

**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:** July 3, 2003  
**Department Name:** Housing & Community Dev  
**Department No.:** 055  
**Agenda Date:** July 15, 2003  
**Placement:** Administrative  
**Estimate Time:**  
**Continued Item:** NO  
**If Yes, date from:**

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**TO:** Board of Supervisors

**FROM:** Edward Moses  
Director of Housing and Community Development

**STAFF** Jim Claybaugh, x1093  
**CONTACT:** Tim Wong, x3523

**SUBJECT:** Amendment to Community Development Block Grant (CDBG) Program Income Reuse Plan

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**Recommendation(s):**

That the Board of Supervisors:

- 1) Approve the attached resolution adopting the revised CDBG Program Income Reuse Plan for the County's Housing and Economic Development Programs.

**Alignment with Board Strategic Plan:**

The recommendation is primarily aligned with Goal No. 4. A Community that is Economically Vital and Sustainable, and 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. Once the program income reaches \$25,000, the County must spend program income for eligible CDBG activities before spending any open CDBG grants. Directly related administrative expenses can be charged against program income.

There is one substantive change in the revised Plan. The revision differentiates program income from housing and economic development activities, and places that program income from each activity into

separate accounts – e.g. program income from housing activities is deposited into a housing fund, and income from economic development activities goes into an economic development fund. Staff expects to utilize the funding from the economic development activities to create additional financing programs.

In December, 2002, the County was awarded a \$500,000 grant from the state Community Development Block Grant Program, Economic Development Allocation, Enterprise Fund. This grant will create a micro-enterprise training and loan program, to be administered by Women’s Economic Ventures as subcontractor. Repayments from loans made from this micro-enterprise loan program will be placed into a Small Business Revolving Loan Account, to fund other businesses and economic development projects outside the parameters of the micro-enterprise participants.

This agenda item was publicly noticed in compliance with CDBG Citizens Participation regulations, 24 CFR 570.486.

**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:**

This will increase funding for larger economic development projects and will augment department general administration funding, without substantial impact to County General Funds.

**Special Instructions:**

Enclosed are two original resolutions. Please send one original resolution and one copy of the Minute Order approving this Board letter to Jim Claybaugh, Economic Development Coordinator, Department of Housing and Community Development.