



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: Housing & Community
Development
Department No.: 055
For Agenda Of: 5/11/2010
Placement: Departmental
Estimated Time: 45 minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department David Matson, 568-2068
Director(s) Housing and Community Development Director
Contact Info: Carlos Jimenez, 568-3523
HCD Grants Administration Division Chief

SUBJECT: Santa Barbara County HOME Consortium and CDBG Urban County Partnership
Draft 2010 Annual Action Plan

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: N/A

Other Concurrence: N/A

As to form: Select Concurrence

Recommended Actions:

That the Board of Supervisors:

- a.) Receive a presentation and staff report on the Santa Barbara County HOME Consortium and CDBG Urban County Partnership draft 2010 Annual Action Plan (Attachment A) and the annual Notice of Funding Availability (NOFA) process, including recommendations for allocation and award of Community Development Block Grant (CDBG), Home Investment Partnerships Act (HOME) and Emergency Shelter Grant (ESG) entitlement funding provided through the United States Department of Housing and Urban Development (HUD).
- b.) Direct staff to finalize the 2010 Annual Action Plan, including the final funding awards under the CDBG, HOME and ESG programs, and return to the Board on May 25, 2010 for consideration of approval for final submittal to HUD.

Summary

The 2010 Annual Action Plan (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 United States Department of Housing and Urban Development (HUD) under the Community Development Block Grant (CDBG), HOME Investment Partnerships Act (HOME), and Emergency Shelter Grant (ESG) programs.

The 2010 Action Plan represents the County's formal federal grant application to HUD for the 2010 program year within the context of the 2010-2015 Consolidated Plan period. As lead agency in the HOME Consortium and CDBG Urban County, the County is responsible for preparation and submittal of the Annual Action Plan on behalf of these partnerships. Once the Annual Action Plan is reviewed and approved by HUD, the County will be provided a formal grant agreement for CDBG, HOME and ESG entitlement funding. Subsequently, the County, in cooperation with its HOME and Urban County partners, will implement the programs, projects and services contained therein.

Background:

The County of Santa Barbara serves as lead agency under two federal funding partnerships:

- The *CDBG Santa Barbara Urban County Partnership* (Urban County), the members of which include the cities of Buellton, Carpinteria, Lompoc, Solvang along with the County; and
- The *Santa Barbara County HOME Consortium* (HOME Consortium), which includes participating members of the Urban County in addition to the cities of Goleta and Santa Maria.

To facilitate these two partnerships, the County assumes responsibility for funding management, administration, and regulatory compliance associated with three HUD programs: CDBG, HOME, and the ESG program. It is important to note that the region qualifies to receive this entitlement funding as a result of the two partnerships; therefore, the non-participation of any one of the partner cities or the County has the potential to disqualify the region from continuing to receive HUD program funding.

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. The draft 2010 Annual Action Plan includes funding recommendations that are consistent with the priorities, goals and objectives articulated in the 2010-2015 Consolidated Plan. All funding considerations are subject to Board approval. The funding processes and review committees are discussed in greater detail below.

Each member city retains autonomy over award of their funding allocations and the draft 2010 Action Plan reflects member city funding awards that have received prior approval from each city council.

Action Plan

As noted, the Consolidated Plan is a mandated five-year strategic planning document reflecting the goals, priorities, objectives and performance measures of the HOME Consortium and CDBG Urban County. The Action Plan is a component of the Consolidated Plan detailing the partnerships' 2010 allocations and proposed use of funds to further the federal and local affordable housing and community development objectives which have been articulated in the 2010-2015 Consolidated Plan. The Action Plan serves as an annual update to the Consolidated Plan as well as the formal grant application to HUD for CDBG, HOME, and ESG funding. Finally, the Action Plan catalogues and analyzes quantitative data related to meeting projected performance goals under the Consolidated Plan.

2010 Funding Process (HOME, CDBG and ESG)

County HCD publishes an annual Notice of Funding Availability (NOFA) for funding received through the partnerships described above. In addition to the County funding share, allocations for the cities of Solvang, Buellton, Carpinteria and Goleta were also included in the County NOFA. The cities of Lompoc and Santa Maria each administer independent but concurrent funding processes. Pursuant to approval by each respective city council, all funding recommendations are then incorporated into the Action Plan by HCD staff and, subsequent to final Board consideration, the Action Plan is submitted to HUD for federal approval.

For 2010-11, the County NOFA application period opened on December 11, 2009, and closed on January 14, 2010. The NOFA applications were e-mailed to a comprehensive list of interested organizations, and public notices published in four newspapers of major circulation throughout the County. In addition, announcements were also mailed to over 200 interested parties. All NOFA information, including downloadable/writable applications, was posted on the County website. Prior to the funding announcement, HCD staff conducted three community forums on December 15 and 16 in Santa Barbara, Lompoc and Santa Maria providing information about the NOFA process and received input from the public and local organizations. The 2010 NOFA announcement is provided as Attachment B.

To highlight the regulatory requirements of each funding source, HCD staff developed rating and ranking criteria to ensure that, to the maximum extent feasible, projects selected for funding consideration would be timely, meet congressionally established community development priorities and goals, while simultaneously advancing the goals and objectives of the Consolidated Plan and ensuring future compliance with financial and programmatic performance reporting to HUD. Each application for funding under the NOFA was evaluated based on the following criteria:

- Program eligibility
- Geographic distribution
- Project readiness
- Financial feasibility
- Cost efficiency
- Energy efficiency and conservation
- Applicant agency capacity

2010 Funding Available: HOME, CDBG, ESG

HOME Consortium – For Program Year 2010-2011, \$1,512,016 was available for allocation to affordable housing projects and distributed among the HOME Consortium member cities. HOME allocations for the County as well as the cities of Buellton, Carpinteria and Goleta were announced in the County NOFA, while the cities of Lompoc and Santa Maria published separate NOFAs for their allocations. A total of \$874,224 in 2010 HOME funding was made available through the County NOFA in addition to \$600,000 in HOME program income derived from loan payments* for a total of \$1,474,224.

Eight (8) applications were received requesting \$3,845,192 in funding. A technical review committee comprised of City of Santa Barbara HOME Program staff and County staff from General Services and HCD analyzed the applications and forwarded preliminary funding recommendations to the County's Affordable Housing Loan Committee (Loan Committee). A HOME Project

* Each year, program income is received in the form of loan payments from previously funded projects. Federal regulations require that these loan proceeds be reinvested in the program.

Evaluation Matrix providing an analysis of the information considered during the application review is provided as Attachment C. In selecting projects for funding recommendation, the technical review committee considered the extraordinary impact that the current economic recession has had on project sponsors, particularly in their ability to acquire local and state matching funds necessary to complete project financing. Accordingly, many projects having received past funding under the HOME program have been unable to obtain the final resources needed to complete their projects. Coupled with federal HOME program requirements to spend funding timely, HCD emphasized project readiness during application review, and focused on advancing projects with previously committed, but unspent HOME funding awards. Given limited federal resources and a growing unmet need across the nation, HUD has refocused oversight activities to put committed, but unspent HUD funding at risk for de-obligation and use in other regions if local entitlement programming does not make a concerted effort to complete and deliver programmatic outcomes in a timely fashion. Consequently, three merit-based, quality projects each with significant previous funding commitments by the Board were recommended to the Loan Committee. The Loan Committee approved the recommendations at its February 25, 2009 meeting, which have been incorporated into the Action Plan for Board consideration and approval. Specific details of the Loan Committee HOME funding recommendations are provided in Attachment D.

CDBG Urban County – For Program Year 2010-2011, a total of \$1,436,306 in CDBG funding was made available under the County NOFA, a respective portion of which was pro-rated and distributed among CDBG Urban County member cities. CDBG allocations for the County as well as the cities of Buellton, Carpinteria and Solvang were announced in the County NOFA, while the City of Lompoc published a separate NOFA for their CDBG funding allocation.

- Public Services Programs – Under CDBG, up to 15% of the funding is eligible for allocation to Public Services programs. A total of \$245,676 in CDBG was made available for public services programs under the County's NOFA, \$25,000 of which was allocated to the City of Carpinteria. A public services review committee evaluated applications submitted for County funds and interviewed applicants over a three-day period. The four-member review committee was comprised of two members of the County Human Services Commission, a retired City of Santa Barbara CDBG program administrator and a local volunteer who assists non-profit groups in the Lompoc Valley. Following applicant interviews and deliberations, the committee recommended funding 17 of the 22 projects submitted under the 2010 NOFA, which are detailed in Attachment D. Urban County member cities each conduct independent review processes and subsequently recommends programs for funding which have since received prior approval by respective city councils.

For CDBG public services, project proposals are prioritized in the following order:

- Programs and services that meet basic human needs;
 - Programs and services that are preventative in nature; and
 - Programs and services that seek to enhance the quality of life.
- Capital Projects – After determining the formula allocations for the cities of Lompoc, Carpinteria and Solvang, a total of \$980,069 in 2010 CDBG entitlement funding was made

available for capital projects. An additional \$126,000 in reprogrammed CDBG funds[†] was also made available under the 2010 NOFA. Eligible project proposals include public and community facilities construction and improvements, property acquisition, housing rehabilitation and economic development activities, among others. A total of 10 applications for capital project funding were received requesting \$3,300,449.

A three-person capital project review committee comprised of a retired director of the Redevelopment Agency of the City of Santa Barbara, a CDBG grants manager from the City of Oxnard with expertise and experience in the CDBG program, and a retired construction project manager with extensive capital project experience in Santa Barbara County, participated in both the application review process and applicant interview panel. The panel represented a cross-section of technical expertise in CDBG funding, public sector capital project development and general construction experience.

Funding criteria were based on a number of factors, including: consistency with federal regulations and program objectives, as well as related regional goals and objectives. Similar to the HOME program review parameters, project readiness and the applicant's ability to deliver near-term programmatic outcomes was given added weight due to the federal CDBG requirements to expend funds timely. As noted above, any committed, but unspent HUD funding poses a risk that HUD will de-obligate unexpended funds for use in other regions. The committee evaluated all applications and developed recommendations based on the previously discussed rating and ranking criteria as well as applicant interviews. A CDBG Capital Project Evaluation Matrix illustrating individual project review and evaluation is provided as Attachment C. The committee recommended funding five (5) of the 10 projects submitted under the 2010 NOFA, which are reflected in Attachment D.

Emergency Shelter Grant (ESG) funds were also made available through the County's 2010 NOFA. ESG funds are utilized for homeless prevention activities, shelter operations and essential services. Given that emergency shelter operations funding is extremely limited, applications from organizations currently operating shelters were given priority consideration during the review process. However, all applications for eligible activities under ESG (e.g., homeless prevention, essential services, and shelter rehabilitation) were requested under the NOFA. Of the \$84,430 that was available, the County received four (4) applications totaling \$122,000 in requests. The applications were evaluated concurrently by the CDBG public services review committee, and all applicants are recommended for funding. Upon completion of project rating, ranking and interviews, committee members developed funding recommendations for Board approval, which are reflected in Attachment D.

Conclusion

The Annual Action Plan is submitted by HCD to HUD every year in May on behalf of the HOME Consortium and CDBG Urban County in order to realize funding under the CDBG, HOME and ESG programs. The Action Plan serves as the HOME Consortium and Urban County's annual update to the five-year Consolidated Plan, and is the formal annual grant application for community development entitlement funding provided by HUD. The draft Action Plan will be finalized and brought back to the Board for consideration of final approval on May 25. As discussed, submittal of the 2010 Action Plan

[†] CDBG funding for projects that do not move forward must be reallocated to other projects in order to maintain compliance with the federal CDBG expenditure timeliness requirements.

coincides with development and submittal of the Five-Year Consolidated Plan. Future Annual Action Plans will be submitted as stand-alone documents over each of the next four operating years of the Consolidated Plan.

Performance Measure:

Safe and Healthy Families: Housing for all Segments of the Population; Maintain and Enhance the Quality of Life for all Residents; and Strengthen the Safety and Well-Being of Children and Their Families to Ensure a Strong Future for our Community.

Fiscal and Facilities Impacts:

Budgeted: Yes

<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	\$ -	\$ -	\$ -

Fiscal Analysis:

Funds are “pass-through” to organizations providing affordable housing and housing-related activities (HOME), community development projects and programs (CDBG), and homeless services and shelters (ESG). The County retains 10% of HOME funds for grant administration and an additional 5% for program/project implementation expenses, 20% of CDBG funds for administration and 2.5 % of ESG funds for administration. Adoption of this document is required for the county to maintain eligibility for \$4 million in annual grant funding across the region.

Attachments:

- A. 2010 Draft Action Plan
- B. 2010 Notice of Funding Availability
- C. Project Evaluation Matrixes (HOME and CDBG Capital Projects)
- D. Project Funding Tables

Authored by: Brooke Welch, Senior Housing Program Specialist