

CITY OF SANTA ROSA
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS
FROM: REBECCA LANE, PROGRAM SPECIALIST
HOUSING AND COMMUNITY SERVICES DEPARTMENT
SUBJECT: FISCAL YEAR 2024-2025 NOTICE OF FUNDING AVAILABILITY
PRIORITIES

AGENDA ACTION: STUDY SESSION

RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Housing Authority hold a Study Session to receive information and provide direction on funding priorities and the Point Scoring System for the Fiscal Year 2024-2025 Notice of Funding Availability process.

EXECUTIVE SUMMARY

The Housing Authority held a Study Session to review the upcoming 2024-2025 NOFAs at its April 22, 2024, meeting and directed staff to incorporate changes related to a priority for applications for rehabilitation as the eligible use of funds when the rehabilitation results in adding affordable units to the Authority's portfolio. This Study Session will discuss the updated priorities for the Fiscal Year 2024-2025 NOFAs, review the Point Scoring System and seek further direction from the Authority.

BACKGROUND

At least annually, traditionally aligned with the start of a Fiscal Year, the Authority releases NOFAs for the federal, state, and local affordable housing funds for which it is responsible. In addition to the Fiscal Year NOFAs, the Authority has released NOFAs for specialized funding or funding that became available outside the Fiscal Year cycle.

Between Fiscal Years 2019-2020 and 2021-2022, the NOFA funding priorities were largely focused on making new construction projects more competitive for state and federal funding programs. In that time frame six NOFAs were released, five of which focused on providing funds for new construction and to leverage Authority funds to make projects more competitive for state funding sources.

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Beginning in Fiscal Year 2022-2023, the state and federal funding application timelines fell out of alignment with the July 1 Fiscal Year calendar start, and the NOFA funds could no longer be prioritized to leverage state funding. The focus of the Fiscal Year 2022-2023 and 2023-2024 NOFAs was primarily on new construction. Additionally in Fiscal Year 2023-2024, the Authority transitioned to a rolling NOFA for the HOME Investment Partnership (HOME) funds to accept funding applications year-round.

The most recent awards in the 2023-2024 NOFA were as follows:

Project	Amount	Eligible Use
Burbank Avenue Apartments	\$3,500,000	New Construction
Laurel at Perennial Park Phase III	\$2,585,610	New Construction
Caritas Homes Phase II	\$1,300,000	New Construction
Vigil Light Apartments	\$1,073,583	Rehabilitation/Preservation

PRIOR HOUSING AUTHORITY REVIEW

The Housing Authority heard a Study Session on April 22, 2024, to discuss funding priorities for the Fiscal Year 2024-2025 NOFA and directed staff to return with an updated Points Scoring System to incorporate a preference that included rehabilitation as an eligible use when the rehabilitation funds would result in additional units added to the Authority's portfolio.

ANALYSIS

The funding sources available in the upcoming Fiscal Year 2024-2025 NOFAs will include Community Development Block Grant (CDBG), HOME Investment Partnership Community Housing Development Organization (HOME-CHDO), Permanent Local Housing Allocation (PLHA) and local funds. From these sources, CDBG, HOME-CHDO, and local sources can be used for rehabilitation of existing units, PLHA must be used for predevelopment and/or new construction. The U.S. Department of Housing and Urban Development (HUD) announced the funding award amounts for fiscal year 2024-2025 on May 7. The CDBG funds available for the NOFA will be approximately \$1,000,000 and HOME-CHDO funds are approximately \$440,000, inclusive of the prior year's fund balance of approximately \$343,000 and the Fiscal Year 2024-2025 allocation of \$97,000. PLHA funds, pending award from the California Department of Housing and Community Development (HCD) are expected to be approximately \$600,000. With the inclusion of approximately \$1,500,000 in local funds, the Fiscal Year 2024-2025 NOFA is expected to make available approximately \$3,100,000, of which \$2,500,000 would be eligible for rehabilitation-related applications and the \$600,000 PLHA funds would be solicited for new construction or predevelopment-related costs. Additionally, the rolling HOME NOFA would be updated for Fiscal Year 2024-2025 to make available approximately \$440,000 in HOME-CHDO funds, with a preference for rehabilitation-related costs, if so directed by the Authority.

Outreach was conducted over the past year to develop the City of Santa Rosa’s 2024-2027 Consolidated Plan (Plan) which identifies how the City will use its federal funding, including CDBG, HOME, and Housing Opportunities for Persons with Aids (HOPWA) funds. This outreach sought feedback from Santa Rosa residents, developers, and service providers, and the feedback largely pointed towards a preference of utilizing federal funds for rehabilitation and preservation of existing affordable housing.

On April 22, 2024, the Authority heard a Study Session to review funding priorities for the upcoming Fiscal Year 2024-2025 NOFA. An interest was expressed to prioritize rehabilitation with an emphasis on rehabilitation that also includes the addition of new affordable units to the Authority’s portfolio. A revision has been made to the NOFA Point Scoring System to reflect these priorities and is described below:

Category	Points	Criteria & Range
Other Factors (May include use of funds as rehabilitation)	10	10 = Housing Authority funds used for rehabilitation of an existing affordable project which results in affordable units added to the Authority’s portfolio, to be restricted under a new 55-year Regulatory Agreement.
		5 = Housing Authority funds used for rehabilitation of an existing project that results in an extension of existing affordability restrictions, with no new units to be added to the Housing Authority portfolio.

If the Authority chooses to prioritize rehabilitation under the upcoming NOFA, the amount of funds allocated from the NOFA for these uses will remain dependent on the amount of funding available, the funding applications submitted and the associated eligible use of funds in the NOFA.

FISCAL IMPACT

A Study Session does not have a fiscal impact on Authority funds.

ENVIRONMENTAL IMPACT

This study is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15061(b)(3) and 15378 in that there is no possibility that the implementation of this action may have significant effects on the environment, and no further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

Revised Draft FY 2024-2025 Points Scoring System

PRESENTER

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