



**Sonoma County Community Development Commission
Sonoma County Housing Authority**

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Commission*

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MEMORANDUM

Date: May 21, 2025

To: Community Development Committee (CD Committee)

From: Valerie Johnson, Community Development Program Coordinator
Veronica Ortiz-De Anda, Assistant Community Development Manager

Subject: Funding Recommendations for Fiscal Year 2025-2026 – County Fund for Housing (CFH), Low- and Moderate-Income Housing Asset Fund (LMIHAF), and Permanent Local Housing Allocation (PLHA)

BACKGROUND

County Fund for Housing (CFH)

The County of Sonoma established the CFH program in 2003 to provide financial assistance for the development and preservation of affordable housing throughout Sonoma County; CFH is a local funding program. The purpose of the CFH program is to develop, preserve, and accelerate the pace of development of below market-rate housing for low-, very low-, and extremely low-income households. CFH resources are used to provide loans and grants to qualified developers, public entities, groups, and individuals that undertake activities which create, maintain, and/or expand the affordable housing stock in the county. The CFH program supports the goals of the Housing Element, Consolidated Plan and Strategic Plan for Sonoma County. CFH receives funds from local sources, including but not limited to: County of Sonoma General Fund, County of Sonoma Reinvestment and Revitalization Funds, Developer-In-Lieu Fees, Transient Occupancy Tax countywide, CFH loan processing fees, interest, and loan repayments. The goals of the CFH program include:

- Development and/or preservation of affordable housing
- Permanent supportive rental housing
- Below market-rate homeownership projects
- Housing projects for populations with special needs
- Emergency shelters, transitional housing, group homes, and other type of congregate facilities serving households with special needs
- Projects that house residents receiving services from other County departments such the Department of Health Services, Probation Department, and Human Services Department



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Low- and Moderate-Income Housing Asset Fund

The Community Development Commission (Commission) is the designated housing successor for the former redevelopment agency (RDA) of Sonoma County. In 2012, newly implemented legislation dissolved all redevelopment agencies throughout the state of California, and housing successor entities were tasked with managing and winding down former RDA business. Each jurisdiction with an RDA was given the opportunity to become housing successor, but if that option was not feasible, the responsibility was transferred to a housing authority located within the jurisdiction of the former RDA.

The Commission administers all funds that are generated from former RDA housing assets through the Low- and Moderate-Income Housing Asset Fund (LMIHAF) program. LMIHAF funds must be used in accordance with the housing-related provisions of the Community Redevelopment Law (CRL). These funds are derived from a variety of sources, including but not limited to real property and other physical assets, funds encumbered for enforceable obligations, rents or other payments from tenants or landlords, and repayment of loans or deferrals. Pursuant to CRL, the Commission may allocate up to \$250,000 of LMIHAF funds annually to support eligible homeless service activities countywide, as resources are available. LMIHAF funds support homelessness prevention or rapid rehousing services and these services must target individuals or families that have been rendered homeless or are at risk of becoming homeless.

Permanent Local Housing Allocation (PLHA) Program

The Building Homes and Jobs Trust Fund and PLHA programs were created through California Health and Safety Code (HSC) Section 50470. PLHA is a state funding program and the principal goal of this program is to provide funding to eligible local governments throughout California to support housing-related projects in order to address the unmet housing needs of local communities.

Sonoma County's (County) PLHA Five-Year Plan identifies the types of activities that this funding source can support. Additionally, the Five-Year Plan outlines the maximum allocation of funding for specific housing categories: 75% of PLHA funding must support affordable multi-family rental housing for units available to persons at or below 50% Area Median Income (AMI), 20% of PLHA funding must support affordable owner-occupied workforce housing with units available to persons at or below 120% AMI, and the remaining 5% supports administrative costs associated with implementing the program.

For Fiscal Year 2025-2026, the County will distribute \$979,795 of PLHA funding. Funding awards are provided in the form of residual receipt payment loans to qualified developers, public entities, groups, and individuals to support activities that create, maintain, or expand the affordable housing stock that is available within Sonoma County. Program income (generated through any surplus cash repayment, loan repayment, etc.) will be reused for eligible activities specified in the Five-Year PLHA Plan and program guidelines.

The goals of the PLHA Five-Year Plan 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 ¹as 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

NOTICE OF FUNDING AVAILABILITY (NOFA)

The Commission issues an annual NOFA that requests funding proposals from eligible applicants for affordable housing projects located in Sonoma County. Commission staff hold technical assistance sessions for prospective applicants, which provides an opportunity to discuss the application process, eligibility requirements, and threshold criteria. The available funding is awarded through a competitive process consistent with the Commission’s Loan Policies and the applicable funding policies. A NOFA was published on February 21, 2025, which included a variety of federal funding opportunities in addition to CFH, LMIHAF, and PLHA funds. Commission staff offered two technical assistance sessions for prospective applicants.

The following amounts are available for each program source:

<u>Funding Source</u>	<u>Amount Available to Award</u>
County Fund for Housing	\$1,500,000
Low- and Moderate-Income Housing Asset Fund	\$250,000
Permanent Local Housing Allocation	\$979,795
Total	\$2,729,795

Applications were due on April 17, 2025. A total of ten (10) funding requests were received for LIMHAF, CFH, and PLHA. Prior to the committee meeting scheduled for Wednesday, May 21, 2025, staff met with any applicants that were not recommended for funding to discuss the rationale for the decision. A total of two funding requests were received for CFH, six requests for LMIHAF, and two requests for PLHA.

¹ PLHA funds administered by Sonoma County are not eligible to be used in jurisdictions that receive a direct allocation of PLHA funds from the State. The City of Santa Rosa and City of Petaluma are direct recipients of PLHA.

FUNDING RECOMMENDATIONS

CFH Program – Available Funds: \$1,500,000

Applicant, Project Location, Total Units	Funds Requested	Funding Recommended
Burbank Housing Development Corporation, Guerneville, 21 units	\$1,000,000	\$159,583
Freebird Development Company, Healdsburg, 42 units	\$1,500,000	\$1,340, 417
Total	\$2,500,000	\$1,500,000

LMIHAF Program – Funds Available: \$250,000

Applicant, Project Location, Program Type, Total Proposed Number of Households Served	Funds Requested	Funding Recommended
Committee on the Shelterless (COTS), Petaluma, Homelessness Prevention, 350 households	\$150,000	\$75,000
Committee on the Shelterless (COTS), Petaluma, Rapid Rehousing, 50 households	\$50,000	\$0
Scopa Has a Dream, Inc. (Corazon), Healdsburg, Homelessness Prevention/Rapid Rehousing, 425 households	\$50,000	\$50,000
The Living Room, Santa Rosa, Homelessness Prevention, 255 households	\$196,330	\$75,000
West County Community Services, Guerneville, Homeless Outreach, 170 households	\$250,000	Ineligible
West County Community Services, Guerneville, Rapid Rehousing, 40 households	\$250,000	\$50,000
Total	\$946,330	\$250,000

PLHA Program - Funds Available: \$979,795

Applicant, Project Location, Total Units	Funds Requested	Funding Recommended
Burbank Housing Development Corporation, Guerneville, 21 units*	\$0	\$555,795
Freebird Development Company, Cotati, 44 units	\$979,795	Ineligible
Habitat for Humanity, Sebastopol, 4 units (affordable homeownership)	\$424,000	\$424,000
Total	\$1,403,795	\$979,795

*Applicant did not apply for PLHA, but the proposed project is eligible for this funding source, and in an effort to award all funds available to eligible projects, staff is recommending PLHA funding.

RECOMMENDED ACTION

Staff recommends that the CD Committee review and provide input on the preliminary funding recommendations noted in this memo.

Item #6: Non-Federal Funding Recommendations

Table of Contents – Staff Reports

County Fund for Housing (CFH)

- Burbank Housing and Development Corporation – George’s Hideaway
- Freebird Development Company – Saggio Hills Phase II

Low- and Moderate-Income Housing Asset Fund (LMIHAF)

- Committee on the Shelterless (COTS) – Homeless Prevention
- Committee on the Shelterless (COTS) – Rapid Rehousing
- Scopa Has a Dream Inc. DBA Corazon Healdsburg – Homeless Prevention and Rapid Rehousing Services
- The Living Room – Homelessness Prevention
- West County Community Services – Rapid Rehousing

Permanent Local Housing Allocation (PLHA)

- Burbank Housing and Development Corporation – George’s Hideaway*
- Habitat for Humanity – Blankenship Place

* This application requested both CFH and PLHA funding, but the staff report is only included once in the agenda packet.

COUNTY FUND FOR HOUSING (CFH)
HOME INVESTMENT PARTNERSHIP PROGRAM (HOME)
HOME COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (HOME-CHDO)
AFFORDABLE HOUSING PROJECT STAFF REPORT

Organization Name: Burbank Housing Development Corporation (BHDC)

Project Name: George's Hideaway

Project Description (Applicant-Provided Summary Description):

George's Hideaway, in Guerneville, will provide 21 new studio units dedicated to homeless households in an area of the county with limited Permanent Supportive Housing. There will be one full time on-site manager dedicated to managing the property and tenant needs, alongside a resident services and case management team. All 21 units will be filled using the County's coordinated entry system that prioritizes the most vulnerable homeless persons for housing placement and all 21 units affordable at 30% AMI. This deep affordability means that homeless persons with extremely low or even zero income will qualify and can afford the provided housing. Thus, George's Hideaway, will provide critically needed affordable rental housing and services to highly vulnerable homeless persons.

Amount Requested: \$1,000,000 CFH, HOME, HOME CHDO

Proposed Use of Funds:

Construction Costs

FUNDING POLICIES

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

Yes, BHDC has 44 years of experience developing and managing affordable housing, including rental and homeownership communities. BHDC have completed over 135 affordable housing communities totaling more than 4,500 rental units.

Does the developer 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 successfully secured federal, state, local, tax credits, and private sources to develop affordable housing within the last seven years.

Does the project address one of the following funding priorities?

1) Creating or preserving affordable housing,

Yes, the project will be new construction creating affordable housing.

2) Building infrastructure or public facilities that support creation or preservation of affordable housing,

3) Building infrastructure or public facilities that support low-income communities,

4) Promoting effective and proven strategies for homelessness prevention and intervention county-wide that align with Continuum of Care Strategic Plan goals,

The project creates 21 new units of Permanent Supportive Housing (PSH). West County Community Services (WCCS) will be providing supportive services to all future tenants. The project will also create the office space for WCCS to operate a new Navigation and Empowerment Center where they will provide resources and services to the community.

5) Emphasizing self-sufficiency of agencies and or life skills for beneficiaries?

If the application is for acquisition and/or preservation, are the units at risk of becoming market rate housing without additional CDC funding?

Not applicable, the application is not for acquisition or preservation.

Will the project provide units for special needs populations?

Yes, the project is 100% PSH providing 21 units for persons or households experiencing homelessness or are at-risk of becoming homeless.

Does the project set aside units for persons or households experiencing homelessness or who are at imminent risk of becoming homeless?

Yes, the project is 100% PSH providing 21 units for persons or households experiencing homelessness or are at-risk of becoming homeless.

Project type, number and size of units, income levels to be served:

- New Construction
- 100% Permanent Supportive Housing
- 22 studio units including 1 manager unit
- 374 sq ft
- 21 units at Extremely low-income (30% Area Median Income (AMI))

SELECTION CRITERIA

How do the proposed outcomes of the project/activity align with the goals of the Five-Year Consolidated Plan?

The project aligns with the Five-Year Consolidated Plan by creating 21 new affordable housing for extremely low-income families and individuals who are homeless or at-risk of being homeless. To ensure the tenants success and stability, WCCS will be providing supportive services to all future tenants. The project will also create an office space for WCCS to operate a navigation and empowerment center to provide services to tenants and the community.

If applicable, does the proposed number of units exceed the minimum HOME requirements?

The project is 100% PSH, 21 units at extremely low-income 30% AMI.

If applicable, are the proposed rents below the maximum rents allowed by the HOME requirements?

The project is 100% PSH, 21 units at extremely low-income 30% AMI.

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

Yes, the project is under construction and received building permits on 7/12/2024 and 11/13/2024. The project is in compliance with the Sonoma County General Plan and Zoning requirements. All funding sources to begin construction were secured, the additional funds requested in this NOFA are to help support costs not previously captured in the construction budget due to increased hard costs because of unexpected scope of work. The project is exempt from CA Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA) has been completed and received the Authority to Use Grant Funds (AUGF) approval prior to construction start.

For HOME funding requests, does the application indicate how the HOME match requirement will be satisfied?

Yes, the HOME match requirements include \$148,655 in CDBG-CV grant.

If applicant receives the funding requested in this proposal, each \$1 of requested funds would leverage \$ 94 from other sources. The full amount of funds requested would be \$7,599 per Commission-assisted unit.

Project Budget: \$15,025,784.00

1. CFH units: $\$15,025,784 / \$159,583 = 94:1$
 - a. CFH funds per unit: $\$159,583 / 21 \text{ units} = \$7,599$
2. HOME/HOME CHDO units: $\$15,025,784 / \$284,622 = 53:1$
 - a. HOME/HOME CHDO funds per unit: $\$284,622 / 21 \text{ units} = \$13,553$
3. PLHA units: $\$15,025,784 / \$555,795 = 27:1$
 - a. PLHA funds per unit: $\$555,795 / 21 \text{ units} = \$26,466$

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

The leverage of funds against total development costs will be 94:1 CFH, 53:1 HOME, HOME CHDO, 27:1 PLHA.

ESTIMATED PREDEVELOPMENT AND CONSTRUCTION FINANCING

<u>Funding Source</u>	<u>Amount</u>	<u>Commitment Status</u>
CA - Homekey Capital Award	\$5,209,584.00	Committed
Sonoma County - PLHA	\$700,000.00	Committed
Sonoma County - CDBG-CV	\$700,000.00	Committed
Sonoma County DHS - Measure O	\$4,570,000.00	Committed
CA - ERAP	\$955,000.00	Committed
Sonoma County - ARPA	\$300,000.00	Committed
Sonoma County - CFH	\$405,378.00	Anticipated
Sonoma County - HOME	\$495,519.00	Anticipated
Sonoma County - HOME CHDO	\$99,103.00	Anticipated
TOTAL	\$13,434,584.00	

ESTIMATED PERMANENT FINANCING

<u>Funding Source</u>	<u>Amount</u>	<u>Commitment Status</u>
Sonoma County - Homekey Operational Award	\$1,091,200.00	Committed
Providence	\$500,000.00	Committed
CA - Homekey Capital Award	\$5,209,584.00	Committed
Sonoma County - PLHA	\$700,000.00	Committed
Sonoma County - CDBG-CV	\$700,000.00	Committed
Sonoma County DHS - Measure O	\$4,570,000.00	Committed
CA - ERAP	\$955,000.00	Committed
Sonoma County - ARPA	\$300,000.00	Committed
Sonoma County - CFH	\$405,378.00	Anticipated
Sonoma County - HOME	\$495,519.00	Anticipated
Sonoma County - HOME CHDO	\$99,103.00	Anticipated
TOTAL	\$15,025,784	

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

The project has several committed funding sources for ongoing maintenance and operations, in particular, the Homekey award of \$1,091,200.00 established in operational reserves at

conversion to permanent financing and Project Based Voucher assistance to subsidize rents. The developer has stated in previous correspondence relating to project that they will continue to source funds for operational expenses as needed.

Does the project affirmatively further fair housing?

Yes, the project will be providing affordable housing in an area of opportunity to combat segregation and promote integration. WCCS will provide case management and on-site programming. The project will transform an area with limited resources into a thriving, inclusive community with 21 deeply affordable homes for the homeless population. As well as the creation of a Navigation and Empowerment Center operated by WCCS, accessible by the future tenants at George's Hideaway and the greater Sonoma County community. This redevelopment prioritizes equitable access, stability, and opportunity for protected classes by addressing housing quality, affordability, and accessibility in a community currently underserved.

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

Yes, the project demonstrates existing support from Sonoma County Community Development Commission through previous funding commitments.

Self-Sustaining Financial Viability:

The 30-year cash flow demonstrates the project's financial feasibility with an 11-year capital services and operating reserve until the project generates cash flow at year 12 for the ongoing operations of the project.

Additional Information:

The project is currently under construction and is estimated to be complete in March 2026.

Potential Impacts Due to Lack of Funding:

Potential impacts due to lack of funding could delay the construction, as BHDC would need to secure additional funding to close the construction deficit. Delays typically result in increased construction costs, further widening funding gaps.

Staff Recommendation:

Staff recommends full funding of the \$1,000,000 request in the following amounts,

HOME - \$185,519

HOME CHDO - \$99,103

CFH - \$159,583

PLHA - \$555,795

Preliminary Condition(s) of Approval

Allocated funding will be a grant a loan

1. All loans for Affordable Housing Acquisition, Predevelopment, Construction, Multi-family Housing Rehabilitation, and Community Facilities are subject to the provisions of the Sonoma County Community Development Commission (CDC) Loan Policies, the FY 25-26 Funding Policies, and the HOME, HOME CHDO, CFH, PLHA Final Rule.
2. HOME funds will be used to reimburse allowable construction costs only.
3. In compliance with Section 504 of the federal Rehabilitation Act of 1973, developer must design and construct 5 percent of the dwelling units, or at least one unit, whichever is greater, to be accessible for persons with mobility disabilities. An additional 2 percent of the dwelling units, or at least one unit, whichever is greater, must be accessible for persons with hearing or visual disabilities.
4. The CDC will make the HOME, HOME CHDO, CFH, PLHA loan to Burbank Housing Development Corporation as the Developer. A subsequent assignment to a limited partnership must comply with federal regulations. Notwithstanding this requirement, Developer may assign the loan to a limited partnership prior to project completion and occupancy of the development.
5. Developer will be required to submit evidence that all required construction and permanent financing has been committed prior to being offered a Developer Agreement.
6. The level of HOME and HOME CHDO funding allocated to the development cannot exceed the amount that a federal subsidy layering analysis would permit. The CDC must complete a federal subsidy layering analysis prior to final loan approval. Developer will be required to submit an updated Sources and Uses Table that breaks out the estimated cost of any community building or other non-housing components, as well as other required data to enable the CDC to complete this analysis.
7. Approval of the requested HOME funds will require a match obligation equal to 25% of any HOME award. Any property tax waiver will qualify as sources to satisfy the match obligation. When the sources are known, the CDC can calculate their match value and confirm whether the project will comply with this HOME Program requirement.
8. Developer must satisfy all regulatory requirements and all conditions of approval that are set forth in the SCCDC Loan Policies as prerequisite to the CDC offering the Developer Agreement for execution within 12 months of the start of the fiscal year associated with the award. Disbursement of funds must be initiated within 24 months of the date on which the Developer Agreement is offered for execution. All funds must be disbursed within 36 months of the date on which the Developer Agreement is offered for execution. Funding awards that do not meet these deadlines will be reprogrammed.
9. The project must be completed within four years of the date on which the Developer Agreement is offered for execution. Project completion will be documented by the submission of a temporary or permanent certificate of occupancy for HOME, HOME CHDO, CFH, PLHA funded units. HOME assisted rental units must be occupied by income-eligible households within 12 months of project completion.

COUNTY FUND FOR HOUSING
AFFORDABLE HOUSING STAFF REPORT

Organization Name: Freebird Development Company, LLC in partnership with Jamboree Housing Corporation

Project Name: Saggio Hills Phase II

Project Description (Applicant-Provided Summary Description):

“Saggio Hills Phase II is four, 3-story buildings with 42 residential units in a mix of studios and one-, two-, and three-bedroom units (Project). The Project includes 1 studio, 19 ones, 11 twos, and 11 threes. All units will be deed restricted for use by households at income tiers between 30 - 50 AMI except for 1 one-bedroom manager unit. 25% of the units will be reserved for people with intellectual and developmental disabilities. The Project will include open space including a children’s play area (1,800-square feet), a ball field (3,300-square feet), and a picnic area. Residents will also have access to a community building developed in Phase I that includes a community room, teen room, and additional outdoor amenities. A surface parking lot includes 68 parking spaces.”

Amount Requested: \$1,500,000 – County Fund for Housing (CFH)

Proposed Use of Funds: Capital financing for the new construction of 42-units (1 unit reserved for a property manager) of affordable rental housing in Healdsburg.

FUNDING POLICIES

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

Yes, Freebird Development Company as the applicant, has partnered with L+M Development Partners. Together, they have robust national affordable housing development experience. Like Saggio Hills Phase I, Freebird will also partner with the nonprofit Jamboree Housing Corporation on this project. Freebird’s principal, Robin Zimpler, L+M Development Partners and Jamboree have adequate combined affordable housing preservation and development experience, preserving and creating thousands of deed-restricted residential units.

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

Yes, Freebird has successfully secured California Tax Credit Allocation (CTCAC) awards, Housing and Community Development (HCD) awards, bond financing through California Debt Limit Allocation, No Place Like Home, Homekey, HOME, CDBG and others.

Does the project address one of the following funding priorities?

- 1) Creating or preserving affordable housing,**
- 2) Building infrastructure or public facilities that support creation or preservation of affordable housing,**
- 3) Building infrastructure or public facilities that support low-income communities,**

4) Promoting effective and proven strategies for homelessness prevention and intervention county-wide that align with Continuum of Care Strategic Plan goals,

5) Emphasizing self-sufficiency of agencies and or life skills for beneficiaries?

The project meets the first funding priority by creating 41 new units of affordable housing in a high-opportunity area. In addition to creating affordable housing, the project will partner with North Bay Regional Center to provide social services for individuals with intellectual/developmental disabilities related to housing access and retention. LifeSTEPS will provide on-site self-sufficiency and life skills classes for all residents. The additional services align with goals 4 and 5.

If the application is for acquisition and/or preservation, are the units at risk of becoming market rate housing without additional CDC funding?

Not applicable.

Will the project provide units for special needs populations?

Yes, 11 units are reserved for households with intellectual or developmental disabilities. The development will also have 11 3-BR units which can be used to house large families.

Does the project set aside units for persons or households experiencing homelessness or who are at imminent risk of becoming homeless?

No, the project does not set aside units for households experiencing homelessness or who are at risk of becoming homeless.

Project type, number and size of units, income levels to be served:

Saggio Hills Phase II consists of four 3-story new construction buildings consisting of 42 residential units. Income targeting and unit sizes are indicated below:

30% Area Median Income (AMI): one (1) studio, six (6) 1-BR, two (2) 2-BR, two (2) 3-BR

50% AMI: twelve (12) 1-BR, nine (9) 2-BR, nine (9) 3-BR

One 1-BR unit remains unrestricted for a property manager.

SELECTION CRITERIA

How do the proposed outcomes of the project/activity align with the goals of the Five-Year Consolidated Plan?

The project aligns with the Five-Year Consolidated Plan as it would increase affordable housing stock for low-income households.

If applicable, does the proposed number of units exceed the minimum HOME requirements?

Not applicable.

If applicable, are the proposed rents below the maximum rents allowed by the HOME requirements? Not applicable.

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

The project largely demonstrates advanced readiness. The project is pending an award of tax credits and this application’s funding request; however, the developer anticipates all funds awarded and a construction start in the second quarter of 2026. The project is fully entitled with all local approvals in place, except for building permits. Typically building permits are submitted for approval closer to the close of construction financing. The Phase I Environmental Assessment is complete with no further CEQA action required.

For HOME funding requests, does the application indicate how the HOME match requirement will be satisfied?

Not applicable.

If applicant receives the funding requested in this proposal, each \$1 of requested funds would leverage \$25 from other sources. The full amount of funds requested would be \$36,585 per Commission-assisted unit.

Will the requested funds for the project be leveraged against total development costs at least 7:1? Yes, the requested funds are leveraged 25:1.

ESTIMATED PREDEVELOPMENT AND CONSTRUCTION FINANCING

<u>Funding Source</u>	<u>Amount</u>	<u>Commitment Status</u>
Raymond James	\$3,892,111	Committed
Citibank	\$16,195,542	Committed
HCD CDBG-DR	\$11,598,206	Committed
County Funds for Housing	\$1,500,000	Application Pending
Land Donation	\$2,186,733	Committed
Deferred Developer Fee	\$1,875,000	Committed
Deferred Reserve	\$163,295	Committed
TOTAL	\$37,410,887	

ESTIMATED PERMANENT FINANCING

<u>Funding Source</u>	<u>Amount</u>	<u>Commitment Status</u>
Raymond James	\$19,460,554	Committed
Citibank	\$2,665,394	Committed
HCD CDBG-DR	\$11,598,206	Committed
County Fund for Housing	\$1,500,000	Application Pending
Land Donation	\$2,186,733	Committed
TOTAL	\$37,410,887	

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

The projected 30-year cash flow is positive in year 1 and increases thereafter. Operating and replacement reserves are structured with inflators and adequately fund the project.

Does the project affirmatively further fair housing?

Yes, the project affirmatively furthers fair housing as it provides an opportunity for households with incomes below 50% AMI to integrate in an area of high opportunity. The project also provides housing with supportive services to 11 households with intellectual/developmental disabilities.

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

Yes, the project is the second phase of a planned affordable housing development within the Saggio Hills Area Plan and is consistent with the City of Healdsburg’s 2030 General Plan. The City of Healdsburg has provided a donation of land for the project at a value of \$2,186,733.

Additional Information:

The appraisal submitted was dated February 2023; an updated appraisal will be submitted prior to entering into funding agreements. The project is structured for tax credit financing and if awarded, it will be exempt from Article 34 Authority pursuant to SB 469.

Potential Impacts Due to Lack of Funding:

No funding or reduced funding could negatively impact the project’s competitiveness for pending tax credit application. If tax credits are not received, project could be delayed, and costs could increase.

Staff Recommendation: Staff recommends partial CFH funding in the amount of \$1,340,417, in the form of loan.

Preliminary Condition(s) of Approval

Allocated funding will be a grant a loan

1. All loans for Affordable Housing Acquisition, Predevelopment, Construction, Multi-family Housing Rehabilitation, and Community Facilities are subject to the provisions of the Sonoma County Community Development Commission (CDC) Loan Policies, the FY 25/26 Funding Policies, and the HOME Final Rule.
2. CFH funds will be used to reimburse allowable predevelopment and construction costs only.
3. In compliance with Section 504 of the federal Rehabilitation Act of 1973, developer must design and construct 5 percent of the dwelling units, or at least one unit, whichever is greater, to be accessible for persons with mobility disabilities. An additional 2 percent of the dwelling units, or at least one unit, whichever is greater, must be accessible for persons with hearing or visual disabilities.
4. The CDC will make the CFH loan to Freebird Development Company, LLC as the Developer. A subsequent assignment to a limited partnership must comply with federal regulations. Notwithstanding this requirement, Developer may assign the loan to a limited partnership prior to project completion and occupancy of the development.
5. Developer will be required to submit evidence that all required construction and permanent financing has been committed prior to being offered a Developer Agreement.
6. For awards involving site acquisition and/or predevelopment costs only: Developer will be required to submit an acceptable site appraisal that demonstrates that the “as is” value of the property will fully secure the loan prior to receiving a funding commitment. The CDC will require the CFH loan to record in a sufficiently senior lien position to ensure that the value of the completed development will fully secure the loan.
7. For awards involving construction costs: Developer will be required to submit an acceptable post-construction appraisal prior to receiving final approval to expend CFH funds for construction costs. The CDC will require the CFH loan to record in a sufficiently senior lien position to ensure that the value of the completed development will fully secure the loan.
8. In the event proposed financing structure with tax credits is not obtained, Developer must demonstrate sufficient Article 34 authority for the affordable units if they exceed forty-nine percent of the total affordable units or submit a written legal opinion describing why Article 34 authority is not required.
9. Developer must satisfy all regulatory requirements and all conditions of approval that are set forth in the SCCDC Loan Policies as prerequisite to the CDC offering the Developer Agreement for execution within 12 months of the start of the fiscal year associated with the award. Disbursement of funds must be initiated within 24 months of the date on which the Developer Agreement is offered for execution. All funds must be disbursed within 36 months of the date on which the Developer Agreement is offered for execution. Funding awards that do not meet these deadlines will be reprogrammed.

10. The project must be completed within four years of the date on which the Developer Agreement is offered for execution. Project completion will be documented by the submission of a temporary or permanent certificate of occupancy for CFH funded units. CFH assisted rental units must be occupied by income-eligible households within 12 months of project completion.

LOW-MODERATE INCOME HOUSING ASSET FUND (LMIHAF)

PUBLIC SERVICES STAFF REPORT

Organization Name: Committee on the Shelterless (COTS)

Project Name: COTS Homeless Prevention Program

Project Description (*Applicant-Provided Summary Description*):

“COTS operates a County homelessness prevention program alongside five nonprofit partners. With a mix of public and private funding, this program serves families throughout Sonoma County each year. COTS’ HP program is designed to prevent individuals and families from becoming homeless by providing short-term financial assistance, legal representation, and supportive services to those at the highest risk of losing their housing. This program focuses on stabilizing housing, preventing eviction, and assisting with financial needs that could lead to homelessness. COTS’ HP program aims to prevent homelessness by addressing the root causes of housing instability and providing the necessary case management and community resources for individuals and families to ensure long-term stable housing.”

Amount Requested: \$150,000

Public Services Project Type: Homeless Prevention

Proposed Use of Funds: The applicant proposes to use the funds for direct assistance and staff expenses

List the estimated percentage of the target population served in each of the income categories below:

	<u>Proposed</u> number to be served by project in upcoming Fiscal Year	Current number served as of the filing of this application (if project is currently in operation)	Number served by project last Fiscal Year
	Sept. 1, 2025 – August 31, 2026	July 1, 2024 to Current Date	July 1, 2023 - June 30, 2024
Number of <u>households</u> served	350	300	Program not in service
Number of <u>adults</u> served	175	167	
Number of <u>children</u> served	150	133	
Number of <u>people</u> served	325 (175+150) <i>assumed</i>	300 (167+133) <i>assumed</i>	

Household Income	List the total estimated percentage of the households served in each of the income categories below	<u>Considering only Urban County residents</u>, list the estimated percentage of households served in each of the income categories below
Extremely Low (Below 30% AMI)	89%	89%
Very Low (Between 31% - 50% AMI)	11%	11%
Low (Between 51% -80% AMI)		
Moderate (Over 80% AMI)		

If there are substantial changes to the past, current, or proposed number of households to be served, does the applicant provide an explanation for the changes?

Based on the figures provided in the application for the current and proposed year, there does not appear to be substantial changes in the households to be served. The application indicates

that 89% of the households to be served will be in the extremely low-income category and the remaining 11% will be in the very low-income category. The subpopulations to be served by the Homeless Prevention Program are homeless day laborers, veterans, runaway and homeless youth, individuals with developmental disabilities, seniors, individuals with substance abuse disorders, individuals with mental disabilities, farmworkers, and persons exiting incarceration within the last 12 months.

Federal regulations require that 51% of participants are located within the Urban County of Sonoma (excludes the cities of Petaluma and Santa Rosa). Does the applicant describe the method that will be used to verify income eligibility and track other required demographic and quantitative data?

The 51% threshold does not apply to this application, because the applicant is applying for LMIHAF funds, which can be used countywide as opposed to federal funds, which are limited to Urban County residents. The application does not state how income eligibility information will be verified, however, the applicant has vast experience in working with Housing and Urban Development (HUD) related grants for the provision of public services and is knowledgeable in the basic administration requirements of federal funds, including verification of income and other demographic data.

SELECTION CRITERIA

Does the applicant describe the primary outcome/s of the activity?

Yes, the application identifies the desired outcome as “homeless prevention and housing retention to improve housing stability”.

How do the proposed outcomes of the project/activity align with the goals of the Five-Year Consolidated Plan?

One of the goals identified in the Consolidated Plan is to address homelessness. The proposed outcome ties in directly with the goals of the Consolidated Plan, because it will provide direct emergency rental assistance to prevent homelessness and promote housing stability.

Does the applicant demonstrate capacity to effectively deliver the proposed project? Does the applicant have experience providing the proposed services?

Yes, the applicant demonstrates the capacity to effectively deliver the proposed project, because it has been serving Sonoma County for more than 35 years in the provision of similar services to lower income households and the homeless. COTS not only tracks but also monitors the progress of the client. The application indicates that unlike other service providers, COTS has funding mechanisms in place to follow clients through their housing lifecycle after housing placement, and after receipt of financial assistance. Additionally, COTS has experience in the administration of governmental grants, including federal, state, and local funding programs that are used to support their services. While this specific program is tied to the countywide Keep People Housed (KHP) program and KHP is less than two years old, the program has been very successful, because it partners with multiple jurisdictions to offer a coordinated program with one central website for all to apply.

Does the applicant describe how data and other information will be used as a self-evaluation tool as an outcome measurement?

Yes, COTS reviews quantitative and qualitative data to determine if any program changes should be made based on the data and client feedback received. If any changes are identified, the leadership at COTS will work with their staff and their clients to implement the changes. COTS has monthly data meetings for each program to specifically discuss and monitor the data. To encourage client feedback, COTS conducts quarterly surveys with clients and the surveys are designed to monitor programs and staff performance.

For Homeless Services applicants, does the activity require participation in Coordinated Entry? If yes, provide an overview of the organization's ability, knowledge, and potential challenges related to participation in Coordinated Entry.

While the Homeless Prevention Program does not require participation in Coordinated Entry, COTS does provide other services specifically for the homeless and they participate in Coordinated Entry.

FUNDING POLICIES (Funding Goals and Objectives):

Does the project address one of the following funding priorities?

- 1) Creating or preserving affordable housing,**
- 2) Building infrastructure or public facilities that support creation or preservation of affordable housing,**
- 3) Building infrastructure or public facilities that support low-income communities,**
- 4) Promoting effective and proven strategies for homelessness prevention and intervention county-wide that align with Continuum of Care Strategic Plan goals,**
- 5) Emphasizing self-sufficiency of agencies and or life skills for beneficiaries?**

Yes, the program addresses the fourth funding priority, prevention of homelessness, by providing direct emergency rental assistance.

THRESHOLD CRITERIA

Does the proposed project or activity meet the eligibility requirements of the program funding source requested? (If not, provide the specific reason)

Yes, homeless prevention is one of the two eligible uses for the LMIHAF funding source, and the beneficiaries of this program are planned to be countywide.

Does the project Affirmatively Further Fair Housing?

While the program is not housing-related, as proposed, the program supports the principles of Affirmatively Furthering Fair Housing by providing direct rental assistance in an emergency situation to lower-income households that will promote their housing stability and prevent homelessness.

PROJECT BUDGET

Total Organization Budget	\$13,114,754 (current) \$13,516,549 (proposed)
Total program budget	\$1,491,568 (current) \$1,772,218 (proposed)
Percent of program budget to organization budget	11% (current) 13% (proposed)
Percent of funds requested to proposed program budget	8%
Unduplicated households proposed to be served with program	350
Proposed program cost per household	\$150,000/350 = \$429 \$1,772,218/350 = \$5,063

ONLY APPLICABLE TO ESG APPLICATIONS: Does the applicant identify non-federal funding sources that will be used to meet the ESG match requirement?

This requirement does not apply to the LMIHAF funding program.

Describe the long-term financial sustainability of the proposed project AND the applicant organization.

Project – The application states that COTS is the largest homeless services provider of California Advancing and Innovating Medi-Cal (CalAIM) funded services in the county. COTS has been fully operational as a CalAIM provider since mid-2023 and has now created funding “pools” and reserve set-asides to increase funding available for various programs and projects. The Homeless Prevention Program would be supported by the same CalAIM funding mechanisms, ensuring funds are set aside for future expenses and or possible expansion. Additionally, COTS has secured private investments to continue funding this program.

Organization – The application states that COTS has been in operation since 1988 and works with multiple partners in the county, including local jurisdictions, to provide a variety of services to the community. They have obtained and will continue to work towards acquiring funding from all partners, including organizations in the healthcare sector and corporations. They have also invested in their staff by increasing wages and expanding training, thereby reducing staff turnover. Having low staff turnover helps retain high-skilled staff with the institutional knowledge to better serve community members.

Additional Information:

The program has been a significant success in the county, and the need for this type of service is high. The application indicates that in the first year, during the first three months of the program, COTS received 1,000 applications for emergency rental assistance with Santa Rosa, Guerneville, and Rohnert Park as the top three jurisdictions that received assistance.

Potential Impacts Due to Lack of Funding:

The application indicates that the program is scalable, should they not receive funding or receive less than the requested amount. COTS operates a “housing pool” fund, allowing them to use various funding sources. Adding LMIHAF to the “pool” provides the program greater flexibility to serve households at risk of homelessness. The program uses public and private funding sources as well as donations. Should the applicant receive less than the requested amount, the number of households served would be reduced proportionally.

STAFF RECOMMENDATION:

Based on the success and high need of this program countywide, as well as the administration experience and capacity of the applicant, staff recommends \$75,000 of LMIHAF funding.

Preliminary Condition(s) of Approval

Allocated funding will be a grant a loan

1. Funding awarded must be used for eligible expenses during fiscal year 2025-2026 and the funding agreement term shall be September 1, 2025 through June 30, 2025. Specific terms will be included in the agreement and no costs can be incurred prior to a fully executed funding agreement.
2. The subrecipient must verify demographic data, including race and ethnicity, place of residency, and income, with proper documentation.

LOW-MODERATE INCOME HOUSING ASSET FUND (LMIHAF)

PUBLIC SERVICES STAFF REPORT

Organization Name: Committee on the Shelterless (COTS)

Project Name: Rapid Rehousing Program

Project Description (*Applicant-Provided Summary Description*):

“COTS has provided Rapid Rehousing (RRH) services in our community for more than a decade and currently operates three Rapid Rehousing programs—one focused on Coordinated Entry referrals, one focused on residents within Santa Rosa city limits, and a new Rapid Rehousing program focused on families with minor children. COTS RRH operates under a Housing Subsidy Flex Pool model—this type of model ensures that housing subsidies, services, and supports are made available through the strategic braiding and blending of complementary resources to effectively house clients. COTS works with Managed Care Plans, City and County Governments, corporate entities, and local investors to ensure this model remains flexible to meet the unique needs of each household we serve.”

Amount Requested: \$50,000

Public Services Project Type: Rapid Rehousing

Proposed Use of Funds:

\$33,418 in direct assistance for households

\$16,582 for salaries and benefits: Homelessness Services Lead Care Manager, Homelessness Services Care Manager(s)

List the estimated percentage of the target population served in each of the income categories below:

	Proposed number to be served by project in upcoming Fiscal Year	Current number served as of the filing of this application (if project is currently in operation)	Number served by project last Fiscal Year
	Sept. 1, 2025 – August 31, 2026	July 1, 2024 to Current Date	July 1, 2023 - June 30, 2024
Number of <u>households</u> served	50	46	40
Number of <u>adults</u> served	60	53	47
Number of <u>children</u> served	25	19	12
Number of <u>people</u> served	85	72	59

Household Income	List the total estimated percentage of the households served in each of the income categories below	<u>Considering only Urban County residents</u>, list the estimated percentage of households served in each of the income categories below
Extremely Low (Below 30% AMI)	86%	86%
Very Low (Between 31% - 50% AMI)	13%	14%
Low (Between 51% -80% AMI)	1%	0%
Moderate (Over 80% AMI)	0%	0%

If there are substantial changes to the past, current, or proposed number of households to be served, does the applicant provide an explanation for the changes?

The applicant notes no substantial changes to past, current, or proposed number of households.

Federal regulations require that 51% of participants are located within the Urban County of Sonoma (excluding the cities of Petaluma and Santa Rosa). Does the applicant describe the method that will be used to verify income eligibility and track other required demographic and quantitative data?

The applicant is applying for LMIHAF which is not restricted to the 51% threshold requirement.

SELECTION CRITERIA

How do the proposed outcomes of the project/activity align with the goals of the Five-Year Consolidated Plan?

Rapid Rehousing is a part of the goals of the five-year consolidated plan.

Does the applicant describe the primary outcome/s of the activity?

Yes. The applicant states that their primary goal is to reduce the length of homelessness by providing short to medium-term financial assistance. This meets the outcome of Coordinated Entry-decrease length of homeless episodes.

Does the applicant demonstrate capacity to effectively deliver the proposed project? Does the applicant have experience providing the proposed services?

Yes, COTS has provided housing and shelter services to Sonoma County residents for more than 35 years. The primary goal of COTS' RRH is to reduce the length of homelessness by providing short to medium-term financial assistance while empowering families to achieve self-sufficiency and long-term housing stability. COTS aligns its performance measurement indicators for housing and income with the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act benchmarks by focusing on key outcomes that support long-term housing stability and income growth for individuals and families experiencing homelessness.

Does the applicant describe how data and other information will be used as a self-evaluation tool as an outcome measurement?

By continually tracking these indicators—housing retention, reductions in shelter stays, income increases, and benefit access—COTS ensures that it meets or exceeds the performance standards set by HEARTH. COTS RRH program will be measured against baseline data obtained through their previous provision of RRH services. Using key metrics designed by Sonoma County for evaluation and monitoring purposes, COTS will measure this new program against those standards. These benchmarks include:

- Reducing the length of time families spend homeless
- Moving participants to permanent housing
- Helping participants obtain housing stability
- Connecting participants to support services
- Retention of housing for individuals and families who locate housing during program enrollment

To achieve these outcomes, there are three core components of rapid re-housing: housing identification, rent and move-in assistance (financial), and rapid re-housing case management and services. COTS RRH is designed to help individuals and families quickly exit homelessness and return to permanent housing

For Homeless Services applicants, does the activity require participation in Coordinated Entry? If yes, provide an overview of the organization's ability, knowledge, and potential challenges related to participation in Coordinated Entry.

COTS has participated in Coordinated Entry (CES) from its inception and their current Permanent Supportive Housing and Rapid Rehousing programs receive all participants directly from Coordinated Entry and all shelter clients are enrolled upon entry into CES. COTS' staff from all programs regularly attend the Coordinated Entry weekly Case Conferencing. COTS' Director of Shelter Services, is a member of the Coordinated Entry Advisory Committee, and COTS' Chief Executive Officer, Chris Cabral, maintains a board seat on the Sonoma County Homeless Coalition Board, ensuring effective advocacy at the County level for improved CE processes. COTS works closely with HomeFirst to provide feedback on the CE process and understands the importance CE plays in equitably serving individuals throughout Sonoma County.

FUNDING POLICIES (Funding Goals and Objectives):

Does the project address one of the following funding priorities?

- 1) Creating or preserving affordable housing,**
- 2) Building infrastructure or public facilities that support creation or preservation of affordable housing,**
- 3) Building infrastructure or public facilities that support low-income communities,**
- 4) Promoting effective and proven strategies for homelessness prevention and intervention county-wide that align with Continuum of Care Strategic Plan goals,**
- 5) Emphasizing self-sufficiency of agencies and or life skills for beneficiaries?**

This project is aligned with the Sonoma County Strategic Plan in all three of the overarching goals guiding the direction of care in the county. Investing in more housing and prevention, strengthening supportive services, and operating as one coordinated system.

The Rapid Rehousing program directly serves individuals experiencing homelessness and works to identify barrier to find and retain housing.

THRESHOLD CRITERIA

Does the proposed project or activity meet the eligibility requirements of the program funding source requested? (If not, provide the specific reason)

Yes, the breakdown of funding requested for this program meets the eligibility requirements of a Rapid Rehousing program.

Does the project Affirmatively Further Fair Housing?

The proposed activity supports the principles of Affirmatively Furthering Fair Housing by providing services to those populations who cannot access services due to financial, geographical, or other type of barrier. The activity will provide lower income households the opportunity to access services that could improve their lives and potentially lead them toward self-sufficiency and breaking the patterns of poverty.

PROJECT BUDGET

Total Organization Budget	\$10,726,512
Total program budget	\$421,493
Percent of program budget to organization budget	4%
Percent of funds requested to program budget	11.8%
Total proposed number of households to be served	50
Program cost per household	\$8,429.86

ONLY APPLICABLE TO ESG APPLICATIONS: Does the applicant identify non-federal funding sources that will be used to meet the ESG match requirement?

Not applicable.

Describe the long-term financial sustainability of the proposed project AND the applicant organization.

COTS has created funding pools and reserve set-asides within the California Advancing and Innovating Medi-Cal (CalAIM) funding pool to boost funding available for various programs and projects. This project would perform the same financial mechanisms as their other programs, ensuring CalAIM dollars are set aside for future expenses and possible expansions. In addition, starting in 2026, COTS will launch their capacity as a Transitional Rents provider in Sonoma County. This will ensure up to six months of transitional rents are made available to eligible households (most RRH households are eligible) to further boost their long-term sustainability. Finally, COTS is the lead provider of homelessness prevention services in the County.

COTS has been in operation in Sonoma County since 1988. They have developed and maintained strong, committed partnerships from public agencies, community investors, businesses, healthcare providers, and nonprofit partners. Over the last three years, COTS has increased the scope of services and geographical areas they serve by increasing their financial and programmatic sophistication, operating a funding pool for eligible households and various programs. COTS has also fully implemented Medi-Cal billing throughout their portfolio, ensuring a lower cost to Cities and Counties utilizing their services, and increasing equitable access to healthcare, housing, and shelter for the community.

Additional Information:

None

Potential Impacts Due to Lack of Funding:

The entirety of this project is scalable. If COTS receives a lower funding award than the requested amount, then the number of households served would be reduced proportionally.

STAFF RECOMMENDATION:

Staff does not recommend funding for this project due to the limited amount of LMIHAF funding.

LOW-MODERATE INCOME HOUSING ASSET FUND (LMIHAF)

PUBLIC SERVICES STAFF REPORT

Organization Name: Scopa Has a Dream, Inc., dba Corazón Healdsburg

Project Name: Family Resource Center (FRC)

Project Description (*Applicant-Provided Summary Description*):

“Our Family Resource Center (FRC) plays a crucial role in preventing homelessness among 800+ low-income Latino families served annually from Healdsburg, Windsor, Cloverdale and Geyserville. FRC bilingual, culturally responsive services include rental assistance and rapid rehousing support to stabilize families facing housing insecurity. Via direct rental assistance, FRC helps prevent evictions and keep families housed. Staff offer intensive case management and connection to rapid rehousing programs for those experiencing homelessness. We work closely with the City Manager and Housing Director to ensure equitable access for Spanish-speaking residents and support clients through housing applications and landlord communications, providing translation, educational workshops and computer access.”

Amount Requested: \$50,000

Public Services Project Type: Homeless Prevention, Homeless Services, and Rapid Re-Housing

Proposed Use of Funds: Funds will be used to provide immediate and sustained support to families at risk of homelessness. Funds will be used to provide immediate rental assistance to help low-income families maintain stable housing. The remaining funds would be used to support bilingual staffing costs for case managers who work with families to assess needs, develop housing stability plans, navigate rental applications, and connect to other rapid rehousing services.

List the estimated percentage of the target population served in each of the income categories below:

	Proposed number to be served by project in upcoming Fiscal Year	Current number served as of the filing of this application (if project is currently in operation)	Number served by project last Fiscal Year
	Sept. 1, 2025 – August 31, 2026	July 1, 2024 to Current Date	July 1, 2023 - June 30, 2024
Number of <u>households</u> served	425	377	274
Number of <u>adults</u> served	420	361	180
Number of <u>children</u> served	330	303	182
Number of <u>people</u> served	750	664	362

Household Income	List the total estimated percentage of the households served in each of the income categories below	<u>Considering only Urban County residents</u>, list the estimated percentage of households served in each of the income categories below
Extremely Low (Below 30% AMI)	15%	15%
Very Low (Between 31% - 50% AMI)	70%	70%
Low (Between 51% -80% AMI)	15%	15%
Moderate (Over 80% AMI)	0%	0%

If there are substantial changes to the past, current, or proposed number of households to be served, does the applicant provide an explanation for the changes?

The applicant notes that by April 2025, they have already received 460 requests for service, an increase from the total households serviced in the prior program year. They are expecting the

need to continue to rise as rental assistance needs continue to grow, especially among workers dependent on seasonal employment and vulnerable to financial impacts as a result of extreme weather or other natural disasters.

Federal regulations require that 51% of participants are located within the Urban County of Sonoma (excluding the cities of Petaluma and Santa Rosa). Does the applicant describe the method that will be used to verify income eligibility and track other required demographic and quantitative data?

LMIHAF doesn't require the 51% threshold.

SELECTION CRITERIA

Does the applicant describe the primary outcome/s of the activity?

The outcome of the activity is to prevent homelessness and improve housing stability by providing culturally and linguistically sensitive services.

How do the proposed outcomes of the project/activity align with the goals of the Five-Year Consolidated Plan?

Corazón provides educational outreach, housing assistance, case management, and other services to low-income clients, most of whom are Latino. These proposed outcomes meet two goals as outlined in the Five-Year Consolidated Plan: 1) promote effective and proven strategies for homelessness prevention and intervention countywide, 2) promote the well-being and economic integration of lower-income persons.

Does the applicant demonstrate capacity to effectively deliver the proposed project? Does the applicant have experience providing the proposed services?

Corazón has 15 years of experience with managing a variety of funding sources, with most of their funding from private foundations. The applicant has worked with the City of Healdsburg and other local governments to administer grant funding in the past. The services are located within the FRC and provide services for the northern part of Sonoma County. FRC's Manager participates in Home First Trainings and Coordinated Entry System Case Conferences. This ensures that they can support a variety of needs, including housing needs, crisis needs, and Spanish aid to support clients with permanent housing.

Does the applicant describe how data and other information will be used as a self-evaluation tool as an outcome measurement?

The applicant utilizes data to ensure the program is successful in addressing the needs of the clients. Case managers evaluate client assessments to track clients shifting from crisis to stability. The goals are viewed in a database dashboard to track the equitable distribution of funds and goal distribution. This data is also used to inform the procedure and process and aid the staff in making programmatic adjustments to improve outcomes. The applicant notes that the high level of data collection has also aided Corazón in assessing recurring challenges and better directing their aid.

For Homeless Services applicants, does the activity require participation in Coordinated Entry? If yes, provide an overview of the organization's ability, knowledge, and potential challenges related to participation in Coordinated Entry.

Corazón serves as an access point for the Sonoma County Coordinated Entry System (CES). They can offer a culturally responsive gateway for low-income Latino families. The FRC provides Coordinated Entry assessments by appointment, evaluating clients' housing needs and placing them on the countywide By-Name List. FRC's bilingual, bicultural staff bring deep expertise working with Spanish-speaking and undocumented populations, helping clients navigate CES with trust and dignity.

FUNDING POLICIES (Funding Goals and Objectives):

Does the project address one of the following funding priorities?

- 1) Creating or preserving affordable housing,**
- 2) Building infrastructure or public facilities that support creation or preservation of affordable housing,**
- 3) Building infrastructure or public facilities that support low-income communities,**
- 4) Promoting effective and proven strategies for homelessness prevention and intervention county-wide that align with Continuum of Care Strategic Plan goals,**
- 5) Emphasizing self-sufficiency of agencies and or life skills for beneficiaries?**

The project addresses the fourth funding priority by providing funding directly to constituents, aiding in homelessness prevention and intervention. The program aligns with the county-wide Continuum of Care Strategic Plan goals.

THRESHOLD CRITERIA

Does the proposed project or activity meet the eligibility requirements of the program funding source requested? (If not, provide the specific reason)

Yes, the proposed activity meets the eligibility requirements of the LMIHAF Homeless Prevention.

Does the project Affirmatively Further Fair Housing?

The program meets principles of Affirmatively Furthering Fair Housing by providing direct rental assistance to lower-income households. This assists in both providing housing stability and preventing homelessness.

PROJECT BUDGET

Total Organization Budget	\$1,922,003.45
Total program budget	\$500,000
Percent of program budget to organization budget	26%
Percent of funds requested to program budget	10%
Unduplicated households proposed to be served with program	425
Proposed program cost per household	\$1,176

ONLY APPLICABLE TO ESG APPLICATIONS: Does the applicant identify non-federal funding sources that will be used to meet the ESG match requirement?

The applicant is applying for LMIHAF funds.

Describe the long-term financial sustainability of the proposed project AND the applicant organization.

The agency and program receive support from individual and foundation funders and continues to steward its donor base while cultivating new sources of funding. Recently, the agency expanded by adding an Associate Director of Development whose role is to ensure the financial health of the agency.

Additional Information:

Corazón Healdsburg collaborates with community-based organizations and local government partners, including the City of Healdsburg, Nuestra Comunidad (Windsor), and La Familia Sana (Cloverdale) through collaborative, community-centered initiatives. The collaborations ensure that Spanish-speaking families have equitable access to critical information, resources, and services during times of crisis.

Potential Impacts Due to Lack of Funding:

If the applicant received fewer or no funds, it will mean fewer households receive rental assistance.

STAFF RECOMMENDATION:

Staff recommends full funding as this program targets a high-need demographic and location.

Preliminary Condition(s) of Approval

Allocated funding will be a grant a loan

1. Funding awarded must be used for eligible expenses during fiscal year 2025-2026 and the funding agreement term shall be September 1, 2025 through June 30, 2025. Specific terms will be included in the agreement and no costs can be incurred prior to a fully executed funding agreement.
2. The subrecipient must verify demographic data, including race and ethnicity, place of residency, and income, with proper documentation.

EMERGENCY SOLUTIONS GRANT (ESG)

LOW-MODERATE INCOME HOUSING ASSET FUND (LMIHAF)

PUBLIC SERVICES STAFF REPORT

Organization Name: The Living Room (TLR)

Project Name: The Living Room Homelessness Prevention

Project Description (*Applicant-Provided Summary Description*):

“The Living Room’s Homelessness Prevention Program increases housing stability among low-income women who are experiencing, or at risk of experiencing, homelessness. Lived experience, bilingual and bicultural staff provide trauma-informed care and services such as housing navigation, housing stability support, landlord-tenant mediation, life and work skills development, the provision of emergency meals and supplies, support groups, art therapy, and rental and financial assistance. Community partners provide onsite specialized services including medical screenings, legal services, parenting classes, pet care, financial literacy workshops, and more. Evidence-based techniques lead to increasing numbers of women improving their lives and securing housing.”

Amount Requested: \$78,618 – Emergency Solutions Grant / \$196,330 – Low- and Moderate-Income Housing Asset Fund

Public Services Project Type: Homelessness Prevention

Proposed Use of Funds: The requested funding will support personnel costs for a variety of different employees that are involved in the provision of homelessness prevention services.

List the estimated percentage of the target population served in each of the income categories below:

	Proposed number to be served by project in upcoming Fiscal Year	Current number served as of the filing of this application (if project is currently in operation)	Number served by project last Fiscal Year
	Sept. 1, 2025 – August 31, 2026	July 1, 2024 to Current Date	July 1, 2023 - June 30, 2024
Number of <u>households</u> served	255	230	200
Number of <u>adults</u> served	173	160	81
Number of <u>children</u> served	270	235	205
Number of <u>people</u> served	443	395	286

Household Income	List the total estimated percentage of the households served in each of the income categories below	<u>Considering only Urban County residents</u>, list the estimated percentage of households served in each of the income categories below
Extremely Low (Below 30% AMI)	98%	98%
Very Low (Between 31% - 50% AMI)	2%	2%
Low (Between 51% -80% AMI)	0%	0%
Moderate (Over 80% AMI)	0%	0%

If there are substantial changes to the past, current, or proposed number of households to be served, does the applicant provide an explanation for the changes?

There are no significant changes. The applicant has projected a slight increase in the number of people that will be served in the upcoming fiscal year given the organization's success in utilizing previous funding awards from the Commission.

Federal regulations require that 51% of participants are located within the Urban County of Sonoma (excluding the cities of Petaluma and Santa Rosa). Does the applicant describe the method that will be used to verify income eligibility and track other required demographic and quantitative data?

The Living Room employs a comprehensive intake process where clients are asked to submit information regarding their current level of income, place of residency, employment status, and other details. Client data is stored in a digital format so that it can be referenced by other staff members, and this same data is also recorded within the Homeless Management Information System (HMIS). Some program-specific data, such as housing placements and successful program exits, is tracked for up to four years, and this same data is reviewed on an annual basis to evaluate program efficacy and overall attainment of permanent housing.

SELECTION CRITERIA

Does the applicant describe the primary outcome/s of the activity?

Yes, the applicant notes that homelessness prevention and housing retention are the primary outcomes of the activity. Additionally, applicant notes that the two main goals of the program are increasing the attainment and retention of permanent housing among low-income, housing-insecure women and children, and increasing participants' income through employment assistance or other benefits enrollment, which further aids clients in the pursuit of securing permanent affordable housing.

How do the proposed outcomes of the project/activity align with the goals of the Five-Year Consolidated Plan?

The proposed outcomes of the project are aligned with the Five-Year Consolidated Plan because they promote effective and proven strategies for homelessness prevention and intervention countywide.

Does the applicant demonstrate capacity to effectively deliver the proposed project? Does the applicant have experience providing the proposed services?

The Living Room regularly administers federal, state, local, and private grant funds, and they have received funding awards from the Commission in previous years. The Living Room has an extensive history of providing homelessness prevention services, and this type of activity has been a priority for the agency since they opened for business in 1993. The organization currently operates the only drop-in center that specifically caters to women within Sonoma County.

Does the applicant describe how data and other information will be used as a self-evaluation tool or as an outcome measurement?

The applicant states that data is collected several times throughout the provision of supportive services. For example, clients are asked for their demographic, income, and other personal information during the intake process. The Living Room uses data collection to improve the overall quality of their services and organization. In the feedback provided by clients, many participants explained that reliable transportation proved to be a serious barrier when trying to access services. In response to this feedback, The Living Room has aggressively pursued funding that can be used to cover bus passes, Uber vouchers, and other transportation expenses.

For Homeless Services applicants, does the activity require participation in Coordinated Entry? If yes, provide an overview of the organization's ability, knowledge, and potential challenges related to participation in Coordinated Entry.

The Living Room participates in Coordinated Entry. Staff are trained to assist with the intake process and are responsible for entering client data into Homeless Management Information System (HMIS). Furthermore, the agency works with other community partners to make referrals, and they also help connect clients with other service providers throughout Sonoma County, ensuring that clients are matched with the most relevant and useful services based upon their unique needs and housing situation.

FUNDING POLICIES (Funding Goals and Objectives):

Does the project address one of the following funding priorities?

- 1) Creating or preserving affordable housing,**
- 2) Building infrastructure or public facilities that support creation or preservation of affordable housing,**
- 3) Building infrastructure or public facilities that support low-income communities,**
- 4) Promoting effective and proven strategies for homelessness prevention and intervention county-wide that align with Continuum of Care Strategic Plan goals,**
- 5) Emphasizing self-sufficiency of agencies and or life skills for beneficiaries?**

This project meets both of the following funding priorities: 1) promoting effective and proven strategies for homelessness prevention and intervention countywide that align with Continuum of Care Strategic Plan goals, 2) emphasizing self-sufficiency of agencies and or life skills for beneficiaries. The Living Room uses evidence-based techniques that help low-income women find permanent housing opportunities while promoting long-term life skills through employment training, nutrition coaching, and a variety of other services.

THRESHOLD CRITERIA

Does the proposed project or activity meet the eligibility requirements of the program funding source requested? (If not, provide the specific reason)

Homeless prevention is an eligible activity under both LMIHAF and ESG programs. Beneficiaries of the LMIHAF program can be countywide, however, ESG beneficiaries are limited to the Urban

County. The application notes in the project narrative that only 25% of their clients are located within the Urban County.

Does the project Affirmatively Further Fair Housing?

Yes, this project affirmatively furthers fair housing because it provides services to low-income women. This project helps to prevent gender discrimination, which is prohibited by the Fair Housing Act, while also identifying existing inequities among low-income women in the Sonoma County area.

PROJECT BUDGET

Total Organization Budget	\$2,464,105
Total program budget	\$748,358
Percent of program budget to organization budget	30.4%
Percent of funds requested to program budget	36.7%
Total proposed number of households to be served	255
Program cost per person/household	\$2,934.74

ONLY APPLICABLE TO ESG APPLICATIONS: Does the applicant identify non-federal funding sources that will be used to meet the ESG match requirement?

Partnership Healthplan has committed \$83,306 to the project, which would cover the funding requested from the Emergency Solutions Grant of \$78,618.

Describe the long-term financial sustainability of the proposed project AND the applicant organization.

The applicant acknowledges the current uncertainty regarding federal funding. However, the applicant affirms that they remain committed to providing these services and will ensure they have the proper financial backing by soliciting grant funding from private/corporate, local, federal, and state funding sources. Additionally, the applicant has a large volunteer base that may help assist with service delivery.

Additional Information:

The applicant operates the only shelter that specifically caters to women, which is a developing, critical need within Sonoma County. However, the applicant noted that their data collection process has improved, and they have determined that approximately 25% of their clientele are coming from within the Urban County, and the remaining 75% of clients are from within the city limits of Santa Rosa. Given this development, the applicant is not eligible to receive ESG funds.

Potential Impacts Due to Lack of Funding:

This funding request will be spent almost entirely on staff salaries and related expenses. If the organization receives less funding than requested, they will have to scale down the number of

participants served by the program. In terms of a worst-case scenario, The Living Room may have to resort to layoffs if they cannot acquire the necessary funds, and any loss of staff would definitely lead to a decrease in the number of households receiving assistance.

STAFF RECOMMENDATION:

The applicant stated that their data collection methods have been updated, and as a result of this improved data analysis, the organization has determined that their client base is not primarily located within the Urban County at this time. Due to this change, the agency is no longer eligible to receive ESG funds. However, the activity is eligible under the LMIHAF program, and staff recommends \$75,000 of LMIHAF funding for this project.

Preliminary Condition(s) of Approval

Allocated funding will be a grant a loan

1. Funding awarded must be used for eligible expenses during fiscal year 2025-2026 and the funding agreement term shall be September 1, 2025 through June 30, 2025. Specific terms will be included in the agreement and no costs can be incurred prior to a fully executed funding agreement.
2. The subrecipient must verify demographic data, including race and ethnicity, place of residency, and income, with proper documentation.

LOW-MODERATE INCOME HOUSING ASSET FUND (LMIHAF)

Public Services Staff Report

Organization Name: West County Community Services

Project Name: Rapid Rehousing

Project Description (*Applicant-Provided Summary Description*):

“WCCS Rapid Rehousing Program provides short to medium term rental assistance and supportive services to help individuals and families experiencing homelessness quickly secure and maintain permanent housing. Through housing navigation, landlord engagement, case management, and connection to employment and behavioral health services, WCCS works to stabilize clients and prevent returns to homelessness. The program prioritizes vulnerable populations in West Sonoma County, as well as the Sonoma County as a whole, and leverages strong partnerships with local agencies and landlords. By addressing both the immediate housing crisis and underlying barriers, WCCS Rapid Rehousing promotes long-term stability and community well-being.”

Amount Requested: \$250,000 – Low- and Moderate-Income Housing Asset Fund (LMIHAF)

Public Services Project Type: Rapid Re-Housing

Proposed Use of Funds: The requested funds will support personnel and administrative costs. Furthermore, the requested funding will allow staff to offer flexible rental assistance to program participants.

List the estimated percentage of the target population served in each of the income categories below:

	Proposed number to be served by project in upcoming Fiscal Year	Current number served as of the filing of this application (if project is currently in operation)	Number served by project last Fiscal Year
	Sept. 1, 2025 – August 31, 2026	July 1, 2024 to Current Date	July 1, 2023 - June 30, 2024
Number of <u>households</u> served	40	48	49
Number of <u>adults</u> served	45	52	52
Number of <u>children</u> served	9	38	24
Number of <u>people</u> served	54	90	76

Household Income	List the total estimated percentage of the households served in each of the income categories below	<u>Considering only Urban County residents</u>, list the estimated percentage of households served in each of the income categories below
Extremely Low (Below 30% AMI)	85%	85%
Very Low (Between 31% - 50% AMI)	15%	15%
Low (Between 51% -80% AMI)	0%	0%
Moderate (Over 80% AMI)	0%	0%

If there are substantial changes to the past, current, or proposed number of households to be served, does the applicant provide an explanation for the changes?

The proposed number of households and persons to be served in the upcoming fiscal year will be less than the current year, however, the change is not substantial.

Federal regulations require that 51% of participants are located within the Urban County of Sonoma (excluding the cities of Petaluma and Santa Rosa). Does the applicant describe the method that will be used to verify income eligibility and track other required demographic and quantitative data?

Applicant is only requesting LMIHAF funds in this application, so the Urban County requirement does not apply. However, WCCS has experience with administering federal funds from the Commission, and the agency is aware of the Urban County obligations and has developed a process for collecting the necessary documentation to verify income and place of residence.

SELECTION CRITERIA

Does the applicant describe the primary outcome/s of the activity?

Yes, the applicant notes that homeless prevention and housing retention are the primary outcomes of the proposed activity. Applicant further explains that staff provide case management services, which may include benefits/employment assistance, a personalized housing plan, and landlord-tenant mediation. Furthermore, all clients may receive financial assistance for up to 12 months.

How do the proposed outcomes of the project/activity align with the goals of the Five-Year Consolidated Plan?

The proposed outcomes of the project are aligned with the Five-Year Consolidated Plan because they help to promote effective and proven strategies for homelessness prevention and intervention countywide.

Does the applicant demonstrate capacity to effectively deliver the proposed project? Does the applicant have experience providing the proposed services?

Yes, WCCS has demonstrated success in managing a variety of funding sources, and the agency has been awarded funding by the Commission multiple times in past funding cycles. The applicant notes that the West County area presents unique challenges in service delivery, but by leveraging local partnerships and securing a variety of grant funding, the organization has achieved continued success in meeting their proposed goals.

Does the applicant describe how data and other information will be used as a self-evaluation tool as an outcome measurement?

Yes, the applicant notes that staff utilize data from the Homeless Management Information System (HMIS) to ensure clients are achieving the most beneficial outcomes. Case managers are able to review changes in income, housing status, or access to services in real-time, and can then make changes to service delivery in order to support individual client goals.

For Homeless Services applicants, does the activity require participation in Coordinated Entry? If yes, provide an overview of the organization's ability, knowledge, and potential challenges related to participation in Coordinated Entry.

WCCS has demonstrated robust participation in the Coordinated Entry system, and the organization hosts four different Coordinated Entry Access Points throughout the West County region. The application notes that limited staffing and funding have presented a challenge, but staff maintain a high level of internal coordination to alleviate these issues as they arise. Should the program assist homeless clients, they will be required to participate in Coordinated Entry.

FUNDING POLICIES (Funding Goals and Objectives):

Does the project address one of the following funding priorities?

- 1) Creating or preserving affordable housing,**
- 2) Building infrastructure or public facilities that support creation or preservation of affordable housing,**
- 3) Building infrastructure or public facilities that support low-income communities,**
- 4) Promoting effective and proven strategies for homelessness prevention and intervention county-wide that align with Continuum of Care Strategic Plan goals,**
- 5) Emphasizing self-sufficiency of agencies and or life skills for beneficiaries?**

This project is aligned with the following funding priority: Promoting effective and proven strategies for homelessness prevention and intervention county-wide that align with Continuum of Care Strategic Plan goals. Furthermore, by providing short-term financial assistance to low-income households, the proposed project will also emphasize self-sufficiency for beneficiaries.

THRESHOLD CRITERIA

Does the proposed project or activity meet the eligibility requirements of the program funding source requested? (If not, provide the specific reason)

Yes, the proposed project meets the eligibility requirements of the Low- and Moderate-Income Housing Asset Fund because the project will directly benefit low- and moderate-income people throughout the West County area and rapid rehousing is an eligible activity under the funding program.

Does the project Affirmatively Further Fair Housing?

The proposed activity affirmatively furthers fair housing by providing services to low-income clients that cannot access services due to financial or geographical barriers. Additionally, the proposed services will help to reduce income discrimination by providing short-term financial support to assist low-income households in securing permanent housing.

PROJECT BUDGET

Total Organization Budget	\$ 5,187,470 (current) \$5,311,602 (proposed)
Total program budget	\$ 260,330.71 (current) \$261,078 (proposed)
Percent of program budget to organization budget	5.02% (current) 4.92% (proposed)
Percent of funds requested to program budget	96%
Total proposed number of households to be served with program	40
Proposed program cost per household	\$6,508.27

ONLY APPLICABLE TO ESG APPLICATIONS: Does the applicant identify non-federal funding sources that will be used to meet the ESG match requirement?

The applicant did not request ESG, but staff have decided to recommend this project for ESG funds in an effort to allocate all of the funding that is currently available from this source. This applicant has received ESG funding awards during previous funding cycles and has demonstrated success in complying with the guidelines and underlying policies of the program. The applicant may satisfy the match requirement by utilizing the funding from the Department of Health Services (DHS) in addition to the LMIHAF award from the Commission.

Describe the long-term financial sustainability of the proposed project AND the applicant organization.

The application notes that WCCS will continue to solicit funding from the Commission and the Sonoma County Department of Health Services to support the project. The organization will continue to apply for local funding from organizations like the Commission, while also securing private grant funds whenever possible, in order to remain financially stable.

Additional Information: The application notes that the Commission would be funding almost the entire program. Other than approximately \$11,000 in funding from the Department of Health Services, there are no other funding sources committed to the project.

Potential Impacts Due to Lack of Funding:

The application notes that staffing levels are fixed, so if the funding request is only partially fulfilled, the number of participants served will be reduced accordingly.

STAFF RECOMMENDATION:

Staff recommends funding this project with \$55,490 of ESG funds and \$50,000 of LMIHAF funds.

Preliminary Condition(s) of Approval

Allocated funding will be a grant a loan

1. Funding awarded must be used for eligible expenses during fiscal year 2025-2026 and the funding agreement term shall be September 1, 2025 through June 30, 2025. Specific terms will be included in the agreement and no costs can be incurred prior to a fully executed funding agreement.
2. The subrecipient must verify demographic data, including race and ethnicity, place of residency, and income, with proper documentation.

PERMANENT LOCAL HOUSING ALLOCATION
AFFORDABLE HOUSING STAFF REPORT

Organization Name: Habitat for Humanity of Sonoma County (HFHSC)

Project Name: Blankenship Place

Project Description (Applicant-Provided Summary Description):

“Habitat of Sonoma County plans Blankenship Place on an infill lot on N. Main Street, Sebastopol, donated to us in 2020. The four townhomes consist of 3 bed/2 bath attached units with detached garages, in the heart of downtown. Homes will serve families, all selected and prequalified, with incomes below 80% AMI. Blankenship Place is located within a half mile of the Sebastopol Plaza, the business district, parks, outdoor events, farmers market, schools, public transportation, and grocery stores. It is an excellent location for new housing opportunities for low-income workforce, first-time homebuyers. The homebuyers will contribute 500 sweat equity hours towards the construction of their home and their neighbors. The project is fully entitled. Construction is scheduled to begin May 2025.”

Amount Requested: \$424,000 – Permanent Local Housing Allocation (PLHA)

Proposed Use of Funds: Funds will be used as permanent financing in the form of homebuyer down payment assistance loans. Homeowners will enter restrictive covenants for a term of 55 years. The project is in Sebastopol.

FUNDING POLICIES

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

HFHSC has had two affordable homeownership projects, including Blankenship Place, stall over the last several years. HFHSC has experienced considerable changes to management-level staffing during this period and has struggled to secure adequate funding for the projects. HFHSC has reestablished a team of experienced affordable housing professionals while the larger Habitat for Humanity organization remains a continued stabilizing source of support. This application round reflects a marked improvement in structuring and securing financing for the project. The non-profit’s financials and the project’s sources and uses demonstrate the organization has the capacity to effectively deliver the project as proposed.

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

HFHSC has secured state and local funding within the last seven years, including CalHome, Federal Home Loan Bank Affordable Housing Program, Sonoma County Community Development Commission (Commission) County Fund for Housing (CFH), and city-funded awards.

Does the project address one of the following funding priorities?

- 1) Creating or preserving affordable housing,**
- 2) Building infrastructure or public facilities that support creation or preservation of affordable housing,**
- 3) Building infrastructure or public facilities that support low-income communities,**
- 4) Promoting effective and proven strategies for homelessness prevention and intervention county-wide that align with Continuum of Care Strategic Plan goals,**
- 5) Emphasizing self-sufficiency of agencies and or life skills for beneficiaries?**

Yes, the project meets the first goal by creating 4 new affordable homeownership units in a high-cost area for households with incomes at or below 80% of the Area Median Income (AMI).

If the application is for acquisition and/or preservation, are the units at risk of becoming market rate housing without additional CDC funding?

Not applicable.

Will the project provide units for special needs populations?

No.

Does the project set aside units for persons or households experiencing homelessness or who are at imminent risk of becoming homeless?

No.

Project type, number and size of units, income levels to be served:

The proposed project is for the new construction of four (4) three-bedroom (3-BR) townhomes for households earning 80% or below AMI. The approximate square footage of each townhome is 1350 square feet.

SELECTION CRITERIA

How do the proposed outcomes of the project/activity align with the goals of the Five-Year Consolidated Plan?

The project aligns with the Consolidated Plan's broad goal of increasing affordable housing stock that is affordable, safe, and accessible to low-income households.

If applicable, does the proposed number of units exceed the minimum HOME requirements?

Not applicable.

If applicable, are the proposed rents below the maximum rents allowed by the HOME requirements?

Not applicable. Project is affordable homeownership.

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

Yes, the project is fully entitled, has secured most of its financing, is permit-ready, and has been declared CEQA exempt per the City of Sebastopol Resolution 6470-2022.

For HOME funding requests, does the application indicate how the HOME match requirement will be satisfied?

Not applicable.

If applicant receives the funding requested in this proposal, each \$1 of requested funds would leverage \$6.45 from other sources. The full amount of funds requested would be \$106,000 per Commission-assisted unit.

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

The \$424,000 in PLHA funds requested will leverage 6.5 to 1. It should be noted that due to donated land and materials, and volunteer hours from homebuyers, the cost of development is substantially lower than typical affordable housing projects, resulting in a lower leveraging number. For example, if the project cost increased to \$3,000,000, funds would be leveraged 7:1. For this reason, the project is sufficiently leveraged for the Commission’s purposes.

ESTIMATED PREDEVELOPMENT AND CONSTRUCTION FINANCING

<u>Funding Source</u>	<u>Amount</u>	<u>Commitment Status</u>
Rural Community Assistance Corporation (lender)	\$2,734,792 loan	Committed
TOTAL	\$2,734,557	

ESTIMATED PERMANENT FINANCING

<u>Funding Source</u>	<u>Amount</u>	<u>Commitment Status</u>
CalHome	\$800,000 downpayment assistance (4 @ \$200,000 ea.)	Committed
WISH/Federal Home Loan Bank	\$120,000 (4 forgivable loan to homeowners)	Committed
USDA Loan	\$1,140,657	Committed
PLHA	\$424,000	Pending
PG&E	\$50,000 grant	Uncommitted
Capital Magnet Funds	\$200,000	Uncommitted
TOTAL	\$2,734,657	

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

As the project is affordable homeownership, maintenance is not the responsibility of the developer. In the event a home is resold, the Commission will be in second place behind HFHSC. If HFHSC is unable to exercise the option to purchase, the Commission will have an option to purchase. Past HFHSC projects have created a Homeowner's Association (HOA) for portions of exterior maintenance and upkeep of any shared space, but an HOA was not addressed in the application.

Does the project affirmatively further fair housing?

Yes, the project affirmatively furthers fair housing as it provides an opportunity for households with incomes below 80% AMI to integrate in an area of high opportunity and to participate in and accrue the benefits of building equity through homeownership.

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 been approved by the City of Sebastopol. No other local funds are needed with the proposed financing structure.

Additional Information: This project is ready to proceed and expected to be complete in June 2026.

Potential Impacts Due to Lack of Funding:

If not awarded sufficient funds, the developer would explore "corporate or private foundation funding opportunities." They also have the flexibility to capitalize additional mortgage notes if necessary.

Staff Recommendation: Staff recommends PLHA funds awarded in the amount of \$424,000, in the form of a loan.

Preliminary Condition(s) of Approval

Allocated funding will be a grant a loan

1. All loans for Affordable Housing Acquisition, Predevelopment, Construction, Multi-family Housing Rehabilitation, and Community Facilities are subject to the provisions of the Sonoma County Community Development Commission (CDC) Loan Policies, the FY 25/26 Funding Policies, and the HOME Final Rule.
2. In compliance with Section 504 of the federal Rehabilitation Act of 1973, developer must design and construct 5 percent of the dwelling units, or at least one unit, whichever is greater, to be accessible for persons with mobility disabilities. An additional 2 percent of the dwelling units, or at least one unit, whichever is greater, must be accessible for persons with hearing or visual disabilities.
3. Developer will be required to submit evidence that all required construction and permanent financing has been committed prior to being offered a Developer Agreement.
4. For awards involving construction costs: Developer will be required to submit an acceptable post-construction appraisal prior to receiving final approval to expend PLHA funds for construction costs. The CDC will require the PLHA loan to record in a sufficiently senior lien position to ensure that the value of the completed development will fully secure the loan.
5. Developer must satisfy all regulatory requirements and all conditions of approval that are set forth in the SCCDC Loan Policies as prerequisite to the CDC offering the Developer Agreement for execution within 12 months of the start of the fiscal year associated with the award. Disbursement of funds must be initiated within 24 months of the date on which the Developer Agreement is offered for execution. All funds must be disbursed within 36 months of the date on which the Developer Agreement is offered for execution. Funding awards that do not meet these deadlines will be reprogrammed.
6. The project must be completed within four years of the date on which the Developer Agreement is offered for execution. Project completion will be documented by the submission of a temporary or permanent certificate of occupancy for PLHA funded units.