



COUNTY OF PLACER
Community Development/ Resource Agency

Michael J. Johnson, AICP
Agency Director

ADMINISTRATION

MEMORANDUM

TO: Honorable Board of Supervisors

FROM: Michael J. Johnson, AICP
Agency Director

DATE: July 21, 2015

SUBJECT: **Martis Fund Workforce Housing Program**

Action Requested

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

1. Authorize County staff to continue to administer the Martis Fund Workforce Housing Program;
2. Authorize staff to execute an amendment to the existing agreement by and between Placer County and the Martis Fund for the administration of the Workforce Housing Program to expand the amount of monies to be administered and to extend the length of the agreement; and
3. Allow Agency staff to continue to 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.

Background

At its July 22, 2014 meeting, the Board of Supervisors authorized staff to take on the role of administering the Martis Fund Workforce Housing Program, and the Board authorized staff to waive the collection of staff charges for the administration of the program so that all available monies would be made available to eligible loan applicants.

The Martis Fund Workforce Housing Fund is intended to increase the supply of permanent affordable workforce housing and/or increases the number of workforce households that can afford housing in the community, thereby reducing their commute from more distant communities (i.e., Reno, Carson City). 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. 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.

Last year, the Board of Directors for the Martis Fund set aside \$500,000 to assist with first-time homebuyers in the eastern County area. With this initial investment, the plan was to provide funding for up to 10 loans (10 loans at \$50,000 for a total of \$500,000). Public interest in the program has been very high, and it is anticipated the initial allocation of \$500,000 will be exhausted soon. Because of the success of the program, the Board of Directors recently took action to allocate an additional \$200,000 to the program, and the Board of Directors asked if the County would continue to administer the program.

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.

Over the past year, approximately \$27,000 in staff costs has been accrued to the administration of the Martis Fund project. The majority of these costs were one-time costs associated with the establishment and set-up of the program. Now that the program has been established, staff costs will be limited to the actual processing of the individual loans and the maintenance of the approved loans.

As discussed with the original staff report, County staff spends approximately 37.5 hours processing and monitoring individual loans (for an estimated cost of \$4,427.25 per loan). The initial phase of funding for the workforce housing program (\$500,000) allowed for the processing of approximately 10 loans, and this new addition of \$200,000 will allow for the processing of approximately four additional loans (for a total of 14 loans). As staff anticipates processing approximately two loans each month, monthly staff costs to administer the workforce housing program will average \$8,800 a month. As discussed with the original staff report, waiver of the staff charges is consistent with programs and policies in the County's Housing Element that further the development of affordable/workforce housing

in the County, and these staff costs can be used as the County's contribution to workforce/affordable housing programs.

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.

Fiscal Impact

As monies have already been allocated with the adoption of the FY 2015-16 budget to fund staff in the Housing Services Division, waiving staff charges for the processing of the workforce housing loans will not result in any new net County costs. And, as outlined above, 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).

Attachment 1 - DPAP Program Administration Agreement AMENDMENT ONE

**PROGRAM ADMINISTRATION AGREEMENT
AMENDMENT ONE**

This first amendment ("Amendment One") to the Program Administration Agreement ("Agreement") is made effective the date last signed below, between THE MARTIS FUND, a California nonprofit public benefit corporation ("Funder"), and PLACER COUNTY, a political subdivision of the State of California ("Administrator"), with respect to the following:

A. Section 1 of the Agreement is amended as follows:

1. Program Funding. Concurrent with execution of this Amendment One, Funder will deposit with Administrator an additional two hundred thousand dollars (\$200,000.00) to be used exclusively for loans to eligible borrowers in accordance with the Program Guidelines attached as Exhibit 1 to the Agreement and incorporated by this reference. With this Amendment One, the total amount of the funding pursuant to the Agreement and Amendment One is seven hundred thousand dollars (\$700,000.00) ("Program Funding"). The parties acknowledge that Funder has already deposited with Administrator a total of \$500.00 to be used for publicizing the Program as described in section 6 of the Agreement. Administrator will deposit Program Funding in an interest bearing account. The parties agree that interest earned on said Program Funding shall be used by Administrator to offset costs of administering the Program.

B. Section 3 of the Agreement is amended as follows:

3. Term of Agreement. This Agreement shall remain in effect until all loans made with funds provided by Funder have been repaid or until termination of the Agreement is agreed upon in writing by both parties, including those loans that can be financed with the additional funds deposited pursuant to Section 1 above. At any time after April 1, 2017 Funder may request that some or all of the funds not yet obligated to loans in accordance with this Agreement be returned to Funder by notifying Administrator in writing at the address listed in section 7, below. For purposes of this Agreement "Obligated" shall be defined as a completed loan application with pending loan funding, a fully funded loan or a loan that is in the process of repayment or in foreclosure proceedings. Administrator shall return the funds within forty-five (45) days by check payable to Funder and delivered by Federal Express to Funder at the address listed in section 7 below or in an alternate manner agreed upon by the parties at the time of payment. Interest earned on funds not obligated to loans shall be retained by Administrator.

C. This Amendment One may be signed in counterpart.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, the parties have executed or caused to be executed this Amendment One to the Agreement on the dates set forth opposite their signatures below.

The Martis Fund

DATED: _____, 2015

By: _____

Name: David Welch

Title: President

Placer County

DATED: _____, 2015

By: _____

Name: Michael J. Johnson

Title: CD/RA Director

