Renewal Enterprise District (RED)
County of Sonoma | City of Santa Rosa

www.renewalenterprisedistrict.org

Renewal Enterprise District (RED)
Board Meeting

Date: October 23, 2023 Time: 11:00 AM

PLEASE NOTE: This is a hybrid meeting and will be held in-person and online. The meeting will be held at the Sonoma County Transportation Authority Hearing Room, 411 King Street, Santa Rosa, CA, 95404.
Public Comment may be made live, in person. Members of the public can watch or listen to the meeting in person or via Zoom via:
Zoom webinar:
https://us02web.zoom.us/j/82806881142
Telephone: +1 669 444 9171 US
Webinar ID: 828 0688 1142
+16699006833,,82806881142#
International numbers available: https://us02web.zoom.us/u/kebrq4evPE

Agenda

1. **Call to Order and Roll Call**

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

3. **Consent Calendar**
   a. **Approve minutes of August 21, 2023 Board meeting**
   b. **Approve Year-to-Date Financial Report**
   c. **Approve 2024 Board meeting schedule**

4. **Informational items**
   a. **RED Housing Fund Update**

5. **Adjournment**

Member Agency	**Directors**
County of Sonoma	David Rabbitt (Chair)
City of Santa Rosa	Victoria Fleming (Vice Chair)
County of Sonoma	Chris Coursey
City of Santa Rosa	Eddie Alvarez

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 Robin Stephani, (707) 479-5373, as soon as possible to ensure arrangements for accommodation.

Public Comments Prior To The Committee Meeting: May be submitted via email to robin@renewalenterprisedistrict.org.

PUBLIC COMMENTS DURING THE BOARD MEETING: Public Comment may be made live, in person, at the Sonoma County Transportation Authority Hearing Room, 411 King Street, Santa Rosa, CA, 95404. Available time for comments is determined by the committee chair based on agenda scheduling demands and total number of speakers. In order to guarantee that your comment is received and considered by the Board, please attend the meeting in person or submit your comment in writing in advance of the meeting to Robin Stephani, robin@renewalenterprisedistrict.org. 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 the Clerk prior to the beginning of the meeting. When called by the Chair, please state your name, and make your comments. In order that all interested parties have an opportunity to speak, please be brief and limit your comments to the subject matter under discussion.

Meeting Documents: The associated documentation is available 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 Robin Stephani, robin@renewalenterprisedistrict.org

Item #3a

Renewal Enterprise District (RED)
County of Sonoma | City of Santa Rosa

www.renewalenterprisedistrict.org

Renewal Enterprise District (RED)
Board Meeting
Minutes, DRAFT

Date: August 21, 2023 Time: 11:00 AM

PLEASE NOTE: This will be hybrid meeting – in person and on-line.
Members of the public and staff may attend in person at the Sonoma County Transportation Authority Hearing Room, 411 King Street, Santa Rosa, CA, 95404, or via the following platform:
Zoom webinar:
https://us02web.zoom.us/j/86317231727
Telephone Option: (669) 900-6833
Webinar ID: 863 1723 1727
+16699006833,,86317231727#

Agenda

1. **Call to Order and Roll Call**
   Chair Rabbitt called the meeting to order at 11:04 AM. Acting Executive Director Michelle Whitman took roll, noting that a quorum was present, consisting of the following Directors: Eddie Alvarez, David Rabbitt, and Chris Coursey. The agenda was approved unanimously.

2. **Public comment on matters not listed on the agenda but within the subject matter jurisdiction of the Board**
   Time open: 11:04
   Time closed: 11:05
   Public speakers: None; Chair invited public comment, no one came forward and there were no prerecorded or emailed comments submitted.
3. **Report out on July 25, 2023 Closed Session**
   Time open: 11:05
   Time closed: 11:07
   Public speakers: None; Chair invited public comment, no one came forward and there were no prerecorded or emailed comments submitted.
   Acting ED Whitman reported that ED candidate interviews were conducted, and direction was given to staff, which is the subject of agenda item #5.
4. **Consent Calendar**
   a. **Approve minutes of May 8, 2023 Board meeting**
   b. **Approve minutes of July 25, 2023 Board meeting**
   c. **Approve Year-to-Date Financial Report**
   d. **Approve FY2023-24 Final Budget**
      Time open: 11:07
      Time closed: 11:08
      Public speakers: None; Chair invited public comment, no one came forward and there

were no prerecorded or emailed comments submitted.
Vote count on item 4a:
ABSTAIN Alvarez ABSENT Fleming AYE Rabbitt AYE Coursey
Vote count on items 4b-4d:
AYE Alvarez ABSENT Fleming AYE Rabbitt AYE Coursey

5. **Regular Calendar - Executive Director Personal Services Agreement.** Authorize the Chair of the Board to execute a Personal Services Agreement with Robin Stephani as Executive Director of the Renewal Enterprise District, effective September 6, 2023 through June 30, 2024, with annual compensation not to exceed of $150,000 as prescribed in the Professional Services Agreement.
Recommended Action: Approve item as presented.
Time open: 11:08
Time closed: 11:13
Public speakers: None; Chair invited public comment, no one came forward and there were no prerecorded or emailed comments submitted.
Action taken: Approve execution of a Personal Services Agreement with Robin Stephani to serve as Executive Director of the Renewal Enterprise District, effective September 6, 2023 through June 30, 2024, with annual compensation not to exceed of $150,000 as prescribed in the Professional Services Agreement.
Vote count:
AYE Alvarez ABSENT Fleming AYE Rabbitt AYE Coursey

6. **Adjournment** Meeting adjourned at 11:14 AM.

Member Agency	Directors
County of Sonoma	David Rabbitt (Chair)
City of Santa Rosa	Victoria Fleming (Vice Chair)
County of Sonoma	Chris Coursey
City of Santa Rosa	Eddie Alvarez

Agenda Item: 3b
Meeting Date: October 23, 2023

Renewal Enterprise District

Consent Item

TO: Board of Directors
FROM: Robin Stephani, Executive Director
SUBJECT: Financial Report through October 23, 2023

Summary: The Renewal Enterprise District's (RED) total YTD revenue is $(25,000), and $15,676.43 in expenses were incurred through October 11, 2023.

Background

This report covers the full fiscal year 2023/24 through October 11, 2023

Budget for FY2023/24 is $417,100

Income is ($25,000)

Expenses are $15,676.43

Net income balance is ($9,323.57)

*Note that the interpretation of Renewal Enterprise District financials may be less intuitive than others because the agency's primary source of revenue, grants, are pre-funded. This requires a delay in revenue recognition on the financial reports due to a lag time between expense recognition and revenue recognition, which explains why expenses appear greater than income. This is a factor of the Auditor, Controller, Treasurer, Tax Collector's accounting system as relates to costs charged to a grant.

Staff Recommendation

Accept the financial report

List of Attachments

Exhibit A - Agency Budget Performance as of October 11, 2023.

Contact

Robin Stephani, Executive Director 707.479.5373 robin@renewalenterprisedistrict.org

Item #3b

Exhibit A Budget

Renewal Enterprise District Budget to Actual

Run: 2023-10-11

Account	FY 2024 Year-To-Date Adjusted Budget	FY 2024 Year-To-Date Actual	FY 2024 Remaining Balance
Account Type: 00004 – All Revenues			
Other Governmental Agencies	(100,000.00)	-	(100,000.00)
Interest on Pooled Cash	(2,500.00)	-	(2,500.00)
Charges for Services	(100,000.00)	(12,500.00)	(87,500.00)
Other Grants	(100,000.00)	(12,500.00)	(87,500.00)
Total Revenue	(302,500.00)	(25,000.00)	(277,500.00)
Account Type: 00005 – All Expense/Expenditure Accts			
Administration Services	9,100.00	2,825.00	6,275.00
Client Accounting Services	15,000.00	67.93	14,932.07
Outside Counsel - Legal Advice	20,000.00	283.50	19,716.50
Consulting Services	273,000.00	-	273,000.00
Community Grants	100,000.00	12,500.00	87,500.00
Total Expenditures	417,100.00	15,676.43	401,423.57
Net Cost	114,600.00	(9,323.57)	123,923.57

Agenda Item: 3c
Meeting Date: October 23, 2023

Renewal Enterprise District

Consent Item

TO: Board of Directors
FROM: Robin Stephani, Executive Director
SUBJECT: Approve 2024 meeting schedule

Summary: Consider approval of 2024 meeting schedule

Background

According to the Joint Exercise of Powers Agreement (JPA), the RED Board shall establish by resolution, bylaws, or other procedure a regular meeting time and place. The Board may vote to change the regular meeting time and place provided that the new location remains at a place within the RED's jurisdictional boundaries (JPA 5.05).

Section 5.1 of the RED Bylaws states that all regular meetings of the Board shall be held at the location and time as set forth in a resolution adopted by the Board of Directors.

RED Board meetings are typically held on the third Monday of every other month beginning at 11:00. When possible, meetings are held in the Sonoma County Transportation Authority Board Room, 411 King Street, Santa Rosa, California, 95404, unless it is anticipated that the number of members of the public expected to attend would exceed the capacity of the facility or the facility is unavailable. In such case, another facility within the RED's jurisdictional boundaries may be used.

This agenda item requests approval of the proposed regular Board meeting schedule, as follows:

2024 Meeting Dates
February 5
April 15
June 17
August 19
October 21
December 16

Staff Recommendation

Approve Resolution setting the 2024 meeting dates, with a regular start time of 11:00 AM

List of Attachments

Exhibit A, Resolution

Fiscal Impact

None

Contact

Robin Stephani, Executive Director, 707.479.5373 robin@renewalenterprisedistrict.org

RESOLUTION NO.RED-24-____

A RESOLUTION OF THE BOARD OF DIRECTORS SETTING THE TIME AND PLACE FOR HOLDING REGULAR MEETINGS OF THE RENEWAL ENTERPRISE DISTRICT BOARD OF DIRECTORS

WHEREAS, Government Code section 54954(a) provides that "each legislative body of a local agency … shall provide, by ordinance, resolution, bylaws, or by whatever other rule is required for the conduct of business by that body, the time and place for holding regular meetings"; and

WHEREAS, Section 5.05 of the RED's Joint Powers of Exercise Agreement (JPA) provides that the Board may "establish by ordinance, resolution, bylaws, or other procedure a regular meeting time and place"; and

WHEREAS, Section 5.1 of the Board's amended Bylaws provides that the time and place for holding regular meetings is established by resolution; and

WHEREAS, the Renewal Enterprise District Board of Directors has resolved to meet the third Monday of every other month at 11:00 a.m. at the SCTA Board Room, 411 King Street, Santa Rosa, California, 95404; and

WHEREAS, the Board of Directors desires to adopt this resolution setting and modifying the meeting time and place for regular meetings, as well as allowing for an adjustment in the event of a declared emergency.

NOW, THEREFORE, BE IT RESOLVED BY THE RENEWAL ENTERPRISE DISTRICT BOARD OF DIRECTORS, AS FOLLOWS:

1. Regular meetings of the Renewal Enterprise District Board of Directors shall be held on the third Monday of every other calendar month, at 11 a.m., if not a legal holiday, and if a legal holiday, then the regular meeting will be adjourned to a specified time and location. Meetings shall be held in the Sonoma County Transportation Authority Board Room, 411 King Street, Santa Rosa, California, 95404, unless it is anticipated that the number of public expected to attend would exceed the capacity of the facility or the facility is unavailable. In such case, another facility within the RED's jurisdictional boundaries may be used. In addition, meetings may be conducted by teleconference pursuant to the provisions of Assembly Bill 361, suspending or modifying certain portions of the Ralph M. Brown Act, while such orders are in force and effect.

2. In the event of an emergency, as declared by the federal, state or local government, the District Executive Director may adjust the time of a regular meeting to ensure the health and safety of staff and residents and continuity of District operations.

3. This resolution shall amend, replace and supersede any and all previous actions setting the time and place of regular meetings of the Renewal Enterprise District Board of Directors.

PASSED, APPROVED, AND ADOPTED this 23th day of October, 2023.

Fleming: ___ Coursey: ___ Alvarez: ___ Rabbitt: ___

VOTES:

Ayes:- __ Noes: __ Absent: __ Abstain: __

____
Date

____
Chair
Renewal Enterprise District

Agenda Item: 4
Meeting Date: October 23, 2023

Renewal Enterprise District

Informational Item

TO: Board of Directors
FROM: Robin Stephani, Executive Director
SUBJECT: Update on RED Housing Fund lending activity to accelerate the creation of infill, mid-to-high density housing near transit, jobs, services, and other amenities that build healthy, complete communities.

Summary: Update on RED Housing Fund lending activity to accelerate the creation of infill, mid-to-high density housing near transit, jobs, services, and other amenities that build healthy, complete communities. This report is an update on recent RED Housing Fund ("RHF" or the "Fund") activity.

Background

In response to the well-documented, unmet need for affordable and market rate infill housing in urban areas of Sonoma County, the Renewal Enterprise District (RED) launched an effort to design and implement a new Housing Fund that could help accelerate the creation of infill, mid-to-high density housing near transit, jobs, services, and other amenities that help build healthy, complete communities. Forsyth Street Advisors (Forsyth Street), has assisted the RED through the process to design, launch and operate the RHF.

Fund Products

Through a mix of initial products targeted to affordable, middle income, and market-rate developments, the Fund is activating projects in central Santa Rosa initially before expanding to other RED designated planning areas within Sonoma County. As the market within Santa Rosa for infill multifamily residential buildings matures, the Fund may look to change its product offerings to be more responsive to future market needs and/or additional interventions and gaps in the market.

Products for Affordable Developments - Affordable housing developers require capital that is able to be patient and stay in a project for as long as needed to make the project fully feasible. The Fund has committed highly flexible, low-cost long-term loans to affordable projects that meet the developers' specific financing needs.

Products for Middle Income and Market-Rate Developments – Includes a subordinate Construction Loan and, if needed, a mezzanine Permanent Loan. The RHF is currently funding only construction loans. If after the first few market rate projects financed by the Fund are able to help build and prove a market for this type of infill development, these market rate financing products may no longer be needed for projects in downtown Santa Rosa. At this point, the Fund may retire these products and recycle its capital to develop additional products that meet future market needs.

Given that no existing lender active in Santa Rosa and Sonoma County is able or willing to offer the types of financial products described above, the Fund provides these products to developers, thereby catalyzing housing development that supports public policy goals for smart growth. The Fund is designed to deliver the financial products as efficiently as possible.

Current Fund Portfolio update :

The RED Housing Fund is at the two-year mark. Success is being measured by the actual number of RED Housing Fund assisted units produced in the next five to ten years as compared with the pace of construction over the prior decade.

Metrics utilized to report outcomes include- number of loans/projects supported, capital deployed and committed, units created and their affordability levels, financing leveraged from other sources, and additional infill development catalyzed.

Per the City of Santa Rosa's housing development dashboard, the data supports a significant increase and acceleration of housing development with a nearly 70% increase in units completed thus far with 1,512 units in construction, over a third of them are directly supported through the RED Housing Fund.

The developments current in the RED Housing Fund Portfolio are:

- **Aviara**, located at 1385 West College Avenue, featuring 136 units of two- and three-bedroom units affordable to households earning between 30-60% of the Area Median Income (AMI).
  - $2,400,000 Loan | drawn to date: $2,378,134| Anticipated Maturity 6/1/2040
  - Leasing starting December 2023
- **Pullman Lofts**, located at 701 Wilson Street, featuring a total of 114 one- and two-bedroom workforce-attainable units across three phases of development.
  - $1,300,000 Loan | drawn to date: $1,225,727 | Anticipated Maturity 12/1/2024
  - Leasing starting June 2023
- **Acme Family Apartments,** located at 1885 Sebastopol Road, featuring 77 one-, two-, and three-bedroom units affordable to households earning between 30-60% of the AMI.
  - $800,000 Loan | drawn to date: $786,268 | Anticipated Maturity 10/1/2040
  - Construction at 60% |spring 2024 est. completion of construction
- **420 Mendocino Avenue Apartments,** located at 420 Mendocino Avenue, featuring 168 studio, one- and two-bedroom units in the heart of downtown Santa Rosa.
  - $7,000,000 Loan | drawn to date: $0 | Anticipated Maturity 3/20/2027
  - Construction at 6% |spring 2025 est. completion of construction
- **South Park Commons**, located at 702 Bennett Valley Road, featuring 62 studio, one-, two-, and three-bedroom units affordable to households earning between 15-50% of AMI.
  - $4,000,000 Loan | drawn to date: $1,528,141 | Anticipated Maturity 4/18/2041
  - Construction at 35% | fall 2024 est. completion of construction

The developments in the RED Housing Pipeline (construction slated by fall 2024) are:

- **Casa Roseland**, located at 665 Sebastopol Road, featuring 75 one-, two-, and three-bedroom units affordable to households earning between 30-60% of AMI; the Sponsor has requested a $3,471,289 loan, though this project is still subject to further underwriting and review by the RHF Board of Directors.

Portfolio Risk Rating:

Quarterly, the Fund evaluates the loans in its portfolio to reassess each loan's risk rating. At closing, a risk rating is assigned to the loan that determines its loan loss reserve amount – this amount may be adjusted depending on various factors, such as whether the project is progressing according to its milestones, improvements in operating performance, interest coverage or debt paydown, and, likewise, any deterioration in the credit, non-compliance with covenants, or any material adverse change.

The risk rating categories and their corresponding loan loss reserve amount are:

1 – High Pass (loss provision of 3%): The borrower and loan are performing above projections and project milestones with no sign of deterioration in performance;
2 – Pass (loss provision of 5%): The borrower and loan are performing fully to projections and project milestones;
3 – Loss Pass (loss provision of at least 7%): There may be some sign of variance or degradation in one or more major performance criteria, but the overall quality of the investment is still acceptable;
4 – Watch/Attention (loss provision of 10-15%): Borrower and/or loan performance is below expectations; and
5 – Doubtful/Substandard (loss provision of up to 50%): The borrower or loan show significant deterioration and requires restructuring or Fund intervention.

All loan's currently meet a level 2- Pass

Portfolio Financial Summary:

The Fund's Profit and Loss Statement reflects earnings from its project loans (through interest income and origination fees), investment income from reserves held in interim investment accounts, and any grant income received. Grants received are intended to support the Fund's operating expenses before the Fund's lending program begins to generate sufficient revenue. The Fund's expenses during the Reporting Period were primarily related to payments for insurance and fees related to third-party services providers, such as corporate counsel, fund management, audit and accounting. The Fund's net assets are a function of any retained earnings it has generated over its two years, as well as the discounted value of Fund's "below market interest rate loans," referring to the financing from the City of Santa Rosa and the County of Sonoma, in accordance with proper accounting treatment. Financial information is as of quarterly report dated June 30 2023.

Financial Statements Summary (YTD)	**Revenue**	$643,884	**Assets**	$21,746,747
	Expenses	$562,679	**Liabilities**	$15,152,618
	Net Income	$81,205	**Net Assets**	$6,594,129

Gross Capital Commitments from Investors	
Total Capital Committed	$21,000,000
Undrawn	$0
Total Capital Drawn	**$21,000,000**

COLLECTIVE IMPACT

Agenda Item: 4
Meeting Date: October 23, 2023

The Renewal Enterprise District and the RED Housing Fund have worked with housing advocates, developers, and the jurisdictions of the City of Santa Rosa and Sonoma County to collectively bring in over a $125 million in leveraged capital supporting a total project costs of over $1 billion. This all-hands-on-deck impact will result in 20+ new projects created and roughly 1400 new homes in our community. Awards have also been earned for transit infrastructure and amenities, park improvements, and programs.

RED Housing Fund

RED Housing Fund	Award	# of Projects	Unit Count	Total Project Costs
Total lending capital and unit count	**$15,500,000**	**5**	**557**	**$267,888,814**
Total lending committed in pipeline	$3,471,289	1	75	$73,581,547
Enterprise Loan	$1,000,000			
Local Housing Trust Fund Matching Grant	$1,000,000			

Renewal Enterprise District (RED)
County of Sonoma | City of Santa Rosa

IIG Round 6	Award	# of Projects	Unit Count	Total Project Costs
Project Awards and Unit Count Total	**$11,876,050**	**2**	**400**	**$183,000,000**

AHSC Round 5	Award	# of Projects	Unit Count	Total Project Costs
Project Awards and Unit Count Total	**$25,780,623**	**1**	**75**	**$134,380,242**
+ Sustainable Transit Infrastructure	$8,435,616			$8,435,616
+ Transit Related Amenities	$1,525,000			$1,525,000
+ Programs	$135,000			$135,000

IIG Round 7	Award	# of Projects	Unit Count	Total Project Costs
Project Awards and Unit Count Total	**$9,540,147**	**4**	**402**	**$220,000,000**

IIG Round 8	Award	# of Projects	Unit Count	Total Project Costs
Project Awards and Unit Count Total	**$20,651,354**	**6**	**520**	**$250,000,000**
+ Public Improvement Project - MLK, Jr. Park	$5,224,722			$5,224,722

IIG Catalyst	Award	# of Projects	Unit Count	Total Project Costs
Project Awards and Unit Count Total	**$9,500,000**	3	tbd	tbd

CalHome Disaster	Award	# of Projects	Unit Count	Total Project Costs
Burbank Housing, Down Payment Assistance	**$14,500,000**	tbd	tbd	tbd

RHF, IIG, AHSC, IIG Catalyst & CalHOME Disaster	Award	# of Projects	Unit Count	Total Project Costs
combined	**$128,139,801**	**20**	**1397**	**$1,144,170,941**

Accelerator*	Award	# of Projects	Unit Count	Total Project Costs
Project Awards and Unit Count Total	**$112,351,010**	**2**	**228**	**$161,188,582**

* RED did not assist w Accelerator applications but helped 2/3 of these projects qualify with previous HCD awards.

LIHTC - disaster allocation**	Adjusted Allocation Value	# of Projects	Unit Count	Total Project Costs
Ten-year effective lifecycle ($20M * 10)	**$20,000,000**	**tbd**	**tbd**	**tbd**

** RED with coalition of advocates, organized by Gen H, increased allocation of Low Income Housing Tax Credits (LIHTC) in

Agenda Item: 4
Meeting Date: October 23, 2023

Recent Activities

- RHF Board and committee meetings, planning for Board Retreat
- Awarded Local Housing Trust Fund matching grant of $1,000,000
- Process draw requests for project loans
- Monitor projects and service loans
- Approved and authorized the distribution of quarterly and annual reports
- Capital raising

Next Steps

- Board Retreat for RED Housing Fund – November 29, 2023
- Explore relationship to BAFHA, EIFDs, other emergent opportunities for collaboration
- Ongoing monitoring and servicing on loans
- Facilitate reports to stakeholders
- Meeting with other municipalities regarding RED/RHF updates

Staff Recommendation

N/A, informational only

Vote Requirement

N/A

Fiscal Impact

This item has no associated fiscal impact.

Attachment(s)

RED Housing Fund 2023 Quarterly Report dated June 30, 2023

Contact

Robin Stephani, Executive Director, 707-479-5373 Robin@RenewalEnterpriseDistrict.org

Item #4

RED Housing Fund

Quarterly Report

FY 2023

Second Quarter Report

For the Period from April 1 – June 30, 2023

TABLE OF CONTENTS

REPORT SUMMARY AND KEY FUND UPDATES

September 30, 2023

To the Stakeholders of the RED Housing Fund:

This Report (the "Report") on the operations of the RED Housing Fund (the "Fund") has been prepared to satisfy the reporting requirements set forth in the Fund's various agreements with its stakeholders. The Reporting Period for this Report is the second quarter of the Fund's 2023 fiscal year (April 1, 2023, through June 30, 2023).

The creation of the RED Housing Fund was driven by the Renewal Enterprise District ("RED"), a joint powers authority with the County of Sonoma and City of Santa Rosa as Founding Members, to give developers in Sonoma County a new tool and source of financing to help advance urban, infill projects. The need for additional housing across the income spectrum in Sonoma County is acute and has only been exacerbated by the nearly annual fires that have devastated the region's housing stock. Historically, developers have been unable to obtain sufficient financing from traditional sources to move dense, multifamily projects forward. The RED Housing Fund was created to further the goals of the RED and provide an additional source of funding for housing projects that align with the RED's priorities – broadly, projects of higher density in transit rich, infill areas outside of wildfire hazard zones to support equity, climate resilience, and economic development in appropriately planned areas within Sonoma County.

Over the course of the fiscal quarter, the Fund celebrated the closing of its fifth loan to support the development of South Park Commons, a 62-unit affordable housing project at 702 Bennett Valley Road, intended to increase the availability of affordable housing options in Santa Rosa – 50% of the units (31 units) will be reserved for permanent supportive housing for households experiencing chronic homelessness, with the remaining units supporting households up to 50% AMI. The Fund has also continued to identify new opportunities for fundraising in the hopes of providing additional loans to support meritorious housing projects in Sonoma County.

RED Housing Fund: Board of Directors Membership as of June 30, 2023

Board of Directors:

1) Veronica Ferguson – President
2) Todd Sheffield – Vice President
3) Amanda Ruch – Treasurer; Representative of the County of Sonoma
4) Michelle Whitman – Secretary; Representative of the Renewal Enterprise District
5) David Gouin – Representative of the City of Santa Rosa
6) Betzy Chavez
7) Jen Klose

Advisors to the Board of Directors:

1) Chris Coursey – Chairman of the Board of Supervisors and Third District Supervisor, County of Sonoma
2) Victoria Fleming – Councilperson, City of Santa Rosa

PIPELINE AND PORTFOLIO UPDATE

The RED Housing Fund will support projects that are located within the RED's jurisdiction and adhere to the RED Project Criteria. These criteria outline four threshold criteria that all projects applying for funding from the Fund must meet. Additionally, projects must meet a minimum of one of the Evaluation Criteria as well, designed to help differentiate projects and outline additional RED priorities.

The four Threshold Criteria are:

- The project must be located on an infill site;
- The project must provide mid- to high-density housing development;
- The project must be located entirely within a Transit Priority Area, Priority Development Area, Rural Community Investment Area, Specific Plan Area, High-Quality Transit Corridor or Qualified Opportunity Zone; and
- The project must be residential or mixed-use residential.

The Evaluation Criteria include the project's incorporation of:

- On-site affordable units;
- On-site workforce housing;
- On-site "Affordable by Design" units (units that are typically smaller than market-rate units, more efficient, or have fewer amenities);
- Proximity to transit;
- Energy-efficient features;
- Water-efficient features;
- Excellent and innovative design;
- On-site childcare;
- Prevailing wage;
- Public outdoor space;
- Bicycle or pedestrian connectivity and/or pedestrian access;
- Location within a disadvantaged community;
- Off-site construction of affordable housing, workforce housing, or units that are "affordable by design"; and
- Mixed-door housing.

When funding is available, projects that meet the four Threshold Criteria and at least one of the Evaluation Criteria may qualify for two types of financing, depending on whether the project is classified as "affordable" (for projects with units primarily restricted to up to 80% of area median income) or "middle income/market" (for projects with units restricted to 80-120% of area median income, market rate units, or projects with a mix of income levels).

For **affordable projects,** the Fund offers financing that may be used as a subordinate loan during all phases of the development process, from construction through permanent phase. For **middle income/market**

projects, the Fund offers financing that may be used for construction financing that is subordinate to a conventional construction loan. When necessary, this loan may also convert to permanent financing, sized to a project's available cash flow after payment of required, first-position debt.

PORTFOLIO UPDATE

Risk Rating Overview: Quarterly, the Fund evaluates the loans in its portfolio to reassess the loans' risk rating. At closing, a risk rating is assigned to the loan that determines its loan loss reserve amount – this amount may be adjusted depending on various factors, such as whether the project is progressing according to its milestones, improvements in operating performance, interest coverage or debt paydown, and, likewise, any deterioration in the credit, non-compliance with covenants, or any material adverse change.

The risk rating categories and their corresponding loan loss reserve amount are:

- 1 – High Pass (loss provision of 3%): The borrower and loan are performing above projections and project milestones with no sign of deterioration in performance;
- 2 – Pass (loss provision of 5%): The borrower and loan are performing fully to projections and project milestones;
- 3 – Loss Pass (loss provision of at least 7%): There may be some sign of variance or degradation in one or more major performance criteria, but the overall quality of the investment is still acceptable;
- 4 – Watch/Attention (loss provision of 10-15%): Borrower and/or loan performance is below expectations; and
- 5 – Doubtful/Substandard (loss provision of up to 50%): The borrower or loan show significant deterioration and requires restructuring or Fund intervention.

Portfolio Status and Review: As of the close of the fiscal quarter, the Fund had five outstanding loans in its portfolio – three for affordable housing projects (Aviara, Acme and South Park Commons) and two market rate loans (Pullman Lofts and 420 Mendocino). As of the end of the quarter, there had been no draws on the loan for 420 Mendocino. Additional portfolio updates are further described in Appendix 2.

Lending and Portfolio Overview:

Affordable Loans: Loans for projects in which units are restricted to incomes up to 80% AMI. Fund proceeds may be used to fund all phases of a project's development process, from construction through permanent phase.

Loan	Address	Borrower	Total Units	Affordability Level(s)	Total Committed	Total Outstanding	Loan Agreement Date	Anticipated Maturity	Risk Rating
1	**Aviara** 1385 West College Ave. Santa Rosa, CA 95401	MM Aviara, LP	136	30-60% AMI	$2,400,000	$2,372,199	6/1/22	6/1/40 *18-year term*	2 – Pass
2	**Acme** 1885 Sebastopol Road Santa Rosa, CA 95407	Acme Family Apartments, LP	77	30-60% AMI	$800,000	$786,268	10/1/22	10/1/40 *18-year term*	2 – Pass
3	**South Park Commons** 702 Bennett Valley Road, Santa Rosa, CA 95404	Bennett Valley Housing Partners, L.P.	62	15-50% AMI	$4,000,000	$878,981	4/18/23	4/18/41 *18-year term*	2 – Pass
Total:			**275**		**$7,200,000**	**$4,037,448**			

Middle Income/Market Loans: Loans for projects in which units are restricted to incomes up to 80-120% AMI or are market rate (or a mix of income levels). Fund proceeds may be used for construction financing that is subordinate to a conventional construction loan, and if necessary, may convert to permanent financing.

Loan	Address	Borrower	Total Units	Affordability Level(s)	Total Committed	Total Outstanding	Loan Agreement Date	Anticipated Maturity	Risk Rating
1	**Pullman Lofts** 701 Wilson Street Santa Rosa, CA 95401	Pullman Lofts First Phase LLC	114	Market / Workforce	$1,300,000	$1,208,046	11/1/22	12/1/2024 *25-month term*	2 – Pass
2	**420 Mendocino** 420 Mendocino Avenue Santa Rosa, CA, 95401	5th and Mendocino Partners Owner, LLC	168	Market/ Workforce	$7,000,000	$0	3/1/23	3/20/27 *48-month term*	2 - Pass
Total:			**282**		**$8,300,000**	**$1,208,046**			

For additional details related to the Fund's Project Loan portfolio, please see Appendix 2.

FINANCIAL SUMMARY AND COVENANT COMPLIANCE

FINANCIAL SUMMARY

The Fund's Profit and Loss Statement reflects earnings from its project loans (through interest income and origination fees), investment income from reserves held in interim investment accounts, and any grant income received. Grants received are intended to support the Fund's operating expenses before the Fund's lending program begins to generate sufficient revenue. The Fund's expenses during the Reporting Period were primarily related to payments for insurance and fees related to third-party services providers, such as corporate counsel, fund management, audit and accounting.

The Fund's lending capital is comprised of a $10 million loan from the City of Santa Rosa and a $10 million forgivable loan from the County of Sonoma. In addition, the Fund has received a $1 million loan from Enterprise Community Loan Fund to further support additional projects in the pipeline. Note that in accordance with the required accounting treatment, the capital from the County of Sonoma is represented as a loan payable on the Fund's balance sheet, as the Fund is required to adhere to specific financial covenants as a condition for forgiveness. This loan will be forgiven in equal, annual installments over the loan's twenty-year term if the Fund abides by the covenants set forth in its loan agreement. As of the close of the Reporting Period, the County's loan was $9.5 million. In addition, due to the features of both the City and County loans, the required accounting treatment dictates that they be treated as "below market interest rate loans" and therefore be discounted from face value based on the Fund's imputed interest rate, as shown on the Fund's balance sheet. This results in the Fund incurring an interest expense as the debt discount amortizes over time[1].

Financial Statements Summary (YTD)	**Revenue**	$643,884	**Assets**	$21,746,747
	Expenses	$562,679	**Liabilities**	$15,152,618
	Net Income	$81,205	**Net Assets**	$6,594,129

Gross Capital Commitments from Investors	
Total Capital Committed	$21,000,000
Undrawn	$0
Total Capital Drawn	**$21,000,000**

Unaudited financial statements are included as Appendix 1 of this Report.

[1] This accounting treatment refers only to the City and County loans and does not apply to the loans the Fund provides to its borrowers.

COVENANT COMPLIANCE

The Fund is required to adhere to certain covenants as detailed in its respective loan agreements. These covenants, as well as the Fund's compliance with each, are further detailed below based on the specific lender agreement.

County of Sonoma – Loan Agreement Covenants:

- Geographic Location: Projects financed or otherwise assisted with Loan Proceeds must be consistent with RED Project Criteria.
- Affordability Criteria: On an aggregate basis over the term of the Loan, at least 25% of residential units in projects financed or otherwise assisted with Loan Proceeds must be affordable to households of low- or moderate-income.
- Limitation on Short-Term Rental: In the documentation for loans, credit enhancements, loan guarantees, and other financial assistance the Fund provides to projects supported with Loan Proceeds, the Fund shall include a requirement that for a period of 5 years following initial occupancy, the project may not provide short-term rentals. For the purpose of this requirement "short-term rental" means a stay of 30 days or less that is not subject to transient occupancy tax, or a substantially similar definition as set forth in the County's regulations.
- Limitation on Soft Cost Financing: On an aggregate basis over the term of the Loan, no more than 15% of Loan Proceeds may be used to pay for soft costs for any project that does not include Affordable Units.

Loan	Address	**Geographic Location** *Does address fall within RED Project Criteria boundaries?*	**Affordability Criteria[2]** *Total Units as of the close of the Reporting Period:*	*557*	**Limitation on Short-Term Rental** *Does the Loan Agreement include a short-term rental requirement limiting the provision of short-term rentals within the Project for a period of 5 years following initial occupancy?*	**Limitation on Soft Cost Financing** *Loan Proceeds:*	*$10,000,000*
1	**Aviara** 1385 West College Ave. Santa Rosa, CA 95401	Yes	Number of Affordable Units:	135	Yes	Eligible Soft Costs Financed by Loan Proceeds:	N/A
2	**Acme** 1885 Sebastopol Road Santa Rosa, CA 95407	Yes	Number of Affordable Units:	76	Yes	Eligible Soft Costs Financed by Loan Proceeds:	N/A
3	**Pullman Lofts** 701 Wilson Street Santa Rosa, CA 95401	Yes	Number of Affordable Units:	0	Yes	Eligible Soft Costs Financed by Loan Proceeds:	$194,549
4	**420 Mendocino** 420 Mendocino Ave Santa Rosa, CA, 95401	Yes	Number of Affordable Units:	0	Yes	Eligible Soft Costs Financed by Loan Proceeds:	$0
5	**South Park Commons** 702 Bennett Valley Road, Santa Rosa, CA 95404	Yes	Number of Affordable Units:	61	Yes	Eligible Soft Costs Financed by Loan Proceeds:	N/A
			Total Affordable Units:	**272**		**Total Soft Costs Financed by Loan Proceeds:**	**$194,549**
			Percentage of Affordable Units:	**49%**		**Percentage Supporting Soft Costs:**	**2%**

[2] Affordable Units are restricted units and do not include manager's units.

City of Santa Rosa – Loan Agreement Covenants:

- Geographic Location: Projects financed or otherwise assisted with Loan Proceeds must be consistent with RED Project Criteria. Loan Proceeds are initially only eligible to fund projects located within the City's geographic borders. Once a project has repaid its loan and capital is returned to the Fund, the Fund will be able to recycle the proceeds and support projects throughout Sonoma County, provided that the Fund must continue to **provide financing to projects in Santa Rosa in proportion to the share of the Fund's total available investable capital that is attributable to the City of** Santa Rosa's loan to the Fund.
- Limitation on Soft Cost Financing: For projects containing no Affordable Units (units affordable to households of low- or moderate-income as defined in the California Health & Safety Code or applicable law or federal regulation), no more than 15% of the Loan Proceeds used to fund that project may be used to fund soft costs for that project. For projects restricting at least 10% of the project as Affordable Units, no more than 25% of Loan Proceeds used to fund that project may be used to fund soft costs for that project.
- Limitation on Short-term Rentals: Any project funded by the Lender's Loan Proceeds must include clear and express language in the project loan documents prohibiting short term rentals for the term of the project loan. Short Term Rentals shall mean a rental stay of 30 days or less.

		Geographic Location			Limitation on Short-Term Rental	Limitation on Soft Cost Financing			
Loan	**Address**	*Does address fall within RED Project Criteria boundaries?*	*Share of Loan Proceeds/Total Investable Capital*	***48%***	*Does the Loan Agreement include clear and express language in the project loan documents prohibiting short term rentals for the term of the project loan?*		*Loan Proceeds:*	*$10,000,000*	
1	**Aviara** 1385 West College Ave. Santa Rosa, CA 95401	Yes	Share of Loan Proceeds Used to Fund Projects in Santa Rosa:	100%	Yes	Percentage of Affordable Units:	99%	Eligible Soft Costs Financed by Loan Proceeds:	25%
2	**Acme** 1885 Sebastopol Road Santa Rosa, CA 95407	Yes	Share of Loan Proceeds Used to Fund Projects in Santa Rosa:	100%	Yes	Percentage of Affordable Units:	99%	Eligible Soft Costs Financed by Loan Proceeds:	7%
3	**Pullman Lofts** 701 Wilson Street Santa Rosa, CA 95401	Yes	Share of Loan Proceeds Used to Fund Projects in Santa Rosa:	100%	Yes	Percentage of Affordable Units:	0%	Eligible Soft Costs Financed by Loan Proceeds:	15%
4	**420 Mendocino** 420 Mendocino Ave Santa Rosa, CA, 95401	Yes	Share of Loan Proceeds Used to Fund Projects in Santa Rosa:	100%	Yes	Percentage of Affordable Units:	0%	Eligible Soft Costs Financed by Loan Proceeds:	0%
5	**South Park Commons** 702 Bennett Valley Road, Santa Rosa, CA 95404	Yes	Share of Loan Proceeds Used to Fund Projects in Santa Rosa:	100%	Yes	Percentage of Affordable Units:	98%	Eligible Soft Costs Financed by Loan Proceeds:	22%
			Projects Currently in Santa Rosa:	**100%**					

APPENDIX 1: FUND FINANCIAL DETAILS

RED HOUSING FUND
Balance Sheet
As of June 30, 2023

		Total
ASSETS		
Current Assets		
Bank Accounts		
Investment Account 6532 (ICS729)		2,295,958
Summit State Bank 4653		40,125
Summit State Bank CD $1.1M MD 122123 #6832		1,123,796
Summit State Bank CD $1M MD 092123 #5269		1,034,085
Summit State Bank CD $3.3M MD 082423 #2479		3,348,826
Summit State Bank CD $3.3M MD 112423 #9733		3,349,474
Summit State Bank CD $3.5M MD 092123 #1988		3,503,966
Summit State Bank CD $500K MD072023 #1194		511,153
Summit State Bank CD 1.5M 072023 #5533		1,501,629
Total Bank Accounts	$	16,709,012
Accounts Receivable		
Accounts Receivable (A/R)		3,000
Total Accounts Receivable	$	3,000
Total Current Assets	$	16,712,012
Other Assets		
Enterprise Loan Origination		25,766
RHF Loan Interest Reserves		188,476
RHF Loan Loss Reserves		-425,000
RHF Loan Receivables		5,245,493
Total Other Assets	$	5,034,735
TOTAL ASSETS	$	21,746,747
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable (A/P)		19,750
Total Accounts Payable	$	19,750
Total Current Liabilities	$	19,750
Long-Term Liabilities		
City of Santa Rosa Loan Payable		7,076,395
County of Sonoma Loan Payable		6,729,713
Enterprise Community Loan		1,000,000
RHF Loan Deferred Origination Fees & Interest Income		326,760
Total Long-Term Liabilities	$	15,132,868
Total Liabilities	$	15,152,618
Net Assets		
Fund Balance		819,032
Restricted Contribution Deferred Revenue (SR)		2,923,605
Restricted Contribution Revenue (Sonoma)		2,770,287
Net Income		81,205
Total Net Assets	$	6,594,129
TOTAL LIABILITIES AND NET ASSETS	$	21,746,747

RED HOUSING FUND
Profit and Loss
April - June, 2023

	Total	
	Apr - Jun, 2023	Jan - Jun, 2023 (YTD)
Income		
Contributed income (Sonoma)	51,878	171,052
Contribution Revenue (SR)	31,471	62,597
Interest Income from Loan	25,787	40,292
Origination Fees Income Loan	4,667	6,581
Total Income	**$ 113,803**	**$ 280,521**
Gross Profit	**$ 113,803**	**$ 280,521**
Expenses		
Accounting fees	12,305	36,664
Amortization Expense	688	1,375
Awards & grants to others	5,000	5,000
Provision for Loan Loss Reserve	200,000	200,000
Insurance		3,620
Interest expense	70,919	138,211
Management Fees	18,750	37,500
Office expenses	125	160
Outside Services	60,500	138,500
Program Expenses	270	1,649
Total Expenses	**$ 368,556**	**$ 562,679**
Net Operating Income	**-$ 254,753**	**-$ 282,158**
Other Income		
Interest Income from Investment	193,971	363,363
Total Other Income	**$ 193,971**	**$ 363,363**
Net Other Income	**$ 193,971**	**$ 363,363**
Net Income	**-$ 60,782**	**$ 81,205**

APPENDIX 2: SUMMARY OF PORTFOLIO

LOAN 1: Aviara

Project Description:	Aviara is an affordable housing projected located in Santa Rosa. The Project will consist of a mix of two and three-bedroom units and will also incorporate approximately 1,900 square feet of interior community space for a computer lab, laundry facilities, and space for other residential programming (including after school support for children, and adult education and skill building classes).
Project Type:	Affordable
Location	1385 West College Avenue, Santa Rosa, CA 95401
Sponsor / Borrower	Borrower: MM Aviara, LP Borrower is a partnership entity between Pacific Southwest Development Corporation, the project's nonprofit partner, and McKellar McGowan Holdings, LLC, the project's developer.
Total RHF Loan Amount	$2,400,000
Outstanding Balance / Status	$2,372,199 / current
Closing Date	June 1, 2022
Maturity Date	June 1, 2040 (RHF's loan has an 18-year term)
Units	136 total units, incorporating 84 two-bedroom units, 52 three-bedroom units, and 1 manager's unit
Households Serving	Project aims to provide affordable housing for families in Santa Rosa. The Project will include 14 units affordable to households at 30% AMI, 14 units affordable to households at 50% AMI, and 107 units affordable to households at 60% AMI.
Other Financing	Primarily includes construction and permanent financing provided by the developer's local bank and tax credit equity
Risk Rating	2 – PASS (loss provision of 5%)
Interest Rate	1.0%
Project Update	• Project Sponsor has contracted for vertical trades apart from building signage; • Onsite wet and dry utility improvements are nearly complete; and • Rough trade work (plumbing, HVAC, electrical and low voltage) and drywall installation for buildings in progress; Sponsor expects to continue developing common areas in the coming quarters.

LOAN 2: Acme

Project Description:	Acme Family Apartments is an affordable housing projected located in Santa Rosa. The Project will consist of 77 one to three-bedroom units, maximizing options for families and larger unit sizes. The Project will also incorporate amenities such as a community space used for after-school programming and adult education classes, outdoor community spaces and a sports court.
Project Type:	Affordable
Location	1885 Sebastopol Road, Santa Rosa, CA 95407
Sponsor / Borrower	Borrower: Acme Family Apartments, LP Borrower is a partnership entity between an affiliate of Pacific Housing, Inc, the project's nonprofit partner, the Project's LIHTC investor, and an affiliate of the Project's developer, Milestone Housing Group, LLC.
Total RHF Loan Amount	$800,000
Outstanding Balance / Status	$786,268 / current
Closing Date	October 1, 2022
Maturity Date	October 1, 2040 (RHF's loan has an 18-year term)
Units	77 total units, incorporating 24 one-bedroom units, 25 two-bedroom units, 27 three-bedroom units, and 1 manager's unit
Households Serving	Project aims to provide affordable housing for families in Santa Rosa. 12% of units will be rented to households at 30% AMI, 17% will be rented to households at 40% AMI, 41% will be rented to households at 50%, and 30% of units will be rented to households at 60% AMI.
Other Financing	Primarily includes construction and permanent financing provided by two banks and tax credit equity
Risk Rating	2 – PASS (loss provision of 5%)
Interest Rate	1.0%
Project Update	As of the close of the Reporting Period, Sponsor had begun underground utility, plumbing, and foundation work in the building sites, and had started placing concrete floor slabs and rough carpentry as well. Window installation and framing were completed for the first two buildings, and roofing was nearly complete.

RED Housing Fund

LOAN 3: Pullman Lofts

Project Description:	Pullman Lofts consists of three buildings being built in two phases located at 701 Wilson Street in the historic Railroad Square neighborhood of Santa Rosa. The first two buildings consist of 70 units and completed construction in September 2022. The third building will consist of 44 units and is expected to complete construction in December 2023. The project will also incorporate amenities such as a dog park, pool area with fire pits and grills, a gym, and is located along the SMART rail line.
Project Type:	Market
Location	701 Wilson Street, Santa Rosa, CA 95401
Sponsor / Borrower	Borrower: Pullman Lofts First Phase LLC The Borrower is owned by various investors. Phoenix Development Company of Minneapolis, LLC is the Project’s developer.
Total RHF Loan Amount	$1,300,000
Outstanding Balance / Status	$1,208,046 / current
Closing Date	November 1, 2022
Maturity Date	December 1, 2024 (RHF’s loan has a 25-month term)
Units	114 total units, incorporating 77 one-bedroom units and 37 two-bedroom units
Households Serving	Market rate income levels, although a majority of the project’s one-bedroom units will be “affordable by design,” meaning they are smaller units at lower rent levels, ranging between 470-620 square feet. Two of these units will be deed restricted to households at or below 80% AMI.
Other Financing	Primarily includes construction and permanent financing from a bank and equity investments from a variety of investors, including the Project Sponsor
Risk Rating	2 – PASS (loss provision of 5%)
Interest Rate	8.75%
Project Update	As of the close of the Reporting Period plumbing and electrical work had begun, and preliminary construction work was in process.

LOAN 4: 420 Mendocino

Project Description:	The 420 Mendocino Avenue Project is located in downtown Santa Rosa on three parcels totaling approximately 0.64 acres with frontage along Mendocino Avenue, 5th Street, and Riley Street. The Project will be eight stories and contains 168 residential units and 2,285 net square feet of retail space, along with accessory amenities for the Project's residents including a ground floor coworking space and outdoor paseo, a fitness center and an 8th floor sky lounge with both indoor and outdoor access, and 100 parking spaces.
Project Type:	Market
Location	420 Mendocino Ave, Santa Rosa, CA 95401
Sponsor / Borrower	Borrower: 5th and Mendocino Partners, LLC, a Delaware limited liability company with various members and managers as parties to the Sole Member. Related California is the Project's developer.
Total RHF Loan Amount	$7,000,000
Outstanding Balance / Status	$0 / N/A
Closing Date	March 1, 2023
Maturity Date	March 20, 2027 (RHF's loan has a 48-month term)
Units	168 total units, incorporating 25 studios, 88 1-bedrooms, 55 2-bedrooms
Households Serving	The Project's 168 residential units will be 100% market rate; 17 of the Project's 88 1-bedrooms are projected to be furnished rentals.
Other Financing	Primarily funded by issuance of Multifamily Housing Revenue Bonds with the potential for extension to permanent loan financing. Additionally, the project will receive significant equity from the Developer.
Risk Rating	2 – PASS (loss provision of 5%)
Interest Rate	To be determined and will be based on when funds are drawn; interest rate will be the greater of 4.0%, or 3.25% above the floating rate on the Project's construction loan.
Project Update	As of the close of the Reporting Period, all existing improvements were demolished, and earthwork was underway. Construction continues to progress and remain on track to meet the projected completion date with lease up scheduled to commence in early 2025.

LOAN 5: South Park Commons

Project Description:	The South Park Commons Project is located on an approximately 1.93-acre parcel at the corner of Bennett Valley Road and Rutledge Avenue in a neighborhood of mixed industrial, commercial and residential properties. The Project will be a 64,000 square-foot building containing 62 residential units, including a mix of studios, one-bedroom, two-bedroom, and three bed-room units. 31 units will be reserved for permanent supportive housing for households experiencing chronic homelessness, with the remaining units restricted for households up to 50% AMI. The project will also include on-site amenities such as a community room, laundry room, property management office, social services office and approximately 24,000 feet of open space. There will also be two parking lots with 52 parking spaces. Abode Services will provide case management for formerly homeless residents as well as supportive services.
Project Type:	Affordable
Location	702 Bennett Valley Road, Santa Rosa, CA 95404
Sponsor / Borrower	Borrower: Bennett Valley Housing Partners, L.P., a California Limited Partnership. Freebird Development Company, LLC is the Project's developer.
Total RHF Loan Amount	$4,000,000
Outstanding Balance / Status	$878,981/ current
Closing Date	April 18, 2023
Maturity Date	April 18, 2041 (RHF's loan has an 18-year term)
Units	62 total units, incorporating 19 studios, 19 1-bedroom, 12 2-bedroom, and 12 three-bedroom units
Households Serving	The Project's 62 residential units will be restricted for households between 15-50% AMI; 31 units will be reserved for permanent supportive housing for households experiencing chronic homelessness
Other Financing	30 of the PSH units are supported by Project-Based Section 8 rental assistance vouchers, provided by the City of Santa Rose Housing Authority. During construction, the project will be funded primarily with a Chase Bank construction loan, alongside tax credit equity and a construction-to-permanent loan from the City of Santa Rosa Housing Authority. At conversion, the project will also receive several state-awarded grant funds.
Risk Rating	2 – PASS (loss provision of 5%)
Interest Rate	1%
Project Update	As of the close of the Reporting Period, the Sponsor had begun onsite work for the south building footprint; fire risers had been installed, underground plumbing and electric work were completed, and the storm water system was nearing completion.

Item #4a

Renewal Enterprise District (RED)
County of Sonoma | City of Santa Rosa

RED Housing Fund

RED Housing Fund update

The Goal: Complete Communities in the Right Places

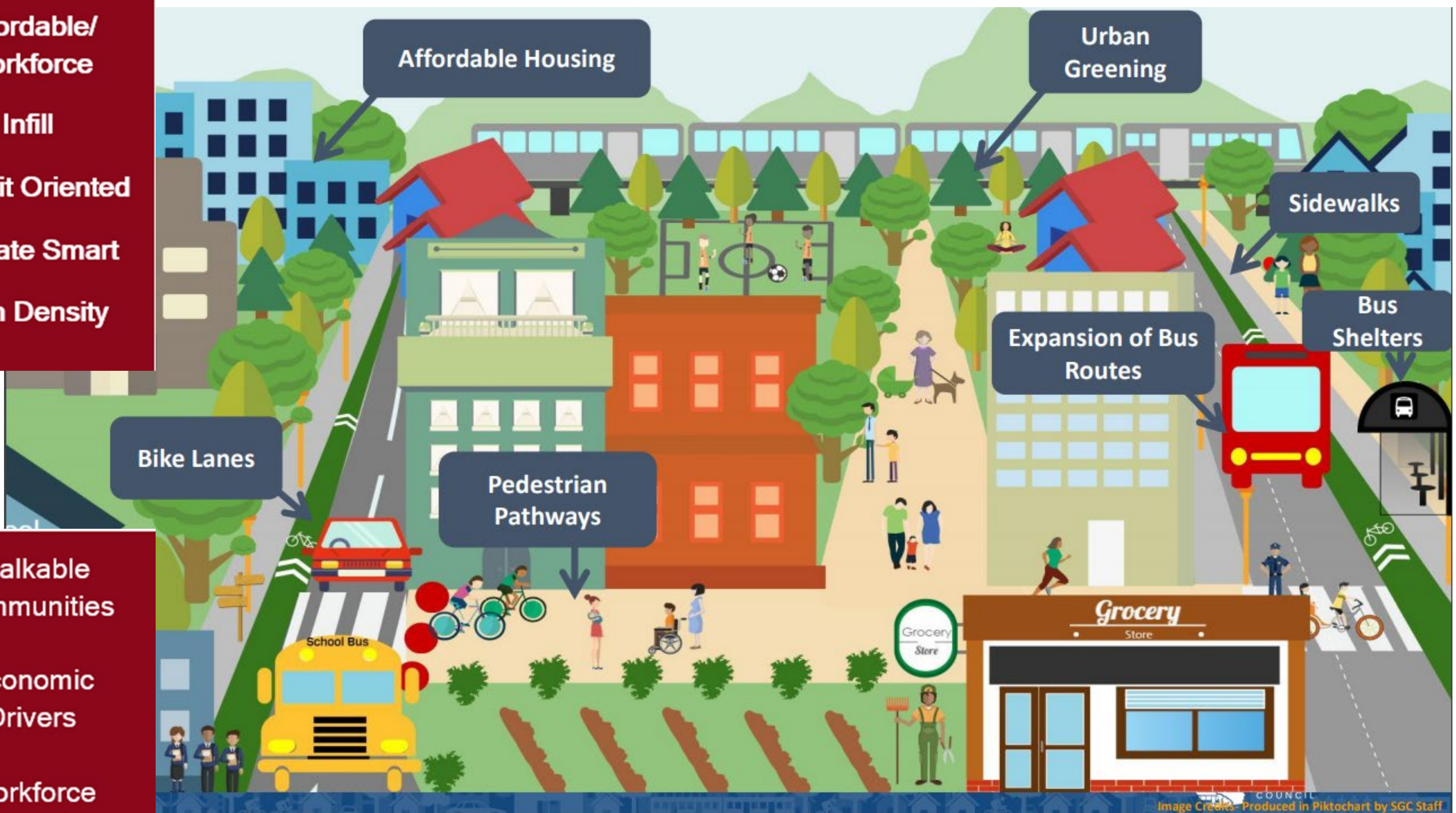
Affordable/ Workforce

Infill

Transit Oriented

Climate Smart

High Density



Walkable Communities

Economic Drivers

Workforce Supporting

Renewal Enterprise District (RED)
County of Sonoma | City of Santa Rosa

RED Housing Fund

Implementation

Spur housing that realizes 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

2020 Market Conditions

- Downtown Development an Unproven Market
- Lack of Comparable Projects
- Constraints with Traditional Financing

RED and RED Housing Fund tools at work

- Catalytic model- blend private financing and public funds to launch affordable and middle - income housing developments
- Leverage state and federal grants and finance tools

Renewal Enterprise District Project Criteria

As articulated in the joint powers agreement creating the Renewal Enterprise District, the goals and purpose of the RED include the following:

- Achieving the Founding Members' fire recovery rebuild goals and meeting current and previously unmet regional housing needs, within five years;
- Honoring community separators and urban growth boundaries, and implementing existing and future general plans and specific plans;
- Incentivizing higher density, infill, and transit-oriented housing in Priority Development Areas, Transit Priority Areas, Designated Opportunity Zones, Rural Investment Areas, 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 local employers to recruit and retain a skilled workforce; and
- Ensuring transparency and accountability regarding achievement of housing goals.

Measuring Outcomes

The RED Housing Fund is at the two year mark. Success is being measured by the actual number of RED Housing Fund assisted units produced in the next five to ten years as compared with the pace of construction over the prior decade.

Metrics utilized to report outcomes include- number of loans/projects supported, capital deployed and committed, units created and their affordability levels, financing leveraged from other sources, and additional infill development catalyzed.

RED Housing Fund	Award	# of Projects	Unit Count	Total Project Costs
Total lending capital and unit count	**$15,500,000**	**5**	**557**	**$267,888,814**
Total lending committed in pipeline	$3,471,289	1	75	$73,581,547
Enterprise Loan	$1,000,000			
Local Housing Trust Fund Matching Grant	$1,000,000			

Renewal Enterprise District (RED)
County of Sonoma | City of Santa Rosa

RED Housing Fund

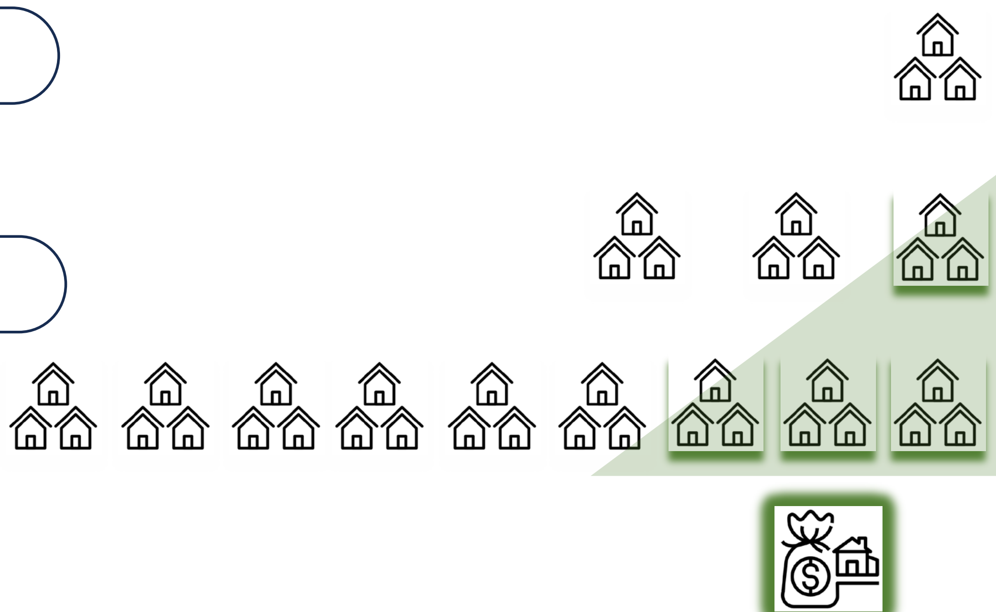
Measuring Outcomes

Per the City of Santa Rosa's housing development dashboard, the data supports a significant increase and acceleration of housing development with a nearly 70% increase in units completed thus far as compared to 2022 and 1,512 units in construction. Over a third of these units are directly supported through the RED Housing Fund.

2022

158 Finaled
Multi-Family Residential (MFR) Units

2023



502 Finaled
Multi-Family Residential (MFR) Units

1,512 in construction
Multi-Family Residential (MFR) Units

RED Housing Funded
557 units

Measuring Outcomes

The Renewal Enterprise District and the RED Housing Fund have worked with housing advocates, developers, and the jurisdictions of the City of Santa Rosa and Sonoma County to collectively bring in over a $125 million in leveraged capital supporting a total project costs of over $1 billion.

This all- hands-on-deck impact will result in 20+ new projects created and roughly 1400 new homes in our community. Awards have also been earned for transit infrastructure and amenities, park improvements, and programs.

RED Housing Fund	Award	# of Projects	Unit Count	Total Project Costs
Total lending capital and unit count	$15,500,000	5	557	$267,888,814
Total lending committed in pipeline	$3,471,289	1	75	$73,581,547
Enterprise Loan	$1,000,000			
Local Housing Trust Fund Matching Grant	$1,000,000			

Renewal Enterprise District (RED)

IIG Round 6	Award	# of Projects	Unit Count	Total Project Costs
Project Awards and Unit Count Total	$11,876,050	2	400	$183,000,000

AHSC Round 5	Award	# of Projects	Unit Count	Total Project Costs
Project Awards and Unit Count Total	$25,780,623	1	75	$134,380,242
+ Sustainable Transit Infrastructure	$8,435,616			$8,435,616
+ Transit Related Amenities	$1,525,000			$1,525,000
+ Programs	$135,000			$135,000

IIG Round 7	Award	# of Projects	Unit Count	Total Project Costs
Project Awards and Unit Count Total	$9,540,147	4	402	$220,000,000

IIG Round 8	Award	# of Projects	Unit Count	Total Project Costs
Project Awards and Unit Count Total	$20,651,354	6	520	$250,000,000
+ Public Improvement Project - MLK, Jr. Park	$5,224,722			$5,224,722

IIG Catalyst	Award	# of Projects	Unit Count	Total Project Costs
Project Awards and Unit Count Total	$9,500,000	3	tbd	tbd

CalHome Disaster	Award	# of Projects	Unit Count	Total Project Costs
Burbank Housing, Down Payment Assistance	$14,500,000	tbd	tbd	tbd

RHF, IIG, AHSC, IIG Catalyst & CalHOME Disaster	Award	# of Projects	Unit Count	Total Project Costs
combined	$128,139,801	21	1397	$1,144,170,941

Accelerator*	Award	# of Projects	Unit Count	Total Project Costs
Project Awards and Unit Count Total	$112,351,010	2	228	$161,188,582

* RED did not assist w Accelerator applications but helped 2/3 of these projects qualify with previous HCD awards.

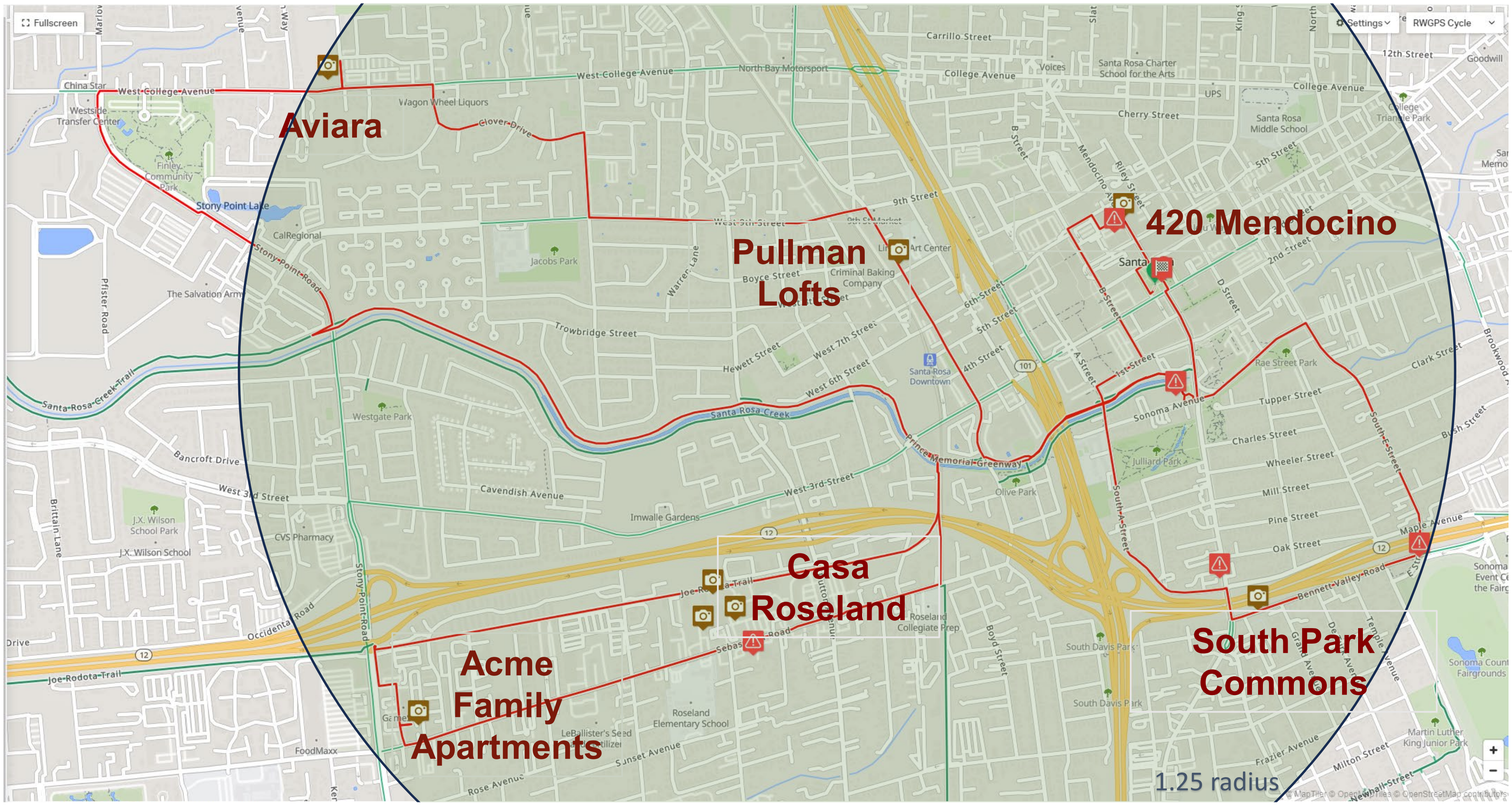
LIHTC - disaster allocation**	Adjusted Allocation Value	# of Projects	Unit Count	Total Project Costs
Ten-year effective lifecycle ($20M * 10)	$20,000,000	tbd	tbd	tbd

** RED with coalition of advocates, organized by Gen H, increased allocation of Low Income Housing Tax Credits (LIHTC) in

Renewal Enterprise District (RED)
County of Sonoma | City of Santa Rosa

RED Housing Fund

September 2023 bike tour to visit projects in construction!



Portfolio Status and Review: As of the close of the fiscal quarter, the Fund had five outstanding loans in its portfolio – three for affordable housing projects (Aviara, Acme and South Park Commons) and two market rate loans (Pullman Lofts and 420 Mendocino).

Renewal Enterprise District (RED)
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RED Housing Fund

Progress Update | RHF Loan Commitments and Closing Schedule

Q2 2022

Aviara: $2,400,000

- 136 2-3BR
- Units affordable to households at 30-60% AMI

Pullman Lofts: $1,300,000

- 114 1-2BR
- workforce-attainable units

Q4 2022

Acme Family Apartments: $800,000

- 77 1-3BR
- Units affordable to households: 30-60% AMI

420 Mendocino Avenue Apartments: $7,000,000

- 161 studio-2BR units
- Located in the heart of downtown Santa Rosa

Q1 2023

South Park Commons: $4,000,000

- 62 studio-3BR
- Units affordable to households at 15-50% AMI

Q2 2025

Casa Roseland: $3,471,289

- 75 1-3BR
- Units affordable to households at 30-60% AMI
- *Casa Roseland commitments are subject to the Fund's due diligence, underwriting, and closing processes. Therefore, these commitments and tentative closing schedule are subject to change as a result.*

557 new homes in construction

75 new homes in the pipeline

Aviara

- ✓ 136 units in six, 3-story buildings with surface parking.
- ✓ All units are 2BR and 3BR units, for families between 30-60% AMI.
- ✓ Includes community room, outdoor playground and picnic area.
- ✓ 10 hours/week of services such as afterschool tutoring/ enrichment for residents. Also includes provision of computer literacy, ESL, job counseling, financial literacy, etc.

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Aviara

RHF Loan amount: $2,400,000 current loan balance: $2,378,134
Construction completion phase 1 : December 2023

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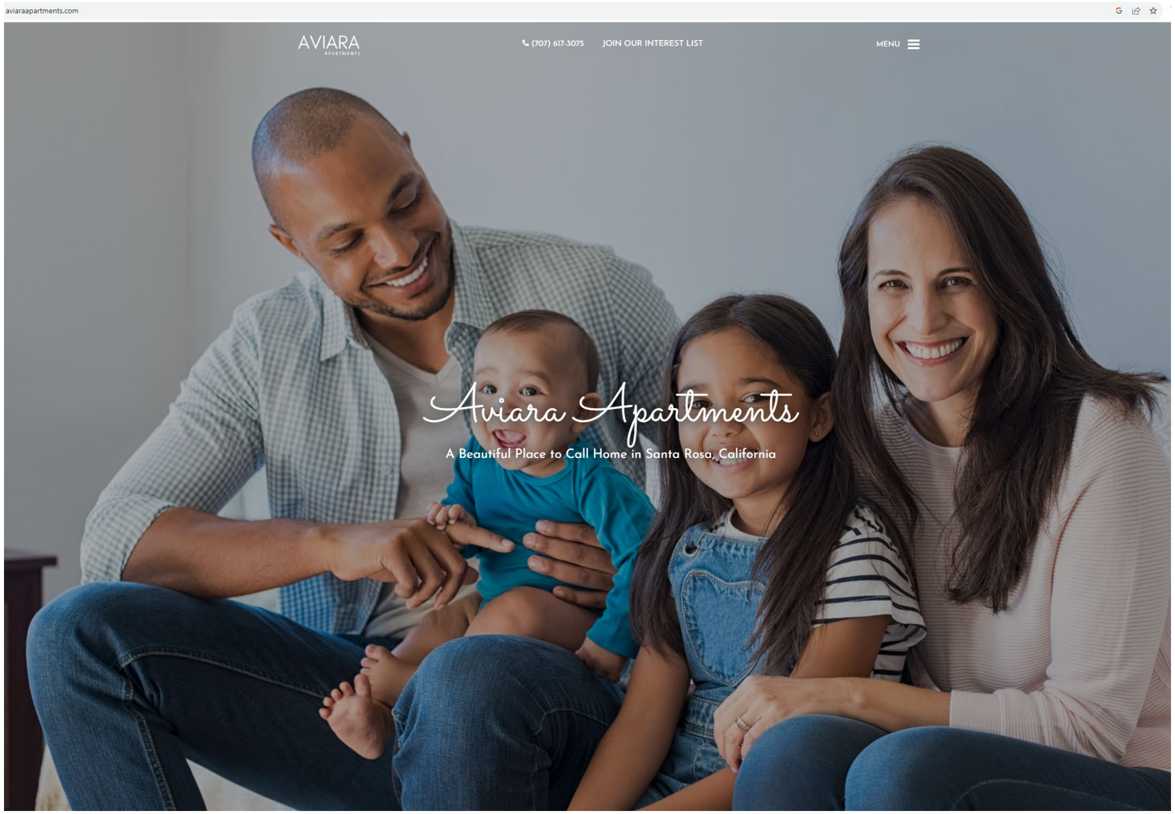
Aviara



Website and interest list is online:
220 prospective tenants

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Pullman Lofts

- ✓ 114 units in 3-5 story buildings: Phase C(5 stories) adjacent to Phases A&B (3 stories) near historic Railroad Square, on SMART line.
- ✓ 5 parking spaces.
- ✓ Shared amenities with other phases include rec room, bbq/picnic area, pool, playground.
- ✓ 2 - 80% AMI units.
- ✓ Land is same parcel for all 3 Phases (same collateral)

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Pullman Lofts

RHF Loan amount: $1,300,000   current loan balance: $1,225,727
Construction schedule: June 2023 lease up start – last phase complete winter 2024

Pullman Lofts

PULLMAN
Modern Urban Apartments

FLOOR PLANS AMENITIES FEATURES NEIGHBORHOOD VIRTUAL TOURS

One Bedroom Modern Apartment

The spacious one-bedroom apartments at Pullman include features such as kitchen islands and full washer & dryers in each unit.

1BR/1BA

View a Virtual Tour ⟶

Download the Floor Plan ⟶

Starting at $2,229 per month

SCHEDULE VIEWING

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Acme Family Apartments

- ✓ 77 units in four, 3 story walk ups with tuck under parking.
- ✓ 1BR - 3BRs for families between 30-60% AMI.
- ✓ Project received 9% disaster credits.
- ✓ Project includes community space/computer rooms for after school programs/adult education

Acme Family Apartments

RHF Loan amount: $800,000   current loan balance: $786,268
Construction completion: spring 2024

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420 Mendocino

- ✓ 168 units in 8 story building: 5 stories wood frame over 3 stories concrete with 132 parking spaces.
- ✓ 3,000 sf commercial space
- ✓ Project amenities include mgmt. office, fitness center, coworking lounge, rooftop deck.

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420 Mendocino

RHF Loan amount: $7,000,000   current balance: $0
Construction completion: spring 2025

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South Park Commons

- ✓ 75 units in 2-4 story building with surface parking.
- ✓ Studios - 3BRs. 50% of units are for households <20% AMI experiencing homelessness with 30 Project Based Vouchers provided by City of SR.
- ✓ Project redevelops existing vacant buildings and sites that are a health/safety risk.
- ✓ Includes community room, social services office, playgrounds, bbq area, gardens.
- ✓ Will provide social services including case management and vocational training.

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South Park Commons

RHF Loan amount: $4,000,000 current loan balance: $1,528,141
Construction completion: fall 2024

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Casa Roseland

- ✓ 75 units in 5-story building (podium with 33 parking spaces, plus surface parking).
- ✓ Part of a larger master plan that incorporates 100 market rate units in another phase, commercial site (food hall), a community center, park space. 1BR - 3BRs for families between 30-60% AMI.
- ✓ Building includes community room, outdoor bbq area.
- ✓ On-site services include homework help, academic/literacy improvement, vocational training, etc.

RHF Loan amount: $3,471,289 current loan balance: $ 0

Make ready projects are underway, estimated loan closing fall 2025

Portfolio Risk Rating Overview:

Quarterly, the Fund evaluates the loans in its portfolio to reassess the loans' risk rating. At closing, a risk rating is assigned to the loan that determines its loan loss reserve amount – this amount may be adjusted depending on various factors, such as whether the project is progressing according to its milestones, improvements in operating performance, interest coverage or debt paydown, and, likewise, any deterioration in the credit, non-compliance with covenants, or any material adverse change.

2 All loan's currently meet a level 2- Pass

Schedule delays due to Pandemic and supply chain issues averaging: 3-6 months

The risk rating categories and their corresponding loan loss reserve amount are:

1 – High Pass (loss provision of 3%): The borrower and loan are performing above projections and project milestones with no sign of deterioration in performance;

2 – Pass (loss provision of 5%): The borrower and loan are performing fully to projections and project milestones;

3 – Loss Pass (loss provision of at least 7%): There may be some sign of variance or degradation in one or more major performance criteria, but the overall quality of the investment is still acceptable;

4 – Watch/Attention (loss provision of 10-15%): Borrower and/or loan performance is below expectations; and

5 – Doubtful/Substandard (loss provision of up to 50%): The borrower or loan show significant deterioration and requires restructuring or Fund intervention.

Market Factors of Housing:

Case Study: The Bay Area has the highest construction costs in the state.

Hard construction costs have climbed statewide, but they are the most expensive and have risen most dramatically in the San Francisco Bay Area. While normalized statewide costs increased 25 percent between 2008-2009 and 2018, costs for projects in the Bay Area rose 119 percent over the same period, reaching more than $380 per square foot in 2018 (Figure 8).

Figure 8: Construction Costs Per Square Foot, Statewide and Bay Area Weighted Averages (2008-2018)

A March 2020 Terner Center For Housing Innovation out of UC Berkeley Report showed that per-square-foot hard costs for constructing multifamily projects in California climbed 25 percent over the course of a decade.

The cost of building a 100-unit affordable project in California increased from $265,000 per unit in 2000 to almost $425,000 in 2016.

Data showed that affordable housing projects cost more on average than market-rate and mixed-affordability projects, but this difference loses significance after controlling for project size.

Construction Cost Average across the portfolio is averaging $400,000 a unit

Financial Summary:

The Fund's Profit and Loss Statement reflects earnings from its project loans (through interest income and origination fees), investment income from reserves held in interim investment accounts, and any grant income received. Grants received are intended to support the Fund's operating expenses before the Fund's lending program begins to generate sufficient revenue. The Fund's expenses during the Reporting Period were primarily related to payments for insurance and fees related to third-party services providers, such as corporate counsel, fund management, audit and accounting. The Fund's net assets are a function of any retained earnings it has generated over its two years, as well as the discounted value of Fund's "below market interest rate loans," referring to the financing from the City of Santa Rosa and the County of Sonoma, in accordance with proper accounting treatment. Financial information is as of quarterly report dated June 30 2023.

Financial Statements Summary (YTD)	Revenue	$643,884	Assets	$21,746,747
	Expenses	$562,679	Liabilities	$15,152,618
	Net Income	$81,205	Net Assets	$6,594,129

Gross Capital Commitments from Investors	
Total Capital Committed	$21,000,000
Undrawn	$0
Total Capital Drawn	**$21,000,000**

Renewal Enterprise District (RED)
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RED Housing Fund

RED Housing Fund update

Awarded Local Housing Trust Fund Matching Grant Award **$1,000,000**

DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT
Local Housing Trust Fund (LHTF) Program - NOFA March 7, 2023
Final Point Score and Awardee List

Applicant Name	Trust Fund Name	Existing or New	County	Geographic Location	Program Activity	Final Point Score	Tie Breaker*	Amount Requested	Amount Awarded
Housing Trust Silicon Valley	Housing Trust Silicon Valley	Existing	Santa Clara	Central	Rental New Construction	95		$5,000,000	$5,000,000
County of San Mateo	Affordable Housing Trust	Existing	San Mateo	Central	Rental New Construction	95		$5,000,000	$5,000,000
RED Housing Fund	RED Housing Fund	Existing	Sonoma	North	Rental New Construction	95		$1,000,000	$1,000,000
City of Berkeley	City of Berkeley Housing Trust Fund	Existing	Alameda	North	Rental New Construction	95		$4,083,000	$4,083,000
Housing Trust Fund Ventura County	Housing Trust Fund Ventura County	Existing	Ventura	South	Rental New Construction	90		$5,000,000	$5,000,000
Sacramento Housing and Redevelopment Agency (on behalf of City of Sacramento)	City Housing Trust Fund	Existing	Sacramento	North	Rental New Construction	90		$5,000,000	$5,000,000
City of Santa Monica	Citywide Housing Trust Fund (CHTF)	Existing	Los Angeles	South	Rental New Construction	90		$5,000,000	$5,000,000
City of Pasadena-Housing Department	City of Pasadena Inclusionary Housing Trust Fund	Existing	Los Angeles	South	Rental New Construction	90		$5,000,000	$5,000,000
Alameda Affordable Housing Corporation	Alameda Affordable Housing Trust Fund	Existing	Alameda	North	Rental New Construction	90		$1,000,000	$1,000,000
Orange County Housing Finance	Orange County Housing				Permanent Supportive Housing:				

Renewal Enterprise District (RED)
County of Sonoma | City of Santa Rosa

RED Housing Fund

RED Housing Fund update

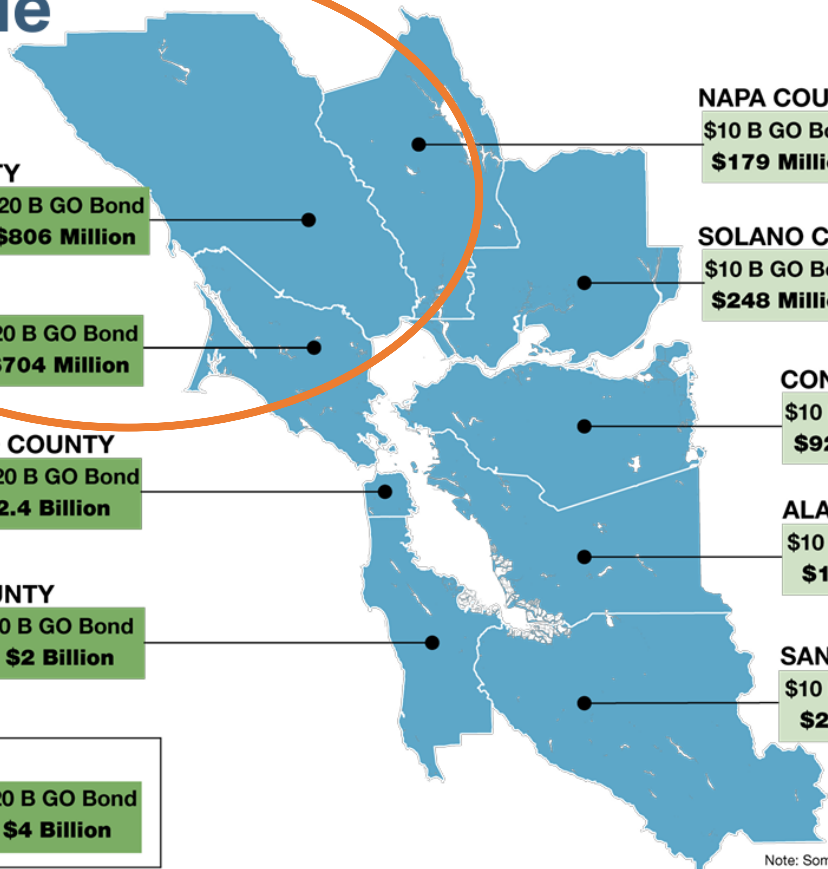
Q3 Activities

- RHF Board and committee meetings, planning for Board Retreat
- Awarded Local Housing Trust Fund matching grant of $1,000,000
- Process draw requests for project loans
- Monitor projects and service loans
- Approved and authorized the distribution of quarterly and annual reports
- Capital raising

Q4 Upcoming Actions

- Board Retreat for RED Housing Fund – November 29, 2023
- Explore relationship to BAFHA, EIFDs, other emergent opportunities for collaboration
- Ongoing monitoring and servicing on loans
- Facilitate reports to stakeholders
- Meeting with other municipalities regarding RED/RHF updates

Bond revenue allocations



County	$10 B GO Bond	$20 B GO Bond
SONOMA COUNTY	$403 Million	$806 Million
MARIN COUNTY	$352 Million	$704 Million
SAN FRANCISCO COUNTY	$1.2 Billion	$2.4 Billion
SAN MATEO COUNTY	$1 Billion	$2 Billion
NAPA COUNTY	$179 Million	$358 Million
SOLANO COUNTY	$248 Million	$496 Million
CONTRA COSTA COUNTY	$925 Million	$1.85 Billion
ALAMEDA COUNTY	$1.4 Billion	$2.8 Billion
SANTA CLARA COUNTY	$2.2 Billion	$4.4 Billion
BAHFA	$2 Billion	$4 Billion

Note: Some dollar amounts rounded for purposes of chart.
Dollar amounts based on FY2020-2021 assessed values.

Renewal Enterprise District (RED)
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RED Housing Fund

Fun Fact

The Center for Neighborhood Technology (CNT) estimates that transportation and housing costs together accounted for over 50% of household incomes in our county. Reducing household transportation costs will increase countywide affordability and improve quality of life in Sonoma County.

Of the 205,030 employed residents, roughly two-thirds (67.9%) are employed and live in Sonoma County while roughly one-third (32.1%) are employed in but live outside of Sonoma County.

Figure 31: Inflow and Outflow of Workers in Sonoma County

**Note: Arrows do not indicate directionality of worker flow*

TBR-110 Source: U.S Cenus Bureau, OntheMap, 2019

Discussion and Questions