



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:** 3/12/24  
**Placement:** Administrative  
**Estimated Time:** N/A  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** 4/5

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**TO:** Board of Supervisors  
**FROM:** Department Jesús Armas, Community Services Director (805)568-2467  
Director(s)  
Contact Info: Joe Dzvonic, Deputy Director (805) 568-3523  
Laurie Baker, Grants and Programs Manager (805) 568-3521  
**SUBJECT:** Agreement with Harris & Associates to Prepare a Countywide Strategic Plan for Workforce Housing Development and Preservation

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**County Counsel Concurrence**

As to form: Yes

**Other Concurrence:** Risk & CEO Concurrence

As to form: Yes

**Auditor-Controller 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 an Agreement (Agreement) with Harris & Associates, Inc. in the amount of \$246,490 for delivery of a Strategic Plan for Workforce Housing Development and Preservation; and
- b) Authorize the County's Community Services Department Director, or designee, to approve and execute amendments to extend the term of the agreement, to amend the Agreement's Budget line items and/or amounts in each line item, provided that the overall amount of the Budget is not increased, and approve necessary administrative changes to the Agreement that are necessary to conform with Federal, state, and local laws, guidelines, policies, and funding amounts; and
- c) Approve allocation \$246,490 of American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Fund (SLFRF) grant funds for a Workforce Housing Development and Preservation consultant, funded from offsetting reductions to the Broadband Strategy Study (\$15,000) and Homeless Encampment Strategy Year 1 (\$231,490) projects; and
- d) Approve Budget Revision Request No. BJE 0009594 to establish appropriations of \$246,490, funded by an Operating Transfer from ARPA of \$246,490. (4/5 Vote Required); and

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- e) 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.

### **Summary Text:**

The recommended actions include approval of an Agreement with Harris & Associates, Inc. for delivery of a Strategic Plan for Workforce Housing Development and Preservation (Plan). On September 22, 2023, County Housing and Community Development (HCD) staff reissued a Request for Proposals (RFP) to a wide range of qualified consultants to prepare a Strategic Plan for Workforce Housing Development and Preservation. Subsequently, County staff received four (4) separate proposals from a variety of consultants Statewide, conducted a review and ranking of each proposal by a designated committee including representation from the County CEO's office, County Long Range Planning, and County Housing and Community Development, and interviewed the top two (2) ranked consultants.

Following the interviews, the committee re-convened to determine the top candidate. Staff is recommending that the Board of Supervisors approve the Agreement (Attachment A) with Harris & Associates in the amount of \$246,490. Harris & Associates will deliver a Plan to inform, guide and influence future land use, housing projects and programs that can be implemented to improve the County's response to the lack of workforce housing throughout the County.

### **Background:**

On June 1, 2021, County staff presented information to the Board of Supervisors on the eligibility requirements and possible uses of American Rescue Plan Act State and Local Fiscal Recovery Funds (ARPA). After staff presented various potential uses of ARPA funds, the Board directed staff to return with more information regarding specific focus areas. One of the specific focus areas directed by the Board for further study was workforce housing development and preservation.

In response to that direction, HCD staff returned to the Board on October 5, 2021 and presented [a report](#) titled "Consideration of Further Study on Workforce Housing Needs in Santa Barbara County". In this report, staff described the lack of housing inventory in this income category and existing programs that assist moderate income homebuyers and renters with gaining access to affordable housing. Staff recommended further research on the housing gap and identification of model housing programs, funding opportunities, and financing strategies to meet the housing needs of the County's workforce households. The Board accepted the recommendation to "Direct staff to issue a Request for Proposals for an experienced consultant to provide further study on Workforce Housing as described in the Board Letter, funded by previously earmarked funding for such purpose." A Request for Proposals (RFP) was issued by County HCD on December 22, 2021 and reissued on January 3, 2022 and January 26, 2022. No responses were received. Feedback from consultants was that most consultants were engaged by numerous municipalities and counties to complete their State-mandated Housing Elements. County HCD reissued the RFP on September 22, 2023 and four proposals were received from qualified consultant firms.

The County receives federal and state funds, as well as contributes local funds, toward the development of affordable housing and housing-related programs. Over the five (5) fiscal years directly preceding the onset of federal and state COVID-19 economic stimulus funding, the County had received approximately

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\$1 million annually in federal HOME funding for affordable housing development and tenant-based rental assistance, and currently has a balance of over \$1 million in fees collected from developers in-lieu of providing affordable housing as allowed under the County's Inclusionary Housing Ordinance. Beginning in Fiscal Year 2019, the County receives an annual allocation of state of California Permanent Local Housing Allocation (PLHA) to address affordable housing needs.

One conclusion highlighted by staff in the October 5, 2021 Board letter was that locally available workforce housing funds described in the preceding paragraph are insufficient to meet Santa Barbara County's need for workforce housing because the average development cost of a 50-unit project is over \$29 million. This explains why the vast majority of workforce households do not have the necessary income and financial resources to afford rental or homeownership housing in high-cost housing market areas such as South Santa Barbara County. Moreover, the funds available to provide local housing opportunities for this significant subset of wage earners are inaccessible resulting from statutory, regulatory and programmatic compliance requirements, which, generally are limited to households earning 80% or less of area median income. As a result, many citizens employed by businesses in South Santa Barbara County must take residence in North Santa Barbara County or Ventura County and accept long daily commutes to their places of employment. Long daily commutes add significant financial stress to the workforce in transportation costs, create disconnects between the workforce and the community it serves, and run counter to the County's climate action strategy.

Therefore, additional data and research are needed to define the term *workforce housing*, describe and quantify the workforce housing gap, identify potential new and replicable housing program and financial models, identify methods to implement these models, and articulate public policy approaches and solutions to facilitating the development of workforce housing opportunities on a project level throughout the County.

### **Performance Measure:**

Harris & Associates, Inc. will produce a report describing a Strategic Plan for Workforce Housing Development and Preservation. Project Objectives will include the following tasks (Tasks), some of which may be performed concurrently.

The final report is due to County staff by October 31, 2024.

Task 1- Lead Kick off Meeting by March 29, 2024

Task 2- Submission of a Workforce Housing Affordability Gap Assessment

Task 3- Submission of an Evaluation of Existing County Programs and Analysis of Model Programs

Task 4- Submission of Report on the Mechanics of Successful Employer Sponsored Housing in the County

Task 5- Identify Funding Opportunities and How to Build Strong Housing Development Financing

Task 6- Develop Strategy to Build Upon County Homeownership Rehabilitation and Inclusionary Program

Task 7- Analyze County-owned Sites for Feasibility of Conversion to Housing or New Housing Construction

To prepare for Task 7, staff from CSD, County Planning & Development (P&D) and County General Services (GS) worked together to assemble a list of potential candidate sites. Staff conducted a preliminary screening of nearly 500 County-owned parcels. This initial analysis resulted in the removal of 200 parcels from further consideration due to the presence of major barriers to development or clear characteristics that made the site infeasible to develop. Next, staff conducted a lot-by-lot review of the 300 remaining parcels. As a result of this review, additional parcels were eliminated from consideration due to size (less

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than .5 acre), environmental constraints (severe flood hazard, sensitive habitat, etc.), existing developed Fire Station sites, and extremely distant rural sites lacking suitable infrastructure. From this review, staff identified 35 parcels and organized them into 20 different *sites*, representing approximately 450 acres of County land, that could potentially accommodate development. In negotiations with Harris and Associates, Inc. it was determined that up to 20 *sites* could be subjected to a more robust evaluation based on available time and funding for this project. Attachment B is a list of the 20 sites proposed to be evaluated by the consultant. Attachment C is a geographic overview of the 20 sites throughout three general areas of Santa Barbara County: South County, Middle County, and North County. (Attachment B also indicates sites concurrently listed in the 2023 County Housing Element Update.)

It should be noted that some sites with existing County structures were included if there were large parking lots, underdeveloped areas, or the potential for a creative use of the site. Specific sites suggested by Board members are also included within the list.

In the final report, Harris and Associates, Inc. will present the results of its analysis into Tier 1 sites reflecting prospects for development within the 2023-2031 Housing Element cycle, and Tier 2 sites comprising development prospects after the 2023-2031 Housing Element cycle.

By June of 2025, HCD staff will incorporate the information obtained from the Harris & Associates Inc.’s final report within a Strategy for Workforce Housing Development and Preservation (Strategy) to be presented to the Board of Supervisors. The Strategy will be implemented over the course of the County’s 2023 – 2031 Housing Element Update and 2023-2031 6<sup>th</sup> Cycle of SBCAG’s Regional Housing Needs Allocation (RHNA), and will help inform the strategy for the next RHNA cycle.

The Project shall be carried out in accordance with the ARPA’s program guidelines, and the Scope of Work and Budget contained in the Agreement. Harris & Associates will provide weekly reports to the County on deliverables, including the aforementioned Tasks.

**Fiscal and Facilities Impacts:**

Budgeted: The Budget Revision included as Attachment D establishes the appropriations needed in the amount of \$246,490.

**Fiscal Analysis:**

<b><u>Funding Sources</u></b>	<b><u>Current FY Cost:</u></b>	<b><u>Annualized On-going Cost:</u></b>	<b><u>Total One-Time Project Cost</u></b>
General Fund			
State			
Federal			\$246,490
Fees			
Other:			
Total		\$ -	\$246,490

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**Key Contract Risks:**

The County assumes responsibility for the administration of ARPA funds in accordance with all federal and State requirements governing their use. In addition, it would be held liable if it or any provider to which it sub-grants funds is found to be non-compliant with applicable requirements. Staff has determined that using the funds for a housing study is an eligible use of ARPA funds. Harris & Associates has been assisting local governments with economic and fiscal analysis for over 20 years.

Payments to Harris & Associates will be on a cost-reimbursement basis. This allows CSD/HCD to disburse funds only for eligible incurred costs as outlined in the Agreement. CSD/HCD staff will continually assess the performance of Harris & Associates to determine if the services provided are adequate and as outlined in the Agreement.

**Special Instructions:**

- 1) Please have the Board chair sign two copies of the 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](mailto:akish@countyofsb.org)

**Attachments:**

- A. Agreement for Harris & Associates
- B. County-owned Sites for Consultant Feasibility Analysis
- C. Inventory List Map Overview
- D. BJE 0009594

**Authored by:**

Andrew Kish, Housing and Community Development Division ([akish@countyofsb.org](mailto:akish@countyofsb.org))