



City of Monterey: Zero Carbon 2045 Strategy Outline

Draft for Internal Review

**An EcoDataLab Report
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1. Background

1.1 Introduction

The City of Monterey developed its Climate Action Plan in 2016, aiming to achieve a 15% reduction in greenhouse gas emissions (relative to a 2005 baseline) by 2020, and to set the city on a path for an 80% reduction in emissions by 2050.

The Climate Action Plan has been successful in many areas, but new understanding of the climate emergency reveals an increasing urgency to act more aggressively than originally envisioned. Now, city leadership is exploring strategies to bring Monterey into alignment with CA Executive Order B-55-18, to achieve carbon neutrality by 2045.

1.2 Greenhouse Gas Inventory

Based upon data from the 2016 Climate Action Plan, Monterey's emissions today derive overwhelmingly from two sources: transportation (primarily automobiles), and natural gas usage in buildings. No path to carbon neutrality exists without virtually eliminating these emission sources in the city. With C3Energy providing zero-carbon electricity, no other sources of emissions comprising more than 10% of the total emissions were identified. As a result, this strategy outline focuses on pathways to zero for transportation and natural gas emissions in Monterey.

2. Pathway to Zero: Transportation

2.1 Existing Policy Environment

Under Executive Order N-79-20, the California Air Resources Board (CARB) is directed to require 100% of new passenger cars and trucks sold by 2035 be zero-emission vehicles. (Presently, about 5% of new passenger vehicles sold statewide are zero-emission).

With current vehicle turnover rates, it would take over 15 years to replace every car on the road in California with an electric vehicle (14.9 million cars, 900,000 sold/year). As a result, under the current policy environment, at best ~70-75% of the vehicles on the road will be EV by 2045 (this number is greater than 2/3rds due to EVs sold prior to 2035).

To achieve its carbon neutrality goals, Monterey must both accelerate EV uptake and work to retire gas cars faster than they are replaced, achieving a net reduction in vehicle usage.

2.2 Accelerating EV Uptake

Accelerating EV uptake can be accomplished at two levels. The bare minimum is *removing barriers* to EV adoption. The next level of EV uptake acceleration is *encouraging EVs*.

Presently, the major barriers to adoption for most drivers are:

- 1) Vehicle cost
- 2) Lack of vehicle model options
- 3) Lack of charging availability

- 4) Unfamiliarity with electric vehicles, including “range anxiety”

2.2.1 Removing Barriers

Out of the four major barriers to EV uptake, vehicle cost and vehicle model options are expanding dramatically, as demonstrated by the introduction of a variety of electric pickup trucks from Ford, Tesla, and Rivian. New electric cars are expected to reach price parity with new gas cars between 2025 and 2030, and will continue to decrease in price beyond that. Used EVs are presently cheaper to own and operate than used gas cars¹.

However, lack of charging stations and public knowledge of electric vehicle options still remain significant barriers. Fortunately, these are areas in which local governments exert significant influence.

EV charging needs to be available at virtually every home and workplace that comes with a parking space. Due to long dwell times and dedicated spaces, EV charging at homes should be targeted at a 1:1 basis with parking spaces (i.e., every space has a dedicated charger), while at workplaces, somewhere between 1:2 and 1:4 EV chargers per employee parking stall could suffice². Additional public chargers should be targeted for locations with large capacities and 1 hour or more dwell times, such as big box retail stores (Target, Walmart, etc.), malls, and movie theaters, as well as public buildings such as libraries and museums.

As chargers are built out and EV ownership increases, charger build-out can be reevaluated and retargeted as needed. However, in the short term, an “all-of-the-above” approach is needed to make EV chargers available as quickly as possible.

Local governments can also significantly improve public knowledge and awareness of electric vehicles through community events, public outreach by staff and elected officials, and through nonprofit partners. EV showcase and test drive events are proven strategies to increase public comfort and familiarity with electric vehicles, and can also help inform the public about available subsidies and tax credits.

2.2.2 Encouraging EVs

Encouraging EVs requires designing policy such that EV drivers are favored, often at the expense of gas car drivers. At the local level, this is most often done by providing preferential treatment to EV charging parking spaces (which by definition are reserved for

¹ Source: <https://energyinnovation.org/publication/used-electric-vehicles-deliver-consumer-saving-over-gas-cars/>

² A vehicle with a 200 mile range used solely for a 20 mile commute only needs to be charged about once per week, hence the reduced need for EV charging at workplaces. However, because not every home will have charging installed when a resident is considering buying a new vehicle, and because of abundant and inexpensive solar generation during the day (when people are at work), workplace charging is necessary.

electric vehicles). For example, public EV charging in a downtown area could be exempt from parking meters or garage fees, while curbside EV charging could be installed in a parking-constrained residential neighborhood, encouraging residents to switch to EVs to have an easier time finding street parking. The California vehicle code currently does not provide many options for cities to encourage EV uptake, but future amendments could change this.

In most cases, these types of policies require continual adjustment, because as EV uptake increases, the marginal benefit will decrease unless the preference for EVs is adjusted accordingly. For instance, installing one curbside EV charger in a parking-constrained neighborhood has little impact beyond the first EV adopted – more chargers would need to be installed to continue providing the parking benefit to future adopters.

2.3 EV Policy Recommendations

By 2023, the City of Monterey should:

- 1) Complete the permit streamlining process for EV charging pursuant to guidance from the California Governor's office: <https://business.ca.gov/industries/zero-emission-vehicles/plug-in-readiness/>
- 2) Develop a permitting process for curbside EV charging, applicable in all neighborhoods.
- 3) Set a minimum target of at least 1 curbside EV charger on any block with on-street parking and either residents or businesses that lack off-street parking. Set higher targets (e.g. 1 charger per 4 parking spaces by 2030) in areas with greater parking challenges or demand for on-street charging. Set equivalent targets for publicly-owned garages.
- 4) Prepare and issue one or more RFPs for public charging both in municipal lots and garages and curbside. To the extent feasible, minimize costs by using existing electrical infrastructure available from retrofitted LED street lights (or other infrastructure as deemed suitable): <https://bsl.lacity.org/smartercity-ev-charging.html>. If budget capacity is limited, offer RFP as a lease for light pole / public right of way (ROW) space rather than city ownership of charging infrastructure, or simply create a permitting system with a revenue-sharing or fees agreement. Prepare additional phases or RFPs as needed to meet the 2030 target.
- 5) Prepare and adopt local amendments to the 2023 CalGreen code to require 100% EV capable or EV-ready parking in all new multifamily development and 50% in all new nonresidential development. Reduce or eliminate parking mandates (see section 2.5) to provide flexibility in offsetting increased cost of providing parking³.

³ The City of Sacramento estimates EV capable and EV ready parking to add ~\$1,000 per space. If off-street parking already costs \$20,000+ per space, eliminating parking requirements would allow developers to provide 1 fewer parking spot for every 19 EV-ready spots provided. See the next section on reducing vehicle usage for more on parking requirements.

In addition, beginning in 2022 and continuing through 2030, the City should

- 6) Organize and advertise community events with opportunities to learn about and test ride/drive EVs. Target large community events (farmer's markets, festivals), large employers, and community organizations as collaborative venues. Aim to reach 100% of households and 100+-person employers by 2030.

2.4 Retiring Gas Vehicles

Even with successfully accelerated uptake of EVs, a net reduction in automobile usage will still be necessary to meet Monterey's targets. If 100% of new vehicles purchased are electric as early as 2030, as many as 6% of vehicles on the road in 2045 will likely still be gas; for every year past 2030 that gasoline vehicles are still being sold, that number increases. As a result, Monterey must work to remove automobiles – especially gas cars – from the road, faster than they are replaced (on net), aiming for a 10-20% reduction in vehicle ownership by 2045.

According to US Census data as of 2019, approximately 50% of households have 2 or more vehicles, making them potentially strong candidates to reduce automobile ownership without completely eliminating access to automobiles. Presently, given Monterey's low population density, irregular and discontinuous street grid, varied topography, and generally fair weather, **e-bikes** are likely to be the most viable alternative to automobile usage for most households. E-bikes provide 40-80 mile range, make hills and cargo effortless, allow speeds of 20 or 28 miles per hour, and can be charged easily at home or work with a standard wall outlet (even in apartments), making them a competitive zero-emission alternative to automobiles, particularly for shorter local trips. E-bikes presently start at roughly \$1,000, far cheaper than even a used car, and new state and federal subsidies beginning in 2022 will make them even more appealing.

However, to get 20-40% of 2+car households to replace one car with an e-bike, Monterey needs to aggressively expand bicycle infrastructure to ensure biking is a safe, convenient option that appeals to most residents.

In addition, the appeal and convenience of driving and automobile ownership will need to be reduced. Fortunately, the two go hand in hand.

2.5 Non-Automotive Transportation Policy Recommendations

In 2022:

- 1) Subject to the outcome of AB 43 (2021), reduce speed limits by 5 mph citywide to the greatest extent feasible. Prioritize lower speed limits on streets without dedicated bike lanes.
- 2) Subject to the outcome of AB 122 (2021), direct police to de-prioritize enforcement against bicyclists when treating stop signs as yield signs.
- 3) Subject to the outcome of AB 1238 (2021), direct police to de-prioritize enforcement against pedestrians crossing outside of marked crosswalks.

- 4) Eliminate parking requirements in new construction to reduce excessive parking and unnecessary automobile ownership. Require unbundled parking for remaining parking stalls in new development. Adopt bicycle parking requirements for new construction.

In addition, by 2027:

- 5) Install two-way protected bike lanes on every major and minor arterial (e.g. Pacific St., Munras Ave, Jefferson St., Lighthouse Ave, Prescott Ave, etc.), or provide dedicated alternative (parallel) routes. Remove automobile and/or parking lanes as needed to accommodate bicycle infrastructure, and install on-street bicycle parking on every commercial block. Configure all signalized intersections to be safe for bicyclists, including bike boxes, sensors to trigger traffic light transitions, and potentially dedicated bicycle traffic signaling. Provide dedicated bus stop infrastructure where necessary and feasible to minimize bus-bicycle conflicts. (E.g. if bicycle lane is protected by parking, place bus stop island in the parking lane and allow traffic to wait for or go around buses, rather than forcing buses to cut into bicycle lane and endanger cyclists).
- 6) Identify other streets where bicycle infrastructure would improve cyclist safety – such as streets with substantial traffic or excessive width leading to dangerous speeding, including collector and residential streets. Install protected bike lanes wherever possible and unprotected bike lanes everywhere else.

3. Pathway to Zero: Natural Gas

3.1 Existing Policy Environment

The new 2023 Title 24 code cycle will not yet require all-electric new construction. At the earliest, the state building code could require all-electric construction beginning in 2026. However, all-electric development is feasible for most types of new buildings today, and reach codes or all-electric ordinances have been adopted by 50 cities in California.

Monterey will need to ensure that approximately 12,000 homes and an estimated 4,000 businesses retrofit to all-electric by 2045 in order to meet its target – nearly 700 buildings per year or roughly 2 each day, every day, for 23 years.

As a result, time is of the essence – Monterey must stop building new natural gas infrastructure immediately, and build up a workforce and industry expertise in building retrofits and all-electric appliances.

Presently, building electrification retrofits are expensive and the necessary skilled labor can be hard to come by. Significant state or federal subsidies will likely be required to fully retrofit all buildings, but until those are available, Monterey can avoid adding to the problem and start building up the building electrification workforce.

3.2 Policy Recommendations

By 2023:

- 1) Adopt an ordinance to ban natural gas hookups in new construction, based off of the ordinance adopted by the City of Berkeley (BMC 12.80).
- 2) Require electrification during major retrofits.
- 3) Explore pilot programs to subsidize retrofit costs.

In addition, beginning in 2022 and continuing until no new contacts can be reached:

- 4) Host workshops and conduct educational outreach to contractors, developers, and others in the construction and home repair industries to provide information on options available for all-electric building design and retrofits.
- 5) Conduct community outreach to homeowners and businesses to inform them about the benefits and cost savings of electrification.

4. Pathway to Zero: Land Use

4.1 Existing Conditions

Achieving Monterey's vehicle & building electrification and VMT reduction goals can be substantially facilitated through increased urban infill. However, at present, Monterey's zoning ordinance effectively prohibits any potential projects that could meaningfully change the built environment.

With the recommended policies in sections 2 and 3 above, new infill development would be EV-ready and all-electric from the start, replacing the need for expensive and difficult building retrofits. In addition, the other recommended local policies – particularly around mode choice and bike infrastructure - are most effective only for residents who both live and work in Monterey. For over 20,000 workers who commute into Monterey on a daily basis, bike lanes and EV charging won't serve them well, because their own municipalities are too far to bike from and they likely will continue to lack EV infrastructure at home.

At first glance, Monterey's zoning seems to have a solid foundation – placing higher density housing closer to transit and destinations, while also preserving meaningful historical sites. However, in reviewing the actual language of the zoning code more closely, the ordinance effectively prohibits meaningful development in the city's most walkable neighborhoods, and prevents adequate density for walkable or transit-friendly neighborhoods in even the highest density areas. Monterey's highest density residential zoning, R-3, requires front yards of 20 feet, rear yards of 15 feet, maximum lot coverage of 40%, maximum floor-area ratio (FAR) of 35% (meaning that the gross floor area of the buildings may be no more than 35% of the lot), and a maximum height of 2 stories or 25 feet – while also requiring 350 square feet of open space per unit and, in many cases, more than 1 parking space per bedroom. Lots smaller than 5,000 square feet aren't permitted to have more than 1 unit on them.

Of course, like in many cities, these zoning requirements for new construction are completely detached from the existing reality in the zone. Most of the existing buildings in

Monterey's R-3 neighborhoods, if proposed today, would be illegal to build because they do not comply with the zoning requirements.

With this exceedingly restrictive zoning and a state Cease & Desist Order, Monterey built a mere 22 homes (all ADUs or single-family homes) between July 2017 and July 2020, with zero affordable housing units. Monterey is therefore on track to fall woefully short of the existing 2014-2023 RHNA allocation of 650 homes – including 259 homes affordable to very low- and low-income households.

As a result of Monterey's zoning decisions, tens of thousands of residents and employees are forced into cars, choking local streets, dirtying the air, and polluting the Monterey Bay with tire-derived microplastics, while thousands more simply cannot find a home they can afford. These tragedies are entirely preventable. While building housing overnight for the 20,000 workers currently commuting to Monterey may not be feasible, meeting the next RHNA cycle targets will substantially advance Monterey towards a more sustainable and equitable built environment.

4.2 Upcoming Policy Environment

State law requires that Monterey plan to achieve its 2023-2031 RHNA targets at all income levels. For the 6th cycle, AMBAG has been assigned 33,274 units – 3.2 times as many as were assigned in the previous cycle. If AMBAG uses the same methodology as in the previous cycle, Monterey can expect to be required to build **at least 2,070** units, 826 of which will need to be affordable to low- or very low-income households. Another 383 will be required to be affordable to moderate-income households. Due to new guidance emphasizing infill and transit-oriented development, discouraging new construction in the unincorporated county, **Monterey could easily see housing allocations still higher**. Final determinations will not be available until Summer 2022.

In order to meet the RHNA targets, these anticipated affordable units will need to be deed-restricted as affordable housing: only households in the designated income bracket will be permitted to live there, and the monthly rent (or mortgage) cannot exceed 30% of the household's income. Because these rents are inevitably below market rate, they will require substantial subsidies to build and/or operate – the lower the income, the greater the subsidy.

In the past, redevelopment, along with federal and state subsidies, provided substantial funding to support the creation of dedicated affordable units. Today, however, those sources of funding have either been eliminated or are highly uncertain at best. As a result, in order to meet these affordable housing targets, Monterey will likely need to rely on some combination of inclusionary zoning for on-site units, coupled with dedicated funding for affordable housing developments. This funding can come from a variety of sources,

such as in-lieu fees, housing impact fees⁴, higher taxes, bond measures, or allocations from the city's general fund (at the expense of other programs or departments).

Because Monterey's budget is currently strained by the impacts of the Covid-19 pandemic, we assume no general fund revenues or new city taxes or bond measures will likely be available in the near future to subsidize affordable housing. Under this assumption, Monterey must plan to meet all of its affordable housing requirements primarily through a combination of inclusionary zoning and in-lieu fees, with supplemental housing impact fees to the extent feasible.

Currently, Monterey has an inclusionary zoning ordinance which requires 20% of units in all new developments of six or more units to be affordable to low- and moderate-income households⁵. In Monterey's ordinance, affordability requires that the cost not exceed 25% of the household's monthly income. The breakdown of low- and moderate-income units is not specified in the code, and while an in-lieu fee payment is mentioned, it was not readily evident from a review of the City website at what level the in-lieu fee has been set (or if any standard fee has been established). It was also unclear whether any feasibility analysis has been conducted in recent years on the inclusionary zoning ordinance or in-lieu fees. Monterey does not currently collect housing impact fees from non-residential development.

AB 1505 (2017)⁶ requires cities which adopt or amend an inclusionary zoning ordinance to complete an economic feasibility study if 1) the inclusionary ordinance would require more than 15% of units in a rental housing development be affordable to lower-income households, and 2) the city has failed to meet at least 75% of the above-moderate income housing requirements over the past 5 years.

In other parts of California, financial feasibility for housing development is typically attainable up to a 15% low-income inclusionary zoning level – rarely higher⁷. If inclusionary zoning levels are set too high, developers will not build enough (or any) housing, and Monterey will fail to meet its targets. On the other hand, if inclusionary levels are set too

⁴ See https://ternercenter.berkeley.edu/wp-content/uploads/pdfs/Residential_Impact_Fees_in_California_August_2019.pdf

⁵ Monterey municipal code, Chapter 8: https://monterey.municipal.codes/Code/8_Art1

⁶ Enacted as Government Code 65850.01:

https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?division=1.&chapter=4.&lawCode=GOV&title=7.&article=2.

⁷ See <https://longbeach.gov/globalassets/lbds/media-library/documents/housing--neighborhood-services/lbcic/inclusionary-housing-community-workshop/inclusionary-housing---financial-evaluation>, page 53; <https://www.ci.richmond.ca.us/DocumentCenter/View/49444/Financial-Feasibility-Report-April-2019>, page 27; https://www.lgc.org/wordpress/wp-content/uploads/2018/11/inclusionary-factsheet_v2.pdf page 3; <https://www.keysermarston.com/project/encinitas-inclusionary-housing-program>

low, Monterey will need to build far more units. At a 15% inclusionary level, without other external subsidies, Monterey would need to plan for over 5,500 units to build the 826 low-income affordable units ($15\% * 5,500 = 825$). At this level of building, moderate-income units can be achieved with a relatively smaller fraction of the total (less than 10%), but will still need to be planned for.

While the specific feasibility limits for inclusionary zoning depend on a variety of local factors, in practice, Monterey will likely need to set inclusionary zoning limits, in-lieu fees, and building heights together at a level that 1) incentivizes developers to provide on-site units to take advantage of the State density bonus, while also 2) encourages developers to meet a portion of their obligations with in-lieu fees. Monterey can then use the in-lieu fees to build any housing not met by the inclusionary zoning, such as extremely low-income housing targeted towards homeless individuals, which often needs additional wrap-around services. While it may not be feasible to raise taxes more broadly, Monterey may be also able to adopt housing impact fees on non-residential development (following a nexus and feasibility study) to further support funding for affordable housing.

4.3 Policy Considerations

Any new housing must be placed and designed in such a way that it maximizes the ability of new residents to get around Monterey easily without a car – the goal is to reduce traffic by eliminating vehicle commutes, not increase it. As such, it should be planned for in the areas of Monterey which are already the most walkable: close to grocery stores, schools, parks, jobs, and amenities. At the same time, Monterey ought to preserve its core historic features, landmarks, and architectural style.

A review of the Walkscore heatmap for Monterey⁸, Google Maps and Street View analysis, and the city's zoning map⁹, zoning ordinance¹⁰, and existing plans¹¹ suggested that the Lighthouse, Downtown, and North Fremont specific plan areas, along with most R-3 areas, would be the most effective areas for targeting new, climate-friendly housing. This allows the city to avoid impacts to key historic areas, like Cannery Row, or the vast majority of its low-density single-family neighborhoods.

While most of R-3 is walkable and close to destinations, some R-3 areas are more removed from Monterey's most walkable core. Other areas zoned R-3 also abut R-1 neighborhoods. Monterey could consider redesignating R-3 areas within 2-3 blocks of the specific plans as "Climate-Friendly Housing (R-4)" zones and applying the recommendations in 4.4 only to

⁸ <https://www.walkscore.com/CA/Monterey>

⁹ http://gisags8.ci.monterey.ca.us/pub/shared/pdf/zoning_map.pdf

¹⁰ <https://monterey.municipal.codes/Code/38>

¹¹ https://www.monterey.org/city_hall/community_development/planning/land_use_development_permit_process/index.php#outer-132sub-1913

this new Climate-Friendly Housing zone. For the sake of simplicity, however, the policy recommendations consider all R-3 together.

In order to achieve a mix of on-site units and in-lieu fees, Monterey needs to set height limits that encourage developers to take advantage of partial but not maximum density bonuses. State law (Section 65915 of the Government Code) allows for a density bonus of 20-50% for between 10-24% low-income units, or 5-15% very low-income units. Moderate-income units offered for sale (not rent) also provide a density bonus of 5-50% at a range of 10-44% inclusionary, but for-sale multifamily units are rare. A project with different levels of affordability (e.g. both low- and very-low-income units) does not get multiple bonuses.

Due to building codes and construction technologies, new mid-rise multifamily construction is most commonly built using wood frame over podium construction. Regularly seen as "5-over-1" (5 stories of wood frame over 1 story of concrete podium), this technology is sometimes applied to taller construction, up to 6-over-2. Beyond 8 stories, steel frame is required¹², which is typically not economical until reaching 12+ stories.

As a result, no developer would take advantage of a density bonus to go beyond 8 stories – and they may more likely go for 6 or 7. Therefore, Monterey can plan its height limits to encourage providing on-site units in such a way that the density bonus allows for 6-8 stories. To get 6 stories with the minimum density bonus of 20%, a height limit needs to be set for 5 stories.

In order to achieve a 20% density bonus in a rental project, state law requires developers to provide either 10% low-income units or 5% very low-income units. As a result, if Monterey set its inclusionary requirement to require 10% low-income units and 5% very low-income units, with a moderate in-lieu fee, developers would be strongly encouraged to provide one type of those units on-site and pay the in-lieu fee to cover the requirements of the other units. While zoning is difficult to change, the in-lieu fee can be adjusted as needed, and set to encourage greater provision of either low-income units (by raising the fee) or very low-income units (by lowering the fee).

While a 5 story height limit is the minimum recommended to encourage development with a mix of on-site affordable units (encouraged by the density bonus) and in lieu fees, the economic feasibility and site-specific analyses done for the Housing Element should evaluate whether 5 stories is actually sufficient height to incentivize the conversion of existing low-rise buildings into new construction. Depending on the availability of land and the existing uses, additional height may be needed. Increasing the base height to 6 stories will also ensure a combination of on-site affordable units and in-lieu fees.

¹² Mass timber has recently been legalized in California, which may enable 8-12 story construction, but supply and knowledge of the material remains limited.

Monterey also needs to determine a path to developing the required moderate income homes. A 15% low- and very low-income inclusionary requirement likely does not leave much room for moderate income inclusionary requirements while maintaining economic feasibility. Instead, Monterey may need to consider incentives, such as a local density bonus, to see its moderate income housing targets met.

Beyond height, many other elements of zoning serve primarily to reduce a parcel's buildable area, raising costs and preventing construction, with little to no impact on the public's experience of a building. Constraints like FAR, lot coverage, and units per acre do not typically have any meaningful impact on people's street-level experience of a development, and primarily only result in increased automobile usage and dependence. In neighborhoods that are more sensitive to the residential experience, setbacks (front, side, and rear) are the key defining feature, but existing R-3 neighborhoods in Monterey already have a diverse variety of setbacks and abutting buildings. Individuals do need to be able to access outdoor open space, but open space needs can be met either privately (e.g., on-site) or publicly (e.g., parks and beaches), and different people will have different levels of desire for open space (i.e., not everyone wants 350 square feet of on-site open space for themselves), so requirements should be moderated and flexible.

The policy recommendations below are designed to implement these considerations.

4.4 Policy Recommendations

By December 2023 (as part of the 2023-2031 Housing Element):

- 1) Adopt the recommendations in section 2.3, 2.5, and 3.2 citywide to eliminate parking requirements, require any provided parking to be EV-capable or EV-ready, adopt bicycle parking requirements, and require all-electric building construction. Consider adopting parking maximums for new multifamily or mixed-use development at 0.5 spaces per unit.
- 2) Update the Lighthouse, Downtown, and North Fremont specific plans to allow for up to 5-6 stories of residential or mixed-use (commercial + residential) development.
- 3) Update R-3 zoning to allow for up to 4-5 stories of residential or mixed-use (commercial + residential) development.
- 4) Eliminate any front, side, rear, or upper floor setback requirements in the specific plans. In R-3, reduce front, side, and rear setback requirements to 4 feet. In R-3, do not adopt upper floor setbacks for anything less than 4 stories.
- 5) Eliminate any FAR, du/acre, and lot coverage restrictions in the specific plans and R-3 zoning for multifamily and mixed-use buildings.. Eliminate apartment square footage and bedroom composition requirements citywide.
- 6) Reduce open space requirements to a total of 80 square feet per unit, with no distinction between shared or private open space. Provide an in-lieu fee option for open space requirements, structured to incentivize fee payments to support public open space maintenance & enhancements while still encouraging development overall. Incentivize the creation of privately-owned public open space by double-

counting it towards open space requirements (e.g., 40 square feet of privately-owned public open space counts as 80 square feet towards the requirement).

- 7) After reviewing affordable housing needs and financial feasibility, update the City's inclusionary zoning ordinance, incorporating the following considerations:
 - a. Update the inclusionary ordinance to expect households to pay no more than 30% of their income in rent, consistent with State law.
 - b. Update the inclusionary zoning to require a combination of low- and very low-income units (no requirement for moderate).
 - c. For the low- and very low-income inclusionary requirement, adopt a total percentage and breakdown that is found to be feasible for a wide variety of sites across the R-3 and specific plan areas. Consider the proposed 10%/5% split to maximize incentives for both in-lieu and on-site units.
 - d. Adopt a citywide density bonus for moderate income units. Consider one additional story for projects with 15% on-site moderate-income units. Ensure the adopted ordinance language calculates the percentages as a fraction of the base project, consistent for purposes of calculating state density bonuses; and that the additional floors are added after any state density bonuses on the base project are calculated¹³.
 - e. Adopt a standard in-lieu fee option for compliance with inclusionary zoning, in compliance with AB 602. Ensure that economic feasibility considerations take into account any adopted local density bonus.
- 8) Consider an affordable housing impact fee on non-residential development. Conduct a nexus study to analyze the relationship between commercial development and affordable housing needs, as well as a feasibility analysis to evaluate the ability of those developments to pay an impact fee. If suitable, adopt an affordable housing impact fee for new non-residential development at a level that maximizes the total provision of affordable housing.
- 9) Review the specific plans' design guidelines to ensure compliance with Housing Accountability Act requirements for objective design standards. Refer to case law from *California Renters Legal Advocacy And Education Fund v. City of San Mateo*, 2021 for guidance.

¹³ For example: A proposed "base project" of 5 stories would consist of ground-floor retail and 4 stories of housing. Assume each floor has 10 units, for a total of 40 base units. A developer might choose to meet the inclusionary requirement by providing 10% of the units (4) as low-income, and paying an in-lieu fee for the remaining 2 units. Under the state density bonus, this would bump the building to 6 stories, adding 10 bonus units (total 50). With the moderate-income local density bonus, the developer might designate another 15% of the base units (6) as moderate income, for a total of 25% of the base project as dedicated affordable. The moderate-income units would provide one local density bonus floor, going to 7 stories (60 units total).