



SUMMARY REPORT

Agenda Date: 11/10/2020

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

Department or Agency Name(s): Community Development Commission

Staff Name and Phone Number: Tina Rivera, 707-565-7901

Vote Requirement: 4/5th

Supervisory District(s): Countywide

Title:

Authorization for Use of CARES Act Funding and HOME CHDO Set-Aside Funds

Recommended Action:

1. Adopt a Resolution and amendment to the 2019 One-Year Action Plan authorizing the Sonoma County Community Development Commission to receive up to \$6,598,916 in Round 2 Emergency Solutions Grant program via the CARES Act (ESG-CARES) from the Department of Housing and Urban Development (HUD) and award funds to prevent, prepare for, and respond to the coronavirus pandemic among individuals and families who are homeless or receiving homeless assistance.
2. Authorize the Community Development Commission to receive \$6,598,916 in Round 2 Emergency Solutions Grant program federal pass-through CARES Act (ESG-CARES) from the State of California Department of Housing and Community Development and delegate authority to the interim CDC Director to award funds to prevent, prepare for, and respond to the coronavirus pandemic among individuals and families who are homeless or receiving homeless assistance.
3. Approve use of \$1,394,042 in Housing Authority Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Administrative funds for the Housing Authority to use to prevent, prepare for, and respond to the COVID-19 pandemic.
4. Adopt a Resolution and amendment to the 2020 One-Year Action Plan authorizing the Community Development Commission to utilize a COVID-related waiver from the Department of Housing and Urban Development to allow \$134,401 in HOME Community Housing Development Organization (CHDO) set-aside funds to be redirected for tenant-based rental assistance.
5. Adopt a Resolution authorizing the Community Development Commission to receive \$4,987,187 in Emergency Solutions Grant program (ESG-CV) from State of California Department of Housing and Community Development and delegate authority to the interim CDC Director to award to funds to support response to the coronavirus pandemic.
6. Adopt a resolution adjusting the fiscal year 2020-2021 adopted budget to facilitate use of \$4,987,187 in Emergency Solutions grant program and delegate authority to the interim CDC Director to award funds to support response to the coronavirus pandemic. (4/5th vote required)

Executive Summary:

On June 9, 2020, this Board approved a substantial amendment to the Community Development Commission's 2019-2020 U.S. Department of Housing and Urban Development Action Plan, which provides for the ability to disbursed Round 1 of ESG-CV funds. The Board action also authorized Interim Executive Director or her

designee to receive up \$1,109,159 in Community Development Block Grant - Coronavirus (CDBG-CV) and \$1,354,600 in Emergency Solutions Grant Coronavirus (ESG-CARES) funds in addition to the regular annual formula grant amounts specifically to address the impacts of the COVID-19 pandemic.

HUD has awarded a second round of ESG-CARES funds to Sonoma County through the CARES Act in the amount of \$6,598,916 that will be available in the 2020 fiscal year to respond to the coronavirus pandemic among individuals and families who are homeless or receiving homeless assistance. The Commission must submit a new Substantial Amendment to the 2019-2020 Action Plan to authorize receipt and use of this additional funding. Additionally, the State of California's Department of Housing and Community Development released a Notice of Funding Availability (NOFA) on October 2, 2020, which identifies \$4,987,187 in HCD ESG-CV funding for Sonoma County.

To assist Housing Authority's ability to respond to the pandemic, CARES Act Housing Authority Administrative fees have also been provided. Round 1 and Round 2 CARES Act funds are \$1,394,042. Budgetary revenue and expenditure authority is being requested to allow the Housing Authority to utilize these funds prior to the deadline of June 30, 2021.

On June 2, 2020, this Board approved the Community Development Commission's 2020 Five-Year Consolidated Plan and One-Year Action Plan for the Department of Housing and Urban Development. One of the funding programs included in this Action plan was the HOME Investment Partnerships Program (HOME), which includes a required 15% set-aside for Community Housing Development Organizations. A COVID-related waiver allows the Commission to utilize these yet unallocated funds for other HOME-eligible purposes, including Tenant-Based Rental Assistance.

Discussion:

CARES Act Federal ESG-CARES Round 2 Funds

The County is receiving funds direct from the Department of Housing and Urban Development through the CARES Act to supplement existing Consolidated Planning grant programs. To date, the County has amended its 2019-2020 Action Plan to receive the first round of CARES Act CDBG and ESG funding. In order to receive this second round of CARES Act funding, the Commission must prepare and submit an additional Substantial Amendment to the 2019-2020 One Year Action Plan to take into account an additional \$6,598,916 in ESG-CARES awarded to the County. Proposed uses for these supplemental funds are outlined in the Plan attachment. The attached substantial amendment and plan for use of the funds was published on the Commission's website and members of the public invited to comment. Furthermore, the plan for use of the ESG-CARES round 2 allocation was discussed at public meetings for the Community Development Committee and Cities & Towns Advisory Committee on July 15, August 19, 2020.

Between the two ESG allocations from HUD and additional CARES Act funding flowing through California's Department of Housing and Community Development (HCD), The County of Sonoma and the Continuum of Care have access to approximately \$8 million in ESG funds designated for preventing, preparing for, and responding to COVID-19 among individuals and families who are homeless or receiving homeless assistance. HUD funds are awarded to the County of Sonoma, whereas the funds that flow from HUD through HCD are allocated to the Continuum of Care Board, which makes the final funding decisions. The Community Development Commission (CDC) administers all ESG funds on behalf of both the County and Continuum of Care. CDC staff has completed an analysis of need and homeless service provider capacity and is proposing the following set of uses of this second round of Federal ESG-CARES:

- 1. Rapid Rehousing** - Rapid Rehousing has been recognized as a best practice by HUD to stabilize households and create a path to permanent housing. In an effort to centralize and streamline assistance, the Sonoma County Housing Authority will qualify households and provide Housing Navigation. Homeless services provider partners will receive referrals, and provide ongoing case management and make payments to landlords. It is estimated that approximately 85 households can be served at a cost of \$39,880 per household. Estimated total cost is \$3.4 million, with \$1,994,000 coming from Federal ESG-CARES.
- 2. Emergency Shelter Augmentation** - Because emergency shelters across the system of care had to reduce bed space and put in place added health and safety infrastructure due to COVID-19, shelter costs are more than anticipated. To ensure shelters have sufficient operating budgets, staff recommends that shelters be funded at the same level as in 2019-2020, rather than subject to the 30% cuts that were made across all homeless system of care programs. The amount to provide this augmented operating support for two years is \$1,185,592 ESG-CARES.
- 3. Non-congregate Shelter Operations (The Astro Motel, Dry Creek Inn, and Alliance Redwoods)** The Department of Health Services and the Community Development Commission have secured The Astro Motel, Dry Creek Inn, and space at Alliance Redwoods to provide emergency non-congregate shelter accommodation for homeless households who are in high-risk categories related to COVID-19. The Non-congregate shelters also provide space for households to isolate or quarantine in the case of COVID-19 exposure. The estimated cost for two years of hotel/motel leasing and operating expenses is approximately \$13.2 million. The Federal ESG-CARES funds will provide approximately \$600,000 toward that expense. The remaining costs will be financed through CARES Act allocations and other funding sources as identified.
- 4. Non-congregate Shelter Operations (Los Guilicos)** - Los Guilicos has been serving as an important addition to the shelter system, providing critical non-congregate shelter accommodations for homeless households. Estimated cost is \$1.1 million for a full six months 12/23/2019-6/23/2020. Federal ESG-CARES funds will contribute \$573,985 of the remaining funds for this emergency shelter to operate November 2020 through April 2021. State disaster-related ESG funds will cover an additional \$300k, staff will need to review other funding to cover the remaining costs.
- 5. Street Outreach** - In order to ensure maximum coordination and outreach capacity the Interdepartmental Multi-Disciplinary Team (IMDT) will augment operation of a countywide coordinated street outreach program. Federal ESG-CARES funds will cover one years' operation (\$1,189,622), of the IMDT.

CARES Act State ESG-CV Round 2 Funds

The State of California Department of Housing and Community Development (HCD) announced in early October that the County would be receiving \$4,987,187 in additional funds in their second round of ESG-CV (ESG-CV2) to support Rapid Rehousing, Non-Congregate Emergency Shelter and other services to respond to the coronavirus pandemic among individuals and families who are homeless or receiving homeless assistance. In order to receive State funds, the Commission must apply for these funds through HCD by November 4, 2020.

Housing Authority CARES Act Administrative Fees

The Housing Authority has also received \$1,364,042 in CARES Act Administrative Fees. These funds have been

designated by HUD for the Housing Authority to prevent, prepare for, and respond to the COVID-19 pandemic operationally. HUD has provided guidance on the use of these funds including a provision that all funds must be utilized prior to June 30, 2021. In order to utilize the funds for their intended purposes, budgetary authority is needed via the update to the 2019 One year action plan.

HOME-Funded Tenant Based Rental Assistance

The COVID-19 emergency also prompted the Department of Housing and Urban Development to issue numerous waivers allowing for additional flexibilities with existing funding allocations. One of these waivers enables entitlement jurisdictions receiving HOME funds to use a 15% set-aside reserved for Community Housing Development Organizations (CHDOs) for other HOME-eligible activities, including Tenant-Based Rental Assistance (TBRA), which is administered by the Housing Authority. During the 2020-21 funding cycle, no CHDOs applied for funding, which left \$134,401 unallocated. HUD's COVID waivers allow for reduction or elimination of CHDO set-asides, enabling the Commission to utilize these funds for other HOME-eligible activities. Staff determined that the most effective and fastest use for these funds would be to supplement the TBRA program, which had originally been awarded \$37,040 to assist 17 households. The additional funds will allow approximately 12 elderly households to continue to receive rental assistance for an additional two years. Without the substantial amendment, rental assistance for these households will end December 31, 2020, leaving many in highly vulnerable situations. This amendment was recommended by the Community Development Committee and the Cities & Towns Advisory Committee at their joint public hearing on September 16, 2020.

Prior Board Actions:

6/9/2020 - Item 9, Approved Substantial Amendment to 2019-2020 Action Plan to receive CARES Act Funds

FISCAL SUMMARY

Expenditures	FY 20-21 Adopted	FY21-22 Projected	FY 22-23 Projected
Budgeted Expenses			
Additional Appropriation Requested	12,980,145		
Total Expenditures	12,980,145		
Funding Sources			
General Fund/WA GF			
State/Federal	12,980,145		
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	12,980,145		

Narrative Explanation of Fiscal Impacts:

Both Federal and State pass-through ESG-CARES and ESG-CV funds can be used for four primary activities: Street Outreach, Rapid Re-Housing Assistance, Emergency Shelter, and Homelessness Prevention. In addition, ESG funds may be used for associated Homeless Management Information System (HMIS) costs and administrative activities for some subrecipients. CARES Act funds must be responsive to needs arising out of

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the coronavirus pandemic.

CDC has submitted a board resolution to add \$4,987,187 in appropriations for the ESG-CV funding, CDC has included in the Q1 CBA board item \$6,598,916 (ESG-CARES) and \$1,394,042 Housing Authority Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Administrative funds.

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

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

1. Resolution for ESG-CV Round 2 - Federal
2. Resolution for ESG-CV Round 2 - State
3. Plan for Expenditure of ESG Funds
4. Resolution for Housing Authority Budgetary Adjustment
5. Resolution for HOME Partnership Program Waiver

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

N/A