

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 FISCAL  
YEAR 2017/2018 ACTION PLAN TO THE U.S. DEPARTMENT OF  
HOUSING AND URBAN DEVELOPMENT (HUD) AND APPROVAL  
OF FUNDING RECOMMENDATIONS FOR PUBLIC SERVICES,  
FAIR HOUSING, AND HOUSING OPPORTUNITIES FOR  
PERSONS WITH AIDS (HOPWA)

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the Housing & Community Services Department (HCS) that the Council, by resolution, (1) authorize submission of the Fiscal Year 2017/2018 Action Plan to the U.S. Department of Housing and Urban Development (HUD); (2) approve the Fiscal Year 2017/2018 funding recommendations for public services, fair housing and Housing Opportunities for Persons with AIDS (HOPWA) funds in the amount of \$619,908; and (3) 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 Fiscal Year 2017/2018 Action Plan for its term.

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EXECUTIVE SUMMARY

The proposed action will authorize submission of the Fiscal Year 2017/2018 Action Plan (Plan) to HUD and approve funding recommendations for public services, fair housing, and HOPWA. Submission of this Plan is required by HUD so that the City can continue to receive federal housing and community development funds in the form of Community Development Block Grant (CDBG), HOME Investments Partnership Act (HOME), and HOPWA grants.

In past years, HUD has required Santa Rosa to submit its Plan by May 15, however, because of the current uncertainty regarding HUD's budget, HUD has instructed its grantees to delay submission of their Plans to HUD until 60 days after the date funding allocations are announced by Congress, or until August 16, 2017, whichever comes first. Because the timing for enactment of the appropriations bill is uncertain, the

Housing and Community Services Department recommends that Council act on the Plan and contract recommendations now so that the Plan can be submitted when HUD instructs the City to do so, contracts can be executed as soon as actual grant allocation amounts are certain, and there is no interruption in public services.

As directed by HUD, and because HUD will not execute grant agreements until it receives a Plan that includes the actual amounts Santa Rosa will receive, the Plan includes the statement that all proposed activities' budgets will be proportionally increased or decreased from the estimated funding levels to match the actual allocation amounts.

## BACKGROUND

1. HUD requires state and local community grantees to prepare a Plan annually to define how federal funds, including CDBG, HOPWA, and HOME grants, will be spent in the coming year. The Plan identifies the City's housing and community development needs, priorities, goals, and strategies for the term of the Plan.
2. The Fiscal Year 2017/2018 Plan follows the template provided by HUD and was prepared using the 2016 – 2020 Consolidated Plan as a reference. The 2016 – 2020 Consolidated Plan utilized data from the U.S. Census Bureau, American Community Survey, and other sources. The Plan is based on the seven goals established in the 2016 – 2020 Consolidated Plan to address the City's housing and community development needs:
  - a. Increase supply of affordable rental housing for the City's lowest-income households;
  - b. Provide housing assistance and support services for low-income persons living with HIV/AIDS and their families;
  - c. Preserve existing affordable housing stock;
  - d. Provide housing and services to special needs populations;
  - e. Increase access to homeownership opportunities for City residents;
  - f. Provide funding for public facilities and improvements; and
  - g. Promote economic development activities within the City.

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

3. There is a possibility that the CDBG, HOME, and HOPWA programs may be eliminated, but there is no surety at this time because Congress has not completed the appropriations process for HUD's Fiscal Year 2017. Consequently, HUD cannot predict when its Fiscal Year 2017 appropriations bill will be enacted or when it will be able to announce the Fiscal Year 2017 allocation amounts for grantees, including Santa Rosa.

4. Should funding allocations remain the same as in Fiscal Year 2016/2017, the City will receive approximately:

<b>Funding Resource</b>	<b>Estimated Grant Award</b>	<b>Program Income</b>	<b>Total</b>
<b>CDBG</b>	\$1,316,501	\$162,000	\$1,478,501
<b>HOME</b>	\$520,715	\$66,302	\$587,017
<b>HOPWA</b>	\$396,830	0	\$396,830
<b>Total</b>	<b>\$2,234,046</b>	<b>\$228,302</b>	<b>\$2,462,348</b>

As instructed by HUD, these funding amounts, except for Program Income, will be proportionally increased or decreased to match actual allocation amounts when they are certain, and the Plan will be updated with the actual funding amounts once they are confirmed by HUD.

5. By regulation, a maximum of 15% of CDBG funds 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 facilities like the Homeless Services Center and the Family Support Center. For Fiscal Year 2017/2018, the City plans to budget \$198,980 in CDBG funds for public services activities and \$36,000 in local resources for federally-mandated fair housing services.
6. Staff attended the Community Advisory Board (CAB) meeting on January 25, 2017, and held a community meeting February 9, 2017, to provide an overview of the public services application procedure and Plan process. The draft Plan was made available to the public for the 30-day comment period March 21 through April 21, 2017. The draft Plan was available at the City Hall Annex, the City Manager's Office, and the Main Branch of the Sonoma County Public Library; it was also available on the City's website at: <http://srcity.org/767/State-Federal-Reports>
7. Comments received to date have been included in the Plan. Any additional comments received at the Public Hearing will be included in the final Annual Action Plan.

#### PRIOR CITY COUNCIL REVIEW

The City Council reviewed the 2016 – 2020 Consolidated Plan and the Fiscal Year 2016/2017 Action Plan in May, 2016, and authorized submission to HUD.

#### ANALYSIS

1. The funding strategy for Fiscal Year 2017/2018 allocates 85% of CDBG funds

and 100% of HOME funds to the Housing Authority for affordable housing purposes. Should Santa Rosa's federal grant amounts remain unchanged by HUD, staff recommends allocating \$198,980 of CDBG funds for public services, \$36,000 from local resources for fair housing, and \$396,830 for HOPWA services, for a total of \$619,908. A Request for Proposals (RFP) for public services, fair housing and HOPWA funds was issued on February 9, 2017.

2. HCS staff received three applications for public services funds: two from Catholic Charities and one from RECOURSE Mediation. Catholic Charities proposed continuing to use CDBG funds to operate the Homeless Services Center (HSC) and the Family Support Center (FSC). RECOURSE Mediation proposed using CDBG funds to provide landlord/tenant mediation services for persons assessed to be homeless or at risk of becoming homeless. Because Catholic Charities' proposals for operation of HSC and FSC most closely meet the Council's direction to use CDBG public services funds to provide focused, comprehensive homeless services through coordinated entry operation of facilities serving the homeless, HCS recommends award of contracts to Catholic Charities in the amounts of \$96,460 for FSC and \$102,520 for HSC, for a total allocation of \$198,980 from the City's CDBG grant for public services for Fiscal Year 2017/2018.
3. HCS staff received applications for fair housing services funding from Petaluma People Services Center and Fair Housing of Northern California (formerly Fair Housing of Marin). The review committee, which included a Councilmember and two staff members, selected Fair Housing of Northern California (FHONC) because FHONC's application was more responsive to the RFP and aligned more closely to the 2012 Sonoma County Analysis of Impediments to Fair Housing (AI). The basic requirement of the AI is to strengthen the capacity to reduce discriminatory activities through complaint intake, fair housing training, fair housing testing, counseling, renter seminars on fair housing, and higher visibility. HCS recommends award of a contract for fair housing services to Fair Housing of Northern California in the amount of \$36,000 from Real Property Transfer Tax for Fiscal Year 2017/2018.
4. The City does not currently fund a program that provides tenant stabilization assistance, but on February 28, 2017, Council directed staff, in Resolution RES-2017-031, "Resolution of the Council of the City of Santa Rosa Providing Gap Funding in the Amount of \$20,000 to Legal Aid of Sonoma County for a Tenant Stabilization Project, and Appropriating Funds from the General Fund Unassigned Fund Balance for This Purpose", to bring forward a proposal in the Fiscal Year 2017/2018 budget process for an RFP to include, but not be limited to, tenant-landlord mediation, eviction defense, Section 8 termination, and habitability retaliation. If the City pursues a tenant stabilization program in the future, Legal Aid of Sonoma County, RECOURSE Mediation and other providers

will be notified.

5. Santa Rosa was awarded HOPWA funds of \$396,830 for the first time in Fiscal Year 2016/2017 and anticipates receiving a similar amount in Fiscal Year 2017/2018. HCS retains \$11,902 for administration. The remainder, \$384,928, is recommended to be used to fund a contract with Face to Face, whose mission in Sonoma County is improving the lives of people affected by HIV/AIDS. Face to Face's proposal was the only one received in response to the February 9 RFP. Furthermore, Face to Face is the only local agency with the expertise to provide these specialized services, therefore the City may contract with Face to Face via noncompetitive proposals under HUD regulations.
6. As directed by HUD, the contract amounts for public services, fair housing and HOPWA recommended herein will be proportionally increased or decreased from the funding levels shown to match actual allocation amounts when they are announced, and language will be included in the contracts reflecting possible increases or decreases as well as the uncertainty of receiving federal funding.
7. Although HUD does not require Council to adopt the Plan, it has been Council's practice to make the final determination on the annual funding allocations to nonprofit service providers and authorize submittal of the Plan.
8. In the event HUD eliminates CDBG, HOME, or HOPWA, staff will return to Council to discuss the impacts to the public services, fair housing, or HOPWA programs.

### FISCAL IMPACT

\$36,000 has been appropriated in the proposed Fiscal Year 2017/2018 budget for fair housing services from the General Fund, the source of funds being a portion of Real Property Transfer Tax 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, but will be included in the proposed Fiscal Year 2017/2018 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

On March 15, 2017, applications for fair housing services were reviewed by a Councilmember and two staff members, who recommend funding a contract with Fair Housing of Northern California. Applications for CDBG public services funding were reviewed at the staff level by a committee consisting of four HCS staff.

### NOTIFICATION

Not applicable.

### ATTACHMENTS

- Attachment 1 – Draft Executive Summary to Fiscal Year 2017/2018 Annual Action Plan (English)
- Attachment 2 – Draft Executive Summary to Fiscal Year 2017/2018 Annual Action Plan (Español)
- Attachment 3 – Public Services, Fair Housing & HOPWA Fiscal Year 2017/2018 Funding Allocations
- Resolution

### CONTACT

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