



SUMMARY REPORT

Agenda Date: 1/5/2021

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

Department or Agency Name(s): Community Development Commission

Staff Name and Phone Number: Tina Rivera, 565-4774

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

County Fund for Housing Funding Loans and Permanent Local Housing Allocation Awards

Recommended Action:

- A) Provide direction to staff regarding two proposed options for County Fund for Housing and Permanent Local Housing Allocation awards in the aggregate amount of \$3,199,393.
- B) Authorize the Executive Director of the Sonoma County Community Development Commission (CDC) to execute funding agreements, promissory notes, deeds of trusts, and other related loan documents, and subsequent amendments, subordinations, and other modifications to said Agreements and loan documents, consistent with the CDC Loan Policies, in connection to the County Fund for Housing and Permanent Local Housing Allocation awards in the aggregate amount of \$3,199,393.

Executive Summary:

This agenda item will provide \$3,199,393 in loans from the County Fund for Housing and Permanent Local Housing Allocation. Approval of the CD Committee's recommendations will assist development of 52 units of affordable multifamily housing in Windsor, 23 affordable units in Cloverdale providing permanent supportive housing focusing on special needs populations, 94 units in Santa Rosa of affordable senior housing for those displaced by the 2017 Tubbs Fire, 42 units of affordable housing which includes 13 No Place Like Home units for persons homelessness and mental health issues in Petaluma, 16 homes designed for affordable, first-time homeownership in Windsor and 54 units of permanent supportive housing for the homeless in Santa Rosa.

Recommendations of the Community Development Commission Staff and CD Committee for approval of the County Fund for Housing and Permanent Local Housing Allocation awards in the aggregate amount of \$3,199,393 were as follows:

Staff recommendations are as follows:

- a. CRP Affordable (\$400,000)
- b. Kingdom Development (\$400,000)
- c. PEP Housing (\$500,000)
- d. BRJE Phase 1 Housing Partners, L.P. (\$500,000)
- e. Midpen Housing (\$799,393)
- f. Burbank Housing (\$600,000)

CD Committee recommendations are as follows:

- a. CRP Affordable (\$400,000)
- b. Kingdom Development (\$400,000)
- c. BRJE Phase 1 Housing Partners, L.P. (\$500,000)
- d. Midpen Housing (\$299,393)
- e. Burbank Housing (\$600,000)
- f. St. Vincent De Paul (\$1,000,000)

To facilitate the associated loans, this item requests authorization for the Interim Executive Director of the Sonoma County Community Development Commission (CDC) to execute funding agreements, promissory notes, deeds of trusts, and other related loan documents, and subsequent amendments, subordinations, and other modifications to said Agreements and loan documents, consistent with the CDC Loan Policies, in connection to the County Fund for Housing and Permanent Local Housing Allocation awards in the aggregate amount of \$3,199,393.

Discussion:

County Fund for Housing loans have assisted in the development and preservation of four hundred and fifty-seven apartments (includes two hundred and twenty-five units proposed and not yet built), forty-two mobile home spaces, and twenty-five transitional housing beds (includes thirteen beds under development), and eight supportive housing units, in thirteen developments.

On September 18, 2020, the Community Development Commission issued a Notice of Funding Availability (NOFA) for \$3,199,393 million available in FY 2020-21 from the CFH, inclusive of \$899,393 of Permanent Local Housing Allocation funds. Nine applications were submitted in response to the NOFA, all of which were eligible. The total funding requested in the nine applications was in excess of \$9.5 million dollars creating an oversubscription of funding requests.

These projects all meet the CFH Guiding Principles and Funding Priorities. Staff made funding recommendations to the Community Development Committee (Committee) primarily on the basis of the 1) threshold criteria including the extent to which the project is consistent with the jurisdiction's General Plan and whether the applicant possesses site control 2) extent to which the projects address special needs populations; 3) average affordability levels; 4) total per-unit CDC subsidy; 5) readiness to proceed; 6) projects that demonstrate existing support from other jurisdictions; and 7) extent to which CDC funds have already been invested in prior years and need additional funding to move forward to completion. Project details are shown in the attached Consolidated Staff Summaries of FY 2020-21 CFH Applications (Attachment 1).

The Staff made the following recommendations for funding based on their review and assessment that the projects all met the County Fund for Housing funding criteria:

- a. CRP Affordable (\$400,000)
- b. Kingdom Development (\$400,000)
- c. PEP Housing (\$500,000)
- d. BRJE Phase 1 Housing Partners, L.P. (\$500,000)
- e. Midpen Housing (\$799,393)
- f. Burbank Housing (\$600,000)

The CD Committee held a public hearing on December 16, 2020 and December 21, 2020 and is making the following funding recommendations based on their assessment of readiness.

- a. CRP Affordable (\$400,000)
- b. Kingdom Development (\$400,000)
- c. BRJE Phase 1 Housing Partners, L.P. (\$500,000)
- d. Midpen Housing (\$299,393)
- e. Burbank Housing (\$600,000)
- f. St. Vincent De Paul (\$1,000,000)

Applications Submitted in Response to the Notice of Funding Availability (NOFA)

CRP Affordable- Redwood Views

Amount Requested: \$400,000

Total Project Cost: \$23,138,075

“Redwood Views is a new 52-unit, 100% affordable housing development located on a 2.07-acre site at 8490 & 8500 Old Redwood Highway, Windsor, CA 95492. The site is also located in a Difficult Development Area (DDA) and allows for the development of 66 units, as-of-right.

Once complete, the Redwood Views community will provide housing for 52 individuals and families with incomes at or below 30% to 60% of the area median income. The development will consist of ten (10) 1-bdrm units, twenty-four (24) 2-bdrm units, and eighteen (18) 3-bdrm units. The managing general partner in the project, Central Valley Coalition for Affordable Housing, will bring their vast industry knowledge into the project, as well as offer service amenities to our tenants.”

The project will be 100% affordable for families and individuals, providing 6 units at 30% AMI, 18 units at 50% of AMI and 27 units at 60% of AMI in the Town of Windsor, where market analysis's have identified high occupancy levels and lengthy waiting lists-all a result of lack of limited affordable housing stock.

Pros for the Project are as follows: high leveraging score of \$56.85 for every CFH \$1; low CDC subsidy amount per unit; relatively small ask for a large number of units; federal low income housing tax credit equity already committed

Cons for the Project are as follows: proposed project has not been fully reviewed by the Town of Windsor for General Plan Consistency but a letter of support was received for the project.

Kingdom Development - Cherry Creek Village

Amount Requested: \$400,000

Total Project Cost: \$18,659,418

Cherry Creek Village is located at 520 S Cloverdale Blvd., in the City of Cloverdale. The project will consist of five residential buildings comprised of 1, 2, and 3-bedroom units and one community building. The development will create 23 affordable housing units and provide permanent supportive housing to meet the needs of the community by serving low income individuals and families, focusing on the special needs population that can include persons with physical, mental, or behavioral disabilities, and/or person with alcohol or drug addictions.

This project will provide permanent supportive housing for low-income special needs individuals and families. The project has received an award of 23 Project-Based Vouchers for these units. To meet the needs of the target population, the applicant has contracted with Cloverdale Community Outreach Committee (CCOC) to serve as lead Supportive Services Provider. Project supportive services will include on-site Service Specialist available to provide individualized assistance and Adult Educational Classes

Pros for the Project are as follows: will provide permanent supportive housing for low-income special needs

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individuals and families in a high need area; high leverage ratio of 46.65:1; high degree of readiness with funds committed and entitlements in place; funding commitments from the local jurisdiction; in accordance with the jurisdiction's General Plan; permits are expected to be completed soon; project is categorically exempt from CEQA; project is single phase

Cons for the Project are as follows: development cost per unit is high.

Pep Housing- Linda Tunis Senior Apartments

Amount Requested: \$1,000,000

Total Project Cost: \$8,394,164

"PEP Housing purchased the former Scottish Rite Event Center at 600 Acacia Lane in Santa Rosa in August 2019. We will rehabilitate the 20,400 sq. ft. assembly building and create 26 new studio apartments (370-400 sf each) for very low-income seniors (including one Asst. Manager's unit), helping to meet the needs of the housing shortages exacerbated by the 2017, 2019 and 2020 fires in Sonoma County. PEP Housing will act as sponsor and developer with oversight of design planning, obtaining permits, securing all financing, and providing construction management. Linda Tunis Senior Apartments will be owned by Caulfield Lane Senior Housing, Inc., a non-profit PEP Housing affiliate. PEP Housing will serve as the project manager, overseeing the rent-up, day-to-day management and service coordination for the property."

Pros for the Project are as follows: provides affordable housing for an at-risk or special needs population, an identified need per the Sonoma County Housing Element; entitlement process is complete; project has obtained local support from the City of Santa Rosa; project has a leveraging score of \$7.39; applicant has experience obtaining Federal Tax Credits

Cons for the Project are as follows: project financial plan indicates 24.47% or \$2,054,164 is uncommitted funding

BRJE Phase I Housing Partners, L.P. - 3575 Mendocino Avenue

Amount Requested: \$1,500,000

Total Project Cost: \$53,143,484

The affordable senior housing development at 3575 Mendocino Avenue is one component of a larger 13.3 acre master plan to redevelop the prior Journey's End Mobile Home Park site, which was destroyed by the October 2017 Tubbs wildfire. The affordable senior housing development will include 162 units, developed in two or three phases, on a 2.5-acre parcel that has been earmarked for affordable housing within the larger master plan. This initial project is Phase I of the affordable senior housing development and will include 94 units of housing affordable for low and very low income senior households on 1.42-acres. The remaining 68 units will be developed at a later date, in two subsequent phases; bringing the total number of units to 162. The development will offer affordable housing opportunities to prior Journey's End Mobile Home Park residents displaced by the wildfires and other lower income seniors; and will provide seniors an affordable housing solution as well as amenities and services to help improve their everyday lives. The initial phase of the affordable senior development will include 94 units comprising 90 one-bedroom units, and 4 two-bedroom units (including one manager's unit). The one-bedroom units will range in size from approximately 480 to 550 square feet; two-bedroom units will range in size from approximately 750 to 800 square feet. The units will be targeted and affordable to seniors with household incomes between approximately 30-60% of the Sonoma County area median income. As the initial phase of the overall development, this building will house community facilities as well as management offices which are sized to provide support for all phases of the development.

This project is being undertaken by BRJE Phase I Housing Partners, L.P., a California limited partnership that

was formed by Related/BRJE Development Co., LLC and Burbank Housing Development Corporation, LLC.

Pros for the Project are as follows: BRJE has provided commitment from US Bank for a construction loan of approximately \$38,260,000 with pay-down to a permanent loan balance of 5,974,000. NOTE: The construction loan amount is approximately \$175,000 less than indicated; BRJE has provided an estimate from California Housing Partnership of the estimated syndication proceeds of \$4,007,771 that they can anticipate from the sale of tax credits for 3575 Mendocino; BRJE has letters of commitment from the City of Santa Rosa expressing strong support for the project; BRJE 30-Year Operating Budget appears sound; readiness score of 2; leveraging ratio of 35:1.

Cons for the Project are as follows: identification of project funding is incomplete; the budget narrative identifies \$8,056,466 in as a gap in funding and speculates possible City of Santa Rosa CDBG-DR funds to possibly fill the budget gap; the funding model identifies \$1,347,200 in deferred developer fees and operating reserves placing a potential burden on long-term operating budgets.

Midpen Housing Corporation - 414 Petaluma

Amount Requested: \$2,804,544

Total Project Cost: \$35,468,658

"414 Petaluma is a proposed 42 unit family affordable housing development on an infill site just north of historic downtown Petaluma. The site is well located within walking distance to the heart of Downtown Petaluma, as well as located within a half mile or less from key amenities such as grocery, pharmacy, parks, bus service and the Petaluma SMART Station. The development will revitalize an underused site into a much needed 42 unit family affordable housing development, which plans to include 13 No Place Like Home units for persons experiencing homelessness and mental health issues. These affordable units would provide affordable housing to extremely low, very low, and low-income households ranging from 30% - 60% of Area Median Income for Sonoma County.

Pros for the Project are as follows: generates much needed affordable housing units; project will target larger families, an identified need in the Sonoma County Housing Element; invests in the expansion of urban core; located near local amenities and transportation; application has experience obtaining Federal Tax Credits in past 7 years; leveraging ratio of 13.48:1; readiness score of 2; project has support of local jurisdiction (City of Petaluma).

Cons for the Project are as follows: possibility of project delays due to Phase I environmental assessment that revealed two recognized environmental conditions and two historical recognized environmental conditions.

Burbank Housing-Duncan Village Project

Amount Requested: \$600,000

Total Project Cost: \$10,500,000

Burbank Housing will build 16 homes on the 1.38 acre parcel located at 484 Wall Street, Windsor. These homes are designed for affordable, first-time homeownership. There will be a mix of incomes in the neighborhood (60%AMI to 80% AMI). The 3-bedroom and 4-bedroom homes will be attached duet and free-standing single-family residential dwellings; that benefit families of Sonoma County, the Town of Windsor community, and the environment.

This property is a highly desirable location and has a very high "walkability" score. It is located within walking distance of the Town Green, Downtown Windsor, the business district, parks, outdoor events and farmers market, as well as multiple school locations, public transportation, grocery stores and the future SMART Train station.

Pros for the Project are as follows: Burbank has 30 years' experience in successfully obtaining, managing and implementing public and private grant and loan funds; this project provides 16 new affordable units for first time homebuyers, able to provide housing for families, an identified need in the Sonoma County Housing Element; project location is highly desirable and has a very high "walkability" score. It is located within walking distance of the Town Green, Downtown Windsor, the business district, parks, outdoor events and farmers market, as well as multiple school locations, public transportation, grocery stores and public transit and government services; project is projected to commence construction in 2021 with projected completion and final occupancy in late 2022; leveraging ratio of 7:1; readiness score of 1; land use approvals are in place and plans are currently in plancheck; project is single phase.

Cons for the Project are as follows: NEPA not complete; project being taken on by current applicant due to previous developer experiencing setbacks/challenges preventing completion of project; some of the committed loans are yet to be assigned to Burbank from previous developer. Burbank is waiting until they receive a satisfactory notification on this grant request, and are certain the development will happen before taking on the liability of these loans.

St. Vincent De Paul - St. Vincent De Paul Commons

Amount Requested: \$1,650,000

Total Project Cost: \$9,915,000

St. Vincent de Paul is requesting support to complete renovation of homeless dedicated housing at the former Gold Coin Motel in Santa Rosa, now called the St. Vincent de Paul Commons. Since acquisition in November, 2019 St. Vincent de Paul began renovations to transform the 54 units at the site into permanent supportive housing. Ten units are currently completed. St. Vincent de Paul has been working with architects and construction teams on design plans, and with City of Santa Rosa Planning Department to change the zoning of the parcel to residential, from commercial. The units will be renovated with new flooring, roofs, paint, and furnishings, to create habitable, and very comfortable housing, with full occupancy planned for March 2021. St. Vincent de Paul plans to participate in the Coordinated Entry System to further the County's efforts to end homelessness in Sonoma County. Furthermore, 54 units equates to roughly 75 shelter-less individuals becoming housed, or about 3% of the population that remains unhoused that was identified in the 2020 Homeless Census and Survey.

Pros for the Project are as follows: 54 newly rehabilitated affordable units; Permanent Supportive Housing services for all residents offered on site; project location is near hub for public transit and government services; project is projected to commence construction in 2020 with occupancy in June 2021.

Cons for the Project are as follows: project is located within the city limits of Santa Rosa; City of Santa Rosa has not invested in the project. However, the City has made this a priority project, which has resulted in quick planning and approval times, such as a General Plan Amendment and Zoning Change in less than 7 months; Commission already contributed \$1,975,000 of HEAP funds for site acquisition; leveraging ratio is 6:1 and does not meet the CFH minimum threshold criteria.

Upon your Board's approval of the CFH loan awards, CDC staff will work with the borrowers to comply with all applicable requirements of the CFH and CDC Loan Policies prior to executing funding agreements and related loan documents. The Board's approval will permit the Interim Executive Director of the Sonoma County Community Development Commission (CDC) to execute funding agreements, promissory notes, deeds of trusts, and other related loan documents, and subsequent amendments, subordinations, and other modifications to said Agreements and loan documents, consistent with the CDC Loan Policies, in connection to the County Fund for Housing and Permanent Local Housing Allocation awards in the aggregate amount of

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\$3,199,393.

Prior Board Actions:

N/A

FISCAL SUMMARY

Expenditures	FY 20-21 Adopted	FY 21-22 Projected	FY 22-23 Projected
Budgeted Expenses	3,199,393		
Additional Appropriation Requested			
Total Expenditures	3,199,393		
Funding Sources			
General Fund/WA GF			
State/Federal	3,199,393		
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	3,199,393		

Narrative Explanation of Fiscal Impacts:

Funding and expenditures are included in CDC's FY 20-21 budget.

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:

Consolidated CFH Staff Reports

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

None