



**Sonoma County Community Development Commission**  
Sonoma County Housing Authority  
1440 Guerneville Road, Santa Rosa, CA 95403-4107

## **Application Guidelines CDBG & HOME for Capital Projects FY 2019-2020**

### **1. RELEVANT DOCUMENTS**

All applicants should review the following documents prior to submitting an application:

#### **1.1. Notice of Funding Availability CDBG & HOME for Capital Projects**

#### **1.2. Application Guidelines**

##### **1.2.1. Funding Timeline (See Exhibit 1)**

##### **1.2.2. Urgent Community Needs, Threshold and Selection Criteria (See Exhibit 2)**

##### **1.2.3. Summary of FY 2019-2020 Changes to CDBG & HOME for Capital Projects Funding Policies (See Exhibit 3)**

##### **1.2.4. FY 2019-2020 Capital Projects Federal Funding Policies (See Exhibit 4)**

##### **1.2.5. Frequently Asked Questions & Resources (See Exhibit 5)**

#### **1.3. For CDBG Applicants: CDBG Application**

#### **1.4. For HOME Applicants: HOME Application**

### **2. APPLICATION INSTRUCTIONS**

Applications must be complete. Applications will be reviewed on the basis of the information provided. Applicants must use the current funding application.

Supplemental materials must be kept to a minimum and must be on letter-sized paper. Materials submitted in a different format and/or excessive supplemental materials will not be reproduced for review by the committees and Board of Supervisors. Submit applications in a 3-ring binder with labeled attachments.

#### **2.1. Application Organization**

##### **2.1.1 Hard Version**

Please submit one hard version of the application and attachments, including the certifications with original signatures, in a 3-ring binder.

### 2.1.2 Electronic Version

Please submit a flash drive or emailed zip file that contains an electronic version of the application. Submit the Application using the fillable pdf, and each signed certification and attachment as a separate, clearly named and ordered electronic document.

### 2.1.3 Application Order:

Please submit both the hard and electronic versions in this order:

#### **Application Checklist**

#### **Part 1: Applicant Information**

#### **Part 2: Project Description**

#### **Part 3: Program/Project Information**

#### **Part 4: Timeline**

#### **Part 5: Sources and Uses**

#### **Supplemental Application: Public Facilities or Other Infrastructure (CDBG only)**

#### **Supplemental Application: Housing-Related Projects (CDBG & HOME)**

#### **Part 6: Certifications**

Each applicable certification should be signed by the appropriate parties. If a certification does not apply, please label it as “not applicable” and submit without signature.

#### **Part 7: Attachments**

Provide each attachment unless listed as optional or is not applicable. Clearly **label all attachments** using a cover page in the hard version, and a short, descriptive file name in the electronic version.

## **2.2. Application Submittal & Due Date**

Applications are due no later than **Friday, January 11, at 2:00 pm**. Deliver one hard copy and one electronic version to the staff member listed below:

**ATTN: Darrin O'Hara**  
Sonoma County Community Development Commission  
1440 Guerneville Road  
Santa Rosa, CA 95403  
Email: [Darrin.OHara@sonoma-county.org](mailto:Darrin.OHara@sonoma-county.org)

### **3. USE OF FUNDS**

Funds may only be used for eligible activities as described in **Appendix A of the FY 2019-2020 CDBG & HOME for Capital Projects Funding Policies**. Applications must demonstrate that the proposed project or program is an eligible activity. Financial assistance for all projects will be in conformance with Section 6: Types of Assistance in the FY 2019-2020 CDBG & HOME for Capital Projects Funding Policies.

This year, the Commission is emphasizing that project proposals should be submitted for ready-to-proceed projects. This means that if a project has not yet completed predevelopment activities – such as the preparation of an environmental review document, the applicant should submit an application for the preparation of the environmental review or other predevelopment activity **ONLY**. This will ensure timely completion of the proposed activity.

### **4. CONFIDENTIALITY OF NOFA RESPONSES**

Upon submission, all proposals shall be deemed public record. In the event that a proposer desires to claim portions of its proposal exempt from disclosure, it is incumbent upon the proposer to clearly identify those portions with the word “Confidential” printed on the top right-hand corner of each page for which such privilege is claimed, and to clearly identify the information claimed confidential by highlighting, underlining, or bracketing it, etc. Each page shall be clearly marked and readily separable from the proposal in order to facilitate public inspection of the nonconfidential portion of the proposal. The Commission will consider a proposer’s request for exemptions from disclosure; however, the Commission will make its decision based upon applicable laws. An assertion by a proposer that the entire proposal, large portions of the proposal, or a significant element of the proposal, are exempt from disclosure will not be honored, and the proposal may be rejected as non-responsive. Proposers are cautioned that materials designated as confidential may nevertheless be subject to disclosure. Proposers are advised that the Commission does not wish to receive confidential or proprietary information, and those proposers are not to supply such information except when it is absolutely necessary. If any information or materials in any proposal submitted are labeled confidential or proprietary, the proposal shall include the following clause: *[Legal name of proposer] shall indemnify, defend and hold harmless the County of Sonoma, the Sonoma County Community Development Commission and their officers, agents and employees from and against any request, action or proceeding of any nature and any damages or liability of any nature, specifically including attorneys' fees awarded under the California Public Records Act (Government Code §6250 et seq.) Arising out of, concerning or in any way involving any materials or information in this proposal that [legal name of proposer] has labeled as confidential, proprietary, or otherwise not subject to disclosure as a public record.*

## **5. ENVIRONMENTAL REVIEW REQUIREMENTS – NEPA & CEQA**

### **5.1. National Environmental Policy Act (NEPA)**

The award of federal funds to a project requires compliance with the review and clearance provisions of the National Environmental Policy Act (NEPA) and HUD's implementing regulations at 24 CFR 58.

Applicants for federal funds are prohibited from undertaking, committing, or expending any funds (including non-federal funds) to undertake any physical or choice-limiting actions on the project site prior to an environmental determination and/or clearance as required by Part 58. Physical and choice-limiting actions include, but are not limited to, property acquisition, demolition, movement, rehabilitation, conversion, repair or construction. This prohibition applies regardless of whether federal or non-federal funds are used for such actions. Any Options to Purchase Property should be contingent upon a HUD Environmental Review being completed and approved by the Sonoma County Community Development Commission and accepted by HUD.

Award recommendations are conditional upon the successful completion of the project's environmental review and final approval from HUD.

### **5.2. California Environmental Quality Act (CEQA)**

If applicable, all projects must receive local environmental clearance in accordance with the requirements of the California Environmental Quality Act (CEQA). The Commission will request the CEQA status from Permit and Resource Management Department (Permit Sonoma) when reviewing the funding application. The applicant must submit a copy of the CEQA clearance to the Commission prior to a funding commitment being made. [See Cal. Code Regs. Tit. 14. Section 15000 et seq.;]

## **6. APPLICANT PAST PERFORMANCE**

Agencies with unresolved monitoring findings may not be eligible to receive funding.

## **7. IMPORTANT INFORMATION/ITEMS TO CONSIDER**

### **7.1. General**

The Notice of Funding Availability and Application Guidelines briefly summarize some of main requirements for HOME and CDBG awards. These requirements are not all inclusive. Potential applicants should consider their capacity and program/project concept in relation to all requirements. It is an applicant's responsibility to thoroughly review all grant regulations and guidance before preparing an application for funding to ensure they have the ability to comply with all Federal requirements and funding regulations.

#### **7.1.1. Supplemental Written Information**

The Commission may request supplemental written information from an applicant concerning the applicant's ability to perform the services, or if the amount awarded is different from the

amount requested. If an applicant fails to provide supplemental information within the time stated in the request, the Commission may refuse to consider the project application.

#### 7.1.2. Applicant Interview

The Commission may request an interview with any applicant. If an application is unclear the applicant may be given an opportunity to explain how the project proposal complies with this NOFA.

#### 7.1.3. Dismissal of a Project Application

If an applicant provides false or misleading information, it will be grounds to dismiss their project application.

#### 7.1.4. Commission's Right to Determine Intent of NOFA

In cases of doubt or differences of opinion concerning the interpretation of this NOFA, the Commission reserves the exclusive right to determine the intent, purpose, and meaning of any provision in this NOFA

#### 7.1.5. Compliance with applicable Federal regulations

Successful applicants must certify that they will comply with all applicable Federal regulations, State, county and/or city statutes, rules, regulations and record keeping requirements governing the use of CDBG or HOME funds. The applicant selected by the Commission will be required to enter into a written agreement requiring compliance with the application and any modifications and conditions imposed by the Commission including terms applicable to the program/project. If awarded funds, it is the responsibility of the applicant to understand and comply with a written agreement and federal regulations. **(See CDBG and HOME Applications: Part 6 - Certification Forms)**

#### 7.1.6. Availability of Funds Upon Completion of all regulatory requirements for use of federal funds

Funds will be available upon completion of all regulatory requirements for use of federal funds including, but not limited to, completion of a HUD Environmental Review. If awarded, funds may be reimbursed from the effective date of a contract, but will not be disbursed to the awardee until the grant written agreement is executed by both parties.

#### 7.1.7. Use of Funds for Acquisition or Rehabilitation

If an acquisition and/or rehabilitation project is proposed, the applicant can have no financial or legal commitment to purchase or begin rehabilitation.

#### 7.1.8. Environmental Review must precede any project work

**ACQUISITION, REHABILITATION, OR CONSTRUCTION PROJECTS CANNOT START UNTIL THE COMMISSION HAS CONDUCTED OR APPROVED A HUD ENVIRONMENTAL REVIEW. AGENCIES FAILING TO WAIT UNTIL THE HUD ENVIRONMENTAL REVIEW IS COMPLETE WILL FORFEIT THE ALLOCATED FUNDS.**

### 7.1.9. DUNS Number

This is a nine-digit number in a data universal numbering system that identifies business entities on a location-specific basis. A DUNS number is mandatory to receive a federal grant. If you do not have a DUNS number you can register with Dun and Bradstreet at <http://fedgov.dnb.com/webform> (can take up to 30 days to complete) or by calling **866-705-5711** (takes 10-15 minutes to complete).

### 7.1.10. Construction Projects & Federal and California Prevailing Wage Rates

For certain projects funded with CDBG and HOME, workers must be paid the higher of California prevailing wage rates or Federal Davis-Bacon wage rates. These wage rates are triggered under the following circumstances:

- Non-housing construction projects over \$2,000
- CDBG-funded housing construction or rehabilitation of properties with eight (8) or more total residential units
- Any eligible use of HOME funds – including land acquisition, in which there are twelve (12) or more HOME-assisted units in the same project

State prevailing wage rates and Davis Bacon wage rates are established by specific trades (examples: plumbers, electricians, carpenters, laborers, etc.) and are based on either a "residential" or "commercial" rate. Generally, these wages are higher than accepted local rates. This may increase the cost of the project.

**Any project for which California prevailing wage rates or Davis-Bacon wage rates are triggered should work closely with Commission staff prior to going out to bid or commencing any project work to ensure compliance and eligibility for funding.**

### 7.1.11. Lead-Based Paint

For any project involving an existing residential structure that was built before 1978, the project must meet the requirements of the HUD regulation to control lead-based paint hazards in housing receiving federal assistance, 24 CFR Part 35. This regulation, effective September 15, 2000, establishes procedures for evaluating whether a lead-based paint hazard may be present, controlling or eliminating the hazard, and notifying occupants of what was found and what work was done in such housing. Commission staff will provide technical assistance in determining the regulations that apply and the required lead abatement process. However, the applicant is responsible for conducting all required lead-based paint abatement procedures, and should accommodate these activities in the project.

### 7.1.12. Demographics

Reporting requirements for HUD grants will involve data collection of demographic information for each person served such as those that follow. Depending on the type of grant, some reporting requirements are more extensive.

#### 1. **Income categories** (MFI = Median Family Income):

- Extremely Low (0% to 30% of MFI)
- Low (31% to 50% of MFI)
- Moderate (51% to 80% of MFI)

- Non Low to Moderate (greater than 80% MFI)  
2. **Gender:** Male or Female

3. **Race and ethnicity:**

Racial Categories:

- American Indian/Alaska Native
- Asian
- Black/African American
- Native Hawaiian/Other Pacific Islander
- White
- American Indian/Alaska Native AND White
- Asian AND White
- Black/African American AND White
- American Indian/Alaska Native AND Black/African American
- Other Multi-Racial

Ethnic Designations:

- Hispanic/Latino
- Not Hispanic/Latino

**Note:** *Ethnic categories such as Hispanic and Latino cut across all races. Persons reporting Hispanic or Latino must also select a race.*

7.1.13. Low and Moderate-Income Guidelines

Activities for participants funded with HUD awards must meet low or moderate-income guidelines as determined by HUD. The current income guidelines for the County of Sonoma are found in Exhibit 4 - CDBG & HOME for Capital Projects Funding Policies: Appendix B

## Exhibit 1: CDBG & HOME for Capital Projects Funding Timeline FY 2019-2020

Date	Description
Wednesday, September 19, 2018, 10am	Concurrent Technical Advisory Committee (TAC) and Community Development Committee Public Hearings to identify housing and community development needs, review and discuss the FY 2017-2018 Consolidated Annual Performance and Evaluation Report (CAPER) and recommend approval of FY 2019-2020 CDBG & HOME for Capital Projects Funding Policies.
Wednesday, October 17, 2018, 10am	CD Committee approval of FY 2019-2020 CDBG & HOME for Capital Projects Funding Policies
Thursday, November 15, 2018	Notice of FY 2019-2020 CDBG & HOME for Capital Projects funding availability (NOFA) issued inviting submission of funding applications
Tuesday, November 20, 2018, 2pm	Technical Advisory Committee approval of FY 2019-2020 CDBG & HOME for Capital Projects Funding Policies
Thursday, December 06, 2018, 1pm Commission Hearing Room	Technical Assistance Session for applicants interested in submitting CDBG or HOME Capital Project funding application in FY 2019-2020
Friday, January 11, 2019, 2pm	<b>CDBG &amp; HOME Capital Project Funding Applications are due at the Commission Office</b>
Wednesday, February 20, 2019, 9am	All-Day Workshop for Community Development Committee and Technical Advisory Committee Review and Feedback on FY 2019-2020 CDBG & HOME Capital Project Funding Applications. <b>All applicants must be present to be considered for funding.</b>
Friday, March 29, 2019	Draft FY 2019-2020 Action Plan released. 30 Day Public Comment Period Begins (Closes April 29)
Wednesday, April 17, 2019, 10am	Draft FY 2019-2020 Action Plan Presented to CD Committee and Technical Advisory Committee at Public Hearing. <b>All applicants must be present to be considered for funding.</b>
Tuesday May 7, 2019 (Subject to Change)	<b>Board of Supervisors to discuss and adopt the FY 2019-20 Action Plan</b>
Wednesday, May 15, 2019	<b>Deadline for FY 2019-2020 Action Plan to be received at HUD office.</b>
July 1, 2019	<b>Beginning of fiscal year 2019-2020 (through June 30, 2020)</b>

Exhibit 1

**Contact Information**

Darrin O'Hara

Administrative Aide

Sonoma County Community Development Commission

Phone: (707)565-7522

Email: [Darrin.OHara@sonoma-county.org](mailto:Darrin.OHara@sonoma-county.org)

## **Exhibit 2: Urgent Community Needs, Threshold and Selection Criteria**

All applications will be reviewed and ranked based on the following FY 2019-2020 urgent community needs, threshold criteria and selection criteria.

### **1. FY 2019-2020 URGENT COMMUNITY NEEDS**

**The Commission will recommend awarding funds to the most competitive proposals that adhere to the basic Threshold Criteria, rank well under the Selection Criteria, and that best meet the following combination of urgent community needs:**

- Serve the maximum number of people at the lowest incomes
- Leverage public funds or meet a particular community need that cannot be met by other funding sources
- Expedite creation of as many new rental housing opportunities as possible in *areas of opportunity* or improve access to important community assets in low-income communities, in particular, *racially and ethnically concentrated areas of poverty*.\*

\*Italicized terms are defined further in CDBG & HOME for Capital Projects Funding Policies, Section 11.

### **2. THRESHOLD CRITERIA FOR PROJECT EVALUATION**

Applications must meet the following criteria to be eligible for consideration. Although the application will not be ranked based on this part of the criteria, applications may not be recommended for funding if an organization cannot meet the requirements under this section.

#### **2.1. Is the application complete?**

*All sections of the application form, including certifications, must be completed. Organization attachments must be included and meet the criteria detailed in the application. Project-specific attachments must be included and met application criteria.*

#### **2.2. Is the proposed project an eligible activity per CDBG or HOME regulations?**

*See CDBG & HOME for Capital Projects Funding Policies Appendix A for a list of eligible activities.*

#### **2.3. If applying for CDBG funds, does the proposed project meet a CDBG National Objective?**

*See CDBG & HOME for Capital Projects Funding Policies Section 1.1 for a description of the CDBG National Objectives.*

**2.4. Does the project Affirmatively Further Fair Housing?**

*The project will affirmatively further fair housing and facilitate and further fair housing principles; specifically, fully comply with the applicable provisions of Title VI of the Civil Rights Act of 1964, the Fair Housing Act, E.O. 11063, and HUD regulations issued pursuant thereto.*

**2.5. Is the applicant an eligible applicant/subrecipient/recipient per CDBG/HOME regulations?**

*See CDBG & HOME for Capital Projects Funding Policies Section 4 for a list of eligible applicants.*

**2.6. Does the applicant demonstrate administrative capacity or request the assistance of the Community Development Commission to effectively deliver the proposed project? If the project requests assistance from the Commission, does the Commission make a determination that it can effectively provide the required assistance to deliver the project while meeting the timeliness provisions in these policies?**

- *Staff will evaluate the organization's capacity to administer a HUD award using guidelines specified in OMB Circulars, grant regulations, and Uniform Administrative Requirements.*
- *Organizational financial documentation must demonstrate that the organization has stable operating funds and adequate cash flow to operate the program or complete required project work until reimbursement of grant funds occurs.*
- *Required financial statements must be submitted and audit findings must be cleared.*
- *Organization must submit certification that its policies and procedures meet the CDBG or HOME criteria.*
- *Organization has experienced staff to operate the proposed program or complete the proposed project*
  - *Previous HUD award experience*
  - *Adequate Program/Project Staff*
  - *Adequate Financial/Fiscal Staff*
- ***If the applicant does not have sufficient administrative capacity, it has included a capacity gap analysis and has consulted with the Community Development Commission about partnership to complete proposed project.***

**2.7. For CDBG, does the project serve the Urban County? For HOME affordable housing development, is the project located in a member jurisdiction of the HOME consortium?**

*The Urban County is all of unincorporated Sonoma County and the seven smallest municipalities: Cloverdale, Cotati, Healdsburg, Rohnert Park, Sebastopol, Sonoma, and Windsor*

*The member jurisdictions of the HOME consortium are: unincorporated Sonoma County, Cloverdale, Cotati, Healdsburg, Rohnert Park, Sebastopol, Sonoma, and Windsor*

**2.8. For homelessness-related projects only: Will the project significantly impact HEARTH system-wide performance measures? Will it shorten the length of homeless episodes, decrease returns to homelessness, or increase placements in permanent housing?**

*If the project claims to be serving people experiencing homelessness, applicant must submit Homelessness-related Project Threshold Criteria Checklist signed off by the Homeless Services team as part of a complete application.*

**2.9. For homelessness-related projects only: Does the project adhere to the principles of Housing First and participate in Coordinated Entry? If a homeless-serving housing project, does it accept referrals from Coordinated Entry?**

*If the project claims to be serving people experiencing homelessness, applicant must submit Homelessness-related Project Threshold Criteria Checklist signed off by the Homeless Services team as part of a complete application.*

**3. SELECTION CRITERIA**

The following criteria will be used in the evaluation of eligible applications and will influence the Commission's funding recommendations to the CD Committee.

**3.1. Selection Criteria – All Projects**

**3.1.1. Funding Priorities**

Projects will be ranked in how well they meet the following funding priorities, according to the order listed below:

3.1.1.1. Creation or Preservation of Affordable Housing

3.1.1.2. Infrastructure or Public Facility Supporting creation or preservation of affordable housing

3.1.1.3. Infrastructure or Public Facility supporting low or moderate income populations

*See CDBG & HOME for Capital Projects Funding Policies Section 2 for a complete list of the 2015 Consolidated Plan Goals and Objectives. The 2019-2020 Funding Priorities are*

*derived from these overarching goals and objectives, and take into consideration revised priorities due to community need following the October 2017 wildfires.*

### 3.1.2. Readiness to Proceed

Applicant demonstrates that proposed project can spend grant funding within the applicable timeliness provisions (See Section 7.1). Requirements will vary by project type but may include demonstration of site control, completion of environmental review, approval of entitlements, etc.

*Application must provide a realistic timeframe on how funds will be spent.*

### 3.1.3. Need

Applicant describes the need for the project/program and demonstrates with applicable evidence (e.g. waiting list, census data, documentation of deteriorated or non-code compliant conditions, etc.).

*Application must clearly define and support the need for the program/project and included verifiable, published data sources.*

### 3.1.4. Adherence to a competitive procurement process

Applicant adheres to a process wherein conversations outside an adopted competitive procurement process with members of either the Community Development Committee or Technical Advisory advocating for funding of applicant project or program will result in recusal of those members from the decision-making process or ineligibility of that applicant project.

### 3.1.5. Financial Feasibility

- *Application must provide justification for the program/project funding request. A financial rationale must be provided and included credible and realistic costs*
- *Application must describe how the program/project will be sustained past the grant cycle*
- *Budget must include accurate calculations*
- *Application must provide documentation to verify leveraged funds that are specific to support the program/project*

### 3.1.6. Outcomes

Applicant demonstrates that the project/program will result in outcomes that are clearly defined, measurable, and directly related to alleviation of the stated problem

- *Application must clearly describe outcomes for the target population*
- *Application must present realistic long-term expectations and outcomes*

### **3.2. Selection Criteria – Housing Projects**

#### **3.2.1. Leverage**

Priority will go to projects that leverage public funds to the greatest extent possible.

### **3.3. Selection Criteria – Non-Housing Projects**

#### **3.3.1. Leverage and Meeting Community Need**

Priority will go to projects that leverage public funds to the greatest extent possible or projects that meet a particular community need that cannot be met by other funding sources.

## **Exhibit 3: Summary of FY 2019-2020 Changes to CDBG & HOME for Capital Projects Funding Policies**

Following publication of draft Funding Policies and review at a joint meeting of the Community Development Committee (CD Committee) and Technical Advisory Committee (TAC) and an October meeting of the Community Development Committee, the Community Development Committee approved a number of changes to the CDBG & HOME for Capital Projects Funding Policies for FY 2019-2020. The TAC is anticipated to adopt the changed policies at a public meeting on November 20. Below are the proposed changes summarized and explained.

### **1. Use of Disaster Waivers to Add Flexibility**

In light of the October 2017 wildfires, which were a federally declared disaster, HUD granted waivers and suspensions of specific requirements for entitlement jurisdictions to facilitate more flexible use of these dollars to respond to the community's recovery needs. The FY 19-20 Funding Policies are reflective of how the Community Development Commission plans to utilize these waivers to respond to the housing crisis which was exacerbated by the disaster. **Sections 1 & 2**

### **2. Focus on Housing as a Key Driver of Economic Development**

The post-fire report from the Economic Development Board stated that "addressing housing needs is a top strategic economic priority that, if left unaddressed, will constrain future growth and create social and economic instabilities." Furthermore, affordable housing new construction is in itself a substantial economic driver. A 2011 study by the Center for Housing Policy stated that for every 100 units of affordable housing development 80 short term jobs are created by new construction, 42 jobs are supported during construction by locally earned wages, and 30 long term jobs are supported by the households occupying new affordable homes. Over the past four years, funding for microenterprise development from CDBG has yielded a small impact on the community – 81 businesses assisted over 4 years. There are other private, local, state and federal resources dedicated to economic development that are better targeted to directly serving local businesses. Given these factors, Economic Development – Microenterprise Assistance is suspended as an eligible use for the FY 19-20 funding cycle. This will focus funding on the highest and best use of limited dollars – ready to proceed capital improvement projects. **Section 2.3**

### **3. Using a Competitive Process to Ensure Highest and Best Use of Funds**

For both HOME and CDBG all previously delineated categories are combined into single competitive categories in which all projects compete. There will no longer be specific geographic or program area set-asides, except for those mandated by federal regulation. Projects will be ranked according to the

Selection Criteria in the Funding Policies and awards will be made based on the highest and best use of funds, with an emphasis on creation or preservation of housing and infrastructure and public facilities in support of housing. **Section 3**

#### **4. Tightening Timeliness Provisions**

Timelines for spending both HOME and CDBG funds are shortened to ensure expeditious use of scarce resources. **Section 7.1**

#### **Ensuring all Projects Affirmatively Further Fair Housing (AFFH)**

In recognition of the County's obligations to Affirmatively Further Fair Housing, the FY 19-20 Funding Policies specifically call out that each project must demonstrate how it will meet goals required by the Fair Housing Act for all projects funded with HUD dollars. The policies lay out this expectation and the Notice of Funding Availability and funding application provides additional guidance and examples. It is important to note that along with new affordable housing development and affordable housing rehabilitation; projects that improve path of travel, ensure connectivity to resources, and increase access to amenities are also important to Affirmatively Further Fair Housing. **Section 7.13, Page 14**

#### **5. Selection Process Changes**

Because the CD Committee and the TAC together represent the constituent base that these funds benefit, it is appropriate that the two bodies work together to make decisions about the best use of these funds. To allow ample time for the combined committees to review proposals, ask questions, and provide feedback to staff, an all day workshop will be held to review all projects. Decisions will not be made on this day, but rather, staff will use feedback received from the committees to prepare the draft Action Plan. A public hearing will then be held on April 17<sup>th</sup>, which is during the 30 day public comment period for the Action Plan. At this hearing, the two committees will recommend approval of the projects listed in the Action Plan to the Board of Supervisors. **Section 8.2**

#### **6. Tiebreaker Methodology**

A tiebreaker methodology was added to the policies. The tiebreaker would be used during the public hearing on the Action Plan in the case that the committees cannot come to consensus as to which projects should be funded. It divvies up funds based on a combination of the percentage of low and moderate income persons residing in each member jurisdiction of the Urban County and/or HOME Consortia and which jurisdictions have spent their CDBG dollars in compliance with timeliness provisions. **Section 8.2.3**

## **7. Streamlined Selection Criteria**

The selection criteria has been streamlined to identify the priorities for all federally-funded projects, non-housing projects, and housing projects. The goal of the revisions are to ensure that the policies are an enduring framework for decision-making while the Notice of Funding Availability can be a nimble vehicle by which staff can align CDBG and HOME funds to be responsive to requirements of other funding sources or initiatives that may vary in priority from year to year. **Section 10**

## **8. Multi-Year approach to Geographic Equity**

Geographic equity remains an important factor for distribution of CDBG and HOME funds. Determining whether there is a concentration or deficit of projects per geographic area will need to be considered holistically over the Consolidated Planning period by staff and by both advisory committees to ensure that funding is being targeted where needed and distributed countywide.

This changed distribution methodology should allow each jurisdiction to plan for its share of available funding and ensure that applicants do not apply for funds until a project is truly ready to proceed. This will allow for more strategic use of scarce resources, and positions the County to better meet its “timeliness test” each year. Some variance from a strict proportional allocation per jurisdiction would be allowed at the discretion of the advisory committees.

As part of the planning process for the next Consolidated Planning Period, the committees will need to identify a methodology for geographic allocations of the funds. A division of funds could weigh various factors such as condition of housing stock, overcrowding, poverty levels, low-income population, etc. Staff will return to the committees with recommendations for this methodology at a later date.

**Exhibit 4**  
**SONOMA COUNTY**  
**COMMUNITY DEVELOPMENT COMMISSION**

**FY 2019-2020**  
**CDBG & HOME for Capital Projects**  
**Funding Policies**

**DRAFT\***

Approved by the Community Development Committee on October 17, 2018

\*Pending approval by the Technical Advisory Committee on November 20, 2018



## **TABLE OF CONTENTS**

<b>1. Overview</b> .....	<b>1</b>
1.1. HUD Funding Programs .....	1
1.1.1. Community Development Block Grant Program (CDBG) .....	1
1.1.2. HOME Investment Partnership Program (HOME) .....	1
1.2. Other Funding Programs .....	2
1.3. Consolidated Plan .....	2
<b>2. Funding Goals and Objectives</b> .....	<b>3</b>
2.1. Affordable Housing .....	3
2.1.1. Goal .....	3
2.1.2. Objectives .....	3
2.2. Homelessness (NOTE: Funding for homelessness-related public services are found separately in the Policies for Homeless Services Funding.) .....	4
2.2.1. Goal .....	4
2.2.2. Objectives .....	4
2.3. Non-Housing Community Development .....	4
2.3.1. Goals .....	4
2.3.2. Objectives .....	5
<b>3. Funding Allocations</b> .....	<b>5</b>
3.1. CDBG Allocation.....	5
3.2. CDBG Program Income and Reprogrammed Funds Allocation.....	5
3.3. HOME Allocation .....	6
3.4. HOME Program Income and Reprogrammed Funds Allocation .....	7
<b>4. Eligible Applicants</b> .....	<b>7</b>
4.1. CDBG .....	7
4.2. HOME .....	7
<b>5. Eligible Activities</b> .....	<b>7</b>
<b>6. Types of Assistance</b> .....	<b>8</b>
6.1. Form of Assistance – Rental Housing and Public Facility Projects.....	8
6.2. Form of Assistance – Ownership Housing Projects .....	8
6.3. Funding Agreements, Subrecipient Agreements, Loan Documents and Close of Escrow .....	8
6.4. Alternate Loan Terms .....	8
<b>7. Funding Conditions and Program Requirements</b> .....	<b>8</b>
7.1. Timeliness.....	8
<del>7.1.1. Program Operations—Economic Development</del> .....	<del>9</del>
7.1.2. Site Acquisition .....	9
7.1.3. Affordable Housing Development.....	9
7.1.4. Public Facilities and Public Improvements .....	9
7.1.5. Tenant-Based Rental Assistance .....	9
7.2. Site Control .....	9
7.3. Environmental Review .....	10
7.3.1. Certifying Officer, Roles, and Responsibilities .....	10
7.3.2. CEQA Compliance .....	10
7.4. Section 3.....	10
7.5. Federal Labor Standards.....	10
7.6. Reasonable Cost of Real Estate Acquisition .....	11
7.7. Land Use Approvals .....	11
7.8. Compliance with Disabled Access Requirements .....	11
7.9. Building Standards .....	12
7.10. Relocation and One-for-One Replacement .....	12
7.11. Change in Use .....	12
7.11.1. Requirements for Urban County Jurisdictions.....	12

7.11.2.	Requirements for All Other Entities .....	12
7.12.	Demonstrating Benefit to Low- and Moderate-Income Persons .....	13
7.13.	Affirmatively Furthering Fair Housing .....	13
7.14.	Affordability Restrictions for Housing Projects .....	13
7.14.1.	Income Limits .....	13
7.14.2.	Rent and Purchase Price Limits .....	14
7.14.3.	Term of Income and Price Restrictions .....	14
7.15.	Match Requirements .....	14
7.16.	Other Federal Requirements .....	14
<b>8.</b>	<b>Project Selection.....</b>	<b>14</b>
8.1.	Application Submission Process .....	14
8.2.	Selection Process.....	15
8.2.1.	Community Development Committee and Technical Advisory Committee Workshop.....	15
8.2.2.	Community Development Committee and Technical Advisory Committee Public Hearing 15	
8.2.3.	Tiebreaker Methodology.....	15
8.3.	Action Plan – One-Year Use of Funds .....	16
8.4.	Board of Supervisors and Board of Commissioners Final Approval .....	16
<b>9.</b>	<b>Threshold Criteria for Project Evaluation .....</b>	<b>16</b>
<b>10.</b>	<b>Selection Criteria .....</b>	<b>17</b>
10.1.	Selection Criteria – All Projects .....	17
10.1.1.	Funding Priorities.....	17
10.1.2.	Creation or Preservation of Affordable Housing.....	17
10.1.3.	Infrastructure or Public Facility Supporting creation or preservation of affordable housing 17	
10.1.4.	Infrastructure or Public Facility supporting low or moderate income populations .....	17
10.1.5.	Readiness to Proceed .....	17
10.1.6.	Need .....	17
10.1.7.	Adherence to a competitive procurement process.....	17
10.1.8.	Financial Feasibility .....	17
10.1.9.	Outcomes .....	18
10.2.	Selection Criteria – Housing Projects .....	18
10.2.1.	Leverage.....	18
10.3.	Selection Criteria – Non-Housing Projects .....	18
10.3.1.	Leverage and Meeting Community Need.....	18
<b>11.</b>	<b>Definitions .....</b>	<b>18</b>
<b>12.</b>	<b>More Information .....</b>	<b>21</b>
<b>Appendix A:</b>	<b>Eligible Uses of Funds .....</b>	<b>22</b>
	CDBG Eligible Activities .....	22
	HOME Eligible Activities .....	26
<b>Appendix B:</b>	<b>Income Limits.....</b>	<b>28</b>
<b>Appendix C:</b>	<b>Rent Limits .....</b>	<b>29</b>

## **1. OVERVIEW**

The County of Sonoma, as well as the seven municipalities of Cloverdale, Cotati, Healdsburg, Rohnert Park, Sebastopol, Sonoma, and Windsor, through a Joint Powers Agreement, comprise the Urban County, an entity recognized by the U.S. Department of Housing and Urban Development (HUD) as an entitlement jurisdiction eligible for formula grant funding under the CDBG, HOME, and other HUD programs. The cities of Santa Rosa and Petaluma, although located within the boundaries of Sonoma County, each qualify as separate entitlement jurisdictions and administer their respective HUD funding allocations. The references made in this document to “County” refer to the eight-jurisdiction Urban County.

This document, the FY 2019-2020 CDBG & HOME for Capital Projects Funding Policies, provides the policy framework to guide the allocation and administration of CDBG and HOME funds, consistent with federal rules, statutes, and regulations, as well as local priorities.

The Sonoma County Community Development Commission (Commission) is the designated local administrative body for each of the federal funding programs.

### **1.1. HUD Funding Programs**

#### **1.1.1. Community Development Block Grant Program (CDBG)**

The CDBG Program, as created by the federal Housing and Community Development Acts of 1974, as amended, has as its primary objective the development of viable communities through the provision of decent housing, a suitable living environment, and the expansion of economic opportunities, primarily for low- and moderate-income persons. At least 70 percent of Sonoma County’s CDBG funds must be used for activities that benefit low- and moderate-income persons (i.e., persons earning less than 80 percent of the area median income). Any programs or projects allocated CDBG funding must meet one of the following National Objectives:

- Benefit low- and moderate-income persons
- Prevent or eliminate slums and blight
- Meet an urgent need

#### **APPLICABLE SUSPENSION/WAIVER FOR FY 2019-20**

Suspension and waiver of the CDBG requirements that disallow new construction of affordable housing as an eligible activity. The suspension and waiver permit to County to use CDBG funds for new construction. **Effective through October 10, 2019.**

#### **1.1.2. HOME Investment Partnership Program (HOME)**

The Cranston-Gonzalez National Affordable Housing Act created the HOME Program in 1990. The HOME Program provides funding to local jurisdictions to increase the stock of housing affordable to very low- and low-income households. In 1991, HUD designated Sonoma County a Participating Jurisdiction under the HOME Program.

## APPLICABLE SUSPENSION/WAIVER FOR FY 2019-20

Suspension and waiver of the HOME requirement that requires a 15% set aside of the annual allocation for Community Housing Development Organizations (CHDOs). This requirement is reduced to 0%. The purpose of this suspension and waiver is to relieve the County of requirements that may impede use of funds to provide housing to persons displaced by the wildfire. **Effective for FY 2017, 2018, 2019 allocations.**

Suspension of the per unit dollar limitations established for HOME. The cost of new construction of affordable housing will escalate due to the extensive damage caused by the wildfire. These high costs could exceed the maximum per unit subsidy limit for HOME-assisted projects. The suspension provides the County the needed flexibility to assist low-income individuals and families. **Effective through March 27, 2020.**

### 1.2. Other Funding Programs

The Urban County also administers HUD funding for public services, in the form of a 15-percent set-aside of CDBG funds and the federal Emergency Solutions Grant (ESG) program.

As part of its annual funding cycle, the Sonoma County Community Development Commission (Commission) also administers the locally funded County Community Services Funding (CSF), the Low- and Moderate-Income Housing Asset Fund (LMIHAF), and an allocation of State ESG funds. Per direction received from the County Board of Supervisors, the award process for these funds is integrated with the CDBG Public Services and ESG funding processes to the extent possible. The CSF, LMIHAF-Services, and State ESG programs will follow the priorities set forth in the Consolidated Plan.

Policies related to CDBG Public Services, CSF, LMIHAF-Services, and federal and State ESG funding are available in a separate document, Policies for Homeless Services Funding.

### 1.3. Consolidated Plan

The Consolidated Plan is a five-year plan required by HUD in order for Sonoma County to receive federal housing and community development funds under the CDBG, HOME, and the ESG programs. The Plan, including the goals and specific objectives for the five-year period, also includes the County's One-Year Action Plans for use of CDBG, HOME, and local ESG funds during each fiscal year.

The goals and objectives are developed through a citizen participation process conducted concurrently with the first Action Plan's CDBG, HOME, and ESG funding approval process of each Consolidated Plan. The current Consolidated Plan covers the period from July 1, 2015 to June 30, 2020.

The Consolidated Plan serves the following four functions:

1. A planning document for Sonoma County, which builds on a participatory process.
2. A strategy to be followed in carrying out HUD programs

3. An action plan that provides a basis for assessing performance
4. A required element of the annual application for federal funds under HUD's CDBG, HOME, and ESG programs

The Sonoma County Consolidated Plan encompasses activities undertaken by the Urban County. The cities of Santa Rosa and Petaluma each establish an individual Consolidated Plan for their sole jurisdiction.

## **2. FUNDING GOALS AND OBJECTIVES**

These FY 2018–2019 Funding Policies are based on the goals and objectives identified in the Sonoma County 2015 Consolidated Plan. The Consolidated Plan organizes community priorities for the use of HUD funds by the Urban County by grouping said priorities into three categories: affordable housing, homelessness, and non-housing community development.

The 2015 Consolidated Plan goals are closely aligned with the Strategic Priorities set by the Sonoma County Board of Supervisors on April 4, 2017, particularly “Securing our Safety Net” and “Housing for All”. Sonoma County is currently preparing a Recovery and Resiliency Framework that sets a vision for community recovery following the October 2017 fires. The Community Development Commission assisted in the development of this framework. It includes 5 strategy areas, three of which are closely aligned with and build upon the Consolidated Plan goals: Housing, Economy, and Safety Net Services. These multi-year priorities drive the Commission’s work plans and dovetail with the Consolidated Plan goals and objectives and the selection criteria for funding projects.

The County has identified the following as priority objectives for the use of CDBG and HOME funds. These objectives will be used in the evaluation of proposals for the use of these funds.

### **2.1. Affordable Housing**

#### **2.1.1. Goal**

To promote the well-being and economic integration of lower income persons, increase and preserve the housing stock that is affordable, safe, and accessible for extremely low-, very low-, and low-income families and individuals, including those with special needs and those who are homeless or at imminent risk of homelessness

#### **2.1.2. Objectives**

2.1.2.1. Develop new rental and ownership housing units that are affordable and available to extremely low-, very low-, and low-income households, some with special needs. Give preference to applications for residential developments requesting CDBG or HOME funds that set aside homes for persons or households experiencing homelessness or who are at imminent risk of becoming homeless within 14 days.

2.1.2.2. Develop new housing units with appropriate supportive services that are affordable, accessible, and available to extremely low-, very low-, and low-income special needs households.

2.1.2.3. Provide tenant-based rental subsidies to make market-rate housing units affordable to very low-income and low-income households, some with special needs, with a preference for extremely low-income households and those experiencing or at risk of experiencing homelessness.

2.1.2.4. Provide comprehensive rehabilitation and targeted hazard mitigation assistance to make needed repairs and improvements to conventional single- and multi-family housing and mobile homes owned and/or occupied by extremely low-, very low-, and low-income households, some with special needs.

2.1.2.5. Provide loans to eligible entities to acquire and/or rehabilitate existing multi-family housing affordable, accessible and available to extremely low-, very low-, and low-income households at risk of becoming market rate housing. The occupants of some of these assisted housing units will include special needs households.

2.1.2.6. Provide direct fair housing education and mediation services to low- and moderate-income renter households, some with special needs. Guidelines on applying for funds to meet this objective found separately in the Policies for Homeless Services Funding.

## **2.2. Homelessness (NOTE: Funding for homelessness-related public services are found separately in the Policies for Homeless Services Funding.)**

### **2.2.1. Goal**

Promote effective and proven strategies for homelessness prevention and intervention county-wide.

### **2.2.2. Objectives**

2.2.2.1. Reduce the number of episodes of homelessness experienced by residents of Sonoma County.

2.2.2.2. Provide a platform of stable housing with supportive services to persons who are living “on the streets” or to persons leaving emergency shelters, some with special needs.

2.2.2.3. For residential developments requesting CDBG or HOME funds, give preference to applications that set aside homes for persons or households experiencing homelessness or who are at imminent risk of becoming homeless within 14 days.

## **2.3. Non-Housing Community Development**

### **2.3.1. Goals**

2.3.1.1. Assist in creating and/or replacing infrastructure systems and public facilities that meet the needs of lower income people, people with disabilities, and other special needs subpopulations county-wide.

### 2.3.2. Objectives

2.3.2.1. Preserve low- and moderate-income neighborhoods and improve the quality of neighborhood-based living, including construction or reconstruction of storm/flood drain improvements, water and sewer improvements (connecting water and sewer lines to new or existing affordable housing developments, sewer mains, and rural water facilities), streets, streetlights, sidewalks, and curbs and gutters (either non-existent or in need of repair or upgrade).

2.3.2.2. Construct, renovate, or install access modifications to reduce or eliminate architectural barriers to meet the special needs of persons with disabilities and the elderly in accordance with the American with Disabilities Act (ADA) in public facilities, including but not limited to public parks, restrooms, youth centers, senior centers, fire stations, libraries, and community recreation facilities.

## 3. FUNDING ALLOCATIONS

### 3.1. CDBG Allocation

CDBG Funds shall be allocated per the table below. Unless otherwise indicated, the percentage of funding in each category is set by the Board of Supervisors, not by federal regulation.

<b>Community Development Block Grant (CDBG) Allocation Categories</b>	<b>Percentage of Funding</b>	<b>Notes</b>
<b>County-Sponsored Projects, Countywide/Unincorporated Area Projects, City/Town Projects</b>	65%	These funds will be allocated in a competitive process to fund projects located in the Urban County sponsored by CDBG eligible recipients (all municipalities within the Urban County) and subrecipients (all other eligible applicants).. Eligible projects are described in Appendix A.
<b>Public Services Projects</b>	15%	Percentage limited by CDBG federal regulations. The process for awarding these funds is described in a separate document, called Policies for Homeless Services Funding.
<b>Program Administration</b>	20%	Percentage limited by CDBG federal regulations.

### 3.2. CDBG Program Income and Reprogrammed Funds Allocation

CDBG Program Income and Reprogrammed Funds shall be allocated per the table below. Unless otherwise indicated, the percentage of funding in each category is set by the Board of Supervisors, not by federal regulation.

<b>Community Development Block Grant (CDBG) Allocation Categories</b>	<b>Percentage of Program Income</b>	<b>Notes</b>
---	-------------------------------------	--------------

<p><b>Community Development Commission Housing Rehabilitation Program and Homebuyer Assistance</b></p>	<p>65%</p>	<p>Program income derived from all CDBG-funded projects will be allocated as follows: Sixty-five percent (65%) will be used for housing rehabilitation and homebuyer assistance and associated direct program delivery costs in either the incorporated or unincorporated areas of the Urban County.</p> <p>Reprogrammed funds from all projects other than public services will be used for housing rehabilitation and homebuyer assistance and associated direct program delivery costs in either the incorporated or unincorporated areas of the Urban County.</p>
<p><b>Public Services</b></p>	<p>15%</p>	<p>Fifteen percent (15%) of program income derived from all CDBG-funded projects will be used for Public Services, as allowed under CDBG regulations. The process for awarding these funds is described in a separate document, called Policies for Homeless Services Funding.</p> <p>Reprogrammed funds derived from Public Services will be used for Public Services projects.</p>
<p><b>Program Administration</b></p>	<p>Up to 20%</p>	<p>Percentage limited by CDBG federal regulations. Commission will use up to twenty percent of CDBG program income for program administration and operation of the CDBG program.</p>

### 3.3. HOME Allocation

New annual allocations of HOME funds shall be allocated per the table below. Unless otherwise indicated, the percentage of funding in each category is set by the Board of Supervisors, not by federal regulation.

<b><i>HOME Investment Partnership Program Categories</i></b>	<b><i>Percentage of Funding</i></b>	<b><i>Notes</i></b>
<p><b>Tenant Based Rental Assistance, Development and Preservation of Rental Housing</b></p>	<p>Up to 90%</p>	<p>These funds will be allocated in a competitive process to fund projects or programs located in any of the eight Urban County jurisdictions. Eligible projects and programs are described in Appendix A.</p>
<p><b>Community Housing Development Organizations operational support</b></p>	<p>Up to 5%</p>	<p>Percentage limited by HOME federal regulations.</p>
<p><b>Suspended/Waived for FY 17, FY 18, FY 19 Community Housing Development Organization development or preservation of affordable housing set-aside</b></p>	<p>At least 15%</p>	<p>Minimum required by HOME federal regulations. Per federal regulation, if this funding category is undersubscribed, any unallocated funds will roll over for allocation in the next fiscal year. Eligible projects are described elsewhere in these policies.</p>

<b>Program Administration</b>	10%	Percentage limited by HOME federal regulations.
-------------------------------	-----	---

### 3.4. HOME Program Income and Reprogrammed Funds Allocation

HOME Program Income and Reprogrammed Funds shall be allocated per the table below.

<b>HOME Program Income and Reprogrammed Fund Categories</b>	<b>Percentage of Program Income</b>	<b>Notes</b>
<b>Executive Director's discretion</b>	90%	At the Executive Director's discretion, funds will be reallocated to the Sonoma County Housing Authority's Tenant-Based Rental Assistance Program or rolled forward to the next fiscal year allocation.
<b>CHDO Projects</b>	CHDO reprogrammed funds	At the Executive Director's discretion, funds will be reallocated to the Sonoma County Housing Authority's Tenant-Based Rental Assistance Program or rolled forward to the next fiscal year allocation.  Suspended/Waived for FY 17, FY 18, FY 19: <del>CHDO Set Aside funds may only be reprogrammed to eligible CHDO projects.</del>
<b>Program Administration</b>	10%	Percentage limited by HOME federal regulations. Commission will use ten percent of program income for program administration and operation of the HOME program.

## 4. ELIGIBLE APPLICANTS

Individual persons are not eligible to apply for CDBG or HOME funds; however, individuals may apply for assistance from programs assisted with these funds such as housing rehabilitation, first-time homebuyer, or tenant-based rental assistance programs. [See 24 CFR 570.207(b)(4)]

### 4.1. CDBG

Eligible applicants for CDBG funding are specified by federal regulations. The type of eligible applicant varies by activity type. Generally, eligible applicants are governmental agencies, private non-profit organizations, and Community Based Development Organizations (CBDOs; see 24 CFR 570.204).

### 4.2. HOME

Only non-profit and qualifying for-profit organizations and public agencies or local government entities may apply for HOME funding. [See 24 CFR 92.504(c)(3).]

## 5. ELIGIBLE ACTIVITIES

Eligible activities are described in Appendix A.

## **6. TYPES OF ASSISTANCE**

### **6.1. Form of Assistance – Rental Housing and Public Facility Projects**

All financial assistance will be in the form of loans secured by real property except for non-housing projects (i.e. public facility projects) sponsored and owned by units of local government where the assistance will be in the form of a grant. Generally, all loans will be three percent (3%) simple interest with payments deferred for the term of the loans. See Sonoma County Community Development Commission Loan Policies for additional information regarding interest rates and other loan parameters. Upon completion of the project, Commission loans must be fully secured by the post-completion value of the property. The term of the loan will be the longer of thirty (30) years or the longest term of any project financing source.

### **6.2. Form of Assistance – Ownership Housing Projects**

The interest rate and security requirements for home ownership projects will be the same as those for rental housing developments, as detailed above. The Commission loan to the developer will be for a maximum five-year term and will convert to deferred-payment, subordinate loans to income-eligible buyers at the time of first sale of each unit in the ownership project. The total amount of these loans will be sufficient to recapture the initial amount of Commission loan, plus any interest accrued on the Commission loan as of the date of conversion.

### **6.3. Funding Agreements, Subrecipient Agreements, Loan Documents and Close of Escrow**

The Commission will execute a Funding Agreement, Subrecipient Agreement or Developer Agreement and Promissory Note with each recipient, subrecipient or developer receiving financial assistance. For financial assistance provided in the form of loans, the Commission will additionally record a Deed of Trust with a Rider in evidence of the Commission loan commitment and obligations.

### **6.4. Alternate Loan Terms**

The Commission will consider alternate loan terms that the applicant may request for coordination with other sources of project financing. On a case-by-case basis, the Commission staff may approve requests to assign the Subrecipient or Developer Agreement and/or Commission loan to a partnership or other assignee in compliance with HUD regulations.

## **7. FUNDING CONDITIONS AND PROGRAM REQUIREMENTS**

### **7.1. Timeliness**

All projects shall proceed in a timely manner as detailed below. Extensions may be granted for good cause at the discretion of the Executive Director and must be consistent with the funding source regulations.

### 7.1.1. Program Operations—Economic Development

~~Program Operations are non-capital projects, i.e., “Economic Development.” Funds for Program Operations must be expended within the 12 months of the fiscal year associated with the award. Program Operations funding that is unexpended after the agreement term will be reprogrammed.~~ NOT APPLICABLE for FY 19-20. Program operations will not be eligible use of funds.

### 7.1.2. Site Acquisition

Site Acquisition funds must be spent within 18 months of the start of the fiscal year associated with the funding. The applicant must satisfy all conditions of approval that are set forth in the Commission Loan Policies as prerequisite to the CDC offering the Subrecipient or Developer Agreement for execution within 12 months of the start of the fiscal year associated with the award. If the site acquisition is not complete within 18 months of the start of the fiscal year associated with the award, the funds will be reprogrammed.

### 7.1.3. Affordable Housing Development

Disbursement of funds for all affordable housing projects, including hard and soft costs of new development, renovation, rehabilitation, and reconstruction projects (but excluding site acquisition costs, which are governed by 7.1.2 above), must be initiated within 18 months of start of the fiscal year associated with the award. The applicant must satisfy all conditions of approval that are set forth in the Commission Loan Policies as prerequisite to the CDC offering the Subrecipient or Developer Agreement for execution within 12 months of the start of the fiscal year associated with the award. All funds must be disbursed within 24 months after the start of the fiscal year associated with the award. Funds that are unexpended after this deadline will be reprogrammed.

### 7.1.4. Public Facilities and Public Improvements

Funds for all Public Facilities and Public Improvement projects (excluding site acquisition costs, which are governed by 7.1.2 above), must be expended within 18 months of the date on which the Subrecipient Agreement is offered for execution. Funds that are unexpended after this deadline will be reprogrammed.

### 7.1.5. Tenant-Based Rental Assistance

Funds for tenant-based rental assistance programs must be committed to specific households within 12 months of, and expended within 36 months of, the start of the fiscal year associated with the award. Funds that are unexpended after this deadline will be reprogrammed.

## **7.2. Site Control**

In order to demonstrate project readiness and facilitate compliance with the CDBG stress test [24 CFR 570.902(a)] and the HOME timeliness provisions [92.205(e)(2)], capital project applications must demonstrate site control at the time funding is made available to the County by HUD (generally August of the new fiscal year). An executed long-term lease, signed option or purchase agreement or equivalent, legally enforceable instrument may

satisfy this requirement. If site control is not in force at the time HUD makes the funding available to the County, the funding approval will be rescinded and the funds will be reprogrammed.

### **7.3. Environmental Review**

All CDBG- and HOME-funded projects must comply with federal environmental regulations. [24 CFR part 58 National Environmental Policy Act of 1969 (NEPA) and 24 CFR 570.604 (CDBG) and 24 CFR 92.352 (HOME)]

Funding agreements may not be offered for execution until the required federal environmental conditions have been met.

#### **7.3.1. Certifying Officer, Roles, and Responsibilities**

The Commission's Executive Director is designated by the Board of Supervisors as the Certifying Officer for all National Environmental Policy Act (NEPA) environmental review of CDBG- and HOME-funded projects. Therefore, the Commission will determine and complete, or cause to be completed, the appropriate level of NEPA environmental review, the cost of which shall be the responsibility of the awardee and may be paid from the awarded grant or loan funds. The awardee must provide all requested information pertinent to completing the environmental review in a timely manner. Failure to do so will result in the reprogramming of the allocated funds to another project.

The applicant must provide the Commission with documentation verifying the satisfaction of any required environmental impact mitigation measures. [See 24 CFR part 58 Subpart B Section 58.13]

#### **7.3.2. CEQA Compliance**

If applicable, all projects must receive local environmental clearance in accordance with the requirements of the California Environmental Quality Act (CEQA). The Commission will request the CEQA status from Permit and Resource Management Department (Permit Sonoma) when reviewing the funding application. The applicant must submit a copy of the CEQA clearance to the Commission prior to a funding commitment being made. [See Cal. Code Regs. Tit. 14. Section 15000 et seq.;]

### **7.4. Section 3**

All CDBG and HOME funded projects must comply with the provisions of Section 3 of the Housing and Urban Development Act of 1968, as amended, and with the implementing regulations set forth in 24 CFR Part 135. Any funded entity shall comply with these Section 3 requirements and with the Section 3 Affirmative Action Plan of the Community Development Commission at the time that the funding agreement is executed.

### **7.5. Federal Labor Standards**

Federal Labor Standards requirements include the Davis-Bacon Act, Copeland "Anti-Kickback Act," and Contract Work Hours and Safety Standards Act, Usually these requirements are referred to as "Davis-Bacon and Related Acts" or DBRA.

CDBG-funded construction or rehabilitation of properties with eight (8) or more total residential units trigger DBRA. [See 24 CFR part 570.603]

Any eligible use of HOME funds – including land acquisition, in which there are twelve (12) or more HOME-assisted units in the same project trigger DBRA. [See 24 CFR part 92.354 & HUD Handbook 1344.1]

## **7.6. Reasonable Cost of Real Estate Acquisition**

For CDBG- and HOME-funded acquisition projects, the Commission must determine that the cost of the property is reasonable.

A property appraisal carried out by a licensed real estate appraiser, or other evidence of valuation acceptable to the Commission, must be provided to the Commission prior to the Commission offering a funding agreement for execution. Funds for direct site acquisition will not be provided if the purchase price exceeds the documented “reasonable cost” of the real property.

As defined in CFR 200.404 “A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.”

Funds for related transaction costs (e.g., title, soils tests, Phase I reports, etc.) may be allowed above the reasonable cost.

## **7.7. Land Use Approvals**

In order to demonstrate project readiness and facilitate compliance with the CDBG stress test [24 CFR 570.902(a)] and the HOME timeliness provisions [92.205(e)(2)], all CDBG- and HOME-funded projects that require land use approvals must be consistent with the General Plan of the jurisdiction in which they are located. A certification of the project’s consistency with the applicable General Plan, signed by an authorized representative of the jurisdiction, must be submitted with the project application.

## **7.8. Compliance with Disabled Access Requirements**

All CDBG- and HOME-funded projects must be able to comply with the Architectural Barriers Act of 1968 (PL 90-480) and with 24 CFR Part 8 entitled “Nondiscrimination Based on Handicapped Status in Federally Assisted Programs and HUD Activities.”

24 CFR Part 8 states that no qualified individual with disabilities shall, solely on the basis of disability, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance from the Department of Housing and Urban Development.

Disabled access must be provided to the greatest extent feasible in non-housing as well as housing facilities. Proposed projects that do not provide access for the disabled may not be considered for funding. In addition, all local and State disability access guidelines must be followed.

## **7.9. Building Standards**

All capital projects (housing and non-housing) must be constructed and maintained in compliance with all applicable federal, State, and local codes, standards, and ordinances.

For HOME owner-occupied housing rehabilitation, unit must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. HOME funds may not be used for emergency or small home repairs. [See 24 CFR 92.251]

## **7.10. Relocation and One-for-One Replacement**

All CDBG- and HOME-funded projects must follow the relocation and one-for-one replacement procedures outlined in 24 CFR 570.606 (CDBG) and 24 CFR 92.353 (HOME) and in HUD's Uniform Relocation and Real Property Acquisition Act.

Projects requiring permanent displacement of families, individuals, and/or businesses must also comply with the Sonoma County Residential Anti-Displacement and Relocation Assistance Plan.

## **7.11. Change in Use**

### **7.11.1. Requirements for Urban County Jurisdictions**

All properties acquired and/or improved by the County of Sonoma or participating municipalities that comprise the Urban County entitlement jurisdiction memorialized by a Joint Powers Agreement, using CDBG funds must comply with the CDBG regulations at 24 CFR 570.505, which require that the use of the property (including the beneficiaries of such use) cannot be changed from that for which the acquisition or improvement was made unless the jurisdiction in which the project is located provides affected citizens with reasonable notice of, and opportunity to comment on, any proposed change, and either: (1) the new use of such property qualifies as a CDBG-eligible activity; or (2) if the jurisdiction determines, after consultation with affected citizens, that it is appropriate to change the use of the property to a use which does not qualify for CDBG funding, the jurisdiction reimburses the Sonoma County CDBG Program in the amount of the then current fair market value of the property, less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, and improvements to, the property. This requirement shall be in effect until five (5) years after the Urban County is no longer participating in the CDBG Program. For County-owned or controlled properties, compliance with this requirement shall be secured through an annual certification.

### **7.11.2. Requirements for All Other Entities**

All properties acquired and/or improved by local government entities other than those described in the above paragraph and by non-profit agencies using CDBG funds must comply with the CDBG regulations at 24 CFR 570.503(7)(i) & (ii), which require that the property be used to meet one of the national objectives in 24 CFR 570.208 until five (5) years after expiration of the CDBG Subrecipient Agreement, or for such longer period of time as determined to be appropriate by the Commission; and that if the property is not used to meet one of the national objectives during this time period, the applicant shall pay to

the Sonoma County CDBG Program an amount of the then current fair market value of the property, less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, or improvement to, the property. Compliance with this requirement shall be secured by a deed restriction recorded on title to the acquired or improved property.

### **7.12. Demonstrating Benefit to Low- and Moderate-Income Persons**

If a project proposes to meet the National Objective of providing a benefit to low- and moderate-income persons, the project must be able to demonstrate that at least 51 percent of households qualify as low- or moderate-income. [See 24 CFR 570.208]

### **7.13. Affirmatively Furthering Fair Housing**

1. The Fair Housing Act reflects the federal requirement that HUD “use its grant programs to end discrimination and segregation, to the point where the supply of genuinely open housing increases.” As such, the Affirmatively Furthering Fair Housing rule requires fair housing planning to connect housing and community development policy and investment planning with meaningful actions that achieve material, positive changes in outcomes for protected classes: families with children, people with disabilities, and people of different races, colors and national origins. To be eligible for funding, a project must demonstrate what actions it takes to achieve material, positive changes that advance one of these four goals: Decrease residential segregation
2. Eliminate racially and ethnically concentrated areas of poverty
3. Reduce unequal access to important community assets, including quality schools, job centers, and transit
4. Narrow gaps that result in disproportionate housing needs for people in protected classes.

### **7.14. Affordability Restrictions for Housing Projects**

The following provisions identify the minimum affordability requirements for new housing development and rehabilitation of existing rental housing developments. Projects that provide greater and/or longer affordability than the minimums shown will receive a higher priority.

#### **7.14.1. Income Limits**

One hundred percent of CDBG and HOME funds will be used to assist units occupied by households with incomes of no more than eighty percent (80%) of the Sonoma County area median income (AMI), adjusted for household size.

At least eighty percent (80%) of the units assisted with HOME funds must initially be occupied by households with incomes of no more than sixty percent (60%) of Sonoma County AMI, adjusted for household size. Subsequently, these units may be occupied by households with incomes of up to eighty percent (80%) of Sonoma County AMI, adjusted for household size.

At least twenty percent (20%) of the units assisted with HOME funds must be occupied by households with incomes of no more than fifty percent (50%) of the Sonoma County AMI, adjusted for household size.

#### 7.14.2. Rent and Purchase Price Limits

Units assisted with CDBG or HOME funds may be sold or rented to income-eligible households at affordable prices and rents, as determined by the Commission in accordance with HUD regulations.

#### 7.14.3. Term of Income and Price Restrictions

Upon completion or acquisition of a housing project, the assisted units must remain affordable for the longer of fifty-five (55) years or the longest affordability term required by other financing in the project. In no case shall the period of affordability be less than the original term of the loan.

### 7.15. Match Requirements

Per federal regulation, the expenditure of HOME funds will accrue a match obligation equal to twenty five percent (25%) of the amount of the HOME funds expended. The Commission looks to each project receiving HOME funds to generate eligible match funds during the same fiscal year in which the HOME funds are expended. However, the Commission may cite previously reported match funds to satisfy HOME match requirements in subsequent years.

### 7.16. Other Federal Requirements

In addition to the requirements outlined in this document, all awardees are required to adhere to federal rules, statutes, policies, and regulations associated with the underlying source of federal funds. Primary federal regulatory citations for the two funding sources (CDBG and HOME) are listed below:

1. CDBG: 24 CFR Parts 91 and 570
2. HOME: 24 CFR Parts 91 and 92

## 8. PROJECT SELECTION

### 8.1. Application Submission Process

Details regarding the application requirements and time lines are included in the Notice of Funding Availability (NOFA) released in late-October to mid-November of each year for the fiscal year that begins the following July.

**All applicants should attend a Technical Assistance Session for interested applicants to be held on the date listed on the FY 2019-2020 Funding Timeline. Any applicant who cannot attend the scheduled Session should contact the Commission staff as soon as possible.**

Applicants must submit funding applications to the Commission by 5:00 p.m. on the date listed on the FY 2019-2020 Funding Timeline. Project applications must be complete by the deadline date to be considered eligible for funding. Required application contents differ by allocation category; please refer to the NOFA for specific requirements. Applications which do not include all applicable requested documents or complete answers to all applicable questions, will be deemed ineligible for funding.

Applications may not be revised and/or submitted after the deadline date. In addition, once a project or program is awarded funding by the Commission it cannot be materially revised prior to contract execution.

## **8.2. Selection Process**

Note: See the FY 2019-2020 Funding Timeline for selection process dates.

### 8.2.1. Community Development Committee and Technical Advisory Committee Workshop

The Sonoma County Community Development Committee (CD Committee) appointed by the Board of Supervisors and the Technical Advisory Committee comprised of one appointed representative from each of the seven incorporated jurisdictions in the Urban County are responsible for reviewing all applications concurrently.

The CD Committee and Technical Advisory Committee conduct a concurrent annual public workshop to review staff analysis of applications submitted under the the competitive funding categories, take testimony from applicants, and to provide feedback to staff that will be integrated into staff recommendations in the Draft Annual Action Plan.

**The committees will not recommend funding for any project unless a representative from the applicant agency is present at the workshop to answer questions about the proposed project.**

### 8.2.2. Community Development Committee and Technical Advisory Committee Public Hearing

The Draft Annual Action Plan will be presented to both committees at a public hearing during the public comment period for the Action Plan. The Draft Action Plan will include a list of projects and programs recommended for funding. The committees will concurrently review the draft and finalize the recommendations to be made to the Board of Supervisors.

**The committees will not recommend funding for any project unless a representative from the applicant agency is present at the hearing to answer questions about the proposed project.**

### 8.2.3. Tiebreaker Methodology

If the Committees are unable to come to a consensus about which projects should receive funding, a tiebreaker methodology will be used. The tiebreaker methodology will divide funding up based on two factors:

1. The percentage of low and moderate income persons residing in each member jurisdiction of the Urban County and/or HOME Consortia.
2. Jurisdictions that have two years or more of unallocated CDBG funds will be considered ineligible to receive the proportional allocation of funds, because allocating funds to such a jurisdiction will place the Urban County at risk of failing its “timeliness test”. Failing the timeliness test can result in a loss of CDBG funding from the U.S. Department of Housing and Urban Development.

### **8.3. Action Plan – One-Year Use of Funds**

The Commission will use the CD Committee and TAC recommendations to prepare the “Action Plan: One Year Use of Funds” to be included in the relevant Sonoma County Consolidated Plan. The Consolidated Plan Summary will be published/disseminated in accordance with HUD regulations and the Sonoma County Citizen Participation Plan. Per the Citizen Participation Plan, a review draft of the Consolidated Plan will be made available to the public for thirty days allowed for written comments to be submitted to the Commission. See the FY 2019-2020 Funding Timeline for the publication dates and the end of the comment period.

### **8.4. Board of Supervisors and Board of Commissioners Final Approval**

The Commission will submit the CD Committee and TAC recommendations, along with all written comments received during the Action Plan comment period and supplementary Commission staff comments, to the Board of Supervisors / Board of Commissioners for approval. The Board is the final decision-maker for determining CDBG and HOME awards. See the FY 2019-2020 Funding Timeline for the Board’s public meeting date.

## **9. THRESHOLD CRITERIA FOR PROJECT EVALUATION**

Applications must meet the following criteria to be eligible for consideration:

1. Is the application complete?
2. Is the proposed project an eligible activity per CDBG or HOME regulations?
3. If applying for CDBG funds, does the proposed project meet a CDBG National Objective?
4. Does the project Affirmatively Further Fair Housing?
5. Is the applicant an eligible applicant/sub-recipient/recipient per CDBG/HOME regulations?
6. Does the applicant demonstrate administrative capacity or request the assistance of the Community Development Commission to effectively deliver the proposed project? If the project requests assistance from the Commission, does the Commission make a determination that it can effectively deliver the required assistance to deliver the project while meeting the timeliness provisions in these policies?
7. *For homelessness-related projects only:* Will the project significantly impact HEARTH system-wide performance measures? Will it shorten the length of homeless episodes, decrease returns to homelessness, or increase placements in permanent housing?

8. *For homelessness-related projects only:* Does the project adhere to the principles of Housing First and participate in Coordinated Entry? If a homeless-serving housing project, does it accept referrals from Coordinated Entry?
9. For CDBG, does the project serve the Urban County? For HOME affordable housing development, is the project located in a member jurisdiction of the HOME consortium?

## **10. SELECTION CRITERIA**

The following criteria will be used in the evaluation of eligible applications and will influence the Commission's funding recommendations to the CD Committee.

### **10.1. Selection Criteria – All Projects**

#### **10.1.1. Funding Priorities**

Projects will be ranked in how well they meet the following priorities, ranked in the order listed below:

#### **10.1.2. Creation or Preservation of Affordable Housing**

#### **10.1.3. Infrastructure or Public Facility Supporting creation or preservation of affordable housing**

#### **10.1.4. Infrastructure or Public Facility supporting low or moderate income populations**

#### **10.1.5. Readiness to Proceed**

Applicant demonstrates that proposed project can spend grant funding within the applicable timeliness provisions (See Section 7.1). Requirements will vary by project type but may include demonstration of site control, completion of environmental review, approval of entitlements, etc.

#### **10.1.6. Need**

Applicant describes the need for the project/program and demonstrates with applicable evidence (e.g. waiting list, census data, documentation of deteriorated conditions, etc.).

#### **10.1.7. Adherence to a competitive procurement process**

Applicant adheres to a process wherein conversations outside an adopted competitive procurement process with members of either the Community Development Committee or Technical Advisory advocating for funding of applicant project or program will result in recusal of those members from the decision making process or ineligibility of that applicant project

#### **10.1.8. Financial Feasibility**

Project adheres to guidance set out in the Notice of Funding Availability

### 10.1.9. Outcomes

Applicant demonstrates that the project/program will result in outcomes that are clearly defined, measurable, and directly related to alleviation of the stated problem

## 10.2. **Selection Criteria – Housing Projects**

### 10.2.1. Leverage

Priority will go to projects that leverage public funds to the greatest extent possible.

## 10.3. **Selection Criteria – Non-Housing Projects**

### 10.3.1. Leverage and Meeting Community Need

Priority will go to projects that leverage public funds to the greatest extent possible or projects that meet a particular community need that cannot be met by other funding sources.

## 11. **DEFINITIONS**

**Areas of Opportunity:** places where jobs are relatively plentiful and access to education, healthcare, and other amenities is close at hand.

**Community Development Block Grant Program (CDBG):** Created under the Housing and Community Development Act of 1974, this program provides grant funds to local and state governments to develop viable urban communities by providing decent housing with a suitable living environment and expanding economic opportunities to assist low- and moderate-income residents.

**CDBG Recipient:** a state, city, or urban county that receives a direct allocation of CDBG dollars from the U.S. Department of Housing and Urban Development. Through an urban county cooperation agreement, in the form of a Joint Powers Agreement the County of Sonoma, the Town of Windsor, and the cities of Cloverdale, Healdsburg, Rohnert Park, Sebastopol, and Sonoma together constitute a HUD-designated “Urban County.”

**CDBG Subrecipient:** Government agencies, private, or public non-profit organizations, including institutions of higher education and private for-profit entities, designated by the Urban County to undertake selected CDBG activities.

**Community Housing Development Organization (CHDO):** As defined by HUD, A private nonprofit, community-based organization that has staff with the capacity to develop affordable housing for the community it serves. In order to qualify for designation as a CHDO, the organization must meet certain requirements pertaining to their legal status, organizational structure, and capacity and experience.

**Continuum of Care (CoC):** The Continuum of Care (CoC) Program is designed to promote communitywide commitment to the goal of ending homelessness; provide funding for efforts by nonprofit providers, and State and local governments.

**Emergency Shelter Grant (ESG) Program:** A federal grant program designed to assist homeless persons through five activity types including Street Outreach, Emergency Shelter, Homeless Prevention, Rapid Re-housing, and HMIS.

**Fair Housing Act:** 1968 act (amended in 1974 and 1988) providing the HUD Secretary with fair housing enforcement and investigation responsibilities. A law that prohibits discrimination in all facets of the homebuying process on the basis of race, color, national origin, religion, sex, familial status, or disability.

**Fair Market Value:** The amount of money that would probably be paid for a property in a sale between a willing seller, who does not have to sell, and a willing buyer, who does not have to buy.

**HOME (HOME Investment Partnerships Program):** Provides formula grants to states and localities that communities use—often in partnership with local nonprofit groups—to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership, or to provide direct rental assistance to low-income people.

**HOME Participating Jurisdiction:** localities, metropolitan cities, urban counties or approved consortia that are eligible to receive an allocation of funds under the HOME program. Through an urban county cooperation agreement, in the form of a Joint Powers Agreement the County of Sonoma, the Town of Windsor, and the cities of Cloverdale, Healdsburg, Rohnert Park, Sebastopol, and Sonoma together constitute a participating jurisdiction.

**HOME Subrecipient:** A public agency or nonprofit organization selected by the participating jurisdiction to administer all or a portion of the participating jurisdiction's HOME program.

**HOME Owner, Developer, or Sponsor:** A non-profit or for-profit organization that will own, develop, or sponsor a HOME-assisted project.

**Homeless:** An individual who lacks a fixed, regular, and adequate nighttime residence; as well an individual who has a primary nighttime residence that is a supervised publicly or privately operated shelter designed to provide temporary living accommodations, an institution that provides a temporary residence for individuals intended to be institutionalized; or a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

**Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act:** Amended and reauthorized the earlier McKinney-Vento Homeless Assistance Act with substantial changes in 2009. It consolidated HUD's Continuum of Care grant programs and changed HUD's definition of homelessness and chronic homelessness.

**Homeless Prevention:** Activities or programs designed to prevent the incidence of homelessness, including, but not limited to: (1) short-term subsidies to defray rent and utility arrearages for families that have received eviction or utility termination notices; (2) security deposits or first month's rent to permit a homeless family to move into its own apartment; (3) mediation programs for landlord-tenant disputes; (4) legal services programs that enable representation of indigent tenants in eviction proceedings; (5) payments to prevent

foreclosure on a home; and (6) other innovative programs and activities designed to prevent the incidence of homelessness.

**Household:** All the people who occupy a housing unit. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household.

**Housing Stock:** The number of existing housing units based on data compiled by the United States Bureau of the Census and referable to the same point or period in time.

**HUD:** The federal Department of Housing and Urban Development.

**Income Limit:** Determines the eligibility of applicants for HUD's assisted housing programs.

**Lead-Based Paint:** Paint or other surface coatings that contain lead equal to or exceeding 1.0 milligram per square centimeter or 0.5 percent by weight or 5,000 parts per million (ppm) by weight.

**Lease:** A written agreement between an owner and a family for the leasing of a decent, safe, and sanitary dwelling unit to the family.

**Low and Moderate Income Housing Asset Fund (LMIHAF):** Sonoma County's Low-and Moderate-Income Housing Asset Fund (assets from County of Sonoma, Cities of Sonoma and Sebastopol Redevelopment Successor Agencies).

**Market Value:** The most probable price that a property should bring in a competitive and open market, provided that all conditions requisite to a fair sale are present, the buyer and seller are knowledgeable and acting prudently, and the price is not affected by any undue stimulus.

**Microenterprise:** A commercial enterprise that has five or fewer employees, one or more of who owns the enterprise.

**Manufactured Home or Mobile Home:** A structure, transportable in one or more sections, which in the traveling mode is 8 body feet or more in width, or 40 body feet or more in length, or which when erected onsite is 320 or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning, and electrical systems contained in the structure. This term includes all structures that meet the above requirements except the size requirements and with respect to which the manufacturer voluntarily files a certification pursuant to 24 CFR 3282.13 and complies with the construction and safety standards set forth in this 24 CFR 3280. The term does not include any self-propelled recreational vehicle. Calculations used to determine the number of square feet in a structure will include the total of square feet for each transportable section comprising the completed structure and will be based on the structure's exterior dimensions measured at the largest horizontal projections when erected onsite. These dimensions will include all expandable rooms, cabinets, and other projections containing interior space, but do not include bay windows. Nothing in this definition should be interpreted to mean that a manufactured home necessarily meets the requirements of

HUD's Minimum Property Standards (HUD Handbook 4900.1) or that it is automatically eligible for financing under 12 U.S.C. 1709(b). **Racially and Ethnically Concentrated Areas of Poverty:** Census tracts where more than half the population is non-white and 40% or more of the population is in poverty OR where the poverty rate is greater than three times the average poverty rate in the area.

**Special Needs Subpopulations:** Include, but are not limited to: 1) elderly households, 2) persons with physical, mental or developmental disabilities, 3) persons with HIV/AIDS and their families, 4) large families, 5) single-headed households, and 6) farm workers.

**Uniform Relocation Act (URA):** The Uniform Act (or "Uniform Relocation Act"), passed by Congress in 1970, is a federal law that establishes minimum standards for federally funded programs and projects that require the acquisition of real property (real estate) or displace persons from their homes, businesses, or farms. The Uniform Act's protections and assistance apply to the acquisition, rehabilitation, or demolition of real property for federal or federally funded projects.

## 12. **MORE INFORMATION**

Visit the Commission's website to find more information: <http://www.sonoma-county.org/cdc>



<b>Consolidated Plan Goal Met</b>	<b>National Objective Code</b>
Affordable Housing	LMH



<b>Consolidated Plan Goal Met</b>	<b>National Objective Code</b>
Non-Housing Community Development - Infrastructure systems and public facilities	various
Non-Housing Community Development - Infrastructure systems and public facilities	various
Non-Housing Community Development - Infrastructure systems and public facilities	LMA or, if not applicable: LMC
Non-Housing Community Development - Infrastructure systems and public facilities	LMA, LMJ, or, if neither apply: LMC
<del>SUSPENDED FOR FY 19-20 Non-Housing Community Development - Micro-enterprise</del>	<del>various</del>
Non-Housing Community Development - Infrastructure systems and public facilities/ Non-Housing Community Development - microenterprise	various - must match eligible use
Non-Housing Community Development - Infrastructure systems and public facilities/ Non-Housing Community Development - microenterprise	various - must match eligible use

## HOME Eligible Activities

<b>Consolidated Plan Goal Met</b>	<b>HOME Eligible Activity</b>	<b>Eligible Applicants</b>
Affordable Housing and possibly Homelessness	Rental Assistance (Assistance to Developers of Rental Housing).	Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations
Affordable Housing and possibly Homelessness	Minimum set-aside of 15% for CHDOs. All development or TBRA expenses are eligible.	Community Housing Development Organizations
Affordable Housing and possibly Homelessness	New Construction: costs to meet applicable new construction standards	Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations
Affordable Housing and possibly Homelessness	Rehabilitation: To meet minimum property standards or to make essential improvements, including energy-related repairs or improvements, improvements necessary to permit use by persons with disabilities and the abatement of lead-based paint hazards. Rehabilitation includes conversion within the existing footprint of a building.	Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations
Affordable Housing and possibly Homelessness	Demolition of existing structures, associated with both new construction and rehabilitation	Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations
Affordable Housing and possibly Homelessness	Utility connections including off-site connections from property line to adjacent street, associated with both new construction and rehabilitation	Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations
Affordable Housing and possibly Homelessness	Improvements to project site in keeping with improvements of surrounding standard projects including on-site roads, and sewer and water lines.	Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations
Affordable Housing and possibly Homelessness	Refinancing for rehabilitation projects to permit continued affordability	Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations
Affordable Housing and possibly Homelessness	Acquisition: May use HOME funds to cover the costs of acquiring improved or unimproved real property	Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations
Affordable Housing and possibly Homelessness	Project Related Soft Costs reasonable and necessary costs associated with financing or development of new construction, rehab or acquisition including: Architectural, engineering or related services, costs to process or settle financing, cost of a project audit, costs to provide information services, cost of funding an initial operating deficit reserve, PJ staff and overhead costs directly related to carrying out the project, developer impact fees, costs of environmental review	Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project, including Community Housing Development Organizations
Affordable Housing and possibly Homelessness	Relocation associated with development or rehabilitation of units	Non-profit or for-profit organization that will own, develop or sponsor a HOME-assisted project,

<b>Consolidated Plan Goal Met</b>	<b>HOME Eligible Activity</b>	<b>Eligible Applicants</b>
		including Community Housing Development Organizations
Affordable Housing and likely Homelessness	Tenant-Based Rental Assistance	Public agency or nonprofit organization
Affordable Housing and possibly Homelessness	CHDO Operating Costs - An individual CHDO may be used for operating costs of CHDO(s). An individual CHDO may receive no more than the lesser of 50% of its total operating costs or \$50,000. These funds are not part of the CHDO Set-Aside. These funds may be used for general operating assistance and may not be used or costs eligible under the CHDO Set-Aside.	Community Housing Development Organizations

**APPENDIX B: INCOME LIMITS***Effective July 1, 2018*

These income limits apply to HOME Investment Partnership Program (HOME) and Community Development Block Grant Program (CDBG) projects and programs, and apply only to Sonoma County Community Development Commission-assisted projects or programs. They are not to be used as a guide for programs regulated by any agency other than the Sonoma County Community Development Commission. It is up to each property owner to determine which regulations preside if a program is regulated by more than one program.

Persons in Household	30% AMI*	Very Low Income 50% AMI (HOME Low)	60% AMI	Low Income 80% AMI (HOME High)
<b>1</b>	20,650	34,400	41,280	55,000
<b>2</b>	23,600	39,300	47,160	62,850
<b>3</b>	26,550	44,200	53,040	70,700
<b>4</b>	29,450	49,100	58,920	78,550
<b>5</b>	31,850	53,050	63,660	84,850
<b>6</b>	34,200	57,000	68,400	91,150
<b>7</b>	36,550	60,900	73,080	97,450
<b>8</b>	38,900	64,850	77,820	103,700

**\*Area Median Income (AMI) for a 4-person household: \$84,100**

**APPENDIX C: RENT LIMITS***Effective July 1, 2018*

These rent limits apply to HOME Investment Partnership Program (HOME) and Community Development Block Grant Program (CDBG) projects and programs, and apply only to Sonoma County Community Development Commission-assisted units. They are not to be used as a guide for projects regulated by any agency other than the Sonoma County Community Development Commission. It is up to each property owner to determine which regulations preside if a unit is regulated by more than one program.

Property owners must subtract from the maximum rent the approved utility allowance for any utilities that the tenant pays in addition to the rent. Confirm the appropriate utility allowance with the Sonoma County Community Development Commission.

Rent Level	Studio	One-bedroom	Two-bedroom	Three-bedroom	Four-bedroom
<b>Low (Very Low-Income, 50% AMI*)</b>	860	921	1,105	1,276	1,425
<b>High (Low-Income, 65% AMI)</b>	1,098	1,178	1,416	1,627	1,795
<b>*Area Median Income (AMI) for a 4-person household: \$84,100</b>					

## **EXHIBIT 5: FREQUENTLY ASKED QUESTIONS AND OTHER RESOURCES**

### **1.1. How to look up your organization's D-U-N-S number**

Dun & Bradstreet D-U-N-S Number Lookup: <https://www.dandb.com/dunsnumberlookup/>

Enter your organization's name (or a portion of it) and address (at minimum the state).

Select your organization from the list. You will be taken to a form you must fill out to have the DUNS number emailed to you. Fill out the form, click "send DUNS number" and check your email! The number of the organization will be emailed to you.

### **1.2. How to look up your project's FEMA FIRM panel number**

Go to the FEMA Flood Map Service Center website: <https://msc.fema.gov/portal>

Type in your project's street address and city.

There may or may not be a flood map available for your property. If there is, you will see "The flood map for the selected area is number \_\_\_\_\_" underneath "Search Results." That number is the panel number.

If instead of a number you see the message "There is no flood map printed for the selected location..." under "Search Results", click on the "Interactive Map" logo to the right of the Search Results and click "OK" to acknowledge the warning that you are leaving a FEMA site. This will open a new website showing a map of your property. Locate your property on the map and find the "PANEL" label—the 11-digit number is your panel number.

### **1.3. How to look up your project's census tracts**

Visit the US Census Bureau's American FactFinder website:  
<https://factfinder.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>

On the left-hand side of the page, click "Geographies." Of the four choices along the top of the pop-up window, click "Address" and enter the project's address.

You will see "Geography Results"—the census tract will be listed under the geography type "Census Tract."

### **1.4. Download the "Guide to National Objectives and Eligible Activities for CDBG Entitlement Communities"**

Visit HUD Exchange to download this helpful guide:  
<https://www.hudexchange.info/resource/89/community-development-block-grant-program-cdbg-guide-to-national-objectives-and-eligible-activities-for-entitlement-communities/>

The Guide is written with both public officials and citizens in mind, and can help applicants determine whether their project is eligible for funding.

**1.5. Download “Playing by the Rules: A Handbook for CDBG Subrecipients on Administrative Systems”**

Visit HUD.gov to download this guide written for CDBG subrecipients:

[www.hudexchange.info/resource/687/playing-by-the-rules-a-handbook-for-cdbg-subrecipients-on-administrative-systems/](http://www.hudexchange.info/resource/687/playing-by-the-rules-a-handbook-for-cdbg-subrecipients-on-administrative-systems/)

The Handbook is meant to help subrecipients with common administrative problems.