



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: Set Hearing on
07/09/2013 for
08/20/2013
Placement: Set Hearing (on
07/09/2013)
Departmental (on
08/20/2013)
Estimated Tme: 30 minutes (on
08/20/2013)
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Herman Parker, Director of Community Services, 568-2467
Director(s)
Contact Info: Dinah Lockhart, Deputy Director of HCD, 568-3523
SUBJECT: **June 2013 Notice of Funding Availability (NOFA) for the use of unspent Community Development Block Grant (CDBG) funds for Capital Development Projects and FY 2008 - 09, 2009 - 10, 2010 - 11, 2012-13 and 2013-14 Annual Action Plan Substantial Amendments for the Casa de las Flores project.**

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Planning and Development:

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

On July 9, 2013, set a hearing for August 20, 2013 to consider recommendations for Community Development Block Grant (CDBG) funding contained in the FY 2008 – 09, 2009 – 10, 2010 – 11, 2011 - 12, 2012 – 13 , and 2013-14 Annual Action Plan Substantial Amendments.

On August 20, 2013, your Board's actions should include the following:

- a. Receive and file a staff report on the CDBG Urban County Partnership draft FY 2008 – 09, 2009 – 10, 2010 – 11, 2012 – 13 and 2013 - 14 Annual Action Plan Substantial Amendments, including recommendations for awards of CDBG capital development project funding; and mid-year Notice of Funding Availability (NOFA) process;
- b. Consider written comments received during the thirty (30) day public comment period, which commenced on July 19, 2013, and concluded on August 20, 2013, and oral comments received during the Board's August 20, 2013 Public Hearing; and

- c. Direct staff to finalize the draft FY 2008 – 09, 2009 – 10, 2010 – 11, 2012 – 13 and 2013 - 14 Annual Action Plan Substantial Amendments and return to the Board on September 3, 2013 for consideration of approval for final submission of the FY 2008 – 09, 2009 – 10, 2010 – 11, 2012 – 13, and 2013 -14 Annual Action Plan Substantial Amendment to the U.S. Department of Housing and Urban Development (HUD);

On September 3, 2013, your Board's Actions should include the following:

1. Approve the FY 2008 - 09, 2009 - 10, 2010 – 11, 2012 – 13 and 2013 -14 Annual Action Plan Substantial Amendments for final submission to HUD;
2. Adopt a Resolution authorizing submittal of the FY 2008 – 09, 2009 – 10, 2010 – 11, 2012 – 13 and 2013 - 14 Annual Action Plan Substantial Amendments to HUD;
3. Authorize the County Executive Officer or designee to execute all certifications, standard forms and other related documents required for CDBG Program administration and implementation for submittal to and approval by HUD of the Annual Action Plan Substantial Amendments.

Summary:

The County receives an annual allocation of federal Community Development Block Grant (CDBG) funds to provide grants to support Capital Development Projects, including the rehabilitation of public and non-profit facilities and for other eligible activities. The County Community Services Department Division of Housing and Community Development (HCD) issues a Notice of Funding Availability (NOFA) annually for the award of these CDBG funds.

The County has already awarded its CDBG funds through the current 2013-14 funding cycle. However, due to several factors explained below the County has \$696,969 in CDBG funds to commit, or recommit, and expend for Capital Development Projects. Generally, uncommitted CDBG funds may be added to the following year's allocation and included in the NOFA for that year's funding cycle. However, the U.S. Department of Housing and Urban Development (HUD) requires that no more than 1.5 times the County's current CDBG allocation for FY 2013-14 remain unexpended at any given time. HUD conducts an annual review of the expenditure ratio of the County's CDBG grant sixty days prior to the end of the County's funding cycle. The next review is expected to occur on or about April 30, 2014. On that date, the amount of unexpended CDBG funds must not be more than 1.5 times the County's FY 2013-14 CDBG allocation. The \$696,969 in uncommitted and unexpended CDBG funds could adversely affect the County's CDBG expenditure requirements. Therefore, on June 3, 2013, HCD issued an "out of cycle" NOFA to award these funds. To be eligible to apply for CDBG funds under this NOFA, it is required that 75% of the funds awarded be expended by February 28, 2014.

Background:

The \$696,969 in CDBG funds that are available to commit to Capital Development Projects are derived from multiple sources:

1. Of the CDBG funds awarded to Capital Development Projects in FY 2012-13, three projects did not go forward, totaling \$292,252 in unexpended CDBG funds. They were:

- St. Mark’s Homeless Lunch Program rehabilitation in Isla Vista, \$5,193. Upon further review of CDBG regulations, staff determined the project was ineligible.
 - Lompoc Veteran’s Memorial Building elevator, \$98,979. The project did not have all of the necessary funds to complete the project committed from all funding sources, and the project could not move forward.
 - Orcutt Oasis Senior Center, \$188,080. The project did not have all of the necessary funds to complete the project committed from all funding sources, and the project could not move forward.
2. After the County awarded its FY 2012-13 CDBG funds to projects, the federal Integrated Disbursement and Information System (IDIS) – the database that tracks award amounts and uses – showed an uncommitted balance of \$28,956. This may be due to a difference between the final amount of HUD’s CDBG allocation to County and the amounts that the County awarded to grantees. At the time that the County issued its annual CDBG NOFA, the exact CDBG allocation was not known, and the NOFA was issued based on an estimated allocation.
 3. On June 18, 2013, the Board approved a FY 2012-13 Annual Action Plan Substantial Amendment for the award of \$369,715 in additional HOME funds for the Casa de las Flores project. The intent of that June 18, 2013 FY 2012-13 Annual Action Plan Substantial Amendment was to award \$369,715 in HOME funds to the Casa de las Flores project and “reprogramming” at a later date (as part of the Annual Action Plan Substantial Amendments now before your Board) the \$369,715 in CDBG funds that were previously awarded to Casa de las Flores. The CDBG funds that were previously committed to Casa de las Flores are broken-out as follows:

Casa de las Flores Funding (includes 2008-10 reprogrammed funds)		
Action Year	Plan Annual Action Plan Substantial Amendment Date	CDBG Funds
2008	5/1/12	\$34,155
2009	10/16/12	50,000
2010	5/1/12	79,005
2012		124,071
2013		82,484
	TOTAL	\$369,715

4. At the time that HCD issued the NOFA to award FY 2013-14 CDBG funds on November 16, 2012, HUD had not announced the FY 2013-14 allocation amounts to participating jurisdictions. Therefore, the County awarded funds based on the FY 2012-13 funding levels. HUD announced the FY 2013-14 funding allocations on or about May 29, 2013, and the County’s CDBG allocation was increased by \$7,557 from the FY 2012-13 level. After deducting twenty-percent (20%) for administration costs, \$6,046 will be available to include in the NOFA.

Therefore, the total funds available for the out-of-cycle NOFA is \$696,969:

Unexpended FY 2012-13 CDBG funds from projects that did not go forward	\$292,252
Other uncommitted FY 2012-13 funds (not committed to projects)	28,956
CDBG funds from Casas de las Flores	369,715
Increased FY 2013-14 CDBG allocation from FY 2012-13 level	6,046
TOTAL	\$696,969

The Mid-Year NOFA Process

The Annual Action Plans submitted to HUD for the fiscal years 2008 -09, 2009 –10, 2010 –11, 2012 – 13, and 2013-14 will need to be amended to replace the projects described herein with the projects recommended for funding in response to the NOFA. The process is as follows:

1. HCD published a Notice of Funding Availability (NOFA) on June 3, 2013.
2. Applicant Workshops were held in Santa Barbara on June 10 and 14, 2013 to provide program information and technical assistance to interested applicants. Attendance at one of the trainings was mandatory in order to be eligible to apply.
3. Applications were due July 1, 2013.
4. HCD staff will review applications for compliance with federal regulations and rank them in accordance with Consolidated Plan priorities and readiness to proceed.
5. Following a review for basic program eligibility by HCD staff, applications will be forwarded to the Capital Development Committee for review.
6. The County's Capital Development Committee will hold application review meetings on July 16, 2013.
7. The Capital Development Committee will evaluate proposals and make grant recommendations for CDBG Capital Development Projects. This Committee is made up of members in the community with expertise in lending, project management, and construction, along with a representative from each of the County Auditor-Controller's Office and the Treasurer-Tax Collector's office.
8. The draft Substantial Amendments to the Annual Action Plans will be subject to a 30-day public review process, beginning July 19, 2013, and ending on August 20, 2013.
9. There are two scheduled public hearings; the first will be held on July 16, 2013 during the Capital Development Committee meeting, and the other will be held on August 20, 2013 at the Board of Supervisors' public hearing.
10. The draft Substantial Amendments to the Annual Action Plans will be presented to the Board of Supervisors on August 20, 2013.
11. Board to consider approval of the final Substantial Amendments to the Annual Action Plans on September 3, 2013.
12. The approved Substantial Amendments to the Annual Action Plans will be submitted to HUD on or after September 3, 2013.

Fiscal Analysis:

The County serves as a federal 'pass through' lead agency for the federal CDBG grant program. Because all CDBG funds that may be used for Administration and Public Services have been awarded, these CDBG funds may only be awarded to Capital Development Projects. These CDBG funds were funds previously allocated to projects that did not go forward and that have not been committed or

expended. All of these CDBG funds are from the County's direct allocation and not from those allocated to CDBG Urban County Partnership cities.