



# COUNTY OF SONOMA

575 ADMINISTRATION  
DRIVE, ROOM 102A  
SANTA ROSA, CA 95403

## SUMMARY REPORT

---

**Agenda Date:** 7/22/2025

---

**To:** Board of Supervisors

**Department or Agency Name(s):** County Administrator's Office

**Staff Name and Phone Number:** Christel Querijero and Yoan Vivas, (707) 565-2431

**Vote Requirement:** Majority

**Supervisory District(s):** Countywide

**Title:**

Approval of RED Housing Fund (RHF) 2024 Annual Report

**Recommended Action:**

- A) Accept and approve the RED Housing Fund (RHF), a California nonprofit public benefit corporation, 2024 Annual Report and associated audited financial statements as required by the \$10 million loan agreement with the County.
- B) Upon approval of the 2024 Annual Report, and per the terms of the loan agreement, direct the County Executive to issue "Year 4 Statement of Loan Forgiveness" to RHF in the amount of 5% of the original loan amount, or \$500,000.

**Executive Summary:**

On September 14, 2021, your Board authorized the County Administrator, in consultation with County Counsel, to execute a Loan Agreement ("Agreement") and any related documents for the County's \$10 million loan to the RED Housing Fund ("RHF"). Paragraph 3 of the Agreement (Attachment A) provides that the loan is forgivable over a 20-year period, at a rate of 5% (\$500,000) per year, provided that:

- i. No Event of Default has arisen under the Loan Documents;
- ii. RHF is in compliance with Lender's Requirements as set forth in Exhibit D to the Loan Agreement; and
- iii. The Board of Supervisors has reviewed and approved RHF's Annual Report.

The official review of the Annual Report is intended to verify that County-loaned funds are being used to provide financing, credit enhancement, and/or guarantees to support development of housing projects that meet the RHF's investment criteria, which can be found on pages 4-5 of the Annual Report.

On April 29, 2025, the RHF timely submitted its 2024 Annual Report, Financial Statements and Independent Auditor Report ("Report") for its fiscal year beginning on January 1, 2024 and ending on December 31, 2024. The full report can be found [HERE <https://redhousingfund.org/wp-content/uploads/2025/06/RHF-Annual-Report-12.31.24\\_vF.pdf>](https://redhousingfund.org/wp-content/uploads/2025/06/RHF-Annual-Report-12.31.24_vF.pdf). □

The Auditor-Controller-Treasurer-Tax Collector's (ACTTC) Office has reviewed the Financial Statements and Independent Auditor Report and determined that it demonstrates compliance with Section 6 of the Agreement (Use of Loan Funds).

County Administrator staff have confirmed that there has been no default activity on the loans made by RHF. The RHF is required to request forgiveness at least 60 days in advance of the anniversary date of the Agreement's effective date (by September 4, 2025), and which, upon the Board of Supervisors review and approval, the County Executive will issue a "Loan Forgiveness Statement" on the anniversary date of the Agreement. Attachment B is the RHF's request for the fourth year 5% annual forgiveness, timely submitted on April 30, 2025.

Staff recommends the Board review and approve RHF's 2024 Annual Report, which represents the third and final loan forgiveness term condition that needs to be met and direct the County Executive to issue the Year 4 Statement of Loan Forgiveness in the amount of \$500,000.

**Discussion:**

Section 8 of the Agreement requires the Fund to provide a Report to the Board within 180 days following the close of the Fund's fiscal year, which runs from January 1<sup>st</sup> to December 31<sup>st</sup>. On April 29, 2025, the RHF timely submitted its 2024 Annual Report for its fourth fiscal year.

The Auditor-Controller-Treasurer-Tax Collector's (ACTTC) Office has reviewed the Financial Statements and Independent Auditor Report and determined that it demonstrates compliance with Section 6 of the Agreement (Use of Loan Funds).

On a quarterly basis, the RHF assesses the loans in its portfolio and assigns a risk rating based on various factors such as project progress, performance, and compliance. As of the end of fiscal year 2024, all but one loan in RHF's portfolio received a risk rating of "Pass" (Rating 2), indicating satisfactory performance. One loan, Pullman Lofts, was rated "Watch/Attention" due to delayed lease-up and late payments; however, it was repaid in full in March 2025. Attachment C is a condensed summary of information for these five projects pulled from the Annual Report.

In addition to project updates, the RHF's 2024 Report includes a portfolio update, a statement of financial position, and activities that took place during the reporting period.

The Fund's Profit & Loss Statement reflects earnings through interest income, program-related loan interest, and contribution and grant income. In 2024, the RHF was awarded a \$1 million grant from the California Department of Housing and Community Development to be used for additional lending capital. While the grant was received in February 2025, it was committed during the reporting period and will support the Fund's future pipeline. Audited financial statements can be found in Appendix 2 of the Report.

In summary, the Fund has timely submitted its Annual Report and the County Administrator and ACTTC staff have reviewed the report and determined that it is in compliance with the terms of the Agreement. Accordingly, staff recommends that the Board of Supervisors review and approve the Renewal Enterprise District Housing Fund's 2024 Annual Report and direct the County Executive and to issue a Year 4 Statement of Partial Loan Forgiveness in the amount of \$500,000.

---

**Agenda Date:** 7/22/2025

---

**Strategic Plan:**

This item directly supports the County's Five-year Strategic Plan and is aligned with the following pillar, goal, and objective.

**Pillar:** Healthy and Safe Communities

**Goal:** Goal 3: In collaboration with cities, increase affordable housing development near public transportation and easy access to services.

**Objective:** Objective 3: Create incentives for developers to promote affordable housing development in the County.

**Racial Equity:**

**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

No

**Prior Board Actions:**

8/20/2024: The Board reviewed and approved the Renewal Enterprise District Housing Fund's Annual Report for fiscal year 2023 and directed the County Administrator to issue Year 3 Statement of Partial Loan Forgiveness for 5% of the original loan amount (\$500,000).

8/22/23: The Board reviewed and approved the Renewal Enterprise District Housing Fund's Annual Report for fiscal year 2022 and directed the County Administrator to issue Year 2 Statement of Partial Loan Forgiveness for 5% of the original loan amount (\$500,000).

8/30/22: The Board reviewed and approved the Renewal Enterprise District Housing Fund's Annual Report for fiscal year 2021 and directed the County Administrator to issue Year 1 Statement of Partial Loan Forgiveness for 5% of the original loan amount (\$500,000).

9/14/2021: The Board voted to authorize the County Administrator, in consultation with County Counsel, to execute a loan agreement and related documents for the County's \$10 million loan to the Renewal Enterprise District Housing Fund funded from the PG&E Settlement fund.

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY25-26 Adopted</b>	<b>FY26-27 Projected</b>	<b>FY27-28 Projected</b>
Budgeted Expenses			
Additional Appropriation Requested			
<b>Total Expenditures</b>			
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			

---

**Agenda Date:** 7/22/2025

---

General Fund Contingencies			
<b>Total Sources</b>			

**Narrative Explanation of Fiscal Impacts:**

\$500,000 of the PG&E Settlement Fund will not be replaced given the County forgiveness terms being met by the RHF Annual Report.

<b>Staffing Impacts:</b>			
<b>Position Title (Payroll Classification)</b>	<b>Monthly Salary Range (A-I Step)</b>	<b>Additions (Number)</b>	<b>Deletions (Number)</b>

**Narrative Explanation of Staffing Impacts (If Required):**

None.

**Attachments:**

Attachment A: County and RHF Loan Agreement

Attachment B: RHF Request for Loan Forgiveness and draft Statement of Partial Loan Forgiveness

Attachment C: RHF Projects Summary

**Related Items "On File" with the Clerk of the Board:**

N/A