



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 15, 2014  
**Placement:** Departmental  
**Estimated Time:** 30 minutes  
**Continued Item:** No  
**If Yes, date from:** N/A  
**Vote Required:** Majority

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**TO:** Board of Supervisors  
**FROM:** Department Herman Parker, Community Services Director (805) 568-2467  
Director(s)  
Contact Info: Laurie Baker, Grants and Program Manager (805) 568-3521  
**SUBJECT:** Departmental Hearing for the draft Citizen Participation Plan, FY 2014-15 Annual Action Plan, and FY 2011-12, 2012-13 and 2013-14 Substantial Amendments ("Substantial Amendments") for the use Federal Funds under the HOME Investment Partnerships Program (HOME), Community Development Block Grant (CDBG), and Emergency Solutions Grant (ESG) Annual Grant Programs

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**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- A. 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 A);
- B. Consider recommendations for funding contained in the
  - 1) FY 2011-12, 2012-13 and 2013-14 Action Plan Substantial Amendments (Attachment B); and
  - 2) Draft FY 2014-15 Annual Action Plan for the use of federal funds under the Community Development Block Grant (CDBG) and Emergency Solutions Grant (ESG) programs (Attachment C).
- C. Receive a staff report on the HOME Consortium and CDBG Urban County Partnership draft FY 2014-15 Annual Action Plan, the Substantial Amendments and the annual Notice of Funding Availability (NOFA) process, including recommendations for the award of HOME, CDBG and ESG funding;
- D. Consider public comments pertaining to the Action Plan and the Substantial Amendments received during the thirty (30) day public comment period, which began on March 14, 2014, and concluded on April 14, 2014; the period of time from the expiration of the 30-day period until

the Board's April 15 hearing; and during the Board's April 15, 2014 Public Hearing and provide direction to staff on any changes to the draft FY 2014-15 Annual Action Plan and the Substantial Amendments and recommendations for funding contained therein;

- E. Direct staff to finalize the draft FY 2014-15 Annual Action and the Substantial Amendments and return to the Board on May 6, 2014 for consideration of approval for final submission of the FY 2014-15 Action Plan and the Substantial Amendments to the U. S. Department of Housing and Urban Development (HUD) by the HUD deadline of May 16, 2014; and
- F. Determine that the recommended actions are not the approvals of a project subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(4), finding that the actions are not a project as they are the 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 the Notice of Exemption (Attachment E).
- G. On May 6, 2014 your Board's actions should include the following:
  - a. Approve the FY 2014-15 Action Plan and Substantial Amendments for final submission to HUD;
  - b. Adopt a Resolution authorizing submittal of the FY 2014-15 Annual Action Plan and FY 2011-12, 2012-13 and 2013-14 Annual Action Plan Substantial Amendments to HUD;
  - c. Authorize the County Executive Officer or designee to execute all certifications, standard forms and other related documents required for HOME, CDBG and ESG Program administration and implementation and for submittal to and approval by HUD of the FY 2014-15 Annual Action Plan and Substantial Amendments; and
  - d. Determine that the approval of the FY 2014-15 Action Plan and Substantial Amendments are not the approvals of a project subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(4), finding that the actions are not a project as they are the 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 Text:**

***I. County Citizen Participation Plan Summary:***

The County's current Citizen Participation Plan (CPP) requires that the draft FY 2014-15 Annual Action Plan and Substantial Plan Amendments undergo a 30-day public review period. The review period was posted on March 17, 2014, published on March 20, 2014 and continues through April 15, 2014 prior to submission to HUD. The public comment period includes testimony given at the April 15, 2014 public hearing.

HUD encourages Citizen Participation Plans to be reviewed and updated periodically. HCD has reviewed the County's 2007 Citizen Participation Plan and determined that updates are necessary. The revised plan will make improvements to the content of public notices, provide flexibility on the submission of HOME funding applications throughout the year, and provide clarity on the definitions of "Substantial Change" and "Substantial Amendment", among other changes. While the Board is asked to review and approve the revised Citizen Participation Plan, the CPP is not required to be submitted to HUD.

***II. FY 2011-12, 2012-13 and FY 2013-14 Action Plan Amendments Summary:***

The Board approved the Annual Action Plans and the related housing and community development activities contained therein in FY 2011-12, FY 2012-13 and FY 2013-14. The Board also approved a prior Annual Action Plan Substantial Amendment to award unused CDBG funds on June 18, 2013 as part of an "off-cycle" Notice of Funding Availability (NOFA). The FY 2013-14 Action Plan did not include projects to be funded by HOME. The purpose of the Substantial Amendments is to:

- a. Clarify 2013 projects funded by the City of Lompoc;
- b. Reprogram funds that were awarded to prior year projects that did not move forward;
- c. Reprogram unexpended balances of completed projects; and
- d. Award 2013 HOME funds that were not included in the Action Plan

Reprogrammed unspent funds will be reallocated to eligible projects that meet the County's 2010–2015 Consolidated Plan priorities, and one or more of HUD's National Objectives. Allocating uncommitted funds through the Amendments will assist the County in meeting the timely expenditure requirements required by HUD. The Board of Supervisors must approve Substantial Action Plan Amendments prior to their submission to HUD.

***III. Action Plan Summary:***

The draft FY 2014-15 Annual Action Plan serves as the County's operating plan and grant application for the receipt and expenditure of federal entitlement funding provided by HUD. HUD has released grant allocation amounts for FY 2014-15 as follows:

- a) \$937,493 for HOME Investment Partnership program
- b) \$1,511,673 for the Community Development Block Grant (CDBG) Program
- c) \$126,795 for Emergency Solutions Grant (ESG) program

As the lead agency for the Santa Barbara County HOME Consortium, CDBG Urban County Partnership, and ESG, the County is responsible for preparing and submitting the Action Plan annually on behalf of these partnerships. The member cities of the HOME Consortium and Urban County have their own internal application review and decision making processes through their local City Councils. CSD, through the Housing and Community Development (HCD) division, reviews member city project applications for eligibility, prepares contracts and administers the funding. Under the terms of the federal contract with HUD, the County has full jurisdiction and liability for all projects funded with federal funds. At the April 15, 2014 public hearing, the Board will be asked to provide direction to staff on funding recommendations for projects and programs. Once direction is provided to staff, the draft Annual Action Plan will be revised consistent with those directions, and presented to the Board on May 6, 2014 for final approval and submitted to HUD by the deadline of May 16, 2014. Once the Action Plan is reviewed and approved by HUD, and the entitlement contracts are executed by the County and

HUD, the County, in cooperation with partner cities, will implement the programs and projects contained therein.

HCD received public comment from one individual on the draft Action Plan. The comment and HCD's response will be included in the appendix of the final Action Plan and is included as Attachment D to this board letter.

### **Background:**

#### ***I. Citizen Participation Plan (CPP) Revisions:***

The CPP is being amended primarily to change the definition of Substantial Action Plan Amendment. The new definition will require an amendment to the Annual Action Plan when there is an increase to the funding level of a project by 50% or more, when a new project is approved, when there is a change in the purpose, scope, location or beneficiaries of a project to the extent that it would be considered a new project or when there is a change in the type of beneficiaries proposed to be served by 50% or more. Approval by the Board of Supervisors will still be required; however, an amendment to an Action Plan will not be necessary. This process will reduce the number of formal Action Plan Amendment submittals to HUD. HUD allows the County to create its own Citizen Participation Plan and to define what constitutes a substantial Action Plan Amendment that must be submitted to HUD.

#### ***II. Overview of Substantial Amendments:***

- a) Amend the FY 2011-12 Action Plan to reprogram \$16,533 in unspent CDBG funds to eligible capital projects. These are unexpended funds remaining after the completion of the Santa Barbara Vets Building elevator project by the County General Services Department;
- b) Amend the FY 2012-13 Action Plan to reprogram \$100,000 in unspent CDBG funds to other eligible capital projects. The unspent funds consist of \$50,000 awarded to the Casa Esperanza Homeless Shelter for a capital project that did not go forward, and \$50,000 awarded to Community Action Commission's Youth Corp project; and
- c) Amend the FY 2013-14 Annual Action Plan to reprogram \$130,256 in unspent CDBG funds to other eligible capital projects. Of this amount, \$84,150 was awarded to Casa Esperanza Homeless Shelter for a capital project that did not go forward; \$15,325 was awarded to the Storyteller Children's center for a capital project that did not move forward; \$3,711 was unused by the Friendship Center in Carpinteria for a public service program; \$7,281 is the balance of funds unused by Casa Esperanza for its homeless lunch program in Isla Vista when Casa Esperanza discontinued this program; and \$19,789 was awarded to Legal Aid for a capital project that did not move forward.

All of the above CDBG funds being reprogrammed will be added to the 2014-15 NOFA and have been applied to projects recommended by HCD staff and the Capital Loan Committee.

- d) For the City of Lompoc projects:
  1. Amend the FY 2012-13 and FY 2013-14 Annual Action Plans to reprogram unspent CDBG funds that were awarded to Community Action Center's Youth Corp Project: \$26,315 in FY 2012-13 and \$26,315 in FY 2013-14 Annual Action Plans. The City of Lompoc will reprogram these funds via its City Council approval process. CSD will review the City of Lompoc's list of projects for reprogrammed funds and will then amend

the FY 2014-15 Annual Action Plan accordingly. The Board will be asked to approve these amendments after public comment and hearing;

2. Amend the section of the FY2013-14 Annual Action Plan pertaining to the City of Lompoc's CDBG Public Services projects that were included in the Action Plan as follows:
  - Remove Senior Transportation Services (-\$9,000), Emergency Legal Services (-\$20,000) and Sexual Assault Response programs (-\$11,230) and add Senior Nutrition \$9,000, Meals on Wheels \$3,576, Good Samaritan Marks House \$20,000; increase funding to North County Rape Crisis Prevention from \$3,576 to \$11,230.
- e) Amend the FY 2013-14 Annual Action Plan to award \$50,000 in HOME funds to the City of Santa Maria for its Tenant Based Rental Assistance (TBRA) program;

### **III. Annual Action Plan Overview:**

The draft FY 2014-15 Action Plan is an annual update to the 2010-2015 Consolidated Plan, a mandated 5-year strategic planning document reflecting the goals, priorities, objectives and performance measures of the HOME Consortium, CDBG Urban County Partnership and ESG program. The draft FY 2014-15 Annual Action Plan outlines the County's operating plan for the 2014-15 program year, and details the 2014-15 allocations and proposed use of funds.

#### **a. HOME Program:**

The HOME program was not part of the County's FY 2014-15 NOFA as HOME applications will be accepted on a year-round basis rather than through a NOFA process. However, the FY 2014-15 Action Plan references eligible uses of HOME funds and the City of Santa Maria is interested in using their allocation for a tenant based housing program. Once formal applications are received for County HOME projects and staff reviews the project proposals, the projects will return to the Board for funding consideration. HOME funds must be committed to a project within 24 months of their allocation to the County and expended within five years. The allocations below may be recommended for modification based on the readiness of projects to utilize the funds. The following chart depicts the HOME allocations by jurisdiction based on actual 2014 allocation.

| <b>Total HOME Allocation</b>            | <b>\$937,493</b>      |                      |                              |
|-----------------------------------------|-----------------------|----------------------|------------------------------|
| <b>HOME Allocations by Jurisdiction</b> | <b>Administration</b> | <b>Project Funds</b> | <b>Total by Jurisdiction</b> |
| County                                  | \$93,749              | \$362,810            | \$456,559                    |
| City of Santa Maria                     | \$0                   | \$227,811            | \$227,811                    |
| City of Lompoc                          | \$0                   | \$118,124            | \$118,124                    |
| City of Goleta                          | \$0                   | \$75,937             | \$75,937                     |
| City of Carpinteria                     | \$0                   | \$42,187             | \$42,187                     |
| City of Buellton                        | \$0                   | \$8,437              | \$8,437                      |
| City of Solvang                         | \$0                   | \$8,437              | \$8,437                      |
| <b>TOTAL URBAN COUNTY</b>               | <b>\$93,749</b>       | <b>\$843,744</b>     | <b>\$937,493</b>             |

#### **b. CDBG Program:**

The CDBG program provides funding for activities that assist low- and moderate-income households. To be eligible for funding, projects must serve low- and moderate-income clientele and/or be located in a low-income census tract, as defined by HUD. Eligible activities include capital projects (infrastructure,

housing rehabilitation, and community facilities), public service programs, and economic development activities.

#### **FY 2014-15 CDBG COUNTYWIDE ALLOCATIONS**

| <b>Countywide Allocations</b>           | <b>Administration</b> | <b>Capital</b>   | <b>Public Services</b> | <b>TOTAL</b>     |
|-----------------------------------------|-----------------------|------------------|------------------------|------------------|
| <b>Unincorporated County Allocation</b> | <b>\$226,751</b>      | <b>\$619,129</b> | <b>142,875</b>         | <b>\$988,755</b> |
| <b>Partner Allocations:</b>             |                       |                  |                        |                  |
| City of Buellton                        | \$0                   | \$18,374         | \$4,240 (b)            | \$22,614         |
| City of Solvang                         | \$0                   | \$19,160(a)      | \$4,422                | \$23,582         |
| City of Carpinteria                     | \$0                   | \$80,277         | \$18,526               | \$98,803         |
| City of Lompoc                          | <b>\$75,584</b>       | \$245,647        | \$56,688               | \$377,919        |
| 2013 Public Services Funds              |                       |                  | \$12,125 (c)           |                  |
| <b>TOTAL URBAN COUNTY</b>               | <b>\$302,335</b>      | <b>\$982,587</b> | <b>\$238,876</b>       | <b>1,511,673</b> |

- (a) Solvang chose not to allocate their FY 2014-15 CDBG capital allocation, therefore the County applied it to other County eligible projects,
- (b) Buellton chose not to allocate their FY 2014-15 CDBG Public Services funds so the County will apply those funds to County Public Services. Consistent with CDBG regulations on the requirement for the timely expenditure of funds, unused CDBG allocations are always included in the County's allocation and may be made available to partner cities at a later date when they have a viable program or project, and
- (c) The CDBG Urban County Partnership will utilize \$12,125 in unspent 2013 Public Services funds to fund one or more 2014 Public Services programs recommended by the County or partner committees. This brings the 2014 total up to \$238,876

#### *c. ESG Program:*

The ESG Program provides funding to: (1) engage homeless individuals and families living on the street, (2) improve the number and quality of emergency shelters for homeless individuals and families, (3) help operate these shelters, (4) provide essential services to shelter residents, (5) rapidly re-house homeless individuals and families, and (6) prevent families/individuals from becoming homeless. Eligible program components include street outreach, emergency shelter, rapid re-housing, and homelessness prevention. The Community Services Department's Division of Housing and Community Development oversees the ESG program for the entire county. The County's 2014 allocation is \$126,795.

#### *d. 2014-15 CDBG and ESG Funding Process:*

The County Community Services Department (CSD) published the annual Notice of Funding Availability (NOFA) for federal CDBG and ESG funds on November 18, 2013. Applications were due on January 10, 2014. The County's CDBG partners include the cities of Buellton, Carpinteria, Lompoc and Solvang. The cities of Lompoc and Santa Maria administer their own separate NOFA processes.

CSD staff held two public workshops in November 2013 to provide technical assistance to potential applicants and to provide training on ZoomGrants, the new grants management system. Two public meetings were scheduled on February 25, 2014 in Santa Maria and April 15, 2014 in Santa Barbara to receive public input on the draft Action Plan. Training workshops for project sponsors will be held in late spring for projects selected for funding.

Two Board-approved Committees reviewed applications for funding and received presentations from applicants. The two committees were:

- **Capital Loan Committee** includes eight representatives (six voting and two non-voting) from the following areas: north and south county lending, a public housing authority, a representative

from the County Auditor-Controller's office and the Treasurer-Tax Collector office and other related experts. The Committee reviewed CDBG Capital applications and provided recommendations on funding.

- **Human Services Commission Allocation Committee** is a sub-committee of the Human Services Commission that includes a representative from each of the five supervisorial districts to review CDBG Public Services and ESG applications.

e. *CDBG, ESG and HOME Recommendations:*

- **CDBG Capital:**

On February 4, 2014 the Capital Loan Committee met and received staff's report and presentations from six (6) CDBG Capital Project applicants. Projects were evaluated based on the following criteria: project readiness, financial feasibility, cost efficiency, energy efficiency, Consolidated Plan priorities and administrative capacity. Project applications totaled \$1,012,000. The CDBG capital funding available for allocation by the County for 2014-15 is \$619,129. The County has \$246,789 in unexpended prior year CDBG funds being made available via an Action Plan Amendment. The County will be utilizing \$22,534 from Buellton and Solvang who chose not to use their full 2014 allocations. In addition the County will utilize \$123,479 in program income. Therefore, the total amount of CDBG funds available from the County's allocation for Capital projects is \$1,011,931. Five (5) of the six applications were recommended for funding. The draft FY 2014-15 Annual Action Plan contains the Committee's project recommendations, subject to the Board's approval.

- **CDBG Public Services:**

Of the total CDBG allocation, up to 15% (\$226,751) may be used for public services programs. On February 4 and February 5, 2014 the Human Services Allocation Committee interviewed ESG and CDBG Public Service applicants and evaluated their administrative capacity, program effectiveness, consistency with Consolidated Plan priorities, cost efficiency, and financial feasibility. The County received twenty-eight (28) CDBG Public Services applications totaling \$714,095. The County's 2014-15 allocation is \$142,875. The Committee recommended funding eleven (11) programs. The Committee's recommendations are included in the draft 2014-15 Annual Action Plan, subject to the Board's approval.

*Economic Development Program*

One of the eleven programs recommended by the Human Services Allocations Committee is a \$50,000 economic development request to support micro enterprises. If approved, it will be funded with CDBG capital dollars per a HUD provision that exempts microenterprise programs from the 15% public services cap.

- **ESG:**

The County ESG allocation for 2014-15 is \$126,795. From that amount, 7.5% or \$9,510 may be used for administration, with the balance of \$117,285 available for emergency shelters, rapid re-housing assistance, and homelessness prevention assistance. Nine (9) applications requesting a total of \$257,345 were received. Eight (8) applications were recommended for available funding with most receiving partial award recommendations; all are included in the draft FY 2014-15 Action Plan.

- **HOME:**

The FY 2014-15 Action Plan includes funding reservations for a Tenant Based Rental Assistance (TBRA) program. The TBRA program provides a rental subsidy to eligible low-income households to be used toward housing costs, such as rent and security deposits. The City of Santa Maria will administer a TBRA program in FY 2014-15.

**Fiscal and Facilities Impacts:**

HUD has announced the funding allocations for FY 2014-15; therefore, the amounts contained in the Board letter and the draft FY 2014-15 Action Plan are final. Federal funds are passed through to organizations implementing programs and projects funded with federal HOME, CDBG and ESG funds. Ten percent (10%) of HOME, twenty percent (20%) of CDBG funds, and seven and a half percent (7.5%) of ESG funds may be used for administrative costs. The County may be subject to repayment of federal funds from non-federal sources for projects found by HUD to be out of compliance with federal regulations.

**Fiscal Analysis:**

| <b><u>Funding Sources</u></b> | <b><u>Current FY Cost:</u></b> | <b><u>Annualized<br/>On-going Cost:</u></b> | <b><u>Total One-Time<br/>Project Cost</u></b> |
|-------------------------------|--------------------------------|---------------------------------------------|-----------------------------------------------|
| HOME                          |                                |                                             | \$937,493                                     |
| CDBG                          |                                |                                             | \$1,511,673                                   |
| ESG                           |                                |                                             | \$126,795                                     |
| Fees                          |                                |                                             |                                               |
| Other:                        |                                |                                             |                                               |
| Total                         | \$ -                           | \$ -                                        | \$2,575,961                                   |

**Special Instructions:**

Please email an electronic copy of the Minute Order to CSD, attention: Susan Foley (x3522) at [foley@sbccsd.org](mailto:foley@sbccsd.org)

**Attachments:**

Attachment A - 2014 Draft Citizen Participation Plan  
 Attachment B - 2011, 2012, 2013 Draft Action Plan Amendments  
 Attachment C - 2014 Draft Action Plan  
 Attachment D - Public Comment  
 Attachment E - CEQA Notice of Exemption

**Authored By:** Susan Foley, Senior Housing Specialist