

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
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Agenda Number:
Prepared on: 2/06/01
Department Name: Treasurer-Tax Collector / P&D
Department No.: 065
Agenda Date: 3/6/01
Placement: Departmental
Estimate Time: 30 mins.
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: John Patton,
Director, Planning and Development

Gary L. Feramisco
Treasurer-Tax Collector

STAFF CONTACT: Dianne Meester, Planning and Development
x2520

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x3515

SUBJECT: Advance for Affordable Housing Fee Deferral Program

Recommendation(s):

1. Authorize a \$100,000 General Fund advance to Planning and Development Deposit Agency Fund No. 1415, in order to fund Planning and Development permit processing fees for affordable housing projects that are to receive subsidies from the Housing Finance and Development Division. An additional \$100,000 may be requested in future years.

Alignment with Board Strategic Plan:

The recommendation is primarily aligned with Goal No. 7, A Community that Fosters the Safety and Well-Being of Families and Children

Executive Summary and Discussion:

Processing fees are assessed by Planning and Development (P&D) and other departments to cover the costs of the permit process. These fees typically range from \$20,000-\$40,000 per affordable housing project. Smaller organizations usually do not have the administrative or working capital of large development organizations to cover these upfront costs. This advance would allow certain not-for-profit sponsored

housing projects anticipating future loans from Housing Finance and Development Division (HF&D) to defer fees until the applicant can pay for the permit fees with a HF&D loan.

Under current planning fee payment processes, fees must be paid prior to application completeness. For affordable housing projects, the Department fee schedule allows deferral of fees until the date of release of the environmental document for the project. However, this deferral is insufficient in terms of project timelines when the developer proposes to pay fees with HF&D loan subsidies. The advance would provide funding to continue to defer fees and costs associated with the processing of a permit to the point of loan closing. This allows the Planning Department to continue to process the permit through to the building permit stage. The permit applicant would pay the P&D fees when they receive their HF&D loan.

Prior to P&D entering into an agreement with the applicant on the fee deferral, HF&D would certify to P&D that the proposed project complied with each one of the following eligibility criteria:

- a) Organization sponsor must be a not-for-profit organization or public housing organization.
- b) The project must be for special needs (including emergency shelters) or affordable rental housing.
- c) The project must have received a commitment recommendation for a loan or funding subsidy from the Affordable Housing Loan Committee; and
- d) The project must have received approval by the Board of Supervisors in the Annual Consolidated Plan update.

The above criteria insure that these longer fee deferrals are limited to projects that have been awarded funding through standard procedures. HF&D releases an annual Notice of Funding Availability (NOFA) in which proposed projects are submitted and evaluated by HF&D staff. The staff recommendations are considered by the Affordable Housing Loan Committee, which then forwards a recommendation to the Treasurer-Tax Collector for approval or denial. All loans must receive approval from the Board of Supervisors in the Annual Consolidated Plan update.

Based on past experience, the risk of non-repayment by a given project into the revolving account is around 10-20%. Non-repayments would be replenished by General Fund Contingency. In all instances, fees will have to be paid before building permits are issued, so there is no risk that projects can be constructed without paying fees. However there is always a chance that a project concept will fail. Historically, 80%-90% of the projects that received approval or a prior commitment from the Affordable Housing Loan Committee do go forward and receive funding from HF&D. For this reason, the proposal for \$200,000 seed money provided over a multi-year period is anticipated as adequate to allow this incentive to be provided well into the future. If this account ceases, decreases or the funds go unused for a period of up to 12 months, the money would be returned to the General Fund.

Mandates and Service Levels:

None

Fiscal and Facilities Impacts:

The \$100,000 for the advance will be from the General Fund. Another \$100,000 may be requested in future years. It is anticipated that this money is sufficient to cover P&D fees in the future for those projects that meet the eligibility criteria. Payments to P&D from loan recipients will replenish the Account, providing

adequate financial assistance to other organizations for any additional affordable housing projects. However, there is the potential, although unlikely, that the full amount of the advance would need to be replenished from the General Fund Contingency in the event that a complicated project did not move forward.

Special Instructions:

None

Concurrence:

County Auditor-Controller
County Administrator