



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

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Commission*

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Executive Director

**MEMORANDUM**

**Date:** June 21, 2023

**To:** Community Development Committee (CD Committee)

**From:** Krista Fotou, Affordable Housing Finance Specialist

**Subject:** Permanent Local Housing Allocation (PLHA) review of applications received and staff funding recommendations for Fiscal Year 2023-2024

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**BACKGROUND**

The Building Homes and Jobs Trust Fund and PLHA programs were created through California Health and Safety Code (HSC) Section 50470. The principal goal of this program is to make funding available to eligible local governments in California for housing-related projects and programs that assist in addressing the unmet housing needs of their local communities. Twenty percent of the funding in the Building Homes and Jobs Trust Fund is required to be expended for affordable owner-occupied workforce housing, and the program prioritizes investments that increase the supply of housing to households that are at or below 60 percent of the Area Median Income (AMI), adjusted for household size.

The Commission's 5-year plan identifies the activities the PLHA funding will be used to assist and specifies allocating its annual awards to the following categories: 75% of funding to affordable multi-family rental housing for units available to persons at or below 50% AMI, 20% to affordable owner-occupied workforce housing with units available to persons at or below 120% AMI, with 5% allocated to administrative costs associated with implementing the PLHA program.

The Commission was allocated up to \$5,396,358 in PLHA Funds for a five (5) year period spanning 2019-2023. Funds are awarded each year drawing from the remaining allocated amount. For fiscal year 2023-24, the Commission was awarded \$1,538,385 with a carryover of \$481,787 of unspent funds from the 2022-23 fiscal year funding cycle, for a total of \$2,020,172 available in in the 2023-24 fiscal year Notice of Funding Availability (NOFA) to support the development and/or preservation of multifamily and single-family housing for low-, very low-, and extremely low-income households through predevelopment, development, acquisition, rehabilitation, and preservation. Funds are made available in the form of deferred payment loans to qualified developers, public entities, groups, and individuals to undertake activities which create, maintain, or expand the County's affordable housing stock. Program



income (generated through any surplus cash repayment, loan repayment, etc.) will be reused for eligible activities specified in the 5-year PLHA plan and PLHA program guidelines.

The goals of the 5-year Plan for 2019-2023 PLHA funds are as follows:

- Creation or preservation of the greatest number of affordable housing units, affordable to the lowest-income populations.
- Creation of housing opportunities throughout the County, in incorporated cities as well as in the unincorporated County, so that housing is effectively distributed throughout the County. Specific locations may be prioritized based on the County's Regional Housing Needs
- Allocation or other needs assessments or market studies which may be periodically undertaken by the Commission or the County.
- Utilization of Housing Opportunity sites identified by the County and sites identified by the incorporated cities and town in Sonoma County.
- Integration with health and human service systems and programs designed to aid those people experiencing poverty to live independently or to achieve economic self-sufficiency.
- Collaboration with local jurisdictions and other funders of affordable housing.

The Commission issues an annual NOFA and requests funding proposals from eligible applicants for eligible affordable housing projects in Sonoma County. Staff holds a technical assistance session for interested applicants, to provide detailed application requirements and guiding principles for project eligibility. The funding is awarded through a competitive process consistent with Commission Loan Policies, County Fund for Housing Funding Policies, with the intention of furthering the goals of the County's General Plan Housing Element and the Board of Supervisors Strategic Priorities. Applicants must attend a public hearing, when the Community Development Committee will make funding recommendations to the Sonoma County Board of Supervisors, who then make the final funding decisions.

#### CURRENT APPLICATION/FUNDING CYCLE

A notice of funds availability (NOFA) for the FY 23-24 PLHA was issued on March 15, 2023. PLHA funds available for the FY 2023-2024 are \$2,020,172 of which \$1,415,130 of funds are prioritized for investments that increase the supply of affordable rental housing for households earning up to fifty percent (50%) of the AMI. The remaining \$605,042 are set-aside to help fund affordable owner workforce housing (AOWH) projects. A technical assistance session was held March 22, 2023, with eleven representatives from seven organizations in attendance.

Applications were due April 27, 2023. A total of five (5) completed applications were received in response to the NOFA, all were for affordable rental housing developments, with a total funding request of \$4,315,130, exceeding the total \$1.4 million in funds available.

No applications were received for the AOWH set-aside, resulting in \$605,042 of funds remaining and available on an over-the-counter basis, until funds are awarded and/or included in next year's funding cycle.

The following table demonstrates Commission staff recommendations for PLHA funding for the Fiscal Year 2023-2024:

**PLHA Funds Available for Creation/Preservation of Affordable Rental Housing: \$1,415,130**

<b>Project Sponsor</b>	<b>Project Name</b>	<b>Funds Requested</b>	<b>Recommended Award</b>	<b>Total Units</b>
Burbank Housing Development Corp.	Caritas II (Santa Rosa)	\$750,000	\$333,727	64 units: 30 extremely low for homeless households and 33 for very low- and low-income households
Burbank Housing Development Corp.	BRJE III (Santa Rosa)	\$600,000	\$158,918	30 very low- and low-income units for seniors
West County Community Services	George's Hideaway (Guerneville)	\$700,000	\$700,000	22 Permanent Supportive Housing units
MP Verano Associates, LP (MidPen)	Summer Oaks (Unincorporated Sonoma)	\$1,415,130	\$0	72 very low- and low-income units
Spectrum Affordable Housing Corp.	Redwood Glen Apartments (Windsor)	\$850,000	\$222,485	43 very low- and low-income units
<b>Total Funding</b>		<b>\$4,315,130</b>	<b>\$1,415,130</b>	

Staff is requesting that the committee makes funding recommendations, which will be presented to the Board of Supervisors acting as the Board of Commissioners for the Sonoma County Community Development Commission in the upcoming meeting of July 18, 2023.

**PLHA - AFFORDABLE HOUSING: APPLICATION SUMMARY AND FUNDING RECOMMENDATION**

**APPLICANT NAME:** Burbank Housing Development Corporation (BHDC), in partnership with Related California

**PROJECT NAME:** BRJE Phase III

**AMOUNT REQUESTED:** \$600,000

**PROJECT DESCRIPTION:**

Applicant-Provided Summary Description from Submitted Application:

“This disaster-recovery project is the third phase of the affordable housing development at the former Journey’s End mobile home park, located at 3575 Mendocino Avenue in Santa Rosa, that was destroyed by the 2017 Tubbs wildfire. This phase includes the construction of a four-story, elevator-equipped building with 30 one-bedroom units on 0.42-acre site for senior households earning between 30-60% AMI. The redevelopment will transform the entire site into a mixed-income, intergenerational village centralized around a community park. The development maximizes connections to transit facilities along Mendocino Avenue and Bicentennial Way, and is within a half-mile of commercial businesses, the Kaiser Permanente campus, and Sonoma County government offices. Phases I and II, cumulatively 132 units, are currently under construction and expected to complete construction in 2023.”

**PROJECT TYPE:**

New construction of affordable rental housing for senior households.

**FOR HOUSING PROJECTS, THE NUMBER AND SIZE OF UNITS, INCOME LEVELS TO BE SERVED:**

The proposed project includes the construction of a four-story, elevator-equipped building with thirty (30) one-bedroom units. Occupancy will be restricted to seniors, with extremely low, very low and low incomes between 30% and 60% of the area median income (AMI) including:

Unit Size	30% AMI	50%AMI	60%AMI
One Bedroom	3	17	10
Totals:	3	17	10

**PROPOSED USE OF FUNDS:**

The PLHA funds will be used to help pay for constructions costs.

**FUNDING POLICIES - Funding Goals and Objectives**

**Does the project address one of the highest priorities of: 1) creating or preserving affordable housing, 2) creating work force housing?**

The proposed project includes new construction of affordable rental housing for seniors, which would support the priority of “creating affordable housing.”

**If the application is for housing acquisition and/or preservation, are the units at risk of becoming market rate housing?**

Not applicable, because the application is not for acquisition or preservation of dwelling units, it is for new construction.

**If the application is for a housing project, does the project set aside homes for persons or households experiencing homelessness or who are at imminent risk of becoming homeless?**

The project will be fully dedicated for seniors.

**If the application is for a housing project, will the project provide units for special needs populations?**

Yes, the proposed project will provide housing for seniors. Additionally, the building has at least one elevator to provide accessibility to all the units.

**THRESHOLD CRITERIA:**

**Is the project consistent with the General Plan of the jurisdiction in which it is located?**

Yes, the project is consistent with the Santa Rosa General Plan. In 2020, the City Council adopted Resolution #2020-209 which adopted the Sustainable Communities Environmental Assessment (SCEA) prepared in accordance with the CEQA guidelines to approve a zone change, general plan amendment, and tentative map. Land use entitlement approval has already been granted and building permit applications will be filed once tax credits are awarded.

**Does the project Affirmatively Further Fair Housing?**

Yes, the proposed project affirmatively furthers fair housing by providing affordable housing to lower income seniors in an area of opportunity to combat segregation and promote integration. The project’s location is in a high resource area, it provides easy access to services and amenities. The building is connected by a walkway which extends around the entire project site connecting the buildings with the street frontages, courtyards, and garden areas.

**Does the applicant demonstrate capacity to effectively deliver the proposed project?**

Burbank Housing Development Corporation, in partnership with Related California, have extensive experience utilizing and leveraging federal, state, local, and private grant funds to successfully develop affordable housing. Together they have demonstrated experience in the development, compliance, and long-term management of affordable housing.

**SELECTION CRITERIA:**

**Will the requested funds for the project be leveraged against total development costs at least 7:1?**

The financial component for the project involves a mixed source of funds. Applicant will pursue an allocation of 9% Low Income Housing Tax Credits (LIHTC). Other financing includes local, state, and conventional funding. Based on the amount of funds requested, if the applicant receives all requested funding for FY 2023-24, each \$1 of PLHA funds would leverage approximately \$44 from other sources. The full amount of funds requested would yield approximately \$20,000 per assisted unit.

**ESTIMATED PREDEVELOPMENT AND CONSTRUCTION FINANCING**

<b>Funding Source</b>	<b>Amount</b>	<b>Commitment Status</b>
Construction Loan	\$17,658,478.00	Committed, pre-approval letter provided
9% LIHTC Equity	\$1,484,265	Uncommitted, applying in 2024
Market Rate Developer Reimbursement	\$1,375,280.00	Uncommitted
State HCD Infill infrastructure Grant	\$565,000.00	Uncommitted
City of Santa Rosa Soft Loan Request	\$4,000,000.00	Uncommitted
CDC - PLHA	\$600,000	Uncommitted
Deferred Developer Fee	\$1,100,000.00	Committed
Deferred Operating Reserve	\$162,262.00	Deferred to Perm Phase
Soft Loan Accrued Interest	\$190,000.00	Accrued and Deferred During Construction Period
GP Equity Contribution	\$100.00	Committed
<b>TOTAL</b>	<b>\$27,135,385</b>	

**ESTIMATED PERMANENT FINANCING**

<b>Funding Source</b>	<b>Amount</b>	<b>Commitment Status</b>
9% LIHTC Equity	\$14,842,651.00	Uncommitted, applying in 2024
Permanent Loan	\$1,754,000.00	Committed
Market Rate Developer Reimbursement	\$1,375,280.00	Uncommitted
State HCD Infill infrastructure Grant	\$565,000.00	Uncommitted
City of Santa Rosa Soft Loan Request	\$4,000,000.00	Uncommitted
HCD MHP	\$3,808,354	Uncommitted
CDC - PLHA	\$600,000	Uncommitted
Soft Loan Accrued Interest	\$190,000	Expected
GP Equity Contribution	\$100.00	Committed
<b>TOTAL</b>	<b>\$27,135,385</b>	

**Does the applicant demonstrate consistent success in obtaining federal tax credits and / or other federal and state funding to develop housing within the last seven years?**

Burbank Housing Development Corporation and Related California both have demonstrated consistent success in obtaining federal tax credits and other federal, state, and local funding to develop affordable housing during the last seven years.

**Does the project demonstrate existing support from the jurisdiction in which it is located via letters of support, funding commitments, etc.?**

City of Santa Rosa adopted resolutions approved the general plan amendment, zoning change, and tentative map to facilitate the construction and redevelopment of the roughly 13-acre site to specifically approve the 162 units of senior affordable housing, which includes phase III of the development. In addition, the City of Santa Rosa Housing Authority has allocated Article 34 authority allocation from Measure K to this project.

**Does the project demonstrate advanced readiness via (a) entitlements; (b) financing commitments; (c) building permits, (d) environmental review?**

Project has secured all required entitlement approvals through the City of Santa Rosa. Building permit applications will be filed once all financing is secured. The applicant has only two financial commitment letters, most of the financing is primarily dependent on a successful and highly competitive Low Income Housing Tax Credit (LIHTC) application.

**Does the applicant have adequate provisions for long-range maintenance and operations?**

Yes, both Burbank Housing Development Corporation and Related California have strong property management divisions consisting of industry experts in asset management, compliance and monitoring, leasing, and operations.

**For housing projects, does project's proposed number of units exceed the minimum requirements?**

Yes, the proposed project is 100% affordable. The development will provide thirty (30) one-bedroom units for senior households earning between 30% to 60% of the AMI.

**For housing projects, are the proposed rents below the maximum rents allowed by the PLHA requirements?**

Yes, the proposed rents are at or below the maximum rents allowed by the PLHA requirements.

**ADDITIONAL INFORMATION:**

The applicant states they intend to apply for 9% Low Income Housing Tax Credits (LIHTC) in 2024. Awards are generally announced three months after applications are due, and construction must proceed within 180 days of an award. If not successful, the construction of the development will be delayed at least a year.

**CONSEQUENCES OF NO OR PARTIAL FUNDING:**

The application indicates that the project has already been phased to be financially feasible. The project could proceed with partial funding; however, they may not be as competitive in obtaining tax credit funding.

**STAFF RECOMMENDATION:**

Recommended funding \$158,918.

**Preliminary Condition(s) of Approval**

Allocated funding will be a loan.

1. All loans for Affordable Housing predevelopment activities are subject to the provisions of the SCCDC Loan Policies, and the PLHA program regulations.
2. Applicant must demonstrate site control at the time funding is made available to the County by the California Housing and Community Development.
3. Applicant must submit sufficient documentation to enable the SCCDC to determine if the proposed project meets the program requirements.
4. PLHA funds will be used to reimburse eligible costs only. 10% retainage will be held until construction completion.
5. Applicant will be required to submit evidence that all required construction and permanent financing has been committed prior to being offered a Funding Agreement.



6. Prior to final approval of funding, applicant must demonstrate sufficient Article 34 authority for the affordable units if they exceed forty-nine percent of the total affordable units.
7. The project must be completed within four years of the date on which the Developer Agreement is offered for execution.

## **Attachments**

Attachment A: Burbank Housing and Development Corporation Funding Application (BRJE Phase III) - [https://share.sonoma-county.org/link/9Awvq3fW\\_2A/](https://share.sonoma-county.org/link/9Awvq3fW_2A/)

**PLHA - AFFORDABLE HOUSING: APPLICATION SUMMARY AND FUNDING RECOMMENDATION**

**APPLICANT NAME:** Burbank Housing Development Corporation (BHDC)

**PROJECT NAME:** Caritas Homes Phase II

**AMOUNT REQUESTED:** \$750,000

**PROJECT DESCRIPTION:**

*Applicant-Provided Summary Description from Submitted Application:*

“Caritas Homes Phase II is an element of the larger Caritas Village infill project located in downtown Santa Rosa on property owned by Catholic Charities. It will provide 30 units at 20% AMI dedicated to homeless households which will be filled using the County’s coordinated intake system that prioritizes the most vulnerable homeless persons. This deep affordability means that homeless persons with disability income will qualify and can afford the provided housing. We are modeling these units as supported by project-based voucher rental assistance so that homeless persons with even zero income can obtain a home. Extensive and varied support services are offered to these residents. Also, it provides 33 new non-homeless dedicated affordable rental housing units at 60% AMI.”

**PROJECT TYPE:**

New construction of affordable multifamily rental housing.

**FOR HOUSING PROJECTS, THE NUMBER AND SIZE OF UNITS, INCOME LEVELS TO BE SERVED:**

The proposed project includes sixty-four (64) housing units, a combination of studios, one bedroom and two-bedroom units. Sixty-three (63) of the sixty-four (64) units will be restricted for occupancy by households with incomes between 20% and 60% of the area median income (AMI) including:

Unit Size	20% AMI	60%AMI
Studio	15	14
One Bedroom	12	15
Two Bedroom	3	4
Totals:	30	33

- One two-bedroom unit will be reserved for a manager and not subject to affordability restrictions.

**PROPOSED USE OF FUNDS:**

PLHA funds are requested to help pay for architectural costs and other predevelopment costs.

**FUNDING POLICIES - Funding Goals and Objectives**

**Does the project address one of the highest priorities of: 1) creating or preserving affordable housing, 2) creating workforce housing?**

The proposed project includes new construction of affordable rental housing, which would support the priority of “creating affordable housing.”

**If the application is for housing acquisition and/or preservation, are the units at risk of becoming market rate housing?**

Not applicable, because the application is not for acquisition or preservation of dwelling units, it is for new construction.

**If the application is for a housing project, does the project set aside homes for persons or households experiencing homelessness or who are at imminent risk of becoming homeless?**

Yes, the applicant would set aside approximately 30 units for homeless households which will be filled using the County’s coordinated entry intake system that prioritizes the most vulnerable homeless persons.

**If the application is for a housing project, will the project provide units for special needs populations?**

Yes, the proposed project will set aside approximately 30 units for households experiencing homelessness. 15% of the project’s units will meet accessibility standards including hearing and vision accessibility.

**THRESHOLD CRITERIA:**

**Is the project consistent with the General Plan of the jurisdiction in which it is located?**

Yes, the project is consistent with the Santa Rosa General Plan. Per the City’s adopted Land Use Plan, the property is designated Mixed Use with an allowed density of 93 units per acre, accommodating the 64 units.

**Does the project Affirmatively Further Fair Housing?**

Yes, the proposed project affirmatively furthers fair housing by providing affordable housing in an area of opportunity to help combat segregation and promote integration. The project’s location is in a high resource area, it provides easy access to services, amenities, and employment opportunities. Additionally, the project will accommodate covered bicycle parking.

**Does the applicant demonstrate capacity to effectively deliver the proposed project?**

Yes, BHDC is a local non-profit organization with over 40 years of successful affordable housing development in the region. They have demonstrated experience in the development and long-term management of affordable housing.

**SELECTION CRITERIA:**

**Will the requested funds for the project be leveraged against total development costs at least 7:1?**

Yes, based on the amount of funds requested, if applicant receives all requested funding for FY 2023-24, each \$1 of PLHA funds would leverage approximately \$63 from other sources. The full amount of funds requested would yield approximately \$11,719 per unit.

**ESTIMATED PREDEVELOPMENT AND CONSTRUCTION FINANCING**

<b>Funding Source</b>	<b>Amount</b>	<b>Commitment Status</b>
4% LIHTC	\$23,565,132	Uncommitted, applying in 2023 or 2024
State HCD Infill Infrastructure Grant	\$1,366,000	Committed
Providence Health Grant	\$1,223,419	Committed
Commercial Loan	\$5,000,000	Uncommitted
HCD – To be determined	\$13,246,607	Uncommitted
Local Government	\$2,250,000	Uncommitted
CDC - PLHA	\$750,000	Uncommitted
SF Home Loan Bank AHP	\$630,000	Uncommitted
<b>TOTAL</b>	<b>\$48,031,158</b>	

**ESTIMATED PERMANENT FINANCING**

<b>Funding Source</b>	<b>Amount</b>	<b>Commitment Status</b>
4% LIHTC	\$23,565,132	Uncommitted, applying in 2023 or 2024
State HCD Infill Infrastructure Grant	\$1,366,000	Committed
Providence Health Grant	\$1,223,419	Committed
Commercial Loan	\$5,000,000	Uncommitted
HCD – To be determined	\$13,246,607	Uncommitted
Local Government	\$2,250,000	Uncommitted
CDC - PLHA	\$750,000	Uncommitted
<b>TOTAL</b>	<b>\$48,031,158</b>	

**Does the applicant demonstrate consistent success in obtaining federal tax credits and / or other federal and state funding to develop housing within the last seven years?**

Yes, BHDC has demonstrated consistent success in obtaining federal tax credits and other federal, state, and local funding to develop housing during the last seven years.

**Does the project demonstrate existing support from the jurisdiction in which it is located via letters of support, funding commitments, etc.?**

Yes, this project is a component of Caritas Village, which includes Caritas Center and Caritas Homes I. The project has gone through the entitlement process with the city of Santa Rosa, including environmental assessments and approvals. So far, the project has two committed funding awards.

**Does the project demonstrate advanced readiness via (a) entitlements; (b) financing commitments; (c) building permits, (d) environmental review?**

Yes, the project has obtained city planning approvals and completed the environmental assessments. The applicant is in the process of securing most of the project financing. There are two financial commitments but most of the permanent financing is primarily dependent on a successful and highly competitive Low Income Housing Tax Credit (4%) application.

**Does the applicant have adequate provisions for long-range maintenance and operations?**

Yes, BHDC is a highly qualified affordable housing developer with a long history of developing and managing affordable housing projects in the region. The applicant is adequately staffed with dedicated departments that provide development, compliance, accounting, management, and maintenance services. Additionally, the applicant submitted a 30-year proforma showing sources for future maintenance and operations of the development.

**For housing projects, does project's proposed number of units exceed the minimum requirements?**

Yes, the proposed project includes 63 affordable units out of a total of 64 units, additionally, the project will provide deeper affordability for half of the units at 20% of the area median income (AMI).

**For housing projects, are the proposed rents below the maximum rents allowed by the PLHA requirements?**

Yes, the proposed rents are at or below the maximum rents allowed by the PLHA requirements.

**ADDITIONAL INFORMATION:**

The applicant states they intend to apply for 4% LIHTC in 2023/2024. Awards are generally announced three months later, and construction must proceed within 180 days of an award.

**CONSEQUENCES OF NO OR PARTIAL FUNDING:**

The project is the second phase of Caritas Homes and is a single building and therefore, cannot be further phased. However, the project can proceed with partial funding, primarily it will help pay some of the predevelopment costs.

**STAFF RECOMMENDATION:**

Recommended funding \$333,727.

**Preliminary Condition(s) of Approval**

Allocated funding will be a loan.

1. All loans for Affordable Housing predevelopment activities are subject to the provisions of the SCCDC Loan Policies, and the PLHA program regulations.
2. Applicant must demonstrate site control at the time funding is made available to the County by the California Housing and Community Development.
3. Applicant must submit sufficient documentation to enable the SCCDC to determine if the proposed project meets the program requirements.
4. PLHA funds will be used to reimburse eligible costs only. 10% retainage will be held until construction completion.
5. Applicant will be required to submit evidence that all required construction and permanent financing has been committed prior to being offered a Funding Agreement.
6. Prior to final approval of funding, applicant must demonstrate sufficient Article 34 authority for the affordable units if they exceed forty-nine percent of the total affordable units.
7. The project must be completed within four years of the date on which the Developer Agreement is offered for execution.

## **Attachments**

Attachment A: Burbank Housing and Development Corporation Funding Application (Caritas Homes Phase II) - [https://share.sonoma-county.org/link/zF\\_iaBX1-F0/](https://share.sonoma-county.org/link/zF_iaBX1-F0/)



**PLHA - AFFORDABLE HOUSING: APPLICATION SUMMARY AND FUNDING RECOMMENDATION**

**APPLICANT NAME:** Mid-Peninsula

**PROJECT NAME:** Summer Oaks (175 West Verano Ave., Sonoma, CA 95476)

**AMOUNT REQUESTED:** \$1,415,130

**PROJECT DESCRIPTION**

*Applicant-Provided Summary Description from Submitted Application:*

“Summer Oaks is a proposed new construction rental development that will provide 72 units of affordable housing (including 18 farmworker units and 1 manager’s unit) for families earning 30-60% AMI. We are proposing 54 PLHA eligible units restricted to 50% AMI or less. The project is on 3.33 acres of vacant land in Sonoma Valley, unincorporated Sonoma County, within walking distance to a park, health center, and transit. Summer Oaks is designed with 6 three story buildings consisting of 1-, 2-, and 3-bedroom units, of which 15% will meet accessibility standards and the rest will be ADA adaptable. The goal is securing soft financing before the 9% TCAC application, with construction start in 2024. Summer Oaks has a community room, laundry facilities, and children's play area on-site.”

**PROJECT TYPE:**

This is a proposal for new construction of affordable multifamily rental housing.

**FOR HOUSING PROJECTS, THE NUMBER AND SIZE OF UNITS, INCOME LEVELS TO BE SERVED:**

The project consists of seventy-two (72) affordable housing units, which will be made available to households with income levels between 30% and 60% of the area median income (AMI). The overall mix of housing units are proposed as follows:

Unit Size	30% AMI	50%AMI	60%AMI
One Bedroom	4	23	5
Two Bedroom	3	12	6
Three Bedroom	2	10	6
Totals:	9	45	17

- One two-bedroom unit will be reserved for a manager and not subject to affordability restrictions.

**PROPOSED USE OF FUNDS:**

Predevelopment soft costs

**FUNDING POLICIES - Funding Goals and Objectives**

**Does the project address one of the highest priorities of: 1) creating or preserving affordable housing, 2) creating workforce housing?**

Yes, the proposed project will address the highest priority of creation of affordable housing.

**If the application is for housing acquisition and/or preservation, are the units at risk of becoming market rate housing?**

Not applicable.

**If the application is for a housing project, does the project set aside homes for persons or households experiencing homelessness or who are at imminent risk of becoming homeless?**

This project does not set aside unit for persons or households experiencing homelessness or are at imminent risk of becoming homeless. It does propose to create affordable housing for very low-income households which can help to prevent homelessness.

**If the application is for a housing project, will the project provide units for special needs populations?**

Yes, the proposed housing will provide units for very low and extremely low-income households, of which, 15% will meet accessibility standards and the rest will be ADA adaptable.

#### **THRESHOLD CRITERIA**

**Is the project consistent with the General Plan of the jurisdiction in which it is located?**

Yes, the project is consistent with the General Plan of the County of Sonoma. The Board of Supervisors approved a Resolution (Res. No. 21-0378) adopting a mitigated negative declaration and approving a General Plan amendment on September 14, 2021.

**Does the project Affirmatively Further Fair Housing?**

The project affirmatively furthers fair housing by providing affordable housing in an area of opportunity to help combat segregation and promote integration. The project's location has access to community resources including schools, jobs, hospitals, parks, bus stops and grocery stores.

**Does the applicant demonstrate capacity to effectively deliver the proposed project?**

Yes, the developer has demonstrated local experience and the capacity to effectively deliver the proposed project. The project is already fully entitled, and the developer has demonstrated experience with completion of similar projects including successfully securing highly competitive tax credit and other public financing.

#### **SELECTION CRITERIA**

**Will the requested funds for the project be leveraged against total development costs at least 7:1?**

Yes, based on the amount of funds requested, if applicant receives all requested funding for FY 2023-24, each \$1 of PLHA funds would leverage approximately \$42 from other sources. The full amount of funds requested would yield approximately \$26,000 per unit.

**ESTIMATED PREDEVELOPMENT AND CONSTRUCTION FINANCING**

<b>Funding Source</b>	<b>Amount</b>	<b>Commitment Status</b>
Construction Loan	42,535,014	Committed
HCD - Joe Serna	3,358,502	Uncommitted
HCD - IIG	3,611,400	Uncommitted
County - HOME	1,834,186	Committed
County - CDBG	592,056	Committed
County – PLHA	1,415,130	Uncommitted
FHLB - AHP	1,000,000	Uncommitted
Deferred Developer Fee	1,853,004	Anticipated
Tax Credit Investor Proceeds	5,385,638	Uncommitted
<b>TOTAL</b>	<b>\$61,584,920</b>	

**ESTIMATED PERMANENT FINANCING**

<b>Funding Source</b>	<b>Amount</b>	<b>Commitment Status</b>
Permanent	3,467,000	Committed
Tax credits	35,904,251	Uncommitted
HCD – Joe Serna	3,731,669	Uncommitted
HCD – IIG	3,611,400	Uncommitted
HCD - MHP	10,029,238	Uncommitted
County - HOME	1,834,186	Committed
County - CDBG	592,056	Committed
County – PLHA	1,415,130	Uncommitted
FHLB - AHP	1,000,000	Uncommitted
Deferred Developer Fee	1,980,532	Anticipated
<b>TOTAL</b>	<b>\$61,584,920</b>	

**Does the applicant demonstrate consistent success in obtaining federal tax credits and / or other federal and state funding to develop housing within the last seven years?**

Yes, MidPen Housing Corporation is a non-profit organization that is experienced in developing, managing, and owning affordable housing. MidPen has developed several affordable housing communities in the North Bay and throughout California. All the completed developments have been successful in securing various types of funding from federal, state, local, and private sources.

**Does the project demonstrate existing support from the jurisdiction in which it is located via letters of support, funding commitments, etc.?**

Yes, the Board of Supervisors approved a Resolution (Res. No. 21-0378) adopting a mitigated negative declaration and approving a General Plan amendment on September 14, 2021. The project is fully entitled by the County of Sonoma.

**Does the project demonstrate advanced readiness via (a) entitlements; (b) financing commitments; (c) building permits, (d) environmental review?**

This project demonstrates advanced readiness. The applicant received County Board of Supervisor approval of a Mitigated Negative Declaration (CEQA) and zoning change for high density residential on September 14, 2021. The applicant also completed a Phase I environmental study in July 2022. The project received a construction pre-qualification letter from Chase Bank, and two other funding commitments from the Commission/County (HOME and CDBG). The applicant intends to submit their 9% tax credit application in April 2024.

**Does the applicant have adequate provisions for long-range maintenance and operations?**

Yes, the applicant provided a 30-year proforma/financial plan that supports long range maintenance and operations of the project.

**For housing projects, does project's proposed number of units exceed the minimum requirements?**

Yes, the applicant proposes that all 72 units will be affordable and will meet the minimum PLHA requirements.

**For housing projects, are the proposed rents below the maximum rents allowed by the PLHA requirements?**

Yes, the rents proposed are at or below the maximum rents allowed by the PLHA program.

**ADDITIONAL INFORMATION:**

This project does not involve any relocation and is for the development of vacant land. This will be a certified Green Point Rated project, helping to alleviate the impact of climate change on low-income populations.

**CONSEQUENCES OF NO OR PARTIAL FUNDING:**

Summer Oaks is designed to be completed in one phase to maintain cost efficiency. If partially funded, the project would continue to seek additional funding sources to fill the remaining gap.

**STAFF RECOMMENDATION:**

No funding is recommended, due to limited funds available and developer has been successfully awarded other Commission funding of approximately \$2.5 million to support this project.

### **Preliminary Condition(s) of Approval**

Allocated funding will be a loan

1. All loans for Affordable Housing predevelopment activities are subject to the provisions of the SCCDC Loan Policies, and the PLHA program regulations.
2. Applicant must demonstrate site control at the time funding is made available to the County by the California Housing and Community Development.
3. Applicant must submit sufficient documentation to enable the SCCDC to determine if the proposed project meets the program requirements.
4. PLHA funds will be used to reimburse eligible costs only. 10% retainage will be held until construction completion.
5. Applicant will be required to submit evidence that all required construction and permanent financing has been committed prior to being offered a Funding Agreement.
6. Prior to final approval of funding, applicant must demonstrate sufficient Article 34 authority for the affordable units if they exceed forty-nine percent of the total affordable units.
7. The project must be completed within four years of the date on which the Developer Agreement is offered for execution.

## **Attachments**

Attachment A: MP Verano Associates, LP Funding Application (Summer Oaks) - <https://share.sonoma-county.org/link/GUgv8po2TDI/>

**PLHA - AFFORDABLE HOUSING: APPLICATION SUMMARY AND FUNDING RECOMMENDATION**

**APPLICANT NAME:** Spectrum Affordable Housing Corporation

**PROJECT NAME:** Redwood Glen Apartments

**AMOUNT REQUESTED:** \$850,000

**PROJECT DESCRIPTION:**

Applicant-Provided Summary Description from Submitted Application:

“Redwood Glen Apartments, located on a 1.54-acre site along Old Redwood Highway in Windsor, CA, will provide 43 affordable family housing units (including one manager unit), with 7 mobility units, 31 adaptable units, and 5 adaptable communication units. All of the one-to-three-bedroom units will be for very-low/low-income persons and the units will be configured for accessibility in a single elevator-served building. The project will feature residential amenity space including a community center with kitchen, administrative offices, residential services, mail room, laundry rooms, trash, and recycling rooms. The all-electric powered building will be energy efficient with energy star appliances, and LED lighting.”

**PROJECT TYPE:**

New construction multifamily rental housing.

**FOR HOUSING PROJECTS, THE NUMBER AND SIZE OF UNITS, INCOME LEVELS TO BE SERVED:**

Redwood Glen Apartments will provide rental housing for forty-two (42) extremely low and very low-income households with incomes from 30% to 50% of the Area Median Income (AMI), with unit sizes as follows:

Unit Size	30% AMI	40% AMI	50% AMI	Total Units
One Bedroom	1			1
Two Bedroom	4			4
Three Bedroom	11	11	15	37
Totals:	16	11	15	42

- Of the 43 total units proposed, one two-bedroom unit will be reserved for a resident manager and not subject to affordability restrictions.

**PROPOSED USE OF FUNDS:**

PLHA funds are requested to help pay for predevelopment soft costs (e.g., engineering, architectural, design, etc.).

**FUNDING POLICIES - Funding Goals and Objectives**

**Does the project address one of the highest priorities of: 1) creating or preserving affordable housing, 2) creating workforce housing?**

The proposed project is new construction of affordable rental housing, which would support the priority of “creating affordable housing.”

**If the application is for housing acquisition and/or preservation, are the units at risk of becoming market rate housing?**

Not applicable, because the application is not for acquisition or preservation of dwelling units, it is for new construction.

**If the application is for a housing project, does the project set aside homes for persons or households experiencing homelessness or who are at imminent risk of becoming homeless?**

This project does not set aside units for persons or households experiencing homelessness or who are at imminent risk of becoming homeless. It does propose to create affordable housing for very low-income households which can help to prevent homelessness.

**If the application is for a housing project, will the project provide units for special needs populations?**

The project will include accessible units for persons with disabilities and three-bedroom units which can support larger households.

**THRESHOLD CRITERIA:**

**Is the project consistent with the General Plan of the jurisdiction in which it is located?**

The proposed project is consistent with the applicable general plan designation and received approval from the Planning Commission of the Town of Windsor. Per the Town’s adopted Land Use Plan, the property is designated Mixed Use with an allowed density of 16-32 units per acre, accommodating the 43 units.

**Does the project Affirmatively Further Fair Housing?**

Yes. It provides affordable housing in an area(s) of moderate opportunity to combat segregation and promote integration. The project’s location has access to community resources including schools, jobs, parks, bus stops and grocery stores.

**Does the applicant demonstrate capacity to effectively deliver the proposed project?**

The Commission has no prior experience with the applicant, except for a previous application for the same project, for federal Community Development Block Grant (CDBG) funds; the project was awarded \$200,000. Spectrum Affordable Housing Corporation, a California nonprofit public benefit corporation (“Spectrum”), notes it was formed to promote the development, rehabilitation, and preservation of affordable housing in the United States, with primary emphasis in California. Spectrum received its 501(c)(3) determination letter from the IRS in February 2020 and from the California Franchise Tax Board in September 2020. The Developer has completed construction on several Low-Income Housing Tax Credit (LIHTC) projects in the state and has several more under construction. The capacity for long term management of said properties is undetermined.



**SELECTION CRITERIA:**

**Will the requested funds for the project be leveraged against total development costs at least 7:1?**

The financial component for the project involves a mixed source of funds. Applicant will pursue an allocation of 9% LIHTC. Other financing includes local, state, and conventional funding. If applicant receives all requested funding for FY 2023-24, each \$1 of PLHA funds would leverage approximately \$30 from other sources. The full amount of funds requested would yield approximately \$20,238 per assisted unit.

**ESTIMATED PREDEVELOPMENT AND CONSTRUCTION FINANCING**

<b>Funding Source</b>	<b>Amount</b>	<b>Commitment Status</b>
9% LIHTC	\$4,674,225	Uncommitted, applying in fall 2023 or spring 2024
Citibank, N.A.	\$15,707,809	Committed
CDC - CDBG	\$200,000	Committed
Newport Partners, LLC (land donation and deferred costs)	\$2,483,472	Committed
HCD - IIG	\$2,707,900	Uncommitted
CDC - PLHA	\$850,000	Uncommitted
<b>TOTAL</b>	<b>\$26,623,406</b>	

**ESTIMATED PERMANENT FINANCING**

<b>Funding Source</b>	<b>Amount</b>	<b>Commitment Status</b>
9% LIHTC	\$20,322,718.00	Uncommitted, applying in 2023 or 2024
Citibank, N.A.	\$1,844,604	Committed
CDC - CDBG	\$200,000	Committed
Newport Partners, LLC	\$698,184	Committed
HCD - IIG	\$2,707,900	Uncommitted
CDC - PLHA	\$850,000	Uncommitted
<b>TOTAL</b>	<b>\$26,623,406</b>	

**Does the applicant demonstrate consistent success in obtaining federal tax credits and / or other federal and state funding to develop housing within the last seven years?**

Yes, Spectrum has demonstrated success in obtaining federal tax credits and other federal, state, and local funding to develop housing during the last seven years.

**Does the project demonstrate existing support from the jurisdiction in which it is located via letters of support, funding commitments, etc.?**

Yes, Spectrum has received site plan and design review approval from the Town of Windsor Planning Commission for the development of Redwood Glen Apartments. The Town of Windsor passed Resolution No. 3795-22 in support of the Developer's funding application for CDBG/HOME FY 22/23. The project received a construction pre-qualification letter from Citi Bank and received a CDBG allocation from the Commission/County.

**Does the project demonstrate advanced readiness via (a) entitlements; (b) financing commitments; (c) building permits, (d) environmental review?**

The project has obtained city planning approvals and is exempt from the California Environmental Quality Act (CEQA) review. Building permits will be secured after tax credit award. The applicant is in the process of securing most of the project financing, which largely depends on a successful and highly competitive LIHTC application.

**Does the applicant have adequate provisions for long-range maintenance and operations?**

Yes. The operating budget includes a replacement reserve of \$21,500, or \$500 per unit per year. The development budget includes a capitalized 3-month operating reserve totaling approximately \$151,000. The project will be required to meet the regulations of Housing and Community Development (HCD) and the permanent lender to ensure its long-range maintenance and continuing operations.

**For housing projects, does project's proposed number of units exceed the minimum requirements?**

Yes, the proposed project includes 42 affordable units out of a total of 43 units, all targeted for households earning below 50% AMI.

**For housing projects, are the proposed rents below the maximum rents allowed by the PLHA requirements?**

Yes, all units will be targeted for households earning below 50% AMI.

**ADDITIONAL INFORMATION:**

If awarded PLHA funds, the applicant states they intend to apply for 9% LIHTC in August of 2023. Awards will be announced November 2023, and construction must proceed within 180 days of an award. If successful, the start of construction is estimated to occur no later than May of 2024.

**CONSEQUENCES OF NO OR PARTIAL FUNDING:**

The application indicates that this project can still proceed if given partial funding through deferring developer fee and/or value engineering.

**STAFF RECOMMENDATION:**

Recommended funding \$221,000.

### **Preliminary Condition(s) of Approval**

Allocated funding will be a loan.

1. All loans for Affordable Housing predevelopment activities are subject to the provisions of the SCCDC Loan Policies, and the PLHA program regulations.
2. Applicant must demonstrate site control at the time funding is made available to the County by the California Housing and Community Development.
3. Applicant must submit sufficient documentation to enable the SCCDC to determine if the proposed project meets the program requirements.
4. PLHA funds will be used to reimburse eligible costs only. 10% retainage will be held until construction completion.
5. Applicant will be required to submit evidence that all required construction and permanent financing has been committed prior to being offered a Funding Agreement.
6. Prior to final approval of funding, applicant must demonstrate sufficient Article 34 authority for the affordable units if they exceed forty-nine percent of the total affordable units.
7. The project must be completed within four years of the date on which the Developer Agreement is offered for execution.

## **Attachments**

Attachment A: Spectrum Affordable Housing Corporation Funding Application (Redwood Glen Apartments) - [https://share.sonoma-county.org/link/zC\\_fHtYk1s/](https://share.sonoma-county.org/link/zC_fHtYk1s/)

**PLHA - AFFORDABLE HOUSING: APPLICATION SUMMARY AND FUNDING RECOMMENDATION**

**APPLICANT NAME:** West County Community Services

**PROJECT NAME:** George’s Hideaway Permanent Supportive Housing (PSH) Project

**AMOUNT REQUESTED:** \$700,000

**PROJECT DESCRIPTION:**

*Applicant-Provided Summary Description from Submitted Application:*

“The George’s Hideaway project will provide 21 units of affordable housing, in the form of Permanent Supportive Housing, in the lower Russian River. According to the County of Sonoma’s Affordable Housing Inventory, only 66 of the county’s 7,684 affordable units are located in the lower Russian River area. A driving cost of the area’s homelessness is the inability to meet year around rental costs in an area dominated by seasonal work. All tenants will have income below 30% AMI. 21 housing vouchers have been set aside to guarantee project revenue. The CDC owns the property and ownership will switch to WCCS upon completed construction. Site control has been established and Burbank Housing is the developer. \$6.2 million in Homekey funds have been allocated to the project and the \$700,000 PLHA request will be used solely to help fund the housing component, easily meeting the 7:1 leveraging requirement.”

**PROJECT TYPE:**

Conversion and rehabilitation of multifamily rental housing.

**FOR HOUSING PROJECTS, THE NUMBER AND SIZE OF UNITS, INCOME LEVELS TO BE SERVED:**

George’s Hideaway PSH will provide twenty-one (21) permanent supportive housing units including studio units and one resident manager’s unit. Occupancy will be restricted to households with incomes up to 30% of the area median income (AMI).

Unit Size	30% AMI
Studio	21
Total:	21

- One additional unit will be reserved for the resident manager

**PROPOSED USE OF FUNDS:**

Construction costs

**FUNDING POLICIES - Funding Goals and Objectives**

**Does the project address one of the highest priorities of: 1) creating or preserving affordable housing, 2) creating work force housing?**

The proposed project includes creation of affordable rental housing, which includes the renovation of a vacant motel into permanent supportive housing.

**If the application is for housing acquisition and/or preservation, are the units at risk of becoming market rate housing?**

Not applicable, because the application is not for acquisition or preservation of dwelling units, it is for construction and rehabilitation.

**If the application is for a housing project, does the project set aside homes for persons or households experiencing homelessness or who are at imminent risk of becoming homeless?**

Yes, 100% of the units are Permanent Supportive Housing (PSH) for persons experiencing homelessness or who are at imminent risk of becoming homeless.

**If the application is for a housing project, will the project provide units for special needs populations?**

Yes, persons experiencing homelessness or who are at imminent risk of becoming homeless. The project will accommodate at least six units to meet ADA accessibility.

**THRESHOLD CRITERIA:**

**Is the project consistent with the General Plan of the jurisdiction in which it is located?**

This is a Housing and Community Development (HCD) Homekey-2 (HK) project, designated Use by Right, and as such, is not subject to the General Plan. Article XXXIV is not applicable to Homekey-funded developments, construction, or acquisitions.

**Does the project Affirmatively Further Fair Housing?**

Yes, the project affirmatively furthers fair housing by creating affordable housing in a historically underserved area, providing case management/supportive services to a high need's population of unhoused and/or at-risk of being unhoused, individuals.

**Does the applicant demonstrate capacity to effectively deliver the proposed project?**

The applicant, West County Community Services, has demonstrated capacity to provide case management and property management services upon transfer of ownership at the completion of construction. They are partnering with Burbank Housing Development Corporation that will provide predevelopment and construction management services and has demonstrated capacity to effectively deliver the proposed project.

**SELECTION CRITERIA:**

**Will the requested funds for the project be leveraged against total development costs at least 7:1?**

The financial component for the project involves a mixed source of local and State funding. If applicant receives all requested funding for FY 2023-24 PLHA, each \$1 of PLHA funds would leverage approximately \$12 from other sources. The full amount of PLHA funds requested would yield approximately \$33,333 per assisted unit.

**ESTIMATED PREDEVELOPMENT AND CONSTRUCTION FINANCING**

<b>Funding Source</b>	<b>Amount</b>	<b>Commitment Status</b>
Homekey Program, Round 2	\$6,300,000	Committed
CDC- CDBG CV	\$213,000	Committed
HHAP2	\$270,000	Committed
Russian River Homeless RR	\$715,000	Committed
CDC - PLHA	\$700,000	Uncommitted
Whole Person Care	\$1,102,000	Uncommitted
<b>TOTAL</b>	<b>\$9,300,000</b>	

**ESTIMATED PERMANENT FINANCING**

<b>Funding Source</b>	<b>Amount</b>	<b>Commitment Status</b>
Homekey Program, Round 2	\$6,300,000	Committed
CDC- CDBG CV	\$213,000	Committed
HHAP2	\$270,000	Committed
Russian River Homeless RR	\$715,000	Committed
CDC - PLHA	\$700,000	Uncommitted
Whole Person Care	\$1,102,000	Uncommitted
<b>TOTAL</b>	<b>\$9,300,000</b>	

**Does the applicant demonstrate consistent success in obtaining federal tax credits and / or other federal and state funding to develop housing within the last seven years?**

Not applicable as the applicant is not a developer and has not applied for tax credits (CDLAC/TCAC).

**Does the project demonstrate existing support from the jurisdiction in which it is located via letters of support, funding commitments, etc.?**

Yes, the project has received funding from local sources, as well as 21 Project Based Vouchers from the Sonoma County Housing Authority. Additional local funding sources are anticipated.

**Does the project demonstrate advanced readiness via (a) entitlements; (b) financing commitments; (c) building permits, (d) environmental review?**

The project is not fully entitled but is actively engaged in the permit process with Permit Sonoma, with an approval of permits anticipated at the end of 2023. Approximately \$7.5M in financing of the \$9.3M budget is in place, with only PLHA and Whole Person Care applications pending. The environmental review is complete.

**Does the applicant have adequate provisions for long-range maintenance and operations?**

There are replacement reserves of \$500 per unit budgeted, and \$80 per unit for operational reserves. The annual maintenance budget is \$15,000 for all units/property. The applicant indicates "WCCS annually receives more than \$1,500,000 in capital and supportive services funding from County, State, and private sources. When the project opens, WCCS will redirect requests to our housing and mental health services at the site providing

additional operating support for the project. Additional funds from these sources, as appropriate, will also be kept in reserve for unanticipated expenses.”

In addition, due to very low serviceable debt on the project, they anticipate an annual cash surplus of approximately \$13,000 that may be available to use for the purposes of long-term maintenance and operations.

**For housing projects, does project’s proposed number of units exceeds the minimum requirements?**

Yes, the proposed project includes 21 affordable units out of a total of 22 units, all below 30% Area Median Income.

**For housing projects, are the proposed rents below the maximum rents allowed by the PLHA requirements?**

Yes, the proposed rents are at or below the maximum rents allowed by the PLHA requirements.

**ADDITIONAL INFORMATION:**

The Commission was a co-applicant with WCCS for the Homekey 2 funding awarded to this project. Due to unknown site conditions at the time of the Homekey application, the cost of the rehabilitation of the project increased.

**CONSEQUENCES OF NO OR PARTIAL FUNDING:**

Partial funding will slow project implementation. WCCS and the Commission are working on the project predevelopment, and WCCS is raising the final funds for the project. Partial funding will still be useful, but full funding is more effective as housing vouchers are already allocated to support individuals who move into the 21 units. The funding requested will help to fill the funding gap to allow the project to proceed and meet Homekey deadlines.

**STAFF RECOMMENDATION:**

Recommended funding \$700,000.

**Preliminary Condition(s) of Approval**

1. All loans for Affordable Housing predevelopment activities are subject to the provisions of the SCCDC Loan Policies, and the PLHA program regulations. Allocated funding will be a deferred 55-year loan.
2. Applicant must demonstrate site control at the time funding is made available to the County by the California Housing and Community Development.
3. Applicant must submit sufficient documentation to enable the SCCDC to determine if the proposed project meets the program requirements.
4. PLHA funds will be used to reimburse eligible costs only.



5. Applicant will be required to submit evidence that all required construction and permanent financing has been committed prior to being offered a Funding Agreement.
6. Prior to final approval of funding, applicant must demonstrate sufficient Article 34 authority for the affordable units if they exceed forty-nine percent of the total affordable units.
7. The project must be completed within four years of the date on which the Developer Agreement is offered for execution.

## **Attachments**

Attachment A: West County Community Services Funding Application (George's Hideaway) - <https://share.sonoma-county.org/link/5PJmeTONiN0/>