



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:** December 15, 2020  
**Placement:** Administrative  
**Estimated Time:** N/A  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors  
**FROM:** Department George Chapjian, Community Services Director (805) 568-2467  
Director  
Contact Info: Dinah Lockhart, Deputy Director (805) 568-3523  
Laurie Baker, Grants Program Manager (805) 568-3521  
**SUBJECT: Approval of Action Plan Substantial Amendment, and Execution of Agreement with United Way of Santa Barbara County to Implement an Emergency Rental Assistance Program Utilizing Community Development Block Grant Coronavirus (CDBG-CV) Funds**

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**County Counsel Concurrence**

As to form: Yes

**Risk Management**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors (Board):

- A. Determine that an Urgent Need exists in Santa Barbara County due to the effects of COVID-19 and that the uses of Community Development Block Grant – Coronavirus (CDBG-CV) funds to prevent, prepare for, and respond to the coronavirus are designed to address the Urgent Need, retroactive to January 27, 2020 as the date that the U.S. Department of Health and Human Services declared a national public health emergency;
- B. Determine that an emergency rental assistance program (hereinafter referred to as “ERAP” or the “Program”) is designed to alleviate existing conditions; that those existing conditions pose a serious and immediate threat to the health or welfare of the community and are of recent origin or recently became urgent; and that the County is unable to finance the activity on its own, and that other sources of funds are not available;

- C. Approve the Substantial Amendment to the FY 2019-20 Action Plan (Attachment A), which 1) adds the Urgent Need National Objective, and 2) adds the use of \$1,165,366 in federal Community Development Block Grant Coronavirus round 3 funds (CDBG-CV3) for an Emergency Rent Assistance program (Program), of which 20% will be used by the County to cover administrative costs, and direct staff to submit the Substantial Amendment to HUD;
- D. Approve and authorize the Chair of the Board to execute a County CDBG-CV Subrecipient Agreement with United Way of Santa Barbara County (United Way) to include any remaining CDBG-CV1 funds (estimated to be in the amount of \$233,105) and \$932,293 in CDBG-CV3 funds, for a total of up to \$1,165,398 (Attachment B), for the administration and implementation of the Program to provide qualifying County, Buellton, Carpinteria, Guadalupe, and Solvang residents with emergency rental assistance payments related to the coronavirus; and
- E. 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:**

In response to the Coronavirus' immediate social and economic impact, on March 27, 2020, the U.S Congress enacted the Coronavirus Aid, Relief and Economic Security (CARES) Act to provide economic relief and assistance to many affected sectors of the U.S. economy. The CARES legislation provides funding on the order of \$2 trillion, including CDBG-CV funding to HUD. Santa Barbara County was initially allocated \$741,038 ("CDBG-CV1") in September and subsequently allocated an additional \$1,165,366 ("CDBG-CV3"), for a total allocation of \$1,906,404. Use of the initial CDBG-CV1 allocation of \$741,038 for an Emergency Rental Assistance Program was approved by the Board of Supervisors on June 16, 2020. The recommended actions will implement CDBG-CV funding for programming designed to address unincorporated County, Buellton, Carpinteria, Solvang, and Guadalupe residents' immediate, direct financial needs. The Program will provide up to three months of rent assistance, up to \$5,000, to 80% area median income (AMI) households and below currently living in rental units who cannot pay rent because of a loss or reduction of income due to COVID-19

Using the CDBG National Objective of Urgent Need will provide flexibility in documenting income for CDBG-CV ERAP beneficiaries. In addition, should the County elect to use any future allocations for other uses where determining income may be challenging, such as drive-through food banks and emergency rent assistance, the Urgent Need designation will provide the flexibility needed.

**Background:**

**The CARES Act and the CDBG Program**

CARES Act funding is intended to provide rapid deployment of financial liquidity into the U.S economy where many businesses have closed, resulting in loss of employment and income. Social distancing and closure of all but essential services has had unprecedented and significant financial impact on households and businesses. CDBG-CV funding allocated to the Urban County Partnership under the CARES Act

will provide emergency financial relief to qualifying County, Buellton, Carpinteria, Guadalupe, and Solvang residents in the form of short-term rent-payments. To help expedite getting CDBG-CV funds into communities, certain statutory suspensions and regulatory waivers, including those discussed below, were authorized by the CARES Act.

CDBG-CV may be used for a variety of public services, facility and infrastructure improvements, and certain economic development activities that will help the County prepare for, prevent, and respond to COVID-19. Some examples are:

- Public services, such as child care, seniors, homeless, health care;
- Economic development, such as employment services, job creation and retention; and
- Public facility and infrastructure improvements.

Under normal CDBG program regulations, expenditures for public services are restricted to no greater than fifteen percent (15%) of the total annual CDBG entitlement allocation to the County. However, under the CARES Act, this regulatory requirement is waived. Therefore, the entire CDBG-CV allocation may be utilized for public services programs and related admin costs to assist County residents with rental assistance payments and other CDBG program implementation costs. HCD staff recommends the use of CDBG-CV for emergency rent assistance as it will help to keep people housed who have lost income due to COVID-19. The County recently published a Notice of Funding Availability for its regular allocation of CDBG to solicit applications for projects and programs such as those listed above.

To further address the immediacy of need, the CARES Act adds additional flexibility for both the CDBG-CV grant and FY 2020 CDBG grants. For example, the public comment period concerning planned allocation and expenditure of CDBG funding is reduced from 30 days to not less than 5 days, and grantees may use virtual public hearings when necessary for social distancing and public health reasons.

24 CFR 570.208 sets forth the National Objectives of the CDBG program. Under 24 CFR 570.208(c), a program is considered to meet the “Urgent Need” National Objective if the County certifies that the program is designed to alleviate existing conditions which pose a serious and immediate threat to the health or welfare of the community which are of recent origin or which recently became urgent, that the County is unable to finance the activity on its own, and that other sources of funding are not available. A condition will generally be considered to be of recent origin if it developed or became critical within 18 months preceding the certification. The Urgent Need National Objective grants the County additional flexibility in documenting the income eligibility of beneficiaries for assistance. Many County residents have experienced a loss of or reduced income due to COVID-19 and determining income eligibility may be challenging. CDBG regulations allow self-certification of income for beneficiaries. Normally 70% of CDBG beneficiaries must be low- and moderate- income, but the Urgent Need National Objective allows flexibility for this requirement. HCD will monitor a sample of recipients of ERAP by collecting income documents; however, it is probable that documentation may be unavailable if recipients are not working.

### Emergency Rent Assistance Program

Due to COVID-19, many households have lost some or all of their income due to reduced work hours, layoffs or business closures, or inability to work due to sickness or the need to care for family members.

While California AB 3088 (signed by Governor Newsom on August 31, 2020) prohibits evictions before February 1, 2021 over unpaid rent due to COVID-19-related hardship, tenants are still responsible for repaying missed rent. Tenants must pay at least 25% of September 2020 – January 2021 rent due by February 1, 2021 in order to receive continued protection against eviction after that date.

County HCD previously worked with United Way of Santa Barbara County to implement a similar emergency rent assistance utilizing (general) CARES Act funds received by the County. HCD has selected United Way as the implementing entity of the CDBG-CV3 Emergency Rent Assistance Program. United Way will subcontract Family Services Agency (FSA) to process ERAP applications and connect applicants to other services such as food and medical resources. The Program will provide up to 3 months of rent payments, not to exceed \$5,000 total, for tenants in Unincorporated Santa Barbara County, Solvang, Buellton, Carpinteria and Guadalupe\* who cannot pay rent because of lost or reduced income due to COVID-19. Rent payments will be paid directly to property owners or managers on tenants’ behalf. In addition to assisting tenants, the program may have an additional positive benefit of stabilizing the properties’ financial standing and owners’ ability to maintain the rental units.

*\*The City of Guadalupe is included in the County’s Emergency Rent Assistance Program as it will enable the Program to be implemented countywide. The cities of Carpinteria, Buellton, and Solvang are members of the CDBG Urban County partnership; therefore, County CDBG is used for programs that benefit the residents of those cities. The City of Guadalupe does not receive a direct allocation of CDBG and has elected not to join the CDBG Partnership, electing instead to apply to the State for CDBG for economic development purposes. The cities of Santa Barbara, Goleta, Lompoc, and Santa Maria receive direct allocations of CDBG-CV and will be utilizing all or a portion of their funds for ERAP. By including Guadalupe in the County’s ERAP, ERAP will be provided countywide.*

United Way’s subcontractor FSA will income qualify tenants and United Way will make direct rental payments to landlords. United Way and FSA have the technical experience and staff capacity to immediately implement the Program. Santa Barbara County, as Lead Agency under the Santa Barbara County CDBG Urban County, assumes overall responsibility and accountability to HUD for CDBG-CV funding.

The funding allocation for County CDBG-CV3 funds is reflected in the following table.

<b>ITEM</b>	<b>GRANT AMOUNT</b>
United Way Program Delivery Costs (client income qualification, processing payment to landlords)	\$110,310
Direct Rental Assistance Payments to Landlords	\$821,983
County Administrative Costs (20%)	\$233,073
<b>TOTAL</b>	<b>\$1,165,366</b>

An estimated \$233,105 of residual County CDBG-CV1 funds are also incorporated in the Subrecipient Agreement, which will be used by United Way to pay-out applications already reviewed by County HCD.

**Substantial Action Plan Amendment Public Comment Period**

The public notice required by HUD for the Substantial Action Plan Amendment was available for review by the public during a 5-day public comment period, which commenced on December 9, 2020<sup>1</sup>. As of the date this Board Letter was submitted to the Clerk of the Board for docketing, no public comments were received.

**Performance Measure:**

United Way will document tenant-certification of income and will conduct full review of income on a sample of applicants, as permitted by the CDBG program. The goal is to document that at least 51% of those served by this CDBG-CV grant have household incomes at or below 80% of the area median income (AMI), as determined and published by HUD annually. Subrecipient will report on the number of persons or households served and must retain documentation to indicate that the program was operated in accordance with the CDBG-CV program, as applicable. Assuming the maximum rental assistance amount of \$5,000, it is estimated that 208 households will benefit from 3-months of emergency rental assistance payments in the cities of Buellton, Carpinteria, Solvang, Guadalupe, and unincorporated County.

**Fiscal and Facilities Impacts:**

Federal CDBG-CV3 funds are federal entitlement block grants awarded to Santa Barbara County pursuant to congressional budget appropriation in the CARES Act. County HCD will retain twenty percent (20%) of CDBG-CV3 funds for Program administration. County general funds are used for a portion of HCD’s overall administrative expenses; however, no County funds are being used to fund the Program.

**Fiscal Analysis:**

Federal	1,398,471*
Fees	
Other	
<b>Total</b>	<b>\$1,398,471</b>

\*\$1,165,366 (CDBG-CV3) + \$233,105\*\* (CDBG-CV1) = \$1,398,471

\*\*The estimated \$233,105 of residual County CDBG-CV1 funds incorporated in the Subrecipient Agreement were allocated previously to the Housing Authority of the County of Santa Barbara. The United Way will complete the program with the remaining funds.

**Key Contract Risks:**

HUD could require the County to repay federal funds expended for ineligible expenses with non-federal funds. The Subrecipient Agreement specifies HUD eligible expenses and County staff will review each payment request submitted by the Subrecipient to ensure that expenses incurred were for eligible costs. Payments will be provided on a reimbursement basis upon proof of payment for eligible costs. County staff will conduct ongoing monitoring to assure that the Program is being administered in accordance with CDBG-CV regulatory requirements.

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<sup>1</sup> Public notices in the Lompoc Record, Santa Maria Times, Santa Barbara News Press, and on HCD’s website were published December 9, 2020, which covered the 5-day public notice period required by HUD.

**Staffing Impacts:**

No new staffing impacts. The Program recommended for funding will be overseen by existing HCD staff.

**Special Instructions:**

1. Please return one copy of the Minute Order to Sarah Brasel at [sbrasel@co.santa-barbara.ca.us](mailto:sbrasel@co.santa-barbara.ca.us).
2. Please return one executed copy of the United Way CDBG-CV Agreement to Sarah Brasel at [sbrasel@co.santa-barbara.ca.us](mailto:sbrasel@co.santa-barbara.ca.us), ext. 82468.
3. Please retain the executed original of the United Way CDBG-CV Agreement for COB records.

**Attachments:**

- A: Action Plan Substantial Amendment
- B: United Way Agreement