



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: 06/01/2010
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department David Matson, Housing & Community Development Director
Director 568-2068
Contact Info: Carlos Jimenez, HCD Grants Administration Division Chief
568-3523
SUBJECT: Dahlia Court Expansion HOME Investment Partnerships Act (HOME) and
Community Development Block Grant (CDBG) Loan Agreements (First District)



County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- A. Approve the final commitment of \$972,116 in HOME Investment Partnerships Act (HOME) funds and \$446,489 in Community Development Block Grant (CDBG) funds to Peoples' Self-Help Housing Corporation for acquisition of a property and a portion of construction costs related to the development of 33 affordable rental units known as the Dahlia Court Expansion (First District).
- B. Approve and authorize the Chair of the Board of Supervisors to execute a HOME Loan Agreement in the amount of \$972,116 (Attachment A) and HOME Regulatory Agreement (Attachment B),
- C. Approve and authorize the Chair of the Board of Supervisors to execute a CDBG Loan Agreement in the amount of \$446,489 (Attachment C) and CDBG Regulatory Agreement (Attachment D) for the Dahlia Court Expansion Project.
- D. Find that the Board has considered the environmental effects of Dahlia Court Expansion Project set forth in the Mitigated Negative Declaration (MND) that was prepared by the City of Carpinteria for the Dahlia Court Expansion Project (Attachment E¹, MND; Attachment F, Notice of Determination) and that the MND is adequate for the project.

¹ Attachment E – Mitigated Negative Declaration – is available for review at the office of Clerk of the Board.

Summary:

Since 2006, Peoples' Self Help Housing Corporation (PSHHC) has been finalizing plans to expand the Dahlia Court Apartments complex located in the City of Carpinteria. On February 9, 2009, PSHHC entered into a Purchase Agreement with a property owner to acquire the final parcel of land needed to realize the project. On June 8, 2010, PSHHC is expected to close escrow on that parcel. Construction of an additional 33 affordable housing units² is anticipated to commence within 12 months of close of escrow. When complete, the Dahlia Court complex will provide a total of 88 very low and low income housing units to qualifying households.³ Both the County and City of Carpinteria have previously reserved a combined total of \$1,418,605 in HOME and CDBG funds to support the project. This item is before the Board to authorize and execute the necessary documents to enable PSHHC to complete land acquisition and begin construction planning efforts.

A HOME loan (Attachment A) in the amount of \$972,116 and \$446,489 in CDBG loan funding (Attachment C) will pay for acquisition of the privately-owned parcel. The terms of the HOME agreement provide for a 30-year deferred, three percent (3%) simple interest, residual-receipts loan. The terms of the Regulatory Agreement (Attachment B) governing the HOME units are consistent with HOME requirements and serve to enforce applicable HUD regulations for the required 30-year period of affordability. Prepayment of the Loan shall not affect the borrower's obligations under the Regulatory Agreement. The City of Carpinteria has opted to dedicate several years of accumulated CDBG allocations for the Dahlia Court Expansion project. As with the HOME loan, the CDBG loan will be in the form of a 30-year deferred, three percent (3%) simple interest, residual-receipts loan. The CDBG Regulatory Agreement (Attachment D) is consistent with the CDBG requirements and will enforce those requirements for the duration of the 30-year period of affordability.

In addition to funding a portion of the project, the County continues to serve as the lead agency under the HOME Consortium and Urban County Partnership and is executing both the HOME and CDBG contracts on Carpinteria's behalf. Both HOME and CDBG Funds will be disbursed through escrow following PSHHC's satisfaction of the conditions identified in the Loan Agreements.

Background:

The Dahlia Court Expansion Project involves construction of 33 units of affordable housing on property located in the City of Carpinteria, complimenting the pre-existing 55 unit complex. The new units will be constructed on three parcels being assembled between the existing Dahlia Court apartments and the U.S. 101. The three parcels consist of 1) a vacant land parcel owned by PSHHC, 2) adjacent vacant land owned by the City, and 3) a privately owned vacant parcel adjacent to the City property. HOME and CDBG funds totaling \$1,418,605 will be used to acquire the private parcel and to cover a portion of future project development costs.

² This project will provide 33 additional two and three bedroom units to very-low income households at or below 50% of Area Median Income (AMI). Under the HOME program, eleven (11) of the units will be designated as "HOME Assisted" units and will be subject to annual monitoring by county HCD staff. Under the CDBG program, 51% percent of the units (17 units) must be affordable to low and moderate income households.

³ The existing Dahlia Court apartments, located directly adjacent to the vacant project site, was acquired and rehabilitated by PSHHC in 2000. The current 55 units are managed and maintained by the Duncan Group, an affiliate organization of PSHHC.

The City of Carpinteria, as a member of the Urban County, receives an annual formula allocation of CDBG funding over which they retain decision-making authority to reserve funds for projects. The City has opted to dedicate several years of accumulated CDBG allocations for the Dahlia Court Expansion Project totaling \$446,489 in funding. The County is also supporting the Dahlia project through commitment of HOME funds. On November 9, 2010, consistent with the Board adopted 2009 Annual Action Plan, the Santa Barbara County Affordable Housing Loan Committee recommended that the Board commit \$662,677 in HOME funds to PSHHC for the Dahlia Court Expansion Project. The attached agreements execute both the County's commitment as well as the funding provided by Carpinteria.

PSHHC's Dahlia Court project is consistent with the goals of the HOME Consortium and CDBG Urban County Consolidated Plan, as articulated in the 2009 Action Plan, previously adopted by the Board and approved by HUD. The acquisition of this privately owned parcel land parcel is critical in that it provides the opportunity to develop a project of sufficient scale to advance the City of Carpinteria's affordable housing and community development goals articulated in the City's Housing Element. This project has received widespread support from the Carpinteria community and City staff.

Performance Measure:

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

Fiscal and Facilities Impacts:

Budgeted: Select_Budgeted

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			
State			
Federal			\$ 1,418,605.00
Fees			
Other:			
Total	\$ -	\$ -	\$ 1,418,605.00

Staffing Impacts:

NA

Special Instructions:

Execute three (3) original copies of the HOME Loan Agreement, three (3) original copies of the CDBG Loan Agreement, (2) original copies of the HOME Regulatory Agreement, two (2) original copies of the CDBG Regulatory Agreement (signature must be notarized for the Regulatory Agreement) and contact Carlos Jimenez (x3523) to pick up two (2) copies of each Loan Agreement and one (1) copy of each Regulatory Agreement.

Attachments:

Attachment A: HOME Loan Agreement

Attachment B: HOME Regulatory Agreement

Attachment C: CDBG Loan Agreement

Attachment D: CDBG Regulatory Agreement

Attachment E: Mitigated Negative Declaration (available for review at the office of the Clerk of the Board)

Attachment F: Notice of Determination

Authored by:

Brooke Welch, Senior Housing Program Specialist

cc: