



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: HCD
Department No.: 055
For Agenda Of: July 27, 2010
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department David Matson, Housing & Community Development Director
Director(s) 568-2068
Contact Info: Carlos Jimenez, Grants Administration Division Chief, 568-3523

SUBJECT: HOME Funding Commitment and Reservation Agreements

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- A. Authorize the Chair to execute an amendment to the HOME Investment Partnerships Program (HOME) Loan Commitment Agreement with Surf Development Company for the Braddock House Project, extending the term of the agreement to June 30, 2011 and increasing the amount of the funding commitment to \$200,000 (Second District) (Attachment A).
- B. Authorize the Chair to execute a HOME Reservation Agreement with Surf Development Company, reserving County HOME funding to the Creekside Village Apartments Project in the amount of \$1,228,227 (Third District) (Attachment B).
- C. Authorize the Chair to execute an amendment to the HOME Reservation Agreement with Good Samaritan Shelters, Incorporated for the Casa de Familia Project, extending the term of the agreement to June 30, 2011 and increasing the amount of funding commitment to \$2,033,415 (Fifth District) (Attachment C).

Summary Text:

The County of Santa Barbara is the lead agency in the Santa Barbara County HOME Consortium, and receives annual HOME program funding from the United States Department of Housing and Urban Development (HUD). HOME program regulations require that funds be committed to projects within two years, and expended within five. The program also requires that a minimum of fifteen percent (15%) of the total annual HOME grant funding be invested in housing to be developed, sponsored or owned by qualified Community Housing Development Organizations ("CHDO"s). A CHDO is a

specially designated non-profit organization under HOME program regulations, which has among its purposes the provision of affordable housing for low-income households.

In order to comply with project funding commitment and CHDO reservation requirements, the County and project sponsors must execute agreements committing HOME program assistance to projects included in its Annual Action Plan(s). Failure to commit funds within the allowable two-year period could result in recapture of HOME funds by HUD through the de-obligation process. Accordingly, Board authorization to execute the subject agreement and amendments contained in the attachments to this staff report satisfy the commitment and CHDO reservation requirements under HUD HOME program regulations.

Background:

Each year the County Housing and Community Development Department (HCD), as lead agency under the HOME Consortium, prepares an annual update to the Consolidated Plan known as the Annual Action Plan. The Annual Action Plan constitutes the County's formal grant application to HUD for federal HOME and other entitlement funding. Prior to submission to HUD, the Action Plan and all projects identified therein are approved by the Board of Supervisors. Following final approval of the Action Plan by HUD, County HCD enters into agreements with project sponsors evidencing the commitment and reservation of HOME funds to locally-funded projects. Three specific projects, previously approved for funding by the Board, are detailed below.

Braddock House Commitment Amendment

Located in the City of Goleta, the Braddock House Project involves new construction of a four-bedroom house specifically designed to meet the needs of persons with developmental disabilities. The City of Goleta, as a member of the HOME Consortium, has dedicated a portion of its HOME allocation to the project. On June 16, 2009, the Board of Supervisors entered into a HOME Commitment Agreement with Surf Development Company for Braddock House, committing \$150,000 of HOME funds to the project. It received an additional \$50,000 reservation of Goleta HOME funds, which the Board approved under the 2009 Annual Action Plan. The project has experienced unanticipated delays due to higher than expected construction bids; however, with the additional support from the City of Goleta, Surf Development has indicated that construction will commence within 12 months.

Creekside Village HOME Reservation Agreement

Creekside Village, sponsored by Surf Development Company, involves new construction of a 39-unit multi-family rental housing complex to low and very low income farmworker households in the unincorporated community of Los Alamos. The project received funding reservations under the 2009 and 2010 Action Plans in the aggregate amount of \$1,228,227. Surf Development Company was certified by County HCD as a CHDO in February 2010. The HOME Reservation Agreement evidences the reservation of funds to a designated CHDO, consistent with HOME program regulations. Surf Development submitted an application for tax credit financing under the State of California Tax Credit Allocation Committee (TCAC) Rural Set-Aside on July 7, 2010, and, if awarded, the project can commence construction thereafter.

Casa de Familia Reservation Amendment

Sponsored by County-designated CHDO, Good Samaritan Shelters, Incorporated (GSSI), Casa de Familia involves new construction of 16 affordable rental units for homeless persons and families in the City of Santa Maria. On June 16, 2009 the Board of Supervisors entered into a \$778,201 HOME Reservation Agreement with GSSI for the project. Casa de Familia also received additional HOME funding reservations in the aggregate amount of \$1,255,214 under the 2009 and 2010 Action Plans. The project has experienced unexpected delays since execution of the 2009 Reservation Agreement as a result of the state budget crisis that impacted GSSI's ability to secure anticipated additional funding. As a result, the Reservation Amendment will extend the existing agreement term to June 30, 2011, and evidence the continued reservation of funding for the project.

Summary

The Reservation Agreement (Creekside Village) and Reservation Amendment (Casa de Familia) are not subject to California Environmental Quality Act (CEQA) or National Environmental Policy Act (NEPA) review as they do not commit the County to these projects: They simply reserve the funding to be committed pursuant to future Board action. Future CEQA and NEPA compliance conditions are incorporated into both agreements. For Braddock House, HCD has conducted an Environmental Assessment meeting NEPA requirements and an Authority to Use Grant Funds was received from HUD on October 28, 2009. The project was found to be exempt under CEQA as it is an infill development. The finding of exemption was made by the Board of Supervisors at its June 16, 2009 hearing.

Performance Measure:

Housing for all segments of the population.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
State			
Federal			
Fees			
Other:			
Total		\$ -	\$ -

Narrative:

Ten percent of all HOME Program funds received are retained by County HCD for administration of the HOME Program, including preparation and execution of the subject agreements.

Staffing Impacts:

None.

Special Instructions:

Execute three (3) original copies each of Attachments A, B and C and contact Brooke Welch at ext. 3521 to pick up two (2) original copies of each.

Attachments:

- A) Braddock House HOME Commitment Amendment
- B) Creekside Village HOME Reservation Agreement
- C) Casa de Familia HOME Reservation Amendment

Authored by: Brooke Welch, Sr. Housing Program Specialist

cc: