



County of Monterey

Item No.

Board Report

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

Legistar File Number: A 25-090

April 15, 2025

Introduced: 3/28/2025

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Agreement

- a. Approve Amendment No. 8 to Standard Agreement A-14097 with LeSar Development Consultants to continue to provide technical assistance required to update the County's Affordable Housing Ordinance; increase the Agreement amount of \$259,600 by \$45,000 for a new not to exceed amount of \$304,600, and extend the term six (6) months to December 31, 2025; and
- b. Authorize the Contracts/Purchasing Officer or designee to execute Amendment No. 8 and future amendments to the Agreement that do not significantly alter the scope of work or increase the approved Agreement amount, subject to review and approval as to form by the Office of the County Counsel and as to fiscal provisions by the Auditor-Controller's Office.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve Amendment No. 8 to Standard Agreement A-14097 with LeSar Development Consultants to continue to provide technical assistance required to update the County's Affordable Housing Ordinance; increase the Agreement amount of \$259,600 by \$45,000 for a new not to exceed amount of \$304,600, and extend the term six (6) months to December 31, 2025; and
- b. Authorize the Contracts/Purchasing Officer or designee to execute Amendment No. 8 and future amendments to the Agreement that do not significantly alter the scope of work or increase the approved Agreement amount, subject to review and approval as to form by the Office of the County Counsel and as to fiscal provisions by the Auditor-Controller's Office.

SUMMARY:

The County of Monterey ("County") began the process of updating its Inclusionary Housing Ordinance ("Ordinance") in 2018. LeSar Development Consultants ("LeSar") was retained to provide the technical assistance required to update the Ordinance. The original scope of work included analyzing housing needs based on the various County Planning Areas. The Board of Supervisors was provided with a status report on the update process and requested to provide direction to staff in September 2021. At that time, the Board directed staff to incorporate a non-residential fee into the Inclusionary Housing Ordinance.

DISCUSSION:

Request for Proposals #10650 was issued in January 2018 to identify organizations with the appropriate mix of policy development, legal analysis, and economic modeling related to affordable housing. One proposal was received from LeSar in partnership with Keyser Marston Associates, Inc., and Goldfarb Lipman Attorneys.

In late 2018 the County entered into Agreement A-14097 with LeSar to coordinate updating the Inclusionary Housing Ordinance in the amount of \$195,100. The Agreement has been amended seven times to extend the term of the Agreement to allow for scope expansion and providing additional time for public comment.

In September 2022, Amendment No. 4 was approved to expand the scope of work by adding the task Phase 5.4.2.1, Preparation of a Non-Residential Linkage Fee Analysis and Recommendations based on the Keyser Marston Associates, Inc., report dated October 22, 2021, *Proposed Scope of Services to Prepare Revenue Estimate and Preliminary Cost Estimate: Nexus Study and Optional Services to Support Adoption of a New Non-Residential Affordable Housing Fee Program* (Commercial Linkage Fee). Amendment No. 4 also increased the Agreement amount by \$64,500 for a new Agreement amount of \$259,600. The Board's Health, Housing, and Human Services Committee, at its March 22, 2024, meeting indicated that they were not supportive of adding a new development fee at that time.

The recommended increase in funding will allow the County to update its inclusionary housing in-lieu fee schedule with a mechanism for annual adjustments. The current in-lieu fee schedule has not been updated since 2011, and the fee schedule adopted at that time did not include a mechanism for adjusting fees absent a new nexus study. Current state law requires that jurisdictions update inclusionary in-lieu fees at least once every five years.

Because consensus over how the Inclusionary Housing Ordinance should be modified has not been achieved, staff is recommending that this effort be separated from the updates to the in lieu fee schedule. The fee schedule is part of the Inclusionary Housing Administrative Manual and staff has identified several areas around how the Ordinance is implemented that can be addressed through revisions to the Inclusionary Housing Administrative Manual as part of this effort. Staff will return to the Board of Supervisors with suggested revisions by June 30, 2025.

OTHER AGENCY INVOLVEMENT:

The Offices of the County Counsel and Auditor-Controller have reviewed Amendment No. 8 as to form and legality, and fiscal provisions, respectively.

FINANCING:

There is no impact on the General Fund if the Board of Supervisors approves this agreement. The additional \$45,000 required for this agreement brings the total amount of the agreement to \$304,600 and is included in the FY24/25 budget for the Inclusionary Housing Fund, Fund 009, Unit 8544, Appr Unit HCD003. The current Inclusionary Housing Ordinance specifically allows for the use of in-lieu fee income to be used for administrative costs.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Updating the Inclusionary Housing Ordinance In-Lieu Fee Schedule will allow the program to assess and collect fees that reflect the current cost of affordable housing construction in the County.

X Economic Development
Administration

Health & Human Services
Infrastructure
Public Safety

Prepared by: Darby Marshall, Housing Program Manager, 755-5391

Approved by: Craig W. Spencer, HCD Director

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

Attachment A - Draft Amendment No. 8

Attachment B - Executed Standard Agreement #14097

Attachment C - Amendment Nos. 1 - 7