



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:** September 22, 2020  
**Placement:** Administrative  
**Estimated Time:**  
**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  
Laurie Baker, Grants Program Manager (805) 568-3521  
**SUBJECT:** **Approval and Execution of an Authorizing Resolution and Master Standard Agreement (MSA) between Santa Barbara County and the State of California Housing and Community Development Department (HCD), to receive \$588,504 in Community Development Block Grant Disaster Relief (CDBG-DR) related to the 2017 Thomas Fire.**

---

**County Counsel Concurrence**

As to form: Yes

**Risk Management**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors (Board):

- A. Approve and authorize the Chair of the Board to execute an Authorizing Resolution (Attachment A) formalizing acceptance of state CDBG-DR funding in response to housing-related loss and damages incurred during the 2017 Thomas Fire;
- B. Authorize the Community Services Department Director, or his designee, to execute a Master Standard Agreement (MSA) in a form substantially similar to the attached MSA (Attachment B) with state HCD for funding in the amount of \$588,504 under HCD's Community Development Block Grant Disaster Recovery Multi-Family Housing Program guidelines (CDBG-DR MHP), subject to County Counsel approval as to form;
- C. Determine that the other Recommended Actions are not the acceptance and approval of a project that is subject to environmental review under CEQA pursuant to section 15378(b)(4), finding that actions consist of 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 physical impact on the environment.

**Summary Text:**

In September and December of 2017, wildfires throughout northern and southern California caused great damage, including within Santa Barbara County as a result of the Thomas Fire. Montecito incurred significant property loss, damage to infrastructure, and loss-of life, resulting from the fire and related debris flow in the aftermath of fire-denuded hillsides and subsequent rain events.

In response to statewide fire events, in October and December of 2017, the Federal Emergency Management Agency (FEMA) issued two disaster declarations, DR-4344 and DR-4353. Declaration DR-4344 covered the northern region of California, encompassing Sonoma, Napa, Mendocino, Lake, Butte, Yuba and Nevada counties, while DR-4353 covered Santa Barbara County as well as the counties of Ventura, Los Angeles, Orange and San Diego.

In September 2017, Congress passed the Continuing Appropriations Act of 2018 and the Supplemental Appropriations for Disaster Relief Requirements, which included \$7.4 billion in federal funding to support response and recovery from FEMA-declared national disasters.

Pursuant to these actions, in August 2018, HUD allocated \$124 million in CDBG-DR to state HCD to address unmet recovery needs resulting from the FEMA disaster declarations. Based on state HCD's allocation methodology, Santa Barbara County is being allocated \$588,504 of these state CDBG-DR MHP funds to address unmet housing recovery needs related to the Thomas Fire. The County must execute the Authorizing Resolution and a future Master Standard Agreement (MSA) in order to receive the funds.

County HCD will make these CDBG-DR MHP funds available to one or more affordable housing developers to help finance construction of multi-family apartment developments within greater Santa Barbara County as mitigation for housing units having been lost resulting from the Thomas Fire. The CDBG-DR MHP funds will be included in HCD's Notice of Funding Availability (NOFA) for affordable housing projects, which will be posted in September 2020. The selected developer(s) must include in their marketing plans the availability of the units first to residents who have been displaced as a result of the Thomas Fire. Qualifying households include those with annual incomes at or below 80% of area median income.

**Background:**

The CDBG-DR program has three components: 1) CDBG-DR Multi-Family Housing Program (MHP), which is the subject of this Board Letter, 2) CDBG-DR Owner-Occupied Rehabilitation program (OOR), which is being administered directly by the State, and 3) CDBG-DR Mitigation (MIT), an infrastructure component and a hazard mitigation grant component.

In January 2020, state HCD reached out to local jurisdictions affected by FEMA Disaster declarations DR-4344 and DR-4353, announcing a Notice of Intent process for future application to HCD for disaster-related funding under CDBG-DR MHP. Santa Barbara County subsequently responded to HCD's Notice of Intent under DR-4353 indicating future plans to utilize this funding as partial mitigation for housing loss resulting from the Thomas Fire.

The Notice of Intent was a precursor to moving forward with additional state requirements and evaluation pursuant to state HCD due diligence and process. Staff has submitted due diligence documentation and materials to HCD and the Authorizing Resolution is the final required document for the State's due diligence review. Once state HCD has received the executed CDBG-DR Authorizing Resolution and completed its due diligence review, it will forward a Master Standard Agreement in a form substantially similar to the MSA attached (Attachment B) to the County for execution, with the final budget and execution date inserted.

The initial CDBG-DR MHP allocation had initially bifurcated the funding, with provision that 10% of the total amount (\$57,028), be expended in the defined Most Impacted and Distressed (MID), area and the balance (\$531,476), allowable for expenditure outside the MID. The MID was defined as the 93108 Zip Code, covering the Montecito Community. Given the relatively small amount of the MID funding and the unlikelihood of identifying a multi-family project for rehabilitation or new construction within it, staff requested that state HCD allow the county to expend the entire allocation of \$588,504 outside the MID, which the state granted.

Under CDBG-DR MHP program policies and procedures, efforts must be made to provide housing opportunity first and foremost to households having been displaced during the course of the Thomas Fire. In consulting with housing navigator agencies that provided housing relocation services in the aftermath of the Thomas Fire, the County Housing Authority – acting as a housing navigator following the disasters - indicated that many lower-income residents who had been residing in the MID area prior to the Thomas Fire, relocated to other areas of the county, resulting from a constrained rental housing market and limited affordable housing options within the south coast. As noted, projects throughout Santa Barbara County will qualify for state CDBG-DR MHP funds, with provision that marketing efforts provide priority for residents displaced as a result of the Thomas Fire.

The CDBG-DR MHP funds will be included in County HCD’s annual Notice of Funding Availability (NOFA) – expected to be published September 2020 - and awarded via HCD’s usual process, which includes project feasibility review by the Capital Loan Committee, and review by the Board of Supervisors. In this regard, State HCD is presently reviewing Santa Barbara County’s CDBG-DR MHP Project Solicitation Plan, of which our annual NOFA is a part. Subsequent to approval of the Project Solicitation Plan, staff anticipates that the entire \$588,504 will be awarded to one project. The recommended project will be forwarded to State HCD for review and approval prior to implementation. Staff will return to the Board at a later date for project approval and execution of loan documents for the recommended project.

Upon Board approval and execution of the CDBG-DR MHP Authorizing Resolution and future Master Standard Agreement, and Project Solicitation Plan, the following schedule and timeline will govern program implementation. The County will have until December 31, 2021, to identify projects for consideration for CDBG-DR MHP funds.

Deliverable	Date
CDBG-DR MHP Master Standard Agreement	September 22, 2020
Deadline for Housing Project Proposal Submittal	December 31, 2021
Deadline for Construction of Housing Units	March 30, 2025
CDBG-DR Grant Close-Out	August 31, 2025

As noted, the CDBG-DR MHP funds will be included in County HCD’s annual Notice of Funding Availability (NOFA) – expected to be published September 2020 - and awarded via HCD’s usual and customary process. For selected projects, staff will return to the Board at a later date for approval and execution of loan documents, based upon prior review and approval by state HCD.

**Fiscal Analysis:**

Federal		\$	588,504.00
Fees			
Other:			
<b>Total</b>	\$	-	\$ -
			<b>\$ 588,504.00</b>

### **Key Contract Risks:**

Board approved projects will have contracts executed between the County and the subrecipients. For CDBG-DR funded projects, the County could be subject to repaying federal funds, from non-federal source(s), if HUD or the State finds that the County or its subrecipients expended funds inconsistent with regulations or otherwise did not comply with federal requirements. The County monitors loans and grants made to subrecipients for compliance with federal regulations and provides funds to subrecipients on a reimbursement basis after staff review of eligible costs. Future loans provided to subrecipients under CDBG-DR MHP will be in the form of a zero percent (0%) interest, 20-year term, deferred and forgivable loan pursuant to state guidelines. 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 reimbursement of the CDBG funds expended plus a percentage of the increase in market value attributable to the investment of CDBG funds. County HCD monitors the financial condition and the use of real property for the duration of the required periods. In addition, a Deed of Trust and Regulatory Agreement will be recorded against the property in the County real estate records, which will ensure regulatory compliance for the twenty-year regulatory period.

### **Staffing Impacts:**

No new staffing impacts. The projects recommended for funding in this board letter will be overseen by existing HCD staff.

### **Special Instructions:**

1. Please execute two (2) originals of the CDBG-DR MHP Authorizing Resolution.
  - a. Return one original Authorizing Resolution, along with a copy of the Minute Order, to Carlos Jimenez at [cjimenez@co.santa-barbara.ca.us](mailto:cjimenez@co.santa-barbara.ca.us), ext. 83529. Call for pick-up of the original documents.
  - b. Please retain one executed original CDBG-DR MHP Authorizing Resolution for COB records.

### **Attachments:**

- A: CDBG-DR MHP, Authorizing Resolution
- B: CDBG-DR MHP, DRAFT Master Standard Agreement