

RESOLUTION NO. RES-2021-129

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA ROSA APPROVING AN ALLOCATION OF ONE-TIME PG&E SETTLEMENT FUNDS IN THE AMOUNT OF \$10,000,000 IN THE FORM OF A LOAN TO THE RENEWAL ENTERPRISE DISTRICT HOUSING FUND TO ASSIST WITH THE DEVELOPMENT OF INFILL HOUSING IN THE CITY OF SANTA ROSA

WHEREAS, the City of Santa Rosa (the “City”) faces a significant housing shortage, having only achieved 2,516 units or roughly half of the City’s Regional Housing Needs Assessment target of 5,083 from 2015 to 2023, with only two years left in the RHNA Housing cycle; and

WHEREAS, to increase housing production, the Council unanimously accepted a Housing Action Plan with a goal of Housing for All on June 7, 2016; and

WHEREAS, one of the program areas within the Housing Action Plan is to increase housing investment and developer partnerships; and

WHEREAS, the City’s housing shortage was further exacerbated with the loss of over 3,000 housing units as a result of the 2017 Tubbs and Nuns Fires, representing roughly 5% of the City’s housing stock; and

WHEREAS, in 2018, the County of Sonoma (County) and the City formed the Renewal Enterprise District (RED), a Joint Powers Authority (JPA), to implement a shared vision and agenda for investing in regional housing development; and

WHEREAS, the RED developed a proposal for a new Housing Fund to help generate additional affordable and market-rate housing, in consideration of the funding gaps and challenges developers face when looking to create more dense infill housing in an emerging market; and

WHEREAS, in July 2020, the City received a \$95 million settlement from PG&E to recoup damages sustained from the 2017 Tubbs wildfire that were not recoverable through state, federal, or insurance reimbursements; and

WHEREAS, the City held three virtual community forums and conducted a digital survey from which to receive input on the use of the funds and housing was one of the recurring topics presented for consideration, including the potential for investment into the RED and a Housing Fund; and

WHEREAS, on February 19, 2021, at the City Council’s goal setting workshop, the Council directed staff to prepare an allocation of \$10 million dollars from the PG&E settlement funds in the form of a loan to the RED Housing Fund; and

WHEREAS, on June 24, 2021, City staff presented to the City’s Long Term Financial & Audit Subcommittee and received direction on policy options related to the terms of the City’s loan; and

WHEREAS, City staff and the City’s Long Term Financial and Audit Subcommittee recommends the allocation of one-time PG&E settlement funds in the amount of \$10,000,000 in the form of a loan to the RED Housing Fund to assist with the development of infill housing in the City of Santa Rosa; and

WHEREAS, the allocation of funds is exempt from the California Environmental Quality Act (“CEQA”), in that it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378; and

WHEREAS, on July 20, 2021, the City Council considered the recommendations of City staff, the Long Term Financial and Audit Subcommittee, the staff report, presentation, comments from the public and RED staff and Forsyth Street Advisors.

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Santa Rosa hereby approves an allocation of one-time PG&E settlement funds in the amount of \$10,000,000 in the form of a loan to the RED Housing Fund to assist with the development of infill housing in the City of Santa Rosa (“RED Housing Fund Loan” or “Loan”).

BE IT FURTHER RESOLVED that the Council approves the terms of the RED Housing Fund Loan, as reflected in Exhibit A – Term Sheet to this resolution, and authorizes the Mayor or designee to enter into a Loan Agreement and any associated documents for the Loan, subject to approval as to form by the City Attorney.

BE IT FURTHER RESOLVED that the Council increases appropriations in Fund 2130, Key 340708 by the amount of \$10,000,000 from the General Fund reserves to facilitate the loan transfer to the RED Housing Fund.

IN COUNCIL DULY PASSED this 20th day of July 2021.

AYES: (5) Mayor C. Rogers, Vice Mayor N. Rogers, Council Members Sawyer, Schwedhelm, Tibbetts

NOES: (0)

ABSENT: (2) Council Members Alvarez, Fleming

ABSTAIN: (0)

ATTEST: _____ APPROVED: _____
City Clerk Mayor

APPROVED AS TO FORM: _____
City Attorney

Exhibit A – Term Sheet