



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.:** 057  
**For Agenda Of:** April 2, 2024  
**Placement:** Administrative  
**Estimated Time:** N/A  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors

**FROM:** Department Jesús Armas, Community Services Director (805) 568-2467  
Director(s)  
Contact Info: Joe Dzvonic, Deputy Director, Housing and Community  
Development, (805) 568-3523

**SUBJECT:** **Conditional Reservation of County Affordable Housing Funds to Hollister Lofts Apartments, in the 4500 block of Hollister Avenue (Project), unincorporated south Santa Barbara County, (Supervisorial District 2)**

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**County Counsel Concurrence**

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:** That the Board of Supervisors:

- a) Approve a reservation of County affordable housing funds for the Project in an amount not to exceed \$2,057,850, effective through April 30, 2025;
- b) Authorize the Director of Community Services Department (CSD) to sign a Project funding Reservation Letter (Attachment A) addressed to Santa Barbara County Housing Authority (HASBARCO) reflecting a conditional reservation of \$2,057,850 in County affordable funds for the Project; and
- c) Determine that the approval of these funding allocations is not the approval of a project that is subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15378(b)(4) as it is the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant impact on the environment.

**Summary Text:**

Today's Board Action authorizes a conditional reservation of County affordable housing funds in the amount of \$2,057,850 for the Project, subject to future development by HASBARCO. The Project site is in the 4500 block of Hollister Avenue on a portion of County Fee-Owned Parcel. Project funding will be

one or a combination of federal HOME, State Permanent Local Housing Allocation, (PLHA), or County In-Lieu funds, which will be determined by the County at such time the County enters into a Project loan agreement.

HASBARCO intends to apply to the California Tax Credit Allocation Committee (TCAC) and California Debt Limit Allocation Committee (CDLAC), for low-income housing tax credit (LIHTC) and tax-exempt bond financing on April 23, 2024, by which time HASBARCO must demonstrate that all other funding sources needed to complete construction of the Project are in place. The County conditional funding Reservation Letter will support the application and enhance the Project's competitiveness to receive state bond and tax credit financing.

**Background:**

On November 15, 2023, Santa Barbara County Housing and Community Development (HCD), issued a Notice of Funding Availability (NOFA), for County community development and affordable housing funds. HASBARCO submitted a Project application under the NOFA. County HCD staff evaluated the proposal and presented it before the County's Capital Loan Committee (CLC) at its March 11, 2024 meeting, during which the CLC recommended providing \$2,057,850 in County funding to the Project, subject to Board agreement and approval. Of this amount, \$1.5 million was reserved by the Board in December 2023 for the Housing Authority's Perkins Place project in New Cuyama. The Housing Authority requested that the funds instead be transferred to Hollister Lofts as a critical State HCD funding source for Perkins Place was at risk of loss. HCD staff and the CLC agreed that the funds were needed to close a funding gap for Hollister Lofts and included it as part in the total County recommended amount for Hollister Lofts.

This new construction Project is located in the 4500 block of Hollister Avenue on a portion of County Fee-Owned Parcel. On November 5, 2019, the Board of Supervisors approved execution of an *Exclusive Right to Negotiate for Purchase of County-owned Property* with HASBARCO; this precedent action provided evidence of site control supporting a competitive \$4,822,988 No Place Like Home (NPLH) grant from State HCD, for which a June 25, 2020 award letter has since been received.

HASBARCO will develop 35 residential apartment homes: 29 studios, 5 one-bedroom and one (1) two-bedroom apartment, which is reserved for an on-site property manager. The Project will serve homeless persons and households, with incomes ranging between 15% to 50% of the Area Median Income (AMI), for Santa Barbara County as determined annually and adjusted for household size by U.S. Department of Housing and Urban Development, (HUD). The Project design is a single, three-story, L-shaped building and includes common space, office space, and related facilities on the ground floor. The Hollister Avenue transportation corridor traverses the Project, and it is located immediately adjacent to a bus stop with frequent headways. The Project is also located within walking distance to a grocery store, pharmacy, and other community amenities.

In terms of financing, the Project sources are listed below, and include State of California No Place Like Home Funds as well as anticipated state bonds and tax-credits, in addition to County funds. Projected low-income housing tax credit and tax-exempt bond proceeds represent approximately 54% of the total Project sources. HASBARCO has also presently committed thirty-two (32) Project-Based Section 8 vouchers to the Project. Section 8 rental subsidies support ongoing Project financial feasibility and benefit extremely low-income homeless residents with limited ability to pay monthly rent and other common household expenses.

Project development budget and funding sources are reflected below:

|  |                      |
|--|----------------------|
| Limited Partnership Tax Credit Equity    | \$ 10,832,974        |
| Permanent Bond Proceeds                  | \$ 5,003,246         |
| State of California No Place Like Home   | \$ 4,822,998         |
| County Land Sale (County Carryback Loan) | \$ 3,500,000         |
| County Funds*                            | \$ 2,057,850         |
| Federal Reserve Bank AHP**               | \$ 510,000           |
| Miscellaneous Resources                  | \$ 342,500           |
| <u>Deferred Developer Fee</u>            | <u>\$ 2,339,649</u>  |
| <b>TOTAL DEVELOPMENT BUDGET</b>          | <b>\$ 29,409,217</b> |

\* Although HASBARCO requested \$2,400,000, the Capital Loan Committee recommends \$2,057,850; developer will cover the outstanding balance through other agency and/or Project-related resources.  
 \*\* Federal Reserve Bank Affordable Housing Program Funds are subject to future application.

**Performance Measure:**

County loan documents, if later approved by the Board, would designate the loan terms, income limits and rent-restrictions for the required number of units through a County Loan Regulatory Agreement, pursuant to which HCD staff would monitor the County-restricted units for an affordability period required by the funding source(s) used, but for a minimum twenty years. This Project would add to the County’s Regional Housing Needs Assessment (RHNA) goals in Santa Barbara County’s General Plan Housing Element.

**Fiscal and Facilities Impacts:**

Budgeted: Yes

**Fiscal Analysis:**

| <b><u>Funding Sources</u></b> | <b><u>Current FY Cost:</u></b> | <b><u>Annualized On-going Cost:</u></b> | <b><u>Total One-Time Project Cost</u></b> |
|-------------------------------|--------------------------------|---|---|
| General Fund                  |                                |   |   |
| State                         |                                |   |   |
| Federal                       |                                |   | \$ 2,057,850.00                           |
| Fees                          |                                |   |   |
| Other:                        |                                |   |   |
| <b>Total</b>                  | <b>\$ -</b>                    | <b>\$ -</b>                             | <b>\$ 2,057,850.00</b>                    |

The source of funding will be one or a combination of Federal HOME, State Permanent Local Housing Allocation, (PLHA) or County In-Lieu funds.

**Key Contract Risks:**

Contracts are not being executed at this time. Staff will return to the Board to approve and execute loan documents when all funding is secured and the Project is permit ready.

**Staffing Impacts:**

The requested actions fall within currently budgeted staff duties.

**Special Instructions:**

Please email a copy of the Minute Order to Carlos Jimenez, [cjimenez@countyofsb.org](mailto:cjimenez@countyofsb.org).

**Attachments:**

- A. Hollister Lofts Funding Reservation Letter

**Authored by:**

Carlos Jimenez, Senior Housing Program Specialist