



SUMMARY REPORT

Agenda Date: 7/8/2025

To: Board of Supervisors and Board of Commissioners
Department or Agency Name(s): Community Development Commission
Staff Name and Phone Number: Michelle Whitman 707-565-7504
Vote Requirement: Majority
Supervisory District(s): Countywide

Title:

2025-2029 Consolidated Plan, Fiscal Year (FY) 2025-26 Annual Action Plan, Substantial Amendments to Prior Year Action Plans, and Funding Recommendations for FY 2025-26 County Fund for Housing, Permanent Local Housing Allocation and Low- and Moderate-Income Housing Asset Fund Programs

Recommended Action:

- A) Approve the Five-year Sonoma County 2025-29 Consolidated Plan (ConPlan) as required by the U.S Department of Housing and Urban Development (HUD) to receive Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), and Emergency Solutions Grant (ESG) funding (Attachment 5);
- B) Approve FY 2025-26 Annual Action Plan for funding allocations of CDBG, HOME, ESG, and Community Development Block Grant Cares Act to affordable housing, non-housing capital projects, microenterprise assistance, homelessness prevention programs, homeless services, emergency shelter, housing rehabilitation, rental assistance, and rapid rehousing programs (Attachment 8);
- C) Approve Substantial Amendments to FY 2020-21, 2022-23, 2023-24, 2024-25 Action Plans to reprogram CDBG and CDBG Cares Act funds (Attachment 7);
- D) Adopt the required HUD certifications (Attachment 9) and authorize the Executive Director of the Community Development Commission (CDC), or designee, to execute the required forms and certifications to submit the Con Plan, FY 2025-26 Annual Action Plan, and Substantial Amendments to FY 2020-21, 2022-23, 2023-24, 2024-25 Action Plans to HUD;
- E) Approve funding allocations of County Fund for Housing (CFH) in the aggregate amount of \$1.5 million (Attachment 2);
- F) Approve funding allocations of Permanent Local Housing Allocation (PLHA) in the aggregate amount of \$979,795 (Attachment 2);
- G) Approve funding allocations of Low- and Moderate-Income Housing Asset Fund (LMIHAF) in the aggregate amount of \$250,000 (Attachment 2); and
- H) Authorize the Executive Director of the CDC, or designee, to execute the Grant Agreements provided by HUD for program year 2025-2026, and execute agreements, subordinations, loans, grant documents amendments and modifications with subrecipients and developers in accordance with the Action Plans referenced herein and the CFH, PLHA, and LMIHAF funding recommendations as well as the Funding Policies, Loan Policies, and or other Board-adopted policies; and execute construction contracts and related agreements on behalf of beneficiaries in accordance with the Board-approved Housing Rehabilitation Loan Program and Earthquake Resistant Bracing System program designs.

Executive Summary:

Approval of this agenda item will adopt the Sonoma County 2025-2029 Consolidated Plan (ConPlan), guiding the use of federal funds for affordable housing, community development, and public services in the Urban County (all Sonoma County except Santa Rosa and Petaluma). It also approves the FY 2025-26 Annual Action Plan, allocating CDBG, HOME, and ESG funds to support activities including affordable housing development, microenterprise assistance, non-housing capital improvements, homeless services, homelessness prevention and housing rehabilitation.

This item includes substantial amendments to previous Action Plans, reallocating CDBG and CDBG Cares Act funds to support COVID-19 outreach and prevention, and the CDC's Housing Rehabilitation Loan Program, providing low-interest loans to lower-income homeowners. These amendments cover funding from FY 2020-21 through FY 2024-25.

Additionally, this item requests approval of funding recommendations totaling over \$2.4 million from CFH and PLHA funding programs to support the development of affordable housing projects and \$250,000 from LMIHAF to support homeless prevention and rapid rehousing services administered by several community organizations, as detailed in the attachments.

Discussion:

2025-2029 Consolidated Plan

The CDC administers federal funding programs, specifically CDBG, HOME, and ESG, which are regulated by HUD. These financial resources support affordable housing, community development, and public services needs of the Urban County, which includes all cities in the County of Sonoma except for Santa Rosa and Petaluma. The cities of Santa Rosa and Petaluma each receive their own grants directly from HUD and administer them separately and independently of the County's grants.

As a grantee of federal funds, the County of Sonoma is required to prepare a five-year ConPlan to guide the use of funds to address the highest needs of the Urban County. The ConPlan outlines goals and objectives to direct investments that will have the greatest impact on the community for low- and moderate-income households. The ConPlan is carried out through Annual Action Plans, which include planned allocations of federal funds to projects and services to achieve the goals contained in the plan. Accomplishments of each Action Plan are reported to HUD in the Consolidated Annual Performance and Evaluation Report that is submitted at the end of each program year. The current 2020-2025 ConPlan expires in August 2025.

Preparation of the ConPlan is a prescriptive process and format determined by HUD. Community engagement is a critical component of the ConPlan and HUD requirement. In accordance with the Community Participation Plan, extensive consultations and public outreach were conducted by the CDC in preparation of the new ConPlan. Consultations with multiple local agencies, organizations and stakeholders were held and input provided by these groups is included in Attachment 3.

Additionally, in-person public meetings were held on April 2 and April 8, 2025, with Spanish translation provided at both sessions. Two remote meetings followed on April 10 (English) and April 15 (Spanish). Notices

for all meetings were widely distributed throughout the County via multiple online platforms, including the County website, Facebook, and Nextdoor, as well as through two newspapers-La Voz and the Press Democrat. Hardcopy posters and flyers were posted in local libraries and community centers across the Urban County. Flyers were also sent to numerous service providers, requesting them to display the information prominently in their offices. A summary of the public input is provided in Attachment 4.

A public survey was also made available in both English and Spanish. It was published on the CDC's website and shared with all CDC subscribers, as well as with the cities composing the Urban County. The survey asked respondents to rank community needs within the categories of housing, community development, and public services, and to prioritize desired outcomes within each category. A total of 419 responses were received.

In addition to public outreach efforts, a comprehensive needs assessment was conducted to evaluate housing and community development needs for homeless individuals, non-homeless populations with special needs, and the broader community. This assessment examined housing challenges such as overcrowding and cost burden across all income levels for both renters and homeowners. A market analysis was also completed using HUD data to evaluate the cost and availability of various housing types. The analysis considered housing condition, vacancy rates, accessibility, and tenure in both market-rate and affordable housing developments.

Based on the findings from the community engagement process, needs assessment, and market analysis, a Strategic Plan was developed to identify and prioritize the most critical needs. These priorities will guide the investment of federal funds over the next five years. The highest priority needs identified in this Consolidated Plan (ConPlan) are:

- Affordable Housing: Development of new rental units, rental assistance, and housing rehabilitation.
- Homelessness: Services including outreach, emergency shelter, homelessness prevention, and rapid rehousing.
- Non-Homeless Special Needs: Support for lower-income and special needs households to retain stable housing.
- Non-Housing Community Development: Public improvements benefiting low-income residents and individuals with disabilities in the Urban County, including public facility upgrades, removal of architectural barriers, and microenterprise assistance.

The draft 2025-2029 ConPlan, which is Attachment 5 of this report, was presented to the Community Development Committee and the Cities and Towns Advisory Committee at concurrent public meetings on May 21 and June 25, 2025. The Committees expressed their support for the ConPlan and asked that CDC staff reach out to Hispanic organizations to include participation from the Hispanic community. Public comments were made at the meetings and are included in Attachment 6.

Substantial Amendments to FY 2020-21, 2022-23, 2023-24, and 2024-25 Action Plans

HUD requires a Substantial Amendment to the applicable Action Plan whenever funds must be reprogrammed from one activity to another due to non-use by the originally awarded entity. The following Substantial Amendments (Attachment 7) are being proposed to ensure the timely expenditure of funds on high-priority programs that serve lower-income populations within the Urban County:

- FY 2020-21 Action Plan: \$30,000 in CDBG Cares Act funds will be reprogrammed to support Fair

Housing Advocates of Northern California's Coronavirus Education and Outreach Program. These funds will be used to inform vulnerable, lower-income populations about available community resources-including fair housing services-with the goal of preventing homelessness and helping to reduce the spread of the virus. The funds were originally allocated to Homeless Action Sonoma (HAS) for the Home & Safe Center project but were subsequently returned to the CDC by HAS as they did not have the capacity to comply with the federal grant requirements.

- **FY 2022-23 Action Plan:** \$200,000 in CDBG funds will be reprogrammed to the CDC's Housing Rehabilitation Loan Program (HRLP). These funds will be used to provide low-interest loans to lower-income homeowners in the Urban County to support essential repairs that help preserve existing affordable housing. The funds were allocated as a loan to the L&M Village Property Rehabilitation project in Healdsburg but were not utilized by the project due to being a loan and not a grant.
- **FY 2023-24 Action Plan:** \$259,144 in CDBG funds will be reprogrammed to the CDC's HRLP. These funds were previously allocated to Burbank Housing Development Corporation for the Dry Creek Commons Affordable Housing Project in Healdsburg; however, the award was declined by the developer due to specific HUD requirements.
- **FY 2024-25 Action Plan:** \$343,702 in CDBG funds will be reprogrammed to the CDC's HRLP. These funds were originally allocated to Mid-Peninsula for The Farm at Summer Oaks Affordable Housing project in the unincorporated area outside the City of Sonoma. The developer declined the award after securing alternative funding.

FY 2025-26 Annual Action Plan

On February 21, 2025, the CDC issued a Notice of Funding Availability (NOFA) for CDBG, HOME, ESG, and CDBG Cares Act programs, with funding proposals due by April 17, 2025. The CDC FY 2025-26 Federal Funding Policies (available "on file" with the Clerk of the Board) outline the proposal selection process, including the specific objectives, evaluation criteria, application deadlines, and the roles of the various review bodies. On May 21, 2025, the Community Development and Cities and Towns Advisory Committee Committees held a joint public meeting to review the funding recommendations. At that meeting, both committees voted to recommend funding for the activities proposed in the FY 2025-26 Annual Action Plan (Attachment 8), as well as the Substantial Amendments described above. The recommendations were then published for a 30-day public comment period, and a concurrent public hearing was held by the committees on June 25, 2025. All committee and public comments were reviewed and will be included in the Action Plan submission to HUD. Following the hearing, the committees reaffirmed their May 21, 2025 funding recommendations and voted unanimously to forward them to the Board for approval.

Each year, the Annual Action Plan must be approved by the Board and submitted to HUD by the federal statutory deadline-45 days before the start of the program year. To better align local funding allocations with HUD's annual release of federal grant awards, the CDC collaborated with HUD to shift the annual CDBG, HOME and ESG program fiscal year from July 1-June 30 to September 1-August 31. This change takes effect in Program Year 2025 and will temporarily extend that year's cycle to 14 months. The extended period will allow additional time to spend grant funds and enable the use of actual, rather than estimated, grant amounts in preparing the FY 2025-26 Annual Action Plan.

Initial funding recommendations made by the Community Development Committee and Cities and Towns Advisory Committee on May 21, 2025 were based on estimated CDBG, HOME and ESG allocations. HUD published FY 2025 entitlement allocations on May 14, 2025 and the FY 2025-26 Annual Action Plan funding awards published and reviewed by the committees on June 25, 2025 were amended based on final grant allocations.

HUD requires the Annual Action Plan submission to include SF424 application forms and signed certifications, which are Attachment 9 of this report. These forms affirm to HUD that the Urban County entitlement will comply with all currently applicable federal regulations pertaining to the CDBG, HOME, and ESG funds. Approval of this agenda item will authorize the CDC Executive Director or designee to sign and submit the forms on behalf of the County.

CFH, PLHA, and LMIHAF Funding Recommendations

The CDC administers local and state funding programs on behalf of the County of Sonoma. These include the following:

CFH: A local county funding program to support the development and preservation of affordable housing countywide. CFH fund sources include general funds, developer-in-lieu fees, transient occupancy tax, CFH loan interest, and loan repayments.

PLHA: A state funding program created through the CA Health and Safety Code 50470 used to support rental and ownership affordable housing projects in local jurisdictions statewide. The Sonoma County PLHA Plan guides the use of funds. The plan calls for 75% of funds to be used to support multi-family rental housing for households at or below 50% of the Area Median Income (AMI); 20% of funds to support workforce ownership projects for households at or below 120% of AMI, and the remaining 5% of funds can be used to administer the PLHA program.

LMIHAF: As the designated housing successor, the CDC administers all funds generated from the County's former Redevelopment Agency projects. LMIHAF funds are derived from various sources, including real property and other physical assets, rents, loan interest payments, and repayment of loans. Up to \$250,000 of LMIHAF funds can be used for public services addressing homelessness such as homeless prevention and rapid rehousing.

The NOFA published on February 21, 2025 included \$1.5 million from CFH, \$979,795 from PLHA, and \$250,000 from LMIHAF. All funding proposals were reviewed for eligibility according to their respective program criteria, project readiness, and applicant experience and capacity. The full amounts available are being recommended for funding, as detailed in the tables in Attachment 2.

The Community Development Committee reviewed the proposals and funding recommendations on May 21 and June 25, 2025, and voted to support all funding allocations as presented by staff. Public comment was made by the applicants present, who expressed their gratitude to the Committee for their support.

Strategic Plan:

This item directly supports the County's Five-year Strategic Plan and is aligned with the following pillar, goal,

and objective.

Pillar: Healthy and Safe Communities

Goal: Goal 3: In collaboration with cities, increase affordable housing development near public transportation and easy access to services.

Objective: Objective 2: Identify and leverage grant funding sources for permanent supportive and affordable housing development.

Racial Equity:

Was this item identified as an opportunity to apply the Racial Equity Toolkit?

No

Prior Board Actions:

01/28/2025 Approval of the 2025-2026 Federal Funding Policies and LMIHAF Policies

01/28/2025 Approval of 2025 Community Participation Plan

10/08/2024 Approved Update to CDC's Loan Policies

11/07/2023 Approval of County Fund for Housing Policies

06/02/2020 Approval of the 2020-2025 Consolidated Plan

FISCAL SUMMARY

Expenditures	FY25-26 Adopted	FY26-27 Projected	FY27-28 Projected
Budgeted Expenses	\$5,856,283	\$5,856,283	
Additional Appropriation Requested			
Total Expenditures	\$5,856,283	\$5,856,283	
Funding Sources			
General Fund/WA GF			
State/Federal	\$4,106,283	\$4,106,283	
Fees/Other	\$1,750,000	\$1,750,000	
Use of Fund Balance			
General Fund Contingencies			
Total Sources	\$5,856,283	\$5,856,283	

Narrative Explanation of Fiscal Impacts:

FY 2025-26 includes State PLHA funding of \$979,795 and \$3,126,488 of federal funding from CDBG, HOME, ESG, and CDBG Cares Act. The "other" fund sources include local CFH of \$1,500,000 and \$250,000 of LMIHAF.

Narrative Explanation of Staffing Impacts (If Required):

None

Agenda Date: 7/8/2025

Attachments:

Attachment 1: Federal Funding Allocations of CDBG, HOME, ESG, and CDBG Cares Act programs

Attachment 2: County Funding for Housing, Permanent Local Housing Allocation, and Low-and Moderate-Income Housing Asset Fund Allocations

Attachment 3: Consolidated Plan - Input provided by Agencies and Stakeholder Groups

Attachment 4: Consolidated Plan - Input provided at Public Meetings

Attachment 5: Draft 2025-2029 Consolidated Plan

Attachment 6: Public Comments at Community Development and Cities and Towns Advisory Committee Meetings held on May 21 and June 25, 2025

Attachment 7: Action Plan Substantial Amendments

Attachment 8: FY 2025-2026 Annual Action Plan

Attachment 9: HUD Certification Forms

Related Items “On File” with the Clerk of the Board:

01/28/2025 Federal Funding Policies and LMIHAF Policies

11/07/2023 County Fund for Housing Policies