



County of Monterey

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

Board Report

File #: 15-1169, Version: 1

- a. Authorize disbursement of rental income funds to serve as working capital to implement the previously-approved Kents Court Management Agreement between the County of Monterey and the John Stewart Company, in the amount of \$280,000 for a three (3) year term; and
- b. Authorize disbursement of rental income funds to serve as additional working capital to implement the previously approved Kents Court Management Agreement between the County of Monterey and the John Stewart Company in the amount of \$90,000 per year, for up to two (2) renewals of the Agreement of one (1) year each, which would together result in additional expenses of no more than \$180,000, for maximum working capital expenditures of \$460,000.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Authorize disbursement of rental income funds to serve as working capital to implement the previously-approved Kents Court Management Agreement between the County of Monterey and the John Stewart Company, in the amount of \$280,000 for a three (3) year term; and
- b. Authorize disbursement of rental income funds to serve as additional working capital to implement the previously approved Kents Court Management Agreement between the County of Monterey and the John Stewart Company in the amount of \$90,000 per year, for up to two (2) renewals of the Agreement of one (1) year each, which would together result in additional expenses of no more than \$180,000 for maximum working capital expenditures of \$460,000.

SUMMARY/DISCUSSION:

Kents Court is a 19-unit affordable housing project in Pajaro that is owned by the County of Monterey. The property is under new management by the John Stewart Company (JSCo). The Management Agreement with JSCo was approved by the Board of Supervisors on August 25, 2015. The Board's August 25, 2015 order approved the contract, vendor, and payment for professional property management services.

The Management Agreement approved by the Board provides for disbursement of rental income funds to serve as "working capital," intended for use by JSCo for repair and maintenance of the Kents Court property. While working capital contract provisions were approved by the Board through its approval of Section 11.b.1 of the Agreement, there was no Board authorization to use rental income to fund the working capital obligation. It is recommended that the Board authorize disbursement of rental income funds to serve as working capital, for use to repair and maintain Kents Court, in order to fully implement the Management Agreement.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved this report.

FINANCING:

There is no impact on the General Fund. The cost of working capital, as well as operational expenses and management fees, are paid for by income generated by the rental of the Kents Court units within fund 175. Any residual income is restricted to use by the County to further affordable housing.

Prepared by: _____
Jane Royer Barr, Housing Program Manager, Ext. 5389

Approved by: _____
David L. Spaur, CEcD, EDFP, Economic Development Director, Ext. 5387

Attachments:

Kents Court Management Agreement between the Housing Successor Agency of the County of Monterey and John Stewart Company
(Attachments are on file with the Clerk of the Board)