

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: DAVID GOUIN, DIRECTOR
HOUSING & COMMUNITY SERVICES DEPARTMENT

SUBJECT: REVIEW AND COMMENT ON THE STATE OF CALIFORNIA
COMMUNITY DEVELOPMENT BLOCK GRANT- DISASTER
RECOVERY (CDBG-DR) DRAFT ACTION PLAN AND PROVIDE
DIRECTION IF SANTA ROSA SHOULD REQUEST AND
NEGOTIATE A TUBBS AND NUNS FIRE RECOVERY STATE
SUBRECIPIENT STATUS

AGENDA ACTION: MOTION(S)

RECOMMENDATION

It is recommended by the Housing and Community Services Department, that the Council direct staff, via motion, to provide the Council's consensus commentary on the State of California Housing and Community Development Department (HCD) draft Action Plan via a letter from the Mayor to HCD; and, if Council directs via motion, authorize the City Manager to request, negotiate and execute a subrecipient agreement with HCD to include management of CDBG-DR funds.

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 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 the Federal Register providing the timelines associated with the funds. As the grantee, HCD is required to submit an Action Plan to HUD within 120 days following the publishing of the Federal Register or December 18, 2018. The Action Plan includes an analysis of each qualifying jurisdiction's unmet recovery needs, designating eligible uses of the funding, and the method of distribution to include any allocation of the funding to Units of Local Government. HCD's draft Action Plan was published on November 13, 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, which was reviewed in Study Session earlier today. This is an opportunity for the Council to reach consensus

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on feedback to provide to HCD regarding their draft Action Plan; and direct the City Manager whether to request, negotiate and execute a subrecipient contract with HCD.

BACKGROUND

On October 8, 2017, the Tubbs Fire, at the time of incident, the largest and most destructive in California history, burned an area between Calistoga and Santa Rosa. By early October 9, the fire reached Santa Rosa's city limits, destroying or damaging over 4,000 housing units and 30 businesses. A Presidential Disaster Declaration was issued on 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, \$124,155,000 was designated, by HUD, to address unmet recovery needs in the State of California. HCD, as the Grantee, then had 120 days to develop and submit an Action Plan to HUD. This plan will identify how the State plans to spend 80% (No less than \$99,324,000) of the funds in the HUD identified most impacted and distressed areas of Sonoma and Ventura counties; 93108, 94558, 95422, 95470, and 95901 Zip Codes.

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 a future volume of the Federal Register.

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.

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 draft Action Plan was published on November 12, 2018 and the public comment period is November 13, 2018 through December 12, 2018. Interested persons can comment directly to HCD by emailing DisasterRecovery@hcd.ca.gov, or writing to Department of Housing and Community Development, Division of Financial Assistance, 2020 W. El Camino Avenue, Suite 500, Sacramento, CA 95833, Attention: Susan Naramore. Comments in writing will also be accepted at one of the six public hearings which will be publicized by HCD on their website: <http://www.hcd.ca.gov/community->

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[development/disaster-recovery-programs/cdbg-dr.shtml](#).

The City of Santa Rosa retained Hagerty Consulting, Inc. to conduct an in-depth, locally-focused unmet recovery needs assessment, which was reviewed by Council in Study Session earlier today.

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.

On November 27, 2018, the City Council held a Study Session to review the Santa Rosa Unmet Needs Assessment prepared by Hagerty Consulting, Inc.

ANALYSIS

The HCD draft Action Plan identifies 3 programs to assist Santa Rosa in addressing unmet recovery needs. Each program is listed below with specific allocations identified:

- Owner Occupied Housing
 - Program will support a maximum amount of \$150,000 per unit.
 - Aggregate amount will be based on the number of households that apply and are income eligible.
 - Applications prioritized by geography (most impacted and distressed areas) and income level (low- and moderate- income)
- Multi-Family Housing
 - City allocation is \$38,469,772.
- Public Infrastructure
 - Funding used to support local FEMA infrastructure match obligations
 - \$1,238,072 allocated to Sonoma County.
 - Not designated how City will access these funds
- Economic Development - no allocation made.

Two operating models exist for the City to participate in the CDBG-DR program.

1. The City can receive funding and programmatic services through HCD and a State-run program. Currently, this will be the only option for participation in the Single-Family Home program as designed.
2. The City can request a subrecipient agreement with HCD to obtain greater control and management of the program funds. This will also subject the City to greater monitoring and compliance requirements.

If the City of Santa Rosa receives funding through HCD without requesting greater management responsibilities, HCD would be responsible for project compliance with all

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HUD regulations. Under this option, HCD may retain a larger portion of CDBG-DR administrative responsibilities, 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. HCD would work with existing staff from the City's Housing and Community Services, Transportation and Public Works, and Planning and Economic Development Departments to meet CDBG-DR program requirements. Further support would be needed from the City Attorney's Office and Finance Department to assist with contracts, payments, reporting, etc. The City maintains a contract with Hagerty Consulting, Inc. for added capacity and can look to utilize that contract for the duration of the program(s) to assist with more complex aspects of the program(s).

If the City of Santa Rosa would like greater management responsibilities, the City would request and negotiate an agreement with HCD to assume responsibility for performing all activities outlined in the Subrecipient agreement. These tasks and activities would focus on maintaining HUD compliance. Potential activities the City would be required to manage include: maintenance of all records related to the project or program, procurement and contract monitoring in accordance with HUD standards, performance of all environmental reviews, establishment of accounting and audits processes to ensure HUD compliance, maintenance of all records for 5 years, and processes to ensure compliance with civil rights, affirmative action, labor and employment statutes, and all other regulations as outlined in 24 CFR 570.503 and 2 CFR 200.330. Prior to accepting these responsibilities, the City would negotiate Program Administration funding to enable the City to fund and support these activities. Per HUD, up to 5% of the grant can be used to support Program Administration activities. In addition, the City would be eligible to utilize up to 15% of the grant for program delivery activity.

The City would be responsible for CDBG-DR administrative responsibilities described above. To address required capacity to conduct these activities, the City would expand the existing contract with Hagerty Consulting, Inc. to manage the majority of the tasks with City staff oversight. City staff from Housing and Community Services, Transportation and Public Works, and Planning and Economic Development Departments would need to reprioritize their existing tasks, including furthering Council goals, to focus on the CDBG-DR program; and additional staff may need to be hired. Further support would be needed from the City Attorney's Office and Finance Department to assist with contracts, payments, reporting, etc. Planning and administration costs are capped at 20% of the grant, with up to 5% being available for administration.

FISCAL IMPACT

A potential model is shown below using the City's Multi-Family allocation and a

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maximum Administrative percentage of 5%. Based on this allocation, the City may be eligible for \$7.6M to pay for grant management services and delivery of programs. All program administrative and delivery fees are deducted from the total allocation.

CDBG-DR Allocation - Santa Rosa	Total State Allocation	City Allocation
Housing	\$ 124,000,000	\$ 38,469,772
Administration Fee		\$ 1,923,489
Project Delivery		\$ 5,770,466

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 – State of California Department of Housing and Community Development (HCD) CDBG-DR Action Plan

CONTACT

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