



Legislation Text

File #: 2024-0721, **Version:** 1

To: Sonoma County Board of Supervisors and Board of Commissioners

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

Staff Name and Phone Number: Michelle Whitman, 707-565-7504

Vote Requirement: Majority

Supervisorial District(s): Countywide

Title:

Fiscal Year (FY) 2021-2022 Action Plan Substantial Amendment and Transfer and Amendment of Affordable Housing Assistance Payments Contract for Elderberry Commons

Recommended Action:

- A) Approve the fifth Substantial Amendment to the FY 2021-2022 Annual Action Plan to make amendments to the HOME Investment Partnerships American Rescue Plan (HOME-ARP) Allocation Plan.
- B) Adopt the required U.S. Department of Housing and Urban Development (HUD) certifications and authorize the Executive Director of the Community Development Commission (CDC), or designee, to execute all required forms and certifications to submit the FY 2021-2022 Substantial Amendment and amendment to the HOME-ARP Allocation Plan to HUD.
- C) Authorize the Executive Director of the CDC, or designee, to respond to requests for additional information from HUD and to modify the FY 2021-2022 Action Plan Substantial Amendment and the amendment to the HOME-ARP Allocation Plan as may be necessary for HUD approval.
- D) Authorize the Executive Director of the Sonoma County Community Development Commission to transfer and amend the Affordable Housing Assistance Payments Contract (AHAP) to be between the Sonoma County Housing Authority and Burbank Housing Development Corporation (Burbank) in order to receive Project Based Voucher monthly housing assistance from the U. S. Department of Housing and Urban Development (HUD) for the Elderberry Commons Permanent Supportive Housing development in Sebastopol.

Executive Summary:

The American Rescue Plan (ARP) Act of 2021 appropriated \$5 billion to participating jurisdictions of the HOME Investment Partnerships program (HOME) through formula allocations. The Sonoma County "Urban County" entitlement entity received a HOME-ARP allocation of \$2,991,512. The Sonoma County HOME-ARP Allocation Plan ("the Plan") approved by your Boards on March 14, 2023 describes the use of these funds for the Urban County. The Plan was required by HUD and identifies the inventory, needs, and gaps in services and housing in the Urban County. Preparation of the Plan included consultations with the Sonoma County Homeless Coalition (formerly known as the Continuum of Care Board), community-based stakeholders, and input from members of the public.

The Plan identifies the following types of eligible projects or activities for the use of HOME-ARP funds:

- Development or preservation of affordable rental housing,
- Provision of supportive services, and
- Purchase and development of non-congregate shelters.

In accordance with HUD regulations, HOME-ARP funds must be used to benefit all of the following populations by any program or activity awarded funds:

- Homeless,
- At-risk of homelessness,
- Persons or households experiencing or fleeing domestic violence, dating violence, sexual assault, stalking, and or human trafficking, and
- Other vulnerable populations at greatest risk requiring services or housing assistance to prevent homelessness as defined by HUD regulations in the grant notice.

This item seeks approval of a Substantial Amendment to the FY 2021-2022 Action Plan to amend the HOME-ARP Allocation Plan. The proposed changes to the Plan include the reduction of funds available for two project types 1) supportive services, and 2) purchase and development of non-congregate shelters. Production or preservation of affordable housing would be the only eligible project type for the remaining HOME-ARP funds available under the Plan. The proposed changes to the Plan will not impact the current funding commitments of HOME-ARP funds.

All HOME-ARP funds must be spent prior to September 30, 2030. After this date, any funds remaining in the participating jurisdiction's account will be cancelled and no longer available for expenditure for any purpose. The amendment to the Plan will allow the CDC to make the remaining balance of HOME-ARP funds available for eligible affordable housing projects through a Notice of Funding Availability (NOFA) process that would be published in July 2024.

Affordable Housing Assistance Payments Contract (AHAP)

On March 12, 2024, your Boards approved a Disposition and Development Agreement (DDA) that describes the process through which the Elderberry Commons Permanent Supportive Housing development located in Sebastopol will be transferred from the CDC to Burbank. Once transfer is complete, Burbank will own and operate the project using funding from multiple sources, including project-based vouchers (PBV) secured by the CDC. These PBV's will be transferred to Burbank through an amendment to the AHAP contract after close of escrow. PBV will provide over rental subsidies for a 20-year term, plus a 20-year term extension.

Discussion:

Consolidated Plan and Urban County Entitlement

The Board of Supervisors approved the Sonoma County 2020 Consolidated Plan on June 2, 2020, which is a strategic policy document that spans a five-year period. The Consolidated Plan is required by HUD for jurisdictions that receive annual allocations of federal grants including Community Development Block Grant (CDBG), HOME, Emergency Solutions Grant (ESG), as well as any supplemental federal funds.

The Consolidated Plan identifies local rationales and priorities for the use of federal grant funds that benefit lower-income residents. For Sonoma County, the entitlement jurisdiction eligible to receive both the annual and supplemental grant allocations is the "Urban County", which was 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 Board approved Resolution No. 99-0797 on June 22, 1999 to approve formation of the JPA. The CDC is the designated fiscal agent under the JPA and administers all aspects of the Urban County program using these funds from HUD.

HOME-ARP Supplemental Grant to Sonoma County

To address the impacts of coronavirus on the homeless and other vulnerable populations, Congress appropriated \$5 billion in American Rescue Plan Act funds through the HOME program to participating jurisdictions, which were identified as HOME-ARP. In September of 2021, Sonoma County received a notification of the supplemental HOME-ARP grant, which allocated a total of \$2,991,512 to the Urban County to make strategic investments in housing and other assistance for people experiencing or at imminent risk of homelessness, experiencing or fleeing domestic violence, human trafficking, stalking, and other vulnerable populations.

Before funds could be used to support programs or activities to benefit the qualifying populations described above, HUD required all HOME-ARP grantees to prepare a HOME-ARP Allocation Plan to aid grantees in the planned use of their funding. Preparation of the Plan required that CDC use specific data sources as well as consult with agencies and stakeholders to determine the inventory and assess the need (demand), and gap of services and housing in the Urban County. CDC consultations were held with the Sonoma County Homeless Coalition, the Sonoma County Housing Authority, multiple types of service providers, and affordable housing developers. The outcome of this planning process identified the following priority needs of the qualifying populations and their respective funding amounts of the HOME-ARP grant:

Activity/Project	Amount (percentage of grant)
Provision of Supportive Services	\$1,196,604.80 (40%)
Acquisition and development of Non-Congregate Shelters	\$747,878 (25%)
Development or Preservation of Affordable Rental Housing	\$598,302.40 (20%)
Administration and Planning by CDC	\$448,726.80 (15%)
Total	\$2,991,512 (100%)

The draft Plan was published for a 30-day public comment period and presented to the Cities and Towns Advisory Committee (CTAC) and the Community Development (CD) Committee at a concurrent public hearing on February 15, 2023. The committees reviewed the Plan and voted to recommend approval to your Boards. The Plan was approved by your Boards on March 14, 2023, and subsequently submitted to HUD for their review and acceptance. A copy of the Plan approved by HUD is included as Attachment 1.

To distribute grants to eligible projects and activities in the Urban County, CDC uses a NOFA process to solicit eligible proposals from qualified applicants. The annual NOFA for federal funding programs, which included CDBG, HOME, HOME-ARP and ESG, was published on November 17, 2023, and applications were due on January 8, 2024. One eligible HOME-ARP proposal for supportive services was received and recommended for full funding. Two eligible proposals were received for the development of affordable housing, however, only one proposal was recommended for the funding available in the Development and/or Preservation of

Affordable Housing category. No eligible proposals were received for the category of Acquisition and Development of Non-Congregate Shelters.

All funding recommendations, including those under the HOME-ARP program, were incorporated in the FY 2024-2025 Annual Action Plan and FY 2021-2022 Substantial Amendment, and reviewed and recommended for approval to your Boards by CTAC and CD Committee on March 20, 2024. The two HOME-ARP projects recommended for funding in the aggregate amount of \$758,302 in the FY 2021-22 Action Plan Substantial Amendment were approved by your Boards on June 4, 2024. The remaining HOME-ARP balance of \$1,784,484 will be awarded in future funding cycles.

Proposed FY 2021-2022 Action Plan Substantial Amendment to Amend HOME-ARP Plan

The development of affordable housing is identified as one of the highest priorities in the 2020-2025 Consolidated Plan. To advance the mission of your Boards to end homelessness and support housing development to meet Sonoma County’s housing obligation under the recently certified Housing Element; and support the timely use of HOME-ARP funds, staff is proposing to amend the HOME-ARP Allocation Plan. The changes proposed would amend the planned uses of these funds listed in Table 6 of the Plan by transferring all remaining funds under the categories of Supportive Services and Acquisition and Development of Non-Congregate Shelters into the category of Development and Preservation of Affordable Housing. The outcome of these changes would make affordable housing development and preservation the sole eligible use of the remaining balance of funds as indicated in the table below.

Use Category	Original Amount in Category (percentage)	Amount Previously Awarded to Projects Approved on June 4, 2024	Proposed Amount to Transfer	Proposed Net Amount To Be Available
Supportive Services	\$1,196,604.80 (40%)	\$160,000.00	\$1,036,604.80	\$0.00
Acquisition and Development of Non-Congregate Shelters	\$747,878.00 (25%)	\$0.00	\$747,878.00	\$0.00
Development of Affordable Rental Housing	\$598,302.40 (20%)	\$598,302.00		\$1,784,482.80
Administration and Planning By CDC	\$448,726.80 (15%)			Unchanged at \$448,726.80
Total	\$2,991,512.00 (100%)	\$758,302.00	\$1,784,482.80	\$2,233,209.60

Approval of the proposed substantial amendment to revise the Plan would also ensure that funds are spent before HUD’s deadline of September 30, 2030.

In accordance with the Sonoma County Citizen Participation Plan applicable to all HUD programs, the proposed substantial amendment and public hearing notice was published for a 30-day public comment

period from May 25, 2024 through June 25, 2024, in two local newspapers and the CDC and County website. A copy of the substantial amendment and public hearing notice is included in this report as Attachment 2. Members of the public were able to review materials at the Sonoma County Library - Santa Rosa Branch, CDC office, and materials were available on the CDC website. No comments were received during the public comment period.

CTAC and CD Committee Public Hearing

On June 26, 2024, the CTAC and CD Committee held concurrent public hearings to review the proposed substantial amendment and hear public comments. No public comments were made at the hearing. The CTAC Committee voted unanimously to recommend approval to your Boards the proposed substantial amendment. The CD Committee voted 4-3 to recommend approval of the substantial amendment as proposed.

Affordable Housing Assistance Payments Contract

On May 15, 2023, the CDC received a commitment from the Sonoma County Housing Authority (Housing Authority) for twenty-one (21) Project-Based Vouchers (PBV) for a 20-year term, with a renewal contract option for an additional 20 years. In order to secure the PBV subsidy, the Housing Authority needed to execute an Affordable Housing Assistance Payments (AHAP) contract with the CDC, the current property owner. It was anticipated that the property transfer would occur after the AHAP contract was executed and therefore it would need to be amended and transferred to Burbank, as the new owner, for the long-term operation of the property.

On March 12, 2024, your Boards approved a Disposition and Development Agreement (DDA) that describes the process through which the Elderberry Commons Permanent Supportive Housing development located in Sebastopol will be transferred from the CDC to Burbank. Once transfer is complete, Burbank will own and operate the project using funding from multiple sources, including project-based vouchers secured by the CDC. These PBV's will be transferred to Burbank through an amendment to the AHAP contract after close of escrow. PBV's will provide rental subsidies for a 20-year term, plus a 20-year term extension.

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:

06/04/2024: Approved the fourth FY 2021-22 Action Plan Substantial Amendment to Award HOME-ARP Funds.

03/12/2024: Approval of Elderberry Commons Disposition and Development Agreement

03/14/2023: Approved the third FY 2021-22 Action Plan Substantial Amendment to incorporate HOME-ARP - Allocation Plan.

5/5/2022: Approved the second FY 2021-222 Action Plan Substantial Amendment to reprogram prior program year CDBG and HOME funds to an affordable housing project.

3/15/2022: Approved the first FY 2021-22 Action Plan Substantial Amendment to add reprogrammed funds from FY 2017-18 and FY 2018-19 program years.

06/02/2020: Approved Sonoma County 2020-2025 Consolidated Plan.

06/22/1999: Approved Urban County Joint Powers Authority

FISCAL SUMMARY

Expenditures	FY24-25 Adopted	FY25-26 Projected	FY26-27 Projected
Budgeted Expenses	N/A	N/A	N/A
Additional Appropriation Requested			
Total Expenditures			
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
General Fund Contingencies			
Total Sources			

Narrative Explanation of Fiscal Impacts:

The proposed substantial amendment to the FY 2021-22 Action Plan would not have fiscal impacts as it would only amend the eligible uses identified in the HOME-ARP Allocation Plan. There are no fiscal impacts related to the transfer of the AHAP from the CDC to Burbank Housing Corporation.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)
None			

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

1. Approved HOME-ARP Allocation Plan by HUD and Board of Supervisors and Board of Commissioners
2. Proposed Substantial Amendment and Public Hearing Notice

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

1. CDC FY 2024-2025 Federal Funding Policies
2. Elderberry Commons AHAP