



**BOARD OF SUPERVISORS  
AGENDA LETTER**

**Agenda Number:**

**Clerk of the Board of Supervisors**  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

**Department Name:** County Executive Office  
**Department No.:** 012  
**For Agenda Of:** May 25, 2010  
**Placement:** Departmental  
**Estimated Tme:** 30 minutes  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors

**FROM:** Department Director(s) Michael F. Brown, County Executive Officer  
568-3400

Contact Info: Jason Stilwell, Assistant County Executive Officer/Budget Director  
568-3413

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**SUBJECT:** Housing and Community Development Department Reorganization Options

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**County Counsel Concurrence**

As to form: NA

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

It is recommended that the Board of Supervisors (Board) take the following actions:

- a) Receive a report from the County Executive Office entitled "Housing and Community Development: Organizational Restructuring Options and Impacts" (Attachment 1).
- b) Direct staff to maintain the Housing & Community Development Department as a separate department for Fiscal Year 2010-11.

**Summary Text:**

On March 16, 2010, as part of the preliminary Fiscal Year (FY) 2010-11 Budget Workshops, the Santa Barbara County (County) Board of Supervisors (Board) directed the County Executive Office (CEO) to study the feasibility and cost-savings associated with integrating portions of the Housing and Community Development Department (HCD) and Redevelopment Agency (RDA) into the Planning and Development Department (P&D). In addition, the CEO was directed to review the impacts associated with moving the emerging emPowerSBC program, which is currently overseen by HCD, to the County Executive Office or the Auditor-Controller.

In response to the Board's direction, Attachment 1 provides a policy report to assist the Board in its deliberations. This report includes:

- The background and context under which HCD was formed.
- The organizational structure currently used to deliver services to the public.
- Reorganization options for the Board's consideration, including the pros and cons as well as the costs and benefits associated with each option.
- A recommendation to maintain HCD as a separate department.

Accordingly, this Board letter summarizes the significant aspects of the policy report.

**Background:**

HCD was established during FY 2001-02, in anticipation of forthcoming Community Development Block Grant (CDBG) entitlement funding. The Board and the County Executive Office (at the time, the County Administrative Office) recognized that this opportunity to access supplemental resources to support vital community programming in the areas of public infrastructure, affordable housing development, and the prevention of homelessness would also be coupled with ongoing complexities associated with federal funding programs. Accordingly, a separate department led by staff proficient with entitlement programs was needed to manage services to the public and ensure sufficient accountability regarding the use of federal resources.

Since becoming a department, HCD continues to play a vital role in regional economic development, social services, affordable housing, and community enhancement activities. A summary of some HCD's key services and programs include:

- Serving as lead agency for two regional partnerships with local cities: the Community Development Block Grant (CDBG) Urban County partnership and the Santa Barbara County Home Investment Act (HOME) Consortium. Through these partnerships, HCD oversees over \$15 million in funding reserved for local projects and supportive services, including over \$2.7 million annually in funding dedicated to combating homelessness.
- Managing over 400 affordable housing units, inclusive of qualifying low income renters and first-time homebuyers, ensuring the recording of appropriate restrictive covenants, and monitoring homeowner compliance with applicable policies and guidelines.
- Managing the Orcutt Community Facilities District.
- Overseeing the pass-through of Board-directed General Fund contributions to regional chambers of commerce and visitors bureaus as well as vital funding to area homeless shelters.
- Leading the implementation of emPowerSBC, one of the largest economic development initiatives in the County's history.
- Managing special studies, and policy reports such as the Chapter 44 report on the rights and duties of tenants and landlords.
- Overseeing the day-to-day operations of the County Redevelopment Agency (RDA) on behalf of the CEO (who serves as the Executive Director of the RDA), and in coordination with the County Auditor-Controller (who serves as the Treasurer of the RDA).
- Coordinating and facilitating countywide American Recovery and Reinvestment Act (ARRA) activities and economic analysis on behalf of the CEO.

**Discussion**

HCD operates a breadth of services, as noted above. The technical capacity necessary to manage federal grants and financial pass-through relationships, coupled with the relatively small size of HCD's staff, the growing complexity of the programs it administers, and the minimal dollar savings from a reorganization of the department lead to the recommendation to maintain HCD as a separate department. Moreover, the current HCD Director fills multiple executive roles, serving as the day-to-day manager of the County's RDA and the Program Administrator for the new emPowerSBC program, in addition to the executive responsibilities of the Department. Therefore, unfunding the HCD Director position could catalyze the need to fund one or two new high-level positions in another department to ensure that the RDA and emPowerSBC maintain appropriate executive and administrative oversight.

Other considerations supporting the recommendation include the impacts any reorganization could have on continued eligibility for federal entitlement grant funding, as the County serves as the lead agency enabling a consortium and partnership involving six other local jurisdictions to access federal resources. Specifically, HUD evaluates the capacity, skills, knowledge and abilities of executive leadership and staff to determine risks and eligibility for continued receipt of entitlement funding. A change in management that would reduce HCD to a functional division within P&D – or any other department – may call into question the County's commitment to the importance of fiduciary and programmatic oversight, and staff and management capacity-building.

Further, the department has embarked upon significant new programs. The current HCD Director and HCD staff occupy key roles in the implementation of the emPowerSBC program, an innovative and technically complex program to finance water conservation and energy efficiency retrofits for property owners across the region. emPowerSBC will face new barriers to successful implementation, if leadership positions currently in the HCD Administration Division are no longer funded or are restructured. emPowerSBC is indeed a significant endeavor for the County, but it complements many of the other new or expanded programs the HCD currently manages, such as CDBG, affordable housing, and homeless prevention programs, to name three.

Given prevailing economic conditions across the region, the County's actions to stimulate public-private partnerships and job growth should now be greater than ever. Moreover, strategic community development services and operations require focused executive and departmental oversight to ensure the effective implementation of incentive-based public programming. The department as now configured meets the Board desire have a concerted focus and maintain the high priority currently given to community development programs.

As a final note, the County is currently recruiting for a new CEO. The arrival of this executive will bring new perspectives and experience to the County. Accordingly, the Board may wish to delay any reorganization decisions until a new CEO has arrived, assessed the County's operational strengths and weaknesses, and recommended an approach for the Board's consideration.

**Fiscal Analysis:**

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
State			
Federal			
Fees			
Other:			
Total	\$ -	\$ -	\$ -

Narrative:

HCD is a small department, with 12 full-time equivalent employees (FTE), all of who perform specific tasks that require certain technical competencies. The only generalist position staff identifies that could be unfunded in any of the potential reorganization options discussed in Attachment 1 is the HCD Director position. However, as discussed above, the existing HCD Director fills multiple executive rolls. Therefore, unfunding this position could catalyze the need to fund positions in other departments. This specifically relates to emPowerSBC, which is a highly complicated financial program that is will involve contracts, debt-issuance, payments, loan servicing, and a high degree of coordination with the Auditor-Controller and Treasurer-Tax Collector. These are tasks and activities that the HCD Office of Director, Administration and Fiscal programs is anticipating to absorb, given the department’s current focus on incentive-based programming. However, with options other than those that maintain staff cohesion, efficiencies and knowledge is lost and new staff would be needed for successful program implementation. Accordingly, the CEO’s Office would be required to fund an additional FTE to manage the program’s business needs and ensure service levels are not impaired.

In summary, the various reorganization options reviewed in Attachment 1 are described below. Notably, none of the options involve cost-savings, due to the factors discussed above. Two options involve increased costs to the County.

- Option 1a (Recommended): Maintain HCD as a department, with responsibilities for both the RDA and emPowerSBC. Budget impacts: \$0
- Option 1b: Maintain HCD as a department, while moving the RDA to P&D. Budget impacts: \$0
- Option 2a: Shift HCD programs and the RDA to P&D, while shifting emPowerSBC to the CEO. Budget impacts: +\$130,000, due to the need for additional staff.
- Option 2b: Shift HCD programs to P&D, while assigning the RDA and emPowerSBC to the CEO. Budget impacts: +\$130,000, due to the need for additional staff.
- Option 3: Wait for a new CEO to make any reorganization decisions. Budget impacts: \$0.

**Staffing Impacts:**

Legal Positions:  
NA

FTEs:  
NA

**Special Instructions:**

NA

**Attachments:**

Attachment 1: "Housing and Community Development: Organizational Restructuring Options and Impacts"

**Authored by:**

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**CC:**

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