



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: Housing and Community  
Development  
Department No.: 055  
For Agenda Of: 4/01/08  
Placement: Administrative  
Estimated Tme:  
Continued Item: No  
If Yes, date from:  
Vote Required: 4/5 for budget revision

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**TO:** Board of Supervisors  
**FROM:** HCD Director John Torell, ext. 3520  
Housing Finance Pat Gabel, ext. 3522  
Manager  
**SUBJECT:** HOME Loan for Permanent Financing, College Park Apartments,  
4<sup>th</sup> Supervisorial District

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**County Counsel Concurrence**

As to form: Yes

**Other Concurrence:** Risk Management

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- A) Authorize the Chair to execute a Loan Agreement with College Park Housing Associates, Limited Partnership, in the amount of \$2,198,400, and a Regulatory Agreement for permanent financing of the College Park Apartments, located at 201-207 East College Street in the City of Lompoc, consistent with the terms and conditions detailed in this Board Letter and attachments. (Attachments A and B)
- B) Authorize the Chair of the Board of Supervisors to execute a forgivable loan in the amount of \$50,000 with Lompoc Housing and Community Development Corporation (LHCDC), for financial assistance related to operations, administration and management of its portfolio of County-funded affordable housing units. (Attachment C)
- C) Approve the attached Budget Revision 2007227 (Attachment D) that will increase the budget appropriation in Fund 0066 HOME Fund by \$646,010 and by \$98,368 in Fund 0065 Affordable Housing Fund for project costs, project administration costs, and operating expenses for College Park Apartments.
- D) Find that the execution of the loan agreements referenced above is exempt from CEQA under CEQA Guideline Section 15301 because it concerns financing of an existing facility and direct the Clerk of the Board to post the Notice of Exemption (Attachment E).

**Auditor-Controller Concurrence**

As to form: Yes

E) Find that the execution of the loan agreements referenced above is exempt from National Environmental Policy Act (NEPA) consideration, under Section 24 CFR 58.6 of the Code of Federal Regulations, of which the Determination of Exemption (Attachment F) is incorporated into HCD's Environmental Review Record.

**Summary: College Park Permanent Financing**

College Park Apartments is a 35-unit newly constructed, affordable housing development in the City of Lompoc.

Today's Board action serves to consolidate current aggregate commitments of \$1,685,466 in HOME funds in addition to a past commitment of \$400,000 of HOME Program Income funds. The City of Lompoc has recently committed \$112,934 in HOME program income to the project as a result of increased project costs associated with re-design of its carports. The project is anticipated for completion in April 2008, and the \$2,198,400 in funding will provide for permanent project financing. The terms and conditions of the loan are 3% simple interest, residual receipts, 55-year term.

As the lead agency in the County of Santa Barbara HOME Consortium, Santa Barbara County serves as management and administrative agent for HOME funds for all participating jurisdictions. Therefore, the City of Lompoc's commitment of HOME funds is included in the Loan Agreement for College Park's permanent financing.

**Background:**

Located in the City of Lompoc, the College Park Apartments Project will provide 35 newly-constructed units of affordable housing consisting of eleven (11) two-bedroom apartment units; fourteen (14) three-bedroom units, and ten (10) four-bedroom apartments. The Project is owned by a partnership managed by LHCD. As the project has been allocated tax credit financing, the Tax Credit syndicate serves as the General Partner, and LHCD has established a Limited Partnership, College Park Housing Associates, serving as project developer, and operations and management entity. As noted, to date of \$2,198,400 has been committed to the project, and will be consolidated into one Loan Agreement representing the project's permanent financing.

The total development and construction costs of the College Park Apartments is \$13,077,073. In addition to the county and city funding, the project financing is comprised principally of a State of California Housing Financing Agency Loan and Multi-Family Housing (MHP), program loan, and federal tax credits; in the aggregate these comprise 90% of the overall project budget.

**\$50,000 Forgivable Loan**

During Santa Barbara County's 2007 HOME Program Notice of Funding Availability (NOFA), LHCD submitted an application requesting \$50,000 in organizational Operations Support funding. As a certified Community Housing Development Organization (CHDO), recognized by Santa Barbara County, under HOME Program regulations, up to 5% of the county's annual federal funding allocation may be used to support its operations.

At its March 8, 2007 meeting, the affordable housing loan committee recommended that the request be funded. County staff has structured the assistance in the form of a forgivable loan. The forgiveness of the loan will be contingent upon LHCD completing initial tenant income verification, lease-up and occupancy for the College Park Apartments, as well as implementing process improvement procedures for management, lease-up and ongoing operations of other county-funded properties in its portfolio of properties.

As College Park Apartments is LHCD's first foray into new construction of affordable housing and the primary source of funding is federal Low Income Housing Tax Credits, it is imperative that initial lease-up be conducted consistent with IRS regulatory requirements, and that ongoing property management and operations also remain consistent with IRS regulations throughout the first fifteen (15) years of operations. With regard to operations of its other properties, pursuant to annual monitoring activities, the county has identified areas of potential assistance to LHCD to improve documentation requirements and minimize vacancy rates. Once satisfactorily completed, the county will take future action forgiving the loan based on satisfactory completion of project's Statement of Work.

**Performance Measure:**

Safe and Healthy Families: Housing for all Segments of the Population.

**Fiscal and Facilities Impacts:**

Budgeted: Yes

**Fiscal Analysis:**

HOME Program Funds (Fund 0066)				\$646,010
Affordable Housing Fund (0065)				\$98,368
General Fund (0001)				\$29,444
Total	\$	-	\$	-
				\$773,822

**Staffing Impacts:**

**Legal Positions:**  
n/a

**FTEs:**  
n/a

**Special Instructions:**

- 1) Execute three (3) original copies of the Loan Agreement, and two (2) copies of the Regulatory Agreement, and contact Carlos Jimenez, at ext. 3523 to pick up two (2) original copies of the executed Loan Agreement, and one (1) original copy of the Regulatory Agreement.
- 2) Execute three (3) original copies of the Forgivable Loan Agreement and contact Carlos Jimenez, at ext. 3523 to pick up two (2) original copies.

**Attachments:**

- Attachment A: Loan Agreement in the amount of \$2,198,400 between Santa Barbara County and College Park Housing Associates, LP
- Attachment B: Regulatory Agreement for College Park Apartments
- Attachment C: Forgivable Loan Agreement in the amount of \$50,000.
- Attachment D: Budget Revision 2007227
- Attachment E: Notice of CEQA Exemption
- Attachment F: NEPA, Determination of Exemption

**Authored by:**

Carlos Jimenez, Senior Housing Program Specialist

**cc:**