



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:** March 16, 2021  
**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: U.S. Department of Housing and Urban Development Community Development Block Grant Coronavirus (CDBG-CV) Funding Agreement**

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**County Counsel Concurrence**

As to form: Yes

**Risk Management**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors (Board):

- A. Ratify the "Funding Approval/Agreement" with United States Department of Housing and Urban Development (HUD) executed by the County Executive Officer on February 22, 2021, for Community Development Block Grant Coronavirus (CDBG-CV1 & CDBG-CV3) funds in the amount of \$1,906,404 (Attachment A); and
- B. 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 August 2020 the County was allocated \$741,038 in Coronavirus Aid, Relief and Economic Security (CARES) Act funding, through the Community Development Block Grant Program (CDBG-CV) Round 1. On September 11, 2020 the County was notified of another special allocation of CARES Act funding that would be awarded through HUD as CDBG-CV Round 3. The County did not receive a CDBG-CV

Round 2 because Round 2 funds were directed to states and insular areas. The County's allocation for the third round is \$1,165,355 and the total cumulative amount for all allocation rounds is \$1,906,404. Staff will return at a future meeting date for use of CDBG-CV3 for an economic development program. The HUD CDBG-CV3 grant agreement reflects the combined total of Rounds 1 and 3, which is \$1,906,404. While HUD notified the County of our CDBG-CV Round 1 allocation on April 2, 2020, and our CDBG-CV Round 3 allocation on September 11, 2020, HUD provided the Funding Approval/Agreement for these funds on February 17, 2021.

**Background:**

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"), of which \$543,038 was used for an Emergency Rental Assistance Program administered by the Housing Authority of the County of Santa Barbara, as approved by the Board of Supervisors on June 16, 2020. On December 15, 2020 the Board of Supervisors approved a Substantial Action Plan Amendment to the FY 2019-20 Action Plan to add \$1,165,366, the entirety of CDBG-CV3 funds, for an Emergency Rent Assistance Program. On December 15, 2020, the Board also approved a subrecipient agreement with United Way of Santa Barbara County to operate an Emergency Rent Assistance Program, in the amount of \$1,165,398, which is comprised of a combination of CDBG-CV1 and CDBG-CV3 funds.<sup>1</sup>

On December 27, 2020 President Trump signed the Consolidated Appropriations Act of 2021 which included \$25 billion in emergency rental assistance. On February 9, 2020 the Board of Supervisors approved a subrecipient agreement with United Way to administer the County's \$13,275,190.71 federal allocation of these funds for an Emergency Rent Assistance Program. Given this significant federal funding specifically for emergency rent assistance and the fact that CDBG-CV Round 3 funding is more versatile as it can be used for other Coronavirus response efforts, staff proposes to re-purpose the remaining CDBG-CV Round 3 funding. Accordingly, staff will return to the Board at a later date with a subsequent Action Plan Amendment to redirect the funds from rental assistance towards an economic development program providing loans or financial assistance to qualifying local businesses impacted by COVID-19.

**Performance Measure:**

For CDBG-CV funds used for emergency rental assistance, contracted subrecipients 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. Subrecipients 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. Alternate performance measures for a proposed economic development program will be provided to the Board during a future meeting date.

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<sup>1</sup> Note that United Way also administered an Emergency Rental Assistance Program utilizing a portion of the County's Coronavirus Aid, Relief and Economic Security (CARES) Act funds as approved by the Board of Supervisors on August 18, 2020. Because the CARES Funds are administered by the U.S. Department of Treasury and not HUD, this program was not the subject of an Action Plan Amendment and is not discussed further in this Board Letter.

**Fiscal and Facilities Impacts:**

Federal CDBG-CV 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-CV funds for Program administration.

**Fiscal Analysis:**

Federal	\$1,906,404
Fees	
Other	
<b>Total</b>	<b>\$1,906,404</b>

**Key Contract Risks:**

HUD could require the County to repay federal funds expended for ineligible expenses with non-federal funds. The County’s Subrecipient Agreements approved by the Board for specific projects specify HUD eligible expenses and County staff reviews each payment request submitted by the Subrecipient to ensure that expenses incurred were for eligible costs. Payments are 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.

**Staffing Impacts:**

No new staffing impacts.

**Special Instructions:**

1. Please return one copy of the Minute Order to Ted Teyber at [eteber@co.santa-barbara.ca.us](mailto:eteber@co.santa-barbara.ca.us).

**Attachments:**

A: HUD CDBG-CV Grant Agreement