



County of El Dorado – Housing Unit Assessment: August 2024

The Planning and Building Department contracted with HousingINC in mid-2023 to prepare a comprehensive assessment of Long Range Planning’s Affordable Housing Program. HousingINC evaluated current internal and external structure and operations to assess housing programs, technology, and training needs.

This report summarizes the various affordable housing programs offered through Planning and Building, and includes description of each program, strengths, and challenges of each and recommended next steps.

HousingINC specializes in affordable housing program design and administration, implementation of affordable and inclusionary and deed restricted housing programs for ownership and multifamily, long-term project and program monitoring, expert file underwriting, and affordable lending and real estate services. HousingINC partners with non-profit organizations, cities, and counties. Current clients include Cities of Menlo Park, Seaside and East Palo Alto, Town of Truckee, Burbank Housing, Tahoe Regional Planning Agency, County of Placer, and Housing Trust Placer. They also recently performed short-term services for City of Citrus Heights.

HousingINC based this assessment on interviews and meetings with Department and State of California’s Housing and Community Development Department (“HCD”) staff, developers, property managers and the review of electronic and hard copy files.

AFFORDABLE HOUSING PROGRAM SUMMARY

The County administers several state and locally funded housing programs.

The Planning and Building Department’s Affordable Housing Program focuses on permanent housing solutions for low to moderate income households by financing the development of affordable rental units and financing loans for homebuyers and homeowners; and

The Health and Human Services Agency (“HHSA”) focuses on supporting persons at high risk of or experiencing homelessness to obtain and maintain safe stable housing. HHSA manages the Public Housing Authority, the Navigation Center, and other interventions.

State Funded Programs

Two types of housing loan programs are managed with funding awards from HCD. One type of loan supports developers with infrastructure grants and long-term project-financing, and the other loan program provides income qualified borrowers with downpayment assistance or owner-occupied rehabilitation loans.

The state funded loan programs and related funding sources are:

- I. MULTIFAMILY HOUSING PROGRAM
 - a. HCD Awards
 - i. HOME – Home Investment Partnership Act
 - ii. CDBG – Community Development Block Grant
 - iii. IIG – Infill Infrastructure Grant
 - iv. PLHA – Permanent Local Housing Allocation
- II. HOMEBUYER and HOMEOWNER PROGRAM
 - a. HCD Awards



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- i. HOME – Home Investment Partnership Act
- ii. CDBG – Community Development Block Grant

Locally Funded Programs

The County administers and self-supports three affordable housing assistance programs. One program is structured as a fee offset, another program allows the Deferral of applicable Building Fees, and the third supports pre-development activities with a short-term loan.

The Affordable Housing Program's County resourced/funded programs are the:

- I. TIF (TRAFFIC IMPACT FEE) Offset Program
- II. Building Fee Deferral Program
- III. Affordable Housing Trust Fund

AFFORDABLE HOUSING PROGRAM – Strengths, Challenges, and Recommendations

Affordable Housing Program Strengths

The Department's Affordable Housing Program administers programs that serve several hundred lower-income households in unincorporated County areas and have capacity to quickly serve hundreds more. The programs are well-aligned within the County's Housing Element.

- I. Required HCD Award monitoring and reporting activities have been met on-time for many years.
- II. Positive and long-term respected relationships with external and internal partners.
- III. Open lines of communication between all external and internal partners.
- IV. Well documented project and program files.

Affordable Housing Program Challenges

- I. A long-term Affordable Housing Program staff member retired and left an eighteen-month gap in Affordable Housing Program staffing. Her departure left a production and communication void within the Planning and Building Department, and Long-Range Planning Unit. Additionally, most Affordable Housing Program career staff with institutional knowledge left the County within the last 5-7 years.
- II. The Planning and Building Department is not cross trained in Affordable Housing Program activities.
- III. Internal program monitoring and reporting requirements have not been performed for several years.
- IV. Affordable Housing Program staff is providing finance/fiscal activities that may be more appropriate for the professional finance staff team to perform.
- V. Internal and external policies and procedures are not well documented or up to date.
- VI. No master Affordable Housing Program lists of awards, deed restrictions, loans, list of legal obligations, workplans, or calendars.
- VII. Electronic files are stored across several County drives, often in duplicates, and without naming conventions.
- VIII. No universal online technology tracking system or database for programs, loans and/or borrowers.



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Recommendations For Next Steps

- I. Immediate
 - a. Perform legal review of all external and internal programs under one Affordable Housing Program umbrella.
 - b. Build master Affordable Housing Program lists of awards, deed restrictions, loans, list of legal obligations, workplans, or calendars.
 - c. Build a monitoring and reporting compliance program and schedule for all programs.
 - d. Reorganize the electronic and hard copy files and ensure they are filed and stored appropriately. Train staff on file reorganization.
 - e. Review hard copy storage policy to ensure legal and financial documents (including promissory notes) are responsibly filed and stored.
- II. Clarify Planning, Long-Range Planning and Affordable Housing Program’s service population and roles/responsibilities to ensure compliance with regulatory agreements for current projects in pre-development and/or under construction.
- III. Cross train Affordable Housing Program and Long-Term Planning Staff (as it pertains to Housing Programs).
- IV. Continue building relationships with other County departments on federal and state funding and monitoring layers.
- V. Develop/update internal operations manual, external guidelines, and training materials for all program processes and procedures (e.g., publish online developer project and borrower applications, and update public materials – including website and create program flyers (work with Public Information Officer ensure board resolutions permits standard agreements to be executed by Director of Planning to ensure timely responses to the state.
- VI. Partner with the Finance Department to streamline finance and fiscal responsibilities – including the monitoring of loan agreements against the current ledgers. Explore offboarding fiscal/financial responsibilities to the Finance/Fiscal Department.
- VII. Develop technical training programs for homeowners and developers.
- VIII. Explore integrating housing policy and Housing Element activities into the Affordable Housing Program.
- IX. Identify and apply for grants and other outside funding sources to implement Affordable Housing Program goals.
- X. Purchase and adopt universal technology software, tracking system and/or database for programs, loans, and/or borrowers.

MULTIFAMILY HOUSING PROGRAM (“MHP”) – STATE GRANT AWARDS TO THE COUNTY

Program Description: The County administers its Multifamily Housing Program (“MHP”) with support and funding from the California Department of Housing and Community Development (“HCD”). Generally, HCD awards offer deferred payment loans with a 55-year term, 3% simple interest, and for the first 30 years of the loan term, payments in the amount of 0.42% are due annually.

Program Funding: Multifamily affordable housing developments require many different layers of State financing programs to make projects viable and financially solvent. MHP has been funded, since 2003, by partnering with developers to apply for several types of grant awards, including:

- I. HOME Investment Partnership Act (“HOME”)
 - a. The HOME program is a grant program that assists cities, counties, developers, Native American Entities, and nonprofit Community Housing Development Organizations (CHDOs) in creating and retaining low-income affordable housing.



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- II. Community Development Block Grant (“CDBG”)
 - a. CDBG funds are provided as grants to non-entitlement jurisdictions (counties with populations under 200,000) in unincorporated areas that do not participate in the U.S. Department of Housing and Urban Development (“HUD”) CDBG entitlement program. Grants can vary based on annual allocations and activity limits and can provide a variety of housing resources for low and moderate-income households.
- III. Infill Infrastructure Grant Program (“IIG”) Promotes infill housing developments by providing financial assistance for Capital Improvement Projects that are an integral part of, or necessary to facilitate the development of affordable and mixed income housing.
- IV. Permanent Local Housing Allocation Program (“PLHA”)
 - a. PLHA is part of the Building Homes and Jobs Act (SB 2, 2017), which established a \$75 recording fee on real estate documents to increase the supply of affordable homes in California. The goal of this program is to increase housing for those households below 60% of Area Median Income, however in some high-cost areas can go serve up to 150% Area Median Income. The program can be utilized to meet a variety of different affordable financing needs.

Program Governance and Obligations: HCD manages each award through a Notice of Funding Availability (“NOFA”), Award Letter, Standard Agreement, Uniform Multifamily Regulations (Cal. Code Regs., tot. 25, 8300 et seq), Program Guidelines, legal documents, and monitoring and reporting requirements. HCD assigns a representative to provide technical assistance to the County on each award.

Standard Agreements

HCD requires Standard Agreements (also called STD. 213) to be executed upon awarding a funding application. Acceptance of grant awards from HCD requires the County to comply with the terms and conditions of the NOFA, the Agreement, the Guidelines, and any relevant disbursement agreements. The standard agreements outline the scope of work required for specific awards, as well as committing the contractor/recipient for a timeframe for the awarded funding.

Legal Documents

Legal covenants are required for state funding sources and are created to meet the criteria of each funding award. These generally consist of an affordable housing agreement (recorded), a deed of trust (recorded), a promissory note and a loan agreement.

Monitoring and Reporting

Each award and its legal documents outline the County’s and the Developer’s monitoring and reporting roles and responsibilities. Projects can be responsible for several monitoring and reporting processes if it has several HCD/County loans.

MHP Loan Servicing

The Housing Division services MHP loans and actively reviews residual payment receipts with Fiscal – one was received end of calendar year 2023 and one beginning of calendar year 2024.



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HOME Investment Partnership Act (“HOME”)

Current Awards: Three HOME loans to Mercy Housing have closed and the County monitors those loans annually and reports back to HCD. The projects are White Rock Village, Trailside Terrace, and Diamond Sunrise (Project Descriptions can be found in Appendix A of this assessment).

- I. Closed Loans with HOME Long-Term Monitoring Requirements (for 55 years)
 - a. #98-HOME-0348 Diamond Sunrise II: Diamond Sunrise¹
 - b. #02-HOME-0613 White Rock Village: White Rock Village²
 - c. #11-HOME-6952 Mercy-Sunset Lane: Trailside Terrace³

Monitoring and Reporting:

The County annually oversees HCD’s required HOME Long-Term Monitoring, as required in the program’s legal documents. Long-Term Monitoring consists of annual reports and site visits from the Developer/Owner to the County, and from the County to HCD. Collected and monitored data includes but is not limited to a review of unit rent and leases, tenant income, unit and project inspections, project finances, and an Affirmative Marketing analysis.

Three primary goals of HOME monitoring are to:

1. Ensure production and accountability.
2. Ensure compliance with HOME and other Federal requirements.
3. Evaluate organizational and project performance as well as project viability (financial health, development capacity, management capability, etc.)

Compliance Monitoring and Reporting requirements for the newer awards and loans, need to be outlined and processes and procedures established. Monitoring is not a one-time event, but an ongoing process of planning, implementation, communication, and follow-up. Monitoring involves many people from inside and outside the County and requires detailed information, reports, meetings, and documentation.

The Affordable Housing Program reports to HCD quarterly and annually for the HOME loan reporting.

HOME Application in Process:

- I. Developer Applicant HOME NOFA 2022-2023: El Dorado Haven Apartments⁶ Upon board approval of the pending resolution for the El Dorado Haven Multi-Family Rental Project grant, EDC and Mercy Housing will apply for and be co-applicants for this NOFA. The application was submitted on April 9, 2024. If awarded, this funding will provide a grant to the County that requires Mercy to execute a 55-year monitoring and repayment agreement for the project.

Community Development Block Grant (“CDBG”)

Current Awards:

- I. #10-STBG-6711 (CDBG): Trailside Terrace³.
- II. #21-CDBG-HK-00098 (CDBG): Diamond Village Apartments⁴



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Monitoring and Reporting:

The Affordable Housing Program reports to HCD quarterly and annually for the CDBG loan reporting.

Applications in Process:

None.

Infill Infrastructure Grant (“IIG”)

Current Awards:

- I. #19-IIG-14674 (IIG): Diamond Village Apartments⁴

Monitoring and Reporting:

The Monitoring and Reporting Process is to be determined.

Applications in Process:

None.

Permanent Local Housing Allocation Grant (“PLHA”)

Current Awards:

- I. #22-PLHACOM-17823 (PLHA): Diamond Village Apartments⁴

Monitoring and Reporting:

The Monitoring and Reporting Process is to be determined.

Application in Process:

None.

MULTIFAMILY HOUSING PROGRAM (“MHP”) SUMMARY – Strengths, Challenges, and Recommendations

Program Strengths

- I. Positive and long-term respected relationships with external funding partners, HCD and their Award Representatives.
- II. Positive and long-term respected relationships with Project Owners and Property Managers.
- III. Long history of compliance and timely activities and reporting to HCD and from Project Owners and Property Managers.
- IV. Invested and positive internal working relationships with Planning and Building staff that can support the rapidly growing MHP Program. Capacity for volume work.



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- V. Growing knowledge of the Affordable Housing Program for Planners to provide technical assistance on the affordable housing pre-development activities.

Program Challenges

- I. No Owner/Developer Pre-Development Program – e.g., no formal policies and procedures to apply for HCD awards.
- II. No Long-Term Monitoring technical assistance materials for new Property Managers.

Recommendations for Next Steps

- I. Immediate
 - a. Perform and document legal review of all MHP regulatory agreements and legal and loan documents (including Promissory Notes and payment schedules).
 - b. Develop Executive Summaries for each loan program and project that outlines roles, responsibilities, timelines, legal obligations, loan terms, etc.
 - c. Develop comprehensive on-going, long-term compliance tools and schedule – includes current and pre-development projects.
 - d. Compare current ledgers against the legal review of legal and loan documents.
- II. Develop and introduce Pre-Development Program and cross-train Planners on coordinating with Developers and other County staff for successful execution.
- III. Review financial processes and procedures with Fiscal Department to streamline current loan servicing practices.
- IV. Develop Long-Term Monitoring technical training materials for Property Managers.

“HOMEBUYER PROGRAM”

Program Description: El Dorado County offers three Homebuyer Loan Programs: First-time Homebuyer (“FTHB”) Loan, the First-time Homebuyer Program with Rehabilitation Loan, and the Owner-Occupied Rehabilitation (“OOR”) Loan.

- I. The FTHB program offers eligible 80% Area Median Income first-time homebuyers deferred second priority loans to purchase a home within unincorporated of El Dorado County.
- II. The First-time Homebuyer Program with Rehabilitation offers eligible 80% Area Median Income first-time homebuyers deferred second priority loans to purchase a home and perform repairs to correct health and safety hazards and/or code compliance standards.
- III. The OOR Program provides 80% Area Median Income (or below) homeowner households deferred loans for repair and construction within unincorporated El Dorado County.

The County administers the Homebuyer Program with support and funding from the California Department of Housing and Community Development (“HCD”). Eligible homebuyers are offered deferred second priority loans, with a 3% interest rate, to purchase a home within the unincorporated areas of El Dorado County or for repair and construction.

The most recent Program Guidelines were adopted by the Board of Supervisors in 2021, approved by HOME in 2021, and are still pending CDBG approval. As discussed more in detail below, these funds are on hold and will need to be reapproved by the HCD as soon as they release their new guidelines this fall.



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Eligible Homebuyer Program borrowers must be first-time homebuyers (except Owner-Occupied Rehabilitation Program), earn no more than 80% of the County’s Area Median Income, and agree to occupy their homes on a full-time basis.

Program Funding: The Program has been funded since 2003, by several types of grant awards from HCD, including HOME Investment Partnership Act (“HOME”) and Community Development Block Grant (“CDBG”). The State allows the County to “re-lend” or “re-use” loan monies repaid by borrowers.

- I. HOME Investment Partnership Act (“HOME”): The HOME program is a grant program that assists cities, counties, developers, Native American Entities, and nonprofit Community Housing Development Organizations (“CHDO”) in creating and retaining low-income affordable housing.
- II. Community Development Block Grant (“CDBG”): CDBG funds are provided as grants to non-entitlement jurisdictions (counties with populations under 200,000) in unincorporated areas that do not participate in the U.S. Department of Housing and Urban Development (“HUD”) CDBG entitlement program. Grants can vary based on annual allocations and activity limits and can provide a variety of housing resources for low and moderate-income households.

Program Governance and Obligations: Each type of Homebuyer HCD awards to the County is typically managed through its own Notice of Funding Availability (NOFA), Standard Agreement, Program Guidelines, legal agreements, and monitoring and reporting requirements. HCD assigns a representative to provide technical assistance to the County on each award. Upon repayment of any loans the HOME Program Income and CDBG reuse monies are managed according to HCD Guidelines and can be re-loaned out. Each County loan to a borrower is typically managed through Program Guidelines, Loan Agreement, Deed of Trust, and Promissory Note.

Loan Servicing:

The Affordable Housing Program services its loans and follows loan servicing policies and procedures as documented in its Guidelines. Loan Servicing includes working with borrowers to ensure they make required or voluntary payments, pay property taxes and insurance, and live in their homes. The Affordable Housing Program ensures Requests for Copy of Notice of Defaults are recorded with loans and changes in title or use of property follow Program Guidelines. They also process requests for subordination during refinance and foreclosure in case of default on the loan.

Monitoring and Reporting:

The County is required to submit quarterly and/or annual compliance and/or financial reports to HCD and borrowers are required to submit annual program compliance verification documents to the County.

Program Status:

Loan Activity

For several reasons, no new loans have been issued under the 2021 Guidelines. In July of 2022, the State of California’s HOME Program was suspended by HUD because it required substantial updates to its program policies. This suspension affected new grant and program income/reuse activities for all recipients across the state. HOME is expected to be suspended until at least mid-Fall 2024. HousingINC



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and County staff have attended all mandatory trainings to be able to access funds as soon as they are released by the State.

The County will begin working with its HCD representatives this calendar year to loan its CDBG “re-use” monies.

Loan Servicing Status

All loans are deferred except for one active loan with monthly payments. The Affordable Housing Program processes subordination, payoff, and reconveyance requests. The Affordable Housing Program processed one 2023 IRS Form 1098 for one loan paid in full.

Monitoring and Reporting

The County actively monitors all borrowers for loan agreement compliance. The 2024 Monitoring Program is complete. All borrowers are compliant as defined by the County of El Dorado.

Current Loan Programs:

- I. “Homebuyer Program” Active Award Loans
 - a. #04-HOME-0720
 - i. 3 deferred loans
 - ii. 0 active loans
 - b. #08-HOME-4701
 - i. 7 deferred loans
 - ii. 0 active loans
 - c. #10-HOME-6850
 - i. 6 deferred loans
 - ii. 0 active loans
 - d. #15-HOME-10891
 - i. 2 deferred loans
 - ii. 0 active loans
 - e. #13-STBG-8935 (CDBG)
 - i. 4 deferred loans
 - ii. 0 active loans
- II. “Re-Use” – CDBG Revolving Loan Fund and HOME Program Income
 - a. CDBG Balance as of FY23-24 Q1: \$673,942
 - i. 6 deferred loans
 - ii. 1 active loan
 - b. HOME Balance as of FY23-24 Q1: \$982,815
 - i. 4 deferred loans
 - ii. 0 active loans

Applications In Process:

- I. HOME NOFA 2022-2023 – Upon board approval of the pending resolution for El Dorado County’s First-Time Homebuyer (“FTHB”) Program and its Owner-Occupied Rehabilitation (“OOR”) Program, if awarded, the County will relaunch EDC’s FTHB and OOR deferred loan programs. The funds for FTHB will help recipients purchase homes providing long-term housing. OOR will help



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eligible homeowners whose primary residence needs repairs, improvements, or reconstruction necessary for correction of any health and safety deficiencies or accessibility upgrades.

These funds will provide much needed gap funding for FTHB's and project loans for OOR. Repayment of these funds provides ongoing program income for the County of El Dorado to provide future opportunities for resources and funding for these projects.

HOMEBUYER PROGRAM SUMMARY – Strengths, Challenges, and Recommendations

Program Strengths

- I. Positive and long-term respected relationships with HCD and their Award Representatives
- II. Positive and long-term respected relationships with Borrowers and Waiting List Participants
- III. Long history of compliance and timely activities and reporting to HCD and from Borrowers
- IV. Open lines of communication between all parties
- V. Well documented borrower application files

Program Challenges

- I. A long-term Affordable Housing Program staff member retired and left an eighteen-month gap in Affordable Housing Program staffing. Her departure left a production and communication void within the Planning and Building Department, and Long-Range Planning Unit. Additionally, most Affordable Housing Program career staff with institutional knowledge left the County within the last 5-7 years.
- II. Internal and external policies and procedures are not well documented or up to date.
- III. No master list of historic loans and accounting reports.
- IV. No Executive Summaries on HCD awards that outline and document complex loan terms, timelines, and reporting requirements.
- V. The Planning and Building Department is not cross trained in Affordable Housing Program activities.
- VI. Affordable Housing Program staff provides finance/fiscal activities that may be more appropriate for Finance staff to perform.
- VII. Disconnect between Fiscal and Affordable Housing Programs on loan servicing activities.

Recommendations for Next Steps

- I. Immediate
 - a. Perform and document legal review of all regulatory agreements, program guidelines and legal documents (especially Promissory Notes).
 - b. Compare current ledgers against the legal review of legal and loan documents.
 - c. Develop Executive Summaries for each loan program that outlines roles, responsibilities, timelines, legal obligations, loan terms, etc.
 - d. Meet with HCD Award Representatives to re-launch Homebuyer Programs immediately so as not to risk losing Program Income or Re-use monies.
 - e. Develop borrower database.
- II. Develop internal operations manual, external guidelines, and training materials for all program processes and procedures (including borrower application, lender and realtor participation, loan payoffs, and marketing plans and efforts). Cross train Department staff.



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- III. Review financial processes and procedures with Fiscal Department to streamline current practices.
- IV. Re-create historic master list of loans and accounting reports.

AFFORDABLE HOUSING PROGRAM'S COUNTY RESOURCED/FUNDED PROGRAMS

Program Description: The County administers and self-supports three programs; TIF Offset Program, Building Deferral Fee Program, and the Affordable Housing Trust Fund Revolving Predevelopment Loan Program.

The goal of the El Dorado County General Plan is to provide housing incentives through programs which assist developers and homeowners in providing and obtaining affordable housing opportunities while protecting the public health, safety, and welfare of citizens. The Board of Supervisors has established specific goals of studying means to create and obtain affordable housing within the County. Each program has its own separate guidelines, funding sources and monitoring requirements.

Traffic Impact Fee Offset Program for Affordable Housing Units "TIF"

Traffic Impact Fee Offset Program for affordable housing units "TIF", formerly known as Traffic Impact Mitigation Fee Program "TIM" – County Program. The TIF Offset Program is a County Program that allows homeowners and developers to apply for an offset (not a cash subsidy) of traffic impact fees in exchange for limiting long-term rent rates and for-sale pricing to income-eligible households during an affordability period.

The most recent Program Guidelines were adopted by the Board of Supervisors B-14 in 2013. The TIF Offset Program ensures that affordable-housing units are safe and habitable, assists in meeting the County's housing needs by increasing the stock of legal and affordable housing; and provides incentive for the development and permitting of a variety of affordable housing types by reducing TIFs.

Eligible Applicants for the program are homeowners who are building a second dwelling with a property located in the unincorporated areas of the County and to Developers who are building a project in the unincorporated areas of the County with five (5) or more units and who will restrict at least twenty (20) percent of the units. Short-term rentals are not eligible.

Funding for the TIF Program includes a provision to set aside \$1.0 million of the County's federal and state transportation revenues annually, for a period of twenty (20) years, to be used to offset TIF fees in the development of affordable housing, ending in 2027. Each TIF Agreement with a homeowner or developer/owner is managed through Policy B-14, Program Guidelines, Deed Restriction Agreements, and TIF Offset Recapture and Rent Limitation Agreements, for rental units, if applicable.

Current Participants:

The County has agreements with 38 TIM/TIF active offsets

- I. Developers: 6 Developments, 428 Multifamily Units - \$5,942,951.25
- II. Homeowners: 32 Second Dwelling Units - \$627,570.00
- III. Available funds \$11,456,669.00



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Monitoring and Reporting:

Monitoring of the County’s TIF Agreement requires the County to annually monitor restricted units to ensure they are inhabited by eligible income-qualified occupants. The County does not report results to an outside agency.

Developer Applications with Board Approval:

- I. El Dorado Haven⁶: \$1,086,784
- II. Country Club Apartments⁷: \$1,226,877.25
- III. El Dorado Senior Phase I and II⁵: \$1,103,806

Applications in Process:

- I. None

Traffic Impact Fee Offset Program for Affordable Housing Units “TIF” – Strengths, Challenges, and Recommendations

Program Strengths

- I. Well-designed County program that addresses Regional Housing Needs Allocation (“RHNA”) and encompasses the County’s inclusionary program.
- II. Supports affordable housing developers to build units within its unincorporated areas.
- III. History of positive and productive relationships with Developers/Owners and individual property owners.

Challenges

- I. Developer/Owner compliance has not been monitored in several years – there might be owners out of compliance. A Monitoring Program needs to be developed that outlines the requirements and educates borrowers about them.
- II. The program is underutilized as a tool for meeting Regional Housing Needs Allocation (“RHNA”) goals.

Recommendations for Next Steps

- I. Immediately
 - a. Implement TIF Program Monitoring
 - b. Update/re-build participant program database.
- II. Update TIM/TIF Guidelines, Legal Documents (Affordable Housing Agreement and Restrictions and incorporate deed of trust for ownership/second dwelling units (excluding MHP) TIM offset.
- III. Expand and update the program to build more affordable restricted units.
- IV. Ensure equitable access to the Program.



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Building Deferral Fee Program

Our records indicate the County designed and launched the Building Deferral Fee Program, Board Policy B-11, on March 14, 2000. However, since 2012, zero activity has occurred. HousingINC, with support from Planning and Building, will be researching this Program in 2024 to determine why there hasn't been any recent activity and if it should be re-launched.

Per Board Policy B-11, federally tax-exempt private non-profit or public agency applicants for construction of affordable housing utilizing primarily volunteer or self-help construction labor may have applicable Planning, Building, Transportation, Environmental Management and General Services (Parks and Recreation) fees deferred on a new construction unit until such time as a refinancing, resale or change in ownership from the initial owner-occupant of the unit occurs. The deferred amount shall bear simple interest at a rate of 3% per annum on the unpaid balance and become due and payable by the owner occupant upon the refinancing, resale or change in ownership of the unit.

Very low-income applicants for permits to make health or safety repairs to their primary residence may receive a special needs deferral of Building Department fees until such time as their primary residence is re-financed, sold or changes ownership.

In the event that fees are deferred until the refinancing, resale or change in ownership of a unit, it shall be the obligation of the department deferring the fees to record the fees and interest schedule with the County Recorder's office, to become due and payable upon the refinancing, resale or change in ownership of the unit, and to collect the fees with interest when they become due and payable. Fees and interest also will become due and payable upon the death of a deferral beneficiary. The deferred amount shall bear simple interest at a rate of 3% per annum on the unpaid balance.

Affordable Housing Trust Fund Revolving Predevelopment Loan Program – County Program

The County's Affordable Housing Trust Fund Revolving Predevelopment Loan Program, ("AHTF" or "Fund") creates and preserves affordable homes in the unincorporated areas of El Dorado County for the benefit of extremely low-, very low-, low- and moderate-income households by extending loans to affordable housing developers. It doesn't appear Fund Guidelines have been adopted by the Board of Supervisors; however, policies and procedures are documented in Affordable Housing Program files.

Initial funding for the Fund was generated from previous affordable housing endeavors wherein developers contributed \$150,000 for the purpose of assisting the County in their predevelopment for affordable housing efforts. Currently, developers who do not incorporate affordable housing are required to pay an affordable housing fee for each unit per their Development Agreement to increase the availability of funds for Affordable Housing.

The current balance of the fund is \$372,863.19. Of this amount, \$100,000 is dedicate for the Tahoe El Dorado Area Plan for a jurisdiction-wide Area Plan in the Tahoe Basin and \$50,000 is dedicated to creating custom design standards and guidelines in the County's Community Regions (Shingle Springs, El Dorado/Diamond Springs, Cameron Park, and El Dorado Hills) for new Commercial, Mixed-Use, and Multi-Family Residential Design Standards. This leaves \$222,863.19 available for pre-development activities.



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Eligible pre-development activities may include reasonable expenses for architectural fees, market research consultants, neighborhood outreach, out-of-pocket expenses related to acquisition of property, preliminary financial applications, legal fees, reasonable and customary costs of obtaining firm construction loan commitments, architectural plans and specs, zoning approvals, engineering studies, and legal fees, and other costs reasonably associated with activities prior to development of the property. A loan can be offered of up to \$150,000 at 1% per annum simple interest, with deferred payment for a period of up to 60 months. Non-profit developers, including non-profits that have a joint venture agreement with a for-profit entity, are eligible for the Fund. Each Developer records an Affordable Housing Agreement, Deed of Trust, Assignment of Rents, Security Agreement, and Deed Restrictions.

Current Participants:

There are no active loans.

Monitoring and Reporting:

The County requires Developer borrowers to provide a semi-annual written progress report and an audited financial statement.

Applications in Process:

None.

Affordable Housing Trust Fund Revolving Predevelopment Loan Program – Strengths, Challenges, and Recommendations

Program Strengths:

- I. Flexible support to offer affordable project developers much needed financial support
- II. Potential for high-volume fund and participation growth

Challenges:

- I. Not easily accessible to developers who might need it most
- II. Low loan amounts for developers who might need additional funds

Recommendations for Next Steps:

- I. Consider adopting program guidelines consistent with board approved policies.
- II. Adopt a formal application or request process to ensure equitable access to the fund.

COUNTY STAFF KNOWLEDGE & TECHNOLOGY ASSESSMENT

The Affordable Housing Program consists of staff representing Planning and Building's Long-Range Planning, Current Planning, Administration, Department of Transportation, and CAO, Community Development Finance and Administration, and County staff members. With the retirement and departure of the Unit's Housing Analyst, the Team has rebuilt itself with regular staff meetings and support from HousingINC. Several Planning and Building staff contribute to the Affordable Housing Program's success and regularly attend weekly meetings to discuss program development, external partner and participant relations, and service delivery.



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The Affordable Housing Program staff is well versed in:

- Principles and practices of community and urban development
- Principles and practices of land use planning and zoning
- Real estate development
- Current affordable housing issues for developers and homebuyer applicants and participants
- Principles and practices of contract preparation, administration, and evaluation
- General loan servicing practices
- Detailed customer service, participant relations

Future training topics and materials:

- Affordable housing federal, state, and local laws, codes, and regulations
- Principles and methods of housing finance
- Principles and methods for loan application, processing, underwriting, servicing, and compliance (including monitoring and reporting)
- Principles of the real estate purchase process for lower income buyers
- Current affordable housing issues – comparison of affordable and inclusionary programs
- Affordable housing and inclusionary trends and potential market and economic influences
- Methods and techniques of effective community outreach for affordable loan programs and inclusionary housing

The Affordable Housing Program staff will continue to develop, organize, oversee, and evaluate the development and implementation of Affordable Housing Program, projects, program, operations, and activities within the County; provide strategic, integrated program direction; and consult with appropriate partners at the local, state, and national levels, developers, community organizations, and other County departments and divisions to develop best practices and policies related to the quantity, quality, and affordability of Affordable Housing Program programs.

Activities to perform:

- Develop and implement County Affordable Housing Program strategies; oversee the development and implementation of Affordable Housing Program programs.
- Provide leadership, guidance and support to the public, neighborhood leaders, community organizations, business associations, developers, government housing agencies, and outside organizations to promote housing development in the County and the region.
- Manage and monitor HCD Multi-Family Program awards and comprehensive builder/developer support and guidance.
- Work closely with developers and homebuyers to oversee all lending processes and ensure that all loans are approved and funded in a timely manner.
- Oversee loan closing and servicing activities and ensure program and fiscal compliance with funding awards.
- Manage and monitor HCD Homebuyer awards and comprehensive builder/developer support and guidance.



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- Serve as the County’s subject matter expert and advise County departments and other agencies on Countywide housing efforts.
- Prepare and process reports, documents, and studies; draft resolutions for Board of Supervisors review; submit requests for proposals/qualifications; prepare and negotiate professional service agreements and contracts.
- Coordinate with other County divisions and departments to evaluate and recommend improvements to City processes related to housing; make recommendations to remove barriers, increase efficiencies, and improve innovation.

Technology Assessment

HousingINC reviewed and began organizing the County’s Affordable Housing Program electronic files. The Affordable Housing Program uses Excel and a shared drive to track awards, loans, applicants, and borrowers. The Affordable Housing Program has generally accepted hard copy Homebuyer Loan Applications.

The Affordable Housing Program, in Fall 2023, established a group email address, that can be accessed by several people, to triage and track incoming inquiries.

Recommendations for Next Steps

- I. Reorganize electronic and hard copy files and ensure they are filed and stored appropriately.
- II. Scan and shred hard copy files and store electronically.
- III. With the County’s IT Department, adopt universal technology software, tracking system and/or database for awards, programs, loans, and/or borrowers.
- IV. Publish an online Notification List for Homebuyer Programs for interested participants to receive notifications.

NEXT STEPS

In the next 30 days the Program will:

- I. Accept applications for TIF Offset Round 34
- II. Create a fillable online “Loan Interest” form
- III. Design updated program information flyer

In the next 60 days the Program will:

- I. Review, Catalogue, and Update Legal Documents

In the next 90 days the Program will:

- I. Start developing Homebuyer & Owner-Occupied Rehabilitation Program Guidelines (upon State launch, after Fall 2024)
- II. Update Traffic Impact Fee Offset & Building Deferral Fee Program Guidelines



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Appendix A

El Dorado County's Affordable Housing Program - Multi-Family Projects List

1. Diamond Sunrise is owned and managed by Mercy Housing. This project is obligated through County approvals as well as state and federal funding sources. It houses 16 senior units of multifamily housing that is affordable to 50 - 80% Area Median Income households. The County loan regulates 11 of these units.
2. White Rock Village is owned and managed by Mercy Housing. This project is obligated through County approvals as well as state and federal funding sources. White Rock Village houses 168 units of multifamily housing that is affordable to 50% - 60% Area Median Income households. The County loan regulates 24 of these units.
3. Mercy-Sunset Lane (Trailside Terrace) is owned and managed by Mercy Housing. This project is obligated through County approvals as well as state and federal funding sources. It houses 40 units of multifamily housing that is affordable to households that are 30% Area Median Income (5 units); 40% Area Median Income (7) and 50% Area Median Income (27 units). The County loan regulates 39 of these units.
4. Diamond Village Apartments is under construction and owned by Pacific Southwest Corporation. The project is obligated through previous County approvals as well as state and federal funding sources to provide a total of 81 units. 20 units are for extremely low income earning less than thirty percent (30%) of Area Median Income, 40 units are for very low income earning less than fifty percent (50%) of Area Median Income, and 20 units are for low income earning less than 60% of the Area Median Income. There is one Manager's Unit.
5. El Dorado Senior Apartments is under construction and owned by Pacific Southwest Corporation. The project is obligated through previous County approvals as well as state and federal funding sources. There are two phases to this project with each providing 72 units. 71 are for very low-income households earning less than fifty percent (50%) of Area Median Income, and there is one Manager's Unit in each phase.
6. El Dorado Haven Apartments is under construction and owned by Mercy Housing. The project is obligated through previous County approvals as well as state and federal funding sources to provide a total of 65 units. 15 units are for extremely low income earning less than thirty percent (30%) of Area Median Income, 28 units are for very low income earning less than fifty percent (50%) of Area Median Income, and 21 units are for low income earning less than 60% of the Area Median Income. There is one Manager's Unit.
7. Country Club Apartments is under construction and owned by Pacific Southwest Corporation. The first phase of the project includes 84 (83 income-restricted rentals and one manager's unit) units. 31 units affordable at or below 50% of the Area Median Income and 43 units affordable at 60% percent of the Area Median Income. There is one Manager's Unit.