



**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:** CEO  
**Department No.:** 012  
**For Agenda Of:** 4/2/2013  
**Placement:** Departmental  
**Estimated Tme:** 60 minutes  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors

**FROM:** Department Chandra L. Wallar, County Executive Officer, 568-3400  
Director(s)  
Contact Info: Renée E. Bahl, Assistant County Executive Officer, 569-3400.  
Dennis Bozanich, Assistant to the CEO, 568-3400

**SUBJECT: Housing and Community Development Operations Update**

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**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: N/A

**Recommended Actions:**

That the Board of Supervisors:

- a) Receive and file a report on the status of the administration and the monitoring of the use of funds provided through federal housing programs to the Housing and Community Development Division (HCD) of the County Community Services Department,
- b) Provide direction to staff as appropriate, and
- c) Determine that the recommended actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(5), as the actions are organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment, and direct staff to file a Notice of Exemption (NOE)(Attachment B).

**Summary Text:**

The Housing and Community Development Division (HCD) of the County Community Services Department provides fiscal and program oversight to several U.S Department of Housing and Urban Development (HUD) programs including the Community Development Block Grant, HOME Investment Partnerships, Emergency Solutions Grant, and Continuum of Care Programs. In addition, HCD staff manages the County's Human Services Commission's federal and General Fund programs including funding three emergency shelters, county-wide warming centers, and the Rental Housing Mediation

Task Force program. Additionally, HCD staff administers the Homeless Management Information System for all of the homeless service providers and/or governmental agencies county-wide.

This report will provide the Board with an overview of Housing and Community Development's roles, responsibilities and challenges for federal community development programs.

### **Background:**

#### ***Housing and Community Development (HCD)***

HCD administers federal and local funds for homeless prevention, rapid rehousing, county-wide warming centers and emergency shelters and permanent housing options. In addition to these services, HCD also administers federal funds for capital projects designed to provide a suitable living environment, improved access to public buildings and facilities, as well as, creates economic opportunities for low and moderate income individuals, families and persons with special needs or disabilities. Many of the service programs and capital projects are undertaken with cities and non-profit organizations.

HCD staff initiates, monitors and provides technical assistance to approximately 200 active service program agreements or capital project agreements worth over \$31 million during this current fiscal year.

Historically, HCD's function has been associated with various departments as well as a period of time as a stand-alone department. In late-spring of 2011, the Board of Supervisors created the new Community Services Department which consolidated HCD, Parks Department, Arts Commission, Library Services and Human Services Commission.

#### ***Major Areas of Responsibility***

HCD staff initiates, monitors and provides technical assistance in support of:

- Development of affordable rental housing for extremely low, low and moderate-income populations;
- Rehabilitation of community centers and public facilities for the predominant use by low and moderate income individuals and families and specific categories of individuals such as seniors, youth and disabled persons;
- Economic development programs which support to micro-enterprise businesses to create and retain jobs;
- Rehabilitation of homeless shelters and provision of support services;
- Financial support for non-profit organizations county-wide who serve low and moderate income populations and persons with special needs or disabilities with the delivery of public services that cover food, shelter, medical/dental, drug and alcohol counseling, domestic violence and rape crisis, teen counseling, senior services, and more.

HCD also utilizes consultant services to assist in initiating contracts, responding to federal inquiries, processing invoices, developing operating policies and monitoring affordable housing units.

#### ***Housing and Community Development Challenges***

The work conducted by HCD staff is complex and constantly changing. Program eligibility rules and procedural changes are continuous. Over the last ten years, the Board of Supervisors, County administration, the federal government and even the civil Grand Jury have noted the difficulty in

consistently achieving its major responsibilities. A review and analysis identifies a clear set of highly inter-related challenges that appear to cause these difficulties, including:

- Large number of active projects and programs due to funding many low-dollar grant awards,
- Insufficient focus on project and program implementation readiness during the selection process,
- Lack of consistent development and application of standard operating procedures for contract and grant monitoring and
- Previous staff and leadership turnover.

### ***Housing and Community Development Solutions***

Staff has taken a number of steps to address these challenges:

- Beginning with the 2013 Draft Annual Action Plan, the Board will be presented with projects that are ready to implement and have a higher dollar threshold. This will result in projects being completed more quickly. This will also result in fewer contracts to manage,
- HCD hired a consultant who is amending and creating internal policies and practices to ensure the division's standard operating procedures are compliant with recent federal regulatory changes. This will reduce risk and add consistency to program implementation,
- Board-approved additional resources are expediting monitoring of affordable housing units and
- Recently, staff with program expertise has been hired to fill funded vacancies.

### ***Federal Grant Funding, Action Plan***

The United States Department of Housing and Urban Development (HUD) awards federal grant funding annually to participating jurisdictions and entitlement communities under a variety of programs. The County of Santa Barbara, through collaboration with partner jurisdictions, receives entitlement funding through three programs administered by HUD:

- Community Development Block Grant (CDBG)
- HOME Investment Partnerships Act Program (HOME)
- Emergency Solutions Grants (ESG)

The County Community Services Department (CSD) serves as the lead agency in two funding partnerships: the County of Santa Barbara HOME Consortium and the Community Development Block Grant Urban County Partnership. The Housing and Community Development (HCD) Division prepares and submits a HUD-required Consolidated Plan every five years on behalf of these partnerships. Annual Action Plans are prepared and submitted to HUD as an implementation plan to the Consolidated Plan. The Action Plan also serves as an annual application for grant funding under the three programs cited above, and outlines the proposed use of funds to advance the programmatic goals and specific objectives identified in the Consolidated Plan. The priorities and objectives established in the Consolidated Plan are consistent with goals and regulatory requirements under each funding source.

The Continuum of Care (CoC) is a separate federal funding source and is subject to different federal processes and criteria. CoC funds are awarded on a competitive basis via a HUD-issued Notice of Funding Availability (NOFA). The County is the lead agency for the Santa Maria/Santa Barbara County Continuum of Care and is responsible for submitting the application to HUD.

## **Major Federal Programs**

### **Community Development Block Grant (CDBG)**

The Santa Barbara Urban County Partnership is comprised of the County of Santa Barbara and four member cities of Buellton, Carpinteria, Lompoc, and Solvang. The County acts as the administrative lead for the Urban County Partnership.

The provision of CDBG funds is authorized under Title I of the Housing and Community Development Act of 1974 and the use of CDBG funds and program requirements are implemented under 24 CFR Part 570. All uses of the funds must meet one of three national objectives:

- Benefit low- and moderate-income persons,
- Prevent or elimination of slums or blight, or
- Meet an urgent need.

Up to 20% of CDBG funds may be used to administer the CDBG program and up to 15% may be used for public services, such as food distribution, day care, housing counseling, etc. The non-public service program funds are primarily used as capital projects as infrastructure improvements, non-profit facility acquisition and rehabilitation, housing development, and also for economic development projects.

The County Capital Loan Committee makes the initial recommendations to the Board on CDBG Capital Project awards, and the County Human Services Commission makes initial recommendations on Public Services awards. The County follows its Citizen Participation Plan and develops a draft Annual Action Plan for public review and ultimate Board consideration and adoption. The 2013-2014 Annual Action Plan is slated to come to the Board of Supervisors on April 16, 2013. The Action Plan is then sent to HUD for review, and upon HUD approval staff creates and executes individual agreements with sub-recipients or contractors for each award.

Santa Barbara County was allocated \$1.5 million in CDBG funds for the 2012-13 program year. Currently, the County is monitoring 29 active capital projects worth \$5.1 million and 24 active public services projects worth \$230,000. (Attachment A)

### *CDBG Timeliness Requirement*

It is important to note, CDBG expenditure regulations require jurisdictions spend available funds on a timely basis. CDBG funds cannot accumulate beyond 150% of the County's annual allocation at any given time. Therefore, it is important to only fund projects that are ready to be implemented.

### **HOME Investment Partnerships Program (HOME)**

The provision of HOME funds is authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended, and the use of HOME funds and program requirements are implemented under 24 CFR Part 92. The primary purpose of the HOME program is to create affordable housing. This may be accomplished through:

- Land or building acquisition,
- New construction or rehabilitation of single-family or multi-family housing,
- Home-owner based rehabilitation,
- Down payment assistance and
- Rental assistance.

The County Capital Loan Committee makes recommendation to the Board on HOME awards. The County follows its Citizen Participation Plan and develops a draft Annual Action Plan for public review and ultimate Board consideration and adoption. The Action Plan is then sent to HUD for review, and upon HUD acceptance, staff creates individual agreements with subrecipients or contractors for each award.

Santa Barbara County was allocated \$927,000 in HOME funds for the 2012-2013 program year of which 10%, or \$93,000 is allocated for County administration. Currently, the County is responsible for monitoring over 40 active HOME projects worth \$23 million. (Attachment A)

#### *Federal Monitoring Reports and Audits - HOME*

On August 16, 2012, HUD issued an On-Site Monitoring Report for the HOME program. The monitoring resulted in 17 findings with 57 subsections. The stated monitoring objective is to ensure the County's compliance with statutes and regulations governing the HOME program and the County's administration of them as proposed in its Consolidated Plan and Annual Action Plan. County staff is responding to each finding individually and has sent responses to HUD for findings 1-9 and 17. To date, HUD has only responded that the Good Samaritan Casa de Familia HOME agreement (Finding 17) and Good Samaritan's Community Housing Development Organization (CHDO) qualifications (a portion of Finding 2) "are cleared."

On October 17, 2012, the Community Services Department was notified by the HUD Office of Inspector General (OIG) that it will also review the County's HOME program. The stated objective is to determine whether the County monitored its sub recipients and contractors and ensured that incurred HOME expenditures were supported and eligible. The OIG staff started an onsite review process in November 2012. They remain here today. Staff has cooperated throughout the review process by providing requested documents and other relevant information. There are no results or findings yet of their study to date.

On February 19, 2013, the Board awarded \$75,000 from contingency for consultant services for documentation review and on-site physical inspections of affordable housing units under restrictive covenants, as required under the federal HOME program.

#### **Emergency Solutions Grant (ESG)**

The ESG program was established by the Homeless Housing Act of 1986 in response to the growing issue of homelessness among men, women and children. It was subsequently incorporated into subtitle B of Title IV of the McKinney-Vento Homeless Assistance Act.

ESG is designed to be the first step in a continuum of assistance to prevent homelessness and to enable homeless individuals and families to move toward independent living. ESG funds may be used to support the operating expenses and other essential services of homeless shelters; provide emergency shelters, homeless prevention activities and rapid re-housing activities; and for data collection and administration.

The County has used ESG funds to support the operations of emergency/homeless shelters in Santa Barbara, Lompoc, and Santa Maria and a transitional housing facility in Santa Barbara; the provision of housing stabilization services and financial assistance to rapidly re-house homeless persons and prevent homelessness of at-risk persons; and for mediation and legal services to prevent homelessness.

The County Human Services Commission makes recommendation to the Board on ESG awards. The County follows its Citizen Participation Plan and develops a draft Annual Action Plan for public review and ultimate Board consideration and adoption. The 2013-2014 Annual Action Plan is slated to come to the Board of Supervisors on April 16, 2013. The Action Plan is then sent to HUD for acceptance, and then staff creates and executes individual agreements with sub-recipients and contractors for each award.

Santa Barbara County received \$190,000 in ESG funds for the 2012-13 program year of which \$12,000 was allocated for administration. Currently, the County is responsible for monitoring seven open projects worth \$190,000. (Attachment A)

### **Continuum of Care**

The Continuum of Care (CoC) is a separate federal funding source and is subject to different federal processes and criteria. CoC funds are awarded on a competitive basis via a HUD issued Notice of Funding Availability (NOFA). The County is the lead agency for the Santa Maria/Santa Barbara County Continuum of Care. CoC funds are designed to assist individuals and families experiencing homelessness and to provide services to help them move into transitional and permanent housing, with the goal of long-term stability.

The Santa Maria/Santa Barbara County Continuum of Care has awarded CoC funds to a variety of service providers and government entities, to support planning, operations of transitional and permanent housing facilities, the provision of supportive services and rental assistance, and the management of the countywide Homeless Management Information System (HMIS).

For the 2012-2013 program year, the Board awarded \$1,700,000 to eleven projects. This included nine renewed projects, of which HCD administers three of the projects. Although HUD directly administers the remaining projects, new program regulations indicate HUD's effort to consolidate and streamline the delivery of CoC-funded homeless assistance by designating local "Unified Funding Agencies" that will receive and administer all CoC funds from HUD and distribute them to individual projects. (Attachment A)

### **Homeless Management Information System (HMIS)**

HMIS is an online tool that compiles a database of the homeless population. The system allows service providers to collect client information electronically and simplify production of reports required by the federal government. The mission of HMIS is to provide standardized and timely information that will improve access to housing and services and strengthen efforts to end homelessness.

The goal of HMIS is to create a comprehensive profile of the homeless population by incorporating data from emergency shelters, transitional housing, permanent supportive housing providers, outreach programs and drop-in centers and service providers. The County will then have critical information necessary to make informed decisions regarding allocation of services and resources. HUD mandates the participation of CoC and ESG funding recipients in HMIS. Other federally-funded programs, such as the U.S. Department of Health and Human Services' Projects for Assistance in Transition from Homelessness (PATH) Program and the U.S. Department of Veterans Affairs' Supportive Services for Veteran Families Program are beginning to require HMIS participation among their funding recipients.

HCD administers the local HMIS and provides training and technical assistance on its use, develops documents and plans on its implementation, manages software and end user licenses, and monitors the participation of 32 programs and 14 organizations that provide or use the HMIS data.

## **Non-Federal County Programs**

### **Affordable Housing Program**

HCD also administers the County's Inclusionary Housing Program. The Inclusionary Housing Program requires that housing developments in Santa Barbara County, consisting of five or more units, set aside 20% to 30% of the units to be occupied by income-qualified households. HCD oversees eligibility, certification, documentation, marketing, agreements, inspections and monitoring of these affordable units.

Developers may opt to pay an in-lieu fee to the County's Local Affordable Housing Trust Fund rather than provide the affordable units. HCD utilizes those developer-paid in lieu funds to fund other affordable housing projects in the County. Funds are awarded to the County Housing Authority and non-profit housing developers for the construction of affordable housing.

### **General Fund Programs**

HCD is responsible for administering three homeless shelter contracts which total \$345,000, one warming center contract which is for \$25,000 and a contract for a county-wide Rental Mediation Task Force program for \$25,000. The shelters include Casa Esperanza, Good Samaritan Santa Maria and Bridgehouse shelters. The warming center programs are administered by the Unitarian Society of Santa Barbara who determines warming center needs.

### **Human Services**

The County Human Services Commission makes recommendations to award approximately \$1.1 million in grants and \$100,000 for administration of Human Services programs. Following the Commission's recommendations, the Board approves the final list of grantees. HCD staff creates, executes and monitors the grant agreements. There are currently 71 open programs. Additionally, HCD's roles include supporting homeless shelter and warming center funding and the rental housing mediation task force.

### ***Available Resources***

Through the General Fund's \$300,000 operating contribution and the federal government's allowable administrative budget of \$350,000, the County was able to leverage over \$5.5 million in federal and local dollars for projects and programs meeting housing and community development needs this current fiscal year. Additionally, the Board awarded contingency funding of \$75,000 this year for contract services to inspect affordable housing units.

### **Attachments:**

Attachment A – List of HCD Projects by Program

Attachment B - Notice of CEQA Exemption

### **Authored by:**

Dennis Bozanich, Assistant to the County Executive Officer