



## SUMMARY REPORT

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**Agenda Date:** 9/10/2024

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**To:** Board of Commissioners of the Sonoma County Community Development Commission

**Department or Agency Name(s):** Community Development Commission

**Staff Name and Phone Number:** Rhonda Coffman, 707-565-7542

**Vote Requirement:** 4/5th

**Supervisory District(s):** Countywide

**Title:**

George's Hideaway - Approval of Disposition and Development Agreement and Transfer and Amendment of the Affordable Housing Assistance Payments Contract to Burbank Housing

**Recommended Action:**

- A) Adopt a Resolution authorizing the Sonoma County Community Development Commission to enter into a Disposition and Development Agreement with Burbank Housing Development Corporation (Burbank Housing) for the transfer and development of George's Hideaway.
- B) Authorize the Executive Director of the Sonoma County Community Development Commission to execute the Disposition and Development Agreement and all related documents necessary to effectuate the transfer and development of the George's Hideaway.
- C) Adopt a Resolution authorizing the Sonoma County Community Development Commission to execute all necessary documents to amend the California Department of Housing and Community Development Homekey Standard Agreement No. 22-HK-17484 to add Burbank Housing Development Corporation as a Co-Applicant/Contractor.
- D) Authorize the Executive Director of the Sonoma County Community Development Commission to transfer and amend the Affordable Housing Assistance Payments Contract (AHAP) to be between the Sonoma County Housing Authority and Burbank Housing in order to receive Project Based Voucher monthly housing assistance from the U. S. Department of Housing and Urban Development (HUD).
- E) Approve the re-assignment of the Community Development Block Grant - Coronavirus (CDBG-CV) and Permanent Local Housing Allocation (PLHA) prior funding awards for the development of the project from West County Community Services to Burbank Housing.
- F) Adopt a Resolution authorizing an adjustment to the Fiscal Year 2024-25 revised budget for an additional fund balance of \$300,000.

**Executive Summary:**

This Board item requests approval for the Executive Director of the Sonoma County Community Development Commission (CDC) to enter into a Disposition and Development Agreement (DDA) with Burbank Housing for the transfer and development of the property known as the George's Hideaway, located at 18100 Highway 116, Guerneville, CA 95446 (the "Property"). The development consists of converting the property to a 21-unit permanent supportive housing (PSH) development (the "Project").

On June 10, 2024 the Board of Supervisors approved a DDA and authorization for the CDC to execute this

same transfer to West County Community Services (WCCS). However, WCCS informed the CDC they prefer to limit their scope to providing supportive services to this Project. The CDC, WCCS and Burbank Housing agreed that a change to transfer the property to Burbank Housing for the development and ownership of the Project was in the best interest of all parties. Burbank Housing has substantial experience with affordable housing development, long term asset management, as well as permanent supportive housing. Burbank Housing was also involved during predevelopment stage of the Project in a mentorship capacity to WCCS, so they are familiar with the Project scope, schedule, and DDA terms. All terms and conditions of the DDA, funding, and scope of the Project remain unchanged with the exception that the Property will be transferred to Burbank Housing rather than WCCS, the transfer of the Project will occur in early September 2024, two months later than anticipated, and the Project budget will increase by \$300,000.

The DDA describes the process through which the property will be transferred to the developer, the source and terms of financing provided by the CDC for capital improvements, the overall financial plan for the project, the development process and schedule, and the affordability covenants that will be required for the project.

Once transfer and development is complete, Burbank Housing will own and operate the project using operational funding from multiple sources, including \$1.1 million in Homekey operational funding and project-based vouchers (PBV) secured by the CDC that will be transferred to Burbank Housing through an amendment to the Affordable Housing Assistance Payments Contract after close of escrow.

**Discussion:**

This Board item requests approval for the Executive Director of the CDC to enter into a DDA with Burbank Housing for the transfer and development of the property known as the George's Hideaway, located at 18100 Highway 116, Guerneville, CA 95446 (the "Property"). The development consists of converting the property to a 21-unit permanent supportive housing (PSH) development (the "Project").

The CDC structured a funding plan to accomplish the proposed conversion to permanent supportive housing. The total development budget, not including acquisition, is \$12,429,518, of which \$10,864,584 is construction costs. The balance is soft costs such as architectural oversight, administration, and developer fee. With the transfer of the Project to Burbank, the budget increased by \$300,000 to cover the developer fee, which was necessary for Burbank to develop the Project.

In addition to the \$5,209,584 in Homekey funding awarded to the project for capital costs, the CDC, through the DDA, will provide \$955,000 in ERA-2 funding, \$1,400,000 in Measure O funds previously allocated by CDC, \$2,800,000 of Measure O funds allocated by the Sonoma County Department of Health Services, \$300,000 in Whole Person Care funds, and an additional \$500,000 that CDC will make available as an insurance reserve. Except for the insurance reserve, these funds will be used by Burbank Housing to pay for the proposed construction and some of the remaining necessary soft costs during construction, such as architectural and engineering inspections.

Additional funding for the development of the project has been secured which is not being transferred through the DDA and therefore shows up in the development budget but not in the Fiscal Summary below. The additional funding includes \$370,000 in Measure O funding appropriated to CDC in Fiscal Year (FY) 21-22 and already spent on predevelopment, \$700,000 of Permanent Local Housing Allocation (PLHA) awarded to West County through the regular annual PLHA funding cycle in FY 23-24, and \$694,934 in Community

Development Block Grant CV funds awarded to West County during the FY 23-24 Federal funding cycle for capital costs for the navigation center. These two fund sources will be re-assigned by the CDC from WCCS to Burbank Housing for the same uses in the same amounts.

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**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 2: Identify and leverage grant funding sources for permanent supportive and affordable housing development.

**Racial Equity:**

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

No

**Prior Board Actions:**

August 18, 2020: Project Homekey-1

October 26, 2021: Project Homekey-2

March 22, 2022: Update on Homekey-2 and Allocation of Early Capital Match

April 5, 2022: Approval to Purchase George's Hideaway

March 7, 2023: Approval of an Exclusive Right to Negotiate Agreement with West County

August 15, 2023: Approval of \$1.4 million in Measure O funds for Georges Hideaway PSH Capital

June 10, 2024: George's Hideaway - Approval of Disposition and Development Agreement and Transfer and Amendment of the Affordable Housing Assistance Payments Contract to WCCS

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY24-25 Adopted</b>	<b>FY25-26 Adopted</b>	<b>FY26-27 Adopted</b>
Budgeted Expenses	\$10,864,584		

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Additional Appropriation Requested	\$300,000		
<b>Total Expenditures</b>	<b>\$11,164,584</b>		
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Emergency Rental Assistance Program	\$1,455,000		
Use of Fund Balance	\$5,209,584		
Measure O	\$4,200,000		
Whole Person Care	\$300,000		
<b>Total Sources</b>	<b>\$11,164,584</b>		

**Narrative Explanation of Fiscal Impacts:**

\$6,000,000 of expenditure appropriations are included in the FY2024-25 budget. \$4,864,584 of unused appropriations approved during FY2023-24 will be rebudgeted in FY2024-25 during the Q1 Consolidated Budget Adjustment process. Increase revenue and expenditures appropriations by \$300,000 from Whole Person Care.

<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 1: Resolution - DDA

Attachment 2: Georges Hideaway DDA

Attachment 3: Resolution Authorizing Execution of HCD Standard Agreement Amendment

Attachment 3: Budget Adjustment Resolution

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

DDA Attachments

AHAP Contract

Standard Agreement 22-HK-17484