

**COUNTY OF SONOMA
AGENDA ITEM
SUMMARY REPORT**

Clerk of the Board Use Only
Meeting Date
____/____/____
Agenda Item No:

Department: Community Development Commission

() 4/5 Vote Required

Contact:
Kathleen H. Kane

Phone:
(707) 565-7505

Commission Date:
8/11/09

Deadline for Commission Action:

AGENDA SHORT TITLE:

The Springs and Roseland Redevelopment Project Areas – Commercial Rehabilitation Loan Programs

REQUESTED COMMISSION ACTION:

Resolution of the Sonoma County Community Development Commission (Commission), in its capacity as the governing body of the Sonoma County Community Redevelopment Agency, approving and adopting Commercial Rehabilitation Loan Programs for The Springs Redevelopment Project Area and the Roseland Redevelopment Project Area, authorizing initial funding of \$575,000 for The Springs Redevelopment Project Area and initial funding of \$632,500 for the Roseland Redevelopment Project Area, and directing the Commission’s Executive Director to initiate a Request for Proposals for the professional design services for the Programs.

CURRENT FISCAL YEAR FINANCIAL IMPACT

EXPENDITURES

Estimated Cost The Springs - **\$575,000**
Roseland - **\$632,500**

ADDNL. FUNDS REQUIRING BOARD APPROVAL

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): FY 09-10 Springs and Roseland non-housing redevelopment funds are available

Prior Board/Commission Action(s):

11/27/84: Board adopted Roseland Redevelopment Plan by Ordinance 3377.
4/22/08: Board adopted Restated and Amended Redevelopment Plan for The Springs by Ordinance No. 5780.

Alternatives - Results of Non-Approval:

Non-approval of the Commercial Rehabilitation Loan Programs for The Springs Redevelopment Project Area and the Roseland Redevelopment Project Area would limit the ability of the CDC to effectively implement commercial revitalization activities in the respective Project Areas.

Background: [Commercial Rehabilitation Loan Program Guidelines are on file with the Clerk of the Board]

On April 22, 2008, the Sonoma County Board of Supervisors (Board) adopted the Amended and Restated Redevelopment Plan for The Springs Project Area, which provides as Objective C.3., "Create vibrant commercial hubs along Highway 12 that provide services for residents and visitors." The Springs Five Year Implementation Plan for the 2009 – 2014 term includes the same Objective and also identifies, under proposed projects, financial assistance for façade improvements and commercial rehabilitation.

On November 27, 1984, the Board adopted the Roseland Redevelopment Plan, which states as Objective 2.c., "Provide financial assistance...to make available assistance for rehabilitation of existing structures and construction of modern commercial facilities." The Roseland Five-Year Implementation Plan for the period 2006 – 2011 incorporates the Goals of the Roseland Redevelopment Plan and also provides for commercial revitalization and economic development program which specifies assistance for façade improvements and commercial rehabilitation.

The Springs Redevelopment Advisory Committee, at its June 4, 2009 meeting, voted unanimously to recommend Board approval of the Commercial Rehabilitation Loan Program Guidelines for The Springs Redevelopment Project Area and recommended that up to \$500,000 in redevelopment non-housing funds be allocated for loans and design services for the Program. The Sonoma County Community Development Committee, at its July 14, 2009 meeting, voted unanimously to recommend Board approval of the Commercial Rehabilitation Loan Program Guidelines for the Roseland Redevelopment Project Area and recommended that up to \$550,000 in redevelopment non-housing funds be allocated for loans and design services for the Program. (See Program Guidelines on file with the Clerk of the Board.)

The Springs and the Roseland Commercial Rehabilitation Loan Programs ("Programs") are basically the same, with minor differences in details based on location. Both Programs are designed to make a substantial visible improvement to commercial properties in the areas, to enhance public health and safety, to increase business retention, expansion, or attraction efforts, and otherwise eliminate physical blight or improve economic conditions of the Project Areas.

The proposed Programs are consistent with California Community Redevelopment Law. The Springs proposed Program is consistent with The Springs Redevelopment Plan and The Springs Five-Year Implementation Plan. The Roseland proposed Program is consistent with the Roseland Redevelopment Plan and the Roseland Five-Year Implementation Plan. On April 1, 2008, the Board and Commission adopted the *Sonoma County Policy Guidance for Use of Redevelopment Funds* ("Policy Guidance"). Both of the proposed Programs meet the Policy Guidance under the Highest Priority category in that the Programs provide assistance for blight removal, public health and safety, and economic development.

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Attachments: Resolution

On File With Clerk: 1) The Springs Commercial Rehabilitation Loan Program Guidelines
2) Roseland Commercial Rehabilitation Loan Program Guidelines

CLERK OF THE BOARD USE ONLY

Board/Commission Action (If other than "Requested")

Vote:

Background (continued):

PROPOSED PROGRAMS:

The Programs would provide for three levels of assistance:

- **Façade Improvement 3-Year Forgivable Loans**
 - Loans up to \$5,000 for smaller façade improvement projects such as paint, signage, and awnings.
 - Projects must make substantial visible improvements viewable from the public right-of-way.
 - Interest rates will be between 0% and 2% based on a sliding scale according to the amount of cash match provided.
 - Loans will be unsecured; however, a 3-year maintenance agreement will be required.
 - Loans will be forgiven after 3 years if the exterior of the property, including all assisted improvements, is adequately maintained; otherwise the loan must be repaid over a 3-year term.
 - If applicant is a business tenant, the property owner must sign an authorization for improvements.

- **Façade Improvement 5-Year Forgivable Loans**
 - Loans up to \$15,000 for larger façade improvement projects that may include such features as paint, signage, awnings, architectural elements, window and door improvements, masonry, exterior lighting, landscaping, planter boxes and built-in seating.
 - Projects must make substantial visible improvements viewable from the public right-of-way.
 - Interest rates will be between 0% and 2% based on a sliding scale according to the amount of cash match provided.
 - Loans typically secured by deeds of trust recorded on title of the property to be improved; however, a 5-year maintenance covenant recorded on the improved property, with alternate terms to secure the loan financing, may be considered for business tenant applicants.
 - Loans will be forgiven after 5 years if the exterior of the property, including all assisted improvements, is adequately maintained; otherwise the loan must be repaid over a 5-year term.
 - If applicant is a business tenant, property owner must sign an authorization for improvements and the maintenance agreement or deed of trust recorded on title of improved property.

- **Commercial Rehabilitation 20-Year Loans**
 - Loans up to \$100,000 for the rehabilitation or renovation of commercial buildings. Additional funds may be available if:
 - 1) the building to be occupied has been vacant for more than three years; or
 - 2) the request is to expand an existing business with a proven track record that can demonstrate the ability to generate a significant increase in tax revenue for the Project Area or which will result in the creation of a significant number of new jobs in the Project Area.
 - Projects must enhance public health and safety, increase business retention, expansion or attraction efforts, or otherwise eliminate physical blight or improve economic conditions of the Project Area.
 - Interest rates will be between 0% and 2% based on a sliding scale according to the amount of cash match provided.
 - Loans must be secured by the property to be improved.
 - Loans must be repaid over a 20-year term.
 - If applicant is a business tenant, property owner must sign an authorization for improvements and the deed of trust.

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Background (continued):

As part of the Program, assisted properties will be eligible to receive professional design services, at no charge, in an amount up to \$1,000 per project for Façade Improvement 3-Year Forgivable projects and up to \$3,500 per project for Façade Improvement 5-Year Forgivable projects and Commercial Rehabilitation projects. Commission staff will initiate a Request for Proposals, and will subsequently return to your Board for approval to execute an Agreement, for these design services.

In addition, the Commission's Rehabilitation Program staff will provide technical assistance at no cost to applicants for permit processing, bidding and construction management, inspection, and lead/asbestos testing. The cost for the Commission staff to provide is estimated at 15% of the amount allocated for rehabilitation loans and design services.

FUNDING SUMMARY:

At their meetings in June and July 2009, The Springs Redevelopment Advisory Committee and the Community Committee voted to recommend approval of the Commercial Rehabilitation Loan Program and an initial allocation of funds in the amounts shown below:

Recommended Funding

	Meeting Date	Loan Capital & Design Services	Technical Assistance (estimated at 15% of total loan amount)	Total from Project Area Funds
The Springs Redevelopment Advisory Committee	June 4, 2009	\$500,000	\$75,000	\$575,000
Community Development Committee (for Roseland)	July 14, 2009	\$550,000	\$82,500	\$632,500

REQUESTED ACTION:

The attached Resolution:

- Approves and adopts the Commercial Rehabilitation Loan Program Guidelines for The Springs and Roseland Project Areas and authorizes the Commission's Executive Director to implement the Programs as outlined in the respective Guidelines;
- Allocates an initial amount of \$575,000 for loans, design services, and technical assistance for The Springs Redevelopment Project Area, and an initial amount of \$632,500 for loans, design services, and technical assistance for the Roseland Redevelopment Project Area; and
- Directs the Commission's Executive Director to issue a Request for Proposal for the professional design services for both Programs.