July 13, 2020

Carl Holm
Director
Monterey County Resource Management Agency
1441 Schilling Place
Salinas, CA 93901

SUBJECT: Second revised DEIR for Rancho Cañada Village

Dear Mr. Holm:

LandWatch has reviewed the revised environmental document for Rancho Cañada Village. With the elimination of workforce housing, the Rancho Cañada Village project will perpetuate the unjust status quo of wealthy people living in Carmel Valley and average working people commuting daily to support them. There are very few areas in Monterey County where inclusionary housing makes economic sense because it requires market rate homes in a subdivision to subsidize affordable ones. Carmel Valley is one of the few areas where the economics pencil out.

There are no good reasons to exempt Rancho Cañada Village from the current affordable housing requirements, particularly Policy CV-1.27, which mandates 50% affordable housing for this particular site, a site that would otherwise never have been considered for development. The County adopted these requirements because of the dire lack of affordable housing in Carmel Valley. The developer wants a special exemption from these requirements in order to generate more profits. The County should not favor the developer at the expense of working families and the public at large, who stand to benefit from reduced traffic and greenhouse gas emissions if the people who work in Carmel Valley can live in Carmel Valley.

A simple financial model makes clear that how much money and how many affordable homes are at stake.

Under these assumptions:

Home Category	**Average Sales Price**
Market Rate	$2 million
Workforce	$500,000
Inclusionary	$250,000

Consider these two scenarios:

Scenario 1 - As Required by Special Treatment Area and County Inclusionary Housing	**Gross Profit**	**Scenario 2 - As Proposed by Developer**	**Gross Profit**
65 market rate	$130 million	105 market rate	$210 million
40 workforce	$ 20 million	0 workforce	$ 0 million
25 inclusionary	$ 6 million	25 inclusionary	$ 6 million
130 total homes	**$156 million**	130 total homes	**$216 million**

In essence, the developer is proposing to gross an additional $60 million at the expense of working families and the general public. This wealth transfer should be used instead to provide workforce units. The developer would still make a profit on the overall project.

When workforce and affordable housing are such critical issues in Monterey County, and calls for social justice shout daily throughout the county, this transfer of wealth is unconscionable.

It is particularly unconscionable because it would permit the developer to renege on the agreement proposed in 2004 and memorialized in the 2010 General Plan to permit housing at Rancho Canada in the first place. When seeking a General Plan Amendment and rezone to permit development at Rancho Canada in 2004, the developer promised to provide 50% affordable housing. The County then reflected this commitment in 2010 General Plan Policy CV-1.27. Under Policy CV-1.27, Rancho Canada is a “Special Treatment Area” in which “Residential development may be allowed with a density of up to 10 units/acre in this area,” but that development “shall provide a minimum of 50% Affordable/Workforce Housing.”

Why should the County now abandon the developer’s 50% affordable housing commitment under Policy CV-1.27 for this particular site? Why should the County also abandon its 35% affordable housing requirement in Policy LU-1.19 (the Development Evaluation System) for projects not located in designated growth areas? Why should the Count abandon even its 25% affordable housing requirement under its Inclusionary Housing Ordinance for all other projects in the County?

The County should not permit this bait-and-switch. Why should a project that was only considered in the first place under the promise of 50% affordable housing now go forward with fewer affordable housing units than in any other place in the County?

To put the Rancho Cañada Village development in perspective:

- It is among the last possible subdivisions in Carmel Valley because of the mandatory road trigger on Carmel Valley Road and the residential housing cap.
- According to Realtor.com, the median listing price of a home in Carmel Valley is $1.4 million as compared with $500,000 in Castroville.
- The developer for this project also developed Tehama, Clint Eastwood's exclusive gated, 90-lot, 2000-acre community, where lots alone list for $1.5- $6.25 million and homes for $5-10 million and more.
- September Ranch, the last project in Carmel Valley to include affordable housing, was approved in 1995. Since that time — 25 year ago — no affordable housing has been approved in the Valley.

Here are LandWatch’s additional comments:

Proposed Project

The proposed 130-unit project includes 25 moderate-income inclusionary units (20%). The project also includes amendments to the Special Treatment Area for Rancho Cañada Village. The amendments reduce the 50% requirement for affordable/workforce housing to 20% affordable housing and eliminate the requirement for workforce housing.

Neither the proposed project nor any of the 6 alternatives meet the 2010 Monterey County General Plan inclusionary and affordable housing requirements.

Development Evaluation System (DES)

The DES, which applies to the proposed project, requires 35% affordable/workforce housing. The DES was required to be completed one year after the 2010 Monterey County General Plan was adopted. After 9 years, it is currently undergoing final review and should be finalized by the Board of Supervisors in August. The project should be evaluated for consistency with the proposed quantifiable standards as well as the affordable housing requirements. Clearly, the project does not meet the latter.

General Plan Inclusionary Housing Requirements

LU2.13 of the 2010 Monterey County General Plan requires 25% inclusionary housing:
The County shall assure consistent application of an Affordable Housing Ordinance that requires 25% of new housing units be affordable to very low, low, moderate, and workforce income households. The Affordable Housing Ordinance shall include the following minimum requirements:

1. 6% of the units affordable to very low-income households
2. 6% of the units affordable to low-income households
3. 8% of the units affordable to moderate-income households
4. 5% of the units affordable workforce I income house

The project not only fails to meet the 25% affordable housing criteria, it fails to provide for very low-income, low-income and workforce income housing.

Project Alternatives

The DEIR should identify and evaluate an alternative that is consistent with Monterey County General Plan policies.

Traffic Analysis

The document fails to address SB 743, which requires an analysis of project-generated VMT. While the SB 743 implementation date was July 1, 2020, the Final Revised DEIR should be updated to include such an analysis. Furthermore, the traffic analysis baseline conditions should be updated to reflect current conditions, which have changed. Finally, the traffic analysis should be updated to reflect currently foreseeable cumulative traffic conditions, which have changed.

Thank you for the opportunity to comment on the document.

Sincerely,

Michael D. DeLapa
Executive Director