



SUMMARY REPORT

Agenda Date: 6/12/2023

To: Board of Supervisors of Sonoma County and Board of Commissioners of the Community Development Commission

Department or Agency Name(s): Sonoma County Community Development Commission

Staff Name and Phone Number: Michelle Whitman, (707) 565-7504

Vote Requirement: Majority

Supervisorial District(s): Countywide

Title:

Tierra de Rosas Infill Infrastructure Grant Side Agreements

Recommended Action:

Adopt a resolution authorizing the Executive Director of the Sonoma County Community Development Commission, or designee, to enter into and execute side agreements, as necessary, with partners of the Santa Rosa Qualifying Infill Area as identified in the California Department of Housing and Community Development Infill and Infrastructure Grant Award.

Executive Summary:

The Sonoma County Community Development Commission (CDC) and MidPen Housing Corporation (MidPen) were awarded an Infill and Infrastructure Grant (IIG) Award by the California Department of Housing and Community Development (HCD or Department) for site improvements related to the Tierra de Rosas Project (Project), as well as infrastructure for a mixed-use apartment building at 420 Mendocino Avenue developed by 5th and Mendocino Partners, LLC (420 Mendocino) and Sage Commons, an affordable housing development at 80 College Avenue constructed by DanCo Communities (DanCo). An HCD Standard Agreement was executed by the CDC and MidPen for the award on June 23, 2020.

CDC seeks approval to enter into two IIG side agreement agreements: (1) DanCo and (2) 420 Mendocino. The purpose of the side agreements is to ensure compliance with the IIG Award and limit the CDC's exposure should any of the IIG partners fail to comply with the IIG Award.

Discussion:

Infill and Infrastructure Grant

HCD issued a Notice of Funding Availability (NOFA) for Infill Infrastructure funding (IIG) in October 2019. HCD administers the IIG Program, which provides grant assistance through a competitive selection process for infrastructure improvements necessary for specific residential or mixed-use infill development projects.

MidPen and the CDC are the co-sponsors of the IIG application. The Qualifying Infill Area (QIA) for the IIG application is a .7-mile radius around the SMART Downtown Santa Rosa Station. It includes all downtown Santa Rosa and the Roseland area to the southwest.

The IIG competitive scoring guidelines award points for density and affordability, among other criteria. The MidPen and DanCo projects raised points awarded to projects that provide affordable housing for households earning between 30-60% of Median Area Income (MidPen) and Permanent Supportive Housing for persons

exiting homelessness (DanCo). The market rate projects (420 Mendocino and Urban Mix Market Rate) raised the density points, resulting in an IIG application that scored most competitively in the aggregate.

In June 2020, HCD awarded \$11,876,050 of IIG grant funds to MidPen and the CDC to support infrastructure improvements for 4 separate residential projects totaling 395 units of mixed-income housing in the Santa Rosa QIA. Each of the 4 developments are within .5 miles of qualifying high-quality transit to connect to amenities, services, and jobs in downtown Santa Rosa. The distribution of the IIG award is as follows:

IIG Project	Award	Affordable, Market Rate, Permanent Supportive Housing	Housing Units
Tierra de Rosas, MidPen	\$3,074,432	Affordable	75
Tierra de Rosas, CDC	\$5,074,330	Market Rate	99
420 Mendocino	\$1,573,988	Market Rate	168
DanCo Sage Commons	\$2,153,300	Affordable, Permanent Supportive Housing	53
Total Award	\$11,876,050		395

Of the 4 developments included in this QIA for this IIG award, DanCo's Sage Commons is complete, fully occupied, and ready to close on its permanent financing. The 420 Mendocino project is currently under construction. The other 2 projects, Casa Roseland Affordable Housing and the Urban Mix Market Rate Housing, can advance after backbone infrastructure starts construction.

Standard Agreement, Disbursement Agreement, and Side Agreements

The Standard Agreement is the result of the MidPen's and CDC's joint application for funding under the IIG Program pursuant to Part 12.5 of Division 31 of the Health and Safety Code (commencing with §53559). Under the Standard Agreement MidPen and CDC were joint and severally liable for the total award. However, based on recent updates CDC will become the sole recipient under the Standard Agreement.

The Disbursement Agreement is required by HCD to ensure a timely completion of the infrastructure project and housing development in accordance with the requirements of the grant documents, the Guidelines, the Department, and the State of California.

The purpose of the side agreements is to ensure the DanCo and 420 Mendocino projects receive their share of the IIG award and can meet their obligations to HCD, while maintaining CDC's compliance with the Standard Agreement and Disbursement Agreement.

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:

05/16/2023, Item #10: Authorized CDC Executive Director Michelle Whitman to execute IIG grant documents.

08/31/2021, Item #3: Authorized CDC Interim Executive Dave Kiff to execute IIG grant documents

02/04/2020, Item #33: Authorized CDC Interim Executive Barbie Robinson to execute IIG grant documents

FISCAL SUMMARY

Expenditures	FY 22-23 Adopted	FY23-24 Projected	FY 24-25 Projected
Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures			
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources			

Narrative Explanation of Fiscal Impacts:

There are no fiscal impacts by the action in the Item. The Grant has already been awarded.

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 1 - Resolution Authorizing Execution of IIG Side Agreements

Attachment 2 - Side Agreement with DanCo Communities

Attachment 3 - Side Agreement with 5th and Mendocino Partners, LLC

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

None