



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: April 19, 2016
Placement: Departmental
Estimated Time: 30 minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department George Chapjian, Community Services Director (805) 568-2467
Director
Contact Info: Dinah Lockhart, Deputy Director (805) 568-3523
SUBJECT: Public Hearing to consider public comments received and staff recommendations on
(1) draft FY 2016-17 Action Plan and (2) draft FY 2012-13 and FY 2014-15 Action
Plan Substantial Amendments

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors (Board):

- A. Receive and file a staff report on the Santa Barbara County HOME Investment Partnerships (HOME) Consortium and Santa Barbara Community Development Block Grant (CDBG) Urban County Partnership draft fiscal year (FY) 2016-17 Action Plan (Action Plan), which includes recommendations for the award of HOME, CDBG, and Emergency Solutions Grant (ESG) funding (Attachment A);
- B. Receive and file a staff report on the Santa Barbara County HOME Consortium and Santa Barbara CDBG Urban County Partnership draft FY 2012-13 and draft FY 2014-15 Action Plan Substantial Amendments (Amendments), which includes recommendations for the use of HOME funds for Tenant-Based Rental Assistance (TBRA) by the Housing Authority of the County of Santa Barbara, Transition House, and PATH Santa Barbara (Attachment B);
- C. Consider staff recommendations for funding contained in the draft Action Plan (Attachment A) and draft Amendments (Attachment B);
- D. Consider public comments received on the draft Amendments and draft Action Plan during the thirty (30) day public comment period, which commenced on March 18, 2016 and concludes at the end of the Board's public hearing on these items on April 19, 2016; and

- E. Direct staff to finalize the draft Amendments and draft Action Plan and return to the Board on May 3, 2016 to approve the Amendments and the Action Plan for submission to the U.S. Department of Housing and Urban Development (HUD).

On May 3, 2016, Board actions should include the following:

- A. Approve the Action Plan, Amendments to reprogram uncommitted CDBG funds, and to add the use of HOME funds for TBRA by the Housing Authority of the County of Santa Barbara, Transition House, and PATH Santa Barbara;
- B. Adopt a Resolution authorizing submittal of the Amendments and Action Plan to HUD;
- C. Authorize the County Executive Officer or her designee to execute all certifications, standard forms and other related documents required for the acceptance and administration of CDBG, HOME, and ESG funds and authorize the County Executive Officer or her designee to execute all certifications, standard forms, and other related documents required for the submittal to and approval by HUD of the Amendments and Action Plan; and
- D. Determine that the recommended actions are not the acceptance and 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 project is a 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 physical impact on the environment, and direct staff to file a Notice of Exemption.

Summary

Fiscal Years 2012-13 and 2014-15 Action Plan Substantial Amendments Summary

The County Board of Supervisors (Board) approved the Annual Action Plans and the related housing and community development activities contained therein in Fiscal Year (FY) 2012-13 and FY 2014-15. The purpose of the FY 2012-13 and FY 2014-15 Substantial Amendments (Amendments) is to:

- A. Re-program \$175,543 of uncommitted FY 2014-15 Community Development Block Grant (CDBG) funds to capital development projects and micro-economic development projects; and
- B. Re-program \$555,421 of uncommitted FY 2012-13 and FY 2014-15 HOME Investment Partnership (HOME) funds for use under the Tenant-Based Rental Assistance (TBRA) program to eligible subrecipients.

Fiscal Year 2016-17 Action Plan Summary

The County is required to draft an Action Plan in each year of the 2015-2020 Consolidated Plan period. The FY 2016-17 Action Plan (Action Plan) represents the County of Santa Barbara's (County) federal grant application to the U.S. Department of Housing and Urban Development (HUD) for the 2016-17 program year. It also serves as the Santa Barbara County HOME Consortium and Santa Barbara CDBG Urban County Partnership operating plan for the receipt and expenditure of federal entitlement funding provided to the County by HUD. Action Plans must be approved by the Board

prior to submittal to HUD. For FY 2016-17, the County will receive the following grant allocation amounts for CDBG, HOME, and the Emergency Solutions Grant (ESG):

- A. \$1,074,934 for the CDBG program
- B. \$730,682 for the HOME program
- C. \$142,614 for the ESG program

These funds may be used to support a variety of community programs. Staff requests Board direction on funding recommendations for projects and programs and to consider any public comments received during the 30 day public comment period which began on March 18, 2016 and concludes at the end of the public hearing on April 19, 2016. Once direction is provided to staff, the draft Action Plan will be revised consistent with those directions, and presented to the Board on May 3, 2016 for final approval and submission to HUD by the deadline of May 16, 2016. 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 partner cities, will implement the programs and projects contained therein.

Background:

I. Fiscal Years 2012-13 and 2014-15 Action Plan Substantial Amendments Overview

- A. CDBG: There is a balance of \$175,543 in uncommitted FY 2014-15 CDBG funds which is recommended to be reprogrammed to FY 2016-17 capital development projects and micro-economic development projects through the FY 2014-15 Substantial Amendment.
- B. HOME: There are \$555,421 in HOME funds from FY 2012-13 and FY 2014-15 that is subject to recapture by HUD if not committed by July 31, 2016. The FY 2012-13 and FY 2014-15 Substantial Amendments include recommendations to reprogram these funds to TBRA.

Public Comment Period: The draft Amendments, which includes programs and projects recommended for funding, were available for review by the public during a public comment period, which commenced on March 18, 2016 and concludes at the end of the Board's public hearing on April 19, 2016. The draft Amendments will be revised to include any public comments received during the public comment period and to include the final funding awards made by the Board. The revised Amendments will be presented to the Board on May 3, 2016.

II. Annual Action Plan Overview

The FY 2016-17 Action Plan is an annual update to the 2015-2020 Consolidated Plan, a mandated 5-year strategic planning document reflecting the goals, priorities, objectives and performance measures of the HOME Consortium, CDBG Urban County Partnership, and ESG program. The Action Plan outlines the County's operating plan for the 2016-17 program year, and details the FY 2016-17 allocations and proposed use of funds. The Action Plan is required under HUD Community Planning and Development (CPD) formula programs, and must be submitted annually in order to maintain eligibility for this grant funding.

- A. 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.

- B. HOME Program: The Action Plan includes the proposed use of HOME funds for housing development for which applications are accepted on a year-round basis. Once formal applications are received and staff has reviewed the project proposals, staff will return to the Board for funding approvals.
- C. ESG Program: The ESG program provides funding to: (1) engage homeless individuals and families living on the street; (2) improve the number and quality of emergency shelters for homeless individuals and families; (3) help operate these shelters; (4) provide essential services to shelter residents; (5) rapidly re-house homeless individuals and families; and (6) prevent families/individuals from becoming homeless. Eligible program components include: street outreach, emergency shelter, homelessness prevention, rapid re-housing assistance, and Homeless Management Information System (HMIS). The Community Services Department Division of Housing and Community Development (HCD) administers the ESG program for the entire county.

The County of Santa Barbara is the lead entity of the HOME Consortium, CDBG Urban County partnership, and ESG program. The Urban County is comprised of the County and the cities of Buellton, Carpinteria, and Solvang. The HOME Consortium includes the County and the cities of Buellton, Carpinteria, Solvang, and Goleta. Beginning in FY 2016-17 the cities of Santa Maria and Lompoc will not receive new HOME funding through the County HOME Consortium. Both cities are eligible to apply for State HOME funds. The City of Lompoc will receive a direct allocation of CDBG funds from HUD in FY 2016-17. The City of Santa Maria continues to be a CDBG entitlement grantee.

Current Urban County and HOME Consortium Configuration	
<u>CDBG Urban County Partnership</u>	<u>HOME Consortium</u>
Unincorporated Santa Barbara County	Unincorporated Santa Barbara County
City of Buellton	City of Buellton
City of Carpinteria	City of Carpinteria
City of Solvang	City of Solvang
	City of Goleta

Public Comment Period: The draft FY 2016-17 Action Plan, which includes programs and projects recommended for funding, were available for review by the public during a public comment period, which commenced on March 18, 2016 and concludes at the end of the public hearing on April 19, 2016. The draft FY 2016-17 Action Plan will be revised to include any public comments received during the public comment period and to include the final funding awards made by the Board. The revised FY 2016-17 Action Plan will be presented to the Board on May 3, 2016 for final approval and submission to HUD.

III. FY 2016-17 CDBG, ESG and HOME Allocations

On February 26, 2016, the HUD Office of Community Planning and Development announced the Fiscal Year 2016-17 allocations for the CPD formula programs, which include CDBG, ESG and HOME programs.

FY 2016-17 CDBG Allocation and Adjustments

The County will receive a total allocation of FY 2016-17 CDBG funds in the amount of \$1,074,934. CDBG funds may be used to support a variety of community programs. Up to twenty-percent (20%) of CDBG funds may be used to cover the costs to administer CDBG, and not more than fifteen-percent (15%) may be used to support public service programs operated by non-profit organizations. The remaining funds may be used for other eligible activities.

Adjustments to Available Funds

The partner cities may identify qualifying projects in their respective communities to fund with their sub-allocations, or distributions, of CDBG. The cities of Buellton, Carpinteria and Solvang did not identify eligible projects in their communities that could use FY 2016-17 CDBG funds for non-public services. Per requirements in the Urban County agreement the funds unclaimed by the partner cities will be added to the County’s distribution and will be awarded to eligible projects through the County’s application process.

As discussed in Section I.A, there is a balance of unused FY 2014-15 CDBG funds in the amount of \$175,543 which is recommended for reprogramming to FY 2016-17 capital development projects and a micro-economic development project for a total amount of \$874,250.

Table 1: CDBG Distribution to Partner Cities and Adjustments to Available Funds

Jurisdiction	Distribution	Pro Rata Share for Public Services	Pro Rata Share for Capital/Other Projects	Capital Adjustments from Partner City Funds	Capital Adjustments from FY 2014-15 Funds	Total Capital including Adjustments	Admin. 20%
County	85.24%	137,457	595,578	+103,059	175,543	874,250*	214,987
Buellton	3.07%	4,950	21,450	-21,450		0.00	
Carpinteria	8.33%	13,431	58,202	-58,202		0.00	
Solvang	3.35%	5,402	23,407	-23,407		0.00	
Total	100%	161,240*	698,707*			874,250*	214,987

Total FY 2016-17 CDBG Allocation: \$1,074,934

*Difference due to rounding

The City of Carpinteria reviews and approves applications that request funds from the City’s CDBG Public Services distribution. The City Council approves funding awards. The City of Carpinteria awarded CDBG Public Services funds to two projects that serve Carpinteria.

The application submitted from Santa Ynez Valley People Helping People (SYVPHP) for its Family and Senior Support Program requested CDBG Public Services funds from the County and from the Cities of Buellton and Solvang (total request \$38,000). The City of Buellton and the City of Solvang each approved their CDBG distributions (\$10,352 total) to be awarded to SYVPHP Family and Senior Support Program.

HOME Investments Partnership (HOME)

The County will receive a HOME program grant allocation in the amount of \$730,682 for FY 2016-17. HOME funds may be used to support activities, including acquisition, rehabilitation and construction of affordable housing, tenant-based rental assistance and homebuyer assistance. Up to ten-percent (10%) of HOME funds may be used to cover the costs to administer the HOME program. FY 2016-17 funds are expected to be used for future affordable housing developments. Staff will provide the Board with funding reservations and commitments for Board consideration and approval at a later date as project applications are received

Table 2: Distribution of HOME funds to Consortium Member Cities

Jurisdiction	Distribution*	Administration 10%	FY 16/17 Project Funds Available	Total 16/17 Funds Available
County	71.58%	73,068	470,720	543,788
Buellton	2.62%		17,229	17,229
Carpinteria	7.18%		47,217	47,217
Goleta	15.86%		104,298	104,298
Solvang	2.76%		18,150	18,150
Total	100.00%		657,614	730,682

**Distribution percentages are calculated pursuant to the HOME Consortium Agreement and are derived from the HOME-funds allocation formula of A+B+2C, where A is population, B is number of overcrowded households, and C is households below the federal poverty limit.*

As discussed in Section I.B, there are \$555,421 in HOME funds from FY 2012-13 and FY 2014-15 that are subject to recapture by HUD and are recommended to be put towards TBRA. Staff will return to the Board at a future date to discuss the use of \$475,000 in additional HOME expiring funds.

ESG Allocation

The County will receive \$142,614 in FY 2016-17 ESG funds, of which 7.5% or \$10,696 may be used for administration, with the balance of \$131,918 available for emergency shelters, rapid re-housing assistance, homelessness prevention assistance, street outreach, and HMIS.

IV. FY 2016-17 Funding Process

On behalf of the Urban County Partnership and the HOME Consortium, HCD issued a FY 2016-17 Notice of Funding Availability (NOFA) on November 2, 2015 to solicit applications for award of CDBG and ESG funds, Notices of Intent to Apply for housing development funds (including HOME funds), and applications for TBRA. The application deadline was January 8, 2016. Allocation amounts were estimated based on the prior year allocation, and for CDBG and HOME, adjusted for the withdrawal by the City of Lompoc and City of Santa Maria.

Applications for housing development are accepted by HCD on a year-round basis to allow for fluctuations in the housing market and timing of other revenue sources. However, for planning purposes, HCD strongly encouraged potential applicants to submit Letters of Intent to Apply during the NOFA process if they anticipate applying for HOME or other housing development funds within the next year.

HCD staff held public workshops in North County and South County in November 2015 to provide technical assistance to potential applicants and to provide training on ZoomGrants, the grant application and management system. HCD convened two Board-approved Committees that reviewed applications for funding and heard presentations from applicants.

- A. Capital Loan Committee (CLC): Includes eight representatives (six voting and two non-voting) from the following areas: north and south county lending, a public housing authority, a representative from the County Auditor Controller’s office and the Treasurer-Tax Collector office and other related experts. The Committee reviewed CDBG Capital applications and provided recommendations on funding. The review process by this Committee met the requirements of the Brown Act.
- B. Human Services Commission Allocations Subcommittee (Committee): Includes a representative from each of the five supervisorial districts who review CDBG Public Services and ESG applications. The review process by this Committee met the requirements for the Brown Act.

V. CDBG Applications - Public Services

The County received twenty-two (22) applications totaling \$648,200. One application in the amount of \$20,000 was withdrawn. A chart of applications is included in Attachment C. The Committee evaluated public services applications and held a public meeting on February 4, 2016 to hear applicant presentations. On February 5, 2016, the Committee again convened and made funding recommendations. The Committee met again on March 3, 2016 to revise their recommendations based upon the FY 2016-17 allocations announced by HUD on February 26, 2016. The Committee recommended nine (9) projects for funding which are shown below in Table 3.

Table 3: CDBG Public Services Funding Recommendations

Applicant	Project Title	Service Area	Request Amount	Recommended Funding Amount
Casa Serena, Inc.	Scholarships for Low-Income Women in Treatment for Addiction	County-wide	\$20,000	\$13,923
Catholic Charities of Los Angeles, Inc. Santa Barbara Region	Catholic Charities Santa Barbara County- Lompoc Food Distribution	North	\$20,000	\$11,000
Community Action Commission of Santa Barbara County	Healthy Senior Lunch Program	County-wide	\$25,000	\$15,222
Good Samaritan Shelter	Bridgehouse Emergency Shelter	North	\$75,000	\$29,995
PATH	PATH Santa Barbara (formerly Casa Esperanza)	South	\$51,200	\$16,800
Santa Barbara Rape Crisis Center	Sexual Assault Counseling and Education Program in Isla Vista (SACE IV)	South	\$25,000	\$13,923
Santa Maria Valley FISH Meals On Wheels	Meals on Wheels Santa Maria Valley	North	\$15,000	\$13,923
Santa Ynez Valley People Helping People	Family and Senior Support Program	Mid	\$38,000	\$19,084*

Applicant	Project Title	Service Area	Request Amount	Recommended Funding Amount
WillBridge of Santa Barbara, Inc.	WillBridge of Santa Bambara, Inc.	County-wide	\$20,000	\$13,923
TOTAL			\$289,200	\$147,793

**Recommended funding amount includes Cities of Buellton and Solvang pro rata share for CDBG Public Services*

VI. CDBG Applications - Capital and Other Projects

The County received six (6) capital project applications totaling \$893,450. One project was not recommended for funding at this time. Specifically, staff determined that the project submitted by the Guadalupe Dunes Center to restore the historic Far Western Tavern was too early in its project development phase and could be considered at a later date when fully designed with project budget and financing in place. A chart of applications can be found in Attachment D.

HCD staff evaluated FY 2016-17 CDBG Capital Loan applications and provided its funding recommendations to the CLC at a public meeting on February 11, 2016. The CLC heard applicant presentations and evaluated each project. The CLC may concur with staff recommendations or suggest an alternate funding scenario. The CLC recommendations are shown below in Table 4 with a comparison to HCD staff recommendations.

Table 4: CDBG Capital Funding Recommendations

Applicant	Project Title	Geographic Location	Request Amount	HCD Staff Rec.	CLC Rec.
COSB - Public Works	Sabado Tarde ADA Sidewalk Installation	South County	\$300,000	\$300,000	\$300,000
COSB - Richardson Park	Improvements, including ADA access, to Richardson Park picnic/BBQ area in New Cuyama	North County	\$170,000	\$170,000	\$170,000
IV Youth Projects, Inc.	IV Youth Projects Legacy and Vision Campaign	South County	\$100,000	\$300,000	\$300,000*
St. Vincent's	Fire Supression Backflow Preventer Replacement	South County	\$54,250	\$54,250	\$54,250
Women's Economic Ventures - Self-Employment Training	Self-Employment Training	Countywide	\$50,000	\$50,000	\$50,000
Total			\$674,250	\$874,250*	\$874,250*

**Of the \$300,000 recommended for the IV Youth Projects \$175,543 will come from unspent FY 2014-15 CDBG allocations*

Five (5) applications submitted for FY 2016-17 CDBG Capital in the total amount of \$674,250 were recommended for funding. The CLC recommended an additional \$200,000 for the Isla Vista Youth Projects: Legacy and Vision Campaign because the additional funding would complete the amount needed for the acquisition of their facility. The total amount of CDBG funding recommended for projects in FY 2016-17 is \$874,250. This amount will be funded with the total allocation of FY 2016-17 CDBG Capital and \$175,543 of unspent FY 2014-15 CDBG allocations. The CLC

recommendations are included in the draft Action Plan and draft Amendments. A summary of the strengths and weaknesses of each application is provided in Attachment E.

VII. ESG Applications

HCD received twelve (12) applications requesting a total of \$447,324 for the ESG program. The Committee evaluated ESG applications and held a public meeting on February 4, 2016 to hear applicant presentations. On February 5, 2016, the Committee convened to make funding recommendations. On March 3, 2016, the Committee met to revise their recommendations based upon the FY 2016-17 allocations announced by HUD on February 26, 2016. The Committee recommended nine (9) applications for the available funding which are shown below in Table 5. A list of all ESG applications submitted is detailed in Attachment F.

Table 5: ESG Funding Recommendations

Applicant Name	Project Title	Service Area	Funding Request	Recommended Funding Amount
Carrillo Counseling Services, Inc. dba New Beginnings Counseling Center	Safe Parking and Homeless Outreach	South	\$37,500	\$12,300
Domestic Violence Solutions for Santa Barbara County	Essential Services for Santa Barbara Domestic Violence Emergency Shelter	County-wide	\$10,000	\$7,500
Good Samaritan Shelter	Santa Maria Emergency Shelter & Rapid Re-housing	North	\$50,000	\$33,000
			\$20,000	\$5,432
Legal Aid Foundation of Santa Barbara County	Common Ground Santa Barbara County Street Outreach & Rapid Re-Housing	County-wide	\$25,000	\$5,433
PATH (People Assisting the Homeless)	PATH Santa Barbara Emergency Shelter	South	\$84,324	\$26,268
PATH (People Assisting the Homeless)	PATH Santa Barbara: Rapid Re-housing Services	South	\$25,000	\$8,685
Santa Ynez Valley People Helping People	Emergency Solutions Program	Mid	\$20,000	\$14,500
Transition House	Emergency Shelter Services for Homeless Families	South	\$35,000	\$11,000
WillBridge of Santa Barbara, Inc.	WillBridge Transitional Housing	South	\$5,000	\$3,900
	WillBridge Street Outreach		\$5,000	\$3,900
	Total		\$316,824	\$131,918

VIII. HOME Applications

Applications for housing development are accepted by CSD on a year-round basis to allow for fluctuations in the housing market, availability of real property, development costs, and timing of other revenue sources. HCD staff may return at a future Board meeting to request direction on a time-limited funding reservation or funding commitment (contract). When the Board approves a contract for HOME funds, the project will be added to the Action Plan through an Action Plan amendment. FY 2016-17 funds are expected to be used for future affordable housing development projects. Staff has no

recommendations for the funds at this time and will return to the Board at a later date for funding approval as project development proposals become ready for funding commitment.

The FY 2016-17 NOFA included the opportunity for non-profit organizations and public housing authorities to apply for FY 2012-13 and FY 2014-15 HOME funds to administer one or more TBRA programs for a one-year period. Funds may be used to assist low-income renter households with security deposits, ongoing monthly rent assistance, and utility deposits.

Three (3) applications for HOME TBRA were submitted in response to the NOFA. A total of \$1,042,430 was requested in the three TBRA applications. The CLC met on February 11, 2016 to review applications and recommended the distribution of \$413,000 to the following three agencies: Housing Authority of the County of Santa Barbara, PATH Santa Barbara, and Transition House. Since the CLC meeting in February, additional HOME funds became available from FY 2012-2013 and 2014-15 that are subject to de-obligation this year. Staff is recommending \$555,421 of these expiring funds be used for TBRA. The CLC met on April 6, 2016 and revised its recommendations of HOME funds to TBRA. During the February CLC meeting, PATH Santa Barbara revised its initial request from \$55,000 to \$22,000. Transition House declined receiving additional TBRA funds and both PATH Santa Barbara and Transition House supported the Housing Authority of the County of Santa Barbara receiving the recommended allocation of \$493,421. The CLC recommendations are shown below in Table 5 and are also included in the draft Substantial Amendments. A chart of applications can be seen in Attachment G.

Table 5: HOME TBRA Funding Recommendations

Applicant	Project Description	Request Amount	Service Area	HCD staff & Capital Loan Committee Recs
Housing Authority of the County of Santa Barbara	The program will provide both rent and/or security deposit assistance, based on the needs of the households to be served. In addition to serving people on the Section 8 waiting list, efforts will target the homeless, veterans, persons with disabilities, seniors and persons with HIV/AIDS.	\$967,430	Countywide, except cities of SB, SM and Lompoc	\$493,421
PATH	PATH Santa Barbara (formerly Casa Esperanza Homeless Center) would utilize TBRA funding to provide tenant-based rental assistance for low income homeless persons who have secured a steady stream of income for the future but presently lack the funds needed to move into housing.	\$22,000	Countywide, except cities of SB, SM and Lompoc	\$22,000
Transition House	Transition House will use TBRA as rental assistance for its homelessness prevention program, which combines rental assistance with antipoverty case management and is targeted towards households facing imminent homelessness	\$20,000	South Santa Barbara County from Carpinteria to Goleta	\$40,000
	Total	\$1,042,430		\$555,421

Performance Measure:

HCD staff will monitor the performance of funding recipients. Public service program subrecipients are required to report to HCD on the number of persons served in relation to the estimated benefit to low-income persons on a quarterly basis. Subrecipients must provide documentation that supports eligible expenditures consistent with the contract budget and federal regulations. Federal funds are provided on a reimbursement basis.

HCD staff will monitor construction projects to assure adequate progress toward meeting the project timeline. Federal funds will be provided on a reimbursement basis and only after subrecipients have provided documentation that supports that the expenditures were eligible per the contract budget and with federal regulations. Facilities improved with CDBG funds will be monitored, and must be used for an eligible use, for the period determined in the subrecipient contract.

ESG subrecipients are required to report to HCD on their progress towards meeting project goals and performance measures identified in the subrecipient agreement. This includes reporting client-level data in the County managed Homeless Management Information System (HMIS), per HUD regulations. Subrecipients must provide documentation that supports eligible expenditures consistent with the contract budget and federal regulations. Federal funds are provided on a reimbursement basis. All projects are monitored by HCD staff.

Fiscal and Facilities Impacts:

Federal HOME, CDBG, and ESG funds are awarded to the County as grants. Ten-percent (10%) of the HOME grant, twenty-percent (20%) of the CDBG grant, and seven and one-half percent (7.5%) of ESG may be used to cover the costs to administer the federal programs. The remaining HOME and CDBG funds are awarded by the County and its partner cities to eligible programs and projects as loans or grants, which may also include funds for Activity Delivery Costs. ESG funds are awarded as grants to eligible projects. The County monitors loans and grants for compliance with repayment requirements and monitors subrecipients for compliance with federal regulations. The County could be subject to repaying federal funds, from non-federal source(s) if HUD finds that the County expended funds inconsistent with regulations or otherwise did not comply with federal requirements. The County passes these obligations on to its subrecipients by including relevant language in the agreements executed between the County and subrecipients.

Fiscal Analysis

<u>Funding Sources</u>	<u>Reprogrammed Prior Year Funds</u>	<u>Current Fiscal Year Allocation:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Allocation</u>
FY 2014-15 CDBG	175,543			175,543
FY 2012-13 and FY 2014-15 HOME	555,421			555,421
FY 2016-17 CDBG		1,074,934		1,074,934
FY 2016-17 HOME		730,682		730,682
FY 2016-17 ESG		142,614		142,614

The current fiscal year amounts reflect the total amount allocated to the County and its partner cities for FY 2016-17, which begins in July 2016. The County generally receives the funds in its HUD line of credit in September.

Key Contract Risks:

Board approved projects will have contracts executed between the County and the subrecipient. HUD holds the County accountable for assuring that federal funds expended are for eligible costs and could require repayment by the County, with non-federal funds, for ineligible expenses. Real property improved, in whole or in part with CDBG funds, must continue to meet a CDBG National Objective for a period of at least five years. Failure to meet the five-year period may result in County repayment of the percentage of the market value attributable to the investment of CDBG funds. HUD has identified expiring HOME funds which require commitment by July 2016. Staff is recommending the

use of \$555,421 of those expiring funds for use under the TBRA program to preserve these funds for affordable housing. HOME program rules also impose a long-term affordability period for multi-family and other types of housing projects and failure to meet the long-term affordability requirements may result in HUD requiring repayment by the County of the full amount of HOME funds invested. HCD monitors the financial condition and the use of real property for the duration of the required periods.

Staffing Impacts:

The federal programs are administered by existing HCD staff with the support of County Counsel, and other County departments, including the CEO, Auditor Controller, and Community Services. Activity Delivery Costs, if approved by the Board, will help support HCD staff costs for contract administration and help offset the need for General Fund support.

Special Instructions:

Please provide a copy of the Minute Order to Laurie Baker at lbaker@co.santa-barbara.ca.us. CSD staff published a notice in newspapers of general circulation for a HUD-required public comment period. A copy of the notice and proof of publication was provided to the Clerk of the Board with the Set-Hearing Board letter for the April 5, 2016 agenda.

Attachments:

- A: Draft FY 2016-17 Action Plan
- B: Draft FY 2012-13 and FY 2014-15 Annual Action Plan Substantial Amendments
- C: Chart of CDBG Public Service applications
- D: Chart of CDBG Capital applications
- E: CDBG Capital project strength and weaknesses
- F: Chart of ESG applications and funding recommendations
- G: Chart of HOME TBRA applications

Authored by: Akila A. Shenoy, Housing Program Specialist, Division of Housing and Community Development