



To launch MBHT, MBEP entered an agreement with HTSV, whereby HTSV provides 80% of the funds and MBHT provides 20% of the funds for each loan made in the Monterey Bay region. To date, MBHT has received commitments for \$2.25M (including Monterey County’s \$500,000 commitment), making the total fund equal to \$11.25M. The fund is expected to revolve every 3 years and make almost \$40M available to support affordable housing over 10 years. HTSV qualifies affordable housing projects and developers, makes lending decisions, initiates and prepares loan documents, participation agreements, security filings, and the collection and distribution of principal and interest payments to loan participants. HTSV also acts as fiscal and security agent in case of default. MBHT works with HTSV to market the loan program, identify qualifying projects in the Monterey Bay region, and to prioritize projects in the case of limited funds in consultation with its partners.

Affordable housing project types include multi-family rental, permanent supportive housing, and mixed income ownership housing. Loans will range from up to \$500,000 unsecured to \$2,000,000 secured, with term up to 5 years. Interest rates are competitive and based on the transaction structure, credit worthiness of the borrower, and cost of funds (which is a blend of borrowed money and grants). The interest rate will reflect a reasonable return to HTSV and MBHT to account for risk, cost of capital, and preserving an ongoing pool of funds to invest in future affordable housing. Currently, the interest rate is approximately 5%. Fees include \$2,500 at time of loan application, 2% of loan amount up to \$2M (1.5% thereafter), and borrower is responsible for lender’s legal fees and third party costs. Predevelopment loans are interest only, payable monthly, and interest may be capitalized through an interest reserve established at the time of loan closing and paid out of loan proceeds. Loans will have full recourse to the borrower, including guaranties from project sponsor and parent organizations, as applicable.

MBHT is one element of a three-part strategy by MBEP to drive an increase in the housing supply in our region. In addition to MBHT, MBEP is also engaged in advocacy at board of supervisors, city council and planning commission meetings for affordable and market rate housing. It is also acting as a convener and sharing best practices to facilitate more employer sponsored housing, particularly farmworker housing (e.g. the Tanimura and Antle project in Spreckels, for which T&A and the County of Monterey received MBEP’s Public/Private Partnership Award last year).

**OTHER AGENCY INVOLVEMENT:**

County Counsel has approved the Agreement as to form.

Due to the late submission of this report, the CAO Budget and Analysis Division was not provided adequate time to review for potential fiscal, organizational, policy or other implications to the County of Monterey.

**FINANCING:**

The funds for the County’s contribution to the Housing Trust Fund are budgeted in Appropriations Unit DEO001, Fund 001 (General Fund), Organization 8221 (Economic Development).

**BOARD OF SUPERVISORS STRATEGIC INITIATIVES:**

The Small Business Revolving Loan Fund supports the Board’s Economic Development Initiative by providing a local source of capital to finance business start-up and expansion that conventional financial resources will not support.

Mark a check to the related Board of Supervisors Strategic Initiatives

- X Economic Development
- Administration
- X Health & Human Services

X Infrastructure  
\_\_ Public Safety

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Attachments:  
Monterey County Monterey Bay Housing Trust Funding Agreement  
(Attachments are on file with the Clerk of the Board)