



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: June 19, 2018
Placement: Departmental
Estimated Time: 30 minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

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: Public Hearing to consider public comments received and funding recommendations on (1) draft FY 2018-19 Action Plan and (2) draft FY 2017-18 Action Plan Substantial Amendment and make final funding approvals.

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. Receive and file a staff report on the Santa Barbara County HOME Investment Partnerships (HOME) Consortium and Santa Barbara Community Development Block Grant (CDBG) Urban County Partnership draft fiscal year (FY) 2018-19 Action Plan (Action Plan), which includes recommendations for the award of CDBG funds;
- B. Receive and file a staff report on the Santa Barbara County HOME Consortium and Santa Barbara CDBG Urban County Partnership draft FY 2017-18 Action Plan Substantial Amendment (Amendment);
- C. Consider public comments received on the draft Amendment and draft Action Plan during the thirty (30) day public comment period, which commenced on May 18, 2018 and concludes at the end of the Board's public hearing on these items on June 19, 2018;
- D. Consider and approve the recommendations for funding contained in the draft Action Plan (Attachment A) and draft Amendment (Attachment B);
- E. Direct staff to finalize the draft Amendment and draft Action Plan by revising to reflect any direction provided by the Board and adding any public comments and submit the revised Action Plan and Action Plan Amendment to the U.S. Department of Housing and Urban Development (HUD);

- F. Adopt a Resolution authorizing submittal of the Amendment and Action Plan to HUD (Attachment E);
- G. Authorize the County Executive Officer or her designee to execute all certifications, standard forms and other related documents required for the acceptance and administration of CDBG and HOME funds and authorize the County Executive Officer or her designee to execute all certifications, standard forms, and other related documents required for the submittal to and approval by HUD of the Amendment and Action Plan; and
- H. 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, and direct staff to file a Notice of Exemption (Attachment F).

Summary

The County receives an annual allocation of federal funds from the U.S. Department of Housing and Urban Development (HUD) to award to programs and projects that benefit low-income persons in the County. The County is required to submit an Action Plan to HUD at the start of each fiscal year to show how funds will be awarded. The FY 2018-19 Action Plan is due to HUD no later than July 1, 2018. In addition, Action Plan Substantial Amendments are required whenever prior year uncommitted funds are awarded to projects or if certain changes are made to previous commitments of funds.

The allocations for FY 2018-19 are as shown below:

Community Development Block Grant (CDBG):	\$1,190,279
HOME Investment Partnerships Program (HOME):	\$1,038,021

CDBG: Up to 15% of CDBG funds may be allocated to public services programs. In addition to the FY 2018-19 allocation, the County has a balance of \$490,794 in prior year CDBG funds that may be used for projects other than public services programs. A Notice of Funding Availability (NOFA) was issued by the Division of Housing and Community Development (HCD) in November 2017. Applications for funding were due in January 2018. HCD staff vetted the applications and convened the County's Human Services Commission Allocations Committee and the Capital Loan Committee (CLC) that made funding recommendations for consideration by the County Board of Supervisors (Board).

- 17 applications totaling \$471,315 were received for the \$178,542 available in CDBG for public services programs. Eleven (11) programs are recommended for funding.
- 10 applications totaling \$3,427,225 were received for the \$1,264,475 in available CDBG for capital and other projects. Of those, four (4) capital projects totaling \$943,125 and one program for \$75,000 to provide assistance to micro-enterprise businesses are recommended for funding. A \$100,000 set-aside for disaster recovery is also included in the recommendation. Staff will return to the Board at a later date on the potential distribution of these disaster recovery funds.

HOME: Applications for affordable housing development, using HOME and/or In-Lieu funds are accepted on a year-round basis. Staff will return to the Board for funding approvals on a project basis.

A draft of the FY 2018-19 Action Plan and FY 2017-18 Action Plan Substantial Amendment, containing the recommended programs and projects, was provided to the public for review during a 30 day public comment period, which began on May 18, 2018 and concludes on June 19, 2018 after the hearing on this item. The Board is required to consider public comments when making funding awards. Staff will revise the draft Action Plan and Substantial Amendment in accordance with the Board's direction and submit to HUD by the deadline of July 1, 2018.

Staff recommends the approval of the FY 2018-19 Action Plan (Attachment A) and FY 2017-18 Action Plan Amendment (Attachment B) and adoption of the Resolution authorizing to submittal of the Action Plan and Amendment to HUD.

Background:

The County of Santa Barbara is the lead entity of the HOME Consortium and CDBG Urban County partnership. The Urban County is comprised of the County and the cities of Buellton, Carpinteria, and Solvang. The HOME Consortium includes the County and the cities of Buellton, Carpinteria, Solvang, Goleta, and Santa Maria.

Current Urban County and HOME Consortium Configuration	
<u>CDBG Urban County Partnership</u>	<u>HOME Consortium</u>
Unincorporated Santa Barbara County City of Buellton City of Carpinteria City of Solvang	Unincorporated Santa Barbara County City of Buellton City of Carpinteria City of Solvang City of Goleta City of Santa Maria

As the lead entity of the CDBG Urban County and HOME Consortium, the County is responsible to the U.S. Department of Housing and Urban Development (HUD) for the administration of the CDBG and HOME funds.

Community Development Block Grant (CDBG)

The CDBG program provides funding for activities that assist low and moderate income households. Up to twenty-percent (20%) may be used to cover the costs to administer the program and up to fifteen-percent (15%) may be awarded to public services programs. The remaining funds may be used for a variety of other eligible projects. The County historically has used the funds for capital projects (infrastructure, housing rehabilitation, and community facilities), and for assistance to micro-enterprise businesses.

The CDBG Urban County partner cities may identify qualifying projects in their respective communities to fund with their distributions of CDBG, or pool their funds with the County's distribution. The City of Carpinteria identified programs for its pro-rata share of CDBG for public services only. No other projects or programs were recommended for funding by the cities for their distributions of CDBG. Therefore, the cities' funds were added to the County's pool of funds to be awarded to programs and projects through the County's application and approval process.

In addition to the CDBG allocation for FY 2018-19, there is a balance of uncommitted CDBG funds from prior years that total \$490,794 from FY 2017-18. A portion of the funds are from loan repayments from a prior homeowner rehabilitation loan program. The remaining funds are from projects that either did not go forward or came in under-budget. Staff recommends that these funds be reprogrammed to the recommended FY 2018-19 capital projects. Table 1 shows the allocated CDBG funds for FY 2018-19 and the distributions to partner cities.

Table 1: Distributions to CDBG Urban County Partner Cities

Jurisdiction	Distribution	20% Admin*	15% Public Services	Capital Projects	Prior Year Uncommitted Funds	Total CDBG Funds
County		\$238,056			\$490,794	\$728,850
County	85.22%		\$152,153	\$659,331		\$811,485
Buellton	3.08%		\$5,499	\$23,829		\$29,328
Carpinteria	8.30%		\$14,819	\$64,216		\$79,035
Solvang	3.40%		\$6,070	\$26,305		\$32,376
Total	100%	\$238,056	\$178,542	\$773,681	\$490,794	\$1,681,073

*Administration is calculated as 20% of the FY 2018-19 allocation of \$1,190,279

HOME Investment Partnerships (HOME) Program

The HOME program provides funding primarily for affordable housing development but may also be used for Tenant-Based Rental Assistance (TBRA), homebuyer assistance, and other programs. Up to ten-percent (10%) of HOME funds may be used to cover the costs to administer the program.

FY 2018-19 and uncommitted prior year funds will be used for future affordable housing programs and developments. Applications for housing development are accepted on a year-round basis and staff will return to the Board for funding approvals on a project basis.

Table 2: Distributions to HOME Consortium Member Cities and required Community Housing Development Organization (CHDO) set-aside

Jurisdiction	Distribution	Administration 10%	FY 18/19 Pro Rata Share for Projects	FY 18/19 Total Funds Available
County		\$103,802		\$103,802
County	45.17%		\$351,660	\$351,660
Buellton	1.63%		\$12,688	\$12,688
Carpinteria	4.50%		\$35,030	\$35,030
Goleta	10.04%		\$78,181	\$78,181
Santa Maria	36.78%		\$286,342	\$286,342
Solvang	1.88%		\$14,614	\$14,614
CHDO				\$155,703
Total	100.00%		\$778,516	\$1,038,020

Action Plan Overview

The FY 2018-19 Action Plan is an annual update to the 2015-2020 Consolidated Plan, a 5-year strategic planning document required by HUD that reflects the goals, priorities, objectives, and performance measures of the HOME Consortium and CDBG Urban County Partnership. The annual Action Plan outlines the County’s operating plan for the 2018-19 fiscal year and includes how federal funds will be allocated to programs and projects. The Action Plan is due to HUD by July 1, 2018.

Public Comment Period: The draft FY 2018-19 Action Plan and Action Plan Amendment, which include the programs and projects recommended for funding, were available for review by the public during a 30-day public comment period, which commenced on May 18 and concludes on June 19 at the end of the hearing for this item. The draft Action Plan and Amendment will be revised to include any public comments received during the public comment period and to include any Board direction regarding funding. Staff will then submit the revised Action Plan and Substantial Amendment to HUD by the deadline of July 1, 2018.

A second draft Substantial Amendment was also available for review during the 30-day public comment period. The draft FY 2015-16 Amendment would have designated up to \$200,000 in HOME funds for Tenant Based Rental Assistance. HUD has suspended the commitment deadlines for the 2015-16 program year. Due to the additional time granted by HUD, HCD staff has decided to pull the 2015-16 Amendment until a later date.

FY 2018-19 Funding Process

On behalf of the Santa Barbara County Urban County Partnership and the HOME Consortium, the County HCD issued a FY 2018-19 Notice of Funding Availability (NOFA) on November 3, 2017 to solicit applications for award of CDBG and to notify the public of HOME and In-Lieu funds available for housing programs. The application deadline for CDBG was January 12, 2018. HOME/In-Lieu applications are accepted on a year-round basis.

HCD staff held public workshops in North County and South County in November 2017 to provide training and technical assistance to potential applicants prior to the application deadline. Applications were received and vetted for eligibility by HCD staff, prior to being referred to the applicable County review committees for review and funding recommendations.

CDBG Applications - Public Services

The County received seventeen (17) applications requesting a total of \$471,315. Applications for CDBG public services funds were referred to the County's Human Services Commission Allocations Committee (Allocations Committee), which members are appointed by the County Board of Supervisors and represent each Supervisorial District. The role of the Allocations Committee is to review CDBG public services applications and make funding recommendations to the County Board of Supervisors.

The Allocations Committee held a public meeting on February 05, 2018 to hear applicant presentations. On February 8, 2018, the Allocations Committee convened and made funding recommendations based on an estimated allocation of CDBG. HUD published the FY 2018-19 allocations on May 1, 2018. The County received a \$116,382 increase in CDBG funds from FY 2017-18, which includes \$16,061 additional for public services. The Committee reconvened on May 07, 2018 to amend their funding recommendations. The Committee recommended nine (9) projects for funding which are shown below in Table 3. A list of all applications is provided in Attachment C.

In addition, the City of Carpinteria recommended that its distribution of \$14,819 in CDBG public service funds be awarded as follows: \$11,040 to People's Self-Help Housing Corporation for the Youth Education Enhancement program and \$3,779 to Unitarian Society of Santa Barbara for the Freedom Warming Centers. This funding recommendation was approved by the Carpinteria City Council on March 12, 2018.

Table 3: CDBG Public Services Funding Recommendations

Applicant	Project Title	Service Area	Request Amount	Funding Rec.
Carrillo Counseling Services	Safe Parking Shelter and Homeless Outreach Program	South	\$50,000	\$20,000
Community Action Commission	Healthy Senior Lunch Program	County-wide	\$25,000	\$15,000
Good Samaritan Shelter	Bridgehouse Emergency Shelter	North	\$40,000	\$31,062
Legal Aid Foundation	Family Violence Prevention	North	\$30,000	\$15,000
People Assisting the Homeless	PATH Santa Barbara	County-wide	\$55,000	\$17,500
Santa Barbara Rape Crisis Center	Sexual Assault Counseling and Education Program in Isla Vista (SACE IV)	South	\$25,000	\$15,000
Santa Maria Valley FISH Meals On Wheels	Meals on Wheels - Santa Maria Valley	North	\$20,000	\$15,000
Santa Ynez Valley People Helping People	Senior Services Support Program	Mid	\$30,000	\$20,000
WillBridge of Santa Barbara	WillBridge of Santa Barbara, Inc.	South	\$25,000	\$15,161
Unitarian Society of Santa Barbara	Freedom Warming Centers	Carpinteria	\$7,500	\$3,779
People's Self-Help Housing	Youth Education Enhancement	Carpinteria	\$15,000	\$11,040
Total			\$322,500	\$178,542

CDBG Applications - Capital and Other Projects

The County received ten (10) capital project applications totaling \$3,427,225 and one application to provide assistance to micro-enterprise businesses. HCD staff evaluated the applications and provided its project assessments to the Capital Loan Committee at a public meeting on February 15, 2018. Five (5) of the applications, totaling \$1,018,125 were recommended for funding as shown below in Table 4.

As noted above, on May 1, 2018, the County received an unanticipated increase in FY 2018-19 CDBG funding of \$75,648 to be used for capital and other projects. In addition, staff and the Capital Loan Committee recommended preserving \$100,000 of the FY 2018-19 CDBG allocation for possible disaster-recovery assistance. At HUD's suggestion, HCD staff submitted a letter to HUD requesting certain regulatory waivers for disaster-assistance purposes, including a waiver to the 15% cap on public services (up to 40% of the FY 2018 allocation). Therefore, if HUD grants the waiver, the County may have about \$200,000 in CDBG funds that may be used to support public services programs or other projects.

Staff will return to the Board at a later date to consider potential uses of these funds upon receipt of HUD's response to the waiver requests.

The CLC consists of six voting and three non-voting members from professional sectors as directed by the County Board of Supervisors, which include: North and South County lending institutions, City Public Housing Authority, County Auditor Controller's office, County Treasurer-Tax Collector office, and other related experts. HCD appoints members from each sector to the CLC.

A list of all applications received is provided in Attachment D. The projects recommended for funding are listed below.

Table 4: CDBG Capital and Other Project Recommendations

Applicant	Project Title	Geographic Location	Request Amount	Recommended Projects
COSB – General Services	ADA Improvements to Agnes Ave Building	North County	\$175,000	\$175,000
COSB- Parks Division	Camino Pescadero Beach Access Stair Replacement	South County	\$465,000	\$465,000
Good Samaritan Shelter	Mark's House Capital Improvements	North County	\$103,125	\$103,125
Sarah House	HVAC System	South County	\$200,000	\$200,000
Women's Economic Ventures - Self-Employment Training	Self-Employment Training to micro-enterprise businesses	Countywide	\$75,000	\$75,000
Disaster Recovery Set-Aside (See discussion above)				\$100,000
Balance of available funds				\$146,350

Total \$1,264,475

Applications for Housing Development funds

Applications for housing development, utilizing federal HOME funds or County In-Lieu funds, are accepted by County HCD on a year-round basis. HCD staff will return to the Board at a later date for funding approvals on a project basis.

Performance Measure:

HCD staff will monitor the performance of funding recipients. Public service program subrecipients are required to report to HCD on the number of persons served by income on a quarterly basis. Subrecipients must provide documentation that supports eligible expenditures consistent with the contract budget and federal regulations. Federal funds are provided on a reimbursement basis.

HCD staff will monitor construction projects to assure adequate progress toward meeting the project timeline. Federal funds will be provided on a reimbursement basis and only after subrecipients have provided documentation that supports that the expenditures were eligible per the contract budget and in compliance with federal regulations. Facilities improved with CDBG funds will be monitored for a five-year period.

Fiscal and Facilities Impacts:

Federal CDBG funds are awarded to the County as grants and HOME funds may be provided as grants or low-interest loans. Ten-percent (10%) of the HOME grant and twenty-percent (20%) of the CDBG grant may be used to cover County costs to administer the federal programs.

Key Contract Risks:

Board approved projects will have contracts executed between the County and the subrecipients. For those project to be implemented by other County departments, CSD/HCD administratively executes a Memorandum of Understanding (MOU) with the Department. The County could be subject to repaying federal funds, from non-federal source(s), if HUD finds that the County expended funds inconsistent with regulations or otherwise did not comply with federal requirements. The County monitors loans and grants made to subrecipients for compliance with federal regulations. Real property improved, in whole or in part with CDBG funds, must continue to meet a CDBG National Objective for a period of at least five years. Failure to meet the five-year period may result in County repayment of the CDBG funds expended plus a percentage of the increase in market value attributable to the investment of CDBG funds. HOME program rules also impose a long-term affordability period for multi-family and other types of housing projects and failure to meet the long-term affordability requirements may result in HUD requiring repayment by the County of the full amount of HOME funds invested. HCD monitors the financial condition and the use of real property for the duration of the required periods.

Staffing Impacts:

The federal programs are administered by existing HCD staff with the support of County Counsel, and other County departments including the CEO, Auditor-Controller, Risk, General Services, and Community Services/Parks.

Special Instructions:

Please provide a copy of the Minute Order to Matt Kropke at mkropke@co.santa-barbara.ca.us. CSD staff published a notice in newspapers of general circulation in North and South County for a HUD-required 30-day public comment period, which commenced on May 18. A copy of the notice and proof of publication was provided to the Clerk of the Board.

Attachments:

- A: Draft FY 2018-19 Action Plan
- B: Draft 2017-18 Annual Action Plan Substantial Amendment
- C: Chart of CDBG Public Service Applications
- D: Chart of CDBG Capital Applications
- E: Authorizing Resolution
- F: CEQA NOE

Authored by: Matt Kropke
cc: Laurie Baker