



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.: 055
For Agenda Of: 01/28/20
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department George Chapjian, Director
Director(s)
Contact Info: Dinah Lockhart, Deputy Director, 568-3523
Laurie Baker, Grants and Program Manager, 568-3521
SUBJECT: Execution of Loan documents for a \$291,137 loan in federal HOME funds to Good Samaritan Shelter for Pine St. Bungalows II (Project) in Santa Maria (Supervisory District 5)

County Counsel Concurrence

As to form: Yes

Risk Management

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 of Supervisors to execute an original and duplicate originals of the following documents, which relate to a loan of Two Hundred Ninety-One Thousand One Hundred Thirty Seven Dollars (\$291,137) in HOME Funds, to Good Samaritan Shelter for development of the Pine Street Bungalows II affordable housing project at 614 S. Pine Street in the City of Santa Maria:
 1. County HOME Loan Agreement (Attachment A);
 2. County HOME Loan Promissory Note (Attachment B);
 3. County Deed of Trust, Assignment of Rents, and Security Agreement (Attachment C); and
 4. County HOME Regulatory Agreement (Attachment D) (together, the County HOME Loan Documents); and
- B. Find that the recommended actions are exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15303 (New Construction or Conversion of Small Structures), finding that the actions relate to the construction or conversion of one single-family residence, and direct staff to file the attached Notice of Exemption on that basis (Attachment E).

Summary Text:

On June 4, 2019, the Board of Supervisors (Board) approved the FY 2019-20 Action Plan, which included Two Hundred Ninety-One Thousand One Hundred Thirty Seven Dollars (\$291,137) in HOME funds for the Pine Street Bungalows II project (Project). As discussed in the Board Letter for that action, Staff is now returning to the Board for execution of the County HOME Loan Documents.

The HOME Loan bears a 0% interest rate, payments deferred, and the loan will be forgiven in full after twenty (20) years provided that Good Samaritan remains in compliance with the HOME Regulatory Agreement. The 20-year compliance period is the minimum period required by HUD.

The Project is located on Good Samaritan Shelter's existing property at 614 S. Pine Street in the City of Santa Maria. The Project will redevelop the existing garage on the property with a single family affordable rental unit and garage for a large homeless family out of Good Samaritan's shelter system in Santa Maria. The home will include four bedrooms, three bathrooms, kitchen, living area, and laundry room.

Background:

The County of Santa Barbara serves as lead agency for the local HOME Consortium, which includes the County and the cities of Buellton, Carpinteria, Goleta, Solvang, Lompoc and Santa Maria. On March 19, 2019 the City Council of the City of Santa Maria unanimously authorized the County of Santa Barbara to use \$148,761 of the City's 2019-20 HOME funds for the Project. The use of these funds, as well as an additional \$142,376 of County-administered HOME funds, was included in the County's FY 2019-20 Annual Action Plan which was approved by the Board of Supervisors on June 4, 2019, and submitted to the United States Department of Housing and Urban Development (HUD). The total amount of HOME funds recommended for approval in this Board Letter – Two Hundred Ninety-One Thousand One Hundred Thirty Seven Dollars (\$291,137) – was calculated using the HOME Maximum Per-Unit Subsidy Limits.

Good Samaritan Shelter proposes to demolish the existing garage at the Project site and reconstruct the 4-bedroom affordable rental unit and garage. The unit will be income and rent restricted for households with incomes at or below 50% of the area median income (AMI).

The Project is conveniently located in the heart of downtown Santa Maria, providing easy access to community amenities and support services. Public bus service runs right along Pine Street, Santa Maria High School is located two blocks south, and there is an elementary school within a half mile radius. Moreover, the site is just one block east of Good Samaritan Shelter's Santa Maria Shelter Campus where services including an After School Program, Outpatient Drug & Alcohol Treatment Clinic, Mental Health Services, Head Start Program, and an on-site medical clinic staffed by Santa Barbara County Public Health (i.e. Public Health Nurse and Physician's Assistant) are available.

Performance Measure:

The Project will be monitored for HOME program compliance for the twenty (20) year period of affordability. HOME program monitoring will include an annual review of the property's financial statements, tenant qualification data, and rents charged. At least every three years, or more frequently if warranted, a site visit will be conducted by HCD staff to inspect the HOME unit against certain housing quality standards and a sampling of tenant files will be reviewed for income, lease and rent requirements.

Fiscal and Facilities Impacts:

The County has sufficient HOME funds to fund this project. The HOME Loan Agreement requires Good Samaritan to pay an annual County Affordable Housing Monitoring fee, currently set at \$2,500.

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized</u> <u>On-going Cost:</u>	<u>Total One-Time</u> <u>Project Cost</u>
General Fund			
State			
Federal			291,137
Fees			
Other: In-Lieu			
Total	\$ -	\$ -	\$ 291,137.00

The County has available HOME funds in an amount sufficient to fund this project. The County will charge the owner of the Project an annual monitoring fee, currently set at \$2,500, to offset staff costs to monitor the housing units for the twenty (20) year affordability term.

Key Contract Risks:

The Project will produce a single family home for a large homeless family which will be subject to federal affordability restrictions (20 years). HCD staff will monitor the Project for affordability compliance as discussed above. HUD could require the County to repay the amount of the HOME loan if the Project is not operated in accordance with the affordability restrictions during the twenty (20) year term. A Regulatory Agreement will be recorded against the property and will provide the County with the means of enforcing the affordability restrictions.

HCD has evaluated the risks associated with the Project and determined that such risks are reasonable and within industry standards and that there are safeguards in place to prevent or mitigate risks.

Staffing Impacts:

The commitment of HOME funds to the Project will necessitate regulatory monitoring by County staff at current staffing levels for twenty (20) years. The terms of the County’s loan require the developer to pay an annual Affordable Housing Monitoring fee to the County, set at \$2,500.

Special Instructions:

1. Please return one set of the executed original documents (except that there is only 1 original Promissory Note and HCD will accept a copy) and a copy of the Minute Order to Ted Teyber. Please email or call when ready for pick up: teyber@co.santa-barbara.ca.us Ext. 83513.
2. Please retain one set of the executed original documents (including the Promissory Note) listed below for COB records.

Attachments:

- A. County HOME Loan Agreement
- B. County HOME Loan Promissory Note
- C. County Deed of Trust, Assignment of Rents, and Security Agreement
- D. County HOME Regulatory Agreement
- E. Notice of Exemption