



July 11, 2016

Mr. Matthew Quint  
State Water Resources Control Board  
Division of Water Rights  
PO Box 2000  
Sacramento, CA 95812-2000

**RE: SWRCB Staff Recommendations regarding California-American Water's Request to Modify Cease and Desist Order WR 2009-0060**

Dear Board Members:

MidPen Housing Corporation is a mission-based non-profit housing developer working to provide affordable housing in eleven counties in Northern California, including Monterey County. We write this letter in objection to condition 3 of the SWRCB Preliminary Staff Recommendation, to reinterpret paragraph 2 of the original Cease and Desist Order WR 2009-0060. If adopted, the proposed language would be a major setback to our ability to deliver affordable rental housing for vulnerable seniors in the City of Monterey. The Van Buren Senior Housing project, which would provide 19 units of affordable rental housing in the City of Monterey, is a project that has been more than 15 years in the making. In addition to thwarting the Van Buren Senior Housing project, such restrictions would effectively eliminate any attempt to provide new affordable housing or any other meaningful redevelopment for the existing citizens of the Monterey Peninsula.

The reinterpretation of paragraph 2 illustrates a lack of understanding of the timeframes and activities associated with thoughtful community development. MidPen is a 46 year old nonprofit organization that has developed more than 100 affordable rental communities in Northern California. Many of our communities have taken 8-10 years from site identification to project completion. This is because affordable housing projects not only must go through local zoning approval processes, which typically takes 2 – 3 years, but must then secure the necessary financing to construct, which can take 3+ years to pull together. Within that intervening period, sites are typically held vacant, awaiting their new intended use. By measuring water use based on a 5-year period from 2008-2013, staff is ignoring the fundamental reality of what it takes to build affordable housing. Any meaningful development project currently on the books was likely being held vacant within the 2008-2013 time period, because that's how long ago planning for new development would have begun.

In the case of the Van Buren site, the City purchased the site in 2000 – 2001 and began a community engagement process to redevelop the site. Ultimately, the City approved a plan that would put 19 new affordable homes for very low income seniors on the site. In 2014 the City issued a Request for Proposals for the site and selected MidPen as the developer. Since that time, MidPen has been working to secure zoning approval for the project and amass the necessary financing. Our current schedule has us starting construction in early 2018. So, to require cities to use a five year "look back"



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in historical water usage to determine future water allocations ignores this reality and threatens important community development projects like Van Buren Senior Housing.

Local jurisdictions should have the discretion to impose limitations in a manner that is fully compliant with the existing Cease and Desist Order (CDO) without halting all community and economic development. The City of Monterey, along with nearby communities along the Monterey Peninsula, has seen a tremendous increase in the cost of housing over the last decade. Per the City's 2015-2023 Housing Element, the median sales price in 2015 was over \$823,000 and the median monthly rent was \$3,000 for single family homes and \$2,100 for multifamily units. By comparison, a family of four making 80% of area median income can only afford a maximum home purchase price of \$359,000 or \$1,450 monthly rent. Additionally, the City has a rental vacancy rate of 3.2%, well below the healthy standard of 5%, suggesting an imbalance between supply and demand.

Thus, the combination of skyrocketing housing costs and minimal vacancies are forcing low and moderate income households into marginal housing situations. Roughly 37% of owners and 50% of renters in the City of Monterey are paying more than 30% of their monthly income towards housing and many more are facing overcrowding or substandard living conditions. Per the Housing Element, over 21% of the City's housing stock was either clearly declining or in serious deterioration, and another 33% had deferred maintenance. For very low and extremely low income households, such dire housing conditions are forcing many into homelessness. The 2015 Homeless Count for Monterey County found 2,308 homeless persons, with 71% living unsheltered.

Eliminating the ability of the City of Monterey to use its own discretion regarding changes in the use of water at any and all existing sites effectively creates a moratorium on the creation of new housing stock for the City. Such overarching restrictions will only exacerbate the existing housing crisis and force more of the City's existing citizenry into substandard living situations.

The consequences of such a change would be damaging to current and future community development efforts and further aggravate the existing housing crisis. The development decisions made by local jurisdictions to meet community needs necessitate greater flexibility in determining future water allocation for new developments.

In closing, we strongly urge you to eliminate the Preliminary Staff Recommendation to reinterpret paragraph two of the original Cease and Desist Order WR 2009-0060.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jan Lindenthal", with a long horizontal flourish extending to the right.

Jan Lindenthal  
Vice President of Real Estate Development

MidPen Housing Corporation  
MidPen Property Management Corporation  
MidPen Resident Services Corporation

**Watsonville Office**  
275 Main Street, Suite 204  
Watsonville, CA 95076

t. 831.761.7215  
f. 831.761.7218

e. [info@midpen-housing.org](mailto:info@midpen-housing.org)  
[www.midpen-housing.org](http://www.midpen-housing.org)