



**Sonoma County Community Development Commission
Sonoma County Housing Authority**

1440 Guerneville Road, Santa Rosa, CA 95403-4107

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Commission*

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Director

MEMORANDUM

Date: November 16, 2022

To: Community Development Committee (CD Committee)
Cities and Towns Advisory Committee (CTAC)

From: Rhonda Coffman, Community Development Manager

Subject: Substantial Amendment to the Annual Action Plan Fiscal Year (FY) 2022-2023 -
Community Development Block Grant (CDBG), HOME Investment Partnerships
Program (HOME) and CDBG Cares Act (CDBG-CV)

**Summary of FY 2022-2023 Funding Recommendations for Substantial Amendment to the
Action Plan**

The Community Development Commission (CDC) received eleven proposals in response to the CDBG, HOME, and CDBG-CV mid-year Notice of Funding Availability (NOFA), issued on September 1, 2022. Staff conducted a review and evaluation of each application received to determine eligibility for the funding requested and conformance with the FY 2022-2023 Funding Policies (Funding Policies) and Consolidated Plan goals. Staff prepared a written report for each application deemed eligible and substantially complete and made initial recommendations for funding, shown below.

The following set of affordable housing, fair housing, and public services awards would: 1) support furthering the priorities approved in the Funding Policies approved by the CD Committee and CTAC on November 17, 2021 for the FY 2022-2023 funding cycle; 2) meet the five-year Consolidated Plan goals; and 3) reflect projects that will be able to comply with all regulatory requirements, especially meeting defined objectives and eligibility criteria of each funding source, and timely expenditure of funds awarded.



CDBG APPLICANT	PROJECT	\$ REQUEST	STAFF FUNDING RECOMMENDATION
City of Healdsburg	L&M Village – Rehabilitation of transitional housing	\$200,000	\$200,000
Mid-Peninsula -The Farm Inc.	Summer Oaks - Predevelopment and construction of new affordable rental housing	\$792,056	\$592,056
	Total requested and recommended	\$992,056	\$792,056
	Total available		\$792,056

CDBG Funds

The amount of CDBG funds available is less than the total of the two requests. Funds were recommended for both applicants, with a lower amount than requested for Mid-Peninsula – The Farm, as they are recommended for other fund sources of HOME and HOME-CHDO.

HOME APPLICANT	PROJECT	\$ REQUEST	STAFF FUNDING RECOMMENDATION
CommonSpace Community Land Trust	Cooper Road – New construction of affordable rental housing	\$112,489	\$112,489
JCL Development, LLC	Redwood Glen Apartments – New construction of affordable rental housing	\$829,446	\$551,561
Mid-Peninsula - The Farm Inc.	Summer Oaks - Predevelopment and construction of new affordable rental housing	\$1,215,611	\$551,561
	Total requested and recommended	\$2,157,546	\$1,215,611
	Total available		\$1,215,611

HOME Funds

The amount of HOME funds available is less than the total of the three requests. Funds were recommended for all applicants, with a lower amount than requested for Mid-Peninsula – The Farm, as they are recommended for other fund sources of HOME and HOME-CHDO, and JCL Development recommended for 66% of their request. Both applicants recommended for amounts less than their full request are encouraged to return with another application for

funding in response to the upcoming FY 2023-2024 NOFA that will be published in December 2022.

HOME – CHDO APPLICANT	PROJECT	\$ REQUEST	STAFF FUNDING RECOMMENDATION
Mid-Peninsula - The Farm Inc.	Summer Oaks - Predevelopment and construction of new affordable rental housing	\$259,159	\$259,159
	Total requested and recommended	\$259,159	\$259,159
	Total available		\$259,159

HOME Community Housing Development Organization (CHDO) Set Aside

The HOME program requires 15% of the HOME annual grant award from HUD to be set aside for use by a CHDO. The total amount available from FY 2021-22 and FY 2022-2023 is \$259,159. No applications were received from a CHDO for FY 2021-2022 or FY 2022-2023 during the Annual Action Plan funding process, so those are available to award.

Mid-Peninsula – The Farm Inc. submitted a complete CHDO application package that was reviewed by staff to confirm they meet the HOME statutory requirements to be certified as a HOME CHDO organization. Based on the documentation reviewed staff confirmed that Mid-Peninsula – The Farm meets the HOME requirements and recommends they be certified as a CHDO organization, eligible to access HOME CHDO funds.

CDBG-CV APPLICANT	PROJECT	\$ REQUEST	STAFF FUNDING RECOMMENDATION
Homeless Action Sonoma	Home and Safe Center: Homelessness support services	\$75,000	\$75,000
Legal Aid of Sonoma County	HOME: Housing Justice Project	\$100,000	\$100,000
	Total requested and recommended	\$175,000	\$175,000
	Total available		\$1,370,855

CDBG-CV Funds

CDBG-CV funds must be used for eligible activities, which are subject to the CDBG statutory regulations with an additional requirement that they be used for activities that will prevent, prepare for, or respond to Coronavirus.

Two funding requests were received for CDBG-CV funds, including one for fair housing related services. The funding application from Homeless Action Sonoma is related to homelessness services and was presented to the Continuum of Care (CoC) Board on October 26, 2022. The CoC Board unanimously recommended the application for the full funding request. Staff recommends both applicants are awarded their full requests.

Balance of Funds

The total funding requests and recommendations CDBG-CV were less than the amount of funds available. The remaining balance CDBG-CV funds will be made available in the upcoming FY 2023-2024 NOFA that will be published in December 2022.

Ineligible / Incomplete Applications

All applications for funding must be for activities that meet a HUD National Objective and be a CDBG, HOME or CDBG-CV eligible activity. Applications are also required to include all information requested and attachments to be deemed substantially complete. As stipulated in the Funding Policies, incomplete or ineligible applications will not be considered for funding. Applicants are made aware of this through the NOFA, the public technical assistance workshop, and individual technical assistance meetings.

There were two applications received that were incomplete and omitted one or more required attachments and one applicant that was ineligible for the HOME funds requested. Staff reached out to each of these applicants and met with them to review the insufficient items and to help them better understand the requirements. None of these three applicants attended the technical assistance workshop provided or requested one-on-one technical assistance from CDC staff. Most, if not all the other eligible applicants requested and received a one-on-one technical assistance meeting prior to the application submittal deadline, which is highly encouraged. The potentially eligible applicants were encouraged to return with a complete application in response to the upcoming NOFA that will be published in December 2022. The ineligible applicant acknowledged the reasons for disqualification and stated they intend to proceed with their project without the use of the HOME funds requested.

Brown Act

All Commission and Board members are subject to the Brown Act and must publicly disclose communications related to the business of the Committees or Board, which includes any communications with applicants or applicant sponsors. All applicants should be advised and reminded of this disclosure, which will occur at the public meetings.

CD Committee and CTAC Public Hearing

The application summary reports with staff funding recommendations and a copy of each application are attached to this memorandum for the CD Committee and CTAC review in advance of the public hearing. At the public hearing the committees will review staff analyses of proposals submitted under the competitive funding categories, accept public comment, and provide feedback to staff that will be integrated into the Substantial Amendment to the FY 2022-2023 Action Plan funding recommendations that will be provided to the Board of Supervisors. All applicants must be present at the public hearing to be considered for funding.

HOME– APPLICATION SUMMARY AND STAFF FUNDING RECOMMENDATION

Developer Name: JCL Development, LLC

Project Name: Redwood Glen Apartments

Amount Requested: \$829,446

PROJECT DESCRIPTION

Applicant-Provided Summary Description from Submitted Application:

Redwood Glen Apartments, located on a 1.54-acre site along Old Redwood Highway in Windsor, CA, will provide 43 affordable family housing units (including one manager unit), with 7 mobility units, 31 adaptable units, and 5 adaptable communication units. All of the one-to-three-bedroom units will be for very-low/low-income persons and the units will be configured for accessibility in a single elevator-served building. The project will feature residential amenity space including a community center with kitchen, administrative offices, residential services, mail room, laundry rooms, trash, and recycling rooms. The all-electric powered building will be energy efficient with energy star appliances, LED lighting and roof area designed for solar photo-voltaic panels.

Project type, number and size of units, income levels to be served:

Site acquisition for new construction of 43 multifamily affordable housing units consisting of one, two and three bedrooms available to very low-income households as follows:

16 units – Households at or below 30% of the area median income (AMI)

11 units – Households at or below 40% of the AMI

15 units – Households at or below 50% of the AMI

1 unit – Manager unit (not subject to affordability requirements)

The application states that three (3) of the units will be designated as “HOME-assisted”.

Proposed use of funds:

Land acquisition for the development of affordable housing. The applicant currently owns one parcel of land and has an option to purchase an adjacent parcel. The use of HOME funds would be to assist with the purchase of the adjacent parcel by a new entity to be created for the purpose of developing the project. The applicant plans to donate the parcel of land they own to the new entity to develop the project.

FUNDING POLICIES - Housing Goals and Objectives:

Does the project address one of the highest priorities of: 1) creating or preserving affordable housing, 2) building infrastructure or public facilities that support creation or preservation of affordable housing, or 3) building infrastructure or public facilities that support low-income communities?

Yes, this project proposes to create 42 new units of affordable housing for very low-income households.

If the application is for acquisition and/or preservation, are the units at risk of becoming market rate housing?

Not applicable. This proposal is for the acquisition of land to develop 42 units of affordable housing.

Does the project set aside homes for persons or households experiencing homelessness or who are at imminent risk of becoming homeless?

No, the project proposes to create new affordable housing for very low-income households.

Will the project provide units for special needs populations?

Yes, the project will include ADA accessible units including 7 mobility units, 31 adaptable units, and 5 adaptable communication units.

THRESHOLD CRITERIA

Is the project consistent with the General Plan of the jurisdiction in which it is located?

Yes, a resolution with general plan consistency was approved by the Planning Commission of the Town of Windsor on April 26, 2022.

Does the project Affirmatively Further Fair Housing?

Future tenants of the Redwood Glen Apartments will experience positive economic, educational, and health outcomes, particularly long-term outcomes for children and the younger generation of these low-income families. The applicant's goal is to improve the living conditions of low-income households and narrow the segregation created by financial differences.

Does the applicant demonstrate capacity to effectively deliver the proposed project?

This is the first time this applicant has applied for federal funds from the SCCDC and therefore the SCCDC does not have any direct knowledge of the applicant's capacity to effectively deliver the proposed project, other than relying on the materials and information provided in the application.

The applicant states "JCL Development, LLC (JCL), through its wholly owned affiliates/subsidiaries Newport Partners and Domus Development, has been creating and preserving affordable housing and innovative infill mixed-use projects to support the needs of communities across the United States for over 25 years. Together with its affiliates/subsidiaries, JCL is a fully integrated affordable housing firm that has been developing, constructing, syndicating, and managing affordable housing since 1998. Newport Partners has placed over \$1.2 billion in low-income housing tax credit equity as well as developed and owned more than 200 affordable housing projects (approximately 16,000 total units). The funding sources of these projects have included federal, state, county, city, and private grant funds. Currently, Newport has 11 projects under construction and 5 more planned to begin construction in 2023. They have the expertise in-house to structure and execute complex deals, and our development partners include the industry's most knowledgeable professionals."

SELECTION CRITERIA

Will the requested funds for the project be leveraged against total development costs at least 7:1?

Based on the financial structure shown on the application, if the applicant obtains financing as planned the requested funds will leverage at least 30 to 1, exceeding the minimum 7:1 leverage requirement.

ESTIMATED PREDEVELOPMENT AND CONSTRUCTION FINANCING

Funding Source	Amount	Commitment Status
Citibank, N.A.	\$14,745,124	committed
HCD	\$2,707,900	not committed
County of Sonoma	\$829,446	not committed
Newport Partners, LLC	\$1,046,032	committed
Tax credit equity	\$6,374,483	not committed
TOTAL	\$25,702,985	

ESTIMATED PERMANENT FINANCING

Funding Source	Amount	Commitment Status
Tax Credit Equity	\$19,316,616	Not committed
Citibank, N.A.	\$2,196,595	Committed
HCD	\$2,707,900	Not committed
County of Sonoma	\$829,446	Not committed
Newport Partners, LLC	\$652,428	committed
TOTAL	\$25,702,985	

If applicant receives all the requested local HOME funding, each \$1 of HOME funds would leverage \$30.98 from other sources. The full amount of HOME funds requested would be equal to a subsidy of \$276,482 for each of the three (3) HOME-assisted units. However, the HOME maximum subsidy per unit limits are based on bedroom count of each unit, so the HOME subsidy per unit is calculated based on the number of bedrooms for each HOME assisted unit and cannot exceed the maximum permitted. Based on the unit sizes proposed, from one to three-bedroom units, the HOME maximum subsidy per unit as calculated would require three, three-bedroom HOME assisted units.

Does the developer demonstrate consistent success in obtaining federal tax credits and / or other federal and state funding to develop housing within the last seven years?

This is the first time this applicant has applied for federal funds from the SCCDC therefore the SCCDC does not have any direct knowledge of the applicant’s capacity to successfully obtain other funding, other than what was provided in the application. The application materials indicated the developer currently has several projects under development using a combination of federal and other public and private fund sources. The application states Newport Partners has secured over \$1.2 billion in low-income housing tax credit equity as well as developed and

owned more than 200 affordable housing projects (approximately 16,000 total units). They state the funding sources for these projects have included federal, state, county, city, and private grant funds.

Does the project demonstrate existing support from the jurisdiction in which it is located via letters of support, funding commitments, etc.?

Yes, the applicant submitted a Town of Windsor resolution (Resolution No. 3795-22) supporting the project executed on October 19, 2022.

Does the project demonstrate advanced readiness via (a) entitlements; (b) financing commitments; (c) building permits, (d) environmental review?

The project is in the initial phase of the development and received approval of their site plan and design review in April 2022. The Planning Commission of the Town of Windsor determined the project was exempt from CEQA with stated findings in their resolution No. 708-22, dated April 26, 2022. The project sponsor has site control and an option to purchase the second parcel that will encompass the development. There is one firm financial commitment for the construction loan, and most of the permanent financing is primarily dependent on a successful Low-Income Housing Tax Credit application. The project would be subject to the preliminary conditions of approval listed at the end of this report including but not limited to an environmental review (NEPA) and a HOME subsidy layering analysis.

Does the applicant have adequate provisions for long-range maintenance and operations?

Yes, together with its affiliates/subsidiaries, JCL states it is a fully integrated affordable housing firm that has been developing, constructing, syndicating, and managing affordable housing since 1998. Operating expenses including property taxes and resident services (but excluding replacement reserves), are estimated at \$292,695, or \$6,807 per unit. Upon closing of the construction loan, the ownership entity will include a 501(c)(3) managing general partner which will obtain a property tax exemption. The 30-year project proforma demonstrates the project has the capacity to service all debt and provide long range maintenance, management, and operations.

Does project's proposed number of units exceed the minimum HOME requirements?

The proposed number of units in the application was three, the minimum required. The proposed number of designed HOME units based on the financial information provided by the applicant and the HOME minimum subsidy per unit limits, will require the project to designate a minimum of three HOME assisted three-bedroom units.

Are the proposed rents below the maximum rents allowed by the HOME requirements?

Yes, the application provides a table showing the expected rent amounts, in compliance with the HOME program guidelines.

Additional Information

This proposed project includes the relocation of an existing household in a single-family home that is currently located on a property that will be donated to become part of the overall development. This relocation will be subject to the Federal Uniform Relocation Act (URA)

requirements and a relocation plan will be required to be submitted for review and approval. Funds are budgeted in the project for this purpose, but the relocation will be subject to the URA if federal HOME funds are awarded.

A to be determined tax credit investor is expected to contribute approximately \$19.3 million in tax credit equity at an estimated tax credit price of \$0.85 for the federal tax credits. Approximately \$1.9 million will be funded at construction loan closing. A further \$2.5 million is anticipated to be funded during construction. The balance of equity funds will be used to pay down the construction loan upon completion of the project and fund capitalized reserves at permanent loan conversion, and deferred costs thereafter. If awarded HOME funds from the Sonoma County CDC, the project will apply for the first round of 9% tax credits in 2023.

Consequences of No Funding

The applicant states this project can still proceed if awarded less funding than requested by deferring the developer fee and/or value engineering.

Staff Recommendation

Staff recommends this project be funded at XX, provided the applicant agrees to designate the required minimum HOME units based on the funding received and meets all preliminary conditions of approval, including NEPA clearance, and a HOME subsidy layering review.

Preliminary Condition(s) of Approval

Allocated funding will be a grant a loan

1.	All loans for Affordable Housing Acquisition are subject to the provisions of the Sonoma County Community Development Commission (CDC) Loan Policies, the FY 2022-2023 Funding Policies, and the HOME Final Rule.
2.	Developer must demonstrate site control at the time HOME funding is made available to the County by HUD.
3.	HOME funds will be used to reimburse allowable acquisition costs only.
4.	A NEPA environmental review must be completed before Developer can be offered a Development Agreement. Evidence that sufficient funds for this purpose are available from another source to pay for this work must be provided.
5.	In compliance with Section 504 of the federal Rehabilitation Act of 1973, developer must design and construct 5 percent of the dwelling units, or at least one unit, whichever is greater, to be accessible for persons with mobility disabilities. An additional 2 percent of the dwelling units, or at least one unit, whichever is greater, must be accessible for persons with hearing or visual disabilities.

6.	The CDC will make the HOME loan to JCL Development, LLC as the Developer. A subsequent assignment to a limited partnership must comply with federal regulations. Notwithstanding this requirement, Developer may assign the loan to a limited partnership prior to project completion and occupancy of the development.
7.	Developer will be required to submit evidence that all required construction and permanent financing has been committed prior to being offered a Developer Agreement.
8.	Developer will be required to submit an acceptable site appraisal that demonstrates that the “as is” value of the property will fully secure the loan prior to receiving a funding commitment. The CDC will require the HOME loan to record in a sufficiently senior lien position to ensure that the value of the completed development will fully secure the loan.
9.	The level of HOME funding allocated to the development cannot exceed the amount that a federal subsidy layering analysis would permit. The CDC must complete a federal HOME subsidy layering analysis prior to final loan approval. Developer will be required to submit an updated Sources and Uses Table that breaks out the estimated cost of any community building or other non-housing components, as well as other required data to enable the CDC to complete this analysis.
10.	Approval of the requested HOME funds will require a match obligation equal to 25% of any HOME award. Any property tax waiver will qualify as sources to satisfy the match obligation. When the sources are known, the CDC can calculate their match value and confirm whether the project will comply with this HOME program requirement.
11.	Developer must satisfy all regulatory requirements and all conditions of approval that are set forth in the SCCDC 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 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. Funding awards that do not meet these deadlines will be reprogrammed.
12.	The project 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 HOME funded units. HOME assisted rental units must be occupied by income-eligible households within 12 months of project completion.
13.	Develop is subject to the Federal Uniform Relocation Act requirements and must satisfy all regulatory requirements, including submittal of a Relocation Plan to the SCCDC for review and approval.

Attachments

Attachment: Redwood Glen Apartments HOME Funding Application - <https://share.sonoma-county.org/link/U3OtoCgXJFc/>

HOME – APPLICATION SUMMARY AND STAFF FUNDING RECOMMENDATION

Developer Name: CommonSpace Community Land Trust

Project Name: Cooper Road

Amount Requested: \$112,489

PROJECT DESCRIPTION

Applicant-Provided Summary Description from Submitted Application:

“The 1809 Cooper Rd project leverages HOME funds, because the organization already owns the land. This project serves as an example of the 1=3 concept, increasing density of single-family zoned properties from 1 unit to 3 units. CommonSpace will provide funds to modify a fair market one-bedroom, one bath unit. This will help support project costs for the low-income units and provide economic diversity within the project community. We will use HOME funds to support creation of a one bedroom, one bath, ADA adaptable, JADU and a third, detached unit that will be a two bedroom, two bath ADU. The project demonstrates a replicable model that shows it’s possible to deliver housing units at lower overall cost than LIHTC projects”.

A more detailed project narrative submitted by the applicant is provided as an attachment to this report.

Project type, number and size of units, income levels to be served:

Construction of a new detached two-bedroom accessory dwelling unit (ADU) and rehabilitation of an existing single-family home that will be divided into one junior accessory dwelling unit (JADU) and one bedroom unit.

1 unit – Household at or below 50% of the area median income (AMI) – JADU

1 unit – Household at or below 65% of the AMI (Proposed) – detached ADU, however, to required rents must be at 60% or below of the AMI. The applicant has agreed to make this change in their application.

1 unit – Household at market rate rent

The application states that two (2) of the units will be designated as “HOME-assisted”.

Proposed use of funds:

Construction of a new detached two-bedroom ADU and rehabilitation of existing residence for purposes of creating one JADU.

FUNDING POLICIES - Housing Goals and Objectives:

Does the project address one of the highest priorities of: 1) creating or preserving affordable housing, 2) building infrastructure or public facilities that support creation or preservation of affordable housing, or 3) building infrastructure or public facilities that support low-income communities?

Yes, this project proposes to create two new units of affordable housing for very low and low-income households.

If the application is for acquisition and/or preservation, are the units at risk of becoming market rate housing?

Not applicable, the application indicates that the applicant has ownership of the land, and the existing residence structure will be converted into two dwellings.

Does the project set aside homes for persons or households experiencing homelessness or who are at imminent risk of becoming homeless?

Yes, the application indicates that Section 8 vouchers from homeless voucher holders would be accepted, and supportive services will be provided from North Bay Organizing Project, an existing non-profit organization.

Will the project provide units for special needs populations?

Yes, the project will include one ADA accessible units and accept vouchers from homeless Section 8 voucher holders.

THRESHOLD CRITERIA

Is the project consistent with the General Plan of the jurisdiction in which it is located?

Yes, the existing zoning is residential, and the project is consistent with the County of Sonoma General Plan.

Does the project Affirmatively Further Fair Housing?

Yes, the application states that the project increases access for individuals with protected characteristics to existing affordable housing in higher opportunity areas by providing housing opportunities for minority and low-income individuals that would normally not be able to afford housing in the Sebastopol area of Sonoma County.

Does the applicant demonstrate capacity to effectively deliver the proposed project?

This is the first time this applicant has applied for federal funds from the SCCDC and therefore the SCCDC does not have any direct knowledge of the applicant's capacity to effectively deliver the proposed project, other than relying on the materials and information provided in the application. To ensure that the project would be eligible for HOME funds, SCCDC staff met with the applicant's team at least twice prior to their application submittal to discuss project details and general applicable HUD requirements. Based on those discussions and application materials, the applicant indicates it has the capacity and competence to complete the project successfully.

SELECTION CRITERIA

Will the requested funds for the project be leveraged against total development costs at least 7:1?

Based on the financial structure shown on the application, if the applicant obtains financing as planned the requested funds will leverage at least 11 to 1, exceeding the minimum 7:1 leverage requirement.

ESTIMATED PREDEVELOPMENT AND CONSTRUCTION FINANCING

Funding Source	Amount	Commitment Status
Site Acquisition	\$825,000	owned debt free
Capital Campaign Donation	\$15,748	committed
Redwood Credit Union Loan	\$397,649	not committed
Predevelopment Equity	\$36,559	committed
County of Sonoma HOME Request	\$112,489	not committed
TOTAL Project Cost	\$1,387,445	

ESTIMATED PERMANENT FINANCING

Funding Source	Amount	Commitment Status
Site Acquisition	\$825,000	owned debt free
Capital Campaign Donation	\$15,748	committed
Redwood Credit Union Loan	\$397,649	not committed
Predevelopment Equity	\$36,559	committed
County of Sonoma HOME Request	\$112,489	not committed
TOTAL	\$1,387,445	

If applicant receives all the requested local HOME funding, each \$1 of HOME funds would leverage \$11.38 dollars from other sources. The full amount of HOME funds requested would be equal to a HOME subsidy of \$206,023 for the one-bedroom unit and \$250,530 for the two-bedroom unit. The HOME maximum subsidy per unit limits are based on bedroom count of each unit, so the HOME subsidy per unit is calculated based on the number of bedrooms for each HOME assisted unit and cannot exceed the maximum permitted. Based on the unit sizes proposed, from one to two-bedroom units, the HOME maximum subsidy per unit as calculated would require at least one HOME assisted unit, but in this case two are being provided.

Does the developer demonstrate consistent success in obtaining federal tax credits and / or other federal and state funding to develop housing within the last seven years?

The application states that the proposed project would not use tax credit financing. Rather, the applicant is relying on a loan from a local bank by using the debt-free project land to refinance and “cash out” most of the funds to complete the project.

Does the project demonstrate existing support from the jurisdiction in which it is located via letters of support, funding commitments, etc.?

The applicant does not provide a letter of support from County Permit Sonoma office, however, the application indicates that this is a ministerial “by-right” project and planning entitlements are not needed. Additionally, SCCDC staff conferred with Permit Sonoma staff in the Planning Division and the proposed use is allowed and consistent with the General Plan.

Does the project demonstrate advanced readiness via (a) entitlements; (b) financing commitments; (c) building permits, (d) environmental review?

As previously stated, planning entitlements are not required for the proposed ministerial “by-right” project, however, the applicant has yet to complete architectural and construction plans and submit to the County Building office for plan review. Once plans are approved by the County, building permits would be issued. The environmental review report has yet to be completed as well. While the project has yet to achieve these milestones, this project is not seeking other public funds aside from this HOME funding request. The property was donated to the applicant and is debt free giving the applicant the opportunity to acquire most of the development funds from one single bank source. The applicant has already begun this process with a local bank. Additionally, the scope of the project is small in nature and therefore, construction is expected to be completed before the end of 2023.

Does the applicant have adequate provisions for long-range maintenance and operations?

The application states that the applicant would manage the site adequately. Given the small nature of the project, three units total, the applicant has the capacity and resources to provide the management services.

Does project’s proposed number of units exceed the minimum HOME requirements?

Yes, the proposed number of units in the application is two, the minimum required is one unit.

Are the proposed rents below the maximum rents allowed by the HOME requirements?

The application provides a table showing the expected rent amounts. The rent for the two-bedroom ADU is proposed at 65% AMI and the applicant has been notified those rents must be set at 60% AMI, in compliance with the HOME program guidelines. A condition of funding below has been imposed. The other assisted unit complies with the HOME rent requirement.

Additional Information

The existing home on the site is currently occupied and the applicant plans to rehab the house without having the tenant move out. Should the existing tenant have to move out for the rehab project to be completed, the project would be subject to the Federal Uniform Relocation Act (URA) requirements and a relocation plan would be required for review and approval by SCCDC.

Consequences of No Funding

The application states that if funding is not awarded, the project may have to be phased, which could delay completion of the project.

Staff Recommendation

Staff recommends this project be funded at the requested amount of \$112,489, provided the applicant agrees to designate the required minimum HOME units based on the funding received and meets all preliminary conditions of approval, including NEPA clearance, and a HOME subsidy layering review.

Preliminary Condition(s) of Approval

Allocated funding will be a grant a loan

1.	All loans for Affordable Housing are subject to the provisions of the Sonoma County Community Development Commission (CDC) Loan Policies, the FY 2022-2023 Funding Policies, and the HOME Final Rule.
2.	A NEPA environmental review must be completed before Developer can be offered a Funding Agreement.
3.	In compliance with Section 504 of the federal Rehabilitation Act of 1973, developer must design and construct 5 percent of the dwelling units, or at least one unit, whichever is greater, to be accessible for persons with mobility disabilities. An additional 2 percent of the dwelling units, or at least one unit, whichever is greater, must be accessible for persons with hearing or visual disabilities.
4.	Developer will be required to submit evidence that all required construction and permanent financing has been committed prior to being offered a Developer Agreement.
5.	SCCDC will require the HOME loan to record in a sufficiently senior lien position to ensure that the value of the completed development will fully secure the loan.
6.	Approval of the requested HOME funds will require a match obligation equal to 25% of any HOME award. The value of the land can count towards this requirement. SCCDC will calculate their match value and confirm whether the project will comply with this HOME program requirement prior to executing a Developer Agreement
7.	Developer must satisfy all regulatory requirements and all conditions of approval that are set forth in the SCCDC 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 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. Funding awards that do not meet these deadlines will be reprogrammed.
8.	The project 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 HOME funded units. HOME assisted rental units must be occupied by income-eligible households within 12 months of project completion.
9.	Development is subject to the Federal Uniform Relocation Act requirements and must satisfy all regulatory requirements, including submittal of a Relocation Plan to the SCCDC for review and approval.
10.	Developer must provide a copy of a recent preliminary title report before November 30, 2022.

11.	All rents for HOME assisted units must comply with HOME rent regulations and cannot exceed 60% of AMI (HUD HOME limits). Developer must correct the rent for the two-bedroom ADU to comply with this requirement.
12.	Developer must obtain a SAM Unique Entity Number and provide the information to SCCDC staff before November 30, 2022

Attachments

1. Cooper Road – Funding Application: <https://share.sonoma-county.org/link/IJtpd3CZ2bU/>
2. Cooper Road – Project Description: <https://share.sonoma-county.org/link/LasVVRvP900/>

HOME AND HOME-CHDO – APPLICATION SUMMARY AND STAFF FUNDING RECOMMENDATION

Developer Name: Mid-Peninsula The Farm Inc.

Project Name: Summer Oaks (175 West Verano Ave., Sonoma, CA 95476)

Amount Requested: \$1,474,770 (includes CHDO funds)

PROJECT DESCRIPTION

Applicant-Provided Summary Description from Submitted Application:

“Summer Oaks is a 72-unit affordable family apartment development on 3.30 acres in Sonoma Valley, unincorporated Sonoma County. Summer Oaks will serve families earning between 30% to 60% Area Median Income and will consist of 1br, 2br, and 3br units, with 15% of the units designed to meet accessibility standards. The development will feature on-site amenities such as a community room, on-site laundry, children's play area, and MidPen's after school program. The project site is within proximity to key amenities such as the Maxwell Farms Regional park, grocery store, pharmacy, school, Boys and Girls Club of Sonoma Valley, and transit, with a bus stop along Verano Ave., the main frontage road.”

Project type, number and size of units, income levels to be served:

This is a proposal for new construction of 72 units of affordable multifamily rental housing consisting of one bedroom to three-bedroom units affordable to households between 30% and 60% of the area median income (AMI), with 15% of the units are proposed to be accessible. The unit sizes are proposed as follows:

- 32 one-bedroom units
- 22 two-bedroom units
- 18 three-bedroom units
- One two-bedroom unit will be reserved for a manager and not subject to affordability restrictions.

Proposed use of funds:

The proposed use of funds is for HOME eligible predevelopment and construction development expenses.

FUNDING POLICIES

Housing Goals and Objectives:

Does the project address one of the highest priorities of: 1) creating or preserving affordable housing, 2) building infrastructure or public facilities that support creation or preservation of affordable housing, or 3) building infrastructure or public facilities that support low-income communities?

Yes, the proposed project will address the highest priority of creation of affordable housing.

If the application is for acquisition and/or preservation, are the units at risk of becoming market rate housing?

Not applicable.

Does the project set aside homes for persons or households experiencing homelessness or who are at imminent risk of becoming homeless?

This project does not set aside unit for persons or households experiencing homelessness or are at imminent risk of becoming homeless. It does propose to create affordable housing for very low-income households which can help to prevent homelessness.

Will the project provide units for special needs populations?

Yes, the proposed housing will provide units for very low-income households and will include 15% fully accessible units.

THRESHOLD CRITERIA

Is the project consistent with the General Plan of the jurisdiction in which it is located?

Yes, the project is consistent with the General Plan of the County of Sonoma. The Board of Supervisors approved a Resolution (Res. No. 21-0378) adopting a mitigated negative declaration and approving a General Plan amendment on September 14, 2021.

Does the project Affirmatively Further Fair Housing?

The project affirmatively furthers fair housing by providing affordable housing in an area of opportunity to help combat segregation and promote integration. Summer Oaks will provide 72 affordable homes in a California Department of Housing and Community Development (HCD) and California Tax Credit Allocation Committee (CTAC) designated moderate resource area with access to community resources including schools, hospitals, parks, bus stops and grocery stores. This location provides economic integration for the future residents with employment opportunities within walking distance to the site.

The project will also increase access for individuals with protected characteristics to existing affordable housing in higher opportunity. Summer Oaks is in an HCD/TCAC designated moderate resource area adjacent to high resource areas. Summer Oaks will provide access for individuals with protected characteristics. MidPen Property Management Corporation will affirmatively market to groups least likely to apply for housing and provide accessibility information concerning location of services, activities, and facilities.

Does the applicant demonstrate capacity to effectively deliver the proposed project?

Yes, the developer has demonstrated local experience and the capacity to effectively deliver the proposed project. The project is already fully entitled, and the developer has demonstrated experience with completion of similar projects including successfully securing highly competitive tax credit and other public financing.

SELECTION CRITERIA

Will the requested funds for the project be leveraged against total development costs at least 7:1?

Yes, based on the amount of HOME funds requested, the project would leverage 37:1 in other fund sources.

ESTIMATED PREDEVELOPMENT AND CONSTRUCTION FINANCING

Funding Source	Amount	Commitment Status
Construction Loan	39,812,302	Committed
Costs deferred until conversion	3,197,214	N/A
Tax credits	3,315,114	Anticipated
HCD- Joe Serna	3,408,542	Applied for
HCD - IIG	1,400,000	Applied for
County - HOME	792,056	Applied for
County - CDBG	1,474,770	Applied for
AHP	1,080,000	Anticipated
Additional gap financing	1,980,532	Anticipated
TOTAL	\$56,460,530	

ESTIMATED PERMANENT FINANCING

Funding Source	Amount	Commitment Status
Permanent	2,476,000	Committed
Tax credits	33,151,142	Anticipated
HCD – Joe Serna	3,787,269	Applied for
HCD - IIG	1,400,000	Applied for
HCD - MHP	10,318,761	Applied for
County - HOME	792,056	Applied for
County - CDBG	1,474,770	Applied for
AHP	1,080,000	Anticipated
Additional gap financing	1,980,532	Anticipated
TOTAL	\$56,460,530	

If applicant receives all the requested local HOME funding, each \$1 of HOME funds would leverage \$37.28 from other sources. The maximum per unit HOME subsidy limits are based on unit size. Based on the limits for 2022, a minimum of two three-bedroom units and one one-bedroom unit would be required. An alternative combination of unit sizes can be considered if the HOME maximum per unit subsidy is not exceeded.

Does the developer demonstrate consistent success in obtaining federal tax credits and / or other federal and state funding to develop housing within the last seven years?

Yes, Mid-Peninsula The Farm, Inc. (MPTF) is a non-profit CHDO organization that is experienced in developing and owning affordable housing. MPTF has developed 17 affordable housing communities and 964 units in San Mateo County, Santa Clara County, San Benito County, Santa Cruz County, and Monterey County. Their recent projects include three in San Mateo County, currently under development. All the completed developments have been successful in securing various types of funding from federal, state, local, and private sources.

Does the project demonstrate existing support from the jurisdiction in which it is located via letters of support, funding commitments, etc.?

Yes, the Board of Supervisors approved a Resolution (Res. No. 21-0378) adopting a mitigated negative declaration and approving a General Plan amendment on September 14, 2021. The project is fully entitled by the County of Sonoma.

Does the project demonstrate advanced readiness via (a) entitlements; (b) financing commitments; (c) building permits, (d) environmental review?

Yes, this project demonstrates advanced readiness. The applicant received County Board of Supervisor approval of a Mitigated Negative Declaration (CEQA) and zoning change for high density residential on September 14, 2021. The applicant also completed a Phase I environmental study in July 2022. One funding commitment is confirmed and the applicant has submitted applications for several other fund sources for the project. The applicant intends to complete design development in January 2023 and submit their tax credit application in July 2023. The applicant has a very successful record of being awarded funds for their affordable housing projects. If awarded federal HOME funds, the project will be required to conduct a NEPA and may be subject to other conditions of approval.

Does the applicant have adequate provisions for long-range maintenance and operations?

Yes, the applicant provided a 30-year proforma/financial plan that supports long range maintenance and operations of the project.

Does project's proposed number of units Yes, the applicant provided a 30-year proforma/financial plan that supports long range maintenance and operations of the project.

exceed the minimum HOME requirements?

The applicant did not propose a specific number of HOME units, but demonstrated they understand they must designate the minimum number of units to meet the HOME requirements.

Are the proposed rents below the maximum rents allowed by the HOME requirements?

Yes, the rents proposed are at or below the maximum rents allowed by the HOME rent limits currently in effect for 2022.

Additional Information

This applicant submitted a Community Housing Development Organization (CHDO) certification application for review and staff determined that Mid Peninsula The Farm Inc. meets the HOME CHDO certification requirements.

This project does not involve any relocation and is for the development of vacant land.

This will be a certified Green Point Rated project, helping to alleviate the impact of climate change on low-income populations.

Consequences of No Funding

Unknown. This question was not included in the application template and therefore no response was provided.

Staff Recommendation

Staff recommends funding this applicant with HOME-CHDO funds in the amount of \$259,159 and HOME funds in the amount of \$551,561.

Preliminary Condition(s) of Approval

Allocated funding will be a grant a loan

1.	All loans for Predevelopment and Construction are subject to the provisions of the Sonoma County Community Development Commission (CDC) Loan Policies, the FY 2022-2023 Funding Policies, and the HOME Final Rule.
2.	Developer must demonstrate site control at the time HOME funding is made available to the County by HUD.
3.	HOME funds will be used to reimburse allowable predevelopment and construction costs only.
4.	A NEPA environmental review must be completed before Developer can be offered a Development Agreement. If the awarded HOME funds are not planned to pay for NEPA work: Evidence that sufficient funds for this purpose are available from another source to pay for this work must be provided.
5.	In compliance with Section 504 of the federal Rehabilitation Act of 1973, developer must design and construct 5 percent of the dwelling units, or at least one unit, whichever is greater, to be accessible for persons with mobility disabilities. An additional 2 percent of the dwelling units, or at least one unit, whichever is greater, must be accessible for persons with hearing or visual disabilities.
6.	The CDC will make the HOME loan to Mid-Peninsula The Farm, Inc. as the Developer. A subsequent assignment to a limited partnership must comply with federal regulations. Notwithstanding this requirement, Developer may assign the loan to a limited partnership prior to project completion and occupancy of the development.
7.	Developer will be required to submit evidence that all required construction and permanent financing has been committed prior to being offered a Developer Agreement.
8.	Developer will be required to submit an acceptable post-construction appraisal prior to receiving final approval to expend HOME funds for construction costs. The CDC will require the HOME loan to record in a sufficiently senior lien position to ensure that the value of the completed development will fully secure the loan.

9.	The level of HOME funding allocated to the development cannot exceed the amount that a federal subsidy layering analysis would permit. The CDC must complete a federal subsidy layering analysis prior to final loan approval. Developer will be required to submit an updated Sources and Uses Table that breaks out the estimated cost of any community building or other non-housing components, as well as other required data to enable the CDC to complete this analysis.
10.	Approval of the requested HOME funds will require a match obligation equal to 25% of any HOME award. Any property tax waiver will qualify as sources to satisfy the match obligation. When the sources are known, the CDC can calculate their match value and confirm whether the project will comply with this HOME Program requirement.
11.	Prior to final approval of the HOME funds, Developer must demonstrate sufficient Article 34 authority for the affordable units if they exceed forty-nine percent of the total affordable units, or submit a written legal opinion describing why Article 34 authority is not required.
12.	Developer must satisfy all regulatory requirements and all conditions of approval that are set forth in the SCCDC 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 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. Funding awards that do not meet these deadlines will be reprogrammed.
13.	The project 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 HOME funded units. HOME assisted rental units must be occupied by income-eligible households within 12 months of project completion.

Attachments

1. Summer Oaks HOME Funding Application - <https://share.sonoma-county.org/link/lgaP7zEzqyo/>

CDBG AFFORDABLE HOUSING: APPLICATION SUMMARY AND FUNDING RECOMMENDATION

Applicant Name: Mid-Peninsula The Farm Inc.

Project Name: Summer Oaks (175 West Verano Ave., Sonoma, CA 95476)

Amount Requested: \$792,056

PROJECT DESCRIPTION

Applicant-Provided Summary Description from Submitted Application:

“Summer Oaks is a 72-unit affordable family apartment development on 3.30 acres in Sonoma Valley, unincorporated Sonoma County. Summer Oaks will serve families earning between 30% to 60% Area Median Income and will consist of 1br, 2br, and 3br units, with 15% of the units designed to meet accessibility standards. The development will feature on-site amenities such as a community room, on-site laundry, children's play area, and MidPen's after school program. The project site is within proximity to key amenities such as the Maxwell Farms Regional park, grocery store, pharmacy, school, Boys and Girls Club of Sonoma Valley, and transit, with a bus stop along Verano Ave., the main frontage road.”

Project Type:

This is a proposal for new construction of affordable multifamily rental housing.

For housing projects, the number and size of units, income levels to be served:

This is a proposal for new construction of 72 units of affordable multifamily rental housing consisting of one bedroom to three-bedroom units affordable to households between 30% and 60% of the area median income (AMI), with 15% of the units are proposed to be accessible. The unit sizes are proposed as follows:

- 32 one-bedroom units
- 22 two-bedroom units
- 18 three-bedroom units
- One two-bedroom unit will be reserved for a manager and not subject to affordability restrictions.

Proposed use of funds:

The applicant proposes to use the CDBG funds for site clearance and site improvements (publicly owned). The site improvements are required conditions of approval from County such as road widening, sewer main, bike path, bus shelter, etc. that directly serve the housing.

FUNDING POLICIES (Funding Goals and Objectives):

Does the project meet at least one National Objective as required under CDBG regulations (24 CFR 570.208)?

This project will “benefit low- and moderate-income persons” under the HUD category of “L/M Income Housing”.

Does the proposed project or activity meet the eligibility requirements of the CDBG and HOME Funding Policies (If no, provide the specific reason)?

Yes, the proposed project as described meets the eligibility requirements of the CDBG and HOME Funding Policies. CDBG funds may be used for site improvements related to new affordable rental housing construction if the site improvements are under public ownership. The site improvements as proposed are in the public right of way and under public ownership and are a required condition of approval by the County of Sonoma.

Does the project address one of the highest priorities of: 1) creating or preserving affordable housing, 2) building infrastructure or public facilities that support creation or preservation of affordable housing, or 3) building infrastructure or public facilities that support low-income communities?

Yes, the proposed project will address the highest priority of creation of affordable housing.

If the application is for housing acquisition and/or preservation, are the units at risk of becoming market rate housing?

Not applicable.

If the application is for a housing project, does the project set aside homes for persons or households experiencing homelessness or who are at imminent risk of becoming homeless?

This project does not set aside unit for persons or households experiencing homelessness or are at imminent risk of becoming homeless. It does propose to create affordable housing for very low-income households which can help to prevent homelessness.

If the application is for a housing project, will the project provide units for special needs populations?

Yes, the proposed housing will provide units for very low-income households and will include 15% fully accessible units.

THRESHOLD CRITERIA

Is the project consistent with the General Plan of the jurisdiction in which it is located?

Yes, the project is consistent with the General Plan of the County of Sonoma. The Board of Supervisors approved a Resolution (Res. No. 21-0378) adopting a mitigated negative declaration and approving a General Plan amendment on September 14, 2021.

Does the project Affirmatively Further Fair Housing?

The project affirmatively furthers fair housing by providing affordable housing in an area of opportunity to help combat segregation and promote integration. Summer Oaks will provide 72 affordable homes in a California Department of Housing and Community Development (HCD) and California Tax Credit Allocation Committee (CTAC) designated moderate resource area with access to community resources including schools, hospitals, parks, bus stops and grocery stores. This location provides economic integration for the future residents with employment opportunities within walking distance to the site.

The project will also increase access for individuals with protected characteristics to existing affordable housing in higher opportunity. Summer Oaks is in an HCD/TCAC designated moderate resource area adjacent to high resource areas. Summer Oaks will provide access for individuals with protected characteristics. MidPen Property Management Corporation will affirmatively market to groups least likely to apply for housing and provide accessibility information concerning location of services, activities, and facilities.

Does the applicant demonstrate capacity to effectively deliver the proposed project?

Yes, the developer has demonstrated local experience and the capacity to effectively deliver the proposed project. The project is already fully entitled, and the developer has demonstrated experience with completion of similar projects including successfully securing highly competitive tax credit and other public financing.

SELECTION CRITERIA

Will the requested funds for the project be leveraged against total development costs at least 7:1?

Yes, based on the amount of HOME funds requested, the project would leverage 70:1 in other fund sources.

ESTIMATED PREDEVELOPMENT AND CONSTRUCTION FINANCING

Funding Source	Amount	Commitment Status
Construction Loan	39,812,302	Committed
Costs deferred until conversion	3,197,214	N/A
Tax credits	3,315,114	Anticipated
HCD- Joe Serna	3,408,542	Applied for
HCD - IIG	1,400,000	Applied for
County - HOME	792,056	Applied for
County - CDBG	1,474,770	Applied for
AHP	1,080,000	Anticipated
Additional gap financing	1,980,532	Anticipated
TOTAL	\$56,460,530	

ESTIMATED PERMANENT FINANCING

Funding Source	Amount	Commitment Status
Permanent	2,476,000	Committed
Tax credits	33,151,142	Anticipated
HCD – Joe Serna	3,787,269	Applied for
HCD - IIG	1,400,000	Applied for
HCD - MHP	10,318,761	Applied for
County - HOME	792,056	Applied for
County - CDBG	1,474,770	Applied for
AHP	1,080,000	Anticipated

Additional gap financing	1,980,532	Anticipated
TOTAL	\$56,460,530	

If applicant receives all the requested local CDBG funding, each \$1 of CDBG funds would leverage \$70.28 from other sources. The full amount of CDBG funds requested would be \$11,000.77 per CDBG-assisted unit, if all 72 units are assisted.

Does the applicant demonstrate consistent success in obtaining federal tax credits and / or other federal and state funding to develop housing within the last seven years?

Yes, Mid-Peninsula The Farm, Inc. (MPTF) is a non-profit CHDO organization that is experienced in developing and owning affordable housing. MPTF has developed 17 affordable housing communities and 964 units in San Mateo County, Santa Clara County, San Benito County, Santa Cruz County, and Monterey County. Their recent projects include three in San Mateo County, currently under development. All the completed developments have been successful in securing various types of funding from federal, state, local, and private sources.

Does the project demonstrate existing support from the jurisdiction in which it is located via letters of support, funding commitments, etc.?

Yes, the Board of Supervisors approved a Resolution (Res. No. 21-0378) adopting a mitigated negative declaration and approving a General Plan amendment on September 14, 2021. The project is fully entitled by the County of Sonoma.

Does the project demonstrate advanced readiness via (a) entitlements; (b) financing commitments; (c) building permits, (d) environmental review?

Yes, this project demonstrates advanced readiness. The applicant received County Board of Supervisor approval of a Mitigated Negative Declaration (CEQA) and zoning change for high density residential on September 14, 2021. The applicant also completed a Phase I environmental study in July 2022. One funding commitment is confirmed and the applicant has submitted applications for several other fund sources for the project. The applicant intends to complete design development in January 2023 and submit their tax credit application in July 2023. The applicant has a very successful record of being awarded funds for their affordable housing projects. If awarded federal HOME funds, the project will be required to conduct a NEPA and may be subject to other conditions of approval.

Does the applicant have adequate provisions for long-range maintenance and operations?

Yes, the applicant provided a 30-year proforma/financial plan that supports long range maintenance and operations of the project.

For non-housing projects, is there a documented and verifiable need for the project above and beyond existing facilities?

Not applicable.

For non-housing projects, can the project be expected to have a significant impact on the identified problem and result in one or more measurable indicator?

Not applicable.

For housing projects, does project’s proposed number of units exceeds the minimum CDBG requirements?

Yes, the applicant proposes that all 72 units will be affordable and will meet the minimum CDBG requirements, which exceeds the minimum CDBG requirement that at least 51% of the housing units are occupied by low- and moderate-income households.

For housing projects, are the proposed rents below the maximum rents allowed by the CDBG requirements?

Yes, the rents proposed are at or below the maximum rents allowed by the CDBG rent limits currently in effect for 2022.

Additional Information:

This project does not involve any relocation and is for the development of vacant land.

This applicant is a Community Housing Development Organization (CHDO).

This will be a certified Green Point Rated project, helping to alleviate the impact of climate change on low-income populations.

Consequences of No Funding:

Unknown. This question was not included in the application template and therefore no response was provided.

Staff Recommendation:

Staff recommends funding this applicant with \$592,056 of available CDBG funds.

Preliminary Condition(s) of Approval

Allocated funding will be a grant a loan

1.	All loans for Site Clearance and Site Improvements (public improvements) are subject to the provisions of the Sonoma County Community Development Commission (CDC) Loan Policies, the FY 2022-2023 Funding Policies, and the CDBG Regulations.
2.	Applicant must demonstrate site control at the time CDBG funding is made available to the County by HUD.
3.	CDBG funds will be used to reimburse allowable site clearance and site improvements (publicly owned) costs only.
4.	A NEPA environmental review must be completed before applicant can be offered a Funding Agreement.

5.	In compliance with Section 504 of the federal Rehabilitation Act of 1973, applicant must design and construct 5 percent of the dwelling units, or at least one unit, whichever is greater, to be accessible for persons with mobility disabilities. An additional 2 percent of the dwelling units, or at least one unit, whichever is greater, must be accessible for persons with hearing or visual disabilities.
6.	The CDC will make the CDBG loan to Mid Peninsula The Farm Inc.. A subsequent assignment to a limited partnership must comply with federal regulations. Notwithstanding this requirement, applicant may assign the loan to a limited partnership prior to project completion and occupancy of the development.
7.	The use of CDBG funds will require the entire construction contract to comply with federal requirements for contract documents, contracting and labor standards. The general contractor and subcontractors performing the work must pay federal Davis Bacon prevailing wages for all contract activities.
8.	Applicant will be required to submit evidence that all required construction and permanent financing has been committed prior to being offered a Funding Agreement.
9.	Prior to final approval of the CDBG funds, applicant must demonstrate sufficient Article 34 authority for the affordable units if they exceed forty-nine percent of the total affordable units, or submit a written legal opinion describing why Article 34 authority is not required.
10.	Applicant must satisfy all regulatory requirements and all conditions of approval that are set forth in the SCCDC Loan Policies as prerequisite to the CDC offering the Funding Agreement for execution within 12 months of the start of the fiscal year associated with the award.
11.	Disbursement of funds for all affordable housing projects must be initiated within 18 months of the date on which the Funding Agreement is offered for execution. All funds must be disbursed within 24 months of the date on which the Funding Agreement is offered for execution. Funding awards that do not meet these deadlines will be reprogrammed.
12.	Funds for all public facilities and improvements projects must be expended within 18 months of the date on which the Funding Agreement is offered for execution.

Attachments:

1. Summer Oaks CDBG Funding Application - <https://share.sonoma-county.org/link/lgaP7zEzqyo/>

CDBG CAPITAL PROJECTS: APPLICATION SUMMARY AND STAFF FUNDING RECOMMENDATION

Applicant Name: City of Healdsburg

Project Name: L&M Village

Amount Requested: \$200,000

PROJECT DESCRIPTION

Applicant-Provided Summary Description from Submitted Application:

“The City of Healdsburg proposes to make improvements to the L&M Village that will provide 22 units of interim housing for those experiencing chronic homelessness in Northern Sonoma County. Of the 22 units, three units will be accessible mobility units and 3 units will accommodate hearing and visually impaired tenants.”

Project Type:

Rehabilitation of existing transitional housing.

For housing projects, the number and size of units, income levels to be served:

Twenty-two (22) single room occupancy units of transitional housing for those experiencing chronic homelessness. Of the 22 units, three units will be accessible mobility units and 3 units will accommodate hearing and visually impaired tenants. All tenants will be extremely low income, most with no income at initial occupancy.

Proposed use of funds:

The proposed use of funds is to complete rehabilitation of transitional housing including filling in an existing pool and adding a concrete slab to create an accessible dining area; installation of digital locks and key systems to eliminate the need for physical keys and provide a higher level of security and control for both the site's operator and the residents; removal of sheds and placement of concrete; interior painting of all rooms.

FUNDING POLICIES - Funding Goals and Objectives:

Does the project meet at least one National Objective as required under CDBG regulations (24 CFR 570.208)?

Yes, the activity proposed will benefit a low- and moderate-income limited clientele (with incomes at or below 80% of the area median income), as people who are homeless are a “presumed low-income benefit” population under CDBG regulations.

Does the proposed project or activity meet the eligibility requirements of the CDBG and HOME Funding Policies (If no, provide the specific reason)?

Yes, The L&M Village will provide 22 units of transitional housing for those experiencing chronic homelessness

Does the project address one of the highest priorities of: 1) creating or preserving affordable housing, 2) building infrastructure or public facilities that support creation or preservation of

affordable housing, or 3) building infrastructure or public facilities that support low-income communities?

Yes, this project preserves affordable transitional housing.

If the application is for housing acquisition and/or preservation, are the units at risk of becoming market rate housing?

No, the project was purchased using Project Homekey funding and will remain affordable through Project Homekey for fifteen years.

If the application is for a housing project, does the project set aside homes for persons or households experiencing homelessness or who are at imminent risk of becoming homeless?

Yes, the 22 single room occupancy units are for chronically homeless individuals.

If the application is for a housing project, will the project provide units for special needs populations?

Yes, 3 units will be accessible mobility units and 3 units will accommodate hearing and visually impaired tenants.

THRESHOLD CRITERIA

Is the project consistent with the General Plan of the jurisdiction in which it is located?

Yes, the applicant has received a letter of general plan consistency from the City's Community Development Director, Scott Duiven.

Does the project Affirmatively Further Fair Housing?

Yes, The L&M Village is the only transitional housing shelter in Northern Sonoma County, and a critical piece of infrastructure has been missing from the Continuum of Care. Over 200 individuals in Northern Sonoma County experience homelessness, and up until this point, there has not been any facilities in Northern Sonoma County to address this transitional housing need.

Does the applicant demonstrate capacity to effectively deliver the proposed project?

The City of Healdsburg employs a professional staff that has extensive experience in managing both private and public grants, including grants originating from the federal government and passed through the State of California and the Sonoma County Community Development Commission.

The City's Housing Department will be responsible for the administration of this grant. The Housing Department's staff has over 30 years of experience in the administration and implementation of grant programs, including CDBG, HOME, HEAP, Project Homekey, ESG, Proposition 1 C and other State and Federal funding sources.

SELECTION CRITERIA

Will the requested funds for the project be leveraged against total development costs at least 7:1?

This is a transitional housing rehabilitation project and not subject to the 7:1 development leverage requirement for new construction. The applicant's request is 100% of the total budget for this project.

ESTIMATED PREDEVELOPMENT AND CONSTRUCTION FINANCING

Funding Source	Amount	Commitment Status
CDBG	200,000	Not committed
TOTAL	\$200,000	

Does the applicant demonstrate consistent success in obtaining federal tax credits and / or other federal and state funding to develop housing within the last seven years?

Not applicable.

Does the project demonstrate existing support from the jurisdiction in which it is located via letters of support, funding commitments, etc.?

The applicant states the need for transitional housing has been identified as the key goal of Northern Sonoma County Homelessness Planning Task Force consisting of the City of Healdsburg, the City of Cloverdale and the Town of Windsor.

Does the project demonstrate advanced readiness via (a) entitlements; (b) financing commitments; (c) building permits, (d) environmental review?

Yes, the applicant is ready to get started with project bidding if funded. A NEPA environmental review will need to be conducted prior to funding or project initiation.

Does the applicant have adequate provisions for long-range maintenance and operations?

No information to respond to this question was provided in the application.

For non-housing projects, is there a documented and verifiable need for the project above and beyond existing facilities?

Not applicable, this is a housing project. **For non-housing projects, can the project be expected to have a significant impact on the identified problem and result in one or more measurable indicator?**

Not applicable.

For housing projects, does project's proposed number of units exceeds the minimum CDBG requirements?

Yes, there are a total of 22 units which are all affordable, exceeding the CDBG requirements that at least 51% of the total units be restricted to low- and moderate-income households.

For housing projects, are the proposed rents below the maximum rents allowed by the CDBG requirements?

Yes, the application states that the units are zero rent units.

Additional Information:

Under the California’s Project Homekey Program the units will remain affordable to chronically homeless individuals for fifteen years. The applicant intends to convert the units to an affordable use at the end of that period.

Consequences of No Funding:

The City understands that the demand for funding is high, and therefore has separated out these costs if partial funding is available or if grant funds are returned and need to be expended quickly. Should the City receive funding, they state they can complete the project rehabilitation work quickly.

Staff Recommendation:

Staff recommends funding this project at their full request.

Preliminary Condition(s) of Approval

Allocated funding will be a grant a loan

1.	All loans for multi-family housing rehabilitation are subject to the provisions of the Sonoma County Community Development Commission (CDC) Loan Policies, the FY 2022-2023 Funding Policies, and the CDBG Regulations.
2.	CDBG funds will be used to reimburse allowable rehabilitation costs only.
3.	A NEPA environmental review must be completed before applicant can be offered a Funding Agreement. Evidence that sufficient funds for this purpose are available from another source to pay for this work must be provided.
4.1	CDBG funding can be used to pay for ADA improvements only; specifically, the removal of pre-existing architectural barriers. CDBG funds may not be used for construction of new ADA-compliant facilities.
5.2	The use of CDBG funds will require the entire construction contract to comply with federal requirements for contract documents, contracting and labor standards. The general contractor and subcontractors performing the work must pay federal Davis Bacon prevailing wages for all contract activities.
6.	Applicant must satisfy all regulatory requirements and all conditions of approval that are set forth in the CDC Loan Policies as prerequisite to the CDC offering the Funding Agreement for execution within 12 months of the start of the fiscal year associated with the award.
7.	Funds for all public facilities and improvements projects must be expended within 18 months of the date on which the Funding Agreement is offered for execution.

Attachment:

Healdsburg L&M Village application - <https://share.sonoma-county.org/link/W4S2g6Wejt/>

CDBG-CV FAIR HOUSING: APPLICATION SUMMARY AND FUNDING RECOMMENDATION

Applicant Name: Legal Aid of Sonoma County

Project Name: HOME – Housing Justice Project (HJP)

Amount Requested: \$ 100,000

PROJECT DESCRIPTION

Applicant-Provided Summary Description from Submitted Application:

“HJP provides legal representation to low-income and Spanish-speaking tenants. We help tenants at our office, as well as at sites throughout the county, including providing home visits. HJP provides legal education, negotiations with landlords, preparation of pleadings, and in court representation. HJP assists with eviction defense, reasonable accommodation protections for tenants, fair housing issues, Section 8 terminations, habitability, retaliation, relocation, and discrimination issues.

Without legal assistance, tenants risk becoming homeless because they are evicted without time to find alternative housing, and without resources to relocate. HJP negotiates extra time for tenants and saves tenants fees and costs they can instead use toward relocation. HJP stops unlawful evictions. By helping Section 8 tenants preserve their benefits, HJP helps the most vulnerable tenants retain their housing.”

Fair Housing Project Type:

- Provides education about fair housing laws;
- Advocates for tenants, who may be targets of discrimination;
- Provides legal services for eviction prevention.

Proposed Use of Funds:

Add an additional attorney to support the implementation of the HOME Housing Justice Program as well as addressing the increased demand in eviction prevention legal services.

CDBG-CV REQUIREMENTS: Does the proposed public services activity prevent, prepare for, or respond to Coronavirus (activities must demonstrate they respond to one or more)?

Local and state eviction moratoriums placed during the pandemic have all recently expired. The applicant’s request would support a project that prevents homelessness by preventing unlawful evictions and/or negotiating with a landlord for more time to allow their tenant to secure alternative housing, so that they don’t become homeless. Halting/delaying evictions reduces the number of people who become homeless and thereby reduces the possibility of spreading Covid-19.

FUNDING POLICIES - Funding Goals and Objectives:

Does the project address one of the highest priorities of: 1) creating or preserving affordable housing, 2) building infrastructure or public facilities that support creation or preservation of affordable housing, or 3) building infrastructure or public facilities that support low-income communities?

The project supports the preservation of affordable housing in the Urban County by assisting lower income households remain in their homes. Preservation of affordable housing is one of the outcomes of housing stabilization for low-income households.

Does the project meet at least one National Objective as required under CDBG regulations (24 CFR 570.208)?

The application states that 100% of the persons being served are low-income and therefore, this project meets the Low/Moderate Income Limited Clientele National Objective.

Does the proposed project or activity meet the eligibility requirements of the CDBG and HOME Funding Policies? (If not, provide the specific reason)

Yes, the project provides needed services to low-income residents of the Urban County and due to employment and financial impacts by Covid-19 and the expiration of eviction moratoriums, there is a demonstrated need for eviction prevention services.

THRESHOLD CRITERIA

Does the project Affirmatively Further Fair Housing?

The proposed project supports HUD's AFFH rule because it provides public services to reduce housing discrimination to protected classes: families with children, people with disabilities, and persons of different races, color, and national origins. Additionally, implementation of the project halts or reduces unlawful tenant evictions.

Does the applicant demonstrate capacity to effectively deliver the proposed project?

Legal Aid has been administering fair housing related programs funded by federal, state, and private grant funds for over 15 years. They have successfully administered over \$3 million annually in such funds. They have the capacity to execute the program immediately. The HOME - Housing Justice Project has been in service for over 15 years. The applicant has both supervisory staff and direct service staff with more than a decade of housing law experience and are fully staffed. Legal Aid is also currently funded with County CDBG and is an activity administering fair housing services to Urban County households.

SELECTION CRITERIA

Does the applicant describe strategies to provide outreach and education for residents most vulnerable to housing discrimination?

Yes, the application states that HJP provides tenant outreach and education as an integral part of their services. HJP organizes and convenes community meetings with community partners and tenant groups throughout the Urban County, at which Legal Aid provides tenant education and Know Your Rights presentations and resources. Legal Aid started their outreach program in 2015 and they have increased the percentage of rural and isolated tenants they serve by over 100%. Populations most vulnerable to eviction and discrimination include elders, disabled individuals, Spanish speakers, and those who are geographically isolated. The applicant works with other agencies that serve these populations to ensure they have access to services. Additionally, the applicant provides onsite trainings for their staff and meets with clients at their offices.

Does the applicant describe methods it will use to raise awareness of Fair Housing issues in Sonoma County including technical training for housing industry representatives and organizations, education and outreach activities geared to the public, and advocacy campaigns?

Legal Aid uses advertising to raise awareness of Fair Housing issues. All complaints filed against tenants in the court contain Legal Aid's contact information. The County, district offices, and other public entities, regularly refer clients to them. Additionally, they distribute housing flyers and brochures at organizations throughout the County, including the Family Justice Center (FJC), Kaiser, county offices, and at other non-profits. They also participate in numerous coalitions and collaboratives, including the FJC, the Santa Rosa tenants union, the Elder Justice Coalition, and others. They market their services through all these partnerships.

Does the applicant describe its efforts to collaborate with other organizations and project jurisdictions to effectively deliver Fair Housing services?

Legal Aid provides services countywide, including in Petaluma and Santa Rosa, where they contract directly with the city to provide eviction defense and homelessness prevention services to low-income tenants residing in the city. They partner with various community organizations such as Petaluma People's Services and Catholic Charities. Additionally, Fair Housing Advocates of Northern California and Legal Aid are partners on a regional housing project. This project is designed to coordinate tenant protection efforts throughout all jurisdictions in the county and includes collaborative policy work, collaborative trainings, and sharing best practices.

Federal regulations require that 51% of participants be low income. Does the applicant describe the method that will be used to verify CDBG income eligibility and track other required demographic and quantitative data?

The applicant states that 100% of HJP project clients are low income. They use low-income guidelines issued by HUD and the State Bar of California to determine eligibility for services. Clients are screened for income eligibility during the initial intake process. If the prospective client's stated household income is within the guidelines, they request that the client provide proof of income. Acceptable proofs of income include copies of an EBT card, recent paystubs, a letter describing benefits, a signed statement by the individual attesting to spousal and/or child support for the potential client, three (3) months of bank statements, or a copy of a recent tax return. Due to the Covid-19, they may perform initial intake over the telephone. Also, some of their clients do not have a way to transmit proof of income and Legal Aid staff will ask them to attest under penalty of perjury to a self-declaration income form. When a client who was initially screened over the telephone comes into the office, they are asked to bring proof of income with them.

Can the project be expected to have a significant impact on the identified problem and result in one or more measurable indicator?

This project was awarded CDBG funds earlier this year for FY 2022-23. That application estimated a total of 600 households/1000 persons to be served. The applicant has returned to

request CDBG-CV funds due to the increase in demand for eviction prevention services that resulted from the expiration of eviction moratoriums. Based on the data provided in the table below it appears that the applicant will be accomplishing their initial goal of assisting 600 households/1000 persons very soon, if not already done so. The project can be expected to have a significant impact on the identified problems.

	<u>Proposed</u> additional number to be served by project during Fiscal Year 2022-23	Current number served as of the filing of this application (if project is currently in operation)	Number served by project last Fiscal Year
	July 1, 2022 – June 30, 2023	July 1, 2021 - January 21, 2022	July 1, 2020 - June 30, 2021
Number of <u>households</u> served	250	605	366
Number of <u>persons</u> served	400	1153	720

List the estimated percentage of the target population served in each of the income categories below:

Household Income	List the total estimated percentage of the households served in each of the income categories below	<u>Considering only Urban County residents</u>, list the estimated percentage of households served in each of the income categories below
Extremely Low (Below 30% AMI)	53%	55%
Very Low (Between 31% - 50% AMI)	26%	25%
Low (Between 51% -80% AMI)	21%	20%
Moderate (Over 80% AMI)	0	0

If there are substantial changes to the past, current or proposed number of households to be served, does the applicant provide an explanation for the changes?

Yes, the applicant states that there has been an increase in prospective clients seeking tenant eviction services due to the expiration of local and state eviction moratoriums that were in place to prevent the spread of Covid-19.

PROJECT BUDGET

Total Organization Budget	\$4,129,685
Total program budget	\$1,060,000
Percent of program to organization budget	25.7%
Percent of CDBG-CV request of program budget	\$100,000 requested = 9.4% of program budget
Unduplicated number proposed to be served with program	250 households or 400 persons
Program cost per household	$\$1,060,000/250 = \$4,240$; CDC cost per household would be \$400

Additional Information:

None

Consequences of No Funding:

The applicant states that if they do not receive full funding, they may need to reduce services by at least 25% to Urban County residents.

Staff Recommendation:

The applicant has received funding in the past from the County and demonstrates they have the capacity to carry out their proposed goals to continue the HOME Housing Justice Project. Provided that CDBG-CV funds are used only to reimburse costs that provide direct services to households impacted by COVID residing in the Urban County jurisdictions and that at least 51% of households served in the Urban County are at or below 80% of the average AMI; and the project continues to support the AFFH rule mandated by HUD of all recipients, staff recommends full funding requested if the County receives the estimated allocated.

Preliminary Condition(s) of Approval

Allocated funding will be a grant a loan

1.	In accordance with federal regulations, including the National Environmental Policy Act (NEPA), an environmental review must be completed before the applicant can be offered a Funding Agreement. The Sonoma County Community Development Commission staff will prepare the NEPA.
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2.	CDBG-CV funds will be used only to reimburse costs to provide services to persons who last resided in the Urban County (Urban County excludes the cities of Petaluma and Santa Rosa) and who experienced a negative impact related to the coronavirus pandemic.
3.	CDBG-CV funding awarded must be used for eligible expenses within 12 months of execution of a Funding Agreement. Specific terms will be included in a Funding Agreement, and no costs can be incurred prior to a fully executed Funding Agreement.

Attachments:

CDBG-CV Application submitted by Legal Aid of Sonoma County - <https://share.sonoma-county.org/link/5FF8FbQxnyU/>

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) - CV
AFFORDABLE HOUSING, CAPITAL PROJECTS, PUBLIC SERVICES, AND ECONOMIC
DEVELOPMENT PROGRAMS**

FY 2020 CDBG-CV funds available to reprogram: \$1,370,855

CDBG-CV APPLICATIONS

Applicant	Public Services Project Name	CDBG-CV Amount Requested	CDC Staff Recommendation
Homeless Action Sonoma	Home and Safe Center	\$75,000	\$75,000
	Total Requested	\$75,000	
	Total Recommended		\$75,000

APPLICANT NAME: Homeless Action Sonoma, Inc.

PROJECT NAME: Home and Safe Center

CDBG-CV AMOUNT REQUESTED: \$75,000

PROJECT DESCRIPTION

Applicant-Provided Summary Description from Submitted Application:

“Homeless Action Sonoma (HAS), through its Home and Safe Navigation Center (HASC) in the Springs, will provide evidence-based (1) street outreach to 82 unhoused individuals currently living in Sonoma Valley with the goal of moving everyone into safe temporary housing; (2) temporary housing at HASC for at least 20 unhoused individuals; (3) wraparound case management for 82 unhoused individuals in the areas of health, finance, and housing; and (4) Coordinated Entry, ensuring all clients are eligible to access all housing resources in Sonoma County and information regarding housing and services available at HASC is current in Sonoma County’s Coordinated Entry system. All services rendered by HAS and myriad program partners follow Housing First best practices. All program participant information will be entered into Sonoma County’s HMIS”

PUBLIC SERVICES PROJECT TYPE:

Through their navigation center: street outreach to homeless persons, , COVID testing and health services coordination, and related case management services.

PROPOSED USE OF FUNDS:

As provided in the Application Attachment “Project Description Narrative”, the CDBG-CV funding request would be used to support two case manager positions that would assist in the implementation of the project as described above, with the exception that the use of CDBG-CV funds would not be funds for temporary housing.

FUNDING POLICIES (Funding Goals and Objectives):

Does the project address one of the highest priorities of: 1) creating or preserving affordable housing, 2) building infrastructure or public facilities that support creation or preservation of affordable housing, or 3) building infrastructure or public facilities that support low-income communities?

CDBG-CV related priorities were not identified in the CDBG and HOME Funding Policies, as this fund source is available for use to address high priority activities that help prevent, prepare for or respond to Coronavirus in the Urban County.

CDBG-CV REQUIREMENTS

Does the proposed public services activity prevent, prepare for or respond to Coronavirus (activities must demonstrate they respond to one or more)?

Yes, the application states that Covid-19 vaccination/boosting would be provided to persons contacted, including testing, and non-congregate temporary housing would be provided for the quarantine time-period should the test be positive (temporary housing will not be funded by CDBG-CV). Additionally, the application states that hygiene services would be provided such as hand sanitizing stations, bathrooms, and laundry services at the navigation center, which would promote public health and prevent the spread of the coronavirus.

THRESHOLD CRITERIA

Does the project meet at least one National Objective as required under CDBG regulations (24 CFR 570.208)?

Yes, the activity proposed would benefit a low- and moderate-income limited clientele with incomes at or below 80% of the area median income (AMI), specifically the extremely low-income homeless demographic with incomes at or below 30% of the AMI, as people who are homeless are considered to be a “presumed low-income benefit” population under CDBG regulations.

Does the proposed project or activity meet the eligibility requirements of the CDBG and HOME Funding Policies? (If not, provide the specific reason)

The temporary housing aspect of the of the proposed activity does not meet the public services eligibility requirements of the CDBG and HOME Funding Policies addendum for CDBG-CV funds, however, the supportive services aspect as described in the application is eligible.

Does the applicant demonstrate capacity to effectively deliver the proposed project?

The applicant, Homeless Action Sonoma, Inc. (HAS) is only two years old, however, they are currently implementing this project. Last year they were able to assist 82 households. They currently own the site they operate from and have obtained building permits for installation of 22 tiny homes to serve as temporary non-congregate housing to their clients, which are planned to be completed in December of 2022. HAS uses the “assertive community treatment model comprising health care providers, community-based organizations, trusted individuals in the client’s life, and HAS case managers [to] assist clients meet their basic needs, providing opportunities for skill development and self-sufficiency, and connecting individuals to relevant community services with the goal of helping them secure safe housing.”.

SELECTION CRITERIA

Does the applicant describe the primary beneficiaries and outcome/s of the activity?

Yes, the proposed activity would serve homeless persons with a focus on serving persons residing in the Sonoma Valley, where their navigation center is located. The outcome of the proposed activity is intended to help reduce homelessness by providing temporary shelter, access to health and hygiene services, and case management services to help clients exit into stable, permanent housing.

Does the applicant describe how data and other information will be used as a self-evaluation tool as an outcome measurement?

Yes, the applicant states that a comprehensive work-plan would be developed to ensure the organization is on track to meet their goals as well as use the evidence-based Plan-Do-Study-Act problem solving model for their data. The comprehensive work plan will guide their day-to-day work and would be updated as necessary. It would include short-term goals and measurable objectives to evaluate success.

Does the applicant have experience providing the proposed services?

Yes, the application indicates HAS is currently operating the program, which began in Fiscal Year (FY) 2020-2021. At that time, they served 42 households and in FY 2021-2022 they served 82 persons. Since inception they have placed unhoused persons in housing through SHARE Sonoma County and other localized shared living opportunities, including Coordinated Entry; provided wraparound case management in areas of housing, health, and finance.

Do services offered in this project directly utilize evidence-based practices (EBPs) represented in the Upstream Portfolio?

Yes, the applicant utilizes EBPs (motivational interviewing) and participates in the Housing First/Housing First Fidelity process.

For Homeless Services applicants, does the activity require participation in Coordinated Entry? If yes, provide an overview of your organization's ability, knowledge, and potential barriers to overcome to take part in Coordinated Entry.

The applicant states they currently participate in the Coordinated Entry system and would continue to implement it at their navigation center, where they accept referrals and serve as an access point as well. The applicant states that their main barrier is that 85% of clients they currently serve, who reside in Sonoma Valley, do not want to relocate outside of this area through Coordinated Entry and consequently more people remain unhoused for a longer period of time. A second barrier the applicant identifies is the lack of housing available in general in Sonoma Valley, which makes it challenging to locate affordable housing.

Federal regulations require that 51% of participants be low income. Does the applicant describe the method that will be used to verify CDBG-CV income eligibility and track other required demographic and quantitative data?

Yes, the applicant states they would be able to obtain, verify and document that program beneficiaries meet this requirement by collecting data and documentation and retaining it in their database. While they also assist persons outside of the Sonoma Valley, their primary focus is to assist those living in the area. If the person agrees to receive services, they verify their residential history using HMIS as well as ask for identification. All data is logged into the HMIS data system.

	<u>Proposed</u> number to be served by project in upcoming Fiscal Year	Current number served as of the filing of this application (if project is currently in operation)	Number served by project last Fiscal Year
	July 1, 2022 – June 30, 2023	July 1, 2021 to January 21, 2022	July 1, 2020 - June 30, 2021
Number of <u>households</u> served	82	82	42
Number of <u>persons</u> served	82	82	42

List the estimated percentage of the target population served in each of the income categories below:

Household Income	List the total estimated percentage of the households served in each of the income categories below	<u>Considering only Urban County residents</u>, list the estimated percentage of households served in each of the income categories below
Extremely Low (Below 30% AMI)	100%	100%
Very Low (Between 31% - 50% AMI)	0%	0%
Low (Between 51% -80% AMI)	0%	0%
Moderate (Over 80% AMI)	0%	0%

If there are substantial changes to the past, current or proposed number of households to be served, does the applicant provide an explanation for the changes?

The applicant proposes to serve the same number of persons as last fiscal year, 82 total.

PROJECT BUDGET

Total Organization Budget	\$3,226,500
Total program budget	\$694,875
Percent of program to organization budget	21.5%
Amount of CDBG-CV request	\$75,000
Percent of CDBG-CV request of program budget	10.8%
Unduplicated number proposed to be served with program	82 in outreach
CDBG-CV cost per person/ household	\$915/person

ADDITIONAL INFORMATION:

This applicant received County General Funds in Fiscal Year 2021-22 to support this activity and the purchase of the 22 tiny homes as well.

CONSEQUENCES OF NO FUNDING:

The applicant currently operates the program with other fund sources and states the program is scalable. If they are awarded less funding than requested, they would scale down the number of case managers and outreach staff. Consequently, they would assist fewer homeless persons.

STAFF RECOMMENDATION:

The project, as proposed in the application, cannot be fully funded with federal funds. The federal housing quality standards require that non-congregate housing units be fully habitable with their own bathroom and kitchen facility on a permanent foundation. As proposed, the applicant's tiny homes and use of hotels do not meet this standard. However, the supportive services/operations aspect of the project, including but not limited to outreach, testing, case management, hygiene services at the navigation center are eligible activities for CDBG-CV funding. Staff recommends that the Continuum of Care Board recommend the full funding request of \$75,000 for the supportive/operational services aspect of the project to the Community Development Committee and the Cities and Town Advisory Committee.

Preliminary Condition(s) of Approval

Allocated funding will be a grant a loan

1.	In accordance with federal regulations, including the National Environmental Policy Act (NEPA), an environmental review must be completed before the applicant can be offered a Funding Agreement. The Sonoma County Community Development Commission staff will prepare the NEPA.
2.	CDBG-CV funds will be used only to reimburse costs to provide services to persons who last resided in the Urban County (Urban County excludes the cities of Petaluma and Santa Rosa) and who experienced a negative impact related to the coronavirus pandemic.
3.	The applicant will provide a detailed line item budget and amended scope of work must be submitted for approval prior to the preparation of a Funding Agreement.
4.	CDBG-CV funding awarded must be used for eligible expenses within 12 months of execution of a Funding Agreement. Specific terms will be included in a Funding Agreement, and no costs can be incurred prior to a fully executed Funding Agreement.

Attachments:

1. CDBG-CV Application submitted by Homeless Action Sonoma, Inc.(HAS) Link: <https://share.sonoma-county.org/link/N2SEDCyXAUs/>
2. Comprehensive Project Description of “Home and Safe Center” implemented by HAS Link: <https://share.sonoma-county.org/link/6oQrTO2Btwc/>