



## SUMMARY REPORT

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**Agenda Date:** 4/30/2019

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**To:** Board of Supervisors and Board of Commissioners  
**Department or Agency Name(s):** Community Development Commission  
**Staff Name and Phone Number:** Felicity Gasser, 7507  
**Vote Requirement:** Majority  
**Supervisory District(s):** All

**Title:**

FY 2019-2020 Action Plan for Community Development Block Grant, HOME Investment Partnerships Program, Emergency Solutions Grant Program and all other HOME Sonoma County Funding Awards

**Recommended Actions:**

- A) Approve the One Year Action Plan for FY 2019-20 that contains recommendations for funding community development, housing and homelessness projects through the U.S. Department of Housing and Urban Development; and approve recommended funding awards and authorize and direct the Executive Director or her designee of the Sonoma County Community Development Commission (Commission) to receive awards and execute agreements, forms, certifications, and otherwise act to distribute funding awards for the Community Services Fund, Low- and Moderate-Income Housing Asset Fund, Sonoma Valley Homeless Initiative Funding, Winter Shelter Expansion Grants Program, as detailed in the attached Supplemental Page.
- B) Authorize and direct the Commission's Executive Director or her designee to receive awards and execute agreements, forms, certifications, and otherwise act to distribute funding awards for the Partnership HealthPlan of California Housing Innovation Grants, California Homeless Emergency Aid Program, and State of California Emergency Solutions Grant funds, California Emergency Solutions & Housing Program, as detailed in the attached Supplemental Page.
- C) Adopt Resolution as required by the California Department of Housing and Community Development authorizing and directing the Commission to receive up to \$438,566 (twice the estimated allocation of \$219,283, per State guidance) in federal funds from the State's federal Emergency Solutions Grant Program and to function as Administrative Entity for administration of the State's federal ESG funds, and authorizing the Executive Director or the Assistant Executive Director of the Commission to execute the required Standard Agreement and any subsequent amendments or modifications thereto, as well as any other documents which are related to the Program or the State's federal ESG funds, as the California Department of Housing and Community Development may deem appropriate.
- D) Adopt Resolution as required by the California Department of Housing and Community Development authorizing and directing the Commission to receive up to \$962,864 (twice the estimated allocation of \$481,432, per State guidance) in state funds from the 2019 California Emergency Solutions and Housing Grant Program (CESH) and to function as Administrative Entity for administration of the State's CESH funds, and authorizing the Commission's Executive Director or her designee to execute the required Standard Agreement and any subsequent amendments or modifications thereto, as well as any other documents which are related to the Program or the State's CESH funds, as the California

Department of Housing and Community Development may deem appropriate.

**Executive Summary:**

This Agenda item seeks approval of the required U.S. Department of Housing and Urban Development (HUD) One-Year Action Plan for FY 2019-20, which lists all projects that have been recommended for Community Development Block Grant (CDBG), Home Investment Partnerships Program (HOME) and Emergency Solutions Grants (ESG) federal funds directly allocated to Sonoma County. This item also seeks Board approval of HOME and CDBG awards for Capital Projects and Fair Housing Services recommended by the Community Development Committee and Cities and Towns Advisory Committee, and seeks various authorities regarding funding awards made through HOME Sonoma County recommended or approved by that body's Leadership Council for FY 2019-20. Awards are to be made from a number of federal, state, local and philanthropic funding sources to benefit lower income residents.

The table in Attachment 12 provides an overview of a portion of County discretionary funding sources that are included in the Community Development Commission's FY 2019-20 Recommended Budget and identifies the source of funding over which the Board has discretionary budget authority for the awards recommended in today's HOME Sonoma County funding cycle actions. If today's actions are approved, the Board will be committing to funding of \$1,452,171, or 19% of discretionary funding included in the Commission's proposed FY 2019-20 budget. The remaining discretionary funding in the Commission's Recommended Budget will be discussed during FY 2019-20 budget hearings.

**Discussion:**

The Consolidated Plan and One-Year Action Plan for FY 2019-2020

The Board of Supervisors approved the Sonoma County Consolidated Plan for the period 2015-2020 on May 5, 2015. The Consolidated Plan is a document required by HUD for jurisdictions receiving funds from the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), and Emergency Solutions Grant (ESG) programs. The Plan lays out local priorities for the use of federal grant funds to benefit lower-income residents. The local priorities are:

1. Affordable Housing: Increase and preserve the housing stock that is affordable, safe, and accessible for low-, very low-, and extremely low-income families and individuals, including those with special needs and those who are homeless or at imminent risk of homelessness.
2. Homelessness: Promote effective and proven strategies for homelessness prevention and intervention county-wide.
3. Community Development: a) Assist in creating and/or replacing infrastructure systems and public facilities that meet the needs of lower income people, people with disabilities, and other special needs subpopulations county-wide; and b) Promote the well-being and economic integration of lower income

persons.

The Emergency Solutions Grant funds are dedicated to homeless services. HOME funds are dedicated to affordable housing assistance programs. CDBG funds can be used for a wide variety of purposes to benefit low-income communities, households, and individuals. Fifteen percent of CDBG can be set aside for “public services” and used to provide operational grants for non-profit agencies (for example, fair housing services and emergency shelter for people experiencing homelessness). The balance of CDBG funds, after an allowance for general administration costs, must be allocated to capital projects or economic development purposes. All funding must be awarded to projects that affirmatively further fair housing.

The administration of HOME and CDBG for capital projects and for fair housing services are guided by funding policies set annually by the Commission with input from its advisory committees. The Commission uses a Community Development Committee (an appointed advisory committee made up of representatives from each supervisorial district, Housing Choice Voucher tenants, and a representative from the Human Services Department) and a Cities and Towns Advisory Committee, (an advisory committee made up of representatives from all Cities and Towns in the Urban County) to set these annual policies.

The administration of the CDBG homeless services set-aside, ESG and certain local and state funds for homeless services is guided by funding policies set annually by the HOME Sonoma County Leadership Council, the governing body for the county’s homeless system of care. More on the HOME Sonoma County funding award process is provided in the subsequent section.

#### Fair Housing and Related Services Set-Aside

Because the Sonoma County Community Development Commission serves as the Housing Authority for the County, and because it administers various federally funded community development and housing programs, it is required by the U.S. Department of Housing and Urban Development to regularly conduct an analysis of impediments to fair housing choice in the public and private sector. This year, the Commission set aside \$175,000 for Fair Housing-Related Services. This set-aside is to fund the Commission’s requirements to Affirmatively Further Fair Housing, following the recommendations for a Fair Housing Service Provider found in the 2011 Analysis of Impediments to Fair Housing and best practices in a Fair Housing Program. During its deliberations on April 17, the HOME Sonoma County Leadership Council directed an additional \$30,000 in funds to Legal Aid Sonoma County’s HOME Eviction Defense program, which will be included in the amount available for Fair Housing Services.

The total of \$205,000 will fund a fair housing services program that includes contracting with a HUD-Certified Fair Housing Initiatives Program and with an agency that provides eviction defense legal services, however this amount still leaves some gaps in the delivery of a complete Fair Housing Services Program that the Commission has a responsibility to provide. As recommended by its advisory committees, Commission staff will pursue other funding sources to ensure that the agency is able to fund a truly comprehensive fair housing service program.

FY 2019-2020 Funding Recommendations

For FY 2019-2020, HOME and CDBG funds for capital projects and for fair housing services were recommended for award through competitive processes in which eligible projects and programs applied for funding awards to meet the Consolidated Planning goals. The selection and scoring criteria for how goals would be met were set in the annual policies and in two separate Notices of Funding Availability: one for Capital Projects and one for Homeless Services and a Fair Housing Services set-aside.

The Commission's advisory committees made preliminary funding recommendations based on staff's review and analysis of the applicant projects and programs in two public meetings held in March 2018. The FY 2019-2020 federal allocations for CDBG, HOME and ESG were not yet known when these hearings were held. The federal allocations were published on April 12, and the amounts available were adjusted to reflect the actual numbers. Given that they were not substantially different than projected, there were no major changes made to the funding recommendations.

The recommendations made for HOME, CDBG and ESG by the Community Development Committee, Cities and Towns Advisory Committee and HOME Sonoma County Leadership Council were incorporated into a draft annual Action Plan published for a 30-day comment period from March 29, 2019 through April 29, 2019, and presented at concurrent public hearings of the Community Development Committee and Cities and Towns Advisory Committee on April 17, 2019 during which both committees recommended approval of the Action Plan by the Board. The Draft Action Plan has been amended to reflect the final allocation amounts as well as the following changes made since its March 29 publication:

1. Rescission of an award in the amount of \$73,000 for a Rohnert Park connectivity project. The City of Rohnert Park signaled a desire to deploy these funds for a different use in a future funding round.
2. Adjustment of the amount of CDBG funds held in reserve from \$13,499 to \$86,138. These funds are available in the case of unanticipated increased costs or an unanticipated urgent need.
3. Addition of \$30,000 of CDBG public services set-aside into a Fair Housing Services Program, as recommended by the HOME Sonoma County Leadership Council.
4. Addition of HOME funds held in reserve in the amount of \$44,120 adjusted after final allocation amounts were published. These funds are available in the case of unanticipated increased costs or an unanticipated urgent need.
5. Changes to the homeless services award amounts using CDBG and ESG based on the final recommendations of the Leadership Council and final allocation amounts.

The recommendations for \$3,034,513 in federal funding are found in Attachment 2. The environmental review status for all projects is found in Attachment 3. Detailed information on the proposed federally funded projects and programs are found in the One-Year Action Plan for FY 2019-20 (Attachment 4).

Your Board's approval of these federal funding recommendations will enable timely submission of the annual Action Plan to HUD, which in turn will facilitate receipt of HUD funding allocations.

HOME Sonoma County Funding Awards

Following two years of planning and negotiation, HOME Sonoma County was launched in November 2018. HOME Sonoma County is Sonoma County's regional homeless services system of care, whose goal is to achieve functional zero homelessness in Sonoma County using a Housing First Model. The HOME Sonoma County Leadership Council is a nine-member body consisting of local elected officials, individuals with lived homeless experience, and other subject matter experts, responsible for allocating funds to local homeless services programs. The Leadership Council is advised by Task Groups comprising a 24-member Technical Advisory Committee. The Community Development Commission is currently serving as Lead Agency of HOME Sonoma County.

The HOME Sonoma County Leadership Council was designed to unify funding processes for homeless services throughout Sonoma County. Therefore the timetable for the Commission's annual funding competition was modified to accommodate the establishment of the new governing body. Typically this competition has included a portion of Community Development Block Grant allowable for "public services"; Emergency Solutions Grant program funds; State funds to address homelessness such as the State Emergency Solutions Grant program; local funds such as the Community Services Fund and Winter Shelter Expansion funding that are allocated annually by the Board of Supervisors; and Low- and Moderate-Income Housing Asset Fund (LMIHAF-Services) dollars eligible for homeless services. In the summer of 2018, the Commission learned that in addition to these funds, significant one-time funds would be available:

- The Board's allocation of \$250,000 for development of homeless services system infrastructure in the Sonoma Valley;
- \$400,000 in remaining Partnership HealthPlan of California Housing Innovation Grant funding to provide housing to Medi-Cal members;
- \$379,788 in California Emergency Solutions and Housing (CESH) program funds that had not previously been allocated; and
- \$11,505,727 in State Homeless Emergency Aid Program (HEAP) funding.

Between all sources, a total of \$14,079,082 was estimated to be available under the FY 2019-2020 Consolidated Homeless Services Funding Notice of Funding Availability (NOFA). Therefore the HOME Sonoma County Leadership Council's first act was to develop and approve funding policies for this Consolidated Homeless Services Funding competition. The NOFA was released on January 8, 2018. Applications were due to the Commission on February 8, 2018.

A total of 84 funding applications were received-nearly three times the number of applications the Commission receives in its usual funding cycle. After eligibility reviews and redirection of fair housing-related projects for review by the Community Development Committee, 72 applications remained for full evaluation. The Commission developed a technical review of each project, evaluating key data points to assist a nine-member impartial Performance Measurement and Evaluation Task Group to make funding recommendations. Each reviewer was assigned to review approximately 20 applications each, allowing each application to be

blindly reviewed by three different reviewers. In addition, The Sonoma Valley Homelessness Initiative reviewed and recommended awards for services to be delivered in the Sonoma Valley. Recommendations by these two bodies were forwarded to the HOME Sonoma County Leadership Council to review at its March 22, 2019 meeting. Preliminary recommendations were made for four out of five general project types before the meeting was recessed. The remaining projects and a finalized recommendation were made when the meeting resumed on April 17, 2019. Funds available were then adjusted slightly based on new information e.g., slightly higher final allocations and newly recorded program income. The following table shows the final federal, State, and local funds available for awards (less administrative allowances):

Source	Amount Available	Source Detail
Federal CDBG Public Services	\$132,171	15% of estimated federal allocation plus program income
Federal Emergency Solutions Grant (ESG) Program	\$145,927	Estimated federal allocation
State Emergency Solutions Grant (ESG) Program	\$213,121	Estimated allocation per State Housing & Community Development
California Emergency Solutions and Housing (CESH) Program	\$379,788	Actual 2018 funds remaining for allocation
California Homeless Emergency Aid Program (HEAP)	\$11,505,727	Actual funds received
Community Services Fund (CSF)	\$610,000	\$440,000 General Fund and \$170,000 Reinvestment & Revitalization funds
Low- and Moderate-Income Housing Asset Fund-Services	\$250,000	Actual funds received and authorized per Board policy
Winter Shelter Expansion	\$210,000	\$60,000 General Funds (formerly Transient Occupancy Tax) and \$150,000 Reinvestment & Revitalization Funds
Sonoma Valley Homeless Initiative	\$250,000	Transient Occupancy Tax
Partnership HealthPlan of California Housing Innovation Grants	\$400,000	Remaining funds allocated to Sonoma County by Partnership HealthPlan RFP
<b>Total funds available</b>	<b>\$14,096,734</b>	

The recommended funding package in Attachments 7 and 8 has the potential to end homelessness for about 550 people in Sonoma County-reducing the number of people experiencing homelessness by nearly 20%. It will support development of 156 new permanent supportive housing units (12% of the estimated remaining need), provide intensive services to ensure at least 257 chronically homeless persons retain permanent supportive housing, and assist 309 persons to obtain and retain permanent housing through a Rapid Re-Housing approach. The recommended investment in youth serving projects could lead to a 10% drop in youth homelessness; other investments could result in a 30% drop in chronic homelessness, and new, unspecified drops in veteran homelessness. Attachment 9 provides a more detailed summary of the outcomes expected from the final funding package, and Attachment 10 offers a description of the geographic distribution of this

package's homeless services resources across the county.

#### State Funding Resolutions

As noted in the chart above, the Home Sonoma County consolidated funding cycle also included \$592,999 in estimated funds available through both the State's allocation of federal ESG funds and non-federal funds made available for the California Emergency Solutions and Housing (CESH) Program, which includes funds from SB 2, the Building Homes and Jobs Act.

On March 29, 2019, the State released a Notice of Funding Availability for its federal ESG dollars. The amount of funding available to Sonoma County through this Notice of Funding Availability is estimated at \$219,283, including \$211,211 available for grants and \$6,072 administrative allowance-plus funds that the State anticipates it may recapture in coming months. The State recommends that Administrative Entities request Board authorization for up to twice this allocation, to ensure local communities' access to all available dollars, and this amount of "up to \$438,566" is reflected in the resolution that authorizes the Commission to apply for and receive the State's federal ESG funds (Attachment 5).

The CESH dollars in the FY 2019-20 Consolidated Homeless Services NOFA were awarded by the State on January 11, 2019. The State has since released a new Notice of Funding Availability for CESH dollars on March 21, 2019. The amount of funding available to Sonoma County through the 2019 NOFA is \$481,432 (including \$457,360 in funds available for awards and \$24,072 administrative allowance). In order to submit the application for these funds by the deadline of May 6, 2019, the Commission requests Board authorization for up to twice this allocation, per State guidance. This amount of "up to \$962,864" is reflected in the resolution that authorizes the Commission to apply for and receive the State's CESH funds (Attachment 6).

#### **Consequences of Diverting Local Funds to Other Uses**

The Board of Commissioners has discretion to help cover a serious budget gap in the provision of Board and Care for approximately 200 vulnerable households. Staff believes that the most appropriate way to assist impacted Board and Care households is to utilize the programs recommended for funding as part of this staff report because the utilization of the proposed programs creates a permanent solution for housing as opposed to a one-time diversion of funding that does not change the long-term stability of the affected households.

With that said, it is within the Board's discretion to redirect the following funding sources that were part of the HOME Sonoma County funding cycle:

\$132,171 in CDBG public services set-aside funds

\$610,000 in the Community Services Fund (Sources: General Fund and Reinvestment & Revitalization Funds)

\$250,000 in Low- and Moderate-Income Housing Asset Fund-Services

\$210,000 in Winter Shelter Expansion funds (Sources: General Fund and Reinvestment & Revitalization Funds)

\$250,000 in the Sonoma Valley Homeless Initiative Fund (Source: Reinvestment & Revitalization Funds)

Attachment 12 provides an overview of a portion of the Board's discretionary funding sources that are included in the Community Development Commission FY 2019-20 Recommended Budget and identifies the source of funding and amounts included in HOME Sonoma County award recommendations. If today's actions are approved, the Board will predetermine funding of \$1,452,171, or 19% of the discretionary funding included in the Commission's proposed FY 2019-20 budget. The remaining discretionary funding in the Commission's Recommended Budget will be discussed during FY 2019-20 budget hearings.

These funds have been recommended for critical support for the homeless system of care through a competitive and public procurement process and is the culmination of two years of effort of redesigning the entire homeless system of care and three months of partnership with the community to develop proposals that increase overall systems capacity and make permanent reductions in homelessness. Since all of the funds within this package utilize coordinated entry to serve homeless individuals, any diversion of funding will have a disproportionate impact on the County's most vulnerable people, living outside with the highest mortality risk:

1. 340 homeless people would lose access to Winter Shelters on the coldest and wettest nights, likely resulting in more incidences of mortality.
2. Day Services including daytime shelter and linkages to community resources would be limited and in some cases completely lost, for at least 1,413 homeless individuals
3. 130 permanent housing placements for homeless households would be lost
4. 135 domestic violence victims would lose key services at the YWCA Safe House
5. Losing the commitment of local funds would result in an additional loss of \$192,658 in federal funds and \$455,000 in private funding
6. The County's non-profit partners would lose administrative funds. Local dollars are one of the only sources of administrative funds. The toll of the loss of this critical infrastructure to the system of care is hard to measure, but would have a devastating ripple effect.

In summary, to temporarily assist 200 vulnerable Board and Care households, 130 households would lose permanent housing; 1,413 unduplicated individuals would lose all or partial access to shelter services; and \$647,658 in private and federal funding would no longer come to the County. Additional Detail is provided in Attachment 11.

Of note, funds provided through HOME Sonoma County focus on overall system capacity and the delivery of outcomes that provide permanent housing placements. A temporary diversion of funds away from this system would create significant impacts resulting in long-term and permanent reductions in capacity that reduce access and housing placements. Since access and placements are based on assisting the most vulnerable first, as mandated through coordinated entry and housing first, the impacts on the street would be highly visible. While the Board and Care program does assist a vulnerable population, as currently structured, it does not provide permanent housing. The most strategic use of limited County resources is to utilize the infrastructure supported by the current use of federal, State, and local funds, as laid out in this report, that can assess and assist impacted households with permanent interventions. The homeless system of care has incorporated and



provides funding to many Sonoma County Behavioral Health Contractors - who would still experience a net loss if funds were diverted from the proposed uses recommended in this report to temporarily fill an ongoing budget shortfall within the Board and Care Program .

Lastly, no federal funds originating from HUD could be used to backfill under this scenario. According to the Congressional Prohibition against Supplanting, the County must actually experience the funding reduction and reset allocations across all programs. Only after implementation at the new funding levels could federal funding then be contemplated. To avoid this scenario, staff recommends funding the programs as laid out in this report, that provide permanent housing interventions, as opposed to one-time diversions of funding that would trigger permanent reductions. Maintaining and expanding the homeless system of care infrastructure, as proposed, provides the best path forward to assist the Board and Care households along with making meaningful reductions in Countywide homelessness.

**Prior Board Actions:**

10/09/2018 Item 27: Board authorized the formation of a new Leadership Council and Technical Advisory of the new Sonoma County Homeless System of Care

10/09/2018 Item 27: Board declared a shelter crisis and authorized the County of Sonoma to participate in the Homeless and Emergency Aid Program (HEAP)

10/09/2018 Item 27: Board authorized the Community Development Commission as the Administrative Entity to apply for and receive California Emergency Solutions and Housing Program (CESH) funds.

07/10/2018 Item 49: Board approved FY 2019-20 Action Plan

05/05/2015 Item 22: Board approved Sonoma County Consolidated Plan for 2015-2020

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY 18-19 Adopted</b>	<b>FY19-20 Projected</b>	<b>FY 20-21 Projected</b>
Budgeted Expenses		16,853,150	
Additional Appropriation Requested		0	
<b>Total Expenditures</b>		<b>16,853,150</b>	
<b>Funding Sources</b>			
General Fund/WA GF		1,070,000	
State/Federal		15,383,150	
Fees/Other		400,000	
Use of Fund Balance			
Contingencies			
<b>Total Sources</b>		<b>16,853,150</b>	

**Narrative Explanation of Fiscal Impacts:**

Lists of all projects and programs recommended for funding are found in Attachments 2 and 7.

The \$1,070,000 of General Fund dollars shown on the table above flow through Fund 46040 - Housing

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**Agenda Date:** 4/30/2019

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Element/County General Fund Programs and are comprised of three types as follows:

General Fund: \$500,000, R&R: \$570,000

Staffing Impacts:			
Position Title (Payroll)	Monthly Salary Range (A - I Step)	Additions (number)	Deletions (number)

**Narrative Explanation of Staffing Impacts (If Required):**

None.

**Attachments:**

1. Supplemental Page of Requested Actions
2. Summary of FY 2019-2020 Action Plan Funding Recommendations by Funding Source
3. Summary of FY 2019-2020 Action Plan Environmental Review Status for all Recommended Programs and Projects
4. Public Review Draft FY 2019-20 One Year Action Plan
5. Resolution Authorizing Receipt of Emergency Solutions Grant funds from the State of California's federal allocation
6. Resolution Authorizing Receipt of California Emergency Solutions & Housing Grant funds from the State of California
7. Summary of all FY 2019-2020 HOME Sonoma County Capital Project Recommendations
8. Summary of all FY 2019-2020 HOME Sonoma County Homeless Services Recommendations
9. Anticipated Outcomes for FY 2019-2020 HOME Sonoma County Recommended Awards
10. Geographic Distribution Chart for FY 2019-2020 HOME Sonoma County Recommended Awards
11. Impact of Diverting HOME Sonoma County Awards to fill budget gaps
12. HOME Sonoma County Awards over which Board has discretionary budget authority
13. Power Point presentation

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

None