



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: June 16, 2020
Placement: Administrative
Estimated Time: N/A
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 of Action Plan Substantial Amendment, and Execution of Agreements with the Housing Authority of Santa Barbara County and Legal Aid Foundation to Implement an Emergency Rental Assistance Program Utilizing Community Development Block Grant Coronavirus (CDBG-CV) and HOME Investment Partnerships (HOME) Funds**

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 the Substantial Amendment to the FY 2019-20 Action Plan (Attachment A), which adds the use of \$741,038 in federal Community Development Block Grant Coronavirus (CDBG-CV) funds and \$152,622 in federal HOME Investment Partnerships (HOME) funds for an Emergency Rent Assistance program (Program) and direct staff to submit the Substantial Amendment to HUD;
- B. Approve and authorize the Chair of the Board to execute a County CDBG-CV Subrecipient Agreement in the amount of \$543,038 (Attachment B), with the Housing Authority of Santa Barbara County (Housing Authority), utilizing CDBG-CV funding for administration and implementation of a rental assistance program that will provide qualifying County, Buellton, Carpinteria, and Solvang residents with emergency rental assistance payments related to the Coronavirus;

- C. Approve and authorize the Chair of the Board to execute a County CDBG-CV Subrecipient Agreement in the amount of \$50,000 with the Legal Aid Foundation of Santa Barbara County (Attachment C), utilizing CDBG-CV funding to provide client intake and referrals of qualifying County residents to the Housing Authority for assistance with emergency rental assistance payments related to the Coronavirus;
- D. Approve and authorize the Chair of the Board to execute a County TBRA Subrecipient Agreement in the amount of \$152,622 with the Housing Authority, utilizing HOME funding for implementation of a tenant based rental assistance program that will provide qualifying City of Goleta residents with emergency rental assistance payments related to the Coronavirus; and
- E. 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.

Summary Text:

In response to the Coronavirus' immediate social and economic impact, on March 27, 2020, the U.S Congress enacted the Coronavirus Aid, Relief and Economic Security (CARES) Act to provide economic relief and assistance to many affected sectors of the U.S. economy. The CARES legislation provides funding on the order of \$2 trillion, and specifically allocated \$5 billion of CDBG-CV funding to HUD of which Santa Barbara County was allocated \$741,038. Santa Barbara County's Community Services Department, Division of Housing and Community Development, oversees HUD CDBG entitlement funding. The recommended actions will implement this CDBG-CV funding for programming designed to address County, Buellton, Carpinteria, and Solvang residents' immediate, direct financial needs with rental assistance payments resulting from the Coronavirus' impact on household employment and income. In addition to this CDBG-CV allocation, the recommended actions utilize \$152,622 of previously allocated FY 2019-20 HOME funds for a tenant based rental assistance program for qualifying City of Goleta residents experiencing a loss of income or employment due to the Coronavirus.

In partnership with the Housing Authority and Legal Aid, the Program design will ensure that other programs such as unemployment insurance, section 8 housing voucher rent adjustments, and state-wide eviction moratoria are utilized before or in conjunction with the use of CDBG-CV and HOME funds for emergency rent assistance to maximize the Program's impact in the community, ensure that applicants meet eligibility requirements, and make rent assistance payments directly to landlords upon determination of household's qualification and need.

Background:

The CARES Act and the CDBG Program

CARES Act funding is intended to provide rapid deployment of financial liquidity into the U.S economy where many businesses have closed, resulting in loss of employment and income. Social distancing and closure of all but essential services has had unprecedented and significant financial impact on households and businesses. CDBG-CV funding allocated to the Urban County Partnership under the CARES Act will provide emergency financial relief to qualifying County, Buellton, Carpinteria, and Solvang residents in the form of short-term rent-payments. To help expedite getting CDBG-CV funds into

communities, certain statutory suspensions and regulatory waivers, including those discussed below, were authorized by the CARES Act.

Under CDBG program regulations, expenditures for public services are restricted to no greater than fifteen percent (15%) of the total annual CDBG entitlement allocation to the County. However, under the CARES Act, this regulatory requirement is waived. Therefore, the entire \$741,038 CDBG-CV allocation may be utilized for public services programs and related admin costs to assist County residents with rental assistance payments and other CDBG program implementation costs.

To further address the immediacy of need, the CARES Act adds additional flexibility for both the CDBG-CV grant and FY 2020 CDBG grants. For example, the public comment period concerning planned allocation and expenditure of CDBG funding is reduced from 30 days to not less than 5 days, and grantees may use virtual public hearings when necessary for social distancing and public health reasons.

The table below shows the CDBG-CV allocations by city in Santa Barbara County:

Goleta	\$132,676
Lompoc	\$311,290
Santa Barbara	\$530,774
Santa Maria	\$958,272
Santa Barbara County	\$741,038

County HCD invited the cities that will receive allocations of CDBG-CV funds to partner on an Emergency Rent Assistance Program to prevent homelessness as a result of COVID-19. The City of Santa Maria is considering utilizing a portion of its CDBG-CV funds toward the Program and will enter into a separate agreement with the Housing Authority. Santa Maria residents would be able to utilize Legal Aid as a resource in connection with participation in the Program under the Legal Aid CDBG-CV Agreement (Attachment C). The City of Lompoc will not participate in the County Emergency Rent Assistance Program, and instead will pay qualifying City resident utility bills with its CDBG-CV allocation. The City of Santa Barbara plans to consider its options on how to utilize CDBG-CV at its June 9, 2020 City Council meeting, at the time of drafting this Board Letter.

HOME Program

HUD has also provided certain statutory suspensions and regulatory waivers for the HOME program to streamline the establishment of tenant based rental assistance programs in light of the social and economic impacts of Coronavirus. The City of Goleta will participate in the emergency rent assistance program by allocating its sub-allocation of 2019 HOME funds toward the Program and County HCD recommends matching those funds with FY 2019-20 County HOME funds.

Emergency Rent Assistance Program

County HCD worked with Legal Aid Foundation of Santa Barbara County and the Housing Authority of the County of Santa Barbara County to be the implementing entities to of the Emergency Rent Assistance program. The program will provide up to 3 months of rent payments for tenants who cannot pay rent because of lost or reduced income due to COVID-19. Rent payments will be paid directly to property owners or managers on tenants' behalf. In addition to assisting tenants, the program may have

an additional positive benefit of stabilizing the properties’ financial standing and owners’ ability to maintain the rental units.

Legal Aid will provide intake and referral services while the Housing Authority will income qualify tenants and make direct rental payments to landlords. Santa Barbara County, as Lead Agency under the Santa Barbara County CDBG Urban County, assumes overall responsibility and accountability to HUD for CDBG-CV funding.

The funding allocation for County CDBG-CV funds is reflected in the following table.

ITEM	GRANT AMOUNT
Legal Aid In-Take and Referral Program	\$50,000
Housing Authority Program Delivery Costs (client income qualification, processing payment to landlords)	\$74,000
Direct Rental Assistance Payments to Landlords	\$469,038
County Administrative Costs (20%)	148,000
TOTAL	\$741,038

The County’s partnership with the Housing Authority and Legal Aid is critical for the expedited Program implementation called for by the CARES Act. Legal Aid is an expert in landlord-tenant issues affecting County residents and is apprised of fair housing and related local ordinances affecting tenant-landlord relations. The Housing Authority reviews client income qualification as part of its agency work, interfaces and makes rental subsidy payments directly to landlords as part of its Section-8 program, and ensures regulatory compliance for federally funded projects and programs. Legal Aid and the Housing Authority have technical experience and staff capacity to immediately implement the Program.

Substantial Action Plan Amendment Public Comment Period

The public notice required by HUD for the Substantial Action Plan Amendment was available for review by the public during a 5-day public comment period, which commenced on June 8, 2020¹. As of the date this Board Letter was submitted to the Clerk of the Board for docketing, no public comments were received.

Performance Measure:

The Housing Authority will income-qualify persons served and document that at least 51% of those served by this CDBG-CV grant have household incomes at or below 80% of the area median income (AMI), and that those served by this HOME grant have household incomes at or below 60% of AMI, as determined and published by HUD annually. Subrecipients will report on the number of persons or households served and must retain documentation to indicate that the program was operated in accordance with the CDBG-CV and HOME programs, as applicable. Assuming an average monthly rent of \$2,000, it is estimated that 132 households will benefit from 3-months of emergency rental assistance payments in the cities of Goleta, Buellton, Carpinteria, Solvang, and unincorporated County. Note that even more households will receive consultation from Legal Aid as a result of funding this Program.

¹ Combined public notice was published in the Lompoc Record for County and City of Lompoc for their respective Action Plan Substantial Amendments, which covered the 7-day public notice period required by the City of Lompoc. Public notice in the Santa Maria Times, Santa Barbara News Press, and on HCD’s website were published June 10, 2020, which covered the 5-day public notice period required by HUD.

Fiscal and Facilities Impacts:

Federal CDBG-CV and HOME funds are federal entitlement block grants awarded to Santa Barbara County pursuant to congressional budget appropriation in the CARES Act. County HCD will retain twenty percent (20%) of CDBG-CV funds for Program administration. County general funds are used for a portion of HCD’s overall administrative expenses; however, no County funds are being used to fund the Program.

Fiscal Analysis:

Federal				\$	893,660.00
Fees					
Other:					
Total	\$	-	\$	-	\$ 893,660.00

Key Contract Risks:

HUD could require the County to repay federal funds expended for ineligible expenses with non-federal funds. The Subrecipient Agreements specify HUD eligible expenses and County staff will review each payment request submitted by the Subrecipients to ensure that expenses incurred were for eligible costs. Payments will be provided on a reimbursement basis upon proof of payment for eligible costs. County staff will conduct ongoing monitoring to assure that the Program is being administered in accordance with CDBG-CV and HOME regulatory requirements.

Staffing Impacts:

No new staffing impacts. The Program recommended for funding will be overseen by existing HCD staff.

Special Instructions:

1. Please return one copy of the Minute Order to Sarah Brasel at ext. 82468.
2. Please return one executed copy of the Housing Authority CDBG-CV Agreement to Sarah Brasel at sbrasel@co.santa-barbara.ca.us, ext. 82468.
3. Please return one executed copy of the Legal Aid CDBG-CV Agreement to Sarah Brasel at sbrasel@co.santa-barbara.ca.us, ext. 82468.
4. Please return one executed copy of the Housing Authority TBRA Subrecipient Agreement to Sarah Brasel at sbrasel@co.santa-barbara.ca.us, ext. 82468.
5. Please retain the executed originals of the Housing Authority CDBG-CV Agreement, Legal Aid CDBG-CV Agreement, and Housing Authority TBRA Subrecipient Agreement for COB records.

Attachments:

- A: Action Plan Substantial Amendment
- B: Housing Authority CDBG-CV Agreement
- C: Legal Aid CDBG-CV Agreement
- D: Housing Authority TBRA Subrecipient Agreement

Attachment A
Action Plan Substantial Amendment

Attachment B

CDBG-CV Agreement with the Housing Authority of the County of Santa Barbara

Attachment C
CDBG-CV Agreement with the Legal Aid

Attachment D

TBRA Subrecipient Agreement with Housing Authority