



COUNTY of VENTURA

COUNTY EXECUTIVE OFFICE

Sevet Johnson, PsyD
County Executive Officer

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September 26, 2023

Board of Supervisors
County of Ventura
800 South Victoria Avenue
Ventura, CA 93009

Subject: Approval of the Use of HOME Investment Partnership Program – American Rescue Plan Act Funding Previously Reserved for Casa Aliento and Step Up in Thousand Oaks to Support Capitalized Operating Subsidy Reserves to Also Support Capital Costs in Compliance with Guidelines from the U.S. Department of Housing and Urban Development.

Recommendations:

It is recommended that your Board approve the use of HOME Investment Partnerships Program – American Rescue Plan Act (“HOME-ARP”) funding previously reserved for Casa Aliento and Step Up in Thousand Oaks to add support for capital costs, including rehabilitation, architectural, engineering, and other related development costs, in addition to the previously approved capitalized operating subsidy reserves.

FISCAL/MANDATES IMPACT:

Mandatory:	No
Source of Funding:	U.S. Department of Housing and Urban Development (HUD)
Funding Match Required:	None
Impact on Other Departments:	N/A

Summary of Revenues and Costs:

	<u>FY 2023-24</u>	<u>FY 2024-25</u>
Revenues:	\$ 3,500,000	\$ 0
Costs:		
Direct	\$ 3,500,000	\$ 0
Indirect-Dept	\$ 0	\$ 0
Indirect-County CAP	\$ 0	\$ 0
Total Cost	<u>\$ 3,500,000</u>	<u>\$ 0</u>
Net County Cost	\$ 0	\$ 0
Recovered Indirect Costs	\$ 0	\$ 0

FY 2023-24 Budget Projection for HUD HOME Grant Program – Division 1210				
	Adopted Budget	Adjusted Budget	Projected Budget	Estimated Savings/(Deficit)
Appropriations	\$3,503,886	\$3,503,886	\$3,503,886	\$0
Revenue	\$3,503,886	\$3,503,886	\$3,503,886	\$0
Net Cost	\$0	\$0	\$0	\$0

Background

On December 14, 2021, your Board approved an amendment to the Ventura County 2021-22 Annual Action Plan incorporating the County's HOME-ARP Allocation Plan, as required by the U.S. Department of Housing and Urban Development ("HUD"). The HOME-ARP Allocation Plan prioritized Homekey projects for investments of HOME-ARP funding.

Subsequently, your Board approved allocations of HOME-ARP funding to two Homekey funded permanent housing projects, Casa Aliento and Step Up in Thousand Oaks, for the purpose of funding capitalized operating subsidy reserves for each project to support operations.

Links to materials related to each of these actions are provided below for reference:
December 14, 2021, (HOME-ARP Allocation Plan Approval):
<https://ventura.primegov.com/portal/item?id=195673>
January 25, 2022, (HOME-ARP funding reservation for Step Up in Thousand Oaks):
<https://ventura.primegov.com/portal/item?id=197775>
March 8, 2022, (HOME-ARP funding reservation for Casa Aliento):
<https://ventura.primegov.com/portal/item?id=200816>
May 10, 2022, (additional HOME-ARP funding reservation for Casa Aliento):
<https://ventura.primegov.com/portal/item?id=206166>

Discussion

Capitalized operating subsidy reserves ("COSR") are critically needed when creating permanent housing for extremely low-income households and persons experiencing homelessness, as the reserve subsidizes the difference between affordable rents and the costs of operating the housing development for a fixed period of time. HOME-ARP funding is relatively unique in that it allows the funding of COSRs to support project operations. Because of this flexibility, HOME-ARP was a tool the County utilized to leverage state Homekey funding to acquire, rehabilitate and operate permanent housing for persons who are unhoused.

HUD recently released guidance clarifying that cities and counties may not fund a HOME-ARP COSR without first funding capital costs (including but not limited to acquisition, rehabilitation, new construction, architectural, engineering, and related development costs). In light of this new information, your Board is asked to authorize staff to re-allocate the breakdown of HOME-ARP funding between capital and operating for Casa Aliento and Step Up in Thousand Oaks in compliance with the requirements of the HOME-ARP program.

This item has been reviewed by the Auditor-Controller and County Counsel. If you have questions, please contact Christy Madden at 805.654.2679 or Tracy McAulay at 805.232.1371.

Sincerely,



Christy Madden
Sr. Deputy Executive Officer



Sevet Johnson, PsyD.
County Executive Officer