



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 11/7/2023

To: Sonoma County Community Development Commission Board of Commissioners
Department or Agency Name(s): Sonoma County Community Development Commission
Staff Name and Phone Number: Martha Cheever, 707-565-7521
Vote Requirement: Majority
Supervisory District(s): Countywide

Title:

Award of Project Based Vouchers

Recommended Action:

- A) Approve Sonoma County Housing Authority recommendations to award 151 Project-Based Vouchers and authorize the Executive Director or their designee to enter into all necessary agreements required to implement the awards.
- B) Approve a 20-year extension of the Project-Based Voucher Housing Assistance Payment Agreement with Domus Management, LLC for a term ending August 1, 2044, and authorize the Executive Director to sign the amended Agreement.

Executive Summary:

Project-Based Vouchers (PBV) are an important resource providing predictable operating revenue to new and existing affordable multifamily rental housing ensuring the most vulnerable members of our community have stable, affordable housing.

The Board of Commissioners has prioritized the need to end homelessness in Sonoma County and expand opportunities for affordable housing. To that end, the Sonoma County Housing Authority (Housing Authority) released two Requests for Proposals seeking proposals for project-base rental units for both permanent supportive housing and general housing.

The Housing Authority is seeking authorization to award 143 Project Based Vouchers (PBV) resulting from the recent Requests for Proposals, and authorization for the Executive Director or their designee to enter into all necessary agreements required to implement the awards. Once all projects are developed, they will bring an additional 103 permanent supportive housing units, 10 homeless dedicated units, and 30 other PBV units into service in Sonoma County.

Staff is also requesting authorization to award an additional 8 PBVs to The Randall in Healdsburg on a non-competitive basis, and to extend the PBV agreement with Domus Management, LLC for Divine Senior Apartments in Cloverdale for an additional 20 years, for a term ending July 31, 2044.

Discussion:

The US Department of Housing and Urban Development (HUD) allows Housing Authorities to attach up to 30% of its Section 8 Housing Choice Voucher Program funding to specific housing units by project-basing vouchers.

In contrast to the Tenant-Based Voucher Program, the project-based housing subsidy remains with the unit after a tenant moves out. Project-Based Vouchers (PBV) are an important resource providing predictable operating revenue to new and existing affordable multi-family rental housing, ensuring the most vulnerable members of our community have stable, affordable housing. To be eligible for Project-Based Vouchers, the owner of a project must agree to rent the unit to eligible tenants for the duration of the Housing Assistance Payments (HAP) contract.

Below are three distinct requests:

1. Award of Project Based Vouchers

To create more affordable housing in Sonoma County, including permanent supportive housing, the Housing Authority released two Request for Proposals (RFP) for Project-Based Vouchers. Project Based Vouchers are an important tool for affordable housing developers, providing a guarantee of a stable revenue stream for the project, making constructing or rehabilitating affordable housing possible. Project Based Vouchers can also be a tool to help develop permanent supportive housing units to serve chronically homeless persons or families.

Highest Needs. The first RFP was released on July 10, 2023, and closed on September 18, 2023. This RFP made up to 120 PBVs available for new construction or substantial rehabilitation permanent supportive housing (PSH) units designated for the highest needs persons/families in the Sonoma County Coordinated Entry System. Each proposer was required to identify a supportive services partner to provide intensive case management for the residents of the PSH units.

Low Income. The second RFP was released on September 5, 2023, and closed on September 29, 2023. This RFP was for new construction or substantial rehabilitation General Project Based Vouchers units - meaning they could be used to serve any low-income population appropriate to the housing development. Additional points were awarded to projects that proposed to designate at least 10% of the requested PBV units to persons/households exiting homelessness.

In response to these two RFPs for PBVs, the Housing Authority received a total of 9 proposals. One of these proposals was deemed to be ineligible for award at this time as it was for existing units. The remaining 8 proposals all met the requirements of the RFP and are in areas throughout the County and are being recommended at their full request by staff. No proposals were received from the Cloverdale area.

Staff is recommending that 143 Project Based Vouchers be recommended for award to the projects shown in the table below. Once all projects are developed, they will bring an additional 103 permanent supportive housing units, 10 homeless dedicated units, and 30 other PBV units into service in Sonoma County.

Project	Developer	Location	Number of Units for Award	Type of Units
Caritas Phase 2	Burbank Housing	Santa Rosa	30	Permanent Supportive Housing
Casa Roseland	MidPen Housing	Santa Rosa	8	Homeless Dedicated

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Downtown River	Eden Housing	Petaluma	6	General
Dry Creek Commons	Burbank Housing	Healdsburg	14	8 General + 6 Permanent Supportive Housing
Elderberry Commons	Burbank Housing	Sebastopol	29	Permanent Supportive Housing
Meridian at Corona Station	DanCo Communities	Petaluma	33	Permanent Supportive Housing
Redwood Glen	JCL Development	Windsor	5	Permanent Supportive Housing
Summer Oaks	MidPen Housing	Sonoma	18	16 General + 2 Homeless Dedicated

Note: Recommended projects are listed below in alphabetical order.

A copy of all PBV applications received in response to the two RFPs are located here:

[<https://share.sonoma-county.org/link/pCO-4CnTfJI/>](https://share.sonoma-county.org/link/pCO-4CnTfJI/)

[<https://share.sonoma-county.org/link/bS1eQ0guwz8/>](https://share.sonoma-county.org/link/bS1eQ0guwz8/).

2. Non-Competitive Award of Project Based Vouchers

The developer of The Randall in Healdsburg has requested an additional 8 PBVs be added to their existing PBV Agreement for the project. The addition of these PBVs will result in 16 PBV units at the 40-unit property. In their request, the developer cites “record cost increases” experienced since construction loan closing, including ongoing operational costs in areas such as property insurance, staff salaries, and utilities. HUD rules allow for additional PBVs to be added to an existing PBV Agreement on a non-competitive basis. Housing Authority local policies would require that the added units be designated for persons at or below 30% of the Area Median Income (AMI). Staff support this request as it will provide additional housing for low-income households in a high-opportunity area which can have a positive effect on the economic mobility of residents.

3. Extension of Project Based Voucher Agreement

The Housing Authority has received a request from DOMUS Management Company to extend the existing Housing Assistance Payment Agreement for Divine Senior Apartments located at 141 Healdsburg Avenue in Cloverdale, for an additional 20 years. The existing agreement for this project covers 20 units, has been active for 19 years and is due to expire on August 1, 2024. Staff is recommending the extension to ensure the continued affordability of the 20 PBV units at the property until 2044. All twenty PBV units are currently occupied by eligible tenants. This is the final extension that is allowed by HUD under current regulation. Upon expiration of the agreement, tenants in the existing units will be provided an opportunity to continue to receive rental assistance outside of the Project Based Voucher program, either in the existing unit or a different unit of their choosing.

All recommendations were reviewed and recommended by the Community Development Committee at their meeting on October 18, 2023.

HUD rules allow the Housing Authority to project-base up to 30%, or 951, of its total vouchers. With the awards outlined within this agenda item, the Housing Authority will have project-based 21.38%, or 678, of its total program vouchers, providing the ability to issue an additional 273 project-based vouchers in the future.

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 4: Reduce the County’s overall homeless population by 10% each year by enhancing services through improved coordination and collaboration.

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:

N/A

FISCAL SUMMARY

Expenditures	FY23-24 Adopted	FY24-25 Projected	FY25-26 Projected
Budgeted Expenses	\$273,708	\$734,292	\$1,492,317
Additional Appropriation Requested			
Total Expenditures	\$273,708	\$734,292	\$1,492,317
Funding Sources			
General Fund/WA GF			
State/Federal	\$273,708	\$734,292	\$1,492,317
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	\$273,708	\$734,292	\$1,492,317

Narrative Explanation of Fiscal Impacts:

All funding for the Project Based Vouchers is available from Federal Funds provided for the Housing Choice Voucher Program. Expenditure and Revenue appropriations for FY24-25 and FY25-26 will be included in the annual budgetary process.

Narrative Explanation of Staffing Impacts (If Required):

N/A

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Attachments:

Draft Amendment Extending Term with Domus Management, LLC

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

Divine Senior Apartments PBV Agreement & Amendment