



Staff Reports

File #: 247-2020, **Version:** 1

To: Honorable Mayor and Members of City Council
From: Vincent Smith, Community Development Director
Prepared By: Lark Ferrell, Housing Manager

TITLE:

Community Development Block Grant Disaster Recovery (CDBG-DR) Master Standard Agreement

RECOMMENDED ACTION:

Adopt resolution authorizing the City Manager to submit an application for grant funding in the amount of up to \$2,889,774 to the State of California Community Development Block Grant Disaster Recovery (CDBG-DR) Program and to execute a Master Standard Agreement and any amendments thereto with the State.

DISCUSSION:

In October 2017, Napa County was significantly damaged by the Wine Country fires, especially in the 94558 zip code. As a result of these fires, the President declared a major disaster for Napa County. In response to this and other 2017 and 2018 disasters, the United States Department of Housing and Urban Development (HUD) allocated Community Development Block Grant Disaster Recovery (CDBG-DR) funding to the State of California to address unmet recovery needs. As part of the State's recovery plan, it launched the Disaster Recovery Multifamily Housing Program (DR-MHP) to address unmet housing needs from the disaster which resulted in the State has allocating \$2,889,774 in CDBG-DR for the creation of affordable multifamily housing to the City of Napa. Of these funds, 99% must be spent on housing in the 94558 zip code, which the State has identified as a Most Impacted and Distressed (MID) area. In addition to the funding allocated to the City, the County of Napa was also allocated funding in the amount of \$420,094 which can be spent anywhere in the County.

Under the DR-MHP requirements, the City first must apply to the State for CDBG-DR funding and execute a Master Standard Agreement with the State. Then the City would issue a Request for Proposals (RFP) for the purpose of identifying and selecting one or more multifamily housing projects to recommend for CDBG-DR funding. The City would then submit the recommended project(s) to the State for its eligibility review and approval. After receiving State approval, the City would then move forward with entering into an agreement with the selected developer(s) for the housing project(s).

CDBG-DR funding from the City would be provided to a housing developer in the form of a forgivable loan or grant and would require long term affordability restrictions to be recorded against the project. This funding can be used for a variety of types of multifamily development including new construction, reconstruction, and rehabilitation. The Program allows the City to develop its own ranking criteria, but it requires that a selected project meet one of the following criteria:

- Providing a greater percentage of affordable rental units to overall units
- Providing Permanent Supportive housing
- Providing housing for extremely low-income households
- Providing deep affordability with at least 10% of the units targeted to households at or below 30% of median income
- Providing housing for elderly households
- Providing housing for disabled households
- Providing housing to low-income immigrants

The City is allowed to recover staff time and associated costs it incurs delivering the CDBG-DR funds through the CDBG-DR grant.

Several developers with current affordable housing projects in the 94558 zip code have already expressed interest in applying for the City's CDBG-DR funds.

Approval of this agenda item would authorize the City to submit an application to the State for the City's allocation of CDBG-DR grant funding and to execute a Master Standard Agreement. The City would then need to develop and issue an RFP in order to select the specific multifamily project(s) in the 94558 zip code to recommend for funding. Because the City and County often coordinate on funding of affordable housing projects, it is possible the City and County may jointly issue a CDBG-DR RFP.

Award of the City's CDBG-DR grant funds to one or more specific projects would require separate future Council action. Additionally, staff will bring a future item to Council to approve the required budget adjustment for the CDBG-DR grant revenue and associated expenditures.

FINANCIAL IMPACTS:

There is no impact to the General Fund by this action. If the City's application is approved, it would provide up to \$2,889,774 in CDBG-DR funding for the development of affordable multifamily housing.

CEQA:

The Community Development Director has determined that the Recommended Action described in this Agenda Report is not in-and-of itself a "project" (pursuant to CEQA Guidelines Section 15378) since it does not result in a physical change in the environment. However, future actions may be subject to environmental review in accordance with CEQA at the "earliest feasible time" prior to "approval" consistent with CEQA Guidelines 15004 and 15352. The larger "project" would be future multifamily housing developments funded by the CDBG-DR funding. Staff would bring back a CEQA analysis of that project prior to Council approving the housing developments.

DOCUMENTS ATTACHED:

ATCH 1 - CDBG-DR Master Standard Agreement Resolution

NOTIFICATION:

Notice of this agenda item was posted 72 hours before the public meeting.