

**COUNTY OF SONOMA  
AGENDA ITEM  
SUMMARY REPORT**

**Clerk of the Board Use Only**  
**Meeting Date** / / **Held Until** / /  
**Agenda Item No:** \_\_\_\_\_ **Agenda Item No:** \_\_\_\_\_

**Department:** Community Development Commission

( ) **4/5 Vote Required**

**Contact:**  
Mark Krug

**Phone:**  
7509

**Board Date:**  
06/23/2009

**Deadline for Board Action:**

**AGENDA SHORT TITLE:**

County Fund for Housing Loan to Stuart Cummings for the Cummings Subdivision

**REQUESTED BOARD ACTION:**

Concurrent Resolution of the Board of Supervisors of the County of Sonoma and the Sonoma County Community Development Commission approving a short-term County Fund for Housing (CFH) Loan of \$175,000 to Stuart Cummings for pre-development and construction financing of three (3) affordable 2<sup>nd</sup> dwelling units, and authorizing the Executive Director, subject to County Counsel review and approval as to form, to execute loan documents and regulatory agreements, and any future modifications, assignments, assumptions or subordination agreements.

**CURRENT FISCAL YEAR FINANCIAL IMPACT**

**EXPENDITURES**

**ADD'L FUNDS REQUIRING BOARD APPROVAL**

**Estimated Cost**

**Contingencies** \$  
(Fund Name:)

**Amount Budgeted**

**Unanticipated Revenue** \$  
(Source:)

**Other Avail Approp.** \$  
(Explain below)

**Other Transfer(s)** \$  
(Source:)

**Additional Requested:** \$

**Add'l Funds Requested:** \$

**Explanation (if required):**

**Prior Board Action(s):**

None

**Alternatives - Results of Non-Approval:**

Stuart Cummings would need to find alternative financing in order to build out the proposed subdivision, and the three second-dwelling units may not be built and made available as affordable housing units.

**Background:**

The proposed County Fund for Housing (CFH) loan of \$175,000 to Stuart Cummings (Developer) will provide short-term financing to pay a portion of the development costs associated with the construction of three affordable second dwelling units attached to three market-rate single family homes on individual lots, located at 3255 Ross Road in Graton. Construction of the second dwelling units is above and beyond inclusionary housing requirements for the market-rate homes, which are satisfied by payment of in-lieu fees, and are therefore eligible for CFH assistance.

The CFH loan amount shall not exceed the documented cost to construct the three affordable units. The loan will accrue simple interest at 3% per year and will become due in full in four years or earlier on a pro-rata basis upon completion and sales of the new homes. Earlier repayment of the loan in full or on a pro-rata basis, as appropriate, will also be required in case of any default, if one or more of the second dwelling units are not built, or if all or any portion of the incomplete subdivision is sold to another developer. The Developer will also pay a 1% loan fee.

As required by the Board-approved CFH Guidelines, at the time of closing of the loan for the predevelopment and construction expenses, the projected value of the completed project, as demonstrated by the post-construction appraisal prepared by Associated Real Estate Appraisers, will fully secure the CFH loan.

A regulatory agreement will be recorded against each of the three properties requiring that two of the 2<sup>nd</sup> dwelling units be rented to low-income households (80% of area median income) and that the remaining 2<sup>nd</sup> dwelling unit be rented to an extremely low-income household (30% of area median income) for a term of 55 years. Based on the size of the proposed units, the initial affordable rents will be \$421.00 and \$963.00 per month, respectively. The affordability covenants will run with the land and will not be extinguished by partial or full repayment of the CFH loan or subsequent sale of the properties. These three units will provide much needed long-term affordable rental housing in the unincorporated Graton area of the County.

The attached Concurrent Resolution:

- Approves a CFH loan of \$175,000 to Stuart Cummings to finance a portion of the predevelopment and construction expenses for the Cummings Subdivision; and
- Authorizes the Commission’s Executive Director or her designee, subject to County Counsel review and approval as to form, to execute loan documents and regulatory agreements, and any future loan modifications, assignments, assumptions, or subordination agreements.

**Attachments:**

Concurrent Resolution  
Site Location Map  
Site Plan

**On File With Clerk:**

**CLERK OF THE BOARD USE ONLY**

**Board Action** (If other than "Requested")

**Vote:**