



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: September 18, 2018
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from: N/A
Vote Required: Majority

TO: Board of Supervisors
FROM: Department George Chapjian, Community Services Director (805-568-2467)
Director(s)
Contact Info: Dinah Lockhart, Deputy Director (805-568-3523)
SUBJECT: California Emergency Solutions and Housing Program (CESH) Application

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Authorize the Community Services Director or designee to submit a funding application in an amount not to exceed \$1,850,000, and all certifications, standard forms, and other related documents to the State of California Department of Housing and Community Development for the California Emergency Solutions and Housing (CESH) program competition;
- b) Adopt a Resolution authorizing the acceptance and administration of CESH funds (Attachment A);
- c) Authorize the County Executive Officer or her designee(s) to execute all certifications, standard forms, and grant agreement in a form substantially similar to the FY2017 State Emergency Solutions Grant (ESG) program grant agreement included as Attachment B, and other related documents required for the acceptance and administration of CESH funds; and
- d) 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:

On June 27, 2018 Governor Brown signed into law SB850, which created several funding streams to assist the efforts of local jurisdictions and Continuums of Care (CoCs) in addressing homelessness. One of the programs created by SB850 was the California Emergency Solutions and Housing (CESH) program, which will be administered by the State Department of Housing and Community Development (State HCD). On August 15, 2018, State HCD released the CESH Notice of Funding Availability (NOFA) which will make approximately \$53 million available statewide. The NOFA detailed eligible activities and the formula allocation amounts for eligible CoCs. The Community Services Department (CSD) is requesting authorization to submit the application and accept a funding award in an amount not to exceed \$1,850,000. While the formula allocation for the Santa Maria/Santa Barbara Continuum of Care is \$914,745 in one-time funding over five years, State HCD advised applicants to seek authorization to receive an award at least twice the preliminary estimate because an unknown amount of additional funds may be added to the 2018 CESH award after the application has been submitted. As the State-recognized Administrative Entity (AE) for the State Emergency Solutions Grant (ESG) program, the County of Santa Barbara, Community Services Department, Housing and Community Development Division (County HCD) was designated by the Santa Maria/Santa Barbara Continuum of Care as the eligible applicant for these funds at their August 28, 2018 board meeting. The NOFA released on August 15th is the first of two NOFAs for this one-time funding stream. It is anticipated that the second NOFA will be released in early 2019. Another funding stream created by SB850, the Homeless Emergency Assistance Program (HEAP) will provide an estimated \$9.365 million in additional one-time funds to the local CoC for homeless services. It is estimated that the NOFA for the HEAP program will be released in September.

The deadline for the submission of an application to the CESH program is October 15, 2018. However, AE's that submit their application by September 27, 2018 will receive their award by November, 2018. Of the \$914,745 estimated allocation, \$45,737 can be used by the County for grant administration. The funding application requires that the AE allocate the remaining \$869,008 in funding between the following eligible activities:

1. Rental assistance, housing relocation, and stabilizations services for persons who are homeless or at-risk for homelessness. Rental assistance up to twice the HUD-established Fair Market Rent (FMR) can be provided for up to 48 months;
2. Operating subsidies in the form of 15-year capitalized operating reserves for new and existing affordable permanent housing units for homeless individuals and families;
3. Flexible housing subsidy funds for local programs that establish or support the provision of rental subsidies for homeless individuals and families. These flexible funds can pay for bridge subsidies to property owners waiting for approval from another permanent rental subsidy source, vacancy payments, or project-based rent or operating reserves;
4. Operating support for navigation centers that provide temporary room and board and services to homeless persons and which connect them to mainstream services and housing, street outreach services, and shelter diversion programs, including homeless prevention;
5. Support for Coordinated Entry Systems (CES) and Homeless Management Information Systems (HMIS); and,
6. Development of a Homeless Plan.

County HCD will work with the Santa Maria/Santa Barbara County CoC Board and other community stakeholders to determine the allocation of funds between the categories of eligible activities. Once the application is submitted to the State and approved for funding, County HCD will conduct a local Notice of Funding Availability (local NOFA) to identify qualified subrecipients to carry out some or all of the

eligible activities funded. In addition to the five percent grant administration allowance of \$45,737, it is anticipated that County HCD will retain funds to provide staff support to the countywide HMIS. County HCD will return to the Board of Supervisors to report on the final recommended allocation of the first round of CESH funds, request approval of allocation amounts, and authorization to enter any subrecipient agreements, likely in late 2018 or early 2019. It is anticipated that County HCD will apply for funds in the second round of CESH funding scheduled for early 2019. County HCD will return to the board of Supervisors at that time to request authorization to apply for, accept, and administer funds awarded in the second CESH NOFA.

At this time, CSD seeks approval from the Board of Supervisors to authorize the Community Services Director or designee to submit a funding application in an amount not to exceed \$1,850,000, and all certifications, standard forms, and other related documents to the California Emergency Solutions and Housing (CESH) program competition (Recommended Action 'a'); adopt a Resolution authorizing the acceptance and administration of CESH funds (Recommended Action 'b'); authorize the County Executive Officer or her designee(s) to execute all certifications, standard forms, grant agreements in a form substantially similar to the FY2017 State Emergency Shelter Grant (ESG) program grant agreement included as Attachment B, and other related documents required for the acceptance and administration of CESH funds (Recommended Action 'c').

Background:

California Emergency Solutions and Housing (CESH) Program

On June 27, 2018 Governor Brown signed into law SB850, which created several funding streams to assist the efforts of local jurisdictions and Continuums of Care (CoCs) in addressing homelessness. One of the programs created by SB850 was the California Emergency Solutions and Housing (CESH) program, which will be administered by the State Department of Housing and Community Development (State HCD). On August 15, 2018, State HCD released the CESH Notice of Funding Availability (NOFA) which will make approximately \$53 million available statewide. These funds represent a portion of the first and second quarters of revenue deposited in the Building Homes and Jobs Act Trust Fund, and approximately \$25 million in unallocated State ESG funds. A second NOFA, including the revenue from the third and fourth quarters, is expected to be released in early 2019.

The August NOFA detailed eligible activities and the formula allocation amounts for eligible CoCs. Based on the formula allocation which considered the CoC's 2017 Point-In-Time Count of sheltered and unsheltered homeless persons, the percentage of extremely low-income renters that pay more the 50% of their income on rent, and the percentage of households below the Federal poverty line, the formula allocation for the Santa Maria/Santa Barbara Continuum of Care is \$914,745 in one-time funding over five years. While the formula allocation for the Santa Maria/Santa Barbara Continuum of Care is \$914,745, State HCD advised applicants to seek authorization to receive an award at least twice the preliminary estimate because an unknown amount of additional funds may be added to the 2018 CESH award after the application has been submitted. As the State-recognized Administrative Entity (AE) for the State ESG program, County HCD was designated by the Santa Maria/Santa Barbara Continuum of Care as the eligible applicant for these funds at their August 28, 2018 board meeting.

Funding Process

The deadline for the submission of an application to the CESH program is October 15, 2018. However, AE's that submit their application by September 27, 2018 will receive their award by November, 2018. Of the \$914,745 allocation, \$45,737 can be used by the County for grant administration. The funding application requires that the AE allocate the remaining \$869,008 in funding between the following eligible activities:

1. Rental assistance, housing relocation, and stabilizations services for persons who are homeless or at-risk for homelessness. Rental assistance up to twice the HUD-established Fair Market Rent (FMR) can be provided for up to 48 months;
2. Operating subsidies in the form of 15-year capitalized operating reserves for new and existing affordable permanent housing units for homeless individuals and families;
3. Flexible housing subsidy funds for local programs that establish or support the provision of rental subsidies for homeless individuals and families. These flexible funds can pay for bridge subsidies to property owners waiting for approval from another permanent rental subsidy source, vacancy payments, or project-based rent or operating reserves;
4. Operating support for navigation centers that provide temporary room and board and services to homeless persons and which connect them to mainstream services and housing, street outreach services, and shelter diversion programs, including homeless prevention;
5. Support for Coordinated Entry Systems (CES) and Homeless Management Information Systems (HMIS); and,
6. Development of a Homeless Plan.

County HCD will work with the CoC Board and other community stakeholders to determine the allocation of funds between eligible activities. Careful consideration will be given to a number of factors: CESH is one-time funding over five years; a second CESH NOFA will be released in 2019; how CESH can best leverage other homeless funding administered by HCD, including: Continuum of Care, State ESG, Community Development Block Grant, County general fund grants, and another funding stream created by SB850 - the Homeless Emergency Assistance Program (HEAP) (see Attachment C); and how CESH can best be used to meet unmet needs and fill gaps in services.

The State requires that a signed Board of Supervisors Resolution (Attachment A) accompany the funding application. Community Services Department (CSD) is requesting authorization to submit the application and accept a funding award in an amount not to exceed \$1,850,000. Once the application is submitted and funds are awarded, the County will enter into a CESH grant agreement with State HCD. Because CESH is administered by the State HCD and is closely tied to the State ESG program, it is anticipated that the grant agreement will be substantially similar to the 2017 State ESG grant agreement between State HCD and the County (Attachment B).

Locally, County HCD will conduct a Notice of Funding Availability (NOFA) to identify qualified subrecipients to carry out some or all of the eligible activities funded by CESH. In addition to administration, it is anticipated that County HCD will retain funds to provide staff support to the countywide HMIS. Proposals received will be reviewed by the Continuum of Care Review and Rank Committee (CoCRRC), which is charged with making funding recommendations for competitively-awarded State and federal funds. Comprised of non-conflicted members of the local CoC, the CoCRRC will convene to review all proposals received and interview staff from applicant agencies.

At this time, CSD seeks approval from the Board of Supervisors to authorize the Community Services Director or designee to submit a funding application in an amount not to exceed \$1,850,000, and all certifications, standard forms, and other related documents to the State of California Department of Housing and Community Development for the California Emergency Solutions and Housing (CESH) program competition (Recommended Action ‘a’); adopt a Resolution authorizing the acceptance and administration of CESH (Recommended Action ‘b’); authorize the County Executive Officer or her designee(s) to execute all certifications, standard forms, grant agreements in a form substantially similar to the FY2017 State ESG program grant agreement included as Attachment B, and other related documents required for the acceptance and administration of CESH (Recommended Action ‘c’).

County HCD will return to the Board of Supervisors to report on the final recommended allocation of CESH funds from the local CoC Rank and Review Committee, and to request authorization to enter any subrecipient agreements, likely in late 2018 or early 2019. It is anticipated that County HCD will apply for funds in the second round of CESH funding scheduled for early 2019. County HCD will return to the board of Supervisors at that time to request authorization to apply for, accept, and administer funds awarded in the second CESH NOFA.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

| <u>Funding Sources</u> | <u>Current FY Cost:</u> | <u>Annualized On-going Cost:</u> | <u>Total One-Time Project Cost</u> |
|-------------------------------|--------------------------------|-----------------------------------------|-------------------------------------------|
| General Fund | | | |
| State | \$ 914,745.00 | | \$ 914,745.00 |
| Federal | | | |
| Fees | | | |
| Other: | | | |
| Total | \$ 914,745.00 | \$ - | \$ 914,745.00 |

Of the \$914,745 allocation, five percent (\$45,737) can be used by the County for grant administration. In addition to administration, it is anticipated that County HCD will retain funds to provide staff support to the countywide HMIS. There is no cash match required for CESH.

Key Contract Risks:

The County, as AE, assumes responsibility for the administration of CESH funds in accordance with all State requirements governing their use. In addition, the County would be held liable if it or any provider to which it sub-grants CESH funds is found to be non-compliant with applicable requirements.

Special Instructions:

- 1) Please email an electronic copy of the Minute Order to Dinah Lockhart at dlockhart@sbccsd.org.
- 2) Please execute two (2) originals of the Resolution (Attachment A) and return one (1) original to Dinah Lockhart (x3523).

Attachments:

- A. Resolution
- B. FY2017 State ESG Grant Agreement
- C. Homeless Funding Administered by Housing and Community Development

Authored by: Dinah Lockhart, Housing and Community Development Division (805-568-3523)