



TO: Benjamin Wickham, SCCDC Affordable Housing Director

FROM: Dev Goetschius, HLT Executive Director

DATE: September 19, 2019

RE: Request for TOT Funding Set-Aside Transfer

Acacia Village in Santa Rosa

On December 13, 2017, the Sonoma County Board of Supervisors approved Agenda Item #41, which included an award of \$300,000 in Transient Occupancy Tax (TOT) "workforce housing" funding to assist six of the twenty-five single-family homes planned for construction at the Acacia Village subdivision in the City of Santa Rosa. The funding would enable the Housing Land Trust (HLT) to partner with the City and Developer to create homeownership opportunities for first-time homebuyers with household incomes ranging from 100% to 120% of area median income (AMI).

The TOT funds were leveraged with \$300,000 in affordable housing funds that the City awarded to HLT for the project. The TOT funds were intended to be a permanent subsidy in the six homes, which would be recycled in perpetuity through the HLT's community land trust model. The TOT funds would be used to write down the prices of the homes, locking in the affordability and tying the initial price and future resales to a family's income, not market pricing. The HLT's affordability restrictions remain in place through a 99-year renewable ground lease to the homebuyers, ensuring the homes remain affordable to same income level in perpetuity.

Due to delays in the development of the overall Acacia Village subdivision, HLT is subsequently asking for the funds to be redirected as it is currently unknown if or when the approved TOT funding would be used by the HLT for these 6 homes in Santa Rosa.

Affordable Housing Pilot Program in Rohnert Park

On September 24, 2019, the Rohnert Park City Council approved \$200,000 from its Affordable Housing Linkage Fee fund for a pilot program that would initially assist the creation of four for-sale homes, in partnership with the HLT. Under this pilot program, the HLT's staff and realtor will identify existing homes for sale in Rohnert Park that, with the subsidy, would make them affordable to moderate-income homebuyers, with household incomes ranging from 81% to 120% of AMI. Research by the City and HLT staff has confirmed that there is a single-family home inventory available in Rohnert Park that will be suitable for the pilot program. Using its customary community land trust model, the HLT will

retain ownership of the land, and will steward and monitor the affordable units and subsequent resales over the course of the 99-year ground leases to the homebuyers.

Based on HLT's market research, it costs an average of \$100,000 per home to cover the "affordability" gap between what moderate-income owners can pay and market-rate costs, plus an additional \$25,000 for fees and other costs. The City funding for the pilot program will provide an average of \$50,000 for home, leaving an average remaining funding gap of \$75,000 required to achieve affordability.

Request for TOT Funding Set-Aside Transfer

In recognition of the uncertainties regarding the future development of affordable homes in the Acacia Village subdivision, HLT requests that the County approve a "transfer" of the \$300,000 in previously approved TOT funding to be used instead in conjunction with the \$200,000 in City of Rohnert Park funding to assist the acquisition of four (4) homes. This would close the average \$75,000 gap in funding needed to make those homes affordable to moderate-income households.

If approved for use in Rohnert Park's program, the TOT funds would be used in the same manner as planned for Acacia Village. The funds would provide a permanent subsidy in the homes, which would be recycled in perpetuity through the HLT's stewardship model.