



## Legislation Text

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**File #:** 2024-0359, **Version:** 1

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

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

**Staff Name and Phone Number:** Valerie Johnson (707) 565-7514

**Vote Requirement:** Majority

**Supervisorial District(s):** Countywide

**Title:**

Fiscal Year (FY) 2024-25 Annual Action Plan of the 2020-2025 Consolidated Plan, Substantial Amendments to the 2020-2025 Consolidated Plan and FY 2021-2022 Annual Action Plan; Napa/Sonoma County Regional Fair Housing Plan to Affirmatively Furthering Fair Housing

**Recommended Action:**

- A) Approve the Sonoma County FY 2024-25 Annual Action Plan to include the use of \$1,657,887 of Community Development Block Grant (CDBG) funds, \$660,693 of HOME Investment Partnerships Program (HOME) funds, \$149,972 of Emergency Solutions Grant (ESG) funds, and \$250,000 from the Low-and Moderate-Income Housing Asset Fund (LMIHAF).
- B) Approve the Substantial Amendment to the Sonoma County 2020-2025 Consolidated Plan for the addition of two Strategic Plan goals to provide microenterprise assistance for low -and moderate-income daycare providers and their low-and moderate-income clientele.
- C) Approve the Substantial Amendment to the Sonoma County FY 2021-22 Annual Action Plan to include the use of \$758,302 of HOME American Rescue Plan (HOME-ARP) funds.
- D) Approve an exception to the Sonoma County Community Development Commission (CDC) FY 2024-25 Funding Policies to provide HOME funds through a 55-year conditional use grant to Burbank Housing Development Corporation to support **Elderberry Commons** permanent supportive housing.
- E) Adopt the required certifications and authorize the Executive Director of the CDC, or designee, to execute the required forms and certifications to submit the Sonoma County FY 2024-25 Annual Action Plan, and the Substantial Amendments to the Consolidated Plan and FY 2021-22 Annual Action Plan to the U.S. Department of Housing and Urban Development (HUD).
- F) Authorize the Executive Director of the CDC, or designee, to execute the Funding Grant Agreements provided by HUD, and execute agreements, loans and grant documents as well as amendments and modifications with subrecipients and developers in accordance with the Action Plans 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.
- G) Approve the Napa/Sonoma County Regional Fair Housing Plan to Affirmatively Further Fair Housing (AFFH) as required by HUD for all participating jurisdictions of HUD programs and authorize the Executive Director of the CDC, or designee, to execute any amendments and/or make modifications to the AFFH as requested by HUD.

## **Executive Summary:**

### FY 2024-25 Annual Action Plan and Substantial Amendments to the 2020-25 Consolidated Plan and FY 2021-22 Annual Action Plan

This agenda item seeks Board approval of the FY 2024-25 Annual Action Plan (Action Plan) funding awards recommended by the Community Development Committee (CD Committee) and Cities and Towns Advisory Committee (CTAC) for FY 2024-25 from federal and local funding sources to benefit lower income residents. The Action Plan describes the use of \$2,718,522, of federal CDBG, HOME, and ESG and local LMIHAF funds. Board approval is also requested for the substantial amendments to the 2020-25 Consolidated Plan to add the goal of providing microenterprise assistance for low -and moderate-income daycare providers and their low- and moderate-income clientele and the FY 2021-22 Annual Action Plan for the use of \$758,302 of HOME-ARP funds for supportive services and affordable housing.

HUD requires submission of the Action Plan, amended Action Plans and Consolidated Plan to enable the “Urban County” entitlement jurisdiction to receive federal grant funding. The Action Plans list the specific projects that are being awarded funding to use the combined total of \$3,476,854 for affordable housing development and preservation, public facilities improvements, rental assistance, emergency shelter operations, fair housing services, homelessness prevention, and microenterprise assistance, all to benefit lower-income residents, as well as administrative costs for CDC staff to operate these HUD-funded programs.

### Napa/Sonoma County AFFH

As a participating jurisdiction of HUD entitlement grant programs, Sonoma County is required to support the policies of the federal Fair Housing Act and take meaningful actions to combat discrimination, overcome patterns of segregation, and foster inclusivity in the community by removing barriers that restrict access to opportunity based on race, color, national origin, religion, sex (including gender identity and sexual orientation), familial status and disability by landlords, property managers, and other housing providers as well as municipalities, lending institutions, and insurance companies with a goal to affirmatively further fair housing. The AFFH for Sonoma County was prepared as a regional fair housing plan with the County of Napa.

## **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 CDBG, HOME, and 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 CDC is the designated fiscal agent under the JPA and administers all aspects of the Urban County program using these funds from HUD.

### 2020-2025 Consolidated Plan Amendment

The substantial amendment to the Sonoma County 2020-25 Consolidated Plan (Attachment 1) includes the addition of two strategic plan goals to allow the use of CDBG funds to support microenterprise assistance to

low-and moderate-income daycare providers and their low-and moderate-income clientele. CDBG funding was awarded to one subrecipient through the FY 2023-24 Annual Action Plan and another through the FY 2024-25 Annual Action Plan.

#### FY 2021-22 Annual Action Plan Substantial Amendment

In FY 2021-2022, the Urban County received HOME-ARP funding of \$2,991,512 and the HOME -ARP Allocation Plan (Plan) was approved by the Board on March 14, 2023. The Plan identified the following priority needs of the qualifying populations and amounts of the HOME-ARP grant to be allocated for each: Supportive Services - \$1,196,605, Purchase and Development of Non-Congregate Shelters - \$747,878, Development and/or Preservation of Affordable Housing -\$598,303, and Administration and Planning - \$448,726. One eligible application was received for supportive services and two for development of affordable housing. The supportive services application was recommended for full funding and one of the affordable housing applications was recommended for the full amount of funding available in the Development and/or Preservation of Affordable Housing subcategory. These two projects are being recommended for funding in the aggregate amount of \$758,302 in the FY2021-22 Annual Action Plan Substantial Amendment, as shown in Attachment 2. The remaining HOME-ARP balance of \$1,784,484 will be awarded in future funding cycles.

#### FY 2024-25 Annual Action Plan

The CDC issued a Notice of Funding Availability (NOFA) for CDBG, HOME, ESG, HOME-ARP, and LMIHAF funds on November 17, 2023, with funding proposals due to the CDC by January 8, 2024. The CDC FY 2024-25 Federal Funding Policies (“on file” with the Clerk of the Board) define the proposal selection process, the specific objectives and criteria used to review proposals, application deadlines, and the roles of the various review bodies. The CD Committee and CTAC held a concurrent public meeting on February 14, 2024 and voted to recommend funding for a combined total of \$3,911,854 to support the activities listed in the FY 2024 -25 Annual Action Plan (on file with the Clerk of the Board) and the substantial amendment to the FY 2021-22 Annual Action Plan. These funding recommendations were published for a 30-day public comment period and a concurrent public hearing was held by the committees on March 20, 2024. All comments were considered and will be included in the Action Plan submissions to HUD. Following the hearing, the committees voted to confirm the funding recommendations made on February 14, 2024 and recommend approval to the Board.

Each year the Annual Action Plan must be approved by the Board and submitted to HUD by the federal annual statutory deadline of May 15, however on January 16, 2024, HUD issued guidance directing grantees to delay the submittal of Action Plans until after the approval of a federal budget and HUD’s grant allocations were published. HUD published FY 2024 entitlement allocations on May 7, 2024 and the FY 2024-25 Annual Action Plan funding awards were amended based on final grant allocations and estimated CDBG and HOME program income as shown in the Attachment 3. Funding recommendations made by the CD Committee and CTAC were based on estimated CDBG, HOME and ESG allocations using HUD FY 2023 grant amounts, with adjustments to be made by staff based on final FY 2024 grant allocations published by HUD. The HUD FY 2024 allocations decreased CDBG and HOME by 2.84% and 23% respectively, and 1% to ESG from FY 2023 allocations.

HUD requires the Annual Action Plan submission to include SF424 application forms and signed certifications (on file with the Clerk of the Board) 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.

The draft Annual Action Plan includes contingency projects intended to meet HUD timely expenditure

requirements. Contingency projects were deemed eligible for funding during the Annual Action Plan development process but were not awarded funds due to lack of funding or were awarded less funds than requested. If for any reason a project that was awarded funds cannot proceed, those funds will be awarded to the contingency projects in addition to any CDBG or HOME program income received. These projects can be awarded funding up to their maximum funding request and are listed in the FY 2024-2025 Annual Action Plan and in Attachment 3.

#### CDC FY 2024-25 Federal Funding Policies

The FY2024-25 Annual Action Plan recommends HOME and HOME-Community Housing Development Organization (CHDO) funds to support Burbank Housing Development Corporation development of Elderberry Commons permanent supportive housing. This is a Project Homekey development co-sponsored by the CDC and cannot support a loan. The use of a 55-year conditional use grant recorded on the property will secure the HOME funds and ensure the property is used as permanent supportive housing for the term of the agreement. The HUD HOME regulations permit the grantee to provide HOME funds as a grant or loan, pursuant to local policies. Approval of this exception to the FY 2024-25 Federal Funding Policies will allow the funds to be provided as a conditional use grant.

#### Napa/Sonoma County AFFH

Title VIII of the Civil Rights Act of 1968, known as the Fair Housing Act, requires the U.S. Department of Housing and Urban Development (HUD) and recipients of federal funds from HUD to affirmatively further the policies and requirements of the act. The Fair Housing Act prohibits discrimination based on race, color, national origin, religion, sex (including gender identity and sexual orientation), familial status, and disability, by landlords, property managers, and other housing providers as well as municipalities, lending institutions, and insurance companies. As a participating jurisdiction of HUD entitlement grant programs, Sonoma County is required to take meaningful actions to combat discrimination, overcome patterns of segregation, and foster inclusivity in the community by removing barriers that restrict access to opportunity based on the aforementioned characteristics.

Sonoma County is required to complete an assessment of fair housing choice to identify patterns of discrimination and segregation, including contributing factors, and the populations impacted, and promote integration and transformation of concentrated areas of poverty into areas of opportunity. The AFFH (on file with the Clerk of the Board) for Sonoma County was prepared as a regional fair housing plan with the County of Napa. The Napa/Sonoma AFFH assessment functioned as a planning process for local governments and public housing agencies. This process was designed to help jurisdictions meet their fair housing requirements while taking necessary actions to overcome historic and current patterns of segregation and promote fair housing choice. Additionally, the regional approach allows the neighboring jurisdictions to align their efforts in addressing disparities in housing and services, as well as the contributing factors that generated them, resulting in a meaningful impact to community members across both counties.

To combat discrimination, address segregation trends, and create opportunities for all community members that will promote integration and inclusivity, specific goals have been established in the AFFH:

1. Increase the supply of affordable housing in higher opportunity areas and areas with ongoing or threatened displacement.
2. Meet the housing and services needs of migrant and year-round farmworkers.

3. Reduce zoning and land use barriers to the development of housing that is affordable to low-income households, including low-income people of color and low-income persons with disabilities.
4. Increase access to opportunity for Housing Choice Voucher households.
5. Prevent displacement by preserving affordable housing and protecting tenants' rights.
6. Reduce homelessness by expanding the supply of permanent supportive housing.
7. Increase support for fair housing enforcement, education, and outreach.

In accordance with the Sonoma County Citizen Participation Plan for HUD programs, the draft AFFH was published for a 30-day public review period, from February 8, 2024, through March 11, 2024. The public notice for the hearing and the availability of the draft for public comment was published in two local newspapers in English and Spanish, and on the Sonoma County Community Development Commission (CDC) website. Hardcopies of the draft AFFH were made available to the public at the main library in Santa Rosa, office of the Board of Supervisors, and at the CDC office. Additionally, a bulletin was disbursed to all subscribers of CDC news via email, and a public service announcement was aired on a local radio station in English and Spanish. During the comment period, three sets of comments were received and are an attachment of the AFFH.

The CD Committee and the CTAC held a concurrent public hearing on March 20, 2024, to review the regional fair housing plan. At the hearing, additional public comment was made, which is also summarized and included as an attachment to the AFFH. The committees supported the draft AFFH and its programs to address the findings. The CTAC expressed their desire to collaborate with the County where feasible to implement the programs in their respective cities and towns. Each committee voted to recommend approval of the draft AFFH to the Board.

While it is a work-in-progress, the County of Sonoma has made meaningful strides in addressing discrimination patterns and promoting equity and equality in housing and access to services by making changes to existing housing programs, recently adopting new programs, and supporting housing projects for the most vulnerable populations. Several of these programs are contained in the Housing Element, which was approved by the Board in August of 2023.

**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:**

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

Plan

03/15/2022: Approved FY 2021-22 Action Plan Substantial Amendment

07/27/2021: Approved FY 2021-22 Action Plan

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

**FISCAL SUMMARY**

Expenditures	FY23-24 Adopted	FY24-25 Projected	FY25-26 Projected
Budgeted Expenses		\$3,911,854	
Additional Appropriation Requested			
<b>Total Expenditures</b>		<b>\$3,911,854</b>	
Funding Sources			
General Fund/WA GF			
State/Federal		\$3,661,854	
Fees/Other		\$250,000	
Use of Fund Balance			
General Fund Contingencies			
<b>Total Sources</b>		<b>\$3,911,854</b>	

**Narrative Explanation of Fiscal Impacts:**

Expenditure and Revenue appropriations were included in the FY 2024-25 Budget development process. The FY 2024-25 federal grant revenue includes \$1,657,887 of CDBG, \$660,693 of HOME, and \$149,972 of ESG. Also included in FY 2024-25 budget is \$250,000 of local LMIHAF.

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

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

None

**Attachments:**

1. 2020-25 Consolidated Plan Substantial Amendment
2. FY 2021-22 Annual Action Plan Substantial Amendment
3. FY 2024-25 Annual Action Plan and FY 2021-22 Annual Action Plan Substantial Amendment Funding Recommendations

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

1. CDC FY 2024-25 Federal Funding Policies
2. SF424 Forms and Certifications
3. FY 2024-25 Annual Action Plan
4. Napa/Sonoma County Regional Fair Housing Plan