



**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
Department No.: 057
Agenda Date: July 14, 2026
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, Director, Community Services Department
Contact: Joe Dzvonic, Assistant Director, Housing and Community Development
Lucille Boss, Housing Programs Manager
SUBJECT: **Approval of Subordination Agreement with the State of California Housing and Community Development Department for Patterson Point; Second District**

DS
JA

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Authorize the Board Chair to execute a Subordination Agreement (Attachment A), with State Housing Community Development (State HCD) for the Patterson Point Affordable Housing Project subordinating a \$1,488,000 County Loan to State HCD loan; and
- b) Determine that the above recommended action is not a project under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(5) because it consists of government administrative or fiscal activities that will not result in direct or indirect physical changes in the environment.

Summary Text:

This Item requests Board approval for execution of a Housing for a Healthy California (HHC), Subordination Agreement with the State of California Housing and Community Development Department (State HCD), regarding the Patterson Point Affordable Housing Development (Project), located in the Second Supervisorial District. This State HCD Subordination Agreement is required for conversion of Project construction financing to permanent financing.

Discussion:

The Project owner, Patterson Point L.P., whose General Partner is the Housing Authority of the County of Santa Barbara (Limited Partnership), is converting the Project construction loan to permanent financing, one source of which is HHC funding. To close escrow on HHC permanent financing, State HCD is requesting the County subordinate its Project loan to state HHC financing.

Background:

On July 16, 2024, the Board approved County loan documents and related items for the Project (Attachment B). As noted at the time, the County Loan comprises federal and state funding and does not include any local funds. Construction commenced on September 13, 2024, and was completed on March 30, 2026.

The 24-unit studio apartment development is now fully leased and occupied by qualifying formerly homeless households. It is a permanent supportive housing project, and services are provided to tenants to ensure their success in maintaining and retaining their housing. The Project is now able to convert the construction loan to permanent financing, one source of which is HHC funding. This loan conversion and subordination was contemplated beforehand, and today's action effects the subordination. State HCD will execute the subordination agreement during close of escrow. A copy of the fully executed, recorded, subordination agreement will be provided for Clerk of the Board records after close of escrow.

Performance Measure:

County staff will monitor tenant incomes, rents, property standards, and related Project 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 advances the County's Regional Housing Needs Assessment (RHNA) goals in its General Plan Housing Element.

Fiscal Analysis:

N/A

Staffing Impacts:

This activity falls within currently budgeted staff duties.

Special Instructions:

- 1) Please provide Clerk of the Board Acknowledgment for the Executed Subordination Agreement (Att. A) as this document is subject to future recordation.
- 2) Please provide a copy of the Board Minute Order to Carlos Jimenez at cjimenez@countyofsb.org.

Attachments:

Attachment A – Housing for Healthy California Subordination Agreement (Wet Signature Required)

Attachment B – Minute Order July 16 2024

Contact Information:

Carlos Jimenez
Housing Program Specialist, Senior
cjimenez@countyofsb.org