



## **Sonoma County Community Development Commission**

Sonoma County Consolidated Plan

### **Funding Policies**

Federal CDBG, HOME and ESG Funding Programs

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## **I. INTRODUCTION**

### **Consolidated Plan**

The Consolidated Plan is required by the U.S. Department of Housing and Urban Development (HUD) in order for Sonoma County to receive federal housing and community development funds under the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), and the Emergency Shelter Grants (ESG) programs.

The 2005 Sonoma County Consolidated Plan is a five-year plan covering FY 2005-2006 through FY 2009-2010, which also includes the County's One-Year Action Plans for use of CDBG, HOME and ESG funds during each fiscal year. (**IMPORTANT NOTE:** A new 2010 Sonoma County Consolidated Plan will include the goals and specific objectives for the five-year period beginning July 1, 2010. The new goals and objectives will be developed through a citizen participation process to be conducted concurrently with the FY 2010-2011 CDBG, HOME, and ESG funding approval process. Because the new goals and specific objectives are as yet unknown, the goals and specific objectives from the Sonoma County Consolidated Plan 2005 will be effective for the FY 2010-2011 proposal review and selection process).

The Consolidated Plan serves the following four functions:

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

The Sonoma County Consolidated Plan encompasses activities undertaken by the County of Sonoma, as well as the seven participating municipalities of Cloverdale, Cotati, Healdsburg, Rohnert Park, Sebastopol, Sonoma, and Windsor. Together, these eight jurisdictions comprise the Urban County, an entity recognized by HUD as an entitlement jurisdiction eligible for formula grant funding under the CDBG, HOME, and ESG programs. The cities of Santa Rosa and Petaluma, although located within the boundaries of Sonoma County, each qualify as separate entitlement jurisdictions and administer their respective HUD funding allocations. Each establishes an individual Consolidated Plan for their sole jurisdiction.

This document, the Urban County's Funding Policies, provides the policy framework to guide the allocation and administration of CDBG, HOME, and ESG funds, described below, consistent with federal rules, statutes and regulations, and local priorities. The references to "County" refer to the eight-jurisdiction Urban County. The references to "special needs subpopulations" in the objectives include, but are not limited to: 1) elderly households, 2) persons with physical, mental or developmental disabilities, 3) persons with HIV/AIDS and their families, 4) large families, 5) single-headed households, and 6) farm workers.

### **HUD Funding Programs**

The Community Development Block Grant (CDBG) Program, as created by the federal Housing and Community Development Acts of 1974 and 1987, has as its primary objective the development of viable communities through the provision of decent housing, a suitable

living environment and the expansion of economic opportunities, primarily for lower income persons. At least 70% of Sonoma County's CDBG funds must be used for activities that benefit lower income persons (i.e., persons earning less than 80% of the median income). Any programs or projects allocated CDBG funding must meet one of the following National Objectives:

1. Benefit low- to moderate-income persons
2. Prevent or eliminate slums and blight as determined by HUD
3. Meet an urgent need

The Emergency Shelter Grants Program (ESG), originally authorized under the Stewart B. McKinney Homeless Assistance Act of 1987, permits HUD to make grants to states and units of general local government for homelessness prevention and intervention services.

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

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

## **II. FUNDING GOALS AND OBJECTIVES**

### **A. Homelessness**

Consolidated Plan Goal: To promote new and existing day centers, emergency shelters, transitional housing facilities and services that will coordinate and improve the continuum of care system for homeless residents of Sonoma County.

1. Homeless Specific Objectives from Consolidated Plan:
  - a. Provide day center services to homeless persons, some with special needs.
  - b. Provide emergency shelter beds for homeless persons, some with special needs.
  - c. Provide transitional housing with supportive services to persons leaving homeless shelters or to persons who are living "on the streets", some with special needs.
  - d. Provide mental health, other health and social services, counseling, employment training, education, childcare, parenting education, substance abuse treatment, domestic violence intervention, self-sufficiency skills, and transportation assistance, to homeless persons living "on the streets" or in emergency shelters, including outreach to the "street" homeless and assessment of individual and family needs. Some of the assisted persons will be from special needs subpopulations.
  - e. Provide homeless prevention services to households who are at risk of becoming homeless, some with special needs.

2. Eligible Use of Funds:
  - a. Homeless Shelter Operations (CDBG and ESG). Services to Homeless Persons (CDBG and ESG).
  - b. Homeless Prevention Activities (CDBG and ESG).
  - c. Acquisition, construction, and rehabilitation of homeless day centers and emergency shelters (CDBG).
  - d. Acquisition, construction, and rehabilitation of homeless transitional housing facilities (CDBG and HOME).
3. Non-Eligible Use of Funds:
  - a. ESG funds may not be used for acquisition, construction, rehabilitation, or other capital costs.
  - b. HOME funds may not be used for capital costs associated with day centers or emergency shelters.
  - c. HOME funds may not be used for costs of operations or services.
  - d. CDBG, HOME, and ESG funds may not be used for general administration costs.

## **B. Housing**

Consolidated Plan Goal: To increase the housing stock that is affordable, accessible and available to extremely low-, very low-, low-, and moderate-income residents of Sonoma County, including special needs subpopulations.

1. Housing Specific Objectives from Consolidated Plan:
  - a. Develop new rental and ownership housing units that are affordable and available to extremely low-, very low-, low- and moderate-income households, some with special needs.
  - b. Develop new housing units with appropriate supportive services that are affordable, accessible and available to extremely low-, very low-, low- and moderate-income special needs households.
  - c. Provide tenant-based rental subsidies to make market rate housing units affordable to extremely low-income households, some with special needs.
  - d. Provide comprehensive rehabilitation and targeted hazard mitigation assistance to make needed repairs and improvements conventional single- and multi-family housing and mobile homes owned and/or occupied by extremely low-, very low-, low- and moderate-income households, some with special needs.
  - e. Provide loans to eligible entities to acquire and/or rehabilitate existing multi-family housing affordable, accessible and available to extremely low-, very low-, low- and moderate-income households at risk of becoming market rate housing. The occupants of some of these assisted housing units will include special needs households.
  - f. Provide direct fair housing education and mediation services to low- and

moderate-income renter households, some with special needs.

2. Eligible Use of Funds:

a. Housing Development and Preservation:

- i. Site acquisition (CDBG and HOME).
- ii. Acquisition of existing rental housing (CDBG and HOME).
- iii. Development impact fees (HOME).
- iv. Site improvements for new rental housing developments (HOME).
- v. Construction of new rental housing developments (HOME).
- vi. Demolition associated with development of new housing units (CDBG and HOME).
- vii. Rehabilitation of existing rental housing developments (CDBG and HOME).
- viii. Energy-related and disabled accessibility improvements (CDBG and HOME).
- ix. Relocation associated with development or rehabilitation of housing units (CDBG and HOME).

b. CBDO Housing Development (CDBG):

An approved Community Based Development Organization (CBDO) may use CDBG funds for predevelopment costs (including, but not limited to: architectural, engineering or related professional services required to prepare plans, drawing, specifications, or work write-ups), site improvements, and hard costs of unit construction for qualifying “neighborhood revitalization projects” as defined at 24 CFR 570.204(a).

c. Scattered-Site Housing Rehabilitation (CDBG):

The Commission will provide assistance for hazard mitigation measures and comprehensive rehabilitation of single-family houses, mobile homes, and multi-family units located on scattered sites throughout the Urban County that are occupied by low-income households.

d. First Time Homebuyer Assistance ( and CDBG):

The Commission will provide assistance to low-income households to purchase homes in designated subdivisions throughout the Urban County.

e. Tenant-Based Rental Assistance (HOME):

The Sonoma County Housing Authority will provide rental assistance for households residing in emergency or transitional shelters that have obtained supportive services that will enable them to become self-sufficient, persons with disabilities who have obtained supportive services, senior citizens, former foster youth, and persons displaced due to locally declared disasters.

f. CHDO Operating Costs (HOME):

Up to 5% of the County’s fiscal year HOME allocation may be used for operational support for approved Community Housing Development Organizations (CHDOs) in an aggregate amount not to exceed the lesser of \$50,000 or 50% of the CHDOs total operating expenses in that fiscal year and adhering to HOME federal regulations

§92.208, §92.300(e), and §92.300(f).

3. Non-Eligible Use of Funds:

- a. CDBG and ESG funds may not be used for tenant-based rental assistance.
- b. CDBG funds may not be used for costs associated with construction of new, permanent housing units, except by an approved CBDO.
- c. HOME funds may not be used for ownership projects.
- d. HOME funds may not be used to pay holding or option costs.
- e. HOME funds may not be used for development soft costs, except for eligible impact fees.
- f. ESG funds may not be used for acquisition, construction, rehabilitation, or other capital costs.
- g. CDBG, HOME, and ESG funds may not be used for general administration expenses.

**C. Non-Housing Community Development**

Consolidated Plan Goal: To assist in creating and/or replacing infrastructure systems, public facilities and non-housing services that meet the needs of the extremely low-, low- and moderate-income residents of Sonoma County, including the homeless and special needs subpopulations.

1. Non-Housing Community Development Specific Objectives from Consolidated Plan:

- a. Preserve low- and moderate-income neighborhoods and improve the quality of neighborhood-based living, including construction or reconstruction of storm/flood drain improvements, water and sewer improvements (connecting water and sewer lines to new or existing affordable housing developments, sewer mains, and rural water facilities), streets, streetlights, sidewalks, curbs and gutters (either non-existent or in need of repair or upgrade).
- b. Construct, renovate or install access modifications to meet the special needs of persons with disabilities and the elderly in accordance with the American with Disabilities Act (ADA) in public facilities, including but not limited to public parks, restrooms, youth centers, senior centers, fire stations, libraries and community recreation facilities.
- c. Facilitate economic integration and self-sufficiency for lower income persons through self-sufficiency programs and through job training and economic development activities to increase job opportunities.

2. Eligible Use of Funds:

a. Public Improvements and Facilities (CDBG):

- i. Site acquisition.
- ii. Acquisition of existing facilities.
- iii. Site improvements for new facilities.
- iv. Development and construction of new improvements and facilities.
- v. Demolition associated with development of new improvements and facilities.

- vi. Rehabilitation of existing facilities.
  - vii. Reconstruction of existing improvements.
  - viii. Energy-related and disabled accessibility improvements.
  - ix. Relocation associated with development of new improvements and facilities.
- b. Public Services (CDBG).
3. Non-Eligible Use of Funds:
- a. HOME funds may not be used for any capital, operating, or maintenance costs associated with public improvements or facilities.
  - b. HOME funds may not be used for costs of services.
  - c. CDBG funds may not be used for repair (vs. reconstruction) of public improvements.
  - d. CDBG, HOME, and ESG funds may not be used for general administration expenses.

### **III. ELIGIBLE AND INELIGIBLE APPLICANTS**

Eligible applicants for HOME funding include non-profit and qualifying for-profit organizations, and public agencies (local government entities).

Eligible applicants for CDBG and ESG funding include non-profit organizations and public agencies. Eligible non-profits must have attained their IRS 501(c)(3) status at the time the funding application is submitted.

Individual persons are not eligible to apply for CDBG, HOME and ESG funding; however, individuals may apply for assistance from programs assisted with these funds such as housing rehabilitation, first-time homebuyer, or tenant-based rental assistance programs.

### **IV. FUNDING CONDITIONS AND REGULATIONS**

#### **A. Timeliness**

All projects shall proceed in a timely manner.

1. Funds for program operations (i.e. non-capital programs), referred to here as “Public Services,” must be expended within the 12 months of the fiscal year for which funding is allocated. Public Service funding that is unexpended after June 30<sup>th</sup> of the fiscal year will be reprogrammed.
2. Funds for site acquisition must be spent within 12 months of the date on which the Funding Agreement is offered for execution. If the site acquisition is not complete within 12 months of that date, the funds will be reprogrammed unless Commission staff determines that the project is in substantial compliance with the 12-month timeline and there is a reasonable expectation that site acquisition will be completed within an additional 30 days.
3. Funds for all capital projects, including hard and soft costs of new development,

renovation, rehabilitation, and reconstruction projects, must be expended within 24 months of the date on which the Funding Agreement is offered for execution. Capital project funding that is unexpended after 24 months will be reprogrammed unless Commission staff determines that the project is in substantial compliance with the 24-month timeline and there is a reasonable expectation that the funds will be fully expended within an additional 30 days.

## **B. Site Control**

Capital project proposals must demonstrate site control at the time funding is made available to the County by HUD (generally August of the new fiscal year). An executed long-term lease, signed option or purchase agreement or equivalent, legally enforceable instrument may satisfy this requirement. If site control is not in force at the time HUD makes the funding available to the County, the funding approval will be rescinded and the funds will be reprogrammed.

## **C. Environmental Conditions**

Project allocation awards that have been approved by the Board of Supervisors cannot be funded until the required federal environmental and contract compliance conditions have been met. The Commission's Executive Director is designated by the Board of Supervisors as the Certifying Officer for all National Environmental Policy Act (NEPA) environmental review of CDBG, ESG and HOME-funded projects. Therefore, the Commission will determine and complete, or cause to be completed, the appropriate level of NEPA environmental review, the cost of which shall be the responsibility of the awardee and may be paid from the grant/loan funds allocated. The awardee must provide all requested information pertinent to completing the environmental review in a timely manner. Failure to do so will result in the reprogramming of the allocated funds to another project.

The applicant must provide the Commission with documentation verifying the satisfaction of any required environmental impact mitigation measures.

As applicable, the project also must receive local environmental clearance in accordance with the requirements of the California Environmental Quality Act (CEQA). The applicant must submit a copy of the CEQA clearance to the Commission.

## **D. Reasonable Cost of Real Estate Acquisition**

A property appraisal carried out by a licensed real estate appraiser, or other evidence of valuation acceptable to the Commission, must be provided to the Commission prior to obligating any funds for acquisition of real estate. Funds for direct site acquisition will not be provided if the purchase price exceeds the documented "reasonable cost" of the real property. As defined in OMB Circulars A-87, *Cost Principles for State, Local and Indian Tribal Governments*, and A-122, *Cost Principles for Non-Profit Organizations*, "A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs." Funds for related transaction costs (e.g., title, soils tests, Phase I reports, etc.) may be allowed above the reasonable cost.

## **E. Land Use Approvals**

Proposed projects that require land use approvals must be consistent with the General Plan of

the jurisdiction in which they are located in order to meet the goals and objectives of the jurisdiction. A certification of the project's consistency with the applicable General Plan, signed by an authorized representative of the jurisdiction, must be submitted with the proposed project application.

#### **F. Compliance with Disabled Access Requirements**

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

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

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

#### **G. Compliance with Federal Procurement and Labor Standards**

Those projects that involve construction and/or rehabilitation must comply with federal procurement procedures and with federal labor standards including Davis-Bacon and Related Acts governing prevailing wage and other labor standards requirements. Commission staff will assist with compliance on such projects and will monitor the awardee's compliance with the applicable federal labor standards. As required by HUD, the Commission will withhold allocated funding from projects that do not maintain compliance with all applicable labor standards provisions.

#### **H. Building Standards**

All capital projects must be constructed and maintained in compliance with all applicable federal, state and local codes, standards and ordinances.

#### **I. Green Building Guidelines**

All capital proposals that include building construction or substantial rehabilitation shall include a "Green Design" self-score. If the jurisdiction in which the project is located has an established "Green Design" scoring methodology, the applicant shall provide that completed scoring information along with the funding application. Otherwise, the applicant shall use the criteria and methodology set forth by the Sonoma County Waste Management Green Building Guidelines or other substitute methodologies as directed by Commission staff. The reviewing bodies will use the "Green Score" in considering funding allocations but there will not be a required minimum threshold score for determining eligibility.

#### **J. Relocation and One-for-One Replacement**

If applicable, relocation and one-for-one replacement procedures outlined in 24 CFR 570.606 and in HUD's Uniform Relocation and Real Property Acquisition Act must be followed. Projects requiring permanent displacement of families, individuals and/or businesses must

also comply with the Sonoma County Residential Anti-displacement and Relocation Assistance Plan.

### **K. Change in Use**

All properties acquired and/or improved using CDBG funds must comply with the CDBG regulations at 24 CFR 570.505, which require that the use of the property (including the beneficiaries of such use) cannot be changed from that for which the acquisition or improvement was made unless the recipient provides affected citizens with reasonable notice of, and opportunity to comment on, any proposed change, and either: (1) The new use of such property qualifies as a CDBG-eligible activity; or (2) If the recipient determines, after consultation with affected citizens, that it is appropriate to change the use of the property to a use which does not qualify for CDBG funding, the recipient reimburses the Sonoma County CDBG Program in the amount of the current fair market value of the property, less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, and improvements to, the property. Compliance with this requirement shall be secured by a deed restriction recorded on title to the acquired or improved property. For County-owned properties, compliance with this requirement shall be secured through an annual certification of the County Real Estate Manager documenting that the use of CDBG-assisted properties remains unchanged.

### **L. Assistance for Site Acquisition, Development, and Rehabilitation**

#### 1. Form of Assistance – Rental Housing and Public Facility Projects

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

#### 2. Form of Assistance – Ownership Housing Projects

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

#### 3. Loan Documents and Close of Escrow

The Commission will execute a Funding Agreement and Promissory Note with each developer and record a Deed of Trust with a Rider in evidence of the Commission loan commitment and obligations.

#### 4. Alternate Loan Terms

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

#### **M. Affordability Restrictions for Housing Projects**

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

##### 1. Income Limits

- a. 100% of the CDBG and HOME funds will be used to assist units occupied by households with incomes of no more than eighty percent (80%) of the Sonoma County area median income (AMI), adjusted for household size.
- b. At least eighty percent (80%) of the units assisted with HOME funds must initially be occupied by households with incomes of no more than sixty percent (60%) of Sonoma County AMI, adjusted for household size. Subsequently, these units may be occupied by households with incomes of up to eighty percent (80%) of Sonoma County AMI, adjusted for household size.
- c. At least twenty percent (20%) of the units assisted with HOME funds must be occupied by households with incomes of no more than fifty percent (50%) of the Sonoma County AMI, adjusted for household size.

##### 2. Rent and Purchase Price Limits

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

##### 3. Term of Income and Price Restrictions

Upon completion or acquisition of a housing project, the assisted units must remain affordable for the longer of thirty (30) years or the longest affordability term required by other financing in the project. In no case shall the period of affordability be less than the original term of the loan.

#### **N. Participation of Homeless Individuals**

Effective 11/1/96, federal ESG regulations require that each recipient provide for the participation of at least one homeless individual or former homeless individual on the board of directors or other equivalent policy making entity.

#### **O. Homeless Management Information System (HMIS)**

All funded applicants operating homeless activities must participate, in a material and timely fashion, with the HUD Continuum of Care program requirements regarding the input of data

into the Homeless Management Information System (HMIS), and must provide match funding from non-McKinney-Vento funding sources to the agency managing HMIS.

#### **P. Match Requirements**

1. Per federal regulation, the expenditure of HOME funds will accrue a match obligation equal to 25% of the amount of the HOME funds expended. The Commission looks to each project receiving HOME funds to generate eligible match funds during the same fiscal year in which the HOME funds are expended.
2. Each awardee must match the ESG funding with an equal amount of funds from other, non-McKinney-Vento funding sources. Match funds must be provided after the date of the grant award.

#### **Q. Public Service Projects - Area of Service**

Proposed Public Service projects that are located in, and will serve the residents of, one or more specific incorporated areas, but not all of Sonoma County, must receive the endorsement of the governing body of the jurisdiction(s) in which the project will operate. A Council resolution endorsing the project must be submitted with the proposed project application.

#### **R. Other Federal Requirements**

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

1. CDBG: 24 CFR Part 570
2. HOME: 24 CFR Part 92
3. ESG: 24 CFR Part 576

## V. FUNDING ALLOCATION AND SELECTION PROCESS

### A. Allocation Of Funds

1. New annual allocations of CDBG, HOME and ESG funds from HUD shall be allocated per the table below:

Allocation Categories	Percentage of Funding CDBG	Percentage of Funding HOME	Percentage of Funding ESG
County-owned projects <sup>1</sup>	15%		
Unincorporated Area projects <sup>2</sup>	19.5%		
Public Service projects	15%		95% <sup>3</sup>
Rental housing development and CHDO operation support, a minimum of 15% of which shall be used for CHDO development / preservation of rental housing <sup>4</sup>		45%	
Tenant Based Rental Assistance Program <sup>5</sup>		45%	
City / Town projects <sup>6</sup>	30.5%		
Program Administration <sup>7</sup>	20%	10%	5%

1. Capital projects sponsored by County departments and agencies.
2. Capital projects located in an unincorporated area of the County.
3. Projects funded with ESG funds may be reimbursed for operating costs, including staff costs associated with maintenance or security. Up to 10% of ESG funds may be reimbursed for staff involved in the operation of an emergency shelter. Up to 30% may be reimbursed for essential services such as counseling or childcare, etc, including staff costs. Up to another 30% may be used for direct payment of costs to prevent homelessness. Staff costs cannot be included in this last category.
4. Rental Housing projects located in any of the 8 Urban County jurisdictions. If adequate eligible applications are not submitted to use the full amount of HOME CHDO set-aside funds, the balance will roll over for use in the next fiscal year by a CHDO. If adequate eligible applications are not submitted to use the full amount of non-CHDO housing development funds, the balance will be used for the Sonoma County Housing Authority's TBA Program.
5. Administered by the Sonoma County Housing Authority.
6. Capital projects located within the incorporated limits of Cloverdale, Cotati, Healdsburg, Rohnert Park, Sebastopol, Sonoma or Windsor may be sponsored by the municipality or a non-profit agency.

## 7. Program administration funding to Commission as allowed by federal regulation

### 2. Program Income and Reprogrammed Funds

#### a. CDBG:

- i. The Commission will use up to twenty percent (20%) of CDBG program income for program administration and operation of the CDBG program. The remaining program income will be reallocated as follows:
- ii. Program income/reprogrammed funds derived from housing rehabilitation activities will be used for housing rehabilitation assistance and associated direct program delivery costs in either the incorporated or unincorporated areas of the Urban County.
- iii. Program income funds derived from homebuyer activities will be used to assist new eligible homebuyers to purchase homes in either the incorporated or unincorporated areas of the Urban County.
- iv. Program income/reprogrammed funds derived from all other sources (i.e. not from housing rehabilitation and not from homebuyer activities) will be used as follows: CDBG program income/reprogrammed funds derived from City / Town projects will be reallocated to housing rehabilitation projects within the incorporated Urban County jurisdictions, and CDBG program income/reprogrammed funds derived from Unincorporated Area projects will be reallocated to housing rehabilitation projects within the unincorporated County.

#### b. HOME:

- i. The Commission will use ten percent (10%) of program income for program administration and operation of the HOME program.
- ii. The remaining ninety percent (90%) of program income, and any non-CHDO reprogrammed funds, will be reallocated to the Sonoma County Housing Authority's TBA Program. CHDO Set-Aside funds may only be reprogrammed to eligible CHDO projects.
- iii. The dollar amount of any funds reprogrammed from a HOME capital project to the HOME TBA program will be subtracted from the annual allocation to the TBA program in the following fiscal year.

### 3. Fair Housing Services Set-Aside Funding

Each jurisdiction receiving CDBG funds from HUD must certify that it will affirmatively further fair housing, which means it will conduct an analysis of impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting that analysis and actions in this regard. In that the provision of fair housing services is required to remain eligible for CDBG funding, adequate funding for these services shall be provided through a Set-Aside under the 15% of CDBG funds that may be allocated to Public Service projects.

The Commission shall issue a request for proposals (RFP) annually as part of the CDBG public services funding process to solicit proposals from capable non-profit agencies to provide fair housing services.

In the event that there are multiple proposals for providing fair housing services, the Community Development Committee will recommend one applicant to provide these services based on the following factors:

- a. The capacity of the applicant to provide these services.
- b. The degree to which a capable applicant can leverage additional funding sources to augment the County's funding allocation.
- c. Coordination with neighboring jurisdictions in the regional provision of fair housing services for optimizing efficiency and customer service.
- d. Cost-effectiveness.
- e. The degree to which the proposed services will overcome the effects of the fair housing barriers and issues as identified in the current Analysis of Impediments to Fair Housing Choice.

In the event no viable proposals are received from community-based non-profit agencies or no fair housing proposals are awarded funds, Commission staff will provide the required fair housing services utilizing funding from the fair housing set-aside.

The fair housing set-aside amount shall be \$52,500, subject to adequate CDBG funding. If the Community Development Committee recommends a change to this set-aside amount for any fiscal year, the following factors will be considered:

- a. Current funding level for the CDBG program.
- b. Historical funding levels of this service.
- c. Expected cost of activities required to address issues identified in the analysis of impediments to fair housing choice document.
- d. Consideration of actual or potential funding from other sources.

## **B. Proposal Submission Process**

1. A Letter of Intent is due to the Commission by the first Monday in December for all capital projects to be submitted for funding. This will allow staff time to provide feedback on project eligibility before preparation of the application. Commission will provide the format of the Letter of Intent. Public service agencies may also, but are not required to, submit a letter of intent to receive feedback on their program.
2. Proposal Submission

Please see the Consolidated Plan Application Timetable for the proposal deadline and public hearing dates discussed in this section.

**All applicants should attend a Technical Assistance Session for interested applicants**

**to be held on the date listed on the Consolidated Plan Application Timetable. Any applicant who cannot attend the scheduled Sessions should contact the Commission staff as soon as possible.**

Applicants must submit funding proposals to the Commission by 5:00 p.m. on the date listed on the Consolidated Plan Application Timetable. Project applications must be complete by the deadline date to be considered eligible for funding. Applications which do not include a Resolution from the Board of Directors, a required Certification of Consistency with the jurisdiction's General Plan, a required City Council Resolution endorsing a Public Service project, a current operating budget, a copy of the applicant's most recent audit, or complete answers to all applicable questions, will be deemed ineligible for funding.

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

3. City/Town Local Priority Ranking

Each municipality will review the proposals to be located within its jurisdiction and will assign priorities for funding. All proposals from the municipalities must be submitted to the Commission together with city/town council resolutions adopting priority rankings by the deadline date shown in the Consolidated Plan Application Timetable.

## C. Selection Process:

### 1. Community Development Committee:

The Sonoma County Community Development Committee (CD Committee) appointed by the Board of Supervisors will assume responsibility for reviewing proposals that are of a countywide nature, public services proposals, and housing and public facilities/public improvement proposals for projects in unincorporated areas.

The CD Committee conducts an annual public hearing to take testimony regarding proposals submitted under these categories. See the Consolidated Plan Application Timetable for the CD Committee's public hearing date. The CD Committee will formulate a funding recommendation to the Board of Supervisors for each program year. The CD Committee's recommendation will include a list of projects recommended for funding, the level of funding recommended and conditions to be satisfied prior to funding, if any. The CD Committee will not recommend funding for any project unless a representative from the applicant agency is present at the hearing to answer questions about the proposed project.

### 2. Technical Advisory Committee:

The Technical Advisory Committee (TAC), comprised of one appointed representative from each of the seven incorporated jurisdictions included in the Urban County, will assume responsibility for reviewing all capital project CDBG proposals that will be implemented within the cities/town, i.e. proposals submitted in the city/town project category.

The TAC will conduct an annual public hearing on the date shown in the Consolidated Plan Application Timetable to take testimony regarding proposals submitted to the cities/town. At the conclusion of its hearing, the TAC will develop its funding recommendation to the Board of Supervisors for each program year. The TAC's recommendation will include a list of projects recommended for funding, the level of funding recommended and conditions to be satisfied prior to funding, if any. The TAC will not recommend funding for any project for a jurisdiction unless the duly appointed TAC representative or the duly appointed TAC alternate of the jurisdiction is present at the hearing to answer questions about the proposed project.

### 3. Action Plan – One-Year Use of Funds

The Commission will use the CD Committee and TAC recommendations to prepare the "Action Plan: One Year Use of Funds" to be included in the appropriate Sonoma County Consolidated Plan. The Consolidated Plan Summary will be published/disseminated in accordance with HUD regulations and the Sonoma County Citizen Participation Plan and thirty days allowed for written comments to be submitted to the Commission. See the Consolidated Plan Application Timetable for the publication dates and the end of the comment period.

### 4. Board of Supervisors Final Approval

The CD Committee and TAC recommendations, along with all written comments received during the Action Plan comment period and supplementary Commission staff comments, will be submitted to the Board of Supervisors for approval. The Board is the final decision-maker

for determining CDBG, HOME, and ESG awards. See the Consolidated Plan Application Timetable for the Board's public meeting date. Once the Board of Supervisors approves the program, the "Action Plan: One Year Use of Funds" is submitted to HUD.

#### **D. Review And Selection Criteria**

The following criteria will be the basis of evaluation by both the Community Development Committee and the Technical Advisory Committee as well as the Board of Supervisors.

**1. General (The following criteria apply to applications for funding to assist in the prevention of homelessness, provide affordable housing and non-housing community development.)**

- a. In no event will an award be granted in an amount less than \$10,000.**
- b. ESG funds will be combined with CDBG public services funds for allocation purposes.**
- c. Proposals for housing and homeless related purposes will be given a higher priority than other types of proposals.**
- d. The project will have joint funding from other sources.
  - i. Degree to which the proposal demonstrates the leveraging of other funds and in-kind contributions.
  - ii. Degree to which the applicant demonstrates a continuing effort to locate alternate sources of funding.
- e. The applicant demonstrates the administrative capacity to complete the proposed project and will have adequate provisions for long-range maintenance and operations.
  - i. Degree to which work products, Board of Director's meeting minutes, reports and reimbursement requests from previous awards were submitted in a complete, accurate and timely manner.
  - ii. Degree to which previously awarded grant funds were expended on eligible activities in a timely manner and in compliance with applicable policies, rules and regulations.
  - iii. Degree to which new applicants demonstrate a record of administrative and programmatic capacity using federal, state, local and private grant funds from other sources.
  - iv. Cost effectiveness of the project.
- f. Geographic Service Area
  - i. The reviewing bodies will endeavor to ensure that all areas of the County are appropriately served.
  - ii. For public services proposals that serve a geographic area less than all of Sonoma County, the reviewing bodies will give weight to an affected city or

town's priority in making funding recommendations.

iii. The project is appropriate in size, scope and location to successfully address the targeted clientele and defined service area.

g. Funding preference for non-profit developers per the Sonoma County Housing Element.

h. The project will not duplicate existing projects or services.

i. Degree to which the project provides unique, non-duplicative services.

ii. Degree to which a documented and verifiable need for the proposed project/service is demonstrated.

i. The project will impact significantly on the identified problem.

i. Degree to which the proposal demonstrates that the funded activities will result in outcomes that are clearly defined, measurable and directly related to alleviation of the stated problem.

j. The project will produce visible, permanent results in meeting the immediate needs of lower income persons.

a. Degree to which the proposal addresses immediate needs in a manner that promotes permanent solutions.

**2. Homelessness (In addition to the General criteria, the following criteria apply to applications for funding to assist in addressing and preventing homelessness.)**

**a. Projects that provide shelter, housing and/or services for people who are homeless will address needs identified in the A Roof Over Every Head: Sonoma County's 10-Year Homeless Action Plan.**

**i. Degree to which the proposal clearly fills an identified gap in the Sonoma County Continuum of Care system.**

**ii. Degree to which the provider participates in the Sonoma County Continuum of Care planning process.**

**iii. Degree to which the provider participates in the local implementation of the HUD-mandated Homeless Management Information System (HMIS).**

**3. Housing (In addition to the General criteria, the following criteria apply to applications for funding to provide affordable housing.)**

a. The project will impact significantly on the identified problem.

i. Degree to which the project targets extremely low-, very low- and low-income families and special needs populations, the households given priority in the County's Consolidated Plan.

ii. Degree to which the number of assisted households exceeds the minimum HOME or CDBG Program requirements.

iii. For rental housing, degree to which the rents will be below the maximum rents allowed by the HOME and CDBG Program regulations.

iv. Degree to which the proposed affordability period exceeds the minimum

requirement.

- b. The project will produce visible, permanent results in meeting the immediate needs of lower income persons.
  - i. Degree to which the project promotes greater choice of housing opportunity.
  - ii. Degree to which the project facilitates and furthers fair housing principles; specifically, full compliance with the applicable provisions of Title VI of the Civil Rights Act of 1964, the Fair Housing Act, E.O. 11063 and HUD regulations issued pursuant thereto.

## VI. QUESTIONS?

Information regarding these policies, funding year timelines, application, allocation and funding year reporting and reimbursement process, etc may be found online at:

<http://www.sonoma-county.org/cdc/>

Additional information about public service programs, public facilities or public improvements projects may be obtained by contacting:

Cathy Allyn, Community Development Associate

Sonoma County Community Development Commission

1440 Guerneville Road, Santa Rosa, CA. 95403

phone 707-565-7541 ♦ fax 707-565-7583 ♦ [callyn@sonoma-county.org](mailto:callyn@sonoma-county.org)

Additional information about affordable housing projects may be obtained by contacting:

Bob Branson, Community Development Associate

Sonoma County Community Development Commission

1440 Guerneville Road, Santa Rosa, CA. 95403

phone 707-565-7901 ♦ fax 707-565-7583 ♦ [bbranson@sonoma-county.org](mailto:bbranson@sonoma-county.org)

Information regarding environmental reviews and Labor Standards matters may be obtained by contacting:

Gary Tabbert, Community Development Associate

Sonoma County Community Development Commission

1440 Guerneville Road, Santa Rosa, CA 95403

phone 707-565-7542 ♦ fax 707-565-7583 ♦ [gtabbert@sonoma-county.org](mailto:gtabbert@sonoma-county.org)