

ATTACHMENT 5

**RESOLUTION AND INCLUSIONARY HOUSING IN-LIEU FEE
ANNUAL REPORT FOR THE YEARS ENDING JUNE 30TH
2014, 2015, 2016, 2017, AND 2018**

AYES: NOES: ABSENT:

I, _____, _____ Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original resolution of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book ____, for the meeting on October 23, 2018.

Dated: October 23, 2018, Clerk of the Board of Supervisors
County of Monterey, State of California

By Deputy

EXHIBIT 1

Overview

Monterey County established the Inclusionary Housing In-Lieu Fee on October 28, 1980 by Ordinance 18.40 of the Monterey County Code. The fees collected are used for grants, low interest loans, or other funding mechanisms to support the development and retention of very low, low, and/or moderate income housing and the administering the Inclusionary Housing Program as approved and authorized by the Board of Supervisors.

The Government Code requires certain disclosures of the financial information related to those plans. The fees for each of the plan subareas, or spheres, are deposited into separate funds as required by the Government Code. Government Code Section 66006(b) requires each entity collecting facilities fees to disclose an annual accounting of the fund related to those fees. This report has been furnished to comply with this requirement.

Section 66006(b) (1 and 2) provide in part as follows:

"For each separate account or fund established pursuant to subdivision {a), the local agency shall, within 180 days after the last day of each fiscal year, make available to the public the beginning and ending balance of the account or fund, the amount of the fees collected and the interest earned, an identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees and the amount of refunds made pursuant to subdivision (e) of Section 66001 and any allocations pursuant to subdivision (f) of Section 66001....The local agency shall review the information.... at the next regularly scheduled public meeting not less than 15 days after this information is made available to the public, as required by this subdivision."

The code requires that the information contained in this report be available as soon as it has been collected and must be made available within one hundred eighty (180) days of the close of the fiscal year. This requires that the Information be made available by December of each fiscal year.

Additionally, once the information is available it must be reviewed at the next regularly scheduled public meeting not less than fifteen (15) days after the report is made available to the Public.

The Inclusionary Housing In-Lieu Fee is intended to generate only the development fair-share contribution of project costs and is not intended to provide 100% funding for or construct all affordable housing.

The Board of Supervisors identified the need for an ongoing revenue stream to support affordable housing throughout the unincorporated areas of the County. Specific affordable housing projects were not identified at the time the In-Lieu Fee was first adopted in 1980. Sufficient funds have not been collected to complete financing of the affordable housing development that the County approved as a condition of the East Garrison Development.

At this time, the plan is proceeding as planned and no refunds have been made per this Section. Sufficient funds have not been collected to complete all projects. It is not anticipated that refunds will occur. If refunds occur, that information will be included in future annual reports.

There also has not been any interfund transfers or loans from any of the plan funds per this Section.

The data supporting the information shown on the attached sheet is updated as transactions occur and is available for public review at Monterey County Economic Development, 1441 Schilling Place – North, Salinas, CA 93901.

Fees Status:

Monterey County conditions residential development consisting of five (5) or more units or lots and in the circumstances specified in Section 18.40.090 within the unincorporated County areas to provide affordable housing. The amount of In-Lieu Fees collected is dependent upon the fractional number of affordable units the development is obligated to provide based upon the Ordinance. A list of the fees collected and expenditures made in FY 2017/18 is included below as part of this report.

Table 1: Fund balances and expenditures for Inclusionary Housing In-Lieu Fee

	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
BEGINNING BALANCE:	\$994,683	\$922,038.91	\$887,310.25	\$703,392.25	\$907,657.54
INCREASES TO FUND BALANCE:					
SERVICES FEES COLLECTED:	\$11,321.00	\$5,410.00	\$5,635.00	\$6,505.00	\$3,750.00
IN-LIEU FEES COLLECTED	\$2,641.34	\$50,032.62	\$101,584.16	\$104,099.63	\$52,991.48
INTERESTED EARNED:	\$2,389.76	\$1,607.51	\$2,928.83	\$6,265.71	\$8,678.29
LOAN REPAYMENTS (Scheduled):	\$33,148.12	\$27,908.37	\$26,921.17	\$21,575.74	\$28,945.33
LOAN REPAYMENTS (Scheduled):			\$34,345.94	\$94,978.34	
DECREASES TO FUND BALANCE:					
FISCAL YEAR EXPENDITURES	\$122,144.31	\$129,687.16	\$61,699.18	\$29,159.23	\$64,884.22
ENDING BALANCE - June 30th:	\$922,038.91	\$877,310.25	\$703,392.35	\$907,657.54	\$937,138.42

Five-Year Findings

In accordance with Government Code Section 66001, the County of Monterey makes the following findings with respect to those portions of the accounts or funds remaining unexpended, whether committed or uncommitted:

All unexpended funds held for five years or more are committed to projects that are a suitable purpose for the use of the developer fee.

A) Identify the purpose to which the fee is to be put.

The purpose of the fees collected on development is to support the development and preservation of affordable housing in the unincorporated areas of the County.

B) Demonstrate a reasonable relationship between the fee and the purpose for which it is charged.

The relationship between the Inclusionary Housing In-Lieu Fee and purpose was established by the ordinance and remains in effect.

C) Identify all sources and amounts of funding anticipated to complete financing.

Additional sources of funding are identified and applied for on a case-by-case basis as affordable housing opportunities are presented.

D) Designate the approximate dates on which the funding referred to in C) above is expected to be deposited into the appropriate account or fund.

For the Inclusionary Housing In-Lieu Fee program, the date when additional In-Lieu Fee funding will be deposited has not yet been identified. Approximately \$27,700 is repaid annually by loans funded with Inclusionary Housing In-Lieu Fees.