



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: March 11, 2014
Placement: Administrative
Estimated Tme: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Herman Parker, Community Services Director (805) 568-2467
Director(s)
Contact Info: Dinah Lockhart, Deputy Director of HCD (805) 568-3523
SUBJECT: Set Hearing for the Draft FY 2014-15 Annual Action Plan 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, and for FY 2011-12, 2012-13 and 2013-14 Annual Action Plan Substantial Amendments to reprogram prior year unspent federal funds under the HOME Investment Partnerships (HOME) and Community Development Block Grant (CDBG) Programs.

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence:

Planning and Development

Recommended Actions:

On March 11, 2014, the Board will set a public hearing for April 15, 2014 to review an updated draft Citizen Participation Plan, FY 2011-12, 2012-13 and 2013-14 draft Action Plan Substantial Amendments (Amendments), and the FY 2014-15 draft Action Plan. The draft Action Plan will include recommendations for the use of federal funds under the HOME Investment Partnerships (HOME), Community Development Block Grant (CDBG), and Emergency Solutions Grant (ESG) programs. The draft Citizen Participation Plan, Action Plan and prior year Action Plan Amendments will be made available for a 30 day public review period from March 14 to April 15, 2014. Public comments will continue to be received through April 15, 2014 including the Board public hearing.

On April 15, 2014 your Board's actions should include the following:

- a. Receive a staff report on the HOME Consortium and CDBG Urban County Partnership draft 2011-12, 2012-13 and 2013-14 Action Plan Substantial Amendments (Amendments) and FY 2014-15 Annual Action Plan and the annual Notice of Funding Availability (NOFA) process, including recommendations for the award of HOME, CDBG and ESG funding;

- b. Approve revisions to the County Citizen Participation Plan which defines County Citizen Participation requirements related to the Consolidated Plan;
- c. Direct staff to finalize the draft FY 2011-12, 2012-13 and 2013-14 Action Plan Substantial Amendments and the FY 2014-15 Annual Action Plan and return to the Board on May 6, 2014 to approve the Amendments and the Annual Action Plan for submission to the United States Department of Housing and Urban Development (HUD);

On May 6, 2014 your Board's actions should include the following:

- a. Approve draft 2014-15 Action Plan and Annual Action Plan Substantial Amendments (Amendments) to the Annual Action Plans for FY 2011-12, FY 2012-13 and FY 2013-14 to reprogram unspent CDBG funds, and to add the use of HOME funds for Tenant-Based Rental Assistance by the City of Santa Maria;
- b. Adopt a Resolution authorizing submittal of the final FY 2014-15 Annual Action Plan and Amendments to the FY 2011-12, 2012-13 and FY 2013-14 Annual Action Plans 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 final FY 2014-15 Annual Action Plan and Action Plan Amendments;
- d. Determine that the approval of the FY 2014-15 Action Plan and FY 2011-12, 2012-13 and 2013-14 Action Plan 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 the Notice of Exemption.

Summary Text:

I. County Citizen Participation Plan Summary:

The County's Citizen Participation Plan (CPP) requires that the draft FY 2014-15 Annual Action Plan and FY 2012-13 and 2013-14 draft Action Plan Substantial Plan Amendments undergo a 30-day public review period. The review period will begin March 14, 2014 and continue through April 15, 2014 prior to submission of the Plan and Amendments to HUD. Public comment given at the April 15, 2014 public hearing will be considered and incorporated into the Plan and Amendments.

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 which is kept at HCD, it 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 FY 2011-12, FY 2012-13, and FY 2013-14 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 the U.S. Department of Housing and Urban Development (HUD).

III. Action Plan Summary:

The draft FY 2014-15 Annual Action Plan serves as the Santa Barbara County HOME Consortium and CDBG Urban County Partnership operating plan for the receipt and expenditure of federal entitlement funding provided to the County by the U.S. Department of Housing and Urban Development (HUD). HUD has not released grant allocation amounts for FY 2014-15, therefore the following estimated grant amounts, based on last year’s funding award, were used for planning purposes.

- a) \$913,946 for HOME Investment Partnership program
- b) \$1,560,771 for the Community Development Block Grant (CDBG) Program
- c) \$113,312 for Emergency Solutions Grant (ESG) program

The draft FY 2014-15 Annual Action Plan represents the County’s federal grant application to HUD for the 2014-15 program year. As the lead agency for the 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.

BACKGROUND:

I. Overview of FY 2011-12, 2012-13 and FY 2013-14 Action Plan 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. The Youth Corp project was funded with non-federal funds;
- 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 (these funds may no longer be used for a 'public service' program due to CDBG program regulations but may be applied toward a 'capital project'); \$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 Annual Action Plan 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. 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 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, Emergency Legal Services and Sexual Assault Response programs 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;

II. 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. The Action Plan is required under HUD Community Planning and Development (CPD) funding programs, and must be submitted annually in order to maintain eligibility for this grant funding.

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 includes proposed uses of HOME funds, including an affordable housing project that was included in a previous Action Plan that is now ready to move forward and other proposed affordable housing projects. Once formal applications are received and staff has reviewed the project proposals, staff will return to the Board for funding approvals. The County is continually faced with the challenge of HUD’s timely expenditure requirements of the HOME program. HOME funds must be committed to a project within 24 months and expended within five years. As a result, 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 2014 estimates.

Estimated HOME Allocations by Jurisdiction	Percent of Allocation	Allocation by Jurisdiction
Total HOME Allocation	\$913,946	
Partner Allocations:		
County	43%	\$392,997
City of Santa Maria	27%	\$246,765
City of Lompoc	14%	\$127,952
City of Goleta	9%	\$82,255
City of Carpinteria	5%	\$45,697
City of Buellton	1%	\$9,140
City of Solvang	1%	\$9,140
TOTAL URBAN COUNTY	100%	\$913,946

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.

ESTIMATED FY 2014-15 CDBG COUNTYWIDE ALLOCATIONS

	Administration	Capital	Public Services	TOTAL
Unincorporated County Allocation	\$234,116	\$639,237	147,516	\$1,020,869
Partner Allocations:				
City of Buellton	\$0	\$18,971	\$4,378 (2)	\$23,349
City of Solvang	\$0	\$19,783(1)	\$4,565	\$24,348
City of Carpinteria	\$0	\$82,885	\$19,127	\$102,012
City of Lompoc	\$78,039	\$253,625	\$58,529	\$390,193
TOTAL URBAN COUNTY	\$312,155	\$1,014,501	\$234,115	1,560,771

(1) Solvang chose not to allocate their FY 2014-15 CDBG capital allocation, therefore the County applied it to other County eligible projects, (2) 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.

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 estimated allocation is \$113,312.

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. The County will hold two public meetings, February 25, 2014 in Santa Maria and April 15, 2014 in Santa Barbara to receive public input on the draft Action Plan. Workshops will be held in late spring to provide training and technical assistance to project sponsors for projects selected for funding.

CSD convened two Board-approved Committees that reviewed applications for funding and heard 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. The review process by this Committee met the requirements of the Brown Act.
- **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. The review process by this Committee met the requirements of the Brown Act.

e. CDBG, ESG and HOME Recommendations:

- **CDBG Capital:**

The Capital Loan Committee met on February 4, 2014 to hear a staff report and presentations from the CDBG Capital Project applicants, and to evaluate each project based on the following funding criteria: project readiness, financial feasibility, cost efficiency, energy efficiency, Consolidated Plan priorities and administrative capacity. The draft FY 2014-15 Annual Action Plan will contain the Committee's project recommendations that will be considered at the Board's April 15, 2014 meeting.

The County received six (6) CDBG capital project applications totaling \$1,012,000. The amount of estimated 2014-15 CDBG capital funding available for allocation by the County is \$639,239. Additionally, the County had \$272,694 in unexpended prior year CDBG funds. Therefore, the total amount of CDBG funds available from the County's allocation for Capital projects is \$911,931. Five (5) of the six applications submitted for Capital projects from FY 14-15, were recommended for funding. They will be listed in the draft Action Plan (2014-15 funds) and in an upcoming Action Plan Amendment (to reprogram the prior year funds).

- **CDBG Public Services:**

Of the total CDBG allocation, up to 15% 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 estimated amount available for allocation was \$147,516. The Committee recommended funding eleven (11) programs. A \$50,000 economic development request to support micro enterprises was recommended for funding and if approved, will be funded with CDBG capital funds along with the other 5 recommended capital projects, not from the public services allocation of \$147,516. The Committee's recommendations will be included in the draft 2014-15 Annual Action Plan that will be considered by the Board on April 15, 2014.

- **ESG:**

The County anticipates receiving an estimated \$113,312 in FY 2014-15 ESG funding, of which 7.5% or \$8,498 may be used for administration, with the balance of \$104,814 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 the available funding; these recommendations 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. Currently County HOME TBRA programs are administered by the City of Santa Maria, Transition House, the Housing Authority of the County of Santa Barbara and CHANCE (Coalition for Housing Accessibility Needs, Choices, & Equality, Inc.).

Fiscal and Facilities Impacts:

HUD has not announced funding allocations for FY 2014-15; therefore, the amounts contained in the draft FY 2014-15 Action Plan are estimates, based on the prior year allocations. The Committees and staff have made recommendations on which projects may receive increases, if any, and which projects should receive decreases, if any, based on actual allocations from HUD, subject to Board approval.

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 7.5% of ESG funds may be used for administrative costs. The County is liable and 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.

Authored By:

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