



Community Services Department

Connecting People to Opportunities

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Ashley Watkins, Co-Division Chief, Sustainability Division



February 5, 2019

STAFF REPORT TO THE CAPITAL LOAN COMMITTEE

For the meeting of:

Date: February 14, 2019

Time: 2:00 – 3:30 P.M

Location: 706 Laguna St., Santa Barbara, CA

BY: Ted Teyber, Senior Housing Program Specialist,
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 October 12, 2018. The full NOFA may be accessed at <http://cosb.countyofsb.org/housing/>.

The County's Capital Loan Committee (CLC) makes funding recommendations to the County Board of Supervisors for capital and other eligible programs under CDBG and other funding programs. 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 2019-20 NOFA:

The County's Department of Community Services, Division of Housing and Community Development (HCD) issued a Notice of Funding Availability (NOFA) in October 2018 to solicit applications for awards of CDBG funds for fiscal year 2019-2020, which begins July 1, 2019. The CDBG allocation for FY 2019-20 is estimated based on the prior year allocation. HUD will announce the actual allocation amount on or about

County Parks Division, Division of Energy & Sustainability Initiatives, Housing & Community Development Division:

123 East Anapamu Street, 2nd Floor, Santa Barbara, CA 93101 · T: (805) 568-2461 · F: (805) 568-2459

Arts Commission: 1100 Anacapa Street, 3rd Floor, Rotunda Tower, Santa Barbara, CA 93101

sbccsd.org

March 2019. Any uncommitted funds from prior years is added to the 2019 allocation to be awarded to projects.

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 chose to pool their funds with the County's distribution to be awarded to eligible projects through the County's application process.

Jurisdiction	Distribution	Pro Rata Share
County	85.22%	659,331
Buellton	3.08%	23,829
Carpinteria	8.30%	64,216
Solvang	3.40%	26,305
Total 2019 Funds	100%	773,681
Uncommitted Prior Funds		372,819
GRAND TOTAL		\$1,146,500

In the event that the County's FY 2019-20 allocation is less than projected, one or more projects may receive reductions to their awards to be determined by the County Board of Supervisors. Any overage will be added to next year's allocation.

Capital Loan Committee:

HCD staff reviews each application for eligibility and project readiness and provides its funding recommendations to the CLC at a public meeting scheduled for February 14, 2019. 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/.

Applicants may attend the public meeting to hear the staff report and be available to answer 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 2, 2019 (some projects may be scheduled for an earlier Board meeting). The BOS 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/.

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 Priority¹
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, 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

Project Evaluation:

HCD received eight applications requesting CDBG funds:

<u>Type</u>	<u># Received</u>
CDBG: Capital Projects	6
CDBG: Request for Additional Funding for Previously Approved Capital Project	1
CDBG: Assistance to Micro-Enterprise Businesses	1

Below is a summary of each application.

¹ 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.

CDBG CAPITAL PROJECTS

1. Calle Real Street Lighting Project – County, Dept. of Public Works – \$100,000

Project Description: Install street lights on the north side of Calle Real west of El Sueno Road and east of Old Mill Road. Approximately 15 street lights at a total project cost of \$200,000 are proposed along 1,400 linear feet of roadway currently containing no street lighting. This portion of Calle Real is adjacent to a low to moderate income neighborhood consisting exclusively of mobile and trailer homes. Motorists have a difficult time seeing pedestrians and bicyclists traveling in and out of this neighborhood. Installation of streetlights will improve this existing condition for pedestrians, bicyclists, and residents.

Strengths: Transects Census Tract Blocks ranging from 52.69% to 81.88% to 67.46% low-moderate income residents consistent with HUD CDBG service area requirements. County Public Works has committed \$100,000 to match the requested CDBG funding. The project will improve the pedestrian infrastructure in the community and is anticipated to be complete by June 2020 with 50% project completion by April 2020.

Concerns: None identified.

2. Shelter Bathroom Rehab – Domestic Violence Solutions – \$35,000

Project Description: Renovate aging plumbing and bathroom facilities consisting of new bathtub, flooring, vanities, and related wood trim, paint and drywall repairs. The DVS Shelter provides a confidential and secured apartment complex for individuals and their children recovering from domestic violence. The proposed renovations will improve conditions for residents and staff providing safe, decent and sanitary housing which will also serve to protect the integrity of the building.

Strengths: Small renovation project for a facility that serves victims of domestic violence. No public bidding required and project timeline conducive for CDBG funding. Applicant has received County CDBG funds in the past and is familiar with the requirements.

Concerns: Existing Santa Barbara County Lease Agreement expires April 2020; no guarantee for 5-year site control per CDBG requirements. Requires representation from Santa Barbara County General Services that no plans to discontinue current use of the property, or that Domestic Violence Solutions negotiate an Amendment with County General Services to extend the term of their Lease Agreement.

3. Bridgehouse Renovation Phase II – Good Samaritan Shelter – \$439,681

Project Description: Final stage of the Bridgehouse Shelter Capital Improvements Project addressing needs identified in a recent Facilities Inspection and Condition Report. The project was initially funded with Fiscal Year 2017-18 County CDBG monies. Due to increases in anticipated costs, the project scope was bifurcated into two phases. In addition to completion of Phase I of the Bridgehouse Renovation using CDBG funds, replacement of existing lighting with LED fixtures was recently completed utilizing a PG&E non-profit grant through Santa Barbara County Energy Watch Partnership. Additionally, the

water line and tank repairs that provide drinking and Fire Sprinkler system water were separately funded by the County of Santa Barbara and are not within the proposed Phase II scope of work. The current proposal would include replacing additional floor tiles, exterior stairs, railings, windows and glass doors, with associated drywall and stucco patching.

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

Concerns: None identified.

4. Santa Barbara Capital Improvements – PATH (People Assisting the Homeless) – \$57,033

Project Description: Replace flooring, upgrade bathroom tiling and fixtures, paint interior walls, and install a heat treatment room for the prevention of bed bugs at the PATH Santa Barbara shelter. The project also includes upgrading existing wiring to better suit modern telecommunication needs.

Strengths: Straight forward renovation project that will make improvements to a facility that serves the homeless. Applicant has received County CDBG funds in the past and is familiar with the requirements.

Concerns: None identified.

5. Isla Vista Apartments- People’s Self Help Housing Corporation – \$659,331

Project Description: Rehabilitate existing 56-unit affordable Isla Vista rental property which was recently acquired by the applicant. The units comprise three buildings with associated off-street parking and tenant amenities. A Physical Needs Assessment of the property was completed on January 13, 2015. The rehabilitation involves replacing aging building systems such as plumbing, sewer, and structural supports.

Strengths: Preserving affordable housing in Isla Vista which has lost a significant share of multi-family housing that formerly served low-income households and families to student housing.

Concerns: Large tax credit project. Financing and construction schedules are not appropriate for CDBG funding. Application indicates pending litigation or legal issues involving the property.

6. Food Pantry Remodel – Santa Ynez Valley People Helping People (SYVPHP) – \$144,500

Project Description: Remodel food pantry with walk-in refrigerators, a ramp for delivery of dry goods, and separating the administrative office from client reception area within the building. The relocation of the administrative office to be separate from the reception area will ensure the privacy and security of participants’ information. The applicant received County CDBG funds in 2016 to provide an ADA ramp to this area, use of which will be enhanced with the proposed floorplan layout. The work will improve the facility’s ability to receive and store food supplies for distributing to individuals in need while eliminating needless food waste.

Strengths: The project will improve SYVPH's ability to achieve its mission of providing emergency and basic needs. The project is anticipated to be complete by May 2020 with 50% funding drawdown by December 2019.

Concerns: None identified.

7. Camino Pescadero Beach Access Stair Replacement – County, Community Services Department, Parks Division – \$221,621

Project Description: Awarded \$465,000 FY 2018-19 CDBG to remove and reconstruct approximately 100 linear foot wood, stainless steel and concrete beach access stairway. Lowest public bidder was \$221,621 over budget (committed funding). The now requested additional funds would allow project to proceed with award of work.

Strengths: Popular beach access provides a public benefit to the surrounding low-moderate income area.

Concerns: None identified.

CDBG - ASSISTANCE TO MICRO-ENTERPRISE BUSINESSES

1. Women's Economic Ventures

Program Description: Provides Self-Employment Training 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 \$75,000 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. New micro-enterprise businesses add 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 & Project Title	Requested Amount	Recommended Funding Amount	County or Non-Profit	Location
COSB DPW Calle Real Street Lighting Project	100,000	100,000	County	Santa Barbara
Domestic Violence Solutions Shelter Bathroom Restoration	35,000	35,000	Non-Profit	Confidential
Good Samaritan Shelter: Bridgehouse Renovation Phase II	439,681	414,769 ²	Non-Profit	Lompoc
PATH: Santa Barbara Capital Improvements	57,033	57,033	Non-Profit	Santa Barbara
SYVPH Food Pantry Remodel	144,500	144,500	Non-Profit	Solvang
COSB CSD Parks Camino Pescadero Stairs	221,621	221,621	County	Isla Vista
WEV	75,000	75,000	Non-Profit (non-capital)	Countywide
TOTAL STAFF RECOMMENDED FUNDING		1,047,923		
Total Available		1,146,500		
Balance		98,577		

In the event that the County's FY 2019-20 allocation is less than projected, one or more projects may receive reductions to their awards to be determined by the County Board of Supervisors. Any overage will be added to next year's allocation.

Projects Not Recommended for Funding At This Time:

Organization & Project Title	Requested Amount	Recommended Funding Amount	County or Non-Profit	Location
People's Self Help Housing Corporation Isla Vista Apartments	\$659,331	0	Non-Profit	Isla Vista

The above recommended funding levels would leave a balance of \$98,577 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

² \$23,431 "Supervision" line-item redundant with \$40,877 budgeted for Project Management, which it is typically managed in-house by Good Sam. Can correspondingly reduce 6.315% contingency by \$1,481.