

**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**

City Council
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What is an Action Plan?

Action Plan

- Overview of the Housing, Infrastructure and Economic Development recovery programs as it relates to a community's unmet recovery needs.
- Each proposed activity must be:
 - CDBG-DR eligible,
 - meet CDBG-DR national objective,
 - address direct or indirect impact of the disaster.

Public Comment Period

- August 14, 2018 Federal Register -
 - HUD allocated \$124,155,000 to State of Ca to address the unmet recovery needs of impacted communities.
- State Department of Housing and Community Development (HCD)
 - Designated to manage CDBG-DR program
 - Required to create a draft Action Plan.
 - Deadline: 120 days from the release of the Federal Register to author plan
 - Includes 30 day public comment period: November 13, 2018 to December 12, 2018.

Proposed State Method of Distribution

- Federal Register states that the **Most Impacted and Distressed** areas will receive 80% of the funds allocated.
- State's proposed method of distribution:
 - Owner Occupied Housing program -\$47.6M, managed by State HCD.
 - Multi-Family Housing program -\$67.7M
 - Infrastructure program -\$3.5M; limited to required match for approved FEMA Public Assistance (PA) public utility projects.

Allocations to City of Santa Rosa

- Owner Occupied Housing program
 - HCD will manage statewide
 - Individual Homeowner awards are limited to \$150,000.
- Multi-Family Housing Program
 - Allocated directly to City
 - City portion: \$38,469,772, out of the \$67M
- FEMA infrastructure match program
 - Allocated jointly to Sonoma County/City
 - \$1,238,072, out of the \$3.5M
- Basis of calculations: FEMA Individual Assistance claims



City of Santa Rosa Affordable Housing Pipeline

<u>Project Name</u>	<u>Estimated Local Contribution</u>
Roseland Village	\$3,000,000
Caritas Village	\$6,100,000
Hearn Veteran Village	\$2,954,978
Journey's End	\$19,895,639
Boyd Street Family Apt	\$4,000,000
Ridge Point	\$2,846,000
Dutton Flats	\$1,972,500
Del Nido	\$400,000
Quail Run	\$4,000,000
Total Estimate:	\$45,169,117

What is Subrecipient Status?

A subrecipient is the grantee's partner in disaster recovery, agreeing to responsibility for CDBG-DR eligible management activities.

Advantages

The City may have increased autonomy and control of their destiny as they distribute CDBG-DR funding.

Once the SRA is approved, SR's allocation would be fairly secure. Without an SRA, HCD can modify allocations relatively freely.

The City would assume program administration functions that HCD would typically fulfill.

Challenges

The City will need to significantly increase their administrative capabilities to satisfy federal requirements associated with CDBG-DR funding.

Subrecipients are obligated to comply with federal guidelines regarding procurement, performance tracking, internal auditing, and monitoring.

The City would likely need additional staff, space, and CDBG-DR expertise. Penalties for non-compliance could incur repayment of funds.

How is Subrecipient status funded?

- A subrecipient can negotiate administration funds to be included in a subrecipient agreement to manage the CDBG-DR activities. The grantee (HCD) is limited to using up to 5% of the CDBG-DR allocation for administration activity.
- Based on the Multi-Family allocation the city received in the Action Plan, the maximum amount of administration fees the City could receive is below:
 - $\$38,469,772 * .05\% = \$1,923,489$
 - If the City were to receive the maximum award, the \$1.9M would need to service any additional capacity over the life of the grant.
- The City may be eligible to utilize funds in the Project Delivery category. HUD allows up to 15% of the grant to be used in Project Delivery.
 - $\$38,469,772 * .15\% = \$5,770,466$
- In both cases, the funding is subtracted from the total award to the City which reduces the funding the City can put toward projects.

Recommendation

- It is recommended by the Housing & 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.