

Community Development Committee



Human Services Dept. Representative: Oscar Chavez (Chair),
Tenant Representatives: Jessica Vega, Judith Morgan
1st Dist: Betzy Chavez (Vice Chair) | **2nd Dist:** Jake Mackenzie |
3rd Dist: Susan Adams | **4th Dist:** *Vacant* | **5th Dist:** Linda Garcia

Cities & Towns Advisory Committee



Cloverdale: Kevin Thompson | Cotati: Noah Housh
Healdsburg: Stephen Sotomayor
Rohnert Park: Jenna Garcia
Sebastopol: Kari Svanstrom
Sonoma: David Storer | Windsor: Jessica Jones

Joint Public Meeting with Cities & Towns Advisory Committee Concurrent with Community Development Committee

September 15, 2021

10:00 am - 11:30 am

This meeting will be held virtually to comply with the Governor's Executive Order N-29-20

Please see Page 2 for instructions on making public comments

MEMBERS MAY NOT ATTEND THIS MEETING IN PERSON

General public meeting access:**

<https://sonomacounty.zoom.us/j/97524347081?pwd=amVXVEpPbWlrZFF0cVZiTG90bitTZz09>

Webinar ID: 975 2434 7081 #

Passcode: 229472 #

Phone: +1 669 900 9128

AGENDA

1. Call to Order and Roll Call (5 minutes)

2. Public Comment on Items Not on the Agenda (5 minutes)

3. Approve Minutes for August 18, 2021 Joint CD-CTAC Meeting (5 minutes)

The Committees will discuss and may take action to approve the meeting minutes or may recommend changes to these minutes.

4. Interim Director's Report (10 minutes)

The Interim Director will provide an oral report to the committees on relevant business including the Emergency Rental Assistance Program (ERAP), the CD's 4th District appointment, and the CDBG-CV3 Economic Development Project.

5. Annual Election of CD Committee Officers (5 minutes)

Article III Section 2 of the CD Committee Bylaws calls for the election of the Chair and Vice-Chair annually on the third Wednesday of September. The elected officers will assume their positions beginning immediately.

6. PUBLIC HEARING: Approval of FY 2022-23 Federal Funding Policies (10 minutes)

The Committees will hold a public hearing to review the draft Federal Funding Policies for Fiscal Year 2022-23 and take appropriate action.

7. PUBLIC HEARING: 2020 Consolidated Annual Performance and Evaluation Report (10 minutes)

Staff will present the Consolidated Annual Performance and Evaluation Report (CAPER) for Committee review and recommendations, and take comments from the public.

At this point in the meeting, CTAC is adjourned. However, CTAC members are welcome to continue to listen to the meeting's discussion.

8. Review and Approval of CDBG-DR MHP Funding Recommendations (15 minutes)

Staff will present a summary of applications and funding recommendations for the federal Community Development Block Grant Disaster Recovery Multifamily Housing Program for Committee discussion and approval.

9. Fall 2021 County Fund for Housing NOFA Versus Earlier Release of Returned 2021 CFH Funds (10 minutes)

Staff will ask the CD Committee to provide a recommendation on whether or not to roll in returned 2021 County Fund for Housing dollars into a Fall 2021 Notice of Funding Availability (NOFA) or have a faster turnaround effort to re-award the returned 2021 CFH funds.

10. Adjournment

**Next Regular Meeting: Joint CD-CTAC Meeting
October 20, 2021 | 10:00 am (Virtual)**

***CD Committee and CTAC members and presenters will receive unique Zoom links the day before the meeting to participate.*

PUBLIC COMMENT PRIOR TO THE COMMITTEE MEETING: Public Comment may be submitted via email to Veronica.Ortiz-DeAnda@sonoma-county.org.

PUBLIC COMMENT DURING THE BOARD MEETING: PUBLIC COMMENT USING WEBEX: Members of the public who join the WebEx meeting, either through their web browser online or by calling in, will be able to provide live public comment at specific points throughout the meeting. One may also email public comment to Veronica.Ortiz-DeAnda@sonoma-county.org throughout the meeting. All emailed public comments will be read into the record.

Any writings or documents presented to a majority of the Community Development Committee regarding any item on this agenda may be requested by email.

DISABLED ACCOMMODATION: If you have a disability that 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 if made at least 48 hours in advance of the meeting to help ensure availability. For more information or to request services, please contact the Administrative Services Officer at (707) 565-7520.

Servicios de idiomas se pueden consultar previa solicitud si se solicita por lo menos 48 horas antes de la reunión. Para más información o para solicitar servicios, de traducción llame al (707) 565-7520.

Sonoma County Community Development Committee



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Interim Director: Dave Kiff

Joint Public Meeting with Cities & Towns Advisory Committee Concurrent with Community Development Committee

Wednesday, August 18, 2021

10:00 am - 12:00 pm

Meeting Recording:

<https://www.youtube.com/watch?v=40DR2kalwPk>

DRAFT MINUTES

1. Call to Order and Roll Call

Chair Chavez opened the joint meeting, welcomed the committee members and public. Lori Houston initiated roll call.

Community Development Committee

Attendees:

Betzy Chavez (1st District)
Jake Mackenzie (2nd District)
Susan Hollingsworth-Adams (3rd District)
Linda Garcia (5th District)
Oscar Chavez (Human Services Department)
Judith Morgan (Tenant Representative)

Vacant:

4th District

Absent:

Jessica Vega (Tenant Representative)

Cities & Towns Advisory Committee

Attendees:

Cloverdale – Kevin Thompson
Cotati – Noah Housh
Healdsburg – Stephen Sotomayor
Rohnert Park - Jenna Garcia
Sebastopol - Kari Svanstrom

Absent:

Sonoma – David Storer
Town of Windsor – Jessica Jones



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Before public comment, the Chair of the CD Committee informed the group that there was a change in the agenda. Item 6 of the agenda concerning the CDBG-DR reports was postponed to the next meeting. Marc Chandler, CDC staff member, provided an explanation for this change. He explained that he discovered some inconsistencies in some of the staff reports in the funding analysis. The reports will be revised and presented at the next meeting.

2. Public Comments for Items Not on the Agenda

There was no public comment.

3. Approval of July 21, 2021 Meeting Minutes by CTAC

Stephen Sotomayor moved to approve the minutes; Kari Svanstrom seconded the motion.

Ayes:

Rohnert Park - Jenna Garcia

Sebastopol - Kari Svanstrom

Healdsburg - Stephen Sotomayor

Cotati – Noah Housh

Cloverdale - Kevin Thompson

Absent:

Town of Windsor - Jessica Jones

Sonoma - David Storer

Approval of July 21, 2021 Meeting Minutes by CD Committee

Jake Mackenzie moved to approve the minutes; Susan Hollingsworth-Adams seconded the motion.

Ayes:

Betzy Chavez

Jake Mackenzie

Susan Hollingsworth-Adams

Linda Garcia

Oscar Chavez

Judith Morgan

Absent:

Jessica Vega



Sonoma County Community Development Committee



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Interim Director: Dave Kiff

4. Interim Director's Report

Dave Kiff, Interim Executive Director, provided the committees with a monthly progress report regarding the Emergency Rental Assistance Program (ERAP). He discussed the amount of funds that have been disbursed, covered the most recent meeting between CDC staff and several community-based organizations, and showed a graphic with the geographic distribution of assistance based on ZIP codes. He said he would send it to all committee members. Dave responded to questions from the committees regarding this topic.

Dave informed the committees about a recipient who did not use an award of \$600,000 funded by County Fund for Housing (CFH). He asked if the committees would like to have a special meeting to discuss how to use the outstanding balance of \$600,000 from County Fund for Housing (CFH). CDC could use the funds as soon as possible, or wait until the next Notice of Funding Availability (NOFA) is released. Susan Hollingsworth-Adams stated she would like a special meeting to discuss using the funds. Multiple committee members also indicated interest in a special meeting.

Jenna Garcia asked about allocating funds sooner rather than later and asked what the timeline is for the CFH NOFA. Dave Kiff responded that it would be best to use the funds on projects that are "shovel ready." CDC staff member Maria Contreras responded that staff plans to release it at the end of the month and explained the typical timeline process for the NOFA.

Jake Mackenzie asked about normal committee procedures related to matters not on the agenda. Chair Chavez explained that the committee normally makes a motion and votes to have an item placed on the agenda. Chair Chavez called for a motion to vote on the \$600,000 CFH funds item being placed on the agenda as soon as possible. Susan Adams made the first motion and Jake Mackenzie seconded. All CD Committee members voted in favor, except Jessica Vega, who was absent.

Judith Morgan asked if it was possible for committee members to be notified of upcoming NOFAs. Dave Kiff replied that CDC's goal is to provide a general schedule regarding NOFA release to the public. He also mentioned there are multiple NOFAs coming down from the state-level, including the NOFA for Project Homekey.

There was no public comment on the Interim's Director Report.



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5. Review of Federal Funding Policies

Veronica Ortiz-De Anda presented an overview of federal funding policies that are going to be updated for the upcoming fiscal year of 2022-23. Veronica explained that policies are updated every year, and they provide criteria and guidance to staff and the committees to fund projects, whether for housing or non-housing. She also shared how the policies are related to the Five-Year Consolidated Plan and explained the eligibility/ranking criteria. She explained that staff is not proposing major changes to funding policies. Staff requested the committees review the policies and provide feedback.

The committees had questions for staff regarding funding projects in pre-development phase; eligibility and ranking criteria; giving priority to housing versus non-housing projects; high opportunity areas and a map of these areas; and geographic equity showing how many awards have been made within and outside of the “Urban County.” Clarification was made by the CTAC committee that given the current ranking policy, an eligible affordable-housing project within the Urban County would be prioritized over a general infrastructure project.

There was no public comment on the federal funding policies. Jenna Garcia asked if CTAC members had any last questions, then adjourned CTAC at 10:51 am.

6. Review and Approval of CDBG-DR MHP Funding Recommendations – POSTPONED

Marc Chandler provided a brief explanation for the postponement; staff reports contained inconsistencies that could not be addressed before distribution of the meeting agenda. This item will be covered during the September 15, 2021 meeting instead.

7. Approval of Public Housing Authority ADA Transition Plan and Section 504 Self-Evaluation

Martha Cheever introduced the plan with some background and context. Two obligations of this agreement are the Section 504 Self-Evaluation and the ADA Transition Plan. The 504 Self-Evaluation looks at potential barriers to accessibility related to our services. The ADA Transition Plan identifies physical barriers to accessibility within the CDC’s office space. Both plans were released for public comment. Staff recommends the committee accept the plan. Once the plan is accepted, it is just a matter of mitigating potential barriers. Martha then opened for questions.

Linda Garcia moved to approve the Section 504 Self-Evaluation Plan and the ADA Transition Plan; Betzy Chavez seconded. Chair Chavez opened for public comment. There was no public comment. Jake Mackenzie asked if there was significant public comment related to the transition plan. Martha responded that four public comments were submitted prior to the meeting, nothing of significance.



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Interim Director: Dave Kiff

Ayes:

Betzy Chavez
Jake Mackenzie
Susan Hollingsworth-Adams
Linda Garcia
Oscar Chavez
Judith Morgan

Absent:

Jessica Vega

Note: The following public comment was received via email during the meeting.

"After reading the 2021 ADA Transition Plan, I have a couple of questions related to the survey findings:

The access compliance surveys of Commission facilities cover 1 leased facility maintained by the Commission. The surveys identified approximately 105 different accessibility related barriers within the Commission facility and that the financial cost to mitigate all barriers identified in the surveys to be approximately \$219,075. I understand that the Commission will establish a \$50,000/year Fund for Facilities to be dedicated solely to the mitigation of barriers identified in this Transition Plan and the Commission will continue to seek out a variety of grants to assist in ADA mitigation each year. What are the timelines to complete the mitigation of barriers for this building? How will the commission keep track of progress of mitigation stages throughout the project?" A reply was issued the same day by Martha Cheever, Housing Authority Manager.

Before adjournment: Judith Morgan asked if there was a difference between CDBG-DR funding policies and the federal funding policies that were reviewed during the meeting. Marc Chandler explained that CDBG-DR funding is reserved for the most impacted and distressed area associated with the natural disaster that prompted the funding – in our case, this funding is for the Tubbs fires, and all of Sonoma County is eligible. The County is allowed to spend CDBG-DR on affordable housing projects within Santa Rosa, because the entire county is designated as most-impacted by the recent fires.

Jake Mackenzie mentioned there is an upcoming release in the Press Democrat about a specific project. Jake asked if committee members would receive information about this project. Martha Cheever responded that it was possible to provide information if the committee so chooses, but that it had not been provided in the past.

Chair Chavez adjourned the CD Committee meeting at 11:01 am.





Sonoma County Community Development Commission
1440 Guerneville Road, Santa Rosa, CA 95403-4107

*Members of the
Commission*

Lynda Hopkins
Chair

Chris Coursey
Vice Chair

David Rabbitt
James Gore
Susan Gorin

Dave Kiff
Interim Executive
Director

MEMORANDUM

Date: September 15, 2021

To: Community Development Committee & Cities and Towns Advisory Committee

From: Veronica Oritz-De Anda, Community Development Associate

Subject: Fiscal Year 2022-2023 Federal Funding Policies

As presented on August 18, 2021, the Community Development Commission updates federal funding policies every year. These policies govern the upcoming federal funding cycle for fiscal year 2022-2023. As previously informed, staff is not proposing significant changes to the current funding policies in place.

Staff requests that the Committees review and approve the policies as presented.

Attachment:

Sonoma County Community Development Commission, FY 2022-2023 CDBG and HOME Funding Policies



SONOMA COUNTY
COMMUNITY DEVELOPMENT COMMISSION

FY 2022-2023
CDBG & HOME
Funding Policies

for

Affordable Housing

Non-Housing Capital Projects

and

Fair Housing and Housing Justice Program

Approved by the Cities and Towns Advisory Committee on XX

Approved by the Community Development Committee on XX

TABLE OF CONTENTS

1. Overview	5
1.1. HUD Funding Programs	5
1.1.1. Community Development Block Grant Program (CDBG).....	5
1.1.2. HOME Investment Partnership Program (HOME).....	6
1.2. Consolidated Plan	6
2. Funding Goals and Objectives	6
3. Funding Allocations	9
3.1. CDBG Allocation	9
3.2. CDBG Program Income and Reprogrammed Funds Allocation	9
3.3. HOME Allocation	10
3.4. HOME Program Income and Reprogrammed Funds Allocation.....	11
4. Eligible Applicants	12
4.1. CDBG	12
4.2. HOME.....	12
5. Eligible Activities	12
6. Types of Assistance.....	13
6.1. Form of Assistance – Rental Housing and Public Facility Projects	13
6.2. Form of Assistance – Ownership Housing Projects	13
6.3. Funding Agreements, Subrecipient Agreements, Loan Documents and Close of Escrow	13
6.4. Alternate Loan Terms	13
7. Funding Conditions and Program Requirements.....	14
7.1. Timeliness.....	14
7.1.1. CDBG	14
7.1.2. HOME	15
7.1.3. Tenant-Based Rental Assistance (HOME)	16
7.2. Site Control.....	16
7.3. Environmental Review	16
7.3.1. Certifying Officer, Roles, and Responsibilities	16
7.3.2. CEQA Compliance	16
7.4. Section 3	17
7.5. Federal Labor Standards.....	17
7.6. Reasonable Cost of Real Estate Acquisition	17
7.7. Land Use Approvals	17
7.8. Compliance with Disabled Access Requirements	18
7.9. Building Standards	18
7.10. Relocation and One-for-One Replacement	18
7.11. Change in Use	18
7.11.1. Requirements for Urban County Jurisdictions.....	18
7.11.2. Requirements for All Other Entities	19
7.12. Demonstrating Benefit to Low- and Moderate-Income Persons	19
7.13. Affirmatively Furthering Fair Housing	19
7.14. Affordability Restrictions for Housing Projects	19
7.14.1. Income Limits.....	20
7.14.2. Rent and Purchase Price Limits.....	20
7.14.3. Term of Income and Price Restrictions	20
7.15. Match Requirements	20
7.16. Other Federal Requirements	20
7.17. HOME Projects Sponsored by a member of the HOME Consortia	21
7.18. Use of HOME funds for the Commission’s Tenant-based Rental Assistance Program	21
7.19. Use of CDBG funds for the Commission’s Single-Family Housing Rehabilitation Program	21
7.20. Fair Housing-Related Services and Set-Aside Funding.....	21
7.20.1. Other Requirements of the Fair Housing and Housing Justice Program	22

7.20.2.	Fair Housing Provider Selection Process (multiple proposals)	22
7.20.3.	Fair Housing Set-aside	22
8.	Project Selection	23
8.1.	Application Submission Process	23
8.2.	Selection Process	23
8.2.1.	Community Development Committee and Cities and Towns Advisory Committee Workshop	23
8.2.2.	Discretion of Commission Staff	24
8.2.3.	Community Development Committee and Technical Advisory Committee Public Hearing	24
8.2.4.	Tiebreaker Methodology	24
8.2.5.	Selection of a “B” list of projects	24
8.3.	Action Plan – One-Year Use of Funds	25
8.4.	Board of Supervisors and Board of Commissioners Final Approval	25
9.	Threshold Criteria for Project Evaluation	25
10.	Selection Criteria	26
10.1.	Selection Criteria – All Projects	26
10.1.1.	Funding Priorities	26
10.1.2.	Community Goals	27
10.1.3.	Readiness to Proceed	27
10.1.4.	Need	27
10.1.5.	Adherence to a competitive procurement process	27
10.1.6.	Financial Feasibility	27
10.1.7.	Outcomes	27
10.2.	Selection Criteria – Housing Projects	27
10.2.1.	Leverage	27
10.2.2.	Development Experience	28
10.2.3.	Support	28
10.2.4.	Income and Population targeting	28
10.3.	Selection Criteria – Non-Housing Projects	28
10.3.1.	Leverage and Meeting Community Need	28
11.	Definitions	28
12.	More Information	31
Appendix A:	Eligible Uses of Funds	32
	CDBG Eligible Activities	32
	HOME Eligible Activities	39
Appendix B:	Income Limits	41
Appendix C:	Rent Limits	42

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 2022-2023 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

1.1.1.1. 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 2021- 2022, 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. Households who are served by the Fair Housing and Housing Justice Programs do not enter the Sonoma County CoC homeless system of care. Therefore, funding decisions are made by the Board of Commissioners with recommendations from the Cities and Towns Advisory Committee and Community Development Committee.

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.

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 Sonoma County Continuum of Care (CoC), the governance structure for Sonoma County's homeless system of care. The Consolidated Plan includes the goals and specific objectives for the five years and 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. The current Consolidated Plan covers the period from July 1, 2020, 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 2022–2023 Funding Policies are consistent with the goals and objectives identified in the Sonoma County 2020 Consolidated Plan. The Consolidated Plan organizes community priorities for the use of HUD funds by the Urban County.

The 2020 Consolidated Plan goals align 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.” With the assistance of the Community Development Commission, Sonoma County also adopted a Recovery and Resiliency Framework in December 2018 that sets a vision for community recovery following the October 2017 fires. The Framework includes five strategy areas, three of which align with and build upon the Consolidated Plan goals: Housing, Economy, and Safety Net Services. These multi-year priorities drive the Commission’s work and coincide with the Consolidated Plan goals and objectives and the selection criteria for funding projects.

Furthermore, the global COVID-19 emergency and shelter-in-place mandates resulted in significant social and economic impacts for Sonoma County residents. Thousands of residents lost jobs or wages due to business closures or medical emergencies connected to the virus. On March 27, 2020, Congress passed the CARES Act. The Act supported preparation for and response to the community impacts of the COVID-19 pandemic and identified additional funding for several programs designed to prepare for, prevent and respond to the coronavirus. This includes new allocations of CDBG and ESG (CDBG-CV and ESG-CV), and added flexibilities to the existing federal programs, which were incorporated into the Commission’s funding programs through amendments to the 2019-2020 Action Plan.

The Cities and Towns Advisory Committee, and the Community Development Committee identified the following Selection Criteria for projects. These criteria were refined during the August 19, 2020, Public Hearing at which the Committees gave direction to create a hierarchy for these criteria into the FY 2021-2022 Funding Policies.—thus building on the criteria identified through the Spring 2020 5-Year Consolidated Plan community engagement process.

1. The following criteria will be used to determine project eligibility:

- Projects requesting CDBG or HOME funds must be located in the Urban County, or clearly demonstrate that they will incur benefit to residents of the Urban County entitlement jurisdiction;
- Projects must demonstrate need with evidence.

2. The following will be used as a baseline 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;
- For Non-Housing Projects: preference for projects that leverage public funds or in-kind contributions to the greatest extent possible, or projects that meet a particular community need that cannot be met by other public funding sources.

- Examples of non-monetary leveraging includes but is not limited to: in-kind labor or materials, existing site ownership and control, extensions of a current or existing project that has already received environmental or permit approval.

3. The following Selection Criteria will be given additional consideration in the event of deciding between more than one eligible project(s) that meet the criteria above:

- Preference for projects that prevent displacement in high opportunity areas;
- Preference for housing projects that create units for very low, extremely low, and special needs populations;
- Preference for projects which demonstrate they will alleviate the impact of climate change on low-income populations;
- 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) building permits (d) environmental review;
 - Project developers who can demonstrate consistent 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.

4. The policies will reflect committees' direction that awards be made with general attention to the following distribution of investments:

- Balance projects with fast result by 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 home.
- Make investments in low and moderate income areas that have not had investments historically and in high opportunity areas that increase access for low and moderate income people.

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 Commissioners, not by federal regulation.

<i>Community Development Block Grant (CDBG) Allocation Categories</i>	<i>Percentage of Funding</i>	<i>Notes</i>
County-Sponsored Projects, Countywide/Unincorporated Area Projects, City/Town Projects	65%	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.
Public Services Projects	15%	Percentage limited by CDBG federal regulations. 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.
Program Administration	20%	Percentage limited by CDBG federal regulations.

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 Commissioners, not by federal regulation.

<i>Community Development Block Grant (CDBG) Allocation Categories</i>	<i>Percentage of Program Income</i>	<i>Notes</i>
Community Development Commission Housing Rehabilitation Program and Homebuyer Assistance	65%	Program income derived from all CDBG-funded projects will be allocated as follows: Sixty-five percent (65%) will be expended pursuant to priorities set in the annual Action Plan. Use of program income may be subject to an Action Plan Amendment.

		<p>Reprogrammed funds from all projects other than public services will be expended pursuant to priorities set in the annual Action Plan. Use of reprogrammed funds may be subject to an Action Plan amendment.</p> <p>If the amendment to the Action Plan is substantial, as defined in the Commission's Citizen Participation Plan, it is subject to Board of Commissioners approval following a recommendation from the Cities and Towns Advisory Committee and the Community Development Committee.</p>
Public Services	15%	<p>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.</p> <p>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. If the amendment to the Action Plan is substantial, as defined in the Commission's Citizen Participation Plan, it is subject to Board of Commissioners approval following a recommendation from the Cities and Towns Advisory Committee and the Community Development Committee.</p>
Program Administration	Up to 20%	<p>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.</p>

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 Commissioners, not by federal regulation.

<i>HOME Investment Partnership Program Categories</i>	<i>Percentage of Funding</i>	<i>Notes</i>
Tenant-Based Rental Assistance, Development, and Preservation of Rental Housing	Up to 90%	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.
Community Housing Development Organizations operational support	Up to 5%	Percentage limited by HOME federal regulations.

Community Housing Development Organization development or preservation of affordable housing set-aside	At least 15%	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.
Program Administration	10%	Percentage limited by HOME federal regulations.

3.4. HOME Program Income and Reprogrammed Funds Allocation

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

<i>HOME Program Income and Reprogrammed Fund Categories</i>	<i>Percentage of Program Income</i>	<i>Notes</i>
Executive Director's discretion	90%	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. If the amendment to the Action Plan is substantial, as defined in the Commission's Citizen Participation Plan, it is subject to Board of Commissioners approval following a recommendation from the Cities and Towns Advisory Committee and the Community Development Committee.
CHDO Projects	CHDO reprogrammed funds	At the Executive Director's discretion, funds will be reallocated through an Action Plan Amendment or rolled forward to the next fiscal year allocation. CHDO Set-Aside funds may only be reprogrammed to eligible CHDO projects. If the amendment to the Action Plan is substantial, as defined in the Commission's Citizen Participation Plan, it is subject to Board of Commissioners approval following a recommendation from the Cities and Towns Advisory Committee and the Community Development Committee.
Program Administration	10%	Percentage limited by HOME federal regulations. Commission will use ten percent of program income for program administration and operation of the HOME program.

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 homeownership 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 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 may be reprogrammed.

7.1.1.3. 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. 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 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 is 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

7.1.2.1. Affordable Housing Development (HOME)

The applicant must satisfy all conditions of approval that are set forth in the Commission Loan Policies as prerequisite to the CDC offering the 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 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. Project related soft costs will be paid for to only those that were incurred not more than 24 months before the date that HOME funds are committed to the project. 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 a temporary or permanent certificate 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. Project related soft costs will be paid for to only those that were incurred not more than 24 months before the date that HOME funds are committed to the project. 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.

7.1.3. Tenant-Based Rental Assistance (HOME)

Funds for tenant-based rental assistance programs must be committed to specific households within 12 months of 7 and expended within 36 months of 7 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, u or purchase agreement or equivalent, legally enforceable instrument may satisfy this requirement. If site control is not in force when HUD makes the funding available to the County, the funding approval will be rescinded, r and the funds will ll 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 will not be offered for execution until the required environmental conditions have been met.

7.3.1. Certifying Officer, Roles, and Responsibilities

The Commission's Executive Director is designated by the Board of Commissioners 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 applicant will submit the CEQA status from the project's applicable Lead Agency with 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, units 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 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 Committee's 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.

7.20. 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 2022-2023, 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 a critical 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 Sonoma County CoC, the governing body for Sonoma County's homeless system of care.

7.20.1. Other Requirements of the Fair Housing and Housing Justice Program

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.

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.

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.

7.20.3. 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 Public Services Set-aside until which time that a subsequent RFP process can be implemented to secure a qualified contract provider of Fair Housing-related services. 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 timelines 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 2022-2023 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 2022-2023 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 2022-2023 Funding Timeline for selection process dates.

8.2.1. Community Development Committee and Cities and Towns Advisory Committee Workshop

The Sonoma County Community Development Committee (CD Committee) appointed by the Board of Commissioners and the Cities and Towns 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 Cities & Town Advisory Committee conduct a concurrent annual public workshop in February to review staff analysis of applications submitted under the competitive funding categories, take testimony from applicants, and 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.

8.2.3. Community Development Committee and Cities & Towns 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 no later than April 2022. 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 Commissioners.

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.

8.2.4. 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 CTAC 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 allowing for written comments to be submitted to the Commission. See the FY 2021-2022 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 CTAC 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 2021-2022 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:

10.1.1.2. Creation or Preservation of Affordable Housing

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

10.1.3. 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.

10.1.4. 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.).

10.1.5. 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 Cities & Towns Advisory Committee 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.

10.1.6. Financial Feasibility

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

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.

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.

Board of Commissioners: The Board of Supervisors serve as the Board of Commissioners. The Board of Commissioners oversees housing assistance, affordable housing and community infrastructure projects.

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 threetimes 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.

Urban County: The County of Sonoma and the 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.

12. **MORE INFORMATION**

Visit the Commission's website to find more information: <http://www.sonoma-county.org/cdc>

APPENDIX A: ELIGIBLE USES OF FUNDS

CDBG Eligible Activities

<i>Consolidated Plan Goal Met</i>	<i>National Objective Code</i>	<i>CDBG Eligible Activity</i>	<i>Eligible Applicants</i>
Homelessness	LMC - homeless persons	All uses below as they relate to construction or rehabilitation of facilities to serve homeless households	Governmental Agency or Non-profit
Homelessness	LMC - homeless persons	Acquisition of Property	Governmental Agency or Non-profit
Homelessness	LMC - homeless persons	Disposition of property assisted with CDBG	Governmental Agency or Non-profit
Homelessness	LMC - homeless persons	Rehabilitation	Governmental Agency or Non-profit
Homelessness	LMC - homeless persons	Solid Waste Disposal Improvements	Governmental Agency or Non-profit
Homelessness	LMC - homeless persons	Flood Drainage Improvements	Governmental Agency or Non-profit
Homelessness	LMC - homeless persons	Water/Sewer Improvements	Governmental Agency or Non-profit
Homelessness	LMC - homeless persons	Street Improvements	Governmental Agency or Non-profit
Homelessness	LMC - homeless persons	Sidewalks	Governmental Agency or Non-profit
Homelessness	LMC - homeless persons	Tree Planting	Governmental Agency or Non-profit
Homelessness	LMC - homeless persons	Homeless Facilities	Governmental Agency or Non-profit
Homelessness	LMC - homeless persons	Health Facilities	Governmental Agency or Non-profit
Homelessness	LMC - homeless persons	Shelter for persons with special needs	Governmental Agency or Non-profit
Homelessness	LMC - homeless persons	Group homes for people with developmental delays	Governmental Agency or Non-profit
Homelessness	LMC - homeless persons	Battered Spouse Shelters	Governmental Agency or Non-profit
Homelessness	LMC - homeless persons	Abused or Neglected Children Facilities	Governmental Agency or Non-profit
Homelessness	LMC - homeless persons	Facilities for AIDS Patients	Governmental Agency or Non-profit
Homelessness	LMC - homeless persons	Asbestos Removal	Governmental Agency or Non-profit
Homelessness	LMC - homeless persons	Clearance, Demolition and Remediation	Governmental Agency or Non-profit
Homelessness	LMC - homeless persons	Cleanup of Contaminated Sites	Governmental Agency or Non-profit
Homelessness	LMC - homeless persons	Relocation	Governmental Agency or Non-profit
Homelessness	LMC - homeless persons	Rehabilitation Administration	Governmental Agency or Non-profit

Consolidated Plan Goal Met	National Objective Code	CDBG Eligible Activity	Eligible Applicants
Homelessness	LMC - homeless persons	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.	Governmental Agency or Non-profit
Homelessness	LMC - homeless persons	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 for the basic eligibility categories under the CDBG program	Governmental Agency or Non-profit
Homelessness	LMC - homeless persons	Operation and Repair of Foreclosed Property	Governmental Agency or Non-profit
Affordable Housing: Increase and preserve the housing stock that is affordable, safe, and accessible for low-, very low-, and extremely-low income families and individuals, including those with special needs and those who are homeless or at imminent risk of homelessness.	LMH	New housing construction - only as "are clearly needed to address a lack of affordable housing accessible to existing or planned jobs"	Community Based Development Organization (CBDO)
Affordable Housing	LMH	Homeownership Assistance - can include subsidizing interest rates, financing acquisition, mortgage insurance premiums, closing costs, down payment assistance	Governmental Agency or Non-profit
Affordable Housing	LMH	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.	Governmental Agency or Non-profit
Affordable Housing	LMH	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.	Governmental Agency or Non-profit

Consolidated Plan Goal Met	National Objective Code	CDBG Eligible Activity	Eligible Applicants
Affordable Housing	LMH	Acquisition for Rehabilitation of Housing	Governmental Agency or Non-profit
Affordable Housing	LMH	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.	Governmental Agency or Non-profit
Affordable Housing	LMH	Lead Based Paint/Hazards Test/Abatement	Governmental Agency or Non-profit
Affordable Housing	LMH	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.	Governmental Agency or Non-profit
Affordable Housing	LMH	All Uses below as they relate to construction or rehabilitation of housing affordable to low-income households:	
Affordable Housing	LMH	Acquisition of Real Property	Governmental Agency or Non-profit
Affordable Housing	LMH	Disposition of property assisted with CDBG	Governmental Agency or Non-profit
Affordable Housing	LMH	Solid Waste Disposal Improvements	If publicly owned land or to support rehab: Governmental Agency or Non-profit; if private to support new construction: CBDO only
Affordable Housing	LMH	Flood Drainage Improvements	If publicly owned land or to support rehab: Governmental Agency or Non-profit; if private to support new construction: CBDO only
Affordable Housing	LMH	Water/Sewer Improvements	If publicly owned land or to support rehab: Governmental Agency or Non-profit; if private to support new construction: CBDO only
Affordable Housing	LMH	Street Improvements	If publicly owned land or to support rehab: Governmental Agency or Non-profit; if private to support new construction: CBDO only

Consolidated Plan Goal Met	National Objective Code	CDBG Eligible Activity	Eligible Applicants
Affordable Housing	LMH	Sidewalks	If publicly owned land or to support rehab: Governmental Agency or Non-profit; if private to support new construction: CBDO only
Affordable Housing	LMH	Tree Planting	If publicly owned land or to support rehab: Governmental Agency or Non-profit; if private to support new construction: CBDO only
Affordable Housing	LMH	Clearance, Demolition and Remediation	Governmental Agency or Non-profit
Affordable Housing	LMH	Cleanup of Contaminated Sites	Governmental Agency or Non-profit
Affordable Housing	LMH	Relocation	Governmental Agency or Non-profit
Affordable Housing	LMH	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.	Governmental Agency or Non-profit
Affordable Housing	LMH	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.	Governmental Agency or Non-profit
Affordable Housing	LMH	Residential Historic Preservation - authorizes the costs of preserving or restoring properties of historic significance that will be used for housing for low-income households.	Governmental Agency or Non-profit
Affordable Housing	LMH	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.	Governmental Agency or Non-profit
Affordable Housing	LMH	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	Governmental Agency or Non-profit
Affordable Housing	LMH	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.	Governmental Agency or Non-profit

Consolidated Plan Goal Met	National Objective Code	CDBG Eligible Activity	Eligible Applicants
Non-Housing Community Development - Infrastructure systems and public facilities	various	Disposition of property assisted with CDBG	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities	various	Public Facilities or Improvements	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities	various	Senior Centers	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities	various	Handicapped Centers	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities	various	Youth Centers	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities	various	Neighborhood Facilities	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities	various	Parks, Recreational Facilities	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities	various	Parking Facilities	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities	various	Solid Waste Disposal Improvements	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities	various	Flood Drainage Improvements	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities	various	Water/Sewer Improvements	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities	various	Street Improvements	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities	various	Sidewalks	Governmental Agency or Non-profit
Non-Housing Community Development -	various	Child Care Centers	Governmental Agency or Non-profit

Consolidated Plan Goal Met	National Objective Code	CDBG Eligible Activity	Eligible Applicants
Infrastructure systems and public facilities			
Non-Housing Community Development - Infrastructure systems and public facilities	various	Tree Planting	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities	various	Fire Station/Equipment	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities	various	Health Facilities	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities	various	Abused or Neglected Children Facilities	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities	various	Asbestos Removal	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities	various	Facilities for AIDS Patients	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities	various	Clearance, Demolition and Remediation	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities	various	Cleanup of Contaminated Sites	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities	various	Relocation	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities	various	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.	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities	various	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.	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities	various	Rehabilitation of Public or Privately Owned Commercial/Industrial buildings - some limitations for buildings owned by private for-profit business	Governmental Agency or Non-profit
Non-Housing Community Development -	various	Rehabilitation Administration: Rehabilitation services, such as rehabilitation counseling, energy	Governmental Agency or Non-profit

Consolidated Plan Goal Met	National Objective Code	CDBG Eligible Activity	Eligible Applicants
Infrastructure systems and public facilities		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.	
Non-Housing Community Development - Infrastructure systems and public facilities	various	Non-Residential Historic Preservation - authorizes the costs of preserving or restoring properties otherwise eligible as Public Facilities	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities	various	Renovation of closed buildings - such as closed school buildings, for use as an eligible public facility	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities	LMA or, if not applicable: LMC	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	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities	LMA, LMJ, or, if neither apply: LMC	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	Governmental Agency or Non-profit
Non-Housing Community Development - Micro-enterprise	various	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.	Governmental Agency, Non-profit or for-profit
Non-Housing Community Development - Infrastructure systems and public facilities/ Non-Housing Community Development - microenterprise	various - must match eligible use	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.	Governmental Agency or Non-profit
Non-Housing Community Development - Infrastructure systems and public facilities/ Non-Housing Community Development - microenterprise	various - must match eligible use	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 for the basic eligibility categories under the CDBG program	Institution of Higher Education (Secondary and above)

HOME Eligible Activities

<i>Consolidated Plan Goal Met</i>	<i>HOME Eligible Activity</i>	<i>Eligible Applicants</i>
Affordable Housing and possibly Homelessness	Rental Assistance (Assistance to Developers of Rental Housing).	Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations
Affordable Housing and possibly Homelessness	Minimum set-aside of 15% for CHDOs. All development or TBRA expenses are eligible.	Community Housing Development Organizations
Affordable Housing and possibly Homelessness	New Construction: costs to meet applicable new construction standards	Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations
Affordable Housing and possibly Homelessness	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.	Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations
Affordable Housing and possibly Homelessness	Demolition of existing structures, associated with both new construction and rehabilitation	Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations
Affordable Housing and possibly Homelessness	Utility connections including off-site connections from property line to adjacent street, associated with both new construction and rehabilitation	Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations
Affordable Housing and possibly Homelessness	Improvements to project site in keeping with improvements of surrounding standard projects including on-site roads, and sewer and water lines.	Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations
Affordable Housing and possibly Homelessness	Refinancing for rehabilitation projects to permit continued affordability	Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations
Affordable Housing and possibly Homelessness	Acquisition: May use HOME funds to cover the costs of acquiring improved or unimproved real property	Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations
Affordable Housing and possibly Homelessness	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	Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations
Affordable Housing and possibly Homelessness	Relocation associated with development or rehabilitation of units	Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project,

<i>Consolidated Plan Goal Met</i>	<i>HOME Eligible Activity</i>	<i>Eligible Applicants</i>
		including Community Housing Development Organizations
Affordable Housing and likely Homelessness	Tenant-Based Rental Assistance	Public agency or nonprofit organization
Affordable Housing and possibly Homelessness	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.	Community Housing Development Organizations

APPENDIX B: INCOME LIMITS

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>

APPENDIX C: RENT LIMITS

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:

<http://sonomacounty.ca.gov/CDC/Housing-and-Neighborhood-Investment/Income-and-Rent-Limits/#federal>

MEMORANDUM

Date: September 15, 2021

To: Community Development Committee & Cities & Towns Advisory Committee

From: Valerie Johnson, Housing Asset & Program Compliance Specialist

Subject: Item 7: FY 20-21 Consolidated Annual Performance and Evaluation Report

Each year, the Community Development Commission (Commission) submits a Consolidated Annual Performance and Evaluation Report (CAPER) to the US Department of Housing and Urban Development (HUD). The CAPER describes accomplishments made using funding from HUD programs that the Commission administers on behalf of the Urban County, which includes the County of Sonoma, and the Cities of Cloverdale, Cotati, Healdsburg, Rohnert Park, Sebastopol, Sonoma, and the Town of Windsor. These funds include the HOME Investments Partnership Program (HOME), Community Development Block Grant (CDBG), and Emergency Solutions Grant (ESG). Annual accomplishments are measured against the goals laid out in the corresponding One-Year Action Plan and against the goals laid out in the 5-Year Consolidated Plan.

The CAPER categorizes its achievements into three areas: affordable housing, homelessness, and non-housing capital improvements. In order for an accomplishment to be reported, the service rendered, units built or facility completed must have occurred within the fiscal year (July 1, 2020 to June 30, 2021). The report also delineates the households served by race and ethnicity and income, and the types of units built by those for renters, owners, individuals with special needs, and for people experiencing homelessness. It is important to note that the results only include information about accomplishments made using the mentioned above three federal funding sources: they do not include the entirety of Commission program accomplishments for the year. However, some narrative descriptions do provide an explanation of accomplishments made with other funding sources, and other efforts to improve program delivery being made across the county.

The Public Review Draft of the FY 20-21 CAPER is now available for public comment and is available online at <http://sonomacounty.ca.gov/CDC/Plans-Policies-and-Reports>

The Commission will present the draft CAPER and accept public comments orally at the Committees' public hearings on Wednesday, September 15th, 2021.

Written comments can also be submitted until September 17, 2021 at cdc@sonoma-county.org or mailed to the Sonoma County Community Development Commission, 1440 Guerneville Road, Santa Rosa, CA 95403.

2020-2021

**Consolidated Annual Performance and
Evaluation Report**

Public Review Draft

Prepared by the Sonoma County Community Development Commission

CR-05 - Goals and Outcomes

Progress the jurisdiction has made in carrying out its strategic plan and its action plan. 91.520(a)

This could be an overview that includes major initiatives and highlights that were proposed and executed throughout the program year.

During FY 20-21, the first year of the 2020 Consolidated Plan, the Commission made significant progress toward these goals, despite the halting of construction and shelter-in-place orders that began in March 2020 due to the COVID-19 global pandemic.

For the Affordable Housing goal, the CDC is continuing to leverage its work funded with CDBG and HOME, and spur production of affordable rental Housing and accessible public amenities by engaging developers and cities, collaborating with other County departments, updating funding policies, leveraging County owned property, proactively setting a production agenda and developing a housing pipeline for anticipated disaster recovery funding. Construction of the HOME-funded Alta Madrone development neared completion at the end of FY 20-21, which provides 1 Low HOME unit and a total of 48 units. Work on the CDBG-funded Sea Ranch rehabilitation project was completed at the beginning of FY 20-21, a total of 22 units were rehabilitated, the Commission made 1 housing rehabilitation loan to a low income homeowner with CDBG funds, allowing these households to maintain safe, decent and affordable housing More than 3,100 households received housing assistance in the form of tenant-based rental assistance

At the time that the CAPER was produced, 48 units funded by HOME and CDBG were under development, and 42 units were slated to be rehabilitated with CDBG and HOME funds in the coming year.

In the area of Homelessness, the administration of the CDBG homeless services set-aside, ESG, and certain local and state funds for homeless services are guided by funding policies set annually by the Continuum of Care Board. Coordinated Entry (CE) is a streamlined system designed to efficiently match people experiencing homelessness to available housing, emergency shelter, and services. CE prioritizes those who are most in need of assistance and provides crucial information that helps communities strategically allocate resources and identify gaps in service. In FY 2020-21, 3373 households were assisted through Coordinated Entry, and of those, 391 were entered an emergency shelter, with 444 of those individuals exiting to permanent housing. The Commission has also been at the forefront of redesigning the County's homeless system of care to improve the efficiency of service delivery.

Across all homeless services programs during FY 2020-21, 1948 persons entered emergency shelters, and 359 persons served through emergency shelters exited homelessness to permanent housing (18%). Rapid re-housing assistance ended homeless episodes for 816 households out of 1538 households served (53%). A total of 3767 households were assisted using a combination of coordinated entry, street outreach, and day services; 17% of them accessed temporary or permanent Housing through those services

In the area of Non-Housing Community Development, the Commission staff worked closely with community development staff in Urban County member jurisdictions over the past year providing guidance for selecting projects that Affirmatively Further Fair Housing, projects that needed predevelopment funds, and projects that could proceed quickly with an infusion of CDBG funds, asking cities to prioritize projects that could spend money first. Six capital improvement projects that improve accessibility for people with limited mobility were completed in FY 2020-21, and an additional 9 projects are underway throughout the Urban County.

The Commission also funded a robust Fair Housing Program in FY 2020-21. Fair Housing Advocates of Northern California (FHANC) processed intakes from 145 Sonoma County households made up of 266 individuals.

Finally, the Commission was awarded an additional 1.9 million in CDBG-CV funds to prepare for, prevent and respond to COVID-19. assisting 711 individuals with rental assistance.

Comparison of the proposed versus actual outcomes for each outcome measure submitted with the consolidated plan and explain, if applicable, why progress was not made toward meeting goals and objectives. 91.520(g)

Categories, priority levels, funding sources and amounts, outcomes/objectives, goal outcome indicators, units of measure, targets, actual outcomes/outputs, and percentage completed for each of the grantee's program year goals.

Goal	Category	Source / Amount	Indicator	Unit of Measure	Expected – Strategic Plan	Actual – Strategic Plan	Percent Complete	Expected – Program Year	Actual – Program Year	Percent Complete
Affordable Housing	Affordable Housing	CDBG: \$ / HOME: \$ / Section 8: \$	Rental units constructed	Household Housing Unit	100	0	0.00%	40	0	0.00%

Affordable Housing	Affordable Housing	CDBG: \$ / HOME: \$ / Section 8: \$	Rental units rehabilitated	Household Housing Unit	100	22	22.00%	20	22	110.00%
Affordable Housing	Affordable Housing	CDBG: \$ / HOME: \$ / Section 8: \$	Homeowner Housing Added	Household Housing Unit	10	0	0.00%	2	0	0.00%
Affordable Housing	Affordable Housing	CDBG: \$ / HOME: \$ / Section 8: \$	Homeowner Housing Rehabilitated	Household Housing Unit	50	7	14.00%	6	7	116.67%
Affordable Housing	Affordable Housing	CDBG: \$ / HOME: \$ / Section 8: \$	Tenant-based rental assistance / Rapid Rehousing	Households Assisted	3000	17	0.57%	2820	17	0.60%
Affordable Housing	Affordable Housing	CDBG: \$ / HOME: \$ / Section 8: \$	Housing for Homeless added	Household Housing Unit	10	0	0.00%	10	0	0.00%
Homelessness	Homeless	ESG: \$ / Competitive McKinney-Vento Homeless Assistance Act: \$	Tenant-based rental assistance / Rapid Rehousing	Households Assisted	160	0	0.00%	150	0	0.00%
Homelessness	Homeless	ESG: \$ / Competitive McKinney-Vento Homeless Assistance Act: \$	Homeless Person Overnight Shelter	Persons Assisted	2000	0	0.00%	750	0	0.00%

Homelessness	Homeless	ESG: \$ / Competitive McKinney- Vento Homeless Assistance Act: \$	Homelessness Prevention	Persons Assisted	50	0	0.00%	250	0	0.00%
Non-Housing Community Development	Non- Homeless Special Needs Non-Housing Community Development	CDBG: \$	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit	Persons Assisted	50000	31287	62.57%	13000	31287	240.67%
Non-Housing Community Development	Non- Homeless Special Needs Non-Housing Community Development	CDBG: \$	Public service activities other than Low/Moderate Income Housing Benefit	Persons Assisted	3400	579	17.03%	680	579	85.15%

Table 1 - Accomplishments – Program Year & Strategic Plan to Date

Assess how the jurisdiction’s use of funds, particularly CDBG, addresses the priorities and specific objectives identified in the plan, giving special attention to the highest priority activities identified.

As the County continues to recover from the recent wildfires and the Global Pandemic it still faces a shortage of affordable housing, the Commission is prioritizing affordable housing creation and preservation, alleviating homelessness, and improving access to housing and

amenities for low-income neighborhoods.

The Urban County exceeded its Action Plan goals for rehabilitation during FY 20-21. A total of 7 homeowner housing units were rehabilitated; including 1 owner-occupied housing rehabilitation projects, and six housing modifications were completed for special-needs residents enabling them to stay in their homes. Housing rehabilitation continues to be a high priority for use of CDBG dollars and local funds because it is a critical resource for helping low-income households to stay in their homes, and it is one of the most cost-effective ways to maintain the existing affordable housing stock.

The Urban County also exceeded its Action Plan goals for replacing infrastructure systems and public facilities during the reporting period, though efforts have exceeded the goal of serving 13,000 people through infrastructure activities in the course of the five-year Consolidated Plan. Projects completed in this reporting period alone served approximately 31,287 low-income residents in Windsor, Cloverdale, Cotati and the unincorporated county.

CDBG-CV funds were used to assist 711 people stay housed through 4 rental assistance activities funded with CDBG-CV funds.

CR-10 - Racial and Ethnic composition of families assisted

Describe the families assisted (including the racial and ethnic status of families assisted).

91.520(a)

	CDBG	HOME	ESG
White	24,305	17	254
Black or African American	437	0	26
Asian	560	0	4
American Indian or American Native	416	0	85
Native Hawaiian or Other Pacific Islander	77	0	1
Total	25,795	17	370
Hispanic	5,066	0	227
Not Hispanic	20,729	17	174

Table 2 – Table of assistance to racial and ethnic populations by source of funds

Narrative

It should be noted that the table above does not include all racial categories that are reported in the HUD Integrated Disbursement Information System (IDIS) for CDBG- and ESG-funded accomplishments, therefore, the total provided is reflective of both the listed categories and the categories that were not included. For CDBG, the following additional racial categories were represented among those served: Asian & White: 3 persons; American Indian/Alaskan Native & White: 48 persons; Black/African American & White: 31 persons; American Indian/Alaskan Native & Black/African American: 10 persons. In addition to the reported categories, there were 4428 persons who reported as other Multi-racial. Among the persons in racial categories not listed in Table 2, 234 are Hispanic/Latino.

Additionally the County used CDBG CV funds for four rental assistance activities (1157, 1158, 1159 and 1160) which assisted 711 individuals within the following categories, White: 569, Black or African American: 5, Asian: 5, American Indian or Alaskan Native: 6, Asian & white: 2, Other Multi-Race: 124, Of the 711 individuals 430 are Hispanic/Latino.

CR-15 - Resources and Investments 91.520(a)

Identify the resources made available

Source of Funds	Source	Resources Made Available	Amount Expended During Program Year
CDBG	public - federal	1,885,182	2,053,716
HOME	public - federal	895,822	390,926
ESG	public - federal	163,560	150,656
Competitive McKinney-Vento Homeless Assistance Act	public - federal	3,976,409	1,800,000
Section 8	public - federal	35,830,274	35,618,415

Table 3 - Resources Made Available

Narrative

For CDBG, Table 3 – Resources Made Available matches the PR-26 Report, which included the FY 20-21 CDBG award from HUD (\$ 1,885,182). CDBG "Amount Expended During Program Year" matches the PR-26 report.

For HOME, "Amount Expended During Program Year" is the sum of \$156,145.19 in TBRA (IDIS activities 1099, 1132 and 1154, \$163,655.30 for multi-family Housing (IDIS activities 1138, 1145 & 1147), and \$71,125.70 spent on HOME Administration (IDIS activities 1136 and 1164)

For ESG, the table matches the amount of the FY 20-21 ESG award to the Urban County. ESG "Amount Expended during Program Year" reflects the amount spent in FY 20-21, which was \$150,656.

The Commission regularly spends more in Section 8 funds than is estimated for the year, using their HUD-held reserve funds to cover rental subsidies beyond what is allocated each month. The Housing Authority also received COVID Administrative fees funding in FY20-21 to assist with covering unanticipated costs associated with the pandemic.

The County received \$2,963,500 in CDBG CV funding and during the program year was able to assist 711 individuals with \$834,756 of that funding.

Identify the geographic distribution and location of investments

Target Area	Planned Percentage of Allocation	Actual Percentage of Allocation	Narrative Description

Table 4 – Identify the geographic distribution and location of investments

Narrative

The FY 20-21 One-Year Action Plan encompassed activities undertaken by the County of Sonoma, as well as the seven municipalities comprising the HUD entitlement Urban County: Cloverdale, Cotati, Healdsburg, Rohnert Park, Sebastopol, Sonoma, and Windsor. Sonoma County does not dedicate funds to target areas. One hundred percent of funds are used in the Urban County.

The Urban County jurisdictions share CDBG funds for capital projects programs in similar proportion to the number of low and moderate-income living in each area. Historically and in FY 2020-21, beyond an initial allocation of available CDBG funds intended to assist capital projects programs, the jurisdictions did not pre-determine the locations where CDBG, HOME, and ESG funding are to be used in Sonoma County. However, the Urban County has begun tracking where investments are made and giving the jurisdictional Advisory Committee updates as to how much they should expect over a five-year planning period based on their respective proportions of low and moderate income populations. The guidelines are not rigidly enforced, but help illustrate for Advisory Committees where money is going and helps ensure funds are spent in a way that promotes geographic equity.

Leveraging

Explain how federal funds leveraged additional resources (private, state and local funds), including a description of how matching requirements were satisfied, as well as how any publicly owned land or property located within the jurisdiction that were used to address the needs identified in the plan.

The Commission utilized CDBG, HOME, ESG, Continuum of Care Program, County General Fund, and County Fund for Housing funds, along with State of California funding (Homeless Emergency Aid Program, California Emergency Solutions and Housing, Partnership HealthPlan of California) and funds from other public and private sources.

The County of Sonoma has invested more than \$18.8 million in local dollars into affordable housing production over the past three years and expects to contribute approximately \$3 million in the final year of the plan. These resources provide gap financing in permanent soft debt for affordable rental development projects that often use federal Low Income Housing Tax Credits, a standard combination of other private debt and equity sources. The Altamira Apartments development in Sonoma received an allocation of over \$2 million local gap financing during the FY 17-18 funding round and was awarded the highly competitive 9% low-income tax credit in FY 2018-2019.

Local resources also help fund a variety of services designed to mitigate homelessness. The Board of Supervisors approved the Commission's execution of a contract with the City of Santa Rosa that provides financial support for the Samuel L. Jones Hall Homeless Shelter. This contract allocated \$255,000 in County General Fund dollars for operations at the shelter and for rapid-rehousing efforts to expedite placements to permanent housing for shelter program participants.

Continuum of Care funds were used to administer the Countywide Homeless Management Information System (HMIS), expand the Countywide Coordinated Entry program, and for numerous Continuum of Care Rental Assistance programs.

Several federal funding sources, including HOME and McKinney-Vento funds, provide administration funding in amounts less than actual administration costs. The Sonoma County Board of Supervisors annually appropriates County General Funds to the Commission to augment these administration funds.

In January 2019, Sonoma County received approximately \$12.1 million from the one-time Homeless Emergency Aid Program (HEAP) grant and in July 2019, \$843,907 from the California Emergency Solutions and Housing (CESH) grant. These grants fund activities which assist persons experiencing or at risk of homelessness. Additionally, in May 2020, approximately \$3.4

million was secured through the Homeless Housing Assistance and Prevention (HHAP) grant. The Commission strategically leveraged these funds with ESG to optimize their impact on catalyzing future expansion of public services. In 2021, the Commission was awarded approximately \$1.4 million in State HHAP-2 funds under the purview of the Continuum of Care.

The County of Sonoma continues to consider ways to use its property to support housing development. Along these lines, the Commission, as the County's lead housing agency, has contracted with area developers to build more than 350 new units of Housing, almost 47% designated to be restricted as affordable, along with community facilities on three County-owned properties in combination with an investment of local funds. Going forward, the County intends to offer select owned parcels of land for development of affordable Housing. In the next five years, additional county-owned properties may be offered that could result in over 1,000 mixed income housing units.

Fiscal Year Summary – HOME Match	
1. Excess match from prior Federal fiscal year	3,302,107
2. Match contributed during current Federal fiscal year	0
3. Total match available for current Federal fiscal year (Line 1 plus Line 2)	3,302,107
4. Match liability for current Federal fiscal year	0
5. Excess match carried over to next Federal fiscal year (Line 3 minus Line 4)	3,302,107

Table 5 – Fiscal Year Summary - HOME Match Report

Match Contribution for the Federal Fiscal Year								
Project No. or Other ID	Date of Contribution	Cash (non-Federal sources)	Foregone Taxes, Fees, Charges	Appraised Land/Real Property	Required Infrastructure	Site Preparation, Construction Materials, Donated labor	Bond Financing	Total Match

Table 6 – Match Contribution for the Federal Fiscal Year

HOME MBE/WBE report

Program Income – Enter the program amounts for the reporting period				
Balance on hand at begin-ning of reporting period \$	Amount received during reporting period \$	Total amount expended during reporting period \$	Amount expended for TBRA \$	Balance on hand at end of reporting period \$
0	0	0	0	0

Table 7 – Program Income

Minority Business Enterprises and Women Business Enterprises— Indicate the number and dollar value of contracts for HOME projects completed during the reporting period						
	Total	Minority Business Enterprises				White Non-Hispanic
		Alaskan Native or American Indian	Asian or Pacific Islander	Black Non-Hispanic	Hispanic	
Contracts						
Dollar Amount	0	0	0	0	0	0
Number	0	0	0	0	0	0
Sub-Contracts						
Number	0	0	0	0	0	0
Dollar Amount	0	0	0	0	0	0
	Total	Women Business Enterprises	Male			
Contracts						
Dollar Amount	0	0	0			
Number	0	0	0			
Sub-Contracts						
Number	0	0	0			
Dollar Amount	0	0	0			

Table 8 - Minority Business and Women Business Enterprises

Minority Owners of Rental Property – Indicate the number of HOME assisted rental property owners and the total amount of HOME funds in these rental properties assisted						
	Total	Minority Property Owners				White Non-Hispanic
		Alaskan Native or American Indian	Asian or Pacific Islander	Black Non-Hispanic	Hispanic	
Number	0	0	0	0	0	0
Dollar Amount	0	0	0	0	0	0

Table 9 – Minority Owners of Rental Property

Relocation and Real Property Acquisition – Indicate the number of persons displaced, the cost of relocation payments, the number of parcels acquired, and the cost of acquisition						
Parcels Acquired		0		0		
Businesses Displaced		0		0		
Nonprofit Organizations Displaced		0		0		
Households Temporarily Relocated, not Displaced		0		0		
Households Displaced	Total	Minority Property Enterprises				White Non-Hispanic
		Alaskan Native or American Indian	Asian or Pacific Islander	Black Non-Hispanic	Hispanic	
Number	0	0	0	0	0	0
Cost	0	0	0	0	0	0

Table 10 – Relocation and Real Property Acquisition

CR-20 - Affordable Housing 91.520(b)

Evaluation of the jurisdiction's progress in providing affordable housing, including the number and types of families served, the number of extremely low-income, low-income, moderate-income, and middle-income persons served.

	One-Year Goal	Actual
Number of Homeless households to be provided affordable housing units	143	17
Number of Non-Homeless households to be provided affordable housing units	73	23
Number of Special-Needs households to be provided affordable housing units	5	6
Total	221	46

Table 11 – Number of Households

	One-Year Goal	Actual
Number of households supported through Rental Assistance	160	17
Number of households supported through The Production of New Units	48	0
Number of households supported through Rehab of Existing Units	11	29
Number of households supported through Acquisition of Existing Units	2	0
Total	221	46

Table 12 – Number of Households Supported

Discuss the difference between goals and outcomes and problems encountered in meeting these goals.

While the Commission did not meet the goals for the number of those assisted through HOME-funded rental assistance, they exceeded creation of units for non-homeless and special-needs residents.

The number of non-homeless households provided affordable housing units is made up of one homeowner assisted through the Sonoma County Housing Rehabilitation Program. Twenty-Two existing units were rehabbed at the Sea Ranch Development.

The number of homeless households supported through rental assistance is made up of 17 households assisted through the Sonoma County Housing Authority Tenant-Based Rental Assistance program.

The number of special needs households consists of six Section 504 Accessible Units provided through Disability Services and Legal Center housing modifications to provide accessibility.

Please note that, in order to follow HUD's instruction that the numbers reported in this section are consistent with the accomplishments reported at the Activity Level in IDIS, the results only include CDBG and HOME results. ESG accomplishments are reported in CR-05 and SAGE.

CDBG CV funds assisted 711 households with rental assistance (activities 1157, 1158, 1159, and 1160)

Discuss how these outcomes will impact future annual action plans.

It is anticipated that future action plans will continue to reflect the affordable housing goal set in the Consolidated Plan, which emphasizes the construction and preservation of affordable rental Housing.

Include the number of extremely low-income, low-income, and moderate-income persons served by each activity where information on income by family size is required to determine the eligibility of the activity.

Number of Households Served	CDBG Actual	HOME Actual
Extremely Low-income	14	4
Low-income	9	9
Moderate-income	6	4
Total	29	17

Table 13 – Number of Households Served

Narrative Information

The extremely low-income households reported include fourteen recipients of CDBG funded Sea Ranch projects (IDIS activities 1139 & 1140), four recipients of HOME Tenant-Based Rental Assistance (IDIS activity 1132). The low-income households reported include one recipient of CDBG Housing Rehabilitation loans or grants (IDIS activity 1131) nine Tenant-Based Rental Assistance recipients and eight CDBG-funded units from the Sea Ranch development (IDIS activities 1139 & 1140). The moderate-income households include six recipients of the CDBG Housing Rehabilitation grants (IDIS activity 1067) 4 HOME Tenant-Based Rental Assistance recipients.

The Sonoma County Community Development Commission works with private rental property owners and non-profit organizations to identify suitable rental properties that can be acquired and/or rehabilitated to provide Housing. CDC also implements a continuum of care approach to help families and individuals by providing support services, transitional Housing, and permanent Housing.

The Commission also provides small loans for worst-case Housing needs to retrofit affordable homes as necessary. Including Housing for seniors and persons with disabilities.

CDBG CCV funds were used to assist the following households through 4 programs (activities 1157, 1158, 1159, and 1160) to assist with Rental Assistance, 424 Extremely Low-income, 257 Low-Income, and 30 Moderate-income

CR-25 - Homeless and Other Special Needs 91.220(d, e); 91.320(d, e); 91.520(c)

Evaluate the jurisdiction's progress in meeting its specific objectives for reducing and ending homelessness through:

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

In FY 2020-21, the Sonoma County Community Development Commission continued its support of the Countywide Homeless Outreach Services Team (HOST) that began in 2015. The project works in cooperation with the Continuum of Care's implementation of Coordinated Entry. The HOST street outreach teams utilize the same evidence-based screening tools that are used by Coordinated Entry and aim to connect participants directly with Coordinated Entry for housing placement, as well as with benefits and health resources. The standard screening and assessment tools prioritize resources to the most vulnerable persons: those with critical health needs and the longest periods of homelessness. In FY 20-21, the HOST project assessed 269 unsheltered individuals and placed 47 households in safe housing (emergency shelter) and 76 into permanent housing, directly off the street.

Addressing the emergency shelter and transitional housing needs of homeless persons

The focus of Sonoma County's emergency shelter and transitional housing programs is establishing safety through trauma-informed care to stabilize and quickly house participants. In FY 20-21, ESG funds supported 100 emergency shelter beds at Committee on the Shelterless' Mary Isaak Center and a transitional housing program for women with children able to serve 11 families at any one time. ESG funds were used to support 138 family emergency shelter beds at Catholic Charities' Family Support Center. In addition, local funds supported emergency shelters and transitional Housing throughout the Urban County, including Guerneville and Sonoma, as well as a women's Shelter and a domestic violence safe house located in Santa Rosa, which serves the entire region.

The focus of Sonoma County's emergency shelter programs is establishing safety through trauma-informed care, to stabilize and quickly house participants. ESG funds were used to support 243 families at Catholic Charities' Family Support Center emergency shelter. In addition, local and State of California funds supported emergency shelters throughout the Urban County, including Guerneville, Santa Rosa, and Sonoma, which serves the entire region.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: likely to become homeless after being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); and, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

The County, cities, and local nonprofit agencies offer a range of programs that provide financial and other assistance to those who are at-risk of becoming homeless due to financial emergencies, loss of existing dwelling units through inaccessibility by persons with mobility impairments, natural disasters, or unabated deterioration.

In FY 20-21, the Sonoma County Community Development Commission allocated State and local funds for a Homelessness Prevention & Diversion program operated by Catholic Charities and COTS that assisted 264 households in avoiding homelessness through connection with resources aimed at improving housing stability. In addition, the Commission allocated local funds for staffing for the HCA Family Funds (a rental assistance program operated by Community Action Partnership with support of a private philanthropic donor offering rental assistance in Sonoma County. The HCA Family Fund project served 254 households in FY 20-21.

Homelessness prevention programs work with Coordinated Entry staff to identify individuals exiting institutions. CES staff includes a position at a local hospital as well as linkages with Sonoma County Probation (through the provider Interfaith Shelter Network) that offers transitional housing and linkage to homelessness prevention. Finally, Sonoma County Behavioral Health staff, via the IMDT and ACCESS initiatives, link with homelessness prevention for individuals being discharged from both mental health and youth facilities, and Sonoma County Child Welfare provides linkage for foster age youth.

The Health Care for the Homeless Collaborative includes representatives from all major local clinics for linkage to homelessness prevention. For youth and transition-age youth needs, Social Advocates for Youth operates homelessness prevention countywide for TAY and also links to educational needs. For seniors and older adults, SHARE Sonoma County is a primary linkage for home shares as well as linkages to homelessness prevention.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

In FY 2020-21, the Sonoma County Community Development Commission allocated ESG funds for two rapid re-housing programs that served 66 households comprised of 109 family members and supplemented local matching funds to support these projects. Five additional rapid re-housing projects, two of which target transitional-aged youth, were funded with Local and State funds. Additionally, Local and State funds paid for the cost of services and housing operations at three separate properties operating as permanent supportive Housing. These include housing operations and case management provided by Catholic Charities at the Palms Inn's 104 units for veterans and chronically homeless persons and an additional scattered site master leasing and services for eight (8) adults; and housing operations and case management provided by Reach For Home for ten (10) chronically homeless

persons.

The Commission also allocated State and local funds supporting homelessness prevention, homeless outreach, and rapid re-housing in the Lower Russian River area to focus on homeless and at-risk of homelessness individuals. In FY 20-21, the Lower Russian River projects assisted 117 individuals in obtaining or maintaining Housing.

In FY 20-21, the Sonoma County Continuum of Care continued system-wide training in the Seeking Safety evidence-based practice to give traumatized clients the tools to address life challenges before those challenges become a trigger for relapse and a return to homelessness. The refinement of the System-wide Performance Measures has clarified baseline recidivism information: Between FY18-19 and FY20-21, the rate of homeless individuals returning to homelessness after two years was 18%, a 2% improvement over the previous year. Between 2019 and 2020, the number of chronic homeless in the County decreased from 675 to 562 individuals, according to the Point-in-Time Homeless Count

CR-30 - Public Housing 91.220(h); 91.320(j)

Actions taken to address the needs of public housing

The Urban County does not operate public Housing. The County primarily focuses resources on rental housing development and preservation.

Actions taken to encourage public housing residents to become more involved in management and participate in homeownership

The Urban County does not own or operate public housing units. The Sonoma County Community Development Committee (the advisory board to the Sonoma County Community Development Commission and the Sonoma County Housing Authority) includes two Housing Choice Voucher participants and serves as the Housing Authority's resident advisory board. As opportunities arise, the County also devotes resources to affordable homeownership opportunities for lower-income first-time homebuyers.

Actions taken to provide assistance to troubled PHAs

Not applicable. The Sonoma County Housing Authority has been designated as a High Performing Agency for 19 consecutive years.

CR-35 - Other Actions 91.220(j)-(k); 91.320(i)-(j)

Actions taken to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment. 91.220 (j); 91.320 (i)

The Commission ensures compliance with the Federal Fair Housing Act and Section 504 of the Rehabilitation Act of 1973 for all new housing construction projects. This strategy includes, at a minimum, five percent of the total dwelling units or at least one unit in a multifamily housing project, whichever is greater, shall be made accessible for persons with mobility impairments. A unit that is on an accessible route and is adaptable and otherwise in compliance with the standards set forth in §8.32 is accessible for purposes of this section. An additional two percent of the units (but not less than one unit) in such a project shall be accessible for persons with hearing or vision impairments.

In addition, the Commission requires all projects receiving HOME funds to adhere to the requirements of 24 CFR 92.351 and to follow its affirmative marketing procedures and requirements for rental and homebuyer projects containing five (5) or more HOME-assisted housing units.

In July of 2019, the Sonoma County Housing Authority cancelled its stale waitlist and converted the waitlist process to an open and closed, lottery-based program. The purpose of this was to create an equitable system that would provide a realistic expectation of service to applicants. 500 applications were selected at random to be placed on a new waitlist. As of October 2021, all applicants will have received an opportunity for service. It is anticipated that the Housing Choice Voucher waitlist will be reopened in Fall 2021 for another lottery-based waitlist development.

The County of Sonoma and City of Santa Rosa have formed a Renewal Enterprise District (RED) as a Joint Powers Authority in order to coordinate around planning, entitling, and assembling public financing to make it as easy and cost-effective as possible for builders and developers to produce the needed housing stock that aligns with community values. This goes a long way in creating trust and a model of Housing and community development that can be replicated by the following - taking a regional approach to housing planning and production; pooling and leveraging financing tools and funding sources; sharing the risks and benefits of development; streamlining environmental review.

The Urban County and Cities of Santa Rosa and Petaluma commenced preparation of a Countywide Assessment of Fair Housing (AFH) intended to identify and resolve barriers to affordable Housing, especially those barriers experienced by minorities and people in protected classes. In 2019 an extensive community outreach and development of an Equity Report was started. The final report was completed in January of 2021. The report focused on the culturally responsive efforts that aim to remove barriers to participation for some of the populations covered under AB686's protected classes including but not limited to race, gender, sexual orientation, familial status, and disability. The Commission is actively working on securing a consultant to assist with the completion of an analysis of impediment to fair

housing. Coupled with the engagement report, the Urban County will be able to use these in their housing elements. Additionally, the Commission continues to work with the Bay Area Council Economic Institute to collect data on disparities in Housing and economic security among minorities. This work, coupled with the community engagement will highlight barriers that still exist and opportunities to reverse the *de facto* discrimination that has come about as a result of earlier public policy decisions.

Actions taken to address obstacles to meeting underserved needs. 91.220(k); 91.320(j)

Some of the obstacles identified as preventing access to Housing include an overheated housing market, low vacancy rates for rental Housing, high homeownership cost, a higher than normal percentage of homeless residents needing Housing in our jurisdiction, and the post-fire and pandemic recovery needs impacting our community. In response to these, the Commission is specifically targeting programs to meet the needs of those who are underserved in our community.

All of the projects funded in the FY 20-21 Action Plan addressed one or more of the obstacles to meeting underserved needs delineated in the 2020 Consolidated Plan. In addition, the Community Development Commission committed local Low-Moderate Income Housing Asset Funds to rapid re-housing and homelessness prevention programs, and the County of Sonoma committed County General Funds to support programs that serve the needs of the most vulnerable in the community and underserved regions in the County through County General Funds, Reinvestment and Revitalization funds (R&R,) Transit Occupancy Tax funds (TOT) and the County Fund for Housing (CFH). Funded affordable housing projects were based on readiness to proceed and innovative approaches to overcoming regulatory barriers to accelerate the creation of new units. Funded emergency rental assistance and family self-sufficiency activities enabled lower-income individuals and families to obtain and retain rental Housing in the high-priced market in Sonoma County.

Actions taken to reduce lead-based paint hazards. 91.220(k); 91.320(j)

Making Housing lead safe is the most effective strategy to protect children from lead poisoning. The Sonoma County Community Development Commission addresses this through proactively disseminating printed information concerning lead-based paint hazards to all residents of housing rehabilitation and rental assistance programs. The Commission's Housing Quality Standards (HQS) Inspectors have received training in visual assessment of lead-based paint hazards and are observant of the existence of this hazard during their property inspections, thereby preventing exposure to lead hazards by identifying the risks before families with children under six years of age move into rental units that are assisted by the Housing Authority.

The Commission's Rehabilitation Specialists are trained in the identification of lead hazards, proper methods of paint stabilization, interim control, abatement procedures, and testing/clearance reports to ensure compliance with all lead hazard reduction requirements during rehabilitation activities. Any dwellings not exempt from HUD's lead hazard reduction provisions (single-room occupancy, dedicated senior Housing, and Housing constructed after 1978) renovated under the Housing Rehabilitation

Program undergo a lead hazard risk assessment by a state-certified Risk Assessor prior to the formulation of the project's scope of work. Any identified lead hazards are addressed in the scope of work and a certified clearance is obtained before the project is considered complete.

The Commission also ensures compliance with lead hazard reduction requirements by sub-recipients of CDBG, HOME, and ESG funding used to acquire and/or renovate existing buildings for Housing or to undertake residential and re-housing service activities through regular monitoring of those activities.

Actions taken to reduce the number of poverty-level families. 91.220(k); 91.320(j)

The Urban County works to reduce the number of poverty-level families by targeting CDBG, HOME, ESG, and local funds to projects that provide services to foster self-sufficiency, in conjunction with the provision of Housing, Shelter, and other public facilities. The Sonoma County Community Development Commission implements the Section 8 Housing Choice Voucher Program and numerous Continuum of Care Rental Assistance Programs. Rental assistance enables lower-income individuals and families to obtain and retain rental Housing in the high-priced market in Sonoma County. These households face severe obstacles to obtaining safe, affordable, local Housing and cannot afford market-rate rental Housing in Sonoma County. The Payment Standards for Housing Choice Vouchers are now set to 120% of the Fair Market Rent for studio, one, two and three bedroom dwellings. This aids applicants and participants in being able to afford the higher rents that have occurred in Sonoma County since the fires of October 2017 and better compete for available spaces in a tight market. The Commission made CDBG and ESG funding available to some nonprofit agencies to operate programs that work to reduce the number of persons living below the poverty level through various services for low income and homeless residents, including shelter and rapid re-housing programs.

The County's involvement in the Continuum of Care process, Section 3 compliance, Sonoma WORKS, Job Link, Upstream Investments, Health Action, and the actions of the Local Workforce Investment Board all foster greater economic opportunities for the lower-income residents of Sonoma County.

Actions taken to develop institutional structure. 91.220(k); 91.320(j)

The Commission worked with LeSar Consultants to develop a Strategic Plan which is designed to increase the capacity of the Commission to fulfill its disaster recovery role and for the long-term housing needs of the County. In order to meet these increasing demands responsibly and serve greater numbers of vulnerable Sonoma County residents, the Commission – with full support of the Board of Commissioners – has spent the last several years increasing capacity and deepening collaboration across multiple sectors. The final plan was completed and approved by the Board of Supervisors on August 20, 2019.

The County encourages collaboration between housing and service providers with the intention of

fostering development of more supportive housing options. The County's leading nonprofit housing developers successfully collaborate with other local nonprofit agencies to develop and operate affordable housing projects with specific set-asides of permanent supportive housing units for persons with disabilities.

The Commission established and is still the lead agency for HOME Sonoma County, which is the new body in charge of the County's homeless system of care and acting Continuum of Care. HOME Sonoma County provides structure to the homeless system of care in order to make policy decisions and measure results for ending homelessness throughout the County. Prior to this body existing, the homeless system of care was fragmented and unstructured. The meetings of the Leadership Council and Technical Advisory Committee help forge new connections and working relationships with many participants as well as responding to the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act requirements. This new 9 member governing board was seated in November 2018 and includes 5 elected officials from the 3 HUD entitlement jurisdictions (City of Santa Rosa, City of Petaluma, and the Urban County), three representatives selected from the Technical Advisory Committee and at least one individual with lived experience of homelessness. HOME Sonoma County endeavors to achieve functional zero in homelessness under a Housing First approach with aligned funding streams and overall policy/planning.

In October 2020, the Leadership Council reverted to the previous iteration of the CoC Board from 2018 due to an error in the way the Leadership Council was formed. The current CoC Board was re-established in November 2020 and includes 15 seats for a wide sector of representatives. At least 6 committees are being formed in 2021, including Data, an Ad Hoc Evaluation, Coordinated Entry, and Governance Charter/Strategic Planning.

The Commission also collaborated with other safety net agencies to create the Accessing Coordinated Care and Empowering Self-Sufficiency (ACCESS), which has the goal of identifying the most vulnerable residents in the community and holistically supports clients with complex needs. The safety net departments including the Commission assembled the multidisciplinary team to develop a data-sharing support system and compile information about shared clients.

Actions taken to enhance coordination between public and private housing and social service agencies. 91.220(k); 91.320(j)

The Community Development Commission has on-going interaction with many public and private entities to further the objectives set forth in the 2020 Consolidated Plan and the FY 20-21 Action Plan. The Commission is an agency of County government and is charged by the Board of Supervisors with closely collaborating with other relevant County government departments including, but not limited to the Department of Health Services and the Human Services Department. With these two agencies and other County departments, the Commission is engaged in a comprehensive Safety Net Initiative to improve service delivery to County residents who are shared clients.

The Commission has regular contact with the County of Sonoma's planning and land use department, Permit Sonoma, to enhance affordable housing program coordination. Additionally, the Commission cooperates with the Economic Development Board and the Workforce Investment board as members of the countywide initiatives: Health Action and Upstream Investments.

Along with working in conjunction with multiple other County departments, the Commission has coordinated with the seven Urban County municipalities, and various nonprofit agencies receiving CDBG, HOME, and ESG funding to carry out the activities during the FY 20-21 year. The Commission also worked closely with Santa Rosa and Petaluma, cities not part of the Urban County but which operate similar programs. The Sonoma County Housing Authority maintains service provider agreements with local supportive service agencies, such as local credit unions, Santa Rosa Junior College and Sonoma State University, Joblink Sonoma County, and more to provide services to its Family Self-Sufficiency participants.

The Commission embarked in July on a comprehensive Data Management and Technology Infrastructure upgrade project, dubbed "SHIFT - Sonoma Housing Information For Today," to identify and implement modern, secure, collaborative, responsive and efficient data and technology solutions in direct support of housing delivery services. This project encompasses cloud-based data platforms fully integrated with other County systems. This work will foster increased collaboration with other county departments, nonprofit partners and state and federal government partners for improved delivery of services.

Currently, the Commission stages annual competitions for federal and local homeless and public services funding which are informed by its ongoing relationships with a large percentage of community-based nonprofit agencies providing homeless services and affordable Housing.

In response to the declaration of a Homelessness Emergency declared by the Sonoma County Board of Supervisors, the Housing Authority stood up a housing navigation program to assist homeless clients gain Housing. The navigation program has successfully leveraged Mental Health grant funding and Whole Person Care grant funding provided through the Department of Health services to pay for landlord incentives, deposit assistance, provide basic furniture, and other items to assist clients stabilize in Housing. To date, 77 formerly homeless clients have been housed through the Housing Authority's Navigation Program.

Identify actions taken to overcome the effects of any impediments identified in the jurisdictions analysis of impediments to fair housing choice. 91.520(a)

The Commission completed a Countywide Community Engagement for the Assessment of Fair Housing report in early 2021 to help Sonoma County address longstanding disparities in access to jobs, transportation, education, community amenities, and Housing. This report will be used with the analysis of impediments to fair housing that the county is currently working on to assist the Urban County in identifying programs and policies to further fair housing in the county. While the AFH is a required

federal and state mandate, the overarching equity agenda is an agency-led effort to ensure that all Commission actions are approached with an equity-based lens – a comprehensive approach to modifying agency policies and programs that will put the Commission at the forefront of equity efforts in the Bay Area. Additionally, in August of 2021 the Commission completed a new ADA Section 504 Self Evaluation Report and Transition Plan that identifies the Commission’s opportunities and goals to comply with state and federal accessibility requirements, which is a continued effort for the Commission. Finally, the Community Development Commission continues to use its CDBG, ESG, and HOME funding to support projects that increase the supply and improve the conditions of affordable Housing for lower-income persons. The Commission annually allocates funds for a Fair Housing program and has already begun engaging the community and collecting data to create the AFH.

CR-40 - Monitoring 91.220 and 91.230

Describe the standards and procedures used to monitor activities carried out in furtherance of the plan and used to ensure long-term compliance with requirements of the programs involved, including minority business outreach and the comprehensive planning requirements

All subrecipients receiving CDBG Public Services and ESG funds are regularly monitored through the submittal of quarterly reports to Commission staff. Each report provides statistics on program participant outcomes and a narrative on the activities undertaken during the reporting period. Each subrecipient also submits an annual report at the end of the contract term summarizing their accomplishments for the year. The information that is provided to Commission staff is entered into HUD's Integrated Disbursement and Information System. At least quarterly, subrecipients submit reimbursement requests including proof of payment for all expenses. Commission staff reviews the financials and program records of each subrecipient annually; a selection of these reviews are done on-site, and the remainder are desktop reviews.

Both CDBG Public Services and ESG-funded projects are subject to annual on-site monitoring visits. Prior to the on-site monitoring, subrecipients complete questionnaires and ensure policies required to be on file are up to date. Commission staff conducts a review of the current agreement, quarterly reports, reimbursement requests, and two years of financial audits. The overall focus of monitoring visits is technical assistance and quality improvement. Commission staff helps subrecipients understand regulations and avoid compliance issues. Following the site visit, Commission staff sends a letter to the subrecipient describing any findings. Once the organization has responded to the findings, Commission staff evaluates the response and follows up as required.

For capital improvement projects, the Commission collects income/asset verifications, demographic data, verification of insurance, and ownership verification, as applicable. Projects are inspected during construction to ensure all work is within the original scope. Projects must obtain National Environmental Policy Act clearance prior to incurring costs, executing agreements, or expending any funds on the project. Commission staff determines the appropriate level of environmental review required when project proposals are submitted. Finally, for all projects subject to Davis-Bacon Labor Standards, the Commission staff locks in the wage rate applicable to the project, verifies the contractor is eligible and not debarred from federal contracts, conducts in-house desk reviews of Certified Payroll Reports, and performs on-site interviews to ensure wage compliance of all contractors.

For HOME or CDBG housing projects, long-term affordability controls are recorded with funding documents. Commission staff conducts compliance reviews as required by regulations or as necessary. In addition, subrecipients are subject to federal audit requirements. The Commission has monitoring

and compliance procedures in place to ensure that any deficiencies or findings are handled consistently. For HOME- or CDBG-funded rental projects, Commission staff conducts regular reporting and compliance monitoring. For HOME projects, quarterly reporting includes household size, household income, whether the household receives rental assistance, unit size, rent charged, maximum rent, and household's recertification date. HOME units are subject to regular on-site monitoring per regulations.

On an annual basis, the Commission submits the CDBG and HOME Minority Owned and Women Owned Business Report to HUD. The Commission encourages participation from minority and women business enterprises, by providing bid solicitation notices, newspaper advertisements, and contract clauses requiring contractors, to the greatest extent feasible, to provide opportunities for training and employment for minority- and women-owned business enterprises.

Citizen Participation Plan 91.105(d); 91.115(d)

Describe the efforts to provide citizens with reasonable notice and an opportunity to comment on performance reports.

To ensure that all citizens, public agencies, and other interested parties have the opportunity to review and comment on performance reports on housing and community development activities and the use of CDBG, HOME, and ESG funds, the Commission ensures that the public is provided with reasonable and timely access to meetings, information, and records. A draft of the Consolidated Annual Performance and Evaluation Report (CAPER) is made available for public review for 15 days prior to submission to HUD and a notice of availability is published in the local newspaper. The dates of Public comment were September 3, 2021 through September 17, 2021. *(Public Comments will be inserted here at the end of the public comment period)*. Public service announcements, describing the CAPER's contents and its availability for comment, were distributed to local English- and Spanish-language radio stations. The draft is posted on the Commission's website in a format accessible to persons with disabilities and links are made available through email distribution lists and social media. Hard copies are available by request: call 707-565-7501 or email CDC@sonoma-county.org. The draft CAPER is also distributed via email to interested parties and no-cost copies of the documents are provided to interested citizens that do not have Internet access, upon request. A public hearing to discuss the CAPER is held during the public comment period of the Community Development Committee's public monthly meeting (currently being conducted virtually via zoom) and a public notice of the hearing is published at least two weeks prior to the hearing date in English and Spanish on the Community Development Commission's web site. Written comments will be accepted at cdc@sonoma-county.org. Oral comments will be received during the Community Development Committee public hearing via zoom. Members of the public who join the online meeting, either through their web browser online or by calling in, will be able to provide live public comment at specific points throughout the meeting.

Special accommodations for persons with visual or hearing impairments are made upon request. In cases where a significant number of non-English speaking residents are expected to participate in the public hearing, the Commission supplies an interpreter.

CR-45 - CDBG 91.520(c)

Specify the nature of, and reasons for, any changes in the jurisdiction's program objectives and indications of how the jurisdiction would change its programs as a result of its experiences.

CDBG waivers were granted to provide flexibility to grantees for CDBG Cares Act Allocations. Waivers stipulated that grantees **may** use CDBG-CV and FY19 and FY20 CDBG funds to prevent, prepare for, and respond to the coronavirus pandemic. The CARES Act eliminates the CDBG law's 15% cap on the amount of a jurisdiction's grant (and any program income) that is **obligated** in a program year for "public services." The removal of the 15% cap applies not only to CDBG funds allocated from the CARES Act, but also to any FY19 and FY20 CDBG allocations. Public services include those for people experiencing homelessness or elderly people, and services related to employment, crime prevention, childcare, health, drug abuse, education, fair housing counseling, and energy conservation.

Importantly, the CDBG Entitlement program regulations allowed jurisdictions the flexibility to choose to spend CDBG for rental assistance or utility assistance to households for up to six months. The Commission used the Round 1 and Round 2 CDBG-CV funds for rental and utility assistance for urban county households. The CARES Act also allowed CDBG grantees to amend their citizen participation plans to establish expedited procedures to draft, propose, or amend Consolidated Plans (ConPlans), Annual Action Plans, and Substantial Amendments to those plans. This allowed for more streamlined procedures that were to provide at least five days for public notice and a reasonable opportunity for public comment. In-person public hearings were not required during this time. Grantees can meet the public hearing requirements with virtual public hearings if health authorities recommend social distancing and limited public gatherings and if virtual public hearings provide reasonable notification and access for the public, provide timely responses from local officials to public concerns, suggestions, and questions, and the public has access to the local officials' responses. Of note, provisions two additional provisions allowed jurisdictions to use CDBG-CV to cover or reimburse costs of preventing, preparing for, and responding to the coronavirus pandemic, regardless of the date the costs were incurred.

Does this Jurisdiction have any open Brownfields Economic Development Initiative (BEDI) grants?

No

[BEDI grantees] Describe accomplishments and program outcomes during the last year.

CR-50 - HOME 91.520(d)

Include the results of on-site inspections of affordable rental housing assisted under the program to determine compliance with housing codes and other applicable regulations

Please list those projects that should have been inspected on-site this program year based upon the schedule in §92.504(d). Indicate which of these were inspected and a summary of issues that were detected during the inspection. For those that were not inspected, please indicate the reason and how you will remedy the situation.

Please list those projects that should have been inspected on-site this program year based upon the schedule in §92.504(d). Indicate which of these were inspected and a summary of issues that were detected during the inspection. For those that were not inspected, please indicate the reason and how you will remedy the situation.

During FY 20-21, the Commission's Affordable Housing staff should have visited the following HOME-assisted rental housing developments that were due to be inspected. These were:

- Robinson Road (7 HOME Units)
- Canyon Run (11 HOME Units)
- Fife Creek (5 HOME Units)
- Valley Oak Homes (5 HOME Units)
- Sonoma Gardens (11 HOME Units)
- Springs Village (11 HOME Units)
- Parkland Senior Apartments (11 HOME Units)
- Sea Ranch (8 HOME Units)

Due to the COVID 19 Pandemic and the Shelter In Place restrictions, the Commission received a waiver for the inspection of HOME-assisted rental housing developments. Thirteen developments were not inspected between March 18, 2020 and June 30, 2021 these inspections will be completed when restrictions are lifted and will be reported on the FY 2021-22 Consolidated Plan.

Provide an assessment of the jurisdiction's affirmative marketing actions for HOME units. 92.351(b)

All recipients of HOME and CDBG funds are required to submit Minority Business Enterprise/Woman Owned Business Enterprise (MBE/WBE) outreach, affirmative marketing, and Section 3 Plans as applicable to their projects, and Commission staff monitors subrecipients on an on-going basis to ensure that they implement such plans and are in compliance with all related laws and regulations.

The Sonoma County Community Development Commission requires all projects receiving HOME funds to adhere to the requirements of 24 CFR 92.351 and to follow its affirmative marketing procedures and

requirements for rental and homebuyer projects. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available Housing without regard to race, color, national origin, sex (including sexual orientation and gender identity), religion, familial status, or disability.

Projects receiving HOME funds must annually assess the success of affirmative marketing at balancing applicants and residents with the demographics of the jurisdiction at large. Commission staff review this annual assessment and determine if corrective actions are needed.

Refer to IDIS reports to describe the amount and use of program income for projects, including the number of projects and owner and tenant characteristics

Program Income was not used for HOME projects in the FY 20-21.

Describe other actions taken to foster and maintain affordable housing. 91.220(k) (STATES ONLY: Including the coordination of LIHTC with the development of affordable housing). 91.320(j)

The Sonoma County Community Development Commission continues to support and fund the housing rehabilitation program, which is mostly dedicated to rehab low-income senior housing. We continue to support first time homebuyers programs through our community partners by providing financial assistance for new housing developments and low-income housing resales. CDC also, provides funding to projects with the highest leveraging points to maximize its investment in an effort to foster and maintain affordable Housing.

CR-60 - ESG 91.520(g) (ESG Recipients only)

ESG Supplement to the CAPER in *e-snaps*

For Paperwork Reduction Act

1. Recipient Information—All Recipients Complete

Basic Grant Information

Recipient Name	SONOMA COUNTY
Organizational DUNS Number	080126444
EIN/TIN Number	946000539
Identify the Field Office	SAN FRANCISCO

Identify CoC(s) in which the recipient or subrecipient(s) will provide ESG assistance

Santa Rosa/Petaluma/Sonoma County CoC

ESG Contact Name

Prefix	Mr
First Name	Michael
Middle Name	0
Last Name	Gause
Suffix	0
Title	Ending Homelessness Manager

ESG Contact Address

Street Address 1	1440 Guerneville Road
Street Address 2	0
City	Santa Rosa
State	CA
ZIP Code	95403-4107
Phone Number	7075651977
Extension	0
Fax Number	0
Email Address	michael.gause@sonoma-county.org

ESG Secondary Contact

Prefix	Ms
First Name	Tina
Last Name	Rivera
Suffix	0
Title	Assistant Director
Phone Number	7075657501
Extension	0
Email Address	tina.rivera@sonoma-county.org

2. Reporting Period—All Recipients Complete

Program Year Start Date	07/01/2020
Program Year End Date	06/30/2021

3a. Subrecipient Form – Complete one form for each subrecipient

Subrecipient or Contractor Name: Catholic Charities of the Diocese of Santa Rosa

City: Santa Rosa

State: CA

Zip Code: 95403, 2048

DUNS Number: 847356318

Is subrecipient a victim services provider: N

Subrecipient Organization Type: Other Non-Profit Organization

ESG Subgrant or Contract Award Amount: 151293

CR-65 - Persons Assisted

4. Persons Served

4a. Complete for Homelessness Prevention Activities

Number of Persons in Households	Total
Adults	0
Children	0
Don't Know/Refused/Other	0
Missing Information	0
Total	0

Table 16 – Household Information for Homeless Prevention Activities

4b. Complete for Rapid Re-Housing Activities

Number of Persons in Households	Total
Adults	0
Children	0
Don't Know/Refused/Other	0
Missing Information	0
Total	0

Table 17 – Household Information for Rapid Re-Housing Activities

4c. Complete for Shelter

Number of Persons in Households	Total
Adults	0
Children	0
Don't Know/Refused/Other	0
Missing Information	0
Total	0

Table 18 – Shelter Information

4d. Street Outreach

Number of Persons in Households	Total
Adults	0
Children	0
Don't Know/Refused/Other	0
Missing Information	0
Total	0

Table 19 – Household Information for Street Outreach

4e. Totals for all Persons Served with ESG

Number of Persons in Households	Total
Adults	0
Children	0
Don't Know/Refused/Other	0
Missing Information	0
Total	0

Table 20 – Household Information for Persons Served with ESG

5. Gender—Complete for All Activities

	Total
Male	0
Female	0
Transgender	0
Don't Know/Refused/Other	0
Missing Information	0
Total	0

Table 21 – Gender Information

6. Age—Complete for All Activities

	Total
Under 18	0
18-24	0
25 and over	0
Don't Know/Refused/Other	0
Missing Information	0
Total	0

Table 22 – Age Information

7. Special Populations Served—Complete for All Activities

Number of Persons in Households				
Subpopulation	Total	Total Persons Served – Prevention	Total Persons Served – RRH	Total Persons Served in Emergency Shelters
Veterans	0	0	0	0
Victims of Domestic Violence	0	0	0	0
Elderly	0	0	0	0
HIV/AIDS	0	0	0	0
Chronically Homeless	0	0	0	0
Persons with Disabilities:				
Severely Mentally Ill	0	0	0	0
Chronic Substance Abuse	0	0	0	0
Other Disability	0	0	0	0
Total (Unduplicated if possible)	0	0	0	0

Table 23 – Special Population Served

CR-70 – ESG 91.520(g) - Assistance Provided and Outcomes

10. Shelter Utilization

Number of New Units - Rehabbed	0
Number of New Units - Conversion	0
Total Number of bed-nights available	50,005
Total Number of bed-nights provided	31,025
Capacity Utilization	62.04%

Table 24 – Shelter Capacity

11. Project Outcomes Data measured under the performance standards developed in consultation with the CoC(s)

Rapid Re-Housing: The Continuum of Care has established "retention of permanent housing at exit" as the performance measure for rapid re-housing projects. The two ESG-funded rapid re-housing programs served 33 households with 23 family members during FY 20-21. During the reporting period, 23 persons exited the program, 22 (96 percent) of persons who exited were permanently housed at exit.

Emergency Shelter: The Continuum of Care has established "exit to permanent housing" as the performance measure for emergency shelters. The emergency shelter funded by ESG funds served 74 households comprised of 256 persons during FY 20-21. Of the 42 households who exited the program, 29 (69 percent) exited to a permanent housing destination.

CR-75 – Expenditures

11. Expenditures

11a. ESG Expenditures for Homelessness Prevention

	Dollar Amount of Expenditures in Program Year		
	2018	2019	2020
Expenditures for Rental Assistance	0	0	7,320
Expenditures for Housing Relocation and Stabilization Services - Financial Assistance	0	0	0
Expenditures for Housing Relocation & Stabilization Services - Services	0	0	20,835
Expenditures for Homeless Prevention under Emergency Shelter Grants Program	0	0	0
Subtotal Homelessness Prevention	0	0	28,155

Table 25 – ESG Expenditures for Homelessness Prevention

11b. ESG Expenditures for Rapid Re-Housing

	Dollar Amount of Expenditures in Program Year		
	2018	2019	2020
Expenditures for Rental Assistance	23,085	59,830	6,003
Expenditures for Housing Relocation and Stabilization Services - Financial Assistance	0	0	0
Expenditures for Housing Relocation & Stabilization Services - Services	34,647	0	7,148
Expenditures for Homeless Assistance under Emergency Shelter Grants Program	0	0	0
Subtotal Rapid Re-Housing	57,732	59,830	13,151

Table 26 – ESG Expenditures for Rapid Re-Housing

11c. ESG Expenditures for Emergency Shelter

	Dollar Amount of Expenditures in Program Year		
	2018	2019	2020
Essential Services	83,422	86,097	97,083
Operations	0	0	0
Renovation	0	0	0

Major Rehab	0	0	0
Conversion	0	0	0
Subtotal	83,422	86,097	97,083

Table 27 – ESG Expenditures for Emergency Shelter

11d. Other Grant Expenditures

	Dollar Amount of Expenditures in Program Year		
	2018	2019	2020
Street Outreach	0	0	0
HMIS	0	0	0
Administration	11,445	11,832	12,267

Table 28 - Other Grant Expenditures

11e. Total ESG Grant Funds

Total ESG Funds Expended	2018	2019	2020
	152,599	157,759	150,656

Table 29 - Total ESG Funds Expended

11f. Match Source

	2018	2019	2020
Other Non-ESG HUD Funds	0	0	180,295
Other Federal Funds	0	0	219,628
State Government	0	192,914	259,145
Local Government	766,589	130,889	1,048,962

Private Funds	488,266	0	512,961
Other	0	0	0
Fees	0	0	0
Program Income	0	0	0
Total Match Amount	1,254,855	323,803	2,220,991

Table 30 - Other Funds Expended on Eligible ESG Activities

11g. Total

Total Amount of Funds Expended on ESG Activities	2018	2019	2020
	1,407,454	481,562	2,371,647

Table 31 - Total Amount of Funds Expended on ESG Activities



Sonoma County Community Development Commission
1440 Guerneville Road, Santa Rosa, CA 95403-4107

*Members of the
Commission*

Lynda Hopkins
Chair

Chris Coursey
Vice Chair

David Rabbitt
James Gore
Susan Gorin

Dave Kiff
Interim Executive
Director

MEMORANDUM

Date: September 15, 2021

To: Community Development Committee

From: Marc Chandler, Community Development Manager

Subject: Community Development Block Grant Disaster Recovery Multi-Family Housing Program – Project Applications

The State Department of Housing and Community Development (HCD) received Community Development Block Grant Disaster Recovery (CDBG-DR) funds from the federal government intended to support the state's unmet recovery needs related to the Federal Emergency Management Agency (FEMA) major disaster declaration DR4344 made in October 2017 prompted by the wild fires. HCD is the lead and responsible agency for administering the CDBG-DR funds allocated to California.

The County of Sonoma received \$4,698,809.00 in Community Development Block Grant Disaster Recovery Multi-Family Housing Program (CDBG-DR-MHP) funding to address the housing impacts caused by the fires. Given that the entire county was declared as a disaster area under DR4344, and qualifies as a most impacted and distressed area, this program applies countywide and is not restricted by Entitlement Jurisdiction boundaries. Multifamily projects funded with this program are to assist with meeting the unmet rental housing need, including the needs of individuals displaced from rental homes and individuals who became homeless as the result of the disasters. Multifamily Projects include apartment complexes and mixed-use developments. The Community Development Commission (CDC) released a notice of funding availability on April 26, 2021 to solicit projects for this purpose. Project applications were due on May 28, 2021. CDC received Six (6) project applications. The table below lists the projects, their location, requested amount, and a short description of their scope.

Project Name-Developer	Location	Requested Amount	Description
414 Petaluma – MIDPEN Housing Corporation	City of Petaluma	\$1,300,000	42-unit, infill site, includes 13 units for persons experiencing mental illness & homelessness within 60% of the Area Median Income (AMI)



Project Name –Developer	Location	Requested Amount	Description
Caritas Homes Phase 1 – Burbank Housing Development Corporation	City of Santa Rosa	\$1,000,000	1 of 3 phases, 64 units, includes 33 units for persons experiencing homelessness with mental illness within 60% of the AMI
Petaluma River Place Apts.- Burbank Housing Development Corporation	City of Petaluma	\$1,000,000	50 units to serve farmworker households and persons experiencing or at risk of experiencing homelessness within 60% of AMI
Burbank Avenue Apts. – Burbank Housing Development Corporation	City of Santa Rosa	\$750,000	64 units for households within the 60% AMI
Meridian at Corona Station – Danco Communities	City of Petaluma	\$4,228,928	132 units for households within the 60% AMI
3575 Mendocino Avenue, Phase II – BRJE Housing Partners, L.P.	City of Santa Rosa	\$2,436,753	38 units for phase II (162 units total), senior housing for persons within 60% of the AMI

Staff reviewed the applications against the requirements of HCD and recommends funding for the following projects as these are the most shovel ready projects that comply with HCD’s criteria and in staff’s opinion are most likely to be approved by HCD based on the information contained in their respective applications:

Project Name	Recommended Funding
414 Petaluma – MIDPEN Housing Corporation	\$1,300,000
3575 Mendocino Ave. Phase III - BRJE Housing Partners	\$2,436,753
Petaluma River Place Apts.- Burbank Housing Development Corporation	\$492,175
Total Project	\$4,228,928
Administration Cost	\$469,881
Total	\$4,698,809

Requested Action: Staff requests that the CD Committee review the staff reports, staff recommendations, and recommend approval to the Board of Commissioners to fund the projects aforementioned.

Attachments: CDBG-DR Staff Reports

MIDPEN HOUSING CORPORATION– 414 PETALUMA

Amount Requested; \$1,300,000

Total Project Cost; \$ 35,162,648

Project Description Summary from Applicant's Submitted Application:

414 Petaluma is a proposed 44-unit family affordable housing development on an infill site just north of 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 affordable housing development. The development will include 13 No Place Like Home units for people experiencing mental illness and homelessness, as well as 18 Farmworker units and 12 family units.

Project type: Family, Homelessness, Affordable Housing

Proposed use of funds: New Housing Construction to serve homeless Households

CDC Funding Policies

Threshold Criteria

Is the proposed project consistent with the General Plan?

The City of Petaluma, in a letter dated, June 30, 2020, approved the project under the SB 35 entitlement process. The project was determined to be consistent with all applicable objective City development standards, including zoning and the Central Petaluma Specific Plan (CPSP) Subarea of the Petaluma General Plan.

Does the applicant possess site control?

MidPen acquired the land in May 2021 using over \$1m in local funds from the City of Petaluma and County of Sonoma and now holds Fee Title to the property.

CDC 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

Estimated Predevelopment and Construction Financing

Funding Source	Amount	Commitment Status
<i>Construction Loan</i>	<i>\$21,863,798</i>	<i>Committed</i>
<i>County-CFH-2019</i>	<i>\$500,000</i>	<i>Committed</i>
<i>County PLHA-2020</i>	<i>\$299,393</i>	<i>Committed</i>

<i>County CDBG-DR2021</i>	<i>\$1,300,000</i>	<i>Anticipated</i>
<i>City-Housing Funds-2020</i>	<i>\$2,000,000</i>	<i>Committed</i>
<i>City –Fee Wavier</i>	<i>\$263,709</i>	<i>Committed</i>
<i>HCD Joe Serna FWG</i>	<i>\$2,135,156</i>	<i>Committed</i>
<i>LP Equity</i>	<i>\$2,140,130</i>	<i>Committed</i>
<i>Total</i>	<i>\$30,502,183</i>	

Estimated Permanent Financing

Funding Source	Amount	Commitment Status
Tax Credit Investor Proceeds	\$21,401,300	<i>Committed</i>
Amortizing Perm Loan, Tranche B	\$3,664,918	<i>Committed</i>
<i>County CFH</i>	<i>\$500,000.</i>	<i>Committed</i>
<i>County PLHA</i>	<i>\$299,393</i>	<i>Committed</i>
<i>County CDBG DR</i>	<i>\$1,300,000</i>	<i>Anticipated</i>
<i>City Housing Fund 2020</i>	<i>\$2,000,000</i>	<i>Committed</i>
<i>City - Fee Waiver</i>	<i>\$263,709</i>	<i>Committed</i>
<i>HCD Joe Serna FWG</i>	<i>\$2,135,156</i>	<i>Committed</i>
<i>HCD - NPLH</i>	<i>3,598,072</i>	<i>Committed</i>
<i>GP Equity</i>	<i>\$100</i>	<i>Committed</i>
<i>Total</i>	<i>\$35,162,648</i>	

Total CDBG DR funds request \$1,300,000.00 leveraged against total development cost of \$35,162,648.00 equates to an acceptable ratio of 27.05:1.

2. *Projects demonstrating advanced readiness via (a) entitlements; (b) financing commitments; (c) permitting.*

414 Petaluma received full project approvals on June 30, 2020 from the City of Petaluma through the SB-35 approval process. As part of the SB-35 approval process, the project is exempt from CEQA. Several local funding sources have been secured by the project showing commitment at both the City and County level. Current funding sources are further detailed

in the table above. MidPen acquired the land in May 2021 using over \$1m in local funds from the City of Petaluma and County of Sonoma and now holds Fee Title to the property. All NEPA noticing has been posted and completed, and the appeal/comment period expired August 25th with no comments or appeals received.

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

MidPen has developed or rehabilitated 125 affordable housing communities and over 8,200 homes for low-income families, seniors, and special needs individuals across eleven Northern California counties (Alameda, Contra Costa, Monterey, Napa, San Benito, San Mateo, Santa Clara, Santa Cruz, Solano, Sonoma, and Yuba Counties). All of the completed developments and most of the others still in development, have been successful in securing various types of funding from the Federal, State, Local and Private levels.

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. MidPen has also received funding for the project from the City of Petaluma.

CBDG- DR-MHP Projects are funded to assist with meeting the unmet rental housing need, including the needs of individuals displaced from rental homes and individuals who became homeless as the result of the disasters. Multifamily Projects include apartment complexes and mixed-use developments.

The applicant proposes to provide 44-units of affordable units, which would provide affordable housing to extremely low, very low, and low-income households ranging from 30% - 60% of Area Median Income for Sonoma County. This project targets two key populations of need in Sonoma County by proposing 13 units for people experiencing Homelessness/Mental illness and 18 Farmworkers units, in addition to 12 units for large families. In addition to the services already committed and provided by Sonoma County Behavioral Health for the 13 No Place Like Home units, MidPen Resident Services Corporation will provide additional ongoing resident services to all residents of the property, including case management to the homeless residents.

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. The project provides approximately 63 units per acre.

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 1 (all entitlements are in place and valid)

Analysis

Total development cost per unit	\$799,151.09
Total hard costs per unit	\$505,334.6
CDBG DR costs per unit	\$29,545.45
Maximum eligible CDBG DR cost per one bedroom unit:	\$175,752.00 (19)
Maximum eligible CDBG DR cost per two bedroom unit:	\$213,718.00 (12)
Maximum eligible CDBG DR cost per three bedroom unit:	\$276,483.00 (11)

Pros for the Project:

- Generates much needed affordable housing units
- Project will target larger families, homelessness and mental illness, and farmworkers, identified needs in the Sonoma County Housing Element.
- Resident services are provided for all residents including case management to the homeless population.
- 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) and local housing advocacy organization
- Project meets the HCD Eligibility and Priority Criteria outlined in the NOFA

Cons for the Project:

Consequences of no Funding:

414 Petaluma cannot be phased. In order maintain financial feasibility, it must remain as one project. The funding request includes financing for predevelopment and/or construction uses. If the project were funded to a lesser amount, the project would seek additional financing sources to fill the gap.

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 \$1,300,000.00 if funds are available.

Eligibility of multifamily housing projects will be assessed by HCD eligibility criteria of multifamily housing projects is listed below.

1. CDBG-DR funds are limited to low to moderate income housing units. Proposed Projects may have mixed-income units, but CDBG-DR funds must only be applied to the affordable units for occupation by Low- to Moderate-Income Households.
2. The proposed Project must be located in a Most Impacted and Distressed (MID) or otherwise impacted by DR-4344 or DR-4353. Projects in MID areas will be prioritized.
3. The proposed project must tie back to the disaster by increasing the supply of affordable housing units.
4. The proposed Project must have a minimum of 8 total units. If the Project is a Scattered Site Project, the Project application must include details on the Developer's experience managing Scattered Site rentals and must provide a reasonable plan to adequately supervise and maintain the properties.
5. The proposed Project must have a minimum of four affordable units or 30 percent of units must be affordable units, whichever is greater.
6. The proposed Project must meet one of the HCD Project types defined in the "2019 Multifamily Housing Program Guidelines" Article 2, Section 7302 (1-5) including, 1) Large Family, 2) Special Needs, 3) Seniors, 4) Supporting Housing, and 5) At High Risk.
7. All sources of funding required to complete the Project must be identified, documented as committed, and accessible prior to the Department issuing a firm commitment letter and Notice to Proceed.
8. The proposed Project must be cost reasonable, which is what a reasonable person would pay in the same or similar circumstances for the same or similar item or service. Cost reasonableness may be documented by comparing costs between vendors or to similar Projects.
9. The proposed Project must successfully meet environmental review clearance and receive an Authority to Use Grant Funds (ATUGF) or environmental clearance letter from the Department prior to the Department issuing a firm commitment letter and Notice to Proceed.
10. The proposed Project adheres to the Housing Element requirements listed in HSC 50829 and 50830.
11. The proposed Project must meet the following affordable rent requirements and tenant income limits through the duration of the affordability period. At a minimum, the following thresholds must be adhered to in all Projects:
 - Maximum Affordable Rents (inclusive of all utility costs) shall not exceed the High HOME rents as designated for the Project area. DR-MHP units may only be leased to Households with an annual income that is less than 80% of the Area Median Income.
 - Multifamily developments must meet the following affordability requirement: a minimum affordability period of 15 years for the Rehabilitation or Reconstruction of multifamily rental Projects and a minimum affordability period of 20 years for the new construction of multifamily rental units, all with 8 or more units.

- Sale of a Project during the affordability period is acceptable; however, affordability periods must still be adhered to and included as a deed restriction.
12. Final Date to Submit Certificate of Occupancy for all Projects January 31, 2025
 13. The proposed Project must be completed and occupied by April 30, 2025.
 14. The proposed Project must meet one of the Priority Criteria outlined in Section 2.4 of the DR-MHP Policies and Procedures.

**COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY
DISASTER RECOVERY – MULTIFAMILY HOUSING PROGRAM PROJECT
STAFF REPORT**

Sponsor: BRJE Housing Partners, L.P.

Project: 3575 Mendocino Avenue Phase II

Amount Requested: \$ 2,436,753.00

Total Project Cost \$24,834,317.00

Project Description Summary from Applicant's Submitted Application:

The affordable senior housing development at 3575 Mendocino Avenue is one component of a larger 13.3 acre master plan to redevelop the prior Journey's End Mobile Home Park site, which was destroyed by the October 2017 Tubbs wildfire. The affordable senior housing development will include 162 units, developed in three phases, on a 2.5-acre parcel that has been earmarked for affordable housing within the larger master plan. The project requesting funding in this application is Phase II of the affordable senior housing development and will include 38 units of housing affordable for low and very low income senior households on 0.42-acres of the 2.5-acre parcel. Phase I, composed of 94 units, is fully financed and anticipates commencing construction in fall 2021. The remaining 30 units in Phase III will be developed at a later date. The development will offer affordable housing opportunities to prior Journey's End Mobile Home Park residents displaced by the October 2017 Tubbs wildfire and other lower income seniors and will provide seniors an affordable housing solution as well as amenities and services to help improve their everyday lives. The 38 units in the second phase of the affordable senior development is comprised of 38 one-bedroom units. The one-bedroom units will range in size from approximately 480 to 550 square feet. The units will be targeted and affordable to seniors with household incomes between approximately 30-60% of the Sonoma County area median income.

Project type:

Affordable senior housing development.

Proposed use of funds:

Development activities for Phase II consisting of 38 units of affordable low and very low income senior housing.

CDC Funding Policies

Threshold Criteria

Is the proposed project consistent with the General Plan?

Yes, the project received the required discretionary approvals from the City of Santa Rosa in December 2020 and is consistent with the the City's General Plan which designates the site as Transit Village Medium (TVM). A Sustainable Communities Environmental Assessment (SCEA) was prepared for the project under the California Environmental Quality Act (CEQA). NEPA review is currently underway with the City of Santa Rosa and is expected to be complete Summer 2021.

Does the applicant possess site control?

Yes, option to enter into ground lease, expiring March 1, 2024.

CDC 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 CDBG-DR funds will be leveraged against total development costs at least 7:1.***

ESTIMATED PREDEVELOPMENT AND CONSTRUCTION FINANCING

Funding Source	Amount	Commitment Status
Conventional Construction Loan	\$18,984,222	Committed
CDBG-DR - County	\$2,436,753	Requesting
Accrued Interest (CDBG-DR)	\$63,158	Est pending request
Deferred Costs	\$1,538,255	Committed
9% Tax Credit Equity	\$1,811,831	Committed
GP Capital	\$100	Committed
Total	\$24,834,319	

ESTIMATED PERMANENT FINANCING

9% Tax Credit Equity	\$18,118,307	Committed
Conventional Perm Loan	\$4,216,000	Committed
CDBG-DR-County	\$2,436,753	Requesting
Accrued Interest (CDBG DR)	\$63,158	Est pending request
GP Capitol	\$100	Committed
Total	\$24,834,319	

Total CDBG DR fund request \$2,436,753 leveraged against total development cost of \$24,834,319.00 equates to an acceptable ratio of 10.19:1.

- 2. Projects demonstrating advanced readiness via (a) entitlements; (b) financing commitments; (c) permitting.***

The project has received the necessary entitlements, including CEQA environmental clearances with mitigation measures and monitoring procedures typical for a project of this scope, from the City of Santa Rosa. NEPA review is currently underway with the City of Santa Rosa and is expected to be complete Summer 2021. Burbank's Board of Directors has approved resolution 18-08-01, "Authorizing all actions necessary to accomplish the redevelopment of Journey's End, 3575 Mendocino Avenue, Santa Rosa. The Interim Director of the City of Santa Rosa's Housing and Community Services wrote

a letter stating the project directly aligns with the City's goals and priorities to rebuild housing in the community and asking that the Community Development Commission support fire recovery efforts by considering the 3575 Mendocino Avenue as a top priority for this funding. Construction is scheduled to be complete August of 2023, with project lease up January of 2024 and permanent loan conversion in May of 2024.

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 is very experienced in successfully developing and managing affordable housing projects; they made the following statement in their application for this funding: "Both Burbank Housing and Related California have long track records developing and managing affordable housing in the Bay Area. Both organizations routinely utilize complex financing structures to develop their projects, including Low Income Housing Tax Credits (LIHTC), federal CDBG and HOME funds, Project Based Section 8 Vouchers, and also numerous state funding sources, including Multifamily Housing Program (MHP), Affordable Housing and Sustainable Communities (AHSC), and the Infill Infrastructure Grant (IIG) program. Neither organization has faced past issues or challenges administering public or private grant funding streams."

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

The City of Santa Rosa provided a letter of strong support for this project; the letter states the project aligns with the City's goals and priorities to rebuild housing in the community and the City requested in the letter that the Community Development Commission support fire recovery efforts by considering the 3575 Mendocino Avenue as a top priority for this funding.

CDBG- DR-MHP Projects are funded to assist with meeting the unmet rental housing need, including the needs of individuals displaced from rental homes and individuals who became homeless as the result of the disasters. Multifamily Projects include apartment complexes and mixed-use developments.

Phase two will provide 38 one bedroom units to seniors whose incomes fall within the 30%-60% AMI. This meets the affordable housing goal as well as the special needs population goal. Additionally, this project will offer housing to prior Journey's End residents displaced by the 2017 Tubbs wildfire.

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.

This development will go beyond taking advantage of the maximum density permitted as the developer has applied for and received a General Plan Amendment to Transit Village Medium (TVM) and a Rezone to Transit Village Residential, as well as Director Level Design Review and a Tentative Map. Phase II of the project is expected to provide approximately 90 units per acre.

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.

Construction and permanent financing has been committed to the project. All State environmental clearances have been met.

Analysis

Total development cost per unit: \$ 653,534.65

Total hard cost per unit: \$ 426,803.02

Total CDBG DR costs per unit: \$64,125.07

Maximum eligible CDBG DR cost per unit: \$175,752.00

Pros for the Project:

Transformation of a 13.3-acre infill site severely damaged by the 2017 Tubbs wildfire into a vibrant, compact, high-density, mixed income and inter-generational transit village.

Development of a high-density residential transit village, consisting of an affordable housing component and a market rate housing component, located in one of the City's Priority Development Areas and within ½ mile of the City's highest quality transit corridor.

Reduction of vehicle miles traveled by siting high-density housing near public transportation thereby reducing greenhouse gas emissions.

Offering affordable housing opportunities to qualifying prior Journey's End Mobile Home Park residents displaced by the fires.

Expanding capacity to connect seniors seeking a home with affordable housing solutions as well as amenities and services that improve their everyday lives.

Cons for the Project:

Deferred development costs coupled with conditions of conversion from construction loan and the term being met within 27 months may prove difficult, conversion to the term loan can occur once the following conditions have been met:

1. Receipt of the Certificate of Occupancy and/or completion of construction;
2. Pay down of construction loan to permanent loan amount.
3. The project has achieved 1) 90% occupancy, and 2) and 1.20x DCR, or higher, depending on final underwriting and current interest rates at closing, for a period of three consecutive months (assuming stabilized operating expenses). NEPA review is currently underway with the City of Santa Rosa and is expected to be complete Summer 2021.

Consequences of no Funding:

Partial or no funding for this project would further delay the development of affordable housing for seniors and replacement of housing lost in the 2017 Tubbs wildfire. The timing of securing CDBG-DR funding is critical for this project as the FCAA disaster credits require a tight timeline to close or return the tax credits.

Staff Recommendation

Staff Recommends Fully funding 3575 Mendocino Ave Phase II in the amount of \$2,436,753.00. The project meets CDC criteria. The project is made financially whole if the full CDBG DR amount requested is awarded. Project completion and occupancy is expected well before the funding source deadline. The project meets the HCD criteria described below and is expected to be approved by HCD.

CDBG DR Criteria

Eligibility of multifamily housing projects will be assessed by HCD eligibility criteria of multifamily housing projects is listed below.

1. CDBG-DR funds are limited to low to moderate income housing units. Proposed Projects may have mixed-income units, but CDBG-DR funds must only be applied to the affordable units for occupation by Low- to Moderate-Income Households.
2. The proposed Project must be located in a Most Impacted and Distressed (MID) or otherwise impacted by DR-4344 or DR-4353. Projects in MID areas will be prioritized.
3. The proposed project must tie back to the disaster by increasing the supply of affordable housing units.
4. The proposed Project must have a minimum of 8 total units. If the Project is a Scattered Site Project, the Project application must include details on the Developer's experience managing Scattered Site rentals and must provide a reasonable plan to adequately supervise and maintain the properties.
5. The proposed Project must have a minimum of four affordable units or 30 percent of units must be affordable units, whichever is greater.
6. The proposed Project must meet one of the HCD Project types defined in the "2019 Multifamily Housing Program Guidelines" Article 2, Section 7302 (1-5) including, 1) Large Family, 2) Special Needs, 3) Seniors, 4) Supporting Housing, and 5) At High Risk.
7. All sources of funding required to complete the Project must be identified, documented as committed, and accessible prior to the Department issuing a firm commitment letter and Notice to Proceed.
8. The proposed Project must be cost reasonable, which is what a reasonable person would pay in the same or similar circumstances for the same or similar item or service. Cost reasonableness may be documented by comparing costs between vendors or to similar Projects.
9. The proposed Project must successfully meet environmental review clearance and receive an Authority to Use Grant Funds (ATUGF) or environmental clearance letter from the Department prior to the Department issuing a firm commitment letter and Notice to Proceed.

10. The proposed Project adheres to the Housing Element requirements listed in HSC 50829 and 50830.
11. The proposed Project must meet the following affordable rent requirements and tenant income limits through the duration of the affordability period. At a minimum, the following thresholds must be adhered to in all Projects:
 - Maximum Affordable Rents (inclusive of all utility costs) shall not exceed the High HOME rents as designated for the Project area. DR-MHP units may only be leased to Households with an annual income that is less than 80% of the Area Median Income.
 - Multifamily developments must meet the following affordability requirement: a minimum affordability period of 15 years for the Rehabilitation or Reconstruction of multifamily rental Projects and a minimum affordability period of 20 years for the new construction of multifamily rental units, all with 8 or more units.
 - Sale of a Project during the affordability period is acceptable; however, affordability periods must still be adhered to and included as a deed restriction.
12. Final Date to Submit Certificate of Occupancy for all Projects January 31, 2025
13. The proposed Project must be completed and occupied by April 30, 2025.
14. The proposed Project must meet one of the Priority Criteria outlined in Section 2.4 of the DR-MHP Policies and Procedures.

BURBANK HOUSING DEVELOPMENT CORPORATION – BURBANK AVENUE APARTMENTS

Amount Requested: \$750,000

Total Project Cost: \$41,604,648

Project Description Summary from Applicant's Submitted Application:

The Burbank Avenue Apartments will provide multiple benefits to the Roseland neighborhood and more broadly to the City of Santa Rosa. The development of 64 affordable apartments within the project's Master Plan will create a mix of housing types for all income levels achieving multiple goals and policies within the City's General Plan and Specific Plan. Roseland is identified as a Priority Development Area in the City's Specific Plan as it is able to accommodate growth and make key connections to transit and jobs.

Burbank Avenue Apartments will offer levels of affordability with 52 homes or 81% of the project community reserved for households earning 50% or less of the Area Median Income. Eleven homes will be reserved for households earning 60% of Area Median Income and one home being reserved for the on-site manager. The project will provide an opportunity to offer brand-new, high-quality affordable housing units to individuals and families vulnerable to displacement in the immediate Roseland area and the larger Santa Rosa community. The project will offer 10 accessible units for households who have a person (or persons) with a mobility or sensory impairment.

The vacant project site is located at 1780 Burbank Avenue within the jurisdiction of the City of Santa Rosa.

Project type: New construction of multifamily housing with 63 units affordable, one (1) market rate unit for the on-site manager.

Proposed use of funds: Construction of the project.

CDBG-DR Funding Policies

Threshold Criteria

Is the proposed project consistent with the General Plan?

The application states the project is fully entitled and part of a specific plan in the neighborhood of Roseland. The Applicant provided a copy of the City Council Resolution approving the project, which states that the project complies with the City's General Plan.

Does the applicant possess site control?

The Applicant has entered into an Option Purchase Agreement on June 26, 2020 to acquire the subject property from SBRI 1780 Burbank, LLC. The Option expires at midnight on December 31, 2021.

CDBG-DR 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 CDBG-DR funds will be leveraged against total development costs at least 7:1.***

Predevelopment/Construction Financing

Funding Source	Amount	Commitment Status
Citi Capital Loan	\$36,500,000	Committed
Citi Capital Federal & State Equity	\$1,748,601	Committed
Deferred Development Fee	\$3,500,000	Committed
Deferred Costs	\$1,456,047	Committed
total	43,204,648	

Permanent Financing

Funding Source	Amount	Commitment Status
Citi Capital Permanent Loan	\$6,851,000	Committed
Citi Capital Federal & State Equity	\$17,486,010	Committed
Deferred Development Fee	\$1,307,638	Committed
CDBG DR – Santa Rosa	\$5,000,000	Committed
Multifamily Housing Program	\$10,210,000	Uncommitted
CDBG DR – Sonoma County	\$750,000	Uncommitted
total	41,604,648	

Using the permanent financing funds the project demonstrates that CDBG-DR funds will leverage against total development cost at least 7 to 1. Total CDBG-DR fund request of \$750,000 leveraged against total development cost of \$41,604,648 equates to an acceptable ratio of 55.74 to 1.

2. Projects demonstrating advanced readiness via (a) entitlements; (b) financing commitments; (c) permitting.

The proposed multi-family housing project obtained city entitlements on June 16, 2020. Given that the project is part of a previously approved specific plan development, the project was found to be consistent with that specific plan's environmental impact report and found to be exempt from further California Environmental Quality Act (CEQA) review. The specific plan was not reviewed for compliance with National Environmental Policy Act (NEPA) and therefore, the applicant of this project has yet to complete NEPA requirements.

The applicant has yet to submit construction plans for plan check with the City and therefore, building permits are not ready to be issued. As for financial readiness, of the project's estimated budget necessary to complete the project, at this time the applicant has secured \$30,644,648, which is 73.65% of the budget. The Applicant plans to apply for tax credits, which if awarded would be in April of 2022. If funding is acquired in the desired timeline, construction would begin in the summer of 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.

Burbank Housing is a 41-year-old non-profit affordable housing development corporation headquartered in Santa Rosa and working in the North Bay. Burbank has completed numerous affordable housing projects, nearly 70 affordable rental housing projects totaling 3,000 units, predominantly in Sonoma County, and approximately 1,000 units of affordable ownership housing completed or currently under construction. Burbank has successfully applied for affordable housing funding in the past in order to populate this portfolio. They are staffed accordingly with dedicated departments for development services, compliance, accounting, and resident services. Burbank Housing self-manages their residential communities through Burbank Housing Management Corporation.

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

The project has commitments for permanent financing from Citi Capital, secured CDBG-DR funding from the City of Santa Rosa as well as 16 Project-Based Vouchers from the their housing authority.

CDBG- DR-MHP Projects are funded to assist with meeting the unmet rental housing need, including the needs of individuals displaced from rental homes and individuals who became homeless as the result of the disasters. Multifamily Projects include apartment complexes and mixed-use developments.

The project will provide new affordable rental housing in south Santa Rosa for a variety of household sizes (1-bedroom, 2-bedrooms, and 3-bedrooms) available to households who fall within 60% of the area median income and lower. While the project is located in the outskirts of the city of Santa Rosa, given its relatively close proximity to Rohnert Park, it provides the opportunity for the project to serve residents outside of the Santa Rosa jurisdiction.

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 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 the County's 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/General Plan & Zoning). While the project complies with the City's General Plan, has obtained city entitlements and completed CEQA review, NEPA review has yet to be completed.

Analysis

Total development cost per unit: \$660,391.23 for each affordable unit;
 \$650,072.63 for each unit

Total hard cost per unit: \$28,467,862/63 = \$451,870.82 for each affordable unit
 \$28,467,862/64 = \$444,810.34 for each unit

Total CDBG-DR cost per unit (assuming 64units): \$11,719

Maximum eligible CDBG-DR cost per unit:

1 bedroom units - \$175,752.00

2 bedroom units - \$213,718.00

3 bedroom units – \$276,482.00

Average cost per unit: \$221,984

Pros for the Project:

- Increases the County's affordable housing stock for households within 60% of the area median income level.
- Except for the manager's unit, all the units are affordable.
- City entitlements have been obtained and CEQA review has been completed.
- The project provides 1, 2, and 3 bedroom units.

Cons for the Project:

- NEPA has yet to be completed;
- Construction drawings have yet to be approved by the local jurisdiction;
- If the requested CDBG-DR funds are awarded, the project would still have a funding gap of \$10,210,000 which may or may not be secured in April of 2022.

Consequences of no Funding:

The project could be delayed until full funding is obtained.

Staff Recommendation

NEPA environmental review is not yet completed and as of when the application was filed to CDC, approximately a quarter of project funding would still be left as uncommitted under the permanent financing scenario. Additionally, construction permits are not ready to be issued. As proposed, the project does not meet all of the eligibility requirements from HCD as listed below. The project is not recommended for funding at this time.

CDBG-DR Criteria

Eligibility of multifamily housing projects will be assessed by HCD based on specific eligibility criteria below.

1. CDBG-DR funds are limited to low to moderate income housing units. Proposed Projects may have mixed-income units, but CDBG-DR funds must only be applied to the affordable units for occupation by Low- to Moderate-Income Households.
2. The proposed Project must be located in a Most Impacted and Distressed (MID) or otherwise impacted by DR-4344 or DR-4353. Projects in MID areas will be prioritized.
3. The proposed project must tie back to the disaster by increasing the supply of affordable housing units.
4. The proposed Project must have a minimum of 8 total units. If the Project is a Scattered Site Project, the Project application must include details on the Developer's experience managing Scattered Site rentals and must provide a reasonable plan to adequately supervise and maintain the properties.
5. The proposed Project must have a minimum of four affordable units or 30 percent of units must be affordable units, whichever is greater.
6. The proposed Project must meet one of the HCD Project types defined in the "2019 Multifamily Housing Program Guidelines" Article 2, Section 7302 (1-5) including, 1) Large Family, 2) Special Needs, 3) Seniors, 4) Supporting Housing, and 5) At High Risk.
7. All sources of funding required to complete the Project must be identified, documented as committed, and accessible prior to the Department issuing a firm commitment letter and Notice to Proceed.
8. The proposed Project must be cost reasonable, which is what a reasonable person would pay in the same or similar circumstances for the same or similar item or service. Cost reasonableness may be documented by comparing costs between vendors or to similar Projects.
9. The proposed Project must successfully meet environmental review clearance and receive an Authority to Use Grant Funds (ATUGF) or environmental clearance letter from the Department prior to the Department issuing a firm commitment letter and Notice to Proceed.
10. The proposed Project adheres to the Housing Element requirements listed in HSC 50829 and 50830.

11. The proposed Project must meet the following affordable rent requirements and tenant income limits through the duration of the affordability period. At a minimum, the following thresholds must be adhered to in all Projects:
- (a) Maximum Affordable Rents (inclusive of all utility costs) shall not exceed the High HOME rents as designated for the Project area. DR-MHP units may only be leased to Households with an annual income that is less than 80% of the Area Median Income.
 - (b) Multifamily developments must meet the following affordability requirement: a minimum affordability period of 15 years for the Rehabilitation or Reconstruction of multifamily rental Projects and a minimum affordability period of 20 years for the new construction of multifamily rental units, all with 8 or more units.
 - (c) Sale of a Project during the affordability period is acceptable; however, affordability periods must still be adhered to and included as a deed restriction.

**COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY
DISASTER RECOVERY – MULTIFAMILY HOUSING PROGRAM PROJECT
STAFF REPORT**

Sponsor: Burbank Housing Development Corporation
Project: Caritas Homes Phase I

Amount Requested: \$ 1,000,000.00

Total Project Cost: \$42,911,510.00

Project Description Summary from Applicant's Submitted Application:

Caritas Homes Phase 1 is one of three development projects making up Caritas Village, the redevelopment of a downtown Santa Rosa block. The project is 64 units of affordable rental homes, 30 at the 20% AMI level dedicated to homeless persons with psychiatric disability, 33 units at the 50% AMI level and one manager's unit. The project enjoys a high level of community support and is an exemplary example of high-density housing development in an urban core near public transportation. The project has received over \$39M in funding and was considered fully funded until the very recent and unprecedented spike in lumber costs generated a hard cost budget challenge. The project is "shovel-ready" with construction slated to begin in early autumn 2021.

Project type:

New construction of affordable multifamily housing.

Proposed use of funds:

Predevelopment and Construction costs.

CDC Funding Policies

Threshold Criteria

Is the proposed project consistent with the General Plan?

Yes, the proposed project is consistent with the City of Santa Rosa general plan. Applicant provided a letter from the City of Santa Rosa Planning and Economic Development dated 6/24/2020 stating that the proposed project is zoned for intent use and is compliant with the general plan.

Does the applicant possess site control?

Yes, applicant provided a copy of a fully executed Option Agreement with Catholic Charities.

CDC 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 CBDG-DR funds will be leveraged against total development costs at least 7:1.***

ESTIMATED PREDEVELOPMENT AND CONSTRUCTION FINANCING

Funding Source	Amount	Commitment Status
<i>Silicon Valley Bank</i>	<i>\$ 15,322,660</i>	<i>Committed</i>
<i>Apple Corporation</i>	<i>\$ 2,897,000</i>	<i>Committed</i>
<i>CDBG-DR - County</i>	<i>\$1,000,000</i>	<i>Requesting</i>
<i>SCCDC CFH, PHC & HOME</i>	<i>\$1,571,918</i>	<i>Committed</i>
<i>Santa Rosa CDBG-DR</i>	<i>\$8,945,657</i>	<i>Tentative Committed</i>
<i>Limited Partners -LIHTC equity</i>	<i>\$8,098,987</i>	<i>Committed</i>
<i>Burbank Housing</i>	<i>\$800,395</i>	<i>Committed</i>

TOTAL: **\$38,636,617.00**

ESTIMATED PERMANENT FINANCING

Apple Corporation	\$2,897,000	Committed
SCCDC CFH & PHC & HOME	\$ 1,571,918	Committed
State NPLH	\$ 4,652,892	<i>Tentative Committed</i>
State Infill Infrastructure Grant (IGG)	\$ 1,933,392	<i>Tentative Committed</i>
SR./State CDBG-DR	\$ 8,945,657	<i>Tentative Committed</i>
Limited Partners -LIHTC equity	\$22,110,256	Committed
BHDC temp. bridge	\$ 800,395	Committed

TOTAL: **\$42,911,510.00**

Total CDBG DR funds request of \$1,000,000 leveraged against total committed development cost of \$37,636,617.00 equates to an acceptable ratio of 37.64:1

2. Projects demonstrating advanced readiness via (a) entitlements; (b) financing commitments; (c) permitting.

The project's real estate owner, Catholic Charities of the Diocese of Santa Rosa submitted the entitlement applications in September 2018 for the greater Caritas Village project. The required California Environmental Quality Act (CEQA) Environmental Impact (ERI) is complete and was certified by the Santa Rosa City Council, who also unanimously approved the land use requirements on March 3, 2020. Currently the applicant has 7 sources of committed funds plus this request. The award of 30 project-based vouchers also obviates the need for capitalized operating subsidy award which, in turn, reduces the capital development budget by at least \$3M.

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 is very experienced in successfully developing and managing affordable housing projects. Burbank is a 41-year-old non-profit local affordable housing development corporation, who has completed more affordable housing projects than any other developer, nearly 70 affordable rental housing projects totaling 3,000 units, predominantly in Sonoma County, and approximately 1,000 units of affordable ownership housing completed or currently under construction. They have the experience and capacity to successfully obtain necessary financing for housing development and property rehabilitation in compliance with federal, state and local requirements.

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

The applicant provided several funding commitment letters and support from its local jurisdiction the City of Santa Rosa. There is also a pending, but tentatively approved, CDBG- DR application with the City of Santa Rosa in the amount of \$8,945,657.

CDBG- DR-MHP Projects are funded to assist with meeting the unmet rental housing need, including the needs of individuals displaced from rental homes and individuals who became homeless as the result of the disasters. Multifamily Projects include apartment complexes and mixed-use developments.

The project consists of 64 units of newly constructed affordable rental housing, 30 of the units will be dedicated to serving chronically homeless individuals through the County's coordinated entry program. Thus, the project can simultaneously address two well-documented community crises: 1) the acute shortage of housing, especially affordable housing - exacerbated by the 2017 and more recent fires - and 2) the provision of homeless-dedicated housing to alleviate the current status quo of over 2,000 unsheltered homeless persons in the County on any given night.

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.

This development meets a stated city goal of high-density housing in the central, downtown area. At 94 units per acre, the Project will be one of the highest density projects in the city.

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 project is fully approved and entitled in March 2020. Building permits applied for and in process.

Analysis

Total development cost per unit: \$ 662,813.53

Total hard cost per unit: \$ 482,877.31

Maximum eligible CDBG DR cost per unit: \$153,314.00 (29 units)
Maximum eligible CDBG DR cost per one bedroom unit: \$175,752.00 (26 units)
Maximum eligible CDBG DR cost per two bedroom unit: \$213,718.00 (8 units)
Total Eligible CDBG DR amount based on bedrooms per unit: \$10,901,154.00
Total CDBG DR Project Funds : \$9,945,657.00

Pros for the Project:

The project is shovel ready projected to start construction in October 2021, all of the entitlements are approved. The project has received a high level of community support including support from its jurisdiction, the City of Santa Rosa.

Cons for the Project:

The project has received approval for the Environmental Impact Report, however NEPA approval is pending and expected to be completed in September 2021.

Consequences of no Funding:

If partial funding is awarded, Burbank will remain on the current project schedule and continue to pursue additional funding. They will manage the funding gap with an internal bridge loan while seeking additional funding and explore ways to reduce the capital budget through value engineering and, if necessary, deferring a portion of development fees.

Staff Recommendation

While the project Caritas Homes Phase is 100% affordable and targets extremely low-income and very-low-income households and persons experiencing or at risk of experiencing homelessness, the project's financial gap can be filled in with a bridge loan (per application). Additionally, the City of Santa Rosa awarded \$8,945,657 of CDBG-DR funds to this project, this brings the project's funding very close to the maximum allowed assistance per unit limit, therefore, staff does not recommend funding for this project.

CDBG DR Criteria

Eligibility of multifamily housing projects will be assessed by HCD eligibility criteria of multifamily housing projects is listed below.

1. CDBG-DR funds are limited to low to moderate income housing units. Proposed Projects may have mixed-income units, but CDBG-DR funds must only be applied to the affordable units for occupation by Low- to Moderate-Income Households.
2. The proposed Project must be located in a Most Impacted and Distressed (MID) or otherwise impacted by DR-4344 or DR-4353. Projects in MID areas will be prioritized.
3. The proposed project must tie back to the disaster by increasing the supply of affordable housing units.
4. The proposed Project must have a minimum of 8 total units. If the Project is a Scattered Site Project, the Project application must include details on the Developer's experience managing Scattered Site rentals and must provide a reasonable plan to adequately supervise and maintain the properties.
5. The proposed Project must have a minimum of four affordable units or 30 percent of units must be affordable units, whichever is greater.

6. The proposed Project must meet one of the HCD Project types defined in the “2019 Multifamily Housing Program Guidelines” Article 2, Section 7302 (1-5) including, 1) Large Family, 2) Special Needs, 3) Seniors, 4) Supporting Housing, and 5) At High Risk.
7. All sources of funding required to complete the Project must be identified, documented as committed, and accessible prior to the Department issuing a firm commitment letter and Notice to Proceed.
8. The proposed Project must be cost reasonable, which is what a reasonable person would pay in the same or similar circumstances for the same or similar item or service. Cost reasonableness may be documented by comparing costs between vendors or to similar Projects.
9. The proposed Project must successfully meet environmental review clearance and receive an Authority to Use Grant Funds (ATUGF) or environmental clearance letter from the Department prior to the Department issuing a firm commitment letter and Notice to Proceed.
10. The proposed Project adheres to the Housing Element requirements listed in HSC 50829 and 50830.
11. The proposed Project must meet the following affordable rent requirements and tenant income limits through the duration of the affordability period. At a minimum, the following thresholds must be adhered to in all Projects:
 - Maximum Affordable Rents (inclusive of all utility costs) shall not exceed the High HOME rents as designated for the Project area. DR-MHP units may only be leased to Households with an annual income that is less than 80% of the Area Median Income.
 - Multifamily developments must meet the following affordability requirement: a minimum affordability period of 15 years for the Rehabilitation or Reconstruction of multifamily rental Projects and a minimum affordability period of 20 years for the new construction of multifamily rental units, all with 8 or more units.
 - Sale of a Project during the affordability period is acceptable; however, affordability periods must still be adhered to and included as a deed restriction.
12. Final Date to Submit Certificate of Occupancy for all Projects January 31, 2025
13. The proposed Project must be completed and occupied by April 30, 2025.
14. The proposed Project must meet one of the Priority Criteria outlined in Section 2.4 of the DR-MHP Policies and Procedures.

DANCO COMMUNITIES – MERIDIAN AT CORONA STATION

Amount Requested: \$4,228,928

Total Project Cost: \$70,230,767

Project Description Summary from Applicant's Submitted Application;

This project is designed for 130 units of residential apartments with a large open green space and amenities for children ages 2-12 and teens 13-17. There is a total of seven buildings on 5.29 acres of land with a unit mix of studios, 1-bedroom, 2-bedroom and 3-bedrooms units. Six of the buildings are 3-stories and one is 4-stories with an elevator. The site plan maximizes open green space and maximizes the distance away from the SMART train along the North side of the property. This central landscaped feature is isolated from the vehicular noise along the north and south edges of the site. A leasing office with a gym, computer lab, meeting space and manager's unit are located on the ground floor.

Project type: New construction of multifamily housing

Proposed use of funds: Predevelopment and construction costs

CDC Funding Policies

Threshold Criteria

Is the proposed project consistent with the General Plan?

Yes, City of Petaluma planning staff issued a letter dated October 28, 2020 certifying the proposed project is consistent with its General Plan

Does the applicant possess site control?

Danco Communities has entered into a Purchase Agreement dated June 3, 2021 to acquire the subject property from the Lomas-Corona Station, LLC.

CDC 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 CDC funds will be leveraged against total development costs at least 7:1.*

ESTIMATED PREDEVELOPMENT AND CONSTRUCTION FINANCING

Funding Source	Amount	Commitment Status
<i>Conventional Construction Loan</i>	<i>\$44,048,856</i>	<i>Committed</i>
<i>CDBG-DR - County</i>	<i>\$4,228,928</i>	<i>Requesting</i>
<i>Danco Communities</i>	<i>\$3,178,771</i>	<i>Committed</i>

<i>Raymond James Tax Credit Equity</i>	<i>\$18,774,212</i>	<i>Committed</i>
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ESTIMATED PERMANENT FINANCING

Raymond James Tax Credit Equity	\$41,167,707	<i>Committed</i>
Conventional Perm Loan	\$13,824,895	<i>Committed</i>
CDBG-DR-County	\$4,228,928	<i>Requesting</i>
City of Petaluma	\$2,000,000	<i>Committed</i>
Danco Communities	\$3,509,236	<i>Committed</i>
Other Financing	\$5,500,000	<i>Requesting</i>

Total CDBG DR funds request of \$4,228,928 leveraged against total development cost of \$70,230,767.00 equates to an acceptable ratio of 16.6:1.

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 December 2024 and occupancy in January 2025.

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

Danco Communities has completed nineteen affordable housing developments (with four others currently under construction) and brought to market 969 affordable units to date. Danco specializes in the use of the Low Income Housing Tax Credits (LIHTC) and other state and federal resources including Community Development Block Grants (CDBG), HCD programs and USDA RD.

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

In a letter, dated October 28, 2020, Petaluma Planning Manager, Heather Hines, expressed support for “the much-needed affordable housing project.” Additionally, Ms. Hines highlighted the development would greatly assist in meeting Petaluma’s Regional Housing Needs Allocation and would implement many of the goals and policies of Petaluma’s Housing Element.

CDBG- DR-MHP Projects are funded to assist with meeting the unmet rental housing need, including the needs of individuals displaced from rental homes and individuals who became homeless as the result of the disasters. Multifamily Projects include apartment complexes and mixed-use developments

The target population of this project is large family with a special needs/permanent supportive housing component. There will be 25% of the units reserved for PSH, or families experiencing homelessness. The services planned for residents include adult educational classes and health and wellness services by LifeSTEPS as well as Resident Services Coordination by Reach for Home, a local Sonoma County nonprofit.

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 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: \$540,237

Total hard cost per unit: \$309,505

Total CDBG DR costs per unit: \$32,530

Maximum eligible CDBG DR cost per unit:

1 bedroom \$175,752

2 bedroom \$213,718

3 Bedroom \$276,482

Pros for the Project:

- Generates much needed affordable housing units
- Project will target larger families, an identified need 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)
- 25% of the units reserved for PSH for families experiencing homelessness

Cons for the Project:

- All sources of funding required to complete the Project have not been documented as committed.

Consequences of no Funding:

The project will proceed when all construction funding is obtained.

Staff Recommendation

Staff does not recommend funding Meridian at Corona Station. The project does not meet the HCD criteria described below and is not expected to be approved by HCD.

CDBG DR Criteria

Eligibility of multifamily housing projects will be assessed by HCD based on specific eligibility criteria below.

1. CDBG-DR funds are limited to low to moderate income housing units. Proposed Projects may have mixed-income units, but CDBG-DR funds must only be applied to the affordable units for occupation by Low- to Moderate-Income Households.
2. The proposed Project must be located in a Most Impacted and Distressed (MID) or otherwise impacted by DR-4344 or DR-4353. Projects in MID areas will be prioritized.
3. The proposed project must tie back to the disaster by increasing the supply of affordable housing units.
4. The proposed Project must have a minimum of 8 total units. If the Project is a Scattered Site Project, the Project application must include details on the Developer's experience managing Scattered Site rentals and must provide a reasonable plan to adequately supervise and maintain the properties.
5. The proposed Project must have a minimum of four affordable units or 30 percent of units must be affordable units, whichever is greater.
6. The proposed Project must meet one of the HCD Project types defined in the "2019 Multifamily Housing Program Guidelines" Article 2, Section 7302 (1-5) including, 1) Large Family, 2) Special Needs, 3) Seniors, 4) Supporting Housing, and 5) At High Risk.
7. All sources of funding required to complete the Project must be identified, documented as committed, and accessible prior to the Department issuing a firm commitment letter and Notice to Proceed.
8. The proposed Project must be cost reasonable, which is what a reasonable person would pay in the same or similar circumstances for the same or similar item or service. Cost reasonableness may be documented by comparing costs between vendors or to similar Projects.
9. The proposed Project must successfully meet environmental review clearance and receive an Authority to Use Grant Funds (ATUGF) or environmental clearance letter from the Department prior to the Department issuing a firm commitment letter and Notice to Proceed.
10. The proposed Project adheres to the Housing Element requirements listed in HSC 50829 and 50830.
11. The proposed Project must meet the following affordable rent requirements and tenant income limits through the duration of the affordability period. At a minimum, the following thresholds must be adhered to in all Projects:
 - 1) Maximum Affordable Rents (inclusive of all utility costs) shall not exceed the High HOME rents as designated for the Project area. DR-MHP units may only be leased to Households with an annual income that is less than 80% of the Area Median Income.
 - 2) Multifamily developments must meet the following affordability requirement: a minimum affordability period of 15 years for the

Rehabilitation or Reconstruction of multifamily rental Projects and a minimum affordability period of 20 years for the new construction of multifamily rental units, all with 8 or more units.

- 3) Sale of a Project during the affordability period is acceptable; however, affordability periods must still be adhered to and included as a deed restriction.
12. Final Date to Submit Certificate of Occupancy for all Projects January 31, 2025
13. The proposed Project must be completed and occupied by April 30, 2025.
14. The proposed Project must meet one of the Priority Criteria outlined in Section 2.4 of the DR-MHP Policies and Procedures.

**COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY
DISASTER RECOVERY – MULTIFAMILY HOUSING PROGRAM PROJECT
STAFF REPORT**

Sponsor: Burbank Housing Development Corporation

Project: Petaluma River Place Apartments

Amount Requested: \$1,000,000

Total Project Cost: \$38,695,225

Project Description Summary from Applicant's Submitted Application:

Petaluma River Place Apartments is a proposed new construction of 50 units of garden style affordable housing project that will be available to families and individuals. No demolition is required for the site. The project will include 30% one-bedroom units, 40% two-bedroom units, and 30% three-bedroom units in a predominantly three-story building with elevator access. The building will be entirely residential with 49 low-income rental units plus one resident manager unit. Specific populations served shall include people experiencing, or at risk of experiencing, homelessness under the "No Place Like Home Program" in concert with Sonoma County DHS, and farmworker housing, as well as area families with income up to 60% of median income.

The applicant is requesting \$1,000,000 in CDBG-DR funds.

Project type:

New construction of multifamily housing

Proposed use of funds:

Construction of the project

CDC Funding Policies

Threshold Criteria

Is the proposed project consistent with the General Plan?

Yes, the project is consistent with the General Plan as well as SB 35 provisions.

Does the applicant possess site control?

The Applicant has entered into an Option Purchase Agreement dated October 25, 2020 to acquire the subject property from South Petaluma Partners, LLC. The Option originally expired on June 30, 2021, but has been extended until December 31, 2021.

CDC 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 CDBG-DR funds will be leveraged against total development costs at least 7:1.***

ESTIMATED PREDEVELOPMENT AND CONSTRUCTION FINANCING

Funding Source	Amount	Commitment Status
Chase Bank	\$ 32,470,000	Committed
Capital Magnet Fund	\$ 500,000	Committed
Federal LIHTC Equity	\$ 1,592,972	Uncommitted
State LIHTC Equity	\$ 431,473	Uncommitted
Costs deferred to completion	\$ 2,700,780	
County CDBG-DR	\$ 1,000,000	This application
Total	\$ 38,695,225	

ESTIMATED PERMANENT FINANCING

Funding Source	Amount	Commitment Status
Chase Bank	\$ 4,808,000	Committed
Capital Magnet Fund	\$ 500,000	Committed
NPLH	\$ 4,373,874	Committed
Joe Serna Farmworker	\$ 5,709,078	Committed
Federal LIHTC Equity	\$ 15,929,718	Uncommitted
State LIHTC Equity	\$ 4,314,730	Uncommitted
Deferred Development Fee	\$ 2,001,000	Committed
County CDBG-DR	\$ 1,000,000	Uncommitted
Total	\$ 38,636,400	

Total CDBG-DR fund request for \$1,000,000 leveraged against total development cost of \$38,695,225 equates to an acceptable ratio of 37.7:1.

- 2. Projects demonstrating advanced readiness via (a) entitlements; (b) financing commitments; (c) permitting.***

The project obtained city entitlements in June of 2020 under the provisions of SB35. The applicant has completed the majority of NEPA requirements, subject to SHPO completion. Currently, the applicant has most predevelopment funds committed and is waiting to hear about the tax credits. Every \$1 of CDC funds would leverage \$37.70 of

committed funds for this project. The applicant has yet to obtain building permits from the city and is targeting the spring of 2022 to receive them. The construction is planned from spring 2022-fall 2023 with initial occupancy by fall of 2023.

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

Burbank Housing is a 41-year-old non-profit affordable housing development corporation is headquartered in Santa Rosa. Burbank has completed numerous affordable housing projects, nearly 70 affordable rental housing projects totaling 3,000 units, predominantly in Sonoma County, and approximately 1,000 units of affordable ownership housing completed or currently under construction. Burbank has successfully applied for affordable housing funding in the past in order to populate this portfolio. They are staffed accordingly with dedicated departments for development services, compliance, accounting, and resident services. Burbank also self-manages through Burbank Housing Management Corporation.

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

The project has commitments for permanent financing from the Rural Community Assistance Corporation (RCAC) and Chase Bank as well as Project-Based Vouchers from the County of Sonoma Housing Authority.

CBDG- DR-MHP Projects are funded to assist with meeting the unmet rental housing need, including the needs of individuals displaced from rental homes and individuals who became homeless as the result of the disasters. Multifamily Projects include apartment complexes and mixed-use developments.

As specified in the application, the project will meet a number of needs in the community. No family, farmworker or homeless serving projects have been built in Petaluma in years. Providing housing for 15 individuals experiencing or at risk of experiencing homelessness through the No Place Like Home program is an essential need in Sonoma County. The project is also well situated to serve 30 households with at least one farmworker. According to the applicant, the project would only capture 8.6% of the unmet need for farmworker housing in Sonoma County. It will also be an impactful addition to the City's riverfront which will include a bike path that will ultimately link both to downtown and the east side of Petaluma. Petaluma River Place will further fair housing principles by expanding the choice of affordable and accessible rental housing serving low-income households in Santa Rosa and the surrounding region. This enhancement of accessibility and affordability is especially pronounced for the homeless-dedicated units serving individuals with severe and persistent psychiatric disability. These units will be filled through the Sonoma County Coordinated Entry program. Many traditional tenant "screening" procedures such as credit score or reference checks are waived or minimally used as a reasonable accommodation for disabled persons.

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 and has obtained all applicable local land use approvals. The approved project density is 28 units per acre.

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 the County's 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 with the General Plan & Zoning). The project complies with the City's General Plan, has obtained city entitlements and completed CEQA review, NEPA review is near completion.

If funding is obtained as planned construction would begin in the spring of 2022 and occupancy would commence in the fall of 2023.

Analysis

Total development cost per unit: \$773,904.50

Total hard cost per unit: \$468,046.26

Total CDBG-DR cost per unit: \$20,408.00

Maximum eligible CDBG-DR cost per unit:

0 bedrooms per unit = \$153,314.00

1 bedroom units= \$175,752.00

2 bedrooms per unit = 213,718.00

3 bedrooms per unit = \$276,482.00

Pros for the Project:

- Increases the County's affordable housing stock
- Project will target homeless and at risk of homelessness families and individuals as well as farmworker households
- Located near access to a bus stop for public transportation
- City entitlements have been obtained and CEQA review has been completed
- Except for the one manager's unit, the project is 100% affordable
- The project provides 1, 2, and 3 bedroom units
- Project is 92% funded with \$35.7 M of \$38.7 M of funds identified

Cons for the Project:

- NEPA work has begun, however, is not yet complete
- Not all predevelopment funding has been obtained, waiting on tax credits that will be applied for in September 2021.

Consequences of No Funding:

The project will proceed when all construction funding is obtained. Consequently, the project may be delayed if all funding is not obtained.

Staff Recommendation

Staff is recommending funding in the amount of \$492,175.00. As the HCD evaluation process is very competitive, staff ranked the applicants. This project meets the criteria and ranked well; however, it does not have as much funding in place and is not as shovel ready as the top ranked projects. Therefore, staff is recommending partial funding for this applicant.

CDBG-DR Criteria

Eligibility of multifamily housing projects will be assessed by HCD based on specific eligibility criteria below.

1. CDBG-DR funds are limited to low to moderate income housing units. Proposed Projects may have mixed-income units, but CDBG-DR funds must only be applied to the affordable units for occupation by Low-to-Moderate-Income Households.
2. The proposed Project must be located in a Most Impacted and Distressed (MID) or otherwise impacted by DR-4344 or DR-4353. Projects in MID areas will be prioritized.
3. The proposed project must tie back to the disaster by increasing the supply of affordable housing units.
4. The proposed Project must have a minimum of 8 total units. If the Project is a Scattered Site Project, the Project application must include details on the Developer's experience managing Scattered Site rentals and must provide a reasonable plan to adequately supervise and maintain the properties.
5. The proposed Project must have a minimum of four affordable units or 30 percent of units must be affordable units, whichever is greater.
6. The proposed Project must meet one of the HCD Project types defined in the "2019 Multifamily Housing Program Guidelines" Article 2, Section 7302 (1-5) including, 1) Large Family, 2) Special Needs, 3) Seniors, 4) Supporting Housing, and 5) At High Risk.
7. All sources of funding required to complete the Project must be identified, documented as committed, and accessible prior to the Department issuing a firm commitment letter and Notice to Proceed.
8. The proposed Project must be cost reasonable, which is what a reasonable person would pay in the same or similar circumstances for the same or similar item or service. Cost reasonableness may be documented by comparing costs between vendors or to similar Projects.
9. The proposed Project must successfully meet environmental review clearance and receive an Authority to Use Grant Funds (ATUGF) or environmental clearance letter from the Department prior to the Department issuing a firm commitment letter and Notice to Proceed.
10. The proposed Project adheres to the Housing Element requirements listed in HSC 50829 and 50830.
11. The proposed Project must meet the following affordable rent requirements and tenant income limits through the duration of the affordability period. At a minimum, the following thresholds must be adhered to in all Projects:

- a. Maximum Affordable Rents (inclusive of all utility costs) shall not exceed the High HOME rents as designated for the Project area. DR-MHP units may only be leased to Households with an annual income that is less than 80% of the Area Median Income.
 - b. Multifamily developments must meet the following affordability requirement: a minimum affordability period of 15 years for the Rehabilitation or Reconstruction of multifamily rental Projects and a minimum affordability period of 20 years for the new construction of multifamily rental units, all with 8 or more units.
 - c. Sale of a Project during the affordability period is acceptable; however, affordability periods must still be adhered to and included as a deed restriction.
- 12. Final Date to Submit Certificate of Occupancy for all Projects January 31, 2025
 - 13. The proposed Project must be completed and occupied by April 30, 2025.
 - 14. The proposed Project must meet one of the Priority Criteria outlined in Section 2.4 of the DR-MHP Policies and Procedures.



Sonoma County Community Development Commission
1440 Guerneville Road, Santa Rosa, CA 95403-4107

*Members of the
Commission*

Lynda Hopkins
Chair

Chris Coursey
Vice Chair

David Rabbitt
James Gore
Susan Gorin

Dave Kiff
Interim Executive
Director

MEMORANDUM

Date: September 15, 2021

To: Community Development Committee

From: Veronica Ortiz-De Anda, Community Development Associate

Subject: Proposed Timeline - County Fund for Housing, Notice of Funding Availability (NOFA)

In the August 18th meeting the Interim Director Dave Kiff informed the Committee of the availability of unused funds from last year's allocation of the County Fund for Housing (CFH) program. The Committee asked for the topic to be brought before them as an agenda item and with it the proposed NOFA timeline for this funding program.

The proposed 2021-22 NOFA timeline for the CFH program is as follows:

Item	Date	Description
1	September 20, 2021	Release of NOFA to GovDev, Website, Press Democrat
2	October 4, 2021	Technical Assistance Session with Applicants via Zoom Webinar
3	October 15, 2021	Applications Due at CDC Office 3:00pm
4	October 20, 2021	Brief presentation by staff of Applications Received
5	November 17, 2021	Review and Approval of Funding Recommendations



The funds available for this cycle are as follows:

Fund Type	Allocation Amount	Administration Cost	Net Allocation Amount
Permanent Local Housing Allocation (PLHA)	\$1,099,393.00	\$54,969.56	\$1,044,423.44
CFH 2021-22 Allocation	\$547,114.00*		\$547,114.00
CFH Last Year's Return (Duncan Village)	\$600,000.00	\$34,969.65	\$565,030.35
Total Funds Available			\$2,156,567.79

*Administration cost already deducted

Requested Action: Staff requests that the Committee provide feedback regarding the proposed NOFA timeline and whether to add the unused CFH funds from Duncan Village to this new NOFA funding cycle.