

# Sonoma County Community Development Committee



Human Services Dept. Representative: Oscar Chavez (Chair), Tenant Representatives: Jessica Vega, Judith Morgan  
1<sup>st</sup> Dist: Betzy Chavez (Vice Chair) | 2<sup>nd</sup> Dist: Jake Mackenzie | 3<sup>rd</sup> Dist: Susan Adams | 4<sup>th</sup> Dist: *Vacant* | 5<sup>th</sup> Dist: Linda Garcia  
Interim Director: Dave Kiff

## Joint Public Meeting with Cities & Towns Advisory Committee

Wednesday, July 21, 2021

10:00am-12:00pm

Meeting Recording:

<https://www.youtube.com/watch?v=MY24rCdXqfw>

### DRAFT MINUTES

#### 1. Call to Order and Roll Call

##### Community Development Committee

###### Attendees:

Betzy Chavez (1<sup>st</sup> District)  
Jake Mackenzie (2<sup>nd</sup> District)  
Susan Hollingsworth-Adams (3<sup>rd</sup> District)  
Linda Garcia (5<sup>th</sup> District)  
Oscar Chavez (Human Services Department)  
Judith Morgan (Tenant Representative)

###### Vacant:

4<sup>th</sup> District

###### Absent:

Jessica Vega (Tenant Representative)

##### Cities & Towns Advisory Committee

###### Attendees:

Cotati	JP Harries
Rohnert Park	Jenna Garcia
Sebastopol	Kari Svanstrom
Sonoma	David Storer
Town of Windsor	Jessica Jones



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### Absent:

Cloverdale	Kevin Thompson
Healdsburg	Stephen Sotomayor

## 2. Public Comments for Items Not on the Agenda

There was no public comment.

## 3. Approval of Minutes from June 16 and June 29, 2021 CD Committee meetings

Chair Chavez asked the CD Committee if they had questions or comments on the minutes. Hearing none, he asked the committee to make a motion to approve them.

Susan Hollingsworth-Adams moved to approve and Betzy Chavez seconded.

### Ayes:

Betzy Chavez  
Susan Hollingsworth-Adams  
Linda Garcia  
Oscar Chavez for June 16, 2021 minutes  
Judith Morgan

### Abstain:

Oscar Chavez for June 29, 2021 minutes

### Absent:

Jessica Vega

## Approval of minutes from June 16 and June 29, 2021 CTAC meetings

Chair Garcia asked the CTAC Committee if it had questions or comments on the minutes. Hearing none, she asked the committee to make a motion to approve them.

David Storer moved to approve the minutes. Kari Svanstrom seconded.

### Ayes:

Rohnert Park - Jenna Garcia  
Sebastopol - Kari Svanstrom  
Sonoma - David Storer  
Town of Windsor - Jessica Jones



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### Abstain:

Cotati - JP Harries

### Absent:

Healdsburg - Stephen Sotomayor

Cloverdale - Kevin Thompson

#### 4. Swearing In of New Community Development Committee Member

Noelle Francis administered the oath of office for Jake Mackenzie and he was sworn in as 2<sup>nd</sup> District representative for the Community Development Committee.

Jake Mackenzie briefly spoke of his background and the positions he holds as a citizen and resident of Rohnert Park. He asked who participates as legal counsel in the CD Committee meetings. Chair Chavez answered that there is no one and staff would look into it.

#### 5. Interim Director's Report

Dave Kiff, Interim Executive Director, introduced himself and spoke about providing support to the committees and action items in the agenda. He spoke about working with the County Executive Office, County Administrative Office and the cities in regards to the strategic plan within the KPMG report.

Dave spoke about public record act requests and providing committee members the option to request a county email for committee business. Linda Garcia shared that she has not been able to access her county email. Jake Mackenzie requested a county email.

Dave Kiff also spoke about the upcoming notices of funding availability.

There was no public comment on the Interim's Director Report.

#### 6. Review and Approval of the Fiscal Year 2021-22 One Year Action Plan

Chair Chavez of the CD Committee introduced the item, read out loud the contact information for public questions concerning the draft Action Plan ("Plan"). He also shared the public review period, July 9<sup>th</sup> through August 7, 2021, including the upcoming Board of Supervisors meeting of July 27<sup>th</sup> when the Action Plan goes before the Supervisors.



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Valerie Johnson, CDC staff, presented the draft Plan to the committees and shared the following table showing the capital projects award recommendations made by these committees and the funding recommendations by the Continuum of Care Board, which are all reflected in the draft Plan. Valerie explained the relevancy of the Plan to the five-year Consolidated Plan and how the grantees report back to CDC on project progress via the Consolidated Annual Performance Evaluation Report (CAPER).

### Draft One Year Action Plan for Fiscal Year 2021-22

CATEGORY	AMOUNT
Administration and Planning	CDBG: \$370,608 ESG: \$12,060 HOME: \$82,540
Acquisition, Disposition, and Predevelopment	CDBG: \$406,977
Housing	HOME: \$82,448
Public Facilities and Infrastructure Improvements	CDBG: \$797,500
Public Services and Homeless Prevention	CDBG: \$277,956
ESG-Funded Projects	ESG: \$148,738

There was no public comment.

Chair Chavez closed the public hearing and asked if the committee members had comments or questions about the draft Plan.

Jake Mackenzie asked whether the recommendations made in the last meeting by the CD Committee stand as is and if they would be forwarded to the Board of Supervisors. Dave Kiff answered yes they still do stand and spoke about the last meeting's recommendations, specifically about the eligibility of PEP Housing's project [Linda Tunis Project] for funding.

Dave shared that he made an inquiry to HUD about the PEP Housing project's eligibility, but has not yet received a response. He talked about how the Plan needs to be submitted on time to HUD in August and the item presented to the Board of Supervisors allows the Supervisors flexibility to make changes if needed. If HUD's response comes after the Supervisors approval and requires changes to the Plan, the document would be brought back to the CD and CTAC committees for a plan amendment and then be presented to the



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Supervisors accordingly.

*NOTE: On July 27, 2021, HUD provided direction to PEP Housing that the Sonoma County CDBG Urban Counties fund was not available for affordable housing projects like the Linda Tunis Housing project, as the residents of the project would be residents of Santa Rosa. Also on July 27, 2021, the Sonoma County Board of Supervisors approved the One-Year Action plan as proposed by CTAC/CD on a 5-0 vote.*

Judy Morgan stated she did not see the names of the projects in the slide presentation nor in the document and asked if staff had heard from HUD in regards to funding the Caritas project. Valerie explained that the projects in the document are categorized in section AP 35 of the Plan.

Jenna Garcia provided background information to Judy Morgan's question and explained how the committees arrived to the funding recommendations in the last meeting. Specifically, that although the Caritas project had been funded in the past, it was not certain that it would be eligible for capital projects funding this time. Dave Kiff said he would follow up with HUD on that.

Linda Garcia expressed her support to move forward and not hold up the process.

There were no questions or comments made by the CTAC committee.

### Cities and Towns Advisory Committee:

Motion made by David Storer to approve the Action Plan as recommended by staff. Jessica Jones seconded.

#### Ayes:

Cotati – JP Harries  
Rohnert Park - Jenna Garcia  
Sebastopol - Kari Svanstrom  
Sonoma – David Storer  
Town of Windsor - Jessica Jones

#### Absent:

Healdsburg - Stephen Sotomayor  
Cloverdale - Kevin Thompson



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### CD Committee:

Motion made by Susan Adams to approve the Action Plan as recommended by staff. Jake Mackenzie seconded.

#### Ayes:

Betzy Chavez  
Jake Mackenzie  
Susan Adams  
Linda Garcia  
Oscar Chaves  
Judy Morgan

Absent: Jessica Vega

### **7. Emergency Rental Assistance Program (ERAP) Progress Report -**

CDC staff, Christopher Raschke, presented on the progress of the ERAP program including the number of tenant and landlord applications; and total direct assistance to date. Christopher also spoke about the percentage breakdown of ERAP applicants by race/ethnicity and by city.

Committee members asked questions about the number of applications in the pipeline and about the breakdowns shown. Christopher said there is about 19 million dollars left in the fund and the county needs to be 65% obligated by end of September. He thinks that the county will meet that requirement. He shared that on June 28, 2021, AB 823 (*Chiu*) became law, which among other things, allows the rental assistance program to pay one hundred percent (100%) of past due rent from April 2020 forward. He explained that the money CDC is working with now is from the federal grant not the state grant. CDC has not received ERAP money from the state.

Chair Chavez asked about a stand-alone report on the ERAP program, which has been asked for in the last couple of meetings by both committees. Dave asked if the presentation provided by Christopher would suffice. Chair Chavez said yes, but there is also other information they are interested in seeing that was not provided. Dave suggested that a report on ERAP will be provided to the Board of Supervisors and that it can also be sent to the committees on a regular basis.



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Committee members asked for a breakdown of data in the report by city limit and zip code. Dave said staff would do their best to provide that specificity. Christopher spoke about his meetings with CBOs who are distributing funds. He spoke about SB91, which replaced the federal program of the CARES Act and AB 823.

Jenna Garcia asked about on-going meetings with the cities, CBOs, and committee members to ensure there is support and there is community engagement to spend the funds on time and make certain areas that need it are receiving it. Dave responded that meetings with CBOs will be done at least monthly or more frequent if necessary and the cities and CBOs can meet.

There was no public comment on the ERAP program.

Chair Chavez adjourned the meeting at 11:04 a.m.





**Sonoma County Community Development Commission**  
1440 Guerneville Road, Santa Rosa, CA 95403-4107

*Members of the  
Commission*

**Lynda Hopkins**  
Chair

**Chris Coursey**  
Vice Chair

**David Rabbitt**  
**James Gore**  
**Susan Gorin**

**Dave Kiff**  
Interim Executive  
Director

**MEMORANDUM**

Date: August 18, 2021

To: Community Development Committee & Cities and Towns Advisory Committee

From: Veronica Oritz-De Anda, Community Development Associate

Subject: Fiscal Year 2022-2023 Federal Funding Policies

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Every year, the Community Development Commission updates funding policies to govern the upcoming federal funding cycle. This year staff is not proposing significant changes to the current funding policies in place for the upcoming fiscal year of 2022-2023. The funding policies are based on the goals and objectives of the 5-year Consolidated Plan. The Community Development Block Grant Disaster Recovery (CDBG-DR) program reference will be deleted, because this is a one-time program that is not expected to continue. The minor changes proposed by staff will be done to reflect the forthcoming fiscal year.

The following is not a comprehensive overview of the current funding policies, but are the highlights of what they currently are and proposed to remain as is:

**1. Selection Criteria to Determine Eligibility:**

- Projects must be located in the Urban County or clearly demonstrate that they will incur benefits to residents of the Urban County entitlement jurisdiction;
- Projects must demonstrate need with evidence.

**2. Criteria used as a Baseline to Rank Projects:**

- Preference for projects that create or preserve affordable housing;
- Preference for infrastructure or public facilities that support creation or preservation of affordable housing;
- Preference for infrastructure or public facilities that support low or moderate-income populations;
- Preference for projects that demonstrate that the proposed project can spend grant funding within the applicable timeliness provisions;
- For Non-Housing Projects: preference for projects that leverage public funds or in-kind contributions to the greatest extent possible, or projects that meet a particular community need that cannot be met by other funding sources.



- Examples of non-monetary leveraging includes but is not limited to in-kind labor or materials, existing site ownership and control, extensions or a current or existing project that has already received environmental or permit approval.

**3. Additional Selection Criteria that is Given Consideration in the Event of Deciding Between More Than One Eligible Projects that Meet the Criteria Above:**

- Preference for projects that prevent displacement in high opportunity areas;
- Preference for housing projects that create units for very low, extremely low, and special needs populations;
- Preference for projects that alleviate the impact of climate change on low-income populations;
- For housing projects, preference is given to:
  - Projects that demonstrate funds will be leveraged against total development costs at least 7 to 1;
  - Project demonstrating advanced readiness via (a) entitlement; (b) financing commitments; (c) permitting; (d) environmental review;
  - Project developers who can demonstrate consistent success obtaining federal tax credits and/or state funding to develop housing within the last seven years;
  - Projects that can demonstrate existing support from other jurisdictions via letters of support, funding commitments, etc.

Generally, the policies reflect committees' direction that awards be made with general attention to the following distribution of investments:

- Balance projects with fast results by funding predevelopment for projects that need early money to be successful;
- Balance creation of new housing stock with maintaining existing housing stock and keeping people in their homes.
- Make investments in low- and moderate-income areas that have not had investments historically, and in high opportunity areas that increase access for low and moderate-income people.

#### 4. Funding Allocations

CDBG funds are allocated as shown in the table below. Unless otherwise indicated, the percentage of funding in each category is set by the Board of Commissioners, not by federal regulation.

<b><i>Community Development Block Grant (CDBG) Allocation Categories</i></b>	<b><i>Percentage of Funding</i></b>	<b><i>Notes</i></b>
<b>County-Sponsored Projects, Countywide/Unincorporated Area Projects, City/Town Projects</b>	65%	These funds will be allocated in a competitive process to fund projects located in the Urban County sponsored by CDBG eligible recipients (all municipalities within the Urban County) and subrecipients (all other eligible applicants). Eligible projects are described in Appendix A.
<b>Public Services Projects</b>	15%	Percentage limited by CDBG federal regulations. Given the federal mandate to Affirmatively Further Fair Housing, and the recommendation in the 2011 Analysis of Impediments to Fair Housing to strengthen the capacity of a local fair housing organization to reduce discriminatory activities, the Commission will spend its public services set-aside on a Fair Housing and Housing Justice Program.
<b>Program Administration</b>	20%	Percentage limited by CDBG federal regulations.

#### CDBG Program Income and Reprogrammed Funds Allocation

CDBG Program Income and Reprogrammed Funds are allocated as indicated below. Unless otherwise indicated, the percentage of funding in each category is set by the Commissioners, not by federal regulation.

<b><i>Community Development Block Grant (CDBG) Allocation Categories</i></b>	<b><i>Percentage of Program Income</i></b>	<b><i>Notes</i></b>
<b>Community Development Commission Housing Rehabilitation Program and Homebuyer Assistance</b>	65%	<p>Program income derived from all CDBG-funded projects will be allocated as follows: Sixty-five percent (65%) will be expended pursuant to priorities set in the annual Action Plan. Use of program income may be subject to an Action Plan amendment.</p> <p>Reprogrammed funds from all projects other than public services will be expended pursuant</p>

		<p>to priorities set in the annual Action Plan. Use of reprogrammed funds may be subject to an Action Plan amendment.</p> <p>If the amendment to the Action Plan is substantial, as defined in the Commission's Citizen Participation Plan, it is subject to Board of Commissioners approval following a recommendation from the Cities and Towns Advisory Committee and the Community Development Committee.</p>
<b>Public Services</b>	15%	<p>Fifteen percent (15%) of program income derived from all CDBG-funded projects will be used for Public Services, as allowed under CDBG regulations. Use of the 15% set-aside of program income will be expended pursuant to priorities set in the annual Action Plan and may be subject to an Action Plan amendment.</p> <p>Reprogrammed funds derived from Public Services will be expended on Public Services pursuant to priorities set in the annual Action Plan and may be subject to an Action Plan amendment. If the amendment to the Action Plan is substantial, as defined in the Commission's Citizen Participation Plan, it is subject to Board of Commissioners approval following a recommendation from the Cities and Towns Advisory Committee and the Community Development Committee.</p>
<b>Program Administration</b>	Up to 20%	<p>Percentage limited by CDBG federal regulations. Commission will use up to twenty percent of CDBG program income for program administration and operation of the CDBG program.</p>

## HOME Allocation

New annual allocations of HOME funds are allocated per the table below. Unless otherwise indicated, the percentage of funding in each category is set by the Board of Commissioners, not by federal regulation.

<b><i>HOME Investment Partnership Program Categories</i></b>	<b><i>Percentage of Funding</i></b>	<b><i>Notes</i></b>
<b>Tenant-Based Rental Assistance, Development, and Preservation of Rental Housing</b>	Up to 90%	These funds will be allocated in a competitive process to fund projects or programs located in any of the eight Urban County jurisdictions. Eligible projects and programs are described in Appendix A.
<b>Community Housing Development Organizations operational support</b>	Up to 5%	Percentage limited by HOME federal regulations.
<b>Community Housing Development Organization development or preservation of affordable housing set-aside</b>	At least 15%	Minimum required by HOME federal regulations. Per federal regulation, if this funding category is undersubscribed, any unallocated funds will roll over for allocation in the next fiscal year. Eligible projects are described elsewhere in these policies.
<b>Program Administration</b>	10%	Percentage limited by HOME federal regulations.

## Home Program Income and Reprogrammed Funds Allocation

HOME Program Income and Reprogrammed Funds are allocated as indicated below.

<b><i>HOME Program Income and Reprogrammed Fund Categories</i></b>	<b><i>Percentage of Program Income</i></b>	<b><i>Notes</i></b>
<b>Executive Director's discretion</b>	90%	At the Executive Director's discretion, funds could be reallocated to the Sonoma County Housing Authority's Tenant-Based Rental Assistance Program, reallocated through an Action Plan Amendment, or rolled forward to the next fiscal year allocation. If the amendment to the Action Plan is substantial, as defined in the Commission's Citizen Participation Plan, it is subject to Board of Commissioners approval following a recommendation from the Cities and Towns Advisory Committee and the Community Development Committee.

<b>CHDO Projects</b>	CHDO reprogrammed funds	<p>At the Executive Director’s discretion, funds could be reallocated through an Action Plan Amendment or rolled forward to the next fiscal year allocation.</p> <p>CHDO Set-Aside funds may only be reprogrammed to eligible CHDO projects.</p> <p>If the amendment to the Action Plan is substantial, as defined in the Commission’s Citizen Participation Plan, it is subject to Board of Commissioners approval following a recommendation from the Cities and Towns Advisory Committee and the Community Development Committee.</p>
<b>Program Administration</b>	10%	Percentage limited by HOME federal regulations. Commission will use ten percent of program income for program administration and operation of the HOME program.

**5. Types of Assistance**

1. Rental Housing (apartments) and Public Facility Projects:
  - Loans secured by real property except for non-housing projects (i.e. public facility projects) sponsored and owned by units of local government, then assistance is a grant;
  - All loans 3% simple interest with deferred payments;
  - Upon completion of project, loans must be fully secured by the post –completion value of the property;
  - Term of loan is 30 years or longest term of any project financing source.
  
2. Ownership Housing Projects:
  - Interest rate and security requirements are the same as for rental projects;
  - Loan to the developer is for 5-years maximum and then convert into a deferred-payment subordinate loan to income-eligible buyers at first sale of the home.
  
3. Funding Agreements, Subrecipient Agreements, Loan Documents, & Close of Escrow
  - Commission executes a funding agreement, subrecipient agreement, or developer agreement with each one receiving financial assistance;
  - For loans, the Commission will execute a promissory note and record a deed of trust with a rider, indicating loan commitments and obligations.
  
4. Alternate Loan Terms:
  - The Commission considers alternate loan terms that the applicant may request on a case-by-case basis

The complete set of funding conditions and program requirements begin on page 12 of the attached FY 2021-2022 policies and the list of eligible funding activities for the various programs aforementioned are in Appendix A.

Staff requests that the committees review the attached document and provide input as to modifications to the funding policies, if any. Staff will present the revised funding policies for review and approval by both committees at a subsequent meeting this year.

Attachment:

[Sonoma County Community Development Commission, FY 2021-2022 CDBG, CDBG-DR, HOME Funding Policies](#)



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Interim Executive Director

MEMORANDUM

Date: August 18, 2021  
 To: Community Development Committee  
 From: Marc Chandler, Community Development Manager  
 Subject: Community Development Block Grant Disaster Recovery – Project Applications

The State Department of Housing and Community Development (HCD) received Community Development Block Grant Disaster Recovery (CDBG-DR) funds from the federal government intended to support the state’s unmet recovery needs related to the Federal Emergency Management Agency (FEMA) major disaster declaration DR4344 made in October 2017 prompted by the 2017 October wild fires. HCD is the lead and responsible agency for administering the CDBG-DR funds allocated to California.

The County of Sonoma received \$4,698,809.00 in CDBG DR MHP funding to address the housing impacts caused by the fires. Projects are funded to assist with meeting the unmet rental housing need, including the needs of individuals displaced from rental homes and individuals who became homeless as the result of the disasters. Multifamily Projects include apartment complexes and mixed-use developments. The Community Development Commission (CDC) released a notice of funding availability on April 26, 2021 to solicit projects for this purpose. Project applications were due on May 28, 2021. Six (6) project applications were received by staff. The table below lists the projects, their location, requested amount, and a short description of their scope.

<b>Project Name – Developer</b>	<b>Location</b>	<b>Requested Amount</b>	<b>Description</b>
414 Petaluma – MIDPEN Housing Corporation	City of Petaluma	\$3,000,000	42-unit, infill site, includes 13 units for persons experiencing mental illness & homelessness within 60% of the Area Median Income (AMI)



<b>Project Name – Developer</b>	<b>Location</b>	<b>Requested Amount</b>	<b>Description</b>
Caritas Homes Phase 1 – Burbank Housing Development Corporation	City of Santa Rosa	\$1,000,000	Phase 1 of 3 phases, 64 units, includes 33 units for persons experiencing homelessness with mental illness within 60% of the AMI
Petaluma River Place Apts.- Burbank Housing Development Corporation	City of Petaluma	\$1,000,000	50 units to serve farmworker households and persons experiencing or at risk of experiencing homelessness within 60% of AMI
Burbank Avenue Apts. – Burbank Housing Development Corporation	City of Santa Rosa	\$750,000	64 units for households within the 60% AMI
Meridian at Corona Station – Danco Communities	City of Petaluma	\$4,228,928	132 units for households within the 60% AMI
3575 Mendocino Avenue, Phase II – BRJE Housing Partners, L.P.	City of Santa Rosa	\$2,436,753	38 units for phase II (162 units total), senior housing for persons within 60% of the AMI

Staff reviewed the applications against the requirements of HCD and recommends funding for the following projects as these are the most shovel ready projects that comply with HCD’s criteria based on the information contained in their respective applications:

<b>Project Name</b>	<b>Recommended Funding</b>
414 Petaluma – MIDPEN Housing Corporation	\$1,792,175
3575 Mendocino Ave. Phase III - BRJE Housing Partners	\$2,436,753
Total Project	\$4,228,928
Administration	\$469,881
Total	\$4,698,809

Staff requests that the CD Committee review the staff reports, staff recommendations, and recommend approval to the Board of Commissioners to fund the projects aforementioned.

**Requested Action:** Receive, Review, and recommend to the Board of Commissioners for approval to fund the aforementioned projects.

Attachments: [Staff Reports](#)

**MIDPEN HOUSING CORPORATION– 414 PETALUMA**

Amount Requested: \$3,000,000

Total Project Cost: \$ 30,676,943

Project Description Summary from Applicant’s Submitted Application:

414 Petaluma is a proposed 42-unit family affordable housing development on an infill site just north of 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 affordable housing development. The development will include 13 No Place Like Home permanent supportive housing units for individuals and families experiencing mental illness and homelessness.

Project type: **Family, Homelessness, Affordable Housing**

Proposed use of funds: New Housing Construction to serve homeless Households

**CDC Funding Policies**

***Threshold Criteria***

Is the proposed project consistent with the General Plan?

The City of Petaluma, in a letter dated, June 30, 2020, approved the project under the SB 35 entitlement process. The project was determined to be consistent with all applicable objective City development standards, including zoning and the Central Petaluma Specific Plan (CPSP) Subarea of the Petaluma General Plan.

Does the applicant possess site control?

Yes, the applicant has the Grant Deed for the site dated 5/13/2021

**CDC Policy Priorities: Housing Element Goals and County Strategic Priority**

***The Commission established the top four guiding principles and priorities for this funding cycle as follows:***

1. Projects that demonstrate CFH funds will be leveraged against total development costs at least 7:1.

*The project proposes to leverage funds from the following sources*

<i>Funding Source</i>	<i>Amount</i>	<i>Commitment Status</i>
Construction Loan	\$20,624,708	Committed
County-CFH-2019	\$500,000	Committed
County PLHA-2020	\$299,393	Committed
County CDBG-DR2021	\$3,000,000	Anticipated
City-Housing Funds-2020	\$2,000,000	Committed

<i>City –Fee Wavier</i>	<i>\$243,608</i>	<i>Committed</i>
<i>LP Equity</i>	<i>\$1,936,977</i>	<i>Anticipated</i>

Total CDBG DR funds request \$3,000,000.00 leveraged against total development cost of \$28,604,686.00 equates to an acceptable ratio of 9.53:1.

2. Projects demonstrating advanced readiness via (a) entitlements; (b) financing commitments; (c) permitting. 414 Petaluma received full project approvals on June 30, 2020 from the City of Petaluma through the SB-35 approval process (*Please see Attachment 15.2 - SB-35 approval Letter*). As part of the SB-35 approval process, the project is exempt from CEQA. The developer has site control through a recorded Grant Deed (*Please see Attachment 3.1 – 414 Petaluma Blvd Grant Deed*). Several local funding sources have been secured by the project showing commitment at both the City and County level. Current funding sources are further detailed in *Attachment 11 – Financing Plan Narrative*. Additionally, NEPA documentation is currently in process between MidPen, the City of Petaluma, and the County of Sonoma, with NEPA compliance anticipated to be obtained by June 30, 2021.

Project developers who can demonstrate previous success obtaining federal tax credits and/or state funding to develop housing within the last seven years.

3. *MidPen has developed or rehabilitated 125 affordable housing communities and over 8,200 homes for low-income families, seniors, and special needs individuals across eleven Northern California counties (Alameda, Contra Costa, Monterey, Napa, San Benito, San Mateo, Santa Clara, Santa Cruz, Solano, Sonoma, and Yuba Counties). All of the completed developments and most of the others still in development, have been successful in securing various types of funding from the Federal, State, Local and Private levels.*

4. Projects that can demonstrate existing support from other jurisdictions via letters of support, funding commitments, etc.

In a letter, dated August 1, 2019, Petaluma City Manager, Peggy Flynn, expressed support for “the much-needed affordable housing project.” Additionally, Ms. Flynn highlighted MidPen Housing’s record of accomplishment and the city’s policy of giving priority processing to affordable housing projects.

CDBG- DR-MHP Projects are funded to assist with meeting the unmet rental housing need, including the needs of individuals displaced from rental homes and individuals who became homeless as the result of the disasters. Multifamily Projects include apartment complexes and mixed-use developments.

The applicant proposes to provide 42-units of affordable units, which would provide affordable housing to extremely low, very low, and low-income households ranging from 30% - 60% of Area Median Income for Sonoma County. Additionally, 13 of the 42 units are set aside for

individuals and families experiencing homelessness and mental illness, with case management services provided by Sonoma County Behavioral Health.

Projects should take advantage of the maximum density permitted under the Sonoma County or local jurisdiction's General Plan, Zoning Ordinance, and other relevant regulations.

City of Petaluma planning staff verified the project site currently has a T-5 Urban Center zoning designation, which allows for higher density, 3-5 story mixed used buildings and supports the proposed high-density affordable housing.

Readiness to proceed: projects that appear ready to proceed to the construction and then occupancy stage in a timely fashion will also be provided a priority in the approval consideration process. This can be gauged by the status of land use entitlements as well as the degree to which other funding commitments have been secured.

Applying PRMD's Readiness Scoring form to the City's general plan consistency certification, the project would have comparable Readiness Score of 1 (all entitlements are in place and valid)

### **Analysis**

Total development cost per unit	\$730,403.40
Total hard costs per unit	\$463,609.71
CDBG DR costs per unit	\$71,428.57
Maximum eligible CDBG DR cost per one bedroom unit:	\$175,752.00 (19)
Maximum eligible CDBG DR cost per two bedroom unit:	\$213,718.00 (12)
Maximum eligible CDBG DR cost per three bedroom unit:	\$276,483.00 (11)

### **Pros for the Project:**

- Generates much needed affordable housing units
- Project will target larger families, homelessness and mental illness, identified needs 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
- Project has support of local jurisdiction (City of Petaluma)
- Project meets the HCD Eligibility and Priority Criteria outlined in the NOFA

### **Cons for the Project:**

- All sources of funding required to complete the Project have not been documented as committed.
- This project is asking for the largest share of available funds.

*Consequences of no Funding:* 414 Petaluma is positioned to submit a competitive 9% Tax Credit Application in both the 2021 2nd Round 9% Disaster Tax Credit pool, as well as the traditional 9% Northern Region pool. If 414 Petaluma were to receive reduced or no funding, it would reduce the project's tie breaker and competitiveness for the upcoming Tax Credit round.

### **Staff Recommendation**

The project would address the identified need for larger family, affordable housing units and invest funds into the expansion of an urban core. **Staff recommends funding the 414 Petaluma proposal in the amount of \$1,792,175 if funds are available.**

Eligibility of multifamily housing projects will be assessed by HCD eligibility criteria of multifamily housing projects is listed below.

1. CDBG-DR funds are limited to low to moderate income housing units. Proposed Projects may have mixed-income units, but CDBG-DR funds must only be applied to the affordable units for occupation by Low- to Moderate-Income Households.
2. The proposed Project must be located in a Most Impacted and Distressed (MID) or otherwise impacted by DR-4344 or DR-4353. Projects in MID areas will be prioritized.
3. The proposed project must tie back to the disaster by increasing the supply of affordable housing units.
4. The proposed Project must have a minimum of 8 total units. If the Project is a Scattered Site Project, the Project application must include details on the Developer's experience managing Scattered Site rentals and must provide a reasonable plan to adequately supervise and maintain the properties.
5. The proposed Project must have a minimum of four affordable units or 30 percent of units must be affordable units, whichever is greater.
6. The proposed Project must meet one of the HCD Project types defined in the "2019 Multifamily Housing Program Guidelines" Article 2, Section 7302 (1-5) including, 1) Large Family, 2) Special Needs, 3) Seniors, 4) Supporting Housing, and 5) At High Risk.
7. All sources of funding required to complete the Project must be identified, documented as committed, and accessible prior to the Department issuing a firm commitment letter and Notice to Proceed.
8. The proposed Project must be cost reasonable, which is what a reasonable person would pay in the same or similar circumstances for the same or similar item or service. Cost reasonableness may be documented by comparing costs between vendors or to similar Projects.
9. The proposed Project must successfully meet environmental review clearance and receive an Authority to Use Grant Funds (ATUGF) or environmental clearance letter from the Department prior to the Department issuing a firm commitment letter and Notice to Proceed.
10. The proposed Project adheres to the Housing Element requirements listed in HSC 50829 and 50830.

11. The proposed Project must meet the following affordable rent requirements and tenant income limits through the duration of the affordability period. At a minimum, the following thresholds must be adhered to in all Projects:
  - Maximum Affordable Rents (inclusive of all utility costs) shall not exceed the High HOME rents as designated for the Project area. DR-MHP units may only be leased to Households with an annual income that is less than 80% of the Area Median Income.
  - Multifamily developments must meet the following affordability requirement: a minimum affordability period of 15 years for the Rehabilitation or Reconstruction of multifamily rental Projects and a minimum affordability period of 20 years for the new construction of multifamily rental units, all with 8 or more units.
  - Sale of a Project during the affordability period is acceptable; however, affordability periods must still be adhered to and included as a deed restriction.
12. Final Date to Submit Certificate of Occupancy for all Projects January 31, 2025
13. The proposed Project must be completed and occupied by April 30, 2025.
14. The proposed Project must meet one of the Priority Criteria outlined in Section 2.4 of the DR-MHP Policies and Procedures.

**COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY  
DISASTER RECOVERY – MULTIFAMILY HOUSING PROGRAM PROJECT  
STAFF REPORT**

**Sponsor: Burbank Housing Development Corporation  
Project: Caritas Homes Phase I**

Amount Requested: \$ 1,000,000.00

Total Project Cost: \$42,765,827.00

*Project Description Summary from Applicant's Submitted Application;*

Caritas Homes Phase 1 is one of three development projects making up Caritas Village, the redevelopment of a downtown Santa Rosa block. The project is 64 units of affordable rental homes, 30 at the 20% AMI level dedicated to homeless persons with psychiatric disability, 33 units at the 50% AMI level and one manager's unit. The project enjoys a high level of community support and is an exemplary example of high-density housing development in an urban core near public transportation. The project has received over \$39M in funding and was considered fully funded until the very recent and unprecedented spike in lumber costs generated a hard cost budget challenge. The project is "shovel-ready" with construction slated to begin in early autumn 2021.

*Project type:*

New construction of affordable multifamily housing.

*Proposed use of funds:*

Predevelopment and Construction costs.

**CDC Funding Policies**

**Threshold Criteria**

*Is the proposed project consistent with the General Plan?*

Yes, the proposed project is consistent with the City of Santa Rosa general plan. Applicant provided a letter from the City of Santa Rosa Planning and Economic Development dated 6/24/2020 stating that the proposed project is zoned for intent use and is compliant with the general plan.

*Does the applicant possess site control?*

Yes, applicant provided a copy of a fully executed Option Agreement with Catholic Charities.

**CDC Policy Priorities: Housing Element Goals and County Strategic Priority**

***The Commission established the top four guiding principles and priorities for this funding cycle as follows:***

- 1. Projects that demonstrate CBDG-DR funds will be leveraged against total development costs at least 7:1.*

Funding Source	Amount	Commitment Status
<i>Conventional Construction Loan</i>	<i>\$18,219,660</i>	<i>Committed</i>
<i>CDBG-DR - County</i>	<i>\$1,000,000</i>	<i>Requesting</i>
<i>SCCDC CFH &amp; PHC</i>	<i>\$1,410,000</i>	<i>Committed</i>
<i>Santa Rosa CDBG-DR</i>	<i>\$8,945,657</i>	<i>Tent. Committed</i>
<i>Limited Partners -LIHTC equity</i>	<i>\$8,098,987</i>	<i>Committed</i>
<i>Burbank Housing</i>	<i>\$2,880,730</i>	<i>Committed</i>

Total CDBG DR funds request of \$1,000,000 leveraged against total development cost of \$39,555,034.00 equates to an acceptable ratio of 39.15.

2. Projects demonstrating advanced readiness via (a) entitlements; (b) financing commitments; (c) permitting.

The project’s real estate owner, Catholic Charities of the Diocese of Santa Rosa submitted the entitlement applications in September 2018 for the greater Caritas Village project. The required California Environmental Quality Act (CEQA) Environmental Impact (ERI) is complete and was certified by the Santa Rosa City Council, who also unanimously approved the land use requirements on March 3, 2020. Currently the applicant has 7 sources of committed funds plus this request. The award of 30 project-based vouchers also obviates the need for capitalized operating subsidy award which, in turn, reduces the capital development budget by at least \$3M.

3. Project developers who can demonstrate previous success obtaining federal tax credits and/or state funding to develop housing within the last seven years.

The Applicant is very experienced in successfully developing and managing affordable housing projects. Burbank is a 41-year-old non-profit local affordable housing development corporation, who has completed more affordable housing projects than any other developer, nearly 70 affordable rental housing projects totaling 3,000 units, predominantly in Sonoma County, and approximately 1,000 units of affordable ownership housing completed or currently under construction. They have the experience and capacity to successfully obtain necessary financing for housing development and property rehabilitation in compliance with federal, state and local requirements.

4. Projects that can demonstrate existing support from other jurisdictions via letters of support, funding commitments, etc.

The applicant provided several funding commitment letters and support from its local jurisdiction the City of Santa Rosa. There is also a pending, but tentatively approved, CDBG- DR application with the City of Santa Rosa in the amount of \$8,945,657.

CDBG- DR-MHP Projects are funded to assist with meeting the unmet rental housing need, including the needs of individuals displaced from rental homes and individuals who became

homeless as the result of the disasters. Multifamily Projects include apartment complexes and mixed-use developments.

The project consists of 64 units of newly constructed affordable rental housing, 30 of the units will be dedicated to serving chronically homeless individuals through the County's coordinated entry program. Thus, the project can simultaneously address two well-documented community crises: 1) the acute shortage of housing, especially affordable housing - exacerbated by the 2017 and more recent fires - and 2) the provision of homeless-dedicated housing to alleviate the current status quo of over 2,000 unsheltered homeless persons in the County on any given night.

Projects should take advantage of the maximum density permitted under the Sonoma County or local jurisdiction's General Plan, Zoning Ordinance, and other relevant regulations.

This development meets a stated city goal of high-density housing in the central, downtown area. At 94 units per acre, the Project will be one of the highest density projects in the city.

Readiness to proceed: projects that appear ready to proceed to the construction and then occupancy stage in a timely fashion will also be provided a priority in the approval consideration process. This can be gauged by the status of land use entitlements as well as the degree to which other funding commitments have been secured.

The project is fully approved and entitled in March 2020. Building permits applied for and in process.

### **Analysis**

Total development cost per unit: \$ 662,813.53

Total hard cost per unit: \$ 482,877.31

Maximum eligible CDBG DR cost per unit: \$153,314.00 (29 units)

Maximum eligible CDBG DR cost per one bedroom unit: \$175,752.00 (26 units)

Maximum eligible CDBG DR cost per two bedroom unit: \$213,718.00 (8 units)

Total Eligible CDBG DR amount based on bedrooms per unit: \$10,901,154.00

Total CDBG DR Project Funds : \$9,945,657.00

### **Pros for the Project:**

The projects is shovel ready projected to start construction in October 2021, all of the entitlements are approved. The project has received a high level of community support including support from its jurisdiction, the City of Santa Rosa.

### **Cons for the Project:**

The project has received approval for the Enviromental Impact Report, however NEPA approval is pending and expected to be completed in September 2021.

### **Consequences of no Funding:**

If partial funding is awarded, Burbank will remain on the current project schedule and continue to pursue additional funding. They will manage the funding gap with an internal bridge loan

while seeking additional funding and explore ways to reduce the capital budget through value engineering and, if necessary, deferring a portion of development fees.

### **Staff Recommendation**

While the project Caritas Homes Phase I is 100% affordable and targets extremely low-income and very-low-income households and persons experiencing or at risk of experiencing homelessness, the project's financial gap can be filled in with a bridge loan (per application). Additionally, the City of Santa Rosa awarded \$8,945,657 of CDBG-DR funds to this project. This brings the project's funding very close to the maximum allowed assistance per unit limit. Therefore, staff does not recommend funding for this project.

### **CDBG DR Criteria**

Eligibility of multifamily housing projects will be assessed by HCD eligibility criteria of multifamily housing projects is listed below.

1. CDBG-DR funds are limited to low to moderate income housing units. Proposed Projects may have mixed-income units, but CDBG-DR funds must only be applied to the affordable units for occupation by Low- to Moderate-Income Households.
2. The proposed Project must be located in a Most Impacted and Distressed (MID) or otherwise impacted by DR-4344 or DR-4353. Projects in MID areas will be prioritized.
3. The proposed project must tie back to the disaster by increasing the supply of affordable housing units.
4. The proposed Project must have a minimum of 8 total units. If the Project is a Scattered Site Project, the Project application must include details on the Developer's experience managing Scattered Site rentals and must provide a reasonable plan to adequately supervise and maintain the properties.
5. The proposed Project must have a minimum of four affordable units or 30 percent of units must be affordable units, whichever is greater.
6. The proposed Project must meet one of the HCD Project types defined in the "2019 Multifamily Housing Program Guidelines" Article 2, Section 7302 (1-5) including, 1) Large Family, 2) Special Needs, 3) Seniors, 4) Supporting Housing, and 5) At High Risk.
7. All sources of funding required to complete the Project must be identified, documented as committed, and accessible prior to the Department issuing a firm commitment letter and Notice to Proceed.
8. The proposed Project must be cost reasonable, which is what a reasonable person would pay in the same or similar circumstances for the same or similar item or service. Cost reasonableness may be documented by comparing costs between vendors or to similar Projects.
9. The proposed Project must successfully meet environmental review clearance and receive an Authority to Use Grant Funds (ATUGF) or environmental clearance letter from the Department prior to the Department issuing a firm commitment letter and Notice to Proceed.
10. The proposed Project adheres to the Housing Element requirements listed in HSC 50829 and 50830.
11. The proposed Project must meet the following affordable rent requirements and tenant income limits through the duration of the affordability period. At a minimum, the following thresholds must be adhered to in all Projects:

- Maximum Affordable Rents (inclusive of all utility costs) shall not exceed the High HOME rents as designated for the Project area. DR-MHP units may only be leased to Households with an annual income that is less than 80% of the Area Median Income.
  - Multifamily developments must meet the following affordability requirement: a minimum affordability period of 15 years for the Rehabilitation or Reconstruction of multifamily rental Projects and a minimum affordability period of 20 years for the new construction of multifamily rental units, all with 8 or more units.
  - Sale of a Project during the affordability period is acceptable; however, affordability periods must still be adhered to and included as a deed restriction.
12. Final Date to Submit Certificate of Occupancy for all Projects January 31, 2025
  13. The proposed Project must be completed and occupied by April 30, 2025.
  14. The proposed Project must meet one of the Priority Criteria outlined in Section 2.4 of the DR-MHP Policies and Procedures.

**BURBANK HOUSING DEVELOPMENT CORPORATION – PETALUMA RIVER PLACE APARTMENTS**

Amount Requested: \$1,000,000

Total Project Cost: \$38,695,225

*Project Description Summary from Applicant's Submitted Application:*

Petaluma River Place Apartments is a proposed new construction of 50 units of garden style affordable housing project that will be available to families and individuals. No demolition is required for the site. The project will include 30% one-bedroom units, 40% two-bedroom units, and 30% three-bedroom units in a predominantly three-story building with elevator access. The building will be entirely residential with 49 low-income rental units plus one resident manager unit. Specific populations served shall include people experiencing, or at risk of experiencing, homelessness under the "No Place Like Home Program" in concert with Sonoma County DHS, and farmworker housing, as well as area families with income up to 60% of median income.

The applicant is requesting \$1,000,000 in CDBG-DR funds.

*Project type:* New construction of multifamily housing

*Proposed use of funds:* Construction of the project

**CDBG-DR Funding Policies**

***Threshold Criteria***

*Is the proposed project consistent with the General Plan?*

Yes, the project is consistent with the General Plan as well as SB 35 provisions.

*Does the applicant possess site control?*

The Applicant has entered into an Option Purchase Agreement dated October 25, 2020 to acquire the subject property from South Petaluma Partners, LLC. The Option expired on June 30, 2021, but extended until December 31, 2021.

***CDBG-DR Policy Priorities: Housing Element Goals and County Strategic Priority***

***The Commission established the top four guiding principles and priorities for this funding cycle as follows:***

1. *Projects that demonstrate CDBG-DR funds will be leveraged against total development costs at least 7:1.*

<b>Funding Source</b>	<b>Amount</b>	<b>Commitment Status</b>
Chase Bank	\$32,470,000	Committed
Capital Magnet Fund	\$500,000	Committed
Federal LIHTC Equity	\$1,592,972	Uncommitted
State LIHTC Equity	\$431,473	Uncommitted
County CDBG-DR	1,000,000	Uncommitted

Total CDBG-DR fund request for \$1,000,000.00 leveraged against total development cost of \$35,994,445.00, equates to an acceptable ratio of 38.88:1.

2. *Projects demonstrating advanced readiness via (a) entitlements; (b) financing commitments; (c) permitting.*

The project obtained city entitlements in June of 2020 under the provisions of SB35. The applicant has yet to complete NEPA requirements. Currently, the applicant has 4 sources of committed funds and 3 sources of uncommitted funds including this request. Every \$1 of CDC funds would leverage 38.88 of committed funds for this project. The applicant has yet to obtain building permits from the city and is targeting the Spring of 2022 to receive them.

3. *Project developers who can demonstrate previous success obtaining federal tax credits and/or state funding to develop housing within the last seven years.*

Burbank Housing is a 41-year-old non-profit affordable housing development corporation is headquartered in Santa Rosa. Burbank has completed numerous affordable housing projects, nearly 70 affordable rental housing projects totaling 3,000 units, predominantly in Sonoma County, and approximately 1,000 units of affordable ownership housing completed or currently under construction. Burbank has successfully applied for affordable housing funding in the past in order to populate this portfolio. They are staffed accordingly with dedicated departments for development services, compliance, accounting, and resident services. Burbank also self-manages through Burbank Housing Management Corporation.

4. *Projects that can demonstrate existing support from other jurisdictions via letters of support, funding commitments, etc.*

The project has commitments for permanent financing from the Rural Community Assistance Corporation (RCAC) and Chase Bank as well as Project-Based Vouchers from the County of Sonoma Housing Authority.

*CBDG- DR-MHP Projects are funded to assist with meeting the unmet rental housing need, including the needs of individuals displaced from rental homes and individuals who became homeless as the result of the disasters. Multifamily Projects include apartment complexes and mixed-use developments.*

As specified in the application, the project will meet a number of needs in the community. No family, farmworker or homeless serving projects have been built in Petaluma in years. Providing housing for 15 individuals experiencing or at risk of experiencing homelessness through the No Place Like Home program is an essential need in Sonoma County. The project is also well situated to serve 30 households with at least one farmworker. According to the applicant, the project would only capture 8.6% of the unmet need for farmworker housing in Sonoma County. It will also be an impactful addition to the City's riverfront which will include a bike path that will ultimately link both to downtown and the east side of Petaluma. Petaluma River Place will further fair housing principles by expanding the choice of affordable and accessible rental housing serving low-income households in Santa Rosa and the surrounding region. This enhancement of accessibility and affordability is especially pronounced for the homeless-dedicated units serving individuals with severe and persistent psychiatric disability. These units will be filled through the Sonoma County Coordinated Entry program. Many traditional tenant "screening" procedures such as credit score or reference checks are waived or minimally used as a reasonable accommodation for disabled persons.

*Projects should take advantage of the maximum density permitted under the Sonoma County or local jurisdiction's General Plan, Zoning Ordinance, and other relevant regulations.*

Project is consistent with the general plan and has obtained all applicable local land use approvals. The approved project density is 28 units per acre.

*Readiness to proceed: projects that appear ready to proceed to the construction and then occupancy stage in a timely fashion will also be provided a priority in the approval consideration process. This can be gauged by the status of land use entitlements as well as the degree to which other funding commitments have been secured.*

Applying the County's PRMD's Readiness Scoring form to the City's general plan consistency certification, the project would have comparable Readiness Score of 2 (2 indicates any needed entitlements in process & project deemed consistent with the General Plan & Zoning). The project complies with the City's General Plan, has obtained city entitlements and completed CEQA review, NEPA review has yet to be completed, although it is near completion.

If funding is obtained as planned construction would begin in the spring of 2022 and occupancy would commence in the fall of 2023.

## **Analysis**

Total development cost per unit: \$773,904.50

Total hard cost per unit: \$468,046.26

Total CDBG-DR cost per unit: \$20,408.00

Maximum eligible CDBG-DR cost per unit:

0 bedrooms per unit = \$153,314.00

1 bedroom units= \$175,752.00

2 bedrooms per unit = 213,718.00

3 bedrooms per unit = \$276,482.00

### **Pros for the Project:**

- Increases the County's affordable housing stock
- Project will target homeless and at risk of homelessness families and individuals as well as farmworker households
- Located near access to a bus stop for public transportation
- City entitlements have been obtained and CEQA review has been completed
- Except for the one manager's unit, the project is 100% affordable
- The project provides 1, 2, and 3 bedroom units

### **Cons for the Project:**

- NEPA work has begun, however, is not yet complete
- At this time, the Project has only 4 of 8 committed funding sources providing 18% of the funding needed

### **Consequences of no Funding:**

The project will proceed when all construction funding is obtained. Consequently, the project may be delayed.

## **Staff Recommendation**

Staff does not recommend funding for this project. At the time of application this project only has 18% of the funds committed. Without fully committed funds this application does not meet the CDBG-DR criteria described below (see #7) and is not expected to be approved by HCD.

### **CDBG-DR Criteria**

Eligibility of multifamily housing projects will be assessed by HCD based on specific eligibility criteria below.

1. CDBG-DR funds are limited to low to moderate income housing units. Proposed Projects may have mixed-income units, but CDBG-DR funds must only be applied to the affordable units for occupation by Low-to-Moderate-Income Households.
2. The proposed Project must be located in a Most Impacted and Distressed (MID) or otherwise impacted by DR-4344 or DR-4353. Projects in MID areas will be prioritized.
3. The proposed project must tie back to the disaster by increasing the supply of affordable housing units.

4. The proposed Project must have a minimum of 8 total units. If the Project is a Scattered Site Project, the Project application must include details on the Developer's experience managing Scattered Site rentals and must provide a reasonable plan to adequately supervise and maintain the properties.
5. The proposed Project must have a minimum of four affordable units or 30 percent of units must be affordable units, whichever is greater.
6. The proposed Project must meet one of the HCD Project types defined in the "2019 Multifamily Housing Program Guidelines" Article 2, Section 7302 (1-5) including, 1) Large Family, 2) Special Needs, 3) Seniors, 4) Supporting Housing, and 5) At High Risk.
7. All sources of funding required to complete the Project must be identified, documented as committed, and accessible prior to the Department issuing a firm commitment letter and Notice to Proceed.
8. The proposed Project must be cost reasonable, which is what a reasonable person would pay in the same or similar circumstances for the same or similar item or service. Cost reasonableness may be documented by comparing costs between vendors or to similar Projects.
9. The proposed Project must successfully meet environmental review clearance and receive an Authority to Use Grant Funds (ATUGF) or environmental clearance letter from the Department prior to the Department issuing a firm commitment letter and Notice to Proceed.
10. The proposed Project adheres to the Housing Element requirements listed in HSC 50829 and 50830.
11. The proposed Project must meet the following affordable rent requirements and tenant income limits through the duration of the affordability period. At a minimum, the following thresholds must be adhered to in all Projects:
  - a. Maximum Affordable Rents (inclusive of all utility costs) shall not exceed the High HOME rents as designated for the Project area. DR-MHP units may only be leased to Households with an annual income that is less than 80% of the Area Median Income.
  - b. Multifamily developments must meet the following affordability requirement: a minimum affordability period of 15 years for the Rehabilitation or Reconstruction of multifamily rental Projects and a minimum affordability period of 20 years for the new construction of multifamily rental units, all with 8 or more units.
  - c. Sale of a Project during the affordability period is acceptable; however, affordability periods must still be adhered to and included as a deed restriction.
12. Final Date to Submit Certificate of Occupancy for all Projects January 31, 2025
13. The proposed Project must be completed and occupied by April 30, 2025.
14. The proposed Project must meet one of the Priority Criteria outlined in Section 2.4 of the DR-MHP Policies and Procedures.

**BURBANK HOUSING DEVELOPMENT CORPORATION –  
BURBANK AVENUE APARTMENTS**

Amount Requested: \$750,000

Total Project Cost: \$41,604,648

*Project Description Summary from Applicant’s Submitted Application:*

The Burbank Avenue Apartments will provide multiple benefits to the Roseland neighborhood and more broadly to the City of Santa Rosa. The development of 64 affordable apartments within the project’s Master Plan will create a mix of housing types for all income levels achieving multiple goals and policies within the City’s General Plan and Specific Plan. Roseland is identified as a Priority Development Area in the City’s Specific Plan as it is able to accommodate growth and make key connections to transit and jobs.

Burbank Avenue Apartments will offer levels of affordability with 52 homes or 81% of the project community being reserved for households earning 50% or less of the Area Median Income. Eleven homes will be reserved for households earning 60% of Area Median Income and one home being reserved for the on-site manager. The project will provide an opportunity to offer brand-new, high-quality affordable housing units to individuals and families vulnerable to displacement in the immediate Roseland area and the larger Santa Rosa community. The project narrative states that the complex will offer 10 accessible units for households who have a person (or persons) with a mobility or sensory impairment.

The vacant project site is located at 1780 Burbank Avenue within the jurisdiction of the City of Santa Rosa.

*Project type:* New construction of multifamily housing with 63 units affordable, one (1) market rate unit for the on-site manager.

*Proposed use of funds:* Construction of the project.

**CDBG-DR Funding Policies**

***Threshold Criteria***

*Is the proposed project consistent with the General Plan?*

The application states the project is fully entitled and part of a specific plan in the neighborhood of Roseland. The Applicant provided a copy of the City Council Resolution approving the project, which states that the project complies with the City’s General Plan.

*Does the applicant possess site control?*

The Applicant has entered into an Option Purchase Agreement on June 26, 2020 to acquire the subject property from SBRI 1780 Burbank, LLC. The Option expires at midnight on December 31, 2021.

***CDBG-DR Policy Priorities: Housing Element Goals and County Strategic Priority***

***The Commission established the top four guiding principles and priorities for this funding cycle as follows:***

- 1. Projects that demonstrate CDBG-DR funds will be leveraged against total development costs at least 7:1.***

<b>Funding Source</b>	<b>Amount</b>	<b>Commitment Status</b>
Citi Capital Permanent Loan	\$6,851,000	Committed
Citi Capital Federal & State Equity	\$17,486,010	Committed
Deferred Development Fee	\$1,307,638	Committed
CDBG DR – Santa Rosa	\$5,000,000	Committed
Multifamily Housing Program	\$10,210,000	Uncommitted
CDBG DR – Sonoma County	\$750,000	Uncommitted
total	41,604,648	

Total CDBG-DR fund request of \$750,000 leveraged against total development cost of \$41,604,648 equates to an acceptable ratio of 55.74: to 1.

- 2. Projects demonstrating advanced readiness via (a) entitlements; (b) financing commitments; (c) permitting.***

The proposed multi-family housing project obtained city entitlements on June 16, 2020. Given that the project is part of a previously approved specific plan development, the project was found to be consistent with that specific plan’s environmental impact report and found to be exempt from further California Environmental Quality Act (CEQA) review. The specific plan was not reviewed for compliance with National Environmental Policy Act (NEPA) and therefore, the applicant of this project has yet to complete NEPA requirements.

The applicant has yet to submit construction plans for plan check with the City and therefore, building permits are not ready to be issued. As for financial readiness, of the project’s estimated budget necessary to complete the project, at this time the applicant has secured \$30,644,648, which is 73.65% of the budget. The Applicant plans to apply for tax credits, which if awarded would be in April of 2022. If funding is acquired in the desired timeline, construction would begin in the summer of 2022.

3. Project developers who can demonstrate previous success obtaining federal tax credits and/or state funding to develop housing within the last seven years.

Burbank Housing is a 41-year-old non-profit affordable housing development corporation headquartered in Santa Rosa and working in the North Bay. Burbank has completed numerous affordable housing projects, nearly 70 affordable rental housing projects totaling 3,000 units, predominantly in Sonoma County, and approximately 1,000 units of affordable ownership housing completed or currently under construction. Burbank has successfully applied for affordable housing funding in the past in order to populate this portfolio. They are staffed accordingly with dedicated departments for development services, compliance, accounting, and resident services. Burbank Housing self-manages their residential communities through Burbank Housing Management Corporation.

4. Projects that can demonstrate existing support from other jurisdictions via letters of support, funding commitments, etc.

The project has commitments for permanent financing from Citi Capital, secured CDBG-DR funding from the City of Santa Rosa as well as 16 Project-Based Vouchers from the their housing authority.

CDBG- DR-MHP Projects are funded to assist with meeting the unmet rental housing need, including the needs of individuals displaced from rental homes and individuals who became homeless as the result of the disasters. Multifamily Projects include apartment complexes and mixed-use developments.

The project will provide new affordable rental housing in south Santa Rosa for a variety of household sizes (1-bedroom, 2-bedrooms, and 3-bedrooms) available to households who fall within 60% of the area median income and lower. While the project is located in the outskirts of the city of Santa Rosa, given its relatively close proximity to Rohnert Park, it provides the opportunity for the project to serve residents outside of the Santa Rosa jurisdiction.

Projects should take advantage of the maximum density permitted under the Sonoma County or local jurisdiction's General Plan, Zoning Ordinance, and other relevant regulations.

Project is consistent with the general plan and has obtained all applicable local land use approvals.

Readiness to proceed: projects that appear ready to proceed to the construction and then occupancy stage in a timely fashion will also be provided a priority in the approval consideration process. This can be gauged by the status of land use entitlements as well as the degree to which other funding commitments have been secured.

Applying the County's PRMD's Readiness Scoring form to the City's general plan consistency certification, the project would have comparable Readiness Score of 2 (2 indicates any needed entitlements in process & project deemed consistent w/General Plan & Zoning). While the project complies with the City's General Plan, has obtained city entitlements and completed CEQA review, NEPA review has yet to be completed.

## Analysis

Total development cost per unit:       \$660,391.23 for each affordable unit;  
  \$650,072.63 for each unit

Total hard cost per unit:                    \$28,467,862/63 = \$451,870.82 for each affordable unit  
  \$28,467,862/64 = \$444,810.34 for each unit

Total CDBG-DR cost per unit (assuming 64units): \$11,719

Maximum eligible CDBG-DR cost per unit:

1 bedroom units - \$175,752.00

2 bedroom units - \$213,718.00

3 bedroom units – \$276,482.00

Average cost per unit: \$221,984

### Pros for the Project:

- Increases the County’s affordable housing stock for households within 60% of the area median income level.
- Except for the manager’s unit, all the units are affordable.
- City entitlements have been obtained and CEQA review has been completed.
- The project provides 1, 2, and 3 bedroom units.

### Cons for the Project:

- NEPA has yet to be completed;
- Construction drawings have yet to be approved by the local jurisdiction;
- If the requested CDBG-DR funds are awarded, the project would still have a funding gap of \$10,210,000 which may or may not be secured in April of 2022.

### Consequences of no Funding:

The project could be delayed until full funding is obtained.

## Staff Recommendation

NEPA environmental review is not yet completed and as of when the application was filed to CDC approximately a quarter of project funding would still be left as uncommitted. Construction permits are not ready to be issued. As proposed, the project does not meet all of the eligibility requirements from HCD listed below. The project is not recommended for funding at this time.

### CDBG-DR Criteria

Eligibility of multifamily housing projects will be assessed by HCD based on specific eligibility criteria below.

1. CDBG-DR funds are limited to low to moderate income housing units. Proposed Projects may have mixed-income units, but CDBG-DR funds must only be applied to the affordable units for occupation by Low- to Moderate-Income Households.
2. The proposed Project must be located in a Most Impacted and Distressed (MID) or otherwise impacted by DR-4344 or DR-4353. Projects in MID areas will be prioritized.

3. The proposed project must tie back to the disaster by increasing the supply of affordable housing units.
4. The proposed Project must have a minimum of 8 total units. If the Project is a Scattered Site Project, the Project application must include details on the Developer's experience managing Scattered Site rentals and must provide a reasonable plan to adequately supervise and maintain the properties.
5. The proposed Project must have a minimum of four affordable units or 30 percent of units must be affordable units, whichever is greater.
6. The proposed Project must meet one of the HCD Project types defined in the "2019 Multifamily Housing Program Guidelines" Article 2, Section 7302 (1-5) including, 1) Large Family, 2) Special Needs, 3) Seniors, 4) Supporting Housing, and 5) At High Risk.
7. All sources of funding required to complete the Project must be identified, documented as committed, and accessible prior to the Department issuing a firm commitment letter and Notice to Proceed.
8. The proposed Project must be cost reasonable, which is what a reasonable person would pay in the same or similar circumstances for the same or similar item or service. Cost reasonableness may be documented by comparing costs between vendors or to similar Projects.
9. The proposed Project must successfully meet environmental review clearance and receive an Authority to Use Grant Funds (ATUGF) or environmental clearance letter from the Department prior to the Department issuing a firm commitment letter and Notice to Proceed.
10. The proposed Project adheres to the Housing Element requirements listed in HSC 50829 and 50830.
11. The proposed Project must meet the following affordable rent requirements and tenant income limits through the duration of the affordability period. At a minimum, the following thresholds must be adhered to in all Projects:
  - (a) Maximum Affordable Rents (inclusive of all utility costs) shall not exceed the High HOME rents as designated for the Project area. DR-MHP units may only be leased to Households with an annual income that is less than 80% of the Area Median Income.
  - (b) Multifamily developments must meet the following affordability requirement: a minimum affordability period of 15 years for the Rehabilitation or Reconstruction of multifamily rental Projects and a minimum affordability period of 20 years for the new construction of multifamily rental units, all with 8 or more units.
  - (c) Sale of a Project during the affordability period is acceptable; however, affordability periods must still be adhered to and included as a deed restriction.

**DANCO COMMUNITIES – MERIDIAN AT CORONA STATION**

Amount Requested: \$4,228,928

Total Project Cost: \$70,260,615

Project Description Summary from Applicant’s Submitted Application:

This project is designed for 131 units of residential apartments with a large open green space and amenities for children ages 2-12 and teens 13-17. There is a total of seven buildings on 5.29 acres of land with a unit mix of studios, 1-bedroom, 2-bedroom and 3-bedrooms units. Six of the buildings are 3-stories and one is 4-stories with an elevator. The site plan maximizes open green space and maximizes the distance away from the SMART train along the North side of the property. This central landscaped feature is isolated from the vehicular noise along the north and south edges of the site. A leasing office with a gym, computer lab, meeting space and manager’s unit are located on the ground floor.

Project type: New construction of multifamily housing

Proposed use of funds: Predevelopment and construction costs

**CDC Funding Policies**

***Threshold Criteria***

Is the proposed project consistent with the General Plan?

Yes, City of Petaluma planning staff issued a letter dated October 28, 2020 certifying the proposed project is consistent with its General Plan

Does the applicant possess site control?

Danco Communities has entered into a Purchase Agreement dated June 3, 2021 to acquire the subject property from the Lomas-Corona Station, LLC.

***CDC Policy Priorities: Housing Element Goals and County Strategic Priority***

***The Commission established the top four guiding principles and priorities for this funding cycle as follows:***

1. Projects that demonstrate CFH funds will be leveraged against total development costs at least 7:1.

Funding Source	Amount	Commitment Status
<i>Conventional Construction Loan</i>	<i>\$13,917,345</i>	<i>Committed</i>
<i>CDBG-DR - County</i>	<i>\$4,228,928</i>	<i>Requesting</i>
<i>Deferred Costs</i>	<i>\$3,536,643</i>	<i>Committed</i>
<i>Tax Credit Equity</i>	<i>\$41,077,699</i>	<i>Committed</i>
<i>City of Petaluma</i>	<i>2,000,000</i>	<i>Uncommitted</i>

<i>Other Financing</i>	<i>5,500,000</i>	<i>Uncommitted</i>
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Total CDBG DR funds request of \$4,228,928 leveraged against total development cost of \$70,260,615.00 equates to an acceptable ratio of 16.61:1.

2. *Projects demonstrating advanced readiness via (a) entitlements; (b) financing commitments; (c) permitting.*  
Project is currently in the early stages of development, with construction completion slated for December 2024 and occupancy in January 2025.
  
3. *Project developers who can demonstrate previous success obtaining federal tax credits and/or state funding to develop housing within the last seven years.*  
Danco Communities has completed nineteen affordable housing developments (with four others currently under construction) and brought to market 969 affordable units to date. Danco specializes in the use of the Low Income Housing Tax Credits (LIHTC) and other state and federal resources including Community Development Block Grants (CDBG), HCD programs and USDA RD.
  
4. *Projects that can demonstrate existing support from other jurisdictions via letters of support, funding commitments, etc.*  
In a letter, dated October 28, 2020, Petaluma Planning Manager, Heather Hines, expressed support for “the much-needed affordable housing project.” Additionally, Ms. Hines highlighted the development would greatly assist in meeting Petaluma’s Regional Housing Needs Allocation and would implement many of the goals and policies of Petaluma’s Housing Element.

*CDBG- DR-MHP Projects are funded to assist with meeting the unmet rental housing need, including the needs of individuals displaced from rental homes and individuals who became homeless as the result of the disasters. Multifamily Projects include apartment complexes and mixed-use developments*

The target population of this project is large family with a special needs/permanent supportive housing component. There will be 25% of the units reserved for PSH, or families experiencing homelessness. The services planned for residents include adult educational classes and health and wellness services by LifeSTEPS as well as Resident Services Coordination by Reach for Home, a local Sonoma County nonprofit.

*Projects should take advantage of the maximum density permitted under the Sonoma County or local jurisdiction’s General Plan, Zoning Ordinance, and other relevant regulations.*

Project is consistent with the general plan, conditional use requirements and has obtained all applicable local land use approvals.

*Readiness to proceed: projects that appear ready to proceed to the construction and then occupancy stage in a timely fashion will also be provided a priority in the approval consideration process. This can be gauged by the status of land use entitlements as well as the degree to which other funding commitments have been secured.*

Applying PRMD’s Readiness Scoring form to the City’s general plan consistency certification, the project would have comparable Readiness Score of 2 (2 indicates any needed entitlements in process & project deemed consistent w/GP & Zoning).

**Analysis**

Total development cost per unit: \$32,277

Total hard cost per unit: \$304,816

Total CDBG DR costs per unit: \$32,281.89

Maximum eligible CDBG DR cost per unit: \$276,482.00

**Pros for the Project:**

- 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
- Project has support of local jurisdiction (City of Petaluma)
- 25% of the units reserved for PSH for families experiencing homelessness

**Cons for the Project:**

- All sources of funding required to complete the Project have not been documented as committed.

**Consequences of no Funding:**

The project will proceed when all construction funding is obtained.

**Staff Recommendation**

Staff does not recommend funding Meridian at Corona Station. The project does not meet the HCD criteria described below and is not expected to be approved by HCD.

**CDBG DR Criteria**

Eligibility of multifamily housing projects will be assessed by HCD based on specific eligibility criteria below.

1. CDBG-DR funds are limited to low to moderate income housing units. Proposed Projects may have mixed-income units, but CDBG-DR funds must only be applied to the affordable units for occupation by Low- to Moderate-Income Households.
2. The proposed Project must be located in a Most Impacted and Distressed (MID) or otherwise impacted by DR-4344 or DR-4353. Projects in MID areas will be prioritized.
3. The proposed project must tie back to the disaster by increasing the supply of affordable housing units.
4. The proposed Project must have a minimum of 8 total units. If the Project is a Scattered Site Project, the Project application must include details on the Developer’s experience

managing Scattered Site rentals and must provide a reasonable plan to adequately supervise and maintain the properties.

5. The proposed Project must have a minimum of four affordable units or 30 percent of units must be affordable units, whichever is greater.
6. The proposed Project must meet one of the HCD Project types defined in the “2019 Multifamily Housing Program Guidelines” Article 2, Section 7302 (1-5) including, 1) Large Family, 2) Special Needs, 3) Seniors, 4) Supporting Housing, and 5) At High Risk.
7. All sources of funding required to complete the Project must be identified, documented as committed, and accessible prior to the Department issuing a firm commitment letter and Notice to Proceed.
8. The proposed Project must be cost reasonable, which is what a reasonable person would pay in the same or similar circumstances for the same or similar item or service. Cost reasonableness may be documented by comparing costs between vendors or to similar Projects.
9. The proposed Project must successfully meet environmental review clearance and receive an Authority to Use Grant Funds (ATUGF) or environmental clearance letter from the Department prior to the Department issuing a firm commitment letter and Notice to Proceed.
10. The proposed Project adheres to the Housing Element requirements listed in HSC 50829 and 50830.
11. The proposed Project must meet the following affordable rent requirements and tenant income limits through the duration of the affordability period. At a minimum, the following thresholds must be adhered to in all Projects:
  - 1) Maximum Affordable Rents (inclusive of all utility costs) shall not exceed the High HOME rents as designated for the Project area. DR-MHP units may only be leased to Households with an annual income that is less than 80% of the Area Median Income.
  - 2) Multifamily developments must meet the following affordability requirement: a minimum affordability period of 15 years for the Rehabilitation or Reconstruction of multifamily rental Projects and a minimum affordability period of 20 years for the new construction of multifamily rental units, all with 8 or more units.
  - 3) Sale of a Project during the affordability period is acceptable; however, affordability periods must still be adhered to and included as a deed restriction.
12. Final Date to Submit Certificate of Occupancy for all Projects January 31, 2025
13. The proposed Project must be completed and occupied by April 30, 2025.
14. The proposed Project must meet one of the Priority Criteria outlined in Section 2.4 of the DR-MHP Policies and Procedures.

**COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY  
DISASTER RECOVERY – MULTIFAMILY HOUSING PROGRAM PROJECT  
STAFF REPORT**

**Sponsor: BRJE Housing Partners, L.P.**

**Project: 3575 Mendocino Avenue Phase II**

Amount Requested: \$ 2,436,753.00

Total Project Cost \$24,834,317.00

*Project Description Summary from Applicant's Submitted Application:*

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 three phases, on a 2.5-acre parcel that has been earmarked for affordable housing within the larger master plan. The project requesting funding in this application is Phase II of the affordable senior housing development and will include 38 units of housing affordable for low and very low income senior households on 0.42-acres of the 2.5-acre parcel. Phase I, composed of 94 units, is fully financed and anticipates commencing construction in fall 2021. The remaining 30 units in Phase III will be developed at a later date. The development will offer affordable housing opportunities to prior Journey's End Mobile Home Park residents displaced by the October 2017 Tubbs wildfire 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 38 units in the second phase of the affordable senior development is comprised of 38 one-bedroom units. The one-bedroom units will range in size from approximately 480 to 550 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.

*Project type:*

Affordable senior housing development.

*Proposed use of funds:*

Development activities for Phase II consisting of 38 units of affordable low and very low income senior housing.

**CDC Funding Policies**

***Threshold Criteria***

*Is the proposed project consistent with the General Plan?*

Yes, the project received the required discretionary approvals from the City of Santa Rosa in December 2020 and is consistent with the the City's General Plan which designates the site as Transit Village Medium (TVM). A Sustainable Communities Environmental Assessment (SCEA) was prepared for the project under the California Environmental Quality Act (CEQA). NEPA review is currently underway with the City of Santa Rosa and is expected to be complete Summer 2021.

*Does the applicant possess site control?*

Yes, option to enter into ground lease, expiring March 1, 2024.

**CDC Policy Priorities: Housing Element Goals and County Strategic Priority**

**The Commission established the top four guiding principles and priorities for this funding cycle as follows:**

1. Projects that demonstrate CDBG-DR funds will be leveraged against total development costs at least 7:1.

Funding Source	Amount	Commitment Status
<i>Conventional Construction Loan</i>	<i>\$18,984,222</i>	<i>Committed</i>
<i>CDBG-DR - County</i>	<i>\$2,436,753</i>	<i>Requesting</i>
<i>Accrued Interest (CDBG-DR)</i>	<i>\$63,158</i>	<i>Est pending request</i>
<i>Deferred Costs</i>	<i>\$1,538,255</i>	<i>Committed</i>
<i>9% Tax Credit Equity</i>	<i>\$1,811,831</i>	<i>Committed</i>
<i>GP Capital</i>	<i>\$100</i>	<i>Committed</i>

Total CDBG DR fund request \$2,436,753 leveraged against total development cost of \$24,834,319.00 equates to an acceptable ratio of 10.19:1.

2. Projects demonstrating advanced readiness via (a) entitlements; (b) financing commitments; (c) permitting.

The project has received the necessary entitlements, including CEQA environmental clearances with mitigation measures and monitoring procedures typical for a project of this scope, from the City of Santa Rosa. NEPA review is currently underway with the City of Santa Rosa and is expected to be complete Summer 2021. Burbank’s Board of Directors has approved resolution 18-08-01, “Authorizing all actions necessary to accomplish the redevelopment of Journey’s End, 3575 Mendocino Avenue, Santa Rosa. The Interim Director of the City of Santa Rosa’s Housing and Community Services wrote a letter stating the project directly aligns with the City’s goals and priorities to rebuild housing in the community and asking that the Community Development Commission support fire recovery efforts by considering the 3575 Mendocino Avenue as a top priority for this funding. Construction is scheduled to be complete August of 2023, with project lease up January of 2024 and permanent loan conversion in May of 2024.

3. Project developers who can demonstrate previous success obtaining federal tax credits and/or state funding to develop housing within the last seven years.

The Applicant is very experienced in successfully developing and managing affordable housing projects; they made the following statement in their application for this funding: “Both Burbank Housing and Related California have long track records developing and managing affordable housing in the Bay Area. Both organizations routinely utilize complex financing structures to develop their projects, including Low Income Housing

Tax Credits (LIHTC), federal CDBG and HOME funds, Project Based Section 8 Vouchers, and also numerous state funding sources, including Multifamily Housing Program (MHP), Affordable Housing and Sustainable Communities (AHSC), and the Infill Infrastructure Grant (IIG) program. Neither organization has faced past issues or challenges administering public or private grant funding streams.”

4. Projects that can demonstrate existing support from other jurisdictions via letters of support, funding commitments, etc.

The City of Santa Rosa provided a letter of strong support for this project; the letter states the project aligns with the City’s goals and priorities to rebuild housing in the community and the City requested in the letter that the Community Development Commission support fire recovery efforts by considering the 3575 Mendocino Avenue as a top priority for this funding.

CDBG- DR-MHP Projects are funded to assist with meeting the unmet rental housing need, including the needs of individuals displaced from rental homes and individuals who became homeless as the result of the disasters. Multifamily Projects include apartment complexes and mixed-use developments.

Phase two will provide 38 one bedroom units to seniors whose incomes fall within the 30%-60% AMI. This meets the affordable housing goal as well as the special needs population goal. Additionally, this project will offer housing to prior Journey’s End residents displaced by the 2017 Tubbs wildfire.

Projects should take advantage of the maximum density permitted under the Sonoma County or local jurisdiction’s General Plan, Zoning Ordinance, and other relevant regulations.

This development will go beyond taking advantage of the maximum density permitted as the developer has applied for and received a General Plan Amendment to Transit Village Medium (TVM) and a Rezone to Transit Village Residential, as well as Director Level Design Review and a Tentative Map. Phase II of the project is expected to provide approximately 90 units per acre.

Readiness to proceed: projects that appear ready to proceed to the construction and then occupancy stage in a timely fashion will also be provided a priority in the approval consideration process. This can be gauged by the status of land use entitlements as well as the degree to which other funding commitments have been secured.

Construction and permanent financing has been committed to the project. All State environmental clearances have been met.

**Analysis**

Total development cost per unit: \$ 653,534.65

Total hard cost per unit: \$ 426,803.02

Total CDBG DR costs per unit: \$64,125.07

Maximum eligible CDBG DR cost per unit: \$175,752.00

Pros for the Project:

Transformation of a 13.3-acre infill site severely damaged by the 2017 Tubbs wildfire into a vibrant, compact, high-density, mixed income and inter-generational transit village.

Development of a high-density residential transit village, consisting of an affordable housing component and a market rate housing component, located in one of the City's Priority Development Areas and within ½ mile of the City's highest quality transit corridor.

Reduction of vehicle miles traveled by siting high-density housing near public transportation thereby reducing greenhouse gas emissions.

Offering affordable housing opportunities to qualifying prior Journey's End Mobile Home Park residents displaced by the fires.

Expanding capacity to connect seniors seeking a home with affordable housing solutions as well as amenities and services that improve their everyday lives.

Cons for the Project:

Deferred development costs coupled with conditions of conversion from construction loan and the term being met within 27 months may prove difficult, conversion to the term loan can occur once the following conditions have been met:

1. Receipt of the Certificate of Occupancy and/or completion of construction;
2. Pay down of construction loan to permanent loan amount.
3. The project has achieved 1) 90% occupancy, and 2) and 1.20x DCR, or higher, depending on final underwriting and current interest rates at closing, for a period of three consecutive months (assuming stabilized operating expenses). NEPA review is currently underway with the City of Santa Rosa and is expected to be complete Summer 2021.

Consequences of no Funding:

Partial or no funding for this project would further delay the development of affordable housing for seniors and replacement of housing lost in the 2017 Tubbs wildfire. The timing of securing CDBG-DR funding is critical for this project as the FCAA disaster credits require a tight timeline to close or return the tax credits.

**Staff Recommendation**

Staff Recommends Fully funding 3575 Mendocino Ave Phase II in the amount of \$2,436,753.00 The project meets CDC criteria. The project is made financially whole if the full CDBG DR amount requested is awarded. Project completion and occupancy is expected well before the funding source deadline. The project meets the HCD criteria described below and is expected to be approved by HCD.

### CDBG DR Criteria

Eligibility of multifamily housing projects will be assessed by HCD eligibility criteria of multifamily housing projects is listed below.

1. CDBG-DR funds are limited to low to moderate income housing units. Proposed Projects may have mixed-income units, but CDBG-DR funds must only be applied to the affordable units for occupation by Low- to Moderate-Income Households.
2. The proposed Project must be located in a Most Impacted and Distressed (MID) or otherwise impacted by DR-4344 or DR-4353. Projects in MID areas will be prioritized.
3. The proposed project must tie back to the disaster by increasing the supply of affordable housing units.
4. The proposed Project must have a minimum of 8 total units. If the Project is a Scattered Site Project, the Project application must include details on the Developer's experience managing Scattered Site rentals and must provide a reasonable plan to adequately supervise and maintain the properties.
5. The proposed Project must have a minimum of four affordable units or 30 percent of units must be affordable units, whichever is greater.
6. The proposed Project must meet one of the HCD Project types defined in the "2019 Multifamily Housing Program Guidelines" Article 2, Section 7302 (1-5) including, 1) Large Family, 2) Special Needs, 3) Seniors, 4) Supporting Housing, and 5) At High Risk.
7. All sources of funding required to complete the Project must be identified, documented as committed, and accessible prior to the Department issuing a firm commitment letter and Notice to Proceed.
8. The proposed Project must be cost reasonable, which is what a reasonable person would pay in the same or similar circumstances for the same or similar item or service. Cost reasonableness may be documented by comparing costs between vendors or to similar Projects.
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11. The proposed Project must meet the following affordable rent requirements and tenant income limits through the duration of the affordability period. At a minimum, the following thresholds must be adhered to in all Projects:
  - o Maximum Affordable Rents (inclusive of all utility costs) shall not exceed the High HOME rents as designated for the Project area. DR-MHP units may only be leased to Households with an annual income that is less than 80% of the Area Median Income.
  - o Multifamily developments must meet the following affordability requirement: a minimum affordability period of 15 years for the Rehabilitation or Reconstruction of multifamily rental Projects and a minimum affordability period of 20 years for the new construction of multifamily rental units, all with 8 or more units.

- Sale of a Project during the affordability period is acceptable; however, affordability periods must still be adhered to and included as a deed restriction.
12. Final Date to Submit Certificate of Occupancy for all Projects January 31, 2025
  13. The proposed Project must be completed and occupied by April 30, 2025.
  14. The proposed Project must meet one of the Priority Criteria outlined in Section 2.4 of the DR-MHP Policies and Procedures.



**Sonoma County Community Development Commission**  
1440 Guerneville Road, Santa Rosa, CA 95403-4107

*Members of the  
Commission*

**Lynda Hopkins**  
Chair

**Chris Coursey**  
Vice Chair

**David Rabbitt**  
**James Gore**  
**Susan Gorin**

**Dave Kiff**  
Interim Executive  
Director

MEMORANDUM

Date: August 18, 2021  
To: Community Development Committee  
From: Martha Cheever, Housing Authority Manager  
Subject: ADA Transition Plan and 504 Self-Assessment

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On June 18, 2019, the Sonoma County Housing Authority entered into a Voluntary Compliance Agreement (VCA) with the U.S. Department of Housing and Urban Development (HUD) Office of Fair Housing and Equal Opportunity. The VCA requires the completion of a Section 504 Self-Evaluation of the Housing Authority's programs, activities and services and an Americans with Disabilities (ADA) Transition Plan. To meet these obligations, and to create a path forward toward total accessibility, the Housing Authority contracted with Sally Swanson Architects, Inc. (SSA).

The 504 Self-Evaluation provides a comprehensive review of the Housing Authority's programs, services and activities. Included within the report are identified barriers to accessibility and recommendations for improved access.

The ADA Transition Plan was prepared in conjunction with the 504 Self-Assessment and identifies physical barriers to accessibility at the CDC office located at 1440 Guerneville Road. Each barrier has been prioritized and will be addressed accordingly.

The 504 Self-Evaluation and ADA Transition Plan were released for public comment May 4, 2021. Notification of availability and request for public comment was published on the CDC website, in the Press Democrat, sent via email to local service providers, and sent via US Mail to all recipients of Housing Authority rental assistance programs. All public comment received has been incorporated into the document.

**Requested Action:** Receive, Review ADA Transition Plan, 504 Self-Assessment, and recommend to the Board of Commissioners for approval.

Attachments:  
[ADA Transition Plan](#)  
[504 Self-Evaluation](#)

