

## **III. Housing**

## HOUSING

### Specific Housing Objectives

\*Please also refer to the Housing Needs Table in the Needs.xls workbook.

1. Describe the priorities and specific objectives the jurisdiction hopes to achieve during the next year.
2. Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by this Action Plan.

#### Program Year 1 Action Plan Specific Objectives response:

#### **Question 1: Describe the priorities and specific objectives the jurisdiction hopes to achieve during the next year.**

From July 1, 2005 through June 30, 2006, the Urban County plans to address the priority housing needs discussed in the *Housing Needs*, *Priority Housing Needs*, and *Housing Market Analysis* sections of the Strategic Plan. The following Housing Goal and six specific housing objectives generally describe the ways in which the Urban County plans to address these priority needs. The County will primarily focus resources on rental housing development and rental housing assistance. As opportunities arise, the County also will devote resources to affordable homeownership opportunities for low- and moderate-income first-time homebuyers. The specific goal and objectives to address housing needs in Sonoma County are listed below, and a brief description of each project funded in FY 2005-2006, the funding amount and identification of the objectives achieved by the project are included in the Affordable Housing Activities Priority Funding section of FY 2005-2006 Action Plan Funding Priorities chart included in *Year 1 Additional Files* section of this Action Plan.

***Housing Goal: To increase the housing stock that is affordable, accessible and available to extremely low-, low-, and moderate-income residents of Sonoma County, including special needs subpopulations.***

#### **Housing Objective H-1**

*Develop new rental and ownership housing units that are affordable and available to extremely low-, low- and moderate-income households, some with special needs.*

This objective addresses identified needs by: 1) increasing the supply of housing that is affordable to the specified income groups; 2) providing more large units suitable for occupancy by large families.

#### **Housing Objective H-2**

*Develop new housing units with appropriate supportive services that are affordable, accessible and available to extremely low-, low- and moderate-income special needs households.*

This objective addresses identified needs by: 1) increasing the supply of housing that is affordable to the special needs subpopulations; 2) providing more units that include services for underserved populations; and 3) increasing the supply of housing that is decent, safe and sanitary.

**Housing Objective H-3**

*Provide tenant-based rental subsidies to make market rate housing units affordable to extremely low-income households, some with special needs.*

This objective addresses identified needs by increasing the supply of market-rate housing that is affordable to extremely low- and low-income households and to special needs subpopulations.

**Housing Objective H-4**

*Provide comprehensive rehabilitation and targeted hazard mitigation assistance to make needed repairs and improvements conventional single- and multi-family housing and mobile homes owned and/or occupied by extremely low-, low- and moderate-income households, some with special needs.*

This objective addresses identified needs by: 1) increasing the supply of housing that is affordable to extremely low-, low- and moderate-income households (who will avoid the necessity of obtaining higher-rate conventional financing to perform needed repairs); and 2) increasing the supply of housing that is decent, safe and sanitary.

**Housing Objective H-5**

*Provide loans to eligible entities to acquire and/or rehabilitate existing multi-family housing affordable, accessible and available to extremely low-, low- and moderate-income households at risk of becoming market rate housing. The occupants of some of these assisted housing units will include special needs households.*

This objective addresses identified needs by: 1) preventing a decrease in the supply of housing that is affordable to extremely low-, low- and moderate-income households; and 2) increasing the supply of housing that is decent, safe and sanitary.

**Housing Objective H-6**

*Provide direct fair housing education and mediation services to low- and moderate-income renter households, some with special needs.*

This objective addresses identified needs by increasing the available supply of affordable housing that is accessible to extremely low-, low- and moderate-income households with children, persons with disabilities, and other groups that may be experiencing discrimination in housing.

**Question 2: Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by this Action Plan.**

A variety of financial resources are available to address the priority housing needs and specific housing objectives identified in the Strategic Plan. The following is a brief summary of some of the resources that can be utilized either directly through the Commission or through other public or private entities.

## **Federal Resources**

### **HUD Section 8 Rental Subsidies**

The Commission's Housing Authority operates this program, which will provide approximately \$21 million in rental subsidies to more than 2,700 extremely low- and low-income families during FY 2005-2006.

### **HOME Program**

Sonoma County is a HOME participating jurisdiction and will receive approximately \$1.2 million of HOME funding in FY 2005-06. Sonoma County's HOME Program targets all HOME funds for acquisition and development of affordable rental housing and the provision of tenant-based rental assistance to specified special needs households.

### **HOME American Dream Downpayment Initiative (ADDI)**

Through FY 2005-06, Sonoma County will receive a three-year allocation of ADDI funds equal to approximately \$183,000 funding for the implementation of a first-time homebuyer program. As described in section 10 of this Action Plan, the County will lend the funds to an estimated 10 eligible low- and moderate-income first-time homebuyers to make downpayments and pay closing costs. Given the modest amount of ADDI funding available to the County and the program's even more limited administrative funding, the County will integrate the ADDI program with existing first-time homebuyer program that the County operates.

### **Community Development Block Grant Program (CDBG)**

During FY 2005-06, Sonoma County will receive approximately \$2.3 million of CDBG entitlement funds, a portion of which will finance housing and housing related activities.

### **Federal Emergency Shelter Grants Program (FESG)**

During FY 2005-06, the County will receive approximately \$89,000 of FESG funds that will finance administrative and operating costs of emergency homeless shelters and homeless prevention programs.

### **McKinney Homeless Assistance**

During FY 2005-06, the County expects to receive between \$750,000 and \$2 million of funding available from several McKinney Homeless Assistance programs, including the Supportive Housing and Shelter Plus Care programs. The funds are available only in jurisdictions with approved Continuum of Care Plans addressing the housing and service needs of homeless persons.

### **Low Income Housing Tax Credits**

Sonoma County provides CDBG, HOME and other financial assistance to rental housing developments that receive allocations of federal Low Income Housing Tax Credits. Proceeds from the sale of the tax credits finance provide a significant percentage of the permanent financing for the benefitting rental housing projects. Tax credits will finance more than \$5.5 million of the permanent financing for 80-unit Springs Village development currently under construction. Tax credits also are expected to finance \$1.4 million of the permanent financing for the Divine Senior Apartments project, a \$5.1 million acquisition and rehabilitation of an existing development at risk of becoming market rate housing.

### **HUD Section 811/202**

If HUD allocates Section 811 or 202 funds to projects in the Urban County during FY 2005-06 that will develop affordable rental housing for persons with disabilities and/or seniors, the County will work with the developers to identify local financing for the developments.

### **HOPWA**

During FY 2005-06, the Sonoma County Health Services Department will receive approximately \$285,000 of Housing Opportunities for Persons with AIDS (HOPWA) from the State of California

to provide a variety of housing assistance to an estimated 150 low-income persons with HIV/AIDS and their families. The Health Services Department will allocate the HOPWA funds to two County nonprofits, Face to Face and Food for Thought, to provide emergency rental assistance, utility payments and rent deposits.

#### **Federal Emergency Management Agency (FEMA)**

During FY 2005-06, the County expects to close out the FEMA-supported program that, since its inception in 2000, has obligated \$9.8 million for elevation of 238 flood-prone structures in the lower Russian River area. The Commission administers the elevation program, prioritizing assistance to properties owned and/or occupied by low-income households.

#### **Rural Development (U.S. Dept. of Agriculture)**

If Rural Development allocates funds to finance rental and/or ownership housing in the Urban County during FY 2005-06, the County will cooperate with the applicants for the funds to identify local funding for their developments. Many areas in Sonoma County qualify for Rural Development programs that provide financial assistance for development of rental and ownership housing affordable to farmworkers and other low-income households.

#### **Federal Home Loan Bank of San Francisco Affordable Housing Program**

If the Federal Home Loan Bank of San Francisco's Affordable Housing Program (AHP) awards forgivable loans to developers of affordable rental and ownership housing in the Urban County during FY 2005-06, the County will work with the developers to identify local financing for the projects.

### **State Resources**

#### **Farm Worker Housing Grant and Loan Programs**

The State farm worker programs are usually used in conjunction with Rural Development programs. BHDC received commitments of FWHG funds for the Springs Village multifamily housing development, currently under construction, and Larkfield Oaks, which is expected to begin construction within the next year.

#### **Tax-Exempt Bond Financing**

Government agencies, including the California Housing Finance Agency and ABAG, issue tax-exempt bonds to finance construction loans and permanent financing for projects that qualify for 4% federal low-income housing tax credits to develop affordable rental housing. Tax exempt bonds are financing the construction and permanent financing at Springs Village and will provide similar financing for the Divine Senior Apartments rehabilitation and new construction project. The County expects BHDC to obtain similar financing for Larkfield Oaks, the Arbors, and COTS Commons rental housing developments.

#### **California Housing Finance Agency**

The California Housing Finance Agency (CalHFA) will provide the 30 buyers at the Meadowlark subdivision below-market rate first mortgages and subordinate financing. CalHFA also is the primary lender for the County's affordable resale program. For rental housing, CalHFA often is the permanent lender in 4% tax credit assisted developments.

#### **Housing Enabled by Local Partnerships (HELP) Program**

CalHFA administers the HELP loan program that awards 10-year low-interest rate loans to local jurisdictions to finance development of affordable housing. The County Fund for Housing received a \$750,000 HELP loan that the CFH loaned to BHDC to finance a portion of the construction of Springs Village. When BHDC repays the CFH loan at the close of the permanent financing, the CFH will lend the funds to help develop another affordable housing complex.

**Predevelopment Loan Program**

If State Department of Housing and Community Development (HCD) awards low interest, short-term loans for site acquisition and predevelopment to projects in the Urban County, the County will assist the developers to identify local funding.

**Multifamily Housing Program**

If State HCD awards Multifamily Housing Program loans to assist rental housing developments affordable to extremely low- and low-income households in the Urban County, the County will assist the developers to identify local funding. HCD has allocated MHP funds to BHDC as permanent financing for the Springs Village development.

**Building Equity and Growth In Neighborhoods Program (BEGIN)**

In spring 2006, the County will to record BEGIN-funded loans with the buyers at the 30-unit Meadowlark self-help ownership development in Forestville. In August 2004, State HCD awarded the Sonoma County Community Development Commission a \$900,000 BEGIN grant for that purpose.

**Local Housing Trust Fund Program (LHTF)**

In 2004, State HCD awarded a \$1 million LHTF grant to the County Fund for Housing (CFH) for loans to affordable rental housing developers. Each loan will combine local and LHTF funds.

**Emergency Housing Assistance Program (EHAP)**

The State provides EHAP funds for capital costs to create or improve emergency homeless shelters and to pay operating costs for homeless shelters. EHAP funds are assisting the development of the 24-bed Chanate women's shelter that Community Action Partnership of Sonoma County will own and operate on land provided by the County for \$1.00 per year.

**Local Resources****Cities**

Many of the local jurisdictions provide funding to nonprofit agencies to operate programs that assist their low-income and homeless residents. The source of much of this local funding is the funds that each jurisdiction's redevelopment agency must set aside for affordable housing. The City of Rohnert Park is assisting the Arbors rental housing development in that city; the City of Cloverdale has provided funding to the Divine Senior Apartments acquisition, rehabilitation and construction project; and the City of Sebastopol has committed funding to BHDC's Covert Lane ownership project.

**County Departments**

The County's Board of Supervisors allocates general funds to the Community Development Commission and the Permit and Resource Management Department to underwrite the affordable housing programs and activities of those County agencies. In FY 2004-05, the Board allocated \$783,500 to the Community Development Commission. Several County departments, including the Health and Human Services departments, offer grants to nonprofit agencies and local jurisdictions to operate supportive services programs that provide assistance to low-income and homeless residents of the County.

**County Fund for Housing**

The County Fund for Housing (CFH) is a \$2.85 million pool of County and State funds currently available for loans to developers of affordable rental and ownership housing in the unincorporated areas of the County. A \$750,000 CFH loan is helping to finance construction of the 80-unit Springs Village development. The Community Development Commission administers the CFH as an over the counter program.

### **Redevelopment Housing Set Asides**

The County's three redevelopment projects, as well as the seven redevelopment project areas in the Urban County's participating cities, must set aside at least 20% of their tax increment revenues for affordable housing. Currently, County redevelopment loans are helping to finance the construction of the Springs Village and Timothy Commons rental housing developments.

### **Rental Development Incentive Program (RDIP)**

The Community Development Commission's \$500,000 RDIP fund is available to provide below-market rate loans to nonprofit and for-profit developers of affordable rental housing for predevelopment, site acquisition and construction costs. In return, the developer makes 49% of the units in a development affordable to low- and moderate-income households for 59 years.

### **Loans for Developer Fees**

RDIP funds also are available as short-term, deferred-payment loans at below-market rates to nonprofit and for-profit developers to pay the development impact fees associated with rental and for-sale housing units built in the unincorporated areas of the County that will be affordable and available to low- and moderate-income households for 30 years.

### **Article 34 Authority**

Article 34 in the Constitution of the State of California requires a vote of the people when a public body will develop, construct or acquire rental housing affordable to low income households. In November 2004, the voters residing in the unincorporated areas of the County approved a ballot measure that establishes an annual allocation of Article 34 authority for development of rental housing affordable to low income households. The annual allocation equals one half of one percent (0.5%) of the housing units available in the unincorporated County that year. In calendar year 2005, the Article 34 allocation is approximately 330 units.

## **Private Resources**

### **Local Lenders**

Local lenders such as Luther Burbank Savings, National Bank of the Redwoods, Exchange Bank, and Washington Mutual have provided and continue to provide predevelopment, construction and permanent financing for affordable housing developments.

### **Rural Community Assistance Corporation (RCAC)**

RCAC provides short-term and long-term loans to developers of affordable housing. BHDC has made extensive use of RCAC financing over the years. RCAC has provided BHDC a short-term loan to finance acquisition of the project site and predevelopment expenses associated with the development of the 56-unit Larkfield Oaks development in unincorporated Larkfield.

### **Northern California Community Loan Fund (NCCLF)**

NCCLF makes short-term loans to developers of affordable housing, including single family, multifamily and special needs. The loans can finance site acquisition, predevelopment, site development, unit construction, acquisition and rehabilitation of existing units, and the refinancing of existing debt. Recently, NCCLF made predevelopment loans for two projects here in the County.

### **HCA Homeless Prevention Fund**

The HCA fund was established by a private individual and is administered by Community Action Partnership of Sonoma County. This fund provides short-term financial assistance to low-income persons throughout the County who need a little extra help to avoid loss of their housing.

### **Homeless Prevention Program (SCAYD)**

The Homeless Prevention Program, now administered by SCAYD, offers financial assistance in the form of loans to residents of the Rohnert Park and Cotati.

### **Community Foundation Sonoma County**

This foundation provides grants to nonprofit agencies to operate programs that provide services to the County's low-income and homeless residents, with an emphasis on services to teen mothers and other families with children.

### **United Way**

The United Way of Sonoma, Lake and Mendocino Counties provides grants to nonprofit agencies to operate programs that provide services to low-income and homeless persons.

## **Organizational Resources**

Organizational resources are as important as financial resources in ensuring that housing and homeless assistance projects and activities will be carried out successfully. Primary resources in this category include governmental agencies, community-based nonprofits, religious organizations, and members of the private sector.

### **Technical Advisory Committee**

The County of Sonoma and the seven participating cities of the Urban County have cooperated successfully in the use of CDBG, HOME and FESG funds since 1982. A Joint Powers Agreement for Community Development has been executed by the County and the cities and defines the roles of the various entities. The City and Town Managers of the seven participating municipalities form the Technical Advisory Committee. This Committee will continue to review and make recommendations to the Board of Supervisors on issues and policies relating to the distribution of CDBG funds within their jurisdictions.

### **Community Development Committee**

The Community Development Committee will continue to recommend policies and programs, review and prioritize HOME, FESG and CDBG proposals for funding and review program performance.

### **Community Development Commission**

The Community Development Commission will continue to operate countywide housing projects and administer the federal housing and homeless programs made available to the County of Sonoma.

### **Sonoma County Board of Supervisors**

The Board of Supervisors will take actions addressing needs in the unincorporated areas. The Board also is the decision making authority for policies, programs and allocation of the Urban County's CDBG, HOME, and FESG funds for housing and community development projects.

### **County and City Departments**

Commission staff will continue to work closely with other County development services departments (such as Public Works, Permit & Resource Management, General Services, Emergency Services, Water Agency, and Regional Parks), as well as with building and planning departments within the cities to ensure that CDBG-, HOME- and FESG-funded projects are implemented and completed on schedule and in compliance with the applicable federal regulations. Coordinating resources is crucial to the success of all programs.

### **Continuum of Care Planning Group**

The Continuum of Care Planning Group, comprised of a broad range of public, private nonprofit and for-profit entities, as well as private citizens, will continue to meet to discuss, develop and implement the Sonoma County Continuum of Care Plan. As discussed in the *Homeless* sections of this Consolidated Plan, the Continuum of Care addresses the full spectrum of shelter, housing and service needs for all homeless subpopulations in Sonoma County.

### **Shelter Solutions**

Shelter Solutions is a group comprised of elected officials and staff from the County, the City of Petaluma and the City of Santa Rosa, and representatives from the Santa Rosa Chamber of Commerce, the Community Foundation Sonoma County and the nonprofit housing and homeless service providers. Shelter Solutions was formed with the primary objective of locating a site for a permanent winter emergency shelter to replace the National Guard Armory and currently focuses its efforts on raising funds for Samuel Jones Hall, expected to become operational prior to the winter of FY 2005-2006.

### **Nonprofit Organizations**

Nonprofit developers and agencies such as BHDC, Community Housing Development Corporation of Santa Rosa, and the Committee on the Shelterless (COTS) will continue to play a key role in the development of affordable housing. BHDC has the capacity to purchase land, obtain financing, develop and manage a variety of housing types. CHDCSR and COTS are especially well suited to the development of housing with supportive services for people with developmental disabilities or who have experienced homelessness. Each of these development organizations has special areas of expertise. Because the Board of Supervisors has not granted the County the authority to build or own housing, these organizations will continue to receive public support for their efforts to develop affordable housing in the County.

Sonoma County is home to a host of community-based nonprofit organizations that use CDBG, HOME and FESG funding, as well as funding from many other sources, to provide emergency, transitional and permanent supportive housing and supportive services for the County's homeless subpopulations. Brief descriptions of most of these organizations are found in the *General – Managing the Process* section of the Consolidated Plan.

### **Sonoma County Task Force on the Homeless**

The Task Force on the Homeless is a central clearing house for information about local shelters, for periodic needs assessment and to disseminate information on funding. The Task Force convenes meetings of housing and service providers to facilitate information sharing and coordination of services and provides financial assistance to providers. In early 2005, the Task Force planned and implemented the most recent homeless enumeration for the County.

### **Religious Organizations**

Many of the religious organizations located throughout Sonoma County provide varying levels and types of services and financial assistance to low-income and homeless persons. In addition, many of these organizations take an active role in recruiting their members to volunteer at the local shelters and other facilities serving the homeless.

### **The Private Sector**

For-profit developers have successfully built affordable housing in Sonoma County. They are able to tap into some HUD financing programs and tax credits. Private sector developers use the County's density bonus programs to create rental and ownership housing affordable to the County's low/moderate-income families. Their efforts will be supported and encouraged whenever possible.

## Needs of Public Housing

1. Describe the manner in which the plan of the jurisdiction will help address the needs of public housing and activities it will undertake during the next year to encourage public housing residents to become more involved in management and participate in homeownership.
2. If the public housing agency is designated as "troubled" by HUD or otherwise is performing poorly, the jurisdiction shall describe the manner in which it will provide financial or other assistance in improving its operations to remove such designation during the next year.

Program Year 1 Action Plan Public Housing Strategy response:

**Question 1: Describe the manner in which the plan of the jurisdiction will help address the needs of public housing and activities it will undertake during the next year to encourage public housing residents to become more involved in management and participate in homeownership.**

The Sonoma County Housing Authority does not own public housing. The Sonoma County Community Development Commission, the administrator for the Urban County's HOME, CDBG and FESG programs, includes two Section 8 tenants as voting members of the Community Development Committee (CDC). The CDC provides guidance and recommendations to the Commission and the Sonoma County Board of Supervisors regarding the policies that govern the Urban County's HOME, CDBG and FESG programs and the allocation of the funds from those federal programs. By providing its clients the necessary counseling and the opportunity to save for a down payment, the Sonoma County Housing Authority's Family Self-Sufficiency (FSS) program represents one avenue for Section 8 tenants to become homeowners.

**Question 2: If the public housing agency is designated as "troubled" by HUD or otherwise is performing poorly, the jurisdiction shall describe the manner in which it will provide financial or other assistance in improving its operations to remove such designation during the next year.**

HUD has not designated the Sonoma County Housing Authority a "troubled" agency.

## Barriers to Affordable Housing

1. Describe the actions that will take place during the next year to remove barriers to affordable housing.

Program Year 1 Action Plan Barriers to Affordable Housing response:

**Question 1: Describe the actions that will take place during the next year to remove barriers to affordable housing.**

Regulations of the State of California require each jurisdiction's General Plan Housing Element to identify constraints to housing development and to identify measures the jurisdiction will undertake to ameliorate those constraints. The following list provides specific examples of the actions that the Urban County's local jurisdictions will undertake during FY 2005-06 to remove barriers to affordable housing. This listing is intended to illustrate rather than catalog the range of actions the Cities, Town and County will undertake actions each jurisdiction will undertake.

### Review Process

- The City of Sebastopol will evaluate its development review procedures and consider Zoning Ordinance provisions for providing fast track permit procedures to encourage affordable housing projects.
- The City of Rohnert Park will consider allowing the Planning and Community Development Director to approve smaller projects and additions based on City Council-approved design criteria.
- Sonoma County will require all Departments to provide priority processing for affordable and farm worker housing proposals.
- Sonoma County will continue to dedicate one planner position to assist affordable housing projects through the approval process. The planner also will continue to provide research and advocacy for policies that promote development of affordable housing in the unincorporated areas of the County.
- The Community Development Commission (CDC) will continue its affordable housing group charged with expediting the processing of loans and agreements for affordable housing developments. The CDC also will continue to participate in inter-departmental discussions about affordable housing policies and provide technical assistance to the Urban County's jurisdictions regarding affordable housing program design and policy.

### Fees and Other Exactions

- The City of Cloverdale will consider funding all or a portion of impact fees for second dwelling units that have deed-restricted affordability restrictions for a period of no less than 15 years.
- The City of Cloverdale will consider adopting a requirement that a developer of large commercial or industrial projects construct the needed housing on site or in another appropriately zoned location near the place of employment and/or pay a housing impact fee.
- The Town of Windsor will consider reducing fees for lower-income housing on a sliding scale related to the level of affordability during the next impact fee review.
- The Town of Windsor will adopt a policy of deferring payment of fees until housing units are sold or ready for occupancy as a means of providing assistance to developers of affordable housing.
- The City of Rohnert Park will consider adopting a policy deferring development fees for housing projects targeted to lower-income households when based on need to ensure project feasibility. This policy would be similar to the adopted policy deferring permit and inspection fees for affordable housing projects.
- In the County, when considering new applications for residential development, the need for affordable housing will have priority over amenities that are not required to ensure health and safety, and the cost of the amenities shall be as minimal as possible. The County also established a Housing Trust Fund to provide financing for affordable housing development.

### Density Standard

- The City of Cloverdale plans to consider an amendment to the General Plan to increase the maximum residential development allowed in the General-Commercial use designation from mixed use on 20 percent of the site at 8 units per acre to 20 percent of the site at 20 units per acre.
- The City of Healdsburg will amend the General Plan and Zoning Ordinance to increase housing densities in order to facilitate production of housing affordable to very low-, low- and moderate-income households. For affordable housing, allow up to 20 units/acre with density bonus, and require at least 20% of the units to be restricted to very low- and low-income households.
- The County will continue to consult with residential builders and property owners on an on-going basis to determine what future incentives may be needed to ensure wider use of existing density bonus programs.

### Codes and Enforcement

- The City of Healdsburg will increase the maximum residential building height limit from 35 feet to 40 feet in any zone where multifamily housing is allowed.
- The City of Sebastopol will amend its Municipal Code to provide individuals with disabilities reasonable accommodation in rules, policies, practices and procedures in regard to relief from the various land use, zoning, or building laws that may be necessary to ensure equal access to housing.
- The County will consider revising existing regulations in order to allow long term occupancy of travel trailers and/or recreational vehicles in existing campgrounds, in compliance with State and County codes and regulations.
- The County of Sonoma will establish a procedure to allow illegal units that meet health and safety codes to be granted amnesty in exchange for affordability restrictions.

### Growth Management

- The City of Healdsburg will support the highest appropriate density to encourage greater housing production at reduced cost for land designated for residential development within the City's Urban Growth Boundary.
- The City of Sebastopol will maintain exemption from the Growth Management Ordinance for housing projects affordable to lower and median-income households. The City also has selected developers to develop affordable housing on two City-owned parcels.
- The Town of Windsor Zoning Ordinance will accommodate development of an additional 521 multi-family housing units at densities that would facilitate production of housing affordable to lower income households.

### Wastewater Treatment Capacity

- The Sonoma Valley County Sanitation District, which provides the City of Sonoma with wastewater collection services, will continue to require installation of low-flow toilets in new housing units and will maintain a program to replace the toilets in existing housing toilets with low-flow toilets.

### Other Infrastructure in Support of Housing

- The City of Sebastopol will implement a five-year Capital Improvement Program to guide development of public facilities required by new residential demand and to improve existing facilities in need of upgrading. Any updated water system study would include all areas identified in the General Plan but currently outside the City, to assure that infrastructure improvements are adequate to meet future demand.
- The County of Sonoma will cooperate with the County's cities and other public agencies in solving regional infrastructure problems including transportation, water supply, sewage treatment, as well as open space preservation.
- Sonoma County will consider sewer and water district annexations or out-of-service-area agreements on properties adjoining urban service boundaries for moderate or lower income housing projects.
- Under a Memorandum of Understanding with the Sonoma County Water Agency, the City of Rohnert Park will continue to receive an interim allocation of water until September 2010, when additional water supplies are expected to become available. The City's annual use of water currently exceeds its entitlement

### Zoning/Land Use

- The City of Cloverdale will consider revising the Zoning Ordinance to increase the maximum allowable lot coverage by deleting parking and driveway space from the calculation of lot coverage.
- The City of Cloverdale will adopt an inclusionary Housing Ordinance that requires below-market rate housing to be included as part of residential projects.
- The City of Healdsburg will modify its Inclusionary Zoning Ordinance to change the inclusionary requirement city-wide to require 10 percent of the dwelling units to be

- affordable to very low- and low-income households and 5 percent affordable to moderate households for new subdivision with 10 or more lots.
- In the Town of Windsor, the Zoning Ordinance will ensure that supportive housing and other group living situations with more than six beds are able to be located with a minimum of regulatory barriers.
  - The City of Sebastopol will create a Mobile Home Park Overlay District to promote preservation of this type of housing.
  - The City of Rohnert Park will amend the Zoning Ordinance to allow for second dwelling units on owner-occupied lots with single-family, detached homes, subject to appropriate standards.

#### Development Funds for Affordable Housing

- The City of Cloverdale will establish a Housing Fund to finance housing affordable to low- to middle-income households.
- The City of Sonoma will establish a fund to finance the preservation of affordable units at-risk of becoming market rate units.
- After revising the program guidelines, the County of Sonoma will promote the County Fund for Housing, a housing trust fund designed to provide both short- and long-term financing for affordable housing development.

#### Fair Housing

- The Urban County will continue to fund Community Action Partnership of Santa Rosa's fair housing and equal housing opportunity services.
- Sonoma County will work with the Cities of Petaluma and Santa Rosa to review and update their fair housing analysis of impediments to fair housing choice.

### **HOME/ American Dream Down payment Initiative (ADDI)**

1. Describe other forms of investment not described in § 92.205(b).
2. If the participating jurisdiction (PJ) will use HOME or ADDI funds for homebuyers, it must state the guidelines for resale or recapture, as required in § 92.254 of the HOME rule.
3. If the PJ will use HOME funds to refinance existing debt secured by multifamily housing that is that is being rehabilitated with HOME funds, it must state its refinancing guidelines required under § 92.206(b). The guidelines shall describe the conditions under which the PJ will refinance existing debt. At a minimum these guidelines must:
  - a. Demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing.
  - b. Require a review of management practices to demonstrate that disinvestments in the property has not occurred; that the long-term needs of the project can be met; and that the feasibility of serving the targeted population over an extended affordability period can be demonstrated.
  - c. State whether the new investment is being made to maintain current affordable units, create additional affordable units, or both.
  - d. Specify the required period of affordability, whether it is the minimum 15 years or longer.
  - e. Specify whether the investment of HOME funds may be jurisdiction-wide or limited to a specific geographic area, such as a neighborhood identified in a neighborhood revitalization strategy under 24 CFR 91.215(e)(2) or a Federally designated Empowerment Zone or Enterprise Community.
  - f. State that HOME funds cannot be used to refinance multifamily loans made or insured by any federal program, including CDBG.

4. If the PJ is going to receive American Dream Down payment Initiative (ADDI) funds, please complete the following narratives:
  - a. Describe the planned use of the ADDI funds.
  - b. Describe the PJ's plan for conducting targeted outreach to residents and tenants of public housing and manufactured housing and to other families assisted by public housing agencies, for the purposes of ensuring that the ADDI funds are used to provide down payment assistance for such residents, tenants, and families.
  - c. Describe the actions to be taken to ensure the suitability of families receiving ADDI funds to undertake and maintain homeownership, such as provision of housing counseling to homebuyers.

**Program Year 1 Action Plan HOME/ADDI response:**

**Question 1: Describe other forms of investment not described in § 92.205(b).**

Sonoma County will not use HOME funds for any form of investment not described at section 92.205(b) of the Final Rule.

**Question 2: If the participating jurisdiction (PJ) will use HOME or ADDI funds for homebuyers, it must state the guidelines for resale or recapture, as required in § 92.254 of the HOME rule.**

Sonoma County plans to use ADDI funds to provide down payment assistance to an estimated 10 eligible homebuyers. The loan will be a deferred payment subordinate loan due at resale and secured by a recorded deed of trust. Generally, the promissory note for the ADDI loan will bear no interest. Instead, the payoff amount of the ADDI loan will include the original principal amount of the loan plus a share of the appreciation in the home's value during the period in which the borrower owned the home. The share of appreciation will equal to the ratio of the principal amount of the ADDI loan to the purchase price of the home that the ADDI loan helps to finance. If a first mortgage lender insists that the ADDI loan bear interest, the County would revise the promissory note for the ADDI loan to include both an interest rate and a smaller share of appreciation.

The County also will record an option agreement with the ADDI borrower conveying to the County a first right to purchase the home from the borrower at the time of resale.

These guidelines match the guidelines that the County's Board of Supervisors has approved for the County's other homeownership programs.

**Question 3: If the PJ will use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME funds, it must state its refinancing guidelines required under § 92.206(b). The guidelines shall describe the conditions under which the PJ will refinance existing debt. At a minimum these guidelines must:**

- a. Demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing.
- b. Require a review of management practices to demonstrate that disinvestments in the property has not occurred; that the long-term needs of the project can be met; and that the feasibility of serving the targeted population over an extended affordability period can be demonstrated.
- c. State whether the new investment is being made to maintain current affordable units, create additional affordable units, or both.

- d. **Specify the required period of affordability, whether it is the minimum 15 years or longer.**
- e. **Specify whether the investment of HOME funds may be jurisdiction-wide or limited to a specific geographic area, such as a neighborhood identified in a neighborhood revitalization strategy under 24 CFR 91.215(e)(2) or a Federally designated Empowerment Zone or Enterprise Community.**
- f. **State that HOME funds cannot be used to refinance multifamily loans made or insured by any federal program, including CDBG.**

Sonoma County will not use HOME funds to rehabilitate housing nor to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME funds.

**Question 4: If the PJ is going to receive American Dream Down payment Initiative (ADDI) funds, please complete the following narratives:**

- a. **Describe the planned use of the ADDI funds**

Sonoma County would use ADDI funds to provide purchase financing to eligible first-time homebuyers. The ADDI loans will provide down payment and closing cost assistance. Given the limited funding available for ADDI and the program's administration (FY 2003-04 funds only), the County will fold the ADDI program into the County's existing homeownership programs. This approach will allow the County to achieve the maximum impact with the limited funding while using other funds to administer the program.

- b. **Describe the PJ's plan for conducting targeted outreach to residents and tenants of public housing and manufactured housing and to other families assisted by public housing agencies, for the purposes of ensuring that the ADDI funds are used to provide down payment assistance for such residents, tenants, and families.**

Sonoma County owns no public housing. The County will work with the Sonoma County Housing Authority to conduct outreach to Section 8 voucher holders. The focus of the outreach will be the families participating in the County's Family Self Sufficiency (FSS) program who have established as a goal the purchase of their first homes.

- c. **Describe the actions to be taken to ensure the suitability of families receiving ADDI funds to undertake and maintain homeownership, such as provision of housing counseling to homebuyers.**

Two options are available to Sonoma County to provide homeownership counseling to prospective buyers who will receive ADDI purchase assistance. The County could rely upon the FSS program's counseling program or work with one or more outside agencies to provide the counseling.