



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: March 27, 2018

TO: Mayor and Councilmembers

FROM: Administration, Housing and Human Services Division, Community Development Department

SUBJECT: Community Development And Human Services Committee Recommendations For Fiscal Year 2019 And Annual Action Plan Public Hearing

RECOMMENDATION: That Council:

- A. Approve the Fiscal Year 2019 funding recommendations of the Community Development and Human Services Committee for use of Human Services and Community Development Block Grant funds;
- B. Approve the funding contingency plan;
- C. Authorize the Community Development Director to negotiate and execute grant agreements implementing the funding recommendations, subject to the review and approval as to form by the City Attorney; and
- D. Conduct a public hearing to obtain input on the City's Annual Action Plan for Fiscal Year 2019.

EXECUTIVE SUMMARY:

Each year the City awards Human Services grants to entities that serve City residents, with funding coming from the General Fund and federal Community Development Block Grant (CDBG) funds. The total program budget is approximately \$1.6 million. The City received 56 funding requests for Fiscal Year 2019, which totaled approximately \$2.0 million. After an extensive review of each application, the Community Development and Human Services Committee (CDHSC) is recommending funding for 49 proposals. Due to the uncertainty of the level of CDBG funds at the time the recommendations were formulated, the CDHSC also developed a contingency plan. The recommendations adhere to the criteria and priorities previously approved by Council. In order to receive CDBG and HOME Investment Partnership Program funding, the U.S. Department of

Housing and Urban Development (HUD) requires the submission of an Annual Action Plan (AAP) that outlines the City's yearly strategies and goals to address identified housing and community development needs. At least two public hearings must be held during its development, and this meeting serves as the second public hearing.

DISCUSSION:

On October 24, 2017, Council established a Fiscal Year 2019 General Fund commitment of \$726,150 to support Human Service programs that provide direct services to low-income City residents. In addition, staff is estimating an allocation of \$853,991 in federal CDBG funds from HUD, which are provided annually to the City for a variety of eligible activities benefiting low- and moderate-income persons.

By law, up to 15 percent of CDBG funds may be used for public service activities, and up to 20 percent may be allocated for administration of the CDBG and Fair Housing programs. The remaining 65 percent may be used for capital construction and economic development projects.

Funding Priorities:

On October 24, 2017, Council adopted the following Public/Human Services priorities:

- First Priority—Programs that help meet basic human needs and/or reduce the community impact of homelessness and/or reduce the community impact of gang violence by providing services directly to gang-involved youth.
- Second Priority—Proposals that are preventative in nature and/or promote the highest degree of functioning the individual is capable of achieving.

At the same time, Council adopted the following priorities for CDBG proposals:

- Homeless Assistance—Programs that provide services to homeless individuals and families and victims of domestic violence.
- Public Facilities and Infrastructure—Capital projects that improve facilities of organizations that serve low- and moderate-income residents, and public infrastructure and parks improvements in low- and moderate-income neighborhoods.
- Economic Development—Support of programs that provide self-employment training and small-business loans.

Funding Process:

Advance notice of the funding availability was mailed and emailed to all agencies that had stated an interest in applying, had previously applied for funding in the past two years, and all current grant recipients. Additionally, an advertisement was published in the *Santa Barbara News-Press*, and the announcement and a link to the application, as well as instructions and related materials, were posted on the City of Santa Barbara website.

A mandatory Application Workshop was held for all prospective applicants on November 9, 2017, and the grant application period opened on November 10. Staff provided applicants with assistance in completing the application and offered feedback on applications that were submitted prior to the deadline.

Fifty-nine applications were submitted by the December 19, 2017, deadline. Three applications were withdrawn during the funding recommendation process. The total requested funding totaled approximately \$2.0 million, which exceeded the available funding for Public/Human Service programs and Capital projects by more than \$575,000.

The application review process is a significant undertaking. Applications were reviewed by the CDHSC, a citizen review panel appointed by Council to make funding recommendations. As part of the process, Committee members analyzed each application package, which included a 35-question application form, proposed outcome measures, a client demographics page, a program and agency budget, and board of directors' roster. Applicants were also required to submit independently reviewed financial reports and tax returns, which staff evaluated in order to notify the Committee of any potential concerns, such as excessive debt or operating deficits.

The Committee spent four nights interviewing applicants, followed by a fifth meeting to deliberate on the requests before the members made their individual scores and recommendations. Committee members also conducted site visits and reviewed the performance reports of applicants who have previously received Human Service/CDBG funds.

Committee members scored applicants based on their written proposals and verbal presentations. Committee members then had three options: approve, abstain, or decline funding for each applicant. Committee members who had a conflict of interest with an applicant were required to abstain from scoring, voting, or recommending funding. A funding amount was also entered by each Committee member who chose to approve funding. An additional meeting was held on February 15, 2018, to allow Committee members to publicly confirm their individual scores and recommend funding.

Applicants' average score and funding recommendation were determined using the Olympic method. Under this system, individual committee member scores and dollar

amounts are tallied, with the highest and lowest score/amount removed, and the resulting amount then divided by the remaining number of members who entered a score/amount.

A three-member CDHSC subcommittee was tasked with finalizing the recommended funding amount for each application using the full committee's average recommended amount as a starting point, while considering other important factors such as the applicant's average score, priority, and number of Committee members in support of funding. The final recommendations were unanimously approved by majority voice vote of the full Committee on February 27, 2018.

Recommendations:

The Committee developed its recommendations in adherence with the Funding Criteria and Priorities previously adopted by Council. A complete list of the Committee's recommendations, by priority and rating, is attached.

In the Public/Human Services category, the CDHSC is recommending funding for 43 proposals. Higher-scoring proposals were recommended for slight increases from prior year, and those with mid-level and lower scores were recommended for level funding or slightly less. Seven low-scoring programs were not recommended for funding.

In the Capital category, all of the six submitted proposals are recommended for funding. These include two City Neighborhood Improvement Program construction projects and one economic development program.

U.S. Department of Housing and Urban Development (HUD) Annual Action Plan:

Federal regulations require that the City of Santa Barbara prepare a Consolidated Plan (CP), which outlines the City's five-year strategy and goals to address identified housing and community development needs.

In addition to the CP, the City must submit an Annual Action Plan (AAP), which identifies specific activities that will be undertaken to accomplish the goals stated in the five-year plan. The 2018–19 AAP is the fourth program year of the five-year plan and incorporates the Fiscal Year 2019 funding recommendations described in this report.

HUD requires that at least two public hearings are held during development of the AAP; this meeting is the second public hearing. The first public hearing was held on September 26, 2017, before the CDHSC. Comments received during today's hearing will be incorporated into the final AAP document, which will be brought before Council for final adoption on May 8, 2018.

The draft AAP will be available for a 45-day public review period starting March 22, 2018. It can be found on the City's CDBG & Human Services web page, www.SantaBarbaraCA.gov/CDBG, and in the office of the City Clerk, Main Public Library, and the

Community Development Department. Comments can be submitted to City staff at (805) 564-5461 and at estotts@santabarbaraca.gov, and must be received by May 7, 2018.

BUDGET/FINANCIAL INFORMATION:

The grant recommendations in this report are based on the combination of \$726,150 in City Human Services funds; estimated \$853,991 in CDBG entitlement funds; \$35,888 in prior-year unexpended CDBG funds; and \$60,000 in CDBG Program Income funds (20 percent of Program Income funds can be used for CDBG administration). The total amount available is estimated at \$1,676,029.

Of the total \$1,676,029, the following is available per funding category:

- Public/Human Service: \$854,249
- Capital: \$590,982
- CDBG Administration/Fair Housing: \$230,798

Contingency Plan:

HUD has not announced the City's actual CDBG allocation. As a result, the Committee also formulated contingency plans in case actual CDBG funds allocated to the City are higher or lower than estimated.

Should CDBG funds be higher than expected the recommended plan is as follows:

- Public/Human Services—The excess available funds will be equally distributed among the applicants who fall under Priority 1, scored 80 points or more, and did not already receive full funding.
- Capital—The excess available funds will be equally distributed among all the applicants who did not already receive full funding. Any remaining excess funds will be awarded to the Ortega Park playground grant.

Should CDBG allocation be lower than expected, the contingency plan is to reduce or eliminate Capital and Public/Human Service (Priority 2) grant recommendations starting from lowest-scoring applicants, until the deficit is eliminated. This could result in the reduction or elimination of the grants with the lowest scores in the Priority 2 category. While it is unlikely that this will occur, grantees should be aware of the possibility.

A detailed description of the application process, including funding criteria and priorities and a complete listing of grant awards for both Human Services and CDBG funds, is included in the CDHSC Report on Funding Recommendations Fiscal Year 2018–2019.

This report is available for public review on the City's Human Services and CDBG web page, www.SantaBarbaraCA.gov/Recommendations, and in the office of the City Clerk, Main Public Library, and the Community Development Department. It is also available for review by City Council members in the Council reading file.

A copy of the Human Services and Community Development Block Grant agreements are available for public review in the City Clerk's Office.

ATTACHMENT(S): Community Development and Human Services Committee Fiscal Year 2019 Funding Recommendations by Priority and Rating

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SUBMITTED BY: George Buell, Community Development Director

APPROVED BY: City Administrator's Office