

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: CLARE HARTMAN, INTERIM ASSISTANT CITY MANAGER
SUBJECT: HOUSING INVESTMENT OPPORTUNITIES FOR PG&E
SETTLEMENT FUNDS

AGENDA ACTION: NO ACTION REQUIRED

RECOMMENDATION

It is recommended by the Planning and Economic Development Department and the Housing and Community Services Department that the Council receive the report and provide comments regarding the opportunity for investment of PG&E settlement funds into housing production.

EXECUTIVE SUMMARY

The purpose of the study session is to review City Council policy options regarding the potential investment of one-time PG&E settlement funds into housing production. Investment into housing was one of the recurring topics of consideration received through the community outreach process to date. Investment opportunities to be discussed include potential investment into the Renewal Enterprise District (RED), a regional joint powers authority, as well as potential investment into the City of Santa Rosa's local Housing Authority.

BACKGROUND

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. The Council directed staff to solicit input from survivors of the 2017 fires and the community at large on ways to use the settlement dollars. City staff held three virtual community forums and conducted a digital survey from which to receive input.

Staff held three virtual community forums to receive input on the use of the PG&E settlement funds. They were held with fire survivors from Coffey Park; fire survivors from Fountaingrove, Hidden Valley, Montecito Heights, and Oakmont neighborhood areas; and the community at large. In addition, staff received over 3,000 responses to a digital survey, and received several emails and letters from residents. All forums

consisted of the same format. Staff presented a brief overview of the settlement amount and unfunded fire recovery projects. Attendees were then asked to provide their input to staff on how to prioritize the settlement funds.

38% of English language survey respondents strongly agreed/agreed that the one-time funds should be used to “jump start affordable housing opportunities through incentive funding”. 43% of survey respondents disagreed. The listed purpose ranked 12th in the survey summary.

53% of Spanish language survey respondents strongly agreed/agreed that the one-time funds should be invested, with 38% of survey respondents disagreeing. The listed purpose ranked 7th in the survey summary.

In addition to survey responses, investing funds into housing was a topic also expressed through open comments.

PRIOR CITY COUNCIL REVIEW

None.

ANALYSIS

Housing and Affordable Housing has been a consistent Tier 1 Priority for the Santa Rosa City Council. Over the last several years the City Council actively invested in a variety of platforms and programs to support housing production. Efforts have included the allocation of city funds to directly support housing production, preservation of housing, permit streamlining, fee incentives, and transit oriented specific planning.

Investment to date has primarily focused on infill and transit-oriented housing development consistent with Urban3 principals. Urban3 conducted an economic analysis of Santa Rosa in 2015, measuring property value difference, and utilized building value per square foot metrics to catalog market differences in downtown areas. The study concluded that the highest return on investment in terms of tax value per acre was with downtown and infill housing development.

The Renewal Enterprise District (RED) is a Joint Powers Authority (JPA) formed by the County of Sonoma and City of Santa Rosa in 2018 to implement a shared regional vision for meeting housing needs. The RED Board includes two representatives from the County Board of Supervisors and two representatives from the City of Santa Rosa City Council. The RED was established to accelerate infill, mid to high density transit-oriented housing production. Here is a [link](#) to RED Frequently Asked Questions.

The next step for RED is the generation of a Housing Fund that would pool financial resources to address funding gaps in infill housing. RED has been working with Forsyth Street Advisors, a firm that has established housing funds across the state and country to consult on development and testing possible financial approaches.

On October 6, 2020 the Board of Supervisors held an item entitled PG&E Settlement Funds - Community Feedback and Preliminary Allocation Discussion. After the staff presentation and Board discussion, the Board motioned in favor of allocating \$10 Million of the PG&E settlement funds in the form of a loan to the RED Housing Fund, contingent on a matching City of Santa Rosa contribution. The RED Fund was supported by all five Supervisors.

On October 26, 2020, the Housing Authority, under Department Report, asked staff questions regarding the Board of Supervisor's action. Following questions, the Chair offered to prepare a letter on behalf of the Authority that would offer the City Council a reminder of the Authority's track record and availability as a platform for investment into housing production. Subsequently, on November 3, 2020, Chair Owens of the Housing Authority sent said letter to the City Council.

On November 9, 2020, Michelle Whitman, Executive Director, RED, prepared a letter to the City Council asserting why multiple investment platforms are desirable to support housing production.

FISCAL IMPACT

There is no fiscal impact from holding a study session.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because 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.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

Attachment 1 – RED Options and Feasibility Assessment

Attachment 2 – Housing Authority Correspondence

Attachment 3 – RED Correspondence

CONTACT

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