



**Community  
Services  
Department**  
*Connecting People to Opportunities*

George Chapjian, Director, Community Services  
Paddy Langlands, Deputy Director, Parks Division  
Dinah Lockhart, Deputy Director, Housing & Community Development  
Ryder Bailey, Chief Financial Officer, Community Services  
Angela Hacker, Division Chief, Division of Energy & Sustainability Initiatives



February 13, 2017

**STAFF REPORT  
TO THE CAPITAL LOAN COMMITTEE**

*For the meeting of:*

Date: February 16, 2016

Time: 2:00 – 3:30 P.M

Location: 706 Laguna St., Santa Barbara, CA

BY: Matt Kropke, Housing Program Specialist, and  
Laurie Baker, Grants and Program Manager  
Division of Housing and Community Development (HCD)

RE: Community Development Block Grant (CDBG) funding recommendations

The purpose of this staff report is to provide information on Community Development Block Grant (CDBG) Capital and Economic Development applications received by the County in response to a Notice of Funding Availability (NOFA), issued November 3, 2017. The full NOFA may be accessed at <http://cosb.countyofsb.org/housing/>.

The County's Capital Loan Committee makes funding recommendations to the County Board of Supervisors for capital and other eligible programs under the CDBG and HOME programs. Applications for the development of affordable housing, requesting HOME or other housing funds, are accepted on a year-round basis. Applications for all other programs are accepted during the annual NOFA process. Applications received under the CDBG program for public services, are reviewed by the County's Human Services Commission's Allocation Committee.

**Background:**

The County of Santa Barbara is the lead entity of the CDBG Urban County partnership. The Urban County is comprised of the County, and the cities of Buellton, Carpinteria, and Solvang. The Urban County receives an annual allocation of federal CDBG funds to provide grants and loans to support a variety of community projects and programs. Twenty-percent (20%) of the funds are used by the County to cover the administration of the CDBG program. In addition, up to 15% may be used to support community services operated by non-profit organizations. The remaining funds may be used for other eligible activities, including rehabilitation of public and non-profit facilities, infrastructure improvements, economic development and other eligible activities.

**FY 2017-18 NOFA:**

The County's Department of Community Services, Division of Housing and Community Development (HCD) issued a Notice of Funding Availability (NOFA) in November 2016 to solicit applications for awards of CDBG funds for fiscal year 2017-2018, which begins July 1, 2017. The CDBG allocation for FY 2017-18

is estimated based on the prior year allocation. HUD will announce the actual allocation amount on or about March 2016. The FY 2016-17 CDBG allocation was \$1,074,934.

After deducting the estimated reductions for the amounts permitted for administration (20%) and public services (15%), the amount of funds available for other eligible projects is estimated to be \$698,707. Each member of the Urban County partnership receives a percentage of the allocation, based on population, poverty and overcrowding data provided by the Census Bureau.

Adjustments to Available Funds

The partner cities may identify qualifying projects in their respective communities to fund with their sub-allocations, or distributions, of CDBG. The cities of Buellton, Carpinteria and Solvang did not identify eligible projects in their communities that could use FY 2017-18 CDBG funds for non-public services; therefore, to comply with the CDBG expenditure requirements, those funds were added to the County’s distribution and will be awarded to eligible projects through the County’s application process.

Finally, there is an estimated balance of unused prior year CDBG funds in the amount of \$705,841, which is being added to the County’s available funds for projects. Therefore, the amount available to award to countywide projects is estimated to be \$1,404,548.

Jurisdiction	Distribution	Pro Rata Share	Adjustments	Total
County	85.24%	595,605	+ 103,102	698,707
Buellton	3.08%	21,519	- 21,519	0.00
Carpinteria	8.33%	58,224	-58,224	0.00
Solvang	3.34%	23,359	- 23,359	0.00
TOTAL		\$698,707		698,707
Plus prior years’ uncommitted funds			+705,841	\$1,404,548

In the event that the County’s FY 2017-18 allocation is less than projected, one or more projects may receive reductions to their awards.

Capital Loan Committee:

HCD staff reviewed each application and will provide its funding recommendations to the CLC at a public meeting on February 16, 2017. The agenda, with the date and time of the meeting, will be posted at least 72 hours in advance of the meeting on public bulletin boards located at the County Administration buildings in both north County and south County. In addition, the agenda and meeting materials will be posted on HCD’s website at [countyofsb.org/housing/](http://countyofsb.org/housing/).

Applicants may attend the public meeting to hear the staff report and be available to answers questions of Committee members. The Committee may concur with staff recommendations or suggest an alternate funding scenario. The recommendations by staff and the Committee will be presented by staff to the County Board of Supervisors (BOS) at a public hearing, scheduled for April 11, 2017. The agenda and meeting materials will be made public per the County Clerk of the Board process. Board meeting information may be found at [www.countyofsb.org/](http://www.countyofsb.org/).

### Application Review

HCD staff first screened applications for the following criteria:

1. CDBG Eligibility
  - a. Meets a HUD National Objective
  - b. The proposed project is a CDBG qualifying activity
  - c. Proposed costs to be reimbursed with CDBG funds are eligible
2. Meets a County Consolidated Plan Priority<sup>1</sup> (High or Low)
3. HUD has not listed the organization on its excluded parties list
4. Met performance goals and outcomes, and was compliant with CDBG regulations and reporting requirements (applicants funded with CDBG in the prior fiscal year)
5. Review of organizations' financial statements for financial risk, based on an analysis of:
  - a. Comparison of income to expenses
  - b. Liquidity/cash on hand
  - c. Debt obligations
  - d. Revenue dependency on government funds

Staff also took into consideration HUD expenditure requirements, ensuring that the County expends CDBG funds in a timely manner. Therefore, projects that can be completed in short duration were prioritized. A few of the criteria used to evaluate project readiness include:

- Amount of request and detailed budget
- Project type and complexity
- Project timeline
- Status of site control, financing commitments, and engineering and architectural plans; appropriate zoning and permit readiness
- Type of environmental review required (historic buildings add a minimum of 30 days for historic review)
- Relocation requirements, if any
- Applicant capacity

Other considerations may include:

- Community need and highest and best use of public funds
- HCD staff capacity to adequately manage the number of contracts awarded
- Monitoring responsibilities by the County relative to the public benefit achieved

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<sup>1</sup> Consolidated Plan Priorities include funding critical community facilities, removing architectural barriers to people with mobility impairments, maintaining or upgrading existing low-income affordable housing stock, improving the physical character of neighborhoods, including complete streets, parks, and other public spaces, and expanding the supply of permanent supportive housing and Single-Room Occupancy (SRO) units to address the needs of the homeless, households at imminent risk of becoming homeless and/or special needs clients.

Project Evaluation:

HCD received the following number of applications by type requesting CDBG funds:

CDBG: Capital Projects	10
CDBG: Assistance to Micro-Enterprise Businesses	1

Below is a summary of each application.

**CDBG CAPITAL PROJECTS**

1. Cachuma Lake ADA Marina Dock– County, Community Services Department, Parks Division

Project Description: Construct and install an approximately 3,900 square foot ADA accessible recreational floating dock for public use at Cachuma Lake. The key elements of the project include installation of a 2,056 square foot main (head) dock with 22 finger docks (slips). The head dock and slips are to be designed with appropriate boarding pier space to conform to ADA Standards 206, 235 and 1003. The project will include an ADA compliant 5 x 48 foot gangway and a 160 square foot ADA transfer platform for kayak launch. The project will serve to provide required ADA access for marina public recreational activities.

Strengths: Improves ADA accessibility at a popular recreation area

Concerns: High cost project. The proposed dock is expansive and a smaller dock, or a portion of the proposed dock, could be constructed to meet ADA requirements.

2. Isla Vista Community Center building renovation- County of Santa Barbara General Services

Project Description: In July 2014, the County took ownership of the former St. Athanasius Church, located at 976 Embarcadero Del Mar. The proposed project will renovate this 3,600 sq. ft. building into a Community Center for Isla Vista residents, and will be a multi-use space available to all residents of Isla Vista. In a recent survey, a diverse cross section of Isla Vista residents identified the services and activities they would like to see offered at a Community Center to include: exercise classes, English as second language classes, computer literacy classes, promoting good health and nutrition. In addition, there was strong interest in creating a community space available for meetings, lectures and various artistic performances or exhibits. The project scope will include: upgrades to existing restroom facilities, removal of hazardous materials, replacement of all interior finishes (paint, flooring etc.), upgrades to address ADA compliance issues, and installation of additional windows and doors.

Strengths: The project received funding through the County Board of Supervisors to allow the County's Department of General Services to begin the evaluation, feasibility and early design work and to return the vacant building to usable service. The department has engaged the services of a design firm with experience in creating facilities of this type and has actively engaged the Isla Vista

community in the design process to ensure the new facility is a reflection of the community and meets its needs.

Concerns: The County intends to transfer ownership of the facility once the rehabilitation is complete; however, the future owner has not been identified. In addition, there is no budget indicating potential income (and what fees may be charged to users of the facility), and expenses for operations and maintenance. There is concern that fees that may be charged to the public to use the facility may be cost-prohibitive to low-income residents and discourage them from using the facility. Until a solid operations plan is prepared, staff cannot determine if the project will meet the CDBG program objective to primarily benefit low-income persons.

3. Courthouse ADA Ramp Construction- - County of Santa Barbara General Services

Project Description: The historic Santa Barbara Courthouse is a city/state/national historic landmark and houses several hundred staff and hosts several thousand visitors annually. There are two accessible entry points on the one city block site--one at the east entry (main arch) and the other at the west wing (jail). There is no accessible entry at the south (Figueroa side). This proposed project will install an accessible ramp at the Figueroa entry.

Strengths: Increases the number of ADA-accessible entries to the Courthouse

Concerns: The property currently provides ADA access to the building from two other locations. The two existing ramped entrances access the same level that the proposed ramp would access.

4. Orcutt Sidewalk Infill Project – County, Dept. of Public Works

Project Description: Construct ADA accessible sidewalks on the south sides of Lakeview Road and Foster Road. The Lakeview Road sidewalk segment is 1,940 feet in length and is located east of Hwy. 135 and west of Angeles Road. The Foster Road sidewalk segment is 1,260 feet in length and is located east of Hwy. 135 and west of Hummel Drive. Both sidewalks will be approximately 5 feet wide and include ADA accessible curb ramps at all roadway crossings. Currently there is only sporadic sidewalk on the north and south sides of both roadways with no continuous pedestrian access. Currently, pedestrians must walk in the travel lanes with vehicles and bicycles, or avoid obstructions located in the front yards of adjacent residential properties such as retaining walls, utility poles and mailboxes. Construction of continuous sidewalks will provide safe, all weather surfaces for pedestrians and persons with disabilities to utilize.

Strengths: County Public Works has completed all engineering and design; both sidewalk projects are ready for construction. The project will improve the pedestrian infrastructure in the community and provide ADA-accessibility. Letters of support were provided by the Orcutt School District and the Coalition for Sustainable Transportation.

Concerns: None identified.

5. Restroom, Concession stand and Skate Park installation- Cuyama Valley Recreation District

Project Description: The project consists of upgrades to the 13 acre Cuyama Valley Recreation District Park. Proposed upgrades include permanent restroom facilities. Currently, portable restrooms are used for any activities/events and people often walk across the street to use County facilities. The project also includes a small concession area adjacent to the restrooms in order to facilitate food sales for events and activities held at the park.

A skate park is also included in the project as a low cost activity for residents. The Cuyama Valley is a low-income community and the Recreation District hopes to provide no to low cost activities for residents, and to engage youth.

Strengths: The park is centrally located and well suited to serve the surrounding communities. The service area encompasses approximately 300 square miles which includes 3 disadvantaged low-income areas of Santa Barbara County (New Cuyama, Cuyama & Ventucopa)

Concerns: The distance from urban areas can make construction costs higher than average.

6. Affordable Housing Apartment Rehab- Domestic Violence Solutions

Project Description: The DVS Second Stage Transitional Affordable Housing program maintains a confidential and secured 16 unit apartment complex for individuals and their children recovering from domestic violence. Three of the apartments in this building are currently occupied by the agency administrative leadership team. The intent is to move the administration group into a commercial business office (open to the public), thereby freeing up these three apartments for additional clients. This project is for renovation of one of the apartment units and includes plumbing, electrical, flooring, carpentry, drywall, painting and clean-up.

Strengths: Small renovation project for a facility that serves victims of domestic violence. Applicant has received City CDBG funds in the past and is familiar with the requirements.

Concerns: Federal procurement and labor standards will apply, adding costs to the project.

7. Bridgehouse Capital Improvements- Good Samaritan Shelter

Project Description: The Bridgehouse Shelter Capital Improvements Project addresses needs that have been identified in a recently obtained Facilities Inspections and Condition Report. The project includes replacing the flooring throughout the main building, painting the interior, and rehabilitating the kitchen and restrooms. The laundry room would be expanded as it currently holds only one washer and one dryer to serve all the residents. Interior and exterior lighting would be addressed, and replaced with LED fixtures. The exterior stairs would be repaired and replaced on the duplex. The water tank that provides water for the Fire Sprinkler system is failing and would be replaced.

The other tank is showing signs of leaks and would also be replaced. The main line running from the well to the storage tanks would also be replaced.

Strengths: The upgrades will improve conditions for residents and staff and provide safe, decent and sanitary housing.

Concerns: None Identified.

8. Historic Building Renovation – Guadalupe-Nipomo Dunes Center

Project Description: To restore the historic building, formerly known as the Palace Hotel and Far Western Tavern in Guadalupe to house the Dunes Center Museum and offices. Additional uses of the building may be identified at a later date. It is hoped that the renovations will encourage other projects and will increase economic growth in the community. Currently the museum is located in a 1,500 square foot converted Victorian home and hosts approximately 5,000 visitors annually.

Strengths: Restoration and reuse of a historic building; removal of blight.

Concerns: The budget provided in the application only accounts for exterior work. In order to ensure the project would meet and maintain a CDBG national objective, a plan would need to be developed to bring the building to the point it could be utilized to benefit low-income persons. This is a large scale and long-term project, which is in the early stages. CDBG is not well suited for long-term projects; however, once the project is fully designed and the project budget and financing are in place, CDBG may be requested as part of the overall budget at the time the project is ready to commence.

9. Water Heater Replacement- PATH

Project Description: PATH Santa Barbara is requesting funds to replace a 462-gallon commercial water tank and boiler. Funds will cover removal of the current unit, purchase of a new unit, as well as installation and labor. During a critical needs assessment conducted for PATH Santa Barbara in 2015, it was observed that solid gas line connections were at the gas-fired boiler and duct furnace and that flex gas line connections were needed instead. In addition to installing flex gas line connections, it was recommended that the domestic water boiler be replaced.

Strengths: Straight forward project that will make improvements to a facility that serves the homeless.

Concerns: Relatively small project yet it will be subject the Federal procurement and labor standards, adding costs to the project.

10. Fence Replacement- St. Vincent's

Project Description: St. Vincent's property was renovated in 2007 for low-income housing, at that time the fencing on the perimeter was not replaced with new fencing. Since that time some of the

previous fencing has been replaced with the exception of two sections. The fence that has not been replaced is long overdue for replacement. In addition to customary wear and tear, there are holes in the fencing. St. Vincent's residents have reported that the neighboring apartment residents and others jump the fence after hours and skateboard through the campus. Also, they disturb the residents by ringing their doorbells. The existing fence will be replaced with an 8' wooden fence to prohibit people from jumping over the fence. The fence will also be aesthetically more appealing than the current fences.

Strengths: The new fencing will add security measures for the residents, many of whom are vulnerable seniors.

Concerns: The property under the ownership of a limited partnership and has insufficient capital replacement reserves. The project has received CDBG funds in the last two CDBG funding rounds for installation of sidewalk railing and replacements of back-flow prevention equipment for its fire sprinkler system.

## **CDBG - ASSISTANCE TO MICRO-ENTERPRISE BUSINESSES**

### 1. Women's Economic Ventures

Program Description: Women's Economic Ventures (WEV) provides Self-Employment Training (SET) and technical assistance to primarily low-income women who own or have an interest in starting micro-enterprise businesses. The term "microenterprise" means a commercial enterprise that has 5 or fewer employees, 1 or more of whom owns the enterprise. Although not a capital project, the CDBG regulations allow that funds provided for assistance to micro-enterprise businesses not be subject to the fifteen-percent (15%) cap on public services. The County Board of Supervisors directed that the request for funding be considered by the Capital Loan Committee.

WEV submitted an application for \$50,000 to provide technical assistance and training to existing and proposed owners of micro-economic enterprises.

Strengths: During the FY 2015-16 funding year, 54 persons received training and technical assistance in starting a micro-enterprise business and/or assistance in developing business plans. Three new micro-enterprise businesses were opened in Santa Barbara County by graduates of the program in the last year, which adds to the economic vitality and tax base of the County.

Concerns: None identified.

**HCD STAFF FUNDING RECOMMENDATIONS**

The following projects are recommended for funding by HCD staff:

Organization and Project Title	Amount Requested	Recommended Funding Amount	County or Non-Profit	Location
Cuyama Valley Recreation District	\$341,000	\$341,000	Recreation District	New Cuyama
COSB Public Works Dept: Orcutt Sidewalk Infill Project	\$535,000	\$210,000	County	Orcutt
Domestic Violence Solutions	\$28,498	\$28,498	Non-Profit	Santa Barbara
Good Samaritan Shelter: Bridgehouse Capital Improvements	\$434,000	\$434,000	Non-Profit	Unincorp. Lompoc Area
PATH: Water Heater replacement	\$22,500	\$22,500	Non-Profit	Santa Barbara
Women's Economic Ventures – Self-Employment Training	\$50,000	\$50,000	Non-Profit (non-capital)	Countywide
<b>TOTAL</b>	<b>\$1,410,998</b>	<b>\$1,085,998</b>		

In the event that the County's FY 2017-18 allocation is less than projected, one or more projects may receive reductions to their awards.

Projects Not Recommended for Funding At This Time:

Organization and Project Title	Amount Requested	Recommended Funding Amount	County or Non-Profit	Location
COSB Parks Division: Cachuma ADA Marina Dock	\$510,00	0	County	Cachuma Lake
COSB Isla Vista Community Center Building	\$400,000	0	County	Isla Vista
COSB Courthouse ADA Ramp	\$175,000	0	County	Santa Barbara
Guadalupe Dunes Center: Historical Building Revitalization	\$192,393	0	Non-Profit	Guadalupe
St. Vincent's Affordable Housing	\$47,578	0	Non-Profit	Unincorp. 154 and Calle Real area
	<b>\$1,324,971</b>	<b>0</b>		

The above recommended funding levels would leave a balance of \$318,550 in available CDBG Capital funds. At this time, staff is proposing not to designate that balance at this time.

cc: Dinah Lockhart, Deputy Director Housing and Community Development  
George Chapjian, Community Services Director