Sonoma County Community Development Committee

HSD. Representative: Oscar Chavez (Chair), Tenant Representatives: Stephanie Hiller, Jessica Vega
1st Dist: Betzy Chavez (VC) 2nd Dist: Michael Regan 3rd Dist: Karin Davis 4th Dist: Willie Lamberson 5th Dist: Linda Garcia
Executive Director: Geoffrey M. Ross

Public Meeting
Wednesday, October 16, 2019
10:00am-12:30PM
SCCDC Hearing Room
1440 Guerneville Road
Santa Rosa, California 95403

Agenda

1. Call to Order and Roll Call

2. Public Comments for Items Not on the Agenda

3. Approval of Minutes from September 18, 2019 Meeting (pg. 3)
   The Committee will discuss and may take action to approve the minutes from September 18, 2019 or may recommend changes to these minutes.

4. Update on Housing Authority Waitlist (pg. 5)
   Staff will present an update on the status of the new lottery waitlist, when successful applicants will be notified.

5. Approval of FY 2020-2021 Federal Funding Policies (pg. 7)
   Staff will present marked-up FY 2020-2021 Funding Policies showing the changes from last year’s policies and ask the committee to approve their use for the FY 2020-2021 Funding Cycle.

6. Public Hearing: Action Plan Amendment (pg. 49)
   Staff will present a proposed amendment to the Action Plan to reprogram $900,000 from delayed projects to shovel-ready projects in need of additional funds to meet the CDBG timeliness requirements and take comments from the public.
   a) Open public hearing
   b) Close public hearing
   c) Committee Discussion
   d) Motion to approve or make changes

7. Lunch Break (11:30AM-11:45AM)
   After the Cities & Towns Committee adjourns, the CD Committee will have an opportunity to break for lunch. Lunch will be provided.
8. **Public Hearing: County Fund for Housing Awards (Time Certain: 11:45AM) (pg. 53)**

   Staff will present the staff report and proposals for awards to applicants of the County Fund for Housing.
   
   a) Open public hearing
   b) Close public hearing
   c) Committee Discussion
   d) Motion to approve or make changes

9. **Adjournment**

   **Next Regular Meeting**
   
   November 20, 2019
   
   10:00 am
   
   Public Hearing Room
   
   1440 Guerneville Road
   
   Santa Rosa, CA

Any writings or documents presented to a majority of the Community Development Committee regarding any item on this agenda will be made available for public inspection in the Sonoma County Community Development Commission office located at 1440 Guerneville Road, Santa Rosa, CA 95403 during normal business hours.

**DISABLED ACCOMMODATION**: If you have a disability which requires an accommodation, an alternative format, or requires another person to assist you while attending this meeting, please contact the Administrative Services Officer at (707) 565-7520, as soon as possible to ensure arrangements for accommodation.

Language Services are available upon request.
Minutes

1. Call to Order and Roll Call
Oscar Chavez called the meeting to order at 10:10 am and roll was called.
CD Committee Members Present: Oscar Chavez, Jessica Vega, Michael Regan, Willie Lamberson, CD Committee Members Absent: Karin Davis, Stephanie Hiller, Linda Garcia, Betzy Chavez
CDC Staff Present: Felicity Gasser, Federal Funding Coordinator; Kirsten Larsen, Environmental Coordinator; Benjamin Wickham, Affordable Housing Director; Holly Kelley, Senior Community Development Specialist; Valerie Johnson, Housing Asset & Program Compliance Specialist; Allison Mayer, Quality Compliance Specialist; Suzanne Whipple, Homeless Services Administrative Specialist

Guests Present:
Paul Carrol, CAPSC
Lasette Sewell, Catholic Charities

2. Public Comments for Items Not on the Agenda
No public comment was made for items not on the agenda.

3. Approval of Minutes from May 22, July 17, and August 21 Meetings
This item was moved to a later time due to the CD Committee not having quorum

Holly Kelley, Senior Community Development Specialist, presented a brief overview of the highlights of the draft Consolidated Annual Performance and Evaluation Report and invited comments from the Committee and the public. The Committee thanked staff for providing the report and had no comments.

Public Comment
No comments were made by the public.

Committee member Stephanie Hiller arrived at 10:13AM.

Jessica Vega moved to approve the minutes as submitted from the previous three meetings, Willie Lamberson seconded the motion.
Ayes: Oscar Chavez, Jessica Vega, Michael Regan, Willie Lamberson, Stephanie Hiller
Noes: None
5. **Discuss FY 2020-2021 Federal Funding Policy Changes**  
Felicity Gasser, Federal Funding Coordinator, recommended FY 2020-2021 Federal Funding Policy Changes for discussion by the Community Development Committee and Cities and Towns Advisory Committee. Staff invited feedback from Committee members that will be incorporated into final policies that will be brought to the Community Development Committee for adoption in October. The Committee expressed appreciation for the addition of climate criteria, and had questions about how climate goals would be measured, the status of disaster funding (CDBG-DR), and what types of projects are eligible as “non-housing” projects under CDBG. The Committee also directed staff to put together information on the impact of climate change on vulnerable populations.

**Public Comment**  
Paul Carrol, Community Action Partnership, pointed out that a lot of affordable housing is built in areas with heavy traffic. A lot of children who grow up in these homes end up with asthma, but there are certain design features that could mitigate exposure to particulates.

6. **Progress Report on Meeting Timeliness and Recommendations for an Action Plan Amendment**  
Felicity Gasser, Federal Funding Coordinator, presented a memo including the current status of all open CDBG projects and asked the Committee for a recommendation to request that staff work with each jurisdiction that will ensure timely spending of CDBG funds and bring forward an Action Plan Amendment to the Board of Supervisors in October. Staff will do an assessment of projects that are able to spend the money quickly and those that are delayed in order to ensure that the Commission passes its timeliness test in May. The Committee agreed, but expressed concern over holding projects harmless that could not spend down funds. The Committee recommended conducted an analysis of prior projects to see if there are trends in realistic amounts of time for projects by type.

**Public Comment**  
No comments were made by the public

7. **Adjournment**  
Oscar Chavez adjourned the meeting at 11:07AM

Respectfully Submitted,  
Holly Kelley, Senior Community Development Specialist
MEMORANDUM
Date: October 16, 2019

To: Community Development Committee

From: Martha Cheever, Housing Authority Manager
Cynthia Meiswinkel, Waitlist and Occupancy Supervisor

Subject: Update on Housing Authority Waitlists

On May 22, 2019, a public hearing was conducted before this Committee regarding proposed changes to the Housing Authority waitlist process. The Committee voted 5-1 in favor of making sweeping changes to the waitlist process in order to make the programs more accessible to low-income persons in a timely manner. The most significant changes that were discussed in the meeting included the cancelation of the existing waitlist which consisted of close to 27,000 households and the removal of a local residency preference. Changes to the waitlist were authorized by the Board of Commissioners on June 4, 2019.

On July 1, 2019, the Housing Authority opened the application for a new Housing Choice Voucher waitlist and eleven, site-specific project based voucher waitlists. After extensive outreach, the waitlists closed at 11:59 PM on July 31, 2019. In total, 12,661 applications were received for the Housing Choice Voucher waitlist and 12,709 applications were received for project based voucher waitlists.

A software driven lottery was conducted on October 1, 2019. The lottery was random and applicants were selected for waitlists without regard for any preferences claimed. 500 applicants were placed on the Housing Choice Voucher waitlist and an additional 6,819 applications were placed on the eleven project based voucher waitlists. Many applicants were placed on more than one waitlist. In total 2,842 unique applicants were placed on at least one waitlist. All applicants were sent notification via U.S. Mail of their status on the waitlists during the week of October 14, 2019.

Below are statistics on the new waitlists:

<table>
<thead>
<tr>
<th>HCV Waitlist (500)</th>
<th>PBV Waitlists (Cumulative - 6819)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sonoma County Residents</td>
<td>Sonoma County Residents</td>
</tr>
<tr>
<td>Disabled</td>
<td>Disabled</td>
</tr>
<tr>
<td>Senior</td>
<td>Senior</td>
</tr>
<tr>
<td>Senior + Disabled</td>
<td>Senior + Disabled</td>
</tr>
<tr>
<td>Experiencing Homelessness</td>
<td>Experiencing Homelessness</td>
</tr>
<tr>
<td>Families with Minor Children</td>
<td>Families with Minor Children</td>
</tr>
<tr>
<td>Latino/Hispanic</td>
<td>Latino/Hispanic</td>
</tr>
<tr>
<td></td>
<td>216 43%</td>
</tr>
<tr>
<td></td>
<td>215 43%</td>
</tr>
<tr>
<td></td>
<td>115 23%</td>
</tr>
<tr>
<td></td>
<td>71 14%</td>
</tr>
<tr>
<td></td>
<td>139 28%</td>
</tr>
<tr>
<td></td>
<td>189 38%</td>
</tr>
<tr>
<td></td>
<td>91 18%</td>
</tr>
<tr>
<td></td>
<td>4635 68%</td>
</tr>
<tr>
<td></td>
<td>4088 60%</td>
</tr>
<tr>
<td></td>
<td>2417 35%</td>
</tr>
<tr>
<td></td>
<td>1641 24%</td>
</tr>
<tr>
<td></td>
<td>2560 38%</td>
</tr>
<tr>
<td></td>
<td>1627 24%</td>
</tr>
<tr>
<td></td>
<td>1424 21%</td>
</tr>
</tbody>
</table>
It is anticipated that the Housing Choice Voucher waitlist lottery will begin accepting applications in twelve to twenty-four months. Project Based Voucher waitlists will reopen at various times dependent upon the need for additional applicants.
MEMORANDUM

Date: October 16, 2019

To: Community Development Committee & Cities and Towns Advisory Committee

From: Felicity Gasser, Federal Funding Administrator

Subject: Agenda Item 5: Approval of FY 2020-2021 Federal Funding Policies

With both Committee’s recommendation to proceed at the September 18 Public Hearing with the outlined changes, staff is requesting the committee’s review and public feedback on the attached marked up policies to govern the FY 2020-2021 Funding Cycle for Housing and Neighborhood Investments as well as Fair Housing Programs.

Staff requests approval of these funding policies from both the Cities and Towns Advisory Committee (CTAC) and the Community Development Committee.

Given the limited time for committees and the public to review resulting from delays in releasing the agenda packet due to PG & E De-energization on October 9th, the Committees may wish to postpone approval until the November 20th meeting of the Community Development Committee, which would allow time for committee members and the public to submit additional feedback for consideration.
SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION

FY 2020-2021 CDBG & HOME Funding Policies

for Affordable Housing
Non-Housing Capital Projects
and
Fair Housing and Housing Justice Program

Draft Prepared and Distributed for Review
October 107, 2019
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1. **OVERVIEW**

The County of Sonoma, as well as the seven municipalities of Cloverdale, Cotati, Healdsburg, Rohnert Park, Sebastopol, Sonoma, and Windsor, through a Joint Powers Agreement, comprise the Urban County, an entity recognized by the U.S. Department of Housing and Urban Development (HUD) as an entitlement jurisdiction eligible for formula grant funding under the CDBG, HOME, and other HUD programs. The cities of Santa Rosa and Petaluma, although located within the boundaries of Sonoma County, each qualify as separate entitlement jurisdictions and administer their respective HUD funding allocations. The references made in this document to “County” refer to the eight-jurisdiction Urban County.

This document, the FY 2020-2021 CDBG & HOME for Capital Projects Funding Policies, provides the policy framework to guide the allocation and administration of CDBG and HOME funds, consistent with federal rules, statutes, and regulations, as well as local priorities.

The Sonoma County Community Development Commission (Commission) is the designated local administrative body for each of the federal funding programs.

1.1. **HUD Funding Programs**

1.1.1. **Community Development Block Grant Program (CDBG)**

The CDBG Program, as created by the federal Housing and Community Development Acts of 1974, as amended, has as its primary objective the development of viable communities through the provision of decent housing, a suitable living environment, and the expansion of economic opportunities, primarily for low- and moderate-income persons. At least 70 percent of Sonoma County’s CDBG funds must be used for activities that benefit low- and moderate-income persons (i.e., persons earning less than 80 percent of the area median income). Any programs or projects allocated CDBG funding must meet one of the following National Objectives:

- Benefit low- and moderate-income persons
- Prevent or eliminate slums and blight
- Meet an urgent need

**APPLICABLE SUSPENSION/WAIVER FOR FY 2019-20**

Suspension and waiver of the CDBG requirements that disallow new construction of affordable housing as an eligible activity. The suspension and waiver permit the County to use CDBG funds for new construction. **Effective through October 10, 2019.**

Within the CDBG program, up to 15 percent of funds can be obligated for public service activities. In recent years, the Commission has used its public services set aside for a combination of homeless services and fair housing services. In FY 2020-2021, given the large investment from the State of California in ending homelessness, and the recognition by the Commission of the need to build a robust Fair Housing and Housing Justice Program, the Commission will use 100% of the CDBG Public Services Set-aside to fund its Fair Housing and Housing Justice Program. Clients served by this program are often prevented from becoming homeless because of legal interventions made. Because households who are served do not touch the HOME Sonoma County homeless system of care, decisions about awarding these funds are made by the Board of Supervisors, with recommendations from the Cities and Towns Advisory Committee and Community Development Committee, as Fair Housing and Housing Justice Programs are within their purview.
1.1.2. **HOME Investment Partnership Program (HOME)**

The Cranston-Gonzalez National Affordable Housing Act created the HOME Program in 1990. The HOME Program provides funding to local jurisdictions to increase the stock of housing affordable to very low- and low-income households. In 1991, HUD designated Sonoma County a Participating Jurisdiction under the HOME Program.

**APPLICABLE SUSPENSION/WAIVER FOR FY 2019-20**

Suspension and waiver of the HOME requirement that requires a 15% set aside of the annual allocation for Community Housing Development Organizations (CHDOs). This requirement is reduced to 0%. The purpose of this suspension and waiver is to relieve the County of requirements that may impede use of funds to provide housing to persons displaced by the wildfire. **Effective for FY 2017, 2018, 2019 allocations.**

Suspension of the per-unit dollar limitations established for HOME. The cost of new construction of affordable housing will escalate due to the extensive damage caused by the wildfire. These high costs could exceed the maximum per unit subsidy limit for HOME-assisted projects. The suspension provides the County the needed flexibility to assist low-income individuals and families. **Effective through March 27, 2020.**

1.2. **Other Funding Programs**

The Urban County also administers HUD funding for public services, in the form of a 15-percent set-aside of CDBG funds and the federal Emergency Solutions Grant (ESG) program.

As part of its annual funding cycle, the Sonoma County Community Development Commission (Commission) also administers the locally funded County Community Services Funding (CSF), the Low and Moderate-Income Housing Asset Fund (LMIHAF), and an allocation of State ESG funds. Per direction received from the County Board of Supervisors, the award process for these funds is integrated with the CDBG Public Services and ESG funding processes to the extent possible. The CSF, LMIHAF Services, and State ESG programs will follow the priorities set forth in the Consolidated Plan.

Policies related to CDBG Public Services, CSF, LMIHAF Services, and federal and State ESG funding are available in a separate document, Policies for Homeless Services Funding.

1.3.1.2. **Consolidated Plan**

The Consolidated Plan is a five-year plan required by HUD in order for Sonoma County to receive federal housing and community development funds under the CDBG, HOME, and the ESG programs. **Federal ESG funds are awarded through a process governed by HOME Sonoma County, the governance structure for Sonoma County’s homeless system of care.** The Consolidated Plan, including the goals and specific objectives for the five-year period years, also includes the County’s One-Year Action Plans for the use of CDBG, HOME, and local ESG funds during each fiscal year.

The goals and objectives are developed through a citizen participation process conducted concurrently with the first Action Plan’s CDBG, HOME, and ESG funding approval process of each Consolidated Plan. The **current new** Consolidated Plan will cover the period from July 1, 2015 to June 30, 2025.

The Consolidated Plan serves the following four functions:

1. A planning document for Sonoma County, which builds on a participatory process.
2. A strategy to be followed in carrying out HUD programs.
3. An action plan that provides a basis for assessing performance
4. A required element of the annual application for federal funds under HUD’s CDBG, HOME, and ESG programs

The Sonoma County Consolidated Plan encompasses activities undertaken by the Urban County. The cities of Santa Rosa and Petaluma each establish an individual Consolidated Plan for their sole jurisdiction.

2. **FUNDING GOALS AND OBJECTIVES**

These FY 2020 to 2021 Funding Policies are based on the goals and objectives that will be identified in the Sonoma County 2020 Consolidated Plan. The Consolidated Plan will organize community priorities for the use of HUD funds by the Urban County. These funding priorities have not yet been set for the FY 2020-2021 Consolidated Plan and will be informed by the completion of a 2019 Countwide Assessment of Fair Housing, to be completed in February 2020, and through a community engagement process to be undertaken in February, March and April 2020. By grouping said priorities into three categories: affordable housing, homelessness, and non-housing community development.

The 2015-2020 Consolidated Plan goals are closely aligned with the Strategic Priorities set by the Sonoma County Board of Supervisors on April 4, 2017, particularly “Securing our Safety Net” and “Housing for All.” Sonoma County is currently preparing and adopted a Recovery and Resiliency Framework, in December 2018 that sets a vision for community recovery following the October 2017 fires. The Community Development Commission assisted in the development of this framework. It includes 5 strategy areas, three of which are closely aligned with and build upon the Consolidated Plan goals: Housing, Economy, and Safety Net Services. These multi-year priorities drive the Commission’s work plans and will dovetail with the Consolidated Plan goals and objectives and the selection criteria for funding projects.

To begin preparing for the 2020-2021 Consolidated Plan, at a public hearing/meeting on March 20, 2019, related to the FY 2019-2020 Action Plan, the Cities and Towns Advisory Committee, and the Community Development Committee identified the following draft Selection Criteria for projects. These criteria were further refined during the September 18, 2019, Public Hearing at which the Committees gave direction to incorporate these criteria into the FY 2020-2021 Funding Policies. These criteria will be vetted and refined through a community engagement process currently underway and continuing through Spring 2020 to become a set of goals and objectives for the 5 Year Consolidated Plan.

1. **The following Selection Criteria will continue to be used to rank projects:**
   - Preference for projects that create or preserve affordable housing
   - Preference for infrastructure or public facilities that support creation or preservation of affordable housing
   - Preference for infrastructure or public facilities that support low or moderate-income populations
   - Preference for projects that demonstrate that the proposed project can spend grant funding within the applicable timeliness provisions.
   - Preference for projects that demonstrate need with evidence.
   - For Non-Housing Projects: preference for projects that leverage public funds to the greatest extent possible or projects that meet a particular community need that cannot be met by other funding sources.

2. **The following Selection Criteria will be added to those currently used to rank projects, based on last year’s feedback from the committees:**
   - Preference for projects that prevent displacement in high opportunity areas.
   - Preference for housing projects with deep income targeting and special needs populations.
• Preference for projects that alleviate the impact of climate change on low-income populations. Examples include:
  - infill development
  - infrastructure to reduce environmental impacts in LMA communities including:
    - new energy-efficient housing construction
  - Considers mobility needs of low-income people, looking at a variety of factors, including:
    - Projects that are aligned with local jurisdiction’s General Plan Climate Change Element & Equity Element

• For Housing Projects: preference for:
  - Projects that demonstrate funds will be leveraged against total development costs at least 7:1
  - Projects demonstrating advanced readiness via (a) entitlements; (b) financing commitments; (c) permitting
  - Project developers who can demonstrate previous success obtaining federal tax credits and/or state funding to develop housing within the last seven years
  - Projects that can demonstrate existing support from other jurisdictions via letters of support, funding commitments, etc.

3. The policies will reflect committees’ direction that awards be made with holistic attention to the following distribution of investments:
   - Balance projects with fast results with funding predevelopment for projects that need early money to be successful
   - Balance creation of new housing stock with maintaining existing housing stock and keeping people in their homes.
   - Make investments in low- and moderate-income areas that haven’t had investments historically, and in high opportunity areas that increase access for low and moderate-income people.

The County has identified the following as priority objectives for the use of CDBG and HOME funds. These objectives will be used in the evaluation of proposals for the use of these funds.

2.1. Affordable Housing

2.1.1. Goal

To promote the well-being and economic integration of lower income persons, increase and preserve the housing stock that is affordable, safe, and accessible for extremely low, very low, and low income families and individuals, including those with special needs and those who are homeless or at imminent risk of homelessness.

2.1.2. Objectives

  2.1.2.1. Develop new rental and ownership housing units that are affordable and available to extremely low, very low, and low income households, some with special needs. Give preference to applications for residential developments requesting CDBG or HOME funds that set aside homes for persons or households experiencing homelessness or who are at imminent risk of becoming homeless within 14 days.
2.1.2.2. Develop new housing units with appropriate supportive services that are affordable, accessible, and available to extremely low-, very low-, and low-income special needs households.

2.1.2.3. Provide tenant-based rental subsidies to make market-rate housing units affordable to very low-income and low-income households, some with special needs, with a preference for extremely low-income households and those experiencing or at risk of experiencing homelessness.

2.1.2.4. Provide comprehensive rehabilitation and targeted hazard mitigation assistance to make needed repairs and improvements to conventional single- and multi-family housing and mobile homes owned and/or occupied by extremely low-, very low-, and low-income households, some with special needs.

2.1.2.5. Provide loans to eligible entities to acquire and/or rehabilitate existing multi-family housing affordable, accessible and available to extremely low-, very low-, and low-income households at risk of becoming market rate housing. The occupants of some of these assisted housing units will include special needs households.

2.1.2.6. Provide direct fair housing education and mediation services to low- and moderate-income renter households, some with special needs. Guidelines on applying for funds to meet this objective found separately in the Policies for Homeless Services Funding.

2.2. Homelessness (NOTE: Funding for homelessness-related public services are found separately in the Policies for Homeless Services Funding.)

2.2.1. Goal
Promote effective and proven strategies for homelessness prevention and intervention county-wide.

2.2.2. Objectives

2.2.2.1. Reduce the number of episodes of homelessness experienced by residents of Sonoma County.

2.2.2.2. Provide a platform of stable housing with supportive services to persons who are living “on the streets” or to persons leaving emergency shelters, some with special needs.

2.2.2.3. For residential developments requesting CDBG or HOME funds, give preference to applications that set aside homes for persons or households experiencing homelessness or who are at imminent risk of becoming homeless within 14 days.

2.3. Non-Housing Community Development

2.3.1. Goals

2.3.1.1. 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.

2.3.2. Objectives

2.3.2.1. Preserve low- and moderate-income neighborhoods and improve the quality of neighborhood-based living, including construction or reconstruction of storm/flood drain improvements, water and sewer improvements (connecting water and sewer lines to new or existing affordable housing developments, sewer
mains, and rural water facilities), streets, streetlights, sidewalks, and curbs and gutters (either non-existent or in need of repair or upgrade).

2.3.2.2. Construct, renovate, or install access modifications to reduce or eliminate architectural barriers to meet the special needs of persons with disabilities and the elderly in accordance with the American with Disabilities Act (ADA) in public facilities, including but not limited to public parks, restrooms, youth centers, senior centers, fire stations, libraries, and community recreation facilities.

3. **FUNDING ALLOCATIONS**

3.1. **CDBG Allocation**

CDBG Funds shall be allocated per the table below. Unless otherwise indicated, the percentage of funding in each category is set by the Board of Supervisors, not by federal regulation.

<table>
<thead>
<tr>
<th>Community Development Block Grant (CDBG) Allocation Categories</th>
<th>Percentage of Funding</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>County-Sponsored Projects, Countywide/Unincorporated Area Projects, City/Town Projects</td>
<td>65%</td>
<td>These funds will be allocated in a competitive process to fund projects located in the Urban County sponsored by CDBG eligible recipients (all municipalities within the Urban County) and subrecipients (all other eligible applicants). Eligible projects are described in Appendix A.</td>
</tr>
<tr>
<td>Public Services Projects</td>
<td>15%</td>
<td>Percentage limited by CDBG federal regulations. The process for awarding these funds is described in a separate document, called Policies for Homeless Services Funding. Given the federal mandate to Affirmatively Further Fair Housing, and the recommendation in the 2011 Analysis of Impediments to Fair Housing to strengthen the capacity of a local fair housing organization to reduce discriminatory activities, the Commission will spend its public services set-aside on a Fair Housing and Housing Justice Program.</td>
</tr>
<tr>
<td>Program Administration</td>
<td>20%</td>
<td>Percentage limited by CDBG federal regulations.</td>
</tr>
</tbody>
</table>

3.2. **CDBG Program Income and Reprogrammed Funds Allocation**

CDBG Program Income and Reprogrammed Funds shall be allocated per the table below. Unless otherwise indicated, the percentage of funding in each category is set by the Board of Supervisors, not by federal regulation.

<table>
<thead>
<tr>
<th>Community Development Block Grant (CDBG) Allocation Categories</th>
<th>Percentage of Program Income</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Development Commission Housing Rehabilitation Program and Homebuyer Assistance</td>
<td>65%</td>
<td>Program income derived from all CDBG-funded projects will be allocated as follows: Sixty-five percent (65%) will be used for housing rehabilitation and homebuyer assistance and associated direct program delivery costs.</td>
</tr>
</tbody>
</table>
in either the incorporated or unincorporated areas of the Urban County, expended pursuant to priorities set in the annual Action Plan. Use of program income may be subject to an Action Plan Amendment. Reprogrammed funds from all projects other than public services will be used for housing rehabilitation and homebuyer assistance and associated direct program delivery costs in either the incorporated or unincorporated areas of the Urban County, will be expended pursuant to priorities set in the annual Action Plan. Use of reprogrammed funds may be subject to an Action Plan Amendment.

Public Services

15%  
Fifteen percent (15%) of program income derived from all CDBG-funded projects will be used for Public Services, as allowed under CDBG regulations. Use of the 15% set-aside of program income will be expended pursuant to priorities set in the annual Action Plan and may be subject to an Action Plan amendment. The process for awarding these funds is described in a separate document, called Policies for Homeless Services Funding. Reprogrammed funds derived from Public Services will be expended on Public Services pursuant to priorities set in the annual Action Plan and may be subject to an Action Plan amendment used for Public Services projects.

Program Administration

Up to 20%  
Percentage limited by CDBG federal regulations. Commission will use up to twenty percent of CDBG program income for program administration and operation of the CDBG program.

3.3. HOME Allocation

New annual allocations of HOME funds shall be allocated per the table below. Unless otherwise indicated, the percentage of funding in each category is set by the Board of Supervisors, not by federal regulation.

<table>
<thead>
<tr>
<th>HOME Investment Partnership Program Categories</th>
<th>Percentage of Funding</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenant-Based Rental Assistance, Development, and Preservation of Rental Housing</td>
<td>Up to 90%</td>
<td>These funds will be allocated in a competitive process to fund projects or programs located in any of the eight Urban County jurisdictions. Eligible projects and programs are described in Appendix A.</td>
</tr>
<tr>
<td>Community Housing Development Organizations operational support</td>
<td>Up to 5%</td>
<td>Percentage limited by HOME federal regulations.</td>
</tr>
<tr>
<td><strong>Suspended/Waived for FY 17, FY 18, FY 19. Community Housing Development Organization development or preservation of affordable housing set-aside</strong></td>
<td>At least 15%</td>
<td>Minimum required by HOME federal regulations. Per federal regulation, if this funding category is undersubscribed, any unallocated funds will roll over for allocation in the next fiscal year. Eligible projects are described elsewhere in these policies.</td>
</tr>
<tr>
<td>Program Administration</td>
<td>10%</td>
<td>Percentage limited by HOME federal regulations.</td>
</tr>
</tbody>
</table>
3.4. HOME Program Income and Reprogrammed Funds Allocation

HOME Program Income and Reprogrammed Funds shall be allocated per the table below.

<table>
<thead>
<tr>
<th>HOME Program Income and Reprogrammed Fund Categories</th>
<th>Percentage of Program Income</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Director's discretion</td>
<td>90%</td>
<td>At the Executive Director’s discretion, funds will be reallocated to the Sonoma County Housing Authority’s Tenant-Based Rental Assistance Program, reallocated through an Action Plan Amendment, or rolled forward to the next fiscal year allocation.</td>
</tr>
<tr>
<td>CHDO Projects</td>
<td>CHDO reprogrammed funds</td>
<td>At the Executive Director’s discretion, funds will be reallocated to the Sonoma County Housing Authority’s Tenant-Based Rental Assistance Program or through an Action Plan Amendment or rolled forward to the next fiscal year allocation. Suspended/Waived for FY 17, FY 18, FY 19: CHDO Set-Aside funds may only be reprogrammed to eligible CHDO projects.</td>
</tr>
<tr>
<td>Program Administration</td>
<td>10%</td>
<td>Percentage limited by HOME federal regulations. Commission will use ten percent of program income for program administration and operation of the HOME program.</td>
</tr>
</tbody>
</table>

4. ELIGIBLE APPLICANTS

Individual persons are not eligible to apply for CDBG or HOME funds; however, individuals may apply for assistance from programs assisted with these funds such as housing rehabilitation, first-time homebuyer, or tenant-based rental assistance programs. [See 24 CFR 570.207(b)(4)]

4.1. CDBG

Eligible applicants for CDBG funding are specified by federal regulations. The type of eligible applicant varies by activity type. Generally, eligible applicants are governmental agencies, private non-profit organizations, and Community Based Development Organizations (CBDOs; see 24 CFR 570.204).

4.2. HOME

Only non-profit and qualifying for-profit organizations and public agencies or local government entities may apply for HOME funding. [See 24 CFR 92.504(c)(3).]

5. ELIGIBLE ACTIVITIES

Eligible activities are described in Appendix A.

6. TYPES OF ASSISTANCE

6.1. Form of Assistance – Rental Housing and Public Facility Projects

All financial assistance will be in the form of loans secured by real property except for non-housing projects (i.e. public facility projects) sponsored and owned by units of local government where the assistance will be in
the form of a grant. Generally, all loans will be three percent (3%) simple interest, with payments deferred for the term of the loans. See Sonoma County Community Development Commission Loan Policies for additional information regarding interest rates and other loan parameters. Upon completion of the project, Commission loans must be fully secured by the post-completion value of the property. The term of the loan will be the longer of thirty (30) years or the longest term of any project financing source.

6.2. Form of Assistance – Ownership Housing Projects

The interest rate and security requirements for home-ownership projects will be the same as those for rental housing developments, as detailed above. The Commission loan to the developer will be for a maximum five-year term and will convert to deferred-payment, subordinate loans to income-eligible buyers at the time of first sale of each unit in the ownership project. The total amount of these loans will be sufficient to recapture the initial amount of Commission loan, plus any interest accrued on the Commission loan as of the date of conversion.

6.3. Funding Agreements, Subrecipient Agreements, Loan Documents and Close of Escrow

The Commission will execute a Funding Agreement, Subrecipient Agreement or Developer Agreement and Promissory Note with each recipient, subrecipient, or developer receiving financial assistance. For financial assistance provided in the form of loans, the Commission will additionally execute a Promissory Note and record a Deed of Trust with a Rider in evidence of the Commission loan commitment and obligations.

6.4. Alternate Loan Terms

The Commission will consider alternate loan terms that the applicant may request for coordination with other sources of project financing. On a case-by-case basis, the Commission staff may approve requests to assign the Subrecipient or Developer Agreement and/or Commission loan to a partnership or other assignee in compliance with HUD regulations.

7. FUNDING CONDITIONS AND PROGRAM REQUIREMENTS

7.1. Timeliness

All projects shall proceed in a timely manner, as detailed below. Extensions may be granted for good cause at the discretion of the Executive Director and must be consistent with the funding source regulations.

7.1.1. CDBG

7.1.1.1. Fair Housing and Housing Justice Program (CDBG)

Funds for Fair Housing and Housing Justice Programs activities must be expended within the 12 months of the fiscal year for which funding is allocated. Funds that are unexpended after the agreement term will be reprogrammed.

7.1.1.2. Public Facilities and Public Improvements (CDBG)

The applicant must satisfy all conditions of approval that are set forth in these Funding Policies as a prerequisite to the CDC offering the Subrecipient Agreement for execution within 12 months of the start of the fiscal year associated with the award. Funds for all Public Facilities and Public Improvement projects, including predevelopment costs, hard and soft costs of construction, renovation or reconstruction (but excluding site acquisition costs, which are governed by 7.1.2 above), must be expended within 18 months of
the date on which the Subrecipient Agreement is offered for execution. Funds that are unexpended after this deadline will be reprogrammed.

7.1.1.1. Site Acquisition (CDBG)

The applicant must satisfy all conditions of approval that are set forth in the Commission Loan Policies as a prerequisite to the CDC offering the Subrecipient or Developer Agreement for execution within 12 months of the start of the fiscal year associated with the award. Site Acquisition funds must be spent within 18 months of the date on which the Subrecipient Agreement is offered for execution. The applicant must satisfy all conditions of approval that are set forth in the Commission Loan Policies as prerequisite to the CDC offering the Subrecipient or Developer Agreement for execution within 12 months of the start of the fiscal year associated with the award. If the site acquisition is not complete within 18 months of the date on which the Subrecipient Agreement is offered for execution, the funds will be reprogrammed.

7.1.1.4. Affordable Housing Development - CDBG

The applicant must satisfy all conditions of approval that are set forth in the Commission Loan Policies as a prerequisite to the CDC offering the Subrecipient or Developer Agreement for execution within 12 months of the start of the fiscal year associated with the award. Disbursement of funds for all affordable housing projects, including predevelopment costs, hard and soft costs of new development, renovation, rehabilitation, and reconstruction projects (but excluding Site Acquisition, which are governed by 7.1.1.3 above) must be initiated within 18 months of the date on which the Subrecipient or Developer Agreement is offered for execution. All funds must be disbursed within 24 months after the date on which the Subrecipient or Developer Agreement is offered for execution. Funds that are unexpended after this deadline will be reprogrammed.

7.1.2. HOME

Affordable Housing Development (HOME)

7.1.2.1. HOME

The applicant must satisfy all conditions of approval that are set forth in the Commission Loan Policies as a prerequisite to the CDC offering the Subrecipient or Developer Agreement for execution within 12 months of the start of the fiscal year associated with the award. Disbursement of funds for all affordable housing projects, including predevelopment costs, hard and soft costs of new development, renovation, rehabilitation, and reconstruction projects (but excluding site acquisition costs, which are governed by 7.1.2 above), must be initiated within 18-24 months of the date on which the Developer Agreement is offered for execution, start of the fiscal year associated with the award. The applicant must satisfy all conditions of approval that are set forth in the Commission Loan Policies as prerequisite to the CDC offering the Subrecipient or Developer Agreement for execution within 12 months of the start of the fiscal year associated with the award. All funds must be disbursed within 24-36 months after the date on which the Developer Agreement is offered for execution, start of the fiscal year associated with the award. Funds that are unexpended after this deadline will be reprogrammed. Affordable housing projects must be completed within four years of the date on which the Developer Agreement is offered for execution. Project completion will be documented by the submission of temporary certificates of occupancy for all HOME-funded units. HOME-assisted rental units must be
occupied by income-eligible households within 12 months of project completion. A HOME-assisted homebuyer unit must have a ratified sales contract within six months of construction completion.

7.1.2.2. Affordable Housing Development – CHDO set-aside (HOME)

The community housing development organization (CHDO) must satisfy all conditions of approval that are set forth in the Commission Loan Policies as prerequisite to the CDC offering the Subrecipient or Developer Agreement for execution within 12 months of the start of the fiscal year associated with the award. The participating jurisdiction must enter into a legally binding agreement with the CHDO for a specific project within 24 months of the start of the fiscal year associated with the award. Disbursement of funds for all CHDO projects, including predevelopment costs, hard and soft costs of new development, renovation, rehabilitation, and reconstruction projects must be initiated within 24 months of the date on which the Developer Agreement is offered for execution. All funds must be disbursed within 36 months of the date on which the Developer Agreement is offered for execution. CHDO projects must be completed within four years of the date on which the HOME Funding Agreement is offered for execution. Project completion will be documented by the submission of temporary certificates of occupancy for all HOME-funded units. HOME-assisted rental units must be occupied by income-eligible households within 18 months of project completion. A HOME-assisted homebuyer unit must have a ratified sales contract within nine months of construction completion.

7.1.2.7.1.3. Tenant-Based Rental Assistance (HOME)

Funds for tenant-based rental assistance programs must be committed to specific households within 12 months of, and expended within 36 months of, the start of the fiscal year associated with the award. Funds that are unexpended after this deadline will be reprogrammed.

7.2. Site Control

In order to demonstrate project readiness and facilitate compliance with the CDBG stress test [24 CFR 570.902(a)] and the HOME timeliness provisions [92.205(e)(2)], capital project applications must demonstrate site control at the time funding is made available to the County by HUD (generally August of the new fiscal year). An executed long-term lease, signed option or purchase agreement or equivalent, legally enforceable instrument may satisfy this requirement. If site control is not in force at the time HUD makes the funding available to the County, the funding approval will be rescinded and the funds will be reprogrammed.

7.3. Environmental Review

All CDBG- and HOME-funded projects must comply with federal environmental regulations. [24 CFR part 58 National Environmental Policy Act of 1969 (NEPA) and 24 CFR 570.604 (CDBG) and 24 CFR 92.352 (HOME)]

Funding agreements may not be offered for execution until the required federal environmental conditions have been met.

7.3.1. Certifying Officer, Roles, and Responsibilities

The Commission’s Executive Director is designated by the Board of Supervisors as the Certifying Officer for all National Environmental Policy Act (NEPA) environmental review of CDBG- and HOME-funded projects. Therefore, the Commission will determine and complete, or cause to be completed, the appropriate level of NEPA environmental review, the cost of which shall be the responsibility of the awardee, and may be paid
from the awarded grant or loan funds. The awardee must provide all requested information pertinent to completing the environmental review in a timely manner. Failure to do so will result in the reprogramming of the allocated funds to another project.

The applicant must provide the Commission with documentation verifying the satisfaction of any required environmental impact mitigation measures. [See 24 CFR part 58 Subpart B Section 58.13]

7.3.2. **CEQA Compliance**

If applicable, all projects must receive local environmental clearance in accordance with the requirements of the California Environmental Quality Act (CEQA). The Commission will request the applicant will submit the CEQA status from the Permit and Resource Management Department (Permit Sonoma) the project’s applicable Lead Agency within reviewing the grant funding application. The applicant must submit a copy of the CEQA clearance to the Commission prior to a funding commitment being made. [See Cal. Code Regs. Tit. 14. Section 15000 et seq.;]

7.4. **Section 3**

All CDBG and HOME funded projects must comply with the provisions of Section 3 of the Housing and Urban Development Act of 1968, as amended, and with the implementing regulations set forth in 24 CFR Part 135. Any funded entity shall comply with these Section 3 requirements and with the Section 3 Affirmative Action Plan of the Community Development Commission at the time that the funding agreement is executed.

7.5. **Federal Labor Standards**

Federal Labor Standards requirements include the Davis-Bacon Act, Copeland “Anti-Kickback Act,” and Contract Work Hours and Safety Standards Act, usually these requirements are referred to as “Davis-Bacon and Related Acts” or DBRA.

CDBG-funded construction or rehabilitation of properties with eight (8) or more total residential units trigger DBRA. [See 24 CFR part 570.603]

Any eligible use of HOME funds – including land acquisition, in which there are twelve (12) or more HOME-assisted units in the same project trigger DBRA. [See 24 CFR part 92.354 & HUD Handbook 1344.1]

7.6. **Reasonable Cost of Real Estate Acquisition**

For CDBG- and HOME-funded acquisition projects, the Commission must determine that the cost of the property is reasonable.

A property appraisal carried out by a licensed real estate appraiser, or other evidence of valuation acceptable to the Commission, must be provided to the Commission prior to the Commission offering a funding agreement for execution. Funds for direct site acquisition will not be provided if the purchase price exceeds the documented “reasonable cost” of the real property.

As defined in CFR 200.404 “A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.”

Funds for related transaction costs (e.g., title, soils tests, Phase I reports, etc.) may be allowed above the reasonable cost.
7.7. Land Use Approvals

In order to demonstrate project readiness and facilitate compliance with the CDBG stress test [24 CFR 570.902(a)] and the HOME timeliness provisions [92.205(e)(2)], all CDBG- and HOME-funded projects that require land use approvals must be consistent with the General Plan of the jurisdiction in which they are located. A certification of the project's consistency with the applicable General Plan, signed by an authorized representative of the jurisdiction, must be submitted with the project application. If a project does not have land use approvals, under certain circumstances funding can be provided for predevelopment expenses only as long as other threshold criteria are met.

7.8. Compliance with Disabled Access Requirements

All CDBG- and HOME-funded projects must be able to comply with the Architectural Barriers Act of 1968 (PL 90-480) and with 24 CFR Part 8 entitled "Nondiscrimination Based on Handicapped Status in Federally Assisted Programs and HUD Activities."

24 CFR Part 8 states that no qualified individual with disabilities shall, solely on the basis of disability, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance from the Department of Housing and Urban Development.

Disabled access must be provided to the greatest extent feasible in non-housing as well as housing facilities. Proposed projects that do not provide access for the disabled may not be considered for funding. In addition, all local and State disability access guidelines must be followed.

7.9. Building Standards

All capital projects (housing and non-housing) must be constructed and maintained in compliance with all applicable federal, State, and local codes, standards, and ordinances.

For HOME owner-occupied housing rehabilitation, unit must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. HOME funds may not be used for emergency or small home repairs. [See 24 CFR 92.251]

7.10. Relocation and One-for-One Replacement

All CDBG- and HOME-funded projects must follow the relocation and one-for-one replacement procedures outlined in 24 CFR 570.606 (CDBG) and 24 CFR 92.353 (HOME) and in HUD’s Uniform Relocation and Real Property Acquisition Act.

Projects requiring permanent displacement of families, individuals, and/or businesses must also comply with the Sonoma County Residential Anti-Displacement and Relocation Assistance Plan, found on the web, here: http://sonomacounty.ca.gov/WorkArea/DownloadAsset.aspx?id=2147576719.

7.11. Change in Use

7.11.1. Requirements for Urban County Jurisdictions

All properties acquired and/or improved by the County of Sonoma or participating municipalities that comprise the Urban County entitlement jurisdiction memorialized by a Joint Powers Agreement, using CDBG funds must comply with the CDBG regulations at 24 CFR 570.505, which require that the use of the property (including the beneficiaries of such use) cannot be changed from that for which the acquisition or improvement was made unless the jurisdiction in which the project is located provides affected citizens with
reasonable notice of, and opportunity to comment on, any proposed change, and either: (1) the new use of such property qualifies as a CDBG-eligible activity; or (2) if the jurisdiction determines, after consultation with affected citizens, that it is appropriate to change the use of the property to a use which does not qualify for CDBG funding, the jurisdiction reimburses the Sonoma County CDBG Program in the amount of the then current fair market value of the property, less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, and improvements to, the property. This requirement shall be in effect until five (5) years after the Urban County is no longer participating in the CDBG Program. For County-owned or controlled properties, compliance with this requirement shall be secured through an annual certification.

7.11.2. Requirements for All Other Entities

All properties acquired and/or improved by local government entities other than those described in the above paragraph and by non-profit agencies using CDBG funds must comply with the CDBG regulations at 24 CFR 570.503(7)(i) & (ii), which require that the property be used to meet one of the national objectives in 24 CFR 570.208 until five (5) years after expiration of the CDBG Subrecipient Agreement, or for such longer period of time as determined to be appropriate by the Commission; and that if the property is not used to meet one of the national objectives during this time period, the applicant shall pay to the Sonoma County CDBG Program an amount of the then current fair market value of the property, less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, or improvement to, the property. Compliance with this requirement shall be secured by a deed restriction recorded on title to the acquired or improved property.

7.12. Demonstrating Benefit to Low- and Moderate-Income Persons

If a project proposes to meet the National Objective of providing a benefit to low- and moderate-income persons, the project must be able to demonstrate that at least 51 percent of households qualify as low- or moderate-income. [See 24 CFR 570.208]

7.13. Affirmatively Furthering Fair Housing

The Fair Housing Act reflects the federal requirement that HUD “use its grant programs to end discrimination and segregation, to the point where the supply of genuinely open housing increases.” As such, the Affirmatively Furthering Fair Housing rule requires fair housing planning to connect housing and community development policy and investment planning with meaningful actions that achieve material, positive changes in outcomes for protected classes: families with children, people with disabilities, and people of different races, colors and national origins. To be eligible for funding, a project must demonstrate what actions it takes to achieve material, positive changes that advance one of these four goals:

a. Decrease residential segregation
b. Eliminate racially and ethnically concentrated areas of poverty
c. Reduce unequal access to important community assets, including quality schools, job centers, and transit
d. Narrow gaps that result in disproportionate housing needs for people in protected classes.
7.14. **Affordability Restrictions for Housing Projects**

The following provisions identify the minimum affordability requirements for new housing development and rehabilitation of existing rental housing developments. Projects that provide greater and/or longer affordability than the minimums shown will receive a higher priority.

7.14.1. **Income Limits**

One hundred percent of CDBG and HOME funds will be used to assist units occupied by households with incomes of no more than eighty percent (80%) of the Sonoma County area median income (AMI), adjusted for household size.

At least eighty percent (80%) of the units assisted with HOME funds must initially be occupied by households with incomes of no more than sixty percent (60%) of Sonoma County AMI, adjusted for household size. Subsequently, these units may be occupied by households with incomes of up to eighty percent (80%) of Sonoma County AMI, adjusted for household size.

At least twenty percent (20%) of the units assisted with HOME funds must be occupied by households with incomes of no more than fifty percent (50%) of the Sonoma County AMI, adjusted for household size.

7.14.2. **Rent and Purchase Price Limits**

Units assisted with CDBG or HOME funds may be sold or rented to income-eligible households at affordable prices and rents, as determined by the Commission in accordance with HUD regulations.

7.14.3. **Term of Income and Price Restrictions**

Upon completion or acquisition of a housing project, the assisted units must remain affordable for the longer of fifty-five (55) years or the longest affordability term required by other financing in the project. In no case shall the period of affordability be less than the original term of the loan.

7.15. **Match Requirements**

Per federal regulation, the expenditure of HOME funds will accrue a match obligation equal to twenty five percent (25%) of the amount of the HOME funds expended. The Commission looks to each project receiving HOME funds to generate eligible match funds during the same fiscal year in which the HOME funds are expended. However, the Commission may cite previously reported match funds to satisfy HOME match requirements in subsequent years.

7.16. **Other Federal Requirements**

In addition to the requirements outlined in this document, all awardees are required to adhere to federal rules, statutes, policies, and regulations associated with the underlying source of federal funds. Primary federal regulatory citations for the two funding sources (CDBG and HOME) are listed below:

1. CDBG: 24 CFR Parts 91 and 570
2. HOME: 24 CFR Parts 91 and 92
7.17. **HOME Projects Sponsored by a member of the HOME Consortia**

Each year, members of the HOME Consortia may present for consideration by the Committees projects that a particular member wishes to sponsor. These projects may be brought forward by a member rather than by a private housing developer. Projects are subject to the same threshold and selection criteria as any other project during the Selection Process.

7.18. **Use of HOME funds for the Commission’s Tenant-based Rental Assistance Program**

The Sonoma County Community Development Commission uses HOME funds for Tenant-Based Rental Assistance (TBRA) as a tool to help very low- and extremely low-income households access permanent housing. Commission staff will make recommendations to the Community Development Committee and Cities and Towns Advisory committee regarding the appropriate amount for funding and the ranking compared to other proposed uses of HOME funds. The Commission will not submit an application for TBRA funds through the NOFA process since it is operated internally by the Commission, but any recommendation by staff will be subject to the same threshold and selection criteria as other applicant projects, and a staff report will be prepared for committee consideration.

7.19. **Use of CDBG funds for the Commission’s Single-Family Housing Rehabilitation Program**

The Sonoma County Community Development Commission uses CDBG funds for single-family (up to 4 units) housing rehabilitation as a tool to help low- and very-low-income households retain decent housing that is affordable to them. This program is key to retaining existing housing stock in the County. Commission staff will make recommendations to the Community Development Committee and Cities and Towns Advisory committee regarding the appropriate amount for funding and the ranking compared to other proposed uses of CDBG funds. The Commission will not submit an application through the NOFA process for the Housing Rehabilitation Program since it is operated internally by the Commission, but any recommendation by staff will be subject to the same threshold and selection criteria as other applicant projects, and a staff report will be prepared for committee consideration.

7.17.7.20. **Fair Housing-Related Services and Set-Aside Funding**

Each jurisdiction receiving CDBG funds from HUD must certify that it will affirmatively further fair housing, which means it will conduct an Assessment of Fair Housing or the Analysis of Impediments within the jurisdiction and take meaningful actions to achieve a material positive change that affirmatively furthers fair housing. To remain eligible for CDBG funding, adequate funding for a range of Fair Housing-related services must be provided through a Set-Aside under the Public Services category. Developing a Fair Housing program that meaningfully furthers fair housing is the responsibility of the Commission’s advisory body, the Community Development Committee, in its CDBG oversight role.

**For FY 2020-2021, the Commission will use 100% of its Public Services Set-aside to fund a Fair Housing and Housing Justice Program. Subrecipients may be selected through a NOFA process, or staff may recommend maintaining the current subrecipients through an extension and/or expansion of the currently funded one-year subrecipient agreements.**

A Fair Housing and Housing Justice Program is an important Upstream Investment that can prevent people from becoming homeless. Because people served by this program do not enter the homeless system of care, the funding is not governed by HOME Sonoma County, the governing body for Sonoma County’s homeless system of care.
7.17.1-7.20.1. Other Requirements of the Fair Housing and Housing Justice Program

The NOFA solicits proposals from capable nonprofit agencies to provide fair housing-related services that implement the recommended actions in the 2011 Analysis of Impediments. The Commission shall endeavor to join with other entitlement jurisdictions within Sonoma County (Petaluma and Santa Rosa) in the NOFA process to provide consistent and cost-effective service and assistance to citizens of the entire County.

Eligible Fair Housing-related services that are part of a robust Fair Housing and Housing Justice Program may include but are not limited to:

- education about Fair Housing law; investigative testing and auditing; advocating for tenants who may be targets of discrimination; enforcement of Fair Housing law; as well as legal services designed to prevent eviction. Note: new for the FY 2019-2020 funding cycle is the inclusion of eviction prevention legal services in the Fair Housing category.

7.20.2. Fair Housing Provider Selection Process (multiple proposals)

- In the event that there are multiple proposals for providing fair housing services, a committee made up of staff members of each jurisdiction will recommend appropriate Fair Housing-related services based on the following factors:
  - The capacity of the applicant to provide these services.
  - The degree to which a capable applicant can leverage additional funding sources to augment the County's funding allocation.
  - Coordination with neighboring jurisdictions in the regional provision of fair housing services for optimizing efficiency and customer service.
  - Cost-effectiveness.
  - The degree to which the proposed services will implement meaningful actions to achieve a material positive change that affirmatively furthers fair housing, or that addresses recommended actions in the current Analysis of Impediments to Fair Housing Choice.

- In the event no viable proposals are received from community-based non-profit agencies or no fair housing proposals are awarded funds, Commission staff will provide the required fair housing services utilizing funding from the Fair Housing Set Aside Public Services Set-aside until which time a subsequent RFP process can be implemented to secure a qualified contract provider of Fair Housing-related services.
7.20.3.7.17.4. Fair Housing Set-aside

The set-aside amount for all Fair Housing-related services shall be $__________, 100% of the 15% Public Services Set-aside subject to adequate funding. If the Community Development Committee recommends a change to the set-aside amount for any fiscal year, the following factors will be considered:

i. Current funding level for CDBG funding.

ii. Historical funding levels of selected services.

iii. Expected cost of activities required to take the recommended actions identified in the analysis of impediments to fair housing choice document.

iv. Consideration of actual or potential funding from other sources.

8. PROJECT SELECTION

8.1. Application Submission Process

Details regarding the application requirements and time-lines are included in the Notice of Funding Availability (NOFA) released in late-October to mid-November of each year for the fiscal year that begins the following July.

All applicants should attend a Technical Assistance Session for interested applicants to be held on the date listed on the FY 2019-2020 Funding Timeline. Any applicant who cannot attend the scheduled Session should contact the Commission staff as soon as possible.

Applicants must submit funding applications to the Commission by 5:00 p.m. on the date listed on the FY 2019-2020 Funding Timeline. Project applications must be complete by the deadline date to be considered eligible for funding. Required application contents differ by allocation category; please refer to the NOFA for specific requirements. Applications that do not include all applicable requested documents or complete answers to all applicable questions will be deemed ineligible for funding.

Applications may not be revised and/or submitted after the deadline date. In addition, once a project or program is awarded funding by the Commission it cannot be materially revised prior to contract execution.

8.2. Selection Process

Note: See the FY 2019-2020 Funding Timeline for selection process dates.
8.2.1. Community Development Committee and Technical Advisory Committee Workshop

The Sonoma County Community Development Committee (CD Committee) appointed by the Board of Supervisors and the Technical Advisory Committee comprised of one appointed representative from each of the seven incorporated jurisdictions in the Urban County are responsible for reviewing all applications concurrently.

The CD Committee and Technical Advisory Committee conduct a concurrent annual public workshop to review staff analysis of applications submitted under the competitive funding categories, take testimony from applicants, and to provide feedback to staff that will be integrated into staff recommendations in the Draft Annual Action Plan.

**The committees will not recommend funding for any project unless a representative from the applicant agency is present at the workshop to answer questions about the proposed project.**

8.2.2. Discretion of Commission Staff

Staff will have some discretion in determining if CDBG or HOME funds are best for a project or if a project would be better suited for non-federal funds. Giving staff discretion will ensure maximum efficiency and effectiveness of limited local, state, and federal funds.

8.2.2-8.2.3. Community Development Committee and Technical Advisory Committee Public Hearing

The Draft Annual Action Plan will be presented to both committees at a public hearing during the public comment period for the Action Plan. The Draft Action Plan will include a list of projects and programs recommended for funding. The committees will concurrently review the draft and finalize the recommendations to be made to the Board of Supervisors.

**The committees will not recommend funding for any project unless a representative from the applicant agency is present at the hearing to answer questions about the proposed project.**

8.2.3-8.2.4. Tiebreaker Methodology

If the Committees are unable to come to a consensus about which projects should receive funding, a tiebreaker methodology will be used. The tiebreaker methodology will divide funding up based on two factors:

1. The percentage of low and moderate-income persons residing in each member jurisdiction of the Urban County and/or HOME Consortia.

2. Jurisdictions that have two years or more of unallocated CDBG funds will be considered ineligible to receive the proportional allocation of funds; because allocating funds to such a jurisdiction may place the Urban County at risk of
failing its “timeliness test.” Failing the timeliness test can result in a loss of CDBG funding from the U.S. Department of Housing and Urban Development.

8.2.5. Selection of a “B” list of projects

The committees will include in their ranking process a set of projects that could be funded if a project to which funds are originally awarded is delayed or cancelled. This will ensure flexibility and timely expenditure of funds.

8.3. Action Plan – One-Year Use of Funds

The Commission will use the CD Committee and TAC recommendations to prepare the “Action Plan: One Year Use of Funds” to be included in the relevant Sonoma County Consolidated Plan. The Consolidated Plan Summary will be published/disseminated in accordance with HUD regulations and the Sonoma County Citizen Participation Plan. Per the Citizen Participation Plan, a review draft of the Consolidated Plan will be made available to the public for thirty days allowed for written comments to be submitted to the Commission. See the FY 2019-2020 Funding Timeline for the publication dates and the end of the comment period.

8.4. Board of Supervisors and Board of Commissioners Final Approval

The Commission will submit the CD Committee and TAC recommendations, along with all written comments received during the Action Plan comment period and supplementary Commission staff comments, to the Board of Supervisors/Board of Commissioners for approval. The Board is the final decision-maker for determining CDBG and HOME awards. See the FY 2019-2020 Funding Timeline for the Board’s public meeting date.

9. THRESHOLD CRITERIA FOR PROJECT EVALUATION

Applications must meet the following criteria to be eligible for consideration:

1. Is the application complete?
2. Is the proposed project an eligible activity per CDBG or HOME regulations?
3. If applying for CDBG funds, does the proposed project meet a CDBG National Objective?
4. Does the project Affirmatively Further Fair Housing?
5. Is the applicant an eligible applicant/sub-recipient/recipient per CDBG/HOME regulations?
6. Does the applicant demonstrate administrative capacity or request the assistance of the Community Development Commission to effectively deliver the proposed project? If the project requests assistance from the Commission, does the Commission make a determination that it can effectively deliver the required assistance to deliver the project while meeting the timeliness provisions in these policies?
7. For homelessness-related projects only: Will the project significantly impact HEARTH system-wide performance measures? Will it shorten the length of homeless episodes, decrease returns to homelessness, or increase placements in permanent housing?
8. *For homelessness-related projects only:* Does the project adhere to the principles of Housing First and participate in Coordinated Entry? If a homeless-serving housing project, does it accept referrals from Coordinated Entry?

9. For CDBG, does the project serve Urban County? For HOME affordable housing development, is the project located in a member jurisdiction of the HOME consortium?

10. **SELECTION CRITERIA**

The following criteria will be used in the evaluation of eligible applications and will influence the Commission’s funding recommendations to the CD Committee. *Capital Projects must meet all pre-award conditions, as is also the case for housing awards.*

10.1. **Selection Criteria – All Projects**

10.1.1. **Funding Priorities**

10.1.1.1. Projects will be ranked on how well they meet the following priorities:

- ranked in the order listed below:

10.1.1.1.10.1.1.2. Creation or Preservation of Affordable Housing

10.1.1.2.10.1.1.3. Infrastructure or Public Facility Supporting creation or preservation of affordable housing

10.1.1.4. Infrastructure or Public Facility supporting low or moderate-income populations

10.1.2. **Community Goals**

Projects that meet the following community goals identified by the advisory committees will be ranked highly:

10.1.2.1. Projects that prevent displacement in high opportunity areas

10.1.2.2. Projects that alleviate the impact of climate change on low-income populations such as:

- infill development,
- infrastructure to reduce environmental impacts in LMA communities including bike lanes,
- walkable paths,
- electric vehicle charging infrastructure,
- ride share hailing locations,
- recycling water irrigation infrastructure,
- new energy-efficient housing construction,

- Projects that consider the mobility needs of low-income people, looking at a variety of factors, including:
- Improved linkages to public transportation
- Providing car-share options
- Supports people who work non-traditional hours
- Supports people with limited mobility who can’t walk far or ride bikes
- Provides neighborhood safety that promotes walking and biking

- Projects that are aligned with local jurisdictions General Plan Climate Change Element & Equity Element

10.1.2.10.1.3. Readiness to Proceed

The applicant demonstrates that the proposed project can spend grant funding within the applicable timeliness provisions (See Section 7.1). Requirements will vary by project type but may include demonstration of site control, completion of environmental review, approval of entitlements, etc.

For Housing Projects, projects demonstrating advanced readiness via (a) entitlements: (b) financing commitments; (c) permitting will rank highly.

10.1.3.10.1.4. Need

Applicant describes the need for the project/program and demonstrates with applicable evidence (e.g., waiting list, census data, documentation of deteriorated conditions, etc.).

10.1.4.10.1.5. Adherence to a competitive procurement process

Applicant adheres to a process wherein conversations outside an adopted competitive procurement process with members of either the Community Development Committee or Technical Advisory advocating for funding of applicant project or program will result in recusal of those members from the decision making process or ineligibility of that applicant project.

10.1.5.10.1.6. Financial Feasibility

The project adheres to guidance set out in the Notice of Funding Availability.

10.1.6.10.1.7. Outcomes

Applicant demonstrates that the project/program will result in outcomes that are clearly defined, measurable, and directly related to the alleviation of the stated problem.

10.2. Selection Criteria – Housing Projects

10.2.1. Leverage

Projects that demonstrate funds will be leveraged against total development costs at least 7:1.
Priority will go to projects that leverage public funds to the greatest extent possible.

10.2.2. Development Experience

Project developers who can demonstrate previous success obtaining federal tax credits and/or state funding to develop housing within the last seven years.

10.2.3. Support

Projects that can demonstrate existing support from other jurisdictions via letters of support, funding commitments, etc.

10.2.4. Income and Population targeting

Housing projects with deep income targeting and special needs populations.

10.3. Selection Criteria – Non-Housing Projects

10.3.1. Leverage and Meeting Community Need

Priority will go to projects that leverage public funds to the greatest extent possible or projects that meet a particular community need that cannot be met by other funding sources.

11. DEFINITIONS

Areas of Opportunity: places where jobs are relatively plentiful and access to education, healthcare, and other amenities are close at hand.

Community Development Block Grant Program (CDBG): Created under the Housing and Community Development Act of 1974, this program provides grant funds to local and state governments to develop viable urban communities by providing decent housing with a suitable living environment and expanding economic opportunities to assist low- and moderate-income residents.

CDBG Recipient: a state, city, or urban county that receives a direct allocation of CDBG dollars from the U.S. Department of Housing and Urban Development. Through an urban county cooperation agreement, in the form of a Joint Powers Agreement the County of Sonoma, the Town of Windsor, and the cities of Cloverdale, Healdsburg, Rohnert Park, Sebastopol, and Sonoma together constitute a HUD-designated “Urban County.”

CDBG Subrecipient: Government agencies, private, or public non-profit organizations, including institutions of higher education and private for-profit entities, designated by the Urban County to undertake selected CDBG activities.

Community Housing Development Organization (CHDO): As defined by HUD, a private nonprofit, community-based organization that has staff with the capacity to develop affordable housing for the community it serves. In order to qualify for designation as a
CHDO, the organization must meet certain requirements pertaining to their legal status, organizational structure, and capacity and experience.

**Continuum of Care (CoC):** The Continuum of Care (CoC) Program is designed to promote communitywide commitment to the goal of ending homelessness; provide funding for efforts by nonprofit providers, and State and local governments.

**Emergency Shelter Grant (ESG) Program:** A federal grant program designed to assist homeless persons through five activity types including Street Outreach, Emergency Shelter, Homeless Prevention, Rapid Re-housing, and HMIS.

**Fair Housing Act:** 1968 act (amended in 1974 and 1988) providing the HUD Secretary with fair housing enforcement and investigation responsibilities. A law that prohibits discrimination in all facets of the homebuying process on the basis of race, color, national origin, religion, sex, familial status, or disability.

**Fair Market Value:** The amount of money that would probably be paid for a property in a sale between a willing seller, who does not have to sell, and a willing buyer, who does not have to buy.

**HOME (HOME Investment Partnerships Program):** Provides formula grants to states and localities that communities use—often in partnership with local nonprofit groups—to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership, or to provide direct rental assistance to low-income people.

**HOME Participating Jurisdiction:** localities, metropolitan cities, urban counties or approved consortia that are eligible to receive an allocation of funds under the HOME program. Through an urban county cooperation agreement, in the form of a Joint Powers Agreement the County of Sonoma, the Town of Windsor, and the cities of Cloverdale, Healdsburg, Rohnert Park, Sebastopol, and Sonoma together constitute a participating jurisdiction.

**HOME Subrecipient:** A public agency or nonprofit organization selected by the participating jurisdiction to administer all or a portion of the participating jurisdiction’s HOME program.

**HOME Owner, Developer, or Sponsor:** A non-profit or for-profit organization that will own, develop, or sponsor a HOME-assisted project.

**Homeless:** An individual who lacks a fixed, regular, and adequate nighttime residence; as well an individual who has a primary nighttime residence that is a supervised publicly or privately operated shelter designed to provide temporary living accommodations, an institution that provides a temporary residence for individuals intended to be institutionalized; or a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

**Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act:** Amended and reauthorized the earlier McKinney-Vento Homeless Assistance Act with substantial changes in 2009. It consolidated HUD’s Continuum of Care grant programs and changed HUD’s definition of homelessness and chronic homelessness.
**Homeless Prevention**: Activities or programs designed to prevent the incidence of homelessness, including, but not limited to: (1) short-term subsidies to defray rent and utility arrearages for families that have received eviction or utility termination notices; (2) security deposits or first month’s rent to permit a homeless family to move into its own apartment; (3) mediation programs for landlord-tenant disputes; (4) legal services programs that enable representation of indigent tenants in eviction proceedings; (5) payments to prevent foreclosure on a home; and (6) other innovative programs and activities designed to prevent the incidence of homelessness.

**Household**: All the people who occupy a housing unit. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household.

**Housing Stock**: The number of existing housing units based on data compiled by the United States Bureau of the Census and referable to the same point or period in time.

**HUD**: The federal Department of Housing and Urban Development.

**Income Limit**: Determines the eligibility of applicants for HUD's assisted housing programs.

**Lead-Based Paint**: Paint or other surface coatings that contain lead equal to or exceeding 1.0 milligram per square centimeter or 0.5 percent by weight or 5,000 parts per million (ppm) by weight.

**Lease**: A written agreement between an owner and a family for the leasing of a decent, safe, and sanitary dwelling unit to the family.

**Low and Moderate Income Housing Asset Fund (LMIHAF)**: Sonoma County’s Low-and Moderate-Income Housing Asset Fund (assets from County of Sonoma, Cities of Sonoma and Sebastopol Redevelopment Successor Agencies).

**Market Value**: The most probable price that a property should bring in a competitive and open market, provided that all conditions requisite to a fair sale are present, the buyer and seller are knowledgeable and acting prudently, and the price is not affected by any undue stimulus.

**Microenterprise**: A commercial enterprise that has five or fewer employees, one or more of who owns the enterprise.

**Manufactured Home or Mobile Home**: A structure, transportable in one or more sections, which in the traveling mode is 8 body feet or more in width, or 40 body feet or more in length, or which when erected onsite is 320 or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning, and electrical systems contained in the structure. This term includes all structures that meet the above requirements except the size requirements and with respect to which the manufacturer voluntarily files a certification pursuant to 24 CFR 3282.13 and complies with the construction and safety standards set forth in this 24 CFR 3280. The term does not include any self-propelled recreational vehicle. Calculations used to determine the
number of square feet in a structure will include the total of square feet for each transportable section comprising the completed structure and will be based on the structure's exterior dimensions measured at the largest horizontal projections when erected onsite. These dimensions will include all expandable rooms, cabinets, and other projections containing interior space, but do not include bay windows. Nothing in this definition should be interpreted to mean that a manufactured home necessarily meets the requirements of HUD's Minimum Property Standards (HUD Handbook 4900.1) or that it is automatically eligible for financing under 12 U.S.C. 1709(b).

**Racially and Ethnically Concentrated Areas of Poverty:** Census tracts where more than half the population is non-white and 40% or more of the population is in poverty OR where the poverty rate is greater than three times the average poverty rate in the area.

**Special Needs Subpopulations:** Include, but are not limited to: 1) elderly households, 2) persons with physical, mental or developmental disabilities, 3) persons with HIV/AIDS and their families, 4) large families, 5) single-headed households, and 6) farm workers.

**Uniform Relocation Act (URA):** The Uniform Act (or “Uniform Relocation Act”), passed by Congress in 1970, is a federal law that establishes minimum standards for federally funded programs and projects that require the acquisition of real property (real estate) or displace persons from their homes, businesses, or farms. The Uniform Act's protections and assistance apply to the acquisition, rehabilitation, or demolition of real property for federal or federally funded projects.

12. **MORE INFORMATION**

Visit the Commission’s website to find more information: [http://www.sonoma-county.org/cdc](http://www.sonoma-county.org/cdc)
## APPENDIX A: ELIGIBLE USES OF FUNDS

### CDBG Eligible Activities

<table>
<thead>
<tr>
<th>Consolidated Plan Goal Met</th>
<th>National Objective Code</th>
<th>CDBG Eligible Activity</th>
<th>Eligible Applicants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homelessness</td>
<td>LMC - homeless persons</td>
<td>All uses below as they relate to construction or rehabilitation of facilities to serve homeless households</td>
<td>Governmental Agency or Non-profit</td>
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<tr>
<td>Homelessness</td>
<td>LMC - homeless persons</td>
<td>Acquisition of Property</td>
<td>Governmental Agency or Non-profit</td>
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<tr>
<td>Homelessness</td>
<td>LMC - homeless persons</td>
<td>Disposition of property assisted with CDBG</td>
<td>Governmental Agency or Non-profit</td>
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<td>Homelessness</td>
<td>LMC - homeless persons</td>
<td>Rehabilitation</td>
<td>Governmental Agency or Non-profit</td>
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<td>Homelessness</td>
<td>LMC - homeless persons</td>
<td>Solid Waste Disposal Improvements</td>
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<td>Homelessness</td>
<td>LMC - homeless persons</td>
<td>Flood Drainage Improvements</td>
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<td>Homelessness</td>
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<td>Water/Sewer Improvements</td>
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<td>Homelessness</td>
<td>LMC - homeless persons</td>
<td>Street Improvements</td>
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<td>Homelessness</td>
<td>LMC - homeless persons</td>
<td>Sidewalks</td>
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<td>Homelessness</td>
<td>LMC - homeless persons</td>
<td>Tree Planting</td>
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<td>Homelessness</td>
<td>LMC - homeless persons</td>
<td>Homeless Facilities</td>
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<td>Homelessness</td>
<td>LMC - homeless persons</td>
<td>Health Facilities</td>
<td>Governmental Agency or Non-profit</td>
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<td>Homelessness</td>
<td>LMC - homeless persons</td>
<td>Shelter for persons with special needs</td>
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<td>Homelessness</td>
<td>LMC - homeless persons</td>
<td>Group homes for people with developmental delays</td>
<td>Governmental Agency or Non-profit</td>
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<td>Homelessness</td>
<td>LMC - homeless persons</td>
<td>Battered Spouse Shelters</td>
<td>Governmental Agency or Non-profit</td>
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<td>Homelessness</td>
<td>LMC - homeless persons</td>
<td>Abused or Neglected Children Facilities</td>
<td>Governmental Agency or Non-profit</td>
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<td>Homelessness</td>
<td>LMC - homeless persons</td>
<td>Facilities for AIDS Patients</td>
<td>Governmental Agency or Non-profit</td>
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<td>Homelessness</td>
<td>LMC - homeless persons</td>
<td>Asbestos Removal</td>
<td>Governmental Agency or Non-profit</td>
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<td>Homelessness</td>
<td>LMC - homeless persons</td>
<td>Clearance, Demolition and Remediation</td>
<td>Governmental Agency or Non-profit</td>
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<td>Homelessness</td>
<td>LMC - homeless persons</td>
<td>Cleanup of Contaminated Sites</td>
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<td>Homelessness</td>
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<td>Rehabilitation Administration</td>
<td>Governmental Agency or Non-profit</td>
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<tr>
<td>Homelessness</td>
<td>LMC - homeless persons</td>
<td>Nonprofit Capacity Building - provision of technical assistance to public or nonprofit entities to increase the capacity of such entities to carry out eligible neighborhood revitalization or economic development activities. (The recipient must determine, prior to the provision of the assistance, that the activity for which it is attempting to build capacity would be eligible for CDBG assistance.</td>
<td>Governmental Agency or Non-profit</td>
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<td>Homelessness</td>
<td>LMC - homeless persons</td>
<td>Assistance to Higher Education Institutions - any eligible activity can be provided to an institution of higher education when the grantee determines that such an institution has demonstrated a capacity to carry out activities that fall under one or more of the basic eligibility categories under the CDBG program</td>
<td>Governmental Agency or Non-profit</td>
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<tr>
<td>Homelessness</td>
<td>LMC - homeless persons</td>
<td>Operation and Repair of Foreclosed Property</td>
<td>Governmental Agency or Non-profit</td>
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<tr>
<td>Affordable Housing:</td>
<td>LMH</td>
<td>New housing construction - only as &quot;are clearly needed to address a lack of affordable housing accessible to existing or planned jobs&quot;</td>
<td>Community Based Development Organization (CBDO)</td>
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<td>Increase and preserve</td>
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<td>the housing stock that</td>
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<td>homeless or at imminent</td>
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<td>risk of homelessness.</td>
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<tr>
<td>Affordable Housing</td>
<td>LMH</td>
<td>Homeownership Assistance - can include subsidizing interest rates, financing acquisition, mortgage insurance premiums, closing costs, down payment assistance</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>LMH</td>
<td>Housing Rehabilitation - Single family: repair directed toward an accumulation of deferred maintenance, replacement of principal fixtures and components of existing structures, installation of security devices, including smoke detectors and dead bolt locks, and renovation through alterations, additions to, or enhancements of existing structures and improvements, abatement of asbestos hazards (and other contaminants) in buildings and improvements that may be undertaken singly or in combination.</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>LMH</td>
<td>Housing Rehabilitation - Multi-family: repair directed toward an accumulation of deferred maintenance, replacement of principal fixtures and components of existing structures, installation of security devices, including smoke detectors and dead bolt locks, and renovation through alterations, additions to, or enhancements of existing structures and improvements, abatement of asbestos hazards (and other contaminants) in buildings and improvements that may be undertaken singly or in combination.</td>
<td>Governmental Agency or Non-profit</td>
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<tr>
<td>Affordable Housing</td>
<td>LMH</td>
<td>Acquisition for Rehabilitation of Housing</td>
<td>Governmental Agency or Non-profit</td>
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<tr>
<td>Affordable Housing</td>
<td>LMH</td>
<td>Housing Rehabilitation Administration - Rehabilitation services, such as rehabilitation counseling, energy auditing, preparation of work specifications, loan processing, inspections, and other services related to assisting owners, tenants, contractors, and other entities, participating or seeking to participate in rehabilitation activities.</td>
<td>Governmental Agency or Non-profit</td>
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<td>Affordable Housing</td>
<td>LMH</td>
<td>Lead Based Paint/Hazards Test/Abatement</td>
<td>Governmental Agency or Non-profit</td>
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<tr>
<td>Affordable Housing</td>
<td>LMH</td>
<td>Housing Services - costs in support of activities eligible for funding under the HOME program. This includes services such as housing counseling in connection with TBRA and Affordable housing projects, energy auditing, preparation of work specifications, loan processing, inspections, tenant selection, management of TBRA, other services related to assisting owners, tenants, contractors and other entities participating or seeking to participate in the HOME program. Such assistance must also meet HOME income targeting requirements.</td>
<td>Governmental Agency or Non-profit</td>
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<tr>
<td>Affordable Housing</td>
<td>LMH</td>
<td>All Uses below as they relate to construction or rehabilitation of housing affordable to low-income households:</td>
<td>Governmental Agency or Non-profit</td>
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<tr>
<td>Affordable Housing</td>
<td>LMH</td>
<td>Acquisition of Real Property</td>
<td>Governmental Agency or Non-profit</td>
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<tr>
<td>Affordable Housing</td>
<td>LMH</td>
<td>Disposition of property assisted with CDBG</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>LMH</td>
<td>Solid Waste Disposal Improvements</td>
<td>If publicly owned land or to support rehab: Governmental Agency or Non-profit; if private to support new construction: CBDO only</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>LMH</td>
<td>Flood Drainage Improvements</td>
<td>If publicly owned land or to support rehab: Governmental Agency or Non-profit; if private to support new construction: CBDO only</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>LMH</td>
<td>Water/Sewer Improvements</td>
<td>If publicly owned land or to support rehab: Governmental Agency or Non-profit; if private to support new construction: CBDO only</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>LMH</td>
<td>Street Improvements</td>
<td>If publicly owned land or to support rehab: Governmental Agency or Non-profit; if private to support new construction: CBDO only</td>
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<tr>
<td>Consolidated Plan Goal Met</td>
<td>National Objective Code</td>
<td>CDBG Eligible Activity</td>
<td>Eligible Applicants</td>
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<tr>
<td>Affordable Housing</td>
<td>LMH</td>
<td>Sidewalks</td>
<td>If publicly owned land or to support rehab: Governmental Agency or Non-profit; if private to support new construction: CBDO only</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>LMH</td>
<td>Tree Planting</td>
<td>If publicly owned land or to support rehab: Governmental Agency or Non-profit; if private to support new construction: CBDO only</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>LMH</td>
<td>Clearance, Demolition and Remediation</td>
<td>Governmental Agency or Non-profit</td>
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<td>Affordable Housing</td>
<td>LMH</td>
<td>Cleanup of Contaminated Sites</td>
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<td>Affordable Housing</td>
<td>LMH</td>
<td>Relocation</td>
<td>Governmental Agency or Non-profit</td>
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<tr>
<td>Affordable Housing</td>
<td>LMH</td>
<td>Rental Income Loss - Payments to housing owners for losses of rental income incurred in holding, for temporary periods, housing units to be used for the relocation of individuals and families displaced by CDBG eligible activities.</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>LMH</td>
<td>Energy Efficiency Improvements - includes installation of storm windows and doors, wall and attic insulation, and conversion, modification or replacement of heating and cooling equipment, including the use of solar energy equipment.</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>LMH</td>
<td>Residential Historic Preservation - authorizes the costs of preserving or restoring properties of historic significance that will be used for housing for low-income households.</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>LMH</td>
<td>Nonprofit Capacity Building - provision of technical assistance to public or nonprofit entities to increase the capacity of such entities to carry out eligible neighborhood revitalization or economic development activities. (The recipient must determine, prior to the provision of the assistance, that the activity for which it is attempting to build capacity would be eligible for CDBG assistance.</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>LMH</td>
<td>Assistance to Higher Education Institutions - any eligible activity can be provided to an institution of higher education when the grantee determines that such an institution has demonstrated a capacity to carry out activities that fall under one or more of the basic eligibility categories under the CDBG program</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>LMH</td>
<td>Operation and Repair of Foreclosed Property - authorizes activities necessary to make essential repairs and payment of operating expenses needed to maintain habitability of housing units acquired through tax foreclosure proceedings in order to prevent abandonment and deterioration of such housing in primarily low income neighborhoods.</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td><strong>Consolidated Plan Goal Met</strong></td>
<td><strong>National Objective Code</strong></td>
<td><strong>CDBG Eligible Activity</strong></td>
<td><strong>Eligible Applicants</strong></td>
</tr>
<tr>
<td>-------------------------------</td>
<td>----------------------------</td>
<td>---------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>various</td>
<td>Disposition of property assisted with CDBG</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>various</td>
<td>Public Facilities or Improvements</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>various</td>
<td>Senior Centers</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>various</td>
<td>Handicapped Centers</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>various</td>
<td>Youth Centers</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>various</td>
<td>Neighborhood Facilities</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>various</td>
<td>Parks, Recreational Facilities</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>various</td>
<td>Parking Facilities</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>various</td>
<td>Solid Waste Disposal Improvements</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>various</td>
<td>Flood Drainage Improvements</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>various</td>
<td>Water/Sewer Improvements</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>various</td>
<td>Street Improvements</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>various</td>
<td>Sidewalks</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development -</td>
<td>various</td>
<td>Child Care Centers</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Consolidated Plan Goal Met</td>
<td>National Objective Code</td>
<td>CDBG Eligible Activity</td>
<td>Eligible Applicants</td>
</tr>
<tr>
<td>----------------------------</td>
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<td>------------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Infrastructure systems and public facilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>various</td>
<td>Tree Planting</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>various</td>
<td>Fire Station/Equipment</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>various</td>
<td>Health Facilities</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>various</td>
<td>Abused or Neglected Children Facilities</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>various</td>
<td>Asbestos Removal</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>various</td>
<td>Facilities for AIDS Patients</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>various</td>
<td>Clearance, Demolition and Remediation</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>various</td>
<td>Cleanup of Contaminated Sites</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>various</td>
<td>Relocation</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>various</td>
<td>Rental Income Loss - Payments to housing owners for losses of rental income incurred in holding, for temporary periods, housing units to be used for the relocation of individuals and families displaced by CDBG eligible activities.</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>various</td>
<td>Privately Owned Utilities - acquire, construct, reconstruct, rehabilitate or install distribution lines and facilities of privately owned utilities, including the placing underground of new or existing distribution facilities and lines.</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>various</td>
<td>Rehabilitation of Public or Privately Owned Commercial/Industrial buildings - some limitations for buildings owned by private for-profit business</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development -</td>
<td>various</td>
<td>Rehabilitation Administration: Rehabilitation services, such as rehabilitation counseling, energy</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Catalyst</td>
<td>Consolidated Plan Objective Code</td>
<td>CDBG Eligible Activity</td>
<td>Eligible Applicants</td>
</tr>
<tr>
<td>---------</td>
<td>---------------------------------</td>
<td>------------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Infrastructure systems and public facilities</td>
<td></td>
<td>Auditing, preparation of work specifications, loan processing, inspections, and other services related to assisting owners, tenants, contractors, and other entities, participating or seeking to participate in rehabilitation activities.</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>Various</td>
<td>Non-Residential Historic Preservation - authorizes the costs of preserving or restoring properties otherwise eligible as Public Facilities</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>Various</td>
<td>Renovation of closed buildings - such as closed school buildings, for use as an eligible public facility</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>LMA or, if not applicable: LMC</td>
<td>Public Facility or improvements access projects that remove of material or architectural barriers that limit the accessibility of elderly persons or adults with severe disabilities</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities</td>
<td>LMA, LMJ, or, if neither apply: LMC</td>
<td>Rehabilitation of a privately owned nonresidential building or improvement that removes material or architectural barriers that limit the accessibility of elderly persons or adults with severe disabilities</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>SUSPENDED FOR FY 19-20 Non-Housing Community Development - Micro-enterprise</td>
<td>Various</td>
<td>Micro-Enterprise Assistance: providing credit, including, but not limited to grants, loans, loan guarantees, and other forms of financial support, for the establishment, stabilization and expansion of microenterprises; providing technical assistance, advice and business support services to owners of microenterprises and persons developing microenterprises; providing general support including but not limited to peer support programs, counseling, childcare, transportation and other similar services to owners of microenterprises and persons developing microenterprises.</td>
<td>Governmental Agency, Non-profit or for-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities/ Non-Housing Community Development - microenterprise</td>
<td>Various - must match eligible use</td>
<td>Nonprofit Capacity Building: provision of technical assistance to public or nonprofit entities to increase the capacity of such entities to carry out eligible neighborhood revitalization or economic development activities. (The recipient must determine, prior to the provision of the assistance, that the activity for which it is attempting to build capacity would be eligible for CDBG assistance.</td>
<td>Governmental Agency or Non-profit</td>
</tr>
<tr>
<td>Non-Housing Community Development - Infrastructure systems and public facilities/ Non-Housing Community Development - microenterprise</td>
<td>Various - must match eligible use</td>
<td>Assistance to Higher Education Institutions - any eligible activity can be provided to an institution of higher education when the grantee determines that such an institution has demonstrated a capacity to carry out activities that fall under one or more of the basic eligibility categories under the CDBG program</td>
<td>Institution of Higher Education (Secondary and above)</td>
</tr>
</tbody>
</table>
## HOME Eligible Activities

<table>
<thead>
<tr>
<th>Consolidated Plan Goal Met</th>
<th>HOME Eligible Activity</th>
<th>Eligible Applicants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable Housing and possibly Homelessness</td>
<td>Rental Assistance (Assistance to Developers of Rental Housing).</td>
<td>Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations</td>
</tr>
<tr>
<td>Affordable Housing and possibly Homelessness</td>
<td>Minimum set-aside of 15% for CHDOs. All development or TBRA expenses are eligible.</td>
<td>Community Housing Development Organizations</td>
</tr>
<tr>
<td>Affordable Housing and possibly Homelessness</td>
<td>New Construction: costs to meet applicable new construction standards</td>
<td>Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations</td>
</tr>
<tr>
<td>Affordable Housing and possibly Homelessness</td>
<td>Rehabilitation: To meet minimum property standards or to make essential improvements, including energy-related repairs or improvements, improvements necessary to permit use by persons with disabilities and the abatement of lead-based paint hazards. Rehabilitation includes conversion within the existing footprint of a building.</td>
<td>Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations</td>
</tr>
<tr>
<td>Affordable Housing and possibly Homelessness</td>
<td>Demolition of existing structures, associated with both new construction and rehabilitation</td>
<td>Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations</td>
</tr>
<tr>
<td>Affordable Housing and possibly Homelessness</td>
<td>Utility connections including off-site connections from property line to adjacent street, associated with both new construction and rehabilitation</td>
<td>Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations</td>
</tr>
<tr>
<td>Affordable Housing and possibly Homelessness</td>
<td>Improvements to project site in keeping with improvements of surrounding standard projects including on-site roads, and sewer and water lines.</td>
<td>Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations</td>
</tr>
<tr>
<td>Affordable Housing and possibly Homelessness</td>
<td>Refinancing for rehabilitation projects to permit continued affordability</td>
<td>Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations</td>
</tr>
<tr>
<td>Affordable Housing and possibly Homelessness</td>
<td>Acquisition: May use HOME funds to cover the costs of acquiring improved or unimproved real property</td>
<td>Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations</td>
</tr>
<tr>
<td>Affordable Housing and possibly Homelessness</td>
<td>Project Related Soft Costs reasonable and necessary costs associated with financing or development of new construction, rehab or acquisition including: Architectural, engineering or related services, costs to process or settle financing, cost of a project audit, costs to provide information services, cost of funding an initial operating deficit reserve, PJ staff and overhead costs directly related to carrying out the project, developer impact fees, costs of environmental review</td>
<td>Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations</td>
</tr>
<tr>
<td>Affordable Housing and possibly Homelessness</td>
<td>Relocation associated with development or rehabilitation of units</td>
<td>Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations</td>
</tr>
<tr>
<td>Consolidated Plan Goal Met</td>
<td>HOME Eligible Activity</td>
<td>Eligible Applicants</td>
</tr>
<tr>
<td>---------------------------</td>
<td>------------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Affordable Housing and likely Homelessness</td>
<td>Tenant-Based Rental Assistance</td>
<td>including Community Housing Development Organizations</td>
</tr>
<tr>
<td>Affordable Housing and possibly Homelessness</td>
<td>CHDO Operating Costs - An individual CHDO may be used for operating costs of CHDO(s). An individual CHDO may receive no more than the lesser of 50% of its total operating costs or $50,000. These funds are not part of the CHDO Set-Aside. These funds may be used for general operating assistance and may not be used or costs eligible under the CHDO Set-Aside.</td>
<td>Community Housing Development Organizations</td>
</tr>
<tr>
<td>Affordable Housing and possibly Homelessness</td>
<td>CHDO Operating Costs - An individual CHDO may be used for operating costs of CHDO(s). An individual CHDO may receive no more than the lesser of 50% of its total operating costs or $50,000. These funds are not part of the CHDO Set-Aside. These funds may be used for general operating assistance and may not be used or costs eligible under the CHDO Set-Aside.</td>
<td>Community Housing Development Organizations</td>
</tr>
</tbody>
</table>
APPENDIX B: INCOME LIMITS

Effective July 1, 2018

These income limits apply to HOME Investment Partnership Program (HOME) and Community Development Block Grant Program (CDBG) projects and programs, and apply only to Sonoma County Community Development Commission-assisted projects or programs. They are not to be used as a guide for programs regulated by any agency other than the Sonoma County Community Development Commission. It is up to each property owner to determine which regulations preside if a program is regulated by more than one program.

Current Income Limits are found on the CDC website at the following link: http://sonomacounty.ca.gov/CDC/Housing-and-Neighborhood-Investment/Income-and-Rent-Limits/#federal

<table>
<thead>
<tr>
<th>Persons in Household</th>
<th>30% AMI*</th>
<th>Very Low Income 50% AMI (HOME Low)</th>
<th>60% AMI</th>
<th>Low Income 80% AMI (HOME High)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>20,650</td>
<td>34,400</td>
<td>41,280</td>
<td>55,000</td>
</tr>
<tr>
<td>2</td>
<td>23,600</td>
<td>39,300</td>
<td>47,160</td>
<td>62,850</td>
</tr>
<tr>
<td>3</td>
<td>26,550</td>
<td>44,200</td>
<td>53,040</td>
<td>70,700</td>
</tr>
<tr>
<td>4</td>
<td>29,450</td>
<td>49,100</td>
<td>58,920</td>
<td>78,550</td>
</tr>
<tr>
<td>5</td>
<td>31,850</td>
<td>53,050</td>
<td>63,660</td>
<td>84,850</td>
</tr>
<tr>
<td>6</td>
<td>34,200</td>
<td>57,000</td>
<td>68,400</td>
<td>91,150</td>
</tr>
<tr>
<td>7</td>
<td>36,550</td>
<td>60,900</td>
<td>73,080</td>
<td>97,450</td>
</tr>
<tr>
<td>8</td>
<td>38,900</td>
<td>64,850</td>
<td>77,820</td>
<td>103,700</td>
</tr>
</tbody>
</table>

*Area Median Income (AMI) for a 4-person household: $84,100
APPENDIX C: RENT LIMITS

Effective July 1, 2018

These rent limits apply to HOME Investment Partnership Program (HOME) and Community Development Block Grant Program (CDBG) projects and programs, and apply only to Sonoma County Community Development Commission-assisted units. They are not to be used as a guide for projects regulated by any agency other than the Sonoma County Community Development Commission. It is up to each property owner to determine which regulations preside if a unit is regulated by more than one program.

Property owners must subtract from the maximum rent the approved utility allowance for any utilities that the tenant pays in addition to the rent. Confirm the appropriate utility allowance with the Sonoma County Community Development Commission.

Current Rent Limits are found on the CDC website at the following link:

<table>
<thead>
<tr>
<th>Rent Level</th>
<th>Studio</th>
<th>One-bedroom</th>
<th>Two-bedroom</th>
<th>Three-bedroom</th>
<th>Four-bedroom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low (Very Low-Income, 50% AMI*)</td>
<td>860</td>
<td>921</td>
<td>1,105</td>
<td>1,276</td>
<td>1,425</td>
</tr>
<tr>
<td>High (Low-Income, 65% AMI)</td>
<td>1,098</td>
<td>1,178</td>
<td>1,416</td>
<td>1,627</td>
<td>1,795</td>
</tr>
</tbody>
</table>

*Area Median Income (AMI) for a 4-person household: $84,100
MEMORANDUM
Date: October 16, 2019
To: Community Development Committee & Cities and Towns Advisory Committee
From: Felicity Gasser, Federal Funding Administrator
Subject: Agenda Item 6: Public Hearing – Action Plan Amendment

Background
As the Commission approaches the six-month mark before its annual CDBG timeliness test, staff is beginning to evaluate current project spending to make a determination of whether action is needed to ensure that the Urban County1 passes this important timeliness test. The timeliness test requires that as of April 30, the balance of unspent CDBG funds, including any program income, is no more than 1.5 times the current year’s allocation of funds. If the timeliness test is failed, there is a high risk that HUD will recapture the unspent funds that are over the cap.

Current Status
Despite reprogramming of funds in early 2019 and awards made to projects that could spend funds quickly in the FY 2019-2020 funding rounds, there are still some stalled projects remaining as the Commission transitions to the new model of prioritizing awards to projects that can spend funding quickly.

Attached to this memo is a chart of all projects that have received awards but are not yet complete. An assessment of each project on this list to determine how quickly it can use its award will be completed in the coming weeks to determine where reprogramming is needed to position the Commission to pass its timeliness test.

In a high construction cost market, there are some previously funded projects that are coming in over budget and the previous award of CDBG funds are now inadequate.

At the September 18, 2019 concurrent meetings of the Community Development Committee and the Cities and Towns Advisory Committee a recommendation was made to prepare an Action Plan amendment to go before the Board in early October with a recommendation to reprogram funds as appropriate. This amendment is slated to go before the Board of Supervisors on October 22nd.

Pursuant to the requirements of the Community Development Commission Citizen Participation Plan, the draft Action Plan Amendment must be published for a 30-day comment period and a public hearing must be held to receive oral public comment. Today’s public hearing meets that

1 The Urban County is comprised of unincorporated Sonoma County, the Cities of Cloverdale, Cotati, Healdsburg, Rohnert Park, Sebastopol, and Sonoma and the Town of Windsor, who form a CDBG entitlement jurisdiction and a HOME Consortia under a Joint Powers Agreement entered into every three years.
requirement, and the Committees are to receive public comment on the proposed Action Plan Amendment. Any comments received will be used to inform the final Action Plan Amendment recommendation to the Board, and will be submitted to HUD.
Resolution Of The Board Of Supervisors Of The County Of Sonoma, State Of California,

Whereas, a condition of receiving housing and community development funds from the U.S. Department of Housing and Urban Development, the Board of Supervisors approved the 2015 Consolidate Plan on May 5, 2015 which describes the community development priorities for the County, and

Whereas, the Board of Supervisors approved the One Year Action Plan for FY 2019-2020 on April 30, 2019 that provides community development funding to be invested in activities that directly support the adopted priorities in the 2015 Consolidated Plan, and

Whereas, the County is assessed each year by the U.S. Department of Housing and Urban Development (HUD) on May 2nd for timely spending each year and must have no more than 1.5 times its current funding year allocation in accumulated unspent funds as of that date, and

Whereas, the following list of projects received funding awards in previous years:

- **2015**
  - Regional Parks – Maxwell Farms ADA
- **2016**
  - Cloverdale Pedestrian Safety Improvements
  - Cotati West School Street Path of Travel
  - Regional Parks – Helen Putnam Park
  - Rohnert Park - ADA Transition Plan
  - Windsor Starr Rd Sidewalk Phase 3
- **2017**
  - Cloverdale City Park ADA Improvements
  - Healdsburg ADA ramp retrofit project
  - Sonoma - ADA Transition Plan
  - Windsor Starr Rd Sidewalk Phase 4
- **2018**
Whereas, the cost of construction labor and materials continue to be elevated following the October 2017 fires, causing bids to come in over budget for some of the previously funded projects, and

Whereas, on a regular basis the County receives and reports on program income from repayment of loans made with Community Development Block Grant Program funds, that are estimated to be approximately $200,000 between October 2019 and April 2020, and

Whereas, it is estimated that up to $700,000 in additional funds will need to be reprogrammed in order to ensure timely spending, and

Whereas, there may be previously approved and funded projects in the above list that require additional funding to move forward and spend the funds that were awarded to them previously in a timely manner, and

Now, Therefore, Be It Resolved

The Board of Supervisors of the County of Sonoma approves the proposed FY 2019-20 Amended One Year Action Plan, including the award of up to $900,000 in reprogrammed Community Development Block Grant funds and Community Development Block Grant program income to certain previously funded projects for which additional funds are needed to be completed, and for such projects that are able to spend any additional awarded funds prior to the May 2, 2020 timely expenditure deadline.

Supervisors:

Gorin: Zane: Gore: Hopkins: Rabbitt: 

Ayes: Noes: Absent: Abstain: 

So Ordered.
PETALUMA ECUMENICAL PROPERTIES (PEP HOUSING) – RIVER CITY SENIOR APARTMENTS

Amount Requested: $1,000,000  Total Project Cost: $28,769,740

Project Description Summary from Applicant’s Submitted Application:
“River City Senior Apartments will be built on a 1.31 acre site and includes fifty-three (53) one-bedroom units and one (1) two-bedroom manager’s unit. All residential units will be rented to low-income seniors, age 62 and older with 19 units set aside for veterans. The project incorporates various amenities for residents including a community room with a full kitchen, raised garden beds, a wellness center and a fenced dog run. Additionally, a community gazebo and outdoor patio will be available outside the community center adjacent to the Petaluma River, where residents can enjoy the comfort and view of the river and Sonoma Mountain along a pedestrian path with public access to the river.”

Project type: New construction of multifamily senior housing

Proposed use of funds: Predevelopment and construction costs

CFH Funding Policies
Threshold Criteria

Is the proposed project consistent with the General Plan?
Yes, City of Petaluma planning staff issued a letter dated July 30, 2019 certifying the proposed project is consistent with its General Plan.

Does the applicant possess site control?
PEP Housing has entered into a Disposition, Development and Loan Agreement dated August 20, 2018 to acquire the subject property from the City of Petaluma.

CFH Policy Priorities: Housing Element Goals and County Strategic Priority
The Commission established the top four guiding principles and priorities for this funding cycle as follows:

1. Projects that demonstrate CFH funds will be leveraged against total development costs at least 7:1.

$4,937,000 Conventional Perm Loan (Committed)
$1,500,000 City of Petaluma (Committed)
$1,300,000 City of Petaluma (Land Loan) (Committed)
$108,000 City of Petaluma grant (Committed)
$1,000,000 Sonoma County – FY 19-20 County Fund for Housing (uncommitted)
$575,000 HEAP Loan (Committed)
$2,018,592 Deferred Developer Fee (Committed)
$17,001,147 Limited Partners (Committed)
$250,000 PEP Housing Sponsor Loan – (Committed)
If applicant receives all of the requested local funding, each $1 of CDC funds would leverage $28.80 from other sources. The full amount of CDC subsidy requested would be $18,519 per affordable unit.

2. Projects demonstrating advanced readiness via (a) entitlements; (b) financing commitments; (c) permitting.
   On July 30, 2019, the City of Petaluma planning staff verified all necessary project entitlements have been obtained including zoning, density, consistency with its General Plan, conditional use requirements, local and land use approvals. In addition, City of Petaluma planning staff confirmed they determined the project to be categorically exempt from CEQA review, a Finding of No Significant Impact and Notice of Intent to Request Release of Funds was issued on January 24, 2019.

3. Project developers who can demonstrate previous success obtaining federal tax credits and/or state funding to develop housing within the last seven years.
   PEP Housing staff have extensive experience in the past seven years for several properties using federal grants including Housing and Urban Development Section 202, Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Federal Tax Credits (4% and 9%), using state grants including Homeless Emergency Aid Program (HEAP), Housing & Community Development (HCD), and other sources including Federal Home Loan Bank of San Francisco Affordable Housing Program (FHLBSF–AHP), local housing funds, redevelopment funds and more.

4. Projects that can demonstrate existing support from other jurisdictions via letters of support, funding commitments, etc.
   Various funding commitments obtained for the project from Wells Fargo, California Community Reinvestment Corporation, City of Santa Rosa Housing and the City of Petaluma.

CFH funding should assist in preservation of affordable rental projects at risk of becoming market rate housing, serving families, or serving the special needs populations identified in the County Housing Element: elderly, disabled, large families, single-parent households, farmworkers, and homeless persons.

This project will be affordable to low-income seniors and senior veterans (19 units will be set-aside for Veterans Affairs Supportive Housing (VASH) vouchers) aged 62 years and older. The project has a MOU with the Veterans Administration to provide supportive services for the VASH residents. Additionally, PEP Housing has entered into an agreement with Petaluma People Services Center to provide case management for all at-risk seniors, homeless veterans, and homeless seniors. All residents will have access to supportive services.

Projects should take advantage of the maximum density permitted under the Sonoma County or local jurisdiction’s General Plan, Zoning Ordinance, and other relevant regulations.
Project is consistent with the general plan, conditional use requirements and has obtained all applicable local land use approvals.
Readiness to proceed: projects that appear ready to proceed to the construction and then occupancy stage in a timely fashion will also be provided a priority in the approval consideration process. This can be gauged by the status of land use entitlements as well as the degree to which other funding commitments have been secured. Applying Permit Sonoma’s readiness score to the City of Petaluma verification, the project would have a comparable Readiness Score of 1 (1 indicates all entitlements, except building permits) are in place and valid.

Analysis
Total development cost per unit: $532,773
Total hard cost per unit: $266,698

Pros for the Project:
- Developer has extensive experience in obtaining and administering tax credits and therefore meets priority selection
- 53 new affordable units for seniors, an identified need in the Sonoma County Housing Element
- Project will include 19 set-aside units for senior veterans
- Permanent Supportive Housing services for all residents offered on site
- Project has obtained a commitment of 19 VASH vouchers from the City of Santa Rosa Housing
- Project location is near hub for public transit and government services
- Developer proposes to apply for 4% non-competitive state tax credits
- Project is projected to commence construction in 2020.

Cons for the Project:
- Project has been delayed due to an unsuccessful application of 9% competitive tax credits, therefore causing a delay for the commencement of construction
- All units in the project are 1 bedroom and unable to accommodate larger families, an identified need in the Sonoma County Housing Element

Consequences of no Funding:
If the project was awarded partial or no funding it would further delay the commencement of unit construction.

Staff Recommendation
This project would address an identified need in the Sonoma County Housing Element, create 53 new affordable units, provide services for its residents, and project will likely qualify for a speedy project approval from the planning department. Staff recommends funding the River City Senior Apartments proposal in the amount of $600,000.
MIDPEN HOUSING CORPORATION – 414 PETALUMA

Amount Requested: $2,500,000          Total Project Cost: $29,531,013

Project Description Summary from Applicant’s Submitted Application:
“414 Petaluma is a proposed 40 unit family affordable housing development on an infill site just north of historic downtown Petaluma. The site is well located within walking distance to the heart of Downtown Petaluma, as well as located within a half mile or less from key amenities such as grocery, pharmacy, parks, bus service and the Petaluma SMART Station. The development will revitalize an underused site into a much needed 40 unit family affordable housing development. If this development were to receive the full $2.5 million funding commitment as requested, it would put the development in an excellent position to compete for additional upcoming funding including HCD’s Infill Infrastructure Grant program in December 2019 and a 9% Tax Credit application in June 2020.”

Project type: New Construction of Multifamily Affordable Housing

Proposed use of funds: Predevelopment and Construction Costs

CFH Funding Policies

Threshold Criteria

Is the proposed project consistent with the General Plan?
The City of Petaluma, in a letter dated, August 22, 2019, indicated the project appears to be consistent with Petaluma’s General Plan 2025 after their review of the projects preliminary plans.

Does the applicant possess site control?
Yes, the applicant possesses an executed Option Agreement for Purchase of Real Property with the Seller, dated May 17, 2019.

CFH Policy Priorities: Housing Element Goals and County Strategic Priority

The Commission established the top four guiding principles and priorities for this funding cycle as follows:

1. Projects that demonstrate CFH funds will be leveraged against total development costs at least 7:1.
The project proposes to leverage funds from the following sources:

- $716,100   Amortizing Perm Loan, Tranche A (Uncommitted)
- $1,947,000 Amortizing Perm Loan, Tranche B (Uncommitted)
- $2,500,000 County Fund for Housing (Uncommitted)
- $2,200,000 Petaluma Housing Funds (Uncommitted)
- $1,891,048 Infill Infrastructure Grant (Uncommitted)
- $386,680   Fee Waiver (Uncommitted)
- $390,000   AHP (Uncommitted)
- $19,500,085 Tax Credit Investor Proceeds (Uncommitted)
If applicant receives all of the requested local funding, each $1 of CDC funds would leverage $11.80 from other sources. The full amount of CDC subsidy requested would be $64,103 per affordable unit.

2. **Projects demonstrating advanced readiness via (a) entitlements; (b) financing commitments; (c) permitting.**
   Project is currently in the early stages of development, with construction completion slated for March 2022 and 100% occupancy in June 2022.

3. **Project developers who can demonstrate previous success obtaining federal tax credits and/or state funding to develop housing within the last seven years.**
   The applicant has completed 100 developments and has demonstrated a successful record and portfolio in securing funding from Federal, State, Local and Private sources. Over the last 5 years, applicant has successfully secured California Low Income Housing Tax Credit awards for over 25 properties.

4. **Projects that can demonstrate existing support from other jurisdictions via letters of support, funding commitments, etc.**
   *In a letter, dated August 1, 2019, Petaluma City Manager, Peggy Flynn, expressed support for “the much-needed affordable housing project.” Additionally, Ms. Flynn highlighted MidPen Housing’s record of accomplishment and the city’s policy of giving priority processing to affordable housing projects.*

**CFH funding should assist in preservation of affordable rental projects at risk of becoming market rate housing, serving families, or serving the special needs populations identified in the County Housing Element: elderly, disabled, large families, single-parent households, farmworkers, and homeless persons.**

The applicant proposes to provide 40-units of affordable units, which would provide affordable housing to extremely low, very low, and low-income households ranging from 30% - 50% of Area Median Income for Sonoma County.

**Projects should take advantage of the maximum density permitted under the Sonoma County or local jurisdiction’s General Plan, Zoning Ordinance, and other relevant regulations.**

City of Petaluma planning staff verified the project site currently has a T-5 Urban Center zoning designation, which allows for higher density, 3-5 story mixed used buildings and supports the proposed high-density affordable housing.

**Readiness to proceed: projects that appear ready to proceed to the construction and then occupancy stage in a timely fashion will also be provided a priority in the approval consideration process. This can be gauged by the status of land use entitlements as well as the degree to which other funding commitments have been secured.**

Applying PRMD’s Readiness Scoring form to the City’s general plan consistency certification, the project would have comparable Readiness Score of 2 (2 indicates any needed entitlements in process & project deemed consistent w/GP & Zoning).
**Analysis**

Total development cost per unit: $738,275  
Total hard cost per unit: $511,834  

**Pros for the Project:**  
- Generates much needed affordable housing units  
- Project will target larger families, an identified need the in the Sonoma County Housing Element  
- Invests in the expansion of urban core  
- Located near local amenities and transportation  
- Application has experience obtaining Federal Tax Credits in past 7 years  
- Project has support of local jurisdiction (City of Petaluma)  

**Cons for the Project:**  
- Possibility of project delays due to Phase I environmental assessment that revealed two recognized environmental conditions and two historical recognized environmental conditions  
- Project is in its early stage in development and proposal is relying on uncommitted construction and permanent financing  
- Developer proposes to obtain 9% tax credit financing, injecting uncertainty in the project timeline  
- Proposed project financing includes obtaining 10 project based vouchers from the Sonoma County Housing Authority  
- Project currently has no committed funds  

**Consequences of no Funding:**  
In the event that project is awarded partial or full funding of $2,500,000, the commencement of construction would be delayed from December 2020 to August 2021.  

**Staff Recommendation**  
The project would address the identified need for larger family, affordable housing units and invest funds into the expansion of an urban core. **Staff recommends funding the 414 Petaluma proposal in the amount of $500,000.**
EDEN HOUSING, INC. – MILL DISTRICT APPARTMENTS

Amount Requested: $1,500,000  
Total Project Cost: $32,946,161

Project Description Summary from Applicant’s Submitted Application:
“Affordable housing ground-up development, consisting of 41 units. 4 stories with onsite parking, community garden, and resident multipurpose room. Unit mix is composed of 1, 2, and 3 bedroom units. Units on the first and fourth floor are flat, units on the second floor are "townhome style, which extend to the third floor (access to unit is on the second floor).""

Project type: New construction of multifamily affordable housing

Proposed use of funds: Construction costs

CFH Funding Policies

Threshold Criteria

Is the proposed project consistent with the General Plan?
Yes, the City of Healdsburg Planning Commission has certified that this project is consistent with the land use designations and zoning classifications of the City of Healdsburg’s General Plan.

Does the applicant possess site control?
Yes, Applicant provided a Purchase, Sale and Development Agreement between Replay Healdsburg, LLC (seller and master developer) and Eden Housing (applicant), Inc. Effective date August 23, 2019

CFH Policy Priorities: Housing Element Goals and County Strategic Priority

The Commission established the top four guiding principles and priorities for this funding cycle as follows:

1. Projects that demonstrate CFH funds will be leveraged against total development costs at least 7:1.

This project proposes to leverage funds from the following sources:

- $21,728,381 9% Low Income Housing Tax Credit-LP Capital Contribution (Uncommitted)
- $1,500,000 Sonoma County – FY19-20 County Fund for Housing (Uncommitted)
- $846,960 Permanent Financing (Committed)
- $5,990,000 Land Donation (Committed)
- $156,392 Deferred Developer Fee (Committed)
- $2,724,428 Master Developer Contribution (Committed)

If applicant receives all of the requested local funding, each $1 of Community Development Commission funds would leverage $22.00 from other sources. The full amount of Community Development Commission subsidy requested would be $37,500 per affordable unit.
2. **Projects demonstrating advanced readiness via (a) entitlements; (b) financing commitments; (c) permitting.**

   The City of Healdsburg Planning Commission has certified the project is fully entitled and determined the California Environmental Quality Act (CEQA) has been completed resulting in no significant impacts, and National Environmental Policy Act (NEPA) is not required. The project has a tentative map but will require a final map and the construction timing is deemed to be concurrent with the construction of market-rate units.

3. **Project developers who can demonstrate previous success obtaining federal tax credits and/or state funding to develop housing within the last seven years.**

   Yes, Eden Housing has several projects currently under construction that have successfully obtained federal tax credits, state funding and local sources. Eden Housing has experience in the utilization of public and private financing, including Section 202 Program for Seniors, Section 811 for persons with disabilities, tax-exempt bonds and low-income housing tax credits—both 4% and 9%.

4. **Projects that can demonstrate existing support from other jurisdictions via letters of support, funding commitments, etc.**

   Eden Housing provided a letter of support from Healdsburg’s City Manager’s Office dated August 16, 2019 with their support of the project and their organization for County Fund for Housing application. Furthermore, applicant provided evidence of funding commitments from Union Bank for construction and permanent financing, and funding commitment from RePlay the master developer for project development.

   **CFH funding should assist in preservation of affordable rental projects at risk of becoming market rate housing, serving families, or serving the special needs populations identified in the County Housing Element: elderly, disabled, large families, single-parent households, farmworkers, and homeless persons.**

   The proposed project is mixed-use development including commercial and multifamily residential of which 40 units shall be affordable. The project will have one, two, and three bedroom units and will accommodate larger families, a specified need in the Sonoma County Housing Element.

   **Projects should take advantage of the maximum density permitted under the Sonoma County or local jurisdiction’s General Plan, Zoning Ordinance, and other relevant regulations.**

   The residential requirements for the project are subject to the City of Healdsburg’s Municipal Code to provide a minimum of 24 Inclusionary Housing units affordable to very low and low income households. The project is proposing to create 40 affordable units, 16 more than required, at lower tiers of affordability with 8 units at 30% Area Median Income (AMI) and 32 units at 50% AMI.

   **Readiness to proceed: projects that appear ready to proceed to the construction and then occupancy stage in a timely fashion will also be provided a priority in the approval consideration process. This can be gauged by the status of land use entitlements as well as the degree to which other funding commitments have been secured.**
Applying Permit Sonoma’s readiness score to the City of Healdsburg Planning Commission verification of local approvals, the project would have a comparable Readiness Score of 1 (1 indicates all entitlements, except building permit) are in place and valid.

**Analysis**

Total development cost per unit: $803,565  
Total hard cost per unit: $475,252

**Pros for the Project:**
- Creation of 40 new affordable housing units
- Deepening level of affordability and exceeding jurisdiction minimum requirements
- City of Healdsburg only requires 24 affordable units, the proposed project exceeds the requirement to 40 affordable units
- The project location is near a hub for public transit and services, including future Sonoma-Marin Area Rail Transit (SMART train) connection

**Cons for the Project:**
- Developer plans to apply for 9% tax credits, therefore injecting uncertainty into the development timeline

**Consequences of no Funding:**
This proposal is a part of a mixed-use development which includes commercial, market rate and affordable housing. Due to the larger master project timeline, phasing the project is not an option for Eden Housing. The project could proceed with partial funding but would result in less affordability for tenants.

**Staff Recommendation**

Due to creation of new affordable units and deeper affordability significantly higher than the municipal requirements, committed funds, advanced readiness, local city support, and affordable housing developer experience, **staff recommends fully funding the Mill District proposal in the amount of $1,500,000.**
Amount Requested: $1,500,000

**Project Description Summary from Applicant’s Submitted Application:**
“The project in need of funding, Oak Grove Apartments, is an existing 81-unit affordable property located at 1578 Grove Street, Healdsburg, CA. Built in 1999 utilizing 9% Low Income Housing Tax Credits, mandates 100% of the property be held at an average 39% AMI for 55 years. The initial tax credit compliance period ended in 2013 with Low Income Housing Tax Credits (LIHTC) restrictions ending in 2054. Additionally, the City of Healdsburg restricts 8 units at 60% AMI until 2049. The property is a mix of 2, 3, and 4-bedroom units each with 2 bathrooms. The property has not been is in dire need of not only cosmetic repair, but crucial life and safety repairs/upgrades in addition to ADA/UFAS improvements.”

**Project type:** Rehabilitation and preservation of existing affordable housing

**Proposed use of funds:** Acquisition and Rehabilitation costs

**CFH Funding Policies**

**Threshold Criteria**

*Is the proposed project consistent with the General Plan?*

The funding application indicates the project is not subject to any land use and zoning approvals, building permits, environmental, or any other approvals required. Applicant provided City of Healdsburg general land use information; however it is not specific to the subject property.

*Does the applicant possess site control?*

Yes, applicant provided a fully executed Purchase and Sale Agreement.

**CFH Policy Priorities: Housing Element Goals and County Strategic Priority**

*The Commission established the top four guiding principles and priorities for this funding cycle as follows:*

1. **Projects that demonstrate CFH funds will be leveraged against total development costs at least 7:1.**

This project proposes to leverage funds from the following sources:

- $7,330,000 Permanent Loan – Umpqua Bank (committed)
- $1,437,809 Deferred Developer Fee (committed)
- $4,284,000 Tax Credit Equity (uncommitted)
- $1,500,000 Sonoma County – FY19-20 County Fund for Housing (uncommitted)

If applicant receives all of the requested local funding, each $1 of CDC funds would leverage $9.70 from other sources. The full amount of CDC subsidy requested would be $18,750 per affordable unit.
2. Projects demonstrating advanced readiness via (a) entitlements; (b) financing commitments; (c) permitting.
   The funding application indicates the project schedule anticipates obtaining building permits in the spring of 2020 and commencement of rehabilitation construction by summer 2020.

3. Project developers who can demonstrate previous success obtaining federal tax credits and/or state funding to develop housing within the last seven years.
   Since 2015 the applicant portfolio demonstrates extensive experience with obtaining Low Income Housing Tax Credits through acquisition of 23 properties and preservation of over 3,000 affordable units in California and across multiple states. Their experience and expertise provide a high certainty of execution for acquisition, rehabilitation and preservation of affordable housing.

4. Projects that can demonstrate existing support from other jurisdictions via letters of support, funding commitments, etc.
   Applicant provided a Letter of Interest from Umpqua Bank to provide construction and permanent financing and a Letter of Intent Agreement from HUNT Capital its Tax Credit Syndicator

   CFH funding should assist in preservation of affordable rental projects at risk of becoming market rate housing, serving families, or serving the special needs populations identified in the County Housing Element: elderly, disabled, large families, single-parent households, farmworkers, and homeless persons.
   The project currently operates as affordable housing and is at risk of becoming market rate housing. The applicant proposes to acquire and rehabilitate the existing property in an effort to preserve existing affordable housing. The project consists of 2,3 and 4 bedroom units which also accommodates large families, an identified need in the Sonoma County Housing Element.

   Projects should take advantage of the maximum density permitted under the Sonoma County or local jurisdiction’s General Plan, Zoning Ordinance, and other relevant regulations.
   Applicant provided general information from The City of Healdsburg Planning and Building Department from 1998 describing the permitted land uses for residential dwellings up to 16 units per net acre may be permitted within the AH-1 Overlay District.

   Readiness to proceed: projects that appear ready to proceed to the construction and then occupancy stage in a timely fashion will also be provided a priority in the approval consideration process. This can be gauged by the status of land use entitlements as well as the degree to which other funding commitments have been secured.
   Applying Permit Sonoma’s readiness score to the City of Healdsburg Planning Commission verification of local approvals, the project would have a comparable Readiness Score of 1 (1 indicates all entitlements, except building permit) are in place and valid.

Analysis

Total development cost per unit: $179,652
Total hard cost per unit: $67,683
**Pros for the Project:**

- Preservation of 81 existing affordable housing including the conversion of nine units to meet American Disabilities Act and Uniform Federal Accessibility Standard requirements
- Expands onsite resident services including, after-school programs, financial education, English and computer classes
- Project maintains a very low vacancy rate
- This proposal would result in a lower cost per unit of $18,518
- Applicant demonstrates extensive experience obtaining or utilizing tax credit financing
- Project accommodates large families an identified need in the Sonoma County Housing Element

**Cons for the Project:**

- Temporary tenants relocation will be required for the rehabilitation
- Construction period will take 12 months
- All funds will be spent on preservation not creation of new units
- Uncertainty on the effectiveness of project timeline conditioned on weather
- Funding application does not include local support from the City of Healdsburg
- Applicant did not provide a preliminary title report, unable to confirm current ownership, encumbrances, or liens on property

**Consequences of no Funding:**
If the applicant is awarded partial or no funding it may result in the loss of affordable housing availability, a scare need in the City of Healdsburg. Furthermore, the property will continue to decline and deteriorate causing units to be become uninhabitable

**Staff Recommendation**
The project preserves and prolongs existing affordable housing, there is no support from the City of Healdsburg, and the project is in distress. **Due to uncertain risk of CDC investment, no local support, and low leverage ratio Staff recommends no funding for this project.**
HABITAT FOR HUMANITY OF SONOMA COUNTY– DUNCAN VILLAGE

Amount Requested: $1,775,000  Total Project Cost: $9,689,790

Project Description Summary from Applicant’s Submitted Application;
“Habitat is preparing to build 16 homes on 1.34 acres at 484 Wall Street in Windsor. These homeownership units will be affordable to households from 50% - 80% of AMI. Duncan Village is located within a 1/2 mile of the Windsor Town Green, the Downtown Business District, parks, outdoor events, Farmer’s Market, schools, public transportation, grocery stores, and the future SMART Train station. Habitat has designed the homes to CalGreen standards for energy efficiency and sustainability. The home construction will employ prefabricated wall panels, built in the state-of-the-art “Habitat Center,” currently under construction at SOMO Village. Once delivered to the site, the panels will be installed by volunteers and the families that will purchase the homes, as part of their 500-hours of sweat equity.”

Project type: New construction of multifamily affordable housing

Proposed use of funds: Predevelopment and construction costs

CFH Funding Policies

Threshold Criteria

Is the proposed project consistent with the General Plan?
The Planning Commission of the Town of Windsor Resolution No 665-18 dated November 27, 2018 determined the proposed project is consistent with the applicable general plan designation, general plan policies, applicable zoning designation and regulations.

Does the applicant possess site control?
Yes, the applicant took fee simple title to the property on July 12, 2018 as evidenced by a recorded Grant Deed.

CFH Policy Priorities: Housing Element Goals and County Strategic Priority

The Commission established the top four guiding principles and priorities for this funding cycle as follows:

1. Projects that demonstrate CFH funds will be leveraged against total development costs at least 7:1.

This project proposes to leverage funds from the following sources:
- $ 415,000 Rural Communities Assistance Corporation - acquisition (committed)
- $5,896,150 Rural Communities Assistance Corporation – construction (committed)
- $3,221,412 United State Department of Agriculture-Rural Development Permanent Financing (committed)
- $ 400,000 Sonoma County – FY2017-18 County Fund for Housing (committed)
- $ 342,154 Sonoma County – FY2017-18 HOME (committed)
- $102,346 Sonoma County – FY2018-19 HOME (committed)
- $ 556,000 Town of Windsor (committed)
- $ 240,000 Federal Home Loan Bank of SF – WISH (uncommitted)
In-Kind Donations (committed) $ 640,000

If applicant receives all of the requested local funding, each $1 of CDC funds would leverage $5.50 from other sources. The full amount of CDC subsidy requested would be $110,937.50 per affordable unit.

2. *Projects demonstrating advanced readiness via (a) entitlements; (b) financing commitments; (c) permitting.*
   Town of Windsor has verified all necessary project entitlements have been obtained including conditional use permits and zoning approvals. The project was eligible for a 50% density bonus increase, consistent and subject to a use permit and state density bonus law. The majority of project financing has been committed to the project, this proposal would fill the unforeseen funding gap due to increased construction costs post complex fires to allow the commencement of construction by early 2020.

3. *Project developers who can demonstrate previous success obtaining federal tax credits and/or state funding to develop housing within the last seven years.*
   The local developer is a part of a larger nationwide homeownership mutual self-help program assisting lower income first time homebuyers purchase and build their own home that does not require the use of tax credits. The applicant provides the technical assistance and coordinates the necessary volunteer construction labor to assist in the production of the new homes. However, the developer does have extensive experience with federal and state funding such as; HOME Investment Partnership Program (HOME), Community Development Block Grant (CDBG), Rural Communities Assistance Corporation (RCAC), United States Department of Agriculture – Rural Development (USDA-RD), Federal Home Loan Bank of San Francisco (FHLB-SF).

4. *Projects that can demonstrate existing support from other jurisdictions via letters of support, funding commitments, etc.*
   On August 16, 2017, the applicant successfully obtained a $556,000 funding commitment from Town of Windsor’s Inclusionary Housing Funds to construct the proposed project.

*CFH funding should assist in preservation of affordable rental projects at risk of becoming market rate housing, serving families, or serving the special needs populations identified in the County Housing Element: elderly, disabled, large families, single-parent households, farmworkers, and homeless persons.*
   The applicant proposes to provide 16 new home ownership opportunities to households with incomes between 50% - 80% of area median income (AMI) for Sonoma County. Although, the homes do not have set-aside units for any special needs populations the project will consist of two, three, and four bedroom homes which may accommodate any of the identified populations.

*Projects should take advantage of the maximum density permitted under the Sonoma County or local jurisdiction’s General Plan, Zoning Ordinance, and other relevant regulations.*
   The project is consistent with the density allowed for the site and increased by 50% over Town of Standards in accordance with State Density Law and Town of Windsor Zoning Ordinance. The Town of Windsor has certified the proposed project is consistent with applicable general plan designation, all applicable general plan policies, zoning designations and regulations.
Readiness to proceed: projects that appear ready to proceed to the construction and then occupancy stage in a timely fashion will also be provided a priority in the approval consideration process. This can be gauged by the status of land use entitlements as well as the degree to which other funding commitments have been secured.

Applying Permit Sonoma’s readiness score to the Town of Windsor Green Verification of Local Approvals and Resolution No 665-18, the project would have a comparable Readiness Score of 1 (1 indicates all entitlements, except building permit) are in place and valid.

**Analysis**

Total development cost per unit: $605,612  
Total hard cost per unit: $227,692

**Pros for the Project:**

- 16 new home ownership housing opportunities for low income households
- Project targets households with income ranges between 50%-80% AMI
- High walkability score
- Applicant proposes to commence construction in Spring 2020
- Entitlement process is complete
- Each home will be equipped with PV panels, energy star appliances, and other energy saving measures

**Cons for the Project:**

- The project has received a CDC funding awards totaling $844,500 and has been unable to break ground.
- CDC funding would leverage a low $5.50 for each $1 invested in project compared to other proposals.
- Project will be delayed if the need to construct in two phases.
- Developer does not meet a priority of having successfully obtained tax credit.
- Project will provide the fewest number of units compared to other proposals.

**Consequences of no Funding:**

If project is not awarded funds or partially funded it would delay the project and possibly force the project to be constructed in phases. If phasing the project is necessary it would increase the costs of development as well as affect the morale of the households in the second group.

**Staff Recommendation**

This project is fully entitled and ready to proceed if the applicant can secure the gap funding. Since the 2017 wildfires in Sonoma County the project costs have increased by 30%. This project is heavily funded by CDC funding and therefore resulting in the lowest leveraged funds for the fewest number of units in this competitive funding cycle and therefore, **Staff recommends no funding for the Duncan Village project.**
**EDEN HOUSING, INC. – DEL NIDO APARTMENTS**

Amount Requested: $750,000

Total Project Cost: $68,020,810

**Project Description Summary from Applicant’s Submitted Application:**

“Del Nido Apartments is one of two properties owned and operated by Eden Housing in the city of Santa Rosa located on a 9.4 acre parcel at 805 Russell Avenue. The community was built in 1970 and consists of a mix of studios and 1-bedroom apartments, totaling 206 units, spread across 25 single-story structures. The community also features amenities such as storage spaces, a swimming pool, and 228 parking spaces for our residents. As a property of this age, we are planning a substantial rehabilitation to preserve the integrity of the community and to ensure the continuation of affordability of this valuable asset not only to the City of Santa Rosa, but for individuals and families who live at Del Nido.”

**Project type:** Rehabilitation and preservation of existing affordable housing

**Proposed use of funds:** Predevelopment and construction costs

**CFH Funding Policies**

**Threshold Criteria**

Is the proposed project consistent with the General Plan?

Yes, Applicant provided a letter from the City of Santa Rosa Planning & Economic Board dated August 23, 2018 that verifies the project and its current use conforms to its General Plan, zoning and land use designations. The property is currently designated Medium Density Residential and is zoned R-3-15 (Multifamily Residential).

Does the applicant possess site control?

Yes, Applicant currently holds fee simple ownership of the subject property as evidenced by a grant deed recorded on January 8, 2013 and preliminary title reported dated July 12, 2019.

**CFH Policy Priorities: Housing Element Goals and County Strategic Priority**

The Commission established the top four guiding principles and priorities for this funding cycle as follows:

1. Projects that demonstrate CFH funds will be leveraged against total development costs at least 7:1.

   This project proposes to leverage funds from the following sources:

   - $17,370,000 Bank Tax Exempt Loan (Committed)
   - $1,025,822 City of Santa Rosa Housing Trust Fund/deferred interest (Uncommitted)
   - $17,127,029 Seller Carry-Back and Accrued/Deferred Interest (Committed)
   - $84,791 Withdraw from Project Reserves (Committed)
   - $750,000 Sonoma County – FY19-20 County Fund for Housing (Uncommitted)
   - $1,680,632 CA HCD NPLH (Uncommitted)
   - $1,824,008 Income from operations during rehabilitation (Committed)
   - $1,500,000 Deferred Developer Fee (Committed)
If applicant receives all of the requested local funding, each $1 of CDC funds would leverage $90.70 from other sources. The full amount of CDC subsidy requested would be $3,641 per affordable unit.

2. Projects demonstrating advanced readiness via (a) entitlements; (b) financing commitments; (c) permitting.
   The project is rehabilitation of existing housing, the necessary entitlements are in place, the schedule anticipates it will obtain building permits in 2020. The target closing for its construction financing is anticipated in June 2020 and permanent financing in late 2022.

3. Project developers who can demonstrate previous success obtaining federal tax credits and/or state funding to develop housing within the last seven years.
   Yes, Eden Housing has several projects currently under construction that have successfully obtained federal tax credits, state funding and local sources. Eden Housing has experience in the utilization of public and private financing, including Section 202 Program for Seniors, Section 811 for persons with disabilities, tax-exempt bonds and low-income housing tax credits—both 4% and 9%.

4. Projects that can demonstrate existing support from other jurisdictions via letters of support, funding commitments, etc.
   Eden Housing submitted a letter of support from the City of Santa Rosa dated August 7, 2019 with their support of the project and the excellent working relationship with the developer highlighting their value and expertise in its projects. Furthermore, developer provided a financing letter of interest from Boston Private dated August 20, 2019 to provide a construction and permanent financing loan for the property rehabilitation.

**CFH funding should assist in preservation of affordable rental projects at risk of becoming market rate housing, serving families, or serving the special needs populations identified in the County Housing Element: elderly, disabled, large families, single-parent households, farmworkers, and homeless persons.**

Currently, all units, 58 studios and 148 one-bedroom units, are affordable to households with incomes up to 60% of the Area Median Income (AMI). However, the majority of tenants earn well below the 60% AMI with support from Section 8 Tenant-based Vouchers. From a preliminary demographic analysis of tenants, approximately 25% of units earn below 138% of the Federal Poverty Limit, the threshold for income-based Medi-Cal eligibility.

**Projects should take advantage of the maximum density permitted under the Sonoma County or local jurisdiction’s General Plan, Zoning Ordinance, and other relevant regulations.**

The listed apartments are within the City’s jurisdiction and the property currently is zoned R-3-15 (Multi-Family Residential). Because the property is currently developed with multifamily residential units, it conforms with the General Plan and zoning land use designations.
**Readiness to proceed:** projects that appear ready to proceed to the construction and then occupancy stage in a timely fashion will also be provided a priority in the approval consideration process. This can be gauged by the status of land use entitlements as well as the degree to which other funding commitments have been secured.

Applying Permit Sonoma’s readiness score to the City of Santa Rosa Verification Letter dated August 23, 2018, the project would have a comparable Readiness Score of 1 (1 indicates all entitlements, except building permit) are in place and valid.

**Analysis**

Total development cost per unit: $330,198  
Total hard cost per unit: $70,244

**Pros for the Project:**
- Rehabilitation and preservation of 206 existing affordable units, an identified need in the Sonoma County Housing Element
- Applicant has a large portfolio of affordable housing communities located over 15 different counties
- Applicant has proven track record of obtaining affordable housing financing and completing projects since its inception in 1968
- Applicant serves a wide range of individuals with low income and disabilities
- Applicant has a reputation of providing a wide range of onsite residential services for its tenants
- Extremely low vacancy rate
- Project has all of its necessary entitlements in place
- Project location near hub for public transit and government services

**Cons for the Project:**
- Temporary relocation of tenants costing up to $3.1 Million
- Estimated valuation appears insufficient to fully secure the proposed funding
- Demolition of an existing poolside structure to be replaced with a Community room may require a more in depth environmental and permitting process.
- Project financing plan indicates 37% or $25,546,656 is uncommitted funding

**Consequences of no Funding:**
An award of partial or no funding would require reducing the amount of scope that could be accomplished during the rehabilitation. In particular, this would mean reducing the ability to replace interior fixtures, some of which are original.

**Staff Recommendation**

Although the project preserves and prolongs existing affordable housing, **staff recommends no funding for the Del Nido Apartments because of prior CDC equity investments in this geographical area are significant in relation to the rest of the County.**
Amount Requested: $2,750,000  
Total Project Cost: $49,835,173

Project Description Summary from Applicant’s Submitted Application:
“The Crossings on Middle Rincon will provide 89 newly constructed rental units situated on approximately 4.65 acres for families and individuals earning 30% to 60% of the area median income. Comprised of two-story and three-story, garden style buildings, the unit mix will be: 4 one-bedroom apartment flats, 58 two-bedroom apartment flats, and 27 three-bedroom apartment flats. The community center of 3,500 sf will include a kitchen, computer lab, on-site leasing/manager office, media room, and service provider offices. Two laundry rooms will be located on site. Ground level units, the community room, and the site will be ADA compliant. The site will have 184 parking spaces, including 89 covered by carports with solar PV on them. Amenities include outdoor bbq”

Project type: New Construction

Proposed use of funds: Acquisition

CFH Funding Policies

Threshold Criteria

Is the proposed project consistent with the General Plan?
A letter from the City of Santa Rosa dated August 21, 2019 verifies the subject property is consistent with the General Plan for low density residential but will require density bonus to accommodate the higher density.

Does the applicant possess site control?
The applicant has provided a ratified Sales Contract dated April 10, 2019 and 1st Amendment to Sale Contract dated August 20, 2019 to amend the purchase price and timing for environmental testing to be completed by September 15, 2019.

CFH Policy Priorities: Housing Element Goals and County Strategic Priority

The Commission established the top four guiding principles and priorities for this funding cycle as follows:

1. Projects that demonstrate CFH funds will be leveraged against total development costs at least 7:1.

This project proposes to leverage funds from the following sources:

$10,305,000  Citibank (uncommitted)
$16,424,257  RBC Capital – Tax Credit (uncommitted)
$2,750,000  Sonoma County – FY19-20 County Fund for Housing (uncommitted)
$2,000,000  City of Santa Rosa (uncommitted)
$1,884,030  Deferred Developer Fee (committed)
If applicant receives all of the requested local funding, each $1 of CDC funds would leverage $18.10 from other sources. The full amount of CDC subsidy requested would be $2,525 per affordable unit.

2. Projects demonstrating advanced readiness via (a) entitlements; (b) financing commitments; (c) permitting.  
The project schedule anticipates the applicant will obtain all necessary entitlements and land purchase by February 2020. Application indicates it will require a lot line adjustment and a density bonus. Most of the proposed financing is uncommitted.

Project developers who can demonstrate previous success obtaining federal tax credits and/or state funding to develop housing within the last seven years.  
Most recently in 2019, the project developer successfully obtained tax credits for an affordable housing project for veterans and homeless veterans. The developer has obtained over $335 million in bond and tax credits for affordable senior and family projects in California.

3. Projects that can demonstrate existing support from other jurisdictions via letters of support, funding commitments, etc.  
The applicant provided a letter of support from the City of Santa Rosa dated August 22, 2019, which included anticipation of a funding award this fall.

CFH funding should assist in preservation of affordable rental projects at risk of becoming market rate housing, serving families, or serving the special needs populations identified in the County Housing Element: elderly, disabled, large families, single-parent households, farmworkers, and homeless persons.  
The project’s target population includes households who make 30% to 60% of area median income. The unit mix will include 1, 2, and 3 bedroom units to accommodate large families, an identified need in the Sonoma County Housing Element.

Projects should take advantage of the maximum density permitted under the Sonoma County or local jurisdiction’s General Plan, Zoning Ordinance, and other relevant regulations.  
Project is currently zoned CG (General Commercial) as well R-1-6 Single Family Residential. City of Santa Rosa states that current zoning 8 units/acre and portions of the site within the CG zoning district may be developed to a maximum of 30 units/acre. City Council approved an update to the City’s Density Bonus Ordinance continues to allow any multi-family project in the City, with 5 or more units, which includes affordable housing, to earn a density bonus up to 35% above the residential density limit.

Readiness to proceed: projects that appear ready to proceed to the construction and then occupancy stage in a timely fashion will also be provided a priority in the approval consideration process. This can be gauged by the status of land use entitlements as well as the degree to which other funding commitments have been secured.
The developer has notified the agency that there may be a delay to potential environmental issues recently discovered. Developer states that should there be a determination that mitigation is necessary, the project budget would increase by approximately $34,000.

Applying PRMD’s Readiness Scoring form to the City’s general plan consistency certification, the project would have comparable Readiness Score of 3 (3 indicates more information needed to determine consistency and necessary entitlements)

Analysis
Total development cost per unit: $ 559,945
Total hard cost per unit: $ 328,744,348

Pros for the Project:
- Project creates 89 new housing units that target populations at 30% to 60% of area median income.
- Applicant provided detailed plan for resident services.
- Developer has demonstrated experience obtaining tax credit financing.
- If project is successful in obtaining project based vouchers from the City of Santa Rosa, project may offer units to the Homeless Outreach Services Team.

Cons for the Project:
- Newly identified environmental concerns may delay the project for an unspecified length of time.
- Entitlements, zoning, lot merger adjustment, and CEQA requirements are still under review.
- Applicant would need to apply for a density bonus to reach its target unit mix
- Project will be subject to demolition and relocation of existing commercial and residential tenants.
- Funding proposal did not provide evidence of any committing funds to the project
- Project budget is relying on obtaining 22 project based vouchers from the City of Santa Rosa

Consequences of no Funding:
Applicant did not specify the consequences of no funding or partial funding but indicated the funding request is awarded is slated as acquisition (take-out) financing of the temporary/bridge financing.

Staff Recommendation
This project is unable to proceed without planning, zoning, density and environmental approval. This project would be more appropriately funded when uncertainties are resolved. The project is still in its early stages of development and staff recommends no funding for The Crossings on Middle Rincon proposal.
EDEN HOUSING, INC. – QUAIL RUN

Amount Requested: $ 500,000

Total Project Cost: $ 92,247,245

Project Description Summary from Applicant’s Submitted Application:
“Quail Run Apartments is an affordable housing development located in south Santa Rosa, California. Built in 1998 and acquired by Eden in 2014, the site covers 10 acres and consists of one community building and 200 one- to four-bedroom residential units scattered across 10 two- and three-story, wood-frame, walk-up apartment buildings. Quail Run is home to almost 600 residents, including many families and seniors. We are applying for funding to support the property’s substantial rehabilitation, including replacement of the stair systems, roof, and interiors. This funding will leverage other much-needed funding, including tax credit equity and gap financing from local, state, and federal sources.”

Project type: Rehabilitation and preservation of existing affordable housing

Proposed use of funds: Predevelopment and rehabilitation costs

CFH Funding Policies

Threshold Criteria

Is the proposed project consistent with the General Plan?
The applicant funding proposal indicates the property is not subject to any land use and zoning approvals, building permits, environmental, or another other approval required. No documentation from the City of Santa Rosa was provided to support the applicant’s determination.

Does the applicant possess site control?
Yes, the applicant included a Grant Deed dated November 6, 1997. Pursuant to Amended Assignment and Assumption of Partner Interests, documents the transfer of ownership from Santa Rosa Housing Partners Limited Partnership to Quail Run Eden, LLC.

CFH Policy Priorities: Housing Element Goals and County Strategic Priority

The Commission established the top four guiding principles and priorities for this funding cycle as follows:

1. Projects that demonstrate CFH funds will be leveraged against total development costs at least 7:1.

This project proposes to leverage funds from the following sources:

$ 22,586,000 Bank Tax Exempt Permanent Loan (Committed)
$ 1,902,000 Bank Tax Exempt Permanent Loan (Committed)
$ 415,616 City of Santa Rosa Housing Trust Fund (Committed)
$ 15,586 City of Santa Rosa Loan-deferred interest (Committed)
$ 23,242,458 Seller Take Back Loan (committed)
$ 871,592 Seller Take Back Loan, deferred interest (Committed)
If applicant receives all of the requested local funding, each $1 of CDC funds would leverage $184.50 from other sources. The full amount of CDC subsidy requested would be $2,525 per affordable unit.

2. Projects demonstrating advanced readiness via (a) entitlements; (b) financing commitments; (c) permitting.
   The project is rehabilitation of existing housing, applicant indicated there are no entitlements required. No verification from the City of Santa Rosa provided. The applicant will apply for noncompetitive 4% tax credits and anticipates closing the construction financing in March 2020.

3. Project developers who can demonstrate previous success obtaining federal tax credits and/or state funding to develop housing within the last seven years.
   Applicant has several projects currently under construction that have successfully obtained federal tax credits, state funding and local sources. The applicant has experience in the utilization of public and private financing, including Section 202 Program for Seniors, Section 811 for persons with disabilities, tax-exempt bonds and low-income housing tax credits—both 4% and 9%.

4. Projects that can demonstrate existing support from other jurisdictions via letters of support, funding commitments, etc.
   Yes, the applicant provided a letter from the City of Santa Rosa Planning & Economic Board dated August 7, 2019 supporting the project and highlighting an excellent working relations with the applicant. The applicant additionally provided an offer to finance letter from Citibank dated August 20, 2019 with an offer of permanent financing for this project.

CFH funding should assist in preservation of affordable rental projects at risk of becoming market rate housing, serving families, or serving the special needs populations identified in the County Housing Element: elderly, disabled, large families, single-parent households, farmworkers, and homeless persons.

Although, there are no set-aside units for special needs, the applicant plans to market the units through the Sonoma's County Coordinated Entry System (CES). Currently, there are almost 600 residents at Quail Run Apartments, including families and seniors. Among them, at least 116 receive SSI (Supplemental Security Income). At Quail Run, 63 units are home to households earning below 138 percent of the Federal Poverty Level and 110 units are home to households who have children and earn less than 266 percent of the Federal Poverty Level. In September 2019, the project was awarded a HUD Section 811 Project Rental Assistance (PRA) contract for
11 units. The Section 811 program serves extremely low income persons with disabilities between the ages of 18 and 61.

Projects should take advantage of the maximum density permitted under the Sonoma County or local jurisdiction’s General Plan, Zoning Ordinance, and other relevant regulations. The listed apartments are within the City’s jurisdiction and the property currently is zoned R-3-Multi-Family Residential. The property is developed with multifamily residential units, and conforms to the General Plan and zoning land use designations.

Readiness to proceed: projects that appear ready to proceed to the construction and then occupancy stage in a timely fashion will also be provided a priority in the approval consideration process. This can be gauged by the status of land use entitlements as well as the degree to which other funding commitments have been secured. Without a certification from the City of Santa Rosa Planning and Economic Development, staff has applied Permit Sonoma Readiness Scoring form, the project would have a comparable readiness score of 3 (3 being more information needed to determine consistency & necessary entitlements). Applicant lists the construction phase of this project to begin March 1, 2020.

Analysis

Total development cost per unit: $461,236
Total hard cost per unit: $69,620

Pros for the Project:
- Rehabilitation to preserve 200 existing affordable housing units
- Applicant serves a wide range of individuals with low income and disabilities
- Extremely low vacancy rate
- Applicant has extensive experience in obtaining tax credits, therefore meeting a priority in this funding process
- Applicant proposes to market available units through the Sonoma County Coordinated Entry System
- Project locally supported by City of Santa Rosa

Cons for the Project:
- Relocation of tenants costing nearly $240,000
- Does not create new units
- Unable to verify the necessary project approvals, environmentals and entitlements, if any
- Grant deed provided to document evidence of site control is unclear that the applicant currently holds ownership interest in the property

Consequences of no Funding:
If the project does not receive CFH award, the applicant will continue with a limited renovation focusing on health and safety and building code upgrades.
Staff Recommendation

This project would preserve the quality of existing affordable housing, the applicant has a long history of successfully obtaining tax credits and a large portfolio of managing affordable housing projects. Although preservation of affordable housing is an identified need, **staff recommends no funding for the Quail Run Apartments because prior CDC equity investments in this geographical area are significant in relation to the rest of the County.**
PETALUMA ECUMENICAL PROPERTIES– LINDA TUNIS SENIOR APARTMENTS

Amount Requested: $700,000  Total Project Cost: $7,053,149

Project Description Summary from Applicant’s Submitted Application:
“PEP Housing purchased the Scottish Rite Masonic Building in Santa Rosa, California and will be converting it into 26 studio apartments for low-income seniors (1 unit will be used for an Assistant Manager), with priority given to those displaced by federally declared disasters. The project will be managed by the Resident Manager of our existing senior project adjacent to the property and we will add a second employee, a part-time Assistant Manager. This project will provide much needed housing for low-income seniors.”

Project type: Rehabilitation of multifamily senior housing

Proposed use of funds: Rehabilitation costs

CFH Funding Policies

Threshold Criteria

Is the proposed project consistent with the General Plan?
The City of Santa Rosa, in a letter dated August 20, 2019, stated that the proposed project for the former Scottish Rite Center located at 600 Acacia Lane is consistent with its General Plan in regards to low residential, temporary housing.

Does the applicant possess site control?
Applicant possesses site control in the form of a Grant Deed, dated 09/11/2019 for 600 Acacia Way, Santa Rosa, CA 95401.

CFH Policy Priorities: Housing Element Goals and County Strategic Priority

The Commission established the top four guiding principles and priorities for this funding cycle as follows:

1. Projects that demonstrate CFH funds will be leveraged against total development costs at least 7:1.

The project proposes to leverage funds from the following sources:

- $250,000 Bethlehem Foundation Grant (Committed)
- $250,000 Finley Foundation (Committed)
- $50,000 Rotary 5130 (Committed)
- $700,000 County Fund for Housing (Uncommitted)
- $1,000,000 Kaiser Permanente Grant (Committed)
- $430,000 PEP Housing (Committed)
- $690,000 City of Santa Rosa Housing (Uncommitted)
- $2,183,149 Grants (Uncommitted)
- $1,000,000 Loans (Committed)
- $500,000 AHP (Uncommitted)
If applicant receives all of the requested local funding, each $1 of CDC funds would leverage $10.10 from other sources. The full amount of CDC subsidy requested would be $28,000 per affordable unit.

2. Projects demonstrating advanced readiness via (a) entitlements; (b) financing commitments; (c) permitting.
   Project has completed its Phase 1 Environmental, and has been issued a conditional use permit for temporary housing.

3. Project developers who can demonstrate previous success obtaining federal tax credits and/or state funding to develop housing within the last seven years.
   In the past 7 years, applicant has successfully received federal tax credits for four different projects, and has a history of success in obtaining funding from local, state, federal and private sources.

4. Projects that can demonstrate existing support from other jurisdictions via letters of support, funding commitments, etc.
   In a letter from dated August 5, 2019, the City of Santa Rosa expressed support for the project and highlighted the City’s excellent working relationship with the applicant. Additionally, letters of commitment have been provided from the Bethlehem Foundation, Ernest L. and Ruth W. Finley Foundation, Kaiser Foundation, Rotary District for Sonoma County and Tri Counties Bank.

CFH funding should assist in preservation of affordable rental projects at risk of becoming market rate housing, serving families, or serving the special needs populations identified in the County Housing Element: elderly, disabled, large families, single-parent households, farmworkers, and homeless persons.

The proposed project would rehabilitate a non-residential building to serve low-income seniors with 26 studio apartments, ranging in affordability from extremely low-income (30% Area Median Income) and very low-income (50% Area Median Income).

Projects should take advantage of the maximum density permitted under the Sonoma County or local jurisdiction’s General Plan, Zoning Ordinance, and other relevant regulations.

In a letter from the City of Santa Rosa, dated August 19, 2019, the project was deemed consistent for temporary housing with the low-density residential designation of the Santa Rosa General Plan.

Readiness to proceed: projects that appear ready to proceed to the construction and then occupancy stage in a timely fashion will also be provided a priority in the approval consideration process. This can be gauged by the status of land use entitlements as well as the degree to which other funding commitments have been secured.

Due to a required zoning amendment for permanent housing, applying PRMD’s Readiness Scoring form to the City’s general plan consistency certification, the project would have comparable Readiness Score of 3 (3 indicates more information needed to determine consistency and necessary entitlements).
**Analysis**
Total development cost per unit: $271,275
Total hard cost per unit: $115,247

**Pros for the Project:**
- Provides affordable housing for an at-risk or special needs population and an identified need the Sonoma County Housing Element
- Project has obtained local support from the City of Santa Rosa
- Project has a leveraging score of $10.10
- Applicant has experience obtaining Federal Tax Credits within last 7 years

**Cons for the Project:**
- Project will require a zoning amendment for permanent housing, this will likely cause a delay in the project timeline
- CFH Funds are not eligible for temporary housing expenses
- Applicant obtained a temporary housing permit which would expire after 5 years
- Commission would be unable to enter into agreement with Developer until permit for permanent housing is obtained.
- Project financial plan indicates 58% or $4,073,149 is uncommitted funding
- Project will create a much lower amount of units than other proposals

**Consequences of no Funding:**
Partial or no funding would cause a delay in project timeline and commencement of construction due to a contractor shortage in Sonoma County.

**Staff Recommendation**
Although this project would provide housing for an at-risk and/or special needs population and applicant has extensive experience in obtaining affordable housing financing, **staff recommends no funding for the Linda Tunis proposal primarily due to temporary housing being an ineligible use of capital program funds.**