



**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.:** 057  
**Agenda Date:** May 6, 2025  
**Placement:** Departmental Agenda  
**Estimated Time:** 45 Mins.  
**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 (CSD), (805) 568-2467  
**SUBJECT:** Request for Financial Assistance in the form of a Loan in the Amount of  
Development Impact Fees Paid by Developer and Eligible for Deferral

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**County Counsel Concurrence**

As to form: Yes

**Other Concurrence:**

As to form: N/A

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- a) Consider and conditionally approve a loan in the principal amount of development impact fees paid by affordable housing project developer Red Tail Multifamily Land Development, LLC, excluding the transportation related fees, as described herein (Attachment A);
- b) Authorize the Community Services Director to execute and forward the attached letter to Red Tail Multifamily Land Development, LLC (Attachment B);
- c) Direct staff to return to the Board with loan documents, including a loan agreement, promissory note, and regulatory agreement, between the County and Red Tail Multifamily Land Development, LLC;
- d) Direct staff to develop and present to the Board an overall policy concerning requests for development impact fee loan programs, deferrals, or waivers for affordable housing projects;
- e) Determine that the proposed action does not constitute a "Project" within the meaning of the California Environmental Quality Act (CEQA), pursuant to Section 15378(b)(5) of the CEQA Guidelines, because it consists of an organizational or administrative activity of government which will not result in direct or indirect physical changes in the environment.

**Summary Text:**

This item is before the Board of Supervisors in response to a request from Red Tail Multifamily Land Development, LLC for financial assistance, in the form of a loan, to help finance the construction of the affordable housing project by deferring direct payment of certain development impact fees. As payment of

development fees is required by County Code, as described below, staff has identified a potential funding source for this purpose.

**Background:**

At its meeting on May 3, 2024, in furtherance of the implementation of the Housing Element, the Board approved Planning Commission and staff recommendations to rezone a number of properties. One such property is the Tatum property, located at San Marco Road and San Simeon in unincorporated Goleta. Subsequent to the Board’s action, Red Tail Multifamily Land Development, LLC (Red Tail) submitted a development application comprising a total of 517 units, of which 106 are affordable, 25 moderate, and 386 market-rate. The affordable units, intended for households with income between 30% and 70% of the area median income (AMI), are proposed to be developed in partnership with the Housing Authority of the County of Santa Barbara.

With respect to the affordable units, the developer reports it intends to apply to the California Tax Credit Allocation Committee for award of 4% low-income tax credits, noting that construction of the affordable units is only financially feasible if its application is approved. The deadline for submittal of the application is May 20, 2025. It should be noted that tax credit applications are strengthened when there is evidence of some form of local assistance. The loan approach presented here will enable Red Tail to represent evidence of local support.

In support of the affordable units, Red Tail is requesting assistance from the County in the form of a loan in the amount of a portion of the development impact fees paid by Red Tail and required by the County for the project (See attachment A). While Red Tail will be able to pay such fees initially using proceeds from the project’s construction loan, loaning Red Tail funds in the amount of a portion of the development impact fees will help the project secure a form of public subsidy and permit the project to remain financially stable through the period when construction is finishing and the project is fully leased. The loan, to be repaid with residual receipts, will also permit the project to maximize the amount of tax credits available to support the project.

Staff estimates the affordable housing portion of the project will be subject to the following development impact fees (Project Development Impact Fees)<sup>1</sup>:

Development Impact Mitigation Fees	
106 Affordable Housing Units	
Transportation	\$1,308,782
Parks*	\$702,080
Administration	\$209,668
Sheriff	\$57,346
Library	\$49,078
Fire	\$41,103
Total	\$2,368,057
*Net of 40% credit allowed by County Code	

The Developer also requests that the loan amount be increased should any of the Project Development Impact Fees increase prior to Certificate of Occupancy, which is when such fee payments are due.

Red Tail prepared and submitted the attached Proforma in support of its request. Staff has reviewed the Proforma and concurs with the assessment that some form of assistance is warranted. The Proforma

<sup>1</sup> The fees noted are just for the affordable housing units. Red Tail will remain responsible for all impacts fees pertaining to the market rate units. It is estimated such fees will equal approximately \$11 million.

indicates the project will begin generating residual receipts (i.e., realize positive cash flow) commencing in year 11, and generate sufficient positive cash flow to pay the full loan by year 15. Moreover, as tax credit projects are typically refinanced or sold between years 15 and 20 following occupancy, staff recommends that any outstanding loan amount be due and payable should either event occur.

Although Red Tail prefers a loan for the entire estimated Project Development Impact Fees amount of \$2.4 million, staff has indicated it is not supportive of loaning the full amount. Staff is mindful that when the entire project is constructed and 517 units are occupied, the area will experience traffic impacts that need to be addressed. For this reason, staff cannot support a loan to Red Tail in the amount of the transportation impact fees, but does support a loan in the amount of the Project Development Impact Fees other than transportation-related fees (Eligible Project Development Impact Fees), approximately \$1.1 million, subject to increase should any of the Eligible Project Development Impact Fees increase prior to issuance of a Certificate of Occupancy for the project, consistent with the following:

- Require Red Tail to pay all Project Development Impact Fees, including the transportation fees, before issuance of a certificate of occupancy; and
- Within 90 days of payment by Red Tail of all Project Development Impact Fees, following a written request from Red Tail demonstrating the fulfillment of certain conditions precedent, the County agrees to loan to Red Tail an amount equal to the Project Development Impact Fees paid by Red Tail other than the transportation-related fees; and
- The loan would be for a term of 55 years and memorialized in loan documents, including a loan agreement and promissory note secured by a deed of trust recorded against title to the real property underlying the project, requiring Red Tail to use a portion of project residual receipts (up to 50% of residual receipts, as approved through underwriting by the project's other lenders and tax credit equity investor) to pay the principal and interest of the loan. It is anticipated the loan will be repaid in years 11 to 15; however, in the event the project does not generate enough residual receipts to re-pay the loan within this period, the unpaid amount would accrue and all principal and interest under the loan would be due and payable upon a capital transaction such as a sale or a refinancing or a re-syndication of the project (expected to occur between 15 and 20 years following the certificate of occupancy); and
- The loan would be secured by a deed of trust encumbering the project; and
- The project will be subject to a regulatory agreement to be recorded against the title to the project's real property; and
- All amounts under the loan would accrue simple interest at 3% per year.

Staff further recommends requiring, as a condition of the loan, that Red Tail obtain all required building permits for the project and commence project construction within three years following the award of tax credits. The intent here is to assure the project indeed moves forward, while recognizing it may require submittal of multiple applications before tax credits are awarded.

Should the Board approve the request, staff will return to the Board for approval of the loan and regulatory agreements the County customarily enters into when providing funding assistance to affordable housing projects. As with funding provided to other affordable housing projects, the loan is conditional until the aforementioned agreements are negotiated and presented to the Board for approval.

As other rezoned properties also proposed affordable housing units, it is possible that additional requests for assistance may be forthcoming. Normally, staff would suggest development and approval of an overall policy occur prior to consideration of requests such as the one before the Board. Consideration of proceeding in the absence of such a policy is only recommended at this time for two reasons: First, to avoid missing the upcoming May 20 deadline to submit a tax credit application; and second, to avoid forgoing the opportunity to secure financing that enhances the viability of the project, thereby enabling the County to demonstrate compliance with the adopted Housing Element.

Because financing affordable housing is a challenge, numerous cities and counties have adopted policies enabling developers to apply to have certain fees waived or deferred. Staff believes having such a policy is appropriate and proposes to return to the Board within six months with an overall policy to guide consideration of any future requests for deferral of development impact fees.

Consideration and approval of an overarching policy is in alignment with Program 5 of the Housing Element, where it notes the County “offers various incentives and tools to facilitate development of affordable housing throughout the unincorporated county...” by providing “Board-approved discretionary reductions of development impact fees for projects with demonstrated community benefits, including...affordable housing”

**Fiscal and Facilities Impacts:**

Budgeted: No.

The Housing Trust Fund, comprised of housing in lieu fees, has sufficient fund balance to provide the needed funds for the contemplated loan. The loan will not be funded until payment of impact fees is due, which is at the point of issuance of certificate of occupancy. For reference, Red Tail indicates that should its tax credit application be approved, project construction could commence the first quarter of 2026, and be completed in the fourth quarter of 2028.

**Fiscal Analysis:**

Funding Source				Total
General Fund				
State				
Federal				
Fees				
Housing Trust Fund				\$1,100,000
Total				\$1,100,000

**Special Instructions:**

After Board action, please return a Minute Order via email to Jesús Armas at [jarmas@countyofsb.org](mailto:jarmas@countyofsb.org)

**Attachments:**

**Attachment A** – Letter and Proforma submitted by Red Tail Multifamily Land Development, LLC.

**Attachment B** – Draft County Loan Letter to Red Tail Multifamily Land Development, LLC.