



**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: April 11, 2017
Placement: Departmental
Estimated Time: 30 minutes
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
Contact Info: Dinah Lockhart, Deputy Director (805) 568-3523
Laurie Baker, Grants Program Manager (805) 568-3521
SUBJECT: Public Hearing to consider public comments received and funding recommendations on (1) draft FY 2017-18 Action Plan and (2) draft FY 2014-15, FY 2015-16 and FY 2016-17 Action Plan Substantial Amendments

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors (Board):

- A. Receive and file a staff report on the Santa Barbara County HOME Investment Partnerships (HOME) Consortium and Santa Barbara Community Development Block Grant (CDBG) Urban County Partnership draft fiscal year (FY) 2017-18 Action Plan (Action Plan), which includes recommendations for the award of CDBG funds.
- B. Receive and file a staff report on the Santa Barbara County HOME Consortium and Santa Barbara CDBG Urban County Partnership draft FY 2014-15, FY 2015-16 and FY 2016-17 Action Plan Substantial Amendments (Amendments);
- C. Consider staff recommendations for funding contained in the draft Action Plan (Attachment A) and draft Amendments (Attachment B);
- D. Consider public comments received on the draft Amendments and draft Action Plan during the thirty (30) day public comment period, which commenced on March 10, 2017 and concludes at the end of the Board's public hearing on these items on April 11, 2017; and
- E. Direct staff to finalize the draft Amendments and draft Action Plan and return to the Board on May 2, 2017 to approve the Amendments and the Action Plan for submission to the U.S. Department of Housing and Urban Development (HUD).

On May 2, 2017, Board actions should include the following:

- A. Approve the Action Plan and Amendments to reprogram uncommitted CDBG funds;
- B. Adopt a Resolution authorizing submittal of the Amendments and Action Plan to HUD;
- C. 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 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 Amendments and Action Plan; and
- D. 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, and direct staff to file a Notice of Exemption.

Summary

The County receives an annual allocation of federal funds from the U.S. Department of Housing and Urban Development (HUD) to award to programs and projects that benefit low-income persons in the County. The County is required to submit an Action Plan to HUD at the start of each fiscal year to show how funds will be awarded. The FY 2017-18 Action Plan is due to HUD on May 15, 2017. In addition, Action Plan Substantial Amendments are required whenever prior year uncommitted funds are awarded to projects or if certain changes are made to previous commitments of funds.

The estimated allocations for FY 2017-18 are as shown below, based on the County's allocation the prior year. Historically, HUD has announced the actual allocation amounts in March. This year our HUD field office informs us that it is unclear when the allocations will be announced but they have advised us to submit the Action Plan by the May 15, 2017 deadline.

Community Development Block Grant (CDBG):	\$1,074,934
HOME Investment Partnerships Program (HOME):	\$410,771

Up to 15% of CDBG funds may be allocated to public services programs. In addition to the estimated FY 2017-18 allocations, the County has a balance of \$668,406 in CDBG funds that may be used for projects other than public services programs. A Notice of Funding Availability (NOFA) was issued by the Division of Housing and Community Development (HCD) in November 2016. Applications for funding were due in January 2017. HCD staff vetted the applications and convened the County's Human Services Commission Allocations Subcommittee and the Capital Loan Committee that made funding recommendations for consideration by the County Board of Supervisors (Board).

- 18 applications totaling \$558,500 were received for the \$161,240 available in CDBG for public services programs. Nine (9) programs are recommended for funding.
- 10 applications totaling \$2,675,969 were received for the \$1,367,113 in available CDBG for capital and other projects. Seven (7) applications are recommended for funding, for a total of \$1,260,998. Of those, six (6) capital projects totaling \$1,210,998 and one program for \$50,000 to provide assistance to micro-enterprise businesses are recommended for funding.

- Applications for affordable housing development, using HOME and/or In-Lieu funds are accepted on a year-round basis. Staff will return to the Board for funding approvals on a project basis.

A draft of the Action Plan for FY 2017-18 and prior year Action Plan Substantial Amendments, containing the recommended programs and projects, was provided to the public for review during a 30 day public comment period, which began on March 10, 2017 and concludes at the end of the public hearing on April 11, 2017, when the Board will provide direction to staff regarding final funding awards. The Board is required to receive and consider public comments when making funding awards. Staff will revise the draft Action Plan and Substantial Amendments in accordance with the Board’s direction and return to the Board on May 2, 2017 for final approval and authority to submit to HUD by the deadline of May 15, 2017.

Staff recommends that the Board concur with staff and Committee recommendations for funding as described herein, and in the FY 2017-18 Action Plan (Attachment A) and prior year Action Plan amendments (Attachment B).

Background:

The County of Santa Barbara is the lead entity of the HOME Consortium and CDBG Urban County partnership. The Urban County is comprised of the County and the cities of Buellton, Carpinteria, and Solvang. The HOME Consortium includes the County and the cities of Buellton, Carpinteria, Solvang, and Goleta.

Current Urban County and HOME Consortium Configuration	
<u>CDBG Urban County Partnership</u>	<u>HOME Consortium</u>
Unincorporated Santa Barbara County	Unincorporated Santa Barbara County
City of Buellton	City of Buellton
City of Carpinteria	City of Carpinteria
City of Solvang	City of Solvang
	City of Goleta

As the lead entity, the County receives an annual allocation of Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) funds from the U.S. Department of Housing and Urban Development (HUD). Because it is not known when HUD will announce the allocation amounts for FY 2017-18, the County uses an estimate based on the prior year allocation.

The following funds were allocated to the County by HUD in FY 2016-17.

Community Development Block Grant (CDBG):	\$1,074,934
HOME Investment Partnerships Program (HOME):	\$410,771
Emergency Solutions Grant (ESG)*:	\$142,614

**The County will not receive an allocation of ESG funds for FY 2017-18*

Community Development Block Grant (CDBG)

The CDBG program provides funding for activities that assist low and moderate income households. Up to twenty-percent (20%) may be used to cover the costs to administer the program and up to fifteen-percent (15%) may be awarded to public services programs. The remaining funds may be used for a variety of other eligible projects. The County historically has used the funds for capital projects (infrastructure, housing rehabilitation, and community facilities), and for assistance to micro-enterprise businesses.

The CDBG Urban County partner cities may identify qualifying projects in their respective communities to fund with their distributions of CDBG, or pool their funds with the County’s distribution. The City of Carpinteria identified a program for its pro-rata share of CDBG for public services only. No other projects or programs were recommended for funding by the cities’ for their distributions of CDBG. Therefore, the cities’ funds were added to the County’s pool of funds to be awarded to programs and projects through the County’s application and approval process.

In addition to the estimated CDBG allocation for FY 2017-18, there is a balance of uncommitted CDBG funds from prior years that total \$668,406. The uncommitted CDBG funds from prior years include \$19,920 from FY 2014-15, \$149,985 from FY 2015-16, and \$498,501 from FY 2016-17. Roughly half of the funds are from loan repayments from a prior homeowner rehabilitation loan program. The remaining funds are from projects that either did not go forward or came in under-budget. Staff recommends that these funds be reprogrammed to the recommended FY 2017-18 capital projects. Table 1 shows the estimated amount of CDBG funds for FY 2017-18 and the distributions to partner cities.

Table 1: Distributions to CDBG Urban County Partner Cities

Jurisdiction	Distribution	20% Admin*	15% Public Services	Capital Projects	Capital Project Adjustments	FY 17-18 CDBG Allocation	Prior Year Uncommitted Funds	Total CDBG Funds
County	85.24%	214,987	137,447	595,605	103,102	1,051,142	668,406	1,719,548
Buellton	3.08%		4,966	21,519	-21,519	4,966		4,966
Carpinteria	8.33%		13,437	58,224	-58,224	13,436		13,436
Solvang	3.34%		5,390	23,359	-23,359	5,390		5,390
Total	100%	214,987	\$161,240	\$698,707	\$0	1,074,934	\$668,406	\$1,743,340

*Administration is calculated as 20% of total estimated allocation of \$1,074,934

HOME Investment Partnerships (HOME) Program

The HOME program provides funding primarily for affordable housing development but also may be used for other programs, such as Tenant-Based Rental Assistance (TBRA), homebuyer assistance and others. Applications for housing development are accepted on a year-round basis and staff will return to the Board for funding approvals on a project basis. Up to ten-percent (10%) of HOME funds may be used to cover the costs to administer the program. FY 2017-18 funds are expected to be used for future affordable housing developments and staff will return to the board for funding approvals on a project basis.

Table 2: Distributions to HOME Consortium Member Cities

Estimated FY 2017-18 HOME Allocation: \$410,771

Jurisdiction	Distribution	Administration 10%	FY 17/18 Pro Rata Share for Projects	FY 17/18 Total Funds Available
County	71.53%	\$41,077	\$264,449	\$305,526
Buellton	2.60%		\$9,616	\$9,616
Carpinteria	7.13%		\$26,365	\$26,365
Goleta	15.82%		\$58,487	\$58,487
Solvang	2.92%		\$10,778	\$10,778
Total	100.00%		\$369,694	\$410,771

Action Plan Overview

The FY 2017-18 Action Plan is an annual update to the 2015-2020 Consolidated Plan, a 5-year strategic planning document required by HUD that reflects the goals, priorities, objectives and performance measures of the HOME Consortium and CDBG Urban County Partnership. The annual Action Plan outlines the County’s operating plan for the 2017-18 fiscal year and includes how federal funds will be allocated to programs and projects. The Action Plan is due to HUD by May 15 each year.

Public Comment Period: The draft FY 2017-18 Action Plan and Action Plan Amendments, which include the programs and projects recommended for funding, were available for review by the public during a public comment period, which commenced on March 10, 2017 and concludes at the end of the Board’s public hearing on April 11, 2017. The draft Action Plan and Amendments will be revised to include any public comments received during the public comment period and to include the Board’s direction regarding funding. Staff will present the revised FY 2017-18 Action Plan and prior year Action Plan Amendments to the Board on May 2, 2017 for approval and authority to submit to HUD.

FY 2017-18 Funding Process

On behalf of the Santa Barbara County Urban County Partnership and the HOME Consortium, County HCD issued a FY 2017-18 Notice of Funding Availability (NOFA) on November 3, 2016 to solicit applications for award of CDBG. The application deadline was January 9, 2017.

HCD staff held public workshops in North County and South County in November 2016 to provide training and technical assistance to potential applicants prior to the application deadline. Applications were received and vetted for eligibility by HCD staff, prior to being referred to the applicable County review committees for review and funding recommendations.

CDBG Applications - Public Services

The County received eighteen (18) applications totaling \$558,500. Applications for CDBG public services funds were referred to the County’s Human Services Commission Allocations Subcommittee (Allocations Committee), which members are appointed by the County Board of Supervisors and represent each Supervisorial District. The role of the Allocations Committee is to review CDBG public services applications and make funding recommendations to the County Board of Supervisors.

The Allocations Committee held a public meeting on January 31, 2017 to hear applicant presentations. On February 3, 2017, the Allocations Committee again convened and made funding recommendations. The Committee recommended eight (8) projects for funding which are shown below in Table 3. A list of all applications is provided in Attachment C.

In addition, the City of Carpinteria recommended that its distribution of \$13,437 in CDBG public service funds be awarded to People’s Self-Help Housing Corporation for the Youth Education Enhancement program.

Table 3: CDBG Public Services Funding Recommendations

Applicant	Project Title	Service Area	Request Amount	Funding Rec.
Carrillo Counseling Services	Safe Parking Shelter and Homeless Outreach Program	South	\$50,000	\$20,000
Community Action Commission	Healthy Senior Lunch Program	County-wide	\$25,000	\$15,000
Good Samaritan Shelter	Bridgehouse Emergency Shelter	North	\$75,000	\$30,000
PATH	PATH Santa Barbara	County-wide	\$55,000	\$17,803
Santa Barbara Rape Crisis Center	Sexual Assault Counseling and Education Program in Isla Vista (SACE IV)	South	\$25,000	\$15,000
Santa Maria Valley FISH Meals On Wheels	Meals on Wheels - Santa Maria Valley	North	\$15,000	\$15,000
Santa Ynez Valley People Helping People	Family and Senior Services Support Program	Mid	\$38,000	\$20,000
WillBridge of Santa Barbara	WillBridge of Santa Barbara, Inc.	South	\$20,000	\$15,000
People’s Self-Help Housing	Youth Education Enhancement	Carpinteria	\$15,000	\$13,437
Total			\$318,000	\$161,240

The Human Services Commission’s Allocations Committee recommended the following adjustments to its funding recommendations if the actual CDBG allocation is more or less than estimated. If the CDBG allocation for public services is increased by \$5,000 or less, the increased funds should be added to the grant to Good Samaritan Shelter. If the allocation is decreased by \$5,000 or less, then it is recommended to first decrease the grant to PATH to a total of \$15,000, then the balance used to decrease the grant to the Santa Barbara Rape Crisis Center. If the actual CDBG allocation for public services is increased or decreased by more than \$5,000, the Committee recommended that the Committee reconvene to recommend any funding adjustments.

CDBG Applications - Capital and Other Projects

The County received ten (10) capital project applications totaling \$2,675,969 and one application to provide assistance to micro-enterprise businesses¹. HCD staff evaluated the applications and provided

¹ HUD defines a micro-enterprise as a commercial enterprise that has 5 or fewer employees, one or more of whom owns the enterprise. This type of program is not subject to the CDBG public services cap of 15% of the total CDBG allocation.

its project assessments to the Capital Loan Committee at a public meeting on February 16, 2017. Seven (7) of the applications, totaling \$1,260,998 were recommended for funding as shown below in Table 4.

The CLC consists of six voting and three non-voting members from professional sectors as directed by the County Board of Supervisors, which include: North and south county lending institutions, City public housing authority, County Auditor Controller’s office, County Treasurer-Tax Collector office, and other related experts. HCD appoints members from each sector to the CLC.

The CLC may either concur with staff recommendations or recommend an alternate funding approach. A list of all application received is provided in Attachment D, and a summary of each application, including strengths and concerns, is provided in Attachment E. The projects recommended for funding are listed below.

Table 4: CDBG Capital and Other Project Recommendations

Applicant	Project Title	Geographic Location	Request Amount	Recommended Projects
COSB – General Services	Courthouse ADA ramp construction	South County	\$175,000	\$175,000
COSB - Public Works	Orcutt in-fill sidewalk Project	North County	\$525,000	\$210,000
Cuyama Valley Recreation District	Restroom, concession stand and skate park installation	North County	\$341,000	\$341,000
Domestic Violence Solutions	Affordable Housing Apartment rehab	South County	\$28,498	\$28,498
Good Samaritan Shelter	Bridgehouse Capital Improvements	North County	\$434,000	\$434,000
PATH	Water heater replacement	South County	\$22,500	\$22,500
Women's Economic Ventures - Self-Employment Training	Self-Employment Training to micro-enterprise businesses	Countywide	\$50,000	\$50,000
Total			\$1,575,998	\$1,260,998

Applications for Housing Development funds

Applications for housing development, utilizing federal HOME funds or County In-Lieu funds, are accepted by County HCD on a year-round basis. HCD staff will return to the Board at a later date for funding approvals on a project basis.

Performance Measure:

HCD staff will monitor the performance of funding recipients. Public service program subrecipients are required to report to HCD on the number of persons served by income on a quarterly basis. Subrecipients must provide documentation that supports eligible expenditures consistent with the contract budget and federal regulations. Federal funds are provided on a reimbursement basis.

HCD staff will monitor construction projects to assure adequate progress toward meeting the project timeline. Federal funds will be provided on a reimbursement basis and only after subrecipients have provided documentation that supports that the expenditures were eligible per the contract budget and in compliance with federal regulations. Facilities improved with CDBG funds will be monitored for a five-year period.

Fiscal and Facilities Impacts:

Federal HOME and CDBG funds are awarded to the County as grants. Ten-percent (10%) of the HOME grant and twenty-percent (20%) of the CDBG grant may be used to cover County costs to administer the federal programs.

Fiscal Analysis

<u>Funding Sources</u>	<u>Reprogrammed Prior Year Funds</u>	<u>Current Fiscal Year Allocation:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Allocation</u>
FY 2014-15 CDBG	19,920			19,920
FY 2015-16 CDBG	149,985			149,985
FY 2016-17 CDBG	498,501			498,501
FY 2017-18 CDBG		1,074,934		1,074,934
FY 2017-18 HOME		410,771		410,771
TOTAL	668,406	1,485,705		2,154,111

The FY 2017-18 funds are estimates. HUD will announce the actual allocations at a later date. The County’s program year begins in July 2017 and HUD generally deposits the funds into the County’s line of credit in September.

Key Contract Risks:

Board approved projects will have contracts executed between the County and the subrecipients. The County could be subject to repaying federal funds, from non-federal source(s) if HUD finds that the County 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 repayment 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, and Community Services.

Special Instructions:

Please provide a copy of the Minute Order to Matt Kropke at mkropke@co.santa-barbara.ca.us. CSD staff published a notice in newspapers of general circulation in north and south County for a HUD-required 30-day public comment period, which commenced on March 10. A copy of the notice and proof of publication was provided to the Clerk of the Board.

Attachments:

- A: Draft FY 2017-18 Action Plan
- B: Draft FY 2014-15, FY 2015-16 and FY 2016-17 Annual Action Plan Substantial Amendments
- C: Chart of CDBG Public Service Applications
- D: Chart of CDBG Capital Applications
- E: CDBG Capital Projects Summary
- F: CEQA Exemption