



Sonoma County Community Development Commission
Sonoma County Housing Authority
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Commission*

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MEMORANDUM

Date: August 17, 2022

To: Community Development Committee & Cities and Towns Advisory Committee

From: Veronica Ortiz-De Anda, Community Development Associate

Subject: Fiscal Year (FY) 2023-2024 Federal Funding Policies

As part of the annual cycle for Urban County entitlement funding programs regulated by the U.S. Department of Housing and Urban Development (HUD), the Community Development Commission (CDC) updates the federal funding policies every year in the fall. These policies are consistent with the goals and objectives of the 5-year Consolidated Plan for the Urban County, which is comprised of the cities of Cloverdale, Cotati, Healdsburg, Rohnert Park, Sebastopol, Sonoma, and the of Town Windsor, as well as the unincorporated county. The policies are updated annually to reflect nuances a program year may have, revise priorities for use of available funds, and/or update procedures and processes as necessary for staff to implement the programs effectively. Below is a summary list of the changes proposed for the FY 2023-2024 Federal Funding Policies.

- Reinsert policies on Emergency Shelter Funds (ESG). The policies reviewed and approved by the Committees last year included the Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), and an addendum to include Community Development Block Grant Corona Virus (CDBG-CV) programs. The Emergency Solutions Grant (ESG) was not included as this program was being implemented by CDC's Ending Homelessness division and Continuum of Care (CoC) Board for the past few years. However, the ESG funds must be administered according to HUD regulations and guidelines which require these funds to be included in each Annual Action Plan of the 5-year Consolidated Plan. The Annual Action Plan includes funding recommendations for CDBG, HOME, ESG and other similar federal funds such as CDBG-CV and ESG-CV. In addition, the Urban County Joint Powers Agreement (JPA) states that "the manner in which such (HUD-funded) activities are implemented shall be mutually determined" by the county and the participating cities, which is accomplished by having the CTAC participate in the annual allocation recommendation process. This change is a return to the former process of ESG funding allocations and ESG grant administration as the policies have included ESG in prior years. The CoC will continue to be consulted on the use of the ESG funds and their funding recommendations will be



forwarded to these Committees for their consideration for inclusion in the Annual Action Plan funding recommendations to the Board of Supervisors.

- Add the Low and Moderate-Income Housing Asset Fund (LMIHAF) set aside of up to \$250,000 associated with the annual allocation for homelessness prevention and rapid rehousing activities. The LMIHAF set aside funds are derived from revenue received by the CDC as the Housing Successor entity and can only be used to support homelessness prevention and rapid rehousing services. This set aside will be administered similar to the ESG funds, with the CoC consulted on the funding recommendations. The CoC's recommendations will then be presented to the Community Development Committee for their consideration when formulating recommendations to the Board of Supervisors.
- Make minor revisions to the CDBG-CV addendum to expand and clarify qualifying applicants and activity requirements.
- Add clarification on the section related to environmental reviews. All projects funded with HUD funds must have an environmental review and comply with the National Environmental Policy Act. The revisions will explain how the reviews are paid for, by who and by when they must be completed.
- Change the Notice of Funding Availability (NOFA) process and schedule from two CD Committee/CTAC meetings for funding recommendations to one meeting. The meeting will be a public hearing where staff will present the funding applications and staff recommendations to the committees for their consideration and funding recommendations for inclusion in the Annual Action Plan.
- Add information on the timing of federal funding availability to ensure applicants understand when funds would be available (e.g. after all pre-conditions are met and after the CDC receives and executes grant agreements with HUD).
- Reinsert the requirement for Board of Supervisors approval of annual Funding Policies. This was omitted for the past few years.
- Reinsert language that funding preference is given to non-profit developers for housing development funds, in compliance with the County's Housing Element.
- Make non-substantial minor clerical and format corrections to overall document.

For the Committee's review below is a link to the current FY 2022-2023 Federal Funding Policies. The revised red-lined policies showing proposed changes will be presented to the committee at the September meeting in a public hearing.

Staff requests that the committees provide input on the proposed changes listed above. A link to the current FY 2022-2023 Federal Funding Policies that will incorporate the changes is here: <https://share.sonoma-county.org/link/jyDPJlJMSJE/>