



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

Submitted on:
(COB Stamp)

Department Name: Community Services
Department No.: 57
Agenda Date: May 6, 2025
Placement: Administrative Agenda
Estimated Time: N/A
Continued Item: No
If Yes, date from: N/A
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director(s): Jesús Armas, Community Services Director (805) 568-2467
Contact Info: Joseph Dzvonik, Deputy Director (805) 568-3523
Lucille Boss, Housing Programs Manager (805) 568-3533

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SUBJECT: Execution of First Amendment to County HOME Loan Regulatory Agreement and Declaration of Restrictive Covenants with Patterson Point, L.P., District 2

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Approve and authorize the Chair of the Board of Supervisors to execute the First Amendment to the County HOME Loan Regulatory Agreement and Declaration of Restrictive Covenants (Attachment A); and a Modification to the County HOME Loan Deed of Trust (Attachment B) for Patterson Point Apartments; and
- b) Determine that the above recommended action is exempt from the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15378(b)(4) since the recommended actions are government fiscal activities which do not involve commitment to any specific project which may result in a potentially significant physical impact on the environment.

Summary Text:

Staff recommends the Board of Supervisors approve and execute the (1) First Amendment to the County HOME Loan Regulatory Agreement and Declaration of Restrictive Covenants, and (2) the Modification to the County HOME Loan Deed of Trust for Patterson Point loan documents, pursuant to the funding guidelines of the Permanent Local Housing Allocation (PLHA) program. Approval to execute this First Amendment and Modification brings the Patterson Point loan documents into

compliance with the funding guidelines associated with loan agreements using these PLHA funds of \$415,100.43.

Background:

On July 16, 2024, the Board of Supervisors approved execution of a County Project Loan Agreement and Regulatory Agreement setting forth terms, conditions, and requirements for the Patterson Point Apartments (“Project”). The loan was comprised of \$1,072,899.57 in HOME funds and \$415,100.43 in PLHA funds. Patterson Point comprises 24 studio apartment rental units, one of which is reserved for an on-site property manager. The Project will provide housing for very-low and low-income County residents with a history of being chronically homeless, who may have mental and/or physical disabilities, and a history of being high-frequency users of medical services, emergency rooms, ambulances, and other public resources.

On February 21, 2025, the State of California Housing and Community Development Department (State HCD) contacted County staff to add modifications to the project documents pursuant to the funding guidelines of the Permanent Local Housing Allocation (PLHA) program. Staff recommends the Board of Supervisors approve and execute (1) a First Amendment to the County HOME Loan Regulatory Agreement and Declaration of Restrictive Covenants, and (2) a Modification to the County HOME Loan Deed of Trust, pursuant to the PLHA funding guidelines. In brief:

- 1. The First Amendment adds Section 5.14 “Transfers” from the County HOME Loan Agreement to the County HOME Loan Regulatory Agreement.
- 2. The Modification of the County HOME Loan Deed of Trust Assignment of Rents and Security Agreement proposes to replicate the County HOME Loan Promissory Note, Loan Agreement, and Regulatory Agreement by removing a reference to the estimated maximum amount described for the Senior Lender permanent loan. Instead the exact amount will be included once the permanent loan is funded.

Approval of the recommended actions will enable State HCD to approve the County’s PHLA commitment to this Project and provide the \$415,100.43 in PLHA funds.

Performance Measure:

Pursuant to HOME program requirements, County staff will monitor tenant incomes, rents, property standards and related compliance for a minimum 20-year period. The developer has incorporated a \$2,500 line-item into the Project annual operating budget to cover county staff monitoring costs. The Project will advance the County’s Regional Housing Needs Assessment (RHNA) goals in its General Plan Housing Element.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

Funding Source	FY [<i>fiscal year 1</i>]	FY [<i>fiscal year 2</i>]	FY [<i>fiscal year 3</i>]	Total
State				\$415,100.43
Federal				\$1,072,899.57
Total				\$1,488,000.00

Staffing Impacts:

This activity falls within currently budgeted staff duties. Existing County HCD staff will monitor Project and Borrower compliance with the provisions of the Regulatory Agreement for a minimum of 20 years, and fiscal monitoring will continue for the 55-year term of the County Loan. The Project financial projections include a line item in the amount of \$2,500 for annual County monitoring for the period of the County loan term.

Special Instructions:

1. Please return a copy of the Minute Order to Andrew Kish, akish@countyofsb.org
2. Please execute and Certify two (2) original copies of both Attachment A and Attachment B. Please hold an original copy of each Attachment for CoB records, and provide an original, certified copy of both Attachment A and Attachment B to be picked up by Andrew Kish for recordation.

Attachments:

Attachment A – First Amendment to the County HOME Loan Regulatory Agreement and Declaration of Restrictive Covenants

Attachment B – Modification to the County HOME Loan Deed of Trust

Authored by:

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