



Renewal Enterprise District (RED)

Board Meeting

Regular Meeting Minutes - FINAL

Date: July 22, 2020

Time: 2:00 P.M.

www.renewalenterprisedistrict.org

**In accordance with Executive Orders N-25-20 and N-29-20 the July 22, 2020
RED Board of Directors meeting will be held virtually.**

MEMBERS OF THE PUBLIC MAY NOT ATTEND THIS MEETING IN PERSON

The July 22, 2020 RED Board Meeting will be facilitated virtually through Zoom.

Members of the public can watch or listen to the meeting using one of the two following methods:

1. Join the Zoom meeting application on your computer, tablet or smartphone at:
<https://us02web.zoom.us/j/83636795528>
Meeting ID: 836 3679 5528
2. Call-in and listen to the meeting:
Dial 1 (669) 900-6833
Enter Meeting ID: 836 3679 5528
or
iPhone one-tap:
+16699006833,,83636795528#

PUBLIC COMMENT PRIOR TO THE BOARD MEETING: Public Comment may be submitted via recorded voice message or email.

VOICE RECORDED PUBLIC COMMENT: To submit public comment via recorded message, please call 707-477-5653 by 5pm Tuesday, July 21st. State your name and the item number(s) on which you wish to speak. The recordings will be limited to two minutes. These comments may be played at the appropriate time during the board meeting.

EMAIL PUBLIC COMMENT: To submit an emailed public comment to the Board, email michelle.whitman@renewalenterprisedistrict.org. Please provide your name, the agenda number(s) on which you wish to speak, and your comment. These comments will be emailed to all Board members.

PUBLIC COMMENT DURING THE BOARD MEETING USING ZOOM: Members of the public who join the Zoom meeting, either through the Zoom app or by calling in, will be able to provide live public comment at specific points throughout the meeting.

EMAIL PUBLIC COMMENT: One may also email public comment to michelle.whitman@renewalenterprisedistrict.org throughout the meeting. All emailed public comments will be forwarded to all Board Members.

DISABLED ACCOMMODATION: If you have a disability which requires an accommodation or an alternative format to assist you in observing and commenting on this meeting, please contact the Clerk of the Board at (707) 477-5653 or by emailing Michelle Whitman at michelle.whitman@renewalenterprisedistrict.org by 12pm Tuesday, July 21st to ensure arrangements for accommodation.

The rules for public observation and comment supersede and replace the standard provisions on page four for the duration of the public health emergency.

2:00 P.M. CALL TO ORDER**1. Call to Order, Roll Call and Approval of the Agenda**

Chairperson Victoria Fleming called the meeting to order at 2:05 pm. Executive Director Michelle Whitman took roll call and noted that a quorum was present, consisting of the following Directors: Jack Tibbetts, Shirlee Zane, David Rabbitt and Victoria Fleming.

2. Public comment on matters not listed on the agenda but within the subject matter jurisdiction of the Board

Time open: 2:06

Public speakers: None; Chair invited public comment, no one came forward.

Time closed: 2:07

3. Consent Calendar

- a. **Approve minutes of April 23, 2020 Board meeting**
- b. **Approve Year-to-date Financial Report**
- c. **Authorize a \$15,000 grant to the City of Santa Rosa to complete a feasibility analysis of forming infrastructure financing district in Santa Rosa's urban core**
- d. **Authorize Executive Director to collaborate with Generation Housing (Gen H) and Sustainable Sonoma in submitting a letter of introduction in pursuit of grant funding from Providence St. Joseph Health Community Recovery and Resilience Initiative.**

Recommended Action: Approve items as presented.

Time open: 2:07

Public speakers: None; Chair invited public comment, no one came forward

No Board questions or comments on the Consent Calendar

Time closed: 2:08

Board action: Motioned, seconded, passed, items approved as presented

AYE Zane AYE Tibbetts AYE Rabbitt AYE Fleming

4. Information Items

- a. **Agency Insurance:** Executive Director will provide a brief update on the RED's insurance coverage and premium

Time open: 2:09

Public speakers: None; Chair invited public comment, no one came forward.

No Board questions or comments on this item.

Time closed: 2:14

Board action: None, informational only

- b. **Map One Sonoma:** Update on RED Executive Director's participation in Map One Sonoma, an initiative funded by Community Foundation Sonoma County

Time open: 2:15

Public speakers: Tom Robertson

No Board questions or comments on this item

Time closed: 2:22

Board action: None, informational only

Tom Robertson stated a desire to be interviewed by Map One Sonoma project coordinator to share his perspectives as a property owner/housing developer

5. Action Items –

- a. Fiscal Year 2018-19 Financial Audit.** Receive report from Auditor and seek Board acceptance of report.
Recommended Action: Receive and accept the Fiscal Year 2018-19 audit and direct staff to implement any recommendations provided.

Time open: 2:23

Public speakers: None; Chair invited public comment, no one came forward

There were no Board comments or questions following the auditor's presentation

Time closed: 2:34

Board action: A motion was made, seconded and approved to receive and accept the Auditor's FY 18-19 report. There were no recommendations made by the Auditor and, therefore, none to implement or approve.

AYE Zane AYE Tibbetts AYE Rabbitt AYE Fleming

Pisenti and Brinker Senior Manager Kellin Gilbert presented the firm's opinion of the RED's FY18-19 financial statements, which were found to be free of material misstatement. To qualify this opinion, Pisenti and Brinker reviewed the RED's organizational documents, and tested transactions and year end balances. The statements were free of unusual accounting transactions and did not reveal any fraud or illegal acts. The auditors did not have any difficulties or disagreements with RED management in the course of the audit.

- b. Report on Phase One of Feasibility Study exploring a new fund or financing program that could be implemented to support infill, mid to high density housing development near transit; consider next steps.** Final report on screening models and proposed products for financing infill housing development in the downtown Santa Rosa market and other urban areas of the County; provide direction on next steps

Recommended Actions:

1. Accept Options and Feasibility Assessment Report for New Housing Fund for Infill Housing Development in Santa Rosa and Sonoma County.
2. Provide Direction to Executive Director regarding commencement of Phase Two of Project.
3. Authorize Executive Director to identify or pursue funding for Phase Two of Project.

Time open: 2:34

Public speakers: Tom Robertson

Time closed: 4:30 (including a mid-point recess)

Board action: Motions were made, seconded and approved to 1) Accept Options and Feasibility Assessment Report for New Housing Fund for Infill Housing Development in Santa Rosa and Sonoma County, 2) Direct Executive Director to commence with Phase Two of Project, and 3) Authorize Executive Director to identify or pursue funding for Phase Two of Project.

AYE Zane Absent Tibbetts AYE Rabbitt AYE Fleming

Forsyth Street Advisors (FSA), consultants to this initiative, led the RED Board and public stakeholders through a presentation of their findings focused on the identification of barriers that prevent both affordable and market-rate projects from moving forward. FSA found financial obstacles stalling infill, higher density housing production in the Santa Rosa and Sonoma County market and recommended the development of a housing fund offering products to stimulate the production of these housing types. FSA has created housing funds for the purposes of spurring housing production in other areas experiencing housing crises, including those recovering from natural disasters. Recommended fund products include flexible, patient financing for affordable and middle-income housing. The presentation completed Phase I of the Options and Feasibility report showing both a need for a housing fund and a pathway to creating one. FSA recommended moving forward with fund formation, beginning with capitalization, followed by legal structure, and finally, governance, management and operations.

Board member questions and comments:

Rabbitt – Supportive of moving forward but questions risk profile, especially for public investors interested in fulfilling policy goals. FSA responds that in their experience, public sector investment usually takes highest risk position in the layered capital stack because the goal is achieving public policy goals. Rabbitt also asks what level of funding commitment is needed from the public sector, and is this a one time commitment or ongoing. FSA assumes \$20 million is needed in total to launch the fund to catalyze a handful of projects. If \$10 million is raised from philanthropic and private sector, then \$10 million needed from public sector. Rabbitt states that City and County have recently received settlements from PG&E, which he states is an appropriate source of funding for a housing fund. Other cities in the county don't have PG&E funds, have constrained budgets. If they join the RED in the future, how do we determine the buy in price to join the fund? FSA answers that it depends what is in the fund and what objectives the new member is trying to address under their unique conditions; not a final answer, just a frame for thinking about it. Rabbitt references ABAG RHNA requirements and if subregionalized, may have more RED buy-in from non-member county jurisdictions to achieve collective, mandated housing goals. Rabbitt finally asks if Phase II can be approached in steps and acknowledges that it is difficult to raise money in Sonoma County, particularly for big initiatives like this. Can we take interim steps toward the goal of creating the fund? Executive Director Whitman suggests that the first step is to identify funding for Phase II scope of work and then to pursue capital for the fund. If capital is committed then the effort advances. If the fund cannot be capitalized there would be no effort made around legal structure, governance, operations or maintenance.

Zane – Can we accelerate infill housing without seeding a housing fund? FSA states that the thesis of the fund is proving the market for higher density infill housing within a range of affordability. The Fund is needed to help support and prove the market; housing funds are created to take on a role

that conventional lenders cannot. When public budgets are constrained, a fund can cost effectively leverage public sector investment to achieve a greater level of benefit, create a lot of housing, even provide benefits beyond the scope of the fund. Public sector may be paying 5% of the project cost to stimulate the other 95%. Good return on investment. Once the fund has proven a market, funds can be reprogrammed toward other policy goals and the proven market continues to build without public investment, providing a zero-cost public benefit. Zane asks how FSA assists the RED in capitalization. RED and FSA each have roles in capitalization. FSA has experience doing this, has credibility with investors but the RED is the local presence with the local relationships.

Tibbetts – Like the San Francisco Housing Accelerator Fund, the opportunity to provide 0% financing over 20 years may be an option to consider as RED Board members go back to their Board and Council. FSA presentation looks good, appreciates the suggestion that the fund could take an equity position in the event of default since this is public money. Would like to avoid loans like those at the Community Development Commission, where loan proceeds may not be paid back for up to 30 years. FSA responds that the matter is in two different buckets—affordable and market rate. Market rate requires fixed payments; affordable depends on the goals of the RED. Want to be impactful, flexible, responsive. Each investor into the fund will have its own requirements we must factor in, honor obligations to. Tibbetts grateful for taking his previous recommendations and incorporating them into the final report. Says report is awesome; wishes he could participate in the vote but because of time constraints must leave the meeting before casting a vote.

Fleming – Is the fund scalable if the RED adds new member jurisdictions following its two-year anniversary? FSA responds that the fund is scalable and once a timeline is identified the fund can begin structuring the fund to accommodate new members. The question is whether this a short, medium- or long-term prospect. Public investors into the fund will be expecting a policy benefit, with first investors setting precedents. Fleming asks for clarification of the risk profile for public investments, given public policy goals, conditions, restrictions. FSA answers that by definition the fund takes on risks that a private lender is not comfortable with. Fleming asks how governing structures can evolve and adapt to adding new members. FSA answers that fund's legal structures and governance are set to the operating environment; some are stand alone 501(c)(3) organizations; some are LLCs; others are a hybrid.

Public Comments: Tom Robertson, as a private developer, is excited about this initiative and would likely submit an application for his project if a housing fund is created.

6. Executive Director Report

Time open: 4:31

Public speakers: None; Chair invited public comment, no one came forward.

Time closed: 4:51

Board action: Receive report

Executive Director Michelle Whitman provided a verbal report on RED activities since the April 23, 2020 Board meeting, including highlights from two large grant awards to produce 345 units of housing, facilitating an audit, capacity building and resource development, attracting and pooling grants and other financial resources to accelerate higher density housing production near transit, services and other amenities. Looking forward, short term efforts to spur housing development are focused on partner agencies at the state level, including the Strategic Growth Council and Housing and Community Development, among others. However, the impacts of COVID-19 on federal, state and local budgets are not yet known. The State Senate appears to be fundamentally committed to housing production, however, financial resources must follow.

There may be federal recovery money available for infrastructure, which has housing advocates working to have housing officially defined as infrastructure. The overall financial impacts of COVID-19 on local housing production remain uncertain. Nonetheless, there is a spirit of cautious optimism among developers active in Sonoma County, with several projects expected to break ground in 2020 and 2021.

Board member comments and questions:

Rabbitt: Good collaborative effort in Sonoma County around housing initiatives. Equity is connected to planning.

Zane: Would like to see more media focused on housing progress, funding awards. Housing has everything to do with health, equity. Has literally become a life and death issue.

Fleming: In addition to the RED, City and County staff are due credit for taking steps to establish both jurisdictions as 'pro-housing.' Agrees that housing is health.

7. Adjournment

The meeting was adjourned at 4:53 p.m.

Member Agency	Directors
<i>City of Santa Rosa</i>	Victoria Fleming (Chair)
<i>County of Sonoma</i>	Shirlee Zane (Vice Chair)
<i>City of Santa Rosa</i>	Jack Tibbetts
<i>County of Sonoma</i>	David Rabbitt

Special Accommodations: If you have a disability which requires an accommodation, an alternative format, or requires another person to assist you while attending this meeting, please contact Michelle Whitman, (707) 477-5653, as soon as possible to ensure arrangements for accommodation.

Public Comment: Any member of the audience desiring to address the Board on a matter on the agenda: please complete a Speaker Card and hand it to staff at the beginning of the meeting or prior to the time the Board Chair closes public comment on the item about which you wish to speak. When called by the Chair, please walk to the podium, state your name and make your comments. The public may comment on closed session items prior to the Board adjourning to closed session. In order that all interested parties have an opportunity to speak, please be brief and limit your comments to the subject under discussion. Each person is usually granted 3 minutes to speak; time limitations are at the discretion of the Chair. While members of the public are welcome to address the Board, under the Brown Act Board members may not deliberate or take action on items not on the agenda, and generally may only listen.

Meeting Documents: The associated documentation is available at the offices of the JPA listed above and on the website at: www.RenewalEnterpriseDistrict.org

Any changes to the date of the hearing, or any other updates will be noticed on the above website. For more information, please contact Michelle Whitman, Michelle.Whitman@RenewalEnterpriseDistrict.org