

Housing and Community Development

Introduction

The purpose of this report is to provide the Board of Supervisors with an overview of options and a recommendation about how it can best structure the administrative organization of the County government to assist itself, the non-profit community, private sector, housing authorities and cities, to produce housing and attendant infrastructure for working people with moderate and low incomes, and people with special needs. Please note that the emphasis is on “assisting” others and specifically not for the County government to enter the business of developing, producing or managing housing. Others have a proven track record of performing these activities very effectively in Santa Barbara County. Thus, the County’s role should be to focus resources, attract new resources, reduce barriers, and coordinate fiscal and social services to promote the development and preserve the of ability of individuals and families to afford housing.

This report does not propose changes in the structure of local land-use regulation such as rezoning for higher densities or the conversion of rural land into housing sub-divisions. On the contrary, the emphasis is on the County’s administrative structure with the purpose of providing an instrument to execute the housing/community development program in whatever policy context decision-makers and the citizens determine to be appropriate. The Board has developed other forums in which to deal with those broad questions including a number of community plan updates and a proposal for a regional dialog on the future of the County and its component communities in terms of changing demographics, economic trends, and continuous population growth.

This effort is therefore analogous to other management and system improvements. The County staff has worked hard to manage effectively and provide improved tools to carry out County functions and Board policy. Examples of these tools include the development and adoption of the Auditor-Controller’s Financial Information Network (FIN), Performance Based Budgeting, Performance Measurement by cost center, the comprehensive Capital Improvement Budget and long range Capital Plan, the Project Management Reporting system, a strategically oriented Children and Families Commission service system supported by performance measures, and access to on-line services such as personnel applications and county internal service requests via the Internet. While none of these systems determine policy or require changes in policy, they support the County administration and the elected Board of Supervisors in policy development, controlling costs, and resource allocation to better address priority and emerging initiatives. This report proposes an administrative structure calculated to foster such improvements in the County’s housing and related community development activities.

Clearly, the housing issue is in the forefront of public consciousness. California’s continued desirability and growth combined with mounting public awareness of

the special qualities of the central coast have caused housing issues to reach a critical juncture. Furthermore, with the advent of the Internet, wireless applications and other technological advancements, business is gaining flexibility on the location of operations. Businesses are not as dependent upon access to major ports, raw materials, etc. as their predecessors have been. This increased flexibility enables business to consider desirable locales and quality of community life as critical factors when choosing location. Santa Barbara County's mild climate and scenic environment create a natural incentive to attract business. This is a two-edge sword in that on the one hand it gives the County competitive advantage in economic development but also increases population and development pressure.

The California and Santa Barbara Housing Challenge

The need for the County to concentrate and coordinate its housing efforts is especially crucial because California is one of the most difficult places in the United States to build housing and is also the most expensive. This is not a recent phenomenon. As documented in many state and federal statistical reports, California has the highest housing prices in the nation. Many people assume it has always been this way, but California housing prices began exploding only thirty years ago during the 1970's. The median value of owner occupied housing in California was 27% higher than that in the United States as a whole in 1960, and 35% higher in 1970, but by 1980, the differential had more than doubled to 79.5%. To put it another way, California housing values grew by 267% in the 1970's while U.S. values grew by 176%. Housing values continued increasing into the late 1980's when a recession slowed and even reversed that growth for a short period into the mid 1990's. Since 1995, California housing prices have exploded again particularly, along the coast, increasing by over 67%. Santa Barbara (especially south coast) housing costs have skyrocketed even more, in some cases by over 100 per cent. The median sales price of a single family home in Santa Barbara County is \$300,000 and \$498,280 on the south coast compared to \$249,370 for California¹. Clearly, the need for affordable housing in our County is acute.

From 1990 to 1999, California added one million more households but permitted construction of only seven hundred twenty seven thousand more housing units. There is now a cumulative housing deficit in the state of over 200,000 units and it is growing every year.⁽²⁾

Further exacerbating the problem, per capita personal income in California is only four per cent higher than the U.S. average.⁽³⁾ Comparatively, the affordability index is 54% for the United States, 31% in California and 14% in Santa Barbara

¹ California Association of Realtors – Median Prices by Region December 2000

² Downs, Anthony: Why California is Generating Large Scale Slums, The Brookings Institution, Washington D.C.

³ Ibid

County⁴. Therefore, as critical as the affordable housing need is in California, it is even worse in Santa Barbara County.

In September of 2000, the State of California Department of Housing and Community Development issued a comprehensive report on the housing issue entitled *Raising the Roof: California Housing and Development Projections and Constraints 1997–2020 Statewide Housing Update*. In its final summary, the report indicates: “Two conclusions stand out from this research above all others. First, the fact is that California will need an unprecedented amount of new housing construction – more than 200,000 units per year through 2020 – if it is to accommodate projected population and household growth and still be reasonably affordable. California will need more suburban housing, more in-fill housing, more ownership housing, more rental housing, more affordable housing, more senior housing, and more family housing. California will also need more diverse housing and more diverse neighborhoods. California’s high land use and construction costs, coupled the cumbersome and open ended nature of the local entitlement process, has served to discourage innovative land planning, site design, and building design.”⁽⁵⁾

“The second overriding conclusion is that while there are few intrinsic limitations to meeting California’s future housing needs, the core of the existing housing production system is too fragmented and hap-hazard to produce the volume and quality of the housing needed. This conclusion applies to the laws and procedures that govern housing development, the funding and lending programs, and the myriad public, private, and non-profit organizations that produce and operate housing in California. If indeed California is to remain a state where people from all backgrounds and walks of life are able to pursue the American dream of ownership and secure housing tenure, then substantial investment and innovation in housing development policy, financing and planning will be required”.⁽⁶⁾ The situation goes double for Santa Barbara County as discussed in the paragraph below.

Only 4% of the County’s land distribution is categorized as developable urbanized area. Not surprisingly, the number of permitted single family residential units is decreasing significantly with only 895 units permitted in 1999 compared to 3136 in 1986. As indicated earlier, the Santa Barbara County Affordability Index is only 14%⁽⁷⁾ (compared to 31% in California). Finally, and

⁴ The Affordability Index is a function of interest rates, the distribution of income, and the distribution of housing prices. November 2000, California Association of Realtors.

⁵ Raising the Roof: California Housing Development Projections and Constraints, 1997-2020 (State number Housing Plan Update: California State Housing and Community Development, Department with) Bernstein, Director of UC Berkeley Institute of Regional Development

⁶ Ibid

⁷ The Affordability Index is a function of interest rates, the distribution of income, and the distribution of housing prices. November 2000, California Association of Realtors.

largely a result of the above, the County is estimating a shortfall of approximately 40,000 housing units by the year 2030.⁽⁸⁾

Recognizing the County's need for affordable housing and the opportunity to receive CDBG "entitlement funding" to help mitigate that need, the Board of Supervisors has placed affordable housing and economic development among its highest priorities by adopting them as major elements of its Five Strategic Critical Issues Facing the County.

Options and Recommendation

Given this situation the Board has directed the County Administrator's Office to present recommendations which would focus and streamline the County's efforts on the provision of affordable housing. This report takes the next logical step in implementing that direction which is to identify options and provide recommendations about how the County can best structure itself to assist the community in producing affordable housing for working people with average incomes, poor people and people with special needs, as well as facilitate the ability of individuals and families to afford housing.

The alternative options identified about how the County can best structure itself to maximize effectiveness in the affordable housing/community development arena are:

1. Continue with the established organizational structure
2. Create a County Department of Housing and Community Development
3. Contract for services with the Santa Barbara County Housing Authority
4. Contract for services with a Non-Profit Community Development Corporation
5. Utilize and Broaden the Redevelopment Agency to manage the County's Housing and Development Program
6. Contract for services with cities (i.e. Santa Barbara and Santa Maria)

⁸ SBC Planning and Development: Santa Barbara County 2030 Land and Population

**Option #1: Continue with the Existing
Organizational Structure (Current Situation)**

Currently, housing and community/economic development functions are fragmented under the Treasurer-Tax Collector-Public Administrator, Planning and Development and the Office of the County Administrator.

Office of the Treasurer-Tax Collector-Public Administrator

The Treasurer-Tax Collector, Division of Housing Finance & Development administers some of Santa Barbara County's housing programs. The Division's mission is to address the broad spectrum of the community's diverse housing needs, and to increase housing opportunities throughout the County's four Housing Market Areas (HMA's). The Division's programs include the provision of service-enriched transitional housing facilities for special needs populations, new and rehabilitated family rental housing, and first time homebuyer mortgage assistance.

The Fiscal Year 2001-02 Plan allocates five revenue sources (HOME, CDBG, McKinney Homeless Assistance Funds, Redevelopment Housing Set-Asides and Local In-Lieu Housing Funds) to fourteen projects and programs. Projects and programs include facilities for the homeless, new rental construction, first time homebuyer mortgage assistance, and rehabilitation in connection with larger community development programs.

The Housing Finance Development Division essentially serves as a loan administrator. The process begins with staff review of individual projects; recommendations are then forwarded to an Affordable Housing Loan Committee established pursuant to Board adopted guidelines. This Committee reviews and makes recommendations on all funding commitments to the Treasurer, who then transmits his recommendations to the Board of Supervisors. Projects and programs to be funded with federal HOME funds are also forwarded for determination of technical compliance with federal regulations to a HOME Steering Committee composed of representatives of the participating cities and the unincorporated County. Staff processes the final loan documents for execution and recordation, and then releases funding to housing and community developers, organizations and institutions. For FY 2000-01 the Housing Finance budget consists of 7.0 positions and \$3.75 million in operating and project expenditures.

Planning and Development

In addition to maintaining the Housing Element as part of the Comprehensive Plan, P&D has responsibility for ensuring that a certain percentage of new

housing is “affordable”. This is done through the inclusionary program, whereby new housing developments must include a certain percentage of housing for low, low-to moderate, and/or moderate-income homebuyers or pay in lieu fees. Additionally, developers are given incentives to build affordable housing projects by way of density bonuses, reduced “mitigation impact” fees, as affordable housing is categorized as a “beneficial project”.

The Housing Administrative function within P&D consists of a 1.0 Planner and 0.25 Supervising Planner for a total operating budget of approximately \$125,000. Responsibilities of P&D’s Affordable Housing Administration include marketing affordable housing projects to qualified households, performing income certification to ensure applicants are eligible, providing public information, conducting buyer profiles so the County knows its constituency, monitoring housing projects as they move through the permit process, tailoring legal affordable housing project documents for housing projects, as well as maintaining files, databases, and other materials for public and County use.

Planning and Development also manages the two Redevelopment Agency (RDA) Project Areas of Isla Vista and Goleta Old Town. Significant urban revitalization master plans are being prepared for both project areas. The \$1.8 million appropriated to these RDAs in the FY 2000-01 budget include 4.0 Planners, 1.0 Supervising Planner and .5 accountant.

County Administrator

Currently, the County Administrator is the Executive Director of the Redevelopment Agency and is charged with the supervision of administration over the business affairs of the Agency. Organizationally, the County Administrator does not have direct authority over the RDA staff since the Director of Planning and Development manages this activity through a subordinate Division Head. This circuitous management relationship causes inherent inefficiencies and is prime for reassignment.

Economic Development is also managed in the Administrator’s Office with the mission to work with individuals, businesses, and nonprofit organizations to create economic vitality within the County. Specifically, activities include designing, implementing and managing a series of economic development programs, such as job creation incentives, community district revitalization, business loan funds, and business incubators. Responsibilities include staff support for the Economic Development Advisory Committee (EDAC) and oversight of the advertising budget. Total annual appropriations for the program are approximately \$633,000 including 1.0 Economic Development Coordinator, contributions to chambers of commerce, and the competitive grant program administered by the EDAC.

Total countywide appropriations for related housing and economic development related functions for FY 2000-01 are approximately \$6.3 million with a combined staff of 14.75 positions.

Consequences of the Current County Structure

The County has several energetic and dedicated employees working on the housing issue, but has no top-level executives who are dedicated full time to this issue. There is no senior County executive who is expert in housing development, production, financing or management. There is no senior County executive is assigned to work closely with the State Department of Housing and Community Development, the U.S. Department of Housing and Urban Development or our Federal and State elected officials on this issue.

As noted above, a portion of the County's housing staff is assigned to the Comprehensive Planning Division of the Planning and Development Department. This department is primarily responsible for regulation of land use and protection of the County's natural environment and quality of life. Most P&D staff are trained in land use regulation and environmental protection – not housing development, production, finance and advocacy. Housing efforts have been primarily focused on permitting development projects including a limited number of affordable units and generating funding for those units as a condition for development of other projects. The department's housing strategy is based on the State mandated "housing element" of the General Plan and various Board adopted guidance documents. The principal tools are regulatory requirements and incentives for including affordable units in market rate developments. Several staff members have worked very hard on housing issues and are very dedicated. One problem is that they have other duties including redevelopment planning and working on comprehensive area plans. It is a testament to their energy, dedication and ability to work extra hours that a number of projects have been completed.

Likewise, and as noted above, another portion of the County's housing function and staff is assigned to a division in the Treasurer-Tax Collector Department. The primary role of the Treasurer-Tax Collector is to protect and invest funds of the County, school districts, cities, and special districts. Additionally, the Treasurer-Tax Collector is responsible for guiding the safe investment of the Santa Barbara County Employees' Retirement system which involves almost \$1.3 billion of assets. Moreover, the Treasurer-Tax Collector is responsible for collecting property taxes, a variety of other fees and revenues, and serving as Trustee and Public Guardian for individuals who need protection and help. Of the department's total fifty-four positions seven are allocated to housing activities and the highest ranking official is a mid-level manager. Again, and as with the Planning Department, it should be noted that this small staff gets \$4–10 million of new affordable projects into the system per year and over the years has

facilitated production of hundreds of affordable units annually. In seeking to create a more comprehensive and better-positioned organization, their achievements should be appreciated.

Positives

- No additional layer of administrative cost associated with a separate department.

Negatives

- The current organizational structure does not provide a focused and well-integrated County wide affordable Housing Strategy.
- There is no high level executive to focus solely on the mission of affordable housing and community development, and no expert in all facets of affordable housing policy development and implementation.
- The strategic approach to achieving affordable housing differs between Planning and Development and the Treasurer-Tax Collector, thus generating friction and potentially diluting coordination and effective achievement of goals.
- A public perception is that the County is not effectively meeting the affordable housing needs of the community.
- The housing function is fragmented and is not sufficiently placed in the organizational hierarchy to command appropriate attention and authority.
- The County Administrator is the Executive Director of the County RDA with no direct control of the assigned staff.

Option #2: Create a County Department of Housing and Community Development

This option would create a Department of Housing and Community Development based on a model used by many cities and counties with urban populations in California and throughout the United States. The proposed organizational structure for the new department would include a Director and appropriate experts to manage five key activities (as described below) – some of which would be phased-in from the existing activities of Planning and Development, Treasurer-Tax-Collector and the Office of the County Administrator.

1. Housing Production – General Rental, Market Housing Program Development, Affordable Housing Development, Countywide Consolidated Plan, financing programs including CDBG, HOME, McKinney, in Lieu Fee and

other HUD funds, Fair Housing Administration, Community Outreach and Education, Elderly and Special Needs Housing, Farm Worker Housing, Migrant Housing, and Low Income First Time Buyer programs.

In many jurisdictions, the Homeless Program is managed under the housing special needs program in an effort to start homeless people on the housing ladder – that is from being homeless, to a shelter, to assisted living, to single room occupancy, and then on to independent rental housing (continuum of care). Currently, County Public Health manages the homeless program. A consolidation of this service is not proposed at this time; however, the issue would be evaluated by Public Health and the future Director of Housing and Community Development at an appropriate time. Also proposed for future evaluation, would be a conduit for coordinating child-care with the newly formed Office of Early Care and Education. Since the relationship between jobs, housing and child-care is dependent upon one another, coordination among stakeholders is ideal.

2. Development Project Expediter (Project Implementation) - Currently, Planning and Development planning staff are often placed in the position of having to administer construction projects such as bike paths, parking lot construction, neighborhood visual improvements, and related elements which are called for in various community plans and/or as a result of improvements required of housing and commercial projects. These may be funded from exactions levied on the projects, grants, the County's capital improvement budget and other sources. It is important for the Planning and Development Department to include these features in plans and to require them as mitigations for various projects. On the other hand, requiring the planners to become project managers during the implementation design, construction and close out stages deflects them from working on projects, which are in the actual planning stage. For this reason it is recommended that the new department have a small implementation unit staffed by project managers expert in project implementation and contracting in order to get these installed in timely fashion. The concept is something akin to product marketing/design versus manufacturing – one group determines what the market needs and designs it and then turns it over to manufacturing so that it can be freed up to deal with the next marketing - design cycle. A further need for this unit will come when CDBG entitlement arrives since construction of facilities and amenities which support affordable housing are specific eligible activities under CDBG. It should be noted that under some circumstances the Public Works Department, the Parks Department or some other agency might be the best project manager because of their respective innate expertise. Depending on the availability of various grants and the volume of activity, this unit might also include an expert grant detector and writer who would seek funding for projects that have none.

3. Technical Service – This function would include responsibility for developing innovative financing techniques and utilizing available programs, affordable housing designs, building codes, packaging deals, loans and grants for affordable housing development and rehabilitation, pre-development construction loan program, Low Income Tax Credit Program, down payment assistance program, Market Tax Credit Program (new Federal program started December 21, 2000) - \$15 billion available for several years, guaranteed loan write downs, and tax exempt private activity bonds for financing rental housing and home ownership.
4. Economic Development and Redevelopment – economic and community development administration, job betterment and creation incentives, infrastructure improvements and community district revitalization, business loan fund, business incubators, redevelopment agency administration and integration with housing to affect an appropriate jobs housing balance.
5. Long-Range Planning – Interface with Planning and Development, Monitor the Affordable Housing Stock, Conduct Buyer Profiles, assist Planning and Development with overall housing strategy.

The department would not take over or be responsible for the housing functions currently assigned to Planning and Development that are related to planning and land use regulation. This would include development and updating of the long range land use planning related to housing, the Housing Element, and the determination of the appropriate mix of density bonuses, number of affordable units required, and other actions attendant to the land development regulatory process. Conversely, once plans have been adopted, requirements set, and projects approved, the new housing department would ensure that these are implemented. Likewise, non housing (but related) “infrastructure” features of community plans such as parking, landscape improvements, bike paths and others would be projects for the new department to implement based on adopted plans.

Similarly, the new department would not impinge on the County Housing Authority that would continue to be a developer of affordable housing. The Housing Authority Executive Director and the new Director would interrelate with each serving on the others’ “advisory cabinet.” Naturally, the new department would coordinate with County departments including ADMHS, Public Health, Parks, Public Works and P&D as appropriate.

When fully evolved, the new department could have an annual combined operating and capital budget of \$30 to \$40 million and could have housing assets under contract management worth hundreds of millions of dollars over the years. Naturally, if Goleta Incorporation occurs, it would impact the scope of the new department.

Transition to the new Department would be phased. The proposed launch is for July 1, 2001. Completion of recruitment and appointment of the new Director would realistically occur in the fall of 2001. The Director would then begin a phase of training and evaluation of County functions and related outside community organizations. Until this time, the existing county staff would continue to report to their respective Department Directors. The new Director, in coordination with the outside housing consultant (Hamilton Rabinowitz and Alshuler), would refine the proposed blueprint of the new County Housing and Community Development Department. Further start up duties would include, but not be limited to, hiring of an administrative support position, budget development, recruitment of key staff, acquisition of an office and negotiations with the County Housing Authority for potential co-location. The Department is anticipated to be consolidated and fully functional prior to FY 2002-03, in coordination with CDBG entitlement funding availability.

The schedule to transition the Redevelopment function will be contingent upon the proposed Goleta incorporation and completion of the Isla Vista Master Plan. Both RDA project areas have been included in the fiscal analysis for the proposed city (Goleta RDA for Module A and Goleta and Isla Vista for Module A&B). An election is anticipated for November of 2001, and if approved, authority would transfer to the new city on the effective date of incorporation. Upon incorporation, the County is legally required to administer all city services for up to the first year, which could delay the transfer until 07/01/02. In addition, RDA staff is in the midst of preparing of the Isla Vista Master Plan, scheduled to be adopted in 2004. Transition of RDA functions during this critical juncture could disrupt staff and effect quality of service.

See exhibits A-D for specimen organization charts, sample budget, and a draft description for a department director position.

Positives

- The creation of the Office of Housing and Community Development would provide a focused and well-integrated County wide affordable Housing Strategy.
- It would provide much needed visibility and leverage within the community.
- Consolidation would maximize the skill sets and expertise that exist in the County Housing Finance Development Division, and Planning and Development, and eliminate parallel duties.

- Appointment of a Department Director would assure that the function is placed in the organizational hierarchy to command appropriate attention for the housing function.
- It would integrate community/development with housing strategies and focus economic development strategies on better uses for the existing population.

Negatives

- The creation of the Office of Housing and Community Development would increase overall administration costs.
- Creation of the new Department will increase pressure for additional affordable and market housing and compete for County resources.

Option #3: Contract for Services with the Santa Barbara County Housing Authority

The Board of Supervisors has the authority to contract with the Housing Authority to provide Affordable Housing services currently managed by the Planning and Development Department and the Treasurer-Tax-Collector Housing Finance Division. The Board initially appointed the County Housing Authority through a Resolution on June 30, 1941. The State of California Enabling Act of 1939 provided the legislation for the Board to transfer the authority.

The scope of the Housing Authority as provided in the 2001 Corporate Profile:

The Authority functions primarily to build, acquire, own manage and maintain residential units for persons of very low and low income and to obtain rent payment assistance for similar households renting in private markets.

The organizational structure of the Housing Authority consists of a seven-member Commission appointed by the Board of Supervisors. An Executive Director oversees 63 staff members assigned to five major divisions: Controller, Maintenance, Housing Management, Human Resources and Housing Development. The operating budget for Fiscal Year 2001 is \$22.1 million. The organizational structure could be expanded to include the functions currently administered by the County Housing Finance Development Division, as well as affordable housing administrative functions performed by Planning and Development, thereby consolidating all the major affordable housing responsibilities. However, economic/community development and RDA Programs are beyond the current scope of the housing authority.

Positives

- The consolidation of the affordable housing responsibilities would provide a focused and well-integrated Countywide Affordable Housing Strategy.
- Consolidation would not increase overall administrative costs from current costs i.e. lower overhead costs due to leverage of Executive Director, Human Resources, Controller, etc.
- The Executive Director of the Housing Authority has retired; therefore, this would be an ideal time to make such an organizational change. In recruiting for the new Executive Director, the Housing Authority could search for a visionary/collaborative candidate skilled in all facets of affordable housing policy development and implementation.
- Consolidation would leverage and maximize the skill sets and expertise that exist in the Housing Authority, the County Housing Finance Development Division, and Planning and Development. Currently, there are overlapping skill sets; for example loan and contract administration, community outreach, fraud mitigation, income certification, etc.

Negatives

- Consolidation with the Housing Authority could dilute the control of the Board of Supervisors over affordable housing issues.
- Economic Development and redevelopment projects would not be effectively combined because it is beyond the scope of the Housing Authority.
- The Housing Authority may be too removed organizationally to work effectively with Planning and Development's Comprehensive Planning Division, and Housing Element implementation.

Three other organizational options were considered, but after conducting further research, it was determined that these options were not viable independently, but could be an appropriate tool when used in conjunction with another organizational structure, on a project by project basis. These options are briefly summarized below.

Option #4: Contract with a Non-Profit Community Development Corporation

Community Development Corporations (CDCs) are one of many legislative authorities established to enable communities to implement urban renewal programs. The Board of Supervisors has the authority to contract for services with a CDC or similar authority to implement policy. Services provided by these authorities may include technical assistance, training and financial services. In this scenario, the Housing Authority would remain unaffected by the contract.

Generally, this option is more advantageous when a community has large areas of open space or requires significant redevelopment of existing areas.

Overall, this tool would best be used in conjunction with another management structure on an “as needed” basis, and therefore is not considered a viable stand-alone option.

Positives

- No civil service requirement.
- Easier to receive State funding.

Negatives

- Needs to be implemented in conjunction with another organizational structure.
- No RDA eminent domain.

Option #5: Utilize and Broaden the County Redevelopment Agency to Manage the County’s Housing and Development Program

Redevelopment Agencies (RDA) are created under the authority of Section 33000 of the Health and Safety Code also known as the Community Redevelopment law. Currently, there are six RDA project areas within in Santa Barbara County, two of which are in the unincorporated area and under the jurisdiction of the County. The County Redevelopment Agency was initially established in 1990 with the Isla Vista project area identified in 1990 followed by the Goleta Old Town project area in 1998. At this time, no further project areas are on the horizon in the unincorporated area. However, future RDA designations are being considered in municipal areas.

Jurisdiction wide RDAs are most appropriate in urban areas where there is blight and the infrastructure is worn out. A classic example is the City of Emeryville in the Bay area. The Countywide RDA may be used in conjunction with other organizational structures to manage housing and community development but cannot stand alone since it is not feasible or desirable to document the legal findings necessary to declare the entire County unincorporated area as blighted.

Positives

- A funding source is potentially available through property tax increment financing as 20% is earmarked for affordable housing

- There is flexibility to incur debt without voter approval.
- Flexibility exists to spend money outside independent project area boundaries if the need is documented.
- RDA's have the ability to participate in Public–Private Partnerships.

Negatives

- Housing is a regional issue and cannot be effectively contained in one boundary without overlapping existing RDAs.
- This is not a viable stand-alone option because it is not feasible nor desirable to declare the entire County unincorporated area as blighted.

Option # 6: Contract for Services with Cities Within the County

Currently the County acts as the administrator for the Santa Barbara Home Consortium, which includes all cities within the County of Santa Barbara, with the exception of Santa Barbara and Guadalupe. It is the lead agency for the largest HOME Entitlement jurisdiction between San Jose and Los Angeles. The Consortium allows cities and the County to operate under an umbrella organization structure thus creating economies of scale and coordinated effectiveness. The services are complex and vary among the cities. At this time, the cities of Santa Barbara and Guadalupe administer home programs independent of the County, each of which are significantly smaller in scope and scale than the current Home Consortium.

Because of the current structure, the individual cities do not have the capacity or resources to provide contract services sufficient to meet the needs of the County. Moreover, the County is anticipating Urban County Entitlement status through the Census 2000 process. Once that status has been attained, under Title One of the National Housing Authority Act, the County will not have the option to contract out the authority.

Positives:

- No additional overhead would be required on the part of the County.

Negatives:

- The County cannot contract its authority once it has been designated as an Urban Entitlement County.
- Only the cities of Santa Barbara and Guadalupe currently run independent Housing programs.
- The organizational structure would be fragmented.
- Cities would not be able to benefit from economies of scale.

Conclusion

After evaluation of several options, the creation of a County Department of Housing and Community Development is recommended to be the optimal instrument for execution of County affordable housing and economic policy. It should be noted that the functions/programs of the Department are in no way finalized. The proposed organizational structure and programs are dynamic and will be further evaluated upon the hire of the Department Director. In addition, HRA Consulting, a known expert in the field of housing, has been contracted to provide guidance in the formation of the new organization. It is anticipated that the new Director, with the consultation of HRA, may return to the Board with proposed modifications at a later date. In anticipation of the many complexities that may arise with the newly created Department, the Planning and Development Department is submitting a FY 2001-02 budget expansion request in the amount of \$60,000 for the expanded services of HRA Consulting.

Our gratitude is owed to Gary Feramisco, the Treasurer-Tax Collector-Public Administrator and John Patton, the Director of Planning and Development. Their accomplishment in affordable housing despite limited resources is a testament to their hard work and abilities as leaders.

Contributors to this Board letter include Susan Ruby and Pat Gable of the Treasurer-Collector's Office. Dev Vrat and Matt Dobberteen of Planning and Development and Shirley Moore and Mike Tarlitz of the Office of the County Administrator as well as numerous non-profit and municipal professionals in the field. This response would not have been possible without their expertise and guidance.