

Federal American Rescue Plan Act 2021
Coronavirus State and Local Fiscal Recovery Funds
Subject Matter Leader Reports

AFFORDABLE HOUSING

March 22, 2022



TABLE OF CONTENTS

- Introduction 3
- Subject Matter Workgroup - Members 4
- U.S. Treasury /Board Approved Eligible Categories 5
- Existing Studies/Reports 6
- Identified Needs 7
- Disproportionately Impacted Communities 8
- Funding Options..... 9
 - Funding Option #1..... 9
 - Funding Option #2..... 10
 - Funding Option #3..... 11
 - Funding Option #4..... 12
 - Funding Option #5..... 13
 - Funding Option #6..... 14
 - Funding Option #7..... 15
- Key Takeaways 17

INTRODUCTION

Affordable housing includes a variety of housing types and levels; from workforce housing for moderate-income households, which includes many teachers, healthcare professionals and even some government employees, to permanent supportive housing for those who are chronically homeless due to mental health challenges. Affordable housing is necessary to prevent housing cost-burden.

The U.S. Department of Housing and Urban Development (HUD) defines cost-burdened households as those who pay more than 30% of their income for housing. This is true in both ownership and rental housing. HUD further defines cost-burdened households as having a severe rent burden when the household is paying more than 50% of their income towards rent (HUD PD&R Edge). This definition can apply to anyone but tends to have a greater impact on lower-income households.

Providing affordable housing options to address Solano County residents' needs, especially those experiencing substantial or severe housing cost burdens, is necessary. There is a range of people who would benefit from development of affordable housing solutions, from those professional yet moderate-income households to those who need permanent supportive housing due to their life challenges (such as those who experience chronic homelessness and/or have mental health challenges). The housing cost burdens being experienced by Solano County residents is discussed in more detail in the Identified Needs section.

The challenges of housing availability and costs have been further accentuated due to the COVID-19 pandemic as teleworking became more commonplace, allowing workers to seek more affordable housing at greater distances from their employers, and causing housing instability to increase due to loss of wages. To address this instability, the Coronavirus State and Local Fiscal Recovery Funds (SLFRF), under the American Recovery Plan Act's (ARPA) Final Rule, may now be used for programs or services to support long-term housing security, including the development of affordable housing and permanent supportive housing.

Solano continues to be an affordable alternative to living in the Bay Area and beyond for those willing to commute, but similar to other Bay Area counties, Solano County is experiencing a lack of affordable housing and an overall low housing vacancy rate. This situation has been many decades in the making and there is no quick and easy answer to the affordable housing crisis (Public Policy Institute of California (PPIC). The U.S. Census' Geography Profile of Solano County indicates there are a total of 150,393 households in the county, and 162,237 housing units; however, while the number of units exceeds the number of households, the inventory is insufficient due to the number of households that move into Solano County on a regular basis.

While available housing inventory is a critical issue, affordability is just as essential. The median home listing price for Solano County in January 2022 according to Realtor.com was \$560,000; this means one half of the homes were listed for less than this price and one half listed for more. A household would need approximately \$130,000 in annual income to obtain a mortgage for a home in the median price range, yet according to the Census, the median household income in Solano County is \$86,652.

Similar challenges exist with rental housing. For example, according to the City of Vacaville's December 2020 Apartment Vacancy and Rent Survey, the median rent for a two-bedroom apartment in Vacaville

was \$2,082. To qualify for such a unit where a landlord requires potential tenants to earn at least three times the amount of rent, which is the industry standard, a household would need a monthly income of over \$6,000, or annual income of over \$72,000. According to HUD, for a household of 4 in Solano County, this qualifies as low-income (the annual income limit for a 4-person household is \$77,600).

According to Census data, the number of housing units in Solano County increased by 6.2% between 2010 and 2020, yet the County's population increased by 9.7% during that same period. The typical home value rose by 91% (PPIC) and prices for rental units also increased. The COVID-19 pandemic created additional economic challenges that further impacted the ability of County residents, especially those with lower incomes, to find or retain affordable housing options, both rental and owned. This is demonstrated by the rise in the need for rental assistance due to loss of wages during the pandemic.

Borrowing from the Regional Impact Council's Strategic Pillars: House and Stabilize; Prevent; and Thrive; and their System Flow of 1-2-4 Comprehensive Framework of creating: One (1) additional interim (transitional) housing unit; Two (2) permanent housing solutions; and Four (4) prevention interventions, the Workgroup is proposing a variety of projects and programs that target different populations at different levels that fall into these categories for consideration by the Board. Additionally, these projects and programs support the Board-adopted Solano County Human Services Needs Assessment Final Report which identifies one of the two priority goals as the reduction of homelessness, which cannot be done without available housing units.

The recommendations contained herein made by the Affordable Housing Subject Matter Workgroup (Workgroup) include a variety of projects to address pieces of a larger housing strategy that County staff is preparing and can serve as the initial foundation for longer-term solutions to the issue of housing in Solano County.

SUBJECT MATTER WORKGROUP – MEMBERS

Terry Schmidtbauer – Terry Schmidtbauer has over seven years' experience as Director or Assistant Director of the Department of Resource Management for Solano County. This Department is responsible for implementation of a variety of housing programs in unincorporated Solano County. Other responsibilities include guiding Building and Safety, Planning, Environmental Health, Public Works (Engineering and Operations), Parks, and Water Resources and Delta Water Activities services for Solano County. In total, Mr. Schmidtbauer has over 37 years of public service, with most of his time spent in Environmental Health Services, including ensuring rental housing units met minimum health and safety standards.

Allan Calder – Allan Calder is the Solano County Planning Manager with over 30 years' experience in public and private, national and international land development. He is a certified land planner with the American Planning Association and a licensed landscape architect.

Eric McGhee, J. P. (2021, December 3). *New Housing Fails to Make Up for Decades of Undersupply*. Retrieved from PPIC.org: https://www.ppic.org/blog/new-housing-fails-to-make-up-for-decades-of-undersupply/?utm_source=ppic&utm_medium=email&utm_campaign=blog_subscriber

Unknown. (n.d.). *Rental Burdens: Rethinking Affordability Measures*. Retrieved from Huduser.gov: https://www.huduser.gov/portal/pdredge/pdr_edge_featd_article_092214.html

Matt Walsh – Matt Walsh has over 20 years in the land use and planning field and has been responsible for the development of two County General Plan Housing Element updates. Matt has also overseen and been the countywide liaison for the last two Regional Housing Needs Allocation processes for the Solano Subregion. He has provided oversight to two CDBG and one housing rehabilitation grants as well as served as the liaison between the County and the Solano County Housing Authority administrator.

Anne Putney – Anne Putney has over 23 years’ experience in the affordable housing field. She has managed three housing authorities within Solano County, as well as a number of federal and state programs including the HOME Investment Partnerships program, the Community Development Block Grant, the Neighborhood Stabilization Program, and most recently the Emergency Rental Assistance Program. She is also a member of the CAP Solano JPA Board of Directors and is currently the County Administrator’s Office’s Principal Management Analyst for housing.

Nancy Nelson - Nancy Nelson has administered an affordable housing loan program, managed the financial reporting and tracking of the Napa County affordable housing trust fund, staffed an affordable housing subcommittee tasked with identifying affordable housing priorities, supported financing of affordable housing projects with Napa cities and the not-for-profit community in exchange for RHNA credits, and is currently the CAO Analyst for Resource Management.

The Workgroup also interacted with City staff from the Cities of Benicia, Fairfield and Vallejo, as well as staff from several non-profit organizations, related to project ideas.

U.S. TREASURY /BOARD APPROVED ELIGIBLE CATEGORIES

The Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Final Rule revised the categories of eligible uses of funding and broadened eligible uses. Whereas the Final Rule made changes that consolidated some of eligible funding categories, for purposes of Treasury reporting and this Workgroup Report, the categories implemented under the Interim Rule and approved by the Board of Supervisors will be used. These categories are as follows:

- Category 2: Negative Economic Impacts
 - 2.5 Household Assistance: Eviction Prevention
- Category 3: Services to Disproportionately Impacted Communities
 - 3.10 Housing Support: Affordable Housing
 - 3.11 Housing Support: Services for Unhoused Persons
 - 3.12 Housing Support: Other Housing Assistance

All of the recommendations in this report qualify under the U.S. Treasury/Board Approved Eligible Categories and are included in the categories and sub-categories above.

Household Eligibility

In order to determine who is eligible to receive assistance under the above categories, the Final Rule states that the following households and communities are presumed to be impacted by the COVID-19 pandemic and are eligible for services:

- Low- or moderate-income households or communities
- Households that experienced unemployment
- Households that experienced housing or food insecurity
- Households that qualify for a variety of federal health, medical, and housing programs¹

For purposes of the Final Rule, the Treasury has defined low- or moderate-income to be households or communities with income at or below 300% of the Federal Poverty Guidelines (FPG) based on household size as stated in the most recently published guidelines, or income at or below 65% of the area median income (AMI) for the jurisdiction, also based on household size. For purposes of this report, the Federal Poverty Guidelines for 2022 and the 2021 Area Median Income Limits will be utilized as they are both the most recent available.

For Solano County, these amounts are as follows:

ELIGIBLE INCOME LIMITS – TABLE 1

Household Size	1	2	3	4	5	6	7	8
65% AMI Income Limit	\$ 44,200	\$ 50,505	\$ 56,810	\$ 63,115	\$ 68,185	\$ 73,255	\$ 78,325	\$ 83,330
300% FPG	\$ 40,770	\$ 54,930	\$ 69,090	\$ 83,250	\$ 97,410	\$111,570	\$125,730	\$139,830

As shown in the table above, generally 300% of the FPG is the higher income limit in Solano County. The exception is in the single-person household, where 65% of the AMI is greater.

EXISTING STUDIES /REPORTS

National Low Income Housing Coalition – Housing Needs By State <https://nlihc.org/housing-needs-by-state/california>

¹ These programs include Children’s Health Insurance program (CHIP); Childcare Subsidies through the Child Care and Development (CCDF) program; Medi-Cal; National Housing Trust Fund affordable housing programs; HOME Investment Partnerships Program (HOME) for impacted households. For disproportionately impacted households, these programs include: CalWORKS; Supplemental Nutrition Assistance Program (SNAP); Free and Reduced-Price Lunch (NSLP and/or School Breakfast Program (SBP); Medicare Part D; Supplement Security Income (SSI); Head Start and/or Early Start; Specialist Supplement Nutrition Program for Women, Infants, and Children (WIC); Section 8 Vouchers; Low-Income Home Energy Assistance Program (LIHEAP); and Pell Grants.

Rental Burdens: Rethinking Affordability Measures – HUD PD&R Edge online magazine https://www.huduser.gov/portal/pdredge/pdr_edge_featd_article_092214.html

New Housing Fails to Make Up for Decades of Undersupply – Public Policy Institute of California blog post, December 3, 2021 https://www.ppic.org/blog/new-housing-fails-to-make-up-for-decades-of-undersupply/?utm_source=ppic&utm_medium=email&utm_campaign=blog_subscriber

2019 Solano County Homeless Census and Survey (Point in Time Count) <http://nebula.wsimg.com/830dd7dcf077684b5f5a500f7aafdbed?AccessKeyId=B6ADA8353DCF8737BDC0&disposition=0&alloworigin=1>

Statewide Housing Plan <https://statewide-housing-plan-cahcd.hub.arcgis.com/>

IDENTIFIED NEEDS

Affordability is a known issue. The recently released Statewide Housing Plan shows states that “one in three households in the state doesn’t earn enough money to meet their basic needs.” Other housing-specific data shows that in the Vallejo-Fairfield Metro Area, 33,375 renter households have a housing cost-burden; specifically, 58.3% of renters pay more than 30% of their income towards their housing costs, and 31.2% experience a severe housing cost-burden due to paying more than 50% of their income. When this is expanded to include homeowners as well as renters, the number increases to 60,777 households (Harvard Joint Center for Housing Studies). Housing cost-burden creates a barrier to getting individuals experiencing homelessness back into stable housing and also for housed individuals to maintain their housing. This supports the need for homelessness prevention activities, including provisions to create affordable housing solutions.

As a result of the COVID-19 pandemic, over 3,000 lower-income Solano County residents applied for emergency rental and utility assistance through the County’s Emergency Rental Assistance Program, administered by Catholic Charities of Yolo-Solano, Inc. To date, \$11.5 million has been paid out in rental and utility assistance on behalf of 1,100 households. Additionally, the State’s emergency rental assistance program, Housing Is Key, has accepted 8,727 applications on behalf of Solano County residents and has funded 2,897 applications totaling \$29,935,926. The average payments between both programs were similar in the \$10,000-\$11,000 range.

Those experiencing homelessness were identified as particularly vulnerable to contracting the virus as they could not shelter in place. And while eviction protections were in place and continue in Solano County, it does not prohibit all evictions. Additionally, once the protections expire, those who did not seek rental assistance through the County or State programs, or did not qualify, may still be at risk of eviction and may increase the number of households experiencing homelessness. Prevention efforts for these households is critical.

The need exists for housing units of different types geared towards different populations, and with varying degrees of affordability. These populations include:

- Situationally homeless individuals/families who are experiencing temporary homelessness or are at risk of homelessness due to an impacting situation such as COVID-19

- Lower-income renters and homeowners who need assistance in maintaining their housing due to the negative financial impacts of COVID-19
- Workforce development housing/moderate-income housing

Simply stated, more housing units are needed in Solano County that are affordable to a variety of populations. The funding options included in this report consist of a number of proposals received by outside organizations as well as several recommended by the Workgroup to address needs as part of the 1-2-4 framework. Some of the proposals are still in the conceptual stage and need additional work, but is designed to trigger further discussion on housing needs in Solano County.

DISPROPORTIONATELY IMPACTED COMMUNITIES

The ARPA Final Rule provides several acceptable methods to define Disproportionately Impacted Households. These methods are:

1. Households and communities of households with income at or below 185% of the Federal Poverty Guidelines for its household size or at or below 40% of the area median income, whichever is greatest.

For Solano County, these amounts are as follows:

ELIGIBLE INCOME LIMITS – TABLE 2

Household Size	1	2	3	4	5	6	7	8
40% AMI Income Limit	\$ 27,200	\$ 31,080	\$ 34,960	\$ 38,840	\$ 41,960	\$ 45,080	\$ 48,200	\$ 51,280
185% FPG	\$ 25,142	\$ 33,874	\$ 42,606	\$ 51,338	\$ 60,070	\$68,802	\$77,534	\$86,266

2. Households residing in qualified census tracts; or households that qualify for certain federal benefits².

The federal government (HUD, PD&R) defines a qualified census tract as one where at least 50% of the households have incomes below 60% of the area median income or a poverty rate of 25% or more. According to the HUD PD&R Qualified Census Tract map, there are several qualified census tracts in Fairfield, Vallejo, and Rio Vista. Another alternative is to determine an area broader than a household but

² These programs include Children’s Health Insurance program (CHIP); Childcare Subsidies through the Child Care and Development (CCDF) program; Medi-Cal; National Housing Trust Fund affordable housing programs; HOME Investment Partnerships Program (HOME) for impacted households. For disproportionately impacted households, these programs include: CalWORKS; Supplemental Nutrition Assistance Program (SNAP); Free and Reduced-Price Lunch (NSLP and/or School Breakfast Program (SBP); Medicare Part D; Supplement Security Income (SSI); Head Start and/or Early Start; Specialist Supplement Nutrition Program for Women, Infants, and Children (WIC); Section 8 Vouchers; Low-Income Home Energy Assistance Program (LIHEAP); and Pell Grants.

smaller than an entire community by comparing the poverty rate for the census tract to the overall poverty rate for the County. Based on data from the 2020 Census, the overall poverty rate in Solano County is 8.9 percent, down from over 12.4 percent in the 2010 Census. While these census tracts and their poverty rates are not detailed in this report, the data is available to further refine communities if so desired. However, overall it is most accurate for housing projects and programs to determine eligibility on a household basis rather than a broader community level as it enables a funding recipient to focus the provision of services to those most in need.

FUNDING OPTIONS

Below are 7 programs/projects proposed by organizations desiring to provide a form of affordable housing in Solano County. Each of the programs/projects is an eligible ARPA activity and qualifies as an activity under the Regional Impact Council's 1-2-4 Framework by providing either Permanent Housing or Homelessness Prevention. The Subject Matter Workgroup on Affordable Housing recommends the Board review the programs/projects to determine if further consideration of ARPA funding aligns with the Board's plans for recovery. The Board could also decide to fund one or more of these projects at this time at their discretion as some projects presented are shovel ready. The Workgroup is providing information on timeline for the projects and other funding available, if known. The Board could also ask for guarantees that the project will give priority to County residents, or residents involved in County programs, as a condition of funding.

Funding Option #1

Title: Parkside Flats Apartments

Amount Recommended: \$600,000

Available funding from other sources totals \$54,499,891.

U.S. Treasury Category: Category 3: Services to Disproportionately Impacted Communities

3.10 Housing Support: Affordable Housing

Summary: The City of Fairfield, under its Housing Authority, has a Disposition and Development Agreement with developer Integrity Housing to provide 168 apartments on former Redevelopment Agency land located at the corner of West Texas and Gregory streets next to Allan Witt Park. The units are to be affordable and available to households at 50% (33 units) and 80% (133 units) of area median income plus two manager units. Amenities will include a clubhouse with computer room and fitness center, swimming pool, BBQ/picnic area and onsite parking.

ARPA funding would provide gap financing needed to conduct site mitigation, which is related to the discovery of underground concrete storage tanks. The City formerly used the site as a water storage facility with underground reservoirs. The concrete reservoirs were abandoned and demolished on-site and backfilled. Consequently, the underground storm retention pipes had to be rerouted along the

property's perimeter, creating additional costs to mitigate. Other funding sources include \$400,000 from the City of Fairfield and the remainder from bond financing.

This project is nearly shovel-ready. The developer is in the final stages of finalizing the financing for this development via the issuance of tax-exempt 501(3)(c) bonds. They are also waiting to get final comments from City Planning on their plans. CEQA review is currently underway. Once the plans are approved, they can close on their project financing and break ground within 3 to 6 months.

This project would align with the 1-2-4 framework by providing a permanent affordable housing resource.

Outcomes: 166 new units of affordable housing with a 55-year affordability period

Funding Process (Direct Cost, RFP Etc.): Direct Cost

Timeline: Leasing to begin August 2024

Lead Agency: Integrity Housing/City of Fairfield

Population Served: Very low- and low-income households. Tenants will be disproportionately impacted.

Shovel-Ready? Yes (some items pending)

Funding Option #2

Title: Habitat for Humanity Woolner Avenue

Amount Recommended: \$215,000

Available funding from other sources totals \$944,056

U.S. Treasury Category: Category 3: Services to Disproportionately Impacted Communities

3.10 Housing Support: Affordable Housing

Summary: Habitat for Humanity proposes to build three (3) 3 single-family homes on Woolner Avenue in Fairfield for low-income households with incomes between 50% and 80% of area median income, and sales will be restricted to Solano County residents only. Each home is 1,289 square feet with 3 bedrooms and 2 bathrooms and a one-car garage. Sweat equity from the future homeowner(s) is required. The homes will be sold at a price that is affordable to low-income households, with Habitat for Humanity carrying back the first and second mortgages. An affordability covenant ensuring the homes remaining affordable for 45 years will be recorded. ARPA funding would serve as gap financing for pre-development costs, as well as to provide electricity to the site. The City of Fairfield has provided the land. The County has already provided \$200,000 in Community Investment Fund dollars for this project, bringing the County's contribution to \$415,000 or 36 percent of the total cost. Other funding sources include donations from foundations and local businesses (\$320,000), fundraisers and individuals (\$85,056), gifts and in-kind (\$145,000), national businesses and charitable organizations (\$79,000) and financial institutions (\$115,000).

The project is close to shovel-ready. A revised tentative parcel map has been submitted to the City of Fairfield's Planning Department. Upon approval, Habitat for Humanity is ready to commence with Civil

work and move dirt. The environmental report is complete, and foundations are scheduled to be poured in July 2022 with the first house complete by July 2023.

This project would align with the 1-2-4 framework by providing a permanent affordable housing resource.

Outcomes: 3 single-family homes for low-income homeownership opportunities with a 45-year affordability covenant.

Funding Process (Direct Cost, RFP Etc.): Direct Cost

Timeline: July 2022 through July 2023

Lead Agency: Habitat for Humanity/City of Fairfield

Population Served: Low-income households; they will qualify as disproportionately impacted.

Shovel-Ready? Yes

Funding Option #3

Title: Enhanced Accessory Dwelling Units (ADU)

Amount Recommended: \$1,725,000

This is a staff proposal.

U.S. Treasury Category: Category 3: Services to Disproportionately Impacted Communities
3.10 Housing Support: Affordable Housing

Summary: ADUs are one potential approach to increasing the number of affordable housing units in the County and would be eligible for Regional Housing Needs Allocation (RHNA) credit.

The Board of Supervisors recently approved a contract with BAE Urban Economics to determine methods of streamlining ADU policies and procedures within the County; until those recommendations are ready, the following are some potential changes that could stimulate ADU construction. All could be available in exchange for a 25-year deed restriction (or longer at the discretion of the BOS) on an ADU. Currently, the County sees about 15 ADU applications a year; a doubling to 30 is assumed with the incorporation of some of the financial incentives below.

- Building permit fees could be waived by Board approval and lost fees would be backfilled with ARPA funding; or 50% of the fee could be waived if ADU is built to a certain size (2 bedrooms or more) (up to \$7,500 per ADU in waived building fees (\$7,500 x 30 = \$225,000 total)
- A forgivable loan program that offers loans up to \$40,000 to homeowners willing to rent the ADU to low-income households ($\leq 80\%$ of AMI) at affordable rents for a minimum of 25 years (\$40,000 per ADU x 30 = \$1,200,000 total)
- Five “pre-approved” ADU architectural site plans could be made available to the public for expedited use; (\$75,000 total for an architect to create the pre-approved ADU housing plans)

- The County could subsidize contract engineers for an applicant’s soil investigations and foundation designs (up to \$7,500 per ADU foundation design (\$7,500 x 30 = \$225,000 total)

In February 2022, the Board approved a contract with BAE Urban Economics, funded by an SB 2 Planning Grant, to create a housing plan to assist the County in streamlining and accelerating housing production in the unincorporated area of the county and to identify opportunities to partner with the cities in the county to stimulate housing production. As part of this plan, BAE will review the County’s ADU policies to ensure compliance with current State law as well as to determine if there are other areas where the County may take steps to increase ADU development. If the Board approves this Funding Option for further consideration, BAE will include the above recommendations as well as any Board comments or concerns when conducting their review.

This project would align with the 1-2-4 framework by facilitating the provision of permanent affordable housing resources.

Outcomes: Increase in number of ADUs that can serve as affordable housing units and can also meet the County’s Regional Housing Needs Allocation.

Funding Process (Direct Cost, RFP Etc.): Direct Cost

Timeline: Implementation begins upon approval

Lead Agency: Solano County

Population Served: Property owners in unincorporated County; low-income households who may be disproportionately impacted.

Funding Option #4

Title: Housing Trust Fund

Amount Recommended: \$3,000,000

This is a staff proposal.

U.S. Treasury Category: Category 3: Services to Disproportionately Impacted Communities

3.10 Housing Support: Affordable Housing

Summary: A housing trust fund works to provide a local mechanism to fund the development of affordable housing. Created and administered by the County, it can be tailored to fit the unique needs and goals of the County and be operated by a County department or by a non-profit. ARPA funds can be used for seed money to create a housing trust fund within certain guidelines. An ongoing source of revenue is needed, typically outside the budget allocation process so it is recurring but not dependent on annual budget approval. The housing trust fund would serve as the base funding mechanism to enable the County to create affordable housing units.

The dedicated, ongoing source of funding is not prescribed by law. Potential sources include, but are not limited to, dedicated housing fees in the form of housing impact fees on commercial or residential development; discretionary local revenues; grant and charitable contribution funds; and loan repayments and commercial development loans. These funds may result in multiplying economic benefits; according to the Institute for Local Government, for every dollar spent by the housing trust fund to develop affordable housing, an estimated \$7 in construction-related expenditures is made, including \$4 in wages. Additionally, housing trust funds may be used as match funds when applying for grants as they would not have federal or state restrictions. ARPA funds can be used for seed money to create a housing trust fund but cannot be used as its ongoing source of revenue.

As establishing a housing trust fund requires an ordinance, if the Board approves this funding option for further consideration, staff will return at a later date with the proposed ordinance that includes details regarding setting priorities, distribution of funds, and administration.

This project would align with the 1-2-4 framework by facilitating the provision of permanent affordable housing resources.

Outcomes: Long-term development of affordable housing units.

Funding Process (Direct Cost, RFP Etc.): Direct Cost

Timeline: Upon Board approval of the housing trust fund at a later date

Lead Agency: Solano County

Population Served: Solano County residents with incomes ranging from extremely low to moderately low. Most households, if not all, would be disproportionately impacted.

Funding Option #5

Title: Housing Counseling

Amount Recommended: \$250,000

This is a staff proposal based on input from Common Ground.

U.S. Treasury Category:

- Category 2: Negative Economic Impacts
 - 2.5 Household Assistance: Eviction Prevention
- Category 3: Services to Disproportionately Impacted Communities
 - 3.11 Housing Support: Services for Unhoused Persons
 - 3.12 Housing Support: Other Housing Assistance

Summary: Housing Counseling, which provides counseling on a variety of housing topics, has been identified in the Final Rule as a form of emergency housing and is an eligible use. It also is an activity of

homelessness prevention under the 1-2-4 framework. HUD provides certification for housing counseling agencies. Typical counseling types include but are not limited to: Tenant/Landlord rights and responsibilities; homelessness prevention; pre-foreclosure assistance; and first-time homebuyer education.

This proposal comes from the Workgroup and provides a variety of assistance on housing matters. Under an RFP, services would include education and counseling related to tenant/landlord rights and responsibilities; homelessness prevention; pre-foreclosure assistance; and first-time homebuyer education. The U.S. Department of Housing and Urban Development has a certification program which could be required to ensure consistency and accuracy in the services provided. The requested funding would provide counseling for a two-year period to assist in stabilizing housing that was jeopardized as a result of the pandemic.

Currently the only HUD-approved Housing Counseling agency located in Solano County is the City of Vacaville, and the breadth of services they provide is reduced compared to Redevelopment-era services. Legal Services of Northern California has an office in Vallejo, but also has limited funding and therefore limited capacity, and housing is only one area where they provide legal assistance with a focus on evictions, loss of Section 8 subsidy, and reasonable accommodations. There are several fair housing agencies in northern California that may provide services to Solano County residents that focus on fair housing complaints; however, the County does not have a contract with any of these agencies, and it is difficult to determine what services, if any, are provided to County residents and how many currently receive services.

This project would align with the 1-2-4 framework by providing a homelessness prevention resource and services that are not substantially available in the County.

Outcomes: Solano County residents receiving counseling will be educated on their particular housing situation, will receive follow-up and will be referred to resources as appropriate. The number of households receiving counseling will vary depending upon the need and the complexity of each case.

Funding Process (Direct Cost, RFP Etc.): RFP

Timeline: Upon award of contract for 2 years

Lead Agency: To Be Determined

Population Served: Individuals experiencing homelessness; renters; landlords; first-time homebuyers; homeowners facing foreclosure. Many households will be disproportionately impacted.

RECOMMENDED FOR FURTHER REVIEW

Funding Option #6

Title: Tabor Commons

Amount Recommended: \$9,000,000

Available funding from other sources totals \$34,853,598.

U.S. Treasury Category: Category 3: Services to Disproportionately Impacted Communities
3.10 Housing Support: Affordable Housing

Summary: The City of Fairfield is working with Developer EAH on an apartment complex at 212 E. Tabor that will provide 67 units of affordable housing. The units would be available to households at 20% (20 units), 30% (20 units) 40% (8 units), 50% (10 units) and 60% (8 units) of area median income plus two manager units. Amenities will include onsite-laundry, a community room with kitchen, a computer room, and space for onsite-resident services and case management.

EAH will offer supportive services to 16 units reserved for individuals with intellectual/development disabilities (IDD) through Section 811 Supportive Housing for Persons with Disabilities program funding. They will provide third-party case managers for all IDD residents.

Other funding sources include the City of Fairfield (\$2,636,083), low-income housing tax credits (\$22,033,571), Multi-Family Housing Program (MHP) (\$5,422,140), deferred developer fee/general partner capital (\$3,035,106), and a tax-exempt permanent loan (\$1,726,698). Sustainability of operating costs will be through the rental income and the state subsidy funding to minimize project loan debt. Additionally, the project will have a sustained reserve for operations and replacement costs as required by funding sources.

The additional funding sources are not final; the City of Fairfield is committed to approving the Development Loan Agreement committing \$1 million in fee credits and \$1 million in loan funds but are contingent on EAH obtaining the other sources of funds to construct the development. EAH has already applied for MHP funds but may have to seek funding under the 2022 round of funds to finally secure financing. If ARPA funds are approved, EAH will be in a better position to secure MHP and Tax Credit financing.

CEQA and NEPA reviews have been completed but other work is waiting for approval of financing. The project has completed the City Planning process and has received approval.

This project would align with the 1-2-4 framework by providing a permanent affordable housing resource.

Outcomes: 66 units of housing affordable to extremely low- and very low-income households with a 55-year affordability period

Funding Process (Direct Cost, RFP Etc.): Direct Cost

Timeline: Leasing to begin January 2025

Lead Agency: EAH Housing/City of Fairfield

Population Served: Extremely low- and very low-income households. Tenants may be disproportionately impacted.

Shovel-Ready? No

Funding Option #7

Title: Suburban Housing Incentive Program (SubHIP)

Amount Recommended: \$2,000,000

U.S. Treasury Category: Category 3: Services to Disproportionately Impacted Communities
3.10 Housing Support: Affordable Housing

Summary: Funding would provide match funding to offset the cost of critical infrastructure and to continue Solano Transportation Authority's SubHIP program, which serves to support the creation of affordable housing development through partnerships and creative financing.

Previously, STA requested letters of interests for future capital funds to incentivize affordable housing projects with a focus on Priority Development Areas. The cities of Fairfield, Suisun, Vallejo, and Dixon expressed interest at the time. STA will re-engage those agencies to update their timelines and request and re-issue a request for letters of interest as an additional opportunity for other cities and the County to participate.

Currently there are no shovel-ready projects under this proposal. However, STA has experience in managing multi-million dollar transportation projects. In order to ensure funds would be expended by the required ARPA deadline, STA would identify clear milestones for project development with scheduled check-ins with the project team as part of a detailed funding agreement.

This project would align with the 1-2-4 framework by facilitating the provision of permanent affordable housing resources.

Outcomes: SubHIP will have an increase in available funding incentives for affordable housing located in Priority Development Areas.

Funding Process (Direct Cost, RFP Etc.): Direct Cost

Timeline: TBD

Lead Agency: Solano Transportation Authority

Population Served: Lower-income households. Households may be disproportionately impacted.

OTHER PROPOSALS RECEIVED

The County has received a number of other proposals that are not recommended to move forward in the funding process at this time as they are unlikely to meet the timeline for ARPA expenditures or are unlikely to provide outcomes equivalent to the amount of funding requested.

1. Vallejo Community Land Trust

This unsolicited proposal seeks \$2 million in ARPA funds: \$1,890,000, and \$110,000 for a project manager. The Vallejo Community Land Trust is a land trust pilot initiative between the Northern California Community Land Trust and partners Vallejo Housing Justice Coalition, Urban Habitat and BARHII. The proposal is to use ARPA funds, in addition to a CalHome Grant of \$2,000,000, to acquire and rehabilitate nine (9) existing single-family homes in Vallejo and construct nine (9) Accessory Dwelling Units (ADUs) on the lots of the purchased single-family homes.

While the proposed outcomes of this proposal are aligned with the 1-2-4 Framework and would create additional housing units, there are a number of concerns in providing ARPA funding at this time; these include, but are not limited to:

- a. Sites have not been identified and with proposed acquisition costs of only \$505,000, it is unlikely the lot size will support an ADU;
- b. Budget does not support the acquisition and rehabilitation of units as well as the construction of ADUs;
- c. The proposed sales price of \$600,000 exceeds the affordability for a household earning at or below 65% of the area median income.

If the Board approves the creation of a Housing Trust Fund and allocates ARPA funds as seed money, this type of project could be considered for funding under the Housing Trust Fund at a later date, perhaps on a unit-by-unit basis.

2. Mosaic Predevelopment Fund

This unsolicited proposal seeks to acquire ARPA funding for the construction of 11 units of duplex townhouse-style housing located at 759 Sonoma Boulevard in Vallejo. The property is owned by Community Housing Development Corporation (CHDC) of Richmond, a City of Vallejo housing partner. The units would consist of two- and three-story townhomes, and 22 detached carports, as follows:

- Five (5) two-story, two bedroom/2 bath units over a single-story Accessory Dwelling Unit
- One (1) two-story, two bedroom/2 bath unit
- Four (4) two-story, three bedroom/2 bath units
- One (1) detached two bedroom/2 bath single-family home

Of the 11 units, only 5 will be affordable to households with incomes at or below 80% of the area median income, which is typically lower than the 300% of the Federal Poverty Guidelines as noted above. However, the remaining 6 units will be affordable to households with incomes at or below 120% of the area median income, which exceeds ARPA guidelines.

Additionally, the funds are proposed to be utilized to provide “bridge financing to keep (the project) moving until the entire project budget has been secured. Upon repayment, these funds will revolve, and be lent to other Black and Brown developers with projects in Solano County.” ARPA regulations prevent a subrecipient from using funds on a revolving basis; once the initial need is met and the approved eligible activity is completed, the funding must return to the County to ensure full expenditure on another qualified activity prior to the expenditure deadline.

FUNDING RECOMMENDATIONS

The proposals received from local organizations and included by staff provide a variety of programs and projects that directly provide or support the development of affordable housing. In order to begin to address the housing need in Solano County, a single-project approach will not work, and a multi-pronged approach is needed. Ultimately, however, the creation of additional housing units must be the end-goal.

Key Takeaways

Funding Recommendations Table

U.S. Treasury Category	Proposed Project	Scope	Impact	Estimated Allocation	RFP Required? (Yes/No)
3.10 Housing Support: Affordable Housing	Parkside Flats Apartments	Provide gap financing for extraordinary site mitigation	166 new units of affordable housing in Fairfield	\$600,000	No
3.10 Housing Support: Affordable Housing	City of Fairfield/Habitat for Humanity Woolner Avenue	Provide gap financing for pre-construction costs	3 single-family homes for low-income homeownership opportunities in Fairfield	\$215,000	No
3.10 Housing Support: Affordable Housing	Enhanced Accessory Dwelling Units	Modifications to subsidization of Accessory Dwelling Unit policies and costs in the unincorporated areas	Approximately 15 new units of housing with RNHA credit and 25-year affordability covenants	\$1,725,000	No
3.10 Housing Support: Affordable Housing	Housing Trust Fund	Establishment of a Housing Trust Fund to provide ongoing funding for affordable housing creation in Solano County	Funding source for affordable housing projects not yet ready for ARPA funding and future projects	\$3,000,000	TBD
2.5 Household Assistance: Eviction Prevention; 3.11 Housing Support: Services for Unhoused Persons; and 3.12 Housing Support: Affordable Housing	Housing Counseling	Provide education and resource assistance to Solano County residents in the areas of tenant/landlord rights and responsibilities; homelessness prevention, pre-foreclosure assistance; and first-time homebuyer education	Educated households have an increased ability to maintain or improve their current housing situation, including prevention of evictions as a result of the COVID-19 pandemic	\$250,000	Yes
3.10 Housing Support: Affordable Housing	Tabor Commons	Provide funding to assist in leveraging funding for affordable housing	67 units of affordable housing in Fairfield	\$9,000,000	No
3.10 Housing Support: Affordable Housing	Suburban Housing Incentive Program	Match funding	Support for critical infrastructure for future affordable housing	\$2,000,000	No