



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: RES 22-181, **Version:** 1

Adopt Resolution to:

- a. Select Eden Housing, Inc., jointly with the City of Salinas, as the developer for 855 East Laurel Drive in Salinas Request for Qualifications (RFQ) for the Design and Development of a 100% Affordable Multifamily Rental Housing Project (Project); and
- b. Authorize the Housing and Community Development Department Director, or designee, jointly with the City of Salinas, to negotiate an Exclusive Negotiating Agreement with Eden Housing, Inc. for the affordable housing development; and
- c. Provide direction to staff.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

[Copy and paste title here]

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- b. Authorize the Housing and Community Development Department Director, or designee, jointly with the City of Salinas, to negotiate an Exclusive Negotiating Agreement with Eden Housing, Inc. for the affordable housing development; and
- c. Provide direction to staff.

SUMMARY:

On May 6, 2022, the County of Monterey (County) and the City of Salinas (City) jointly released a Request for Qualifications (RFQ) seeking a highly qualified developer for the design and development of a one hundred percent (100%) Affordable Multifamily Rental Housing Project (Proposed Project) at 855 E. Laurel Drive in Salinas, California (Attachment B). The County and City received eight (8) proposals, and Eden Housing Inc. (Developer) emerged as the most qualified and experienced developer selected by the rating and ranking panel to take on this Proposed Project (Attachment C).

Upon the Board's authorization, the County, City, and Developer staff will engage in negotiations to enter into an Exclusive Negotiating Agreement (ENA) for the affordable housing development at 855 East Laurel Drive. In addition, County and City staff have identified needed updates to the existing Memorandum of Understanding (MOU) between the County and City to address an agreed upon approach for sharing Regional Housing Needs Assessment (RHNA) credits and the potential allocation of funds for the predevelopment cost of this Proposed Project. Once these items are accomplished, the County and Developer will engage in negotiations to enter into a Ground Lease (Lease) for the Proposed Project.

Staff requests that the Board of Supervisors adopt a resolution (Attached A) to select Eden Housing as the developer for the design and development of affordable housing at the County-owned 855 East Laurel Drive in Salinas. Staff also requests that the Board authorize the HCD Director and/or his designee to negotiate an ENA and subsequent Lease. Staff will return to the Board for its consideration and approval of the negotiated ENA

and future Lease.

DISCUSSION:

See Attachment D - Detailed Discussion.

OTHER AGENCY INVOLVEMENT:

The Office of County Counsel provided review of the RFQ and has approved the resolution as to form. HCD staff coordinated with staff from the Public Works, Facilities and Parks Department, Facilities Division (PWFP), throughout the RFQ and developer selection process. PWFP will continue to collaborate with HCD staff during ENA negotiations and development of a subsequent Lease for the Proposed Project. City staff are presenting a similar item to the City Council at its evening meeting on October 4, 2022.

Staff presented a status report regarding this matter to the County's Health, Housing & Human Services Committee (HHHSC) at its meeting on August 18, 2022. Committee members supported the goal of developing additional affordable housing to meet the needs of Monterey County residents. One committee member requested that staff bring an item to the County's Legislative Committee during its upcoming legislative priority setting to request a simpler process by which cooperating jurisdictions may share RHNA credits.

ENVIRONMENTAL REVIEW

The County has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

FINANCING:

There is no impact to the General Fund as the result of selecting Eden Housing as the developer for the Proposed Project and authorizing HCD to negotiate the ENA and subsequent Lease. HCD staff time to review the RFQ and participate in the selection process is funded in the Fiscal Year 2022-23 Adopted Budget, Fund 001, Appropriation Units HCD002, Unit 8543.

The selected developer will be responsible for securing sources of financing and operating subsidies. There is no request for the County or City to commit any funds to support the Project at this time. Eden Housing has requested \$500,000 in funding to offset the pre-development costs, and the City is contemplating identifying a funding source for this offset request. The County and City will be partners in discussions with other agencies that offer permanent financing and operating subsidies toward affordable housing developments. In the coming Fiscal Years, the City has access to approximately \$7 million in competitive funds to support production of affordable housing that may be available to this project. At this time the County does not have any identified funding that could be made available for this project. After further discussions with Eden Housing and the City, future funding for pre-development costs or other Project gap funding would be memorialized by future agreement and brought to the Board and City Council, respectively, for consideration at a later date.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Provision of safe, affordable housing supports the Board of Supervisor' Strategic Initiatives for Infrastructure and Health and Human Services, by improving health and quality of life outcomes for individuals and families experiencing housing insecurity due to limited income.

Economic Development
Administration
X Health & Human Services
X Infrastructure
Public Safety

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Reviewed by: Lindsay Lerable, Chief of Facilities

Approved by: Erik Lundquist, AICP, HCD Director, x5154

The following attachments are on file with the Clerk of the Board:

Attachment A - Draft Resolution

Attachment B - Request for Proposals

Attachment C - Eden Housing Inc. Proposal for Daphne Court

Attachment D - Detailed Discussion