



County of Monterey

Item No.

Board Report

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

Legistar File Number: 24-772

December 03, 2024

Introduced: 11/20/2024

Current Status: Agenda Ready

Version: 1

Matter Type: General Agenda Item

Approve the proposed conflict-of-interest waiver in relation to Goldfarb and Lipman's proposed representation of Interim, Inc. in their development of the proposed Marina Kai 23-unit supportive housing facility.

RECOMMENDATION:

It is recommended that the Board of Supervisors approve the proposed conflict-of-interest waiver in relation to Goldfarb and Lipman's proposed representation of Interim, Inc. in their effort to redevelop their Shelter Cove project into a permanent supportive housing facility.

SUMMARY:

The County has retained the law firm of Goldfarb and Lipman (G&L) for many years to provide specialized outside counsel to support the County housing programs. Goldfarb and Lipman have notified the County that they will be working with Interim, Inc. as counsel for the Marina Kai Supportive Housing project. This may create a potential conflict-of-interest for G&L because the County has an interest in the Interim, Inc.'s Shelter Cove site, which Interim, Inc. is proposing to redevelop as the 23-unit Marina Kai Supportive Housing Facility. Staff have reviewed the disclosure letter submitted by G&L and recommend that the Board of Supervisors approve the conflict-of-interest waiver and authorize the Chair to sign the waiver.

DISCUSSION:

Goldfarb and Lipman provide specialized outside legal counsel supporting the County's housing programs for at least 20 years. In this capacity they have provided guidance on drafting amendments to the Inclusionary Housing Ordinance and drafting documents for County housing finance activities, including grant and loan agreements, and regulatory agreements.

In June 1996, Interim, Inc. acquired a 2.24-acre parcel on the former Fort Ord and within the boundaries of Marina. The property was conveyed for use as transitional housing. Interim, Inc. has subsequently developed the site into Shelter Cove, which includes 35-transitional housing beds and treatment space. The County provided a \$100,000 loan to Interim, Inc. in 2005 and placed a deed restriction on 13 of the bedrooms. Interim, Inc. has been paying on the loan as agreed since 2007, and the loan is scheduled to be paid off in 2039.

Interim, Inc. is proposing to redevelop a portion of the property into the Marina Kai Apartments. This project will include 23 studio apartments for use as permanent supportive housing and a manager unit. The property will retain approximately 34 transitional housing beds and remain compliant with the terms of the County's loan. Interim, Inc. has been a long-term client of G&L, and they are part of the

development team for this project. In this capacity, G&L will be reviewing a variety of loan and grant agreements, regulatory agreements, and affordability restrictions for a variety of state, federal, and private financing.

The County may be asked to subordinate its interest to new financing sources or provide additional financing for Marina Kai, creating a potential conflict-of-interest for G&L. County financial support for affordable and supportive housing projects is typically the most junior financing in the project and subordinate to most financing. Because of where County financing comes into the project, staff does not believe that reviewing or drafting documents for the County and Interim, Inc. related to the Marina Kai development will create a significant conflict-of-interest and may save money because of G&L's knowledge of all other funding requirements.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed Goldfarb and Lipman's conflict-of-interest waiver request and supports the Board of Supervisors approving the waiver.

FINANCING:

This action does not change the current FY2024-25 appropriations, revenues, or positions.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

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

Prepared by: Darby Marshall, Housing Program Manager, x5391.

Approved by: Craig Spencer, Director of Housing & Community Development, x5233.

The following attachment is on file with the Clerk of the Board:

Attachment A: Waiver Request