



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: June 4, 2019
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from: N/A
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)
SUBJECT: California Emergency Solutions and Housing Program (CESH) Application

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Authorize the Community Services Director or designee to submit a funding application in an amount not to exceed \$600,000, and all certifications, standard forms, and other related documents to the State of California Department of Housing and Community Development for the California Emergency Solutions and Housing (CESH) program competition;
- b) Adopt a Resolution authorizing the acceptance and administration of CESH funds (Attachment A);
- c) Authorize the Community Services Director or designee(s) to execute all certifications, standard forms, and grant agreement in a form substantially similar to the FY2017 State Emergency Solutions Grant (ESG) program grant agreement included as Attachment B, and other related documents required for the acceptance and administration of CESH funds; 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.

Summary Text:

On June 27, 2018 Governor Brown signed into law SB850, which created several funding streams to assist the efforts of local jurisdictions and Continuums of Care (CoCs) in addressing homelessness. One of the programs created by SB850 was the California Emergency Solutions and Housing (CESH) program, which will be administered by the State Department of Housing and Community Development (State HCD). CESH eligible activities detailed in the background section are summarized here:

- Rental assistance, housing relocation and stabilization services
- Operating subsidies in the form of 15 year capitalized operating reserves
- Flexible housing subsidy funds
- Operating support for emergency housing interventions
- Systems support for Coordinated Entry System and Homeless Management Information System
- Homeless plan development

County HCD was awarded \$914,675 in first round CESH funding in January 2019 and is awaiting the funding agreement. On March 21, 2019, State HCD released the second round CESH Notice of Funding Availability (NOFA) which will make approximately \$29 million available statewide. The NOFA released on March 21, 2019 is the second of two NOFAs for this funding stream. The NOFA detailed eligible activities and the formula allocation amounts for eligible applicants. The Community Services Department (CSD) is requesting authorization to submit the application and accept a funding award in an amount not to exceed \$600,000. The formula allocation for the CoC service area for the second round is \$508,590 in one-time funding over a maximum of five years. The County of Santa Barbara was designated by the Santa Maria/Santa Barbara County Continuum of Care (CoC) as the eligible applicant, Administrative Entity, for these funds at their August 28, 2018 board meeting. The deadline for the submission of an application to State HCD for the second round of CESH funding is June 28, 2019.

At this time, CSD seeks approval from the Board of Supervisors to authorize the Community Services Director or designee to submit a funding application in an amount not to exceed \$600,000, and all certifications, standard forms, and other related documents to the California Emergency Solutions and Housing (CESH) program competition (Recommended Action ‘a’); adopt a Resolution authorizing the acceptance and administration of CESH funds (Recommended Action ‘b’); authorize the Community Services Director or his designee(s) to execute all certifications, standard forms, grant agreements in a form substantially similar to the FY2017 State Emergency Shelter Grant (ESG) program grant agreement included as Attachment B, and other related documents required for the acceptance and administration of CESH funds (Recommended Action ‘c’).

Background:

California Emergency Solutions and Housing (CESH) Program

On June 27, 2018 Governor Brown signed into law SB850, which created several funding streams to assist the efforts of local jurisdictions and Continuums of Care (CoCs) in addressing homelessness. One of the programs created by SB850 was the California Emergency Solutions and Housing (CESH) program, which will be administered by the State Department of Housing and Community Development (State HCD). On August 15, 2018, State HCD released the first CESH Notice of Funding Availability (NOFA) which made approximately \$53 million available statewide. These funds represent a portion of the first and second quarters of revenue deposited in the Building Homes and Jobs Act Trust Fund, and

approximately \$25 million in unallocated State ESG funds. On March 21, 2019, a second NOFA was released for \$29 million in revenue from the third and fourth quarters deposited in the Building Homes and Job Act Trust Fund.

County HCD will work with the Homeless and Housing Internal Agency Policy Council administered by the CEO's office, Santa Maria/Santa Barbara County CoC and other community stakeholders to determine the allocation of funds between the categories of eligible activities. The State requires the applicant to demonstrate collaboration with the CoC and for a local selection process free of conflicts of interest and accessible to the public be used for the allocations. Once the application is submitted to the State and approved for funding, County HCD may identify qualified sub-recipients to carry out some or all of the eligible activities funded. County HCD will return to the Board of Supervisors to report on the final recommended allocation of the second round of CESH funds, request approval of the allocation amounts, and authorization to enter into any sub-recipient agreement(s), likely in fall 2019. County HCD was awarded \$914,675 in first round CESH funding and is awaiting the funding agreement from State HCD which is anticipated in 45-60 days. Once an agreement is executed, County HCD will return to the Board of Supervisors to report on the final recommended allocation of the first round of CESH funds, request approval of allocation amounts, and authorization to enter into sub-recipient agreements. A local NOFA for the first round of CESH funding was completed in November 2019.

Based on the formula allocation which considered the CoC's 2017 Point-In-Time Count of sheltered and unsheltered homeless persons, the percentage of extremely low-income renters that pay more than 50% of their income on rent, and the percentage of households below the Federal poverty line, the second round formula allocation for the CoC service area is \$508,590 in one-time funding over five years. As the State-recognized Administrative Entity (AE) for the State ESG program, County HCD was designated by the CoC as the eligible applicant for these funds at their August 28, 2018 board meeting.

Funding Process

The deadline for the submission of an application to the CESH program is June 28, 2019. Of the \$508,590 allocation, \$25,430 can be used by the County for grant administration. The funding application requires that the AE allocate the remaining \$483,160 in funding between the following eligible activities:

1. Rental assistance, housing relocation, and stabilizations services for persons who are homeless or at-risk for homelessness. Rental assistance up to twice the HUD-established Fair Market Rent (FMR) can be provided for up to 48 months;
2. Operating subsidies in the form of 15-year capitalized operating reserves for new and existing affordable permanent housing units for homeless individuals and families;
3. Flexible housing subsidy funds for local programs that establish or support the provision of rental subsidies for homeless individuals and families. These flexible funds can pay for bridge subsidies to property owners waiting for approval from another permanent rental subsidy source, vacancy payments, or project-based rent or operating reserves;
4. Operating support for navigation centers that provide temporary room and board and services to homeless persons and which connect them to mainstream services and housing, street outreach services, and shelter diversion programs, including homeless prevention;
5. Support for Coordinated Entry Systems (CES) Homeless Management Information Systems (HMIS) and homelessness planning activities; and,
6. Development of a regional homeless plan.

County HCD will work with stakeholders to determine the allocation of funds between eligible activities. Careful consideration will be given to a number of factors: CESH is one-time funding over a maximum of five years; how CESH can best leverage other homeless funding, including: Continuum of Care, State ESG, Community Development Block Grant, County general fund grants, the Homeless Emergency Assistance Program (HEAP); and how CESH can best be used to meet unmet needs and fill gaps in services.

The State requires that a signed Board of Supervisors Resolution (Attachment A) accompany the funding application. Community Services Department (CSD) is requesting authorization to submit the application and accept a funding award in an amount not to exceed \$600,000. Once the application is submitted and funds are awarded, the County will enter into a CESH grant agreement with State HCD. Because CESH is administered by the State HCD and is closely tied to the State ESG program, it is anticipated that the grant agreement will be substantially similar to the 2017 State ESG grant agreement between State HCD and the County (Attachment B).

Board Approval Process

At this time, CSD seeks approval from the Board of Supervisors to authorize the Community Services Director or designee to submit a funding application in an amount not to exceed \$600,000, and all certifications, standard forms, and other related documents to the State of California Department of Housing and Community Development for the California Emergency Solutions and Housing (CESH) program competition (Recommended Action ‘a’); adopt a Resolution authorizing the acceptance and administration of CESH (Recommended Action ‘b’); authorize the County Executive Officer or her designee(s) to execute all certifications, standard forms, grant agreements in a form substantially similar to the FY2017 State ESG program grant agreement included as Attachment B, and other related documents required for the acceptance and administration of CESH (Recommended Action ‘c’).

County HCD will return to the Board of Supervisors for approval of the final recommended allocation of second round CESH funds and to request authorization to enter any sub-recipient agreements, likely in the fall of 2019.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
State	\$ 508,590.00		\$ 508,590.00
Federal			
Fees			
Other:			
Total	\$ 508,590.00	\$ -	\$ 508,590.00

Of the \$508,590 allocation, five percent (\$25,430) can be used by the County for grant administration. There is no cash match required for CESH.

Key Contract Risks:

The County, as AE, assumes responsibility for the administration of CESH funds in accordance with all State requirements governing their use. In addition, the County is responsible for ensuring expenditures are eligible.

Special Instructions:

- 1) Please email an electronic copy of the Minute Order to Dinah Lockhart at dlockhart@sbccsd.org.
- 2) Please execute two (2) originals of the Resolution (Attachment A) and return one (1) original to Dinah Lockhart (x3523).

Attachments:

- A. Resolution
- B. FY2017 State ESG Grant Agreement
- C. Homeless Funding Administered by Housing and Community Development

Authored by: Kimberlee Albers, Housing and Community Development Division (805-560-1090)