



Housing Advisory
Committee

Ignacio "Mog" Cabatu, Chair

Wayne Ross

Karen Araujo, Vice Chair

Margaret Robbins

Mark Trabing

Sabino Lopez

County of Monterey
Housing Advisory Committee
Wednesday, March 8, 2017
5:00 p.m. to 7:00 p.m.
Monterey County Government Center
Monterey Room, 2nd Floor
168 West Alisal St., Salinas, CA 93901

AGENDA

1) Call to Order

2) Roll Call

3) Public Comment

The Housing Advisory Committee will receive public comment on items not listed on the agenda within the purview of the Housing Advisory Committee. The Chair may limit the length of individual presentations.

4) Approval of Meeting Minutes for November 9, 2016

5) Old Business:

a. Receive an update on the Paseo De La Rosas project (currently known as the Castroville Farm Labor Center).

6) New Business:

- a. Receive a report on the Inclusionary Housing Ordinance update.
- b. Receive a request for extension from inclusionary unit owner Ty Riddley Brooks to continue renting his inclusionary unit.

7) Committee Member Reports

Committee members will report on matters, events and activities related to HAC goals and housing advocacy matters. Committee members may give direction regarding future agenda items.

8) Updates from Staff

- a. Committee member La'Quana Williams' commission expired on March 3, 2017. Ms. Williams decided not to renew her term.
- b. Both annual owner-occupied monitoring letters and rental monitoring packets were sent out this month.
- c. Staff is currently reviewing other files which may have a loan or in-lieu fees due to the County. These files will be presented to the HAC in the near future.
- d. Staff will begin on-site monitoring at the end of the month.
- e. Reminder: The filing of the Form 700-Statement of Economic Interests- is due April 3, 2017. All committee members received the email with instructions from staff earlier this month. Please notify secretary if you need the form resent.

9) Schedule of Upcoming Meetings

May 10, 2017

July 12, 2017

10) Adjournment

The Chair will adjourn the meeting.



Copies of staff reports or other written documentation relating to items referenced on this agenda and/or submitted after distribution of the agenda packet are on file and available for public inspection at the Economic Development Department, Monterey County Government Center Administration Building, 168 West Alisal Street, 3rd Floor, Salinas.

Meetings of the Housing Advisory Committee are accessible to individuals with disabilities. Please contact the Monterey County Equal Opportunity Office at 831-755-5117, if you need assistance or accommodations in order to participate in a public meeting or if you need the agenda and public documents modified as required by Section 202 of the Americans with Disabilities Act.

The following services are available when requests are made by 5:00 p.m. of the Friday before this noted meeting: American Sign Language interpreters during a meeting, large print agenda or minutes in alternative format.

If you require the assistance of an interpreter, please contact Anita Nachor in the Economic Development Department at (831) 755-5390. Every effort will be made to accommodate requests for translation assistance. Requests should be made as soon as possible, and at a minimum 24 hours in advance of any meeting.

This agenda is posted in compliance with California Government Code Section 54954.2(a) or Section 54956.

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Copias de reportes del personal u otra documentación escrita relativa a temas que se hacen referencia en esta agenda y/o presentados después de la distribución del paquete de la agenda son archivados y disponibles para inspección del público en el Departamento de Desarrollo Económico, Edificio de Administración del Centro de Gobierno del Condado de Monterey, 168 West Alisal Street, 3er Piso, Salinas.

Reuniones del Comité Consultivo de Vivienda son accesibles a personas con discapacidades. Por favor, póngase en contacto con la Oficina de Igualdad de Oportunidades del Condado de Monterey al (831) 755-5117, si Usted necesita asistencia o una acomodación para poder participar en una reunión pública o si Usted necesita la agenda y documentos públicos modificados como requerido por la sección 202 de la Ley de Estadounidenses con Discapacidades (ADA por sus siglas en inglés).

Los siguientes servicios están disponibles cuando las peticiones son hechas antes de las 5:00 de la tarde del viernes antes de esta reunión notificada: intérpretes de lenguaje de señas americano durante una reunión, agenda con impresión grande o minutos en otro formato.

Si Usted requiere la asistencia de un intérprete, por favor comuníquese con Anita Nachor en el Departamento de Desarrollo Económico al (831)755-5390. Se harán todos los esfuerzo para acomodar los pedidos con asistencia de interpretación. Los pedidos se deberán hacer lo más pronto posible, y a lo mínimo 24 horas de anticipo de cualquier junta.

Esta agenda se publica en conformidad con la Sección 54954.2(a) o Sección 54956 de Código del Gobierno de California.

HOUSING ADVISORY COMMITTEE MINUTES

Monterey County Administration Building
Monterey Room
168 W. Alisal Street, Salinas, CA

Wednesday, November 9, 2016, 5:00 PM

Members Present: Karen Araujo , Ignacio “Mog” Cabatur, Sabino Lopez, Wayne Ross, Mark Trabing

Members Absent: La’Quana Williams

Staff Present: Rosa Camacho-Chavez, Anita Nachor, and David Spaur

Others Present: Linda Grier, Ausonio Apartments

1. Call to Order:

Mr. Cabatu called the meeting to order at 5:00 p.m.

2. Public Comment:

Mr. Cabatu asked for public comment on items not on the agenda, but there was none.

3. Approval of the April 20, 2016 Meeting Minutes:

Action: A motion was made by Ms. Robbins to approve the April 20, 2016 minutes. Mr. Trabing seconded the motion.

VOTES:

AYES: Cabatu, Robbins, Ross, Trabing,

NAYS:

ABSENT: Williams

ABSTAINED: Araujo and Lopez

4. Old Business:

- a. Receive an update on the presentation on the Paseo De La Rosas project (currently known as the Castroville Farm Labor Center) from the Monterey County Housing Authority Development Corporation on Wednesday November 9, 2016. A recommendation from the HAC is requested in compliance with the Inclusionary Housing Ordinance and forward to the Planning Commission and Board of Supervisors.

Received an update from Dave Spaur on the Paseo De La Rosas project (currently known as the Castroville Farm Labor Center. Receive and File.

5) New Business:

- b. Receive a report on the Inclusionary Housing Rental Monitoring Program and provide input on it.

Received a report from Rosa Camacho-Chavez on the Inclusionary Housing Rental Monitoring Program. Receive and File.

HOUSING ADVISORY COMMITTEE MINUTES

Monterey County Administration Building
Monterey Room
168 W. Alisal Street, Salinas, CA

Wednesday, November 9, 2016, 5:00 PM

- c. Receive the final Housing Element adopted by the Board of Supervisors on 1/26/16.
Received an update from Rosa Camacho-Chavez on the final Housing Element adopted by the Board of Supervisors on 1/26/16. Receive and File.
- d. Receive the Annual Housing Element Progress Report for 2015 as approved by the Board of Supervisors on 4/19/16.
Received an update on the Annual Housing Element Progress Report for 2015 as approved by the Board of Supervisors on 4/19/16. Receive and File.
- e. Receive the CDBG Annual Action Plan as approved by the Board of Supervisors on 5/10/16 and by HUD on 6/30/16.
Received an update from Rosa Camacho-Chavez on the CDBG Annual Action Plan as approved by the Board of Supervisors on 5/10/16 and by HUD on 6/30/16. Receive and File.
- f. Receive the CDBG Amended Consolidated Plan as approved by the Board of Supervisors on 6/21/16.
Received an update from Rosa Camacho-Chavez on the CDBG Amended Consolidated Plan as approved by the Board of Supervisors on 6/21/16. Receive and File.
- g. Staff recommendations for Affordable Housing on the Rancho Canada Specific Plan.
Received an update from Dave Spaur. The staff recommendations for Affordable Housing on the Rancho Canada Specific Plan was only to inform the HAC of the staff recommendation to the Planning Commission.

6) Updates:

None

7) Committee Member Reports:

None

8) Additions to Future Agendas:

AD HOC Subcommittee to discuss Amending the Housing Inclusionary Ordinance. (Robbins, Ross, Trabing).

9) Schedule of Upcoming Meetings

Receive and Approve the Draft 2017 HAC Meeting Calendar

HOUSING ADVISORY COMMITTEE MINUTES

Monterey County Administration Building
Monterey Room
168 W. Alisal Street, Salinas, CA

Wednesday, November 9, 2016, 5:00 PM

Action: A motion was made by Mr. Lopez to approve the Draft 2017 HAC Meeting Calendar. Mr. Trabing seconded the motion.

10) Adjournment:

Action: Mr. Trabing moved to adjourn the meeting and the motion was seconded by Ms. Robbins. The meeting was adjourned at 6:27 PM.

MONTEREY COUNTY HOUSING ADVISORY COMMITTEE

MEETING:	March 8,2017	AGENDA NO.:	5a
SUBJECT:	Receive additional information for the Paseo de las Rosas (currently known as the Castroville Farm Labor Center) project from the Monterey County Housing Authority Development Corporation from November 9, 2016 as Agenda Item no. 4a.		
DEPARTMENT:	Economic Development Department		

RECOMMENDATION:

It is recommended that the Housing Advisory Committee (HAC) receive additional information for the Paseo de las Rosas project.

DISCUSSION:

Additional Information:

The following information is being presented for the questions or inquiries brought up at the prior HAC meeting.

1: Why will the Monterey County Housing Authority Development Corporation (HDC) be making payments of 50% of the annual residual receipts, rather than 100%? The committee would like to see if the County can improve its return on its loans.

This is a USDA project which has very restrictive regulations on residual receipts. USDA is in senior position with a \$3 million loan. Hence, the County loans are in a junior position along with a seller take back loan (see attached pro forma document).

2: The repayment of the County loans is 50% of annual residual receipts. Residual receipts is defined as the “cash flow remaining after payment of the conventional, first loan and USDA loans, as well as other allowable property expenses”. The committee would like a more specific definition of “other allowable property expenses”.

Other allowable property expenses refer to the Eligible Project Expenses. Please see the attached document which provides a more specific list of the “other allowable property expenses” used to determine the net operating income and hence the County loan repayments.

3: The staff report also mentions there are residual receipt projections. The committee presumes that the property expenses must have been identified.

Please refer to the attached pro forma pro statement with the project’s projections. The County loans are expected to be repaid in four years from the date of project completion. Estimated total payment is \$193,544. The 3% interest rate will generate approximately \$12k.

The 2002 rehabilitation HOME loan of \$341,000 currently has a balance of \$170,861.94 and is scheduled to be paid off in July 2032 (terms: 30 year, 0% interest rate, \$11,390.79 payment due annually on July 1st).

The 2002 rehabilitation CDBG loan of \$35,000 currently has a balance of \$10,500 and is scheduled to be paid off in July 2022 (terms: 20 year, 0% interest rate, \$1,750 payment due annually on July 1st) .

Both loans restrict rent to be affordable to farmworkers who are income qualified at very low and low incomes.

4: Has HDC been able to secure the tax credits from the California Tax Credit Allocation Committee?

HDC has received an allocation of tax credits. They are currently relocating the residents.

STAFF RECOMMENDATION:

It is recommended that the HAC receive the additional information.

Prepared by:

Rosa Camacho-Chavez

Housing Project Analyst I

ATTACHMENT 4-A ELIGIBLE PROJECT EXPENSES

There are generally accepted project expenses that should be charged to the operating account. Some of these expenses are listed below:

1. Actual direct personnel costs of permanent and part-time staff assigned solely to the project site. This includes managers, maintenance staff, and temporary help for both types of positions and can cover the following specific items:
 - a. Gross salary;
 - b. Employer FICA contribution;
 - c. Federal unemployment tax;
 - d. State unemployment tax;
 - e. Workers compensation insurance;
 - f. Health insurance premiums;
 - g. Cost of fidelity or comparable insurance;
 - h. Leasing, performance incentive, or annual bonuses;
 - i. Direct costs of travel to off-site locations by onsite staff for property business or training; and
 - j. Retirement benefits.
2. Legal fees directly related to the operation and management of the property, including tenant lease enforcement actions, property tax appeals and suits that result in a savings to the project and have prior Agency approval, and all legal and other project-relevant matters.
3. All outside accounting fees, if required by RHS, directly related to the preparation of the annual financial report, partnership tax returns, and K-1s, as well as other outside reports and year-end reports to RHS, HUD, HFA, or other governmental agency. (Preparation of income tax returns for project owners is not an acceptable expense.)
4. Repair and maintenance costs for the project may include:
 - a. Maintenance staffing costs and related expenses;
 - b. Maintenance supplies;
 - c. Contract repairs to the projects (heating and air conditioning, painting, roofing, etc.);
 - d. Make-ready expenses including painting and repairs, flooring replacement, and appliance replacement, as well as drapery/mini-blind replacement (turnover maintenance);
 - e. Preventive maintenance expenses including repairs and maintenance of occupied units, as well as repairs and maintenance of common area systems;
 - f. Costs of snow removal;
 - g. Costs of elevator repairs and maintenance contracts;
 - h. Costs of Section 504 compliance;
 - i. Costs of landscaping maintenance, replacements, and seasonal plantings;
 - j. Costs of pest control services; and
 - k. Other related maintenance expenses.

5. Specific costs that may be charged to the Property are as follows:
- a. The costs of credit reports, police reports, and other checks related to tenant selection criteria for prospective residents.
 - b. The costs of duplicating forms for those properties not owning a copier. This will include the costs of producing or purchasing forms and mailing or delivering those forms to the project site.
 - c. All bank charges related to the Property, including purchases of supplies (stamps, checks, deposit slips, service fees, etc.).
 - d. Costs of site-based telephone, including initial installation, basic services, directory listings, and long distances charges.
 - e. All advertising costs related specifically to the operations of that project. This can include advertising for applicants or employees in newspapers, newsletters, radio, cable TV, and telephone books.
 - f. Postage and delivery costs from the site, including expenses in mailing the material to RHS, HUD or other governmental agencies; tenants; verifying third parties; central management offices, etc.
 - g. Partnership filing expenses including state taxes and other mandated state or local fees as well as other relevant expenses, costs of continuation financing statements, and site license and permit costs.
 - h. Expenses related to site utilities, including actual costs and surcharges, as well as deposits and expense of utility bonds in lieu of bonds.
 - i. Expenses related to industry interface and communications with main office. Site office furniture and equipment, including site-based computer and copiers, are included. Service agreements and warranties for copiers, telephone systems, and computers are also included
 - j. Real estate taxes (personal/tangible property and real property taxes).
 - k. All costs of insurance, including property liability and casualty, as well as fidelity or crime and dishonesty coverage for onsite employees.
 - l. Costs of collecting rents onsite including bookkeeping supplies and record keeping items.
 - m. Costs of preparing and maintaining tenant files and processing tenant certifications including all office supplies, copies, and other associated expenses—total expenses will not exceed \$20 per unit per year.
 - n. Public relations expenses relative to maintaining positive relationships between the local community and the tenants, and the management staff and the owners. Chamber of Commerce duties, contributions to local charity events, sponsorship of tenant activities, etc., are examples of such expenses. Total expenses will not exceed \$20 per unit, per year.
 - o. Tax credit compliance monitoring fees imposed by HFAs.
 - p. All insurance deductibles as well as adjuster expenses.
 - q. Professional service contracts (engagements, tax returns, utility allowances, architectural, construction, rehabilitation and inspection contracts, etc.).
 - r. Training of site staff.
 - s. Site manager salary for additional hours.
 - t. Offset taxes on reserve income (phantom income).
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FUNDING SOURCES AND TIMING ASSUMPTIONS

II. Castroville 9% New Constr.

II. Castroville 9% New Constr.

Source	Construction Period Amounts			Permanent Period Amount	Interest Rate	Amortization (no. of paymts)	Term (no. of years)	Payment Type (1=pay;2=defer;3=cashflow)		First Interest Date	First Principal Date	Non-Recourse? 1=Y; 0=N	Related Party? 1=Y; 0=N	First Mortgage? 1=Y; 0=N
	50% Constr. Complete	100% Constr. Complete	through Perm Conversion					Principal	Interest					
Equity														
LP Eqty Contribution - Total				11,783,364										
LP Eqty Contribution - Paid at Close	2,062,089	2,062,089	2,062,089	-										
LP Eqty Contribution - Business Tax Credits	-	-	-	182,856										
Hard Debt														
Perm. Loan - Taxable, USDA Inc - C	-	-	-	1,602,939	6.000%	60	5	1	1	12/01/18	12/01/18			
Construction Drawdown Loan	7,495,317	12,952,645	13,502,902	-	4.000%	24	2	1	1	12/01/16	12/01/18			
USDA Loan - 514/516/521	-	-	-	3,000,000	1.000%	396	33	1	1	12/01/18	12/01/18			
Assumed USDA Loan (January 2017 Balance)	83,549	83,549	83,549	83,549	1.000%	396	33		1	12/01/18	12/01/18			
Soft Debt														
Seller Take Back Financing	4,100,000	4,100,000	4,100,000	4,100,000	3.000%	660	55	3	3	06/06/57	12/01/18			
Monterey County	181,362	181,362	181,362	181,362	3.000%	660	55	3	3	12/01/16	12/01/18			
Other														
Deferred Developer Fee	-	-	-	71,786	0.000%									
Total Funding Sources	13,922,317	19,379,646	19,929,902	21,005,856										
Total Uses	13,922,317	19,379,646	19,929,902	21,005,856										
Financing Surplus (Gap)	-	-	-	0										

TIMING ASSUMPTIONS

Item	Date	Tax Credit Equity Pay-Ins		Notes
		%	\$	
Partnership close	12/1/2016	17.50%	2,062,089	
Construction start	12/1/2016	0.00%	0	
Over the course of construction	6/1/2017	0.00%	0	
Placed in service / Cert of Occupancy (100%)	6/1/2018	0.00%	0	
n/a	8/1/2018	0.00%	0	
Qualified Occup. Achieved / Stabil. Begins	9/1/2018	0.00%	0	
Conversion - Stabil. Occup. (90/90, 60 days) & Cost Cert.	12/1/2018	77.50%	9,132,107	
8609's and first year tax returns	12/1/2018	5.00%	589,168	
Total		100.00%	11,783,364	
Tiebreaker Score				68.72%
Sources w/o State Credit Equity				18,907,448
Sources w/o LIHTC equity				9,222,492
Project Address	Census Tract			
11543 Speeple Street, Castroville, CA 95012	0104.00			

TAX CREDIT CALCULATIONS

				New Constructio	Acquisition
Eligible basis (from Dev1 Budg. page)				13,078,571.01	-
Less all grant proceeds used to finance costs in eligible basis				-	-
Less BMIR federal financing of costs in 9% eligible basis				-	-
Less nonqualified non-recourse financing				-	-
Less non-qualifying portion of higher quality units				-	-
Less historic credit (residential portion only)				-	-
Less eligible basis amount voluntarily excluded				1,750,000	(1,750,000.00)
Total requested unadjusted eligible basis				35,000,000	11,328,571.01
High cost area adjustment (QCT or DDA)				no longer DDA	N
Adjusted eligible basis				11,328,571.01	-
Applicable fraction (min SF, unit ratio)				1,742	100.000%
Qualified basis				100.000%	100.000%
Less credit reduction				0%	-
Adjusted qualified basis				11,328,571.00	-
Annual potential credit				2012 June ("9%")	
Credit allocation limit				9.00%	9.00%
Annual credit (lesser of potential or limit)				3.18%	3.18%
Total credit over 10 years				2,500,000	1,019,571.00
Limited partner share				99.9900%	10,194,690.43
Credit pricing assumption less credit adjustment				\$0.9500	\$0.95000
State Credits				11,328,571	30%
				\$0.6175	2,098,407.92

SOFT DEBT AND PARTNERSHIP FEES

0

II. Castroville 9% New Constr.

	Year Start	Year Due	Int. Rate or Total Ann. Pmt.	Type (1=pay 2=defer 3=cashflow)	Placed in Service Yr															
					1 2018	2 2018	3 2019	4 2020	5 2021	6 2022	7 2023	8 2024	9 2025	10 2026	11 2027	12 2028	13 2029	14 2030	15 2031	16 2032
Beginning cash (from NOI & Hard Debt page)					0	177,616	114,896	114,896	114,896	114,896	114,896	114,896	114,896	114,896	114,896	114,896	114,896	114,896	114,896	114,896
Solar Rebate					158,400															
Required Subordinate Expense				\$0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CASH FLOW after MHP Required Payment					158,400	177,616	114,896	114,896	114,896	114,896	114,896	114,896	114,896	114,896	114,896	114,896	114,896	114,896	114,896	114,896
Partnership fees		54	0.0%	58.3%																
GP partnership mgmt.	15	0 PU	3.00%	13,000	0	7,583	7,811	8,045	8,287	8,535	8,791	9,055	9,327	9,606	9,895	10,191	10,497	10,812	11,136	0
LP asset mgmt.	15	0 PU	3.00%	3,000	3,000	1,750	1,803	1,857	1,912	1,970	2,029	2,090	2,152	2,217	2,283	2,352	2,422	2,495	2,570	0
Other:					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total fees paid					3,000	9,333	9,613	9,902	10,199	10,505	10,820	11,144	11,479	11,823	12,178	12,543	12,920	13,307	13,706	0
Remaining Cash					155,400	168,282	105,282	104,994	104,697	104,391	104,076	103,751	103,417	103,072	102,718	102,352	101,976	101,589	101,189	114,896
Deferred Developer Fee																				
Begin Balance		71,786			71,786	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Accruals		0.00%			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payment		maximum term (UBOC): 12 years			71,786	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CASH FLOW After Dev Fee must be at least:			1,595,000	1,595,402	83,614	168,282	105,282	104,994	104,697	104,391	104,076	103,751	103,417	103,072	102,718	102,352	101,976	101,589	101,189	114,896
			181,362																	
Seller Take Back Financing				50.00%																
Principal Balance					4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000
Interest Balance (prior year)					0	81,193	120,052	190,411	260,914	331,565	402,370	473,332	544,456	615,748	687,211	758,853	830,676	902,688	974,894	1,047,299
Interest accrued (current year)					-	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000
Interest paid			Interest Rate	3.00%	0	41,807	84,141	52,641	52,497	52,348	52,195	52,038	51,876	51,708	51,536	51,359	51,176	50,988	50,794	50,595
Principal paid			2007 Active Mos:	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total paid					41,807	84,141	52,641	52,497	52,348	52,195	52,038	51,876	51,708	51,536	51,359	51,176	50,988	50,794	50,595	57,448
End Principal Balance					4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000
Remaining cash					41,807	84,141	52,641	52,497	52,348	52,195	52,038	51,876	51,708	51,536	51,359	51,176	50,988	50,794	50,595	57,448
Monterey County				50.00%																
Principal Balance					181,362	144,996	65,204	14,519	0	0	0	0	0	0	0	0	0	0	0	0
Interest Balance (prior year)					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest accrued (current year)					-	5,441	4,350	1,956	436	0	0	0	0	0	0	0	0	0	0	0
Interest paid			Interest Rate	3.00%	0	5,441	4,350	1,956	436	0	0	0	0	0	0	0	0	0	0	0
Principal paid			2007 Active Mos:	0	0	36,366	79,791	50,685	14,519	0	0	0	0	0	0	0	0	0	0	0
Total paid					41,807	84,141	52,641	14,955	0	0	0	0	0	0	0	0	0	0	0	0
End balance					181,362	144,996	65,204	14,519	0	0	0	0	0	0	0	0	0	0	0	0
Remaining cash					0	0	0	37,542	52,348	52,195	52,038	51,876	51,708	51,536	51,359	51,176	50,988	50,794	50,595	57,448
TOTAL INTEREST ACCRUED					128,441	127,350	124,956	123,436	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000
TOTAL PARTNERSHIP FEES PAID					3,000	9,333	9,613	9,902	10,199	10,505	10,820	11,144	11,479	11,823	12,178	12,543	12,920	13,307	13,706	0
TOTAL OTHER FEES					71,786	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL INTEREST PAID					47,248	88,491	54,597	52,933	52,348	52,195	52,038	51,876	51,708	51,536	51,359	51,176	50,988	50,794	50,595	57,448
TOTAL PRINCIPAL PAID					36,366	79,791	50,685	14,519	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE & PARTNERSHIP FEES PAID					158,400	177,616	114,896	77,354	62,547	62,700	62,858	63,020	63,187	63,359	63,537	63,719	63,908	64,101	64,301	57,448

MONTEREY COUNTY HOUSING ADVISORY COMMITTEE

MEETING:	March 8, 2017	AGENDA NO.:	6a
SUBJECT:	a. Receive a report on the process for updating the Inclusionary Housing Ordinance; and, b. Appoint an Ad Hoc Subcommittee to develop a new Inclusionary Housing Ordinance.		
DEPARTMENT:	Economic Development Department		

RECOMMENDATION:

It is recommended that the Housing Advisory Committee (HAC):

- a. Receive a report on the process for updating the Inclusionary Housing Ordinance; and,
- b. Appoint an Ad Hoc Subcommittee to develop a new Inclusionary Housing Ordinance.

DISCUSSION:

On October 26, 2010, the Monterey County Board of Supervisors adopted the 2010 Monterey County General Plan (GP). The GP contains a number of Land Use Policies that directly touch on affordable housing but have never been incorporated into the Inclusionary Housing Ordinance (the "Ordinance"). The result is that the current Ordinance, which was adopted in 2003, does not reflect the current inclusionary housing requirements contained in the GP or reflect current case law regarding affordable housing. In addition to harmonizing the GP and Ordinance, staff has also identified a number of areas within the Ordinance that the HAC may wish to recommend the Planning Commission and ultimately the Board of Supervisors make changes.

While many of the changes needed to harmonize the GP and Ordinance are relatively minor, such as increasing the Inclusionary Housing obligation from 20% to 25%, staff has identified three policy areas that are going to require extensive consultation. These policy areas are:

1. Establishing and enforcing affordable rents subject to the requirements of the Palmer/Sixth Street Properties, L.P. v. City of Los Angeles judgement. The crux of this judgement is that the County must offer developers some incentive in order to have the ability to set rents at an affordable level. Possible incentives include providing density bonuses above what is already allowed by state law or allowing multi-family housing in areas zoned for single family housing.
2. Establishing standards for sharing the inclusionary housing obligation between planning areas. The intent is not to concentrate affordable housing but to recognize that affordable housing may not make sense as part of every project. The developer subsidy required on projects that result in one acre minimum lot sizes and private septic and well systems may not be allowed because they are so much greater than the subsidy required in an urbanized area. Allowing a developer to build off-site may bring the subsidy amount down to a level where the subsidy is not disproportionately larger than other developers are required to provide.
3. Establishing standards to allow developers to comply with the inclusionary housing requirement by only paying an in-lieu fee. The current Ordinance limits payment of in-lieu fees to partial units and has severely limited the amount of inclusionary funds available to support affordable housing development by non-profit housing providers.

Staff is recommending that the HAC form an Ad Hoc Committee to work with staff on developing policy recommendations and reporting back to the full HAC. After the HAC reaches consensus on a

set of recommendations to update the Ordinance the recommendations will be forwarded to the Planning Commission and Board of Supervisors for consideration.

STAFF RECOMMENDATION:

It is recommended that the HAC appoint an Ad Hoc Subcommittee to work with staff on revising the Inclusionary Housing Ordinance.

Prepared by:

Darby Marshall

Redevelopment & Housing Analyst

MONTEREY COUNTY HOUSING ADVISORY COMMITTEE

MEETING:	March 8, 2017	AGENDA NO.:	6b
SUBJECT:	Receive a request for extension from Inclusionary Unit Owner Ty Riddley Brooks' to rent his inclusionary unit		
DEPARTMENT:	Economic Development Department		

RECOMMENDATION:

It is recommended that the Housing Advisory Committee (HAC) receive a request for extension from Inclusionary Unit Owner (Brooks) to rent his inclusionary unit.

SUMMARY:

The adopted Inclusionary Administrative Manual allows the County to approve short-term rental of Inclusionary units. The Inclusionary Owner(s) must submit a letter to the Economic Development Department requesting permission to rent their unit, stating the reason for the request, and specifying the length of time requested. In emergency or hardship situations, the inclusionary owner can seek approval to rent or lease the inclusionary unit for a short period of time (generally a maximum of one year). All rentals or leases must be pre-approved by the County. The owner must submit a letter to the Economic Development Department requesting permission to rent their unit, the reason for the request with appropriate documentation and length of time requested. The Economic Development Director is authorized to review the request, receive a recommendation from the Housing Advisory Committee, and approve or deny the request based on the following:

There are unique circumstances that justify allowing the owner to be relieved of their obligations to reside in the unit on a temporary basis, such as a necessary temporary move out of the area, the need to provide physical care for a relative, or significant financial hardship where the owner cannot pay the mortgage due to a temporary job loss, divorce, etc.

The owner agrees that the rental will be on a short term basis and that, if the circumstances continue beyond the agreed upon time frame, the owner will sell the unit to another qualified household pursuant to the original Inclusionary Agreement recorded on their property.

DISCUSSION:

Mr. Ty Riddley Brooks purchased his Inclusionary unit located at 25678 Wisteria Court in Las Palmas Ranch II in 1998. On December 7, 2009, Mr. Brooks submitted a written request to rent his 120% moderate-income inclusionary unit. At the time, due to the economic downturn, Mr. Brooks could not afford to pay his mortgage and rent for his business. In order to avoid losing his business and/or his home to foreclosure, he determined the best course to take was to relocate his business to a site where he could live and work in the same space. On January 20, 2010, the HAC approved his request to rent his unit for one year. However, Mr. Brooks was unable to locate an affordable site and did not rent his Inclusionary unit.

On December 3, 2013, Mr. Brooks met with staff to discuss his situation. Earlier that year, he was disabled for several months which severely reduced his cash flow. He disclosed that he had rented his unit without approval from the County. Therefore, the tenants needed to be income qualified in order to continue occupying the unit. Mr. Brooks asked how to receive approval to rent his Inclusionary unit after the fact, and on December 17, 2013, he submitted a written request for approval to rent the Inclusionary unit.

On January 8, 2014, the HAC considered a request from Mr. Brooks to rent his Inclusionary unit due to hardship circumstances and approved it subject to the following conditions:

- To rent the subject property as an Inclusionary unit to persons having an annual income that is not more than one-hundred twenty percent (120%) of the median income for Monterey County as defined by the U.S. Department of Housing and Urban Development (HUD), as adjusted for family size.
- Upon execution of the Agreement, the owner to rent the inclusionary unit to County -certified, income-qualified tenants no later than 45 days from date of the Agreement. The Agreement was executed on June 11, 2014. A County-certified, income-qualified tenant was confirmed on October 15, 2014.
- Owner to not rent the inclusionary unit without prior written approval of the Monterey County Economic Development Department.
- Owner not to encumber the inclusionary unit with any form or amount of indebtedness beyond that existing as of January 8, 2014, and to use the proceeds of rents received pursuant to this Agreement, plus such other funds of Owner as may be necessary, to repay existing debt on the Inclusionary unit.
- Owner to submit on a monthly basis, copies of loan balance statements for all loans recorded against the property to the Economic Development Department Housing Office.

Staff recommended approval of such request to the HAC based on the following motives:

- Owner may not be able to remain current on his mortgage if he is not allowed to rent the unit.
- Affordable rental units are needed in the County.
- Foreclosure of the unit would result in the loss of the unit in the Inclusionary Program.

A short-term approval to rent his Inclusionary Unit was issued on January 8, 2014. Staff prepared an Agreement Imposing Restrictions on Real Property for Inclusionary Rental Housing, setting forth income qualification/notification requirements and monitoring procedures. The Agreement was executed between the Owner and the County on June 11, 2014.

The inclusionary unit was to remain available as a rental inclusionary unit until August 8, 2016. At the end of the rental period, owner agreed to either 1.) sell the subject property to a qualified buyer according to the standards established by the Ordinance or 2.) occupy the unit as owner-occupant pursuant to the terms of the original Inclusionary Housing Agreement. Pursuant to the terms of the original Inclusionary Housing Agreement, at the time of re-sale, the Unit will return to owner-occupied status as dictated by the County's Inclusionary Housing Program.

Moreover, the Agreement states that "no later than six (6) months prior to the end of the two-year rental period, Owner may seek an extension of the rental period. Owner shall present appropriate documents as requested by the Economic Development Department Housing Office for review to determine the necessity for extension of the rental period. If the Economic Development Department Housing Office determines an extension is necessary due to financial hardship of the Owner, the extension request shall be submitted to the Housing Advisory Committee and this Agreement may be amended to extend the term for up to an additional one year." Mr. Brooks did not submit a request for an extension.

Public records show the following transaction history since Mr. Brooks acquired the inclusionary unit.

Grant deed recorded for a purchase price of \$142,500 recorded on 4/30/1998.

Deed of Trust (DOT) to purchase in the amount of \$121,100 was recorded on 4/21/1998.

A DOT for \$127,000 recorded on 4/15/1999 replacing prior DOT.

A second DOT for \$50,000 recorded on 5/6/2002. Owner did not seek County approval to obtain this lien.

A DOT for \$175,000 recorded on 9/9/2004. Debt consolidation refinance to pay off prior two DOTs.

A second DOT for \$150,000 recorded on 12/1/2004. Owner again did not seek County approval to obtain this Home Equity Line of Credit.

On February 13, 2017, Mr. Brooks met with staff and received official notice that his Agreement to rent the inclusionary unit has expired. Owner was also notified that the County had not received the required annual Inclusionary monitoring for the inclusionary unit, nor received the required monthly mortgage statements for the loans against the property. Mr. Brooks submitted both his 2015 rental monitoring packet and current mortgage statements during the meeting. The copy of the lease shows he receives \$1,735/month in rent. His two mortgage liens against the property show he owes a total of \$211,357.

His January 11, 2017 Bank of America statement shows a principal balance of \$136,961 and a monthly payment of \$1,348.46.

His February 5, 2017 Chase Home Equity Line Of Credit statement has a principal balance of \$74,118.79 with an interest-only payment of \$300 on 1/31/2017. His account is past due.

His maximum allowable recalculated value (maximum inclusionary resale price) is \$217,357.

The owner was also notified with the letter that the Agreement specifically states that after August 8, 2016 he agreed to either sell the Subject Property to a qualified buyer or to occupy the unit as owner-occupant. He was provided a copy of the Agreement Imposing Restrictions on Real Property for Inclusionary Rental Housing for his reference. Mr. Brooks was asked to respond within fourteen (14) days from the date of the letter.

Mr. Brooks submitted a written request for an extension on March 3, 2017. The request is attached herein.

STAFF RECOMMENDATION:

It is recommended that the HAC receive the report, and based on the facts presented, provide the Department with an outcome that is in line with the goals and objectives of the Inclusionary Housing Ordinance.

Prepared by:

Rosa Camacho-Chavez

Housing Project Analyst I

March 3, 2017

County of Monterey
Economic Development Department
Attn: David Spaur and Housing Advisory Committee
168 W Alisal St 3rd Fl
Salinas, CA 93901

RE: Request for a One-year Hardship Extension for 25678 Wisteria Ct, Salinas CA 93908

Dear Mr. Spaur and Housing Advisory Committee Members:

I respectfully request a one-year extension to continue renting my inclusionary home located at 25678 Wisteria Ct, Salinas CA 93908 due to hardship. The lease with the current tenant does not expire until the end of November 2017. After this time, I, Ty Brooks, the owner will move back into the unit at the end of 2017.

If you should have any questions, please feel free to contact me at (831) 261-0904.

Thank you for your consideration of this request,


Ty Brooks