

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: NANCY MANCHESTER, PROGRAM SPECIALIST II
HOUSING & COMMUNITY SERVICES
SUBJECT: PUBLIC HEARING AUTHORIZING SUBMISSION OF THE
2020 – 2024 CONSOLIDATED PLAN AND FISCAL YEAR
2020/2021 ACTION PLAN AND APPROVAL OF GRANT
AGREEMENTS FOR PUBLIC SERVICES, FAIR HOUSING, AND
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Housing & Community Services Department that the Council, by resolution: (1) authorize submission of the 2020 – 2024 Consolidated Plan and the Fiscal Year 2020/2021 Action Plan to the U.S. Department of Housing & Urban Development (HUD); (2) approve the Fiscal Year 2020/2021 Grant Agreements for public services, fair housing, and Housing Opportunities for Persons with AIDS (HOPWA) funds in the amount of \$698,633; (3) authorize the Director of Housing and Community Services to execute the Grant Agreements and any future amendments thereto for public services, fair housing, and HOPWA; and (4) authorize the City Manager to execute the annual federal funding agreements with HUD and any additional forms or documents required by HUD to implement the 2020 – 2024 Consolidated Plan and the Fiscal Year 2020/2021 Action Plan.

EXECUTIVE SUMMARY

The proposed action will authorize submission of the 2020 – 2024 Consolidated Plan and the Fiscal Year 2020/2021 Action Plan (Plans) to the U.S. Department of Housing & Urban Development (HUD) and approve Grant Agreements for public services, fair housing, and HOPWA programs. HUD requires submission of the Annual Action Plan and the Consolidated Plan so that the City can receive federal housing and community development funds in the form of Community Development Block Grant (CDBG), HOME Investment Partnership (HOME), and Housing Opportunities for Persons with AIDS (HOPWA) grants.

In the past, HUD has required Santa Rosa to submit its Plans by May 15, however, on April 9, 2020, HUD issued the **CARES Act Flexibilities for CDBG Funds Used to**

Support Coronavirus Response and Plan Amendment Waiver which extends the deadline for grantees to submit action plans and consolidated plans for Fiscal Year 2020/2021 to August 16, 2021. Because HUD does not provide funding to grantees without approved Plans on file, the Housing & Community Services (HCS) Department recommends that Council act on the Plans and the Grant Agreements now so that the Plans can be submitted once Council authorizes their transmission to HUD, Grant Agreements for public services, fair housing, and HOPWA can be executed, and there is no interruption in public services.

BACKGROUND

1. HUD requires state and local grantees to prepare a Consolidated Plan every four to five years and an annual Action Plan to define how federal funds, including CDBG, HOME, and HOPWA will be spent in the coming year and project how the same federal funds will be utilized over the Consolidated Plan period.
2. The 2020 – 2024 Consolidated Plan and the Fiscal Year 2020/2021 Action Plan (Plans) follow the templates provided by HUD. The Plans utilize current data from the U.S. Census Bureau, the American Community Survey, HUD resources and other sources applicable to the local region. The Plans are based on the data collected from these sources, resulting in the following broad funding categories:
 - a. Increase the supply of affordable rental housing for the City's lowest income households;
 - b. Preserve existing affordable housing stock;
 - c. Provide housing assistance and related supportive services for low-income persons living with HIV/AIDS and their families;
 - d. Provide housing and services to special needs populations;
 - e. Increase access to home ownership opportunities for City residents;
 - f. Provide funding for public facilities and improvements;
 - g. Promote economic development activities in the City; and
 - h. Provide housing for non-special needs populations through rent subsidies.

Items a – d and h are first-tier priorities, while e – g could be prioritized more highly if the City received additional funding from HUD or other resources.

- HUD announced its federal funding allocations on February 19, 2020, and the City’s allocations, and projected program income, are as follows:

Funding Resource	Estimated Grant Award	Program Income	Total
CDBG	\$1,461,255	\$60,000	\$1,521,255
HOME	\$784,946	\$60,000	\$844,946
HOPWA	\$447,881	-0-	\$447,881
Total	\$2,694,082	\$120,000	\$2,814,082

- By federal regulation, a maximum of 15% of CDBG funds plus program income generated by past use of CDBG funds, like loan repayments, may be used for public services activities; the Council has directed that these funds be used to provide focused, comprehensive homeless services through coordinated entry operation of homeless facilities. For Fiscal Year 2020/2021, the City plans to budget \$228,188 in CDBG funds/program income for public services and \$36,000 in local resources for federally mandated fair housing services. Additionally, as allowed by HUD regulation, the City will retain 3% of the HOPWA grant amount for administrative costs, therefore the City has budgeted the remaining \$434,445 for HOPWA services.
- Staff attended the Community Advisory Board (CAB) meeting on January 20, 2020 and held a publicly noticed community meeting on February 12, 2020 to provide an overview of the public services application procedure and the process for completing the Plans. The meetings held in January and February of 2020 meet HUD regulations for in-person meetings, and the public hearing that is the subject of this Council meeting is the public hearing required by HUD.
- The draft Plans were made available to the public for the 30-day public comment period May 22, 2020 through June 21, 2020. Due to the COVID-19 Shelter-in-Place orders, the Plans were made available online only at <http://srcity.org/767/State-Federal-Reports> and were emailed to interested parties upon request. Availability of the draft Plans was advertised in the Press Democrat, La Voz, through the City Connections Newsletter, to an opt-in email subscriber list, and through the Continuum of Care’s email subscriber list.

7. Comments received to date have been included in the Plans. Any additional comments received at the Public Hearing on June 23 will be included in the final Plans before they are submitted to HUD.

PRIOR CITY COUNCIL REVIEW

On May 19, 2020, the Council reviewed and authorized submission of a Substantial Amendment to the 2019/2020 Action Plan to HUD. The Amendment detailed the City's plans for deploying the additional allocations of CDBG-CV1 and HOPWA funds it received under the CARES Act and for repurposing the remaining Fiscal Year 19/20 HOME and CDBG funds.

ANALYSIS

1. CDBG and HOME funds are allocated by the City to the Housing Authority of the City of Santa Rosa (Authority) for affordable housing purposes. The funding strategy for Fiscal Year (FY) 2020/2021 allocates 85% of CDBG funds for affordable housing purposes and administration and 15% to public services. For HOME Funds, federal regulations require that up to 15% of the City's HOME allocation must be used for a Community Housing Development Organization (CHDO); the remainder of the FY 2020/2021 HOME allocation, \$615,957 will be used for tenant-based rental assistance (TBRA), a program that originally launched during the COVID-19 pandemic.
2. On February 12, 2020, staff issued a notice of funding availability for the Public Services Program. Staff received three applications: two from Catholic Charities and one from The Living Room. Catholic Charities proposed continuing to operate the Homeless Services Center (HSC), requesting \$102,000, and the Family Support Center (FSC), requesting \$96,000. The Living Room (TLR) proposed providing case management, counseling, and meals for homeless women and requested \$117,408. All three applications met Council's direction to provide focused, comprehensive homeless services through coordinated entry operation of facilities. The review committee recommends approval of Grant Agreements with Catholic Charities in the amount of \$102,000 for HSC and \$96,000 for FSC. The review committee further recommends approval of a Grant Agreement with TLR in the amount of \$30,188, the balance of the City's FY 2020/2021 CDBG public services allocation. Should Council approve the recommended Grant Agreements for HSC and FSC, the practice of combining the public services funds with the General Fund contributions to homeless services into one overall Agreement for each of the two Catholic Charities homeless service programs will continue.
3. Staff received one application for fair housing services from Fair Housing Advocates of Northern California (FHANC), the City's existing provider of fair housing services.

FHANC's proposed program continues to align with the 2012 Sonoma County Analysis of Impediments to Fair Housing (AI), which requires strengthening capacity to reduce discriminatory activities through complaint intake, fair housing training, fair housing testing, counseling, renter seminars on fair housing, and higher visibility. The review committee recommends award of a Grant Agreement for fair housing services to FHANC in the amount of \$36,000 for FY 2020/2021.

4. Staff received one application for HOPWA services from Face to Face, the City's existing service provider for the HOPWA program. Face to Face's program aligns with the HOPWA program goal of providing housing assistance and related supportive services for low-income persons living with HIV/AIDS (PLWHA) and their families. The total HOPWA allocation for FY 2020/2021 is \$447,881 and the City retains 3%, \$13,436, of the allocation for administrative costs. Therefore, the review committee recommends that the remainder, \$434,445, be used to fund a Grant Agreement with Face to Face. Since Face to Face is the only local agency with the expertise to provide the specialized services required for a successful HOPWA program, the City is allowed by HUD regulation to contract with Face to Face as a sole source.
5. Although HUD does not require Council to adopt the Plans, it has been Council's practice to make the final determination on the annual Grant Agreements to nonprofit service providers and authorize submittal of the Plans to HUD.
6. It is unclear at this time if additional federal funds from HUD will be allocated in future CARES Act legislation. HUD announced a second round of CDBG funds under the CARES Act on May 11, 2020. These funds, referred to as CDBG-CV2, are allocated for states and insular areas (insular areas are American Samoa, Guam, the Northern Mariana Islands, and the U.S. Virgin Islands). HUD has indicated a third round of CDBG (CDBG-CV3) funds will be allocated on a rolling basis under criteria to be determined by the Secretary of HUD that prioritize the risk of transmission, coronavirus cases compared to the national average, and economic and housing market disruptions. The CARES Act does not establish a deadline to allocate CDBG-CV3 funds but requires HUD to obligate all funds by September 30, 2022. If HUD allocates additional funds to Santa Rosa, staff will prepare a Substantial Amendment to the City's Action Plan for the fiscal year in which any funds are allocated and will follow the prescribed process for public comment and adoption of a Substantial Amendment.

FISCAL IMPACT

\$36,000 has been appropriated in the Fiscal Year 2020/2021 budget for fair housing services from the General Fund, the source of funds being a portion of Real Property Transfer Tax (RPTT) revenues as per *Council Policy 000-48: Policy to Designate General Fund for Homeless and Affordable Housing Production*. CDBG, HOME, and HOPWA are not General Fund resources and are included in the FY 2020/2021 budget.

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 – Draft Executive Summary to 2020 – 2024 Consolidated Plan and Fiscal Year 2020/2021 Action Plan (English & Español)
- Resolution/Exhibits 3A – 3F

CONTACT

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