● Navigation center/permanent supportive housing ●		
Residential	4. Traditional Neighborhood	These established neighborhoods include primarily detached single-family homes, accessory dwelling units, and small multifamily structures. Supporting uses include schools, parks/community centers, and places of worship.	 Salinas home	 Salinas Accessory Dwelling Unit (ADU)	Single-family residential (detached homes, small lot homes) ●●●●● Small-scale multifamily units (accessory dwelling units, duplexes, bungalow courts) ●●● Education/worship/parks ●	1-2 stories. Scale and setbacks should be consistent with surrounding development.  Up to 12 DU/Acre	Residential – Low Density (R-L)
	5. Blended Residential Neighborhood	These residential areas generally have a mix of housing types, including duplexes and triplexes, small apartment buildings, courtyard bungalows, and townhomes. Supporting uses include schools, parks/community centers, and places of worship. These areas are typically walkable to nearby commercial services.	 Bungalow court – Riker Street	 Salinas small apartment building – Riker Street	Multifamily (small apartment buildings, bungalow courts, townhomes, duplexes, and triplexes) ●●●●● Single-family residential ●● Education/worship/parks ●	1-3 stories. Scale and setbacks should be consistent with surrounding residential development.  Up to 20 DU/Acre	Residential – Medium Density (R-M)
	6. Multifamily Neighborhood	These areas feature apartment buildings large enough to support on-site community spaces, such as playgrounds and gardens, with supporting uses similar to other neighborhoods and commercial districts nearby, often along major roads.	 Haciendas apartments – Calle Cebu	 La Gloria apartments – E Market Street	Larger apartment and condominium developments ●●●●● Rowhomes/townhomes ●●● Education/worship/parks ● Navigation center/permanent supportive housing ●	2-5 stories. Provides opportunity to build higher than most existing residential structures and include more amenities on site.  Up to 40 DU/Acre	Residential – High Density (R-H)




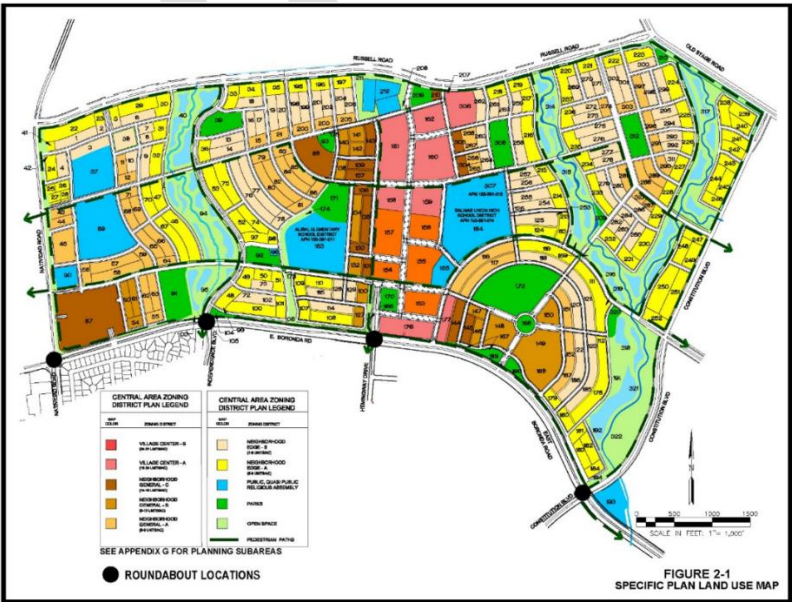
Mixed Use	7. Neighborhood Center	These key intersections include commercial uses that provide a variety of services and a social hub for nearby residents. Buildings are encouraged to provide retail, dining, and service uses on ground floors with residences above, and horizontal mixed use with offices, personal services, and small-scale retail.			Retail and dining ●●●● Medical and professional offices ●●●● Personal services and offices ●●● Multifamily residential ●●● Vertical mix of uses ●●● Public gathering spaces ●	1-4 stories. Stacking of uses is encouraged. Opportunities exist to increase sidewalk width and build to sidewalk.  Up to 30 DU/Acre  Max 1.0 FAR	Commercial Office/Residential (CO/R)  Mixed Use – (MX)
	8. Mixed Use Corridor	These major thoroughfares feature a vertical mix of commercial activity, such as retail shopping centers, offices, and professional services with residential uses above.			Vertical mix of uses ●●●●● Retail and dining ●●●●● Offices and services ●●●● Multifamily residential ●●●● Entertainment ●●● Hotels/lodging ●● Public gathering/open space ●	2-6 stories. New development should be oriented to the street, be accessible to pedestrians and transit riders, and include a mix uses to create a walkable and transit-friendly environment.  Minimum 12 DU/Acre  Up to 40 DU/Acre  Max 3.0 FAR (non-residential only)	Mixed Use (MX)  Mixed Arterial Frontage (MAF)
	9. Mixed Use Village	This place type is designed to accommodate both a vertical and horizontal mix of uses, often in clusters of multiple buildings in a planned development, or via redevelopment of big box retail centers. Mixed use villages should be well-integrated with surrounding development, including residential and commercial uses.			Mix of uses ●●●●● Retail and dining ●●●●● Offices and services ●●●● Multifamily residential ●●●● Entertainment ●●● Hotels/lodging ●● Public gathering/open space ●	1-6 stories. New development should be oriented to the street, be accessible to pedestrians, and include a mix uses to create a walkable environment.  Minimum 12 DU/Acre  Up to 50 DU/Acre  Max 1.0 FAR (non-residential only)	Mixed Use (MX)

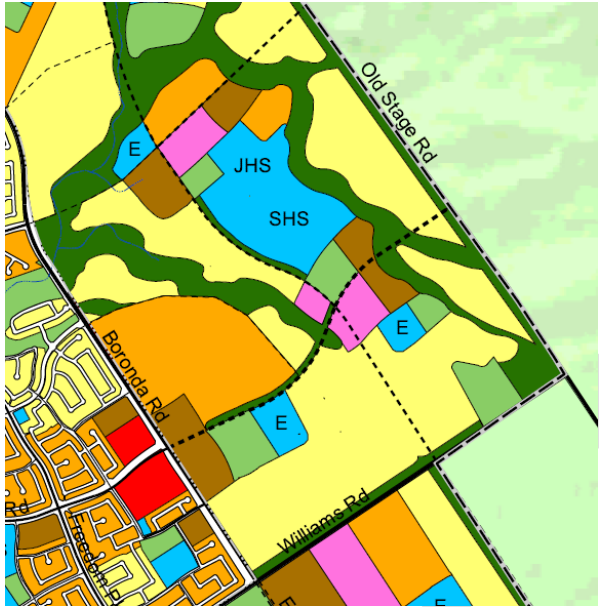


Commercial/ Employment	10. Commercial Retail	The Commercial Retail place type primarily provides for larger-scale stores, as well as restaurants and personal and business services. These uses are commonly located in local- and regional-serving shopping centers on major roads. This place type also allows for hotels and some multifamily housing.			Regional shopping centers and malls ●●●●● Retail and dining ●●●●● Offices and services ●●●●● Entertainment ●●●●● Multifamily residential ●●● Hotels/lodging ●●● Auto sales/service ●●●	1-4 stories. Up to 30 DU/Acre Max 0.5 FAR	Commercial Retail (CR)
	11. Employment Center	These areas with business parks, research and development laboratories, office clusters, and limited manufacturing include landscaping and design standards intended to buffer noise, traffic, and other impacts to be compatible with apartments and workforce housing.			Office/business parks ●●●●● Research facilities ●●●●● Medical offices/labs ●●● Multifamily residential/workforce housing ●● Light industrial ●●	1-4 stories Max 2.0 FAR Up to 30 DU/Acre Includes form and screening/landscaping requirements to make compatible with adjacent residential development. Development often planned as a cohesive “campus” or business park.	Industrial - Business Park (IBP)  Industrial – General Commercial (IGC)  Commercial Office (CO)
	12. Emerging Industry	These areas support a variety of light manufacturing, workshops, arts and crafts production, commercial kitchens, and other small-scale, lower-impact uses. This place type also accommodates live/work and supporting retail.	– 		Light industrial ●●●●● Workshops ●●●●● Maker space ●●●●● Business incubators ●●● Auto-repair ●●● Live/work ●● Retail ●	1-4 stories Max 2.0 FAR Up to 12 DU/Acre Includes form and screening/landscaping requirements to make compatible with residential.	Mixed Arterial Frontage (MAF)  Industrial – General Commercial (IGC)  <i>Light intensity</i>
	13. Medium Industrial	The Medium Industrial place type provides for manufacturing, distribution and warehousing/wholesaling, automobile sales and repairs, and building materials sales that would generally not be appropriate in place types with residential uses			Light manufacturing ●●●●● Warehousing and distribution ●●●●● Vehicle sales and repair ●●●●● Wholesaling ●●●●● Business parks ●	1-2 stories Max 0.4 FAR	Industrial – General (IG)  <i>Medium intensity</i>

Industrial		because of potential impacts. In areas where this place type is adjacent to residential uses, there should be screening or a landscaped buffer between the uses.		Industrial building – San Luis Obispo	Energy production ●		
	14. Heavy Industry and Production	These areas dedicated to intense manufacturing, distribution, freight, and other heavy industry and infrastructure are located near rail and highways for efficient movement of goods. They provide significant space for large-scale operations and other uses that may generate significant noise, odors, or other potential effects that require buffering from surrounding areas.	 <p>Harkins Road</p>	 <p>Hansen Street</p>	Packing and shipping centers ●●●●● Plants and factories ●●●●● Warehousing and distribution ●●●●● Waste management/processing ●●● Auto salvage ● Energy production ●	1-3 stories depending on internal production activities required for facility Max 0.5 FAR Includes buffering, landscaping, and green infrastructure to limit nuisances and environmental harm.	Industrial – General (IG) <i>Heavy Intensity</i>
Unique	15. City Center a. Core b. Edge	The City Center place type is centered along the vibrant heart of Main Street in Salinas. This place type builds off the area’s strong historic character, while encouraging innovation, adaptive reuse, multi-story mixed use, and transit-oriented development, especially near the Intermodal Transit Center. The City Center Core area should feature the tallest buildings in Salinas, with development intensity tapering off in City Center Edge areas.	 <p>South Main Street – Downtown Core</p>  <p>Transit Oriented Development – Pleasant Hill BART Station Area</p>	 <p>East Alisal Street – Downtown Edge</p>	Retail and dining ●●●●● Entertainment ●●●● Multifamily residential ●●●●● Office ●●●● Government ●●●● Hotels ●● Public gathering/open space ●	Core: 1-8 stories Max 6.0 FAR Up to 80 DU/Acre Edge: 1-5 stories Max 3.0 FAR Up to 40 DU/Acre	Mixed Use (MX) + Central City Overlay Downtown Core Area and Downtown Neighborhood Area

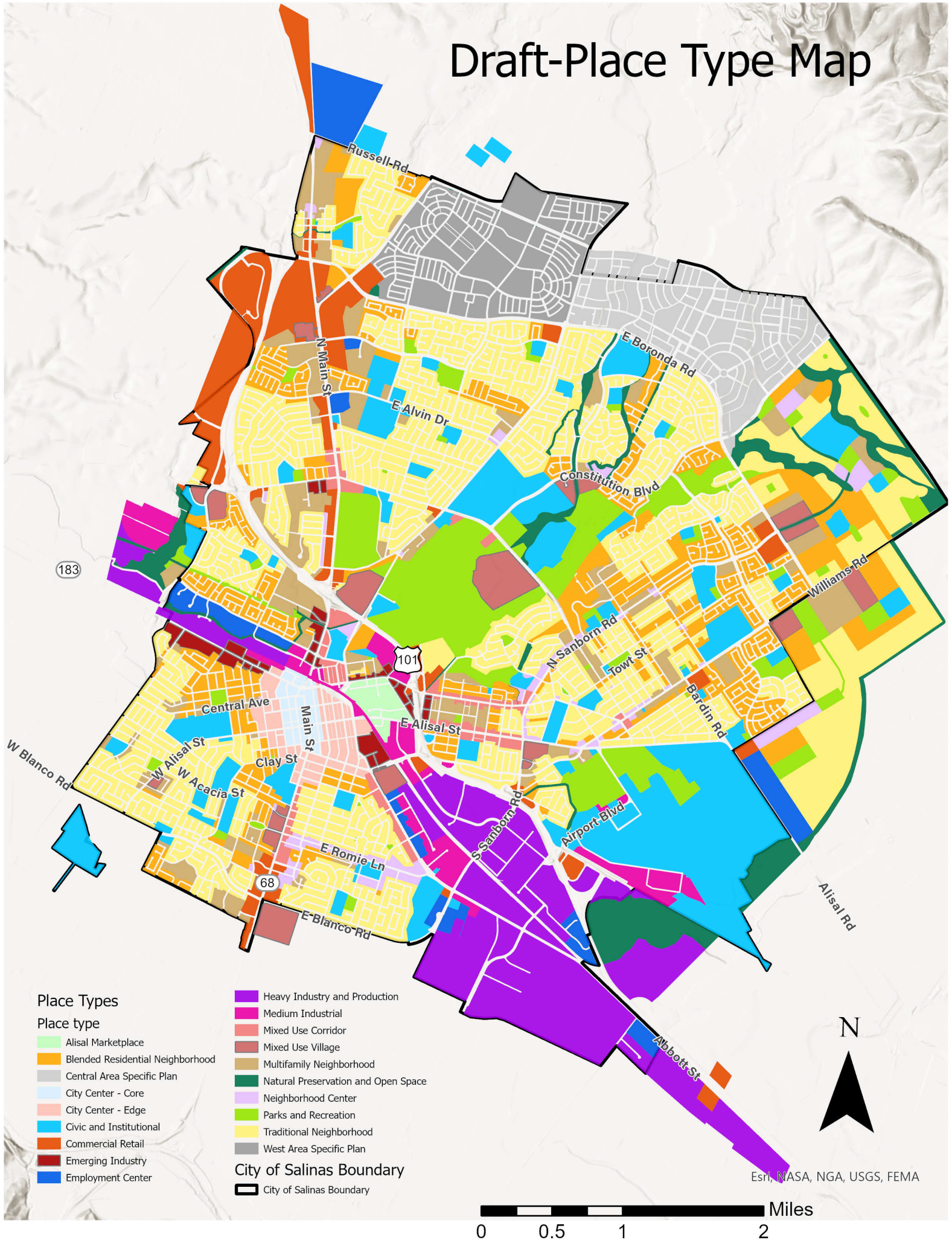


	<p>16. Alisal Marketplace</p>	<p>This place type offers a major redevelopment opportunity to connect the City Center to the Alisal through a new walkable neighborhood that includes larger-scale residential, mixed use, civic, commercial, and even flexible light industrial development.</p>	 <p>Mixed use building – Berkeley</p>	 <p>Tannery Arts Center – Santa Cruz Source: Jscotannery.com</p>	<p>Large apartments/multifamily residential ●●●●</p> <p>Retail and dining ●●●●</p> <p>Office ●●●●</p> <p>Live/work ●●●</p> <p>Light industrial/maker space ●●●</p> <p>Hotel/lodging ●●</p> <p>Civic (government/education) ●</p> <p>Public gathering/open space ●</p>	<p>1-6 stories</p> <p>Max 4.0 FAR</p> <p>Up to 60 DU/Acre</p>	<p>Mixed Use (MX)</p> <p>Mixed Arterial Frontage (MAF)</p> <p>Industrial – Business Park (IBP)</p>
<p>Specific Plan Areas</p>	<p>17. West Area Specific Plan (WASP)</p>	<p>Approved in 2019, the WASP is located on 797 acres north of Boronda Road between San Juan Grade and Natividad Road. It plans for more than 4,300 housing units at a variety of densities, mixed use commercial areas, and community uses such as parks and schools.</p>	 <p>WASP Land Use Map</p>		<p>Low – medium density residential ●●●●●</p> <p>High density residential ●●</p> <p>Schools ●●</p> <p>Parks and open space ●●</p> <p>Mixed use and commercial space ●●</p>	<p><i>Set by adopted specific plan</i></p>	<p><i>The WASP and CASP each have their own land use/zoning plans</i></p>
	<p>18. Central Area Specific Plan (CASP)</p>	<p>Approved in 2020, the CASP is located on 760 acres north of Boronda Road between Natividad Road and Constitution Boulevard. Designed according to New Urbanism principles, it plans for about 3,900 housing units, a mixed-use village center, and community uses such as parks and schools.</p>	 <p>FIGURE 2-1 SPECIFIC PLAN LAND USE MAP</p>		<p>Low – medium density residential ●●●●●</p> <p>High density residential ●●</p> <p>Schools ●●</p> <p>Parks and open space ●●●</p> <p>Mixed use and commercial space ●●</p> <p>Library/fire station ●</p>	<p><i>Set by adopted specific plan</i></p>	<p><i>The WASP and CASP each have their own land use/zoning plans</i></p>

			CASP Land Use Map			
	19. East Area Specific Plan (Neighborhood Center, Traditional Neighborhood, Blended Residential Neighborhood, and Natural Preservation and Open Space, Parks and Recreation, Civic and Institutional place types)	<p>The General Plan shows this area as a residential neighborhood with two mixed use nodes at key intersections. These nodes also include new schools. Residential neighborhoods are made up of predominantly low-density housing with a mix of housing types concentrated more along major roadways and intersections. The Natividad Creek corridor will also be preserved as open space throughout the neighborhood. A specific plan will refine the locations and types of planned land uses for the East Area.</p>	 <p>General Plan Land Use and Circulation Policy Map of the East Area</p>	<p>Low – medium density residential ●●●●●</p> <p>Parks and open space ●●●●</p> <p>Schools ●●●</p> <p>High density residential ●●</p> <p>Mixed use and commercial space ●●</p> <p>Civic and institutional ●</p>	<p><i>Set by specific plan – would have to determine broad numbers in General Plan</i></p>	

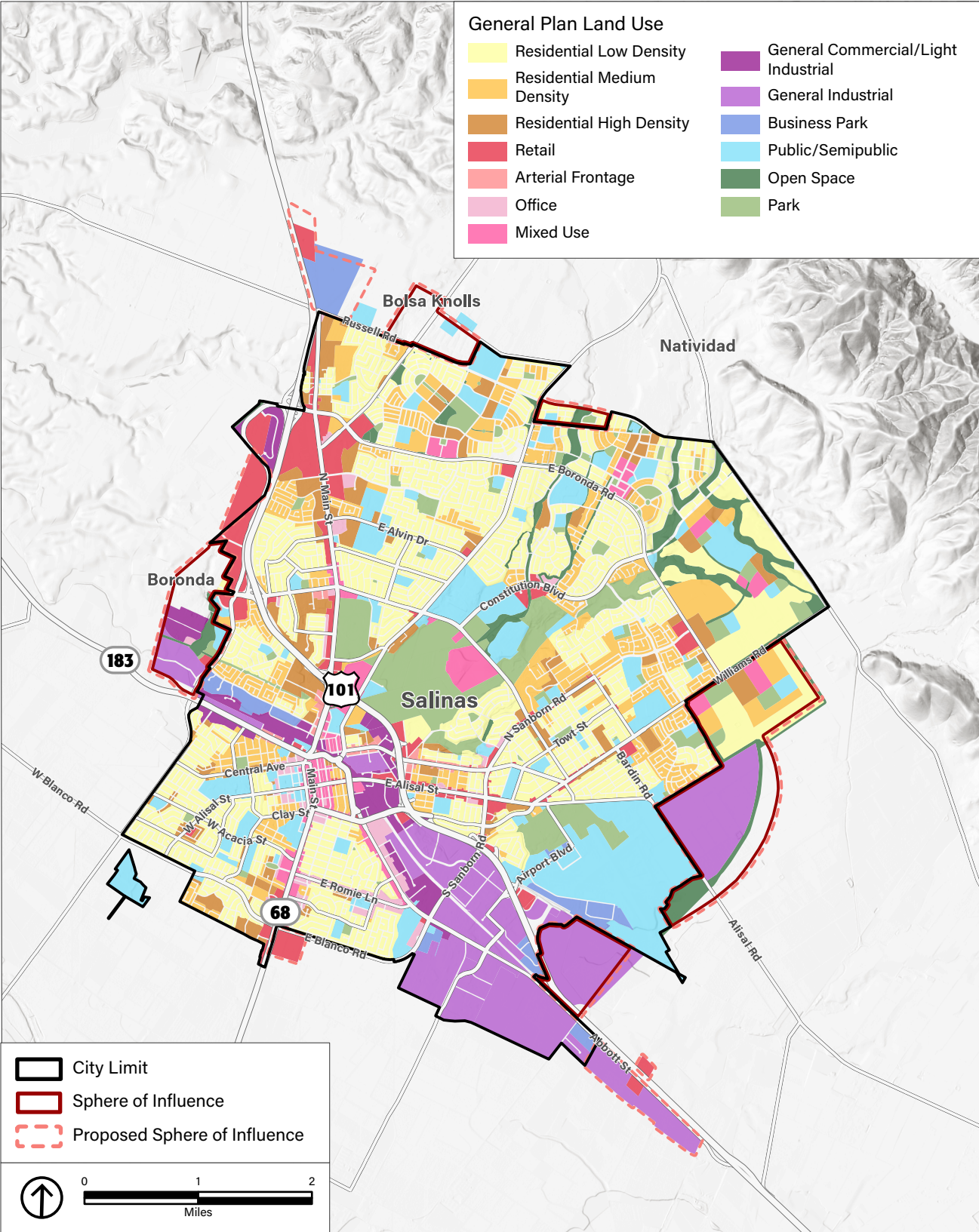


# Draft-Place Type Map





# Current General Plan Land Use



Source: City of Salinas, 2021.



# General Plan Study Session



Jonathan Moore, Senior Planner  
September 13, 2022



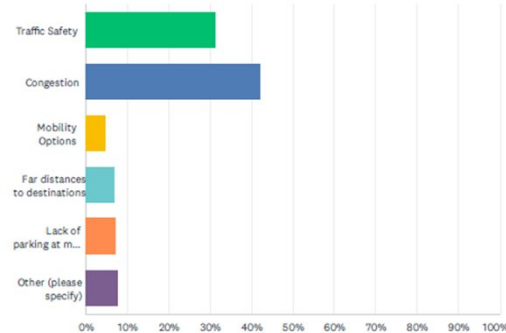
# Visión Salinas Community Engagement – 2022



Salinas General Plan Transportation Survey

Q2 What is your biggest transportation challenge?

Answered: 377 Skipped: 2



## Topics

- Existing conditions
- Climate action
- Community design
- Housing
- Land use
- Economic development
- Transportation
- Water
- Environmental justice



# Sustainable Agricultural Land Conservation Grant Farmworker Engagement



## Tool Kit Topics

- Housing
- Environmental Justice
- Public Safety

## CCA Engagement

- Recruited 10 Visión Salinas ambassadors
- Field visits
- Outreach at resource fairs & radio interview
- Close to **500** farmworkers already reached!

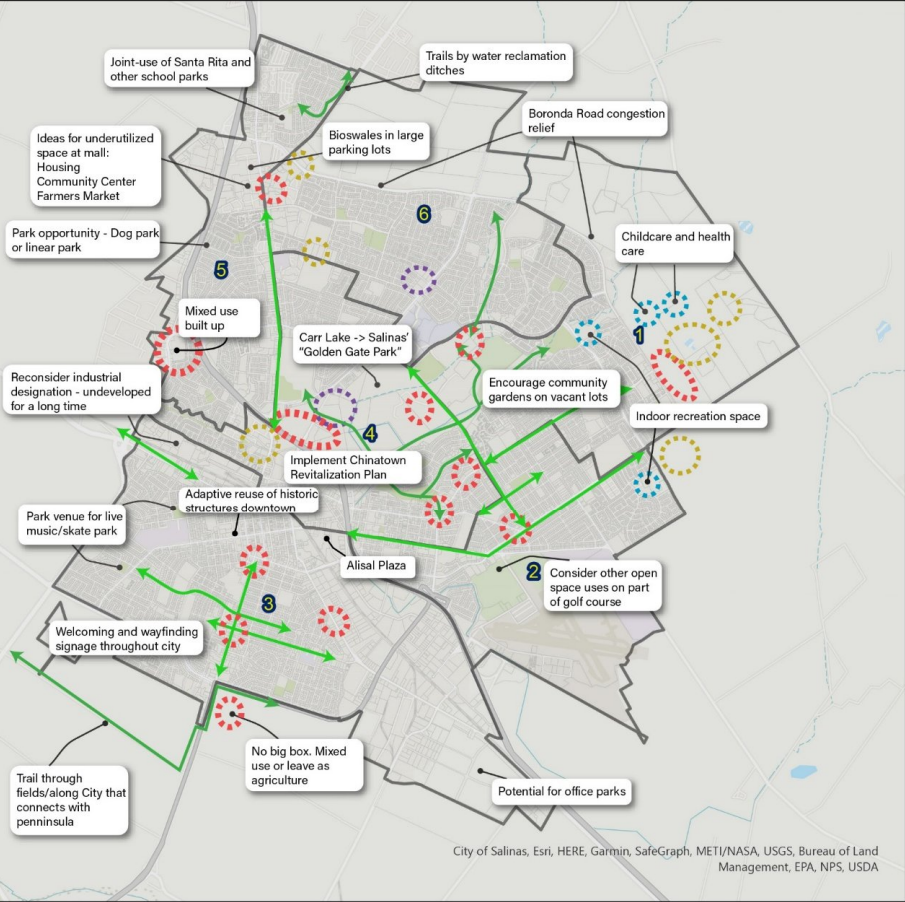
## Future activities

- Focus groups
- Pop-up activities
- Tool Kit
- Support meeting turnout



# Draft Land Use Workshops Feedback Map

October, 2021



# Draft Place Type Basis



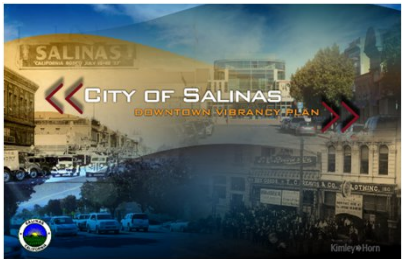
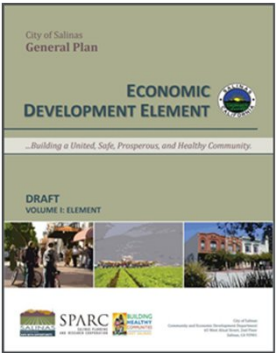
More housing and mixed-use development

Family-friendly entertainment – mini-golf or go-karts

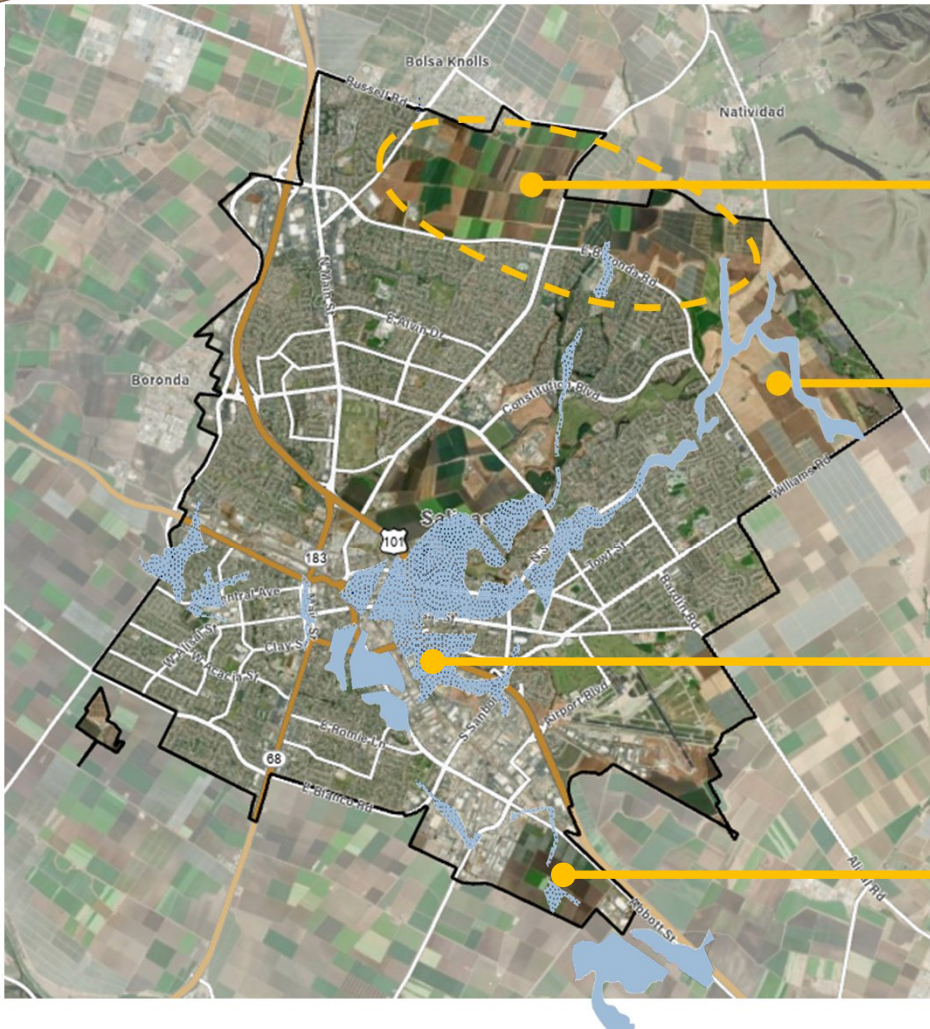


Additional park and recreation space

Space for new and growing businesses



## Development limitations



Adopted plans but  
ongoing litigation

No adopted specific plan

Largest undeveloped  
areas in the center face  
flood risks

Ag-Industrial Specific Plan

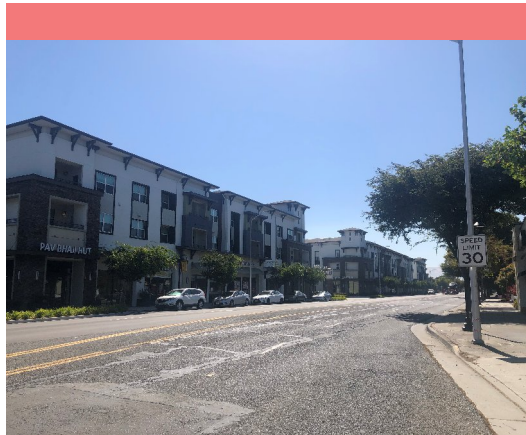


# What do place types achieve?

- Focus on building form and placemaking



Mixed Use Village



Mixed Use Corridor



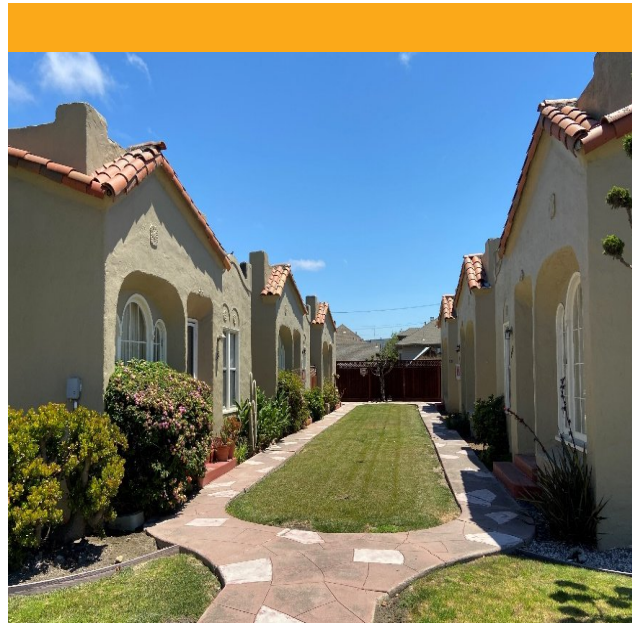
Neighborhood Center

# What do place types achieve?

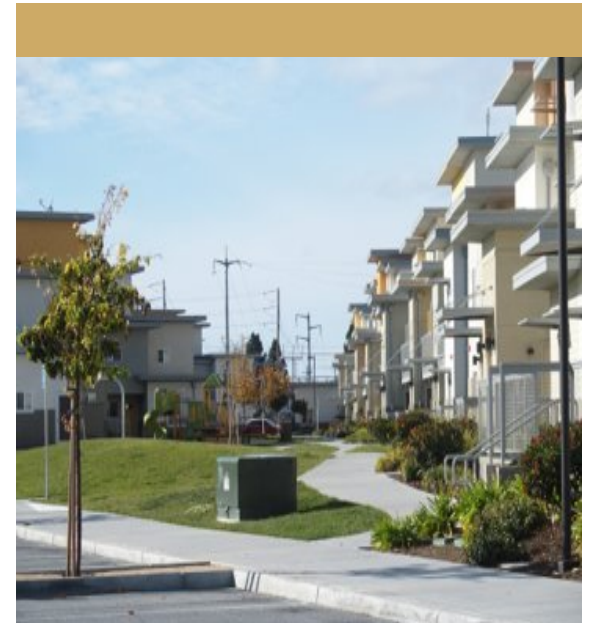
- Include more housing and mixed-use options than in the current General Plan



Traditional Neighborhood



Blended Residential Neighborhood

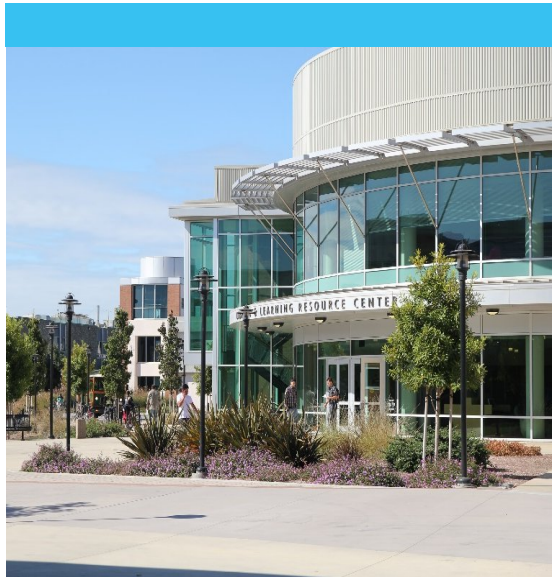


Multifamily Neighborhood

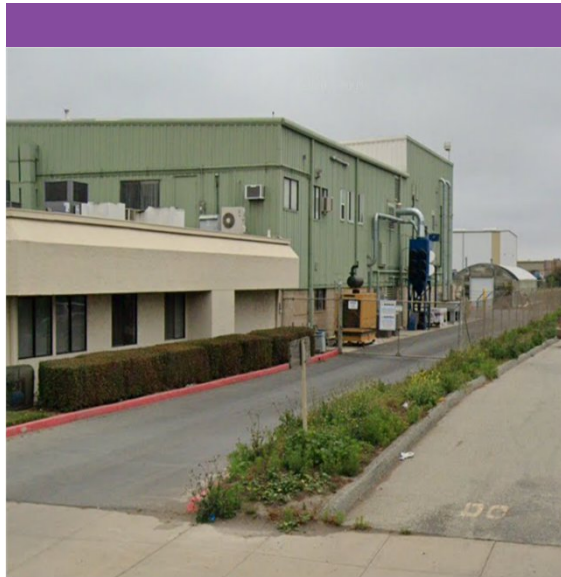


# What do place types achieve?

- Identify different types of allowed land use activities



Civic and Institutional



Heavy Industry and Production



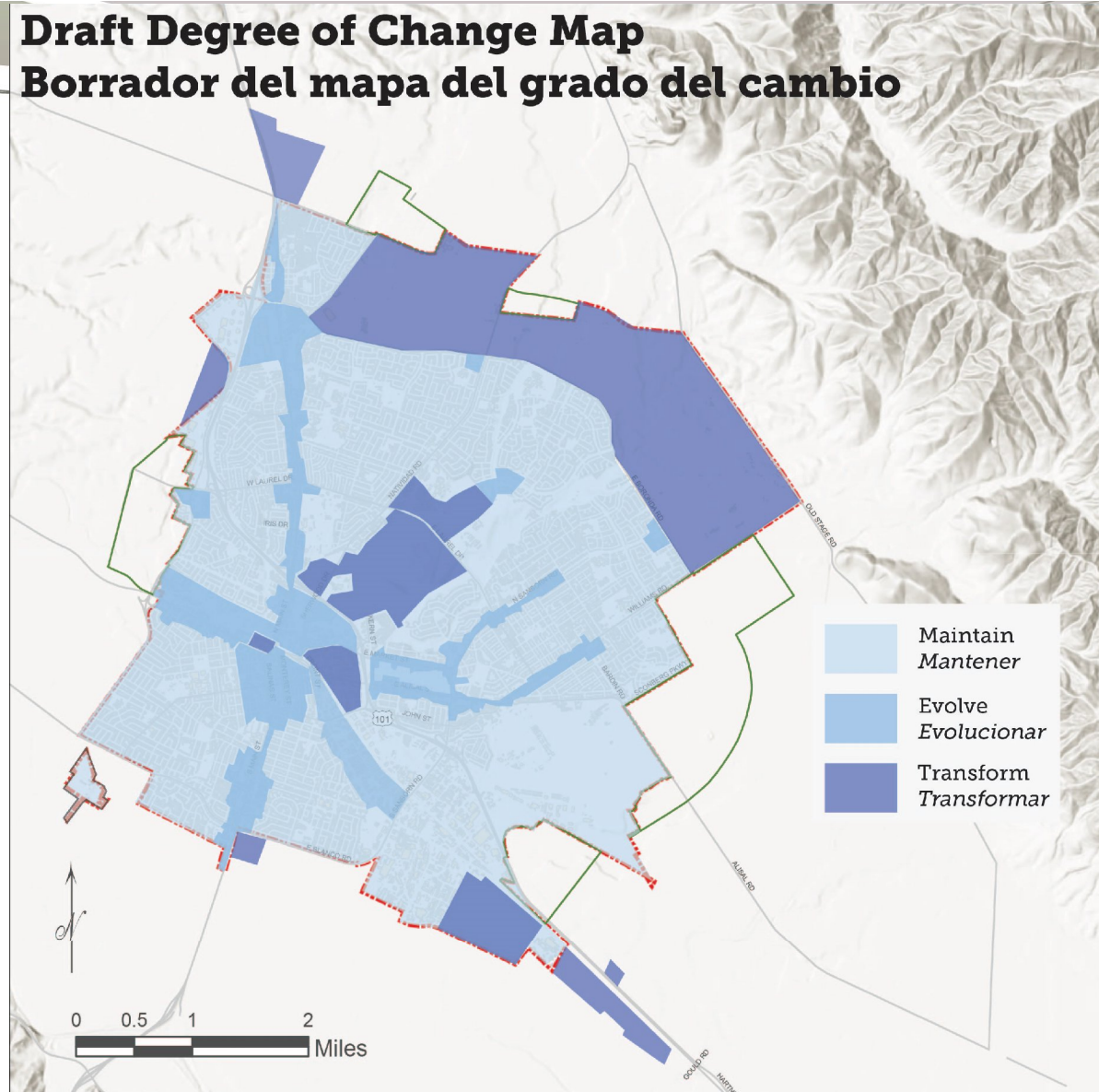
Emerging Industry



Where could we see  
development in the next 20  
years?

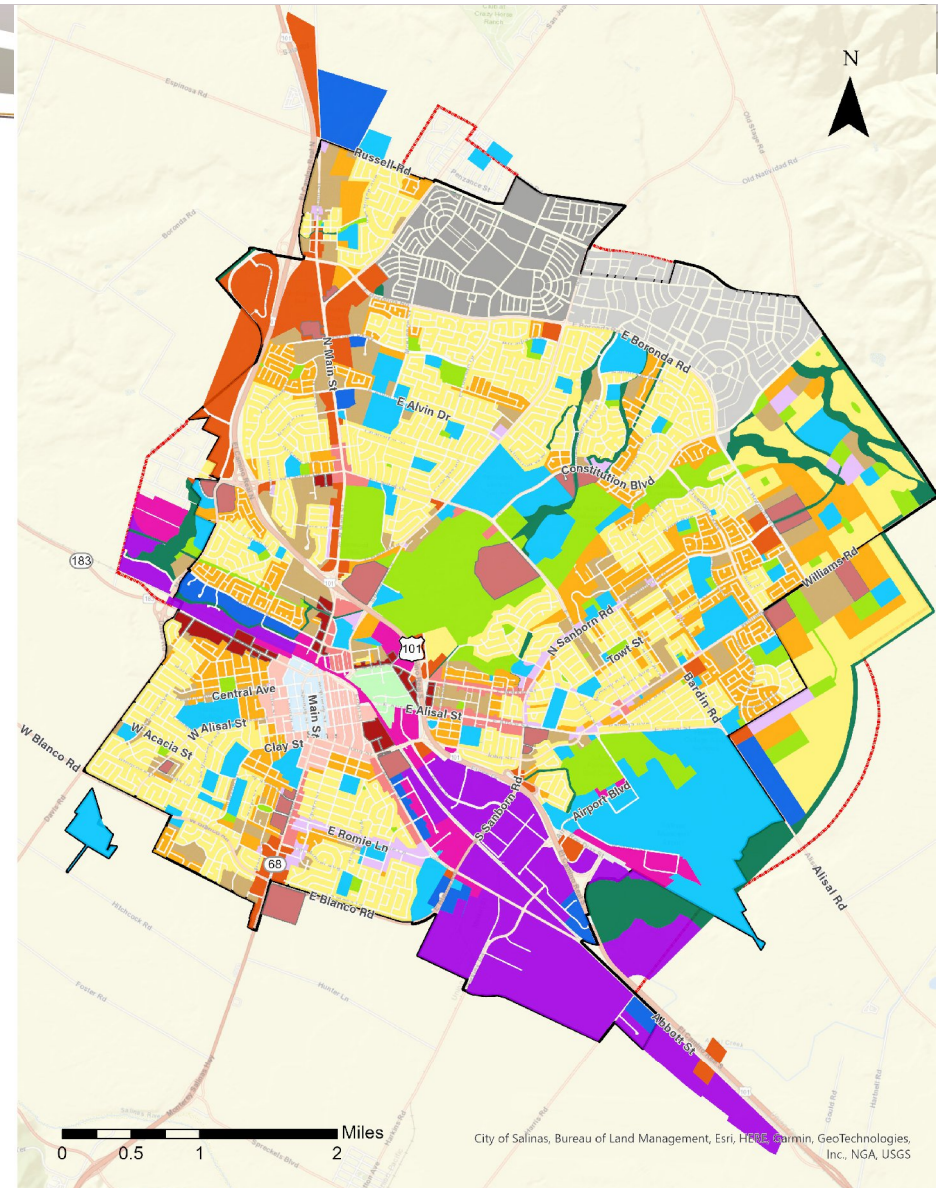


## Draft Degree of Change Map Borrador del mapa del grado del cambio



# Draft Place Types

- Detailed descriptions of draft Place Types and interactive map available on [visionssalinas.org](http://visionssalinas.org) – [Place Type Tool](#)







#### Pop-Ups

- CCA- SALC engagement with farmworkers
- Existing community events, i.e., El Grito...

- Online surveys
- One on one conversations using engagement tool kit

#### Surveys



#### Focus Groups

- Small meetings with key stakeholders



#### Round Table/Workshop

- Larger community meetings

## ENVIRONMENTAL JUSTICE, PUBLIC SAFETY, AND HOUSING ENGAGEMENT

# Housing Element

- New components
  - Affirmatively Furthering Fair Housing
  - Higher scrutiny of Sites and Constraints
  - Increase in Regional Housing Needs Allocation





Questions/Comments



# City of Salinas

200 Lincoln Ave., Salinas,  
CA 93901  
[www.cityofsalinas.org](http://www.cityofsalinas.org)

## Legislation Text

---

**File #:** ID#22-502, **Version:** 1

---

### **Inclusionary Housing Ordinance Discussion**

No action required. This report presents information to the City Council regarding the Inclusionary Housing Ordinance and Downtown Area exemption.



## **CITY OF SALINAS COUNCIL STAFF REPORT**

---

**DATE:** SEPTEMBER 13, 2022

**DEPARTMENT:** COMMUNITY DEVELOPMENT DEPARTMENT

**FROM:** MEGAN HUNTER, COMMUNITY DEVELOPMENT DIRECTOR

**BY:** ROD POWELL, PLANNING MANAGER

**TITLE:** INCLUSIONARY HOUSING ORDINANCE DISCUSSION

**RECOMMENDED MOTION:**

This is an Administrative Report on the Inclusionary Housing Ordinance and Downtown Area exemption. No action is required.

**RECOMMENDATION:**

It is recommended that the City Council receive and accept the Administrative Report on the Inclusionary Housing Ordinance and Downtown Area exemption.

**EXECUTIVE SUMMARY:**

In 2017, following two years of multi-faceted community and stakeholder engagement, comprehensive data collection and analysis, and careful planning and consideration, the City Council adopted its current [Inclusionary Housing Ordinance to amend Article III of Article 17 \(Housing\) of the Salinas Municipal Code](#). In doing so, the Council satisfied its stated intent to provide greater flexibility and additional development options reflective of current market conditions while continuing to support a primary goal of encouraging affordable housing production.

In recognition of the number of inclusionary units and projects that encompass the Central City Overlay District (Downtown Area) and in support of the community perspective outlined in the Downtown Vibrancy as well as findings and recommendation made in a 2017 Housing Target Market Analysis (HTMA) Study, the Council acknowledged the untested residential development potential within the Downtown Area and exercised its authority to implement a market-based exemption to the Ordinance. Based on the 2022 updated HTMA (Attachment 1), City staff is recommending that the exemption remain in place and be re-evaluated as the Inclusionary Housing Ordinance Update is initiated in the summer of 2023.

## BACKGROUND:

The City currently has nearly 800 inclusionary housing units (rental and ownership) in its existing housing portfolio. City Council first adopted an Inclusionary Housing Ordinance in 1992 (Ordinance No. 2178). During the 2002 update of the City's General Plan, it was determined that the need for affordable housing was such that inclusionary policies should be reviewed to determine if it was feasible to increase the requirements of the ordinance. On May 1, 2003, the City engaged Bay Area Economics to update the study and to provide additional information regarding options for increasing the required percentage of affordable units within new residential development. In 2005, the City updated and adopted Ordinance No. 2451. Unfortunately, the new ordinance coupled with the Great Recession had a chilling effect on housing production and not a single inclusionary unit was built under the 2005 Ordinance.

As part of the City's 2015-23 General Plan Housing Element update, the City Council authorized direction under "*Action H-8: Inclusionary Housing*" to update the existing Ordinance along with a nexus study. The City was anxious to update the Ordinance in anticipation of the entitlement processes for the West Area and Central Area Specific Plans, which were well underway. To ensure stakeholder engagement, the City Council approved the selection of the Technical Advisory Committee (TAC) to serve as the recommendation committee regarding the ordinance update. The TAC was made up of various members from the development community and community stakeholders. The City also contracted with Baird and Driskell Community Planning to assist with drafting the ordinance update. The TAC began meeting in December of 2014 and after fifteen (15) working group meetings, the amended ordinance was introduced to City Council on May 16, 2017, and subsequently adopted on June 6, 2017.

## DISCUSSION:

Inclusionary housing is a complex topic involving many factors which often seeks to balance the socio-economic needs of a jurisdiction with the profit-driven nature of developers. Local policies typically seek to tap the economic gains from rising real estate values and emerging markets to create affordable housing opportunities for lower income families using various development alternatives, incentives or requirements imposed on developers. The Inclusionary Ordinance is one of several tools used by the City to encourage and promote the production of housing that is affordable to low and moderate-income households.

The City's current Inclusionary Housing Ordinance represents a convergence of parallel initiatives, policies, and data-driven decisions that simultaneously emerged and developed from 2015 to 2017. These include the [General Plan Housing Element](#), [Downtown Vibrancy Plan](#) (DVP), [2014-2023 Regional Housing Needs Allocation](#), and [2017 Housing Target Market Analysis for the Downtown, Chinatown, and Alisal neighborhoods](#). The explicit intent of the Ordinance is to provide a range of developer-friendly alternatives and options that will also support the need for housing production within Salinas. Conceptually, these initiatives seek to balance the need for responsible future growth in consideration of existing identified opportunities and socioeconomic conditions.



## ***Inclusionary Housing Ordinance 2017***

The goal of the 2017 Inclusionary Housing Ordinance was to present a variety of options that would not be a barrier to the development of inclusionary units on-site. Notable provisions of the ordinance include the establishment of an Inclusionary Housing Trust Fund, on-site inclusionary options for - for sale and rental residential units, in-lieu payment options, limited residential development exemptions, and flexibility that allows City Council to approve an option not on menu.

At the time of its development, the Ordinance had to be consistent with the court decision on the Palmer/Sixth Street Properties L.P. v City of Los Angeles case and the Costa-Hawkins Residential Rent Control Act, which did not allow the City to require on-site inclusionary rental units.

It should be noted that the West Area Specific Plan (WASP) and Central Area Specific Plan (CASP) have approved Development Agreements that lock in the provisions of the 2017 Inclusionary Housing Ordinance. This means that when the Inclusionary Housing Ordinance is updated, the new provisions of that ordinance would not apply to either the WASP or CASP.

### ***On-site Inclusionary Options:***

	<b>On-site For-Sale</b>		<b>On-site Rental</b>	<b>Mixed For-Sale/Rental Option</b>
	<i>Option 1</i>	<i>Option 2</i>	<i>Option 3</i>	<i>Option 4</i>
	20%	15%	12%	20%
Very Low	4%	not required	8%	4% Rental / Option to pay rental impact fees
Low	8%	not required	4%	8% Rental / Option to pay rental impact fees
Median	not required	6%	not required	not required
Moderate	4%	6%	not required	4% Ownership
Workforce	4%	3%	not required	4% Ownership

### ***In Lieu Fees:***

Developers may pay an in-lieu fee instead of providing the unit on site. The current in-lieu fee for a for-sale unit is \$14.05 per square foot. For a rental unit, the current in-lieu fee is \$2.40 per square foot. As stated above, developers of rental housing may voluntarily elect to mitigate the impact by providing affordable rental housing on site. If the developer chooses to pay the rental housing impact fee, the applicant will also make twelve percent (12%) of the units within the development available to Section 8 Housing Choice Voucher (Section 8) Program participants.

### ***Residential Development Exemptions:***

- Developments creating fewer than ten (10) additional dwelling units or lots
- Developments under a development agreement executed prior to the effective date of the Ordinance (June 6, 2017)

- Developments exempted by Government Code section 66474.2 or 66498.1 and in compliance with any predecessor Ordinance in effect on the date the application for the development was complete
- Developments that have submitted a complete planning or building permit application along with full payment of required application fees prior to the effective date of the Ordinance (June 6, 2017), provided it complies with any approved affordable housing plan and any applicable predecessor Ordinance
- Developments in the Downtown Area (Central City Overlay District), unless determined by Council resolution that, based upon market conditions, the provisions of Article 17 would apply

### ***Downtown (Central City Overlay District) Residential Inclusionary Housing Ordinance Exemption***

In the Downtown (Central City Overlay District), there are 394 income restricted units (1996-2022) including 6 – Extremely Low, 191 – Very Low, 190 – Low, and 7- Moderate units. This is one of the largest concentrations of affordable housing in the City (see Attachment 2). Chinatown, which is near the Downtown, is home to the most recently completed large affordable housing developments including Hikari, Dai-Ichi, and Moongate Plaza representing 177 units (see Attachment 2 & 3).

While Downtown has experienced significant affordable housing development over the years, market rate housing construction has lagged. In fact, only 24 market rate units have been developed over the last 5 years. In recognition of this challenge, the Downtown Vibrancy Plan (DVP) promoted the production of market-rate housing to bring more residents with disposable income to the Downtown to create vibrancy and income diversity. Because the DVP was developed at the same time the Inclusionary Housing Ordinance was undergoing an update, the DVP specifically recommended an exemption to the Inclusionary Housing Ordinance for Downtown based on the following considerations:

- Most recent housing units built in the downtown are heavily subsidized with restricted rents
- Market-rate housing is desirable for retail businesses
- Favorable existing policies that allow for higher densities, reduced open space, reduced parking, greater height requirements, and the allowed conversion of commercial space to residential use may not be enough
- Absence of a Downtown exemption greatly reduces the profitability of developments
- There are few opportunity sites left in the Downtown
- Downtown housing opportunities promoting market rate housing should be a goal in evaluating and modifying all City policies

While there are encouraging signs of new market rate housing in development including 300 Main Street (Bruhn Building) with 19 units and 301 Main (Rabobank Building) with 49 units, affordable units still represent the preponderance of housing development in the area.

Because of the current Council's interest in the potential removal of the Downtown Area exemption from the Inclusionary Housing Ordinance, City staff initiated an update to the 2017 Housing Target Market Analysis (HTMA) to reflect current market conditions. The findings of the 2017 HTMA and 2022 HTMA Update are similar, and both concluded that the Downtown Area exemption remain in place.

*The 2017 HTMA found that:*

- There is substantial demand for near-term ownership and rental residential projects in Downtown.
- Consumer preference exists for market rate infill housing opportunities.
- There is traction for Downtown adaptive reuse projects.
- There are significant market risks to Downtown housing development including crime/public safety, homelessness, lack of open space, low school performance, traffic, and an untested market.
- The City should incorporate housing incentives that might contribute to development cost reductions to improve the market for downtown development including the exemption to the Inclusionary Housing Ordinance

*2022 HTMA Update found that:*

- Implementing inclusionary housing in the Downtown Area would constrain the current momentum of residential development in the Downtown as the early adopters establish proof of market in this nascent environment.
- The housing market in Salinas has become more expensive since the onset of the Covid-19 pandemic.
- Home ownership is becoming less affordable as housing prices continue to increase, rental units generally present a more affordable option for residents.
- Current construction costs are extremely high.
- Market rate rental and ownership RD-60 (density of 60 units per acre) prototypes both have a negative residual value land value (the difference between a project's high construction costs and its lower market value).
- Micro-rental units show the best project feasibility.

***Timing of Inclusionary Housing Ordinance Update***

The Housing Element recommends that the Inclusionary Housing Ordinance is re-evaluated every five years for a potential update. Since the ordinance was adopted in 2017, technically the City should begin the re-evaluation of the ordinance this year in 2022. Unfortunately, current capacity of Community Development Department Staff is severely limited by the City's pandemic response including administration of Project Roomkey, Project Homekey, the Emergency Rental Assistance Program (ERAP), and HUD COVID-19 Funding. Staff has gone from administering approximately \$3 million in grant funds annually to \$30 million over just two years. In addition, staff must complete the update to the Housing Element by the end of 2023 or lose access to state grant funds. For these reasons the update to the Inclusionary Housing Ordinance will begin in summer 2023, allowing adequate time to close out COVID programming and to complete a draft

of the Housing Element. As part of the update to the Inclusionary Housing Ordinance, the Downtown Area exemption can be more thoroughly analyzed for possible modification.

#### CEQA CONSIDERATION:

The proposed action of accepting the informational report regarding the Inclusionary Housing Ordinance is not a project as defined by the California Environmental Quality Act (CEQA) per Guidelines Section 15378.

#### STRATEGIC PLAN INITIATIVE:

The Inclusionary Housing Ordinance supports multiple City of Salinas Strategic Plan 2022-2025 Goals and Strategies including Economic Development, Housing/Affordable Housing, and Effective and Culturally Responsive Government.

#### DEPARTMENTAL COORDINATION:

Although this informational report was developed by the Community Development Department Housing Division, implementation of the Inclusionary Ordinance is coordinated and supported by multiple Divisions and Departments including, Current Planning, Advanced Planning & Project Implementation, Permit Services, Economic Development, Legal and Public Works.

#### FISCAL AND SUSTAINABILITY IMPACT:

To provide the necessary data for City Council to consider elimination of the Downtown Inclusionary Housing Ordinance Exemption, a contract with EPS, Inc. was executed to update the Housing Target Market Analysis. EPS updated the HTMA and completed the initial findings memo on August 30, 2022, which is attached to this report. EPS will follow up with a more detailed analysis that looks at different development prototypes and their corresponding financial viability. The contract for EPS to complete the HTMA is at a not to exceed amount of \$24,990.

It is anticipated that consultant costs for a future update of the Inclusionary Housing Ordinance including Legal Counsel will be approximately \$100,000. Next fiscal year, the Department is likely to request funding for this purpose.

#### ATTACHMENTS:

1. HTMA Downtown 2022 Update – Initial Findings, August 30, 2022
2. Table of Affordable Housing Units Produced in Downtown
3. Map of Downtown and Surrounding Area Map of Affordable Housing Developments
4. Inclusionary Housing Ordinance Study Session Powerpoint

## MEMORANDUM

To: City of Salinas

From: David Zehnder and Kate O'Beirne

Subject: HTMA Downtown 2022 Update—Initial Findings—  
August 2022; EPS #222102

Date: August 30, 2022

*The Economics of Land Use*



Economic & Planning Systems, Inc. (EPS) was retained by the City of Salinas (City) to conduct a short-term update in advance of a more comprehensive update of the Housing Target Market Analysis (HTMA) for Downtown Salinas.

The City is located in the Salinas Valley and is the most populated community in Monterey County (County). As such, it faces acute pressures for additional affordable housing in all its districts, including downtown. At the present time, inclusionary housing is exempted in this area to allow sufficient time for “early-adopters” to successfully respond to the combined market/regulatory environment.

A central objective of this update is to determine whether the time is right to impose inclusionary requirements of the City on Downtown projects, or to allow additional time for the above-referenced market response to occur. **A key conclusion to this evaluation, discussed below, is that the inclusionary housing exemption should be extended and reconsidered at the time of the Housing Element update.**

As is well-known, the City is under pressure by the State to demonstrate its ability to facilitate affordable housing. However, it is important to have an eye toward private sector feasibility as various regulations are considered for housing prototypes in the downtown environment.

The HTMA examines existing socioeconomic trends and residential real estate market conditions to gain an understanding of local dynamics that will influence demand and test the feasibility of residential development in the Downtown Study Area to help determine potential approaches to an implementation of inclusionary requirements Downtown.

*Economic & Planning Systems, Inc.  
455 Capitol Mall, Suite 701  
Sacramento, CA 95814  
916 649 8010 tel  
916 649 2070 fax*

*Oakland  
Sacramento  
Denver  
Los Angeles*

**[www.epsys.com](http://www.epsys.com)**

Initial key findings derived from EPS's market study along with a detailed technical analysis table set are presented in the sections below. At the time the City begins its evaluation of the housing element and corresponding inclusionary policy, EPS will update these initial findings and continue to solicit input or requests for additional information to finalize a draft report. The intention is to allow an opportunity to compare notes and expectations with the City before finalizing this initial update. An expanded report would provide ample time and opportunity to more fully assess evolving market conditions, regulatory opportunities and constraints, and private sector feasibility responses.

## Recommendations

Since about 2020, the housing development in Downtown Salinas has started to gain momentum following the completion of the initial HTMA in 2017. Recent residential development projects, such as the Bruhn and Rabobank buildings, which are currently under construction and together will provide an addition of about 70 units to the Downtown, and there are additional units in the pipeline. **The below examination of the existing conditions and pro forma analysis predicated on the larger city market, as well as discussions with local developers, indicate that at this time implementing inclusionary housing Downtown would constrain the current momentum of residential development in the Downtown as the early adopters establish proof of market in this nascent environment.**

The City's population increases have contributed to an undersupply of housing units reflected by rising housing costs and a continuous decline in residential vacancy rates since 2010, with a low rate of 3.3 percent currently for all unit types. The undersupply of housing most prominently affects underserved populations, including students, teachers, young families, low-income families and individuals, seniors, people with disabilities, and the unhoused population indicating the need for focused strategies to increase a variety of housing types at different levels of affordability. Providing affordable housing, whether subsidized by the government or affordable by design (e.g., housing that is affordable based on physical design, tenancy, or financing elements), is a necessity now with more than half of renters and more than a quarter of homeowners defined as housing cost burdened.

The initial feasibility analysis shows some positive indicators without costs associated with inclusionary requirements, especially for the development of micro rental units and missing middle ownership product, though our preliminary recommendation is to continue to provide exemptions for parking, outdoor space, and inclusionary requirements for residential development within the Central City Overlay as well as Adaptive Reuse. Extending these exemptions will continue to provide incentive to build in the Downtown, as discussions with developers revealed that these exemptions are a large factor in getting the residential

projects "to pencil". While providing inclusionary housing is extremely important at this time, the addition of all net new units to the Downtown can help alleviate some of the demand. The City should hold off on implementing inclusionary requirements until the examination of the housing element and inclusionary ordinance, which will then provide an opportunity to analyze the market, product types, and how the current policies affect development more closely.

## Existing Socioeconomic Conditions

- **The City has experienced significant growth in its population and household populations, with a slight decline in persons per household over the last 12 years.** With its central location and role as County Seat, the City is the most populous city in the County, home to about 160,000 residents as of 2022. Over the past decade, the City added almost 9,500 residents and more than 2,880 households, comprising more than half of the County's population growth (as of 2022) and almost 40 percent of household growth. Persons per household in both the City and the County declined by about 1 percent. See **Table 1-1**.
- **Household incomes have increased over the past decade.** Median household income in the City increased by about 7.5 percent between 2010 and 2020, rising from \$63,180 to \$67,900 (in 2020 dollars). The increase in incomes is also reflected while looking at where City households lie in the income range categories. The fastest growing income range category was for households earning \$200,000 or more annually with an absolute increase of over 1,905 households and the percentage of households earning \$100,000 or more annually increased from 17 percent up to 30 percent. See **Table 1-2**.
- **Resident worker growth in Salinas was more than double the growth in jobs within Salinas.** The City has almost 62,600 resident workers with an increase of over 10,000 workers between 2010 and 2019 compared to the City's 58,800 jobs, which only grew by 4,600 over the same period. The top industry for both resident workers and jobs remains Agriculture, Forestry, Fishing, and Hunting. The top growth industry for resident workers was Health Care and Social Assistance, with the addition of 2,900 resident workers, matched as the top growth industry for jobs with an increase of 2,430 jobs. While nearly 60 percent of employed residents commute outside of the City for work about 57 percent of local jobs are filled by workers that do not live in the City. Amongst the 58,800 jobs in the City, about 43 percent (25,350) are residents who both live and work in the City, and the remaining are in-commuters (33,380) traveling into the City for work from cities and CDPs such as Soledad, Prunedale, Seaside, Marina, San José, Greenfield, Monterey, and Hollister. See **Tables 1-3, 1-4, and 1-5**.

- **A little more than half of the households in Salinas are renter-occupied dwelling units but detached single dwelling units are the most occupied unit type.** Approximately 52 percent of households in the City are renter-occupied following a similar pattern to the County’s 48 percent. Approximately 57 percent of all households live in detached single dwelling units and about 28 percent of those are renter-occupied. Single detached dwelling units comprise 30 percent of renter-occupied households, making single dwelling units the second most occupied unit type for renters following multifamily buildings with 5 or more units (44 percent). See **Table 2-1**.
- **Almost half of the households in Salinas have 4 or more occupants, and overcrowding has increased by almost 20 percent over the last decade.** In both renter- and owner-occupied households the highest proportion of households are those with 5 or more occupants, more than 50 percent of renter-households, and 42 percent of owner-occupied households have 4 or more occupants. An overcrowded household is defined by the U.S. Census as having 1 or more persons per room (excluding bathrooms and kitchens). The number of households considered overcrowded has increased in both renter- and owner-occupied households, by 28 percent and 11 percent, respectively for a combined increase of 20 percent. See **Table 2-2** and **Table 2-3**.
- **Most renter-occupied households in the County are considered rent-burdened.** Of the renter-occupied households, about 55 percent are considered rent-burdened, which means that a household pays more than 30 percent of its income on housing costs. Of these rent-burdened households, about 26 percent are considered severely cost-burdened, which means they pay more than 50 percent of their income on rent. Approximately 33 percent of owner-occupied households are considered cost burdened. See **Table 2-4** and **Table 2-5**.

## Housing Market Trends

- **The City’s housing inventory is comprised mainly of single-family detached units.** The City’s housing inventory is estimated to include 55 percent single detached dwelling units and 26 percent multifamily projects with 5 or more units. The supply allocation by type has remained relatively static over the last decade. See **Table 3-1**.
- **Salinas’ increase in housing supply has not kept pace with household growth leading to a decline in available units.** The U.S. Department of Housing and Urban Development estimates 1,136 net new housing units between 2010 and 2021, increasing the total supply by about 3 percent. With significant household growth over the same period of about 2,890 households, vacancy rates have decreased from around 5 to 6 percent to about 3 percent,



indicating a tight market with very little product available to existing or future residents looking to move, especially compared to the County's vacancy rate of about 9 percent. See **Tables 3-2** and **3-3**.

- **The housing market in Salinas has become much more expensive since the onset of the COVID-19 Pandemic.** While Salinas falls in the middle of affordability within the County's housing supply, home prices have increased 196 percent since 2012 (2022 average median sales price is \$684,000) and rents by 57 percent since 2010 (2022 average asking rent is \$1,760) as more people are seeking affordable housing markets and taking advantage of moving to more remote locations by being able to work from home. The housing market is tight with overall low vacancy and an average monthly inventory of for-sale units decreasing from over 1,200 available units to 370 units since 2012. See **Tables 3-4, 3-5, and 3-6**.
- **Homeownership in the City is becoming less affordable as housing prices continue to increase, rental units generally present a more affordable option for residents.** About 13 percent of City households have the financial capability (annual household incomes of \$150,000 or more) to purchase a median-or-higher priced home in the City based on current housing prices (\$683,800), whereas approximately 50 percent of households can afford (annual household incomes of \$70,400) to rent an average-or-higher priced unit of \$1,760. See **Table 3-7** and **Table 1-2**.

For decades, California has faced a housing crisis related to its significant unhoused population and rising housing costs. For those living in poverty, high rental rates have translated into large proportions of their income allocated to housing costs, leaving little remaining for basic living expenses, let alone bolstering savings accounts to build wealth.<sup>1</sup> Rising home sales prices have translated into larger down payment requirements, leading to homeownership challenges for households with median and higher incomes.<sup>2</sup> These challenges point to a root problem of limited housing supply. Indeed, several recent reports have estimated an undersupply of housing in the State that ranges from about 3 million to 4 million units. This undersupply represents the amount of housing that was needed over the last several decades to maintain housing costs in

---

<sup>1</sup> Kimberlin, Sara and Esi Hutchful, 2019. New Census Figures Show More Than 1 in 6 Californians Struggle to Afford Basic Necessities. *California Budget and Policy Center*. [online] Available at [https://calbudgetcenter.org/resources/number-of-californians-living-in-poverty-has-been-declining-but-more-than-1-in-6-residents-still-struggle-to-afford-basic-necessities/#:~:text=Approximately%207.1%20million%20Californians%20lived,Supplemental%20Poverty%20Measure%20\(SPM\)](https://calbudgetcenter.org/resources/number-of-californians-living-in-poverty-has-been-declining-but-more-than-1-in-6-residents-still-struggle-to-afford-basic-necessities/#:~:text=Approximately%207.1%20million%20Californians%20lived,Supplemental%20Poverty%20Measure%20(SPM)) [Accessed January 2021].

<sup>2</sup> Levin, Matt, 2021. Commentary: Five things I've learned covering California's housing crisis that you should know. *Cal Matters*. [online] Available at <https://calmatters.org/housing/2021/01/california-housing-crisis-lessons/> [Accessed January 2021].

alignment with the rest of the country.<sup>3 4</sup> With an overall housing shortage within the entire state and the above-referenced socioeconomic and residential market conditions within the City it is a critical time to address the potential inclusion of affordable housing for future development within Downtown Salinas. Below is a preliminary analysis to help start this conversation, which tests the feasibility of residential development in Downtown Salinas and the inclusion of affordable units.

## Residential Feasibility Pro Forma Analysis

Based on the socioeconomic and residential market assessments presented in the previous section, EPS performed a financial feasibility analysis to test the viability of different development prototypes. To gain an understanding of the relative financial viability of the various land use concepts evaluated, EPS used a measure of financial feasibility commonly referred to as a “residual land value analysis,” (RLV) which models the revenues achieved by operating or selling a particular building to arrive at an estimated building value, or “finished real estate value.” For residential ownership products, the finished real estate value is based on the estimated sales price of the unit. For rental residential products, finished real estate values are estimated using valuation techniques that consider annual net operating income. A prototype that would be considered feasible will have a RLV equal to about 20 to 30 percent of total asset value (finished lot plus structure). This analysis assumes that the developer obtained the land at no cost. Capitalization rates, revenue, and cost assumptions are based on current market conditions, but are subject to change with fluctuations in the market, such as the rising interest rates, which have been taken into consideration.

It is important to note that the feasibility findings presented in this section are preliminary and additional analysis will be needed to evaluate the financial viability of specific land use programs.

For purposes of the financial feasibility analysis and based on the residential real estate market dynamics, EPS evaluated the financial feasibility of the following land use prototypes.

---

<sup>3</sup> Taylor, Mac, 2015. California’s High Housing Costs: Causes and Consequences. *Legislative Analyst Office*. [online] Available at <https://lao.ca.gov/reports/2015/finance/housing-costs/housing-costs.pdf> [Accessed January 2021].

<sup>4</sup> Dillon, Liam, 2018. California lawmakers killed one of the biggest housing bills in the country. *Los Angeles Times*. [online] Available at <https://www.latimes.com/politics/la-pol-ca-big-housing-bill-dies-20180417-story.html> [Accessed January 2021].

### Renter-Occupied Units

- Very High-Density Micro Apartment Units: a very high-density rental product at a density of approximately 180 dwelling units per acre with units averaging 270 square feet.
- High-Density Apartment Units: a traditional high density apartment complex project with a density of 60 units per acre.

### Owner-Occupied Units

- High-Density Attached Units (Condominium): a traditional high density condominium project with a density of 60 units per acre.
- Medium-Density Attached Units (Townhomes/Rowhouse): a medium density attached townhomes/row house project with a density of 30 units per acre.

**Appendix A** presents the assumptions of the financial model that evaluates the feasibility of each development prototype.

The financial feasibility outcomes from **Tables 4-1, Table 4-2, and Table 4-3** are summarized below:

- **Current construction costs are extremely high** and are projected to continue to increase through 2022 for a total estimated 14.1 percent increase over 2021. Cost escalations are predicted to continue to increase in 2023 and 2024 but dropping down to lower rates around 2 to 4 percent.<sup>5 6</sup>
- The exorbitant construction costs are hindering the feasibility of both the **market rate rental and ownership RD-60 prototypes, both have a negative residual land value.**
- Based on the RLV, **micro-rental units show the best prospect of feasibility**, though this is a somewhat new product type that has been untested in the Salinas market.
- Under certain circumstances, **RD-30 ownership product may be viable.** This may require a low master developer land basis or other factors that

---

<sup>5</sup> Fahey, Ashley, The National Observer: Real Estate Edition, "Report: Construction costs may escalate 14.1% this year, but relief expected soon," August 25, 2022 [accessed online August 2022] <https://www.bizjournals.com/sacramento/news/2022/08/25/construction-costs-increase-this-year.html>.

<sup>6</sup> EPS relied on a variety of sources to estimate approximate construction costs, including the Saylor 2020 Construction Cost Manual, updated for inflation and adapted to the Monterey region, interviews of builders in the Monterey and Bay Area regions, and discussions with the City. See **Appendix A Table A-2.**

reduce costs and improve revenue performance and could require a City write-down if sought in the near-term.

- **Actual rents and home sales prices may outperform that evaluated here**, which would improve feasibility outcomes substantially. This analysis calibrates rents and home sales prices to current income demographics, highlighting the challenges associated with delivering housing targeted at the “missing-middle” income segment.
- After folding in the existing inclusionary requirement options that are currently imposed on residential development outside of the City Center Overlay District per Municipal Code Ordinance Chapter 17 Article III. Section 17-8, **the already negative residual land values are reduced further and the RD-30 ownership product RLV becomes negative**. The only exception is the micro unit prototype using the inclusionary fee option of providing 12 percent units as Section 8 and paying the housing impact fee.

Again, it is important to note that the general measures of financial feasibility offered in this report are intended to serve as an initial diagnostic comparing the relative viability of various residential prototypes to inform housing policy. This analysis is highly sensitive to assumptions made regarding achievable real estate values and development costs. It is possible that more fully developed concepts targeting specific niche markets could outperform the generic speculative concepts modeled here. Conversely, if development costs are substantially higher than estimated here, or sales prices and lease rates are substantially lower, the actual feasibility outlook could worsen.

## Technical Analysis Organization

The technical analysis is presented in the following sections:

1. **Table 1-1** through **Table 1-6** present an analysis of existing conditions in the City and the County, including population, households, income, employment and jobs, jobs-housing balance, and commuting patterns.
2. **Table 2-1** through **Table 2-5** examine existing housing tenure by various demographic and socioeconomic variables, as well as an assessment of rent- and cost-burdened households.
3. **Table 3-1** through **Table 3-7** present a real estate market overview to provide context to current residential market conditions in the City.
4. **Table 4-1** through **Table 4-3** provide the static pro forma examining the feasibility of both renter- and owner-occupied prototypes in the City and the addition of inclusionary requirements.

# List of Tables

## Existing Conditions

Table 1-1	Population and Household Trends .....	9
Table 1-2	Household Income by Range .....	10
Table 1-3	City of Salinas Job Trends .....	11
Table 1-4	City of Salinas Resident Worker Trends .....	12
Table 1-5	Commuting Patterns.....	13
Table 1-6	Nonresident Worker Profile .....	14

## Existing Housing Tenure

Table 2-1	Tenure by Units In Structure .....	15
Table 2-2	Household Size and Tenure .....	16
Table 2-3	Occupants per Room by Tenure .....	17
Table 2-4	Overall Rent Burden .....	18
Table 2-5	Owner's Costs as a Percentage of Household Income by Household Income .....	19

## Real Estate Market Overview

Table 3-1	Units in Structure.....	20
Table 3-2	Units Permitted by Year .....	21
Table 3-3	Total Vacancy Rate .....	22
Table 3-4	Home Value Changes by County.....	23
Table 3-5	For-Sale Housing Market Summary.....	24
Table 3-6	Multifamily Housing Market Summary .....	25
Table 3-7	Estimated Housing Unit Value Based on Income and Housing Costs in Monterey County .....	26

## Static Pro Forma Feasibility

Table 4-1	Inclusionary Residential Development Static Pro Forma Summary ....	27
Table 4-2	Feasibility Analysis Pro Forma: Renter-Occupied Units (2 pages).....	28
Table 4-3	Feasibility Analysis Pro Forma: Owner-Occupied Units (2 pages) .....	30



**Table 1-1**  
**City of Salinas**  
**Downtown HTMA**  
**Population and Household Trends (2010-2022)**

Item	City of Salinas						Monterey County					
	Total Population	Household Population	Year-Over-Year Population Change	Households	Year-Over-Year Household Change	Persons per Household [1]	Total Population	Household Population	Year-Over-Year Population Change	Households	Year-Over-Year Household Change	Persons per Household [1]
<b>Year</b>												
2010	150,441	147,976	-	40,387	-	3.66	415,057	393,814	-	124,899	-	3.15
2011	150,899	148,603	0.3%	40,417	0.1%	3.68	416,644	394,891	0.4%	124,984	0.1%	3.16
2012	153,286	151,057	1.6%	40,525	0.3%	3.73	422,621	400,631	1.4%	125,067	0.1%	3.20
2013	155,406	152,909	1.4%	40,495	(0.1%)	3.78	425,968	404,919	0.8%	124,695	(0.3%)	3.25
2014	156,532	154,055	0.7%	40,594	0.2%	3.80	427,733	407,663	0.4%	124,885	0.2%	3.26
2015	157,206	154,880	0.4%	40,641	0.1%	3.81	430,277	410,375	0.6%	125,204	0.3%	3.28
2016	158,973	156,750	1.1%	40,684	0.1%	3.85	435,185	414,591	1.1%	125,135	(0.1%)	3.31
2017	159,708	157,475	0.5%	40,665	(0.0%)	3.87	438,358	417,555	0.7%	125,358	0.2%	3.33
2018	159,846	157,605	0.1%	40,737	0.2%	3.87	438,639	418,163	0.1%	125,640	0.2%	3.33
2019	160,522	158,280	0.4%	40,777	0.1%	3.88	440,199	419,729	0.4%	126,116	0.4%	3.33
2020	161,577	159,198	0.7%	43,163	5.9%	3.69	440,393	420,316	0.0%	126,604	0.4%	3.32
2021	161,777	159,482	0.1%	43,084	(0.2%)	3.70	435,721	417,293	(1.1%)	131,316	3.7%	3.18
2022	159,932	157,569	(1.1%)	43,270	0.4%	3.64	433,716	413,361	(0.5%)	132,496	0.9%	3.12
<b>Growth Estimates 2010-2022</b>												
Number	9,491	9,593	--	2,883	--	(0.0)	18,659	19,547	--	7,597	--	(0.0)
% Change	6.3%	6.5%	--	7.1%	--	(0.6%)	4.5%	5.0%	--	6.1%	--	(1.1%)
Avg. Annual Change	0.5%	0.5%	--	0.6%	--	(0.1%)	0.4%	0.4%	--	0.5%	--	(0.1%)

Source: California Department of Finance Table E-5; EPS.

[1] Includes household population only.

**Table 1-2**  
**City of Salinas**  
**Downtown HTMA**  
**Household Income by Range (2020 Estimate)**

Item	City of Salinas					Monterey County				
	2010 [1]	%	2020	%	% Change	2010 [1]	%	2020	%	% Change
<b>Income Range</b>										
<\$15,000	4,019	9.8%	2,643	6.4%	(34.2%)	10,872	8.7%	8,265	6.5%	(24.0%)
\$15,000 - \$24,999	5,208	12.7%	3,262	7.9%	(37.4%)	12,121	9.7%	9,409	7.4%	(22.4%)
\$25,000 - \$34,999	4,798	11.7%	3,015	7.3%	(37.2%)	11,996	9.6%	10,045	7.9%	(16.3%)
\$35,000 - \$49,999	6,151	15.0%	5,286	12.8%	(14.1%)	17,245	13.8%	15,131	11.9%	(12.3%)
\$50,000 - \$74,999	8,284	20.2%	8,383	20.3%	1.2%	24,118	19.3%	24,159	19.0%	0.2%
\$75,000 - \$99,999	5,413	13.2%	6,483	15.7%	19.8%	16,870	13.5%	18,056	14.2%	7.0%
\$100,000 - \$149,999	4,921	12.0%	6,814	16.5%	38.5%	18,495	14.8%	20,981	16.5%	13.4%
\$150,000 - \$199,999	1,435	3.5%	2,726	6.6%	89.9%	6,498	5.2%	9,791	7.7%	50.7%
\$200,000+	779	1.9%	2,684	6.5%	244.5%	6,623	5.3%	11,317	8.9%	70.9%
<b>Total</b>	<b>41,009</b>	<b>100.0%</b>	<b>41,296</b>	<b>100.0%</b>	<b>0.7%</b>	<b>124,963</b>	<b>-</b>	<b>127,155</b>	<b>100.0%</b>	<b>1.8%</b>
<b>Median Household Income in 2020\$</b>	<b>\$63,178</b>		<b>\$67,914</b>		<b>7.5%</b>	<b>\$73,701</b>		<b>\$71,015</b>		<b>-3.6%</b>

Source: U.S. Census Bureau ACS 2020, Table S1901; EPS.

[1] The median household income for 2010 has been escalated to 2020 dollars using the CPI rate of 24.3% between 2010 and 2020.

**Table 1-3**  
**City of Salinas**  
**Downtown HTMA**  
**City of Salinas Job Trends (2010 and 2019)**

**Industry Trends**  
**City of Salinas**

Item	2010		2019		2010-2019	
	No.	%	No.	%	Change	Average Annual Growth
<b>Industry Sector</b>						
Agriculture, Forestry, Fishing and Hunting	13,113	24.2%	12,122	20.6%	(991)	(0.9%)
Mining, Quarrying, and Oil and Gas Extraction	6	0.0%	0	0.0%	(6)	(100.0%)
Utilities	171	0.3%	109	0.2%	(62)	(4.9%)
Construction	1,036	1.9%	1,542	2.6%	506	4.5%
Manufacturing	2,567	4.7%	1,921	3.3%	(646)	(3.2%)
Wholesale Trade	1,726	3.2%	2,741	4.7%	1,015	5.3%
Retail Trade	5,245	9.7%	6,474	11.0%	1,229	2.4%
Transportation and Warehousing	924	1.7%	1,102	1.9%	178	2.0%
Information	615	1.1%	657	1.1%	42	0.7%
Finance and Insurance	1,119	2.1%	884	1.5%	(235)	(2.6%)
Real Estate and Rental and Leasing	359	0.7%	366	0.6%	7	0.2%
Professional, Scientific, and Technical Services	1,268	2.3%	1,339	2.3%	71	0.6%
Management of Companies and Enterprises	628	1.2%	558	1.0%	(70)	(1.3%)
Administration & Support, Waste Management and Remediation	2,053	3.8%	2,574	4.4%	521	2.5%
Educational Services	5,293	9.8%	6,240	10.6%	947	1.8%
Health Care and Social Assistance	6,435	11.9%	8,862	15.1%	2,427	3.6%
Arts, Entertainment, and Recreation	409	0.8%	463	0.8%	54	1.4%
Accommodation and Food Services	3,147	5.8%	4,254	7.2%	1,107	3.4%
Other Services (excluding Public Administration)	2,784	5.1%	1,589	2.7%	(1,195)	(6.0%)
Public Administration	5,204	9.6%	4,936	8.4%	(268)	(0.6%)
<b>Total</b>	<b>54,102</b>	<b>100.0%</b>	<b>58,733</b>	<b>100.0%</b>	<b>4,631</b>	<b>0.9%</b>

*worker trends*

Source: US Census LEHD OnTheMap, 2019; EPS.

**Table 1-4**  
**City of Salinas**  
**Downtown HTMA**  
**City of Salinas Resident Worker Trends (2010 and 2019)**

**Resident Worker Trends**  
**City of Salinas**

Item	2010		2019		2010-2019	
	No.	%	No.	%	Change	Average Annual Growth
<b>Industry Sector</b>						
Agriculture, Forestry, Fishing and Hunting	9,956	19.0%	10,200	16.3%	244	0.3%
Mining, Quarrying, and Oil and Gas Extraction	70	0.1%	57	0.1%	(13)	(2.3%)
Utilities	214	0.4%	222	0.4%	8	0.4%
Construction	1,765	3.4%	3,304	5.3%	1,539	7.2%
Manufacturing	2,924	5.6%	3,348	5.3%	424	1.5%
Wholesale Trade	1,950	3.7%	2,535	4.1%	585	3.0%
Retail Trade	5,629	10.7%	6,457	10.3%	828	1.5%
Transportation and Warehousing	1,260	2.4%	1,718	2.7%	458	3.5%
Information	627	1.2%	692	1.1%	65	1.1%
Finance and Insurance	995	1.9%	927	1.5%	(68)	(0.8%)
Real Estate and Rental and Leasing	555	1.1%	651	1.0%	96	1.8%
Professional, Scientific, and Technical Services	1,706	3.2%	2,013	3.2%	307	1.9%
Management of Companies and Enterprises	611	1.2%	775	1.2%	164	2.7%
Administration & Support, Waste Management and Remediation	2,460	4.7%	3,485	5.6%	1,025	3.9%
Educational Services	4,462	8.5%	5,354	8.6%	892	2.0%
Health Care and Social Assistance	5,443	10.4%	8,347	13.3%	2,904	4.9%
Arts, Entertainment, and Recreation	657	1.3%	829	1.3%	172	2.6%
Accommodation and Food Services	4,507	8.6%	6,096	9.7%	1,589	3.4%
Other Services (excluding Public Administration)	2,808	5.3%	1,837	2.9%	(971)	(4.6%)
Public Administration	3,937	7.5%	3,735	6.0%	(202)	(0.6%)
<b>Total</b>	<b>52,536</b>	<b>100.0%</b>	<b>62,582</b>	<b>100.0%</b>	<b>10,046</b>	<b>2.0%</b>

worker trends

Source: US Census LEHD OnTheMap, 2019; EPS.



**Table 1-5**  
**City of Salinas**  
**Downtown HTMA**  
**Commuting Patterns: City of Salinas (2019)**

Item	City of Salinas			
	2010		2019	
	Count	% of Total	Count	% of Total
<b>Resident Workers</b>				
Residents both Living and Employed in the Study Area	22,143	42.1%	25,354	40.5%
Residents Living in the Study Area but Employed Outside (Outflow)	30,393	57.9%	37,228	59.5%
<b>Subtotal Resident Workers</b>	<b>52,536</b>	<b>100.0%</b>	<b>62,582</b>	<b>100.0%</b>
<b>Employment</b>				
Residents both Living and Employed in the Study Area	22,143	40.9%	25,354	43.2%
Workers Employed in the Study Area but Living Outside	31,959	59.1%	33,379	56.8%
<b>Total Employment in Area (Inflow)</b>	<b>54,102</b>	<b>100.0%</b>	<b>58,733</b>	<b>100.0%</b>
Inflow/Outflow Ratio [1]	178.0%		157.8%	

Source: U.S. Census OnTheMap 2019; U.S. Census ACS 5-Year Estimates Table S0801 2019; EPS.

[1] The inflow/outflow ratio is the percentage of residents living in the specified area that travel outside of that area for work compared to the total employment for that specified area.

**Table 1-6**  
**City of Salinas**  
**Downtown HTMA**  
**Nonresident Worker Profile (2010 and 2019)**

Item	2010		2019	
	Nonres. Workers	% of Total	Nonres. Workers	% of Total
<b>Salinas Jobs Filled by Nonresident Workers</b>	54,102	100%	58,733	100%
<b>Worker Ages</b>				
29 Years or Younger	12,959	24%	12,973	22%
30 Years to 54 Years	30,507	56%	31,402	53%
55 Years or Older	10,636	20%	14,358	24%
<b>Total</b>	<b>54,102</b>	<b>100%</b>	<b>58,733</b>	<b>100%</b>
<b>Monthly Worker Earnings</b>				
\$1,250 or Less	13,846	26%	12,295	21%
\$1,251 to \$3,333	20,791	38%	18,464	31%
\$3,334 or More	19,465	36%	27,974	48%
<b>Total</b>	<b>54,102</b>	<b>100%</b>	<b>58,733</b>	<b>100%</b>
<b>Worker Industry Class</b>				
"Goods Producing" [1]	16,722	31%	15,585	27%
"Trade, Transportation, and Utilities" [2]	8,066	15%	10,426	18%
"All Other Services" [3]	29,314	54%	32,722	56%
<b>Total</b>	<b>54,102</b>	<b>100%</b>	<b>58,733</b>	<b>100%</b>

Source: US Census Bureau, OnTheMap Application and LEHD Origin-Destination Statistics for 2019; EPS.

- [1] Bureau of Labor Statistics (BLS) identifies Agriculture, Forestry, Fishing, and Hunting (NAICS 11); Mining, Quarrying, and Oil and Gas Extraction (NAICS 21); Construction (NAICS 23); and Manufacturing (NAICS 31-33) as industries in this industry class.
- [2] BLS identifies Wholesale Trade (NAICS 42); Retail Trade (NAICS 44-45); Transportation and Warehousing (NAICS 48-49); and Utilities (NAICS 22) as industries in this industry class.
- [3] Includes all other NAICS industry classes not listed above.

**Table 2-1**  
**City of Salinas**  
**Downtown HTMA**  
**Tenure by Units In Structure (2020)**

Item	City of Salinas			Monterey County		
	Owner-Occupied	Renter Occupied	Share Renter Occupied	Owner-Occupied	Renter Occupied	Share Renter Occupied
<b>Unit Type</b>						
Detached Single-Family	17,213	6,513	27.5%	58,100	22,528	27.9%
Attached Single-Family	857	1,813	67.9%	2,819	5,227	65.0%
Duplex	31	918	96.7%	272	3,525	92.8%
3 to 4 unit building	323	2,256	87.5%	697	7,364	91.4%
5 + unit building	132	9,526	98.6%	811	20,975	96.3%
Other	1,210	504	29.4%	3,647	2,038	35.8%
<b>Total</b>	<b>19,766</b>	<b>21,530</b>	<b>52.1%</b>	<b>66,346</b>	<b>61,657</b>	<b>48.2%</b>

Source: American Community Survey 2016-2020 5-Year Estimates, Table B25032; EPS.

**Table 2-2**  
**City of Salinas**  
**Downtown HTMA**  
**Household Size and Tenure (2010 and 2020)**

Item	City of Salinas					Change (2010-2020)
	2010		2020			
	Total	%	Total	%		
<b>Renter-Occupied Households</b>						
1-person	4,267	19.8%	3,544	16.5%	(16.94%)	
2-person	3,699	17.2%	3,757	17.5%	1.57%	
3-person	3,504	16.2%	3,341	15.5%	(4.65%)	
4-person	4,269	19.8%	4,569	21.2%	7.03%	
5+ -person	5,828	27.0%	6,319	29.3%	8.42%	
<b>Total</b>	<b>21,567</b>	<b>100.0%</b>	<b>21,530</b>	<b>100.0%</b>	<b>(0.17%)</b>	
<b>Owner-Occupied</b>						
1-person	3,224	16.6%	3,060	15.5%	(5.09%)	
2-person	5,122	26.3%	5,008	25.3%	(2.23%)	
3-person	3,301	17.0%	3,346	16.9%	1.36%	
4-person	3,517	18.1%	3,310	16.7%	(5.89%)	
5+ -person	4,278	22.0%	5,042	25.5%	17.86%	
<b>Total</b>	<b>19,442</b>	<b>100.0%</b>	<b>19,766</b>	<b>100.0%</b>	<b>1.67%</b>	

Source: American Community Survey 5-Year Estimates Table B25009; EPS.



**Table 2-3**  
**City of Salinas**  
**Downtown HTMA**  
**Occupants per Room by Tenure: City of Salinas (2010 and 2020)**

Item	City of Salinas					Change (2010-2020)
	2010		2020			
	Total	%	Total	%		
<b>OCCUPANTS PER ROOM [1]</b>						
<b>Renter-occupied</b>						
Less than 0.5	6,856	31.8%	6,038	28.0%	(11.9%)	
0.51 - 1.00	9,804	45.5%	9,559	44.4%	(2.5%)	
1.01 - 1.50	3,168	14.7%	4,249	19.7%	34.1%	
1.51 - 2.00	1,392	6.5%	1,267	5.9%	(9.0%)	
2.01 or more	347	1.6%	417	1.9%	20.2%	
<b>Total</b>	<b>21,567</b>	<b>100%</b>	<b>21,530</b>	<b>100%</b>	<b>(0.2%)</b>	
Subtotal Overcrowded	4,907	22.8%	5,933	27.6%	20.9%	
<b>Owner-occupied</b>						
Less than 0.5	10,529	54.2%	10,297	52.1%	(2.2%)	
0.51 - 1.00	7,152	36.8%	7,287	36.9%	1.9%	
1.01 - 1.50	1,273	6.5%	1,664	8.4%	30.7%	
1.51 - 2.00	456	2.3%	260	1.3%	(43.0%)	
2.01 or more	32	0.2%	258	1.3%	-	
<b>Total</b>	<b>19,442</b>	<b>100%</b>	<b>19,766</b>	<b>100%</b>	<b>1.7%</b>	
Subtotal Overcrowded	1,761	9.1%	2,182	11.0%	23.9%	
<b>Total</b>						
Less than 0.5	17,385	80.6%	16,335	39.6%	(6.0%)	
0.51 - 1.00	16,956	78.6%	16,846	40.8%	(0.6%)	
1.01 - 1.50	4,441	20.6%	5,913	14.3%	33.1%	
1.51 - 2.00	1,848	8.6%	1,527	3.7%	(17.4%)	
2.01 or more	379	1.8%	675	1.6%	78.1%	
<b>Total</b>	<b>41,009</b>	<b>190%</b>	<b>41,296</b>	<b>100.0%</b>	<b>0.7%</b>	
Subtotal Overcrowded	6,668	16.3%	8,115	19.7%	21.7%	

Source: American Community Survey Table 5-Year estimates Table B25014; EPS.

[1] The US Census Bureau defines an overcrowded housing unit as having 1 or more persons per room (excluding bathrooms and kitchens). Units with more than 1.5 persons per room are considered severely overcrowded.

**Table 2-4**  
**City of Salinas**  
**Downtown HTMA**  
**Overall Rent Burden (2020)**

Item	City of Salinas	
	Total Renter Households	% of Total Renter Households
<b>Rent as a Percentage of Household Income [1]</b>		
Less than 30% of Income	9,355	44.7%
30% to 50% of Income	6,098	29.2%
More than 50% of Income	5,465	26.1%
<b>Total Renter Households</b>	<b>20,918</b>	<b>100.0%</b>

Source: American Community Survey 5-Year Estimates, Table B25070; EPS.

[1] The US Department of Housing and Urban Development defines a household spending more than 30% of their income on housing as "rent burdened." Households spending more than 50% of their income on housing are considered "severely rent burdened." Approximately 612 households were not computed.

**Table 2-5**  
**City of Salinas**  
**Downtown HTMA**  
**Owner's Costs as a Percentage of Household Income by Household Income (2020)**

Item	City of Salinas		
	Owner-Occupied Households	Share within Income Bracket	Share with Mortgage
<b>Housing Cost Burden by Income Bracket [1]</b>			
<b>Less than \$20,000</b>			
Less than 30%	183	16.7%	3.8%
30% or more	911	83.3%	56.1%
<b>Total</b>	<b>1,094</b>	<b>100.0%</b>	<b>47.3%</b>
<b>\$20,000 to \$49,999</b>			
Less than 30%	1,118	36.9%	10.3%
30% or more	1,909	63.1%	83.9%
<b>Total</b>	<b>3,027</b>	<b>100.0%</b>	<b>56.7%</b>
<b>\$50,000 to \$74,999</b>			
Less than 30%	1,849	53.7%	43.6%
30% or more	1,597	46.3%	100.0%
<b>Total</b>	<b>3,446</b>	<b>100.0%</b>	<b>69.8%</b>
<b>\$75,000 or More</b>			
Less than 30%	8,971	84.7%	74.7%
30% or more	1,621	15.3%	100.0%
<b>Total</b>	<b>10,592</b>	<b>100.0%</b>	<b>78.6%</b>
<b>Totals</b>			
Less than 30%	12,121	66.7%	63.0%
30% or more	6,038	33.3%	88.3%
<b>Totals</b>	<b>18,159</b>	<b>100.0%</b>	<b>71.8%</b>

Source: American Community Survey Year Estimates, Table B25101; EPS.

**Table 3-1**  
**City of Salinas**  
**Downtown HTMA**  
**Units in Structure (2010 and 2022)**

Item	City of Salinas						Monterey County					
	2010		2022		Change		2010		2022		Change	
	Units	% of Total	Units	% of Total	Total	%	Units	% of Total	Units	% of Total	Total	%
<b>Units in Structure [1]</b>												
Single Detached Units	23,540	55.2%	24,377	54.9%	837	3.6%	87,355	63.3%	90,834	63.2%	3,479	4.0%
Single Attached Units	2,731	6.4%	2,799	6.3%	68	2.5%	8,902	6.5%	9,039	6.3%	137	1.5%
2-4 Units	4,165	9.8%	4,307	9.7%	142	3.4%	12,388	9.0%	12,830	8.9%	442	3.6%
5+ Units	10,864	25.5%	11,541	26.0%	677	6.2%	23,593	17.1%	25,122	17.5%	1,529	6.5%
Mobile Homes	1,351	3.2%	1,381	3.1%	30	2.2%	5,672	4.1%	5,806	4.0%	134	2.4%
<b>Total Housing Units</b>	<b>42,651</b>	<b>100.0%</b>	<b>44,405</b>	<b>100.0%</b>	<b>1,754</b>	<b>4.1%</b>	<b>137,910</b>	<b>100.0%</b>	<b>143,631</b>	<b>100.0%</b>	<b>5,721</b>	<b>4.1%</b>
<b>Average annual Units</b>					<b>146</b>						<b>3</b>	

Source: California Department of Finance Table E-5; EPS.

[1] Per DOF, the 2010 and 2022 figures differ significantly because they are derived from different benchmarks. The 2010-2020 file is based on the 2010 Census benchmark and has not been resolved for errors. The 2020-2022 file is based on the 2020 Census benchmark. DOF cannot close the 2010-2020 decade series and resolve any errors until the Census Bureau releases their Detailed Demographic and Housing Characteristics file, estimated in mid-2023.



**Table 3-2**  
**City of Salinas**  
**Downtown HTMA**  
**Units Permitted by Year (2000-2021)**

Item	City of Salinas				Total
	1-Unit	2-Unit	3- and 4- Unit	5-Unit +	
<b>Year</b>					
2000	579	4	18	50	651
2001	268	-	-	160	428
2002	442	14	9	92	557
2003	257	-	14	273	544
2004	231	-	6	25	262
2005	224	-	-	21	245
2006	119	-	-	-	119
2007	72	2	-	170	244
2008	24	2	8	58	92
2009	19	-	-	18	37
2010	35	-	16	88	139
2011	7	-	8	10	25
2012	11	2	-	-	13
2013	3	2	3	51	59
2014	30	-	-	36	66
2015	46	2	-	46	94
2016	2	2	-	48	52
2017	26	-	-	-	26
2018	57	-	-	106	163
2019	80	4	-	12	96
2020	96	-	-	109	205
2021	64	4	-	130	198
<b>Total 2000-2021</b>	<b>2,692</b>	<b>38</b>	<b>82</b>	<b>1,503</b>	<b>4,315</b>
<i>Average per Year (2000-2021)</i>	<i>128</i>	<i>2</i>	<i>4</i>	<i>72</i>	<i>205</i>
<b>Total 2010-2021</b>	<b>457</b>	<b>16</b>	<b>27</b>	<b>636</b>	<b>1,136</b>
<i>Average per Year (2010-2021)</i>	<i>42</i>	<i>1</i>	<i>2</i>	<i>58</i>	<i>103</i>

Source: United States Department of Housing and Urban Development State of the Cities Database; EPS.

**Table 3-3**  
**City of Salinas**  
**Downtown HTMA**  
**Total Vacancy Rate (2010-2022)**

Item	Total Residential Vacancy Rate	
	City of Salinas	Monterey County
<b>Year</b>		
2010	5.3%	9.4%
2011	5.3%	9.6%
2012	5.3%	9.6%
2013	5.5%	9.9%
2014	5.5%	10.0%
2015	5.5%	10.0%
2016	5.6%	10.3%
2017	5.6%	10.3%
2018	5.6%	10.5%
2019	5.7%	10.6%
2020	2.8%	10.7%
2021	3.3%	8.8%
2022	3.3%	8.7%

Source: California Department of Finance E-5; EPS.

**Table 3-4**  
**City of Salinas**  
**Downtown HTMA**  
**Home Value Changes by County (2012-2022)**

Item	City	Zillow Home Value Index [1]		
		July 2012	July 2022	Percentage Change (July 2012-July 2022)
Rank [2]				
1	Soledad	\$179,274	\$606,385	238%
2	King City	\$159,997	\$506,613	217%
3	Salinas	\$256,349	\$733,725	186%
4	Castroville	\$259,358	\$709,994	174%
5	Monterey	\$534,783	\$1,217,425	128%
6	Marina	\$334,200	\$873,884	161%
7	Seaside	\$307,352	\$798,493	160%
8	Del Rey Oaks	\$362,954	\$921,085	154%
9	Pacific Grove	\$619,794	\$1,491,032	141%
10	Carmel-by-the-Sea	\$1,142,538	\$2,692,137	136%
Average		\$415,660	\$1,055,077	154%

Source: Zillow, EPS.

[1] The Zillow Home Value Index represents the typical value of a home or condominium, defined as a home with a value between the 33rd percentile and the 67th percentile.

[2] Rank based on percentage change in home value from 2012 to 2022.

**Table 3-5**  
**City of Salinas**  
**Downtown HTMA**  
**For-Sale Housing Market Summary (2012-2022)**

Item	City of Salinas					
	Homes Sold	% Change from Previous Year	Average of the Monthly Median Sale Price	% Change from Previous Year	Average Monthly Inventory	Average Days on Market
<b>Year</b>						
2012 [1]	1,214	-	\$231,336	-	183	23
2013	1,120	(7.7%)	\$290,813	25.7%	119	15
2014	917	(18.1%)	\$350,669	20.6%	190	26
2015	958	4.5%	\$381,208	8.7%	203	37
2016	989	3.2%	\$415,417	9.0%	242	57
2017	870	(12.0%)	\$448,229	7.9%	208	55
2018	899	3.3%	\$464,792	3.7%	193	51
2019	885	(1.6%)	\$506,250	8.9%	186	53
2020	796	(10.1%)	\$554,458	9.5%	138	46
2021	956	20.1%	\$642,363	15.9%	113	35
2022 [2]	368	(61.5%)	\$683,833	6.5%	90	32
<b>Average/Total Change [3]</b>	<b>960</b>	<b>(21.3%)</b>	<b>\$451,761</b>	<b>195.6%</b>	<b>93</b>	<b>39</b>

Source: RedFin; EPS.

[1] Data for 2012 starts in February.

[2] Year-to-date for 2022 is through June 2022.

[3] Average and percentage change for the number of homes sold excludes 2022 as it is not a full year of data.

**Table 3-6**  
**City of Salinas**  
**Downtown HTMA**  
**Multifamily Housing Market Summary (2010-2022)**

Item	Downtown Study Area							City of Salinas Multifamily Housing						
	Total Buildings	Total Units	% Change, Total Units	New Units	Monthly Rent	% Change, Rent Asked	Vacancy Rate	Total Buildings	Total Units	% Change, Total Units	New Units	Monthly Rent	% Change, Rent Asked	Vacancy Rate
<b>Year</b>														
2010	172	2,743	-	0	\$1,119	-	3.6%	475	9,830	-	-	\$1,047	-	4.0%
2011	173	2,766	0.8%	23	\$1,124	0.4%	4.2%	475	9,830	0.0%	-	\$1,056	0.9%	4.4%
2012	173	2,766	0.0%	0	\$1,149	2.2%	3.8%	475	9,830	0.0%	-	\$1,078	2.1%	4.1%
2013	173	2,766	0.0%	0	\$1,180	2.7%	3.5%	475	9,830	0.0%	-	\$1,107	2.7%	3.6%
2014	175	2,785	0.7%	19	\$1,208	2.4%	3.2%	475	9,830	0.0%	-	\$1,151	4.0%	3.1%
2015	175	2,785	0.0%	0	\$1,293	7.0%	2.2%	475	9,830	0.0%	-	\$1,275	10.8%	2.7%
2016	176	2,826	1.5%	41	\$1,355	4.8%	2.8%	475	9,830	0.0%	-	\$1,369	7.4%	2.8%
2017	175	2,796	(1.1%)	(30)	\$1,419	4.7%	2.1%	476	9,878	0.5%	48	\$1,471	7.5%	2.6%
2018	176	2,846	1.8%	50	\$1,494	5.3%	2.2%	476	9,878	0.0%	-	\$1,546	5.1%	2.2%
2019	176	2,846	0.0%	0	\$1,517	1.5%	2.1%	476	9,878	0.0%	-	\$1,586	2.6%	2.7%
2020	176	2,846	0.0%	0	\$1,584	4.4%	1.7%	476	9,878	0.0%	-	\$1,684	6.2%	2.4%
2021	176	2,846	0.0%	0	\$1,823	15.1%	1.6%	476	9,878	0.0%	-	\$1,892	12.4%	2.1%
2022	176	2,846	0.0%	0	\$1,760	(3.5%)	1.9%	476	9,878	0.0%	-	\$1,938	2.4%	2.6%
<b>Average/</b>														
<b>Total Change</b>	<b>4</b>	<b>103</b>	<b>3.8%</b>	<b>8</b>	<b>\$1,387</b>	<b>57.3%</b>	<b>2.7%</b>	<b>1</b>	<b>48</b>	<b>0.5%</b>	<b>4</b>	<b>\$1,400</b>	<b>85.1%</b>	<b>3.0%</b>

Source: CoStar; EPS.



**Table 3-7**  
**City of Salinas**  
**Downtown HTMA**  
**Estimated Housing Unit Value Based on Income and Housing Costs in Monterey County (2022 in 2022\$)**

Item	Assumptions	Estimated Housing Costs			Monthly Mortgage Cost	Loan Amount	Estimated Unit Value
		Annual	Monthly Costs (Homeowner Costs / Rent + Utilites) [2]				
Assumptions							
Maximum Monthly Housing Cost as % of Income [3]	30.00%	A					
Mortgage Term (In Years) [4]	30	B					
Mortgage Interest Rate [5]	4.00%	C					
Down Payment as a % of Unit Value	12.00%	D					
Formula	E	F = A * E	G = F / 12	H [6]	I (see above assumptions B & C)	J = I / (1 - D)	
Income Level							
Extremely Low	\$30,500	\$9,150	\$763	\$489	\$102,413	\$116,378	
Very Low Income	\$50,850	\$15,255	\$1,271	\$814	\$170,478	\$193,726	
Low Income	\$81,350	\$24,405	\$2,034	\$1,304	\$272,996	\$310,223	
Median Income	\$81,600	\$24,480	\$2,040	\$1,307	\$273,729	\$311,056	
Moderate Income	\$97,900	\$29,370	\$2,448	\$1,569	\$328,600	\$373,410	
Above Moderate Income \$100K	\$100,000	\$30,000	\$2,500	\$1,508	\$315,720	\$358,773	
Above Moderate Income \$150K	\$150,000	\$45,000	\$3,750	\$2,261	\$473,528	\$538,100	
Above Moderate Income \$200K	\$200,000	\$60,000	\$5,000	\$3,015	\$631,441	\$717,546	

Source: Freddie Mac; EPS.

- [1] EPS assumes a household size of 4, rounding the average persons per household for the City of Salinas. Refer to Table A-5 for income limits.
- [2] Refer to Table A-12 for detailed monthly costs calculation.
- [3] Assumes affordable housing prices shall be based on no more than 30% of income being applied to housing expenses.
- [4] Based on a 30-year fixed-rate conventional mortgage.
- [5] Interest rates are based on the average for 30-year fixed-rates from 2010 to 2020 per Freddie Mac.
- [6] Estimated mortgage amounts works backwards using the monthly housing costs, see Table A-12 for details.

**Table 4-1**  
**City of Salinas**  
**Downtown HTMA**  
**Inclusionary Residential Development Static Pro Forma Summary**

Item	Source	Formula	Multifamily Renter-Occupied Units + Inclusionary Options				For-Sale Units + Inclusionary Options			
			Micro Units RD-180		RD-60		RD-60 (Condos)		RD-30 (Townhomes/Rowhouses)	
			Option 1	Option 2	Option 1	Option 2	Option 1	Option 2	Option 1	Option 2
Revenue Assumptions per Unit										
Market-Rate Sales Price/Capitalized Value	Table 4-2 and Table 4-3	A	\$174,636		\$382,200		\$387,600		\$451,440	
Affordable Sales Price/Capitalized Value	Table A-3	B	\$126,790	\$73,452	\$64,916	\$34,367	\$354,136	\$340,675	\$300,136	\$258,936
Cost Assumptions Per Unit										
Infrastructure Burden	Table 4-2 and Table 4-3		\$22,001	\$22,001	\$27,558	\$27,558	\$22,672	\$22,672	\$24,699	\$24,699
Direct Building Construction Costs	Table 4-2 and Table 4-3		\$90,170	\$90,170	\$280,698	\$280,698	\$326,010	\$326,010	\$284,520	\$284,520
Indirect Costs	Table 4-2 and Table 4-3		\$9,017	\$9,017	\$28,070	\$28,070	\$65,202	\$65,202	\$56,904	\$56,904
Financing & Builder Profit Costs	Table 4-2 and Table 4-3		\$19,768	\$19,768	\$54,861	\$54,861	\$58,916	\$58,916	\$52,118	\$52,118
Total Costs per Unit		C	\$140,956	\$140,956	\$391,187	\$391,187	\$472,801	\$472,801	\$418,240	\$418,240
Residual Land Value (RLV) per Unit										
Market Rate		D = A - C	\$33,680		(\$8,987)		(\$85,201)		\$33,200	
Market Rate RLV as % of Total Market Rate Value [1]		E = D / A	19.3%		(2.4%)		(22.0%)		7.4%	
Affordability Gap		F = B - C	(\$14,167)	(\$67,504)	(\$326,271)	(\$356,820)	(\$118,664)	(\$132,126)	(\$118,104)	(\$159,304)
Total Gap with Inclusionary Requirements		G = D + F	\$19,513	\$33,824	\$335,258	\$365,807	\$203,865	\$217,327	\$84,904	\$126,104
RLV as % of Total Value with Inclusionary Requirements [1]		H = G / A	11.2%	(19.4%)	(87.7%)	(95.7%)	(52.6%)	(56.1%)	(18.8%)	(27.9%)

Source: City of Salinas; EPS.

[1] A prototype that would be considered feasible will have a RLV equal to about 20% to 30% of total asset value (finished lot plus structure).

**Table 4-2**  
**City of Salinas**  
**Downtown HTMA**  
**Feasibility Analysis Pro Forma: Renter-Occupied Units**

<b>Renter-Occupied Units</b>
------------------------------

Item	General Assumptions	Renter-Occupied Units			
		Micro Units	% of Total	RD-60	% of Total
DEVELOPMENT PROGRAM ASSUMPTIONS [1]					
Site Acres	1.00	-	-	-	-
No. of Units		180	-	60	-
Weighted Avreage Unit Sq. Ft.		270		875	
No. of Parking Spaces		0	-	0	-
Gross Building Sq. Ft.		60,750	-	65,625	-
Net Leasable/Saleable Sq. Ft.		48,600	-	52,500	-
REVENUE ASSUMPTIONS [2]					
Residential Apartment					
Gross Potential Income per Year		\$2,245,320	7.1%	\$1,638,000	7.1%
Less Vacancy	5.0%	-	-	-	-
Less Operating & Maintenance Expenses	25.0%	-	-	-	-
Net Annual Income		\$1,571,724	5.0%	\$1,146,600	5.0%
Capitalized Value					
Cap Rate	5.0%	-	-	-	-
Total Building Value		\$31,434,480	100.0%	\$22,932,000	100.0%
Attached For-Sale Supported Price					
Sales Price		-		-	
Less Commissions		-		-	
Net Total For-Sale Revenue per Unit		-		-	
TOTAL ESTIMATED SALES PRICE/CAPTIALIZED VALUE		\$31,434,480	100.0%	\$22,932,000	100.0%
PER UNIT		\$174,636		\$382,200	

**Table 4-2**  
**City of Salinas**  
**Downtown HTMA**  
**Feasibility Analysis Pro Forma: Renter-Occupied Units**

<b>Renter-Occupied Units</b>
------------------------------

Item	General Assumptions	Renter-Occupied Units			
		Micro Units	% of Total	RD-60	% of Total
COST ASSUMPTIONS [2]					
Direct Building Construction Costs					
Site Work	\$435,600	-	1.7%	-	1.9%
Building Construction Costs		\$15,795,000	62.3%	\$16,406,250	69.9%
Total Direct Building Construction Costs		\$16,230,600	64.0%	\$16,841,850	71.8%
Other Soft Costs					
As a % of Direct Costs	10.0%	-	-	-	-
Total Other Soft Costs		\$1,623,060	6.4%	\$1,684,185	7.2%
Total Building & Development Impact Fees		\$3,960,173	15.6%	\$1,653,502	7.0%
Financing					
Interest (7.0%, 50% LTC, 50% Outstanding)		\$534,439	2.1%	\$494,399	2.1%
Fees (2.0% of loan amount)		\$305,394	1.2%	\$282,514	1.2%
Total Financing Costs		\$839,833	3.3%	\$776,912	3.3%
Builder Fee					
As a % of All Costs	12.0%	-	-	-	-
Total Builder Fee		\$2,718,440	10.7%	\$2,514,774	10.7%
TOTAL ESTIMATED COSTS		\$25,372,106	100.0%	\$23,471,223	100.0%
PER UNIT		\$140,956		\$391,187	
RESIDUAL LAND VALUE		\$6,062,374	-	(\$539,223)	-
Per Acre		\$6,062,374	-	(\$539,223)	-
Per Unit		\$33,680		(\$8,987)	
As a % of Value		19.3%	-	(2.4%)	-

Source: EPS.

[1] See Table A-1.

[2] See Table A-2.

**Table 4-3**  
**City of Salinas**  
**Downtown HTMA**  
**Feasibility Analysis Pro Forma: Owner-Occupied Units**

<b>Owner-Occupied Units</b>
-----------------------------

Item	General Assumptions	Attached Owner-Occupied Units			
		Condo RD-60	% of Total	Townhome/ Rowhouse RD-30	% of Total
DEVELOPMENT PROGRAM ASSUMPTIONS [1]					
Site Acres	1.0	-	-	-	-
No. of Units		60	-	30	-
No. of Parking Spaces		0	-	0	-
Gross Building Sq. Ft.		76,500	-	40,500	-
Net Leasable/Saleable Sq. Ft.		61,200	-	32,400	-
REVENUE ASSUMPTIONS [2]					
Attached Townhome For-Sale Supported Price					
Total Sales Price		\$24,480,000	-	\$14,256,000	-
Less Marketing/Commissions	5.0%				
Net Total For-Sale Revenue		\$23,256,000	100.0%	\$13,543,200	100.0%
TOTAL ESTIMATED SALES PRICE/CAPTIALIZED VALUE		\$23,256,000	100.0%	\$13,543,200	100.0%
PER UNIT		\$387,600		\$451,440	



**Table 4-3**  
**City of Salinas**  
**Downtown HTMA**  
**Feasibility Analysis Pro Forma: Owner-Occupied Units**

**Owner-Occupied Units**

Item	General Assumptions	Attached Owner-Occupied Units			
		Condo RD-60	% of Total	Townhome/ Rowhouse RD-30	% of Total
COST ASSUMPTIONS [2]					
Direct Building Construction Costs					
Site Work	\$435,600	-	1.5%	-	3.5%
Building Construction Costs		\$19,125,000	67.4%	\$8,100,000	64.6%
Total Direct Building Construction Costs		\$19,560,600	69.0%	\$8,535,600	68.0%
Other Soft Costs					
As a % of Direct Costs	20.0%	-	-	-	-
Total Other Soft Costs		\$3,912,120	13.8%	\$1,707,120	13.6%
Total Building & Development Impact Fees		\$1,360,346	4.8%	\$740,956	5.9%
Financing					
Interest (7.0%, 50% LTC, 50% Outstanding)		\$608,410	2.1%	\$269,100	2.1%
Fees (2.0% of loan amount)		\$347,663	1.2%	\$153,771	1.2%
Total Financing Costs		\$956,073	3.4%	\$422,872	3.4%
Builder Fee					
As a % of All Costs	10.0%	-	-	-	-
Total Builder Fee		\$2,578,914	9.1%	\$1,140,655	9.1%
TOTAL ESTIMATED COSTS		\$28,368,053	100.0%	\$12,547,202	100.0%
PER UNIT		\$472,801		\$418,240	
RESIDUAL LAND VALUE					
Per Acre		(\$5,112,053)	-	\$995,998	-
Per Unit		(\$85,201)	-	\$33,200	-
As a % of Value		(22.0%)	-	7.4%	-

Source: EPS.

[1] See Table A-1.

[2] See Table A-2.



## APPENDIX A

Table A-1	Development Standards and Assumptions: Market Rate.....	32
Table A-2	Development Cost and Revenue Assumptions .....	33
Table A-3	Inclusionary Residential Development Prototype Detail .....	34
Table A-4	Estimated Rent and Housing Value Based on Income and Housing Costs.....	35
Table A-5	Monterey County Income Limits .....	36
Table A-6	Micro Unit Comparables.....	37
Table A-7	Detailed Multifamily Market Analysis.....	38
Table A-8	Attached Ownership Comparable Properties .....	39
Table A-9	New Home Asking Price Comparison.....	40
Table A-10	Estimated Monthly Housing Costs by Category in Monterey County .....	41

**Table A-1**  
**City of Salinas**  
**Downtown HTMA**  
**Development Standards and Assumptions: Market Rate**

**Development Assumptions:**  
**Market Rate**

Item	Renter-Occupied Micro Units RD-180		Renter-Occupied RD-60		Owner-Occupied RD-60		Owner-Occupied Attached Townhome/Rowhouse RD-30	
	Rate or Percentage	Amount	Rate or Percentage	Amount	Rate or Percentage	Amount	Rate or Percentage	Amount
Site Area (Acres)		1.0		1.0		1.0		1.0
Density (DU/Acre) [1]		180.0		60.0		60.0		30.0
Height Limit (in Feet) [1]		75		75		75		35
Height Limit (in Stories)		6		6		6		3
Market-Rate Units	100%	180	100%	60	100%	60	100%	30
Bedroom Mix	<u>% of Total</u>		<u>% of Total</u>		<u>% of Total</u>		<u>% of Total</u>	
Studio	80%	144	25%	15	10%	6	0%	0
1 Bedroom	20%	36	25%	15	30%	18	30%	9
2 Bedroom	0%	0	50%	30	60%	36	70%	21
Total	100%	180	100%	60	100%	60	100%	30
Bedroom Mix Sq. Ft.	<u>Sq. Ft.</u>		<u>Sq. Ft.</u>		<u>Sq. Ft.</u>		<u>Sq. Ft.</u>	
Studio	250	36,000	550	8,250	600	3,600	600	0
1 Bedroom	350	12,600	750	11,250	800	14,400	800	7,200
2 Bedroom	0	0	1,100	33,000	1,200	43,200	1,200	25,200
Weighted Average/Net Total	270	48,600	875	52,500	1,020	61,200	1,080	32,400
Gross Building Sq. Ft. [2]	-	60,750	-	65,625	-	76,500	-	40,500

Source: City of Salinas Municipal Code; EMC; EPS.

[1] Assumes Mixed Use in Central City Overlay District.

[2] Applies a 80 percent efficiency factor to the net leasable square footage.

**Table A-2**  
**City of Salinas**  
**Downtown HTMA**  
**Development Cost and Revenue Assumptions**

**Cost and Revenue  
Assumptions**

Item	Assumptions	General Assumptions	Multifamily Residential			
			Renter-Occupied		Owner-Occupied	
			Micro	RD-60	RD-60	Townhome RD-30
Market-Rate Revenue Assumptions						
Residential Revenue [1]	per leasable (monthly)/saleable sq. ft.	-	\$3.85	\$2.60	\$400.00	\$440.00
Cap Rates [2]						
Residential			5.00%	5.00%	-	-
Hard Construction Cost Assumptions						
Basic Site Work/Grading	per land site sq. ft.	\$10.00	-	-	-	-
Building Construction Cost [3]	per gross building sq. ft.		\$260.00	\$250.00	\$250.00	\$200.00

Source: RedFin; CoStar; CBRE Research United States Cap Rate Survey H2 2021, March 2022; Saylor; ENR; RS Means; CA Board of Equalization; Victoria Transport Policy Institute; WGI Parking Solutions; EPS.

- [1] Multifamily rental rates based on data shown in Table A-6 and Table A-7 per CoStar and project websites. For-sale figures are based on a survey of comparable for-sale properties from RedFin as of August 2022, as shown in Table A-8, as well as new construction in Table A-9.
- [2] Cap rates based on data for Northern California per various sources such as CBRE and CoStar.
- [3] Hard construction costs based on discussions with developers and architects and Saylor.com for 2020, adjusted using the index for the City of Salinas/Monterey of 90% and escalated to 2022 dollars per the 2020 to 2022 ENR Construction Cost Index of 10.2%.

Table A-3  
City of Salinas  
Downtown HTMA  
Inclusionary Residential Development Prototype Detail

Inclusionary Residential  
Prototypes

Item		Multifamily Renter-Occupied Units												For-Sale Units Inclusionary Options														
		Micro Units RD-180						RD-60						RD-60 (Condos)						RD-30 (Townhomes/Rowhouses)								
		Option 1			Option 2			Option 1			Option 2			Option 1			Option 2			Option 1			Option 2					
Unit Count		180						60						60						30								
Unit Mix [1]		Household Size		%	Units	Value	%	Units	Value	%	Units	Value	%	Units	Value	%	Units	Value	%	Units	Value	%	Units	Value				
Studio		1	-	80%	17	-	80%	17	-	25%	2	-	25%	2	-	10%	1	-	10%	1	-	0%	-	-	-			
One Bedroom		2	-	20%	5	-	20%	4	-	25%	2	-	25%	2	-	30%	4	-	30%	3	-	30%	2	-	30%	2	-	
Two Bedroom/2 Bath		3	-	0%	-	-	0%	-	-	50%	3	-	50%	3	-	60%	7	-	60%	5	-	70%	4	-	70%	3	-	
		-	-	12%	22	-	12%	22	-	12%	7	-	12%	7	-	20%	12	-	15%	9	-	20%	6	-	15%	5	-	
		Household Income [2]	Annual Rent	%				%				%	For-Sale Unit Value	%				%				%						
Very Low Unit Mix Percentage																												
Studio		\$35,600	\$12,474	-	-	-	80%	12	\$149,688	-	-	-	25%	1	\$12,474	\$112,889	10%	-	-	-	-	0%	-	\$0	-	-	-	
One Bedroom		\$40,700	\$12,474	-	-	-	20%	3	\$37,422	-	-	-	25%	1	\$12,474	\$112,889	30%	1	\$112,889	-	-	30%	-	\$0	-	-	-	
Two Bedroom/2 Bath		\$45,800	\$12,474	-	-	-	0%	-	\$0	-	-	-	50%	2	\$24,948	\$135,378	60%	1	\$135,378	-	-	70%	1	\$135,378	-	-	-	
		-	-	-	-	-	8%	15	\$187,110	-	-	-	8%	4	\$49,896	-	4%	2	\$248,267	0%	-	-	4%	1	\$135,378	0%	-	-
Low Unit Mix Percentage																												
Studio		\$57,025	\$12,474	-	-	-	80%	6	\$74,844	-	-	-	25%	1	\$12,474	\$181,129	10%	1	\$181,129	-	-	-	0%	-	\$0	-	-	-
One Bedroom		\$65,100	\$12,474	-	-	-	20%	1	\$12,474	-	-	-	25%	1	\$12,474	\$181,129	30%	2	\$362,258	-	-	-	30%	1	\$181,129	-	-	-
Two Bedroom/2 Bath		\$73,250	\$12,474	-	-	-	0%	-	\$0	-	-	-	50%	1	\$12,474	\$216,517	60%	3	\$649,550	-	-	-	70%	2	\$433,034	-	-	-
		-	-	-	-	-	4%	7	\$87,318	-	-	-	4%	3	\$37,422	-	8%	6	\$1,192,937	0%	-	-	8%	3	\$614,162	0%	-	-
Median Unit Mix Percentage																												
Studio		\$57,100	\$12,474	-	-	-	-	-	-	-	-	-	-	-	\$181,349	-	-	-	10%	1	\$181,349	-	-	-	0%	-	-	
One Bedroom		\$65,300	\$12,474	-	-	-	-	-	-	-	-	-	-	-	\$181,349	-	-	-	30%	1	\$181,349	-	-	-	30%	1	\$181,349	
Two Bedroom/2 Bath		\$73,450	\$12,474	-	-	-	-	-	-	-	-	-	-	-	\$217,178	-	-	-	60%	2	\$434,356	-	-	-	70%	1	\$273,645	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6%	4	\$797,055	-	-	-	6%	2	\$454,994	
Moderate Unit Mix Percentage																												
Studio		\$68,550	\$12,474	80%	17	\$212,058	-	-	-	25%	2	\$24,948	-	-	-	\$217,619	10%	-	-	10%	1	\$217,619	0%	-	\$0	0%	-	-
One Bedroom		\$78,300	\$12,474	20%	5	\$62,370	-	-	-	25%	2	\$24,948	-	-	-	\$217,619	30%	1	\$217,619	30%	1	\$217,619	30%	-	\$0	30%	1	\$217,619
Two Bedroom/2 Bath		\$88,100	\$12,474	0%	-	\$0	-	-	-	50%	3	\$37,422	-	-	-	\$260,393	60%	1	\$260,393	60%	2	\$520,787	70%	1	\$260,393	70%	1	\$260,393
		-	-	12%	22	\$274,428	-	-	-	12%	7	\$87,318	-	-	-	-	4%	2	\$478,013	6%	4	\$956,025	4%	1	\$260,393	6%	2	\$478,013
Work Force Unit Mix Percentage																												
Studio		\$95,178	\$12,474	-	-	-	-	-	-	-	-	-	-	-	\$311,215	10%	-	\$0	10%	-	-	0%	-	\$0	0%	-	-	
One Bedroom		\$105,754	\$12,474	-	-	-	-	-	-	-	-	-	-	-	\$311,215	30%	1	\$311,215	30%	-	-	30%	-	\$0	30%	-	-	
Two Bedroom/2 Bath		\$117,504	\$12,474	-	-	-	-	-	-	-	-	-	-	-	\$357,848	60%	1	\$357,848	60%	1	\$357,848	70%	1	\$357,848	70%	1	\$357,848	
		-	-	-	-	-	-	-	-	-	-	-	-	-	4%	2	\$669,063	3%	1	\$357,848	4%	1	\$357,848	3%	1	\$357,848		
Total Estimated Annual Revenue/Value		-	-	-	22	\$274,428	-	22	\$274,428	-	7	\$87,318	-	7	\$87,318	-	-	12	\$2,588,279	-	9	\$2,110,928	-	6	\$1,367,782	-	5	\$1,290,855
Weighted Avg. Residential Per Unit						\$8,093			\$4,897			\$4,328			\$2,291													
Less Vacancy and Maintenance		25%				\$6,069			\$3,673			\$3,246			\$1,718													
Capitalization Rate		5.0%				\$121,390			\$73,452			\$64,916			\$34,367													
Housing Impact Fee						\$5,400			NA			NA			NA													

Source: City of Salinas; State of California Department of Finance; State of California Housing and Community Development (HCD); EPS.

[1] Household sizes per HCD determination of projects with federal assistance.

[2] Household income per HCS 2021 Income limits.

[3] See Table A-4 for estimated unit values.



**Table A-4**  
**City of Salinas**  
**Downtown HTMA**  
**Estimated Rent and Housing Value Based on Income and Housing Costs**

Item	Annual Income [1]	Estimated Housing Costs			Loan Amount	Estimated Unit Value
		Annual	Monthly Costs (Homeowner Costs / Rent + Utilities) [2]	Monthly Mortgage Cost		
<b>Assumptions</b>						
Maximum Monthly Housing Cost as % of Income [3]	30.00%	A				
Mortgage Term (In Years) [4]	30	B				
Mortgage Interest Rate [5]	4.00%	C				
Down Payment as a % of Unit Value	5.00%	D				
Formula	E	F = A * E	G = F / 12	H	I (see above assumptions B & C)	J = I / (1 - D)
<b>Income Level</b>						
		<b>1-Person Household</b>				
Extremely Low	\$21,350	\$6,405	\$534	\$308	\$64,409	\$67,799
Very Low Income	\$35,600	\$10,680	\$890	\$512	\$107,244	\$112,889
Low Income	\$57,025	\$17,108	\$1,426	\$822	\$172,072	\$181,129
Median Income	\$57,100	\$17,130	\$1,428	\$823	\$172,282	\$181,349
Moderate Income	\$68,550	\$20,565	\$1,714	\$987	\$206,738	\$217,619
Work Force	\$95,178	\$28,553	\$2,379	\$1,412	\$295,655	\$311,215
<b>Income Level</b>						
		<b>2-Person Household</b>				
Extremely Low	\$24,400	\$7,320	\$610	\$368	\$76,977	\$81,028
Very Low Income	\$40,700	\$12,210	\$1,018	\$614	\$128,609	\$135,378
Low Income	\$65,100	\$19,530	\$1,628	\$982	\$205,691	\$216,517
Median Income	\$65,300	\$19,590	\$1,633	\$985	\$206,319	\$217,178
Moderate Income	\$78,300	\$23,490	\$1,958	\$1,181	\$247,374	\$260,393
Work Force	\$105,754	\$31,726	\$2,644	\$1,623	\$339,956	\$357,848
<b>Income Level</b>						
		<b>3-Person Household</b>				
Extremely Low	\$27,450	\$8,235	\$686	\$428	\$89,649	\$94,368
Very Low Income	\$45,800	\$13,740	\$1,145	\$715	\$149,660	\$157,537
Low Income	\$73,250	\$21,975	\$1,831	\$1,143	\$239,309	\$251,905
Median Income	\$73,450	\$22,035	\$1,836	\$1,146	\$239,938	\$252,566
Moderate Income	\$88,100	\$26,430	\$2,203	\$1,375	\$288,009	\$303,168
<b>Income Level</b>						
		<b>4-Person Household</b>				
Extremely Low	\$30,500	\$9,150	\$763	\$489	\$102,427	\$107,817
Very Low Income	\$50,850	\$15,255	\$1,271	\$814	\$170,501	\$179,475
Low Income	\$81,350	\$24,405	\$2,034	\$1,304	\$273,033	\$287,403
Median Income	\$81,600	\$24,480	\$2,040	\$1,307	\$273,766	\$288,175
Moderate Income	\$97,900	\$29,370	\$2,448	\$1,569	\$328,645	\$345,942

value

Source: Freddie Mac; EPS.

[1] Refer to Table A-5 for income limits.

[2] Refer to Table A-10 for detailed monthly costs calculation.

[3] EPS assumes affordable housing prices shall be based on no more than 30% of income being applied to housing expenses.

[4] Based on a 30-year fixed-rate conventional mortgage.

[5] The 4.0% interest rate estimate is based on the average for 30-year fixed-rates from 2010 to 2020 per Freddie Mac.

**Table A-5**  
**City of Salinas**  
**Downtown HTMA**  
**Monterey County Income Limits (2022 in 2022\$)**

Income Level	% of AMI		Monterey County Income Limits Based on HH Size:			
			1	2	3 [1]	4
Extremely Low	≤ 30% AMI	30%	\$21,350	\$24,400	\$27,450	\$30,500
Very Low Income	>30% to ≤50% AMI	50%	\$35,600	\$40,700	\$45,800	\$50,850
<b>Low Income</b>	<b>&gt;50% to ≤80% AMI</b>	<b>80%</b>	<b>\$57,025</b>	<b>\$65,100</b>	<b>\$73,250</b>	<b>\$81,350</b>
Median Income	>80% to ≤100% AMI	100%	\$57,100	\$65,300	\$73,450	\$81,600
Moderate Income	>100% AMI to ≤120% AMI	120%	\$68,550	\$78,300	\$88,100	\$97,900
Work Force	>120% AMI to ≤160% AMI	160%	\$95,178	\$105,754	\$117,504	\$130,560

*limits*

Source: United States Department of Housing and Urban Development FY 2022 Income Limits; State of California Department of Housing and Community Development, "State Income Limits for 2022"; EPS.

[1] The average persons per household for the City of Salinas is 3.6 per the 2022 DOF.

**Table A-6**  
**City of Salinas**  
**Downtown HTMA**  
**Micro Unit Comparables**

Item	Address	Number of Units	Average Unit Size (Sq. Ft.)	Property Size (Sq. Ft.)	Land Area (Sq. Ft.)	Acres	DU/Acre	Number of Parking Spaces	Spaces per Unit	Year Built	Average Rent	Average Rent per Sq. Ft.
<b>Micro Unit Apartments</b>												
19J	Sacramento	175	484	80,000	12,807	0.3	595.2	50	0.3	2019	\$2,082	\$4.30
Sonrisa [1]	Sacramento	58	267	19,358	11,326	0.3	223.1	0	0.0	2023	\$887	\$3.32
259 Meridian Ave [1]	San Jose	226	400	122,300	56,192	1.3	175.2	162	0.7	2024	\$1,150	\$2.88
388 Fulton	San Francisco	69	488	50,750	12,520	0.3	240.1	0	0.0	2016	For-Sale	NA
<b>Total/Average/Weighted Average</b>		<b>528</b>	<b>425</b>	<b>68,102</b>	<b>23,211</b>	<b>0.5</b>	<b>328.1</b>	<b>53</b>	<b>0.4</b>	<b>2021</b>	<b>\$1,280</b>	<b>\$3.01</b>

Source: CoStar; Sacramento Business Journal; project websites; The Sacramento Bee; City of San Jose; Mercury News; EPS.

[1] These projects are 100% affordable.

**Table A-7**  
**City of Salinas**  
**Downtown HTMA**  
**Detailed Multifamily Comparables Market Analysis**

Property [1]	Address	Number of Units	Average Unit Size (Sq. Ft.)	Property Size (Sq. Ft.)	Land Area (Sq. Ft.)	Acres	DU/Acre	Number of Parking Spaces	Spaces per Unit	Year Built	Average Rent	Average Rent per Sq. Ft.
<b>Apartment Complex</b>												
-	16 Natividad Rd	48	528	43,220	65,301	1.5	32.0	-	-	1966	\$1,226	\$2.32
Tahitian Village Apartments	976 W Alisal St	35	691	31,584	46,801	1.1	32.6	35	1.0	1964	\$1,473	\$2.13
The Reef Apartments	333 W Laurel Dr	54	680	33,004	72,000	1.7	32.7	69	1.3	1964	\$1,533	\$2.25
Northridge Manor Apartments	105 N Prado St	32	700	22,400	42,253	1.0	33.0	42	1.3	1978	\$1,515	\$2.16
The Courtyard Apartments	22 Capitol St	40	710	28,400	52,799	1.2	33.0	40	1.0	1984	\$1,846	\$2.60
Maple Manor Apartments	300-320 Maple St	24	618	14,793	31,459	0.7	33.2	27	1.1	1966	\$1,075	\$1.74
East Park Apartments	904-908 Acosta Plz	36	720	25,920	47,149	1.1	33.3	58	1.6	1985	\$1,934	\$2.69
The Gables	2186-2198 Brutus Cir	60	816	58,952	78,538	1.8	33.3	120	2.0	1989	\$1,717	\$2.10
California Pride	454 California St	15	945	20,952	19,602	0.5	33.3	34	2.3	-	\$1,357	\$1.44
93 North	93 Castro St	104	695	71,275	135,297	3.1	33.5	118	1.1	1986	\$2,264	\$3.26
The Park Terrace Apartments	619 E Romie Ln	52	613	30,170	67,514	1.5	33.6	-	-	1963	\$1,691	\$2.76
Pointe at Northridge	424-436 Noice Dr	187	789	149,415	231,739	5.3	35.2	257	1.4	1979	\$2,146	\$2.72
Glenhaven Apartments	415 Williams Rd	22	932	15,936	27,007	0.6	35.5	30	1.4	1977	\$1,328	\$1.42
-	401 Monterey St	16	452	8,090	18,652	0.4	37.4	21	1.3	2019	\$660	\$1.46
-	270 Harvest St	26	800	24,794	30,100	0.7	37.6	30	1.2	1964	\$1,440	\$1.80
Pointe at Westlake	60 Stephanie Dr	139	593	100,650	157,761	3.6	38.4	18	0.1	1975	\$1,765	\$2.98
Sheridan Apartments	1450 N 1st St	116	749	93,760	130,680	3.0	38.7	166	1.4	2019	\$2,248	\$3.00
-	1009 Sieber Ave	18	792	14,604	19,936	0.5	39.3	26	1.4	1980	\$1,176	\$1.48
Park View Apartments	715 Elton Pl	28	575	22,282	27,417	0.6	44.5	30	1.1	1971	\$1,135	\$1.97
Nissen Village Apartments	75 Nissen Rd	70	530	38,336	67,082	1.5	45.5	70	1.0	1976	\$1,450	\$2.74
Kipling Manor Apartments	82-90 Kip Dr	92	791	132,016	71,918	1.7	55.7	117	1.3	1993	\$1,615	\$2.04
Park View Apartments	707 Elton Pl	54	660	41,895	39,653	0.9	59.3	30	0.6	1986	\$1,982	\$3.00
-	618 N Sanborn Rd	12	675	14,188	5,798	0.1	90.2	16	1.3	1979	\$1,335	\$1.98
Terrace View Apartments	787-791 Garner Ave	45	768	34,541	12,380	0.3	158.3	56	1.2	1989	\$1,030	\$1.34
<b>Total/Average/Weighted Average</b>		<b>1,325</b>	<b>701</b>	<b>44,632</b>	<b>62,452</b>	<b>1.4</b>	<b>43.0</b>	<b>64</b>	<b>1.1</b>	<b>1981</b>	<b>\$1,747</b>	<b>\$2.49</b>

Source: CoStar; EPS.

[1] Includes properties with 10 or more units, and excludes properties without a listed asking rent price.

**Table A-8**  
**City of Salinas**  
**Downtown HTMA**  
**Attached Ownership Comparable Properties**

Item	Year Built	Attached Projects				Price per Sq. Ft.
		Unit Sq. Ft.	Lot Sq. Ft.	Date Sold	Sale Price	
Condominium						
689 Las Casitas Dr	2002	1,513	-	August-10-2022	\$509,000	\$336.42
705 Garner Ave #103	2004	988	-	June-14-2022	\$362,000	\$366.40
711 Garner Ave #103	2004	988	-	February-15-2022	\$355,000	\$359.31
18235 Caldwell St	2017	1,847	-	January-27-2022	\$725,000	\$392.53
14814 Kit Carson Dr	2018	1,330	-	Jan-00	\$284,000	\$213.53
17619 Reynolds St	2019	1,847	-	April-15-2022	\$796,000	\$430.97
14881 Kit Carson Dr	2019	2,199	-	May-4-2022	\$800,000	\$363.80
14746 Kit Carson Dr	2019	1,726	-	March-24-2022	\$750,000	\$434.53
Total/Weighted Average		12,438			\$620,616	\$368.00
Townhome						
1860 Cherokee Dr #2	1982	1,621	1,961	October-25-2021	\$525,000	\$323.87
1832 Cherokee Dr #4	1982	1,243	2,052	August-20-2021	\$450,000	\$362.03
1883 Cherokee Dr #3	1983	1,083	550	May-12-2022	\$407,500	\$376.27
142 Nissen Rd #1	1985	1,358	2,555	September-17-2021	\$560,000	\$412.37
120 Nissen Rd #4	1985	1,358	2,495	November-16-2021	\$550,000	\$405.01
102 Nissen Rd	1985	1,293	3,433	February-18-2022	\$595,000	\$460.17
2360 N Main St #1	1986	1,152	742	September-30-2021	\$342,000	\$296.88
949 Nantucket Blvd #18	1996	1,597	3,060	February-3-2022	\$620,000	\$388.23
17819 Banks St	2018	1,847	1,181	March-31-2022	\$700,000	\$378.99
16230 E Garrison	2019	2,199	1,462	September-10-2021	\$750,000	\$341.06
Total/Weighted Average		14,751	1,949		\$573,160	\$373.00

Source: The Gregory Group; EPS.



Table A-9  
City of Salinas  
Downtown HTMA  
New Home Asking Price Comparison

Project-Location	Project Type	Starting Asking Sales Price	Sq. Ft.	Asking Sales Price per Sq. Ft.	Bed	Bath
The Dunes - Marina, CA						
Beach House						
Plan 1 [1]	SFR Detached	\$1,114,500	2,315	\$481.43	3	2.5
Plan 2 [1]	SFR Detached	\$1,249,000	2,401	\$520.20	4	3.0
Plan 3	SFR Detached	\$1,233,000	2,432	\$506.99	4	3.0
Average Beach House		\$1,198,833	2,383	\$503.15	4	3.0
Sea House						
Plan 1	SFR Attached	\$847,033	1,581	\$535.76	2	2.5
Plan 2 [1]	SFR Attached	\$865,440	1,735	\$498.81	3	2.5
Plan 3	SFR Attached	\$912,651	1,969	\$463.51	3	2.5
Plan 4 [1]	SFR Attached	\$910,276	1,919	\$474.35	3	2.5
Average Sea House		\$883,850	1,801	\$490.76	3	2.5
Surf House						
Plan 1	SFR Detached	\$995,378	2,012	\$494.72	3	2.5
Plan 2 [1]	SFR Detached	\$1,028,945	2,222	\$463.07	3	2.5
Plan 3 [1]	SFR Detached	\$1,061,452	2,280	\$465.55	4	3.0
Average Surf House		\$1,028,592	2,171	\$473.71	3	2.5
Average The Dunes		\$1,021,768	2,087	\$489.68	3	2.5
Vintage Estates - Soledad, CA						
Residence 1550	SFR Detached	\$581,990	1,550	\$375.48	3	2.0
Residence 1803	SFR Detached	\$604,990	1,803	\$335.55	3	2.5
Residence 1994	SFR Detached	\$619,990	1,994	\$310.93	3	2.5
Residence 2131	SFR Detached	\$629,990	2,131	\$295.63	3	2.5
Residence 2438	SFR Detached	\$662,990	2,438	\$271.94	4	3.0
Average Vintage Estates		\$619,990	1,983	\$312.62	3	2.5
The Enclave - Seaside, CA						
Residence 1	SFR Detached	\$1,748,000	2,941	\$594.36	4	4.5
Residence 2	SFR Detached	\$2,025,000	3,456	\$585.94	4	4.5
Residence 3	SFR Detached	Sold Out	3,456	NA	4	3.5
Residence 4	SFR Detached	\$2,202,500	3,724	\$591.43	4	4.5
Residence 5	SFR Detached	Sold Out	3,533	NA	4	3.5
Residence 6	SFR Detached	\$1,947,000	3,033	\$641.94	3	3.5
Average The Enclave		\$1,980,625	3,357	\$589.97	4	4.0
Roberts Ranch - Hollister, CA						
Plan 1478	SFR Detached	NA	1,478	NA	3	2.0
Plan 1896 [1]	SFR Detached	\$815,000	1,896	\$429.85	3	2.0
Plan 1967	SFR Detached	\$825,000	1,967	\$419.42	4	2.0
Plan 2209 [1]	SFR Detached	NA	2,209	NA	3	2.0
Plan 2273	SFR Detached	NA	2,273	NA	4	2.5
Plan 2321	SFR Detached	NA	2,321	NA	4	2.5
Plan 2525	SFR Detached	NA	2,525	NA	5	3.0
Plan 2775	SFR Detached	NA	2,775	NA	5	3.0
Plan 3465	SFR Detached	NA	3,465	NA	5	3.5
Average Roberts Ranch		\$820,000	2,323	\$352.96	4	2.5
Montclair - Hollister, CA						
Residence 1	SFR Detached	\$780,990	1,628	\$479.72	3	2.0
Residence 2	SFR Detached	\$803,990	1,743	\$461.27	3	2.5
Residence 3	SFR Detached	\$841,990	2,054	\$409.93	4	2.5
Residence 4	SFR Detached	\$857,990	2,176	\$394.30	4	2.5
Residence 5	SFR Detached	\$871,990	2,320	\$375.86	4	3.0
Residence 6	SFR Detached	\$874,990	2,493	\$350.98	4	3.0
Residence 7	SFR Detached	\$894,990	2,833	\$315.92	5	3.0
Residence 8	SFR Detached	\$914,990	3,153	\$290.20	5	3.5
Average Montclair		\$855,240	2,300	\$371.84	4	3.0

new\_sales

Source: Shea Homes; Legacy Homes; Mertiage Homes; KB Homes; EPS.

[1] Model plan includes option for 1 more bedrooms.

**Table A-10**  
**City of Salinas**  
**Downtown HTMA**  
**Estimated Monthly Housing Costs by Category in Monterey County (2022 in 2022\$)**

Item	Assumptions	Estimated Monthly Cost			Total
		Mortgage Payment	Mortgage Insurance	Taxes and Insurance	
Annual Property Taxes and Homeowners Insurance	2.00%				
Mortgage Insurance as a % of Loan Amt. [1]	1.50%				
<b>Income Level</b>	<b><u>Annual Income [2]</u></b>				
Extremely Low	\$21,350	\$489	\$128	\$146	<b>\$763</b>
Very Low Income	\$50,850	\$814	\$213	\$244	<b>\$1,271</b>
Low Income	\$81,350	\$1,304	\$341	\$389	<b>\$2,034</b>
Median Income	\$81,600	\$1,307	\$342	\$391	<b>\$2,040</b>
Moderate Income	\$97,900	\$1,569	\$411	\$468	<b>\$2,448</b>
Above Moderate Income \$100K	\$100,000	\$1,508	\$395	\$598	<b>\$2,500</b>
Above Moderate Income \$150K	\$150,000	\$2,261	\$592	\$897	<b>\$3,750</b>
Above Moderate Income \$200K	\$200,000	\$3,015	\$789	\$1,196	<b>\$5,000</b>

Source: Realtor.com; Zillow; bankrate.com; wells Fargo.com; chase.com; nerwallet.com; EPS.

[1] Mortgage insurance rate is based on an average of the estimated range from 0.55% to 2.25%. Rates are based on credit and down payment amounts.

[2] Refer to Table A-5 for income limits.

**Updated Table 5-1 Housing Units in Downtown (Central City Overlay) Between 1996 - 2022**

Property Name	Property Address	Total Units	Bedrooms							No. of Restricted Units	Income Level				Year Constructed	Affordability Term	Restricted Expiration
			SRO	S	1B	2B	3B	4B	8B		Extremely Low	Very Low	Low	Moderate			
Plaza Grande	50 E. Market St	95	95							95	0	95	0	0	2003	40	12/1/2043
Forester Building	369 Main St	10		8	2					0	0	0	0	0	2000	20	4/12/2020*
Pajaro Triplex	139 Pajaro St	3				3				3	0	0	3	0	1996	30	5/6/2026
Lupine Grdens	118 E. Alisal St	20	20							20	0	20	0	0	2006	30	8/8/2036
California House	436 California St	8		3	5					8	0	8	0	0	2002	30	7/3/2032
Sun Rose Apartments	439 Soledad St	11		7	3				1	10	0	9	1	0	2022	30	2/11/2036
Tynan Village	323 Front St	171		8	25	32	8			106	0	33	73	0	2008	55	12/4/2063
Gateway	25 Lincoln St	52		25	21	6				51	6	24	14	7	2012	55	12/17/2068
401 Monterey Street	401 Monterey St	16	16							2	0	2	0	0	2019	55	1/10/2074
Steinbeck Commons	10 Lincoln	100			99	1				99	0	0	99	0	1999 / 2021	55	1/1/2076
<b>Total</b>		<b>486</b>	<b>131</b>	<b>51</b>	<b>155</b>	<b>41</b>	<b>8</b>	<b>0</b>	<b>1</b>	<b>394</b>	<b>6</b>	<b>191</b>	<b>190</b>	<b>7</b>	* Affordability Period Expired		

394

**Housing Units Near Downtown Between 2013- 2022**

Property Name	Property Address	Total Units	Bedrooms							No. of Restricted Units	Income Level				Year Constructed	Affordability Term	Restricted Expiration
			SRO	S	1B	2B	3B	4B	8B		Extremely Low	Very Low	Low	Moderate			
Haciendas Phase I	201-233 Calle Cebu	53			9	27	14	3		52		38	14		2013	55	1/8/2068
Haciendas Phase II	221, 225, 237, 241 Calle Cebu	46			6	20	17	3		45		2	43		2014	55	6/30/2068
Hacienda Phase III - Hikari	131 E. Rossi Street	50			19	16	15			49			49		2019	30	3/18/2049
Haciendas Phase IV - Dai-Ichi	34-54 Rossi Street	41			41					40			40		2016	30	3/17/2045
Moon Gate Plaza	21 Soledad St	90	81		4	5				88		12	76		2020	55	11/24/2075
Catalyst Apartments	235 Martella St	5			5					5			5		2022	15	11/18/2020
<b>Total</b>		<b>285</b>	<b>81</b>	<b>0</b>	<b>84</b>	<b>68</b>	<b>46</b>	<b>6</b>	<b>0</b>	<b>279</b>	<b>0</b>	<b>52</b>	<b>227</b>	<b>0</b>			



## Map Legend

- Downtown Core Area
- Downtown Neighborhood Area
- City Restricted Projects
- CTCAC Restricted Projects

- 1 Plaza Grande
  - 2 Forester Building\*
  - 3 Pajaro Triplex
  - 4 Lupine Gardens
  - 5 California House
  - 6 Sun Rose
  - 7 Tynan Village
  - 8 Gateway
  - 9 Haciendas Phase I
  - 10 Haciendas Phase II
  - 11 Haciendas Phase III - Hikari
  - 12 Haciendas Phase IV - Dai-Ichi
  - 13 Moon Gate Plaza
  - 14 401 Monterey Street
  - 15 Catalyst Apartments
  - 16 Steinbeck Commons
- \* Affordability Period Expired





# INCLUSIONARY HOUSING ORDINANCE STUDY SESSION

Megan Hunter, Community Development Director &  
Rod Powell, Planning Manager  
City Council  
September 13, 2022



# Background

- Nearly 800 housing units (rental and ownership)
- 1992 – 1<sup>st</sup> Inclusionary Housing Ordinance
- 2005 amendment increased inclusionary percentages
- No inclusionary units built under 2005 ordinance
- Update to ordinance initiated in 2014
- Technical Advisory Committee (TAC) formed of stakeholders
- Current ordinance adopted on June 6, 2017







# Discussion

- 2017 ordinance amendment took 2½ years to complete
- Goal: Support developer-friendly options to facilitate housing production and result in more affordable housing through:
  - Flexibility
  - Market informed alternatives
  - Regulations that encourage on-site development
- Regulations informed by:
  - Community Engagement and Input
  - Downtown Vibrancy Plan
  - 2017 Housing Target Market Analysis

# On-site Inclusionary Options

	On-site For Sale		On-Site Rental	Mixed For-Sale/Rental
	Option 1	Option 2	Option 3	Option 4
	20%	15%	12%	20%
Very Low	4%	not required	8%	4% Rental / Option to pay impact fees
Low	8%	not required	4%	8% Rental / Option to pay impact fees
Median	not required	6%	not required	not required
Moderate	4%	6%	not required	4% Ownership
Workforce	4%	3%	not required	4% Ownership

# Inclusionary Ordinance Provisions

- In-lieu Fees and Rental Housing Impact Fees
  - \$14.05 per square foot for ownership housing
  - \$2.40 per square foot for rental housing, plus 12% of units available to Section 8 Housing Choice Voucher Program
- Ordinance applicable to:
  - Developments of 10 or more new, for-sale residential units
  - Subdivision of property into 10 or more lots
  - Additions/alterations to existing structure to create 10 or more new units
- Requires approval of Affordable Housing Plan
- West Area and Central Area Specific Plans have Development Agreements that lock in the 2017 ordinance



# Ordinance Exemptions

- Creating fewer than 10 additional units or lots
- Development Agreements executed prior to June 6, 2017
  - Monte Bella (Mountain View) followed 1992 ordinance
- Developments with a submitted, complete Planning or Building permit and full payment of application fees prior to June 6, 2017 and compliant with predecessor ordinance
- Developments in the Downtown Area (Central City Overlay District)



## Downtown Area (Central City Overlay) Exemption

- Adopted Downtown Vibrancy Plan called out exemption for Downtown to promote housing development
- 395 housing units built in Downtown have restricted rents
- Market-rate housing is desirable for retail businesses
- Other favorable policies may not be enough to encourage housing development
- Absence of a Downtown Area exemption greatly reduces the profitability of developments
- There are few opportunity sites left in the Downtown
- Downtown housing opportunities promoting market rate housing should be a goal in evaluating and modifying all City policies
- Only 24 market rate units built over the last few years

# Affordable Housing Units in/near Downtown

Updated Table 5-1 Housing Units in Downtown (Central City Overlay) Between 1996 - 2022

Property Name	Property Address	Total Units	Bedrooms							No. of Restricted Units	Income Level				Year Constructed	Affordability Term	Restricted Expiration
			SRO	S	1B	2B	3B	4B	8B		Extremely Low	Very Low	Low	Moderate			
Plaza Grande	50 E. Market St	95	95							95	0	95	0	0	2003	40	12/1/2043
Forester Building	369 Main St	10		8	2					0	0	0	0	0	2000	20	4/12/2020*
Pajaro Triplex	139 Pajaro St	3				3				3	0	0	3	0	1996	30	5/6/2026
Lupine Gradens	118 E. Alisal St	20	20							20	0	20	0	0	2006	30	8/8/2036
California House	436 California St	8		3	5					8	0	8	0	0	2002	30	7/3/2032
Sun Rose Apartments	439 Soledad St	11		7	3				1	10	0	9	1	0	2022	30	2/11/2036
Tynan Village	323 Front St	171		8	25	32	8			106	0	33	73	0	2008	55	12/4/2063
Gateway	25 Lincoln St	52		25	21	6				51	6	24	14	7	2012	55	12/17/2068
401 Monterey Street	401 Monterey St	16	16							2	0	2	0	0	2019	55	1/10/2074
Steinbeck Commons	10 Lincoln	100			99	1				99	0	0	99	0	1999 / 2021	55	1/1/2076
<b>Total</b>		<b>486</b>	<b>131</b>	<b>51</b>	<b>155</b>	<b>41</b>	<b>8</b>	<b>0</b>	<b>1</b>	<b>394</b>	<b>6</b>	<b>191</b>	<b>190</b>	<b>7</b>	* Affordability Period Expired		

Housing Units Near Downtown Between 2013- 2022

Property Name	Property Address	Total Units	Bedrooms							No. of Restricted Units	Income Level				Year Constructed	Affordability Term	Restricted Expiration
			SRO	S	1B	2B	3B	4B	8B		Extremely Low	Very Low	Low	Moderate			
Haciendas Phase I	201-233 Calle Cebu	53			9	27	14	3		52		38	14		2013	55	1/8/2068
Haciendas Phase II	221, 225, 237, 241 Calle Cebu	46			6	20	17	3		45		2	43		2014	55	6/30/2068
Hacienda Phase III - Hikari	131 E. Rossi Street	50			19	16	15			49			49		2019	30	3/18/2049
Haciendas Phase IV - Dai-Ichi	34-54 Rossi Street	41			41					40			40		2016	30	3/17/2045
Moon Gate Plaza	21 Soledad St	90	81		4	5				88		12	76		2020	55	11/24/2075
Catalyst Apartments	235 Martella St	5			5					5			5		2022	15	11/18/2020
<b>Total</b>		<b>285</b>	<b>81</b>	<b>0</b>	<b>84</b>	<b>68</b>	<b>46</b>	<b>6</b>	<b>0</b>	<b>279</b>	<b>0</b>	<b>52</b>	<b>227</b>	<b>0</b>			



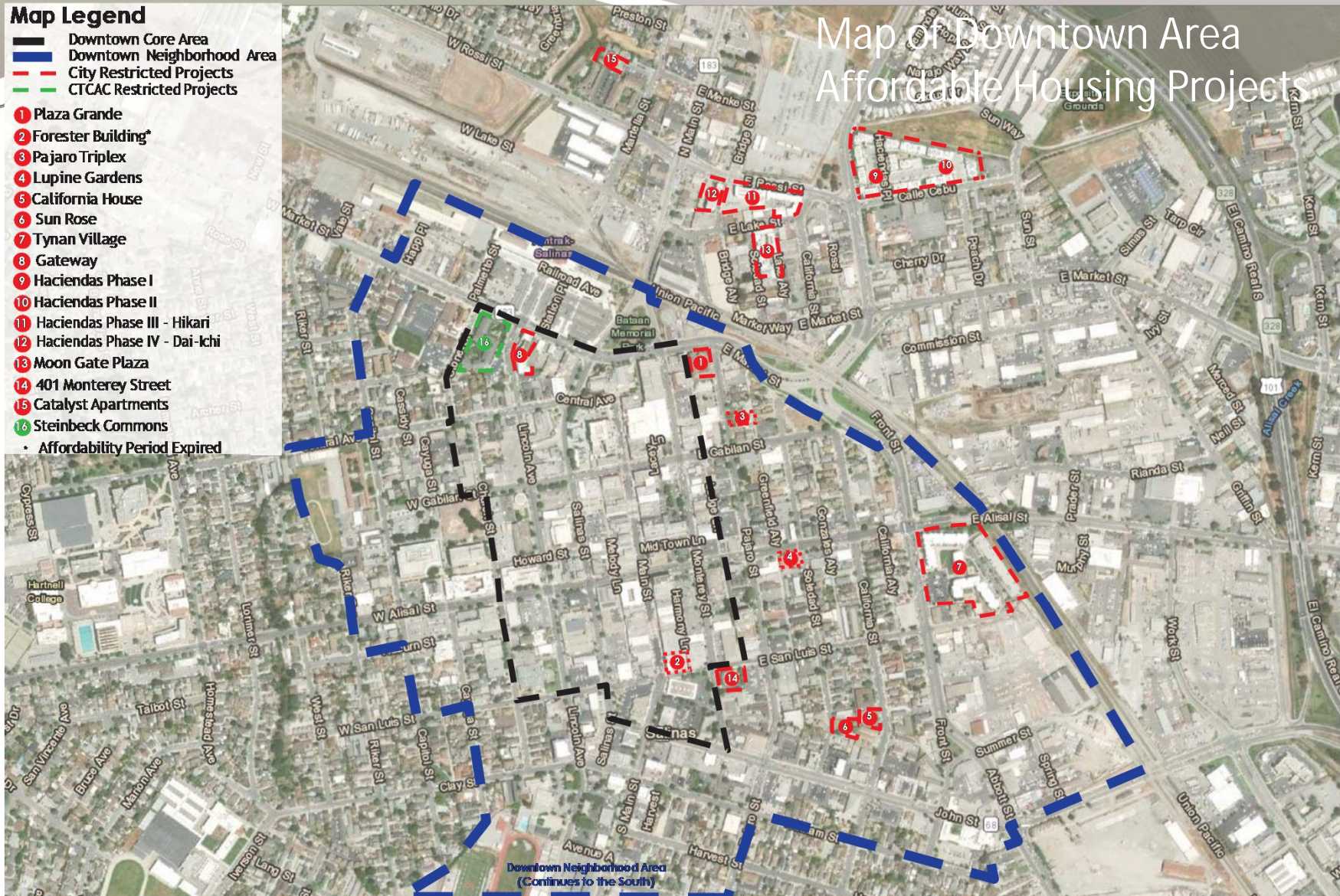
## Map Legend

- Downtown Core Area
- Downtown Neighborhood Area
- City Restricted Projects
- CTCAC Restricted Projects

- 1 Plaza Grande
- 2 Forester Building\*
- 3 Pajaro Triplex
- 4 Lupine Gardens
- 5 California House
- 6 Sun Rose
- 7 Tynan Village
- 8 Gateway
- 9 Haciendas Phase I
- 10 Haciendas Phase II
- 11 Haciendas Phase III - Hikari
- 12 Haciendas Phase IV - Dai-ichi
- 13 Moon Gate Plaza
- 14 401 Monterey Street
- 15 Catalyst Apartments
- 16 Steinbeck Commons

\* Affordability Period Expired

## Map of Downtown Area Affordable Housing Projects





# 2017 Housing Target Market Analysis

- Demand for ownership and rental residential projects
- Consumer preference for market rate infill housing
- Traction for adaptive reuse projects
- Significant development risks:
  - Public safety
  - Homelessness
  - Lack of open space
  - Low school performance
  - Traffic
  - Untested market
- Housing incentives to reduce costs needed



# 2022 Housing Target Market Analysis Update

- Inclusionary housing would constrain momentum
- Salinas market has become more expensive since Covid-19
- Ownership less affordable, rental more affordable
- Construction costs are extremely high
- Higher density market rate rental and ownership have negative residual value
- Micro-rental units show best project feasibility
- Downtown Area exemption should remain in place



# Timing for Inclusionary Housing Update

- Inclusionary Housing Ordinance re-evaluated every 5 years
- Review of ordinance due in 2022
- Staff capacity severely limited:
  - COVID 19 Funding
  - Project Roomkey
  - Project Homekey
  - Emergency Rental Assistance Program
  - 6<sup>th</sup> Cycle of Housing Element
- Scheduled to begin update of ordinance in summer 2023
- During update of ordinance, ability to conduct “deeper dive” into Downtown Exemption

# Questions?

