



## SUMMARY REPORT

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**Agenda Date:** 11/10/2020

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

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

**Staff Name and Phone Number:** Barbie Robinson, 565-7876

**Vote Requirement:** 4/5th

**Supervisory District(s):** Countywide

**Title:**

Authorization to accept \$4,698,809 in Community Development Block Grant Disaster Recovery (CDBG-DR) funds, to enter into an agreement with the California Department of Housing and Community Development for Administration of CDBG-DR, and to hire a consultant to manage CDBG-DR and CDBG-CV programs

**Recommended Action:**

- A) Adopt a resolution authorizing the acceptance of Community Development Block Grant Disaster Recovery (CDBG-DR) funds in the amount of \$4,698,809 to be used for a multi-family housing program, in response to the 2017 Sonoma Complex Fires.
- B) Authorize the Community Development Commission's Interim Executive Director to enter into a grant agreement with the California Department of Housing and Community Development (HCD) for \$4,698,809 to be used for a multi-family housing program.
- C) Authorize Interim Executive Director to issue a Request for Proposals, select, and enter into an agreement with a consultant to prepare due diligence, underwriting services, and program management for the Commission's CDBG-DR and Community Development Block Grant Coronavirus (CDBG-CV) programs.
- D) Adopt a resolution adjusting the fiscal year 2020-2021 adopted budget to facilitate use of grant funding from the California Department of Housing and Community Development in the amount of \$4,698,809 to be used for a multi-family housing program. (4/5th vote required)

**Executive Summary:**

On December 18, 2018, the California Department of Housing and Community Development (HCD) submitted an action plan to HUD, recommending how CDBG-DR funds must address the unmet disaster needs within Sonoma County. The Sonoma County Community Development Commission was selected as a subrecipient to receive \$4,698,809 for a multi-family housing program in response to the 2017 Sonoma Complex fires. In order to receive these funds, the Commission must complete a due diligence application presenting the Commission's capacity to administer an affordable multi-family housing program that assists low to moderate-income tenants. The Grant requires that seventy percent (70%) of the funds benefit low to moderate-income persons.

In addition to the CDBG-DR funds, the Commission was allocated \$1,109,159 from the Department of Housing and Urban Development (HUD) in Community Development Block Grant-COVID-19 (CDBG-CV) funds and is

awaiting an additional allocation of \$1,854,341, bringing the total CDBG-CV amount to \$2,963,500 for a short-term rental assistance program. Commission staff determined that the most expeditious way to use these funds to respond to the COVID-19 emergency is to provide rental assistance to tenants and landlords who have been impacted as a direct result of COVID-19. The coronavirus relief fund ends on December 30, 2020 and the CDBG-CV funds will provide an extension to the program beginning in January 2021. CDBG-CV funds will be used to administer a rental assistance program for jurisdictions within the Urban County beginning in January 2021. CDBG-CV expenditure and acceptances are approved under Revised Action Plans.

Sonoma County's Urban County is an area that has a minimum population and qualifies with other participating local governments with persons of low to moderate-incomes. Sonoma County's Urban County is comprised of the seven municipalities of Cloverdale, Cotati, Healdsburg, Rohnert Park, Sebastopol, Sonoma, Windsor, and unincorporated Sonoma County.

The Commission currently does not have the staffing capacity to carry out the rigorous due diligence requirements for either of these new sources of funds. Therefore, management is requesting authorization to enter into contract with a qualified firm with capacity to manage both disaster grant programs and meet all necessary due diligence and reporting requirements for HUD and the State of California.

The actions in this Board Item will approve the receipt of CDBG DR grant funding for 2017 Fires' recovery efforts as was discussed during the September Budget Hearings for the FY 2020-21 Budget.

**Discussion:**

The California Department of Housing and Community Development's (HCD) Action Plan addresses the use of \$124,155,000 of CDBG-DR funding allocated to the State of California to address unmet long-term recovery needs arising from damage caused by the 2017 wildfires, flooding, mudflows, and debris flows. The Action Plan was published in Fall 2018 for public review and comment and approved by HUD in March 2019. These funds were appropriated by the Further Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2018 (Public Law 115-123), and are governed by Notices published in the Federal Register on February 9, 2019 and August 14, 2018.

All funded activities must clearly address an impact of the October 2017 fires. The State will be required to perform an unmet needs assessment and use data to demonstrate how the funded activities will address an impact from the fire. The "overall benefit requirement" will require that seventy percent (70%) of the funds benefit low to moderate-income persons. Each activity is required to meet one of the CDBG National Objectives: Benefit to low- and moderate- income (LMI) persons; Aid in the prevention or elimination of slums or blight, or Meet a need having a particular urgency (referred to as urgent need). In light of these requirements and the results of the unmet needs assessment, HCD found it appropriate to develop a multi-family housing program for their Action Plan for use of these funds.

To be eligible, projects and programs must demonstrate that they serve a need not being met by other funding sources. CDBG-DR is considered "funding of last resort" and cannot duplicate prior funding sources (FEMA, SBA, insurance, charitable, etc.). HUD will require the State to describe how they will promote housing for vulnerable populations, including homeless, precariously housed, and special needs (elderly, disabled, etc.).

The Commission, the agency responsible for administering federal funds on behalf of the Urban County will release the availability of said funds with the Commission's regular federal funding cycle. The Community Development and City's and Town Advisory Committees will evaluate staff's report of eligible projects and

make a recommendation to the Board of Supervisors in or about May 2021.

As the Commission also anticipates receiving and awarding CDBG-DR multi-family housing program the FY 21-22 funding policies will need to account for the alternative requirements attached to this funding source. The Commission has experience administering Block Grant funds for multi-family housing development; however, the audit and due diligence requirements attached to the CDBG-DR program are stringent, and the Commission has limited staffing to carry out this task. Staff has drafted a Request for Proposals (RFP) to be released upon approval of this item to solicit help from a qualified firm who can ensure compliance with State and Federal regulations, and effectively administer both the CDBG-DR and CDBG-CV programs. Funding for this consultant will come from a combination of Administrative and Direct Program allocations from the Urban County's CDBG, CDBG-DR, and CDBG-CV allocations.

**Prior Board Actions:**

N/A

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY 20-21 Adopted</b>	<b>FY 21-22 Projected</b>	<b>FY 22-23 Projected</b>
Budgeted Expenses			
Additional Appropriation Requested	4,698,809		
<b>Total Expenditures</b>	<b>4,698,809</b>		
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal	4,698,809		
Fees/Other			
Use of Fund Balance			
Contingencies			
<b>Total Sources</b>	<b>4,698,809</b>		

**Narrative Explanation of Fiscal Impacts:**

The Commission will receive \$4,698,809 in CDBG-DR as a sub-recipient of the State of California and \$2,963,500 in CDBG-CV from the Federal Department of Housing and Urban Development. Any costs borne from consultant or administrative work will be taken from these allocations and regular CDBG administrative costs.

<b>Staffing Impacts:</b>			
<b>Position Title (Payroll Classification)</b>	<b>Monthly Salary Range (A-I Step)</b>	<b>Additions (Number)</b>	<b>Deletions (Number)</b>

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

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The selected consultant will solely be responsible for the one-time disaster-related funds, and will not replace or reduce existing responsibilities of Commission staff.

**Attachments:**

1. Resolution for CDBG-DR
2. RFP For Federal Disaster Grants Management and Administration
3. Budget Resolution
4. State of California Action Plan for Recovery

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

N/A