



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 5/10/2022

To: Sonoma County Board of Supervisors and Board of Commissioners of the Sonoma County Community Development Commission

Department or Agency Name(s): Sonoma County Community Development Commission

Staff Name and Phone Number: Dave Kiff, (707) 565-7504

Vote Requirement: Majority

Supervisorial District(s): Countywide

Title:

Community Development Block Grant, HOME Investment Partnerships, Emergency Solutions Grants, and Community Development Block Grant-CARES Act Funding Awards for FY 2021-22 and FY 2022-23

Recommended Action:

- A) Approve the Sonoma County 2020 Consolidated Plan Action Plan: One-Year Use of Funds for FY 2022-23 for the proposed use of \$1,856,842 of Community Development Block Grant (CDBG) funds, \$450,355 of HOME Investment Partnerships Program (HOME) funds, and \$160,798 of Emergency Solutions Grants (ESG) funds.
- B) Approve the second Substantial Amendment to the Sonoma County 2020 Consolidated Plan Action Plan: One-Year Use of Funds for FY 2021-22 for the proposed use of \$520,000 of Community Development Block Grant (CDBG) funds, \$536,885 of CDBG-CARES Act (CDBG-CV) funds, and \$536,605 of HOME Investment Partnerships (HOME) funds.
- C) Authorize and direct the Executive Director of the Sonoma County Community Development Commission, or designee, to revise the FY 2022-23 Action Plan to adjust funding award amounts as described in this agenda item in the event that the annual allocations of CDBG, HOME, and ESG funding differ from the amounts estimated as of April 20, 2022.
- D) Adopt the required Certifications for submission to the U.S. Department of Housing and Urban Development (HUD) with the Consolidated Plan.
- E) Authorize and direct the Executive Director of the Sonoma County Community Development Commission (CDC), or designee, to execute the Standard Form 424 (Application for Federal Assistance) and the required Certifications, and to submit the Sonoma County 2020 Consolidated Plan Action Plan: One Year Use of Funds FY 2022-23, and the Substantial Amendment to the Action Plan: One-Year Use of Funds for FY 2021-22, with the required Certifications and said forms to HUD.
- F) Authorize and direct the Executive Director of the CDC, or designee, to respond to requests for additional information from HUD and to modify the 2020 Consolidated Plan and Action Plans as may be required by future regulations or guidelines issued by HUD.
- G) Authorize and direct the Executive Director of the CDC, or designee, to execute the Funding Approval Grant Agreements, as required by HUD, on behalf of the County.
- H) Authorize and direct the Executive Director of the CDC, or designee, to execute Agreements with FY

2022-23 and FY 2021-22 subrecipients and developers on behalf of the County in accordance with the Action Plans, to execute amendments and modifications to said Agreements, to execute loan and grant documents with subrecipients and developers consistent with the terms set forth in CDC Funding Policies, Loan Policies, and/or other Board-adopted Policies, and to execute construction contracts, and related agreements on behalf of program beneficiaries, in accordance with the Board-approved Housing Rehabilitation Loan and Earthquake Resistant Bracing System Grant program designs.

Executive Summary:

This agenda item seeks approval of the Sonoma County 2020 Consolidated Plan Action Plan: One-Year Use of Funds for FY 2022-23 describing the use of \$2,467,995 of Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), and Emergency Solutions Grants (ESG) funds that are estimated to be received in that fiscal year, and a second Substantial Amendment to the Action Plan: One-Year Use of Funds for FY 2021-22 to include the use of an additional \$1,593,490 of CDBG, HOME, and CDBG-CARES Act (CDBG-CV) funds that were received in prior fiscal years. The U.S. Department of Housing and Urban Development (HUD) requires submission of these Action Plans to enable the “Urban County” entitlement jurisdiction to receive CDBG, HOME, ESG, and CDBG-CV funding. The Action Plans list the specific projects that are being approved to use the combined total of \$4,061,485 from these funding sources for affordable housing development and preservation, public facilities and improvements, rental assistance, emergency shelter operations, and services related to fair housing, homelessness prevention, case management, and financial stability, all to benefit lower-income residents, as well as administrative costs for CDC staff to operate these HUD-funded programs. Included in the recommendations are investments that assist the production of 57 new affordable housing units for households with incomes between 30-60% of area median income.

Discussion:

Consolidated Plan and Urban County Entitlement

The Board of Supervisors approved the Sonoma County 2020 Consolidated Plan on June 2, 2020. The Consolidated Plan is a document required by HUD for jurisdictions that receive annual allocations of CDBG, HOME, and ESG funding, as well as supplemental CDBG-CV and ESG-CV funds provided under the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act), and supplemental HOME-ARPA funds provided under the *American Rescue Plan Act*. The Consolidated Plan spans a five-year planning period and lays out local rationales and priorities for the use of the subject federal grant funds to benefit lower-income residents.

For Sonoma County, the entitlement entity that is eligible to receive both the annual and supplemental CDBG, HOME, and ESG allocations is the “Urban County”, which is established through a Joint Powers Agreement (JPA) between the County of Sonoma and the cities/town of Cloverdale, Cotati, Healdsburg, Rohnert Park, Sebastopol, Sonoma, and Windsor. The CDC is the designated fiscal agent under the JPA and administers all aspects of the Urban County program using these funds from HUD.

Funds Available for FY 2021-22 Action Plan Amendment

Your Board approved the FY 2021-22 Action Plan: One-Year Use of Funds on July 27, 2021, and a first Substantial Amendment to that Action Plan on March 15, 2022, allocating a combined total of \$2,623,327 of CDBG, HOME, and ESG funds to specific projects and administrative tasks.

The FY 2021-22 Action Plan did not include an allocation for \$660,416 of HOME funds because there were more funds available than eligible applications received. These funds are now available for allocation this year.

On March 22, 2021, HUD notified the CDC that the Urban County entitlement would receive \$1,854,341 in FY 2021-22 CDBG-CV Round 3 funds, which have not yet been allocated to any projects and are available for

allocation this year. An additional \$53,399 of CDBG-CV Round 1 funds, as well as \$520,000 in FY 2018-19 CDBG funds, have been reprogrammed from two previously approved projects that cannot use the money, so these funds are also available for allocation this year.

Funds Available for FY 2022-23 Action Plan

As of April 20, 2022, HUD had not yet published the allocations for FY 2022-23 CDBG, HOME, and ESG funds. Because the Action Plan must be approved by your Board and submitted to HUD by May 15, 2022, this agenda item uses an estimated amount of funding for next fiscal year, which is based on recent annual awards and is as follows:

- CDBG \$1,856,842
- HOME \$ 869,602
- ESG \$ 160,798
- Total \$2,887,242

As noted below, funding awards that are approved based on these estimates will need to be adjusted after HUD finalizes allocation amounts.

The applicable federal regulations dedicate the ESG funds for homeless shelter and services purposes, the HOME funds for affordable housing development and preservation, and the CDBG funds for a wide variety of purposes to benefit low-income communities, households, and individuals. HUD requires that 15% of the HOME program funding is set aside for affordable housing activities undertaken by Community Housing Development Organizations (CHDOs).

CDBG funds are generally limited by a regulation allowing a maximum of 15% for grants to assist projects that provide public services to lower-income households, with the balance, after an allowance for general administrative costs, to be spent for eligible capital projects or economic development purposes. The CARES Act further limits the use of CDBG-CV funds for use only on projects that will prevent, prepare for, or respond to the coronavirus, such as projects that pay for non-congregate shelter for people who are homeless and at-risk of or ill with COVID-19, or programs that provide rental assistance or services to households whose incomes were reduced or eliminated as a result of the virus.

Total Funds Available for Allocation

The following chart displays the combined totals of funds available for allocation in this and next fiscal year.

Funding Source	FY 2022-23 Action Plan	FY 2021-22 Action Plan Amendment	Totals by Funding Source
CDBG Housing/Capital Projects	\$1,206,948	\$520,000	\$1,726,948
CDBG - Public Services	\$278,526	\$0	\$278,526
HOME	\$652,201	\$536,605	\$1,188,806
HOME - CHDO	\$130,441	\$123,811	\$254,252
ESG	\$148,739	\$0	\$148,739
CDBG - CV	\$0	\$1,536,872	\$1,536,872
CDBG, HOME, CDBG-CV, and ESG - Program Admin Costs	<u>\$470,387</u>	<u>\$370,868</u>	<u>\$841,255</u>
Totals by Action Plan Year	\$2,887,242	\$3,088,156	\$5,975,398

Funding Recommendations

The CDC FY 2022-23 CDBG and HOME Funding Policies define the proposal selection process, the specific objectives and criteria used to review proposals, the deadline dates, and the roles of the various review bodies. The CDC issued a Notice of Funding Availability (NOFA) for CDBG, HOME, and CDBG-CV funds on December 8, 2021, with funding proposals due for submission to the CDC by January 21, 2022.

The Community Development (CD) Committee (comprised of one representative of each supervisorial district and two tenant representatives of the Sonoma County Housing Authority, who are all appointed by your Board, plus one appointee by the Human Services Department Director), and the Cities and Town Advisory Committee (CTAC) (comprised of one representative from each of the seven incorporated jurisdictions that participate in the Urban County JPA), held public workshops on March 16, 2022, and public hearings on April 20, 2022, to review and discuss all eligible proposals submitted for funding.

The Committees' consideration of all funding requests was guided by the criteria established in the CDC's FY 2022-23 CDBG and HOME Funding Policies, which are as follows:

- 1. The following criteria will be used to determine project eligibility:**
 - Projects requesting CDBG or HOME funds must be located in the Urban County;
 - Projects must demonstrate need with evidence.
- 2. Once determined to be eligible, the following will be used as a baseline to rank projects:**
 - Preference for projects that create or preserve affordable housing;
 - Preference for infrastructure or public facilities that support creation or preservation of affordable housing;
 - Preference for infrastructure or public facilities that support low- or moderate-income populations;
 - Preference for projects that demonstrate that they can spend grant funding within the applicable timeliness provisions;
 - For Non-Housing Projects: preference for projects that leverage public funds or in-kind contributions to the greatest extent possible, or projects that meet a particular community need that cannot be met by other public funding sources.
- 3. The following Selection Criteria will be given additional consideration in the event of deciding between more than one eligible project(s) that meet the criteria above:**
 - Preference for projects that prevent displacement in high opportunity areas;
 - Preference for housing projects that create units for very low, extremely low, and special needs populations;
 - Preference for projects which demonstrate they will alleviate the impact of climate change on low-income populations;
 - For Housing Projects: preference for:
 - Projects that demonstrate funds will be leveraged against total development costs at least 7:1;
 - Projects demonstrating advanced readiness via (a) entitlements; (b) financing commitments; (c) building permits (d) environmental review;
 - Project developers who can demonstrate consistent success obtaining federal tax credits and/or state funding to develop housing within the last seven years;

- Projects that can demonstrate existing support from other jurisdictions via letters of support, funding commitments, etc.

4. The policies reflect the committees' direction that awards be made with general attention to the following distribution of investments:

- Balance projects that provide fast results with funding predevelopment for projects that need early money to be successful;
- Balance creation of new housing stock with maintaining existing housing stock and keeping people in their homes; and
- Make investments in low- and moderate-income areas that have not had investments historically and in high opportunity areas that increase access for low- and-moderate income people.

At the conclusion of the committees' March 16 meetings, which included public comments and clarifications from applicant organizations, the committees voted to make funding recommendations for \$4,061,485 to assist the activities listed in the draft FY 2022-23 Action Plan and the FY 2021-22 Amended Action Plan, as summarized below.

Project Sponsor	Project Name	Funding Source	Recommended Award
City of Sebastopol	Luther Burbank Farm ADA Restrooms	CDBG	\$146,000
Sweetwater Springs Water District	Wright Drive Water Main, Natoma Tank & Edgehill Booster Replacement	CDBG	\$169,472
Burbank Housing	Dry Creek Commons - 57 units for households at 30-60% AMI	CDBG	\$866,476
Disability Services & Legal Center	Housing Accessibility Modifications	CDBG	\$45,000
Sonoma County CDC	Housing Rehabilitation & Earthquake Resistant Bracing System Programs	CDBG	\$500,000
Legal Aid of Sonoma Co.	HOME - Housing Justice Program	CDBG - Public Services	\$194,000
Fair Housing Advocates of Northern CA	Fair Housing Education & Enforcement	CDBG - Public Services	\$84,526
Fair Housing Advocates of Northern CA	Fair Housing Education & Enforcement	CDBG - CV	\$25,000
Housing & Economic Rights Advocates	Financial Stability Legal Services	CDBG - CV	\$25,650
Community Action Partnership	HCA Family Fund	CDBG - CV	\$33,000
Homes 4 the Homeless	Case Management Program	CDBG - CV	\$25,000
Community Action Partnership	Sloan Housing Woman's Shelter	CDBG - CV	\$57,367
Burbank Housing	Dry Creek Commons	HOME	\$400,000
So. Co. Housing Authority	Tenant-Based Rental Assistance	HOME	\$500,000
Catholic Charities	Sam Jones Hall Emergency Shelter	ESG	\$148,739

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So. Co. CDC Program Admin Costs	Program Administrative Costs	CDBG, HOME CDBG-CV, ESG	<u>\$841,255</u>
TOTAL			\$4,061,485

The draft Action Plans including these recommended awards were published on April 1, 2022 for a 30-day comment period, as required by HUD. Two written public comments were received prior to the committees' April 20 public hearings and were included in the information considered by the committees. One of the comments was submitted by Generation Housing in support of full funding for the Burbank Housing Dry Creek Commons project, and the other was submitted by Homes 4 the Homeless seeking an increase in the funding recommended for their project. Two verbal public comments were also received during the hearings, both of which were made by applicants in support of their projects. Following the hearings, the committees voted to confirm the funding recommendations listed above.

During their April 20 hearings, the committees also voted to recommend a plan for adjustments to these awards if needed to respond to any increase or decrease in the amount of HUD's final funding allocations for the Urban County's FY 2022-23 CDBG, HOME and ESG funds. If there is an increase in CDBG funding, the Dry Creek Commons, Fair Housing, and Legal Aid project awards would be increased up to the full requests of \$900,000, \$85,000, and \$195,000, respectively. Any additional CDBG funds in excess of those amounts, as well as any additional HOME and ESG funds would be carried over to the next NOFA, as all other projects were already recommended for the full amount of requested funds. If the FY 2022-23 allocations are lower than estimated, the recommended awards would be reduced proportionately across all projects.

Any additional comments that may be received after April 20, 2022 will be shared with your Board and the public during your May 10, 2022 meeting to consider final approval of these awards. As required by federal regulations, all written comments will also be included in the Action Plan submissions to HUD.

As in all prior years, HUD continues to require the annual Action Plan submission to include the attached SF-424 application forms and signed certifications that the Urban County entitlement will comply with all 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.

Mid-Year NOFA

The total funding requests and recommended awards for HOME, HOME-CHDO, and CDBG-CV funding were \$1,913,913 less than the \$5,975,398 of funds available for this and next fiscal year. This is unusual, as funds are generally oversubscribed with more requests than funds available, and is a result of a lack of applications requesting the large infusion of CDBG-CV funds that must be used to prevent, prepare for, or respond to the impacts of the coronavirus, as well as the recent lack of an active, local housing developer that is eligible to use the HOME CHDO funds.

Therefore, the CDC will issue an "off cycle" NOFA to solicit additional proposals that can be included in a substantial amendment to the FY 2022-23 and FY 2021-22 Action Plans during the upcoming year. Funding requests received through this second NOFA will be reviewed by staff, forwarded to the Cities and Town Advisory Committee (CTAC) and CD Committee for funding recommendations to be made pursuant to a public hearing and then presented to your Board for final approval.

Strategic Plan:

This item directly supports the County's Five-year Strategic Plan because it is part of the implementation of grant funding for affordable housing, among other things. It 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.

Prior Board Actions:

03/15/2022 - Board approved FY 2021-22 Action Plan Substantial Amendment

07/27/2021 - Board approved FY 2021-22 Action Plan

06/02/2020 - Board approved Sonoma County 2020-2025 Consolidated Plan

FISCAL SUMMARY

Expenditures	FY 21-22 Adopted	FY 22-23 Projected	FY 23-24 Projected
Budgeted Expenses	\$1,593,490	\$2,467,995	
Additional Appropriation Requested			
Total Expenditures	\$1,593,490	\$2,467,995	
Funding Sources			
General Fund/WA GF			
State/Federal - HUD Funds: CDBG, HOME, ESG, CDBG-CV	\$1,593,490	\$2,467,995	
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	\$1,593,490	\$2,467,995	

Narrative Explanation of Fiscal Impacts:

The requested actions are for FY 2021-22 and FY 2022-23 with a projected fiscal impact of \$4,061,485 in available funds and a corresponding \$4,061,485 of expenses. This is comprised of the following federal funding sources:

- \$2,376,842 for CDBG
- \$986,960 for HOME
- \$536,885 for CDBG-CV
- \$160,798 for ESG

Sufficient appropriations are included in the FY 2021-22 Adopted Budget and will be included in the FY 2022-23 Recommended Budget.

Staffing Impacts:

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Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

Attachment 1 - SF-424 Forms and Certifications

Attachment 2 - Public Review Draft FY 2022-23 One-Year Action Plan

Attachment 3 - Public Review Draft FY 2021-22 One-Year Action Plan Substantial Amendment

Related Items "On File" with the Clerk of the Board:

None