



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: County Executive Office
Department No.: 990
For Agenda Of: May 22, 2007
Placement: Administrative
Estimated Tme: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority - 4/5 vote
required for budget
revision

TO: Board of Supervisors
Redevelopment Agency Board of Directors

FROM: Department Michael F. Brown, Executive Director, Redevelopment Agency
Director(s)
Contact Info: Terri Maus-Nisich, Assistant County Executive Officer
Jamie Goldstein, Deputy Director, Redevelopment Agency (x 8050)

SUBJECT: Funding for Purchase of Affordable Housing: Parkview Apartments, Isla Vista

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Housing and Community Development

As to form: Yes

Recommended Actions:

That the Redevelopment Agency Board of Directors:

- A. Find that the Project described below is exempt from CEQA pursuant to Cal. Code of Regs., Title 14, Section 15301, as the project consists of the purchase and rehabilitation of two existing structures and does not involve a change of use of those structures. (Attachment A).
- B. Approve a three-year loan of \$3,760,000 of Isla Vista Project Area Redevelopment Agency Housing Set-Aside funds for acquisition of the Parkview Apartments, 6682 and 6688 Picasso Road in Isla Vista, by the Housing Authority of the County of Santa Barbara (HACSB), and
- C. Authorize the Agency Executive Director to execute a Loan Agreement and Regulatory Agreement with HACSB consistent with the terms set forth in Attachment B.
- D. Approve the attached Budget Revision BJE 2006732 (Attachment C) 1) moving \$2,260,000 from Reserves into the Service and Supplies budget object level in Fund 3102 – SB RDA L/M Fund and 2) re-budgeting administrative costs as Contractual Charges in Fund 3102 and Other Services in Fund 0001 (4/5 vote required).

That the Santa Barbara County Board of Supervisors:

- A. Approve the attached Relocation Plan (Attachment D) prepared by the Housing Authority of the County of Santa Barbara for the Parkview Apartments project.

Summary Text:

The Housing Authority of the County of Santa Barbara (HACSB) seeks Redevelopment Agency Low/Moderate Income Housing funds to acquire two 10-unit buildings, the Parkview Apartments at 6682 and 6688 Picasso Road in the Isla Vista Redevelopment Project Area, for rehabilitation and affordable rental housing. The HACSB will own, manage and maintain the affordable units. The apartments are situated adjacent to a neighborhood park, existing apartment buildings, and are two blocks from downtown Isla Vista. The property is currently zoned Student Residential High (SRH) with a land use designation of Residential.

Background:

The action requested of the Agency Board authorizes the Agency Executive Director to execute a loan agreement and regulatory agreement for a “bridge” or three-year loan to allow HACSB to acquire the properties in advance of securing permanent financing using either the 4 percent or 9 percent Federal Tax Credit Program. Essentially, the apartment buildings will be purchased by HACSB with the three-year loan of Redevelopment Agency Housing Set-Aside funds. It is anticipated that the Housing Authority will receive permanent financing, including financing of rehabilitation costs, through the Federal Tax Credit Program, at which point this loan will be repaid and a new long term loan from the Agency will be issued. The three-year loan is necessary to secure the properties and maintain them as affordable. The Housing Authority is scheduled to close escrow on the properties on June 15, 2007.

Rehabilitation of the site may require building permits. CEQA analysis of the rehabilitation work is covered by the CEQA exemption under Section 15301 of Cal. Code of Regs. Title 14 of the CEQA Guidelines (Attachment A). The provision of this loan does not commit the Agency or County to approve any permits.

N.K. Andersen Associates appraised the properties in April 2007 as having a value of \$1,880,000 each. 6688 Picasso Road had been on the market since July 7, 2006 at \$2,095,000. HACSB was able to negotiate purchase of both apartment buildings for \$3,760,000.

The proposed three-year loan is set at 5% interest, with a 36-month term, and payments deferred until the end of the loan term. When the anticipated refinancing of the project occurs, the repaid funds will be returned to the Redevelopment Agency Set-Aside Housing Fund as required by Community Redevelopment Law.

The 1990 Redevelopment Plan for Isla Vista, and the 2007 Draft Isla Vista Master Plan, both include policies to expand affordable housing opportunities in Isla Vista and specifically improve very low, low and moderate income housing supply through provisions to rehabilitate the existing housing stock. Purchase of these apartment units by the Housing Authority offers the unique opportunity to maintain and improve the supply of affordable housing in Isla Vista. The project also offers an opportunity to provide replacement housing for the recent private acquisition of apartments formerly occupied by Section 8 tenants in Isla Vista. Eleven of the twenty units will be required to be provided at affordable rents to Very Low Income Households at 50% of Area Median Income. It is projected all of the units will be maintained at affordable levels.

The Affordable Housing Loan Committee recommended approval of this funding commitment at its meeting of April 24, 2007. The purchase of the Parkview Apartments for affordable housing represents

significant step toward both long terms preservation of affordable housing opportunities and rehabilitating substandard housing in Isla Vista.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Budget Revision</u>	<u>Total One-Time Project Cost</u>
RDA Housing Fund	\$ 1,500,000.00	\$ 2,260,000.00	\$ 3,760,000.00
Total	\$ 1,500,000.00	\$ 2,260,000.00	\$ 3,760,000.00

The FY 06-07 budget for the Low-Moderate Income Fund includes \$1,500,000 in available funds for this project. A budget revision for the short-fall, \$2,260,000, is attached to this Board letter. The proposed project can be entirely funded by the Agency's existing Low-Moderate Income Fund, which will have a remaining balance of over \$867,000 should the loan be approved and funded. The proposed project will have no impact on the County General Fund.

Special Instructions:

Please forward a copy of the minute order to Jamie Goldstein, Redevelopment Agency.

Attachments:

- A. Notice of CEQA Exemption
- B. Loan Agreement including attached regulatory agreement, promissory note and deed of trust
- C. Budget Revision BJE 2006732
- D. Relocation Plan

Authored by:

Jeff Lindgren, Redevelopment Specialist (x2069)

cc:

John Torell, Housing and Community Development
Mary McMaster, County Counsel
Robert Havlicek, Housing Authority of the County of Santa Barbara
John Polanskey, Housing Authority of the County of Santa Barbara