

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:

Prepared on: 7/10/03
Department Name: Housing and Comm. Dev.
Department No.: 055
Agenda Date: 7/22/03
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Ed Moses, Director
Housing and Community Development

STAFF CONTACT: Tim Wong
#3523

SUBJECT: Revisions to Valentine Court III ("VC III") Loan Agreement

Recommendation(s):

That the Board of Supervisors:

- A. Approve the attached amendments to the loan agreement documents for the development of Valentine Court III (VC III) Apartments in Santa Maria by Valentine Court III, Inc., a California not-for-profit public benefit corporation sponsored by People's Self Help Housing Corporation (PSHHC) to amend the occupancy requirements for the project.
- B. Authorize the County Administrator to execute the revisions to the Loan Agreement and Regulatory Agreement (Attachment A) with Valentine Court III, Inc. to amend the occupancy requirements, consistent with the terms and conditions detailed in this Board letter and its attachments.

Alignment with Board Strategic Plan:

The recommendation(s) are primarily aligned with Goal No. 5. Maintain and Enhance the Quality of Life for all Residents.

Executive Summary and Discussion:

On September 22, 2002, the County entered into a \$110,000 loan agreement with Valentine Court III, Inc., a California not-for-profit public benefit corporation sponsored by People's Self Help Housing Corporation (PSHHC), to fill the development financial gap for the construction of 9 accessible, 1 and 2 bedroom apartments in Santa Maria.. VC III, to be located at 250 E. Newlove Avenue. in Santa Maria VCIII

will be an extension of Valentine Court I and II, is designed as independent living for persons with developmental disabilities, and is consistent with County program guidelines and goals. The project is owned by Valentine Court III and managed by the Duncan Group, a subsidiary of the PSHHC. The U.S. Department of Housing and Urban Development (HUD) Section 811 funding utilized to construct the apartments dictates this ownership structure.

The original loan agreement and regulatory agreement required that all nine units be rent and income restrictions. However, the State Housing and Community Development Department, which also has granted a loan to this development, has determined that Article 34 requirement apply to VC III because of the HOME rent restrictions on all nine units. Article 34 is an Article of the California Constitution. It requires voter approval for housing project containing 50% or more affordable units. In light of this issue, HCD staff recommends that your Board agree to amend the occupancy requirements to restrict only four units to HOME rents and income requirements. Under the proposed amendments, the project will not trigger the voter requirement. Because the project also utilizes Section 811 funds which are exempt from Article 34 rules, all the units will remain affordable to very low income residents for a minimum of 30 years

Mandates and Service Levels:

No changes to programs or service levels.

Fiscal and Facilities Impacts:

This project will increase the supply of affordable housing for individuals with developmental disabilities in the North County and insure its long-term affordability. There are no fiscal or facilities impact.

Program 6001 Org 6203 Project 0037

Special Instructions:

Please have Mr. Brown sign all three originals and return them to Lisa Snider, Housing and Community Development Department.

Concurrence:

None