



**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 20, 2021  
**Placement:** Departmental  
**Estimated Time:** 30 minutes  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**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 Santa Barbara County HOME Consortium and CDBG Urban FY 2021-22 Annual Action Plan.**

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**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. Receive and file a staff report on the Santa Barbara County 2021-22 Annual Action Plan, which includes recommendations for award of Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) funds for FY 2021-22;
- B. Consider public comments received on the draft 2021-22 Action Plan, during the thirty (30) day public comment period, which commenced on March 19, 2021 and concludes at the end of today's public hearing on this item;
- C. Approve the funding awards to be included in the draft 2021-22 Action Plan (Attachment A);
- D. Direct staff to finalize the draft 2021-22 draft Annual Action Plan by revising to reflect any direction provided by the Board and adding any public comments received and submit them to the U.S. Department of Housing and Urban Development (HUD);
- E. Adopt a Resolution authorizing submittal of the 2021-22 Annual Action Plan to HUD (Attachment B);

- F. 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 FY 2021-22 CDBG and HOME 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 2021-22 Annual Action Plan; and
- G. 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:**

***HUD FY 2021-22 Action Plan***

Each fiscal year, the County is required to submit an Annual Action Plan to HUD reflecting proposed allocation, award and management oversight of CDBG and HOME entitlement funds. The Action Plan represents the County's formal annual grant application to HUD under HOME and CDBG. The CDBG and HOME allocations for FY 2021-22 are as follows:

Community Development Block Grant (CDBG):	\$1,282,323
HOME Investment Partnerships Program (HOME):	\$1,316,757

In addition to estimated FY 2021-22 CDBG funds, as of the date of the Capital Loan Committee meeting, the County had available \$138,321 in program income available for eligible non-public services activities, which consists of repayments on multifamily loans and/or former down payment assistance loans.

**CDBG Overview:**

HUD regulations allow for Santa Barbara County to utilize up to 20% of its annual CDBG allocation for program administration, and up to 15% for public services programming. The remaining funds are allocated for eligible capital, infrastructure or economic development activities. For 2021-22, the Community Services Department's Housing and Community Development Division (HCD) issued a Notice of Funding Availability (NOFA) on November 2, 2020, with applications due on January 8, 2021. HCD staff reviewed all applications that were received and convened the County's Human Service Commission's Allocations Committee (Allocations Committee), on February 4<sup>th</sup>, 2021 and the Capital Loan Committee (CLC), on February 11th, 2021. Funding recommendations are being presented here-in for Board consideration and approval during today's public hearing.

In terms of CDBG Public Services, HCD received 29 applications representing \$749,999 in requests, with \$197,513 in available CDBG public services funds. The Allocations Committee recommended funding eleven (11), programs. Four of the 29 applications were for programs operating within the City of Carpinteria and subsequently forwarded to the city for review and approval. The cities of Solvang and Buellton opted to include their 2021-22 CDBG public service allocations within the County's funding pool.

For the remaining funds available for CDBG capital projects, HCD received nine (9), applications totaling \$1,344,237, with \$957,000 in available capital project funds. HCD staff reviewed the applications considering the following criteria:

1. Project Readiness to Proceed and Timeline
2. Project Budget
3. Amount of Request/Percent of CDBG Funds to Total Project Budget
4. Level of Environmental Review Required
5. Population to be Served
6. Community Need
7. Staff Capacity and Experience in Capital Project Management
8. Agency Financial Capacity

HCD subsequently presented its recommendations to the CLC for consideration on February 11, 2021. Upon completion of project review and deliberations, the Committee recommended funding all but one of staff's recommended projects, opting to reallocate this funding for another project that staff had not recommended. Specifically, the Isla Vista Community Services District's Community Center Improvements proposal was recommended for funding by HCD staff but not by the CLC. The CLC determined that the Santa Barbara Neighborhood Clinic's proposal to abandon an existing septic system and connect to the Goleta Sanitary District was a higher priority. Staff is seeking board direction on final funding allocation. Detained project descriptions are detailed in Attachment D.

### **HOME Overview:**

HUD regulations allow Santa Barbara County, as HOME Consortium Lead Agency, to retain 10% of the annual HOME allocation for program administration. The balance of HOME funds is made available to eligible affordable housing development proposals and Tenant Based Rental Assistance (TBRA), programs. The 2021-22 HOME NOFA included prior uncommitted<sup>1</sup> HOME funds in addition to the FY 2021-22 allocation. Applications for affordable housing developments utilizing HOME, and/or other county affordable housing resources, are considered as projects are ready to proceed, including having site control, project entitlements, and securing all other project financial resources, with the exception of federal and state tax credits, and/or private activity bond financing.

The NOFA solicited Letters of Intent (LOI) for developments that would be ready to proceed in FY 2021-22 and HCD received nine (9) LOIs. Full project applications are invited as development projects are ready to move forward. In this context, HCD staff subsequently returns to the Board as proposed development projects are positioned to apply for final project financing or are ready to proceed.

### **Background:**

In partnership with local participating jurisdictions, HCD serves as lead agency for the CDBG Urban County Partnership and HOME Consortium. The CDBG Urban County Partnership consists of the County, and cities of Carpinteria, Buellton and Solvang. The HOME Consortium includes this same membership in addition to the cities of Santa Maria, Lompoc and Goleta.

FY 2021-22 CDBG funding and respective formula distribution is in Table 1 below.

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<sup>1</sup> HOME funds are used primarily for housing development and are awarded as projects are ready to proceed; therefore, funds may not be fully committed each year.

**Table 1: Distributions to CDBG Urban County Partner Cities, FY 2021-22**

Jurisdiction	Distribution	20% Admin*	15% Public Services	Capital Projects	Total CDBG Funds
County		\$263,351			\$263,351
County	85.22%		\$168,321	\$729,392	\$897,713
Buellton	3.08%		6,083	\$26,362	\$32,445
Carpinteria	8.30%		\$16,394	\$71,039	\$87,433
Solvang	3.40%		\$6,715	\$29,100	\$35,815
<b>Total</b>	<b>100%</b>	<b>\$263,351</b>	<b>\$197,513</b>	<b>\$855,893</b>	<b>\$1,316,757</b>

\*Administration reflects 20% of the total FY 2021-22 \$1,316,757 CDBG allocation.

In addition, at the time of the Capital Loan Committee meeting, there was \$138,321 available in program income, which may be used for capital, infrastructure, or economic programs. CDBG Urban County partners may fund qualifying projects in their respective communities with their CDBG sub-allocations. Alternatively, they may pool their funds with the County if no projects or programs are proposed in their cities during the forthcoming Action Plan operating year. Priority is given to projects that are ready-to-proceed with all resources identified to ensure timely implementation and completion. This ensures that the county meets CDBG timely expenditure deadlines and avoids potential HUD recapture of funds. Any remaining CDBG fund balances and program income are added to future year's NOFA.

For FY 2021-22, the City of Carpinteria recommended two (2) programs for its pro-rata share of CDBG public services funds. As the other CDBG Urban County participating cities did not recommend capital projects or public services programs for funding with their pro rata allocations, their allocations were added to the County's funding pool for allocating to eligible projects.

***HOME Program***

The HOME program is utilized primarily for affordable housing development but also allows for Tenant-Based Rental Assistance (TBRA), homebuyer assistance, and other eligible activities. The County retains ten percent (10%), of the annual HOME entitlement allocation for program administration.

FY 2021-22 HOME funding and respective formula distribution to each partner city is in Table 2 below.

**Table 2: Distributions to HOME Consortium Member Cities and required Community Housing Development Organization (CHDO) set-aside**

Jurisdiction	Distribution	Admin 10%	FY 21/22 Pro Rata Share for Projects	FY 21/22 Total Funds Available
County		\$128,232		\$128,232
County	39.24%		\$377,408	\$377,408
Buellton	1.42%		\$13,617	\$13,617
Carpinteria	3.91%		\$37,595	\$37,595
Goleta	8.72%		\$83,906	\$83,906
Santa Maria	31.95%		\$307,308	\$307,308
Solvang	1.63%		\$15,684	\$15,684
Lompoc	13.12%		\$126,225	\$126,225
CHDO	15%		\$192,348	\$192,348
<b>Total</b>	<b>100.00%</b>	<b>\$128,232</b>	<b>\$1,154,090</b>	<b>\$1,282,323</b>

The City of Santa Maria will use \$150,000 of its HOME distribution to administer a TBRA program. The City of Lompoc has not made a determination for the use of its sub-allocation. Staff will return to the Board for approval of HOME funded affordable housing projects as they are ready to proceed or for a Board-approved reservation letter for development projects utilizing low-income housing tax credits.

### ***Action Plan Overview***

The FY 2021-22 Action Plan represents the second operating year of the 2020-2025 Five Year Consolidated Plan, which articulates overall unmet needs, goals, priorities, objectives, and performance measures under CDBG and HOME. The Consolidated Plan and Annual Action Plan serve as strategic planning documents for programs, projects and services to address Santa Barbara County's low-income resident's needs utilizing these federal entitlement funds. The Annual Action Plan represents the county's formal grant application to HUD for CDBG and HOME entitlement funds.

Public Comment Period: The draft FY 2021-22 Annual Action Plan was made available for review by the public during a 30-day public comment period, which commenced on March 19, 2021, and concludes at the end of today's public hearing. The draft Action Plan will be revised to incorporate public comments received as well as Board direction on final funding allocations. Staff will subsequently submit the final Action Plan to HUD by May 15, 2021.

### **FY 2021-221 Notice of Funding Availability Process (NOFA): CDBG**

County HCD issued the FY 2021-22 CDBG NOFA on November 2, 2020. Applications received by the January 8, 2021 deadline were vetted for initial threshold eligibility by HCD, and forwarded to the Human Services Commission's Allocations Committee and CLC, as applicable, for funding consideration and recommendation to the Board of Supervisors. HCD provided technical assistance and guidance during the NOFA process to all interested applicants utilizing video conferencing presentations as a platform resulting from COVID.

### **CDBG Applications - Public Services**

HCD received twenty-nine (29) public services program applications representing \$749,999 in requests; this includes Santa Barbara County and four (4) Carpinteria applications. Carpinteria's applications were provided to city staff for their internal review and allocation process. The Carpinteria City Council approved two projects for funding at its March 8, 2021 council meeting. Subsequent to threshold eligibility review, County applications were provided to the Human Services Commission's Allocations Committee for consideration and determination of funding recommendations. The Human Services Commission (HSC) is a Brown Act Committee comprised of three (3) members of each district appointed by the respective Board member. The Allocations Committee is comprised of up to six (6) HSC members representing each Supervisorial District.

The Allocations Committee met on February 4, 2021. Applicants presented their program proposals, and the committee determined funding recommendations. The Allocations Committee provided additional direction to HCD staff on final distribution amounts in the event that the final 2021-22 CDBG allocation was greater or less than prior year's estimated amount. The Allocation Committee's 2021-22 CDBG public services program funding recommendations for consideration and approval by the Board are listed in Table 3 below. A summary list of all 2021-22 CDBG public services applications received is included as Attachment C to this staff report.

**Table 3: Santa Barbara County, CDBG Public Services Funding Recommendations**

Applicant	Project	Service Area	Funding Request	Funding Recommendation
CommUnify	Senior Nutrition Program	County-Wide	\$15,000	\$15,000
Domestic Violence Solutions for Santa Barbara County	Emergency Shelter	County-Wide	\$35,000	\$17,999
Good Samaritan Shelter	Bridgehouse Emergency Shelter	Mid-County	\$50,000	\$15,749
Sarah House Santa Barbara	Sarah House	County-Wide	\$15,000	\$15,000
Legal Aid Foundation of Santa Barbara County	Family Violence Prevention Program	North County	\$25,000	\$23,626
Showers of Blessings	Showers of Blessings	South County	\$20,000	\$15,749
Meals On Wheels Santa Maria Valley	Meals on Wheels - Santa Maria Valley, Orcutt	North County	\$20,000	\$15,749
<i>Peoples Self Help Housing Corporation</i>	<i>Camino Scholars Carpinteria Learning Center</i>	<i>Carpinteria</i>	<i>\$16,000</i>	<i>\$8,197</i>
New Beginnings	Safe Parking Shelter and Rapid Rehousing Program	County-Wide	\$50,000	\$15,749
United Boys & Girls Clubs of Santa Barbara County	Buellton Unit	Mid-County	\$15,000	\$15,000
WillBridge of Santa Barbara, Inc.	Emergency and Transitional Housing Program	South County	\$25,000	\$15,749
Channel Islands YMCA	Noah's Anchorage Youth Crisis Shelter	County-Wide	\$25,228	\$15,749
<i>United Boys &amp; Girls Clubs of Santa Barbara County</i>	<i>Carpinteria Unit</i>	<i>Carpinteria</i>	<i>\$15,000</i>	<i>\$8,197</i>
<b>TOTALS:</b>			<b>\$432,228</b>	<b>\$197,513</b>

**CDBG Applications - Capital and Other Projects**

The County received nine (9) capital project applications, and one (1) homeowner rehabilitation program application, representing \$1,344,237 in requests, with \$957,000 in available FY 2021-22 capital project funds. HCD staff evaluated the applications and convened the CLC on February 11, 2021, during which the CLC made funding recommendations for Board consideration and final approval.

The CLC is a Brown Act committee comprised of six (6) voting members and three (3) non-voting members. It includes representation from north and south County financial/lending institutions, Public Housing Authorities, County Auditor Controller and Treasurer-Tax Collector’s office, as well as subject matter experts in the field of housing and community development and/or finance. HCD appoints members from each sector to the CLC.

The CLC recommendations diverged from staff recommendations. Whereas HCD staff recommended funding the Isla Vista Community Center Facilities Improvement project in the full request amount of 200,000 and not funding the Santa Barbara Neighborhood Clinics’ (SBNC), Goleta Clinic Sewage Facility Connection \$350,000 request at this time, the CLC recommended re-allocating the \$200,000 from the Isla Vista Community Center to SBNC’s project, and adding the available balance of \$22,763. Therefore, the total amount the CLC recommended for SBNC’s project was \$222,763. As this amount is \$127,237 less than the \$350,000 that SBNC had requested, SBNC indicated it would identify additional resources to make whole the project budget, adding that timing and project schedule would be unaffected and the project would move forward promptly.

Staff was concerned as to the timeliness of the project and schedule as it was a considerable construction project in the context of CDBG timely expenditure requirements. The Isla Vista Community Center proposal was, in staff’s estimation, most ready to proceed under General Services’ project management.

Table 4 below reflects HCD staff and the CLC recommendations; a brief description of each project is included as Attachment D to this staff report.

**Table 4: CDBG Capital and Other Project Recommendations**

HCD staff made funding recommendations

Organization	Project	Project Area	Request	Staff Recommended	CLC Recommended
Good Samaritan Shelter	Santa Maria Emergency Shelter Restroom/Shower Improvements	Santa Maria	\$350,000	\$350,000	\$350,000
Santa Barbara Neighborhood Clinics	Goleta Clinic Sewage Facility Connection	Goleta	\$350,000	0	\$222,763**
County General Services/Isla Vista Community Services District	IV Community Center Improvements	Unincorporated County	\$200,00	\$200,000	\$0
Child Abuse Listening and Mediation	Restroom Improvements	Santa Barbara	\$120,000	\$60,000	\$60,000
Alpha Resource Center	Restroom Improvements	Unincorporated County	\$114,194	\$114,194	\$114,194
Cuyama Valley Recreation District	Modular Concession Stand/Restrooms	Unincorporated County	\$100,000	\$100,000	\$100,000
Domestic Violence Solutions	Emergency Shelter Kitchen Improvements	Confidential Location	\$40,000	\$40,000	\$40,000
Habitat for Humanity	Minor Home Repair Program	Unincorporated South County	\$40,000	\$40,000	\$40,000
People Assisting the Homeless	Emergency Shelter Telecommunications Improvements	Santa Barbara	\$30,043	\$30,043	\$30,043
<b>Total Project Recommended Amounts</b>				<b>\$934,237*</b>	<b>\$957,000**</b>

\*HCD staff recommendations left an outstanding balance in available funds of \$22,763.

\*\*CLC recommends allocating all available funds, with provision that SBNC would identify additional project sources to make-whole the total project budget for the sewage facility connection project.

## **HOME NOFA**

As result of outreach and feedback from affordable housing development partners, HCD conducted two separate NOFAs for HOME and CDBG funds in FY 2021-22. In this regard, the HOME NOFA was issued at an earlier date than in year's past. Developers of affordable housing expressed a need and interest in this change as it aligns with State of California Tax Credit Allocation Committee (TCAC) and California Debt Limit Allocation Committee (CDLAC) annual application schedules in January of each calendar year. Local affordable housing funding reservations typically strengthen and support state funding source applications. State funds generally represent a project's final form of financing for multi-family housing projects.

As such, the 2021-22 HOME NOFA was issued on September 4, 2020, roughly two months prior to the CDBG NOFA. In addition to HOME, the NOFA included other funding sources available through the county such as local in-lieu funds, non-competitive No Place Like Home (NPLH) funds, Permanent Local Housing Allocation (PLHA) funds, and one-time State Housing and Community Development Department CDBG Disaster Recovery (CDBG-DR) housing-loss mitigation funds related to the 2017 Thomas Fire and subsequent debris flow.

On September, 9, 2020, HCD conducted a video conferencing workshop to provide information, guidance, and technical assistance for interested applicants; a second workshop was held in order to accommodate developers unable to initially participate. Project's Letters of Intent were due on September 15<sup>th</sup>. Based on LOI initial vetting and review, projects most ready to proceed were invited to submit full project applications by October 1, 2020. The Capital Loan Committee convened on November 4<sup>th</sup>, 2020 to determine initial funding recommendations for FY 2021-22.

### **Housing Development Applications, including federal HOME and local funds**

Applications for housing development are accepted by HCD as projects are ready to proceed. However, Letters of Intent (LOI) indicating intent to apply are solicited through the NOFA for planning pipeline purposes. HCD staff subsequently returns to the Board throughout the year for funding approvals on a project-by-project basis. At such time that the Board approves HOME and local funding for a project, it will be incorporated into the Action Plan in the form of a Substantial Amendment.

HCD staff reviews housing projects for basic threshold requirements. Proposed projects fall into one of the following categories:

1. Projects that will have all financing committed for applicable project costs (acquisition, rehab and/or new construction) or will be ready to apply to the State for low-income housing tax credits (LIHTC) on or before June 30, 2021. These applicants were invited to submit a full housing application by October 1, 2020.
2. Projects that will have all financing committed or will be ready to apply for LIHTC after June 30 but before December 31, 2021. These applicants were invited to submit a full housing application at a later date once all other financial commitments have been realized.
3. Projects not meeting the criteria identified above may consider applying in future NOFA cycles. Exceptions may be considered solely for projects considering applying for County, State or other affordable housing development resources that may be available throughout the course of the year.



## **Affordable Housing Project Application Review**

Nine (9) LOIs were submitted in response to the NOFA. Projects that met the project priority criteria reflected in category 1 above, were invited to submit a full application, which then was first vetted and reviewed by HCD staff. Projects that were ready for a funding reservation or commitment were then placed on the CLC's November 4, 2020 meeting agenda for discussion and recommendation to the Board.

In terms of staff review of project applications, this includes application completeness and threshold review and consideration of the following criteria:

- ✓ Eligibility based on specific funding source criteria;
- ✓ Project meeting and addressing a County Consolidated Plan Priority;
- ✓ Timing of financial commitments and applications to State for Low-Income Housing Tax Credits, or private activity bond financing, if applicable
- ✓ Project construction timeline;
- ✓ Projected detailed, itemized development budget and minimum 15-year operating proforma;
- ✓ Review of income and rent limits as applicable for the funding source;
- ✓ Project readiness by evidence of site control, zoning approvals, completion of architectural, engineering and other related pre-development activities; and
- ✓ Applicant experience and financial capacity.

Staff will return to the Board for funding reservations or commitments as projects meet the criteria above.

### **Performance Measure:**

All subrecipients must provide documentation that supports eligible expenditures consistent with the contract budget and federal regulations, as HCD allocates funds on a cost-reimbursement basis.

HCD staff monitors the performance of all subrecipients. Public service program subrecipients are required to report to HCD on the number of persons served, their income level and other demographic information on a quarterly basis. Subrecipients must also provide documentation supporting expenditures of agency funds and confirm cost-eligibility of expenses for which expect to be reimbursed with federal funds. For CDBG capital projects, HCD staff monitors construction progress to assure the project is in-line with the scope of work, schedule and budget. Funds are allocated on a cost-reimbursement basis with associated documentation confirming cost-eligibility and compliance with funding regulations. Staff conducts annual monitoring of facilities improved with CDBG funds for a five-year minimum use period.

### **Fiscal and Facilities Impacts:**

Federal CDBG and HOME funds are federal entitlement block grants awarded annually to Santa Barbara County pursuant to congressional budget appropriation. HCD allocates HOME funds for development projects in the form of forgivable, performance-based loans or low-interest rate residual receipts loans to sub-recipients and/or housing developers. County HCD retains ten percent (10%) of HOME and twenty percent (20%) of CDBG funds for respective program administration. The cost of preparing the Action Plan and related documents are included in HCD's annual budgets.

**Key Contract Risks:**

Board approved projects will have contracts executed between the County and the subrecipients. For projects to be implemented by other County departments, HCD enters into a Memorandum of Understanding (MOU) with the Department to ensure internal compliance with HUD requirements.

For federally funded HOME and CDBG projects, the County could be subject to repaying federal funds, from non-federal source(s), if HUD 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. 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. 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, Risk, General Services, and Community Services/Parks.

**Special Instructions:**

Please return a copy of the Minute Order and signed Resolution (Attachment B) to Carlos Jimenez at [cjimenez@co.santa-barbara.ca.us](mailto:cjimenez@co.santa-barbara.ca.us), ext. 83529.

**Attachments:**

- A: Draft 2021-22 Action Plan
- B: Authorizing Resolution
- C: List of CDBG Public Services Applications Received
- D: List of CDBG Capital Applications Received
- E: PowerPoint Presentation