

Community Development Commission



PROPOSED
BUDGET

2010 – 2011

MISSION

To eliminate blighting conditions in the Rohnert Park Redevelopment Project Area and create an environment appropriate for economic development and to preserve, improve and increase the community's supply of low and moderate income housing, in accordance with the Community Redevelopment Law of the State of California.

GOALS AND RESPONSIBILITIES

The City Council of the City of Rohnert Park adopted Ordinance No. 479 on July 14, 1987 approving the Redevelopment Plan (the "Plan") for the Rohnert Park Redevelopment Project Area (the "Project Area"). The Project Area contains 1711 acres within the City of Rohnert Park, predominately on the west side of the railroad tracks (map attached as "Exhibit A"). The City Council created the Community Development Commission of the City of Rohnert Park ("CDC") which is responsible for the implementation of the Plan and the subsequent Five-Year Plans. The CDC is charged with the management and oversight of redevelopment activities, as it works to achieve the goals of the Plan and Five-Year Plans, and its compliance with the Community Redevelopment Law of the State of California ("CRL").

General Administration: The CDC Board, which consists of the same members as the City Council, is the policy making body for the CDC. The City Manager serves as the CDC's Executive Director while the daily management of the CDC is performed by the Housing & Redevelopment Manager. Other CDC officers include the Director of Administrative Services (serving as the finance officer), the City Clerk (serving as the CDC Secretary). The firm of McDonough, Holland and Allen acts as legal counsel to the CDC.

The CDC is responsible for compliance with and preparation of mandated reports such as the Annual Report, CDC Audit, State Comptroller Report, County Indebtedness Report, the Redevelopment Plan and the Five Year Implementation Plan. The CDC must perform its activities under the CRL and must monitor current legislation and respond as needed. The CDC must develop and monitor the CDC budget. The CDC is responsible to the community and the public for its actions.

Redevelopment Program Description: The CDC directs its resources to carry out redevelopment programs and projects for the benefit of the Project Area. The CDC is responsible for implementation of the Redevelopment Plan for the Rohnert Park Redevelopment Project Area and subsequent Five Year Plans.

Housing Program Description: The CDC Housing Program directs its resources to implement policies and programs for improving, increasing and preserving the supply

of low and moderate income housing in the community in accordance with CRL. The CDC must provide no less than 20% of its allocated tax increment toward this effort. The CDC oversees compliance with the preparation of mandated reports such as the annual Housing and Community Development Report and the Affordable Housing Production Plan.

RECENT KEY ACCOMPLISHMENTS

Redevelopment Activities

- The CDC authorized and approved an agreement with the Rohnert Park Chamber of Commerce for the provision of support services and programs that promote economic development and are consistent with the goals, objectives, and strategies described in the Rohnert Park Economic Development Action Plan.



- On July 25, 2009, the City of Rohnert Park celebrated the grand opening of its City Center Downtown Plaza. The Plaza will serve as the central community gathering place; a focal point for cultural, recreational, business and civic functions. Construction of the City Center Plaza and the pedestrian improvements were funded, in part,

by the CDC and leveraged with an award of \$1.15M from the Transportation for Living Communities Grant.

- The CDC acquired two small irregularly shaped parcels on Redwood Drive, adjacent to Wilfred Avenue. Acquisition of these sites will enable the CDC to negotiate a future agreement for disposition that will further economic development.

Housing Activities:

- The CDC provided funds to the Committee on the Shelterless (“COTS”) to promote on-site supportive housing services for the residents Vida Nueva. Vida Nueva is the first 100% permanent supportive housing development in Sonoma County. The 24-unit complex provides affordable housing and



support services to formerly homeless families and individuals living with disabilities.

- The CDC provided funds to COTS for management of its five (5) CDC-owned shared living homes in the City of Rohnert Park. Through a unique partnership between the CDC and COTS, homeless families, typically single moms and their children, are afforded the comfort and safety of living in a home while they work to stabilize their lives and become self-sufficient.
- The CDC provided funding to the Committee on the Shelterless (COTS) to complete necessary improvements to one of the CDC-owned shared living homes that are managed by COTS. These improvements serve to protect the health, safety and welfare of the individuals and families that reside in the shared living homes while transitioning from homelessness.



- The CDC has provided support to Rebuilding Together since its inception in 1999. The funds contributed by the CDC enable Rebuilding Together to provide free health and safety repairs to the homes of low and very low income families with children, elderly and/or disabled homeowners so that they may live in safety, comfort and independence.
- The CDC provided funds to Sonoma County Adult & Youth Development (“SCAYD”) for administration of the Rohnert Park Homeless Prevention Services Program. SCAYD provides one-time financial assistance with rent or deposit to eligible families who are experiencing financial difficulty and who are at-risk of becoming homeless.
- The City of Rohnert Park was awarded \$75,602 in Community Development Block Grant funds which it used to support the CDC’s Owner-Occupied Housing Rehabilitation Program.
- In FY 2007/08, the CDC received a CalHome award of \$600,000 to carry out its Owner-Occupied Housing Rehabilitation Program (the “Program”). To date, the CDC has submitted and received two draw requests totaling \$242,099. By June 2011, CDC staff will submit the final draw request to the State of California Housing and Community Development Department (HCD). The Program offers

long-term deferred loans to low-income residents of the City of Rohnert Park. To date, a total of twenty-two clients under the \$600,000 CalHome grant have been assisted.

- The CDC authorized and approved continued participation with the nine other jurisdictions within Sonoma County that comprise the parties to a Cooperative Agreement with the Sonoma County Community Development Commission (“SCCDC”) to allow Rohnert Park residents to be eligible to qualify for the Mortgage Credit Certificate Program (the “MCC Program”).
- The CDC acquired the parcel located at 435 Southwest Boulevard (the “former Southwest fire station”) in order to redevelop the property. The CDC’s Five Year Implementation Plan contemplates two possible reuse scenarios; develop the property with 17 very-low income housing units or an alternative use focused on creating a public assistance site.
- CDC staff worked with consultants from Dyett and Bhatia to draft an update of the Housing Element to cover the next planning cycle from 2007-2014. The Housing Element has been pre-certified and will be resubmitted to HCD upon City Council Approval.

**COMPLIANCE WITH AB26 4x
STATE TAKE OF \$2.05 BILLION IN REDEVELOPMENT FUNDS**

On May 10, 2010, the City of Rohnert Park was forced to turn over \$4,108,698 to the Sonoma County Auditor-Controller. This payment was made in accordance with a ruling by Sacramento Superior Court Judge Lloyd Connelly on May 4, 2010, which instructed local redevelopment agencies to abide by the provisions of AB26 4x passed last year as part of the 2009/10 State Budget. The bill allows the state to take \$2.05 billion in redevelopment funding to use for state obligations. Instead of going to fund job creation, economic growth and critical revitalization projects, this money will now be used to help pay the State’s obligations.

FIVE YEAR IMPLEMENTATION PLAN FOR FY 2009/10 THROUGH 2013/14

The CDC approved its Five Year Implementation Plan for FY 2009/10 through 2013/14 on April 27, 2010. The projects and programs of the Five Year Plan will be accomplished utilizing available Series 2007 Tax Allocation Bond proceeds, 1999 Tax Allocation bond proceeds, tax increment and housing set-aside funds. Regrettably, these funding sources will be considerably diminished as the Community Development Commission grapples with the aftermath of the state’s take of redevelopment funds.

FY 2010/11 KEY OBJECTIVES

Redevelopment:

The projects and programs of the Five-Year Plan will be accomplished utilizing Series 2007 Redevelopment Tax Allocation Bond proceeds and tax increment. Key objectives for FY 2010/11 include the following redevelopment projects:

- In order to stimulate private investment in the Project Area, the CDC may provide assistance to organizations and engage professional services as needed. The CDC will pursue opportunities to promote economic development by funding and facilitating activities and programs that appeal to visitors, attract and retain businesses, create jobs, and support workforce training and development that meet the needs of local employers.
- In an effort to improve the quality of life for Project Area residents, the CDC will explore opportunities to improve recreational and community facilities serving the Project Area. Several projects have been identified as beneficial to the Project Area, including year-round sports turf for sports fields, an aquatics facility and water/spray park.
- As funding becomes available, the CDC will pursue additional projects and programs contained in the Five Year Implementation Plan.

Housing:

The projects and programs of the Five-Year Plan will be accomplished utilizing Series 2007 Housing Tax Allocation Bond proceeds and the 20% set-aside of gross tax increment required by State law. Key objectives for FY 2010/11 include the following housing projects:

- In 2008, the CDC acquired three contiguous parcels located at 6750 Commerce Boulevard, 100 Avram Avenue and 120 Avram Avenue to develop affordable housing. Prior to developing the sites, the CDC will conduct a feasibility study to determine the highest and best use, the pros and cons of developing for rent versus for sale housing, and to explore the market potential of these sites and impact on City revenues. Once the CDC has established its vision for developing the sites, a Request for Proposals process will commence for the purpose of identifying and selecting a qualified developer to construct the project.
- In 2010, the CDC acquired a parcel located at 435 Southwest Boulevard. This parcel was the site of the former Southwest fire station. On July 20, 2010, the CDC approved demolition of the building. This CDC acquired the parcel to 1)

redevelop the site with 17 very-low income housing units; 2) create a public assistance site; or 3) construct both an affordable housing project and a public assistance site. Once the CDC has established its vision for developing the site, a Request for Proposals process will commence for the purpose of identifying and selecting a qualified developer to construct the project.

- The CDC will continue to work with the Sonoma County Community Development Commission to offer a Housing Rehabilitation Loan Program to qualified residents.
- To the extent that funding is available, the CDC will continue to provide assistance to community-based organizations such as COTS, SCAYD and Rebuilding Together.
- The CDC will honor its commitment to provide funding for permanent assisted care services at Vida Nueva. The service provider is COTS.
- The CDC will pursue opportunities to purchase affordability covenants to restrict occupancy of Rohnert Park rental units for 55 years to low and very-low income households.

**Community Development Commission of the City of Rohnert Park
2010/11 Budget**

2010/11 BUDGET

REDEVELOPMENT FUND:

▪ **Tax Increment Revenues**

For 2010/11, budgeted tax increment revenues have decreased slightly to \$7,357,920 based on the 2009/10 actual receipts and an anticipated -0.4% growth rate. \$2,225,384 is transferred to the Housing Fund for the 20% set aside requirement.

▪ **Expenditures/Transfers**

The expenditures in the Redevelopment Fund are as follows:

Dues & Subscriptions	\$3,600
Advertising/Publications	\$5,000
Travel & Meetings	\$1,000
Trustee fees/bond issues	\$5,000
County property tax admin fee	\$130,000
Auditing Fees	\$4,000
Legal expense	\$20,000
Consultant Fees	\$50,000
Proposed Capital Improvement Projects (non-bond)	\$0
Golf Course CIP Fund Contribution (1)	\$20,000
Administration fee-City general fund	\$675,000
Allocation for Housing & Redevelopment Salaries	\$53,801
GF loan interest payments (2)	\$194,220
GF loan principal payments (2)	\$83,000
Land lease payments (3)	\$241,000
1991 TARBs	\$464,000
1999 TABs	\$395,000
2001 TARBs	\$310,934
2003 LRBs	\$442,016
2007R TABs	\$973,918
Shift of RDA Funds to ERAF	\$894,000
Total Anticipated Uses of Cash	\$4,965,489

Redevelopment Notes:

(1) The City has a lease agreement with CourseCo Inc. for the management of the two City municipal golf courses. As part of the lease agreement, the City is required to make an annual contribution of 1% of golf revenue to the Capital Improvement Fund for future golf course capital improvements. The contribution requirement commenced January 2005 and increases to 2% on January 2014 through the end of the term. Since the golf course is in the redevelopment project area, the Commission will use tax increment to fund the contribution requirement. For the 2010/11 budget, this contribution is estimated at \$20,000.

(2) In 1990, the Commission and the City entered into three (3) loan agreements for the construction of the Performing Arts Center. All loans provided for a 15-year payback of principal and interest. As part of the 1999 Certificate of Participation (COP) issuance to fund the construction of a New City Hall, these loans were

**Community Development Commission of the City of Rohnert Park
2010/11 Budget**

renegotiated and combined into one loan and the term of repayment was extended to 2024 to match the 25-year repayment schedule of the City Hall COP's. For 2010/11, the Commission will pay the City \$277,220 which includes both principal and interest. The outstanding balance of the loan on June 30, 2011 will be \$2,075,000.

(3) In addition to the loan, the Commission makes lease payments to the City in the amount of \$80,333 per year for the city owned land occupied by the Performing Arts Center, and \$160,666 for the land on which the Community Center and Sports Center are located.

HOUSING FUND:

▪ **Transfer from Redevelopment Fund/Interest Earned**

The Redevelopment Fund, pursuant to State law, must transfer 20% of the gross tax increment (less certain adjustments) to the Housing Fund each year. For 2010/11 the amount of the transfer is estimated to be \$2,225,384.

▪ **Expenditures/Transfers**

Dues & Subscriptions	\$4,500
Travel & Meetings	\$5,000
Trustee fees/bond issues	\$3,000
County property tax admin fee	\$30,000
Auditing Fees	\$4,000
Legal expense	\$40,000
Consultant Fees	\$50,000
SCCDC - 2009 Homeless Count (1)	\$2,194
COTS – Emergency Repairs & Maintenance (2)	10,000
Proposed Housing Programs (non-bond)	\$0
Administration fee-City general fund	\$526,000
Allocation for Housing & Redevelopment Salaries	\$53,801
1991 TARBs	\$116,000
2001 TARBs	\$77,734
2007H TABs	\$855,694
Total Anticipated Uses of Cash	<u>\$1,777,923</u>

Redevelopment Notes:

(1) In 2005, HUD began requiring each locality receiving federal McKinney-Vento homeless services funding to conduct biennial point-in-time data collection on the number of homeless people living in their community in order to remain eligible for this funding. Just over \$2,000,000 in McKinney-Vento funding comes into the county annually to assist our local efforts to reduce and eliminate homelessness. The Sonoma County Community Development Commission funds the majority of the count cost. Cities are asked to fund a portion of the cost based on population size.

(2) The Commission owns five (5) shared living homes for single parent families at risk of becoming homeless. On 6/15/10, the CDC entered into Amendment No. Eleven (11) with COTS for management of the five (5) CDC-owned shared living homes. The CDC provides emergency contingency construction funding in the amount of \$2,000 per home or \$10,000 total for maintenance emergencies.

OUTSTANDING DEBT:

The outstanding debt \$67,206,299 of the CDC as of 6/30/10 is as follows:

▪ 1991 Tax Allocation Refunding Bonds (Matures 2011)	\$ 1,035,326
▪ 2001 Tax Allocation Refunding Bonds (Matures 2020)	\$ 6,735,000
▪ Lease Revenue Refunding Bonds (Matures 2025)	\$ 5,535,000
▪ 1999 Tax Allocation Bonds (Matures 2024)	\$14,987,973
▪ General Fund Loan (Matures 2024)	\$ 2,158,000
▪ 2007 Tax Allocation Bonds (Matures 2037)	\$36,755,000

Note: The CDC is able to collect tax increment only to the extent that is required to repay its existing debt obligations, i.e. the CDC must be in debt to receive tax increment revenue.

**Cash Flow Statement
2010/11 Estimated Budget**

**Redevelopment
Fund** **Low & Moderate
Housing Fund**

**Community Development Commission of the City of Rohnert Park
2010/11 Budget**

Cash Balance, July 1, 2010

Cash from tax increment	\$1,831,596	\$91,218
Interest earned cash - tax increment	\$568,134	\$0

ANTICIPATED SOURCES OF CASH

Property Tax Increment	\$7,357,920	
Housing set-aside	(\$2,225,384)	\$2,225,384
Operating Reserve (5%)	(\$379,000)	\$0
2007R TABs interest earnings for debt service	\$973,918	
2007H TABs interest earnings for debt service		\$100,000
Total Anticipated Sources of Cash	\$8,127,184	\$2,416,602

ANTICIPATED USES OF CASH

Dues & Subscriptions	\$3,600	\$4,500
Advertising/Publications	\$5,000	
Travel & Meetings	\$1,000	\$5,000

Contractual services:

Trustee fees/bond issues	\$5,000	\$3,000
County property tax admin fee	\$130,000	\$30,000
Auditing Fees	\$4,000	\$4,000
Legal expense	\$20,000	\$40,000
Consultant Fees	\$50,000	\$50,000

Homeless Services

SCCDC - 2009 Homeless Count		\$2,194
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Shared Living Homes

COTS Emergency Repairs/Maintenance		\$10,000
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Proposed Housing Programs (non-bond)

\$0

Proposed Capital Improvement Projects (non-bond)

\$0

Golf Course CIP Fund Contribution

\$20,000

Payments to City of Rohnert Park:

Administration fee-City general fund	\$675,000	\$526,000
Allocation for Housing & Redevelopment Salaries	\$53,801	\$53,801

Debt Service Payments:

GF loan interest payments	\$194,220	
GF loan principal payments	\$83,000	
Land lease payments (Community Center Complex)	\$241,000	
1991 TARBs	\$464,000	\$116,000
1999 TABs	\$395,000	
2001 TARBs	\$310,934	\$77,734
2003 LRBS	\$442,016	
2007R TABs	\$973,918	
2007H TABs		\$855,694

Shift of RDA Funds to ERAF

\$894,000

Total Anticipated Uses of Cash

\$4,965,489 **\$1,777,923**

Cash Balance, June 30, 2011, Estimated

\$3,161,695 **\$638,679**