

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 2016 –  
2020 AMENDED CONSOLIDATED PLAN AND FISCAL YEAR  
2018/2019 ACTION PLAN, AND APPROVAL OF GRANT  
AGREEMENTS FOR PUBLIC SERVICES, FAIR HOUSING, AND  
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the Housing & Community Services Department that the Council, by resolution:

- Authorize submission of the 2016 – 2020 Amended Consolidated Plan and the Fiscal Year 2018/2019 Action Plan to the U.S. Department of Housing & Urban Development (HUD);
- Approve the Fiscal Year 2018/2019 Grant Agreements for public services, fair housing, and Housing Opportunities for Persons with AIDS (HOPWA) funds in the estimated amount of \$648,469; and
- Authorize the City Manager to execute the Grant Agreements with service providers, the annual federal funding agreements with HUD, and any additional forms or documents required by HUD to implement the 2016 – 2020 Amended Consolidated Plan and the Fiscal Year 2018/2019 Action Plan.

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EXECUTIVE SUMMARY

The proposed action will authorize submission of the 2016 – 2020 Amended Consolidated Plan and the Fiscal Year 2018/2019 Action Plan to the U.S. Department of Housing & Urban Development (HUD) and approve Grant Agreements for public services, fair housing and HOPWA. The Consolidated Plan is being substantially amended as required by the City's Citizen Participation Plan (CPP) to include the use of HOME Investments Partnership Act (HOME) funds for tenant-based rental assistance (TBRA). The use of a portion of HOME funds for TBRA could provide additional funding for rental subsidies. Submission of the annual Action Plan and the Amended

Consolidated Plan is required by HUD so that the City can continue to receive federal housing and community development funds from HUD in the form of Community Development Block Grant (CDBG), HOME, and HOPWA grants.

In the past, HUD has required Santa Rosa to submit its Plans by May 15, however, because the funding allocations for grantees have not yet been announced by HUD, 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 August 16, 2018, whichever comes first. Because the timing for allocation announcements is uncertain, the Housing & Community Services Department recommends that Council act on the Plans and the Grant Agreements now so that the Plans can be submitted when HUD instructs the City to do so, Grant Agreements 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 its grant agreements with the City until it receives Plans that include the actual amounts Santa Rosa will receive, the Plans include the statement that all proposed activities' budgets are estimates and will be proportionately adjusted from the estimated funding levels to match the actual allocation amounts.

## BACKGROUND

1. HUD requires state and local grantees to prepare an Action Plan annually to define how federal funds, including CDBG, HOPWA, and HOME, will be spent in the coming year. The annual Action Plan identifies the City's housing and community development needs, priorities, goals, and strategies for the one-year term of the Action Plan.
2. The City's current 2016 – 2020 Consolidated Plan was submitted to and approved by HUD in 2016. Federal Regulations and the City's Citizen Participation Plan require the Consolidated Plan to be amended whenever a change in the use of CDBG, HOME, or HOPWA funds from one eligible activity to another is contemplated.
3. The 2016 – 2020 Consolidated Plan is being substantially amended to propose a change in the use of a portion of HOME funds for TBRA, an eligible use which would provide additional funding for rental subsidies to low-income households. HUD requires that local market conditions show the need for TBRA; the current average apartment rent of \$2,687 for a three-bedroom apartment is higher than the High HOME rents for three- and four-bedroom units. This data demonstrates that the market conditions in Santa Rosa support the City's consideration of using a portion of its HOME funds for TBRA. The City plans to manage this activity through the existing Housing Choice Voucher Program, sometimes referred to as the Section 8 Program.

4. The 2016 – 2020 Amended Consolidated Plan and the Fiscal Year 2018/2019 Action Plan (Plans) follow the templates provided by HUD and were prepared using the previously approved 2016 – 2020 Consolidated Plan as a reference. The Plans utilize current data from the U.S. Census Bureau, the American Community Survey, and other sources. The Plans are based on the seven goals established in the original 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 items e – g could be prioritized more highly if the City received additional funding from HUD or other resources.

5. Should funding allocations remain the same as in Fiscal Year 2017/2018, the City will receive approximately:

<b>Funding Resource</b>	<b>Estimated Grant Award</b>	<b>Program Income</b>	<b>Total</b>
CDBG	\$1,308,618	\$95,160	\$1,403,778
HOME	\$497,383	\$30,882	\$528,265
HOPWA	\$413,489	-0-	\$413,489
<i>Total</i>	\$2,219,490	\$126,042	\$2,345,532

As instructed by HUD, these funding amounts, except for Program Income, will be proportionately increased or decreased to match actual allocation amounts when they are announced, the Plans will be updated with the actual funding amounts once they are confirmed by HUD, and the Plans will be submitted with actual numbers 60 days after the date funding allocations are announced by HUD or August 16, 2018, whichever comes first.

6. By Federal 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 homeless facilities. For Fiscal Year 2018/2019, the City plans to budget \$198,980 in CDBG funds for public services and \$36,000 in local resources for federally-mandated fair housing services.

7. Staff attended the Community Advisory Board (CAB) meeting on January 24, 2018, and held publicly-noticed community meetings on February 7 and February 21 to provide an overview of the public services application procedure, and the process for amending and completing the Plans. The draft Plans were made available to the public for the 30-day comment period March 19 through April 19, 2018. The draft Plans were available at the City Hall Annex, the City Manager's Office, and the Main Branch of the Sonoma Public Library; they were also available on the City's website at: <http://srcity.org/767/State-Federal-Reports>.
8. Availability of the draft Plans for review was advertised in the Press Democrat, in La Voz, through Granicus Speak Up, and on the Housing & Community Services Facebook page. Additionally, all notices were provided to a variety of organizations via City email and through the Continuum of Care's listserv.
9. Comments received to date have been included in the Plans. Any additional comments received at the Public Hearing on May 1 will be included in the final Plans before they are submitted to HUD.

#### PRIOR CITY COUNCIL REVIEW

The City Council reviewed the original 2016 – 2020 Consolidated Plan in May 2016 and authorized submission to HUD.

#### ANALYSIS

1. The funding strategy for Fiscal Year 2018/2019 allocates 85% of CDBG funds and 100% of HOME funds to the Housing Authority for affordable housing purposes, with half of the anticipated HOME funds being considered for TBRA. 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 \$413,489 for HOPWA services, for a total of \$648,469. A Request for Proposals (RFP) for public services, fair housing, and HOPWA funds was issued on February 7, 2018.
2. HCS staff received three applications for CDBG public services funds: two from Catholic Charities and one from Social Advocates for Youth (SAY). Catholic Charities proposed continuing to operate the Homeless Services Center (HSC), requesting \$102,520, and the Family Support Center (FSC), requesting \$96,460, as in prior years.

SAY requested \$50,000 and proposed expanding operations of the SAY Dream Center Short-Term Emergency Housing program to provide supportive case management to empower self-sufficiency for homeless youth. SAY's proposal meets the Council's direction to provide focused, comprehensive homeless services

through coordinated entry operation of facilities. However, the review committee, which included a Councilmember and two staff members, does not recommend funding SAY's proposal due to a potential lack of additional local financial resources and because doing so would require a reduction in funding to the City's two current programs operated by Catholic Charities that provide services for the entire homeless population.

The review committee recommends approval of Grant Agreements with Catholic Charities in the amount of \$96,460 for FSC and \$102,520 for HSC, a total allocation of \$198,980 from the City's CDBG grant for public services for Fiscal Year 2018/2019.

3. If Council approves the recommended Grant Agreements for Catholic Charities, staff plans to simplify administration of the Grant Agreement for HSC by combining it into one Grant Agreement that includes the public services funding as well as the \$100,000 General Fund amount approved by Council in Resolution 2017-221, assuming this funding will continue in Fiscal Year 2018/2019. The public services funding of \$102,520 will be combined with the General Fund contribution into one master Grant Agreement in the amount of \$202,520, pending continuation of the General Fund money for Fiscal Year 2018/2019 and final allocation amounts from HUD.
4. Staff received one application for fair housing services from Fair Housing Advocates of Northern California, the service provider for fair housing for the City for the last two years. Fair Housing Advocates of Northern California's proposed program continues to align with the 2012 Sonoma County Analysis of Impediments to Fair Housing (AI), which requires strengthening the 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 Fair Housing Advocates of Northern California in the amount of \$36,000 from Real Property Transfer Tax (Fund 2284) for Fiscal Year 2018/2019.
5. The City's HOPWA funding for Fiscal Year 2017/2018 was \$413,489, and the City anticipates receiving a similar amount for Fiscal Year 2018/2019. Under Federal Regulations, the City retains 3% of this amount, or \$12,405, for administration. The remainder, \$401,084, is recommended to be used to fund a Grant Agreement with Face to Face, whose mission in Sonoma County is improving the lives of low-income people affected by HIV/AIDS and their families. Face to Face is the only local agency with the expertise to provide the specialized services required for a successful HOPWA program, therefore the City may contract with Face to Face via noncompetitive process under HUD Regulations.
6. As directed by HUD, the recommended Grant Agreements 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 has been included in the Grant Agreements reflecting possible increases or decreases as well as the uncertainty of receiving Federal funding.

7. 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.

### FISCAL IMPACT

\$36,000 has been appropriated in the proposed Fiscal Year 2018/2019 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 2018/2019 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, 2018, applications for public services funds were reviewed by a Councilmember and two staff members, who recommend funding Grant Agreements as follows:

- Homeless Services Center (Catholic Charities) - \$102,520;
- Family Support Center (Catholic Charities) - \$96,460;
- Fair Housing (Fair Housing Advocates of Northern California) - \$36,000; and
- HOPWA (Face to Face) - \$401,084.

### NOTIFICATION

Not applicable.

### ATTACHMENTS

- Attachment 1 – Draft Executive Summary to 2016 – 2020 Amended Consolidated Plan and the 2018/2019 Action Plan (English)

- Attachment 2 - Draft Executive Summary to 2016 – 2020 Amended Consolidated Plan and the 2018/2019 Action Plan (Español)
- Attachment 3 – Draft Grant Agreements for Public Services, Fair Housing, and HOPWA for Fiscal Year 2018/2019
  - Attachment 3A – Draft HOPWA Grant Agreement
  - Attachment 3B – Draft Fair Housing Grant Agreement
  - Attachment 3C – Draft Homeless Services Center Grant Agreement
  - Attachment 3D – Draft Family Support Center Agreement
- Attachment 4 - Council Resolution 2017-221
- Resolution