



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 14, 2024
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Jesús Armas, Community Services Director (805)568-2467
Director(s)
Contact Info: Joseph Dzvonic, Deputy Director (805) 568-3523
Lucille Boss, Affordable Housing Programs Manager (805) 568-3533
SUBJECT: Execution of State of California Permanent Local Housing Allocation (PLHA)
Subrecipient Agreement with the Housing Trust Fund of Santa Barbara County

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Risk Concurrence:

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Approve and authorize the Chair of the Board of Supervisors to execute a subrecipient agreement with the Housing Trust Fund of Santa Barbara County, for a term that begins May 14, 2024, and ends December 31, 2025 (Subrecipient Agreement) for the distribution of \$374,793 in State of California Permanent Local Housing Allocation (PLHA) grant funds for delivery of a Homebuyer Downpayment Assistance Program (Attachment A); and
- b) Authorize the County's Community Services Department Director, or his designee, to approve and execute amendments to the Subrecipient Agreement, as necessary to revise Budget line items, provided the total Budget is not increased, to extend the term by up to 12 months, and to approve necessary administrative changes to the Subrecipient Agreement that are necessary to conform with Federal, State, and local laws, guidelines, policies, and funding amounts; and
- c) Determine that the approval of the recommended actions is exempt from the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15378(b)(4) since the recommended actions are government fiscal activities which do not involve commitment to any specific project which may result in potentially significant physical impact on the environment.

Subrecipient Agreement with Housing Trust Fund of Santa Barbara County

May 14, 2024

Page 2 of 5

Summary Text:

Staff is requesting the Board of Supervisors approve and authorize the Chair to execute a State of California Permanent Local Housing Allocation (PLHA) Subrecipient Agreement with the Housing Trust Fund of Santa Barbara County (HTF). The Board is being asked to approve an agreement for \$374,793 with the HTF for delivery of a Workforce Homebuyer Downpayment Assistance Program for a term that begins May 14, 2024 and ends December 31, 2025 (Attachment A).

The County of Santa Barbara and the Cities of Goleta and Santa Maria (Consortium) entered into a Consortium Agreement that authorizes the County to act as the Administering Jurisdiction for the Consortium to apply for and administer PLHA funds on the Consortium's behalf (Consortium Agreement). The County, on behalf of the Consortium, submitted the Consortium's Five-Year Plan (PLHA Plan) to the State. The PLHA Plan includes eligible activities selected by the Consortium from the State's PLHA Final Guidelines (Guidelines). A Workforce Homebuyer Downpayment Assistance Program in the County of Santa Barbara will provide down payment loans and closing cost grants to up to 4 first-time low-income (50-80% AMI) or moderate income (81-150% AMI) homebuyer households. Specific client services include: homebuyer education training offered through community partners; provision of information on the loan program and application process; Technical Assistance in completing the loan application; provision of a 30-year deferred payment down payment loan in the amount of 20% of the home purchase price up to a maximum loan of \$100,000 for qualified applicants; and provision of a closing cost grant up to \$5,000 for borrowers.

Background:

The State's PLHA program was created in 2017 via Senate Bill 2 . SB 2 created the Building Homes and Jobs Trust Fund and the PLHA Program, and established a permanent source of funding intended to increase the affordable housing stock in California. The revenue from SB 2 will vary from year to year, as revenue is dependent on certain real estate recordation transactions with fluctuating activity.

On July 7, 2020, the County of Santa Barbara's Board of Supervisors passed and adopted Resolution No. 20-127 allowing the Director of the Community Services Department to apply for, receive, and administer the PLHA funds for the Santa Barbara County PLHA Consortium.

Over the next five years, the Consortium will receive an estimated \$8,383,638 in PLHA funds. Funding for this NOFA is provided pursuant to Senate Bill 2 (SB 2) (Chapter 364, Statutes of 2017). The moneys available shall be allocated based on the formula used under Federal law to allocate CDBG funds within California. This is the formula specified in Title 42 United States Code (USC), Section 5306. The PLHA Guidelines authorize PLHA funds to be expended on certain Eligible Activities.

PLHA Guidelines authorize PLHA funds to be expended on certain Eligible Activities. The use of PLHA funds to provide homeownership opportunities, including, but not limited to, down payment assistance, qualifies as an eligible activity.

In response to the Notice of Funding Availability for Housing, Capital, and Public Services Programs issued by County HCD on November 15, 2023 the HTF submitted an Application for Funding Assistance for Affordable Housing Development for Acquisition. In January of 2024, the HTF was selected to receive

Subrecipient Agreement with Housing Trust Fund of Santa Barbara County

May 14, 2024

Page 3 of 5

a grant of \$374,793 from the County PLHA Consortium's Eligible Activity 9 allocation administer their Workforce Homebuyer Down payment Assistance program.

Workforce Homebuyer Program

The Workforce Homebuyer Program is an HTF program to expand homeownership opportunities for local working families. The program helps bridge the homeownership affordability gap for Workforce homebuyers by providing 30-year deferred payment loans of 20% of the home purchase price up to a maximum of \$100,000 to assist lower and moderate income households purchase a home in the community. Eligible families can use the funds for down payment and/or closing costs. The loans have a deferred payment schedule in which the borrowers do not have to make any payments of principal or interest until they sell their home, transfer title, or refinance their mortgage.

The program removes the financial barriers to the dream of homeownership by lowering home acquisition and carrying costs. The program enables qualified working families to purchase a home that provides a stable residence that strengthens the family and the neighborhood.

Specific client services include: homebuyer education training offered through community partners; provision of information on the loan program and application process; technical assistance in completing the loan application; provision of a 30-year deferred payment down payment loan for qualified applicants; and provision of a closing cost grant up to \$5,000 for borrowers.

Homebuyers seeking a down payment loan through the program must meet the following minimum criteria:

1. Applicants must be residents of or work within Santa Barbara County.
2. Applicants must be a First-Time Homebuyer, which definition includes not having owned a principal residence within three (3) years from the date of program application.
3. Applicants must be a U.S. Citizen, a Naturalized Citizen or a permanent resident alien.
4. Applicants must be an eligible low (50-80% AMI) or moderate-income (81-150% AMI) household
5. The homebuyer must occupy the home as the primary residence for the duration of the loan.
6. The home size must be sufficient for the household so that there is no overcrowding.
7. Applicants must attend and complete an HTF-approved Homebuyer Education Training class.
8. Applicants must secure pre-approval of a 30-year fixed rate First Mortgage loan from a participating lender and have satisfactory credit and job/income stability.
9. Applicants must contribute at least 3.5% of the home purchase price and closing costs and must invest any other liquid assets in excess of \$15,000 for the purchase of the home.

Applicants for homebuyer down payment assistance must have combined household incomes that fall within the definitions of low-to-moderate income, as follows:

- Low Income Households: Up to 80% of AMI, adjusted for household size;
- Moderate Income: Up to 150% AMI, adjusted for household size.

Homebuyers may apply for down payment assistance for homes that meet the following criteria:

Subrecipient Agreement with Housing Trust Fund of Santa Barbara County

May 14, 2024

Page 4 of 5

Location of the Home:

All homes purchased with funds under the Subrecipient Agreement must be located within the County of Santa Barbara, with the exception that homes purchased within the Cities of Lompoc and Santa Barbara are not eligible for funds under this Agreement because they have chosen not be a participant in the PLHA consortium

Type of Home:

- **Allowed types:** Detached or attached single-family homes (single family homes may have an accessory dwelling unit), units in Planned Developments, townhomes, condominiums, mobile homes that are on a permanent foundation and have an individual deed to the property or mobile homes with a signed lease located in a mobile home park.
- **Ineligible home types:** Vacation homes, investment properties, multi-family units, duplexes, second units, life care facilities and cooperatively owned or other forms of ownership where the homebuyer does not have an individual deed to the property.
- **Habitability:** Homes must be completed and ready for occupancy and meet building, health and safety code standards, including no lead paint. A home inspection is required.

Performance Measure:

The Workforce Homebuyer Downpayment Assistance Program will provide down payment loans and closing cost grants to up to four (4) first-time low-income households, or moderate-income households by January of 2026.

The Subrecipient Agreement shall be performed in accordance with the State’s PLHA program guidelines, and the Scope of Services and Budget contained in the Subrecipient Agreement. HTF will provide quarterly reports to the County on services provided under the Subrecipient Agreement and the outcomes, or performance measures, including the number of households assisted, home prices, and amounts of loans which have been outlined in the Scope of Services. HTF anticipates serving at least four (4) households by January of 2026.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

General Fund			
State		\$	374,793.00
Federal			
Fees			
Other:			
Total	\$	-	\$ 374,793.00

Subrecipient Agreement with Housing Trust Fund of Santa Barbara County

May 14, 2024

Page 5 of 5

Key Contract Risks:

The County assumes responsibility for the administration of PLHA funds in accordance with all State requirements governing their use. In addition, the County would be held liable if it or any provider to which it sub-grants funds is found to be non-compliant with applicable requirements. The Housing Trust Fund of Santa Barbara County has successfully administered its Homebuyer Downpayment Assistance Program for many years.

The PLHA Subrecipient Agreement is a cost-reimbursement contract. This allows CSD to disburse funds to HTF for eligible incurred costs to the extent prescribed by the Subrecipient Agreement. The County will only reimburse costs that are eligible under the Subrecipient Agreement and documented in a manner that is acceptable to the CSD. CSD staff will assess the performance of HTF to determine if the services provided are adequate and as outlined in the Subrecipient Agreement.

Special Instructions:

- 1) Please have the Board chair sign two copies of the Subrecipient Agreement and provide one executed original agreement to Andrew Kish. Please call for pick up 8-3534. Retain one original in COB files.
- 2) Please email an electronic copy of the Minute Order to Andrew Kish at akish@countyofsb.org

Attachments:

- A. Subrecipient Agreement with Housing Trust Fund of Santa Barbara County

Authored by: Andrew Kish, Housing & Community Development Division