



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
Department No.: 057
For Agenda Of: May 1, 2012
Placement: Departmental
Estimated Tme: 60 minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Herman Parker, Director
Director(s) Community Services Department, 568-2467
Contact Info: Sharon Friedrichsen, Deputy Director, 568-2068
SUBJECT: **Santa Barbara County HOME Consortium and CDBG Urban County Partnership
2012 Annual Action Plan and Annual Action Plan Substantial Amendments (2008-
2011)**

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

On May 1, 2012, that the Board of Supervisors:

- a. Receive a staff report on the Santa Barbara County HOME Consortium and CDBG Urban County Partnership draft 2012 Annual Action Plan and the annual Notice of Funding Availability process, including recommendations for award of HOME Investment Partnerships Act (HOME), Community Development Block Grant (CDBG), and Emergency Solutions Grants (ESG) funding.
- b. Direct staff to finalize the 2012 Annual Action Plan and return to the Board on May 8, 2012 for consideration of approval for final submission to the United States Department of Housing and Urban Development (HUD).
- c. Direct staff to finalize the 2011 ESG Substantial Amendment (part of the 2011 amended Annual Action Plan) and return to the Board on May 8, 2012 for consideration of approval for final submission to HUD.
- d. Direct staff to finalize the 2008 and 2010 Annual Action Plan Substantial Amendments and return to the Board on May 8, 2012 for consideration of approval for final submission to HUD.

After completion of the required 30-day public comment period on May 4, 2012, your Board's action on May 8, 2012 should include the following:

1. Approve the 2012 Annual Action Plan for final submission to HUD;

2. Adopt a Resolution authorizing submittal of the 2012 Annual Action Plan to HUD;
3. Approve the 2011 ESG Substantial Amendment for final submission to HUD;
4. Approve the 2008 and 2010 Annual Action Plan Substantial Amendments for final submission to HUD;
5. Authorize the County Executive Officer or designee to execute all certifications, standard forms and other related documents required for HOME, CDBG and ESG Program administration and implementation and for submittal to and approval by HUD of the 2012 Annual Action Plan and the 2011 ESG Substantial Amendment;
6. Determine that the approvals of the 2012 Annual Action Plan, the 2011 ESG Substantial Amendment, and the 2008 and 2010 Annual Action Plan Substantial Amendments are not the approvals of projects that are 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; and
7. Direct staff to file a Notice of Exemption.

Summary Text:

The 2012 Annual Action Plan serves as the Santa Barbara County HOME Consortium and CDBG Urban County Partnership operating plan for receipt and expenditure of federal entitlement funding provided to the County by the US Department of Housing and Urban Development (HUD):

- \$927,340 for the HOME Investment Partnerships Act (HOME) for affordable housing
- \$1,553,214 for the Community Development Block Grant (CDBG) for community projects
- \$157,639 for the Emergency Solutions Grants (ESG) for homeless shelter and services

The 2012 Annual Action Plan represents the County's formal federal grant application to HUD for the 2012 program year. As the lead agency in the HOME Consortium and CDBG Urban County, the County is responsible for preparing and submitting the Action Plan annually on behalf of these partnerships. The Annual Action Plan is subject to Board approval. The item before the Board today is to consider funding recommendations for projects and programs. Once direction is provided to staff, the draft Annual Action Plan will be presented to the Board on May 8th for final approval and submitted to HUD. Once the Action Plan is reviewed and approved by HUD, the County, in cooperation with its HOME and Urban County partners, will implement the programs and projects contained therein.

In addition to the 2012 Annual Action Plan, the Board will be considering the 2011 ESG Substantial Amendment, under the 2011 Annual Action Plan. The federal government has authorized a second program allocation of the 2011 Emergency Solutions Grant (formerly the Emergency Shelter Grant) funds in the amount of \$49,767 to Santa Barbara County for homeless prevention and rapid re-housing activities. HUD requires that all jurisdictions receiving a second program allocation prepare a Substantial Amendment to their 2011 Annual Action Plan.

The Board will also consider proposed Substantial Amendments to the 2008 and 2010 Annual Action Plans. The purpose of the amendments is to update the funding allocations proposed in the Santa Barbara County CDBG Urban County Partnerships 2008 and 2010 Annual Action Plans, and reprogram funds to eligible projects or activities that meet HUD's National Objectives. Per the County's Citizen Participation Plan, all three action items (2012 Annual Action Plan, 2011 ESG Substantial Amendment and 2008 and 2010 Annual Action Plan Substantial Amendments) will undergo a 30-day public review

period beginning April 4, 2012 to May 4, 2012, require a public hearing and are subject to Board approval.

Background:

I. 2012 Annual Action Plan

The County of Santa Barbara serves as the lead agency for two partnerships that receive federal entitlement funds:

- *Santa Barbara County HOME Consortium* (HOME Consortium), a partnership under the HOME program dating back to 1994. Current municipalities approved for participation include the Cities of Buellton, Carpinteria, Goleta, Lompoc, Santa Maria and Solvang, and the County.
- *Santa Barbara Urban County Partnership* (Urban County), a partnership created in 2007 under the Community Development Block Grant (CDBG) program, that allows the cities of Buellton, Carpinteria, Lompoc and Solvang, and the County to participation in eligible CDBG projects.

The 2012 Action Plan is a component of, and annual update to, the 2010-2015 Consolidated Plan, a mandated 5-year strategic planning document reflecting the goals, priorities, objectives and performance measures of the HOME Consortium and CDBG Urban County. The draft 2012 Annual Action Plan (Attachment A) outlines the County’s operating plan for the 2012 program year, including program specific requirements, and details the partnerships’ 2012 allocations and proposed use of funds consistent with the priorities, goals and objectives articulated in the 2010-2015 Consolidated Plan. The development, approval and implementation of the Action Plan is required under HUD community development entitlement funding programs, and must be submitted annually in order to maintain eligibility for this grant funding.

The funding allocations for 2012 included below exclude allowable administration costs and indicate the amount of funding available for projects and programs for the County and the participating cities.

HOME Allocation

County of Santa Barbara Allocation	\$457,234
Partner Allocations:	
City of Carpinteria	\$42,136
City of Lompoc	\$111,550
City of Santa Maria	\$181,956
TOTAL	\$792,876

CDBG ALLOCATION

	Capital	Public Services
County Allocation	\$694,368	153,700
Partner Allocations:		
City of Carpinteria	\$62,824	\$21,036
City of Lompoc	\$252,397	\$58,246
TOTAL	\$1,009,589	\$232,982

2012 Funding Process (HOME, CDBG and ESG) and Recommendations

The County Community Services Department (CSD) published the annual Notice of Funding Availability (NOFA) for federal HOME, CDBG and ESG funds on November 18, 2011 and an Amended NOFA on December 21, 2011 that extended the grant deadline for ESG funds due to recent HUD Rules and to correct for minor corrections to the allocations to the various partnering cities. The

HOME program expands affordable housing opportunities to low and moderate income households; the CDBG program provides decent housing, suitable living environments and expanded economic opportunities to low and moderate income persons; and the ESG program provides shelter and supportive services to the homeless. CSD staff held one workshop in November 2011 to receive public comment prior to the publication of the NOFA, two public workshops in December 2011 and two workshops in early April 2012. Applications for HOME and CDBG funding were due by January 27, 2012; applications for ESG funding were due by February 6, 2012.

In addition to the County funding share, allocations for the cities of Solvang, Buellton, Carpinteria and Goleta were also included in the County NOFA. The cities of Lompoc and Santa Maria each administer independent, but concurrent, funding processes.

CSD convened two Board-approved Committees that reviewed applications for funding and interviewed applicants. The two committees were:

- *Capital Loan Committee*, a Brown Act committee that includes five members with expertise in various areas (Lender, Builder, City Public Housing Agency, and representatives from the County Auditor-Controller and Treasurer-Tax Collector offices) reviewed HOME and CDBG Capital applications.
- *Human Services Commission Allocation Committee*: a Brown Act sub-committee of the Human Services Commission that includes a representative from each of the five supervisorial districts reviewed CDBG Public Services and ESG applications.

On March 15, 2012 the Capital Loan Committee publicly deliberated by interviewing HOME and CDBG Capital Project applicants and evaluating each project based on funding criteria, including: project readiness, financial feasibility, cost efficiency, energy efficiency and conservation, Consolidated Plan priorities and administrative capacity. The Committee has put forth recommendations for the Board's consideration as illustrated in the project funding table (Attachment C) and the draft 2012 Annual Action Plan (Attachment A).

The HOME Investment Partnerships Program (HOME program) is designed to expand the supply of affordable housing for low-income households. Five HOME applications were submitted to the County totaling \$1,862,802 in requests. The amount of HOME Consortium funding available under the 2012 NOFA, after excluding administration costs, is \$792,876, which includes \$335,642 for participating cities and \$457,234 for the County. Two (2) projects are recommended for the County's allocation of funding: (1) Transition House-HOME/Tenant-Based Rental Assistance to provide emergency rental assistance and case management to families facing eviction (\$15,000) and (2) Pescadero Lofts, an affordable housing project in Isla Vista (\$442,234).

The Community Development Block Grant program (CDBG program) provides funding for activities that assist low and moderate income households. Eligible activities include capital projects (infrastructure, housing rehabilitation, and community facilities), public service programs, and economic development activities. To be eligible for funding, projects must serve low and moderate income clientele and/or be located in a low income census tract, as defined by HUD. Fifteen (15) CDBG capital applications were submitted to the County totaling \$3,354,824 in requests; the total amount of CDBG capital funding available under the 2012 NOFA, after excluding administration costs, is \$1,009,589. The CDBG capital allocation includes \$315,221 to participating cities and \$694,368 to the County. Ten (10) projects are recommended to receive the County's allocation of funding.

Up to 15%, or \$232,982, of the CDBG allocation may be used for public services. On March 5 and March 8, 2012, ESG and CDBG Public Services applicants under the County NOFA were interviewed by the Human Services Allocation Committee and evaluated on administrative capacity, program effectiveness, Consolidated Plan priorities, cost efficiency and financial feasibility. Twenty-four (24) CDBG Public Services applications were received totaling \$457,975 in requests; the amount of CDBG Public Services funding available to the County is \$153,700. The Committee recommended funding to fourteen (14) applicants totaling \$153,700 as illustrated in the project funding table (Attachment C) and the draft 2012 Annual Action Plan (Attachment A).

The amount of ESG funding available for 2012, after accounting for allowable administrative costs, is \$145,817. ESG funds may be used for street outreach, emergency shelter and Homelessness Prevention and Rapid Re-Housing (housing relocation and stabilization services including rental application fees, security deposits, utility deposits or payments, last month's rent and housing search and placement activities). Ten (10) ESG applications were received totaling \$337,767 in requests. Seven (7) programs are recommended for funding totaling \$189,364 as illustrated in the draft 2012 Annual Action Plan (Attachment A), the ESG Substantial Amendment to the 2011 Annual Action Plan (Attachment B), and the project funding table (Attachment C). Of the \$189,364, \$145,817 is the available funding for 2012 and \$43,547 is from the 2011 second allocation (after accounting for allowable administration costs), which is discussed immediately below.

II. 2011 Annual Action Plan Amendment: ESG Substantial Amendment

Overview

The federal government authorized a second allocation of 2011 ESG funds in the amount of \$49,767 to Santa Barbara County for eligible program activities.¹ The United States Department of Housing and Urban Development requires that all jurisdictions receiving an allocation through this program prepare a Substantial Amendment to their 2011 Annual Action Plan. The Substantial Amendment (Attachment B) must be consistent with ESG requirements, the Five Year Consolidated Plan, the Annual Action Plan, and the Citizen Participation Plan.

As originally adopted, the federal McKinney-Vento Homeless Assistance Act included funds for the Emergency Shelter Grants Program. The objectives of the program were to increase the number and quality of emergency shelters and transitional housing facilities for homeless individuals and families, to operate facilities and provide services, and prevent homelessness. The Program was revised upon the passage of the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH) to become the Emergency Solutions Grants program, with an emphasis on helping individuals/families experiencing a housing crisis to quickly regain stability in permanent housing, to assist those at risk of homelessness, and to provide related services. The new program covers aspects that were previously provided through the Homelessness Prevention and Rapid-Re-Housing Program (HPRP), which was a new program created and funded through the American Recovery and Reinvestment Act that expires in August 2012.

¹ The first allocation of program year 2011 ESG funds of \$88,475 was accounted for within the County's adopted 2011 Action Plan. On November 15, 2011, HUD posted an Interim Rule and announced that an additional \$49,767 would be available for the County.

Purpose

The purpose of the ESG Substantial Amendment is to:

- Increase the County's collaborative efforts with service providers, continuum of care partners, and the public
- Require extensive planning, data and policy analysis
- Improve program outcomes with the development of standards and procedures covering program design, implementation, evaluation and monitoring
- Meet the critical need for rapid re-housing activities assisting individuals and families living on the streets or in emergency shelters.

ESG Substantial Amendment Process and Coordination of Amendments with 2012 NOFA Process

On February 16, 2012, County CSD staff conducted an intensive one-day outcome-oriented planning session known as a "Charette" in order to obtain quality, comprehensive and diverse input on homeless needs and services to meet or exceed HUD's requirements for preparing the ESG Substantial Amendment. Homeless service providers, County and city government and Public Housing Authorities staff, previously homeless individuals and members of the County Human Services Commission met with CSD staff to assist with the preparation of the Substantial Amendment. Attendees were asked to provide input on how to improve collaboration and outreach between the County and service providers, and among service providers themselves, when assessing needs of the homeless and preparing solutions.

The 2011 Annual Action Plan Amendment, including the 2011 ESG Substantial Amendment and the proposed 2012 Annual Action Plan are due to HUD by May 15, 2012 and the process requirements are similar. Therefore, the review processes were coordinated, with the 2011 second allocation of ESG funds occurring with the 2012 Annual Action Plan application processes to achieve efficiency and ensure contracts are awarded by the end of September 2012 in concurrence with HUD's stated timeline. After the Charette, CSD staff notified all 2012 NOFA applicants that they could amend their 2012 applications to also compete for the second allocation of program year 2011 funds for homelessness prevention or rapid re-housing activities. As previously described, on March 5, 2012 and March 8, 2012 the County's Human Services Commission Allocations Committee held all day interviews with applicants and recommended that the remaining 2011 ESG allocation be awarded to four (4) organizations located throughout the County: Good Samaritan Shelters, Legal Aid Foundation, Santa Ynez Valley People Helping People and Transition House.

III. 2008 and 2010 Annual Action Plan Substantial Amendments

The Board will also consider proposed Substantial Amendments to the 2008 and 2010 Annual Action Plans (Attachment D). Per the County's Citizen Participation Plan, Substantial Amendments require a 30 day public comment period and a public hearing before the Board of Supervisors. HUD defines a substantial amendment to an action plan to include the addition of a new project not described in an action plan; the deletion of a project described in an action plan; a change in the funding amount of a project by 50% or more; a change in the purpose or scope that it would be considered a new project; a change in the location of a project; or a change of 50% or more of beneficiaries.

The primary purpose of the proposed amendments is to update the funding allocations proposed in the Santa Barbara County CDBG Urban County Partnerships Annual Action Plans for 2008 and 2010, and reprogram funds that were approved for projects that due to unforeseen issues have not moved forward. Specifically, the County proposes amendments to the following Annual Action Plans to reallocate de-obligated or unused funds to eligible projects and/or activities that meet the County's 2010 – 2015 Consolidated Plan and one or more of HUD's National Objectives. This will assist in meeting timely

expenditures of CDBG funds as required by HUD and ensure that any unspent CDBG funds are used to meet County's goals and objectives. The purpose of one of the 2010 amendments is to update project provider information.

a. 2008 Action Plan Amendment

On August 9, 2011, the Board approved an amendment to the 2008 Annual Action Plan. Specifically, the Board approved reprogramming \$50,000 from the North County Rape Crisis Center since a property acquisition was not moving forward. Of the \$50,000, \$15,845 was reprogrammed into the 2011 Annual Action Plan for capital projects. However, the remaining \$34,155 was not reprogrammed for a specific purpose. On April 11, 2012, the Capital Loan Committee met and recommended that these funds be reprogrammed for the Casa de las Flores project in Carpinteria.

b. 2010 Action Plan Amendments

The City of Solvang received funding reservations totaling \$90,000 for three Americans with Disabilities Act (ADA) improvement projects within the 2010 Action Plan. Per the request of the City of Solvang, it is recommended that the funding reservation for the Solvang Veterans' Memorial Building ADA Accessibility improvements (\$54,000) be reprogrammed into the other two existing ADA projects, the Solvang Annex ADA Accessibility Improvements and the City Hall ADA Accessibility Improvements. It is recommended that the Board allow the City of Solvang to reprogram these funds.

The Casmalia Water Project was completed in program year 2010 and \$7,318.43 remains to be reprogrammed. On April 11, 2012, the Capital Loan Committee met and recommended that these funds be reprogrammed for the Casa de las Flores project in Carpinteria.

The 2010 Annual Action Plan included \$79,587 in CDBG funding for housing activity costs, which includes housing services such as inspections and other services related to assisting those participating or seeking to participate in assisted housing activities. It is recommended that \$7,900 be reprogrammed to pay for costs of title reports, appraisals and inspections of the Bridgehouse Shelter. On April 11, 2012, the Capital Loan Committee met and recommended that the remaining \$71,687 be reprogrammed for the Casa de las Flores project in Carpinteria. The recommendation for reprogrammed funds for the Casa de las Flores project from the 2008 and 2010 Annual Action Plans totals \$113,155. The project is also recommended for a 2012 award of \$61,209. The total funding recommended for the Casa de las Flores project equals \$174,364.

The 2010 Annual Action Plan includes a funding reservation of ESG funds to Bridgehouse and Marks House Shelter Operations. The ESG program and funding reservation remain unchanged; however, the agency is amended to reflect Good Samaritan Shelter.

Fiscal and Facilities Impacts:

Budgeted: Yes, the costs of preparing the Annual Action Plan and other documents are included within the Departments' current budget. The 2012 Draft Annual Action Plan Budget reflects 2012 funding allocation from HUD, which includes reductions of 38 percent in HOME allocations and 12 percent reductions in CDBG allocations. The estimated 2012 funding reduction will be reflected within the CSD's Fiscal Year 2012-13 budget.

Fiscal Analysis:

Federal funds are passed through to organizations providing affordable housing and housing-related activities (HOME), community development projects and programs (CDBG), and homeless services and shelters (ESG). The County may retain up to 10% of its HOME funds for grant administration and an

additional 5% for HOME program/project implementation expenses; up to 20% of CDBG funds for administration and a maximum of 7.5% of ESG funds for administration costs. Adoption of this document is required for the County to maintain eligibility in receiving annual grant funding across the region.

Execution of the subject Annual Action Plans and Substantial Amendments will ensure timely commitment and expenditure of HUD program funds necessary to avoid future de-obligation of funding and to remain in good standing and within the terms of performance under federal grant programs.

Staffing Impacts:

Staff is funded through the administrative portion of the federal funding.

Attachments:

- A. Draft 2012 Annual Action Plan
- B. Draft 2011 ESG Substantial Amendment
- C. Project Funding Table
- D. Draft 2008 and 2010 Annual Action Plan Substantial Amendments