

CITY OF SANTA ROSA
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS
FROM: MEGAN BASINGER, DIRECTOR
HOUSING AND COMMUNITY SERVICES DEPARTMENT
SUBJECT: FISCAL YEAR 2025-2026 NOTICE OF FUNDING AVAILABILITY
PRIORITIES

AGENDA ACTION: STUDY SESSION

RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Housing Authority hold a Study Session to receive information and provide direction on funding priorities and appoint two Housing Authority Commissioners to serve on the Ad-Hoc Review Committee for the Fiscal Year 2025-2026 Notice of Funding Availability process.

EXECUTIVE SUMMARY

The Housing Authority (Authority) issues Notices of Funding Availability (NOFAs) for its federal, state and local funds for affordable housing services annually and as new funding opportunities arise. This Study Session will review the estimated amount of available funds for the upcoming Fiscal Year 2025-2026 NOFA and discuss priorities for funding awards.

BACKGROUND

At least annually, traditionally aligned with the start of a Fiscal Year, the Authority releases NOFAs for the federal, state, and local affordable housing funds for which it is responsible. In addition to the Fiscal Year NOFAs, the Authority has released NOFAs for specialized funding or funding that became available outside the Fiscal Year cycle.

The Authority generally hears a Study Session prior to the release of a NOFA to provide direction on how funds can be prioritized. These priorities correspond with additional points awarded under the NOFA Points Scoring System (attached) under "Other Factors."

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Funding applications that are received by the deadline will be reviewed by staff and by an Ad-Hoc Committee of the Authority, which will make the final funding recommendations.

PRIOR HOUSING AUTHORITY REVIEW

Not applicable.

ANALYSIS

Beginning in Fiscal Year 2024-2025, based on feedback received from developers, residents and service providers through the Consolidated Plan process and Authority direction, a funding priority for rehabilitation and preservation of existing affordable housing was established. There continues to be limited funding available for rehabilitation, therefore, additional points under “Other Factors” remain for rehabilitation projects.

In addition, based on increasingly restrictive expenditure deadlines from funding sources and in the interest of ensuring that available funds are deployed as quickly as possible for the purpose the Authority intends, the draft Point Scoring System proposes the deduction of points from an application if the developer has been awarded funds in a previous NOFA and subsequently rejected the award or failed to enter loan agreements by the deadline required by the funding source.

The funding sources available in the upcoming Fiscal Year 2025-2026 NOFA will include federal Community Development Block Grant (CDBG), state Permanent Local Housing Allocation (PLHA) and local funds. From these sources, CDBG and local sources can be used for rehabilitation of existing units, and PLHA must be used for predevelopment and/or new construction costs.

The U.S. Department of Housing and Urban Development (HUD) announced the funding award amounts for Fiscal Year 2025-2026 in early May 2025. The CDBG funds available for NOFA will be approximately \$1,082,310. PLHA funds from the California Department of Housing and Community Development (HCD) are approximately \$273,738. With the inclusion of approximately \$2,210,500 in local funds, the Fiscal Year 2025-2026 NOFA is expected to make available approximately \$3,566,548, of which \$3,292,810 would be eligible for rehabilitation-related applications and the \$273,738 PLHA funds would be solicited for new construction or predevelopment-related costs.

If the Authority chooses to continue prioritizing rehabilitation under the upcoming NOFA, the amount of funds allocated from the NOFA for these uses will remain dependent on the amount of funding available, the funding applications submitted and the associated eligible use of funds in the NOFA.

FISCAL IMPACT

A Study Session does not have a fiscal impact on Authority funds.

ENVIRONMENTAL IMPACT

The Authority finds that pursuant to CEQA Guidelines Section 15378, the proposed action is not a “project” subject to the California Environmental Quality Act (CEQA) because it does not have a potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. In the alternative, the proposed action is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the project may have a significant effect on the environment.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

Draft Fiscal Year 2025-2026 NOFA Points Scoring System

PRESENTER

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