

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL  
FROM: DAVID GOUIN, DIRECTOR  
HOUSING & COMMUNITY SERVICES DEPARTMENT  
MATT HOCHSTEIN, VICE PRESIDENT, HAGERTY  
CONSULTING

SUBJECT: REVIEW OF SANTA ROSA'S COMMUNITY DEVELOPMENT  
BLOCK GRANT- DISASTER RECOVERY (CDBG-DR) TUBBS  
AND NUNS FIRE RECOVERY UNMET NEEDS ASSESSMENT

AGENDA ACTION: NONE

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RECOMMENDATION

It is recommended by the Housing & Community Services Department that the Council review the City of Santa Rosa Unmet Recovery Needs Assessment prepared by Hagerty Consulting, Inc.

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EXECUTIVE SUMMARY

In April 2018, the U.S. Department of Housing and Urban Development (HUD) allocated \$124,155,000 in CDBG-DR funding to the State of California Housing and Community Development Department (HCD) to assist with recovery efforts for the fire disasters that occurred in California in 2017, including but not limited to, the Tubbs and Nuns Fires. In August 2018, Congress published a notice in the Federal Register providing the timelines associated with the funds. HCD is required to submit an Action Plan to HUD by December 14, 2018 stating their analysis of each qualifying jurisdiction's recovery needs, designating eligible uses of the funding, and allocating the funding. HCD's draft Action Plan was published on November 12, 2018 and includes their analysis of unmet needs for all qualifying jurisdictions state-wide. The City of Santa Rosa retained Hagerty Consulting, Inc to prepare an unmet needs assessment specific to Santa Rosa.

BACKGROUND

On October 8, 2017, the Tubbs Fire, the largest and most destructive in California history at that time, burned an area between Calistoga and Santa Rosa. By early October 9, the fire reached Santa Rosa's city limits, destroying approximately 4,000 housing units and 30 businesses. A Presidential Disaster Declaration was issued on

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October 10, 2017 making Sonoma County eligible for disaster assistance through the Robert T. Stafford Disaster Relief and Emergency Assistance Act ("Stafford Act"). Later that week, the Nuns Fire burned in the Sonoma Valley and into Oakmont.

On August 14, 2018, in Volume 83, No. 157, Docket No. FR-6109-N-01 of the Federal Register, HUD allocated \$212,374,000 in CDBG-DR funds to HCD for distribution to California fire disaster affected areas, including Sonoma County, and various other cities and counties affected by fires in 2017.

Of the total, \$124,155,000 was designated, by HUD, to address unmet recovery needs and will be available once HUD approves HCD's Action Plan. The remaining \$88,219,000 is to be used for mitigation and will be provided to HCD via a separate grant and under direction provided in the Federal Register at a later date.

Unmet recovery needs are longer-term needs that remain after other funding sources have been used such as Federal Emergency Management (FEMA) and Small Business Administration funding, charitable donations, insurance payments, and state funding. CDBG-DR unmet needs funding prioritizes low- and moderate-income persons and geographies and can be used for housing, restoration of infrastructure, economic revitalization, planning and administration, public services, and disaster preparedness.

The Federal Register prioritized housing unmet needs above all other program categories and noted that funding recipients may propose funding to economic development and infrastructure unmet needs only after it has demonstrated that there is no remaining unmet housing need or that the remaining unmet housing need will be addressed by another source of funds.

The Federal Register identified Sonoma County as one of the "most impacted and distressed areas" along with Ventura County, and specific zip codes in Lake, Mendocino, Napa, Santa Barbara and Yuba Counties and required that 80% (approx. \$99M) of the \$124M be allocated to the most impacted and distressed areas.

HCD conducted an analysis of the unmet needs of all jurisdictions that qualify for CDBG-DR funding for inclusion in their statewide Action Plan. HCD held public meetings in early October throughout the affected areas in California to discuss proposed recovery programs, eligibility for the programs, and the timeline for funding. The HCD draft Action Plan was published on November 12, 2018. Public comment opened November 13, 2018 and will close at midnight December 12, 2018. Comments in writing will be received via email at [DisasterRecovery@hcd.ca.gov](mailto:DisasterRecovery@hcd.ca.gov) and via postal mail at 2020 West El Camino Ave, Suite 500, Sacramento, CA Attn: Susan Naramore. The City of Santa Rosa retained Hagerty Consulting, Inc. to conduct an in-depth, locally-focused unmet recovery needs assessment to assist the City in addressing CDBG-DR funding opportunities.

### **CDBG-DR Program Requirements Summary**

CDBG-DR funding is long-term recovery funding that assists with recovery needs after more immediate funding has been expended. It can be used for housing, restoration of infrastructure, economic revitalization, planning and administration, public services, and disaster preparedness. Types of funded programs under these broad categories include: Owner Occupied and Multi-Family Housing programs and a FEMA Public Assistance infrastructure local match program.

CDBG-DR funding subrecipients must comply with all other Federal Requirements, including but not limited to, environmental review, Davis-Bacon (prevailing wage), labor standards, Section 3 (providing opportunities to low- and very-low-income persons), procurement, fair housing, relocation and acquisition, accessibility and equal opportunity. This means grantees must have a detailed process to ensure all Federal Requirements are met.

CDBG-DR funding is subject to the Stafford Act's provision prohibiting duplication of benefits, meaning it can only be used to address unmet needs and cannot duplicate assistance already received for the same purpose. This means grantees must have a robust data review process to avoid being liable for repayment of funds to HUD.

Guidelines requires that 70% of the CDBG-DR funds expended must benefit low- and moderate- income persons ("LMI Benefit"), however HUD may reduce the 70% level to 50% per waiver/alternative authority based on compelling need. Low income is defined as 80% of area median income (AMI) and moderate income is defined as 140% of AMI. Depending on demographics, much of the single-family housing stock damaged in a disaster may not qualify for the LMI Benefit.

CDBG-DR funds must be expended within two years of the date that HUD obligates funds to a grantee, however HUD also authorizes the Federal Office of Management and Budget (OMB) to waive this requirement. Notwithstanding the OMB requirement, HUD requires that each grantee expend 100% of its total allocation of CDBG-DR funds within six years of HUD's initial obligation.

Planning and administration costs are capped at 20% of the grant, with up to 5% being available for administration.

### **PRIOR CITY COUNCIL REVIEW**

On August 7, 2018, via Resolution RES-2018-133, the Council approved a professional services agreement with Hagerty Consulting, Inc. to assist with activities associated with CDBG-DR tasks.

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ANALYSIS

The Santa Rosa Unmet Needs Assessment prepared by Hagerty Consulting, Inc. identified the following categories of need:

Housing: \$96.6M with 3,952 units experiencing major to severe damage.

Public Infrastructure and Facilities: Estimated \$213M across FEMA, Mitigation and Resiliency Projects.

Business Needs: \$9.5M for 30 damaged businesses and Small Business Administration loans.

FISCAL IMPACT

While a living document and subject to revision, the Unmet Needs Assessment identifies over \$400M in total unmet needs resulting from the wildfires for the City of Santa Rosa and its residents.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – City of Santa Rosa Unmet Needs Assessment

CONTACT

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