



Jesús Armas, Director, Community Services
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Sarah York Rubin, Executive Director, Office of Arts & Culture



August 20, 2024

Victoria Brady, Chief Financial Officer
Cabrillo Economic Development Corporation
702 Country Square Drive, Suite 200
Ventura, CA 93003

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

Dear Ms. Brady:

Based on information provided by Cabrillo Economic Development Corporation (“CEDC” or “Developer”) on March 11, 2024, Santa Barbara County Division of Housing and Community Development (“County HCD”) staff and the County’s Capital Loan Committee recommended a reservation of \$1,500,000 in funding to be used by Brisa Encina, LP, a California Limited Partnership, towards development of the Project, effective until April 30, 2025 (“Reservation”). On August 20, 2024, the Santa Barbara County Board of Supervisors (“Board”) concurred with the Capital Loan Committee’s recommendation and authorized the Director of the Community Services Department to execute this Project Reservation Letter.

Project Description and Scope of Work:

Brisa Encina will be an affordable, new construction, supportive housing development located at 1498 Burton Mesa Boulevard in unincorporated Santa Barbara County, near Lompoc (“Property”). The development consists of forty-nine (49) apartments comprised of two buildings and six duplexes. One two-story building contains 4 studios and 12 one-bedroom units. The second building contains 21 studios and common space. Six freestanding duplexes provide 12 two-bedroom units, one of which serves as a property manager’s residence. Twelve units provide housing for formerly homeless veterans under the Veterans Administration Supportive Housing Program and receive rental assistance.

Project common space includes 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 Project design. Building landscaping consists of native, drought-tolerant landscaping. The Project is energy efficient and incorporates 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.

The Project is ready to proceed with construction and all sources for development identified and procured. Following present Project underwriting and due diligence, staff will return to the Board at a near future date requesting Board authorization of loan documents, including a Loan Agreement, Promissory Note, Deed of Trust, and a Regulatory Agreement and Declaration of Restrictive Covenants, which Regulatory Agreement is to be recorded in senior position, and not subordinated, to any and all other loan documents secured by the Property (“County Loan Documents”) and related documentation memorializing the terms and conditions of formal commitment of the Reservation in the form of a loan from the County to Brisa Encina, LP, a California Limited Partnership, (“Loan”). Requirements that must be met as conditions precedent to County approval of the Loan or

any County Loan Documents, substantiated by documentation submitted by Developer to County HCD in form satisfactory to County HCD, include:

1. All funding, other than this Reservation, have been formally committed in sufficient amounts to complete the Project;
2. All Project planning and zoning approvals have been acquired;
3. County HCD has received documents, in form satisfactory to County HCD, 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;
4. County HCD 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 additional conditions precedent must be completed prior to County approval of the Loan or any County Loan Documents:

1. Completion of environmental review required under the National Environmental Policy Act and receipt of Authority to Use Grant Funds ("AUGF") by HUD. Note that no activity may occur at the Project site that would adversely affect existing site conditions or that 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 moving dirt) until the AUGF has been issued by HUD;
2. Approval by the County Board of Supervisors (following a 30-day public comment period) of an amendment to the County's Action Plan for submittal to HUD.

County HCD staff will draft County Loan Documents and related agreements and documentation for approval and execution by the County Board of Supervisors at a later Board meeting date. The source of funds for the Loan will be one or a combination of Federal HOME, State PLHA, and/or County In-Lieu funds, in the County's discretion, and the Loan will be structured with 3% simple interest, a 55-year term, and annual payments from Project operations' residual receipts.

Please submit documentation reflecting the aforementioned conditions precedent to Carlos Jimenez, Senior Housing Program Specialist, and work with Carlos in preparing the County Loan Documents for Board approval. Please keep Carlos updated on any changes to the Project as described above. Carlos may be contacted by email at cjimenez@countyofsb.org or by phone at (805) 568-3529.

Santa Barbara County looks forward to working with CEDC on this Project representing an essential component of Santa Barbara County's affordable housing goals. Thank you for your efforts to expand affordable housing in the County of Santa Barbara.

Sincerely,

Jesús Armas, Director
Community Services Department