



**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, 2022
Placement: Departmental
Estimated Time: 30 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
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
County FY 2022-23 Annual Action Plan.**

County Counsel Concurrence

As to form: Yes

Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors (Board):

- A. Receive and file a staff report on the Santa Barbara County 2022-23 Annual Action Plan (Action Plan), which includes recommendations for award of Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) funds for FY 2022-23;
- B. Consider public comments received on the draft 2022-23 Action Plan, during the thirty (30) day public comment period, which commenced on April 2, 2022 and concludes at today's public hearing on this item;
- C. Approve funding awards and direct staff to include the awards in the 2022-23 Action Plan (Attachment A);
- D. Direct staff to finalize the 2022-23 Action Plan to reflect direction provided by the Board, add any public comments received, and submit the Action Plan to the U.S. Department of Housing and Urban Development (HUD);
- E. Adopt a Resolution authorizing submittal of the 2022-23 Action Plan to HUD (Attachment B);

Auditor-Controller Concurrence

As to form: Yes

- 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 2022-23 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 2022-23 Action Plan;
- G. Receive, consider, and approve the funding recommendations from the County of Santa Barbara Human Services Commission (HSC) for awards of Human Services General Fund (HSGF) grants to grantees for the use of a total of \$990,000 per year of County General Funds for FY 2022-23, 2023-24, and 2024-25, subject to annual appropriations, for the delivery of HSGF Best Practices and Basic Services Grant programs (Attachment E); and
- H. Determine that the above recommended actions are not the 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 2022-23 Action Plan

Each fiscal year, the County is required to submit an annual action plan to HUD reflecting the annual allocation, the grant awards made to qualifying nonprofit organizations operating in Santa Barbara County, and County management and oversight of CDBG and HOME entitlement funds. The Action Plan represents the County's formal annual grant application to HUD for HOME and CDBG allocations. The estimated CDBG and HOME allocations for FY 2022-23 are as follows:

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

As of the date that this Board Letter was docketed, HUD has not announced the FY 2022-23 allocations. As permitted by HUD, and to ensure timely submission of the FY 2022-23 Action Plan, this Board Letter includes the estimated allocations (based on the prior year allocations) and a contingency plan that describes a funding plan if the actual funding allocations are more or less than estimated.

CDBG Overview:

HUD regulations allow for Santa Barbara County to utilize 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 FY 2022-23, the Community Services Department's Housing and Community Development Division (HCD) issued a Notice of Funding Availability (NOFA) on November 9, 2021, with applications due on January 14, 2022.

HCD received 17 applications for CDBG Public Services funds representing \$504,196 in requests, with an estimated \$200,424 (15% of the CDBG allocation) available to allocate. Four (4) applications were

received for capital projects, totaling \$800,574 in requests. The County has sufficient CDBG funds for these projects.

HCD utilizes two committees for further review of applications and funding recommendations. The Human Services Commission's Allocations Committee (Allocations Committee) reviews each application submitted and scores them based on certain scoring criteria. The Allocations Committee also considers geographic coverage of programs as well as a cross-section of populations served, including families, seniors, veterans, homeless, and other special needs. The Allocations Committee was convened on March 3, 2022 to hear applicant presentations and on March 4, 2022 to deliberate on funding recommendations. The Allocations Committee's funding recommendations are presented here-in for Board consideration and approval during today's public hearing.

The Capital Loan Committee (CLC) was convened on February 17, 2022 to hear the merits of project proposals from staff, to ask questions of applicants, and to consider staff funding recommendations. The CLC may concur with staff or recommend other funding scenarios.

In addition to the CDBG annual allocation, the County has available \$401,188 in uncommitted CDBG funds from prior years, which must be used for activities other than CDBG public services programming. These funds are from repayments on prior homebuyer loans, projects coming in under budget, funds returned to the County, or funds otherwise not committed to projects. The total funds available for capital projects are:

Community Development Block Grant (CDBG):	\$1,282,323
Uncommitted funds	<u>\$401,188</u>
TOTAL	\$1,683,511

Human Services General Fund (HSGF) Grants: Three-Year Cycle

The Board of Supervisors has included in the County's annual budget \$990,000 for human services programs and, in 2015, approved a three-year grant cycle for these funds. The amount of human services funds budgeted for fiscal years 2022-2023, 2023-2024, and 2024-2025 is \$990,000 per year. Thirty-thousand dollars (\$30,000) has been set aside for funding of CommUnify's 2-1-1 program. The remaining \$960,000 is awarded through the HCD annual NOFA process. FY 2022-23 is the first year of the next 3-year funding cycle. While grants are awarded on a three-year cycle, the grant agreements contain a clause that annual contract renewals are subject to annual appropriation by the Board of Supervisors. Funding awards made with local funds are not included in the County's Action Plan.

The Human Services General Fund (HSGF) applications underwent the same review process as the applications for CDBG public services grants. The Human Services Commission's Allocations Committee's funding recommendations for the HSGF grants are presented herein for Board consideration and approval during today's public hearing.

HOME Overview:

HUD regulations allow Santa Barbara County, as the 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 activities, including affordable housing construction and rehabilitation, Tenant-Based Rental Assistance (TBRA), home buyer, and homeowner rehabilitation programs. 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 exceptions of federal and state tax credits and/or private activity bond financing.

The Notice of Funding Availability (NOFA) solicited Letters of Intent (LOI) for developments that would be ready to proceed in FY 2022-23, and HCD received ten (10) 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. 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.

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 2022-23 CDBG estimated funding and distributions are in Table 1 below.

Table 1: Distributions to CDBG Urban County Partner Cities, FY 2022-23

Jurisdiction	Distribution	20% Admin*	15% Public Services	Capital Projects	Total CDBG Funds
County		\$267,232			\$267,232
County	85.31%		\$170,985	\$740,936	\$911,921
Buellton	3.18%		\$6,374	\$27,619	\$33,993
Carpinteria	8.11%		\$16,247	\$70,404	\$86,651
Solvang	3.40%		\$6,818	\$29,546	\$36,364
Total	100%	\$267,232	\$200,424	\$868,505	\$1,336,161

*Administration reflects 20% of the total FY 2022-23 \$1,336,161 estimated CDBG allocation.

HCD received four (4) applications for capital projects totaling \$800,574. 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. Applicant Financial Capacity

CDBG Urban County member cities 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 fiscal 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 the following year’s NOFA.

For FY 2022-23, the City of Carpinteria chose to utilize its sub-allocation of CDBG for public services programs and review applications through the City’s process, including final funding approval by City Council. At the March 14, 2022 City Council meeting, two (2) programs were approved for the City’s 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 allocation through the County NOFA process to eligible projects and programs.

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 2022-23 HOME estimated funding and distribution to each member 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 22/23 Pro Rata Share for Projects	FY 22/23 Total Funds Available
County		\$128,232		\$128,232
County	40.45%		\$389,039	\$389,039
Buellton	1.43%		\$13,794	\$13,794
Carpinteria	3.86%		\$37,091	\$37,091
Goleta	9.18%		\$88,303	\$88,303
Santa Maria	30.78%		\$296,058	\$296,058
Solvang	1.55%		\$14,949	\$14,949
Lompoc	12.74%		\$122,509	\$122,509
CHDO	15%		\$192,348	\$192,348
Total	100.00%	\$128,232	\$1,154,091	\$1,282,323

The Cities of Lompoc and Santa Maria generally advise the County on the use of their respective HOME sub-allocations. As of the date of this Board Letter, the cities have not yet made a determination for the use of their sub-allocations. Staff will return to the Board for approval of HOME funded affordable housing projects or programs as they are ready to proceed, regardless of the source of the HOME funds.

Staff will return to the Board for approval of a funding reservation letter for development projects utilizing low-income housing tax credits, as required by the California Tax Credit Allocation Committee (CTCAC).

Action Plan Overview

The FY 2022-23 Action Plan represents the third 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 Action Plan serve as strategic planning documents for programs, projects, and services to address Santa Barbara County's low-income residents' needs utilizing these federal entitlement funds. The Action Plan represents the County's formal grant application to HUD for CDBG and HOME entitlement funds.

Public Comment Period: The draft FY 2022-23 Action Plan was made available for review by the public during a 30-day public comment period, which commenced on April 2, 2022, 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 the May 15, 2022 deadline.

FY 2022-23 Notice of Funding Availability Process (NOFA): CDBG

County HCD issued the FY 2022-23 CDBG NOFA on November 9, 2021. Applications received by the January 14, 2022 deadline were vetted for initial threshold eligibility by HCD and forwarded to the Human Services Commission's Allocations Committee and the Capital Loan Committee, 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.

Application Review/Advisory Committees

The Human Services Commission (HSC) is a Brown Act committee created to have three (3) representatives from each Supervisorial District appointed by the respective Board member for a total of fifteen (15) members. The Allocations Committee is comprised of five Commissioners, with one Commissioner representing each Supervisorial District, plus the HSC chair as a non-voting ex-officio member. Currently, the Allocations Committee consists of four Commissioners. The Allocations Committee reviews CDBG Public Services and County Human Service General Fund applications and makes recommendations for funding for consideration by the Board.

The Capital Loan Committee (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, the County Auditor-Controller and Treasurer-Tax Collector's offices, 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 advises on housing and capital projects and makes recommendations for funding for consideration by the Board.

CDBG Applications - Public Services

HCD received seventeen (17) public services program applications representing \$504,196.74 in requests; this includes Santa Barbara County and three (3) 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 14, 2022 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 Allocations Committee met on March 3, 2022 to hear applicants’ presentations on their program proposals, and on March 4, 2022 to determine funding recommendations. The Allocation Committee’s 2022-23 CDBG public services program funding recommendations for consideration and approval by the Board are listed in Table 3 below. A summary list of all 2022-23 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 Recommendation
Channel Islands YMCA	My Home Transitional Age Housing Navigation	County-Wide	\$15,947.00
Channel Islands YMCA	Noah’s Anchorage Crisis Shelter	County-Wide	\$20,000.00
Domestic Violence Solutions	DVS Emergency Shelter	County-Wide	\$20,000.00
Good Samaritan Shelter	Bridgehouse Shelter	Mid County	\$20,000.00
Meals on Wheels Santa Maria Valley	Meals on Wheels	North County	\$15,947.00
New Beginnings (NBCC)	Community Counseling Clinic	County-Wide	\$20,000.00
People Assisting the Homeless (PATH)	Housing Navigator for Interim Housing	County-Wide	\$20,000.00
<i>People’s Self-Help Housing Corporation (PSHHC)</i>	<i>Camino Scholars Carpinteria Learning Center</i>	<i>Carpinteria</i>	<i>\$8,317.50</i>
People’s Self-Help Housing Corporation (PSHHC)	Homelessness Prevention	North County	\$20,000.00
Santa Ynez Valley People Helping People	Under 1 Roof – Senior Services	Mid County	\$15,948.00
Showers of Blessing Santa Barbara	Isla Vista Site	South County	\$15,947.00
<i>United Boys & Girls Clubs of Santa Barbara County</i>	<i>Carpinteria Club College Bound</i>	<i>Carpinteria</i>	<i>\$8,317.50</i>
TOTALS:			\$200,424.00

FY 2022-23 CDBG Public Services funds are estimated based on the Department of Housing and Urban Development’s FY 2021-22 allocation to the County. **The Allocations Committee provided additional direction to HCD staff on final distribution amounts in the event that the final FY 2022-23 CDBG allocation was greater or less than the prior year’s allocated amount.** If the actual FY 2022-23 CDBG Public Services funding amount from HUD exceeds the estimate by \$15,000 or more, additional funds will be recommended for WillBridge of Santa Barbara (but not to exceed the amount requested). If the actual funding amount exceeds the estimate by less than \$15,000, additional funds will be divided equally between PSHHC’s Homelessness Prevention program and PATH. If the actual funding amount is lower than estimated, funds will be deducted equally from Domestic Violence Solutions and PATH.

CDBG Applications - Capital and Other Projects

The County received three (3) capital project applications, and one (1) homeowner rehabilitation program application, representing \$800,574 in requests. HCD staff evaluated the applications and convened the CLC on February 17, 2022, during which the CLC made funding recommendations for Board consideration and final approval.

Table 4 below reflects staff and 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

Organization	Project	Project Area	Funding Request	Funding Recommendation
Santa Barbara Neighborhood Clinics	Goleta Neighborhood Clinic Sewer System*	Goleta	\$365,128	\$365,128
Habitat for Humanity of Southern Santa Barbara County	Minor Home Repair Program	South County	\$40,000	\$40,000
People Assisting the Homeless (PATH)	Phase 3 Renovation	Santa Barbara	\$320,446	\$320,446
Unity Shoppe	New Furnace and HVAC Units	South County	\$75,000	\$75,000
Total Project Recommended Amounts				\$800,574

*This is in addition to \$22,763 awarded to the Goleta Neighborhood Clinic Sewer System project in FY 2021-22.

Any CDBG funds remaining after the award of funds to the recommended projects will be added to the following year’s NOFA, or, if warranted to ensure the timely expenditure of CDBG funds, staff may issue a supplemental NOFA and/or return to the Board with additional funding recommendations and Action Plan amendment(s).

Human Services General Fund Applications

HCD received forty-four (44) Human Services General Fund (HSGF) applications representing \$2,114,250, of which nine (9) representing \$820,000 were for Best Practice evidence-based programs and thirty-five (35) representing \$1,294,250 were for Basic Services safety-net programs. The Allocations Committee met on March 3, 2022 to hear applicants’ presentations on their program

proposals, and on March 4, 2022 to determine funding recommendations. The Allocation Committee’s HSGF funding recommendations for the three-year cycle beginning in FY 2022-23 for consideration and approval by the Board are listed in Table 5 (Best Practices) and Table 6 (Basic Services) below. A summary list of all 2022-23 Human Services General Fund applications received is included as Attachment E to this staff report.

Table 5: Santa Barbara County Human Services General Fund Best Practices Funding Recommendations

Applicant	Project	Service Area	Funding Recommendation
Good Samaritan Shelter	Best Practices	County-Wide	\$50,000
New Beginnings (NBCC)	Safe Parking Shelter and Rapid Rehousing	County-Wide	\$75,000
St. Vincent’s Institution	Family Strengthening Program	South County	\$72,000
Transition House	Emergency Shelter	South County	\$70,000
United Boys & Girls Clubs	Buellton Club	Mid County	\$40,000
United Boys & Girls Clubs	Carpinteria Club	South County	\$40,000
TOTALS:			\$347,000

Table 6: Santa Barbara County Human Services General Fund Basic Services Funding Recommendations

Applicant	Project	Service Area	Funding Recommendation
Child Abuse Listening Mediation (CALM)	Sexual Assault Response/Multi-Disciplinary Interview Team	County-Wide	\$20,000
Domestic Violence Solutions	Emergency Shelter	County-Wide	\$25,000
Family Service Agency	Senior Services	County-Wide	\$30,000
Foodbank of Santa Barbara County	Warehouse Operations	County-Wide	\$30,000

Friendship Center	Adult Day Program	South County	\$17,000
Girls Inc. of Carpinteria	Out-of-School Programs	South County	\$20,000
Good Samaritan Shelter	Freedom Warming Centers	County-Wide	\$30,000
Good Samaritan Shelter	Bridgehouse Shelter	Mid County	\$30,000
Isla Vista Youth Projects	IVYP CARES	South County	\$25,000
Meals on Wheels Santa Maria Valley	Meals on Wheels	North County	\$30,000
New Beginnings (NBCC)	Supportive Services for Veteran Families	County-Wide	\$30,000
North County Rape Crisis and Child Protection Center	Rape Crisis Services	North County	\$30,000
Orcutt Area Seniors in Service (OASIS)	Health & Wellness Initiative	North County	\$15,000
Organic Soup Kitchen	Basic Services Food Security	County-Wide	\$20,000
Partners in Housing Solutions	Partners in Housing Solutions	County-Wide	\$30,000
People Assisting the Homeless (PATH)	Housing Navigator for Interim Housing	County-Wide	\$30,000
Santa Barbara Meals on Wheels	Meal Cost Assistance	South County	\$16,000
Santa Barbara Teen Legal Clinic	Restorative Justice Project	County-Wide	\$20,000
Santa Ynez Valley People Helping People	Basic Needs Support Services	Mid County	\$20,000
Sarah House Santa Barbara	Rising to the Challenge	County-Wide	\$25,000
Showers of Blessing	Showers of Blessing	South County	\$30,000
SMOOTH, Inc.	Senior Dial a Ride	North County	\$20,000
Solvang Senior Center	Senior Wellness	Mid County	\$15,000
Standing Together to End Sexual Assault (STESA)	Standing Together to End Sexual Assault	South County	\$30,000
WillBridge of Santa Barbara	WillBridge of Santa Barbara	South County	\$25,000
TOTALS:			\$613,000

Housing NOFA

The 2022-23 Housing NOFA was issued on November 9, 2021. Funding sources available in the NOFA included federal HOME Investment Partnerships (HOME) program funds, local in-lieu funds, competitive state No Place Like Home (NPLH) funds (in collaboration with the Department of Behavioral Wellness), and state Permanent Local Housing Allocation (PLHA) funds. HUD requires that awards of HOME funds be included in the Action Plan, while the other listed funding sources are not.

On November 19, 2021, HCD conducted a video conferencing workshop to provide information, guidance, and technical assistance for interested applicants. Project Letters of Intent to Apply were due on November 26.

Housing Development Applications

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 a project utilizing HOME funding, it will be incorporated into the Action Plan in the form of a Substantial Amendment and submitted to HUD.

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 eligible 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, 2022.
2. Projects that will have all financing committed or will be ready to apply for LIHTC after June 30 but before December 31, 2022. 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

Ten (10) LOIs were submitted in response to the NOFA. None of the projects met the criteria in Categories 1 or 2 above; therefore, projects will be further evaluated as they progress through the planning and financing process. Projects that have all financing committed but for state tax credits will be invited to submit a full funding application for consideration of a Board-approved reservation letter to submit with their tax credit application. This also includes having their planning approvals. The Capital Loan Committee will then be convened to review projects and make funding recommendations for Board consideration.

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:

Staff will return to the Board or execute Purchase Orders, as applicable, for execution of agreements with awardees for CDBG, HOME, and HSGF funds. All awardees must provide documentation that supports eligible expenditures consistent with the contract budget and federal, state, and local regulations, as HCD allocates funds on a cost-reimbursement basis.

HCD staff monitors the performance of all awardees. Public services program subrecipients are required to report to HCD on a quarterly basis. Subrecipients must also provide documentation supporting expenditures of funds and confirm cost-eligibility of expenses for which they expect to be reimbursed with federal, State, or County 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 and housing projects per the term of the County's Regulatory Agreement. Housing developed with HOME, PLHA, and/or County in-lieu funds may enter into a loan agreement with the County, subject to future Board approval.

The Human Services Commission's Contract Compliance Committee will be involved in the monitoring process for Human Services General Fund grants. Performance targets will be included in grant recipients' contracts and monitored on a quarterly basis. The Contract Compliance Committee, with assistance from HSC staff, will review grantees' reports and conduct monitoring site visits as warranted.

Fiscal and Facilities Impacts:

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 subrecipients 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 budget.

HSC Grants are budgeted in the County's General Fund.

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 James Francis at jfrancis@countyofsb.org, ext. 83549.

Attachments:

- A: Draft 2022-23 Action Plan
- B: Authorizing Resolution
- C: List of CDBG Public Services Applications Received
- D: List of CDBG Capital Applications Received
- E: List of Human Services General Fund Applications Received