



Legislation Text

File #: 2021-0688, **Version:** 1

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: Dave Kiff, 565-7504; Valerie Johnson, 565-7514

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

2:30 P.M. - Fiscal Year 2021-22 One-Year Action Plan for Use of CDBG, HOME and ESG Grant Funds

Recommended Action:

- A) Approve the Fiscal Year (FY) 2021-22 One-Year Action Plan for the proposed use of Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), and Emergency Solutions Grants (ESG) funds and authorize CDC staff to submit the Plan to US HUD; and
 - i. Direct staff to not award the infrastructure/accessibility funds before 9-30-2021; and
 - ii. If HUD has a reinterpretation of the uses of CDBG/Urban County funds for Affordable Housing by 9-30-2021, direct the CTAC/CD Committees to meet again and to consider returning to the Board with new recommendations to be processed via a Plan Amendment; or
 - iii. If there is no HUD reinterpretation by 9-30-2021, direct staff to release the infrastructure/accessibility funds to the recommended projects starting 10-1-2021.
- B) Direct staff to include further public comments in the Action Plan's citizen participation section through the end of the public comment period set for August 7, 2021.

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 2021-22, 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 for FY 2021-2022.

The timeline of this item is different this year. Staff is asking that your Board approve the One-Year Action Plan during the Plan's 30-day public comment period which ends on August 7, 2021. This is necessary because your Board will not meet again until August 17, 2021, which is one day after this One-Year Action Plan is due to HUD. Public comments provided after the Board's review will be incorporated in the Action Plan, as appropriate. Although allowed by HUD, Staff recognizes that this is not ideal, and will work to improve the process for FY 2022-2023.

Of particular note this year (and as described later) is an interpretation of the uses of CDBG/Urban County funds for affordable housing projects that have an element of homeless housing in Santa Rosa or Petaluma. More specifically, CDC staff and PEP Housing have both asked HUD to review whether the Linda Tunis project

may or may not be eligible for Urban County CDBG funding. But that review is not complete as of the date of this memo. If new guidance comes in from HUD by the time of this meeting, the Board may:

1. Reallocate funds from one or more Infrastructure/Accessibility project(s) towards one or more affordable housing projects and adopt the revised One-Year Action Plan; or
2. Direct the Joint Committees (CTAC/CD) to recommend reallocations and return to the Board with revised recommendations. These would be considered later in August or September by the Board and submitted as a Substantial Amendment to the currently-proposed One-Year Plan (which is due by August 16, 2021); or
3. Make no changes to the currently-proposed One-Year Plan and approve it as-is for submittal by August 16, 2021.

Discussion:

Action Plan: One Year Use of Funds for FY 2021-2022

The FY 2021-2022 final formula allocations from HUD are: \$1,853,043 in CDBG; \$825,404 in HOME; and \$160,798 in ESG. Collectively, FY 2021-2022 HUD funding is down 3.5% relative to FY 2020-2021 amounts. HUD requires that 15% of HOME program funding is set-aside for affordable housing activities undertaken by Community Housing Development Organizations (CHDO) and invested in eligible housing. No CHDOs applied for funding during the FY 2021-2022 funding cycle, which is why projects recommended for HOME funding only total \$744,007. Unspent CHDO set-aside funds will be made available during future funding rounds.

On November 18, 2020, the Community Development (CD) Committee and the Cities and Towns Advisory Committee (CTAC) adopted the FY 2021-2022 Funding Policies for the CDBG and HOME Capital Projects and Fair Housing Programs, and HOME Sonoma County approved policies for use of Federal ESG shortly thereafter. The policies define the way in which proposals are selected, the specific objectives and criteria that are used to review proposals, the timeline dates, and the roles of the various review bodies.

All projects went through a competitive process and project applications were received between May 10, 2021 and June 11, 2021.

The CD Committee, comprised of one representative of each supervisorial district, two Housing Authority tenant representatives, and the Human Services Department Director's appointee; and CTAC, comprised of a representative from each of the seven jurisdictions of Cloverdale, Cotati, Healdsburg, Rohnert Park, Sebastopol, Sonoma, and Windsor, held two joint public hearings on June 16 and June 29, 2021, to review and discuss all proposals submitted for CDBG and HOME funding. The Committees jointly reviewed project requests totaling \$5,291,836 and made recommendations listed in the attached spreadsheets for \$1,204,477 in available funding for those categories.

At the June 29th public hearing, after Committee questions were answered regarding the proposals, and public comments were heard, the CD Committee and CTAC made recommendations on proposal selection and funding levels. Please see the attached Board Memo for important information about the Committees' discussions and the issue of allocating Urban County CDBG funds to projects in Santa Rosa or Petaluma. The Committees' recommendations for projects and programs to be assisted are listed in the attached FY 2021-2022 Summary of Funding Recommendations. Public notification of the full list of funding recommendations was published on July 9, 2021 and made available on the Commission's website the same day.

The Five-Year Consolidated Plan and One-Year Action Plan for FY 2021-2022

The Sonoma County 2020 Consolidated Plan was recommended to the Board of Supervisors by the Committees on May 20, 2020 and subsequently approved by the Board on June 2, 2020.

This Consolidated Plan, like previous Plans, organizes community priorities for the use of CDBG, HOME, and ESG funds by the Urban County by following the structure provided by HUD regulations, namely, by grouping said priorities into three categories: affordable housing, homelessness, and non-housing community development.

The Urban County's Consolidated Plan contains the following broad goals:

- 1) **Affordable Housing:** Increase and preserve the housing stock that is affordable, safe, and accessible for low-, very low-, and extremely-low 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 countywide.
- 3) **Non-Housing 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; b) Promote the well-being and economic integration of lower-income persons through non-housing services, self-sufficiency programs, job training, and economic development assistance; and c) Promote Fair Housing by investing in services which assist low-income tenants with fair housing complaints, reasonable accommodations and eviction defense, each of which enables residents to remain in their home or extend their period of housing.

Each of these priorities has equity as its underlying foundation by ensuring that historically marginalized or disadvantaged communities have equal and fair access to the services provided through HUD funding.

For fiscal year 2021-2022, Sonoma County will receive \$1,853,042 in CDBG funds. These monies will be used for housing projects, fair housing services, homeless services, public improvements, and public facilities. All awards for projects and programs must affirmatively further fair housing. Federal regulations impose a 15% maximum cap on funding to be expended for public service activities. Administrative costs are limited to 20% of the total CDBG funding and 20% of program income received.

For this same fiscal year Sonoma County will receive \$825,404 in HOME program funds. HOME funds will be used for new rental construction, housing rehabilitation, and tenant-based rental assistance. Federal regulations require a minimum of 15% of each year's HOME allocation to be set-aside for projects sponsored by CHDOs.

As for ESG funds, Sonoma County will receive \$160,798 and this year one homeless shelter proposal was recommended for funding.

The aforementioned funds will be used for the projects listed below to meet the 2021-2022 One-Year Action Plan goals and the current funding priorities. The projects will meet the policy goals approved by CDC Committee and will comply with the regulatory requirements, especially meeting defined objectives of each funding source and timely spending of awarded funds.

Some projects were recommended for partial funding based on staff analysis of the project's ability to spend funds in a timely manner. If funds are spent sooner than anticipated and program income or reprogrammed funds become available, these funds can be used to support these projects. In this case, staff would bring recommendations to the committee for an action plan amendment to allow additional funding to be awarded

for these at a later date.

The County did not receive an eligible application for the remaining \$536,605 HOME funds, but staff will be looking to provide funds to a project(s) in the coming program year. Additionally, a CHDO affordable housing project is yet to be determined as well for the set aside funds of \$123,811.

Lastly, HOME program income is anticipated to be \$46,700 and staff will be looking to provide funds to a project(s) in the coming year. Finally, CDBG program income is anticipated to be \$472,900 and staff will also be looking to fund a project(s) in the coming year.

Project Summary Information for 2021-2022 Action Plan

(Full version on page 29-32 of Draft Consolidated Plan)

1	Project Name	Administration and Planning
	Funding	CDBG: \$370,608 (20%) HOME: \$82,540 (10%) ESG: \$12,060
	Description	Administration of the programs for the County of Sonoma. This will include consulting and technical assistance services as well as program planning efforts and project delivery. There is no corresponding National Objective for Administration though these efforts support the successful completion of all other projects and activities.
	Planned Activities	Countywide administration of programs
2	Project Name	ESG 21 Sonoma County
	Funding/Goals Supported	ESG: \$160,798/Reduce Homelessness
	Description	\$148,738 recommended for Catholic Charities' Sam Jones Hall and \$12,060 for ESG administration.
	Planned Activities	Homeless Shelter - Catholic Charities (\$148,738); ESG Administration (\$12,060)
3	Project Name	Acquisition, Disposition, and Predevelopment
	Funding/Goals	CDBG: \$406,977/Reduce Homelessness
	Description	The County will utilize CDBG funds, including entitlement funds and program income, to provide services and projects that reduce homelessness in Sonoma County.
	Planned Activities	Catholic Charities' Caritas Center (\$406,977) has been recommended for funding to assist with the center's construction soft costs.
4	Project Name	2021 Affordable Housing
	Funding/Goals	HOME: \$82,448/Affordable Housing
	Description	The County will utilize HOME funds to create affordable housing opportunities via construction of new units and tenant-based rental assistance for low income households. The County did not receive an eligible application for HOME funds, but will be looking to provide funds to a project(s) in the coming program year.

	Planned Activities	Tenant-based rental assistance (\$82,448)
5	Project Name	CDBG 2021 Public Facilities and Infrastructure Improvements
	Funding/Goals	CDBG: \$797,500/Non-Housing Community Development
	Description	Funds will be used to improve public facilities and public infrastructure to meet the needs of residents in low and moderate income (LMI) areas or to meet the needs of the LMC specific areas. This includes ADA accessibility improvements and infrastructure updates.
	Planned Activities	Sweetwater Springs Water District (\$705,000) -improvements to increase water pressure and installation of fire hydrants in underserved areas; City of Sebastopol City Hall (\$50,000) -ADA improvements to city hall; City of Healdsburg (\$42,500) -municipal facilities and sidewalks in low-moderate income areas.
6	Project Name	CDBG 2021 Fair Housing and Housing Justice Program
	Funding/Goals	CDBG: \$277,956/Non-Housing Community Development
	Description	Funds will be used to support a robust fair housing education program as well as legal services to provide eviction defense for residents and related housing stabilization programs.
	Planned Activities	Fair Housing Advocates of Northern California Housing Education Program and Legal Aid Housing Justice Program - (\$277,956)

Prior Board Actions:

6/02/2020, Item 452, the Board approved the Sonoma County 2020-2025 Consolidated Plan

FISCAL SUMMARY

Expenditures	FY 21-22 Adopted	FY 22-23 Projected	FY 23-24 Projected
Budgeted Expenses	3,312,144		
Additional Appropriation Requested			
Total Expenditures	3,312,144	0	0
Funding Sources			
General Fund/WA GF			
State/Federal	3,312,144		
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	3,312,144	0	0

Narrative Explanation of Fiscal Impacts:

Requested actions are for FY 2021-2022 with a projected fiscal impact of \$3,312,144 in revenue and a corresponding \$3,312,144 of expenses to be budgeted. The \$3,312,144 is comprised of the following funding sources:

- \$1,853,042 for CDBG,
- \$825,404 for HOME,
- \$160,798 for ESG and
- \$472,900 from prior years' program income, reprogrammed funds, and reserves.

The Commission will seek approval on future years' anticipated allocations in the corresponding annual action plans under this Consolidated Planning period.

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:

Attachment 1 - Proposed One-Year Action Plan (FY 2021-22)

Attachment 2 - Memo to the Board and List of Projects selected for funding

Attachment 3 - 2021-22 Funding Policies Approved by Community Development Committee on November 18, 2020

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

None