



**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: Community Services
Department No.: 057
For Agenda Of: Set Hearing on 4/2/2013
for 4/16/2013
Placement: Administrative (on
4/2/2013)
Departmental (on
4/16/2013)
Estimated Time: 60 minutes (on 4/16/2013)
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Herman Parker, Community Services Director (805) 568-2467
Director(s)
Contact Info: Dinah Lockhart, HCD Deputy Director (805) 568-3523
SUBJECT: Set Hearing for: 1) the Draft FY 2013-14 Annual Action Plan for the use of Federal Funds under the Community Development Block Grant (CDBG), Emergency Solutions Grant (ESG), and HOME Programs; and 2) FY 2011-2012 and 2012-2013 Annual Action Plan Substantial Amendments

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence:

None

Recommended Actions:

That the Board of Supervisors:

On April 2, 2013, set a hearing for April 16, 2013 to consider recommendations for funding contained in the:

- 1) Draft FY 2013-14 Annual Action Plan for the use of federal funds under the Community Development Block Grant (CDBG) and Emergency Solutions Grant (ESG) programs; and
- 2) FY 2011-2012 and 2012-2013 Annual Action Plan Substantial Amendments.

On April 16, 2013, your Board's actions should include the following:

- a. Receive and file a staff report on the Santa Barbara County HOME Consortium and CDBG Urban County Partnership draft FY 2013-14 Annual Action Plan and the annual Notice of Funding Availability (NOFA) process, including recommendations for award of Community

Development Block Grant (CDBG) and Emergency Solutions Grant (ESG) funding and FY 2011-2012 and 2012-2013 Annual Action Plan Substantial Amendments;

- b. Direct staff to finalize the draft FY 2013-14 Annual Action Plan and the FY 2011-2012 and 2012-2013 Annual Action Plan Substantial Amendments and return to the Board on May 7, 2013 for consideration of approval for final submission of the FY 2013-14 Annual Action Plan and the FY 2011-2012 and 2012-2013 Annual Action Plan Substantial Amendments to the U. S. Department of Housing and Urban Development (HUD);

On May 7, 2013, your Board's actions should include the following:

1. Approve the FY 2013-2014 Annual Action Plan and the FY 2011-2012 and 2012-2013 Annual Action Plan Substantial Amendments for final submission to HUD;
2. Adopt a Resolution authorizing submittal of the FY 2013-14 Annual Action Plan and FY 2011-2012 and 2012-2013 Annual Action Plan Substantial Amendments to HUD;
3. Authorize the County Executive Officer or designee to execute all certifications, standard forms and other related documents required for CDBG and ESG Program administration and implementation and for submittal to and approval by HUD of the FY 2013-14 Annual Action Plan and FY 2011-2012 and 2012-2013 Annual Action Plan Substantial Amendments; and
4. Determine that the approval of the FY 2013-2014 Annual Action Plan and the FY 2011-2012 and 2012-2013 Annual Action Plan Substantial Amendments is not the approval of a project that is subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15378(b)(4), finding that the actions are not a project as they are the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant impact on the environment, and direct staff to file a Notice of Exemption.

Summary Text:

The draft FY 2013-14 Annual Action Plan serves as the Santa Barbara County HOME Consortium and CDBG Urban County Partnership operating plan for receipt and expenditure of federal entitlement funding provided to the County by the U.S. Department of Housing and Urban Development (HUD). HUD has not released grant allocation amounts for FY 2013-14, therefore the following estimated grant amounts, which are based on last year's funding award and do not include County's administrative costs, were used for planning purposes:

- \$1,009,589 for CDBG capital development and economic development projects
- \$232,982 for CDBG public service projects
- \$145,817 for ESG homeless shelter and supportive services projects

The draft FY 2013-14 Annual Action Plan represents the County's federal grant application to HUD for the 2013-14 program year. As the lead agency in the HOME Consortium and CDBG Urban County Partnership, the County is responsible for preparing and submitting the Annual Action Plan annually on behalf of these partnerships. At the April 16, 2013 hearing, the Board will be asked to provide direction to staff on funding recommendations for projects and programs. Once direction is provided to staff, the

draft Annual Action Plan will be revised consistent with those directions and presented to the Board on May 7, 2013 for final approval and submitted to HUD by the deadline of May 17, 2013. Once the Action Plan is reviewed and approved by HUD and the entitlement contracts are executed by the County and HUD, the County, in cooperation with its Urban County partners, will execute agreements with subrecipients and contractors to allow them to implement the programs and projects contained therein.

Staff is also recommending approval of proposed FY 2011-2012 and 2012-2013 Annual Action Plan Substantial Amendments. An Annual Action Plan Substantial Amendment is a revision to either add or delete a program or change a program's budgeted amount. The Board approved the FY 2011-2012 and 2012-2013 Annual Action Plans and recommendations for funding allocations. The purpose of the Amendments is to update the funding allocations and reprogram unspent funds that were reserved for projects that did not move forward due to unforeseen circumstances. The Board approves Annual Action Plan Substantial Amendments.

The County's Citizen Participation Plan requires that the draft FY 2013-14 Annual Action Plan and the FY 2011-2012 and 2012-2013 Annual Action Plan Substantial Amendments undergo a 30-day public review period, which precedes the required public hearing and Board approval prior to submission to HUD. This 30-day public comment period commenced on March 1, 2013, and ends on April 1, 2013. Public comments will continue to be received on the FY 2013-2014 Annual Action Plan and FY 2011-2012 and 2012-2013 Annual Action Plan Substantial Amendments until the April 16, 2013 Board hearing.

Background:

I. Draft FY 2013-14 Annual Action Plan

The draft FY 2013-14 Annual Action Plan is a component of, and an annual update to, the 2010-2015 Consolidated Plan, a federally mandated 5-year strategic planning document reflecting the goals, priorities, objectives and performance measures of the HOME Consortium and CDBG Urban County Partnership. The draft FY 2013-14 Annual Action Plan outlines the County's operating plan for the 2013-14 program year, including program specific requirements, and details the 2013-14 allocations and proposed use of funds consistent with the priorities, goals and objectives articulated in the 2010-2015 Consolidated Plan. The development, approval and implementation of the Annual Action Plan is required under HUD community development entitlement funding programs, and must be submitted annually in order to maintain eligibility for this grant funding.

HOME Program

The HOME Investment Partnerships Program (HOME Program) is designed to expand the supply of affordable housing for low-income households. For FY 2013-14, the County did not issue a Notice of Funding Availability (NOFA) for the estimated HOME allocation amount of \$927,340, which is based on the County's FY 2012-13 actual allocation. The County will be updating its HOME policies and procedures to be consistent with new proposed HOME regulations. HCD is also working with HUD to resolve HOME program monitoring issues identified in a 2012 HUD audit. In order to implement the most conservative strategy for utilizing federal HOME funds, staff will provide the Board at a future meeting date with options for the use of HOME funds by further assisting affordable housing projects with previously approved Board funding reservations and expanding the HOME Tenant-Based Rental Assistance (TBRA) program to assist eligible households County-wide. The TBRA program provides

rental subsidy assistance to eligible low income households to be used toward housing costs such as rent and security deposits. Currently, County HOME TBRA funds are administered by the City of Santa Maria, Transition House, and CHANCE (Coalition for Housing Accessibility Needs, Choices, & Equality, Inc.).

FY 2013-14 Funding Process and Recommendations

The County Community Services Department (CSD) published the annual Notice of Funding Availability (NOFA) for federal CDBG and ESG funds on November 16, 2012. The CDBG program's mission is to provide "decent housing, suitable living environments and expanded economic opportunities" to low- and moderate-income persons and the ESG program provides shelter and supportive services to homeless persons and families. CSD staff held two public workshops in November 2012 and two workshops in March 2013 to receive public input on proposed uses for these funds. Applications for CDBG and ESG funding were due on January 2, 2013. The cities of Lompoc and Santa Maria administer their own separate NOFA processes.

Two County Committees reviewed applications for funding and interviewed applicants. The two committees are:

- *Capital Loan Committee*, a Brown Act committee that includes seven (7) members with expertise in various areas (Lender, Builder, Santa Barbara City Public Housing Agency), and representatives from the County Auditor-Controller and Treasurer-Tax Collector offices reviewed CDBG Capital Project Development applications.
- *Human Services Commission Allocation Committee*: a Brown Act sub-committee of the Human Services Commission that includes a representative from each of the five Supervisorial Districts reviewed CDBG Public Services and ESG applications.

CDBG Program

The CDBG program provides funding for activities that assist low- and moderate-income households. To be eligible for funding, projects must serve low- and moderate-income clientele and/or be located in a low-income census tract, as defined by HUD. Eligible activities include capital projects (infrastructure, housing rehabilitation, and community facilities), public service programs, and economic development activities. The County received eleven (11) CDBG capital project applications totaling \$2,259,003. The total amount of estimated CDBG capital funding available for allocation by the County is \$674,708. On February 5 and February 15, 2013, the Capital Loan Committee met to review capital development and economic development projects. Projects were evaluated on the following funding criteria: project readiness, financial feasibility, cost efficiency, energy efficiency, Consolidated Plan priorities and administrative capacity. The Committee deliberations resulted in project ranking and funding recommendations for the Board's consideration, which are contained in the draft FY 2013-14 Annual Action Plan that will be considered at the Board's April 16, 2013 hearing. Four (4) projects are recommended for FY 13-14 funding; two (2) projects will be funded from reallocated funds from FY 2011-12 and 2012-13; and, one (1) project from State CDBG program income.

The following table shows estimated funding allocations for FY 2013-14:

ESTIMATED FY 2013-14 CDBG ALLOCATION

	Administration	Capital Development Projects	Public Services	TOTAL
Unincorporated County	\$232,982	\$636,142	146,622	\$1,015,746
City of Buellton	\$0	\$18,879(1)	\$4,500(2)	\$23,379
City of Solvang	\$0	\$19,687(1)	\$4,543	\$24,230
City of Carpinteria	\$0	\$82,484	\$19,071	\$101,555
City of Lompoc	\$77,661	\$252,397	\$58,246	\$388,304
TOTAL URBAN COUNTY	\$310,643	\$1,009,589	\$232,982	1,553,214

(1) Buellton and Solvang chose not to allocate their FY 2013-14 estimated allocation for capital development projects. Consistent with CDBG regulations on the requirement for the timely expenditure of funds, their allocations for capital development projects will be included in the County's allocation for FY 2013-14 capital development projects. (2) Buellton's allocation of \$4,500 includes \$4,357 of FY 13-14 funds and \$143 of 'banked' previous year's CDBG funding.

The City of Santa Maria is not included in this table because the City receives its CDBG funds directly from HUD. However, the City does receive HOME funds through the County HOME Consortium. Agencies in Santa Maria are also eligible to receive allocations of unincorporated County CDBG and ESG funds.

Up to 15%, or \$232,982, of the CDBG allocation may be used for public services. On February 6 and February 7, 2013, the Human Services Commission Allocation Committee interviewed ESG and CDBG Public Service applicants and evaluated their administrative capacity, their program's proposed effectiveness, consistency with Consolidated Plan priorities, cost efficiency, and financial feasibility. The County received twenty-six (26) CDBG Public Services applications totaling \$487,457 in requests, which is a 6% increase over last year's total request of \$457,975. The estimated amount of CDBG Public Services funding available to the County is \$146,622. The Committee's funding recommendations for the ten (10) selected applicants is shown in the project funding table in the draft FY 2013-14 Annual Action Plan that will be considered by the Board on April 16, 2013.

ESG Program

The County anticipates receiving an estimated \$157,639 in 2013-14 ESG funding, of which \$11,822 or 7.5% will be used for administration, with the balance of \$145,817 available for homeless assistance and shelter operations. A total of \$216,720 in six (6) ESG applications was received. The six (6) programs recommended for \$216,720 in ESG funding are included in the draft FY 2013-14 Annual Action Plan.

II. FY 2011-2012 and 2012-2013 Annual Action Plan Substantial Amendments

Staff is recommending the Board consider and approve staff's recommendations for three (3) proposed Annual Action Plan Substantial Amendments to the FY 2011-2012 Annual Action Plan and the FY 2012-2013 Annual Action Plan. Both Annual Action Plans were previously approved by Board action on May 10, 2011 and May 8, 2012, respectively. In November 2012, the City of Buellton notified the County that an Americans with Disabilities Act (ADA) sidewalk project for \$100,000 that was included in the FY 2011-2012 Annual Action Plan would not go forward due to Cal-Trans not providing the

necessary approvals. During the Capital Loan Committee's February meetings at which project applications were considered and evaluated, the County Public Works Department first requested funding for the Isla Vista Street lighting Project, which will enhance nighttime safety. The Casa Esperanza Culinary Arts Project, which would have provided job training to program participants, was approved in the FY 2012-2013 Annual Action Plan for \$50,000, but was later found to be ineligible by HUD as an economic development project. Casa Esperanza subsequently submitted a request to the County for \$50,000 for the Casa Esperanza Resource Center project, which will renovate a portion of the Center. In response to the FY 2013-14 CDBG Notice of Funding Availability (NOFA), the Women's Economic Ventures applied for \$50,000. Staff is recommending using State CDBG program income for this project. The Lompoc Mobile Home Emergency Repair Grant program was recommended for funding by the City of Lompoc in FY 2012-2013 but was inadvertently omitted from the final 2012-2013 Annual Action Plan.

Fiscal and Facilities Impacts:

Budgeted: HUD has not provided funding allocations for FY 2013-14, so the amounts contained in the draft FY 2013-14 Annual Action Plan are estimates. After the Board has provided direction to staff on the selection of projects and funding amounts, the Board may provide further direction to staff on the implementation of any reductions in the actual funding amounts received by the County if those reductions exceed 50% of a project's allocation or cause a project to become infeasible. As with any provision of funding, there is always some level of risk.

Fiscal Analysis:

Federal funds are passed through to subrecipients and contractors implementing community development projects and programs (CDBG) and homeless supportive services and shelters (ESG). Twenty percent (20%) of CDBG funds and seven percent (7.5%) of ESG funds may be used for administration costs.