



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 21, 2015
Placement: Departmental
Estimated Time: 30 minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director: Renée E. Bahl, Interim Community Services Director (805) 568-2467
Contact Info: Laurie Baker, Grants and Program Manager (805) 568-3521
Dinah Lockhart, Deputy Director (805) 568-3523
SUBJECT: Public Hearing to consider public comments on and approve (1) Fiscal Year (FY) 2015-2020 Consolidated Plan, (2) FY 2015-16 Community Development Block Grant (CDBG) and HOME Investments Partnership program (HOME) funding awards and, (3) FY 2015-16 Action Plan.

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:

- A. Receive and file a staff report on the FY 2015-2020 Consolidated Plan and FY 2015-16 Action Plan and consider for approval the draft FY 2015-2020 Consolidated Plan (ConPlan) and the first year (FY 2015-16) Action Plan that are required by the U.S. Department of Housing and Urban Development (HUD) in order to receive federal grant funds (Attachment A), and;
- B. Consider recommendations for funding contained in the draft FY 2015-16 Action Plan for the Community Development Block Grant (CDBG) and HOME Investments Partnership (HOME) programs and make final funding awards;
- C. Approve that the remaining available portion of CDBG funds be used for "Activity Delivery Costs" to cover costs incurred by the County for project management;
- D. Receive and consider public comments received on the draft FY 2015-2020 Consolidated Plan and FY 2015-16 Action Plan during the thirty (30) day public comment period, which commenced on March 23, 2015 and ends at the conclusion of the work day today;

- E. Direct staff to revise the FY 2015-16 Action Plan to include the Board approved funding awards; and
- F. Provide direction to staff on whether CDBG funds provided for assistance to micro-enterprise businesses should (1) come out of the maximum fifteen-percent (15%) for public services and that applications for such assistance will be reviewed by the Human Services Commission, or (2) if the funds should come out of non-public services funds, typically used by the County for capital projects, and that applications will be reviewed by the Capital Loan Committee or (3) if assistance to micro-enterprise businesses should not be funded through CDBG dollars; and whether the direction provided is a general policy or if the Board will provide direction on an annual basis; and
- G. Provide direction on whether to limit CDBG capital funding to less than or equal to 50% for County projects and to be mindful of geographic distribution, and whether the direction provided is a general policy or if the Board will provide direction on an annual basis.

On May 12, 2015, Board actions should include the following:

- A. Approve the FY 2015-2020 Consolidated Plan and revised first year FY 2015-16 Action Plan;
- B. Direct staff to submit the FY 2015-2020 Consolidated Plan and final first year FY 2015-16 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 submittal to and approval by HUD of the FY 2015-2020 Consolidated Plan and first year 2015-16 Action Plan; and authorize the County Executive Officer or her designee to execute documents needed for acceptance and administration of HOME and CDBG funds; and
- D. Determine that the approval of the documents 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 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. Attachment F.

Summary

The County, and its partner cities, receives an annual allocation of federal Community Development Block Grant (CDBG) and HOME Investments Partnership program (HOME) funds from the U.S. Department of Housing and Urban Development (HUD). The County also may receive an allocation of Emergency Solutions Grant (ESG) from HUD. These funds may be used to support a variety of community programs.

The County of Santa Barbara is the lead entity of the CDBG Urban County partnership and the HOME Consortium. The Urban County is comprised of the County, and the cities of Buellton, Carpinteria,

Lompoc and Solvang. The HOME Consortium includes the County, and the cities of Buellton, Carpinteria, Lompoc, Solvang, Goleta and Santa Maria.

Consolidated Plan

HUD requires that communities that receive CDBG, HOME and ESG funds draft a five-year Consolidated Plan, which includes identifying community priorities for the use of federal funds, identified as “high” or “low” priorities, a report on the community’s housing market, population profile and other information to assist City and County officials in making informed decisions. A list of the community priorities identified in the FY 2015-2020 Consolidate Plan is provided in Attachment B.

The Consolidated Plan is due to be updated for fiscal years 2015 – 2020. The updated Consolidated Plan must be approved by the County Board of Supervisors and then submitted to HUD.

FY 2015-16 Action Plan

The Consolidated Plan must also include the first year Action Plan, which will cover the fiscal year 2015-2016. The Action Plan discusses how the County and its partner cities will implement the Consolidated Plan during the first fiscal year of the Consolidated Plan period and includes a list of programs and projects that will be funded with CDBG, HOME and ESG funds. The County is required to draft an Action Plan in each year of the Consolidated Plan period. Action Plans must be approved by the County Board of Supervisors and then submitted to HUD. For FY 2015-16, the County will receive CDBG and HOME allocations, as discussed below. HUD did not provide an allocation for ESG funds for FY 2015-16 due to changes in the formula used to determine allocations. HUD indicated that the recent transition to using American Community Survey data in the formula impacted ESG allocations.

Background:

The County is the lead entity of the CDBG Urban County partnership and the HOME Consortium. The current configuration of the Urban County consists of the County, and the cities of Buellton, Carpinteria, Lompoc and Solvang. The HOME Consortium includes the County, and the cities of Buellton, Carpinteria, Lompoc, Solvang, Goleta and Santa Maria.

<i>Current Urban County and HOME Consortium Configuration</i>	
<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 Lompoc	City of Lompoc
City of Solvang	City of Solvang
	City of Goleta
	City of Santa Maria

The CDBG Urban County and HOME Consortium agreements will be renewed for fiscal years 2016-17, 2017-18 and 2018-19. Every three years, the County and the partner cities have the option to (1) execute new CDBG Urban County and HOME Consortium Agreements, (2) allow the current agreement to automatically renew for another three-year period, or (3) withdraw from the CDBG Urban County and HOME Consortium. Prior to the renewal date, HUD requires that the County notify the cities of the upcoming renewal period and offer them the opportunity to withdraw from the CDBG Urban County and HOME Consortium. (A city that participates in the CDBG Urban County must also participate in the HOME Consortium unless that city receives a direct allocation of CDBG funds from HUD. That city may then join only the HOME Consortium.)

The City of Santa Maria sent a letter to HUD on March 2, 2015 to inform HUD that it intends to withdraw from the County HOME Consortium following the September 30, 2015 expiration of the current HOME Consortium Agreement. If approved by HUD, the City will begin to receive a direct annual allocation of HOME funds, beginning with FY 2016-17 and HUD will remove the City from the County HOME Consortium. If not approved by HUD, the City still has the option to withdraw from the HOME Consortium and may apply to the State for State HOME funds on a competitive basis. CSD is awaiting a response from HUD on the potential effect of the County's annual HOME allocation. The City's withdrawal will not affect the County's FY 2015-16 HOME allocations.

At a City Council meeting held March 17, 2015 in the City of Lompoc, the City Council voted to withdraw from the County's CDBG Urban County and HOME Consortium. If approved by HUD, the City will begin to receive a direct annual allocation of CDBG and/or HOME funds, beginning with FY 2016-17 and HUD will remove the City from the County's CDBG Urban Partnership and HOME Consortium. If not approved by HUD, the City still has the option to withdraw from the CDBG Urban County and HOME Consortium and may apply to the State for State CDBG and HOME funds on a competitive basis. CSD will await a response from HUD on the potential effect of the County's annual CDBG and HOME allocations. The City's withdrawal will not affect the County's FY 2015-16 CDBG or HOME allocation and the City still has the option to reverse its March 17, 2015 decision and remain in the Urban County and HOME Consortium in future years.

If necessary, the County's Consolidated Plan will be amended to show a revised CDBG Urban County and/or HOME Consortium configuration.

Five-Year Consolidated Plan

The County Department of Community Services (CSD) worked with the consulting firm, BBC Consulting, Inc. to draft the County's five-year Consolidated Plan for fiscal years 2015 – 2020. The Consolidated Plan is designed to help the County and its partner cities to assess affordable housing and community development needs and market conditions, and assist the jurisdictions in making investment decisions. The consolidated planning process provides an opportunity for the low-income community, service providers, affordable housing developers and others to provide input on housing and community development priorities and community service needs that will help the County focus funding from federal programs. The Consolidated Plan discusses the use of federal grants annually allocated to the County and its partner cities, which include the CDBG, HOME and Emergency Solutions Grant (ESG); although the County did not receive a direct allocation of ESG for FY 2015-16 ESG. The Consolidated Plan also includes the Continuum of Care Program (CoC), administered by

the County in collaboration with the Central Coast Collaborative on Homelessness (C3H). The County received CoC funds from HUD via annual competitive process.

The Consolidated Plan is carried out through annual Action Plans, which provide a concise summary of the actions, activities, and the specific federal and non-federal resources that will be used each year to address the priority needs and specific goals identified in the Consolidated Plan.

The Consolidated Plan is in a new format required by HUD and, while it contains the same types of information as in prior year plans, the plan’s appearance is merely technical and does not provide the space for photos and other visual material.

Public Comment Period: The draft FY 2015-16 Consolidated Plan and draft FY 2015-16 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 23, 2015 and ends at the conclusion of the work day today. The draft FY 2015-16 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 2015-16 Action Plan will be presented to the Board on May 12, 2015 for final approval and submission to HUD.

FY 2015-16 CDBG and HOME Allocations

On February 11, 2015, the HUD Office of Community Planning and Development announced the Fiscal Year 2015-16 allocations for the CPD formula programs, which include CDBG and HOME programs. (The County is not being awarded a direct allocation of the Emergency Solutions Grant (ESG) for the FY 2015-16.)

Community Development Block Grant (CDBG) Distribution to Partner Cities

Jurisdiction	Distribution	Administration 20% (of which Lompoc receives 25%)	Pro Rata Share for Public Services	Pro Rata Share for Capital and Other Eligible
County	63.39%	\$237,638	\$150,646	\$652,799
Buellton	2.40%		5,703	24,713
Carpinteria	6.57%		15,610	67,644
Lompoc	25%	79,213	59,409	257,441
Solvang	2.64%		6,269	27,166
TOTAL	100%	\$316,850	\$237,638	1,029,764

Total CDBG Allocation: \$1,584,252

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 other federal programs, 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.

HOME Investments Partnership (HOME) Distribution to Consortium Member Cities

Jurisdiction	Distribution	Administration 10%	Pro Rata Share for Projects
County	39.44%	\$70,187	\$249,137
Buellton	1.42%		\$8,970
Carpinteria	3.97%		\$25,078
Goleta	8.79%		\$55,525
Lompoc	13.35%		\$84,330
Santa Maria	31.52%		\$199,107
Solvang	1.51%		\$9,538
Total	100.00%	\$70,187	\$631,686

Total HOME Allocation: \$701,873¹

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 2015-16 NOFA

On behalf of the Urban County Partnership and the HOME Consortium, the County issues an annual Notice of Funding Availability (NOFA) of CDBG, HOME and Emergency Solutions Grants (ESG), as applicable. (The City of Lompoc and the City of Santa Maria each issue their own NOFA).

The County’s Community Services Department (CSD) issued a FY 2015-16 Notice of Funding Availability (NOFA) on November 17, 2014 to solicit applications for awards of CDBG funds and to receive Notices of Intent to Apply for housing development funds, including HOME funds. The application deadline was January 16, 2015.

Applications for housing development are accepted by CSD on a year-round basis to allow for fluctuations in the housing market and timing of other revenue sources. However, for planning purposes, CSD 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.

CDBG Applications

CSD received twenty-six (25) applications for CDBG Funds. Eighteen (18) of the applications were for public services programs and seven (7) were for capital projects. A chart of the public services applications, with program descriptions, is provided in Attachment C and a chart of Capital project applications, with project descriptions, is provided in Attachment D.

Per Board of Supervisors’ Action Summary dated March 1, 2011, the Board “directed staff to proceed with utilizing the Capital Loan Committee for HOME and CDBG capital funding recommendations and a Subcommittee of the Human Services Commission to act as the review committee for CDBG

¹ The HOME allocation reflects \$159,866 of funds de-obligated by HUD for the American Dream Down-Payment Initiative (ADDI) program discontinued by Congress.

Public Services; approved application review and ranking protocols; limited the distribution of CDBG Capital funding to less than or equal to 50% for County projects and further directed staff to be mindful of geographic distribution.” This directive was not provided as a formal Board policy and County staff supports distributing more than 50% of CDBG Capital funds to fund a smaller number of projects that can be completed in relative short duration and that will expend larger amounts of funds. Additionally, County-owned projects serve the low-income public and are managed by experienced project managers. For example, the Calle Real sidewalk and IV Streetlight projects were managed by the County’s Public Works Department and County facilities, such as the Public and Mental Health and Bridgehouse projects were managed by General Services. The Board should determine if it wants to limit funding to less than or equal to 50% County projects as a formal policy.

CDBG Applications - Public Services

The Human Services Commission’s Allocations Subcommittee (Committee) evaluated public services applications and held a public meeting on February 4, 2015 to hear applicant presentations. On February 6, 2015, the Committee again convened and made the following funding recommendations utilizing the County’s pro-rata share of CDBG for public services programs.

APPLICANT	PROJECT	REQUESTED	HSC RECOM-- MENED
Community Action Commission of Santa Barbara County	Healthy Senior Lunch program provides hot, nutritious, meals to low-income seniors at 12 senior and community centers	\$25,000	\$21,500
Good Samaritan Shelter	Bridgehouse provides 56 beds of emergency & transitional shelter for homeless individuals and families	75,000	42,000
Sarah House Santa Barbara	Sarah House offers 24- hour care for men and women with severe or terminal illnesses or disabilities	15,000	14,500
Carrillo Counseling Services, Inc., dba New Beginnings	Safe Parking Program provides safe overnight parking to those who live in their vehicles; provides case management services and rapid re-housing	25,000	18,500
Pacific Pride Foundation	Provides two food pantries in Santa Maria and Santa Barbara that are open twice a week. Delivery is available to those who cannot transport themselves	15,000	13,000
Santa Ynez Valley People Helping People	Provides food, shelter, access to medical and social services, and freedom from violence services	55,000	28,000
Alliance for Pharmaceutical Access, Inc.	Provides case management and prescription medication assistance and free and discounted diabetes testing supplies	15,000	12,500
TOTAL		\$225,000	\$150,000

CSD also received an application from Women’s Economic Ventures (WEV). WEV provides training and technical assistance primarily to low-income women who own or have an interest in starting micro-enterprise businesses. The CDBG regulations allow that funds awarded for microenterprise assistance are not subject to the fifteen percent (15%) cap on public services programs. However, the

County may use funds either from within or outside the public services cap to fund programs that provide assistance to microenterprise businesses. Over the past several years, the County has provided annual funding to Women’s Economic Ventures (WEV) in the amount of \$50,000.

If the Board approves continued funding to support microenterprises, it has the option to use either CDBG funds available to public services programs, subject to the 15% cap, or use CDBG funds outside the public services cap, or a combination of public services and non-public services funds. Because the services offered by WEV are more closely related to the public services category, CSD asked the HSC Allocations Subcommittee to review the application for merit and to consider funding the program from the 15% public services cap. Most of the Subcommittee members agreed that the merit of the WEV program deserved funding; however, it did not recommend that the award come from the public services cap.

Staff requests Board direction on whether future CDBG funds awarded to organizations that provide assistance to micro-enterprise businesses, be allocated from the maximum fifteen-percent (15%) for public services, or if funds should be allocated from non-public services funds, typically used by the County for capital projects. The Board could also provide direction to staff that CDBG funds not be allocated for micro-enterprise business assistance. Due to limited CDBG funding provided by HUD, and requests for capital development projects and public service programs, which exceed available funding, the draft FY 2015-2020 Consolidated Plan lists economic development as a “low priority” for funding under the CDBG program.

The cities of Lompoc and Carpinteria made funding awards for public services programs from their pro rata share of CDBG through their respective city council processes. The cities’ programs are included in the draft FY 2015-16 Action Plan. The cities of Buellton and Solvang pooled their pro rata shares of CDBG funds with the County’s share.

CDBG Applications - Capital and Other Projects

CSD staff evaluated applications and made funding recommendations to the County’s Capital Loan Committee (CLC). On February 11, 2015, the CLC convened to hear applicant presentations, and then deliberated to make funding recommendations. The CLC recommendations are shown below with a comparison to CSD staff recommendations:

PROJECT/ORGANIZATION	REQUESTED	CSD RECOMMENDS	CLC RECOMMENDS	PROJECT SPONSOR (County or Non-profit)
Isla Vista Community Center County, General Services Dept.	\$483,100	\$439,510	0	County
Service Center ADA & Energy Efficiency Improvements Santa Ynez Valley People Helping People	166,359	111,000	166,359	Non-profit
Senior Housing Emergency Railings St. Vincent's	30,000	30,000	30,000	Non-profit
Self-Employment Training Women’s Economic Ventures (WEV)	50,000	25,000	50,000	Non-profit
Gray Street Transitional Housing	200,000	0	200,000	Non-profit

Family Care network Inc.				
Falcon Open Space ADA Accessibility County Community Services Dept., Parks Div.	\$100,000	0	0	County
Calle Real Sidewalk Improvements County Public Works Dept.	\$250,000	0	134,151	County
2015 NSBC Rehab Projects Habitat for Humanity NSBC, Inc.	\$70,016	0	0	Non-profit
TOTAL	\$1,349,475	\$605,510	580,510	

CLC did not recommend funding to the Isla Vista Community Center due to the lack of an operations budget identifying sources of income to support the operations of the facility. Without a budget, CLC decided it could not evaluate whether or not the use of the center for the purposes described in the application could be supported. The applicant stated that operations would be supported by the income of other County-owned property in Isla Vista. CLC recommended that the applicant return next year with a fully-developed operations budget.

After recommending full funding to the top priority projects, the CLC recommended the remaining funds to the Calle Real sidewalk project. The applicant confirmed that the full scope of the project could be completed with less than the full CDBG amount requested, and that the County's Dept. of Public Works would fill the funding gap with other funds.

CLC recommended \$50,000 to Women's Economic Ventures (WEV) since the HSC Allocations subcommittee did not fund WEV under the public services cap for FY 2015-16. CLC recommended for future funding, the County make clear if micro-enterprise business funding applications will be reviewed by the CLC or the HSC Allocations subcommittee.

A summary of the Capital project applications and the strengths and weaknesses of each is provided in Attachment E.

Adjustments to County's Pro-Rata Share of CDBG Funds

As noted earlier in this Board Letter, the FY 2015-16 allocations were announced by HUD on February 11, 2015 and the distributions to partner cities is shown. The amount of funds that was considered by the review committees was based on earlier estimated allocations.

As set forth more fully below, these estimated allocations have been adjusted to account for certain pro-rata shares being contributed to the County from member cities, a balance of unused funds for capital projects, and the City of Carpinteria's use of both its prior FY 2014-15 and FY 2015-2016 pro rata shares. After accounting for these adjustments, if the Board allocates the public services funds as recommended by the HSC, an additional \$12,618 in public services funds will be available for allocation by your Board. Regarding the capital/other projects funds, after adjustments are made, an additional \$34,891 will be available if your Board approves staff's recommendations or an additional \$59,891 will be available if your Board approves the CLC's recommendations. CSD recommends that the Board approve the use of these additional funds for "Activity Delivery Costs," which will be used to cover CSD staff costs incurred for project management. These "Activity Delivery Costs" will not count towards the 20% cap on costs to administer the CDBG program.

The difference between the actual and earlier estimated CDBG allocations is shown below.

Public Services (15% cap)

County's pro-rata share	\$150,646
Plus Adjustment*	<u>11,972</u>
Available funds for public service programs	\$162,618
Less estimated funds at time of application review	<u>-150,000</u>
Difference	\$12,618

**The Adjusted amount includes pro-rata shares from Buellton (\$5,703) and Solvang (\$6,269) which were pooled with County funds.*

Capital/Other

County's pro-rata share	\$652,799		\$652,799
Less Adjustment*	<u>-12,398</u>		<u>-12,398</u>
Available funds for projects	\$640,401		\$640,401
Less estimated funds at time of application review by staff**	<u>-605,510</u>	Less estimated funds at time of application review by CLC**	<u>-580,510</u>
Difference	\$34,891	Difference	\$59,891

*Additional funds available If Board approves staff recommendations***

*Additional funds available If Board approves CLC recommendations***

**The Adjusted amount includes pro-rata shares from Buellton (\$24,713) and Solvang (\$27,166), a portion of the CDBG balance² (\$16,000) and a reduction of \$80,277 to account for the City of Carpinteria using both its FY 2015-16 and FY 2014-15 pro rata share of funds for a project in the City of Carpinteria.*

***Staff had deducted \$25,000 from the amount of funds available for consideration by CLC to account for staff recommended award to WEV. (It was not known at that time that CLC would be recommending funding for WEV.)*

HOME and Housing Development

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. However, in order that the HOME Consortium may plan accordingly, CSD strongly encouraged potential applicants to submit Letters of Intent to Apply (LOI) if they anticipate applying for housing development funds within the next year. Letters of Intent were received from Cabrillo Economic Development Corporation, Peoples' Self-Help Housing, and Family Care Network, Inc. CSD staff may return at a future Board meeting to request direction on a time-limited funding

²*There is a balance of unused CDBG funds in the federal Integrated Disbursement and Information System (IDIS) in the amount of \$36,000; of which \$16,000 is being added to the County's available funds, leaving \$20,000 as a standing balance in IDIS.*

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.

The City of Lompoc plans to use its pro rata share of HOME funds (\$84,330) to administer a tenant-based rental assistance program and the City of Santa Maria plans to use its pro rata share (\$199,107) on affordable housing development. The other cities (Buellton, Solvang, Carpinteria, and Goleta) and the County will pool their pro rata shares for affordable housing development.

Performance Measure:

CSD staff will monitor the performance of funding recipients. Public service program subrecipients are required to report to CSD 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.

CSD 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 or HOME funds will be monitored, and must be used for an eligible use, for the period determined in the subrecipient contract.

Fiscal and Facilities Impacts:

Federal HOME and CDBG funds are awarded to the County as grants. Ten-percent (10%) of the HOME grant and twenty-percent (20%) of the CDBG grant may be used to cover the costs to administer the federal programs. The remaining 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. 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:

Funding Sources	Current FY Cost:	Annualized On-going Cost:	Total One-Time Project Cost
CDBG - FY 2015-16			1,584,252
HOME - FY 2015-16			701,873

The CDBG amount reflects the total amount allocated to the County and its partner cities for FY 2015-16, which begins in July 2015. The County generally receives the funds in its HUD line of credit about 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 full amount of CDBG funds invested, plus a percentage of the market value attributable to the investment of CDBG funds. 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. CSD 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 CSD staff with the support of county counsel. Activity Delivery Costs, if approved by the Board, will help support CSD 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 COB with the Set-Hearing Board letter for April 14, 2015 agenda.

Attachments:

- A: Draft FY 2015-2020 Consolidated Plan with first year draft FY 2015-16 Action Plan
- B: Draft Consolidated Plan community priorities list
- C: Chart of CDBG Public Service applications
- D: Chart of CDBG capital applications
- E: CDBG capital project strength and weaknesses
- F: CEQA Notice of Exemption (applicable to Board action on May 12, 2015)

Authored by: Laurie Baker, Grants and Program Manager, Division of Housing and Community Development

cc: Renée E. Bahl, Interim Community Services Director
Dinah Lockhart, Deputy Director, Division of Housing and Community Development