

# SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
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## Agenda Number:

**Prepared on:** 04/13/05  
**Department:** 0112  
**Budget Unit:** 0130  
**Agenda Date:** 04/19/05  
**Placement:** Administrative  
**Estimate Time:** None  
**Continued Item:** No  
**If Yes, date from:**

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**TO:** Board of Supervisors

**FROM:** Michael F. Brown  
County Executive Officer

**STAFF CONTACT:** Edward Moses ext. 3520

**SUBJECT:** Community Development Block Grant Urban County Negotiations

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### Recommendation(s):

Request that the Board of Supervisors approve staff entering into negotiations with the City of Lompoc to form a City/County Partnership so that the County of Santa Barbara can obtain U.S. Department of Housing and Urban Development (HUD) designation as an entitlement Urban County for Community Development Block Grant (CDBG) funds.

### Alignment with Board Strategic Plan:

The recommendation is primarily aligned with Goals No. 5 and No. 7. Maintain and Enhance the Quality of Life for all Residents, and Strengthen the Safety and Well-Being of Children and Their Families to Ensure a Strong Future for our Community.

### Executive Summary and Discussion:

The Board of Supervisors number one federal legislative priority is to have the County receive Urban County Entitlement Status from the federal government. An Urban County designation would provide direct HUD annual entitlement CDBG to Santa Barbara County in the amount of \$2.6 million and a potential for an additional \$900,000 in Continuum of Care (Homeless) funds. A partnership with the City of Lompoc would provide the County with the population numbers to qualify for Urban County status which would guarantee CDBG funding on a formula funded basis. Currently, Santa Barbara County must compete for CDBG funding through the State "Small Cities" program administered in California by the Department of Housing and Community Development (HCD). The maximum total CDBG funding available to a single jurisdiction under the State's program is \$870,000 per year, assuming that a jurisdiction would be awarded the full amount of economic development, housing and planning monies.

For almost twenty (20) years, the population of Santa Barbara County has put it on the brink of designation as an Urban County under Title I of the National Housing and Community Development Act of 1974.

During this time frame, as the population has approached the 200,000 persons required to meeting the designation, several actions taken by the federal government have resulted in the failure of Santa Barbara County to reach the threshold population required under Title I of the Act.

One of the actions occurred in 1974 when Public Law 93-383 authorized the few small cities with HUD Center City Status to become entitlement jurisdiction without meeting the Act's threshold population requirement of 50,000. As a result of the action, the City of Lompoc was granted entitlement status. This occurred again in 2004 when the City of Goleta was also granted the status. Thus, both cities population was deducted from the County's, resulting in the failure of the County to achieve the Urban County threshold population requirement. However, if acceptable terms can be negotiated with the City of Lompoc, the City's population can be counted towards the County's population threshold requirements under Title I through a City-County Cooperation Agreement between the County and the City.

Under HUD's regulations, Section V – Cooperation Agreements of HUD Community Planning and Development Notice 02-05, the City can be included as a participating unit of general government under the County's Urban County CDBG program for a three (3) year period.

In anticipation that the City of Lompoc may desire to have additional incentives to partner with the County as well as assurances that guarantees a potential for funding from the County, staff would like to offer the following funding guarantees over the course of the proposed initial three year CDBG Cooperation Agreement period:

County guarantees that the City of Lompoc will be allocated, minus administration costs, an amount greater than or equivalent to the HUD identified City entitlement:

Year 1 - \$1million in CDBG project funds, or pro-rata share (50.4%), plus the City's customary formula allocation

Year 2 - \$500,000 in CDBG project funds, or pro-rata share (25.2%), plus the City's customary formula allocation

Year 3 - \$200,000 in CDBG project funds, or pro-rata share (10.1%), plus the City's customary formula allocation

This proposal would produce, based on Fiscal Year 2004 CDBG allocation, \$4,300,000.00 in CDBG funds for the County over the three year period of the initial agreement while guaranteeing the City of Lompoc \$3,500,000.00. The County would only be eligible, if it competes successfully, to receive \$2,610,000.00 for that same period by participating in the State's CDBG program.

Further, because they have to "opt out" of the CDBG program in order to enter into partnership with the County, the City of Lompoc may desire to have assurances that guarantees a potential for funding beyond the initial proposed three year agreement. To that that end the County would like to propose the following: *In the unlikely event that Congress amends the section of the 1974 Housing and Community Development Act that defines "Metropolitan City", 42USC5302(a)(4)(a), in a manner that would prevent those cities who have "opted out" to "opt in", the County would guarantee, as long as CDBG funds are available, that the City of Lompoc would receive minimally for any successive three year CDBG Cooperation Agreement period between the City of Lompoc and the County of Santa Barbara, the same benefits it is to receive in Year 3 of our proposed Cooperation Agreement, or its pro rata share, which is:*

- Lompoc's Formula Allocation,
- Continue to receive the same administrative funds for its Formula Allocation without the administrative responsibility,
- Ten Point One Percent ( 10.1%) of the County of Santa Barbara's Allocation to be used as additional project funds,

- Sole Authority over the award and implementation of those funds allocated to the City of Lompoc; including the additional project funds,
- Eligibility to participate in activities, programs and/or projects funded through the remaining County allocation and;
- Upon negotiation, retain any income generated from expenditure of portions of proceeds from sale of real property acquired or improve with its allocation.

**Mandates and Service Levels:**

The CDBG program is not mandated; however, acceptance of funds to carry out affordable housing activities requires the County to comply with the federal regulations attached to those funds.

**Fiscal and Facilities Impacts:**

Submission to and approval by HUD is required for receipt of the federal CDBG funds. 20% of the CDBG funds awarded are available for administration.

**Concurrences:**

County Administrator

**Special Instructions:**

None