

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:
Prepared on: 3/23/05
Department Name: HCD
Department No.: 055
Agenda Date: 4/5/05
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Ed Moses, Director
Housing and Community Development

STAFF CONTACT: Tim Wong
ext. 3523

SUBJECT: Revisions to Community Development Block Grant (CDBG) Program Income Reuse Plan.

Recommendation(s):

That the Board of Supervisors:

- 1) Approve the attached resolution (Attachment A) adopting the revised CDBG Program Income Reuse Plan for the County Housing and Community Development Department (Attachment B).

Alignment with Board Strategic Plan:

The recommendation is primarily aligned with Goal No. 7, A Community that fosters the safety and well-being of families and children.

Executive Summary and Discussion:

Program income is the gross income the County receives which has been directly generated from the use of Community Development Block Grant (CDBG) funds. One significant source of program income to the County is the repayment of principal and interest from CDBG loans issued through the County's Housing Rehabilitation Program.

Federal and State law requires that the County account for CDBG program income, as well as any interest earned on program income, in a separate Revolving Loan Account (RLA). The County's Program Income Plan has a RLA for housing activities and a RLA for Economic Development activities. This Program Income Plan was created because once the program income reaches \$25,000, the County must have a Program Income Plan in place in order to spend those program income funds. Currently, there is approximately \$155,112 in County program income in the Housing RLA.

Your Board adopted the current Program Income Plan on July 15, 2003. These “housekeeping” revisions are to incorporate changes recently made by the State Department of Housing and Community Development requirements.

The two revisions include 1) disallowing any costs incurred for loan servicing charges prior to calculating the net program income. The State HCD allows a certain percentage of the program income to be used for general administration, activity delivery and the actual activity itself (i.e. housing rehabilitation). Previously, loan servicing expenses could be paid for outside of general administration funds. Now with the change, loan servicing expenses must be paid from general administration funds. The second change required by the State is to disallow the County to use program income funds in an open CDBG grant. Any revision to the Program Income Reuse Plan requires a public hearing and a signed resolution.

Mandates and Service Levels:

The Program Income Reuse Plan satisfies the requirements specified in Federal statute and regulation at Section 104 (j) of the Housing and Community Development Act, as amended in 1992 and 24 CFR 570.489 (e) (3).

Fiscal and Facilities Impacts:

Previously, HFD was able to take out the approximately \$16,000 in administrative expenses in maintaining the revolving loan accounts prior to calculating the net program income balance. Now this expense must be taken out of general administration portion. However, some of the costs will be offset by charging some of the expenses to activity delivery. The Housing Finance and Development budget is page D-252 of the County Budget.

Special Instructions:

Please send one copy of the Minute Order approving this Board letter and a certified copy of the resolution to Tim Wong, Housing Finance and Development, Housing and Community Development.

Concurrence:

Auditor Controller

RESOLUTION OF THE BOARD OF SUPERVISORS
COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA

A RESOLUTION APPROVING A REVISED PROGRAM)
INCOME REUSE PLAN FOR THE COUNTY HOUSING)
AND COMMUNITY DEVELOPMENT DEPARTMENT) Resolution # _____
TO REVISE THE COUNTY-WIDE HOUSING AND)
ECONOMIC DEVELOPMENT PROGRAM INCOME REUSE)
PLAN)

WHEREAS:

- A. The County of Santa Barbara, a political subdivision of the State of California, has received State Community Development Block Grant (CDBG) funding to create a County Housing Rehabilitation Program (HRP) to provide low interest loans to low and very-low income households;
- B. The County has received State Economic Development Block Grant funding to fund small business enterprises;
- C. As a requirement of the CDBG funding, a Program Income Reuse Plan is necessary once the total of all rehabilitation loan repayments exceeds \$25,000 to establish a revolving loan fund. Program income is primarily generated from principal and interest payments from the HRP and Small Business loans;
- C. The purpose of the Program Income Reuse Plan is to establish guidelines on the policies and procedures for the utilization of program income received as a result of activities funded under the State CDBG program;
- D. The Board had initially approved the Program Income Reuse Plan on January 5, 1999 and revised and approved on July 15, 2003. The revised Program Income Reuse Plan incorporates the State mandated changes.

IT IS NOW THEREFORE RESOLVED THAT:

- 1. The Board of Supervisors has reviewed and hereby approves the revised Program Income Reuse Plan.

PASSED, APPROVED, AND ADOPTED, by the Board of Supervisors of the County of Santa Barbara, State of California, on the _____ day of _____, 2005 by the following vote.

AYES:

NOES:

ABSENT:

Susan Rose
Chair of the Board of Supervisors
County of Santa Barbara

ATTEST:

Michael Brown
Clerk of the Board of Supervisors

By: _____
Deputy Clerk

APPROVED AS TO FORM:
STEPHEN SHANE STARK
County Counsel

By: _____
Deputy County Counsel

APPROVED AS TO FORM:
ROBERT W. GEIS
Auditor – Controller

By: _____