



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: May 3, 2016
Placement: Departmental
Estimated Time: 20 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(s)
Contact Info: Dinah Lockhart, Deputy Director, (805) 568-3523
SUBJECT: State of California Emergency Solutions Grant Program

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Receive and file a report on the redesigned State of California Emergency Solutions Grant Program and its impact on Santa Barbara County;
- b) Provide direction to staff on options for the County of Santa Barbara regarding the local implementation of the State of California Emergency Solutions Grant Program:
 - i. Accept designation as Administrative Entity to administer Emergency Solutions Grant Program funds in Santa Barbara County; or
 - ii. Reject designation as Administrative Entity; and
- c) If accepting the designation as Administrative Entity, authorize the Community Services Department to engage the Continuum of Care Review and Rank Committee to provide recommendations to the Board of Supervisors on the award of State of California Emergency Solutions Grant Program funds; and
- d) If accepting the designation as Administrative Entity, direct staff to implement the State of California Emergency Solutions Grant Program as follows:

Auditor-Controller Concurrence

As to form: Yes

- i. Direct staff to return during the Fiscal Year 2016-17 Budget Hearings with recommended funding for one full-time equivalent position;
 - ii. Direct staff to limit the eligible activities to emergency shelter and rapid re-housing and the number of providers to be funded by the State of California Emergency Solutions Grant Program to two; or
 - iii. Provide other direction to staff as appropriate.
- e) Determine that the recommended actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(5), as the actions are organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment, and direct staff to file a notice of Exemption (Attachment A).

Summary Text:

The State of California Department of Housing and Community Development (State HCD) receives an annual allocation of Emergency Solutions Grants Program (ESG) funds from the U.S. Department of Housing and Urban Development (HUD) to assist individuals and families who are homeless or at risk of homelessness in eligible areas throughout the state. Starting with the 2016 operating year, State HCD intends to distribute ESG funds to metropolitan cities and urban counties that receive their own allocations of ESG funds directly from HUD like the County of Santa Barbara (County). Such cities and counties would be responsible for administering State of California ESG (State ESG) funds for their respective service areas.

Based on preliminary estimates, the County is slated to receive \$660,962 in State ESG funds for the 2016 operating year. 2.7 percent of the allocation, or \$17,845, may be retained by the County for administrative costs. The receipt of these funds is contingent upon the County's acceptance of State HCD's designation of the County as the Administrative Entity (AE) for the service area covered by the Santa Maria/Santa Barbara County Continuum of Care (local CoC), which geographically encompasses Santa Barbara County. The County may accept or reject this designation. The Community Services Department (CSD), which would fulfill the responsibilities of the AE on behalf of the County, seeks direction from the Board of Supervisors on (1) this designation and (2) the implementation of the State ESG Program should the County accept this designation. Specifically, CSD seeks authority to engage the Continuum of Care Review and Rank Committee, a standing committee of the local CoC, to provide recommendations to the Board of Supervisors on the award of State ESG funds. In addition, CSD requests direction on the augmentation of staffing levels to support the implementation of the State ESG Program or the imposition of restrictions on its implementation if current staffing levels are maintained. Relevant considerations include the limited funds available for administrative costs and current staffing resources for the homelessness assistance and community support programs already administered by CSD.

Background:

Emergency Solutions Grants Program (ESG)

ESG is a federally-funded program that seeks to address the needs of individuals and families who are homeless or at risk of becoming homeless. Eligible administrators of these funds include metropolitan cities, urban counties such as the County, and states. The County receives an annual allocation of ESG directly from HUD and sub-grants the amount available after retaining the maximum amount allowable for administrative costs, or 7.5 percent of the allocation, to non-profit organizations to support outreach to homeless persons and the provision of emergency shelter, rapid re-housing assistance, and

homelessness prevention services. Annual allocations to the County have ranged from \$89,422 to \$157,639; the County did not receive an allocation for Fiscal Year 2015-16. For Fiscal Year 2016-17, the County will be allocated \$142,614, of which it will retain \$10,696 for administrative costs and subgrant \$131,918 to non-profit organizations county-wide.

Continuum of Care Program (CoC Program)

The CoC Program is a federally-funded program that is designed to assist homeless individuals and families and provide them with the services needed to help them move into transitional and permanent housing with the goal of achieving long-term stability. Unlike ESG funds, which are allocated to eligible jurisdictions on a formula basis, CoC Program funds are competitively awarded to communities that establish continuums of care, or homelessness assistance planning and coordinating bodies, for their service areas. Pursuant to approval granted by the Board of Supervisors, the Santa Maria/Santa Barbara County Continuum of Care (local CoC), whose service area covers Santa Barbara County, designated the County as its Collaborative Applicant. In this role, the County performs critical administrative tasks for the local CoC, such as preparing the annual application for CoC Program funds on its behalf. A Governance Charter and Operations Manual documents the responsibilities of the local CoC and its board and standing committee and the designations of the County as the Homeless Management Information System (HMIS) Lead Agency and Collaborative Applicant (Attachment B).

State ESG Program Re-design

In the past, State HCD has competitively awarded its allocation of ESG funds to projects located in non-entitlement areas, or areas not covered by a metropolitan city or urban county, statewide. Locally, projects located in the cities of Goleta, Guadalupe, Santa Barbara, and Santa Maria have been eligible for State ESG funds. State HCD has administered all State ESG funds awarded to local projects. For the 2014 operating year, State HCD awarded \$638,055 to five projects operating in Santa Barbara County, which are identified in Table 1 below. In anticipation of the State ESG Program re-design, State HCD withheld awarding 2015 State ESG funds in the 2015 operating year with the intention of combining them with 2016 State ESG funds in order to allocate larger amounts in the 2016 operating year. The goal of this approach is to ease communities’ transition to the new distribution method. CSD convened a meeting of organizations previously funded by the State ESG Program to inform them of the re-design and its potential impacts.

Table 1: State ESG Funded-Projects in Santa Barbara County (2014 Operating Year)

Project	Organization	Location	Award
Emergency Shelter	Transition House	Santa Barbara	\$111,530
Rapid Re-housing	Transition House	Santa Barbara	\$98,320
Homelessness Prevention	Transition House	Santa Barbara	\$73,740
Safe Parking Program	Carrillo Counseling Services, Inc., dba New Beginnings Counseling Center	Santa Barbara	\$161,615
The Salvation Army Hospitality House	The Salvation Army	Santa Barbara	\$192,850
Total			\$638,055

Under the re-designed State ESG Program, effective for the 2016 operating year, State HCD will distribute State ESG funds through two funding pools: (1) “Continuum of Care Allocation” for service areas that contain a city or county that receives ESG directly from HUD (Continuum of Care Allocation) and (2) “Balance of State Allocation” for service areas that do not contain such a city or county. The local CoC is one of 19 Continuums of Care statewide that qualifies for the Continuum of Care

Allocation. Continuum of Care Allocations must be administered by an AE—a unit of general purpose local government approved by State HCD to administer State ESG funds. To qualify, an AE must:

- Have received an allocation of ESG from HUD during at least one of the past five years;
- Have no unresolved ESG monitoring findings with HUD or State HCD;
- Demonstrate the ability and willingness to perform the functions of an AE described in the California Code of Regulations (CCR) (25 CCR Section 8403); and
- Be recommended by the Continuum of Care and willing to collaborate to the maximum extent possible with it.

The County is the only entity that has received an allocation of ESG from HUD in Santa Barbara County.

On January 29, 2016, State HCD issued a Continuum of Care Allocation Solicitation of Interest for AE (Solicitation of Interest) to identify local government entities that can act as AEs of State ESG funds (Attachment C). CSD responded to the Solicitation of Interest within the 31-day deadline (Attachment D). The State approved the County as the AE for Santa Barbara County on March 30, 2016.

Discussion:

Homelessness Assistance and Community Support Programs

CSD administers federally- and locally-funded grants and programs that address the needs of homeless individuals and families, offer support to tenants and landlords in unincorporated Santa Barbara County, and promote county-wide resources and tourism. Currently, two full-time equivalent (FTE) positions perform direct activities for the grants and programs summarized in Table 2 below.

Table 2: Homelessness Assistance and Community Support Programs Administered by CSD

Program	2016-17 Amount	Projects/ Contracts	Description
Continuum of Care Program	\$1,597,071 ¹	16	Federal program that awards funds to homelessness assistance projects through a national competition. CSD assists the local CoC with critical compliance and planning issues and prepares the community-wide application for funds on its behalf.
Homeless Management Information System	\$211,313	54	Data collection system required of Continuums of Care by the federal government. CSD oversees day-to-day system administration, provides technical support and training, and ensures system integrity and availability.
ESG	\$142,614	9	Federal program that awards funds to states, metropolitan cities, urban counties, and U.S. territories on a formula basis for the provision of services to persons who are homeless or at-risk of homelessness. CSD administers funds awarded for Santa Barbara County.

¹ Assumes that all projects included in the local CoC’s Consolidated Application to the Fiscal Year 2015 CoC Program Competition are awarded

General Fund Contributions	\$803,000 ²	21	Contributions provided for homeless shelter operations, homeless warming centers and temporary day shelters, homelessness assistance projects awarded through outside agency requests, rental housing mediation, and chambers of commerce and visitors bureaus.
Total	\$2,753,998	100	

Managing federally-funded grants and programs, such as the Continuum of Care Program (CoC Program), poses challenges for CSD as they are subject to an array of requirements under their authorizing legislation, implementing regulations, and other guidance. The variation between these grants and programs, from the methods used to allocate funding—by formula or through competition—to the nature and scope of activities, adds complexity to their management. Under existing staffing levels, the addition of the State ESG Program to the grants and programs already managed by CSD would limit its ability to implement them effectively, exercise adequate oversight, and respond to evolving needs and requirements. Limited resources amid growing demands diminish CSD’s ability to optimally manage the grants and programs already under its purview.

As competition for federal funding intensifies and the requirements to receive and maintain such funding grow, demands on CSD have increased. In addition to the duties it performs as the Collaborative Applicant for the local CoC, CSD supports the local CoC with meeting HUD-imposed requirements on its operation and management such as addressing critical compliance issues, developing strategic plans and policies that provide the framework for improving community-level performance against HUD-established measures, and assisting grantees with project implementation. These activities have become essential to preserving federal funding for homelessness assistance projects county-wide in increasingly competitive funding environments, especially as HUD begins financially rewarding communities that fully implement its objectives and achieve higher rates of success in preventing and ending homelessness. CSD also continues to adapt to expansions in the use of HMIS among grantees directly funded by HUD and, more recently, by the U.S. Department of Veterans Affairs (VA) and U.S. Department of Health and Human Services (HHS). From 2011 to 2016, the Santa Barbara County HMIS has grown from 14 participating projects and 15 end users³ to 54 participating projects and 68 end users, an increase of 285 percent and 353 percent, respectively. As lead administrator of the Santa Barbara County HMIS, CSD supports the data collection and reporting requirements for federal grants totaling \$4.9 million. CSD expects the number of projects covered by the Santa Barbara County HMIS and the extent of support needed by grantees to achieve baseline data collection and reporting requirements to increase in the near-term as other programs funded by VA and HHS phase in participation and HUD, VA, and HHS tie data quality to future funding.

State ESG: Options and Impacts

State HCD designated the County as the AE of State ESG funds for the service area covered by the local CoC. The County has the option of accepting or rejecting this designation.

Option 1: County Accepts AE Designation

The County would be awarded the full allocation of \$660,962 for the 2016 operating year if it serves as the AE for Santa Barbara County; future allocations would likely be lower (ranging from \$300,000 to \$350,000) as the allocation for the 2016 operating year consists of two years of State ESG funds. With

² Based on FY 2015-16 Approved Budget

³ Individuals who directly enter data into HMIS for participating projects

the intent of easing communities' transition to the new distribution method, State HCD combined 2015 and 2016 State ESG funds to distribute larger amounts in the 2016 operating year. 2.7 percent of the allocation—\$17,845 for the 2016 operating year—may be retained by the County for administrative costs and the balance may be distributed to providers for the delivery of emergency shelter, street outreach, rapid re-housing, and HMIS activities. At least 40 percent of the allocation must be used for rapid re-housing activities, which would assist individuals and families who are literally homeless to move into permanent housing as quickly as possible and achieve stability in that housing.

As AE, the County would be responsible for complying with federal and state requirements governing the administration of State ESG funds. These include:

- Selecting providers qualified to deliver eligible activities through fair and open competition and by following procurement requirements contained in the Code of Federal Regulations (CFR);
- Ensuring that all funded activities are available county-wide through the use of Coordinated Entry and other means;
- Providing for matching funds as required by 24 CFR 576.201;
- Entering into written agreements with selected providers and ensuring that activities comply with federal and state requirements, such as adherence to the core practices described in 25 CCR Section 8409; and
- Monitoring the performance of selected providers to ensure compliance with federal and state requirements.

CSD communicated its concern to State HCD that the amount that would be made available to an AE for administration—2.7 percent of the allocation or \$17,845 for the 2016 operating year—would be insufficient to cover the costs associated with administering State ESG funds. State HCD asserts that the established amount for administration is the maximum that can be provided to an AE while enabling State HCD to cover its own administrative costs.

Should the County accept the AE designation, additional action will be required of the County. CSD will return to the Board of Supervisors at a later date to consider (1) recommendations on the award of State ESG funds to local providers, (2) a written agreement between the County and the local CoC that defines respective responsibilities for the implementation of the State ESG Program, and (3) a grant agreement between the County and State HCD for State ESG funds.

Collaboration with the Local CoC

State HCD would require the County, as AE, to collaborate with the local CoC to the maximum extent feasible in the implementation of the State ESG Program, including determining eligible activities to fund and selecting providers to carry out such activities. Further, State HCD would require the County to enter into a written agreement with the local CoC to specify the roles and responsibilities of each; a written agreement with the local CoC would be brought before the Board of Supervisors for consideration and approval at a later date. The County, however, would assume responsibility for fiscal management and administration and be held liable for regulatory compliance as State HCD would enter into an agreement with the County for State ESG funds.

Role of the Central Coast Collaborative on Homelessness (C3H)

As State HCD requires AEs to administer State ESG funds distributed under the Continuum of Care Allocation and collaborate with the Continuums of Care in their respective service areas,

C3H would not have a direct role in the administration of State ESG funds in Santa Barbara County. However, C3H membership overlaps with that of the local CoC, thereby allowing for C3H's indirect involvement.

Provider Selection

CSD would publish a Notice of Funding Availability (NOFA)⁴ in mid May 2016 that would establish eligibility and application requirements and selection criteria for providers seeking State ESG funds. Currently, CSD uses a sub-committee of the Human Services Commission to make recommendations to the Board of Supervisors on the award of ESG funds allocated to the County directly by HUD. Although funds originate from the same program, CSD proposes (Recommended Action c) that, in lieu of a sub-committee of the Human Services Commission, the Continuum of Care Review and Rank Committee, an eight-member committee that approves projects for CoC Program funding, evaluate applications submitted in response to the NOFA and recommend providers to carry out eligible activities to the Board of Supervisors, which would exercise final approval over provider selection. This approach would allow the County to demonstrate its efforts to collaborate with the local CoC to the maximum extent feasible, a requirement for the implementation of the State ESG Program, and streamline the review process while ensuring community engagement on the distribution of public funds. Current members of the Continuum of Care Review and Rank Committee are listed in Table 3 below.

Table 3: Continuum of Care Review and Rank Committee Members

Name	Affiliation
Christie Alarcon	City of Lompoc
Celeste Coelho-Hudson	City of Santa Maria
John Fowler	Peoples' Self-Help Housing
Wayne Mellinger	Community Member
Nancy Madsen	Community Member
Michele Mickiewicz	Human Services Commission – County of Santa Barbara
John Polansky	Housing Authority of the County of Santa Barbara
Phylene Wiggins	Santa Barbara Foundation

The written agreement between the County and local CoC, discussed above, would formalize the Continuum of Care Review and Rank Committee's role in making recommendations to the Board of Supervisors for final approval. The Continuum of Care Review and Rank Committee would make recommendations on the award of State ESG funds before the written agreement is completed. CSD would bring recommendations and the written agreement before the Board of Supervisors for consideration and approval in July 2016.

Should the County accept the AE designation, CSD proposes sub-options for consideration by the Board of Supervisors (Recommended Action d).

Sub-Option A: Serve as AE with Additional Staffing

Under existing staffing levels, CSD would be unable to fully implement the State ESG Program without making trade-offs on the management of the grants and programs already under its purview

⁴ Due to differing timeframes for implementation, a NOFA for State ESG funds will be published separately from the NOFA for annual allocations of Community Development Block Grant, HOME Investment Partnerships, and ESG Program funds from HUD.

or exposing the County, as the lead administrator of these grants and programs, to risk. CSD requests one additional FTE position at an estimated annual cost of \$110,000 to optimally fulfill the responsibilities of the AE on behalf of the County and assist with the management of other homelessness assistance and community support programs, particularly the Santa Barbara County HMIS. This position would be responsible for the design and implementation of the State ESG Program, which would include, but not be limited to, announcement of available State ESG funds, application review, award and contracting, payment processing, provider monitoring, reporting, and closeout. In addition, this position would assist current staff with providing technical support to Santa Barbara County HMIS end users; conducting annual security reviews of participating organizations and developing remediation plans for non-compliant organizations; and implementing security and data quality plans.

Sub-Option B: Serve as AE with No Additional Staffing

Should the County accept the AE designation without augmenting staffing levels, CSD proposes imposing restrictions on the State ESG Program to minimize the administrative burdens associated with serving as the AE on behalf of the County. These restrictions include:

1. Limiting eligible activities to emergency shelter and rapid re-housing; and
2. Entering into agreements with no more than two providers.

CSD would convey the need to impose these restrictions to the local CoC.

Sub-Option C: Other Direction

The Board of Supervisors may provide other direction as appropriate to CSD on the implementation of the State ESG Program and administration of existing homelessness assistance and community support programs.

Option 2: County Rejects AE Designation

Should there be no participating AE for Santa Barbara County, State HCD would make available 40 to 50 percent of the intended allocation, or \$264,385 to \$330,481, to one provider recommended by the local CoC; the balance of the allocation would be redistributed statewide. The selected provider would enter into an agreement with State HCD for State ESG funds. As such, the County would not be responsible for the administration of any State ESG funds.

State HCD would only allow the selected provider to carry out rapid re-housing activities with State ESG funds. The exclusion of other activities eligible under State ESG, notably emergency shelter, may adversely impact the projects that have been historically funded by the State ESG Program, which have received up to 60 percent of total State ESG funds awarded in Santa Barbara County.

Summary of Impacts

The impacts of the acceptance and rejection of the AE designation are summarized in Table 4 below.

Table 4: Summary of Impacts of Accepting or Rejecting AE Designation

	Accept AE Designation	Reject AE Designation
Funds Available for 2016 Operating Year	\$660,962	\$264,385–\$330,481
Maximum Number of Funded Providers	AE discretion	One
Administrator	County	State
Administrative Allowance	\$17,845	Not Applicable
Eligible Activities	Emergency Shelter Street Outreach Rapid Re-housing HMIS	Rapid Re-housing

The distribution of State ESG funds, by eligible activity, in Santa Barbara County in the 2014 operating year is compared against each option in Table 5 below.

Table 5: Summary of Funded Eligible Activities in Santa Barbara County – Prior and Potential

Eligible Activity	2014 Amount	Accept AE Designation 2016 Amount	Reject AE Designation 2016 Amount
Emergency Shelter	\$289,000	Maximum \$378,732	
Street Outreach	\$0		
HMIS	\$48,668		
Rapid Re-housing	\$226,243	Minimum \$264,385	\$264,385–\$330,481
Homelessness Prevention	\$64,875		
Administration	\$9,269 ⁵	\$17,845	
Total	\$638,055	\$660,962	\$264,385–\$330,481

Fiscal and Facilities Impacts:

Budgeted: No

Fiscal Analysis:

Option 1-A: County Accepts AE Designation with Additional Staffing

State HCD would award the County an allocation of State ESG funds, of which 2.7 percent may be retained for administrative costs. The estimated annual cost of one additional FTE (\$110,000) would be partially offset by the amount of State ESG funds allowed for administrative costs; General Fund contributions would be requested to fund the balance.

For the 2016 operating year, the County would be awarded \$660,962, of which \$17,845 would be retained for administrative costs and \$643,117 would be sub-granted to providers for activity delivery.

Funding Sources	Current FY Cost:	Annualized On-going Cost:	Total One-Time Project Cost
General Fund		\$ 92,155.00	
State		\$ 660,962.00	
Federal			
Fees			
Other:			
Total	\$ -	\$ 753,117.00	\$ -

⁵ Awarded to each funded organization for grant administration

Option 1-B: County Accepts AE Designation with No Additional Staffing

Like Option 1-A, State HCD would award the County an allocation of State ESG funds, of which 2.7 percent may be retained for administrative costs. State ESG funds retained for administrative costs would be used to cover the costs incurred by existing staff to implement the State ESG Program up to the amount available. General Fund contributions intended to support CSD’s roles in the implementation of the CoC Program would cover any remaining costs.

Funding Sources	Current FY Cost:	Annualized On-going Cost:	Total One-Time Project Cost
General Fund			
State		\$ 660,962.00	
Federal			
Fees			
Other:			
Total	\$ -	\$ 660,962.00	\$ -

Option 2: County Rejects AE Designation

The County would not be responsible for the local implementation of the State ESG Program. As such, there would be no fiscal impact to the County.

Key Contract Risks:

The County would assume responsibility for the administration of State ESG funds in accordance with all federal and state requirements governing their use should it accept the AE designation. As AE, the County would be held liable if it or any provider to which it sub-grants State ESG funds is found to be non-compliant with applicable requirements.

Staffing Impacts:

FTEs:
 1.0⁶

Special Instructions:

Please email an electronic copy of the Minute Order to A.J. Quinoveva (x1090) at aquinoveva@co.santa-barbara.ca.us.

Attachments:

- Attachment A: CEQA Notice of Exemption
- Attachment B: Local CoC Governance Charter and Operations Manual
- Attachment C: State ESG Program Continuum of Care Allocation Solicitation of Interest for AE
- Attachment D: County of Santa Barbara AE Response Form

Authored by:

A.J. Quinoveva, Housing and Community Development Division (805-560-1090)

⁶ Staffing requested to implement the State ESG Program and assist with the administration of existing homelessness assistance and community support programs