



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: March 8, 2022
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department George Chapjian, Community Services Director (805)568-2467
Director(s)
Contact Info: Dinah Lockhart, Deputy Director (805) 568-3523
Laurie Baker, Grants and Programs Manager (805) 568-3521
SUBJECT: Execution of State of California Permanent Local Housing Allocation (PLHA)
Sub-recipient 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 sub-recipient agreement for the distribution of \$444,960 in State of California Permanent Local Housing Allocation (PLHA) grant funds with the Housing Trust Fund of Santa Barbara County for delivery of a Homebuyer Downpayment Assistance Program for a term that begins 3/8/22 and ends 6/30/24 (Attachment A); and
- b) Authorize the County's Community Services Department Director or designee to approve at his or her discretion and execute amendments on behalf of the COUNTY to approve changes to the sub-recipient operating budget, to extend the sub-recipient agreement's term or award time of performance by up to 12 months, and approve necessary administrative changes, throughout the term of the sub-recipient agreement; 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.

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Summary Text:

Staff is requesting that the Board of Supervisors approve and authorize the Chair to execute a State of California Permanent Local Housing Allocation (PLHA) sub-recipient agreement with the Housing Trust Fund of Santa Barbara County (HTF). The Board is being asked to approve an agreement for \$444,960 with the HTF for delivery of a Homebuyer Downpayment Assistance Program for a term that begins 3/8/22 and ends 6/30/24 (Attachment A);

The County 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. The County, on behalf of the Consortium, submitted to the Consortium's Five-Year Plan (PLHA Plan), which includes which of the State PLHA eligible activities contained in the State's PLHA Final Guidelines (Guidelines) the Consortium will address with its allocations of PLHA funds over the next five years. The Consortium selected the following eligible activities from the Guidelines: §301(a)(1) Multi-Family Rental Housing, §301(a)(2) Rental and Homeownership Housing, §301(a)(9) Down Payment Assistance for Homeownership Opportunities, and §301(a)(6) Homeless Assistance Programs; and

The funding identified for the services provided for HTF's homebuyer program includes funds from eligible activities §301(a)(2) and §301(a)(9).

Background:

Chapter 364, Statutes of 2017 (SB 2, Atkins) as authorized by Health and Safety Code Section 50470, was part of a 15-bill housing package aimed at addressing the state's housing shortage and high housing costs. SB2 created the Building Homes and Jobs Trust Fund and the PLHA Program. Specifically, it establishes 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. The legislation directs the California Department of Housing and Community Development (Department) to use seventy (70) percent of the revenue collected, beginning in calendar year 2019, to provide financial assistance to local governments for eligible housing-related projects and programs to assist in addressing the unmet housing needs of their local communities.

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, which includes the County of Santa Barbara, and the Cities of Goleta and Santa Maria.

The County and the Cities of Goleta and Santa Maria (Consortium) each executed 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. Over the next five years, the County and cities will receive an estimated \$8,383,638. The calculations are based on the CDBG allocation formula for 2017. The PLHA Guidelines authorize PLHA funds to be expended on certain Eligible Activities. County staff convened a PLHA working group in 2019 consisting of County and city staff representatives. Additionally, four (4) community outreach meetings, in conjunction with the HUD Consolidated Plan development process, were held in Lompoc, Goleta, Santa Maria, and Santa Barbara to gather community

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input. To meet the objectives set forth by the PLHA program, the County, and the Cities of Goleta and Santa Maria elected to allocate the PLHA funds toward the following four Eligible Activities:

1. Activity 301(a)1: Forty five percent (45%) of the PLHA funds will be allocated toward the predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing that is affordable to extremely low, very low, low-, and moderate-income households, including necessary operating subsidies.
2. Activity 301(a)2: Ten percent (10%) of the PLHA funds will support the predevelopment, development, acquisition, rehabilitation, and preservation of Affordable rental and ownership housing, including Accessory Dwelling Units (ADUs), that meets the needs of a growing workforce earning up to 120-percent of AMI, or 150-percent of AMI in high-cost areas.
3. Activity 301(a)6: Thirty percent (30%) of the PLHA funds will be used for assisting persons who are experiencing or are at risk of homelessness, including, but not limited to, providing rapid rehousing, rental assistance, supportive/case management services that allow people to obtain and retain housing, operating and capital costs for navigation centers and emergency shelters, and the new construction, rehabilitation, and preservation of permanent and transitional housing.
4. Activity 301(a)9: Fifteen percent (15%) of the PLHA funds will be used to provide homeownership opportunities, including, but not limited to, down payment assistance.

Workforce Homebuyer Program

The Workforce Homebuyer Program is a program of the Housing Trust Fund of Santa Barbara County (HTF) 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 per household to assist lower income households in purchasing a home in the community. Funds can be used for down payment and/or closing costs for households who earn a maximum of 80% of the Area Median Income (AMI). The loans have no current interest or principal payments and are repaid, with accrued interest, upon sale, transfer or refinancing of the home or at the end of the loan term.

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.

This program will be funded with PLHA funds under Eligible Activity Nos. 2 and 4 listed above.

Homebuyers seeking a down payment loan 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 or moderate-income 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.

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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 Area Median Income, adjusted for household size;
- Moderate Income, disaster victim households: Up to 120% AMI, adjusted for household size.

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

Location of the Home:

The home must be located in Santa Barbara County north of Vandenberg Airforce Base except within the city limits of Lompoc or Guadalupe

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 North County Workforce Homebuyer Program will provide down payment loans and closing cost grants to up to 20 first-time low-income homebuyers. 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.

The Project shall be carried out in accordance with the State's program guidelines, and Scope of Work and Budget contained in the County's agreement. Housing Trust Fund will provide quarterly reports to the County on services provided 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 work. Housing Trust Funds anticipates serving at least 20 households.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

General Fund				
State		\$		444,960.00
Federal				
Fees				
Other:				
Total	\$	-	\$	444,960.00

Key Contract Risks:

The County assumes responsibility for the administration of PLHA funds in accordance with all 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. The Housing Trust Fund of Santa Barbara County has successfully administered its Homebuyer Downpayment Assistance Program for many years.

The PLHA sub-recipient agreement is a cost-reimbursement contract. This allows CSD/HCD to disburse funds to the Housing Trust Fund for eligible incurred costs to the extent prescribed by the Agreement. The County will only reimburse costs that are eligible under the Agreement and documented in a manner that is acceptable to the CSD/HCD. CSD/HCD staff will assess the performance of the sub-recipient 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

Attachments:

- A) Sub-recipient Agreement for Housing Trust Fund of Santa Barbara County

Authored by:

Andrew Kish, Housing and Community Development Division (akish@countyofsb.org)