



**BOARD OF SUPERVISORS  
AGENDA LETTER**

**Clerk of the Board of Supervisors**  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

**Agenda Number:**

**Submitted on:  
(COB Stamp)**

**Department Name:** Community Services  
**Department No.:** 057  
**Agenda Date:** April 7, 2026  
**Placement:** Administrative Agenda  
**Estimated Time:** N/A  
**Continued Item:** No  
**If Yes, date from:** N/A  
**Vote Required:** Majority

---

**TO:** Board of Supervisors  
**FROM:** Department Director(s): Jesús Armas, Director, Community Services Department  
Contact: Joseph Dzvoniak, Assistant Director, Housing and Community Development  
Lucille Boss, Housing Programs Manager  
**SUBJECT: Approval of Community Project Funds (CPF) Grant Agreement and Loan to  
Sanctuary Centers for Hollister II Permanent Supportive Housing Development  
(First Supervisorial District)**

---

**County Counsel Concurrence**

As to form: Yes

**Other Concurrence:** Risk

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- a) Approve and authorize the Chair of the Board to execute a Subrecipient Loan Agreement (Attachment B) with Sanctuary Centers, Inc. (Owner), memorializing the terms and conditions of a \$1,000,000 loan from the County to Owner consisting of CPF Grant funds (County CPF Loan) for the development of the Hollister II Permanent Supportive Housing Development (Project) located at 115-7 West Anapamu Street in the City of Santa Barbara, and imposing occupancy, rent, and tenant income restrictions on Project housing units until August 31, 2032;
- b) Approve and authorize the CSD Director to accept an Owner-executed Deed of Trust (Attachment C) in securing the County CPF Loan, and (ii) an Owner-executed Promissory Note (Attachment D) evidencing the \$1,000,000 County CPF Loan;
- c) Approve and ratify the FY 2024 Community Project Funding Grant Agreement NO. B-24-CP-CA-0121 (CPF Grant Agreement) with the U.S. Department of Housing and Urban Development (HUD) (Attachment A) governing the County's use of a grant of \$1,000,000 in Community Project Funding from HUD (CPF Grant); and

- d) Find that the Project is exempt from California Environmental Quality Act (CEQA) requirements pursuant to CEQA Section 15332, and pursuant to the City of Santa Barbara December 4, 2020 Notice of Exemption filing (Attachment E), and a NEPA Environmental Assessment for the Project has been completed, and the Authority to Use Grant Funds (AUGF) was issued by HUD effective December 21, 2023.

**Summary Text:**

The recommended actions before the Board today approve and authorize the County’s acceptance and subaward of CPF funding, specifically a Grant Agreement from HUD for \$1,000,000 in Federal Community Project Funds (CPF), and a \$1,000,000 forgivable loan to Owner, consisting of CPF Grant funds for the Project, including approval of forms of a Loan Agreement, a Deed of Trust, and Promissory Note.

**Discussion:**

HUD has approved and executed a CPF Grant Agreement with the County for subsequent use by the Sanctuary Centers for its Project. The Project will provide thirty-three studio apartments of permanent supportive housing for very low-income households, many of whom have experienced homelessness presently or in the recent past. CPF funds are being utilized to assist with construction financing for Project development. The County will monitor and regulate the Project for continued use as a 33-unit affordable permanent supportive housing development for persons moving from homeless through the CPF Grant Period of Performance end date of August 31, 2032.

**Background:**

In 2023, Sanctuary Centers applied for CPF to fund the Hollister II housing development. An award of \$1 million was funded through the Federal FY 2024 Appropriations Bills. CPF is budgeted through the U.S. Department of Housing and Urban Development (HUD). In August 2024, HUD provided a Grant Award Package to the County outlining initial grant award requirements and the forms required to complete a FY2024 CPF Grant Agreement. In July 2025, HUD approved the grant package and issued the CPF Grant Agreement for execution, and the CSD Director has since executed the CPF Grant Agreement.

Construction of the Project commenced in January 2024 and is projected for completion in July 2026. Recommended Actions A and B approve a Loan Agreement, Promissory Note, and Deed of Trust evidencing and securing a CPF Loan to Owner for the Project as a pass-through of CPF Grant funds from the County to Sanctuary Centers as subrecipient.

In addition to the County, State agencies and private/philanthropic donors have provided construction financing for the Project. The Board previously approved other County loans to the owner for the development of this Project. The commercial lender construction loan and all other private investor loans have already been recorded in senior position against title to the property.

The order of seniority and amounts of already-recorded loans secured by the Property are as follows:

Lender	Amount
First Republic Bank construction loan	\$8,900,000
California Department of Social Services Community Care Expansion (CCE)	\$7,000,000
California Department of Behavioral Health Continuum Infrastructure (BH-CIP)	\$2,914,224
State Permanent Local Housing Allocation (PLHA)	\$1,400,000
County Probation Department Community Corrections Partnership (CCP)	\$1,500,000

CPF in the amount of \$1,000,000 is being added and in lower-priority position than the sources cited above. In addition, \$6,959,564 in State of California No Place Like Home (NPLH) will be added as permanent Project financing at completion of construction and conversion of the construction loan.

**Performance Measure:**

CSD will monitor the Project annually for continued administration, management, and operations as a 33-unit permanent supportive housing development in accordance with CPF program requirements during the Period of Performance under the CPF Grant Agreement, the end date of which is August 31, 2032. If the Owner and Project remain in compliance with the provisions of the CPF Loan Documents and the CPF Grant Agreement through September 30, 2032, the CPF loan will be forgiven. The County is separately required to monitor Owner and Project compliance with funding requirements in connection with prior County loans to Owner for the Project comprised of other funds, including State of California Permanent Local Housing Allocation (PLHA) and Community Corrections Partnership (CCP) funds.

**Fiscal and Facilities Impacts:**

Approval of this item will authorize the County to accept \$1,000,000 in Federal Community Project Funding (CPF) grant funds from the U.S. Department of Housing and Urban Development (HUD) and to pass those funds through to the project owner in the form of a forgivable loan. The County is not required to repay the funds.

There is no impact on the County General Fund associated with this action. Administrative costs associated with managing the grant and loan documents are expected to be minimal and will be absorbed within existing departmental resources.

**Fiscal Analysis:**

Funding Source	FY 2025-26	Total
Federal CPF	\$1,000,000	\$1,000,000
<b>Total</b>		<b>\$1,000,000</b>

**Special Instructions:**

Please provide e-mail notification of the Board Minute Order for this Item to [cjimenez@countyofsb.org](mailto:cjimenez@countyofsb.org).

**Attachments:**

- Attachment A** – FY 2024 Community Project Funding Grant Agreement
- Attachment B** – Sanctuary Centers, Hollister II CPF Loan Agreement
- Attachment C** – Sanctuary Centers, Hollister II CPF Deed of Trust
- Attachment D** – Sanctuary Centers, Hollister II CPF Loan Promissory Note
- Attachment E** – December 4, 2020, City of Santa Barbara CEQA Notice of Exemption

**Contact Information:**

Lucille Boss  
Housing Programs Manager  
lboss@countyofsb.org

**CC:** Antonette Navarro, LMFT, Director, Department of Behavioral Wellness  
Holly Benton, Chief Probation Officer, County Probation Department