

**Renewal Enterprise District (RED)**

County of Sonoma | City of Santa Rosa

MEMORANDUM

DATE: December 31, 2024

TO: Maraskeshia Smith, Santa Rosa City Manager

FROM: Robin Stephani, Executive Director, Renewal Enterprise District

SUBJECT: Renewal Enterprise District, Assessments on Members

Background

Launched in 2018 after the Tubbs Fire devastated our community, the Renewal Enterprise District (RED) is a Joint Powers Authority founded by the County of Sonoma and the City of Santa Rosa. Startup funding was provided by the William and Flora Hewlett Foundation. The founding members envisioned the RED as a tool to create a regional, coordinated, multi-jurisdictional entity to address housing development challenges and to increase the overall pace and capacity of housing construction county wide.

In 2021 the RED Housing Fund was launched with grants from Kaiser Permanente, Community Foundation Sonoma County, Summit State Bank, and the Metropolitan Transportation Commission. The City of Santa Rosa and County of Sonoma each contributed \$10 million toward lending capital. Additional lending capital of \$1 million each was provided by the Enterprise Foundation and the Local Housing Trust Fund. The Fund provides loans which accelerate the creation of infill, mid-to-high density housing near public transit, jobs, services, and other amenities that help build healthy, complete communities. In addition to launching the Fund, the RED has been working with housing advocates, developers, and the jurisdictions of the City of Santa Rosa and Sonoma County to collectively bring in over \$125 million in leveraged capital, supporting total project costs close to \$1 billion. Awards have also been earned for transit infrastructure and amenities, park improvements, and resident programs.

Success is being measured by the number of RED Housing Fund-assisted units produced as compared with the pace of construction over the prior decade. Per the City of Santa Rosa's housing dashboard, early data suggests this strategy is making an impact with five times the number of units in construction as compared to the last 5 years. Heading into 2025, the RED Housing Fund will have directly contributed to the creation of 389 units of housing with an additional 243 units in construction. This represents about one third of the overall development taking place in the City of Santa Rosa.

Member Assessments for Operational Funding

We continue in earnest to operationalize the RED's JPA powers to issue Essential Function Bonds to acquire, preserve or produce affordable, income-restricted housing. This effort was slowed down due to financial market conditions and several legal and policy issues that needed to be mitigated. As financial

conditions improve, and with policy interventions identified, there is a path to move forward with this effort. Executing an Essential Function Bond will bring ongoing operational funding to the organization. Until then, Member assessments are providing the needed funding to support baseline operations as well as expanded programing for collaborative grant seeking which has benefited the City of Santa Rosa with new resources in the tens of millions of dollars. In April of 2024, the RED Board was presented with budget options and ultimately recommended an option dependent on Member Assessments of \$50,000 per member for FY 24-25, for a total of \$100,000, to maintain current levels of programming.

Community Benefit

With the successful launch of the RED Housing Fund and the leasing up of the first round of projects well underway, the RED can consider undertaking the next stage of the organization. The RED is uniquely positioned to lead a regional housing and upward mobility conversation. We are in hot competition for investment and people resources. Collectively, with a regional plan, we can compete successfully. With infill housing development as a foundational pillar to attract funding and talent, provide community access to jobs and education, and leverage the SMART train with other coordinated transportation investments for economic inclusion and climate resiliency, the RED can set the table for a collective effort and help bring home funding to achieve it.