

RED Housing Fund

Notice of Funding Availability for Housing Developments

Issue Date: March 4, 2026, Due Date: April 1, 2026

The RED Housing Fund (“RHF”) is issuing this Notice of Funding Availability (“NOFA”). The RHF is pleased to announce the release of funding for up to \$5,000,000 in loans to developers in Sonoma County that have projects meeting the RED Criteria: located on an infill site, mid to high density development, residential or mixed-use residential, and located within a transit-rich or planned area (see Terms and Conditions). With this funding, RHF intends to offer flexible financing in order to support and catalyze the development of housing across income levels, and in a way that protects the environment, supports economic renewal, builds disaster resiliency and improves the well-being of Sonoma County residents. Generally, RHF loan funds are intended to serve as the final source of financing needed to complete a project’s capital stack. However, flexibility may be considered based on project circumstances. Applicants are encouraged to apply if they believe their project aligns with the intent of the program.

Loans are available to projects at all income levels: affordable (units primarily restricted to incomes up to 80% AMI), middle income (units primarily restricted to incomes up 81-120% AMI), and market rate (120% AMI and over); or a mix of income levels. Consideration of projects will be based on RHF’s funding availability for projects that meet the requirements set forth in this NOFA.

Qualified developers/project sponsors (“Applicants”) that meet the NOFA requirements are encouraged to submit proposals. Eligible Applicants include for-profit or non-profit corporations, individuals, general or limited partnerships, or limited liability companies.

The RED Housing Fund reserves the right to request that Applicants submit additional information as requested by staff. The RHF also reserves the right to suspend, amend or modify the provisions of this NOFA, to reject all proposals, to negotiate modifications of proposals, or to award less than the available funding.

1. Eligible Uses of Funds

For **affordable projects** proceeds may be used as a subordinate loan during construction and a subordinate or senior loan during the permanent phase.

For **middle income/market rate projects**, proceeds may be used for construction financing that is subordinate to a conventional construction loan. When necessary, this loan may also convert to permanent financing, sized to a project’s available cash flow after payment of required, first-position debt.

Financing provided by RHF for a project is expected to be no more than 10% of the project’s total development costs. Should financing needs modestly exceed this, the Fund – at its discretion – may consider a loan amount exceeding 10% of the total project costs, given reasonable cause (e.g. having a committed takeout source in place).

Loan proceeds are primarily intended to pay for hard costs (for affordable projects no more than 25% of the loan may be used for soft costs, and for all other projects no more than 15% of the loan may be used for soft costs). Applicants with projects consisting of a mix of affordability levels (affordable to market) are welcomed and are encouraged to contact RHF to discuss how to proceed in responding to this NOFA.

2. Selection Criteria

Projects will be evaluated and scored based on the Selection Criteria and the points system described below. Additional factors for evaluation include any information requested in the Housing Loan Application; completeness, accuracy, and quality of the proposal/application. The RHF reserves the right to weigh certain selection criteria over others.

For information related to the RED Project Criteria, please see Attachment 1 of this NOFA.

Category	Points	Range
RED Threshold Criteria	N/A	A project must meet all 4 Threshold Criteria to qualify as a RED/RHF Project.
RED Evaluation Criteria	N/A	Projects that meet all Threshold Criteria must incorporate one or more Evaluation Criteria to be considered.
Project Feasibility and Competitiveness	40	Projects will be ranked compared to their peers based on financial feasibility and ability to repay the loan. This includes review of sources and uses, rents, operating expenses, and market study and/or appraisal, development team capacity, and other information as needed.
Project Readiness	15	Projects will be scored based on whether the sponsor has all required entitlements and approvals in hand and the project’s readiness to proceed and begin construction. 15 = Project has Planning Approvals, Building Permits can be issued following award of funds 10 = Applications for entitlements have been submitted to planning department, and are pending approval (currently under review) 0 = Applications for entitlements have not yet been submitted planning department
Completeness of Application	5	Applicants have responded to all elements of this NOFA in their applications and have submitted all requested material.
Other/At Discretion	10	RHF may use additional criteria at its discretion to recommend projects for funding. This may include: projected impact and community benefits, project’s promotion of social, racial, and economic equity, project’s incorporation of multiple RED Evaluation Criteria, etc.
Applicants must provide evidence of how Project meets RED Threshold Criteria, RED Evaluation Criteria, and all other Categories where points are being requested in the Loan Application.		

3. Terms and Conditions

The RHF’s intent is to offer flexible financing, and the RHF reserves the right in its sole and absolute discretion to modify or waive any terms prior to funding.

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- a) To be considered for funding, eligible projects must meet the RED Project Criteria: all four Threshold Criteria, and at least one Evaluation Criteria.
- b) The borrower shall enter into loan documents with the RHF, including but not necessarily limited to: (1) Loan Agreement, (2) Promissory Note, (3) Deed of Trust, (4) Regulatory Agreement for affordable projects, and (4) any other necessary documents as prescribed by RHF.
- c) The *borrower should underwrite* to the following loan terms for application purposes:
 - **Affordable project subordinate or senior loan:**
 - Loan amount up to 10% of project's cost, sized to project's available cash flow at a minimum combined 1.05 DSC including the RHF loan and all other 'must pay' debt service.
 - 3% interest per annum, interest only during construction and may continue up to 36 months after stabilization and conversion to permanent loan; thereafter, monthly payments of interest and principal due. (Note: Developer may propose alternative structures, but must show ability to repay within the loan term)
 - Up to 18-year construction and permanent period loan term combined.
 - Secured by a lien on real estate after any first position loan.
 - **Market rate/middle income¹ project subordinate construction loan:**
 - Loan amount up to 10% of project's cost.
 - Interest rate 1% above the senior construction loan, with a floor of 4% interest per annum; interest only during construction, with repayment due upon stabilization and project's conversion to first position permanent loan.
 - Up to 3-year term.
 - Secured by second lien on real estate after first position construction loan.
 - **Market rate/middle income project subordinate permanent loan:**
 - Offered in conjunction with the subordinate construction loan as necessary.
 - Loan amount up to 10% of project's cost, sized to project's available cash flow at a minimum combined 1.05 DSC including the RHF loan and all other 'must pay' debt service.
 - Interest rate 1% above the first position loan, with a floor of 4% interest per annum, with required monthly payments of principal and interest.
 - Up to 10-year term.
 - Secured by second lien on real estate after first position loan.
- d) Borrowers/Projects receiving funding shall pay a 1% origination fee with a minimum amount of \$10,000 at closing of each loan. Borrower will be responsible for any 3rd party due diligence and RHF legal fees.
- e) Any project receiving a RHF loan may not provide short-term rentals for the greater of: (i) five (5) years following initial occupancy; (ii) the term of the RHF loan. For the purpose of this requirement "short-term rental" means a stay of thirty (30) days or less, or a substantially similar definition as set forth in the loan documents.
- f) Projects must have reasonable and customary acquisition, construction and operating costs.
- g) Projects must be soundly underwritten.
- h) Concurrent closing on all other construction financing is a condition to closing on the RHF loan.

¹ **Note:** Mixed-income or middle-income projects may be subject to a blended interest rate. Applicants are encouraged to contact the Fund during the application window to discuss prior to submission.

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- i) Applicants recommended for funding must enter into a Commitment Letter with the RHF, which will provide additional details on lending terms.
- j) Applicants recommended for funding and who have signed the Fund's Commitment Letter are not guaranteed project funding; applicants must provide all required due diligence before funding and must be soundly underwritten.
- k) RHF funding commitments shall expire 18 months after the date of approval by the RHF Board. The Board may, in its sole discretion, consider a one-time extension of an additional 18 months for good cause, upon written request by the applicant setting forth the basis for good cause.

The ability to satisfy these terms and conditions is not a guarantee of project funding, and the RHF reserves the right in its sole and absolute discretion to modify or waive any terms and conditions under its purview without further notice to proposers or potential proposers.

4. Application Process

- a) The required Loan Application and Excel worksheet are provided in the NOFA email as attachments. Those files can also be obtained by contacting apply@redhousingfund.org.
- b) Application: If you intend to apply, please email application documents to apply@redhousingfund.org. Hard copies will not be accepted.
- c) Due Date: The Housing Loan Application and all required information/attachments must be uploaded no later than Wednesday April 1, 2026 at 6:00 pm.
- d) Selection: Applications will be reviewed for completeness and evaluated for competitiveness by the RHF and its agents. Interviews may be scheduled at the request of the RHF. RHF intends to issue recommendations for funding no later than Monday, May 18, 2026. Applicants who are recommended for funding should expect to and will be required to provide additional due diligence materials as part of the underwriting and approval process.
- e) For additional information: Please submit questions to apply@redhousingfund.org by Friday, March 13, 2026.

Attachment 1

Renewal Enterprise District (RED) Project Criteria

As articulated in the joint powers agreement creating the Renewal Enterprise District, the goals and purpose of the RED include the following:

- *Achieving the Founding Members' fire recovery rebuild goals and meeting current and previously unmet regional housing needs, within five years;*
- *Honoring community separators and urban growth boundaries, and implementing existing and future general plans and specific plans;*
- *Incentivizing higher density, infill, and transit-oriented housing in Priority Development Areas, Transit Priority Areas, Designated Opportunity Zones, Rural Investment Areas, and Employment Investment Areas;*
- *Promoting zero net energy development and advancing climate resiliency at the regional, neighborhood, and homeowner scale;*
- *Ensuring affordability and equity in housing development;*
- *Improving opportunities for local employers to recruit and retain a skilled workforce; and*
- *Ensuring transparency and accountability regarding achievement of housing goals.*

RED Project Criteria

<p><u>STEP ONE: MEET THRESHOLD CRITERIA</u></p> <p>A project must meet <i>all four</i> threshold criteria to be considered as a RED Project.</p> <p>A project that meets all four threshold criteria may proceed to Step Two. If a project does not meet all threshold criteria, it cannot qualify as a RED Project.</p>	
1	<p><u>The project must be located on an infill site.</u> “Infill site” is defined as a lot located within the incorporated City of Santa Rosa, or within an urban service area in the unincorporated County of Sonoma, that:</p> <ol style="list-style-type: none"> a. Has been previously developed, or b. Is a vacant site where at least 75 percent of the perimeter of the site adjoins, or is separated only by an improved public right-of-way from, parcels that are developed with qualified urban uses. <p>“Urban service areas” are defined in the Sonoma County General Plan. (Adapted from Pub. Resources Code § 21099(a)(4).)</p>
2	<p><u>The project must provide mid- to high-density development.</u> The project must achieve a density that is above the mid-point of the density range allowed in the local jurisdiction’s base zoning for the project site, without applying density bonus. For example, if a local zoning code allows density between 10-20 dwelling units per acre, the project must deliver over 15 dwelling units per acre.</p>
3	<p><u>The project must be located entirely within a Transit Priority Area, Priority Development Area, Rural Community Investment Area, Specific Plan Area, High-Quality Transit Corridor or Qualified Opportunity Zone.</u></p> <ul style="list-style-type: none"> • “Transit Priority Area” (TPA) is defined as an area within one-half mile of a major transit stop that is existing or planned, if the planned stop is scheduled to be completed within the planning horizon included in a Transportation Improvement Program or applicable regional transportation plan. (Reference: Pub. Resources Code, § 21099(a)(7).) • “Priority Development Area” (PDA) means a specifically defined geographic area, identified by a local jurisdiction to be appropriate for residential and commercial development, that is incorporated into Plan Bay Area or its successor plan(s). PDAs are incorporated into Plan Bay Area, which is the Bay Area region’s state-mandated Sustainable Communities Strategy (SCS) that integrates transportation, land use and housing to meet greenhouse gas (GHG) reduction targets set by the California Air Resources Board. PDAs are typically accessible to transit, jobs, shopping, and other services. PDAs incorporated in Plan Bay Area may be viewed HERE. • “Rural Community Investment Area” (RCIA) means one of six designated rural planning areas that arose during the SCS process for developing Plan Bay Area. RCIA’s are centers and corridors of economic and community activity surrounded by agricultural, resource or protected conservation lands in unincorporated Sonoma County. As of February 2020, RCIA’s are located in Forestville, Graton, Guerneville, Larkfield, Pennngrove, and The Springs. (See SCTA Priority Development Area Investment & Growth Strategy, June 12, 2017.) • “Specific Plan Area” means a geographic area for which a specific plan, as defined by Gov. Code § 65451, has been adopted. • “High-Quality Transit Corridor” is defined as a corridor with fixed route bus service with service intervals no longer than 15 minutes during peak commute hours. (Reference: Pub. Resources Code, § 21155(b)(3).) • “Qualified Opportunity Zones” means those areas designated by the Governor as opportunity zones and identified on the State of California Department of Finance website. As of February 2020, Opportunity Zones designated in the City of Santa Rosa include the Downtown Opportunity Zone and Roseland Opportunity Zone. A portion of the Springs area of

STEP ONE: MEET THRESHOLD CRITERIA

A project must meet *all four* threshold criteria to be considered as a RED Project.

A project that meets all four threshold criteria may proceed to Step Two. If a project does not meet all threshold criteria, it cannot qualify as a RED Project.

	unincorporated Sonoma County (identified as Census Tract 1503.05) is also a designated Opportunity Zone. https://maps.gis.ca.gov/hsr/map.html
4	The project must be residential or mixed use residential. “Residential or mixed use residential” means a project where at least 75% of the total building square footage of the project consists of residential use. (Reference: Pub. Resources Code § 21159.28(d).)

STEP TWO: EVALUATION CRITERIA

Projects that meet all Threshold Criteria (Step One) will be evaluated based on the project’s incorporation of *one or more* of the Evaluation Criteria below.

A	On-site affordable units. The project includes physical construction on-site of units deed restricted to be available at an affordable housing cost ² to extremely low-income, very low-income, and/or low-income ³ persons or households, based on the current income limits for Sonoma County published by the state Department of Housing and Community Development (“HCD”) for each income level and adjusted for household size. Qualifying on-site affordable units may include, but are not limited to, any affordable units required for density bonus and compliance with local ordinances. Projects providing on-site affordable units that vary from this standard may be considered under this category if the level of affordability is equivalent and the variation is necessary for compliance with a specific state or federal housing or financing program.
B	On-site workforce housing. The project includes physical construction of restricted on-site workforce housing. “Workforce housing” means housing units that are (1) available at an affordable cost to persons and households earning between 80% and 120% of area median income, and (2) located proximate to jobs-rich areas. For purposes of this criterion, “affordable cost” for a rental unit is defined as in Criterion A, adjusted for income and household size; for an owner-occupied unit, “affordable cost” is defined as the maximum purchase price that will be affordable to the specified household size, calculated in accordance with Health & Safety Code § 50052.5 for a moderate-income household.
C	On-site “Affordable by Design” units. The project includes unrestricted “affordable by design” housing. In general, housing units that are affordable by design are smaller than typical market-rate units, more efficient, or have fewer amenities. <i>Affordability by design may generally be achieved by: developing smaller units; using stick-built lower-rise construction; and providing reduced or unbundled parking in areas that are within walking distance to transit or an employment center.</i>
D	Proximity to Transit. The project is located within ½ mile of a Major Transit Stop, Transit Station or High-Quality Transit Corridor.

² “Affordable housing cost” is defined consistent with state law as not more than 30 percent of gross household income, with variations, and “housing cost” commonly includes rents or mortgage payments, utilities, and property taxes and insurance for owner-occupied housing.

³ HCD defines these income levels as a percentage of area median income (“AMI”) consistent with state law, as follows: extremely low-income (0-30% of AMI), very low-income (30%-50% of AMI), and low-income (50%-80% of AMI).

STEP TWO: EVALUATION CRITERIA

Projects that meet all Threshold Criteria (Step One) will be evaluated based on the project's incorporation of one or more of the Evaluation Criteria below.

	<ul style="list-style-type: none"> • “Major Transit Stop” is defined as a site containing an existing rail or bus rapid transit station, or the intersection of two or more major bus routes with a frequency of service interval of 15 minutes or less during the morning and afternoon peak commute periods, or a major transit stop included in the applicable regional transportation plan. (<i>Reference: Pub. Resources Code, §§ 21155(b)(3); 21060.2; 21064.3.</i>) • “Transit Station” is a rail station or bus transfer station. • “High-Quality Transit Corridor” is a corridor with fixed route bus service with service intervals no longer than 15 minutes during peak commute hours. (<i>Reference: Pub. Resources Code, § 21155(b)(3).</i>) • “Within ½ mile” means that all parcels within the project have no more than 25 percent of their area farther than ½ mile from the stop or corridor. (<i>Reference: Pub. Resources Code, §21155(b)(3).</i>)
E	Energy Efficiency. Project energy efficiency features exceed local and state requirements applicable to the project.
F	Water Efficiency. Project water efficiency features exceed local and state requirements applicable to the project.
G	Excellent and innovative design. The project reflects excellent or innovative design. <i>Examples include, but are not limited to, innovative incorporation of private open spaces such as rooftop patios or gardens; “living” roofs; “living” walls; activated retail or neighborhood serving uses at street level; street level residential uses with street orientation; on-site or off-site installation of public art demonstrating excellence in aesthetic quality, workmanship, innovation and creativity; fitness areas/facilities; restaurants; grocery stores or neighborhood markets; gathering spaces; outdoor amenities such as benches and tables; community gardens; common kitchen facilities; use of universal design).</i>
H	On-site child care. Project includes construction of a child care facility/after school care facility or programming located on the premises of, as a part of, or adjacent to, the project. “Child care facility” means a facility installed, operated and maintained for the nonresidential care of children.
I	Prevailing wage. Project provides prevailing wage, labor certification and/or apprenticeship programs with local labor unions.
J	Public outdoor spaces. The project provides public outdoor spaces or communal living spaces. <i>Examples include, but are not limited to: parklets, micro-parks, public squares or gardens, climbing walls, community gardens, urban parks and similar outdoor features that are usable and enhance quality of life.</i>
K	Bicycle or pedestrian connectivity and/or pedestrian access. The project incorporates bike or pedestrian connectivity or pedestrian access. <i>Examples include: Class 2 bike access and connectivity, bike parking, pedestrian safety features at or near crosswalks, and/or access to nearby transit stops.</i>
L	Located within a disadvantaged community. “Disadvantaged community” is defined as an area identified by the California Environmental Protection Agency pursuant to California Health and Safety Code § 39711, or an area that is a low-income area that is disproportionately affected by environmental pollution and other hazards that can lead to negative health effects, exposure, or environmental degradation. (<i>Reference: Cal. Government Code, § 65302(h)(4)((A), (C).</i>)
M	Off-site construction of affordable housing, workforce housing or units that are “affordable by design”. The project includes physical construction of off-site affordable housing, workforce

STEP TWO: EVALUATION CRITERIA

Projects that meet all Threshold Criteria (Step One) will be evaluated based on the project's incorporation of *one or more* of the Evaluation Criteria below.

	housing, or housing that is “affordable by design,” or rehabilitates existing structures in disrepair pursuant to applicable state and local laws.
N	Mixed door housing. Project integrates affordable and/or workforce units, as applicable, side by side with market-rate units.

IMPLEMENTATION

- At the discretion of the Board, RED Project funding commitments may be contingent on project readiness, which may be demonstrated by showing that any predicate legislative actions (e.g., rezoning) have been approved, that CEQA review is completed, and/or that major entitlements have been granted.
- RED Project funding commitments shall expire 18 months after the date of approval. The Board may, in its sole discretion, consider a one-time extension of an additional 18 months for good cause, upon written request by the applicant setting forth the basis for good cause.