
SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM POLICIES

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).

A. **PROJECT ELIGIBILITY**

1. **National Objectives**

In order to be considered for funding, every proposal must meet at least one of the eligibility factors established in the national Housing and Community Development Acts of 1974 and 1987. These eligibility factors are as follows:

- a. The project benefits lower income households.
- b. The project consists of a comprehensive program to aid in the prevention or elimination of slums or blight.
- c. The project will eliminate detrimental conditions that pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs.

Meeting one of the three above factors is mandatory for a proposal to be eligible for CDBG funding. If a proposed project does not clearly address at least one of these three factors, then it is not eligible for further consideration.

2. **Relocation and Displacement**

Projects that are in conflict with the Sonoma County Residential Anti-displacement and Relocation Assistance Plan will be deemed ineligible for funding. (note: environment impact issue covered thoroughly under section F.6, general statement not needed here)

3. **Planning and Administrative Expenses**

General planning and administrative costs as defined in 24 CFR 570.205 and 570.206 are not eligible for funding. This does not include staff and overhead costs directly related to carrying out eligible activities, which costs are included as an integral part of implementing a project funded with CDBG funds. County CDBG funds may be used to pay for that portion of the total cost of any audit required by OMB Circular A-133 that represents the amount of County CDBG funds audited as a percentage of total funds audited.

Adopted: 11/6/07

B. LOCAL CONSOLIDATED PLAN GOALS AND OBJECTIVES

The County has established three core goals, one each in the areas of housing, homelessness and non-housing community development. These three goals express the County's intentions related to assisting extremely low-, low- and moderate-income residents.

- Homelessness: 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.
- Housing: To increase the housing stock that is affordable, accessible and available to extremely low-, low-, and moderate-income residents of Sonoma County, including special needs subpopulations.
- Non-Housing Community Development: 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.

The County has established fourteen specific objectives, listed in Appendix A, to implement these three goals. The objectives make general statements about the activities that will be assisted with CDBG funds during the 5-year period of the Sonoma County Consolidated Plan 2005.

Addressing one of the fourteen specific objectives is mandatory for a proposal to be eligible for CDBG funding.

C. REVIEW AND SELECTION CRITERIA

In considering funding for eligible proposals received, staff and the reviewing bodies will evaluate how each proposal responds to the following review and selection criteria. Application materials and advisory committee evaluation materials will reflect these criteria:

1. The project will have joint funding from other sources.

- Degree to which the proposal demonstrates the leveraging of non-CDBG funds and in-kind contributions.
- Degree to which the applicant demonstrates a continuing effort to locate alternate sources of funding.

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

- Degree to which the project duplicates similar projects or services.
- If the project/service does duplicate others, the degree to which the proposal demonstrates that it will provide a level of product or service for which there is a verified need over and

above the existing level, that it will not supplant an existing project/service and that the duplication will not result in excessive administration/project delivery costs for that type of project/service.

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

3. 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*.

- Degree to which the proposal fills an identified gap in the Sonoma County Continuum of Care system.
- Degree to which the provider participates in the Sonoma County Continuum of Care planning process.
- Degree to which the provider participates in the local implementation of the HUD-mandated Homeless Management Information System (HMIS).

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

- Degree to which the proposal addresses immediate needs in a manner that promotes permanent solutions.
- For affordable rental housing proposals:
 - 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.
 - Degree to which the rents will be below the maximum rents allowed by the CDBG Program regulations.
 - Degree to which the term of affordability is as long as feasible for the project

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

- 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.

6. The project will proceed in a timely manner. CDBG funds for Public Service projects must be expended within the 12 months of the fiscal year for which funding is allocated. Public Service funding that is unexpended after June 30th of the fiscal year will be reprogrammed for use on another project. Capital projects should be at the stage where CDBG funds can likely be expended for eligible purposes generally within 12 months. Capital project proposals that are not at this stage of readiness to proceed will be given lower priority.

7. The applicant demonstrates the administrative capacity to complete the proposed project.

- Degree to which the applicant demonstrates the capacity and expertise to carry out the project.
- 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.
- Subrecipients have 30 months from July 1 of the award year or, for contingency projects, 30 months from the date of the written notice of funding availability, to commit AND disburse CDBG funds. Subrecipients that have projects with unexpended funds beyond 30 months (from a previous CDBG award) will not be eligible for funding consideration. Special circumstances (for example, a substantial level of CDBG funds expended for the project, CDBG funds to be disbursed pending completion of a previously executed construction contract, or a delay caused by a natural disaster) will be considered before a determination of ineligibility is made.
- Degree to which work products, Board of Director's meeting minutes, reports and reimbursement requests from previous awards were submitted in a complete and timely manner.
- Degree to which new applicants demonstrate a record of administrative and programmatic capacity using federal, state, local and private grant funds from other sources.

8. Geographic Service Area

- The reviewing bodies will ensure that all areas of the County are appropriately served.
- 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.

9. Housing Prioritization

- For proposals competing in the county-wide/unincorporated area and public services funding categories, proposals for housing and homeless related purposes will be given a higher priority than other types of proposals.

D. CITY/TOWN LOCAL PRIORITY RANKING

In order to allow maximum flexibility to the municipalities in meeting their identified community development needs, each municipality is encouraged to establish a community-based prioritization of the local goals and objectives as set out for the CDBG Program. Municipalities are required to prioritize their project proposals before submission to the County for consideration. A formal action by the City/Town Council adopting the prioritization is required.

Each of the participating municipalities is responsible for determining the priority of proposed projects within its specific jurisdiction. Proponents of CDBG activities within specific municipalities should contact the City/Town Manager's office to obtain written proposal criteria and submission deadlines for the appropriate jurisdiction.

E. ELIGIBLE AND INELIGIBLE APPLICANTS

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

Pursuant to CDBG regulations, HUD-designated Community-Based Development Organizations (CBDOs) are the only eligible applicants of CDBG funding to construct new, permanent residential housing units.

Individual persons are not eligible to apply for CDBG funding; however, individuals may apply for assistance from programs assisted with CDBG funds such as housing rehabilitation or rental assistance programs.

Due to the shortage of housing and community development funds for lower income persons, certain organizations are limited in submitting proposals for CDBG funds. It was deemed that these agencies should apply for other local, state and federal funds targeted to their specific needs. The following is a list of agencies/organizations that are **not** eligible to receive CDBG funds or are limited in the type of activity they may propose to have funded.

1. Public/Private Owned Utility Systems

CDBG funds cannot be used to acquire water or sewer systems. Funds may be used on a limited basis to improve or expand such systems or to pay for certain planning or related studies associated with the acquisition of a utility provided that achieving a national objective (see Section A.1) is demonstrated. Additionally, the proposal must clearly document that other sources of funds are unavailable or insufficient.

2. School Districts

School districts cannot apply for CDBG funds to upgrade school-owned facilities. School districts may request funds for public improvements adjacent to school property.

3. Certain Health Service Agencies

Agencies providing health services including health education, counseling and medical services are restricted from applying for CDBG funds.

F. ADDITIONAL REQUIREMENTS AND FUNDING CONDITIONS

1. Commission Authorization to Proceed

No CDBG funds may be obligated or committed until written clearance is provided by the staff of the Community Development Commission. Any entity receiving CDBG funds may not enter into a contract or otherwise obligate the CDBG funds without written clearance from the Commission.

2. Compliance with County and City General Plans

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.

3. Public Service Projects Serving Incorporated Areas

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.

4. Site Control

Proposals must demonstrate site control at the time CDBG 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 CDBG funding available to the County, the funding approval will be rescinded and the CDBG funds will be reprogrammed.

5. Compliance with Handicapped Access Requirements

All applicants for CDBG 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 handicaps shall, solely on the basis of handicap, 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.

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

6. Environmental Conditions

CDBG projects that have been finally approved by the Board of Supervisors cannot be funded until certain federal environmental and contract compliance conditions have been met. The required National Environmental Policy Act (NEPA) environmental review must be completed within three months of the fiscal year start date (by October 1st). If the environmental review is not completed within the specified timeframe, the CDBG funding will be reprogrammed for use on a contingency project unless Commission staff determines that the project is in substantial compliance with the specified timeline and there is a reasonable expectation that the review will be completed within an additional 30 days. All projects that comprise a component of a larger project, such as site acquisition or predevelopment/design costs for a housing development or public facility project, shall complete the environmental review process required for the completed larger project determined to be eligible for CDBG funding. (*Note: Funding will not be reprogrammed if the environmental review is being prepared by the Commission's environmental consultant and the delay is due to the actions or inactions of the consultant.*)

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.

Environmental clearance work for National Environmental Policy Act (NEPA) defined categorically excluded with no ground-disturbing activities and exempt projects as required by NEPA may be performed by Commission staff. Actual Environmental Assessments are the responsibility of the applicant and must be completed by a qualified contractor. Prior to submitting a funding application, contact should be made with Commission staff in order to determine the level of environmental review that will be required.

NEPA-compliant environmental reviews of those projects requiring an Environmental Impact Statement (EIS) or detailed Environmental Assessment (EA), those which are located in the 100 year floodplain where an extensive eight step environmental procedure is required, and those involving ground-disturbing activities or historic buildings or sites, are the responsibility of the developer. The applicant must pay the cost of this work, including the costs of hiring consultants, publication and printing. The cost of all NEPA-required work may be reimbursed with CDBG funding if it is included in the proposed project budget. The developer must provide the Commission with documentation verifying the satisfaction of any mitigation measures described in the EIS, EA or Statutory Worksheet.

The Commission will be responsible for the publication of a Finding of No Significant Impact (FONSI) and the Commission will bear the costs for publication of the FONSI.

7. 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 subrecipient'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.

8. Building Standards

Housing development projects must be built and maintained in compliance with all applicable federal, state and local codes, standards and ordinances.

All capital proposals that include building construction or substantial rehabilitation shall include a “Green Design” self-score using 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 funding application form provided by the Commission will identify the criteria in use for any given fiscal year. 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.

9. Other Federal Requirements

The CDBG Program requires participants to abide by regulations regarding accounting and auditing practices, equal opportunity and fair housing, affirmative marketing, displacement, relocation and acquisition, labor standards, Minority/Women's Business Enterprises, the Economic Opportunities for Low- and Very Low-Income Persons “Section 3” Plan (when applicable) accessibility and other property standards, lead hazard reduction, conflict of interest, debarment and suspension, flood insurance, and the Fire Administration Authorization Act of 1992. As required by Federal regulation, the County will require participants to provide documentation of compliance with these requirements.

10. CDBG Assistance - Pre-Development, Site Acquisition, New Construction, Rehabilitation

a. Reasonable Cost

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. 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.

b. 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. CDBG funding may be used to reimburse required demolition and relocation costs.

c. Site Acquisition

CDBG funds must be spent for site acquisition within 12 months of the date on which the CDBG Agreement is offered for execution. If the site acquisition is not complete within 12 months of that date, the CDBG 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.

Housing projects involving CDBG funds for acquisition should be complete and ready for occupancy within 24 months of acquiring the site.

d. Construction Projects

For projects that will use CDBG funds for construction costs, including project management and construction soft costs, construction must begin within 18 months of the date on which the CDBG Agreement is offered for execution, as evidenced by execution of the construction contract. If the construction contract is not executed within 18 months of that date, the CDBG funds will be reprogrammed for use on a contingency project unless Commission staff determines that the project is in substantial compliance with the 18-month timeline and there is a reasonable expectation that the construction contract will be executed within an additional 30 days.

(Note: CDBG funds may be used to construct new, permanent housing units only if the project qualifies as an eligible 24 CFR 570.204 project being carried out by a HUD-designated CBDO.)

e. Change in Use

All properties acquired and/or improved using CDBG funds must comply with Section 570.505 of the CDBG regulations, which requires 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.

- f. Form of Assistance – Rental Housing and Public Facility Projects
For public facility projects not owned by the County or one of the Urban County's seven participating municipal governments, CDBG assistance for predevelopment, site acquisition, new construction or rehabilitation will be provided in the form of a deferred payment, 3% simple-interest loan secured against the property. For all housing projects, whether they are owned by a non-profit organization, a partnership, or a unit of local government (excluding rehabilitation projects carried out under the Commission's owner-occupied and investor-owned housing rehabilitation loan programs), assistance will also be provided in the form of a 3% simple-interest loan secured against the property. . The CDBG loan may be consolidated with previous Commission loans secured by the same property and may be subordinate in lien position to other loans securing project financing in amounts greater than the combined total of all CDBG and other Commission assistance to the project. Upon completion of the project, CDBG loans must be fully secured by the post-completion value of the property.

For rental housing and public facility projects, the term of the deferred loan will be minimally the longer of thirty (30) years or the longest term of any financing which is senior in lien position to the CDBG loan

- g. 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 CDBG developer loan 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 CDBG assistance, plus any interest accrued on the original developer loan as of the date of conversion. Repayment proceeds from these loans will be treated as program income and will be returned to the Commission for allocation to assist new eligible homebuyers to purchase homes previously assisted with CDBG funds or to other projects in accordance with CDBG regulations and these CDBG Policies.
- h. Disposition of Excess Cash Flow
The Commission shall have the option of requiring any excess cash flow from a completed rental housing project to be used to: 1) fund a replacement reserve fund for the project, 2) reduce rent levels for the project's units, and/or 3) repay all or a portion of the Commission's loan to the project.
- i. Housing Predevelopment Costs
Project-specific pre-development costs which are not included as general planning or administrative costs as defined in 24 CFR 570.205 and 570.206 are eligible for funding only as part of an eligible 24 CFR 570.204 project being carried out by a HUD-designated CBDO. Eligible pre-development costs include project-specific costs for engineering and design, environmental review

and clearance, and architectural and other details required for construction purposes (such as structural, electrical, plumbing and mechanical details).

j. Loan Documents and Close of Escrow

The Commission will execute a CDBG Subrecipient Agreement with each developer and record a Deed of Trust with a Rider in evidence of the CDBG loan commitment and obligations. When requested by other financing entities involved in the project, the Commission will be responsible for submitting the CDBG loan documents for their review.

The Commission will prepare and submit the Commission's standard, CDBG loan documents to escrow at no charge to the borrower. The Commission will charge the borrower for the actual costs incurred, including but limited to Commission staff and county legal counsel time, for the review and/or preparation of documents related to requests for subordination, modification and/or assignment of the CDBG loan or other modifications of CDBG loan documents.

The Commission may close escrow on CDBG loans for pre-development, demolition, relocation, and site acquisition costs prior to the commitment of all funds necessary to complete the development. The Commission may close escrow on CDBG loans for site improvements, development soft costs, construction and other such purposes only after all land use approvals have been received and all construction funds and permanent financing have been committed as evidenced by written letters of commitment, local jurisdiction resolutions, or other equivalent documentation.

k. 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 CDBG Subrecipient Agreement and/or loan to a partnership or other assignee in compliance with HUD regulations. (Note: Pursuant to HUD regulations, the Commission may consent to assign a CDBG Subrecipient Agreement and CDBG loan to a partnership or other assignee only after the CDBG-eligible subrecipient has expended the CDBG funds for CDBG-eligible and authorized activities.)

l. Rental Housing Affordability Restrictions

CDBG funded affordable rental housing projects are required to have long-term affordability restrictions for a term not less than the term of the CDBG loan nor less than CDBG program requirements. The affordability requirements and the term of the affordability restrictions shall be at least as restrictive as proposed in the funding application.

- m. Community Relations:
All sponsors of CDBG-funded activities in new locations are required to provide notification to all neighboring property owners prior to initiating the new program services or occupying the new location. Disbursement of CDBG funds will not occur until the notification has been provided. A copy of the notice and a listing of all addresses to which the notice was provided must be submitted to the Commission. If such notice is provided by a governmental jurisdiction as a requirement of the local land use approval process, the project sponsor may submit documentation of that notice process and no additional notification by the project sponsor is required.

11. 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, the funding of these services shall be determined separately from other public services funded from CDBG funds.

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:

1. The capacity of the applicant to provide these services.
2. The degree to which a capable applicant can leverage additional funding sources to augment the County's funding allocation.
3. Coordination with neighboring jurisdictions in the regional provision of fair housing services for optimizing efficiency and customer service.
4. Cost-effectiveness.
5. 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:

1. Current funding level for the CDBG program.
2. Historical funding levels of this service.
3. Expected cost of activities required to address issues identified in the analysis of impediments to fair housing choice document.

4. Consideration of actual or potential funding from other sources.

H. FUNDING SELECTION PROCESS

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

1. Proposal Submission

All proposals (except non-public service proposals initiated by the 7 participating cities/town) must be submitted to the Community Development Commission. The Commission will forward each proposal to the appropriate entity for review.

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.

In accordance with policies adopted by the Community Development Commission, 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.

2. Initial Proposal Review

Each municipality will review the non-public service 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 endorsing the project (for Housing Set-Aside proposals) or adopting priority rankings (for all other proposals) by the deadline date shown in the Consolidated Plan Application Timetable.

3. 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 a 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 the subject 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.

4. Technical Advisory Committee

The Technical Advisory Committee (TAC) will assume responsibility for reviewing all non-public services CDBG proposals that will be implemented within the cities/town. The TAC does not review countywide, public service or unincorporated public facilities/public improvement proposals.

TAC Hearing

The TAC will conduct a 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 the subject 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.

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 Community Development Commission. See the Consolidated Plan Application Timetable for the publication dates and the end of the comment period.

5. Board of Supervisors Final Approval

The complete program contained in the Consolidated Plan Summary, along with all written comments, will be submitted to the Board of Supervisors for approval. The Board is the final decision-maker for the projects. 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.

I. ALLOCATION OF FUNDS

1. Annual Allocation from HUD

The U.S. Department of Housing and Urban Development recognizes the County as the official CDBG grantee and charges the County with the administration of the program in accordance with federal statutes and regulations. In order:

- to use CDBG funds in the most efficient manner,

- to recognize the array of site specific needs in the unincorporated area and cities/town,
- to provide for countywide public service needs, and
- to administer the CDBG program in accordance with HUD regulations to ensure the availability of future CDBG funds,

The CDBG funds will be distributed among users and types of projects in the following allocation areas and percentages:

<u>Allocation Area</u>	<u>Percentage of Funding</u>
Program administration and operation of the CDBG program	20%
Allowance for possible adjustments in final proposal awards as determined by the Board of Supervisors	2.5%
Countywide and unincorporated projects, including public works projects at 15% and public services at 12.5%. No project may be funded for less than \$10,000.	47%
City/town projects .	30.5%

2. Program Income and Reprogrammed Funds

The Community Development Commission will use up to twenty percent (20%) of program income for program administration and operation of the CDBG program. The remaining program income will be reallocated as follows:

- a. With the exception of program income/reprogrammed funds derived from housing rehabilitation and homebuyer activities, CDBG program income/reprogrammed funds derived from City Target Area and citywide projects will be reallocated to housing rehabilitation projects within the incorporated jurisdictions, and CDBG program income/reprogrammed funds derived from County Target Area and countywide projects will be reallocated to housing rehabilitation projects within the unincorporated County.
- b. Program income/reprogrammed funds derived from housing rehabilitation activities will be used for housing rehabilitation assistance and/or its administration in either the incorporated or unincorporated areas of the County. Housing rehabilitation program income/reprogrammed funds will be reallocated to designated housing rehabilitation contingency projects.

- c. 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.

J. QUESTIONS?

Additional information about the Sonoma County CDBG Program 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 707-565-7557 ♦ callyn@sonoma-county.org

Attachments:

Appendix A
CDBG Application
Consolidated Plan Application Timetable

APPENDIX A

FUNDING SELECTION PROCESS AND CONSOLIDATED PLAN GOALS AND OBJECTIVES FY 2005-2006 THROUGH FY 2009-2010

FUNDING SELECTION PROCESS

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

Each year, the Department of Housing and Urban Development notifies the County of its allocation amount of FESG, HOME, and CDBG funds. Sonoma County generally receives this notification in January of each year.

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 Session should contact the Commission staff as soon as possible.

Non-profit agencies must submit funding proposals directly to the Community Development 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 that do not include a Resolution from the Board of Directors, 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.

In accordance with policies adopted by the Community Development Commission, proposals may not be revised and/or submitted after the deadline date. In addition, once a proposal is awarded funding by the Commission, the proposed activities cannot be materially altered. The Community Development Committee (CDC) appointed by the Board of Supervisors will assume the responsibility for reviewing the proposals. The CDC conducts a public hearing to take testimony regarding proposals. See the Consolidated Plan Application Timetable for the CDC's public hearing date.

At the conclusion of its hearing, the CDC will develop its funding recommendations to the Board of Supervisors. The CDC'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 CDC's recommendation will also include a prioritized listing of contingency projects to be funded if sufficient program income and/or reprogrammed funds become available during the subject fiscal year. These recommendations will be included in the Action Plan: One Year Use of Funds to be included in the appropriate Consolidated Plan. The Consolidated Plan Summary will be published/disseminated in accordance with the Sonoma County Citizen Participation Plan and thirty days allowed for the submission of written comments to be submitted to the Community Development Commission. See the Consolidated Plan Application Timetable for the publication dates and the end of the comment period. At the close of the comment period, the Action Plan: One Year Use of Funds, along with all public

comments received, is submitted to the Board of Supervisors for approval. The Board is the final decision maker for determining award amounts.

Once the Board of Supervisors approves the awards, the Action Plan: One Year Use of Funds is submitted to HUD.

GOALS AND OBJECTIVES

HOMELESSNESS

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.

Homeless Specific Objectives:

- S-1: Provide day center services to homeless persons, some with special needs.
- S-2: Provide emergency shelter beds for homeless persons, some with special needs.
- S-3: Provide transitional housing with supportive services to persons leaving homeless shelters or to persons who are living “on the streets”, some with special needs.
- S-4: 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.
- S-5: Provide homeless prevention services to households who are at risk of becoming homeless, some with special needs.

HOUSING

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

Housing Specific Objectives:

- H-1: Develop new rental and ownership housing units that are affordable and available to extremely low-, low- and moderate-income households, some with special needs.
- H-2: Develop new housing units with appropriate supportive services that are affordable, accessible and available to extremely low-, low- and moderate-income special needs households.
- H-3: Provide tenant-based rental subsidies to make market rate housing units affordable to extremely low-income households, some with special needs.
- H-4: 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-, low- and moderate-income households, some with special needs.

- H-5: Provide loans to eligible entities to acquire and/or rehabilitate existing multi-family housing affordable, accessible and available to extremely 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.
- H-6: Provide direct fair housing education and mediation services to low- and moderate-income renter households, some with special needs.

NON-HOUSING COMMUNITY DEVELOPMENT

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.

Non-Housing Community Development Specific Objectives:

- C-1: 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).
- C-2: 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-3: 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.

Notes:

1. The fourteen specific objectives make general statements about the activities that will be assisted by CDBG, HOME, FESG and/or other funds during the 5-year period of the Sonoma County Consolidated Plan 2005. **Interested applicants should contact Cathy Allyn at the Community Development Commission, at 565-7541 or callyn@sonoma-county.org, to discuss whether specific activities would be eligible for funding.**
2. The references to “County” in the objectives refer to the Urban County, including the 7 participating incorporated jurisdictions, along with the unincorporated area, the funded nonprofit organizations, and all other entities identified in the Sonoma County Consolidated Plan 2005 as comprising a part of the delivery system through which the Urban County implements its Consolidated Plan.
3. 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.

APPENDIX B
 (to be revised with March 2007 figures)
LOW-INCOME AND VERY-LOW INCOME AFFORDABLE RENTS
Effective March 2006

<u>LOW INCOME RENTS</u>		<u>VERY LOW INCOME RENTS</u>	
<u>UNIT SIZE</u>	<u>MAXIMUM RENT*</u>	<u>UNIT SIZE</u>	<u>MAXIMUM RENT*</u>
Studio	\$ 789	Studio	\$657
1 Bedroom	\$ 901	1 Bedroom	\$751
2 Bedrooms	\$1,014	2 Bedrooms	\$845
3 Bedrooms	\$1,126	3 Bedrooms	\$939
4 Bedrooms	\$1,216	4 Bedrooms	\$1,014

* HUD MAXIMUM RENTS WILL BE REDUCED BY A UTILITY ALLOWANCE, ESTABLISHED BY HUD, FOR ALL TENANT-PAID UTILITIES IN AN AMOUNT DETERMINED BY THE COMMISSION FOR CDBG-ASSISTED UNITS.

AS AN EXAMPLE, THE COMMISSION CALCULATED THE FOLLOWING AMOUNTS FOR TENANT PAYMENT OF GAS SPACE AND WATER HEATING AND GAS COOKING AND ELECTRIC LIGHTING IN AN APARTMENT UNIT:

Studio	\$31
1 Bedroom	\$41
2 Bedrooms	\$51
3 Bedrooms	\$59
4 Bedrooms	\$67

AFFORDABLE PURCHASE PRICES

For homes reserved for sale to low and very-low income buyers, the Commission uses a formula to establish the affordable sales prices. The formula, which limits monthly housing costs to approximately 30% of the maximum monthly income for the size of household assumed to reside in a particular unit (i.e., the number of bedrooms plus one), considers the monthly mortgage payment(s), private mortgage insurance, property taxes, home owner's insurance, and, if applicable, homeowner's association dues. Please contact the Commission for more information.