



# County of Monterey

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

## Board Report

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**File #:** 17-1250, **Version:** 1

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- a. Approve an agreement, containing non-standard insurance provisions, with Monterey Bay Housing Trust in the amount of \$500,000, to support the creation and retention of affordable housing in Monterey County;
- b. Authorize the County Administrative Officer to execute the agreement;
- c. Authorize Monterey County's deposit of \$500,000 as a financial contribution to the Monterey Bay Housing Trust.

### **RECOMMENDATION:**

It is recommended that the Board of Supervisors:

- a. Approve an agreement, containing non-standard insurance provisions, with Monterey Bay Housing Trust in the amount of \$500,000, to support the creation and retention of affordable housing in Monterey County;
- b. Authorize the County Administrative Officer to execute the agreement;
- c. Authorize Monterey County's deposit of \$500,000 as a financial contribution to the Monterey Bay Housing Trust.

### **SUMMARY:**

The recommended action will implement direction received from the Board of Supervisors during FY 2017-18 budget hearings and again on August 29, 2017, to partner with the Monterey Bay Housing Trust (MBHT). Specifically, the action will authorize the County Administrative Officer to enter into an agreement with MBHT that will direct how the County's initial \$500,000 contribution will be used to support the creation and retention of affordable housing in the unincorporated areas of Monterey County. MBHT has requested that the County accept lower levels of Master Crime Insurance and Directors and Officers (D&O) Liability Insurance than was presented in the agreement on August 29, 2017.

### **DISCUSSION:**

The Monterey Bay Housing Trust (MBHT) is a revolving loan fund sponsored by the Monterey Bay Economic Partnership (MBEP) and Housing Trust Silicon Valley (HTSV). The goal of this fund is to increase the supply of affordable housing for low-income households. MBHT loans are used primarily to finance acquisition of land, entitlement and predevelopment costs for affordable housing projects in the Monterey Bay Region, including Monterey, Santa Cruz and San Benito counties.

Agreement A-13735, approved by the Board on August 29, 2017, required MBHT to obtain Master Crime Insurance in the amount of at least Three Million Dollars (\$3,000,000.00) and D&O Liability Insurance in the amount of One Million Dollars (\$1,000,000.00) per occurrence and Three Million Dollars (\$3,000,000.00) in aggregate. MBHT has requested that the County accept lower levels of coverage for Master Crime and D&O insurance. County staff has reviewed the request and, based on the County's Five Hundred Thousand Dollar (\$500,000.00) investment believes that the request is reasonable.

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.

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 reviewed the agreement and has approved as to form and legality.

**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 MBHT will provide financing for affordable housing projects in support of the Board's Economic Development and Health and Human Services strategic initiatives.

Mark a check to the related Board of Supervisors Strategic Initiatives

- X Economic Development
- \_\_ Administration
- X Health & Human Services
- \_\_ Infrastructure
- \_\_ Public Safety

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Attachments:  
MBEP Agreement and Insurance