



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 2/2/2021

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:

Authorize the Interim Executive Director of the Sonoma County Community Development Commission (CDC) to execute funding agreements for County Fund for Housing loans and Permanent Local Housing Allocation awards as recommended by the CD Committee in the aggregate amount of \$3,199,393, and related documents including 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.

Executive Summary:

This agenda item will provide \$3,199,393 in loans from the County Fund for Housing (CFH) program and Permanent Local Housing Allocation (PLHA). Approval of County Fund for Housing and Permanent Local Housing Allocation 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.

Every year, the Community Development Commission releases a Notice of Funding Availability (NOFA) to solicit housing development proposals to increase the development of affordable housing. The purpose of CFH is to develop, preserve, and accelerate the pace of development of below market-rate housing for low-, very low-, and extremely low-income households. CFH resources provide loans and grants to qualified developers, public entities, groups, and individuals to undertake activities, which create, maintain, or expand the County's affordable housing stock.

CFH funds have assisted in the development and preservation of 457 apartments (includes 225 units proposed and not yet built), 42 mobile home spaces, and 25 transitional housing beds (includes 13 beds under development), and 8 supportive housing units, in 13 developments.

Discussion:

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 received in response to the NOFA. The total funding requested in the nine applications was in excess of \$9.5 million dollars creating an oversubscription of funding requests.

These projects were reviewed and evaluated by staff to determine if they met the CFH Guiding Principles and Funding Priorities. Staff's analysis was based on a comprehensive assessment of all of the Evaluation, Funding and NOFA criteria that are part of the County Fund for Housing Funding Policies that govern the review of proposals.

Funding criteria include the following:

A) Proposals must address the following County Fund for Housing Policy Priorities:

- Creation or preservation of greatest number of affordable housing units, affordable to the lowest-income populations
- Creation of housing opportunities throughout the County
- Utilization of Housing Opportunity Sites identified by the County and sites identified by the incorporated cities and towns in Sonoma County
- Integration with health and human service systems and programs designed to aid those people experiencing poverty to live independently or to achieve economic self-sufficiency
- Collaboration with local jurisdictions and other funders of affordable housing

B) Project Sponsors must be eligible - eligible sponsors are "qualified" meaning that the Sponsor has prior relevant experience and organizational capacity and is financially stable.

C) Projects must be eligible - eligible projects include the following:

- Development projects that create affordable housing units
- Projects that preserve existing affordable housing units through acquisition or rehabilitation
- Rental housing projects
- Properties providing Permanent Supportive Housing
- Below-market-rate homeownership projects
- Housing for special needs populations
- Group homes
- Properties that will house residents receiving services from another County department - (Department of Health Services, Human Services, and/or the Probation Department)

D) Projects must meet Threshold Criteria:

- General Plan Consistency (consistency with jurisdiction's General Plan)
- Applicant must possess site control

E) Housing Element Goals and County Strategic and NOFA Priorities:

- Minimum leveraging score of 7:1
- Readiness
- Previous success obtaining federal tax credits and/or state funding to develop housing in last 7 yrs.

- Cost effectiveness and feasibility of the project
- Projects taking advantage of maximum density permitted
- Projects demonstrating existing support from other jurisdictions

Extent CDC funds have 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).

Funding Recommendations

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:

Project Name	Project Location	Staff Funding Recommendations	CD Committee Funding Recommendations	Number of Housing Units
CRP Affordable Housing	Windsor	\$400,000	\$400,000	52
Kingdom Development	Cloverdale	\$400,000	\$400,000	23
PEP Housing	Santa Rosa	\$500,000	\$0	26
BRJE Phase 1 Housing Partners	Santa Rosa	\$500,000	\$500,000	94
Midpen Housing	Petaluma	\$799,393	\$299,393	42
Burbank Housing	Windsor	\$600,000	\$600,000	16
St. Vincent De Paul	Santa Rosa	\$0	\$1,000,000	54
	TOTAL	\$3,199,393	\$3,199,393	

CD Committee Recommendation:

The Community Development Committee, five of whom are representatives appointed by your Board, with two additional tenant representatives of the Sonoma County Housing Authority, review and make recommendations on matters concerning housing development, and affordable housing programs including County Fund for Housing funding allocations. These recommendations then come before your Board for review and approval.

The CD Committee held a public hearing on December 16, 2020 and December 21, 2020 to review staff recommendations. During the two days of hearings, CD Committee determined that they did not agree fully with the staff's funding recommendations. The variance between staff's and CD Committee's recommendation are as follows.

- A) CD Community recommended Midpen Housing award be reduced by \$500,000 (to \$299,303)
- B) PEP Housing project receive no funding
- C) St. Vincent De Paul receive \$1,000,000

The explanation for the variance of funding is the CD Committee considers St. Vincent DePaul's project (the Gold Coin Motel) is ready to proceed to the construction phase with occupancy later this year and will bring

more units of permanent supportive housing than the PEP housing project (54 vs. 26 respectively).

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 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.

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:

Attachment 1 - Consolidated CFH Staff Reports

Attachment 2 - CFH-PLHA Staff Ranking

Agenda Date: 2/2/2021

Related Items “On File” with the Clerk of the Board:

None