



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

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

Department Name: Community Services
Department No.: 57
For Agenda Of: 12/14/21
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department George Chapjian, Community Services Director (805) 568-2485
Director(s)
Contact Info: Dinah Lockhart, Deputy Director (805) 568-3523
Laurie Baker, Grants and Programs Manager (805) 560-1090
SUBJECT: Approve and execute Quitclaim Deed to Housing Authority of the County of Santa Barbara for Parkside Garden Apartments affordable housing project (Project) in Lompoc (Supervisorial District 4)

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- A. Determine, in accordance with California Government Code Section 26227, that the Housing Authority of the County of Santa Barbara, a public body, corporate and politic and related financing entity, Parkside Garden Apartments, L.P., operate an affordable housing program for persons of very low, low, and moderate income including elderly and handicapped persons at the Parkside Garden Apartments located at 240 West Pine Avenue in the City of Lompoc, APN # 089-110-007, that serves public purposes and that it is in the best interests of the County and the public to assist the Housing Authority finance the previously completed rehabilitation and improvement of the Project by releasing the County's reversionary interest therein; and
- B. Approve and authorize the Chair of the Board to execute an original and duplicate originals of the attached Quitclaim Deed that releases the County's reversionary interest in the Parkside Garden Apartments property, which is set forth in that certain September 29, 1980 Grant Deed; and

- C. Determine that the recommended actions are exempt from environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines 15601(b)(3) as it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and pursuant to CEQA Guidelines 15301 as it consists of the operation repair, maintenance, permitting, leasing, licensing or minor alteration of existing public or private structures or facilities involving negligible or no expansion of existing or former use.

Summary Text:

The Parkside Garden Apartments affordable housing project in Lompoc (the “Project”) consists of four two-story and two single-story garden-style residential buildings providing 47 housing units to qualifying seniors (62+) and one manager’s unit. The Project was originally constructed in 1987 and was eventually transferred to the Housing Authority of the County of Santa Barbara (the “Housing Authority”). The Housing Authority recently completed an approximately \$6,000,000 rehab of the property financed with tax exempt bonds and low-income housing tax credits. This complex financing effort involved, among other things, transferring ownership to its tax credit financing partner, the Parkside Garden Apartments, LP. The Housing Authority also recorded a regulatory agreement in connection with the issuance of tax-exempt bonds for the rehabilitation, a copy of which is included as Attachment C, to ensure that the property provides affordable housing to seniors for 55-years. The Regulatory Agreement requires that 42 of the total 48 units shall be affordable – 24 rent restricted to households at or below 60% of Area Median Income (AMI), and 18 restricted to households at or below 50% AMI. Upon submission of the Placed In Service package for the rehabilitated Project, the Housing Authority will record an additional 55-year Tax Credit Allocation Committee (“TCAC”) regulatory agreement restricting the rents and tenant income. The Housing Authority, through a limited liability company of which it is the sole member, will have the ability to re-purchase the property at the end of the 55-year affordability period.

At present, the Housing Authority and its development partners are in the process of converting a construction loan to permanent financing. As a condition of closing, the permanent lender is requiring that title to the Project be free and clear of a County-held reversionary interest that was created when the County originally transferred the property via a 1980 Grant Deed to the Housing Authority’s predecessor-in-interest, the Santa Barbara Community Housing Corporation. This reversionary interest provides that if the property is ever used for any purpose other than residential housing and accessory and subordinate uses for persons of very-low, low- and moderate-income, including elderly and handicapped persons, the property would revert to the County’s ownership. The Housing Authority is now requesting that the County release this reversionary interest so that it may complete its financing for the rehab work.

Releasing the County’s reversionary interest by executing the Quitclaim Deed as recommended by this board letter will terminate the County’s reversionary interest in the property, allowing permanent financing for rehab of the Project to close, and ensure that the Project continues to provide quality affordable senior housing. If the County were not to release the Quitclaim Deed and the Housing Authority was therefore unable to convert its construction loan for rehabilitation of the Project into a permanent loan with lower principal and smaller interest payment, the Housing Authority would risk defaulting on its construction loan.

Background:

The Project is located at 240 West Pine Avenue in the City of Lompoc, consisting of 38 one-bedroom and 10 two-bedroom (47 senior and one (1) 2-bedroom manager) rental units. The County does not have any funds in the Project but did sell the property to the Santa Barbara Community Housing Corporation in 1980. The terms of that 1980 Grant Deed provided that:

“In the event that the real property conveyed hereby and described hereby, shall at any time, be used for any purpose or purposes other than residential housing and accessory and subordinate uses for persons of very low, low and moderate income, including elderly and handicapped persons, as then defined by the U.S. Department of Housing and Urban Development, or its successors, then, in such event, the said real property shall revert to Grantor, or its successors in interest.”

Rehab of the Project commenced in 2020, is now complete, and will continue to be restricted to low-income seniors by the 55-year Regulatory Agreement recorded against the property. Once the tax credit Placed in Service package is submitted, an additional TCAC 55-year Regulatory Agreement will also be recorded against the property.

Performance Measure:

While no ongoing monitoring is required by the County, the Regulatory Agreement recorded against the property in connection with the issuance of tax-exempt bonds will run with the land for a period of 55-years and continue to be monitored by the bond issuer, Pacific Western Bank, pursuant to California Code of Regulations, Title 4, Section 10337(c) and Section 5220 of the California Debt Limit Allocation Committee Regulations.

Fiscal and Facilities Impacts:

Not Applicable

Fiscal Analysis:

Not Applicable

Key Contract Risks:

Not Applicable, the County is terminating its interest in real property in reliance on regulatory agreements from TCAC and Housing Authority as issuer of bond debt to finance rehab of the affordable senior housing Project.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
State			
Federal			
Fees			
Other: County IHO In-Lieu Santa Maria HMA			
Total	\$ -	\$ -	

Staffing Impacts:

The current requested activity falls within currently budgeted staff duties.

Special Instructions:

Please return two sets of the executed original Quitclaim Deed and a copy of the Minute Order to Ted Teyber. Please email or call when ready for pick up: teyber@countyofsb.org; Ext. 83513.

Attachments:

- A. Quitclaim Deed
- B. 1980 Grant Deed
- C. Regulatory Agreement

Quitclaim Deed for
Parkside Garden Apartments
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Attachment A
Quitclaim Deed

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Attachment B
1980 Grant Deed

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Attachment C
Regulatory Agreement