



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:** 1/23/24  
**Placement:** Administrative  
**Estimated Time:** N/A  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** 4/5

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**TO:** Board of Supervisors  
**FROM:** Department George Chapjian, Community Services Director (805)568-2467  
Director(s)  
Contact Info: Joe Dzvonic, Deputy Director (805) 568-3523  
Laurie Baker, Grants and Programs Manager (805) 568-3521  
**SUBJECT:** Agreement with Harris & Associates to Prepare a Countywide Strategic Plan for Workforce Housing Development and Preservation

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**County Counsel Concurrence**

As to form: YES

**Risk Concurrence:**

As to form: YES

**Auditor-Controller Concurrence**

As to form: YES

**Budget & Research:**

As to form: YES

**Recommended Actions:**

That the Board of Supervisors:

- a) Approve and authorize the Chair of the Board of Supervisors to execute an Agreement (Agreement) with Harris & Associates, Inc. in the amount of \$216,825 for delivery of a Strategic Plan for Workforce Housing Development and Preservation; and
- b) Authorize the County's Community Services Department Director, or designee, to approve and execute amendments to extend the term of the agreement, to amend the Agreement's Budget line items and/or amounts in each line item, provided that the overall amount of the Budget is not increased, and approve necessary administrative changes to the Agreement that are necessary to conform with Federal, state, and local laws, guidelines, policies, and funding amounts; and
- c) Approve allocation \$216,825 of American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Fund (SLFRF) grant funds for a Workforce Housing Development and Preservation consultant, funded from offsetting reductions to the Broadband Strategy Study (\$15,000) and Homeless Encampment Strategy Year 1 (\$201,825) projects; and

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- d) Approve Budget Revision Request No. BJE 0009515 to establish appropriations of \$216,825, funded by an Operating Transfer from ARPA of \$216,825 (4/5 Vote Required); and
- e) Determine that the approval of the recommended actions is exempt from the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15378(b)(4) since the recommended actions are government fiscal activities which do not involve commitment to any specific project which may result in potentially significant physical impact on the environment.

### **Summary Text:**

The recommended actions include approval of an Agreement with Harris & Associates, Inc. for delivery of a Strategic Plan for Workforce Housing Development and Preservation (Plan). On September 22, 2023, HCD Staff reissued a Request for Proposals (RFP) to a wide range of qualified consultants to prepare a Strategic Plan for Workforce Housing Development and Preservation. Subsequently, County Staff received four (4) separate proposals from a variety of consultants Statewide, conducted a review and ranking of each proposal by a designated committee including representation from the County CEO's office, County Long Range Planning, and County Housing and Community Development, and interviewed the top two (2) ranked consultants.

Following the interviews, the committee re-convened to determine the top candidate. Staff is recommending that the Board of Supervisors approve and authorize the Chair of the Board to execute the Agreement (Attachment A) with Harris & Associates in the amount of \$216,825. Harris & Associates will deliver a Plan to inform, guide and influence future land use, housing projects and programs that can be implemented to improve the County's response to the lack of workforce housing in primarily unincorporated areas of the County for the County's workforce.

### **Background:**

On June 1, 2021, the Board of Supervisors heard from County staff regarding information on the eligibility requirements and possible uses of \$43.3 million in ARPA funds included in the FY 2021-22 Budget. The types of funds presented were both "restricted" to COVID response and recovery activities, to be used in compliance with the U.S. Treasury Department rules; and "discretionary," which has greater flexibility and is equal to the amount of revenue losses incurred. Staff presented various potential uses of both restricted and discretionary uses of ARPA funding, where a potential use of restricted funding was in response to the public health emergency and related economic impacts, and asked your Board for direction on potential ways to allocate funds. The Board directed staff to return with more information regarding a few focus areas, one of the areas being Workforce housing development and preservation.

On October 5, 2021, County HCD staff presented [a report](#) to the Board of Supervisors on the "Consideration of Further Study on Workforce Housing Needs in Santa Barbara County". In the report, staff described Workforce housing, the lack of housing inventory for this population, and existing programs that assist homebuyers and renters with gaining access to affordable housing. Staff recommended further research on the housing gap and identification of model housing programs, funding opportunities, and financing strategies to meet the housing needs of the County's Workforce households. The Board accepted the recommendation to "Direct staff to issue a Request for Proposals

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for an experienced consultant to provide further study on Workforce Housing as described in the Board Letter, funded by previously earmarked funding for such purpose.” A Request for Proposals (RFP) was issued by County HCD on December 22, 2021 and reissued on January 3, 2022 and January 26, 2022. No responses were received. Feedback from consultants was that most consultants were engaged by numerous municipalities and counties to complete their State mandated Housing Elements. County HCD reissued the RFP on September 22, 2023 and four proposals were received from qualified consultant firms.

The County receives federal and state funds, as well as contributes local funds, toward the development of affordable housing and housing-related programs. Over the five (5) years prior to the onset of federal and state COVID-19 economic stimulus funding, the County has received approximately a little over \$1 million annually in federal HOME funding for affordable housing development and tenant-based rental assistance, and currently has a balance of over \$1 million in fees collected from developers in-lieu of providing affordable housing as allowed under the County’s Inclusionary Housing Ordinance. Beginning in Fiscal Year 2019, the County receives an annual allocation of state of California Permanent Local Housing Allocation (PLHA) to address affordable housing needs. The County’s HOME and PLHA funds are allocated pursuant to Consortium agreements with local cities.

As described in the October 5, 2021 Board letter, with an average 50-unit affordable housing new construction development costing over \$29 million, locally available affordable housing funds are insufficient to meet Santa Barbara County’s current and projected need for affordable housing opportunities for its Workforce. In this context it has become increasingly apparent throughout the State, more so in high-cost housing market areas such as Santa Barbara County, that the vast majority of “middle income” or “Workforce” households may not have the necessary income and financial resources to afford rental and homeownership housing in Santa Barbara County. Moreover, the funds available to provide local housing opportunities for this significant subset of wage earners are inaccessible resulting from statutory, regulatory and programmatic compliance requirements, which, generally are limited to households earning 80% or less of area median income.

Therefore, additional data and research are needed to determine the true “Workforce” housing gap, identify potential new and replicable housing program models, identify challenges and opportunities and how to address these, and articulate public policy approaches and solutions as to how decision-makers can advance goals and objectives of facilitating feasibility and development of Workforce housing opportunities on a project level throughout the County.

Housing affordability worsened during the COVID-19 pandemic, as Santa Barbara County ranks 9th out of 58 California counties and 24th nationally according to *SmartAsset’s Most Expensive Index* to finance purchase of a home. As a result, many South County employees live in north Santa Barbara County or Ventura County and accept long daily commutes to their places of employment, creating a significant disconnect between work and home. Workforce employees are critical to the entire County’s basic infrastructure and HCD’s goal is to create affordable housing opportunities to retain these households whose employment provides the backbone to the fabric of our community.

### **Performance Measure:**

Harris & Associates will produce a report describing a Strategic Plan for Workforce Housing Development and Preservation. Project Objectives will include the following tasks (Tasks), to be accomplished by the estimated dates described below:

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Task 1- Lead Kick off Meeting by January 26, 2024

Task 2- Submission of a Workforce Housing Affordability Gap Assessment

Task 3- Submission of an Evaluation of Existing County Programs and Analysis of Model Programs

Task 4- Submission of Report on the Mechanics of Successful Employer Sponsored Housing in the County

Task 5- Identify Funding Opportunities and How to Build Strong Housing Development Financing

Task 6- Develop Strategy to Build Upon County Homeownership Rehabilitation and Inclusionary Program

Task 7- Analyze County-owned Sites for Feasibility of Conversion to Housing or New Housing Construction

A Final Report and discussion with County Staff is due by May 31, 2024.

By June of 2025, HCD Staff will incorporate the information obtained from the Harris & Associate’s Final Report within a Strategy for Workforce Housing Development and Preservation (Strategy) to be presented to the Board of Supervisors. The Strategy will be implemented over the course of the County’s 2023 – 2031 Housing Element Update and 2023-2031 6<sup>th</sup> Cycle of SBCAG’s Regional Housing Needs Allocation.

The Project shall be carried out in accordance with the ARPA’s program guidelines, and the Scope of Work and Budget contained in the Agreement. Harris & Associates will provide weekly reports to the County on deliverables, including the aforementioned Tasks.

**Fiscal and Facilities Impacts:**

Budgeted: No. The Budget Revision included as Attachment 2 establishes the necessary appropriations.

**Fiscal Analysis:**

| <b><u>Funding Sources</u></b> | <b><u>Current FY Cost:</u></b> | <b><u>Annualized On-going Cost:</u></b> | <b><u>Total One-Time Project Cost</u></b> |
|-------------------------------|--------------------------------|---|---|
| General Fund                  |                                |   |   |
| State                         |                                |   |   |
| Federal                       |                                |   | \$216,825                                 |
| Fees                          |                                |   |   |
| Other:                        |                                |   |   |
| Total                         |                                | \$ -                                    | \$216,825                                 |

Narrative: The Board had tentatively earmarked \$245,000 in cannabis funding for this purpose. However, CEO staff is recommending that ARPA monies be used instead.

**Key Contract Risks:**

The County assumes responsibility for the administration of ARPA funds in accordance with all federal and State requirements governing their use. In addition, it would be held liable if it or any provider to which it sub-grants funds is found to be non-compliant with applicable requirements. Staff has determined that using the funds for a housing study is an eligible use of ARPA funds. Harris & Associates has been assisting local governments with economic and fiscal analysis for over 20 years.

Payments to Harris & Associates will be on a cost-reimbursement basis. This allows CSD/HCD to disburse funds only for eligible incurred costs as outlined in the Agreement. CSD/HCD staff will

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continually assess the performance of Harris & Associates to determine if the services provided are adequate and as outlined in the Agreement.

**Special Instructions:**

- 1) Please have the Board chair sign two copies of the Agreement and provide one executed original agreement to Andrew Kish. Please call for pick up 8-3534. Retain one original in COB files.
- 2) Please email an electronic copy of the Minute Order to Andrew Kish at [akish@countyofsb.org](mailto:akish@countyofsb.org)

**Attachments:**

- A) Agreement for Harris & Associates
- B) BJE 0009515

**Authored by:**

Andrew Kish, Housing and Community Development Division ([akish@countyofsb.org](mailto:akish@countyofsb.org))