



**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 5, 2020  
**Placement:** Departmental  
**Estimated Time:** 30 minutes  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors  
**FROM:** Department George Chapjian, Community Services Director (805) 568-2467  
Director  
Contact Info: Dinah Lockhart, Deputy Director (805) 568-3523  
Laurie Baker, Grants Program Manager (805) 568-3521  
**SUBJECT: Approval of Santa Barbara County HOME Consortium and CDBG Urban County 2020-25 Consolidated Plan, Analysis of Impediments to Fair Housing Choice, and FY 2020-21 Annual Action Plan.**

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**County Counsel Concurrence**

As to form: Yes

**Risk Management**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors (Board):

- A. Receive and file a staff report on the Santa Barbara County 2020-25 Consolidated Plan, Analysis of Impediments to Fair Housing Choice (AI), and the 2020-21 Action Plan, which includes recommendations for award of Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) funds for FY 2020-21;
- B. Consider public comments received on the draft 2020-25 Consolidated Plan, draft 2020-21 Action Plan, and draft AI during the thirty (30) day public comment period, which commenced on April 3, 2020 and concludes at the end of today's public hearing on this item;
- C. Approve the recommendations for funding contained in the draft 2020-21 Action Plan (Attachment C);
- D. Direct staff to finalize the draft 2020-25 Consolidated Plan (Attachment A), draft AI (Attachment B), and draft FY 2020-21 Action Plan (Attachment C) by revising to reflect any direction provided by the Board and adding any public comments and submit them to the U.S. Department of Housing and Urban Development (HUD);

- E. Adopt a Resolution authorizing submittal of the Consolidated Plan, AI, and Action Plan to HUD (Attachment E);
- F. Obtain public comment, consider public comment received during the time the Citizen Participation Plan was available for public comment, and approve revisions to, the County's updated draft Citizen Participation Plan (Attachment F);
- G. Authorize the County Executive Officer or her designee to execute all certifications, standard forms and other related documents required for the acceptance and administration of FY 2020-21 CDBG and HOME funds and authorize the County Executive Officer or her designee to execute all certifications, standard forms, and other related documents required for the submittal to and approval by HUD of the Consolidated Plan and Action Plan; and
- H. Determine that the recommended actions are not the acceptance and approval of a project that is subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(4), finding that the project is a creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

**Summary Text:**

***HUD FY 2020-25 Consolidated Plan***

Under CDBG and HOME, and, in years when the County meets the funding threshold, federal Emergency Solution Grants (ESG) programs, the County receives annual allocations of federal funds through HUD to award to projects benefitting primarily low-income persons in the County. In partnership with participating local jurisdictions, the County serves as Lead Agency overseeing planning, receipt, allocation, financial and program management, and reporting under the CDBG Urban County and HOME Consortium.

In this context, every five-years the County must submit a Consolidated Plan to HUD, which describes the public planning process, identifies community needs and priorities, and establishes performance goals and objectives associated with CDBG and HOME. The 2020-25 Consolidated Plan governs how the County and its partners will prioritize allocations of federal entitlement funding over a five-year period. In turn, HUD utilizes the Consolidated Plan and associated Annual Action Plans to assess the County's performance in addressing local needs and furthering congressional goals and objectives under CDBG and HOME.

In the coming five-years, the County can anticipate receiving approximately \$6 million in CDBG and \$6 million in HOME, totaling approximately \$12 million in HUD federal entitlement community development funds pursuant to HUD's annual allocation formula. This assumes congressional budget allocations for CDBG and HOME remain relatively consistent with FY 2020-21 funding to the County.

The County may receive special allocations of CDBG and Emergency Solutions Grant (ESG) funds pursuant to the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") signed by President Trump on March 27, 2020. The CARES Act provides \$2.2 trillion to individuals suffering from the economic impacts of COVID-19 and provides funds to state, local governments, businesses and other entities to help prepare for and respond to COVID-19. Pursuant to the CARES Act, HUD will develop a new formula to distribute CDBG funds – in addition to CDBG allocations based upon the normal program formula – to jurisdictions nationwide, based upon risk of transmission of coronavirus,

number of coronavirus cases compared to the national average, and economic and housing market disruption resulting from coronavirus. Additional ESG funds may also be received by the County within 90-days of enactment of the CARES Act, based upon a formula to be developed by HUD accounting for risk of transmission of coronavirus, high numbers or rates of sheltered homeless, and economic and market conditions.

Staff will return to the Board with a Substantial Action Plan Amendment accounting for any additional CDBG and ESG federal funds provided by the CARES Act for addressing community issues related to the Coronavirus once the allocation formula is announced by HUD and these funds are allocated to the County.

The County's priorities articulated in the Consolidated Plan are to:

- Expand Affordable Housing
- Assist Non-homeless Special Need Populations
- Build Community Infrastructure and Service Capacity
- Assist Homeless Individuals and Families and Those At-risk of Homelessness with Emergency and Permanent Housing and Services
- Promote Economic Development

In terms of community outreach and engagement, the Consolidated Plan includes a Citizen Participation Plan that outlines the process for public input into the development of the Consolidated Plan, Annual Action Plans and any substantial amendments (together, the "Plans") and related plans. The Plans include how the County will award federal funds to community programs and projects. The Consolidated Plan includes the identification of community needs and gaps in services, marketing and outreach to local agencies, community at-large and special needs providers, public noticing requirements, and addressing requests for reasonable accommodation, including ADA and Limited English Proficiency. Note that the draft Citizen Participation Plan (Attachment F) has been revised from the prior plan approved in 2014. The revised Citizen Participation Plan being recommended for approval as part of the Consolidated Plan allows for 'administrative' public hearings for Action Plan Substantial Amendments, which will streamline the public input process. The Board will still approve all funding recommendations, and the public may still provide comment, but as an administrative agenda item. The federally required public hearing will have taken place with staff in advance of the Board meeting date and may include the option for hearings to be held in the evenings. The Board will still hold public hearings for annual Action Plans and Consolidated Plans which would continue to appear on departmental agendas. The proposed Citizen Participation Plan also embraces electronic methods of distributing draft and final Consolidated Plans, Action Plans and Action Plan Substantial Amendments, to County and city websites, making them more easily accessible to the public, eliminating the need to deliver hard-copies to all County libraries and municipal offices, and reduce paper consumption.

### ***Analysis of Impediments (AI) to Fair Housing Choice***

As a companion to the 2020-25 Consolidated Plan, the County is required to conduct a market analysis and prepare an AI reflecting how the County and participating jurisdictions will ensure that all programs and activities utilizing federal funding affirmatively further policies under the federal Fair Housing Act. The AI articulates actions intended to address the effects of impediments to fair housing choice as well as potential for housing discrimination. Santa Barbara County contracts with a legal services provider to implement prescriptive measures identified in the AI to address and further fair housing pursuant to the federal Fair Housing Act provisions.

### ***HUD FY 2020-21 Action Plan***

Each fiscal year, the County is required to submit an Annual Action Plan to HUD reflecting proposed allocation, award and management oversight of CDBG and HOME (and ESG in years when the County meets the funding threshold) entitlement funding. The Action Plan is the part of the County's formal annual grant application to HUD under HOME and CDBG (and Emergency Solutions Grants – ESG - in years when the County meets the funding thresholds). Moreover, the County is also required to submit an Action Plan Substantial Amendment when federal funds are used for a project or program not previously included in an Action Plan

The CDBG and HOME allocations for FY 2020-21 are shown below:

Community Development Block Grant (CDBG):	\$1,259,696
HOME Investment Partnerships Program (HOME):	\$1,265,645

In addition to anticipated FY 2020-21 CDBG funds, the County's 2020-21 Notice of Funding Availability (NOFA), included \$621,616 in past years' uncommitted CDBG. This funding is from loan receipts and repayments from past years' projects - referred to as Program Income - funding from projects that have been completed and the funding not fully expended, as well as other means. The use of these funds requires a Substantial Action Plan Amendment and, because the funds are readily available, subrecipient agreements have been drafted and are on today's Board Agenda as a separate item for consideration and approval of the Substantial Amendment and execution of grant and loan agreements.

**CDBG Overview:** Up to 20% of the CDBG allocation may be used by the County to cover the costs to administer CDBG and other federal programs, up to 15% may be allocated to public services programs,<sup>1</sup> and the remaining funds for other eligible uses. The Community Services Department's Housing and Community Development Division (HCD) issued a Notice of Funding Availability (NOFA) on November 8, 2019, with applications due on January 10, 2020. HCD staff reviewed all applications and convened the County's Human Services Commission Allocations Committee (Allocations Committee), and Capital Loan Committee (CLC) on February 7th and 13th, 2020, respectively. Each committee provided funding recommendations for Board consideration and approval during today's public hearing.

- HCD received 25 CDBG public services applications requesting a total of \$752,962, with \$188,954 in available funds. Upon completion of its grant review process, the Allocations Committee recommended 10 projects for funding consideration. Two of the 25 applications were for programs in the City of Carpinteria and were approved by the Carpinteria City Council on February 24, 2020. Solvang and Buellton included their CDBG public service allocations in the County's funding pool.
- For the remaining available CDBG funds, HCD received nine applications requesting a total of \$1,693,573, with an estimated<sup>2</sup> \$1,405,664 available. Six applications were for capital and/or infrastructure projects, one for a homeowner rehabilitation program, and two for Microenterprise programs. Upon completion of its review, the CLC recommended funding all project proposals,

<sup>1</sup> The March 27, 2020 CARES Act temporarily suspended the 15% public services cap.

<sup>2</sup> The NOFA was published with estimated CDBG and HOME allocations based on the prior year allocations. HUD announced the FY 2020 allocations in February 2020 resulting in an increase of \$53,470 in CDBG and \$99,385 in HOME funds.

with two projects recommended for funding in amounts less than initially requested, as detailed in Table 4 and discussed below.

**HOME Overview:** As Lead Agency of the HOME Consortium, the County utilizes 10% of annual HOME funds for program administration. The NOFA included uncommitted<sup>3</sup> HOME funds and estimated funds for FY 2020-21. Applications for affordable housing development utilizing HOME and other County funds are considered on a rolling basis as projects are ready to proceed, indicated by site control, entitlements in place, funding secured, and other criteria. The NOFA solicited Notices of Intent to Apply (NOI) for developments that will be ready to proceed during the 2020 calendar year. Full applications will be requested as developments are ready to move forward in the funding process. HCD received 16 NOIs, which are under review. HCD staff will return to the Board as housing development projects are ready to proceed for funding reservations and commitments, as detailed below. The Board recently approved funding reservations for Buellton Senior Apartments and West Cox Apartments and staff will return to the Board for execution of loan documents when all funding is secured and the projects are ready to proceed.

**Background:**

Under the County umbrella, and in partnership with local participating jurisdictions, HCD serves as lead agency for the CDBG Urban County Partnership and HOME Consortium.

FY 2020-21 CDBG funding and respective formula distribution to each partner city is in Table 1 below.

**Table 1: Distributions to CDBG Urban County Partner Cities, FY 2020-21**

Jurisdiction	Distribution	20% Admin*	15% Public Services	Capital Projects	Total CDBG Funds
County		\$251,939			\$251,939
County	Prior Year funds				\$621,616
County	85.22%		\$161,027	\$697,784	\$858,811
Buellton	3.08%		\$5,820	\$25,219	\$31,039
Carpinteria	8.30%		\$15,683	\$67,961	\$83,644
Solvang	3.40%		\$6,424	\$27,839	\$34,263
Total	100%	\$251,939	\$188,954	\$818,803	\$1,881,312

\*Administration reflects 20% of the FY 2020-21 \$1,259,696 CDBG allocation.

CDBG Urban County partners may identify qualifying projects in their respective communities to fund with their CDBG allocation. Alternatively, they may pool their funds with the County’s distribution if no projects or programs are ready to move forward during the forthcoming operating year: funding priority is for projects ready-to-proceed with resources identified to ensure timely completion. Any remaining CDBG funds are added to future year’s NOFA.

<sup>3</sup> HOME funds are used primarily for housing development and are awarded as projects are ready to proceed, having site control, entitlements in place, funding secured, and other criteria; therefore, funds may not be fully committed each year.

As noted, for FY 2020-21, the City of Carpinteria recommended two (2) programs for allocating its pro-rata share of CDBG public services funds. As no other capital projects or public services programs were recommended by participating cities for their allocations, those cities’ funds were added to the County’s pool and awarded accordingly during the grants review process.

***HOME Investment Partnerships (HOME) Program***

The HOME program is utilized primarily for affordable housing development but also allows for funding Tenant-Based Rental Assistance (TBRA), homebuyer assistance, and other eligible programs and activities. The County retains ten percent (10%), of the annual HOME allocation for program administration.

FY 2020-21 HOME funding and respective formula distribution to each partner city is in Table 2 below.

**Table 2: Distributions to HOME Consortium Member Cities and required Community Housing Development Organization (CHDO) set-aside**

<b>Jurisdiction</b>	<b>Distribution</b>	<b>Admin 10%</b>	<b>FY 20/21 Pro Rata Share for Projects</b>	<b>FY 20/21 Total Funds Available</b>
County		\$126,565		\$126,565
County	39.24%		\$372,499	\$372,499
Buellton	1.42%		\$13,439	\$13,439
Carpinteria	3.91%		\$37,106	\$37,106
Goleta	8.72%		\$82,814	\$82,814
Santa Maria	31.95%		\$303,311	\$303,311
Solvang	1.63%		\$15,480	\$15,480
Lompoc	13.12%		\$124,584	\$124,584
CHDO	15%		\$189,847	\$189,847
<b>Total</b>	<b>100.00%</b>	<b>\$126,565</b>	<b>\$1,139,080</b>	<b>\$1,265,645</b>

The City of Santa Maria will use \$140,000 of its HOME distribution to administer a TBRA program and allocate the remaining HOME balance of \$163,311 to Cabrillo Economic Development Corporation’s Buellton Senior Village project. The City of Buellton will also allocate its entire \$13,439 HOME distribution to the Buellton Senior Village apartments project. The County will allocate \$719,191 of its HOME and/or In-Lieu funds to the Buellton Senior Village project. The Board approved a \$895,941 funding reservation (including Santa Maria, Buellton, and County HOME and/or In-Lieu funds) for the Buellton Senior apartments at its March 17, 2020 hearing.

The City of Lompoc will allocate its \$124,584 in HOME funding to the Santa Barbara County Housing Authority’s Cypress & 7<sup>th</sup> Street project in the city’s jurisdiction; County HCD has preliminarily earmarked \$125,416 of County HOME funds to the project as well. Staff will return to the Board at a later date for approval of the funds when the project is ready to proceed.

Any remaining balance of FY 2020-21 and uncommitted prior year funds will be used for future affordable housing programs and developments as they are ready to proceed.

### ***Action Plan Overview***

The FY 2020-21 Action Plan represents the first operating year of the 2020-2025 Consolidated Plan, the five-year strategic plan required by HUD that reflects the goals, priorities, objectives, and performance measures of the federal programs allocated to the County (CDBG, HOME, and, in some years, ESG). The 2020-21 Action Plan outlines the County's strategy for utilizing federal funds to address local needs. The 2020-21 Action Plan is due to HUD by May 15, 2020.

Public Comment Period: The draft FY 2020-25 Consolidated Plan, Analysis of Impediments, and 2020-21 Action Plan were available for review by the public during a 30-day public comment period, which commenced on April 3, 2020, and concludes at the end of today's public hearing for this item. The draft Action Plan and Substantial Amendment will be revised to incorporate public comments received during the public comment period as well as Board direction on final funding allocations. Staff will subsequently submit the final Action Plan to HUD by the May 15, 2020 deadline.

### ***FY 2020-21 Funding Process***

On behalf of the Santa Barbara County Urban County Partnership and the HOME Consortium, County HCD issued a FY 2020-21 Notice of Funding Availability (NOFA) on November 8, 2019, with applications due on January 10, 2020. Because HOME and In-Lieu applications are accepted as projects are ready to proceed, submission of Letters of Intent to apply (LOI) were required if developers had projects they projected would be ready to apply for HOME and/or In-Lieu funding in calendar year 2020.

On November 15, 2019, HCD provided information, guidance, and technical assistance for interested applicants during two public workshops, one each in north and south county. Applications received by the January 10, 2020 deadline were vetted for initial threshold eligibility by HCD, and forwarded to the Human Services Commission's Allocations Committee (Allocation Committee) and Capital Loan Committee (CLC), as applicable, for funding consideration and recommendation to the Board of Supervisors.

### ***CDBG Applications - Public Services***

HCD received twenty-five (25) applications representing \$752,962 in requests; two (2) applications on behalf of agencies seeking City of Carpinteria's CDBG distribution of funds were provided to city staff for their internal review and allocation process. City Council approved the applications on February 24, 2020. Subsequent to HCD application eligibility review, all other CDBG public services applications were provided to the Allocations Committee for review and to make funding recommendations.

The Allocations Committee met on February 7, 2020 in a public meeting in which applicants presented their program proposals, followed by deliberations by the Allocations Committee on funding recommendations, based on the estimated allocation of CDBG. At that time, the Allocations Committee provided direction to HCD staff on final distribution in the event that the actual CDBG allocation was greater or less than estimated based upon the Congress' adoption of the FY 2020-21 federal budget. The funding recommendations are listed below for consideration and approval by the Board.

A list of all CDBG public services applications submitted under the 2020-21 NOFA is reflected in Attachment D.

Table 3 below shows the programs recommended for funding based on the actual allocation of CDBG for public services programs.

**Table 3: Santa Barbara County, CDBG Public Services Funding Recommendations**

<b>Applicant</b>	<b>Project</b>	<b>Service Area</b>	<b>Funding Request</b>	<b>Revised Funding Recommendation</b>
Community Action Commission of Santa Barbara County	Senior Nutrition Program	County-Wide	\$ 20,000.00	\$ 15,000.00
Domestic Violence Solutions for Santa Barbara County	Domestic Violence Victims Shelter, Safety and Support	South	\$ 35,000.00	\$ 22,452.00
Good Samaritan Shelter	Bridgehouse Emergency Shelter	North	\$ 30,000.00	\$ 27,451.00
Independent Living Resource Center of the Tri-Counties	Community Living Benefits Advocacy	South	\$ 35,000.00	\$ 15,000.00
Legal Aid Foundation of Santa Barbara County	Family Violence Prevention Program	North	\$ 20,000.00	\$ 15,000.00
<i>Peoples Self-Help Housing</i>	<i>Carpinteria Low Income, ESL Education Program</i>	<i>South</i>	<i>\$ 16,000.00</i>	<i>\$ 7,841.50</i>
Santa Maria Valley FISH Meals On Wheels	Meals on Wheels - Santa Maria Valley	North	\$ 15,000.00	\$ 15,000.00
Santa Ynez Valley People Helping People	Basic Needs Services for Seniors Program	Santa Ynez	\$ 33,000.00	\$ 15,000.00
<i>United Boys &amp; Girls Clubs of Santa Barbara County</i>	<i>Boys &amp; Girls Club, Carpinteria Club</i>	<i>South</i>	<i>\$ 15,000.00</i>	<i>\$ 7,841.50</i>
United Boys & Girls Clubs of Santa Barbara County	Boys & Girls Club, Solvang Club	Santa Ynez	\$ 15,000.00	\$ 15,000.00
WillBridge of Santa Barbara, Inc.	Emergency/Transitional Housing Program	South	\$ 20,000.00	\$ 18,368.00
Youth and Family Services YMCA	My Home Transitional Living Program	County-Wide	\$ 25,567.00	\$ 15,000.00
	<b>TOTALS:</b>		<b>\$ 752,962.00</b>	<b>\$ 188,954.00</b>

***CDBG Applications - Capital and Other Projects***

The County received six (6) capital project applications, one (1) homeowner rehabilitation program application, and two (2) Microenterprise assistance applications totaling \$1,693,573 in requests, with \$1,440,419 in available FY 2020-21 (\$818,803) and prior-year(s) (\$621,616)<sup>4</sup>. HCD staff evaluated the applications and convened the County’s Capital Loan Committee (CLC) at a February 13, 2020 public

<sup>4</sup> These carryover CDBG funds are the result of receipts of loan repayments from prior year’s projects, from past projects that have been completed under budget, or other means. In addition, the total applications received do not always meet or exceed the amount available and the excess funds are included in the following year’s NOFA. Staff recommends allocation of these prior year funds to the five projects in the in the FY 2019-20 Action Plan Substantial Amendment, which is a separate item on today’s departmental agenda.



meeting during which the CLC made funding recommendations for Board consideration and final approval.

The CLC is comprised of six (6) Board-appointed voting members and three (3) non-voting members. This composition includes representation from north and south County financial/lending institutions, Public Housing Authorities, County Auditor Controller and Treasurer-Tax Collector’s office, and related subject matter experts in the field of housing development and/or finance. HCD appoints members from each sector to the CLC, which is a committee subject to the Brown Act regulating public meetings.

Upon completion of its review process, the CLC recommends fully funding all projects in the requested amounts with two (2) exceptions: 1) the Parks Department’s Cachuma Lake Marina and Restroom ADA Improvements and Good Samaritan Shelter’s Homeless Culinary Training Program, with reductions in the amounts of \$48,777 and \$239,132, respectively. In the case of the Parks Departments’ project, Parks staff has indicated it has identified other resources to fill the funding gap in order to make-whole the project budget. Good Samaritan Shelter’s Homeless Culinary Training program initially included the purchase of a food truck; however, vehicle purchases are generally an ineligible use of CDBG capital funds. Therefore, the applicant scaled down its request to include the culinary training and employment skills program element, and will seek other funding to purchase the food truck.

**Table 4: CDBG Capital and Other Project Recommendations**

<b>Applicant</b>	<b>Project</b>	<b>Geographic Location</b>	<b>Request Amount</b>	<b>2019-20 Rec. Funds*</b>	<b>2020-21 Rec. Funds</b>
CSD: Parks Division	Cachuma Lake ADA Project	Countywide	\$330,000		\$281,223
Good Samaritan Shelter	Emergency Shelter Flooring	North County	\$57,750	\$57,750	
Good Samaritan Shelter	Safe House Project	North County	\$450,000	\$450,000	
People Assisting the Homeless (PATH)	Emergency Shelter Improvements	South County	\$263,932		\$263,932
Santa Barbara Neighborhood Clinics	Eastside Neighborhood Clinic-Parking Lot	South County	\$65,000		\$65,000
Cuyama Valley Recreation District	Park Improvements	North County	\$58,485	\$58,485	
Habitat for Humanity	Home Repair Program	South County	\$30,274	\$30,274	
Good Samaritan Shelter	Homeless Culinary Training Program	North County	\$363,132		\$124,000
Women's Economic Ventures	Self-Employment Training	Countywide	\$75,000	\$25,107	\$49,893 **

**Total**      \$1,693,573      621,616\*      **\$784,048**

\*Projects are ready-to-proceed and included in the FY 2019-20 Action Plan Substantial Amendment to be funded with prior-year funds. The FY 2019-20 Action plan Substantial Amendment and underlying funding agreements are a separate item on today’s departmental agenda.

### ***Housing Development Applications, including federal HOME and local funds***

Applications for housing development are accepted by HCD as projects are ready to proceed. However Letters of Intent (LOI) indicating intent to apply are solicited through the NOFA for planning purposes. HCD staff subsequently returns to the Board throughout the year for funding approvals on a project-by-project basis. At such time that the Board approves HOME and local funding for a project, it will be incorporated into the Action Plan in the form of a Substantial Amendment.

The NOFA instructed applicants with proposed housing development projects to submit Letters of Intent (LOI) by the application deadline. This first step enables HCD staff to prioritize proposed projects based on readiness to proceed given the limited available resources and strict state and federal timelines for expenditure and project completion. HCD staff reviews housing projects for basic threshold requirements. Proposed projects fall into one of the following categories:

1. Projects that will have all financing committed for applicable project costs (acquisition, rehab and/or new construction) or will be ready to apply to the State for low-income housing tax credits (LIHTC) on or before June 30, 2020. These applicants were invited to submit a full housing application by January 10, 2020
2. Projects that will have all financing committed or will be ready to apply for LIHTC after June 30 but before December 31, 2020. These applicants were invited to submit a full housing application at a later date once all other financial commitments have been realized.
3. Projects not meeting the criteria identified above may consider applying in future NOFA cycles. Exceptions may be considered solely for projects considering applying for County, State or other affordable housing development resources that may be available throughout the course of the year.

### ***Affordable Housing Project Application Review***

Sixteen (16) LOIs were submitted in response to the NOFA, representing \$28,871,310 in requests. Projects that met the project priority criteria reflected in No. 1 above were first vetted and reviewed by HCD staff and subsequently placed on the CLC's February 13, 2020 meeting agenda for discussion and recommendation to the Board.

HCD staff presented three (3) projects to the Capital Loan Committee that were ready to leverage the County's funding by pursuing other state or federal funding sources. These projects are not included in the FY 2020-21 Action Plan, but will be brought back to the Board for approval at such time that these projects are ready for County funding commitments in the form of a loan agreement with associated deed of trust, promissory note, and a regulatory agreement that will restrict the use of the property to low-income funding tenants. Any use of HOME funds also requires an Action Plan Substantial Amendment be brought back for Board approval with loan documents.

1. *Buellton Village Senior Apartments*, City of Buellton, Cabrillo Economic Development Corporation (Supervisorial District 3).

The CLC recommended funding with \$895,941 in HOME funds, comprised of a combination of Santa Maria (\$163,311), Buellton (\$13,439), and Santa Barbara County (\$719,191) HOME funds.

Pursuant to the CLC's recommendation, on March 17, 2020 the Board approved a reservation of funds for the Buellton Senior Village project. This reserves funds for 12-months, until March 17, 2021, for

the developer to secure all project funding, including award of tax credits, and return to the board for commitment of funds and Action Plan Substantial Amendment.

2. *Cypress and 7<sup>th</sup> Street*, City of Lompoc, Santa Barbara County Housing Authority (Supervisory District 3).

The CLC recommended funding in the amount of \$250,000, comprised of a combination of City of Lompoc (\$124,584), and County (\$125,416) HOME funds.

HCD staff anticipates bringing a funding reservation to the Board for the Cypress and 7<sup>th</sup> project in advance of a July tax credit application.

3. *Isla Vista Apartments Rehabilitation*, Isla Vista, Peoples' Self Help Housing (Supervisory District 3).

The CLC recommended funding in the amount of \$1 million from the Santa Barbara County Low Moderate-Income Housing Asset Fund (LMIHAF). As the successor of the Redevelopment Agency's assets and loan repayments to successor agency, the County of Santa Barbara holds this account to increase, improve, and preserve the supply of low and moderate-income housing within a given territory. LMIHAF funds require a fifty-five (55) year affordability restriction, in which improved units must be affordable to and occupied by households earning 80% or less of AMI. A prior HOME regulatory agreement from funding provided to the Isla Vista Apartments for initial project acquisition in 1999 remains in effect and, under current HOME regulations, precludes consideration of additional HOME funds as a project resource. However, the LMIHAF fund is an available financial resource for rehabilitation of this 56-unit multi-family affordable housing apartment project. This project preserves affordable multi-family apartments in a challenging housing market.

Pursuant to the CLC's recommendation, on March 10, 2020 the Board approved a reservation of funds for the Isla Vista Apartments Rehab project. This reserves funds for 12-months, until March 10, 2021, for the developer to secure all project funding, including award of tax credits, and return to the Board for commitment of County funds. Given that the funds are not from federal sources, this project does not require entry into an Action Plan or Action Plan amendment.

**Performance Measure:**

***HUD FY 2020-21 Action Plan***

All subrecipients must provide documentation that supports eligible expenditures consistent with the contract budget and federal regulations, as HCD allocates funds on a cost-reimbursement basis.

HCD staff monitors the performance of all subrecipients. Public service program subrecipients are required to report to HCD on the number of persons served, their income level and other demographic information on a quarterly basis. Subrecipients must also provide documentation supporting expenditures of agency funds and confirm cost-eligibility of expenses for which expect to be reimbursed with federal funds. For CDBG capital projects, HCD staff monitors construction progress to assure the project is in-line with the scope of work, schedule and budget. Funds are allocated on cost-reimbursement basis with associated documentation confirming cost-eligibility and compliance with funding regulations. Staff conducts annual monitoring of facilities improved with CDBG funds for a five-year period minimum use period.

**Fiscal and Facilities Impacts:**

Federal CDBG and HOME funds are federal entitlement block grants awarded annually to Santa Barbara County pursuant to congressional budget appropriation. HCD allocates HOME funds for development projects in the form of forgivable, performance-based loans or low-interest rate residual receipts loans to sub-recipients and/or housing developers. County HCD retains ten percent (10%) of HOME and twenty percent (20%) of CDBG funds for respective program administration. The cost of preparing the Action Plan and related documents are included in HCD's annual budgets.

**Key Contract Risks:**

Board approved projects will have contracts executed between the County and the subrecipients. For projects to be implemented by other County departments, HCD enters into a Memorandum of Understanding (MOU) with the Department to ensure internal compliance with HUD requirements.

For federally funded HOME and CDBG projects, the County could be subject to repaying federal funds, from non-federal source(s), if HUD finds that the County or its subrecipients expended funds inconsistent with regulations or otherwise did not comply with federal requirements. The County monitors loans and grants made to subrecipients for compliance with federal regulations. Real property improved, in whole or in part with CDBG funds, must continue to meet a CDBG National Objective for a period of at least five years. Failure to meet the five-year period may result in County reimbursement of the CDBG funds expended plus a percentage of the increase in market value attributable to the investment of CDBG funds. HOME program rules also impose a long-term affordability period for multi-family and other types of housing projects and failure to meet the long-term affordability requirements may result in HUD requiring repayment by the County of the full amount of HOME funds invested. HCD monitors the financial condition and the use of real property for the duration of the required periods.

**Staffing Impacts:**

The federal programs are administered by existing HCD staff with the support of County Counsel, and other County departments including the CEO, Auditor-Controller, Risk, General Services, and Community Services/Parks.

**Special Instructions:**

Please return a copy of the Minute Order to Carlos Jimenez at [cjimenez@co.santa-barbara.ca.us](mailto:cjimenez@co.santa-barbara.ca.us), ext. 83529.

**Attachments:**

- A: Draft 2020-25 Consolidated Plan
- B: Draft Analysis of Impediments to Fair Housing Choice
- C: Draft 2020-21 Annual Action Plan
- D: List of CDBG Public Services Applications Received
- E: Authorizing Resolution
- F: Draft Citizen Participation Plan

**Attachment A**

Draft 2020-2025 Consolidated Plan

**Attachment B**

Draft Analysis of Impediments to Fair Housing Choice

**Attachment C**  
Draft 2020-21 Action Plan

**Attachment D**

List of FY 2020-21 Applications Received, CDBG Public Services



**Attachment E**  
Authorizing Resolution

**Attachment F**  
Citizen Participation Plan