

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:
Prepared on: 10/17/2005
Department Name: HCD
Department No.: 055
Agenda Date: 11/8/2005
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Ed Moses, Director
Housing and Community Development

STAFF CONTACT: Mike Sederholm
ext. 1090

SUBJECT: Revisions to Community Development Block Grant (CDBG) Program Income Reuse Plan.

Recommendation(s):

That the Board of Supervisors:

- 1) Approve the attached resolution (Attachment A) adopting the revised CDBG Program Income Reuse Plan for the County Housing and Community Development Department (Attachment B).

Alignment with Board Strategic Plan:

The recommendation is primarily aligned with Goal No. 7, A Community that fosters the safety and well-being of families and children.

Executive Summary and Discussion:

Program income is gross income the County receives directly through the use of Community Development Block Grant (CDBG) funds. One of Santa Barbara County's most significant sources of program income is the repayment of principal and interest from CDBG loans issued through the County's Housing Rehabilitation Program. The County also receives Program Income from Economic Development activities.

Federal and State law requires that the County place all CDBG program income into revolving loan accounts for both Housing Activities and Economic Development Activities. These revolving loan accounts are included within the County's Program Income Reuse Plan.

A jurisdiction is required to have a State-approved Program Income Reuse Plan once its program income account exceeds \$25,000. Santa Barbara County currently has approximately \$107,000 of program income

in its housing revolving loan account, and therefore is required to have a State-approved Program Income Reuse Plan.

Your Board amended the Program Income Plan on April 5, 2005 in compliance with minor administrative changes required by the State of California. This amendment will change the Program Income Reuse Plan to allow Housing and Community Development to reuse a portion of Program Income to assist people with low incomes and disabilities pay the costs normally associated with renting a housing unit.

Under this new addition to the Program Income Reuse Plan, qualified renters will be able to borrow funds from Santa Barbara County to pay all or part of common move-in expenses, such as security and utility deposits, first month's rent, credit check fees, etc. The loans will accrue zero percent interest, and will be forgiven after a 10 year period. If the tenant moves from the unit before the 10-year period expires, the amount of the loan will become due.

Households must have incomes below 80% of the County median income in order to be qualified for any CDBG funded program or service, including this newly added rental move in assistance loan. The Coalition of Housing Accessibility, Needs, Choices and Equality (CHANCE), a local non-profit advocacy group, will work with Housing and Community Development and refer qualified renters for participation in this program.

Mandates and Service Levels:

The Program Income Reuse Plan satisfies the requirements specified in Federal statute and regulation at Section 104 (j) of the Housing and Community Development Act, as amended in 1992 and 24 CFR 570.489 (e) (3).

Fiscal and Facilities Impacts:

This amendment to the County's Program Income Reuse Plan does not have any fiscal or financial impacts. The Housing Finance and Development budget is page D-252 of the County Budget. The County currently receives approximately \$100,000 dollars per year in Program Income from Housing activities, and \$35,000 in Program Income from Economic Development activities.

Special Instructions:

Please send one copy of the Minute Order approving this Board letter and a certified copy of the resolution to Mike Sederholm, Housing and Community Development.

Concurrence:

Auditor Controller

RESOLUTION OF THE BOARD OF SUPERVISORS
COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA

A RESOLUTION APPROVING A REVISED PROGRAM)
INCOME REUSE PLAN FOR THE COUNTY HOUSING)
AND COMMUNITY DEVELOPMENT DEPARTMENT) Resolution # _____
TO REVISE THE COUNTY-WIDE HOUSING AND)
ECONOMIC DEVELOPMENT PROGRAM INCOME REUSE)
PLAN)

WHEREAS:

- A. The County of Santa Barbara, a political subdivision of the State of California, has received State Community Development Block Grant (CDBG) funding to create a County Housing Rehabilitation Program (HRP) to provide low interest loans to low and very-low income households;
- B. The County has received State Economic Development Block Grant funding to fund small business enterprises;
- C. As a requirement of the CDBG funding, a Program Income Reuse Plan is necessary once the total of all rehabilitation loan repayments exceeds \$25,000 to establish a revolving loan fund. Program income is primarily generated from principal and interest payments from the HRP and Small Business loans;
- C. The purpose of the Program Income Reuse Plan is to establish guidelines on the policies and procedures for the utilization of program income received as a result of activities funded under the State CDBG program;
- D. The Board had initially approved the Program Income Reuse Plan on January 5, 1999 and revised and approved on April 5, 2005. The revised Program Income Reuse Plan incorporates the State mandated changes.

IT IS NOW THEREFORE RESOLVED THAT:

- 1. The Board of Supervisors has reviewed and hereby approves the revised Program Income Reuse Plan.

PASSED, APPROVED, AND ADOPTED, by the Board of Supervisors of the County of Santa Barbara, State of California, on the _____ day of _____, 2005 by the following vote.

AYES:

NOES:

ABSENT:

Susan Rose
Chair of the Board of Supervisors
County of Santa Barbara

ATTEST:

Michael Brown
Clerk of the Board of Supervisors

By: _____
Deputy Clerk

APPROVED AS TO FORM:
STEPHEN SHANE STARK
County Counsel

By: _____
Deputy County Counsel

APPROVED AS TO FORM:
ROBERT W. GEIS
Auditor – Controller

By: _____