

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: NANCY MANCHESTER, PROGRAM SPECIALIST II
HOUSING & COMMUNITY SERVICES

SUBJECT: PUBLIC HEARING AUTHORIZING SUBMITTAL OF THE FISCAL
YEAR 2019/2020 ACTION PLAN AND APPROVAL OF GRANT
AGREEMENTS FOR PUBLIC SERVICES, FAIR HOUSING, AND
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS
(HOPWA)

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Housing & Community Services Department that the Council, by resolution, authorize submittal of the Fiscal Year 2019/2020 Action Plan to the U.S. Department of Housing & Urban Development (HUD); approve the Fiscal Year 2019/2020 Grant Agreements for public services, fair housing, and Housing Opportunities for Persons with AIDS (HOPWA) funds in the estimated total amount of \$659,660; authorize the Director of Housing & Community Services to execute the Grant Agreements with service providers; and 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 2019/2020 Action Plan.

EXECUTIVE SUMMARY

The proposed action will authorize submittal of the Fiscal Year 2019/2020 Annual Action Plan (Plan) to the U.S. Department of Housing & Urban Development (HUD) and approve Grant Agreements for public services, fair housing, and HOPWA. Submittal of the 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 Investments Partnership Program (HOME), and HOPWA grants. This Plan is for the City's annual CDBG entitlement directly from HUD; it does not include disaster recovery funds (CDBG-DR).

BACKGROUND

1. HUD requires state and local grantees to prepare an Annual Action Plan to define how federal funds, including CDBG, HOME, and HOPWA, will be spent in the coming year. The Plan identifies the City's housing and community development needs, priorities, goals, and strategies for the one-year term of the Plan.
2. The Fiscal Year 2019/2020 Action Plan follows the template provided by HUD and was prepared using the previously approved 2016 – 2020 Amended Consolidated Plan as a guide. The Plan utilizes current data from the U.S. Census Bureau, the American Community Survey, and other sources. The Plan is based on the seven goals established in the 2016 – 2020 Amended 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 resources.

3. HUD announced Fiscal Year 2019/2020 allocations on April 12; Santa Rosa's allocations are:

| Funding Resource | Grant Amount | Program Income | Total |
|-------------------------|---------------------|-----------------------|--------------------|
| CDBG | \$1,427,595 | \$20,000 | \$1,447,595 |
| HOME | \$675,091 | \$30,000 | \$705,091 |
| HOPWA | \$437,814 | -0- | \$437,814 |
| <i>Total</i> | <i>\$2,540,500</i> | <i>\$50,000</i> | <i>\$2,590,500</i> |

4. 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 by funding the coordinated entry operation of facilities serving the homeless population of Santa Rosa. For Fiscal Year 2019/2020, 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.

5. Staff attended the Community Advisory Board (CAB) meetings on January 23 and February 27, 2019 and held a publicly-noticed community meeting on February 6, 2019 to provide an overview of the public services application process. The draft Plan was made available to the public for the HUD-required 30-day comment period March 15 through April 15, 2019 and the public was encouraged to submit comments up to and during the May 7, 2019 Public Hearing. The draft Plan was available at the City Hall Annex, the City Manager's Office, and the Main Branch of the Sonoma Public Library; it was also available on the City's website at: <https://srcity.org/767/State-Federal-Reports>.
6. Availability of the draft Plan for review and public comment was advertised in the Press Democrat, La Voz, through GovDelivery, on the LaVoz Facebook page, and on the Housing & Community Services Facebook page. Additionally, all notices were provided to a variety of organizations and individuals through the Continuum of Care's listserv. A newsflash requesting public comment was created and posted to the HCS homepage and the City's website at <https://srcity.org/CivicAlerts.aspx?AID=551> and a news item publicizing the public hearing and encouraging additional public comment was submitted for inclusion in the May issue of the new *City Connections* newsletter.
7. Comments received to date have been included in the Plan and are attached to this staff report. Any additional comments received before and at the Public Hearing on May 7, 2019 will be included in the final Plan before it is submitted to HUD.

PRIOR CITY COUNCIL REVIEW

The City Council reviewed and approved the 2016 – 2020 Amended Consolidated Plan in May 2018 and authorized submission to HUD.

ANALYSIS

1. The funding strategy for Fiscal Year 2019/2020 allocates 85% of CDBG funds and 100% of HOME funds to the Housing Authority for affordable housing purposes, including program administration. Should Santa Rosa's federal grant amounts remain unchanged by HUD, staff recommends allocating \$198,980 of the remaining CDBG funds for public services, \$36,000 from local resources for fair housing, and \$424,680 for HOPWA services, for a total of \$659,660.
2. A Request for Proposals (RFP) for the use of public services, fair housing, and HOPWA funds was issued on February 6, 2019. 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, to support its work in conjunction with the City's Samuel Jones Hall Homeless Center, the City's homeless emergency, and the City's and Home Sonoma County's (formerly known as the Continuum of Care) comprehensive, consolidated strategy, which promotes a community-wide commitment to the goal of ending homelessness; provides funding to quickly re-house homeless individuals and families to minimize the trauma and dislocation caused by homelessness; promotes access to and effective use of mainstream programs; and optimizes self-sufficiency among homeless individuals and families.

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 by funding the coordinated entry operation of facilities serving the homeless population of Santa Rosa. However, the review committee, which included a Councilmember and two staff members, does not recommend funding SAY's proposal 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 2019/2020.

If Council approves the recommended public services Grant Agreements for Catholic Charities, staff plans to continue the simplified administration of Catholic Charities' homeless services agreements. As in Fiscal Year 2018/2019, and so long as Council approves the proposed Fiscal Year 2019/2020 budget, the \$200,000 General Fund allocation for homeless services will be combined with the Homeless Services Center (HSC) and Family Support Center (FSC) public service funding agreements for one master Grant Agreement totaling \$202,520 for HSC and one master Grant Agreement for FSC totaling \$196,460, pending continuation of the General Fund money for Fiscal Year 2019/2020.

3. Staff received one application for fair housing services from Fair Housing Advocates of Northern California (FHANC), the City's service provider for the last two years. FHANC'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 FHANC in the amount of \$36,000 for Fiscal Year 2019/2020.

4. The City's HOPWA allocation for Fiscal Year 2019/2020 is \$437,814. Under Federal Regulations, the City retains 3% of this amount, or \$13,134, for administration. The remainder, \$424,680, 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.
5. Although HUD does not require Council to adopt the Plan, 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 Plan. The Plan is the annual "look forward" at the City's deployment of its HUD housing-related funds. To assess past performance, the City is required to provide annual reporting to HUD on program implementation and metrics through the Consolidated Annual Performance and Evaluation Report (CAPER), which is submitted to HUD every September.
6. In addition to details on the City's program implementation over the prior year, the CAPER includes information on public service provider activities; in Fiscal Year 2017/2018 the City's expenditure of \$198,980 in public services funds provided assistance for 1,519 homeless individuals through Catholic Charities' FSC and HSC programs. The City's full Fiscal Year 2017/2018 CAPER is available for review at <https://srcity.org/767/State-Federal-Reports>.
7. As required by HUD, a separate CAPER is prepared to report on HOPWA performance. In Fiscal Year 2017/2018, the City's expenditure of \$384,928 provided the following services:
 - Housing subsidies for 74 households in the form of Tenant-Based Rental Assistance (TBRA), Short-Term Rent, Mortgage, & Utility (STRMU) payments, and permanent housing placement;
 - Supportive services for 350 households including case management; and
 - Housing information distribution for 203 households.

The full Fiscal Year 2017/2018 HOPWA CAPER is also available for review at <https://srcity.org/767/State-Federal-Reports>.

8. The CAPER and HOPWA CAPER for Fiscal Year 2018/2019 are due to HUD September 30, 2019 and will also be available on the City's website at <https://srcity.org/767/State-Federal-Reports>.
9. HUD requires its grantees to provide fair housing services but does not require or provide a mechanism for reporting results of grantees' fair housing programs. As a condition of its Grant Agreement with FHANC, the City receives quarterly performance reports. In Fiscal Year 2017/2018, 209 households were assisted by

FHANC; below are income levels for the households served.

| Extremely Low-Income (<30% of Area Median Income [AMI]) | Very Low-Income (31% - 50% AMI) | Low-Income (51% - 80% AMI) | Non-Low/Moderate-Income (>80% AMI) | Did Not Disclose |
|---|---------------------------------|----------------------------|------------------------------------|------------------|
| 32% | 35% | 9% | 16% | 8% |

FHANC conducts all the required activities required by the AI. Through its testing activities, FHANC visits properties anonymously, posing as potential tenants to assess properties' compliance with federal fair housing regulations. For example, in responding to complaints from Santa Rosa residents, FHANC conducted one three-part test for race discrimination at one property and one test for disability discrimination at another. Both tests revealed some level of differential treatment. FHANC is monitoring both properties for availability for additional testing in the future and has filed two housing discrimination complaints with HUD.

FISCAL IMPACT

\$36,000 will be appropriated in the proposed Fiscal Year 2019/2020 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 2019/2020 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 12, 2019, 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) - \$424,680.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – Draft 2019/2020 Action Plan (English)
- Attachment 2 – Draft 2019/2020 Action Plan (Español)
- Attachment 3 – Public Comment Received: Email of 3/23/19 from Cris Galvan
- Attachment 4 – Public Comment Received: Email of 4/5/19 from Yvonna Navarro
- Attachment 5 – Public Comment Received: Email of 4/5/19 from Jason Lopez
- Attachment 6 – Public Comment Received: Email of 4/5/19 from Jason Olvera
- Attachment 7 – Public Comment Received: Email of 4/5/19 from Peter Graham
- Resolution/Exhibits