



Legislation Text

File #: 2019-0961, **Version:** 1

To: Board of Commissioners of the Community Development Commission
Department or Agency Name(s): Sonoma County Community Development Commission
Staff Name and Phone Number: Benjamin Wickham, 707-565-7542
Vote Requirement: Majority
Supervisory District(s): 5th District

Title:

Authorize Sonoma County Community Development Commission in its role as Housing Successor Agency to accept transfer \$1.45M of former City of Sonoma Community Development Agency bond proceeds

Recommended Actions:

- A) Authorize the Sonoma County Community Development Commission (Commission), in its role as Housing Successor Agency, to enter into a Funding Transfer and Use Agreement (Agreement) with the City of Sonoma to receive \$1.45M in Housing Tax Allocation bond proceeds, plus accrued interest in the approximate amount of \$35,000;
 - B) Authorize the Executive Director of the Commission to execute all documents necessary to finalize the Agreement;
 - C) Authorize the Commission to award and disburse the entire amount of bond proceeds plus interest, per resolution of the Sonoma City Council, to Satellite Affordable Housing Associates (SAHA) for the purpose of development and construction of the Altamira Apartments development project located at 20269 Broadway in Sonoma, using current Commission loan policies in the administration of these funds.
- (Fifth District)

Executive Summary:

Altamira is a 48-unit affordable housing property set to commence construction on in the Fall of 2019, conditioned upon receipt of tax credits. The project is located on a site currently owned by Commission, and has received previous support from the County Fund for Housing. Approval of these actions will allow the Commission to strategically and efficiently administer the previously-approved funds together with the City of Sonoma's funds to ensure project completion.

Discussion:

Background:

Prior to the dissolution of Redevelopment in 2012, the City of Sonoma operated a Redevelopment Agency (RDA) officially known as the City of Sonoma Community Development Agency. When the RDA was dissolved, a number of assets remained in place. Assets were distinguished as either housing assets or non-housing assets. The City of Sonoma set up a non-housing successor agency to manage all non-housing assets (including City of Sonoma Community Development Agency Housing Tax Allocation bonds). All housing assets were transferred by operation of law from the City of Sonoma to the County of Sonoma, as the Housing

Successor Agency for the City of Sonoma.

On June 21, 2018 the Sonoma City Council adopted Resolution #38-2018 authorizing the transfer and use of former City of Sonoma Community Development Agency Housing Tax Allocation bonds proceeds in the amount of \$1.45M, plus interest estimated at \$33,000 (at the time of resolution), to the Altamira Apartments development project, located at 20269 Broadway, Sonoma, California.

This same resolution also authorized the transfer of these bond proceeds to the Commission, in its role as Housing Successor Agency, now that these funds have been committed to a housing development project and are a housing asset. The Commission will administer these funds based on current Commission Loan Policies, disbursing these funds and those County Fund for Housing dollars previously awarded to this project to SAHA for development and construction of the Altamira Apartments development project.

SAHA has submitted to the City of Sonoma a financing plan for the Altamira Apartments development project that would include use of excess housing bond proceeds, and submitted to the City an updated financing request that would include use of those proceeds in the amount of \$1,450,000 plus any accrued interest on the proceeds. The City Council authorized the transfer and use of these bond proceeds for the Altamira Family Apartments in the full amount of \$1,450,000 plus the interest accrued on that \$1,450,000 of housing excess bond proceeds as of the date of transfer from the trustee holding such proceeds.

The Commission has entered into a Disposition and Development agreement with SAHA for the planning, construction, operation and maintenance of the Altamira Apartments housing development project. Among other items proposed, SAHA has proposed to seek 9% tax credits from the California Tax Credit Allocation Committee ("TCAC") for the development of the Affordable Housing Project, which, if awarded, will require SAHA to construct and operate housing for persons and families that earn less than 60% of area median income.

The purpose of the Agreement is to facilitate the transfer of available housing bond proceeds from the City of Sonoma to the Commission, and to memorialize the use of those funds for the planning and development of the Altamira Apartments development project.

Action Requested:

- (1) Authorize the Sonoma County Community Development Commission (Commission), in its role as Housing Successor Agency, to enter into a Funding Transfer and Use Agreement (Agreement) with the City of Sonoma (Sonoma) to receive \$1.45M in Housing Tax Allocation bond proceeds, plus accrued interest in the approximate amount of \$35,000;
- (2) Authorize the Executive Director of the Commission to execute all documents necessary to finalize the Agreement;
- (3) Authorize the Commission to award and disburse the entire amount of bond proceeds plus interest, per resolution of the Sonoma City Council, to Satellite Affordable Housing Associates for the purpose of

development and construction of the Altamira Apartments development project located at 20269 Broadway in the City of Sonoma, using current Commission loan policies in the administration of these funds.

Prior Board Actions:

07/10/2018 Item #49-Approved Action Plan Amendment awarding \$201,769 in HOME funds, and \$91,338 in CDBG funds to the Altamira Apartments project

12/12/2017 Item #41-Approve FY 17-18 CFH awards, including \$2,000,000 award to the Altamira Apartments project

01/26/2016 Item #22-Authorized Commission to negotiate a Disposition and Development Agreement with Satellite Affordable Housing Associates for construction of an affordable housing project at 20269 Broadway, Sonoma

01/10/2012-Established Sonoma County Community Development Commission as a successor agency to the Sonoma County Redevelopment Agency

Strategic Plan Alignment - Goal 1: Safe, Healthy, and Caring Community

The project supports a safe and healthy community by creating the opportunity for the development of housing for various income levels. It also supports economic stewardship and investment in the future by facilitating the creation of new housing units for our workforce and for vulnerable populations.

FISCAL SUMMARY

| Expenditures | FY 18-19 Adopted | FY19-20 Projected | FY 20-21 Projected |
|------------------------------------|-----------------------------|------------------------------|-------------------------------|
| Budgeted Expenses | | | |
| Additional Appropriation Requested | | | |
| Total Expenditures | | \$1,485,000 | |
| Funding Sources | | | |
| General Fund/WA GF | | | |
| State/Federal | | | |
| Fees/Other | | \$1,485,000 | |
| Use of Fund Balance | | | |
| Contingencies | | | |
| Total Sources | | \$1,485,000 | |

Narrative Explanation of Fiscal Impacts:

The Commission will accept transfer of Sonoma Housing Tax Allocation Bonds Proceeds in the amount of \$1,450,000 plus interest in the approximate amount of \$35,000 upon receiving Board approval and adoption of the attached resolution. The Commission will administer these funds based on current Commission Loan Policies, disbursing funds after review and approval by Commission staff to Satellite Affordable Housing Associates for development and construction of the Altamira Apartments development project. This will include assessing loan origination fees and ongoing project monitoring fees per current policy.

Staffing Impacts:

| Position Title (Payroll) | Monthly Salary Range (A - I Step) | Additions (number) | Deletions (number) |
|--------------------------|-----------------------------------|-----------------------|-----------------------|
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Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

- 1) Funding Transfer and Use Agreement between the City of Sonoma and the Sonoma County Community Development Commission
- 2) Resolution authorizing Commission to accept \$1.45M in Housing Successor Agency funds along with accrued interest in the approximate amount of \$35,000

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

N/A