



County of Monterey

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

Board Report

File #: A 21-501, **Version:** 1

- a. Approve an agreement with HouseKeys, Inc., for the period of November 1, 2021 through October 31, 2022 for the not to exceed amount of \$145,000 to provide services identifying, organizing, and communicating the County's inclusionary programs housing inventory and procedures;
- b. Authorize the Contracts/Purchasing Officer to execute the Agreement and any amendments which do not alter the scope of work or increase the amount payable on the Agreement by more than 10%.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve an agreement with HouseKeys, Inc., for the period of November 1, 2021 through October 31, 2022 for the not to exceed amount of \$145,000 to provide services identifying, organizing, and communicating the County's inclusionary programs housing inventory and procedures;
- b. Authorize the Contracts/Purchasing Officer to execute the Agreement and any amendments which do not alter the scope of work or increase the amount payable on the Agreement by more than 10%.

SUMMARY/DISCUSSION:

The County's Inclusionary Housing Ordinance (Ordinance), which is codified at Chapter 18.40 of the Monterey County Code, addresses the provision of affordable housing to very low-, low- and moderate-income households as part of new development projects. The Ordinance was originally enacted in the 1980s. A number of housing units have been developed over time per the provisions of the Ordinance and the associated housing agreements. Additionally, many other affordable housing projects developed through various funding sources like CalHome, Home Investment Partnerships Program (HOME), Community Development Block Grant Program (CDBG) have certain administrative requirements.

Due to the affordable housing requirements, these housing units need to be monitored for 1-55 years or in perpetuity to ensure that the terms and conditions of the affordable housing agreements or funding criteria is achieved. To ensure compliance, it is necessary that the County digitize its housing stock by including specific information regarding housing agreements, interest rates and program guidelines. This will help staff administer rent and resale calculations, vacancies, sale and resale of units, refinancing requests, collection of fees and other applicable fees and ensure a monitoring process is adhered to for all programs. Consultant services are needed to support this effort.

HouseKeys will serve as a third-party program administrator for the County. HouseKeys will create a documentation inventory, ensure affordability restrictions are adhered to and that on-call services are available. A monitoring and compliance plan will be created and followed through this digital system and payments will be identified.

Currently, the County manually tracks loans, payments, and balances using the Excel spreadsheet. HouseKeys will be able to automate the tracking of all loan information. While the first year will focus on getting the program in order and building a working relationship with HouseKeys, there may be additional opportunity to utilize its suite of services to streamline further the County's affordable housing program. At the end of Year One, HouseKeys will provide a plan for Years Two and Three which will put the County in a position to either

continue with HouseKeys' services or take over the program using internal resources considering staff availability. The Year One agreement limits the charges to the not-to-exceed-amount of \$145,000, and no other fees are expected.

HouseKeys will be able to assist the County to create an affordable housing list of eligible applicants and determine the inventory of affordable units needed countywide. Housekeys will determine if transaction fees are recovering costs fairly and may make recommendations to the County to update fees, as appropriate. Housekeys has unique specialized skills in real estate transactions for resales, refinances and other housing inventory needs for the County's housing stock.

Obtaining the assistance of HouseKeys will help the County meet compliance requirements in the Inclusionary Housing Program and with other federal and state programs. Once fully evaluated, HouseKeys will use its findings to provide recommendations to put in place an efficient monitoring process.

The services provided by HouseKeys are unique due to their proprietary software solution, specialization in housing programs, understanding of the specific housing agreements with state and federal agencies, the requirements for multiple programs, and having the staff necessary to carry out these tasks.

OTHER AGENCY INVOLVEMENT:

The Office of the County Counsel and Auditor-Controller's Office have reviewed and approved this Standard Agreement as to form and legality, and fiscal provisions, respectively.

FINANCING:

The \$145,000 required for this agreement is included in the FY 2021-22 Adopted Budget for Housing and Community Development in Fund 001, Unit 8542, Appropriation Unit HCD001 funded as part of an augmentation approved for the fiscal year. Since the one-year term crosses two fiscal years, the \$105,000 is expected to be used in FY 2021-22, with the remaining amount of \$40,000 to be used in FY 2022-23, which will be included in the proposed FY 2022-23 Departmental budget.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The Board's Strategic Initiatives of Administration and Health and Human Services are supported through effective resource management as well as improving the quality of life for residents through County-supported affordable housing programs and services.

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

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Reviewed by: Melanie Beretti, Special Programs Services Manager, x5285
Approved by: Erik V. Lundquist, Housing and Community Development Director

The following attachment is on file with the Clerk of the Board:
Attachment A - Standard Agreement with HouseKeys, Inc.