

COUNTY OF PLACER
Community Development/ Resource Agency

ADMINISTRATION

Michael J. Johnson, AICP
Agency Director

MEMORANDUM

TO: Honorable Board of Supervisors

FROM: Michael J. Johnson, AICP
Agency Director

DATE: July 22, 2014

SUBJECT: MARTIS FUND WORKFORCE HOUSING PROGRAM – REQUEST FOR STAFF ADMINISTRATION AND WAIVER OF STAFF CHARGES

ACTION REQUESTED

1. Authorize the Community Development Resource Agency (CDRA) Director to enter into a one-year agreement (subject to County Counsel and Risk Management review and approval) with the Martis Fund Board of Directors to allow the County to administer the Martis Fund Workforce Housing Program which includes approximately \$500,000 in down payment assistance funds; and
2. Waive the collection of staff charges, estimated at \$44,200, for the administration of the Martis Fund Workforce Housing Program, thereby allowing all monies to be made available for loans to eligible candidates.

There is no new net County cost associated with this action.

BACKGROUND

As development in the Martis Valley progressed in the early 2000's, a diverse group of development interests and conservationists (DMB/Highlands Group, Mountain Area Preservation and Sierra Watch) concluded opportunities existed to allow for a blending of development with the long-term preservation of open space lands in the Martis Valley area. Through a result of negotiations in the early 2000's regarding proposed development and conservation priorities in the Martis Valley, the Martis Fund was established in 2006 to promote opportunities for conservation and open space land acquisitions, habitat and forest management restoration, and workforce housing.

The Martis Fund Workforce Housing Fund is intended to support projects that promote workforce housing development within the greater Martis Valley region. The Fund's current priority is for projects located in eastern Placer County. Grants in this program area usually range from \$5,000 to \$50,000. Candidate projects are required to achieve one of the following:

- Increase the supply of permanent affordable workforce housing and/or increase the number of workforce households that can afford housing in the community thereby reducing their commute;
- Improve transit serving workforce housing including transit operational expenses to relieve traffic congestion and improve transportation choices;
- Improve passive recreation and/or management and enhancement of open space serving workforce housing; or

- Provide workforce housing-related community services such as child care facilities or community centers.

Funding for The Martis Fund comes from a transfer tax fee associated with the sale of properties within Martis Camp, and through these fees the Martis Fund has become a vehicle to help implement the shared vision. To oversee the management of these funds, it was agreed upon that a separate non-profit entity (The Martis Fund) be created to oversee the disbursement of the collected funds. The Board of Directors of the Martis Fund is made up of six directors: The Mountain Area Preservation (MAP), Sierra Watch and DMB/Highlands Group LLC each appoint two directors.

Through the collection of transfer fees, The Martis Fund currently has approximately \$1.5 million available to allocate to affordable housing projects in the Martis Valley area (The Martis Fund has agreed to provide up to \$500,000 in funding for the initial phase of the workforce housing program). Because the transfer tax fees are generated by a Placer County project (Martis Camp), the directors of the Martis Fund have expressed an interest in working with representatives from Placer County to assist with the implementation of the Martis Fund Workforce Housing Program. As individual home ownership has been a long-term desire for all economic groups in the greater Martis Valley area, the Board of Directors for the Martis Fund concluded that providing a down-payment assistance program would be a great kick-off program for the workforce housing program.

As the Board is aware, within the Community Development/Resource Agency is the County's Housing Program. Cathy Donovan of the CD/RA staff oversees this housing program and is responsible for developing program guidelines and operation documents, loan underwriting, overall program administration and marketing, loan portfolio administration (including long-term monitoring of loans) and any required reporting. Because of this existing in-house expertise, and because the purpose of the program is to support workforce housing in Placer County (and the greater Martis Valley region), the Martis Fund wanted to take advantage of this existing expertise and have the County administer the Martis Fund Workforce Housing Program (as the County administers other affordable housing programs).

When the Board of Directors of the Martis Fund was informed that the annual cost for the County to administer the Martis Fund Workforce Housing Program could be in excess of \$70,000 (based upon full recovery of all staff costs, including benefits and overhead), the Martis Fund concluded there was merit in requesting the Board of Supervisors waive staff costs associated with the administration of the Martis Fund Workforce Housing Program.

PROPOSAL REQUEST

The Board of Directors of the Martis Fund is requesting that the Board of Supervisors take action to:

- Authorize County staff to administer the Martis Fund Workforce Housing Program; and
- Waive the collection of staff charges for the administration of the Martis Fund Workforce Housing Program, thereby allowing all monies to be made available for loans to eligible candidates.

As detailed in the "Background" section above, the County has existing staff within the Community Development/Resource Agency who administers similar affordable/workforce housing programs, and it makes sense for the Martis Fund to take advantage of this existing expertise and knowledge. Additionally, in addition to be a partner in the furtherance of workforce/affordable housing within the County, waiver of the staff costs associated with the administration of the Martis Fund Workforce Housing Program would allow for the greatest amount of monies to be used directly for the provision of workforce/affordable housing opportunities.

ANALYSIS

Within the County's recently adopted Housing Element, there are multiple goals, policies and programs that specifically address affordable housing within the County, including:

- Policy B-1: The County shall give the highest priority for permit processing to senior housing and development projects that include an affordable residential component.
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- Policy B-2 If determined appropriate for residential development, the County may lease, sell or grant County-owned surplus property to facilitate the construction of affordable housing.
- Policy B-7 The County shall facilitate expanded housing opportunities that are affordable to the workforce of Placer County.
- Policy B-8 The County shall waive 100 percent of County-controlled development fees for residential projects outside of a Specific Plan area where at least 10 percent of the units are affordable to extremely-low or very-low income households, 20 percent are affordable to low-income households, or 30 percent are affordable to moderate income households.
- Program B-1 Surplus County Land: As opportunity arises, the County shall evaluate all County-owned surplus land to determine its suitability for workforce and affordable housing.
- Program B-2 Assisting Affordable Housing Developers: The County shall partner with developer that are interested and able to construct and manage workforce and affordable housing. The County may provide technical and/or financial assistance, including but not limited to site identification, site acquisition, and identification of subsidy sources including HOME funds, CDBG monies, fee waivers and permit processing.

As identified in these Housing Element policies and programs, the County has stated its continued desire to partner with other entities to further the development of workforce and affordable housing within the County. Because the County already has staff resources dedicated to overseeing the County's housing program, staff has concluded that, in furtherance of the County's Housing Element policies and programs, it is appropriate for the Board to authorize staff to administer the Martis Fund Workforce Housing Program.

As highlighted in its letter to the Board of Supervisors, the Board of Directors for the Martis Fund is requesting that the County waive its staff costs in order to allow 100 percent of the available monies to be made available for workforce housing opportunities. Outlined below are the current costs for providing staff services to the Martis Fund:

Staff Hourly Salary:	\$46.03
Benefit Costs:	\$22.84
Overhead Charges:	\$49.19
TOTAL HOURLY COST:	\$118.06

On average, County staff spends approximately 37.5 hours processing and monitoring individual loans (for an estimated cost of \$4,427.25). With the initial phase of the workforce housing program, the Martis Fund intends to provide funding for up to 10 loans (10 loans at \$50,000 for a total of \$500,000). Based upon this proposal, the fully-loaded County staff cost (assuming full recovery) would be approximately \$44,200. Depending upon the success of the program, and as more monies are made available through the sale of properties within Martis Camp, the number of loans could increase which would

correspondingly increase staff costs. Given other similar programs the County currently administers, it is anticipated that the average annual costs to administer the Martis Fund workforce housing program could be in the range of \$70,000 to \$85,000 annually.

Not knowing what the demand will be for loans, it is difficult for staff to ascertain what the average costs to the County may be. For the near-term (i.e., the next one- to two-year period), staff is confident that the County staff cost would be less than \$50,000 annually. Depending on the success of the program in the future, these costs could increase to the \$70,000 to \$85,000 in annual staff costs.

To allow for the commencement of the program, and to see what type of demand there may be for the program, staff recommends the Board take action to waive staff costs (approximately \$44,200) for the initial phase of the Martis Fund Workforce Housing Program (for a one- to two-year period). Waiver of these costs is consistent with the County's Housing Element where the County has committed to partnering and providing financial assistance to the development of workforce and affordable housing. By waiving staff costs for the initial phase, County staff will be able to monitor the program to better understand the true costs associated with the program. At such time that the Martis Fund decides to provide additional funding beyond the initial \$500,000, staff would bring this issue back to the Board for further review and consideration.

FISCAL IMPACT

Participation by the County in the administration of the Martis Fund Workforce Housing Program is consistent with and implements many programs and policies of the County's Housing Element (which calls for the County to provide financial assistance to further workforce/affordable housing opportunities).

CEQA COMPLIANCE

This action by the Board is exempt from environmental review pursuant to the provisions of Section 15061(b)(3) (Review for Exemption), as it can be seen with certainty that implementation of this action by the Board will not have a significant effect on the environment.

RECOMMENDATION

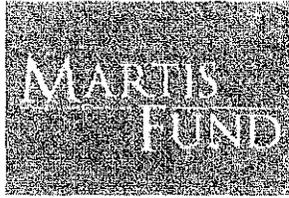
Staff recommends the Board of Supervisors formally take action to:

1. Authorize the Community Development Resource Agency (CDRA) Director to enter into a one-year agreement (subject to County Counsel and Risk Management review and approval) with the Martis Fund Board of Directors to allow the County to administer the Martis Fund Workforce Housing Program; and
2. To implement the County's commitments set forth in the County's Housing Element, waive the collection of staff charges (approximately \$44,200) for the initial phase of the Martis Fund Workforce Housing Program. At such time that the Martis Fund decides to provide additional funding beyond the initial \$500,000 for workforce housing, staff shall bring this issue back to the Board for further review and consideration.

ATTACHMENTS:

Attachment 1: Letter from The Martis Fund, dated July 10, 2014.

cc: David Boesch, County Executive Officer
Holly Heinzen, Chief Assistant County Executive Officer
Jerry Carden, County Counsel
Allison Carlos, Principal Management Analyst
Terry Watt, The Martis Fund



July 10, 2014

Placer County Board of Supervisors
175 Fulweiler Avenue,
Auburn, CA 95603
Fax: 530-889-4009
E-mail: bos@placer.ca.gov

RE: Request for Board Approval to Proceed with Agreement to Administer the Martis Fund Workforce Housing Down Payment Assistance Program

Dear Chair Duran and Members of the Board of Supervisors:

The Martis Fund was established in 2006 to promote opportunities for workforce housing and related community purposes in the Martis Valley Region together with programs to conserve open space and manage and restore habitat and forest lands. The Fund has set aside \$500,000 for use in a down payment assistance program and is hoping to partner with the County to implement the program. The purpose of this letter is to request the Board of Supervisors authorization for the County to administer the program as part of its existing efforts in this area.

Specifically, the down payment assistance program would assist families earning up to 180% of the median family income and living and working in eastern Placer County and the Town of Truckee to purchase housing near their place of employment. This will provide much needed support to those with incomes sufficient to qualify for a mortgage but without the means for a full down payment. To support this "missing middle" the Martis Fund would like to enter into an agreement with the County that would set forth the down payment assistance program elements and provide for the County to administer the program. In light of the County's existing programs in this regard and the substantial benefit to the public, the Martis Fund is requesting that the County administer the program at no charge to the Martis Fund so that the full \$500,000 can be made available for loans to eligible applicants. Details regarding the program will be provided to you by your staff.

Michael Johnson and Cathy Donovan have provided the Martis Fund with innovative and thoughtful guidance in the course of developing this concept. The Martis Fund very much appreciates their fine work on behalf of the County.

Thank you for considering our request and please let us know if we can provide any additional information.

Very Truly Yours,

A handwritten signature in black ink that reads "David Welch". The signature is written in a cursive, flowing style.

David Welch
President

*The Martis Fund is a collaborative project of DMB/Highlands Group,
Mountain Area Preservation (MAP), and Sierra Watch.*

