

SEP - 1 2016

**Response to Grand Jury Report Form**

Report Title: Affordable Housing

BY [Signature]  
Deputy Clerk

Report Date: June 27, 2016

Response by: Kathleen Kane Title: Director

Agency/Department Name: Sonoma County Community Development Commission

**FINDINGS:**

I (we) agree with the findings numbered: F1, F3, F8, F9

I (we) disagree wholly or partially with the findings numbered: F2, F4, F5, F6, F7

(Attach a statement specifying any portions of the findings that are disputed with an explanation of the reasons.)

**RECOMMENDATIONS:**

Recommendations numbered: R6 (portion)  
have been implemented.

(Attach a summary describing the implemented actions.)

Recommendations numbered: R6 (portion)  
have not yet been implemented, but will be implemented in the future.

(Attach a timeframe for the implementation.)

Recommendations numbered: R6 (portion)  
require further analysis.

(Attach an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or director of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This timeframe shall not exceed six months from the date of publication of the Grand Jury report.)

Recommendations numbered: R5, R8

will not be implemented because they are not warranted or are not reasonable.  
(Attach an explanation.)

Date: August 1, 2016 Signed: [Signature]

Number of pages attached: 4

Approved: Raima Ballinger  
Superior Court Judge



8.31.16

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

August 1, 2016

Members of the  
Commission

Efren Carrillo  
Chair

Shirlee Zane  
Vice Chair

Susan Gorin  
David Rabbitt  
James Gore

Kathleen H. Kane  
Executive Director

The Honorable Raima Ballinger  
Presiding Superior Court Judge  
Hall of Justice  
600 Administration Drive  
Santa Rosa, CA. 95403

Re: Civil Grand Jury Report – Affordable Housing

Dear Judge Ballinger:

This letter responds to the June 29, 2016 Sonoma County Civil Grand Jury Final Report section entitled "Spotlight on Affordable Housing". The report includes nine findings and nine recommendations, and requires me, as the Executive Director of the Sonoma County Community Development Commission (SCCDC), to respond specifically to Recommendations R5, R6, and R8 on page 21 of the Report.

**Findings:**

I agree with Findings F1, F3, F8, and F9 without reservation.

I agree with Finding F2, in that the dissolution of redevelopment agencies significantly reduced funding for affordable housing. However, the County's former Redevelopment Agency tax receipts for the last year of the program (FY 11-12) totaled \$6.7 million, of which the required 20% was set-aside for affordable housing. The annual loss of affordable housing funding experienced by the County is therefore \$1.34 million, rather than the \$6 million figure cited in the Report.

I generally agree with Finding F4. I cannot express an opinion on the specific figure of \$40 million in annual funding needed, as I do not know the specific figures on which it is calculated. However, based on the figures presented throughout the Report, and the information included in the Building HOMES Toolbox, this appears to be a reasonable estimate. It is important to note that this represents the combined local public subsidy that would be required from all local jurisdictions located within the county, rather than the subsidy required from County of Sonoma and SCCDC sources alone.



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I generally agree with Finding F5. Density bonus allowances can make it possible for private developers to build affordable housing without public subsidies. However, the feasibility of any development is dependent of a wide range of variables, and density bonuses alone may not be sufficient in all situations.

I generally agree with Finding F6; however, I note that the County has a policy of fast-tracking the approval process for affordable housing development, which helps to mitigate “bureaucratic delays”.

I cannot express an opinion regarding Finding F7, as this is not within my field of knowledge.

**Recommendations:**

***Recommendation R5:***

*The Sonoma County Community Development Commission and the Santa Rosa Housing Authority take necessary steps to pre-approve building sites with maximum density allowance to take advantage of transit-oriented development grants available from Cap and Trade funds.*

- The SCCDC will not implement this recommendation because zoning and land use approvals are not within the scope of this agency’s authority. The SCCDC will refer this recommendation to the Sonoma County Permit and Resource Management Department (PRMD), and therefore to the Sonoma County Board of Supervisors, for response.

***Recommendation R6:***

*The Sonoma County Board of Supervisors, Community Development Commission and Santa Rosa Housing Authority prioritize the development of new sources of affordable housing funding by supporting passage of AB 1335, applying for grants from the National Housing Trust Fund and creating Community Revitalization and Investment Areas or Enhanced Infrastructure Financing Districts.*

- Some portions of this recommendation have been implemented, some portions will be implemented in the future, and some portions require further assessment to determine if they will be implemented, as discussed below.

AB 1335 would provide a permanent source of funding for development of affordable housing, a goal that is strongly supported by the SCCDC and included in the County’s Legislative Platform. The Chair of the Board of Supervisors submitted a letter to the State Senators and Assembly members representing Sonoma County, expressing support of AB 1335. SCCDC will continue to support this legislation in FY 2016-17.

National Housing Trust Fund allocations were announced for the first time in May 2016. The State of California will receive a 2016 allocation of \$10,128,143, which will be administered by the State Department of Housing and Community Development (HCD). The SCCDC

will be tracking HCD's promulgation and implementation of regulations for statewide distribution of the funds, and will work with local affordable housing developers to submit applications for assistance as funding becomes available.

Community Revitalization and Investment Areas could be established in Sonoma County if no less than 80% of the included land is characterized by both an annual median household income that is less than 80% of the statewide annual median income, and at least three of the following four conditions exist:

1. Non-seasonal unemployment that is at least 3% higher than statewide median unemployment,
2. Crime rates that are 5% higher than the statewide median crime rate,
3. Deteriorated or inadequate infrastructure such as streets, sidewalks, water supply, sewer treatment or processing, and parks,
4. Deteriorated commercial or residential structures.

While it may be possible to identify areas that meet the last two of these criteria, there are no areas in the County that currently meet either of the first two criteria. Therefore, this potential tool is not available for our County at this time. The SCCDC will assess the feasibility of using this approach in the future if either the mandated criteria are changed, or the local unemployment or crime rates rise to the level of meeting current criteria.

Enhanced Infrastructure Financing Districts (EIFDs) could be comprised of any geographical configuration, including non-contiguous areas. They could be as small as a part of one city, or as large as the entire County and all cities. Like former Redevelopment Project Areas, EIFDs are entitled to receive property tax increment revenue; however, school funding would not be included, all other local taxing entities would need to consent to the tax increment formula, and voter approval is required for bond issuance. While EIFDs appear to be a potential tool for raising funds for affordable housing, these requirements render them significantly less powerful than the former Redevelopment Program. As part of its work to implement the Building HOMES Toolbox strategies, the SCCDC is working to develop a countywide public/private partnership Housing Trust Fund, and will work with local jurisdictions to assess whether EIFDs could comprise one source of revenue for the effort. This work is underway in 2016 and will be ongoing in coming years.

***Recommendation R8:***

*The Sonoma County Community Development Commission and the Santa Rosa Housing Authority expedite formation of Area Specific Plans to facilitate private housing development.*

- The CDC will not implement this recommendation because formation of Area Specific Plans is not within the scope of this agency's authority. The CDC will refer this recommendation to PRMD, and therefore to the Sonoma County Board of Supervisors, for response.

Please feel free to contact me at 707-318-1290 if you have questions or would like to further discuss the information presented in this response.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Kathleen H. Kane', written in a cursive style.

Kathleen H. Kane  
Executive Director

c: Sonoma County Board of Supervisors  
Veronica A. Ferguson, Sonoma County Administrator  
William Rousseau, Sonoma County Clerk  
Charlotte Addington, Grand Jury Foreperson, PO Box 5109, Santa Rosa, CA 95402  
Tennis Wick, Permit and Resource Management Department  
David Gouin, Santa Rosa Housing Authority