



Sonoma County Community Development Commission
Sonoma County Housing Authority
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Commission*

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MEMORANDUM

Date: August 16, 2023

To: Community Development Committee & Cities and Towns Advisory Committee

From: Veronica Ortiz-De Anda, Community Development Associate

Subject: Fiscal Year (FY) 2024-2025 Federal Funding Policies

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

The 2020-2025 Consolidated Plan, which is a HUD requirement to receive Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), and Emergency Solutions Grant (ESG) federal grants identifies the following priority needs:

- Affordable Housing – Increase and preserve the housing stock that is affordable, safe, and accessible for low-, very low-, and extremely-low families and individuals, including those with special needs and those who are homeless or at imminent risk of homelessness.
- Homelessness – Promote effective and proven strategies for homelessness prevention and intervention countywide.
- Non-Housing Community Development – a) assist in creating and or replacing infrastructure systems and public facilities that meet the needs of lower-income people, people with disabilities, and other special needs subpopulations countywide; b) Promote the well-being and economic integration of lower-income persons through non-housing services, self-sufficiency programs, job training, and economic



development assistance; and c) Promote Fair Housing by investing in services which assist low-income tenants with fair housing complaints, reasonable accommodations and eviction defense, each of which enables residents to remain in their home or extend their period of housing.

The proposed updates to the funding policies will continue supporting the priority needs of the Consolidated Plan as well as reflect new requirements imposed by HUD. Below are the proposed substantive updates:

- Section 2 – Insertion of the HOME American Rescue Plan Act program, a new supplemental federal program derived from the HOME program, targeting homelessness activities and other housing vulnerable populations.
- Section 3.5 – Insertion of the HUD requirement that limits funding amounts to emergency shelter and street outreach activities funded by the ESG program.
- Section 7.3 – Insertion of text clarifying that applicants awarded funds for affordable housing and non-housing capital projects must pay for the preparation of a federal environmental review with funds other than the federal award, and prior to the execution of a funding agreement. Federal grant awards will no longer be used to support work related to the environmental review process of projects. This was added to comply with federal requirements to complete an environmental review prior to execution of a funding agreement and due to various projects that were not carried out to completion where awarded funds were used to assist their environmental review process. Projects in these situations contributed to the Commission not meeting the CDBG timeliness test and places the Urban County at risk of HUD recapturing funds. When projects are awarded federal funds and do not proceed, any funding expended must be repaid to HUD. The Commission does not have access to any resources to repay HUD funds once they are expended, so this change substantially reduces risk.
- Section 7.17 – Insertion of clarification text regarding prohibition of use of Indirect Cost Rates. While HUD allows the use of Indirect Cost Rates subject to certain requirements, subrecipients use of them would reduce the planning and administrative grant set asides used to support the Commission’s implementation and compliance with grant requirements. The statutory grant set asides do not pay for the full costs of the required grant implementation activities and must be supplemented with very limited non-federal funds.
- Section 8.2 - Clarification of the consultation process with the Continuum of Care on funding proposals for ESG and LMIHAF funds, which are the two programs specific to homelessness activities.
- Section 9 – Reformat of “Threshold Criteria for Project Evaluation” for purposes of clarification.
- Section 7.16 – Insertion of text related to “Buy America, Build America”, a new law that is a part of the Infrastructure Bill packaged signed into law by the President of the

United States in November of 2021. The law establishes preference to construction materials made in the United States and is being phased in at this time. Infrastructure projects funded with CDBG funds this past Spring that meet the applicable criteria will be subject to the Buy America, Build America requirements, as well as future projects.

- Addendum – Deletion of CDBG-CV addendum and replaced with HOME-ARP addendum since all CDBG-CV funds have been awarded and a contingency project was identified should an awarded project not be carried out. The new HOME-ARP addendum provides the highlights of the program requirements.

Other non-substantial updates were made including clerical, format corrections, minor clarifications and other corrections were made throughout the document.

The “red-lined” policies showing proposed changes are attached for review. Staff requests that the committees review the proposed revisions and provide input. The final draft will be presented to the committees at a public hearing on September 20, 2023. The final version will be presented to the Board of Supervisors for approval in October 2023.