



CITY OF SALINAS

SALINAS PLANNING COMMISSION REPORT

DATE: JANUARY 6, 2021

TO: PLANNING COMMISSION

FROM: COURTNEY GROSSMAN, PLANNING MANAGER

BY: JESSICA NG, ADMINISTRATIVE ANALYST

TITLE: ZONING CODE AMENDMENT 2020-002; AN ORDINANCE TO PERMIT ONE RENEWAL OF TEMPORARY USE OF LAND PERMITS FOR TEMPORARY EMPLOYEE AND INTERIM HOUSING IN EXISTING PROPERTIES DEVELOPED AS A HOTEL OR MOTEL

RECOMMENDED MOTION:

A motion to approve a Resolution recommending that the City Council introduce and then adopt the attached ordinance amending Section 37-50.300 (Temporary Use of Land) of Chapter 37 of the Salinas Municipal Code (Zoning Code) to permit one renewal of a Temporary Use of Land permit for temporary employee or interim housing in existing properties developed as hotels or motels.

RECOMMENDATION:

Approve a Resolution recommending that the City Council introduce and then adopt an ordinance amending the Zoning Code to permit one renewal of a Temporary Use of Land permit for temporary employee or interim housing in existing properties developed as hotels or motels.

EXECUTIVE SUMMARY:

This proposed Zoning Code Amendment would continue to permit temporary employee or interim housing in existing properties developed as a hotel or motel. The proposed amendment would allow for one renewal of a Temporary Use of Land Permit for one six-month period with one six-month extension allowed, not to exceed one additional year. There must be a break in use before the subsequent permit would be approved. This amendment would facilitate the continued need for short-term housing while the city works with key stakeholders to develop a long-term solution.

BACKGROUND:

On December 4, 2018, the City Council received a report from the National Resource Network outlining a plan to eliminate the City's structural deficit. This report now referred to as The Salinas Plan also recognized that "Salinas's housing crisis threatens community and economic health – and adds to the City's budget pressures with increased service demands and potential dampening of the private investment that helps to drive revenue growth". As a result, The Salinas Plan includes multiple recommendations on ways to combat escalating housing costs and overcrowding within the dynamics created by the region's agricultural and farmworker economy. One of these recommendations specifically contemplates ways to adapt motels/hotels for seasonal workers and as emergency housing for the homeless through a Master Lease Program. Although a Master Lease Program is a promising concept, the city currently lacks the resources to pursue such a program in the short term.

The Salinas Plan, like the Farmworker Housing Study and Action Plan of the Salinas Valley and Pajaro Valley, stresses the need for an immediate solution to provide safe, decent housing for both employee and emergency housing. The Plan notes that many low performing hotels and motels in Salinas and in the region were previously being used to house agricultural workers despite the occupancy restriction in the Zoning Code. Both studies encouraged the city to facilitate the conversion of these hotels/motels because of the potential consequences. Enforcement of the zoning occupancy provision could have forced seasonal or H-2A housing into residential areas where permanent residents including farmworkers were in jeopardy of displacement. For this reason, the Farmworker Housing Study, which focused on the creation of permanent farmworker family housing, also specifically includes an action to "collaborate with other jurisdiction to develop a model ordinance for the temporary use of motels/hotels for H-2A or other seasonal farmworkers".

City Council and the CDBG and Housing Subcommittee requested that staff draft legislation that would expand employee housing while preserving neighborhood character. In 2019, the Mayor convened a stakeholder group of agricultural labor contractors, growers, and housing advocates to provide direction to staff on possible legislation. This group met multiple times during 2019 and early 2020 but no meetings have been held since the onset of the COVID-19 pandemic.

DISCUSSION:

Chapter 37, Article VI, Division 14 provides for a process whereby all Zoning Code Amendments are brought before the Planning Commission for a recommendation to the full City Council for a final decision. In March of 2019, the City Council voted to approve a Zoning Code Amendment to permit the conversion of a hotel or motel for temporary employee or interim housing on the 29th day of occupancy. That amendment limits the conversion of a hotel/motel to a six-month period with one six-month extension, not to exceed one year. This proposed Zoning Code Amendment would permit the conversion of a hotel or motel for temporary employee or interim housing for one additional period of up to one year. The proposed amendment would limit the conversion of a hotel/motel to

one additional six-month period with one six-month extension.

The proposed amendment also includes an update to inspection requirements. One inspection by Code Enforcement and Fire Prevention inspectors will be required prior to approval of the renewal, and one inspection will be required prior to approval of the extension. These inspection requirements also apply to any new applications for the conversion of a hotel or motel for temporary employee or interim housing replacing the previous requirement for one initial inspection and two monitoring inspections. Inspection staff has determined that two inspections would be sufficient and any issues that arise outside of these inspections can be reported to Code Enforcement to inspect as needed. The purpose of the amendment is to facilitate the continued need for short-term housing while the city works with key stakeholders to develop a long-term solution. While hotel and motel operators have expressed that they would be willing to go through a Conditional Use Permit process, progress on this long-term solution has been delayed due to the COVID-19 pandemic and resulting staffing reduction and workload shift to focus on immediate response.

While the proposed amendment is in place, city staff would continue to develop a more comprehensive ordinance, which addresses challenges such as building code requirements, conformance with underlying zoning, and loss of transient occupancy tax. The proposed ordinance would allow the city to address the most pressing need while having enough time to craft a well-conceived permanent solution that can serve as a model for other jurisdictions.

A public hearing notice for the Planning Commission meeting regarding the proposed amendment was publicized in the Monterey County Herald in December of 2020.

As discussed above, two key plans – The Salinas Plan and Farmworker Housing Study and Action Plan for the Salinas Valley and Pajaro Valley recognize the need for the conversion of the hotels/motels for agricultural or emergency housing. Furthermore, multiple stakeholder groups acknowledge that the conversion of these underperforming hotels/motels is preferable to potential displacement if these uses are prohibited in hotels/motels. The proposed amendment will provide the city time to continue developing a more permanent solution while allowing temporary housing to continue in hotels/motels during the critical growing season. This will ensure the city continues to support the goals and policies in the Economic Development Element, which recognizes agriculture as a critical component of the city's overall economic prosperity. While City staff has met with stakeholder groups multiple times in the last year and a half, the COVID-19 pandemic has delayed further progress on a more permanent solution. Additionally, because there are a number of hotels/motels located in the airport overlay, any potential legislation would need to be presented to the airport commission, further extending the time needed for the adoption of such an ordinance. Staff will continue to work with the stakeholder group to present permanent legislation for City Council consideration by May of 2021.

The proposed amendment is consistent with the Salinas General Plan and other plans and policies adopted by the Salinas City Council and would not result in uses inconsistent with any land use designation. The amendment would allow the City to continue use of a temporary mechanism to

convert underutilized hotels/motels for critical housing. The City of Salinas is facing a housing crisis as documented in the 2019 Monterey County Point in Time Count, which identified 1,182 Salinas residents as homeless. The 2018 Farmworker Housing Study and Action Plan for the Salinas Valley and Pajaro Valley further underscores the housing need, determining that additional 45,560 units of farmworker housing are needed just to alleviate critical overcrowding in farmworker households.

As stipulated in the attached draft ordinance, the amendment would be consistent with multiple provisions of the Land Use Element of the General Plan including Goal LU-3 which encourages “a diverse economy that allows for the continued economic success of the community, while not sacrificing its agricultural base” and Policy LU-3.8 which encourages “the production of housing that meets the needs of agricultural and other essential workers within the community”. Through this amendment the city can continue to permit temporary conversion of hotels/motels for housing to meet the needs of our vital workforce without sacrificing the agricultural industry. Because the proposed amendment maintains requirements for operation and maintenance and regular inspections by the Fire Department and Code Enforcement, LU-4.2 regarding “the enforcement of regulations, such as zoning and building codes to ensure existing and new development is constructed, occupied, and maintained to minimize potential fire and other hazards” can be advanced.

Although the proposed amendment addresses multiple General Plan goals and policies in the Land Use, Community Design, and Economic Development Elements, perhaps the most significant General Plan consistency is with the Housing Element. As recognized in The Salinas Plan, there is no doubt that the city is confronting a housing crisis. The city and surrounding region face overcrowding as further highlighted in the Housing Element, as approximately, 17.5 percent of all households in Salinas have been identified as overcrowded and 5.1 percent as severely overcrowded.

Not only is Salinas overcrowded, but much of the population is also considered cost burdened. For example, about 25 percent of renters paid more than 50 percent of their income towards housing costs. Consequently, the Salinas metro area is in the top ten least affordable places to live in the United States, according to an analysis of 2016 census data by Harvard’s Joint Center for Housing Studies. The proposed ordinance allows for the continued conversion of underutilized motel/hotel rooms for employee and emergency housing to address these shortfalls. Similar ordinances have been adopted in places like Los Angeles, San Jose, and Lake Tahoe, which also must tackle extreme housing shortages and cost burden. Ultimately, the proposed ordinance allows the city to “reduce municipal constraints to the production, maintenance, and development of decent, safe housing” as established Policy H-1.8.

The agricultural industry is a major economic engine for the City. For example, the Farmworker Housing Study found that the “estimated number of unique individual agricultural workers employed in the region during 2016 was 91,433” and “farm cash receipts (inflation-adjusted 2016 dollars) increased by 14%, to \$5.2 billion”. The need for labor to serve these industries is quite acute and unfortunately due to a decline in the permanent labor force, agriculture has had to increasingly rely on the H-2A visa program. By 2017, the number of H-2A working in the Salinas-Pajaro Laborshed was more than 4,300, up from just 636 three years earlier. Because the H-2A Program requires that

employers provide housing combined with Salinas' severe housing shortage, employers often turn to hotels/motels to provide housing. Without the use of these hotels/motels for housing, the agricultural workforce would significantly decline, thereby substantially decreasing productivity and negatively impacting the city's overall economic prosperity.

Findings:

Findings in support of the proposed Zoning Code amendment are incorporated in the attached Planning Commission resolution.

Conclusion:

The amendment will not have the effect of reversing the policies of the Salinas General Plan, any applicable Specific Plan, and other plans and policies adopted by the Salinas City Council. The amendment would allow for the continued temporary use of underutilized hotels/motels for employee and interim housing to facilitate multiple housing and economic development provisions in the General Plan. The temporary conversion of underperforming hotels/motels with high vacancy rates and minimal economic activity to temporary employee or interim housing has resulted in new investment along commercial corridors such as John and Main Streets. Because the provisions of this amendment include interim housing to address the needs of certain segments of the population that have difficulty accessing safe housing such as the homeless, the city can advance Policy H-3.5 by encouraging and supporting "the provision of housing and services for homeless individuals and families...through public-private partnerships, and through local collaborative efforts". Finally, the proposed amendment includes operational provisions to ensure compatibility with neighboring properties and through inspections minimizes potential hazards and promotes proper maintenance, which reinforce multiple policies in the General Plan.

CEQA CONSIDERATION:

The environmental impacts of the project have been analyzed in accordance with the California Environmental Quality Act (CEQA). The proposed Zoning Code Amendment is categorically exempt (Class 5) from further environmental analysis per CEQA Guidelines Section 15305 (Minor Alterations in Land Use Limitations). The project is also categorically exempt from CEQA pursuant to Guidelines section 15061(b)(3). This exemption is allowed when the activity, in this case the recommendation of adoption of the ordinance, does not have the potential for causing a significant effect on the environment. The proposed amendment allows the temporary use of hotel or motels for employee or interim housing and therefore, will not have a significant effect on the environment.

DEPARTMENTAL COORDINATION:

The proposed amendment has been discussed among the Current Planning, Code Enforcement, and Housing Divisions. The Legal Department provided critical review of the proposed ordinance revisions. The Fire Prevention division of the Fire Department also provided feedback.

TIME CONSIDERATION:

The proposed project is a request for a Zoning Code Amendment, which is a legislative act and not subject to the Permit Streamlining Act (PSA).

ALTERNATIVES AVAILABLE TO THE COMMISSION:

The Planning Commission has the following alternatives:

1. Affirm the findings set forth in the attached Resolution, recommending that the City Council find the Amendment exempt from CEQA and introduce and then adopt the Amendment with modifications; or
2. Find that the amendment is not appropriate and establish findings at the public hearing recommending that the City Council deny the Amendment.

ATTACHMENTS:

Draft Planning Commission Resolution
Draft City Council Ordinance