

## **Siskiyou County Community Development Department Staff Report**

Meeting Date: December 6, 2022

To: Board of Supervisors

From: Kristen Lackey, Project Coordinator

Subject: Community Development Block Grant (CDBG)  
Slater Fire Home Replacement Program

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### **Background**

On June 1, 2021, the Board of Supervisors approved the Siskiyou County Community Development Department to submit an application to and enter a Standard Agreement (21-CDBG-PI-00017) with the State Community Development Block Grant (CDBG) Program for the use of \$680,340 of on-hand CDBG Program Income for housing rehabilitation activities related to the homes lost in the Slater Fire in Happy Camp. At that time, the County entered a \$130,506 Subrecipient Agreement with Great Northern Services (GNS) to assist the County with applying to the State (\$6,000 of separate general administration funds) and to assist with program implementation and administration (\$124,506). The remaining \$555,834 was budgeted for the CDBG eligible activity of Housing Rehabilitation. Under the CDBG Program, Housing Rehabilitation includes complete housing reconstruction.

Over the past sixteen months, GNS and County staff have collaborated with the Slater Fire Long Term Recovery Group (LTRG) to develop a CDBG program that enhances the rehousing program already developed by the LTRG. The program centers on a nation-wide nonprofit organization, Hope Crisis Response Network (HCRN), that rebuilds stick build homes for low-income households who lost their home to a disaster. HCRN provides construction oversight and management free-of-charge, as well as a crew of volunteers that provide free labor. The homeowner is responsible for all other costs associated with the rebuild, including structural engineering, trade subcontractors, building materials, appliances, builder's risk policy and contractor's license fees. The CDBG program will provide partial or full grants to low- and moderate-income homeowners (that were under or uninsured) to cover those costs. It is estimated that 4-6 homes will be built with the assistance of the CDBG program.

The program will be administered in a manner consistent with federal regulations. The Subrecipient Agreement is in the form required by the State CDBG Program and includes the County's CDBG Housing Rehabilitation Guidelines in the Scope of Services. HCRN, with the assistance of GNS, will follow federal procurement requirements in the hiring of subcontractors and selection of material vendors. Each homeowner will be income verified by GNS and required to enter appropriate legal documents with the County. The documents will include a grant agreement, promissory note and deed of trust for a period of five years from the certificate of occupancy to ensure that they remain in the home for at least five years and remain current on property taxes and insurance.

During the program refinement and HCRN beginning to build homes, the original budget needed to be increased to cover subcontractor, materials, and administrative costs. On June 30, 2022, staff submitted a request to the State to use \$173,000 of additional on-hand Program Income to

cover these costs. Board of Supervisor approval of the additional allocation of funds is also being requested at this December 6, 2022 meeting. (Note: On-hand Program Income had to be committed to a project by June 30, 2022 or the State would rescind the funds.)

### **Analysis**

Many Slater Fire survivors were under- or uninsured, and do not have the resources to obtain contractors and rebuild their homes at market rates. The use of a non-profit organization utilizing volunteer labor significantly decreases the cost to rebuild and is consistent with the program initiated by the Slater Fire Long Term Recovery Group (LTRG). Hope Crisis Response Network's program also includes standard sets of building plans that have already been approved by County Planning. An additional challenge to rebuilding in Happy Camp is the remote location that requires significant travel and cost for construction crews. HCRN addressed this issue by building dormitory-style housing for the volunteer crews. The CDBG program allows for the use of nonprofit organizations as Subrecipients if paid subcontractors are procured in a manner consistent with federal regulations, which is the plan for this program. Another benefit of collaborating with the LTRG is a decrease in the amount of application paperwork required of the homeowners.

The CDBG eligible activity of Housing Rehabilitation includes complete reconstruction of a home. The CDBG Housing Rehabilitation Guidelines (Resolution No. 20-177, adopted by the Board of Supervisors at its 10/20/2020 meeting) were written with a focus on traditional single family rehabilitation programs so exceptions need to be made in order to implement this program. Section 19 of the CDBG Housing Rehabilitation Guidelines addresses exceptions and procedures for exceptional circumstances stating that, "In the event of extraordinary or special circumstances, the Loan Committee may grant an exception to the guidelines if the exception does not violate the regulations of the funding sources." The program has been thoroughly vetted with State CDBG staff to ensure that none of the proposed changes will violate CDBG regulations. The procedure for exceptions is that program staff initiate consideration by preparing a report containing "a narrative, including staff's recommended course of action, presented to the Loan Committee and/or the Board of Supervisors for a decision and consideration". Staff opted to have the Board of Supervisors approve the exceptions so that the Loan Committee has clear direction when convened. Attached is the Request to approve exceptions to the CDBG Housing Rehabilitation Guidelines specific to the Slater Fire Housing Replacement Program.

### **Staff Recommendation**

Approve CDBG Subrecipient Agreement in the amount of \$555,834 between Siskiyou County and Hope Crisis Response Network to rebuild 4-6 single family homes for the CDBG Slater Fire Home Replacement Program for a term of 30 months; and

Approve exceptions to CDBG Housing Rehabilitation Guidelines specific to the Slater Fire Home Replacement Program.