



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 8/18/2026

To: Board of Supervisors

Department or Agency Name(s): County Executive's Office

Staff Name and Phone Number: David Guhin and Hannah Whitman, (707) 565-2431

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

RED Housing Fund 2025 Annual Report and Appointment of County Representative to RED Housing Fund Board of Directors

Recommended Action:

- A) Accept and approve the 2025 Annual Report and associated audited financial statements for the RED Housing Fund (RHF), a California nonprofit public benefit corporation, as required by the County's \$10 million loan agreement.
- B) Upon approval of the 2025 Annual Report and per the terms of the loan agreement, direct the County Executive to issue "Year 5 Statement of Loan Forgiveness" to RHF in the amount of 5% of the original loan amount, or \$500,000.
- C) Approve the Appointment of Kathleen Parnell to the RED Housing Fund Board of Directors for a four-year term beginning August 18, 2026, and ending August 18, 2030.

Executive Summary:

The RED Housing Fund, established on July 7, 2021, as a nonprofit public benefit corporation, was created to advance infill, transit-oriented, and workforce housing as part of the Renewal Enterprise District's broader efforts to support regional housing recovery following the 2017 wildfires and the availability of PG&E settlement funds.

On September 14th, 2021, the Board authorized the County Executive, in consultation with County Counsel, to execute a Loan Agreement ("Agreement") and any related documents for a \$10 million loan to the RED Housing Fund ("RHF"). The Agreement (Attachment A) provides that the loan is forgivable over a 20-year period, at a rate of 5% (\$500,000) per year, if certain provisions are met.

Staff recommends the Board review and approve RHF's 2025 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 5 Statement of Loan Forgiveness in the amount of \$500,000.

On July 8th, 2026, the County of Sonoma's representative to the RED Housing Fund Board of Directors, Amanda Ruch, notified County Executive staff that she will be resigning from her role on the Board of Directors in advance of her assuming the role as the elected Auditor-Controller-Treasurer-Tax Collector on January 4th, 2027. As per the RED Housing Fund by-laws, elected officials may not be members of the RED Housing Fund Board of Directors. To fill the vacancy, staff recommends that your Board appoint Kathleen Parnell as the

County's appointed representative on the RED Housing Fund Board of Directors.

Discussion:

RED Housing Fund 2025 Annual Report

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 1st to December 31st. On April 29, 2025, the RHF timely submitted its 2025 Annual Report for its fifth 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).

County Executive staff have confirmed that there has been no default activity on the loans made by RHF. On a quarterly basis, the RHF assesses the loans in its portfolio and assigns a risk rating based on various factors. The Report indicates all loans in RHF's portfolio have received a passing score.

During fiscal year 2025, the Fund closed its sixth loan, a \$4.2 million construction-to-permanent loan supporting the development of Casa Roseland, which will deliver 75 new affordable housing units to the Roseland neighborhood. Three other loans to affordable housing projects (Acme, Aviara, and South Park Commons) that supported the development of 275 affordable housing units, converted to permanent loan status upon the projects being leased and stabilized.

Additionally, the Fund received repayment of its \$1.3 million loan to Pullman Lofts, which supported the development of 114 market-rate/workforce units in Santa Rosa's Railroad Square neighborhood, and a \$2.04 million partial early repayment from South Park Commons. With the addition of Casa Roseland, the RED Housing Fund has now closed six loans totaling \$19.7 million to support 632 new housing units to date.

Attachment C is a condensed summary of information for these six projects pulled from the Annual Report.

In addition to project updates, the RHF's 2025 Report includes a portfolio update, a statement of financial position, and activities that took place during the reporting period.

Audited financial statements can be found in Appendix 2 of the Report.

Loan Forgiveness

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 5-6 of the Annual Report.

On April 29, 2026, the RHF timely submitted its 2025 Annual Report, Financial Statements and Independent Auditor Report ("Report") for its fiscal year beginning on January 1, 2025 and ending on December 31, 2025. The full report can be found here:

<https://redhousingfund.org/wp-content/uploads/2026/05/Annual-Report-and-Audited-Financial-Statements-January-1-December-31-2025-4.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).

The RHF is required to request forgiveness at least 60 days in advance of the anniversary date of the Agreement's effective date (September 4, 2026), which was sent to the County on May 19, 2026. (Attachment B, page 1). Upon the Board of Supervisors' review and approval, the County Executive will issue a "Loan Forgiveness Statement" (Attachment B, page 2) on the anniversary date of the Agreement.

In summary, the RHF has timely submitted its Annual Report and the County Executive 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 RHF's 2025 Annual Report and direct the County Executive to issue a Year 5 Statement of Partial Loan Forgiveness in the amount of \$500,000.

Appointment to RED Housing Fund Board of Directors

The RHF Board of Directors provides overall policy direction and governance for the Fund, overseeing its operations, financial management, and strategic priorities. The Board ensures that all activities advance the Fund's mission and support the development and financing of affordable housing within Sonoma County.

The Housing Fund is governed by a Board of Directors that has seven voting members, as follows:

- One director appointed by the County of Sonoma;
- One director appointed by the City of Santa Rosa;
- One director appointed by the Renewal Enterprise District;
- Four independent directors appointed by the RED Housing Fund board.

In addition to the County of Sonoma representative, there are currently six members of the RHF Board: Veronica Ferguson (President and CEO), David Gouin (Vice President), Michelle Whitman (Secretary), Janet Connors, Jen Klose, and Susan Klassen. Appointees to the RHF Board may not be elected officials. The initial term of office is four years, and persons appointed are limited to two consecutive terms or eight consecutive years of service. Your Board may replace its appointed director at any time.

Staff recommends that your Board appoint Kathleen Parnell as the County's representative on the RHF Board of Directors for a four-year term beginning August 18, 2026, and ending August 18, 2030. Kathleen Parnell serves as Assistant Auditor Controller Treasurer Tax Collector for the County of Sonoma and Chief Deputy Investment Officer, overseeing Treasury, Investments & Debt, Deferred Compensation, and the County's banking and investment relationships, including its approximately \$3.5 billion pooled securities portfolio. She brings more than 25 years of experience in treasury, banking and financial planning across public and private sectors, and contributes to countywide initiatives through her service on the Debt Advisory Committee,

Housing Assistance Committee and previously on the Sonoma County Energy Independence Program (SCEIP) Steering Committee. Kathleen also serves as President of the Sonoma County Securitization Corporation and as Assistant Treasurer for the Sonoma County Financing Corporation and the Sonoma County Public Financing Authority.

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:

12/9/2025: The Board reappointed the Assistant Auditor-Controller-Treasurer-Tax Collector, Amanda Ruch, as the County's representative on the RHF Board of Directors for a four-year term that started December 14, 2025.

7/22/2025: The Board reviewed and approved the RHF's Annual Report for fiscal year 2024 and directed the County Administrator to issue Year 4 Statement of Partial Loan Forgiveness for 5% of the original loan amount (\$500,000).

8/20/2024: The Board reviewed and approved the RHF'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).

8/22/2023: The Board reviewed and approved the RHF'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).

8/30/2022: The Board reviewed and approved the RHF'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 RHF funded from the PG&E Settlement fund. The Board also appointed the Assistant Auditor-Controller-Treasurer-Tax Collector, Amanda Ruch, as the County's representative on the RHF Board of Directors for a four-year term that started December 14, 2021.

FISCAL SUMMARY

Expenditures	FY26-27 Adopted	FY27-28 Projected	FY28-29 Projected
Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures			
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
General Fund Contingencies			
Total Sources			

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.

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

Narrative Explanation of Staffing Impacts (If Required):

N/A

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