



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: 8/9/2011
Placement: Administrative
Estimated Tme: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Sharon Friedrichsen, 568-2068
Director(s) Housing and Community Development Interim Director
Contact Info: Brooke Welch, 568-3521
Senior Housing Programs Specialist

SUBJECT: **Santa Barbara County HOME Consortium and CDBG Urban County Partnership
Amendments to 2006-2011 Annual Action Plans**

County Counsel Concurrence

As to form: N/A

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

That the Board of Supervisors:

- a) Approve amendments to the 2006-2011 Annual Action Plans (ATTACHMENT A).
- b) Authorize the County Executive Officer to execute all standard forms required for HOME, CDBG and ESG program administration and implementation pursuant to submittal and approval of the 2011 Annual Action Plan.
- c) Authorize the Director of Housing and Community Development (HCD) to submit the amendments to the U.S. Department of Housing and Urban Development (HUD).

Summary Text:

The County of Santa Barbara serves as lead agency for two partnerships that receive federal entitlement:

- The HOME Investment Partnerships Program (HOME) *Consortium* that includes the County of Santa Barbara, and the cities of Buellton, Carpinteria, Lompoc, Solvang, Goleta and Santa Maria, and;
- The Community Development Block Grant (CDBG) *Urban County Partnership* that includes the County of Santa Barbara, and the cities of Buellton, Carpinteria, Lompoc, and Solvang.

The Annual Action Plans (Action Plans) serve as the Santa Barbara County HOME Consortium and CDBG Urban County Partnership operating plans for receipt and expenditure of federal entitlement funding provided through HUD. The County, on behalf of the partnerships, prepares and submits the Action Plan annually to HUD.

The County of Santa Barbara is amending the 2006-2011 Action Plans to update the funding allocations proposed in the Santa Barbara County HOME Consortium and CDBG Urban County Partnership 2011 Action Plan, and reprogram funds from the 2006, 2007, 2008, 2009 and 2010 Action Plans that were reserved for projects that did not move forward. These amendments, which are currently under a 30-day public review period, are included in Attachment A and subject to Board approval.

Background:

On May 27, 2011, HUD released the 2011 budget for programs operated under the office of Community Planning and Development (CPD). The budget included an 11.7% reduction to the HOME Program (affordable housing), and a 16.5% reduction to the Community Development Block Grant (CDBG) program, inclusive of the public services component of the program. The Emergency Shelter Grants (ESG) program allocation will remain stable until an increase in the grant can be implemented later in the program year with the finalization of the Homeless Emergency and Rapid Transition to Housing (HEARTH) Act regulations.

HUD imposes strict expenditure requirements under its HOME and CDBG program regulations. The ability to acquire sufficient funding needed for development, and the identification of ready projects are necessary to avoid de-obligation under HOME and CDBG program expenditure requirements. By reprogramming funds from projects that did not move forward into the 2011 Action Plan, the County is able to mitigate impacts of the 2011 federal funding reductions and meet its expenditure requirements under the HOME and CDBG programs.

Since receipt of the May 27 HUD announcement, County HCD has identified ways in which the impacts of the 2011 grant funding reductions may be minimized. Following is a summary of the amendments by program:

- HOME: HCD proposes funding reductions to one 2011 project and the reprogramming of prior year HOME funding.
 - The County proposes a funding reduction of \$54,589 to Santa Rita Village, consistent with the recommendations of the Capital Loan Committee in March 2011.
 - As the Casa del Desarrollo project is not moving forward, the County proposes to de-obligate \$387,290 of HOME funds from the 2006, 2007, 2008 and 2009 Action Plans, and reprogram \$292,191 of these funds through its 2011 NOFA and \$95,099 to the Rancho Hermosa project.
 - The County proposes replacing \$95,099 of CDBG funds reserved for the Rancho Hermosa project with an equal amount of HOME funds, and reprogramming the CDBG funds into its 2011 Action Plan. This exchange of funds will result in more efficient contract preparation and monitoring. As Rancho Hermosa received HOME previously, all funds provided by the County will be under one contract with only one set of regulatory requirements.
- CDBG Capital projects: HCD proposes to address the 2011 funding shortfall by reprogramming prior year funds for projects that have not moved forward as listed below. If the Board approves the reprogramming of fund as listed below, all 2011 Action Plan projects will be funded according to the original awards approved by the Board of Supervisors in May, 2011. The 2011 projects include the New Cuyama Recreation Center Rehabilitation, Santa Barbara Veterans Memorial Building Elevator Installation, Luis Oasis Senior Center Construction, Lompoc Animal Services Shelter ADA Improvements, and Microenterprise Development.
 - The Bridgehouse Greenhouses project is not moving forward and therefore the County proposes to de-obligate \$44,221 of CDBG funds reserved through the 2009 Action Plan and reprogram these funds into the 2011 Action Plan.

- The Bridgehouse Shelter did not utilize \$15,000 of CDBG public services funding reserved through the 2010 Action Plan and therefore the County proposes to reprogram these funds into the 2011 Action Plan. As no more than 15% of a jurisdiction's annual CDBG allocation may be used for public services, these funds will be added to the amount available to CDBG Capital projects in the 2011 Action Plan.
- The Mark's House Transitional Shelter did not utilize \$5,000 of CDBG public services funding reserved through the 2010 Action Plan and therefore the County proposes to reprogram these funds into the 2011 Action Plan. As no more than 15% of a jurisdiction's annual CDBG allocation may be used for public services, these funds have been added to the amount available to CDBG Capital projects in the 2011 Action Plan.
- The North County Rape Crisis Center property acquisition is not moving forward and therefore the County proposes to de-obligate \$50,000 of CDBG funds reserved through the 2008 Action Plan and reprogram \$15,845 of these funds into the 2011 Action Plan and use the remaining \$34,155 for other future eligible CDBG Capital projects.
- The City of Lompoc has de-obligated \$53,955 of CDBG funds reserved for its Housing Rehab Loan Program through the 2010 Action Plan and has reprogrammed these funds into the 2011 Action Plan.
- CDBG Public Services: By making some strategic rearrangements in public services program awards, HCD proposes to apply a pro-rate reduction of 8.7%, rather than 16.5%, to organizations awarded 2011 funding while staying within the limitations of public services funding allocations under the CDBG grant (no more than 15% of annual the CDBG grant may be allocated to public services programs). See Table A-8 on page 5 of attached Amendment for funded programs.
 - Funding to County HCD for Tenant Displacement Support Activities is being eliminated and shifted to other organizations.
 - Funding for the Domestic Violence Solutions Emergency Shelter has been shifted from CDBG to ESG to allow more efficient contract preparation and monitoring.
- ESG: At this time, all ESG projects will be funded according to the original awards and conditions approved by the Board of Supervisors in May 2011. The distribution of increases in ESG will be determined when further guidance is provided by HUD, later in the program year.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

Execution of the subject agreement and amendments will ensure timely commitment and expenditure of HOME and CDBG funds necessary to avoid future de-obligation of funding and remain in good standing in terms of performance under the federal entitlement programs. There are no fiscal impacts associated with the execution of the subject agreement and amendments.

Staffing Impacts: N/A

Special Instructions: N/A

Attachments:

A. Amendments to 2006-2011 Annual Action Plans

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