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September 9, 2025

Mr. Bob Havlicek, Executive Director
Housing Authority of the County of Santa Barbara
815 West Ocean Avenue
Lompoc, CA 93436

RE: Reservation of County Affordable Housing Funds: Brisa Encina ("Project")

Dear Mr. Havlicek,

Based on information provided by the Housing Authority of the County of Santa Barbara ("HASBARCO" or "Developer") in August 2025, the County's Capital Loan Committee ("CLC") recommended a reservation of \$1,500,000 in Home Investment Partnership Act (HOME) funding ("Reserved Funds") to be used by HASBARCO for the development of the Project described herein. This HOME funding is reserved beginning September 9, 2025, and is effective until June 30, 2026. On September 9, 2025, the Santa Barbara County Board of Supervisors ("Board") concurred with the recommendation and authorized the Director of the Community Services Department to execute this Funding Reservation Letter.

Project Description and Scope of Work:

Brisa Encina will be an affordable, new construction, supportive housing development located in unincorporated Mission Hills area near Lompoc. The development will include forty-nine (49) apartments comprised of two buildings and six duplexes. One two-story building will contain four studios and 12 one-bedroom units. The second building will contain 21 studios and common space. Six freestanding duplexes will provide 12 two-bedroom units, one of which will serve as a property manager's residence. Twelve units will provide housing for formerly homeless veterans under the Veterans Administration Supportive Housing Program and receive Section 8 rental assistance provided through HASBARCO. Project common space will include a conference room, communal kitchen, laundry room, two restrooms, two offices and outdoor children's play areas. On-site supportive services will be provided. Fifty-six parking spaces are incorporated into the site design. Project landscaping will consist of native, drought-tolerant landscaping. The Project will be energy efficient and incorporate installation of solar panels on buildings' south- and west-facing roofs. Approximately one-third of the property will remain as undeveloped natural area, with one area preserved as natural vegetation and another as a storm water run-off collection and retention system.

If approved by the Board, the provision of the Reserved Funds to Developer will be structured as a 3% simple interest, residual receipts loan ("Loan"). Following Project due diligence, County staff will return to the Board requesting Board approval and execution of documents memorializing the terms and conditions of the Loan, including a Loan Agreement, a Regulatory Agreement, which shall be recorded in senior position against title to the Property, restricting Project occupancy and rents in accordance with HOME Program requirements for a term of at least 20 years, and a Promissory Note secured by a Deed of Trust recorded against title to the Property (collectively, the "Loan Documents"); provided, however, that standard County requirements must be met as conditions precedent to County approval of the Loan Documents. In addition, to the extent Federal funds are involved, approval of County documents will be contingent on demonstrating compliance with Federal environmental review processes.

Requirements that must be met as conditions precedent to County approval of any County Loan Documents, substantiated by documentation submitted by the Developer in form satisfactory to the County, include:

- All funding, other than the Reserved Funds, has been formally committed in sufficient amounts to complete the Project;
- All Project planning and zoning approvals have been acquired by Developer;
- County has received all documents necessary to complete Project due diligence review and underwriting, including, but not limited to, copies of final Project development budget, sources and uses, and cash-flow proforma;
- County staff has preliminarily determined Developer capacity and fiscal soundness, and has examined neighborhood market conditions to ensure adequate need for the Project.
- In addition, if Federal funds are used, the following conditions must be completed prior to County approval of any County Loan Documents:
 - Completion of environmental review required under the National Environmental Policy Act and receipt of Authority to Use Grant Funds (“AUGF”) by the U.S. Department of Housing and Urban Development (“HUD”). Note that agency may not commence or enter into agreement to undertake any activity at the Project site that would adversely affect existing site conditions or would otherwise be a choice limiting action, including the acquisition, demolition, construction, or relocation of buildings or structures, or otherwise making a physical change to the Property (including ground disturbance such as moving dirt) until the AUGF has been issued by HUD;
 - Approval by the Board (following a 30-day public comment period) of an amendment to the County’s Action Plan for submittal to HUD.

Please submit documentation reflecting completion of all of the aforementioned conditions to Lucille Boss, Housing Programs Manager, and work with Lucille in preparing the aforementioned Loan Documents for Board approval. Please keep Ms. Boss updated on any changes to the Project as described above. Ms. Boss may be contacted by email at lboss@countyofsb.org or by phone at (805) 568-3533.

HASBARCO serves as an essential component of Santa Barbara County’s affordable housing and community development goals. Thank you for your consideration to help expand affordable housing in the County of Santa Barbara. Perkins Place Apartments will undoubtedly assist Santa Barbara County in its efforts to address and prevent homelessness in our community.

Sincerely,

Jesús Armas, Director
Community Services Department