



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: HCD
Department No.: 055
For Agenda Of: 6/19/07
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: 4/5's

TO: Board of Supervisors

FROM: Department John Baker, P&D Director
Directors John Torell, CPA; HCD Director
Contact Info: Jennifer Christensen; 568-3514

SUBJECT: Affordable Housing Fee Deferral Loan Program

County Counsel Concurrence

As to form: N/A

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: N/A

Recommended Actions:

1. That the Board of Supervisors discontinue the Affordable Housing Fee Deferral Loan Program and return unused funds of \$71,447 to the General Fund in accordance with Program terms.
2. Approve the attached Budget Revision 2006763 reallocating balance of \$71,447.

Summary Text: On February 27, 2001, the Board of Supervisors, at the request of the Treasurer-Tax Collector's Office and the Planning & Development Department (P&D), authorized a \$100,000 General Fund advance to Planning and Development Deposit Agency Fund No. 1415, a revolving fund, for the purpose of providing short-term loans to small non-profit affordable housing developers.

These loans were used by the recipients to pay P&D permitting fees until long term HCD funds from Federal and State grant sources were awarded to these non-profit recipients. When the long-term funds were received, the non-profit recipient would then return the original advanced amount to the revolving fund to be used for future advances to other agencies.

When this program was originally established, the Board directed that if there was no activity in this program for a period of 12 months, any remaining money in the revolving fund would be returned to the General Fund.

Since there has been no activity in this fund for at least the past 24 months, it is recommended that the remaining revolving fund balance of \$71,447.00 be reallocated to Environmental Health (\$1,216) and Planning and Development (\$70,231).

Background:

Processing fees are assessed by 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. When this program was established, it was noted that small non-profit developers often did not have the administrative or working capital to cover these ‘up-front’ costs. This program was established to allow for certain not-for-profit sponsored housing projects anticipating future loans from HCD grant funding sources to, in effect, defer permitting fees until HCD long-term funding was received. Specifically, a short-term advance from the revolving fund was made to the non-profit to enable them to pay permitting fees on a timely basis. It was the intent of this program that, in the event a project was abandoned subsequent to an advance being made, any unpaid portion of the advance would be forgiven.

When the program was established, it was estimated that the risk of non-repayment by a given project into the revolving account would be approximately 10-20%, based upon the anticipation that a certain percentage of projects in the permitting process would ultimately not come to fruition. That, in fact, was the case with one project, the Santa Barbara Community Housing Corporation’s El Encanto Development Project. The unpaid portion of the El Encanto advance was of \$28,553 and represents the “shortfall” in the revolving fund. The remaining balance in the revolving fund, \$71,447 (\$100,000 less \$28,553) is the amount that would be returned to the General Fund via Budget Revision # 2006763.

Fiscal and Facilities Impacts:

Budgeted: No.

Use of \$100,000 General Fund for 1) forgiveness of \$28,553 processing fees, 2) \$1,216 environmental land use review fees, 3) \$60,231 to offset costs for mandatory ethics training for P&D, 4) and \$10,000 to fund consultant costs for P&D’s computer systems.

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	\$ 100,000.00		
State			
Federal			
Fees			
Other:			
Total	\$ 100,000.00	\$ -	\$ -

Narrative:

Staffing Impacts:

Legal Positions:

FTEs:

Special Instructions:

Attachments:

Budget Revision 2006763

Authored by: John Torell, CPA; HCD Director

CC:

**Planning and Development
Environmental Health
Auditor-Controller**

Budget Revision Request

BJE 2006763
Budget Journal Entry #

Gov. Code Sec. 29125 & 29130

JE 2219321
Related Journal Entry #

Subject / Title: Provide a *short description* for this budget revision request. For example: "Designate funds for zoning ordinance amendments" or "Distribute proceeds from sale of 2005 COPS".

Planning and Development (P&D): This transfer reallocates \$71,447 (originally intended for advance payment of land use processing costs associated with the Affordable Housing Deferred Payment Program) to Environmental Health (\$1,216) and P&D (\$70,231) as described below.

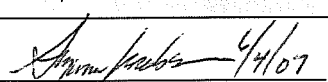

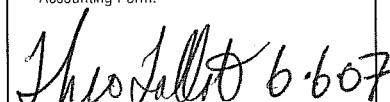

Justification: For all changes: explain what the change is for and why it is needed. Attach additional justification, board Letters or spreadsheet, if appropriate. When moving Appropriation: explain why it's available. When Revenue is adjusted: explain the reason for the increase or decrease. For adjustments to General Fund Contingency: explain why no other alternative funding source is available.

In 2001 the Board of Supervisors authorized a general fund advance (\$100,000) to P&D for permit processing fees for affordable housing projects that were to receive subsidies from the County's Housing & Community Development Department (HCD). The advance would provide funding to defer fees and costs associated with the processing of a permit. The fees would be repaid when the HCD loan was completed and the fund would be replenished. Several years ago P&D revised land use billing procedures to monthly payments rather than estimated full cost deposits up front, thus eliminating the need for this program. If approved, this transfer would authorize the advance to be reduced by \$29,769 due to unpaid balances from two projects: 1) The El Encanto project: The applicant, Santa Barbara Community Housing Corporation, was billed \$53,299 for processing the land use permit and paid \$24,746 but was subsequently unable to sell the project, leaving a balance due of \$28,553. If approved, this revision will release SBCHC from accountability for the amount due of \$28,553. 2) Recently Environmental Health completed the land use review of the Nathe property (TPM 14,651). The applicant has contested the amount due of \$1,216. This budget revision will use a portion of the above referenced general fund advance to reimburse Environment Health for land use review, thus releasing the applicant from further payment. This transfer would allow the remainder of the original General Fund advance (\$70,231) to be used to partially offset costs associated with the mandatory ethics training (\$60,231) which was not included in the FY 06-07 budget, and to fund consultant costs for review of P&D's computer systems (\$10,000).

ROUTED TO: 2007 JUN - 6 PM 4:21
 RECEIVED 2007 JUN 6 AM 10 54
 AUDITOR CONTROLLER

Financial Summary

Increase or (Decrease) in Appropriation for / Uses:	Department / Fund 053 / 0001	Department / Fund 041 / 0042	Department / Fund /	Department / Fund /
Salaries & Benefits	00	00	00	00
Services & Supplies	70,231 00	00	00	00
Other Charges	28,553 00	00	00	00
Fixed Assets	00	00	00	00
Other Financing Uses	1,216 00	00	00	00
Intrafund Transfers	00	00	00	00
Reserve or Designation	00	00	00	00
Sources:				
Revenue	00	(1,216) 00	00	00
Other Financing Sources	00	00	00	00
Intrafund Transfers	00	1,216 00	00	00
Reserve or Designation	100,000 00	00	00	00
Effect on Contingency / RE	-	- 00	00	00

Departmental Authorization  4/4/07 Department Head Date  6/5/07 Department Head Date Department Head Date	Auditor-Controller Budget Journal Entry and Related Journal Entry if applicable Approved as to Accounting Form.  6-6-07 Auditor-Controller	CEO's Recommendation <input checked="" type="checkbox"/> Approve <u>11/1/07</u> <input type="checkbox"/> Disapprove Date Transfer/Revision in Accordance with Board Policy dated 8/3/93.  County Executive Officer	Board of Supervisor's Action <input type="checkbox"/> Approved <input type="checkbox"/> Disapproved Date Agenda Item Clerk of the Board of Supervisors
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