

SONOMA COUNTY
COMMUNITY DEVELOPMENT COMMISSION

Fiscal Year (FY) 2026-2027
Community Development Block Grant, (CDBG), HOME
Investment Partnerships Program (HOME), Emergency
Solutions Grant (ESG) and Low- and Moderate-Income
Housing Asset Fund (LMIHAF)
Funding Policies

for

Affordable Housing Projects

Non-Housing Capital Projects

Public Services

Homeless Services, Emergency Shelter and Rapid
Rehousing Programs

TABLE OF CONTENTS

Contents

1. Overview.....	1
1.1. HUD Funding Programs	1
1.1.1. CDBG	1
1.1.2. HOME.....	2
1.1.3. ESG	2
1.2. Local Funding	2
1.2.1. LMIHAF.....	2
1.3. Consolidated Plan	2
2. Funding Goals And Objectives	3
3. Funding Allocations	5
3.1. CDBG Allocation.....	6
3.2. CDBG Program Income and Reprogrammed Funds Allocation.....	7
3.3. HOME Allocation	8
3.4. HOME Program Income and Reprogrammed Funds Allocation	9
3.5. ESG Allocation	10
3.6. LMIHAF Allocation.....	11
4. Eligible Applicants	11
4.1. CDBG	11
4.2. HOME	12
4.3. ESG	12
Eligible applicants for ESG funding are specified by federal regulations and include non-profit organizations and public agencies.	12
4.4. LMIHAF.....	12
5. Eligible Activities	12
6. Types Of Assistance	12
6.1. Form of Assistance – Rental Housing and Public Facility Projects.....	12
6.2. Form of Assistance – Homeless Services, Homeless Prevention, Rapid Rehousing and other Public Services	12
6.3. Agreements and Loan Documents.....	12
6.4. Alternate Loan Terms	13
7. Funding Conditions And Program Requirements.....	13
7.1. Timeliness.....	13
7.1.1. CDBG	13
7.1.2. HOME.....	14
7.1.3. ESG and LMIHAF	15
7.2. Site Control	15
7.3. Environmental Review.....	15
7.3.1. Certifying Officer, Roles, and Responsibilities	16
7.3.2. CEQA Compliance	16
7.4. Section 3.....	17
7.5. Federal Labor Standards.....	17
7.6. Reasonable Cost of Real Estate Acquisition.....	17
7.7. Land Use Approvals	17
7.8. Compliance with Disabled Access Requirements.....	18
7.9. Building Standards	18
7.10. Relocation and One-for-One Replacement.....	18
7.11. Change in Use.....	18
7.11.1. Requirements for Urban County Jurisdictions.....	18

7.11.2.	Requirements for All Other Entities	19
7.12.	Demonstrating Benefit to Low- and Moderate-Income Persons	19
7.13.	Affirmatively Furthering Fair Housing	19
7.14.	Affordability Restrictions for Housing Projects	20
7.14.1.	Income Limits	20
7.14.2.	Rent Limits.....	20
7.14.3.	Term of Income	20
7.15.	Match Requirements	20
7.15.1.	HOME Match Requirements.....	20
7.15.2.	ESG Match Requirements.....	21
7.16.	Build America, Buy America Act (BABA).....	21
7.17.	Other Federal Requirements	21
7.18.	HOME Projects Sponsored by a member of the Urban County.....	21
7.19.	Use of HOME funds for the Commission’s Tenant-based Rental Assistance Program.....	22
7.20.	Use of CDBG funds for the Commission’s Single-Family Housing Rehabilitation Program ...	22
7.21.	Public Services/Fair Housing-Set-Aside Funding.....	22
7.21.1.	Other Requirements of Fair Housing Programs.....	22
7.21.2.	Fair Housing Provider Selection Process (multiple proposals)	23
7.22.	Sonoma County Living Wage Ordinance	24
8.	Project Selection.....	24
8.1.	Application Submission Process	24
8.2.	Selection Process.....	24
8.2.1.	Action Plan – Schedule of Dates.....	24
8.2.2.	Consultation with Homeless Coalition for ESG and LMIHAF funds.....	24
8.2.3.	CD Committee and CTAC Workshop.....	25
8.2.4.	CD Committee and CTAC Public Hearing.....	25
8.2.5.	Tiebreaker Methodology.....	26
8.2.6.	Selection of Contingency Projects.....	26
8.3.	Action Plan – One-Year Use of Funds	26
8.4.	Board of Supervisors and Board of Commissioners Final Approval	26
9.	Threshold Criteria For Project Evaluation	26
10.	Selection Criteria	27
10.1.	Selection Criteria – All Projects	27
10.1.1.	Funding Priorities.....	27
10.1.2.	Community Goals	27
10.1.3.	Readiness to Proceed	28
10.1.4.	Need	29
10.1.5.	Adherence to a Competitive Procurement Process	29
10.1.6.	Financial Feasibility	29
10.1.7.	Outcomes	29
10.2.	Selection Criteria – Housing Projects.....	29
10.2.1.	Leverage.....	29
10.2.2.	Developer Experience	29
10.2.3.	Non-profit Developers.....	29
10.2.4.	Support.....	29
10.2.5.	Income and Population Targeting	29
10.3.	Selection Criteria – Non-Housing Projects.....	30
10.3.1.	Leverage and Meeting Community Need.....	30
11.	Definitions	30
12.	More Information	33
Appendix A:	Eligible Uses.....	34
Appendix B:	Income Limits.....	40

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, ESG, 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 jurisdictions within the Urban County. The Low-Moderate Income Housing Asset Fund (LMIHAF) is administered by the Sonoma County Community Development Commission (Commission) pursuant to the State of California Community Redevelopment Law.

This document provides the policy framework to guide the allocation and administration of CDBG, HOME, ESG, and LMIHAF funds, consistent with federal rules, statutes, and regulations, as well as local priorities identified in the Consolidated Plan and LMIHAF Policies.

The Commission is the designated local administrative body for each of the federal funding programs and the LMIHAF.

1.1. HUD Funding Programs

1.1.1. CDBG

The CDBG Program, as created by the federal Housing and Community Development Acts of 1974, as amended, has a primary objective of supporting 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 with incomes that do not exceed 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 up to 80 percent of area median income
- Prevent or eliminate slums and blight
- Meet an urgent need

1.1.1.1. Within the CDBG program, up to 15 percent of funds can be obligated for public service activities. In recent years, the Commission has used this 15 percent set aside for fair housing services. The Commission will use 100% of the CDBG Public Services set-aside for eligible public service activities. Funding decisions will be made by the Board of Supervisors, with recommendations from the Cities and Towns Advisory Committee (CTAC) and the Community Development Committee (CD Committee).

1.1.2. 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 that is affordable to very low-income and low-income households. In 1991, HUD designated Sonoma County a Participating Jurisdiction under the HOME Program.

1.1.3. ESG

The ESG program, originally authorized under the Stewart B. McKinney Homeless Assistance Act of 1987 as the Emergency Shelter Grants program, and reauthorized under the HEARTH Act of 2009, permits HUD to make grants to states and units of general local government for homelessness prevention, street outreach, emergency shelter and rapid re-housing services. The Commission is the designated local administrative body for the Urban County's ESG program.

The HEARTH Act of 2009 and the 2011 ESG Interim Rule established a requirement that ESG grantees consult with the local Continuum of Care on allocations of ESG funds. While the Commission is the administrative body for the ESG program and associated funds, the Commission consults with the CoC on proposed uses of federal ESG funds for eligible activities.

1.2. Local Funding

1.2.1. LMIHAF

The Commission, in its capacity as the Housing Successor entity for the former redevelopment agencies of the County of Sonoma and the cities of Sebastopol and Sonoma (the Agencies), administers the LMIHAF funds. To the extent that sufficient LMIHAF revenue is available each year, the Commission will allocate up to \$250,000 per fiscal year for homelessness prevention and rapid re-housing services for individuals and families who are homeless or at serious risk of becoming homeless without direct assistance. LMIHAF assistance for rapid re-housing and homelessness prevention activities is allocated through an annual "Notice of Funding Availability" (NOFA) process conducted by the Commission under these Funding Policies.

People who become homeless typically move throughout a local region as needed in order to obtain services, temporary shelter, and new permanent housing. People who are homeless may have initially lived in a former redevelopment Project Area (Project Area) of the Agencies, or may take up residence in a Project Area of the Agencies upon being re-housed. Providing homelessness prevention and rapid re-housing assistance anywhere within Sonoma County is therefore deemed to be of benefit to all Project Areas of the Agencies.

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 Consolidated Plan includes the goals and specific

objectives related to federal funds for a period of five years, and the document also guides the County's One-Year Action Plans, which are used in the administration of CDBG, HOME, and local ESG funds during each fiscal year.

The goals and objectives of the Consolidated Plan are developed through a community participation process conducted concurrently with the first Annual Action Plan process. The current Consolidated Plan covers the period from September 1, 2025, to August 31, 2029. These FY 2026-2027 Federal Funding Policies are consistent with the goals and priorities identified in the 2025 Consolidated Plan and are expected to support the Plan's priorities and goals. If the priorities or goals should change, these Funding Policies will be amended accordingly.

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 and their activities are not under the purview the County's Consolidated Plan.

2. Funding Goals And Objectives

These Funding Policies are consistent with the goals and objectives identified in the Sonoma County 2025 Consolidated Plan. The Consolidated Plan organizes community priorities for the use of HUD funds by the Urban County.

The Consolidated Plan goals align with the updated Strategic Priorities set by the Sonoma County Board of Supervisors in March of 2021, particularly "Healthy and Safe Communities", that strives to provide quality and equitable housing for all. With the assistance of the Commission, Sonoma County also adopted a Recovery and Resiliency Framework in December 2018 that set a vision for community recovery following the October 2017 fires. The Framework included five strategy areas, three of which aligned with and built upon the Consolidated Plan goals: Housing, Economy, and Safety Net Services. These multi-year priorities drove the Commission's work and coincided with the Consolidated Plan goals and objectives and the selection criteria for funding projects. After assessing the progress of recovery and resiliency efforts, in January of 2021, the Board of Supervisors transitioned the Framework tasks into a new office named Grants and Special Projects to continue supporting the Board of Supervisors' highest priorities as identified in the Strategic Plan.

The Community Development Committee (CD Committee) and the Cities and Towns Advisory Committee (CTAC) identified the following selection criteria for projects.

1. The following criteria will be used to determine project eligibility:

- Projects requesting CDBG, HOME or ESG funds must be located in the Urban County;
- Projects must demonstrate need with evidence.

2. Once determined to be eligible, the following will be used as a baseline to rank projects:

- Preference for projects that create or preserve affordable housing;
- Preference for infrastructure or public facilities that support the creation or preservation of affordable housing;
- Preference for infrastructure or public facilities that support low or moderate-income populations;
- Preference for projects that demonstrate that they can spend grant funding within the applicable timeliness provisions;
- For Non-Housing projects: preference for projects that leverage public funds or in-kind contributions to the greatest extent possible, or projects that meet a particular community need that cannot be met by other public funding sources.
 - Examples of non-monetary leveraging includes but is not limited to in-kind labor or materials, existing site ownership and control, extensions of a current or existing project that has already received environmental or permit approval.
- For Homeless Services and Rapid Rehousing projects: preference for projects that promote effective and proven strategies for homelessness prevention and intervention, and align with the goals of the Homeless Coalition Strategic Plan.

3. The following Selection Criteria will be given additional consideration in the event of deciding between more than one eligible project(s) that meet the criteria above:

- Preference for projects that prevent displacement in high opportunity areas;
- Preference for housing projects that create units for very low income, extremely low income, and special needs populations;
- Preference for projects which demonstrate they will alleviate the impact of climate change on low-income populations;
- For Housing Projects: preference for:
 - Projects that demonstrate funds will be leveraged against total development costs at a ratio of at least 7:1;
 - Projects that demonstrate advanced readiness via (a) entitlements; (b) financing commitments; (c) building permits (d) environmental review;

- Project developers who can demonstrate consistent success obtaining federal tax credits and/or state funding to develop housing within the last seven years;
- Projects that can demonstrate existing support from other jurisdictions via letters of support, funding commitments, etc.

4. The policies reflect the CD Committee and CTAC direction that awards be made with general attention to the following distribution of investments:

- Balance projects that provide fast results with funding predevelopment for projects that need early money to be successful;
- Balance creation of new housing stock with maintaining existing housing stock and keeping people in their homes; and
- Make investments in low and moderate income areas that have not had investments historically and in high opportunity areas that increase access for low and moderate income people.

3. Funding Allocations

The tables below provide a breakdown of CDBG, HOME, ESG, and LMIHAF program allocations. Unless otherwise indicated, the percentage of funding in each category is set by the Urban County, not by federal regulation. Almost all funding programs are listed on separate pages in order to ensure this document is accessible and conforms to Web Content Accessibility Guidelines.

3.1. CDBG Allocation

CDBG funds shall be allocated as indicated in the table below.

CDBG Allocation Categories	Percentage of Funding	Notes
County-Sponsored Projects, Countywide/Unincorporated Area Projects, City/Town Projects	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.
Public Services Projects	15%	Percentage limited by CDBG federal regulations. The Commission will allocate public services set-aside funds to support eligible activities.
Program Administration	20%	Percentage limited by CDBG federal regulations. Commission will use up to twenty percent of CDBG for expenses related to program administration.

3.2. CDBG Program Income and Reprogrammed Funds Allocation

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

CDBG Allocation Categories	Percentage of Program Income	Notes
County Sponsored Projects, Countywide/Unincorporated Area Projects, City/Town Projects	80%	<p>80% of program income from all CDBG funded projects will be expended pursuant to priorities set in the annual Action Plan. Use of program income may be subject to an Action Plan Amendment.</p> <p>Any reprogrammed funds will be expended pursuant to priorities set in the annual Action Plan. Use of reprogrammed funds may be subject to an Action Plan amendment.</p> <p>If the amendment to the Action Plan is substantial, as defined in the Citizen Participation Plan, it is subject to Board of Supervisors approval following a recommendation from the CTAC and the CD Committee.</p>
Program Administration	Up to 20%	Percentage limited by CDBG federal regulations. Commission will use up to twenty percent of current year CDBG program income for expenses related to program administration.

3.3. HOME Allocation

HOME funds shall be allocated per the table below.

HOME Allocation Categories	Percentage of Funding	Notes
Tenant-Based Rental Assistance, Development, and Preservation of Rental Housing	Up to 75%	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.
Community Housing Development Organizations (CHDO's) operational support	Up to 5%	Percentage limited by HOME federal regulations.
CHDO development or preservation of affordable rental housing set-aside	At least 15%	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 in Appendix A.
Program Administration	10%	Percentage limited by HOME federal regulations. Commission will use up to ten percent of HOME for expenses related to program administration.

3.4. HOME Program Income and Reprogrammed Funds Allocation

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

HOME Program Income and Reprogrammed Funds Allocation Categories	Percentage of Program Income	Notes
Tenant-Based Rental Assistance, Development/Preservation of Rental Housing	90%	At the Executive Director's discretion, funds will be reallocated to the Sonoma County Housing Authority's Tenant-Based Rental Assistance Program, reallocated through an Action Plan Amendment, or rolled forward to the next fiscal year allocation. If the amendment to the Action Plan is substantial, as defined in the Citizen Community Participation Plan, it is subject to Board of Supervisors approval following a recommendation from the CTAC and the CD Committee.
CHDO Projects	CHDO reprogrammed funds	At the Executive Director's discretion, funds will be reallocated through an Action Plan Amendment or rolled forward to the next fiscal year allocation. CHDO Set Aside funds may only be reprogrammed to eligible CHDO projects. If the amendment to the Action Plan is substantial, as defined in the Community Participation Plan, it is subject to Board of Supervisors approval following a recommendation from the CTAC and the CD Committee.
Program Administration	10%	Percentage limited by HOME federal regulations. Commission will use up to ten percent of current year program income for expenses related to program administration and operation of the HOME program.

3.5 ESG Allocation

ESG funds shall be allocated per the table below.

ESG Allocation Categories	Percentage of Funding	Notes
Emergency Shelter and Street Outreach	Up to 60%	Percentage is limited by ESG federal regulations. These funds will be allocated in a competitive process to fund projects located in the Urban County, sponsored by ESG eligible recipients (all municipalities within the Urban County) and subrecipients (all other applicants). Eligible projects are described in Appendix A.
Rapid Rehousing and Homeless Prevention	Up to 33%	These funds will be allocated in a competitive process to fund projects located in the Urban County, sponsored by ESG eligible recipients (all municipalities within the Urban County) and subrecipients (all other eligible applicants). Eligible projects are described in Appendix A. If Street Outreach and/or Emergency Shelter activities are not allocated funding in a given program year, the funding for Rapid Rehousing and Homeless Prevention may be up to 93%.
Program Administration	7%	Percentage limited by ESG federal regulations. Commission will use up to seven percent of ESG for expenses related to program administration.

ESG Allocation Categories	Percentage of Funding	Notes
ESG Program Income and Reprogrammed funds	100%	<p>One hundred percent (100%) of program income from ESG funded projects will be expended pursuant to priorities set in the annual Action Plan. Use of program income may be subject to an Action Plan Amendment.</p> <p>Any reprogrammed funds will be expended pursuant to priorities set in the annual Action Plan.</p> <p>If the amendment to the Action Plan is substantial, as defined in the Community Participation Plan, it is subject to Board of Supervisors approval following a recommendation from the CTAC and the CD Committee.</p>

3.6 LMIHAF Allocation

LMIHAF funds shall be allocated per the table below.

LMIHAF Allocation Categories	Percentage of Funding	Notes
Homelessness Prevention and Rapid Rehousing	100%	These funds will be allocated in a competitive process to fund projects located in the Urban County. Eligible projects are described in Appendix A.

4. Eligible Applicants

Individual persons are not eligible to apply for CDBG, HOME, ESG, or LMIHAF funds; however, individuals may apply for assistance directly through programs assisted with these funds. These programs involve housing rehabilitation, tenant-based rental assistance programs, shelter, homelessness prevention, or rapid rehousing.

4.1. CDBG

Eligible applicants for CDBG funding are specified by federal regulations, and the type of eligible applicant varies with each type of activity. Generally, eligible applicants are governmental agencies, private non-profit organizations, and Community-Based Development Organizations (CBDOs; see 24 CFR 570.500 (c)).

4.2. HOME

Only non-profit and qualifying for-profit organizations, public agencies, and local government entities may apply for HOME funding. [See 24 CFR 92.504(c)(2) and (3).]

4.3. ESG

Eligible applicants for ESG funding are specified by federal regulations and include non-profit organizations and public agencies.

4.4 LMIHAF

Eligible applicants for LMIHAF funding include non-profit organizations and public agencies.

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. Refer to the Commission's Loan Policies for additional information regarding interest rates and other loan requirements and information. 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 either thirty (30) years or the longest term of any project financing source.

6.2. Form of Assistance – Homeless Services, Homeless Prevention, Rapid Rehousing and other Public Services

All financial assistance to public services will be in the form of a grant.

6.3 Agreements and Loan Documents

The Commission will execute a funding agreement and applicable loan documents with each recipient, subrecipient, or developer receiving financial assistance.

For financial assistance provided in the form of loans, the Commission will additionally execute a promissory note and record a Deed of Trust with a Rider in evidence of the Commission's 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 and Commission policies.

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. CDBG

7.1.1.1. Public Services Program (CDBG)

Funds for public services activities must be expended within the 12 months of the fiscal year for which funding is allocated. Funds that are unexpended after the agreement term will be reprogrammed.

7.1.1.2. Public Facilities and Public Improvements (CDBG)

The applicant must satisfy all conditions of approval that are set forth in these Funding Policies and the Commission Loan Policies as a prerequisite to the Commission offering the Subrecipient Agreement for execution within 12 months of the start of the fiscal year associated with the award. Funds for all Public Facilities and Public Improvement projects, including predevelopment costs, hard and soft costs of construction, renovation, or reconstruction (excluding site acquisition costs, which are governed by 7.1.1.3. as noted below), 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 may be reprogrammed.

7.1.1.3. Site Acquisition (CDBG)

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

7.1.1.4. Affordable Housing Development (CDBG)

The applicant must satisfy all conditions of approval that are set forth in the Commission Loan Policies as a prerequisite to the Commission offering the Subrecipient or Developer Agreement for execution within 12 months of the start of the fiscal year associated with the award. Disbursement of funds for all affordable housing projects, including predevelopment costs, hard and soft costs of new development, renovation, rehabilitation, and reconstruction projects (excluding Site Acquisition, which is governed by 7.1.1.3 as noted above) must be initiated within 18 months of the date on which the Subrecipient or Developer Agreement is offered for execution. All funds must be disbursed within 24 months after the date on which the Subrecipient or Developer Agreement is offered for execution. Funds that are unexpended after this deadline may be reprogrammed.

7.1.2. HOME

7.1.2.1. Affordable Housing Development (HOME)

The applicant must satisfy all conditions of approval that are set forth in the Commission Loan Policies as prerequisite to the Commission offering the Developer Agreement for execution within 12 months of the start of the fiscal year associated with the award. Disbursement of funds for all affordable housing projects, including predevelopment costs, hard and soft costs of new development, renovation, rehabilitation, and reconstruction projects, must be initiated within 24 months of the date on which the Developer Agreement is offered for execution. All funds must be disbursed within 36 months of the date on which the Developer Agreement is offered for execution. Project related soft costs *may* be paid only if they were incurred not more than 24 months before the date that HOME funds are committed to the project. Funds that are unexpended after this deadline may be reprogrammed. Affordable housing projects must be completed within four years of the date on which the Developer Agreement is offered for execution. Project completion will be documented by the submission of a temporary or permanent certificate of occupancy for HOME funded units. HOME assisted rental units must be occupied by income-eligible households within 12 months of project completion.

7.1.2.2. Affordable Housing Development – CHDO set-aside (HOME)

The Community Housing Development Organization (CHDO) must satisfy all conditions of approval that are set forth in the Commission Loan Policies as prerequisite to the Commission offering the CHDO Developer Agreement for execution within 12 months of the start of the fiscal year associated with the award. The Commission must enter into a legally binding agreement with the CHDO for a specific project within 24 months of the start of the fiscal year associated with the award. Disbursement of funds for all CHDO projects, including predevelopment costs, hard and soft costs of new development, renovation, rehabilitation, and reconstruction projects, must be initiated within 24 months of the date on which the Developer Agreement is offered for execution. All funds must be disbursed within 36 months of the date on which the Developer Agreement is offered for execution. Project related soft costs *may* be paid only if they were incurred

not more than 24 months before the date that HOME funds are committed to the project. CHDO projects must be completed within four years of the date on which the HOME Funding Agreement is offered for execution. Project completion will be documented by the submission of temporary certificates of occupancy for all HOME-funded units. HOME-assisted rental units must be occupied by income-eligible households within 12 months of project completion.

7.1.2.3. Tenant-Based Rental Assistance (HOME)

Funds for tenant-based rental assistance programs must be committed to specific households within 12 months of the start of the fiscal year 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.

7.1.3 ESG and LMIHAF

Funds for homeless services, homeless prevention, and rapid rehousing activities must be expended within the 12 months of the fiscal year for which funding is allocated. Funds that are unexpended after the agreement term will be reprogrammed.

7.2. Site Control

In order to demonstrate project readiness and facilitate compliance with the CDBG timeliness test [24 CFR 570.902(a)] and the HOME expenditure requirements [92.205(e)(2)], capital project applications must demonstrate site control at the time funding is made available to the County by HUD . An executed long-term lease, signed option, a purchase agreement or equivalent, legally enforceable instrument may satisfy this requirement. If site control is not in force when 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, HOME, and ESG 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), 24 CFR 92.352 (HOME) and Section 443 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11402) as Amended by Section 896 of the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009 (ESG)].

HUD's regulations at 24 CFR 58.22 prohibit grant recipients from committing or spending HUD or non-HUD funds on any activity that could have an adverse environmental impact or limit the choice of reasonable alternatives prior to completion of an environment review once a project has become "federal." This prohibition on "choice-limiting actions" prohibits physical activity, including acquisition, demolition, rehabilitation, and construction, as well as contracting for or committing to any of these actions. A project is generally considered "federalized" when federal funds are contemplated.

To ensure compliance with timeliness expenditure requirements for activities funded by CDBG and HOME, funds awarded from these programs shall not be for the completion of a required NEPA environmental review. An exception may be made for HOME projects funded for predevelopment activities, in which case the cost of preparing a NEPA may be eligible for reimbursement, provided that the expenses are incurred within 24 months prior to the execution of a HOME written agreement and the agreement explicitly states this expense is permitted. Aside from this HOME exception, funding agreements will not be offered for execution until the required environmental review and conditions have been met.

The NEPA requirements under HUD must be followed in the preparation of the review. There must be very close coordination between the Commission, the subrecipient and their environmental consultant in the preparation of the NEPA. The Commission is the Responsible Entity (RE) and will conduct a peer review of NEPA documents prepared by others. Any deficiencies identified during the peer review of a NEPA prepared by others will be the sole responsibility of the the subrecipient and their environmental consultant and must be addressed before the Commission can proceed to the next steps in the NEPA and funding process. It should be noted that the RE is the only authorized federal representative that can initiate consultations with any tribes that respond to notifications of potential projects during the NEPA preparation. There are several steps and coordination involved in the preparation of the NEPA prior to requesting a release of funds from HUD. All applicants must contact Commission staff to discuss coordination of the environmental review for projects awarded CDBG or HOME funds.

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 NEPA environmental review of CDBG, HOME, and ESG funded projects. Therefore, the Commission will determine the appropriate level of NEPA environmental review, the cost of which shall be the responsibility of the awardee, and this cost may not be paid from the awarded grant or loan funds, unless the project is funded by the HOME program and meets the criteria for such a reimbursement. 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.

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 applicant will submit the CEQA status from the project's applicable Lead Agency with the grant 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 75. Any funded entity shall comply with these Section 3 requirements and with the Section 3 Affirmative Action Plan of the 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 work, except for rehabilitation of properties with fewer than eight (8) units or when using force account labor (construction carried out by employees of the grantee), triggers DBRA. [See 24 CFR part 570.603 and HUD Handbook 1344.1]

Any eligible use of HOME funds – including land acquisition in which there are twelve (12) or more HOME-assisted units in the same project – triggers 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 before a funding agreement may be offered 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 2 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 timeliness test [24 CFR 570.902(a)] and the HOME expenditure requirements [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. If a project does not have land use approvals, under certain circumstances,

funding can be provided for predevelopment expenses, as long as other threshold criteria are met.

7.8. Compliance with Disabled Access Requirements

All CDBG, HOME, and ESG 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 both non-housing and 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.

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 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, found on the web, here:

<https://www.hudexchange.info/programs/relocation/overview/#overview-of-the-ura%20h>

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 by participating municipalities that comprise the Urban County entitlement jurisdiction under the Joint Powers Agreement, using CDBG funds, must comply with the CDBG regulations at 24 CFR 570.505. These regulations 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 new use which does not qualify for CDBG funding, the jurisdiction will reimburse 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(b)(7)(i) & (ii). These regulations 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 (or persons, as applicable) qualify as low- or moderate-income. [See 24 CFR 570.208].

7.13. Affirmatively Furthering Fair Housing

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 Commission will administer and allocate federal funds to prevent and address housing discrimination, in an effort to make meaningful 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 the actions that will be undertaken to achieve material, positive changes that advance one of the following goals:

- a. Decrease residential segregation
- b. Eliminate racially and ethnically concentrated areas of poverty
- c. Reduce unequal access to important community assets, including quality schools, job centers, and transit

- d. 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 minimum restriction 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 Limits

Units assisted with CDBG or HOME funds may be rented to income-eligible households at affordable rents, as determined by the Commission in accordance with HUD regulations. See Appendix C for rental limits.

7.14.3. Term of Income

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

7.15. Match Requirements

7.15.1. HOME Match Requirements

Per federal regulation, the expenditure of HOME funds require 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.

7.15.2. ESG Match Requirements

ESG funds must be matched, on a dollar for-dollar basis, with funds from other non-federal public or private sources in accordance with HUD regulation 24 CFR 576.201. The Urban County may comply with this requirement by providing matching funds itself, or through matching funds or voluntary efforts provided by any subrecipient or project sponsor. Matching funds must be provided after the date of the grant award to the Urban County. Funds used to match a previous ESG grant may not be used to match a subsequent grant award.

7.16. Build America, Buy America (BABA) Act

Enacted in the Infrastructure Investment and Jobs Act, also known as the Infrastructure Bill, that was signed into law in November of 2021, Buy America, Build America requires that projects meeting certain criteria and funded by federal programs obtain specific construction materials that are made in the United States. Generally, the Act establishes a preference of all raw materials, including iron, steel, manufactured products, and construction materials used in the construction, alteration, maintenance, or repair of certain infrastructure projects, to be from manufactured sources located in the United States. Projects funded by CDBG Disaster Relief funds, CDBG Cares Act funds, and Emergency Solutions Cares Act funds are not subject to Build America, Buy America.

7.17. 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 three federal funding sources (CDBG, HOME, and ESG) are listed below:

1. CDBG: 24 CFR Parts 91 and 570
2. HOME: 24 CFR Parts 91 and 92
3. ESG: CFR Part 576

Please Note: While Federal regulations may allow eligible subrecipients to use Indirect Cost Rates (ICR), the use of ICR's are **not** permitted by the Commission.

7.18. HOME Projects Sponsored by a member of the Urban County

Each year, members of the Urban County may ask the Community Development Committee (CD Committee) and the Cities and Towns Advisory Committee (CTAC) to consider projects that a participating jurisdiction wishes to sponsor. These projects may be brought forward by a member jurisdiction rather than by a private housing developer. Projects are subject to the same threshold and selection criteria as any other project during the Selection Process.

7.19. Use of HOME funds for the Commission’s Tenant-based Rental Assistance Program

The Commission uses HOME funds for Tenant-Based Rental Assistance (TBRA) as a tool to help very low- and extremely low-income households access permanent housing. Commission staff will make recommendations to the CD Committee and CTAC regarding the appropriate amount of funding for the program, and staff will, also, compare the ranking of TBRA against other proposed uses of HOME funds. The Commission will not submit an application for TBRA funds through the NOFA process since it is operated internally by the Commission, but any recommendation by staff will be subject to the same threshold and selection criteria as other applicant projects, and a staff report will be prepared for consideration by both committees.

7.20. Use of CDBG funds for the Commission’s Single-Family Housing Rehabilitation Program

The Commission uses CDBG funds for single-family (up to 4 units) housing rehabilitation as a tool to help low- and very-low-income households retain decent housing that is affordable to them. This program is key to retaining existing housing stock in the County. Commission staff will make recommendations to the CD Committee and CTAC regarding the appropriate amount of funding for the program, and staff will also compare the ranking of the rehabilitation program against other proposed uses of CDBG funds. The Commission will not submit an application through the NOFA process for the Housing Rehabilitation Program since it is operated internally by the Commission, but any recommendation by staff will be subject to the same threshold and selection criteria as other applicant projects, and a staff report will be prepared for consideration by both committees.

7.21. Public Services/Fair Housing-Set-Aside Funding

Up to 15% of CDBG grant funding may be used to support public services, including fair housing services. Each jurisdiction receiving CDBG funds from HUD must certify that it will affirmatively further fair housing and take meaningful actions to achieve a material, positive change that prevents and or addresses housing discrimination. To remain eligible for CDBG funding, adequate funding for a range of fair housing-related services is provided through a set-aside under the Public Services category.

The Commission will use 100% of its Public Services Set-aside to fund fair housing programs. Subrecipients will be selected through an annual NOFA process.

7.21.1. Other Requirements of Fair Housing Programs

The Commission shall endeavor to join with other HUD entitlement jurisdictions within Sonoma County (Petaluma and Santa Rosa) in the NOFA process to provide consistent and cost-effective service and assistance to citizens of the entire County.

Fair housing-related services may include but are not limited to, education about fair housing law, investigative testing and auditing, advocating for tenants who may be targets of discrimination, enforcement of fair housing law, as well as legal services designed to prevent eviction.

7.21.2. Fair Housing Provider Selection Process (multiple proposals)

In the event that there are multiple proposals for providing fair housing services, funds will be recommended for appropriate fair housing-related services based on the following factors:

- The capacity of the applicant to provide these services.
- The degree to which a capable applicant can leverage additional funding sources to augment the County's funding allocation.
- Coordination with neighboring jurisdictions in the regional provision of fair housing services for optimizing efficiency and customer service.
- Cost-effectiveness.
- The degree to which the proposed services will implement meaningful actions to achieve a material positive change that affirmatively furthers fair housing, or that addresses recommended actions in the current assessment of fair housing.

If the Commission does not receive any viable proposals for a fair housing program from community-based organizations or public service agencies, or if all fair housing proposals are deemed ineligible or insufficient to receive funding, Commission staff will provide the required fair housing services by utilizing funding from the Public Services Set-aside, until a subsequent NOFA process can be implemented to secure a qualified provider of fair housing-related services.

The set-aside amount for all fair housing-related services shall be 100% of the 15% Public Services Set-aside, subject to adequate funding. If the CD Committee and CTAC recommend a change to the set-aside amount for any fiscal year, the following factors will be considered:

- i. Current funding level for CDBG funding.
- ii. Historical funding levels of selected services.
- iii. Expected cost of activities required to take the recommended actions identified in the assessment of fair housing document.
- iv. Consideration of actual or potential funding from other sources.

7.22. Sonoma County Living Wage Ordinance

Applicants must abide by the County of Sonoma Living Wage Ordinance as stated in Article XXVI of Chapter 2 of the Sonoma County Code. Non-profit entities shall pay employees in accordance with to Sonoma County Code Section 2-376.5. The Living Wage Ordinance can be found at:

https://library.municode.com/ca/sonoma_county/codes/code_of_ordinances?nodeId=C_H2AD_ARTXXVILIWA

8. Project Selection

8.1. Application Submission Process

Details regarding the application requirements and timelines are included in the NOFA, which is released at the beginning of the calendar year in preparation for the upcoming fiscal year.

Important Note: All interested applicants should attend a Technical Assistance Session to be held on the date specified in the NOFA. Any applicant who cannot attend the scheduled session should contact Commission staff as soon as possible.

Applicants must submit funding applications to the Commission by the date specified in the NOFA. Project applications must be completely submitted 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 that do not include complete answers for all applicable questions, in addition to all of the required supporting documentation, 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

8.2.1. Action Plan – Schedule of Dates

The annual NOFA includes all important dates related to the development of the annual Action Plan, including the application due date, relevant meeting dates, and required public hearing dates. The selection criteria is included in sections 9 and 10 below, in the Consolidated Plan, and within the NOFA.

8.2.2. Consultation with Homeless Coalition for ESG and LMIHAF funds

Per federal regulation, the Commission must consult with the CoC Board in determining how to allocate ESG funds each program year. To meet this requirement and to provide a consistent selection process for all homeless services and rapid re-housing projects, all recommended proposals for funding of homelessness related projects,

rapid rehousing, and homeless prevention will be shared with the CoC for review and comment. Commission staff will consult with the CoC before presenting funding recommendations to the CD Committee and CTAC. All funding recommendations must go before the Board of Supervisors and Board of Commissioners for final approval.

In addition to the criteria included in the NOFA, Commission staff will first review all funding proposals to ensure that they are complete and eligible for funding based on their respective program source. All ESG and LMIHAF funding proposals will be evaluated to determine their suitability for funding based on the following:

- Expectation that the proposed project will significantly impact the CoC system-wide performance measures, prevent homelessness, shorten the length of homeless episodes, decrease returns to homelessness, increase placements in permanent housing, or provide direct rapid re-housing assistance.

8.2.3. CD Committee and CTAC Workshop

The CD Committee appointed by the Board of Supervisors and Board of Commissioners, and the CTAC, which is comprised of one appointed representative from each of the seven incorporated jurisdictions within the Urban County, are responsible for reviewing all applications concurrently.

The CD Committee and CTAC hold a concurrent public meeting on an annual basis in order to review staff analysis of applications submitted under the competitive funding categories, request clarifying information from applicants, consider CoC comments for ESG and LMIHAF proposals, and provide feedback to staff that will be integrated into funding recommendations in the draft Annual Action Plan.

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

8.2.4. CD Committee and CTAC Public Hearing

The draft Annual Action Plan will be presented to both committees at a public hearing, which will conclude the comment period for the Action Plan. The draft Action Plan will include a list of projects and programs that staff have recommended for funding. The committees will concurrently review the draft before finalizing their recommendations, which are then presented to the Board of Supervisors for final approval.

Important Note: 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.

8.2.5. 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.
2. The geographical distribution of prior allocations of funds, to achieve equitable investments throughout the Urban County.

8.2.6. Selection of Contingency Projects

The committees will designate a set of contingency projects, which may receive funding if any of the original awardees are unable to utilize the requested funding due to significant delays or project cancellation. Contingency projects may also be awarded if sufficient program income is received during the fiscal year. This policy will ensure flexibility and timely expenditure of funds.

8.3. Action Plan – One-Year Use of Funds

The Commission will use the recommendations from both committees to prepare the Annual Action Plan for inclusion within the Consolidated Plan. The Action Plan describes the one-year use of funds. The Consolidated Plan summary will be published and disseminated in accordance with HUD regulations and the Citizen Participation Plan. Per the Citizen Participation Plan, a draft of the Consolidated Plan and Action Plan will be made available for a public comment period of thirty days.

8.4. Board of Supervisors and Board of Commissioners Final Approval

The Commission will submit the recommendations from both committees, along with all 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 will provide final approval in determining CDBG, HOME, ESG, and LMIHAF awards. Please refer to the NOFA for the Board's public meeting date.

9. Threshold Criteria For Project Evaluation

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

- Complete application with all applicable attachments and signed certifications;
- Eligibility of applicant and eligibility of proposed project per CDBG, HOME, or ESG regulations;
- If applying for CDBG funds, the proposed project must meet a CDBG National Objective;
- The application must indicate how the proposed project Affirmatively Furthers Fair Housing;

- Demonstration of administrative capacity by the applicant to effectively deliver the proposed project;
- For homelessness-related projects only: The proposed project must show if it significantly impacts HEARTH system-wide performance measures. (Will it shorten the length of homeless episodes, decrease returns to homelessness, or increase placements in permanent housing?)
- Location of project is in a member jurisdiction of the Urban County.

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 and CTAC. All projects must meet all pre-award conditions.

10.1. Selection Criteria – All Projects

10.1.1. Funding Priorities

Projects or services will be evaluated on how closely they meet the following priorities, according to the relevant fund source:

- Creation or Preservation of Affordable Housing.
- Infrastructure or Public Facility supporting creation or preservation of affordable housing.
- Infrastructure or Public Facility supporting low or moderate-income populations.
- Promote effective and proven strategies for homelessness prevention and intervention county-wide and align with the Homeless Coalition Strategic Plan goals.
- Emphasize self sufficiency of agencies and life skills for beneficiaries.

10.1.2. Community Goals

Projects that meet the following community goals identified by the committees will be more competitive during the selection process:

- Projects that prevent displacement in high opportunity areas
- Projects that alleviate the impact of climate change on low-income populations such as:
 - infill development,
 - infrastructure to reduce environmental impacts in low and moderate-income areas, including bike lanes,

- walkable paths,
- electric vehicle charging infrastructure,
- ride share hailing locations,
- recycling water irrigation infrastructure,
- new energy-efficient housing construction,
- Projects that consider the mobility needs of low-income people, looking at a variety of factors, including:
 - Improved linkages to public transportation
 - Providing car-share options
 - Supports people who work non-traditional hours
 - Supports people with limited mobility who can't walk far or ride bikes
 - Provides neighborhood safety that promotes walking and biking
- Projects that are aligned with the local jurisdiction's General Plan Climate Change Element & Equity Element
- For homeless services-related projects:
 - Reduce the number of episodes of homelessness experienced by residents of Sonoma County.
 - Engage homeless persons, some with special needs, in activities to increase their access to services and housing.
 - Provide safe short-term shelter for homeless persons, some with special needs, as a stable support from which they may seek permanent housing solutions.
 - 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.
 - Provide homelessness prevention services to households who are at risk of becoming homeless, some with special needs.

10.1.3. Readiness to Proceed

The applicant demonstrates that the 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.

For housing projects, projects demonstrating advanced readiness via (a) entitlements; (b) financing commitments, and; (c) permitting will rank highly.

10.1.4. Need

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

10.1.5. Adherence to a Competitive Procurement Process

Applicant adheres to a process wherein conversations outside an adopted competitive procurement process, with members of either the CD Committee or CTAC, advocating for funding of the applicant's project or program, will result in recusal of those members from the decision-making process. If an applicant fails to disclose any prior conversations with committee members, the proposed project will be deemed ineligible.

10.1.6. Financial Feasibility

The project adheres to the guidance described in the NOFA.

10.1.7. Outcomes

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

10.2. Selection Criteria – Housing Projects

10.2.1. Leverage

Projects that demonstrate funds will be leveraged against total development costs at a ratio of at least 7:1.

10.2.2. Developer Experience

Project developers who can demonstrate previous success in obtaining federal tax credits and/or state funding to develop housing within the last seven years.

10.2.3. Non-profit Developers

Pursuant to the Sonoma County Housing Element, to increase the likelihood that units will remain affordable for a longer period of time, funding priority will be given to non-profit developers when possible.

10.2.4. Support

Projects that can demonstrate existing support from other jurisdictions via letters of support, funding commitments, etc.

10.2.5. Income and Population Targeting

Housing projects with deep income targeting and serve special needs populations.

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 are close at hand.

Board of Commissioners: The Board of Supervisors serves as the Board of Commissioners. The Board of Commissioners oversees housing assistance, affordable housing, and community infrastructure projects.

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, Cotati, 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 authorized under 24 CFR Section 570.201(o), 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 its 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 Solutions 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 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, Cotati, 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 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 United States Department of Housing and Urban Development.

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

Indirect Cost Rate: A negotiated expense rate between a subrecipient and the grant administrator, which is allowed by HUD for subrecipients to use to claim reimbursement of expenses with a common objective such as "administration" or "accounting" without providing supporting, direct expense documentation. While an indirect cost rate is allowed by HUD, it must be approved by the grant administrator. *Please note: Indirect cost rates for the use of federal funds are not permitted by the Commission.*

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 household for the leasing of a decent, safe, and sanitary dwelling unit to the household.

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 whom owns the enterprise.

Manufactured Home or Mobile Home: A structure, transportable in one or more sections, which in the traveling mode is 8 feet or more in width, or 40 feet or more in length, or which when erected onsite is 400 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.

Urban County: The County of Sonoma and the 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.

12. More Information

Visit the Commission's website to find more information:
<http://www.sonomacounty.gov/cdc>

Appendix A: Eligible Uses

Sonoma County Community Development Commission

Eligible Uses of Funds¹

- Transitional Housing Projects
- Permanent Affordable Housing Projects
- Non-Housing Capital Projects (includes homeless shelters & day centers)
- Economic Development & Public Services
- Homeless, Emergency Shelter and Rapid Rehousing Programs

¹ This list represents a summary of eligible uses of CDBG, HOME ESG, and LMIHAF funds from the Commission. Each project must also demonstrate that it will meet all other regulatory requirements.

Transitional Housing Projects²

Activity	Eligible Applicants CDBG Program	Eligible Applicants HOME Program
Site Acquisition	Non-profit organizations and local government entities	Non-profit and qualifying for-profit organizations, and local government entities
Acquisition of existing transitional housing units	Non-profit organizations and local government entities	Non-profit and qualifying for-profit organizations, and local government entities
Development Impact Fees	Not an eligible activity	Non-profit and qualifying for-profit organizations, and local government entities
Site Improvements for new transitional housing developments	Non-profit organizations and local government entities	Non-profit and qualifying for-profit organizations, and local government entities
Construction of new transitional housing	Non-profit organizations and local government entities	Non-profit and qualifying for-profit organizations, and local government entities
Demolition associated with development of new transitional housing	Non-profit organizations and local government entities	Non-profit and qualifying for-profit organizations, and local government entities
Rehabilitation of existing transitional housing	Non-profit organizations and local government entities	Non-profit and qualifying for-profit organizations, and local government entities
Energy-related and disabled accessibility improvements	Non-profit organizations and local government entities	Non-profit and qualifying for-profit organizations, and local government entities
Relocation associated with development or rehab of transitional housing	Non-profit organizations and local government entities	Non-profit and qualifying for-profit organizations, and local government entities

² HOME funds may be used for transitional housing units only if the project uses a minimum of a one-year lease.

Permanent Affordable Housing Projects³

Activity	Eligible Applicants CDBG Program	Eligible Applicants HOME Program
Site Acquisition	Non-profit organizations and local government entities	Non-profit and qualifying for-profit organizations, and local government entities
Acquisition of existing rental housing	Non-profit organizations and local government entities	Non-profit and qualifying for-profit organizations, and local government entities
Development Impact Fees	Not an eligible activity	Non-profit and qualifying for-profit organizations, and local government entities
Site improvements for new affordable housing developments	Qualifying CDBOs ⁴	Non-profit and qualifying for-profit organizations, and local government entities
Construction of new affordable housing	Qualifying CDBOs	Non-profit and qualifying for-profit organizations, and local government entities
Demolition associated with development of affordable housing	Non-profit organizations and local government entities	Non-profit and qualifying for-profit organizations, and local government entities
Rehabilitation of existing multi-family rental housing units	Non-profit organizations and local government entities	Non-profit and qualifying for-profit organizations, and local government entities
Energy-related and disabled accessibility improvements	Non-profit organizations and local government entities	Non-profit and qualifying for-profit organizations, and local government entities

³ Affordable housing projects located on a site that is designated as a floodway or floodplain are not eligible for funding.

⁴ A Community –Based Development Organization (CBDO) is a private, community-based, community development organization that meets the criteria specified in the CDBG regulations pertaining to legal status and organizational structure. CBDO projects must also qualify as a “neighborhood revitalization project” as defined at 24 CFR 570.204(a).

Activity	Eligible Applicants CDBG Program	Eligible Applicants HOME Program
Relocation associated with development or rehabilitation of affordable housing	Non-profit organizations and local government entities	Non-profit and qualifying for-profit organizations, and local government entities
Scattered-site Housing Rehabilitation Programs	Sonoma County Community Development Commission	Not an eligible activity
Homebuyer Assistance	Non-profit organizations and local government entities	Not an eligible activity
Tenant-Based Rental Assistance	Not an eligible activity	Sonoma County Housing Authority
CHDO ⁵ Operating Costs	Not an eligible activity	Qualifying CHDOs

⁵ A Community Housing Development Organization (CHDO) is a private, non-profit, community-based organization that meets criteria specified in the HOME regulations pertaining to legal status, organizational structure, and capacity and experience.

**Non-Housing Capital Projects
(Includes Emergency Overnight Shelters & Homeless Day Service Centers)**

ACTIVITY	PROGRAM	ELIGIBLE APPLICANTS
Site Acquisition	CDBG	Non-profit organizations and local government entities
Acquisition of existing facilities	CDBG	Non-profit organizations and local government entities
Site improvements for new facilities	CDBG	Non-profit organizations and local government entities
Development and construction of new public improvements and facilities	CDBG	Non-profit organizations and local government entities
Demolition associated with development of new public improvements and facilities	CDBG	Non-profit organizations and local government entities
Rehabilitation of existing facilities	CDBG	Non-profit organizations and local government entities
Reconstruction of existing public improvements (does not include repairs only)	CDBG	Non-profit organizations and local government entities
Energy-related and disabled accessibility improvements	CDBG	Non-profit organizations and local government entities
Relocation associated with development of new public improvements and facilities	CDBG	Non-profit organizations and local government entities

Economic Development and Homeless Prevention Activities

ACTIVITY	PROGRAM	ELIGIBLE APPLICANTS
Economic development and services for microenterprises	CDBG	Non-profit organizations, local government entities, qualifying for-profit business owners
Homeless Prevention programs for low-income households and landlords	CDBG	Non-profit organizations and local government entities

Homeless, Emergency Shelter, and Rapid Rehousing Activities

ACTIVITY	PROGRAM	ELIGIBLE APPLICANTS
Emergency shelter	ESG	Non-profit organizations, local government entities
Street outreach	ESG	Non-profit organizations and local government entities
Homelessness prevention	ESG, LMIHAF	Non-profit organizations, local government entities
Rapid rehousing	ESG, LMIHAF	Non-profit organizations, local government entities

Appendix B: Income Limits

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.

Current Income Limits are found on the CDC website at the following link:

<http://sonomacounty.ca.gov/CDC/Housing-and-Neighborhood-Investment/Income-and-Rent-Limits/#federal>

Appendix C: Rent Limits

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.

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.

Current Rent Limits are found on the CDC website at the following link:

<http://sonomacounty.ca.gov/CDC/Housing-and-Neighborhood-Investment/Income-and-Rent-Limits/#federal>