



County of Monterey

Item No.12

Board Report

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

Legistar File Number: RES 25-041

March 11, 2025

Introduced: 2/28/2025

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Resolution

PLN230321 - EDEN HOUSING, INC.

Public hearing to consider approval of:

- a. Development of 132 residential units of affordable housing in four buildings with two amenity facilities and other associated site improvements on the area subject to the Lease Disposition and Development Agreement;
- b. A Lease Disposition and Development Agreement (**Attachment C1**) between the County of Monterey and Eden Housing Inc.;
- d. A Regulatory Agreement and Declaration of Restrictive Covenants (**Attachment C1 Exhibit H**) and a Ground Lease Agreement (**Attachment C1 Exhibit E**) substantially to form and authorize the Director of Housing and Community Development negotiate and execute the Regulatory Agreement and Declaration of Restrictive Covenants and Ground Lease Agreement for one-dollar per year rent and a term of 99 years including modifications as may be required by Approved Security Interest Holders prior to close of escrow, subject to review and approval as to form by County Counsel; and
- e. Said decision is to be in substantial conformance with the attached plan and subject to the attached conditions, which are incorporated herein for reference.

Project Location: 855 East Laurel, Salinas, California.

Proposed California Environmental Quality Act (CEQA) action: Find that the project development approval qualifies for an exemption pursuant to CEQA Guidelines section 15183, is consistent with the development density established by the general plan, and there are no project-specific significant effects that are peculiar to the project or project site and find that the project development qualifies for a Class 32 Categorical Exemption pursuant to CEQA Guidelines section 15332 and no exceptions under section 15300.2 apply. Find that the Lease Disposition and Development Agreement and the project that it facilitates qualifies for an exemption pursuant to CEQA Guidelines section 15183, and that the Lease Disposition and Development Agreement and the project it enables is consistent with the development density established by the general plan, and there are no project-specific significant effects which are peculiar to the project or project site and find that the Lease Disposition and Development Agreement, qualifies for a Class 32 Categorical Exemption pursuant to CEQA Guidelines section 15332, and no exceptions under section 15300.2 apply.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Find that the project development approval qualifies for an exemption pursuant to CEQA Guidelines section 15183, is consistent with the development density established by the general plan, and there are no project-specific significant effects which are peculiar to the project or project site;
- b. Find that the project development qualifies for a Class 32 Categorical Exemption pursuant to

- CEQA Guidelines section 15332 and no exceptions under section 15300.2 apply;
- c. Adopt a resolution (**Attachment B**) to approve the development of 132 residential units of affordable housing in four buildings with two amenity facilities and other associated site improvements on the area subject to the Lease Disposition and Development Agreement (**Attachment C1**);
 - e. Find that the Lease Disposition and Development Agreement, which facilitates the project approval, qualifies for an exemption pursuant to CEQA Guidelines section 15183, is consistent with the development density established by the general plan, and there are no project-specific significant effects which are peculiar to the project or project site;
 - d. Find that the Lease Disposition and Development Agreement and the project that it facilitates qualifies for a Class 32 Categorical Exemption pursuant to CEQA Guidelines section 15332, and no exceptions under section 15300.2 apply; and
 - e. Adopt a resolution (**Attachment C**) to:
 - i. Approve and execute the Lease Disposition and Development Agreement (**Attachment C1**) between the County of Monterey and Eden Housing Inc.;
 - ii. Approve the Regulatory Agreement and Declaration of Restrictive Covenants (**Attachment C1 Exhibit H**) substantially in the form set forth as **Exhibit H** to the Lease Disposition and Development Agreement between the County of Monterey and Eden Housing Inc., authorize the Director of Housing and Community Development negotiate and execute the Regulatory Agreement and Declaration of Restrictive Covenants including modifications as may be required by Approved Security Interest Holders prior to close of escrow, subject to review and approval as to form by County Counsel; and
 - iii. Approve the Ground Lease Agreement (**Attachment C1 Exhibit E**) for one-dollar per year rent and for a term of 99 years substantially in the form set forth as **Exhibit E** to the Lease Disposition and Development Agreement between the County of Monterey and Eden Housing Inc., authorize the Director of Housing and Community Development negotiate and execute the Ground Lease Agreement including modifications as may be required by Approved Security Interest Holders prior to close of escrow, subject to review and approval as to form by County Counsel;
 - iv. Said decision is to be in substantial conformance with the attached plan and subject to the attached conditions, which are incorporated herein for reference.

Staff recommends approval of the Proposed Project subject to 20 conditions, which are fully set forth in **Attachment B1 Exhibit 1**. Staff further recommends approval of the Lease Disposition and Development Agreement and substantially to form regulatory and lease agreements, which are fully set forth in **Attachment C1**.

PROJECT INFORMATION:

- Owner:** County of Monterey (Eden Housing, Inc.)
- Agent:** Reena Zhang, Eden Housing, Inc.
- APN:** 003-851-043-000
- City of Salinas Zoning:** Public/Semipublic with a Flood overlay or “PS-F”
- Project Size:** 4.97 acres
- Project Planner:** Katie Scariot, Assistant Planner
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PROJECT SUMMARY:

On February 17, 2023, the County of Monterey and Eden Housing, Inc. (Eden) entered into an Exclusive Negotiating Agreement for Eden to develop a 100 percent affordable multifamily rental housing project on County Property at 855 E. Laurel Drive, Salinas, California. Since February 2023, the County of Monterey Housing and Community Development (HCD) has coordinated with Eden, the City of Salinas (City), the County of Monterey Public Works, Facilities, and Parks Department (PWFP), various other County departments and external agencies to review Eden's proposal and application materials for a 132-unit affordable housing project (Proposed Project).

Proposed Project

On October 3, 2024, Eden submitted an application (PLN230321) to the County for the 132 unit Development, of which 53 units are proposed to be affordable to persons or families of low income, 48 units are proposed to be affordable to persons or families of very low income, 29 units are proposed to be affordable to persons or families of extremely low income, and 2 units are proposed to be dedicated as manager units. The Proposed Project will consist of four rental apartment buildings with two amenity facilities and other associated site improvements that will be developed over two phases. The exact affordability mix for each phase will be determined by Developer prior to Close of Escrow based on the mutual goal of delivering as much affordability as is reasonable and financially feasible. The County deemed the project complete on November 21, 2024.

Phase One of the Proposed Project will consist of 78 units and one amenity facility which will have a total of 71,060 square feet. Phase Two of the Proposed Project will consist of 54 units and one amenity facility which will have a total of 46,042 square feet. The Proposed Project site has a City of Salinas land use designation of Public/Semipublic and has a City of Salinas zoning district of Public-Semipublic with a Flood zone overlay. As the Proposed Project is within the City of Salinas' jurisdiction, it was also analyzed for consistency with the City of Salinas' Zoning Code and 2002 General Plan, as well as the 2010 County of Monterey General Plan.

County-Eden Agreements

The Lease Disposition and Development Agreement (LDDA) provides provisions for conveyance. The LDDA provides assignment and development of the County Property. The LDDA, subject to the satisfaction of conditions precedent set forth therein, the Developer would lease the County Property and develop on the County Property. The LDDA also includes the lease price assignments and transfers, defaults and remedies, indemnity, and insurance provisions. The annual long-term ground lease payment for each Ground Lease of the County Property is one dollar (\$1.00) per year. Additionally, the LDDA includes a schedule of milestones for the Proposed Project.

The Regulatory Agreement and Declaration of Restrictive Covenants between the County of Monterey and Eden Housing Inc., establishes parameters surrounding the operation of the development, affordability and occupancy covenants, property management, and maintenance. The owner is responsible for all management functions related to the development. The Regulatory Agreement and Declaration of Restrictive Covenants establishes that the County Property will be deed restricted for fifty-five (55) years, but the County Property will, pursuant to the Regulatory Agreement and Declaration of Restrictive Covenants, have all 132 units remain income restricted to no higher than 80% of the Median Income (affordable to persons or families of low income). The term of the Proposed Project is ninety-nine (99) years, which will allow Eden Housing Inc. to continue to provide affordable housing for longer than the deed restriction term of 55 years in order to pay off outstanding debt associated with the development of the Proposed Project. The owner is required to maintain the County Property in good condition throughout the 99-year term.

The Ground Lease Agreement (Lease) will provide the terms and conditions for the long-term lease and interest in the County Property to the Developer. The lease term will be 99-years of the Effective Date. The lease term must align with the Regulatory Agreement and Declaration of Restrictive Covenants in order for the Developer to pay off any outstanding debt associated with the development of the Proposed Project. The Lease includes a Preliminary Financing Plan provided by the Developer. The County requires a Final Financing Plan that shall be negotiated with Eden Housing Inc. The Lease includes insurance requirements, which require the Developer to provide at-their-expense insurance and maintain said insurance throughout the construction period of the Lease. The insurance requirements shall protect the Developer against claims that may arise out of or result from the Developer's construction operations under the Lease. The insurance requirements shall also encompass activities for which the Developer may be legally liable.

The Exclusive Negotiating Agreement (ENA) was entered into by the County of Monterey and Eden Housing Inc., which provided for an initial negotiating period of eighteen (18) months. The ENA was amended by that First Amendment dated August 14, 2024, whereby the negotiating period was extended by six (6) months, concluding on February 17, 2025. The ENA was amended by that Second Amendment dated January 9, 2025, whereby the negotiating period was extended by six (6) months, concluding on August 17, 2025.

Site Improvements and Access

The HCD Director executed the Certificate of Compliance (Document ID 2025001816) on January 15, 2025, that allowed the division of 855 East Laurel Drive in compliance with the Subdivision Maps Act. The fueling station located at 855 East Laurel Drive was parceled out to help facilitate financing for affordable housing by removing the restrictions from the non-fueling station portion of the parcel.

To facilitate the Proposed Project, an existing access easement granted by the County to Alisal Water Corporation, doing business as Alco Water Service (ALCO), to gain access to their water system facility, and this access easement must be relocated, which may require subsequent action. The County is working with the City of Salinas to relocate the access easement; the access easement will be directly off of East Laurel Drive, and site improvements will be required and result in direct costs. Some site improvements include but are not limited to road

paving, fencing, maintenance of bike lanes, etc. Wastewater services will be provided by the City of Salinas. The ALCO water system facility located closest to the Proposed Project site does not have the capacity to serve the Proposed Project. A pipe between the Proposed Project site and Garner Street will be established in order to provide water to the Proposed Project site. The establishment of the pipe could also serve the potential Senior Housing project, but the potential project is still in the preliminary discussion phase.

The project had a transportation analysis conducted (which is incorporated to **Attachment C** as LIB240109). The transportation analysis analyzed the City of Salinas, State of California, and federal regulations which have adopted standards for when a signal is triggered. Based on the transportation analysis triggers were met to rely on those adopted signal warrant standards.

Access to the Eden Housing, Inc. project will be via a private driveway that connects to the County-owned and maintained Veterans Way. The project has been Conditioned (Condition No. 20) to ensure that Eden Housing, Inc. will be responsible for paying for their proportional share of maintenance on this County-owned and maintained road.

Today, staff is recommending the Board adopt a resolution for the project approval (**Attachment B**) to ensure the Proposed Project is consistent with the 2010 County of Monterey General Plan, the 2002 City of Salinas General Plan, and the City of Salinas Zoning Ordinance Chapter 37. Staff is also recommending the Board adopt a resolution (**Attachment C**) to authorize the HCD Director and/or their designee to execute the LDDA with Eden Housing, Inc. which will provide the terms and conditions related to and providing development rights. Additionally, **Attachment C** is a resolution that would give the HCD Director or their designee to execute the Ground Lease Agreement and the Regulatory Agreement and Declaration of Restrictive Covenants substantially in the form set forth in the Lease Disposition and Development Agreement, substantial changes in the Ground Lease and Regulatory Agreement and Declaration of Restrictive Covenants would result in the documents returning to the Board for approval.

DISCUSSION:

See **Attachment A** for a detailed discussion.

ENVIRONMENTAL REVIEW:

CEQA Guidelines section 15183 exempts projects that are consistent with the development density established by the general plan. The Eden Housing Inc. project (Proposed Project) is proposed to allow the development of a 132 unit affordable housing project at a proposed density of 27 dwelling units per acre. The 2002 City of Salinas General Plan establishes a dwelling unit density of 15 dwelling units per acre for multifamily dwellings in the Public/Semipublic land use designation. However, pursuant to State of California Government Code 65915, the applicant is allowed to obtain an 80% density bonus. The Proposed Project is, therefore, consistent with the development density established in the 2002 City of Salinas General Plan, and the modifications to the density standards achieved through Government Code 65915 are consistent with these development standards. There are no project-specific effects that are peculiar to the project or its site, and there are no project-specific effects that the 2002 City of Salinas General Plan EIR failed to analyze. The project satisfies the exemption requirements of CEQA Guidelines section 15183.

CEQA Guidelines section 15332 categorically exempts infill development projects. The Proposed Project is proposed to allow the development of a 132 unit affordable housing project on a site of less than 5 acres within the city limits of the City of Salinas and surrounded by urban uses. The Proposed Project satisfies CEQA Guidelines section 15332 Criteria (a) exemption in that the Proposed Project is consistent with the applicable general plan land use designation and all applicable general plan policies and zoning designation and regulations. The Proposed Project has a land use designation of Public/Semipublic, is zoned Public/Semipublic with a Flood overlay and multifamily development in this zoning district must comply with the City of Salinas development and design standards of the R-M-2.9 zoning district. The Proposed Project generally conforms to County and City General Plan policies and City zoning regulations and development standards and satisfies the conditions that are required pursuant to Criteria (a). The Proposed Project satisfies CEQA Guidelines section 15332 Criteria (b) exemption in that the Proposed Project is within the City of Salinas, and the project site is less than 5 acres and is surrounded by urban uses. The Proposed Project satisfies CEQA Guidelines section 15332 Criteria (c) exemption in that the project site is a highly disturbed urban site within the City of Salinas that has no value as habitat for endangered, rare or threatened species. The Proposed Project satisfies CEQA Guidelines section 15332 Criteria (d) exemption in that the Proposed Project will not result in any significant effects related to traffic, noise, air quality, and water quality. Further, the Proposed Project approvals in **Attachment B** are conditioned to ensure that the Proposed Project will not have any significant effects. The Project satisfies CEQA Guidelines section 15332 Criteria (e) exemption in that the Proposed Project is within an incorporated City that is adequately served by all the required utilities and public services pursuant to **Attachment B**. Further, none of the exemptions under CEQA Guidelines section 15300.2 apply to the project, as further discussed in **Attachment B**.

OTHER AGENCY INVOLVEMENT:

The Office of County Counsel reviewed and approved resolutions, LDDA as to form; reviewed and approved substantially to form the Regulatory Agreement and Declaration of Restrictive Covenants and the Ground Lease Agreement. HCD staff coordinated with staff from HCD-Environmental Services, County of Monterey Health Department Environmental Health Bureau, County of Monterey Parks Department, HCD-Housing, Public Works, Facilities and Parks Department, Facilities Division (PWFP), throughout the Proposed Project review process. The City had various City Divisions and Departments review the project, including Engineering Division, Public Works Department, Fire Department, Housing Division, and the Current Planning Division.

HCD staff also coordinated with PWFP staff to negotiate the terms and form of the LDDA, Regulatory Agreement and Declaration of Restrictive Covenants, and Ground Lease. HCD staff also coordinated with City staff regarding the relocation of ALCO's access easement. HCD will continue to collaborate with PWFP and the City for the duration of the Proposed Project's pre-development, development, and operation.

FINANCING:

There is no impact to the General Fund as the result of authorizing the LDDA and entitling the Proposed Project with Eden as the developer for the Proposed Project and authorizing HCD to negotiate and execute the subsequent Regulatory Agreement and Declaration of Restrictive

Covenants and Lease. The annual long-term ground lease payment for each Ground Lease of the County Property for each phase is one Dollar (\$1.00) per year throughout the 99-year term, for a total of \$198 (or \$99 total for each phase). HCD staff time to review the Proposed Project and LDDA is included in the FY2024-25 Adopted Budget for HCD, Fund 001, Appropriation Units HCD002, Unit 8543.

The County and City will be partners in discussions with other agencies that offer permanent financing and operating subsidies toward affordable housing developments. In the coming Fiscal Years, the City has access to approximately \$7 million in competitive funds to support production of affordable housing that may be available to this project. At this time, the County does not have any identified funding that could be made available for this project. After further discussions with Eden Housing and the City, future funding for pre-development costs or other Project gap funding that may be needed would be memorialized by future agreement and brought to the Board and City Council, respectively, for consideration at a later date. Finally, the County will enter into negotiations with Eden Housing, Inc. as a part of the Lease Agreement to ensure that maintenance on the County-owned Veterans Way is determined based on a proportional shared use. This maintenance of Veterans Way will likely not result in any additional funding request, but after further discussions with Eden Housing, Inc., additional funding may be needed, which would be memorialized and brought before the Board for consideration at a later date.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The approval of the Proposed Project supports the Board of Supervisors' Strategic Initiatives for Administration in that it provides efficient and effective resource management of County owned land to address the critical housing shortage in the State of California and the County of Monterey. Approval of the Proposed Project support the Board of Supervisor' Strategic Initiatives for Health and Human Services to provide housing to improve the health and quality of life of County communities by providing quality affordable housing opportunities to low income individuals and families. Approval of the Proposed Project supports the Board of Supervisors' Strategic Initiatives for Infrastructure as the Proposed Project plans and develops sustainable affordable housing that improves the quality of life for County residents in need of affordable housing.

__ Economic Development:

Through collaboration, strengthen economic development to ensure a diversified and healthy economy.

Administration:

Promote an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer service, accountability and transparency.

Health and Human Services:

Improve health and quality of life through County supported policies, programs, and services; promoting access to equitable opportunities for healthy choices and health environments in collaboration with communities.

Infrastructure:

Plan and develop a sustainable, physical infrastructure that improves the quality of life for County residents and supports economic development results.

__ Public Safety:

Create a safe environment for people to achieve their potential, leading businesses and communities to thrive and grow by reducing violent crimes as well as crimes in general.

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Reviewed by: Melanie Beretti, AICP, Chief of Planning, 831-755-5285

Approved by: Craig Spencer, HCD Director

The following are attached to the Staff Report:

Attachment A - Detailed Discussion

Attachment B - Draft Resolution for Project Consistency Findings, including:

Attachment B1 Conditions of Approval

Attachment B2 Project Plans

Attachment C - Draft Resolution Lease Disposition and Development Agreement

Attachment C1 Lease Disposition and Development Agreement

Attachment C1 Exhibit E Ground Lease Agreement

Attachment C1 Exhibit G Preliminary Financing Plan

Attachment C1 Exhibit H Regulatory Agreement and Declaration of Restrictive Covenants

Attachment D - Vicinity Map