

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



Clerk of the Board of Supervisors
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Agenda Number:
Prepared on: 6/23/04
Department Name: Housing and Comm. Dev.
Department No.: 055
Agenda Date: 7/6/04
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
ext. 3523

SUBJECT: St. Vincent's Garden Family Housing Loan Documents

Recommendation(s):

That the Board of Supervisors:

- A. Find that a mitigated Negative Declaration prepared by the City of Santa Barbara was noticed on November 14, 2001 and determined that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because of the mitigation measures provided in the Mitigated Negative Declaration.
- B. Approve the commitment of \$4,369,561 of South Coast Local Funds, HOME, and State Community Development Block Grant (CDBG) funds for the preconstruction and permanent financing costs for the St. Vincent's Garden Family Apartments, located at 4200 Calle Real, Santa Barbara, CA .
- C. Authorize the Director of Housing and Community Development to execute the Loan Agreements in the total amount of \$4,369,561, the Regulatory Agreements, and the Joint Subordination Agreement all in substantially the form of the attachments to this Board letter, for the development of this project.

Alignment with Board Strategic Plan:

The recommendation(s) are primarily aligned with Goal No. 7. A Community that Fosters the Safety and Well-Being of Families and Children.

Executive Summary and Discussion:

This is the first joint County/City of Santa Barbara rental project. The City of Santa Barbara has committed a total of \$17,318,393 with \$3,600,000 already awarded to Mercy Housing California (MHC) for predevelopment costs. The property was annexed by the City of Santa Barbara in 2002. All land use

entitlements for development of the Project have been received through the City of Santa Barbara.

St. Vincent's Gardens Family Housing is one half of a larger development proposed by MHC in constructing 75 units of multifamily housing (St. Vincent's Garden) and 95 units of affordable senior housing. The County funds subject to the loan agreements before you are solely for the construction of the multifamily units. However, because of the HUD funding requirements for the Senior project, the Senior funding does not allow their funding to cover land lease, off-site and on-site infrastructure costs. Therefore, the multifamily funding not only covers the construction costs of the multifamily units but in addition the on-site improvements for both developments.

The project was first considered by the Loan Committee in 1998 with the Committee making an initial preliminary reservation of \$1,175,000 of South Coast Local and \$325,000 of Countywide Local funds. In 1999, the County added a reservation of an additional \$300,00 of South Coast Local and \$211,000 of HOME funds. In 2000, the County extended a \$25,000 predevelopment loan for MHC to prepare a stream relocation feasibility study as part of the Conditional Letter of Map Revision (CLOMR). The CLOMR was necessary for flood insurance purposes. The funding was from a 1999 Community Development Block Grant (CDBG) Planning and Technical Assistance (PTA) grant from the State Housing and Community Development. In 2003, an additional \$415,000 of Unincorporated County HOME funds and \$85,000 of South Coast Local Funds were reserved. The County had also applied for Community Development Block Grant (CDBG) funds from the State Housing and Community Development and was awarded a \$462,500 for public infrastructure improvements in the County right-of-ways in support of the construction.

The project was originally estimated at \$14,249,142 in 1998. However, because of the complexity of the project, the development of the units met unanticipated delays. Through the years, the County and City have continually reserved funds for the project. The total project cost is \$29,941,923. The project costs, especially the cost of construction were closely examined by both the City and County. Prior to committing additional funding, a request was made for MHC to rebid the project. The new bid was able to save a small amount of money, however more importantly, it provided confirmation of the overall construction costs of the project. This year, after the construction costs were finalized, the County reserved another \$907,061 for the project.

Concurrently, an Action Plan amendment is being processed to reflect the additional \$907,061 of HOME funds reserved for this project.

The County Affordable Housing Loan Committee recommended approval of the loans on June 10, 2004 subject to the following conditions:

- Approve the County's additional \$907,061 for a total of \$4,369,561.
- Funds will be allocated in two separate loans of \$1,514,074 for preconstruction costs, which will roll to permanent financing. An additional permanent loan of \$2,855,487, will be dispersed, bringing the total principal of both loans to \$4,369,561.
- That the County funding be in the form of a 3.0% interest, residual receipts, 55-year term loan,
- The two County loans shall be subordinate only to the CalHFA and if awarded, the Federal Home Loan Bank Affordable Housing Program.
- That \$2,855,487 of the local funds serve as project match for the County HOME Consortium,
- That the terms of the Regulatory Agreement governing this project be consistent with and enforcing all HOME and CDBG requirements,

- That the original \$25,000 CDBG predevelopment agreement for the Conditional Letter of Map Revision (CLOMR) rolled into the permanent loan with the aforementioned terms,
- The CDBG funding be used exclusively for County public infrastructure improvements in support of the affordable housing construction.
- The loan(s) be secured against the recorded lease between Mercy Housing California and the Daughters of Charity.

These conditions of approval have all been incorporated into the loan agreement documents.

Please note that it is Departmental policy that County funds be in the form of amortized loans. However, the loan terms for this project were negotiated prior to the formation of the Housing and Community Development and the adoption of this Policy.

Mandates and Service Levels:

No changes to programs or service levels.

Fiscal and Facilities Impacts:

This project will provide much needed affordable rental units in the South Coast area. The shortage of affordable housing on the South Coast has been well documented in presentations before the Board.

Special Instructions:

None

Concurrence:

Auditor-Controller
County Administrator
County Counsel