



County of Sonoma
Agenda Item
Summary Report

Clerk of the Board
575 Administration Drive
Santa Rosa, CA 95403

Agenda Item Number:
(This Section for use by Clerk of the Board Only.)

To: Board of Supervisors and Board of Commissioners

Board Agenda Date: December 4, 2018

Vote Requirement: Majority

Department or Agency Name(s): County Administrator's Office, Community Development Commission

Staff Name and Phone Number:

Michael Gossman 707-565-7056
Margaret Van Vliet 707-565-7505

Supervisorial District(s):

All

Title: Formation of the Renewal Enterprise District Joint Powers Authority

Recommended Actions:

1. Authorize the Chair of the Board of Supervisors to sign a Joint Powers Agreement forming the Renewal Enterprise District;
2. Authorize the execution of contracts between the Renewal Enterprise District, the Community Development Commission, and the Office of County Counsel

Executive Summary:

When Sonoma County lost nearly 5,300 homes in the 2017 wildfires, the catastrophe exacerbated an already existing housing crisis. The urgent need to rebuild lost units and at the same time address the severe shortage of homes gave rise to the concept of the Renewal Enterprise District's (RED) vision of harnessing regional action to solve a regional crisis. The overarching goal of the RED is to catalyze and facilitate development of substantially more housing to meet a diversity of needs within the County, and in a way that protects the environment, supports our economic renewal, and improves the well-being of the County and its residents.

The members of the City and County Ad Hoc Committees on Build and Re-build (Ad Hoc) recommended that the City of Santa Rosa and the County of Sonoma establish a new Joint Powers Authority (JPA) to implement a shared vision and agenda. Following that direction, County, City, and the Sonoma County Transportation Agency staff formed a working group of representatives from each organization to develop a Joint Powers Agreement (Agreement, attached here as Attachment A).

The working group has finalized a draft Agreement for review and approval by the Board of Supervisors and the City Council. That Agreement proposes the creation of the RED as a separate legal entity formed as a Joint Powers Authority by the City of Santa Rosa and the County of Sonoma with initial staffing and operations provided by existing City, County, and Community Development Commission (CDC) staff,

supplemented by the Sonoma County Transportation Authority, Regional Climate Protection Agency, and Sonoma Clean Power.

As currently proposed, the RED creates a structure for a multi-jurisdictional opportunity to develop funding and other criteria to incentivize and encourage climate-smart housing and other community development projects. Creation of the RED also signals to the public, state and federal officials, and outside investors and business interests that Santa Rosa's and Sonoma County's local governments are serious about overcoming barriers to housing development.

Discussion:

In the months following the 2017 wildfires, there was heightened awareness of the importance of ensuring not only that our fire survivors rebuild, but also ensuring community-wide economic vitality by meeting housing development goals. The Sonoma County Board of Supervisors and the Santa Rosa City Council have been working to address the problem, and directed staff to identify new and more effective structures to quickly facilitate substantially increased housing development for all income levels. In response, the concept of a regional housing construct began to take shape in the form of the Renewal Enterprise District or RED.

The basic premise of the RED is to work across jurisdictions to market and attract developers, blend private financing and public funds, leverage state and federal grant funds, and facilitate creation of housing that meets established public policy goals for increased density, access to transit, protection of open space and community separators; improved energy efficiency, climate resilience, and affordability; and to advance and ensure equitable access to housing.

While the RED is being developed by the County of Sonoma and the City of Santa Rosa, after a two-year pilot demonstration period, other jurisdictions are able to join this regional effort.

On June 11, 2018, the Board of Supervisors approved staff to negotiate a Joint Powers Agreement. Following that direction, County, City, and the Sonoma County Transportation Agency staff formed a working group of representatives from each organization to develop the Agreement. Over the last few months, the working group has reported back to their respective Boards and Council with updates and for guidance, and, over a series of meetings, staff has finalized a draft for review and approval. By working together, the City and County have developed a vehicle to drive regional renewal efforts, to leverage their real estate assets, and to access new funding sources for maximum effect and long-term benefit.

The Agreement sets forth a framework in which the County and the City, by sharing various powers within their jurisdictions, will:

- Focus efforts to develop housing, based on existing and in-process local land use plans
- Define project criteria for which incentives are appropriate
- Pursue innovative new models for public-private partnerships
- Expand, pool, and leverage public and private financing in new ways
- Explore the most strategic and advantageous use of city- and county-owned land

- Leverage the regional housing planning tools and the technical and financial resources of Metropolitan Transit Commission (MTC)/Association of Bay Area Governments (ABAG)

The goals of this joint effort include:

- Achieving Sonoma County's fire recovery rebuild goals and meeting current and previously unmet regional housing needs
- Honoring community separators and urban growth boundaries, and Implementing existing and in-progress General Plans and Specific Plans
- Incentivizing higher density, infill, and transit-oriented housing in Priority Development Areas, Transit Priority Areas, Designated Opportunity Zones, and Employment Investment Areas
- Promoting zero net energy development and advancing climate resiliency at the regional, neighborhood, and homeowner scale
- Ensuring affordability and equity in housing development
- Improving opportunities for area employers to recruit and retain a skilled workforce
- Ensuring transparency and accountability regarding achievement of housing goals

Formation of the RED will not shift any land use approval authority to the JPA. However, it is hoped that the RED eventually may streamline permitting and financing tools to help further an aggressive housing production agenda.

RED Project Parameters

Once the RED is formed and has access to capital or other incentives, a project should meet specified criteria to access those incentives. Final criteria will be established by the governing board of the JPA.

Some examples of project criteria recommended by staff include increased affordability in both rental and ownership projects; location within the boundaries of a specific plan adopted by the City of Santa Rosa or County of Sonoma, or on a parcel that falls entirely or partially within a locally-designated Priority Development Area, a Transit Priority Area, a Designated Opportunity Zone, an Employment Investment Area, or a Rural Investment Area; and a commitment to paying all construction workers at least the general applicable prevailing wage.

Staff also recommends that RED funding be made available for Infrastructure and Community Facilities projects that directly serve individual RED housing projects. Community facilities could include community health clinics, affordable day care and after school programs, libraries, teen centers, and senior centers.

Governing Board

The RED is proposed to be governed by a Joint Powers Authority with the initial governing Board consisting of two elected officials each from the County of Sonoma and the City of Santa Rosa ("Founding Members"). The joint powers agreement establishing the JPA is structured to allow other

jurisdictions to become part of the RED after a two-year pilot period. After that two year period, other cities within the County may join the JPA with one elected official per jurisdiction (“New Member”).

Voting

The Founding Members will have two votes, or one vote per representative. Each New Member will have one vote, or one vote per representative. Day-to-day decisions will require a simple majority of all members to pass. Major decisions, including financial commitments imposed on the members or an amendment to the Agreement, will require a unanimous vote.

Future Review of Governance

Under the Agreement, the JPA will hold a public meeting after two years from formation of the Agency to review the terms and conditions of the Agreement and to discuss whether any amendments to this Agreement are necessary or advisable, including the addition of New Members.

Financing

The RED will allow the City of Santa Rosa and the County of Sonoma to more easily pool their resources to leverage additional investment, with the potential to generate more funds than either jurisdiction can attract on its own.

The RED could seek additional financial resources from investors, funders, planners, and regulators at the regional, state and national levels, which could then be strategically leveraged under the RED construct. Staff believes that the RED concept – the creation of a new regional entity to promote housing – will itself attract such new investments.

Wherever possible, the members of the JPA will pursue grant funding to offset future costs. To date, the local agencies participating in the formation process have been successful in obtaining a \$1,000,000 Hewlett Foundation grant to fund development of the JPA, and a possible \$350,000 from the State of California’s Strategic Growth Council for initial start-up costs and planning efforts.

SB2 Funding

The City and County are requesting allocation of Year 1 funds generated under Senate Bill 2 (building Homes and Jobs Act) to fund RED-related planning efforts, which may include the adoption of a RED housing plan, updated City and County Specific Plans, and related implementation documents. 50% of funds generated under SB 2 (through a \$75 fee charged for the recording of real property documents) during its Year 1 (2018) are being specifically allocated to grants for technical assistance and updates to local planning documents to streamline housing production (while the other 50% are allocated to the State for homeless services).

The jurisdictions could pool funds received under SB 2, and other funds contributed to the JPA this fiscal year, to enable Santa Rosa and Sonoma County to prepare plans and environmental documentation that would facilitate streamlined development.

Additionally, when SB 2 money is available for housing development projects, the state agency charged with implementing SB 2, the Department of Housing and Community Development, could specifically appropriate a portion of the available funds for RED projects.

Staffing and Other Services

Initial staffing for the JPA will be done under contract with member entities or third parties. The JPA may have an Executive Director, who may be an employee of one of the members. The Sonoma County Auditor-Controller-Treasurer-Tax Collector shall act as the initial Treasurer for the JPA, and perform all usual and customary duties of their offices, including but not limited to receiving all deposits, processing payments per direction, and other duties specified in Government Code section 6505.5. The JPA may transfer the responsibilities of the Treasurer, by a vote of the Board, to any other person or entity as the law may provide at the time (see e.g., Government Code section 6505.5). The Board shall also ensure an independent annual audit is conducted by a certified public accountant, or public accountant, in compliance with Government Code section 6505.

The RED will need to be engaged immediately in a number of tasks, including beginning work on the upcoming legislative advocacy efforts, and on fundraising. Both City of Santa Rosa and County of Sonoma staff are well positioned to provide these services. As such, this item also requests authorization for the Community Development Commission and the County Counsel’s Office to enter into contracts with the RED to provide technical, legal, and grant-writing services to ensure that there is no delay in the RED’s ability to begin work in these areas.

The City of Santa Rosa is poised to approve the creation of the RED JPA concurrently with this item.

Prior Board Actions:

June 11, 2018 – Board approves the creation of a Renewal Enterprise District.

February 6, 2018 –Renewal Enterprise District concept discussed as part of the Housing Recovery Workshop.

November 7, 2017 – Formed ad hoc committee consisting of Supervisors Gore and Zane to address build/rebuild issues and to coordinate with the City of Santa Rosa.

Strategic Plan Alignment Goal 3: Invest in the Future

Fiscal Summary			
Expenditures	FY 18-19 Adopted	FY 19-20 Projected	FY 20-21 Projected
Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures			
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources			
Narrative Explanation of Fiscal Impacts:			
<p>Impact to County departments is negligible in the current fiscal year, and no new appropriation authorization is requested. Existing staff from the City of Santa Rosa, the Community Development Commission, Permit Sonoma, and General Services can manage the JPA with support from legal counsel, accounting and the Auditor-Controller-Treasurer-Tax Collector, and supplemented by the Sonoma County Transportation Authority, Regional Climate Protection Agency, and Sonoma Clean Power.</p> <p>Staff has sought and received \$1M in start-up funds through the Hewlett Foundation, and the State's Strategic Growth Council is likely to support with approximately \$350,000.</p>			
Staffing Impacts			
Position Title (Payroll Classification)	Monthly Salary Range (A – I Step)	Additions (Number)	Deletions (Number)
Narrative Explanation of Staffing Impacts (If Required):			
Attachments:			
<p>A: Joint Powers Agreement B: Draft Scopes of work for County services</p>			

Related Items "On File" with the Clerk of the Board:

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