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Title: Chief Administrative Office and Health and Human Services Agency recommending the Board conceptually approve the transfer of Housing, Community and Economic Development (HCED) programs to the Office of Economic Development within the Chief Administrative Office.

FUNDING: HCED programs are funded primarily with State and Federal funds.

Sponsors:

Indexes:

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FUNDING: HCED programs are funded primarily with State and Federal funds.

Fiscal Impact/Change to Net County Cost

No change to Net County Cost.

Background

The Housing, Community and Economic Development (HCED) Program is currently housed in the Health and Human Services Agency. For approximately seventeen years, the HCED unit has focused on and delivered housing, community, and economic development grant funded programs as well as General Plan Housing Element implementation activities. HCED programs assist communities in the County by helping to provide financial assistance to the County as well as individual businesses, developers and residents in support of decent, affordable housing, suitable living environments and expanding economic opportunities to predominately low or moderate-income persons through greater efficiencies.

HCED Programs

HCED Programs currently include the TIM Fee Offset Program for Affordable Housing, the Housing Rehabilitation Loan Program, the Homeownership Assistance Loan Program, the Business Loan Program, the Microenterprise Loan Program, the Business Facade Improvement Loan Program, and the management of Board Policy B-11, "Affordable Housing Fee Structure". HCED may assist individuals and businesses by providing loans to homeowners and businesses that are at or below 80% of the area median income. HCED may also apply for financial assistance on behalf of developers and non-profit organizations through a variety of state and federal funding sources, including:

- Community Development Block Grants (CDBG) and HOME Investment Partnerships Program (HOME) grants provide low interest loans to qualifying low-income homeowners in the unincorporated areas of the County for housing rehabilitation, enable low-income eligible residents to purchase their first home, and/or support development of multi-family rental housing projects or acquisition or renovation of facilities that serve specialized populations such as the homeless. CDBG Planning and Technical Assistance (PTA) grants fund economic

development and/or feasibility studies for a specific project or geographic area of the County.

- CDBG Economic Development Enterprise Fund (EDEF) Grants create or preserve jobs in the County by providing loans and technical assistance to businesses and low income entrepreneurs, including working capital loans and loans for site improvements or business start-ups or expansions.
- Revolving Loan Funds constitute an ongoing revenue source for CDBG, HOME and EDEF activities. Loan repayments received are re-loaned to support further housing rehabilitation, home ownership and/or EDEF activities.

General Plan Housing Element

Additionally, HCED plays a key role in implementing the Housing Element of the County's General Plan which is designed to address the existing and projected housing needs of all economic segments of the community. The Housing Element Update is a requirement of the state and takes place every five years. The current Housing Element contains 35 implementation measures that are required to be developed, implemented and/or monitored.

Funding

The HCED budget for fiscal year 2013-14 is anticipated to be approximately \$4.3 million (including revolving loan programs) and is funded primarily by annual community development block grants that provide local decision makers the flexibility required to address social and economic needs of the communities they serve. Block grant funding assistance is a key ingredient in the expansion of existing programs and the starting up of new services that target a community benefit for low to moderate-income residents and business in the County.

The County provides approximately \$200,000 as a General Fund Contribution to HCED programs primarily for implementation activities associated with the Housing Element of the General Plan with a small amount as County match for grant programs supporting housing-related needs or economic development.

Reason for Recommendation

The transfer of HCED programs to the Office of Economic Development will allow staff to more effectively meet Board goals, policies and objectives related to countywide economic development and to continue the implementation of targeted programs in the General Plan. Primary goals for the consolidation of these programs include:

- Provide a unified leadership structure for economic development related programs designed to implement the policies of the Board.
- Consolidate all Community Development Block Grant (CDBG) applications, administration and reporting activities as required by the State's new CDBG funding and award schedule.
- Ensure close coordination with the Community Development Agency related to long term planning and General Plan program implementation requirements (housing element, affordable housing, etc.).
- Support and expand programs that provide an economic benefit to the County while ensuring that the costs of the programs remain as efficient as possible.
- Streamline administrative, fiscal and contracting functions as related to HCED and Economic Development programs.
- Create long-term stability for delivery and management of established programs, while ensuring eligibility for future funding opportunities.

HCED programs have a direct correlation with the work performed in the Office of Economic Development however the two programs have historically existed in separate departments under separate management. Combining the programs will allow for better coordination and provide a more strategic and unified countywide economic development program. It will also provide more accountable and responsible oversight of the existing programs, consistent direction for future growth, and ensure that the programs are cost effective.

Additionally, relocation of the HCED unit to the Government Center will increase and improve communications with other community development services including the Community Development Agency (Development Services, Environmental Management, and Transportation), Economic Development, and Parks. Combining and co-locating experienced staff from HCED with the Office of Economic Development and Parks will maximize limited resources

Further, combining the current administrative, contracting and grant functions related to HCED and Economic Development will allow for efficiencies not possible under the current structure. This is especially important for the Community Development Block Grant (CDBG) program under the State's new Notice of Funding Award (NOFA) program where all program grants are now under the same funding and award schedule. Co-location will also allow for better

coordination in preparing and submitting applications for other grants and funding opportunities with related programs and departments, including Parks.

Action to Be Taken Following Approval

Chief Administrative Office will include the transfer of HCED staff and programs to the Office of Economic Development as part of the FY 2013-14 Recommended Budget for discussion and approval by the Board in June 2013.