

March 31, 2021

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Re: Proposed Vista Lucia and Puente del Monte Specific Plans

Dear Matthew:

I write on behalf of LandWatch Monterey County to comment and offer recommendations on the Vista Lucia and Puente del Monte Specific Plans. For context, I explain the City's obligations under California law to make affordable housing possible and reduce greenhouse gas emissions. LandWatch's comments aim to support the City in achieving these two important and mutually reinforcing goals.

Recommendations

LandWatch urges the City of Gonzales to:

- Address the three critical defects LandWatch identifies with the plans (see below).
- Revise the Vista Lucia Specific Plan (VLSP) and the Puente del Monte Specific Plan (PDMSP) to accommodate the city's *actual* needs for housing, based on current AMBAG forecasts, not the badly outdated ones from 2008. The forecasts make clear the City does not need one of the specific plans, or it needs the plans to be scaled back at least by half.
- Revise the plans to make affordable housing possible, including the adoption of at least 20 units/acre for 40% of residential units, which HCD has determined as the minimum density for lower income units in Gonzales.¹

¹ HCD, Default Density Standard Option – 2010 Census Update, June 20, 2012, available at https://www.hcd.ca.gov/community-development/housing-element/housing-element-memos/docs/default_2010census_update.pdf. The 2018 Housing Element claims that site zoned Medium-High density are suitable for low income housing, but the document fails to provide the required independent analysis to justify departing from the

- To minimize Vehicle Miles Traveled (VMT) and greenhouse gas (GHG) emissions, revise the plans to focus on providing housing for Gonzales' workforce rather than becoming a bedroom community for Salinas, Silicon Valley and the Monterey Peninsula. This would mean designing and phasing the plans to ensure orderly, contiguous annexation of parcels that support a full range of diverse housing types – e.g., apartments, condominiums, townhouses and small-lot single family homes – and required non-residential uses.
- Conduct an independent fiscal and risk analysis of the plans prior to further consideration. If the specific plans fail to meet their buildout projections, they will likely fail fiscally because their tax or fee revenues will not support necessary services and infrastructure, thus increasing the taxes and reducing the quality of life for current Gonzales residents.

Background

We understand the City may hold a workshop soon regarding the Visa Lucia Specific Plan. Although the Puente del Monte Specific Plan may be lagging behind the Vista Lucia Specific Plan, the City must consider and develop the two plans together because they represent the cumulative buildout of essentially all of the remaining future residential development contemplated by the General Plan.

As we have explained in prior letters, LandWatch is concerned that the two plans suffer from three critical defects:

- The two specific plans provide twice as much housing growth as needed to support Gonzales, so their success depends on attracting residents with jobs far from Gonzales. This will result in unnecessary vehicle miles travelled, aggravating global climate change and preventing Gonzales from meeting its climate goals.
- The two specific plans fail to provide sites adequate for needed lower income housing units. The plans will not meet the needs of lower income residents of Gonzales and will not make it possible to meet the City's share of the Regional Housing Needs Allocation.
- The two specific plans have not been designed to ensure orderly, phased, contiguous annexation of parcels that will support the full range of housing types and required non-residential uses. The scale of the plans would require

HCD default density standards. (Gonzales General Plan Housing Element, p. IV-46; Gov. Code, § 65583.2(c)(3)(A).) The VLSP medium-high density sites average only 12 units per acre, and the PDMSP medium-high density sites average only 9 units per acre. These densities are well below the HCD defaults.

annexation of much more than the 5 to 7 years of growth that LAFCO is likely to permit.

These points are developed below.

A. The specific plans are substantially oversized because current population and housing growth forecasts are less than half what the General Plan assumes.

Gonzales' 2010 General Plan identifies the VLSP and PDMSP as sites to accommodate future growth. However, the 2010 General Plan relies on out-of-date 2008 AMBAG population forecasts, which project substantially more population growth than current AMBAG forecasts.

Citing AMBAG's 2008 growth forecasts, the General Plan projects "Gonzales growing to 23,418 in the year 2035."² AMBAG's *current* Final Draft 2022 Regional Growth Forecast projects a significantly smaller population of 14,630 by 2035³ That is, the 2022 forecast is only 60% of the 2008 forecast. In short, predicted population growth is much lower now than it was when the General Plan was drafted.

The 2010 General Plan purports to provide development at buildout to support a Gonzales population of 38,000, which it projects to occur around 2050.⁴ AMBAG's Final Draft 2022 Regional Growth Forecast projects a 2045 population of 15,711 and reflects an annual increase in population over the period from 2015 to 2045 of 242 persons. At that rate of growth, the 2050 population would be only 16,922 persons. This represents only 45% of the 38,000-population projected in the General Plan.

AMBAG's Final Draft 2022 Regional Growth Forecast projects housing growth between 2020 and 2045 in Gonzales of 2,639 units, with a growth rate of 105.6 units per year during that period. To extrapolate the current forecast from 2045 to 2050, we note that the growth rate would add 528 units from 2045 to 2050. So, based on the current forecast, the 30-year growth in units from 2020 to 2050 would come to 3,167 units.

² Gonzales General Plan, p. II-18.

³ AMBAG, Final Draft 2022 Regional Growth Forecast, Nov. 18, 2020, available at https://ambag.org/sites/default/files/2020-12/Final%20Draft%202022%20Regional%20Growth%20Forecast_PDF_A.pdf. Note that this is consistent with the prior 2018 Regional Growth Forecast, which projected a population of only 15,942 by 2035. (AMBAG, 2018 Regional Growth Forecast, Technical Documentation, Adopted June 13, 2018, available at https://ambag.org/sites/default/files/2020-01/08-AMBAG_MTP-SCS_AppendixA_PDF_A.pdf.)

⁴ Gonzales General Plan, pp. II-18, II-34 [Table II-3].

According to the development applications and project descriptions, the VLSP would build 3,498 units and the PDMSP would build 2,632 units over 25-30 years. Together, the two proposed Specific Plans would provide 6,121 units — almost twice as many housing units as needed over the 25-30 years in which they would be built out. Indeed, either specific plan by itself would accommodate all of Gonzales' housing growth through 2045:

- The VLSP would *by itself* accommodate *all* of Gonzales' growth through 2050.
- The PDMSP, in combination with the existing inventory of underutilized land identified in the Housing Element, which is sufficient to accommodate 739 units, would also accommodate *all* of the City's housing demand through 2050.

In short, the City does not need one of the specific plans, or it needs to scale back the plans by at least half.

D'Arrigo site: We understand the sites for 739 units identified in the City's 2015 Housing Element inventory of sites available for development include the D'Arrigo site.⁵ City staff have explained that the 2011 Vesting Tentative Map for the site has expired. However, that land remains available for development, and, as infill space, it should be developed in preference to additional annexation, under both the LAFCO and the Gonzales General Plan policies favoring contiguous growth. Furthermore, because the City identified the D'Arrigo land in the inventory of sites available for development in its current Housing Element, it may not deny its use for housing development in the future under the Housing Element Law and the Housing Accountability Act. (Gov. Code, §§ 65583(g), 65589.5.) In short, the D'Arrigo site must be assumed to be developed with housing even if its map has expired.

Jobs/Housing balance and VMT from bedroom communities: Gonzales General Plan Policy LU-1.1 requires a jobs/housing balance. In addition, LAFCO's policy requires that the City demonstrate the jobs/housing balance and the effect on GHG before LAFCO approves annexation of the specific plan areas:

It is the policy of LAFCO that, consistent with section 56300 (a) of the Act, Proposals must demonstrate through both quantitative and qualitative methods the relationship between the Proposal and the surplus or deficiency of local and county-wide housing supply and demand, and employment availability. Additionally, the Proposal must demonstrate how its pattern of land use and transportation complements local and regional objectives and goals for the improvement of air quality and reduction of greenhouse gas (GHG) emissions and

⁵ 2015 Housing Element, pp. IV-36 to IV-40.

local vehicle miles travelled (VMT). These factors and their impacts, if any, shall be considered by the Commission in action upon the Proposal.⁶

The provision of residential uses well out of proportion to foreseeable demand will result in a mismatch of jobs and housing. The General Plan states that “[b]ecause of its location and cheaper land prices, Gonzales is vulnerable to becoming a bedroom community for Salinas and Monterey Peninsula.”⁷ Becoming a bedroom community is inconsistent with both Gonzales’ and LAFCO’s jobs/housing policies, and it will lead to increased VMT, inconsistent with attainment of GHG reduction goals. However, the only way that both specific plans can succeed at the scale they are proposed is if Gonzales *does* become a bedroom community by providing housing for a substantial population that commutes to jobs outside Gonzales.

Although Gonzales adopted a Climate Action Plan in 2018, that plan fails adequately to address increased VMT that would be caused by approving specific plans that would attract commuter residents. The reason? The Gonzales CAP’s GHG forecasts count transportation emissions *only on local streets*, omitting GHG emissions generated on state highways, which represent the majority of transportation emissions. No mitigation was adopted that would address increased transportation emissions caused by provision of housing for residents with jobs far from Gonzales. Should the City adopt specific plans that cause VMT not addressed in its CAP, the presumption that consistency with the CAP avoids GHG impacts would no longer be valid.

Specific Plan failure: If the specific plans fail to meet their buildout projections, they will likely fail fiscally because their tax or fee revenues will not support necessary services and infrastructure, thus reducing the quality of life for current Gonzales residents.

In sum, the City does not need these two specific plans on the scale proposed within the foreseeable planning horizon through 2050. The over-provision of housing units in relation to jobs will violate General Plan policies and aggravate climate change impacts.

B. The Vista Lucia and Puente Del Monte Specific Plans do not support required affordable housing units.

For the Fifth Cycle Regional Housing Needs Allocation (RHNA) Plan, the California Department of Housing and Community Development (HCD) determined that 40% of

⁶ LAFCO of Monterey County, Policies and Procedures Relating to Spheres of Influence and Changes of Organization and Reorganization, Feb. 24, 2020, p. 42, available at <https://www.co.monterey.ca.us/home/showpublisheddocument?id=72662>.

⁷ Gonzales General Plan, p. II-16.

new housing in Monterey County should be affordable to lower income households.⁸ There is no reason to suppose that the RHNA Plans for the 6th Cycle and later cycles will require a lesser percentage of lower income units, and there are good reasons to suppose that the percentage required for lower income households may increase. SB 828 requires that the RHNA methodology reflect factors relating to overcrowding, vacancy rates, and households that are cost burdened.⁹ All of these factors should result in a larger allocation of lower income units, especially to Gonzales:

- The 2018 Gonzales Housing element acknowledges a critical overcrowding problem with 20% of units overcrowded, compared to the County average of 12% and the state average of 8%.¹⁰
- Gonzales has the lowest vacancy rate in the County; and, at 4.2%, that rate is below the 5% rate deemed to be the minimum rate for a healthy housing market.¹¹
- Gonzales' percentage of cost burdened households is substantially higher than the County average, with 100% of extremely low income and 80% of very-low income households paying over 30% of income for housing.¹²

There are additional factors that militate provision of a greater number of lower income units, which should also be taken into account in the forthcoming RHNA methodology:

- Sixteen percent of Gonzales' residents are living below the poverty level.¹³

⁸ AMBAG, Regional Housing Needs Allocation Plan: 2014-2023, pdf page 21, available at https://ambag.org/sites/default/files/2019-12/RHNP%202014-2023_Final_revised_PDFA_2.pdf

⁹ SB 828, available at https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB828.

¹⁰ 2018 Gonzales Housing Element, pp. IC-15, IV-27.

¹¹ *Id.*, p. IV-14; see Gov. Code, § 65584.01(b)(1)(E).

¹² *Id.*, pp. IV-20 to IV-21.

¹³ *Id.*, p. IV-29.

- Multifamily housing is relatively scarce in Gonzales – only 19% of Gonzales’ units are multi-family vs. the County average of 26%.¹⁴ There is a relatively low percent of renters: 39% vs. the County average of 49%.¹⁵
- Gonzales has a large and growing agricultural employment population, with 1,299 residents in agriculture as of the 2018 Housing element.¹⁶ The 2014 Regional Growth Forecast projected that 51% of Gonzales employment would be agricultural in 2020 and that 62% will be agricultural in 2035.¹⁷
- There is a growing demand for rental units based on a relatively young population: 37% are under 19 years compared to the County average of 28%.¹⁸

The Housing Element Law requires that a housing element must zone sufficient land to accommodate its share of lower income housing units *at densities that will actually support lower income housing*.¹⁹ Furthermore, the City’s Housing Element specifies that each new neighborhood should provide housing affordability levels that closely approximate the most recent RHNA.²⁰ This means that the City has committed itself to provide at least 40% lower income units in each new neighborhood, including the new specific plan neighborhoods, based on the 5th Cycle RHNA.

These obligations dictate minimum densities for new neighborhoods. Unless the City provides an analysis to justify lower densities, it must zone sufficient sites for lower income units with at least the minimum density that is determined by HCD to be adequate to support lower income housing. HCD has determined that the minimum density for lower income units in Gonzales is 20 units per acre.²¹

¹⁴ *Id.*, p. IV-9.

¹⁵ *Id.*, p. IV-13.

¹⁶ *Id.*, p. IV-31.

¹⁷ AMBAG, 2014 Regional Growth Forecast Technical Documentation, pp. A-51, A-54, available at https://ambag.org/sites/default/files/2019-12/FINAL%20Adopted%20Forecast%20and%20Documentation_0.pdf.

¹⁸ *Id.*, p. IV-6.

¹⁹ Gov. Code, § 65583.2(c).

²⁰ Gonzales General Plan, pp. IV-53, IV-82 [Policy HE-1.1, Implementing Action HE-1.1.1.

²¹ HCD, Default Density Standard Option – 2010 Census Update, June 20, 2012, available at <https://www.hcd.ca.gov/community-development/housing-element/housing->

The VLSP and PDMSP do not provide that 40% of the sites would accommodate lower income housing on sites zoned for at least 20 units per acre. Only 541 units or 15.5% of the 3,498 VLSP units would be located on sites with density at 20 units per acre. Only 584 units or 22.3% of the PDMSP units would be located on sites with density at 20 units per acre. Accordingly, **the Specific Plans should be redesigned to provide at least 40% of the units be provided on high density sites of at least 20 units per acre.** Otherwise, the specific plans would violate Policy HE-1.1, Implementing Action HE-1.1.1, and future compliance with the Housing Element Law at the time of Housing Element updates would be impossible without rezoning the specific plan densities.

C. The specific plan descriptions fail to provide phasing plans as required by the City’s General Plan, the Memorandum of Agreement with the County of Monterey, and LAFCO. Moreover, the plans cannot meet mandates for orderly, phased, contiguous development with a full mix of housing types.

The General Plan calls for phasing plans to develop larger parcels.²² The Two Phase Submittal required by City’s Specific Plan Procedures requires that a phasing plan be provided in the first phase submittal so that City officials and the public may review it.²³ The Memorandum of Agreement with the County of Monterey references the phasing plan required by the Specific Plan Procedures, explaining that it ensures that infrastructure improvements keep pace with development through provision of development thresholds and timelines for providing infrastructure facilities.²⁴ The phasing plan is intended to ensure that each phase of a specific plan is “self-sustaining

[element-memos/docs/default_2010census_update.pdf](#). The 2018 Housing Element claims that sites zoned Medium-High density are suitable for low income housing, but the document provides no independent analysis to support departing from the HCD default density standards. (Gonzales General Plan Housing Element, p. IV-46.) The VLSP medium-high density sites average only 12 units per acre, and the PDMSP medium-high density sites average only 9 units per acre. These densities are well below the HCD defaults.

²² *Id.*, p. II-5.

²³ City of Gonzales, City Council Resolution No. 2008-68, adopting City of Gonzales Specific Plan Procedures, September 2008, p. 6, available at https://gonzalesca.gov/sites/default/files/2018-10/Specific%20Plan%20Procedures%202008_0.pdf

²⁴ Memorandum Of Agreement Between The City Of Gonzales And The County Of Monterey Regarding Working Cooperatively On Common Planning, Growth And Development Issues In Order To Be As Effective As Possible In The Implementation Of Their Respective General Plans, April 7, 2014, p. 6.

and independently viable.”²⁵ Despite this, the VLSP and PDMSP project descriptions do not provide phasing plans, even though that was among the “key features” required in the first submittal in the Two Phase Submittal mandated by the Specific Plan Procedures.

“Because land supply exceeds projected growth demand,” the General Plan calls for phased, contiguous, neighborhood-centered growth.²⁶ One purpose of this policy is to ensure that the City “does not grow faster than desired:” and that urban services “keep pace with growth.”²⁷ Phasing is also intended to ensure that growth is neighborhood-centered through specific plans. Neighborhoods are intended to be approximately 3/8-mile radius in size, which comes to 285 acres, to reflect the existing scale of the historic area west of highway 101. Each neighborhood should contain an elementary school, a park, “a full mix of residential types,” and “neighborhood serving commercial and civic uses and public services.”²⁸

LAFCO policy is to limit annexation areas to the amount of land that is needed to accommodate 5 to 7 years of growth.²⁹ The two specific plans are not designed to facilitate annexation of an area that includes a full mix of residential types because the neighborhoods contain more than 5 to 7 years of growth. The 762-acre Vista Lucia land use diagram shows that the land uses are concentrically arranged with the higher density housing in the center and the low-density housing in an outer ring. The scale of this development is several times larger than the 285-acre neighborhoods called for in the General Plan. Although the Vista Lucia land use summary purports to designate “Village One” and “Village Two” uses, it is not clear that this land use plan could be phased as distinct neighborhoods that meet the General Plan requirement for a full mix of residential types, especially if the VLSP housing unit absorption is split with the PDMSP absorption.

²⁵ *Id.*, p. 7.

²⁶ Gonzales General Plan, pp. II-18 to II-20.

²⁷ *Id.*, p. II-18.

²⁸ *Id.*, p. II-18, II-56 [Implementing Action LU 6.1.1]. An integration of housing types at the jurisdiction levels is now also mandated by AB 1771, which requires income level integration and affirmatively ensuring fair housing goals are met, enforced by HCD consultation in the RHNA process.

²⁹ “LAFCO, in furtherance of its objectives of preserving prime agricultural land, containing urban sprawl, and in providing a reasonable assurance of a city/district’s ability to provide services shall consider the appropriateness of phasing annexation proposals which include territory that is not within a city/district’s urban service area and *has an expected build-out over a period longer than five to seven years.*” (LAFCO of Monterey County Policies and Procedures, Feb. 24, 2020, p. 31, emphasis added, available at <https://www.co.monterey.ca.us/home/showpublisheddocument?id=72662>).

The 540-acre Puente del Monte land use diagram suffers from similar problems. It lacks the mandatory neighborhood serving commercial uses and does not identify a school site. Given the elongated easterly reach of the proposed land use map, which is not tightly connected to the rest of the City, it is difficult to imagine a phasing plan for contiguous development that would ensure that each phase includes a full mix of residential types.

Another way to understand the scale problem is to observe that the combined development potential of the two specific plans is divided into just four neighborhoods. Each neighborhood would provide about half the development potential needed for the next 30 years – about 15 years of growth per neighborhood. However, as proposed, it would be necessary to annex an entire neighborhood in order to get the full mix of residential types and other required land uses. So even if the City were to limit itself to annexing only one of the four proposed neighborhoods, it would still need to annex twice the area that LAFCO would permit, i.e., 15 year of growth instead of 5 to 7 years.

In view of the competing oversupply of housing sites from two specific plans and the dependence on orderly contiguous development to fund services and infrastructure, a phasing plan is critical. Given the relatively modest rate of market absorption of housing production, the attempt to develop both specific plans simultaneously may cause both plans to fail. The City needs to revisit this issue before committing to the scope and layout of the specific plans.

Yours sincerely,

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