



**CITY OF SALINAS  
COUNCIL STAFF REPORT**

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**DATE:** OCTOBER 4, 2022

**DEPARTMENT:** COMMUNITY DEVELOPMENT

**FROM:** MEGAN HUNTER, DIRECTOR

**THROUGH** ROD POWELL, PLANNING MANAGER

**PREPARED BY:** LUIS OCHOA, SR. COMMUNITY DEVELOPMENT ANALYST

**TITLE:** DEVELOPER SELECTION FOR 855 E. LAUREL DRIVE  
REQUEST FOR QUALIFICATIONS FOR THE DESIGN AND  
DEVELOPMENT OF A PROPOSED 100% AFFORDABLE  
MULTIFAMILY RENTAL HOUSING PROJECT

RECOMMENDED MOTION:

A motion to approve a Resolution:

1. jointly selecting, with the County of Monterey, Eden Housing Inc. as the developer for the 855 E. Laurel Drive Request for Qualifications for the design and development of a proposed 100% Affordable Multifamily Rental Housing Project; and
2. authorizing the City Manager or designee to continue to work with the County in negotiating and drafting an Exclusive Negotiating Agreement and modifying the City/County MOU to clarify development responsibilities, funding, and the equitable split of the Project's developed housing units applicable to each jurisdiction's Regional Housing Needs Allocation for future Board of Supervisor and City Council consideration.

RECOMMENDATION:

It is recommended that City Council approve a Resolution:

1. jointly selecting, with the County of Monterey, Eden Housing Inc. as the developer for the 855 E. Laurel Drive Request for Qualifications for the design and development of a proposed 100% Affordable Multifamily Rental Housing Project; and
2. authorizing the City Manager or designee to continue to work with the County in negotiating and drafting an Exclusive Negotiating Agreement and modifying the City/County MOU to clarify development responsibilities, funding, and the equitable split of the Project's developed housing units applicable to each jurisdiction's Regional Housing Needs Allocation for future Board of Supervisor and City Council consideration.

EXECUTIVE SUMMARY:

On May 6, 2022, the City of Salinas (City) and the County of Monterey (County) jointly released a Request for Qualifications (RFQ) seeking a highly qualified developer for the design and

development of a 100% Affordable Multifamily Rental Housing Project (Project) at 855 E. Laurel Drive consistent with the 2021 Memorandum of Understanding (MOU) executed by both jurisdictions. The City and County received eight (8) proposals, and following an extensive rating and interview process, Eden Housing Inc. (Developer) unanimously emerged as the most qualified and experienced developer to take on this new Project. In upcoming months, the City, County, and Developer will engage in negotiations to enter into an Exclusive Negotiating Agreement (ENA), modifications to the existing MOU, and the potential allocation of funds to support the predevelopment costs of the Project. Upon completion of these items, the County and Developer will negotiate and enter into a Ground Lease for the proposed County-owned Project site.

#### BACKGROUND:

In 2017, the City and County commenced informal discussions to jointly plan for the future construction and operation of a permanent Homeless Shelter and a permanent supportive/transitional housing project at 1220 Natividad Road. These discussions became more formalized on March 20, 2018, when the City Council (Council) and Board of Supervisors (BOS) jointly directed staff to proceed with the execution of a formal agreement to establish and allocate various responsibilities between the two jurisdictions and formalized its execution on September 25, 2018.

On May 29, 2019, the CA-506 Salinas/Monterey, San Benito Counties Continuum of Care awarded \$6,018,100 in funding through the Homeless Emergency Aid Program (“HEAP”) to the County for the construction of a year-round Shelter at 845 E. Laurel Drive. Shortly thereafter, an aggressive construction schedule commenced resulting in the inaugural launch of operations at new Salinas Housing and Advancement Resources & Education Center (SHARE) on May 26, 2021.

Based upon the experience and perspective gained through the development of the SHARE Center, the City and County agreed that a vacant County-owned parcel adjacent to 845 E. Laurel Drive would be a better development opportunity site than the original 1220 Natividad Road location. On June 22, 2021, the City and County entered into a Memorandum of Understanding (MOU), to formally established and coordinate roles and responsibilities related to the ongoing operations of the SHARE Center and the future development of a multifamily affordable housing project at the 845 E. Laurel Drive site.

In early 2022, as outlined in the MOU, City and County staff moved forward on the development and execution of an RFQ to seek a highly qualified developer for the Laurel Drive project site.

#### DISCUSSION:

On May 6, 2022, the City and County jointly released an RFQ seeking a highly qualified developer for the design and development of a 100% Affordable Multifamily Rental Housing Project on the vacant County-owned site at 855 E. Laurel Drive. Initially, RFQ proposals were due on June 6, 2022, but based upon interested developer feedback, the deadline was extended to 5:00 p.m., June 24, 2022. In total, eight (8) proposals were received and initially rated by a group of City and County staff and development consultants. Of these proposals, seven (7) were moved forward for additional consideration and one (1) proposal was disqualified after consultation and concurrence

with both the City Attorney and County Counsel due to late submission. Of the seven qualified proposals, the four (4) highest rated proposals were invited to participate in an interactive interview panel comprised of City and County staff, community partners, and other stakeholders on July 27, 2022. Upon conclusion of the interviews, and in consideration of the prior rating process, Eden Housing Inc. emerged as the unanimous choice to pursue additional discussions with on the development of the proposed Project.

The Eden proposal is called Daphne Heights and contemplates a marquis affordable housing development that can grow in phases and provide a picturesque hilltop perch for local families and individuals, particularly farmworkers. Eden acknowledges that their proposal is a starting point, but they anticipate fleshing out the vision in partnership with the City and County. Based on experience, Eden is proposing a site plan that is conducive to phasing, scaled to available financial resources, and designed to keep construction costs manageable. The site plan emphasizes welcoming landscaping ensconced by efficient, attractive walk-up buildings. Each phase of the project would meet the Large Family project type unit mix of at least 25% 2-beds and 25% 3-beds. Two scenarios are presented below: the first is a two-phase development of 132 units on 5 acres. The second scenario incorporates additional land that County staff indicated may be available. The additional land is added to the second phase in the first alternative to create a total of 180 units. This proposal will likely evolve as due diligence is completed and financing is identified and secured.

<b>Scenario A</b>		<b>Scenario B (Extra Land)</b>	
<b>Phase 1</b>	84 Units in 3 Buildings 1 Clubhouse Portion of Original 5 Ac RFQ Area	<b>Phase 1</b>	84 Units in 3 Buildings 1 Clubhouse Portion of Original 5 Ac RFQ Area
<b>Phase 2</b>	48 Units in 2 Buildings 1 Clubhouse Portion of Original 5 Ac RFQ Area	<b>Larger Phase 2 (Phase 2 and 3 Areas)</b>	96 Units in 4 Buildings 1 Clubhouse Portion of Original 5 Ac RFQ Area + Additional 1.85 Ac
<b>Total</b>	<b>132 Units, 5 Acres</b>		<b>180 Units, 6.85 Acres</b>

Upon formal selection of Eden Housing Inc. by both the Council and BOS as the Project developer, staff will actively engage in negotiations with Eden Housing Inc to enter into an ENA for the Project to include the development of a potential Ground Lease for the County-owned site. Simultaneously, staff will also pursue additional modifications to the existing City/County MOU to clarify development responsibilities, funding, and the equitable split of the Project’s developed housing units applicable to each jurisdiction’s Regional Housing Needs Allocation. As part of their proposal, Eden Housing requested \$500,000 in funding through City American Rescue Plan Act for pre-development costs. Final recommendations on each these additional items will be brought back to Council and BOS for consideration at a future date.

DEPARTMENT COORDINATION:

This agenda item originates from the City’s Community Development Department (CDD), Housing Division under significant, formal collaboration with the County of Monterey and with consultation with the City Attorney.

### CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

### STRATEGIC PLAN INITIATIVE:

The selection of Eden Housing Inc. as the non-profit developer for this joint City/County Project supports the City of Salinas Strategic Plan 2022-2025 Goals and Strategies of Housing/Affordable Housing and Effective and Culturally Responsive Government.

### FISCAL AND SUSTAINABILITY IMPACT:

There is no General Fund impact associated with the selection of Eden Housing Inc. as the non-profit developer for the 855 E. Laurel Drive Project. There is no request to commit any funds to support the Project at this time. Eden Housing has requested \$500,000 in funding to offset the pre-development costs. After further discussions with Eden Housing, a future funding agreement may be brought to the City Council for consideration.

### ATTACHMENTS:

1. Resolution
2. June 22, 2021, City/County MOU
3. Eden Housing Inc. RFQ Proposal
4. PowerPoint Presentation