



January 7, 2025

Robert P. Havlicek, Jr. Executive Director
Housing Authority of the County of Santa Barbara
815 West Ocean Avenue
Lompoc, CA 93436

RE: Extension of Reservation of County Affordable Housing: Hollister Lofts (“Project”)

Dear Mr. Havlicek:

On March 11, 2024, Santa Barbara County Community Service Department staff and the County’s Capital Loan Committee recommended funding reservation towards development of the Project in the amount of \$2,057,850 (Reserved Conditional Funds), effective until April 30, 2025, based on the information provided by Housing Authority of the County of Santa Barbara (Developer). On April 2, 2024, the Santa Barbara County Board of Supervisors (Board) approved the recommendations and authorized the CSD Director to execute the Project Funding Reservation Letter. On January 7, 2025, the Board approved extending the reservation of such Reserved Conditional Funds to April 30, 2026.

Project Description:

The Project is to be located at 4500 Hollister Avenue in unincorporated South Santa Barbara County (“Project Site”). Hollister Lofts will provide permanent supportive housing for homeless persons and households. The Project includes development of 35 residential units (Units): 29 studio apartments, five (5) one-bedroom units, and one two-bedroom unit, reserved for an on-site property manager. Thirty-two of the Units will receive Project-based Section 8 rental assistance. The Project design is a single three-story, L-shaped structure, incorporating common space and related facilities on the ground floor. Hollister Avenue is a transportation corridor that connects the city of Santa Barbara to the south, through the unincorporated County and the City of Goleta to the north, effectively traversing all of Santa Barbara South County urban areas. The Project Site is immediately adjacent to a bus stop with frequent stops, and is within walking distance to a full-service grocery store, pharmacy, and other community amenities. Hollister Lofts has received an award of State No Place Like Home funds in the amount of \$4,822,988.

The Project is ready to proceed with construction if awarded Low Income Housing Tax Credits (LIHTC) and, upon LIHTC award notification, Developer will submit to County CSD all updated substantiating documentation, in form satisfactory to County CSD, in order that CSD staff may confirm all of the following:

1. All Project funding, other than the Reserved Conditional Funds, has been formally committed to the Project, including by LIHTC investors, in sufficient amounts to complete the Project;
2. All Project planning and zoning approvals have been acquired;
3. County CSD has received all documents necessary, in County CSD’s discretion, to complete Loan (defined below) due diligence review and underwriting, which include, but are not limited to, copies of final Project development budget, sources and uses, and cash-flow proforma;
4. County CSD staff has preliminarily determined Developer capacity and fiscal soundness, and has examined neighborhood market conditions to ensure adequate need for the Project.

In addition, if federal funds are used for the Project, all of the following must be completed:

1. Completion of Project environmental review required under the National Environmental Policy Act and receipt of Authority to Use Grant Funds (AUGF) from HUD. Note that no activity may occur at the Project Site that would adversely affect existing Project site conditions, or that would otherwise be a choice-limiting action, including the acquisition, demolition, construction or relocation of buildings or structures, or otherwise making any physical change(s) to such property (including moving dirt) until the AUGF has been issued by HUD;
2. Approval by the County Board of Supervisors (following a 30-day public comment period) of an amendment to the County's Action Plan for submittal to HUD.

Following an award of LIHTC for the Project and fulfillment of the conditions set forth above, County CSD staff will draft loan documents (County Loan Documents), for approval and execution by the County Board of Supervisors at a future meeting date, memorializing the terms and conditions of formal commitment of the Reserved Conditional Funds in the form of a loan from the County to Developer (Loan), including a Loan Agreement, Promissory Note, Deed of Trust, and a Regulatory Agreement and Declaration of Restrictive Covenants, which Regulatory Agreement and Declaration of Restrictive Covenants is to be recorded in senior position, and not subordinated, to any and all other loan documents secured by the real property comprising the Project Site. The source of funds for the Loan will be one or a combination of Federal HOME, State PLHA, or County In-Lieu funds, in the County's sole discretion, and the Loan will be structured with 3% simple interest, a 55-year term, and annual payments from Project operations residual receipts.

Please submit documentation reflecting the aforementioned conditions precedent to Carlos Jimenez, Senior Housing Program Specialist, and work with Carlos in preparing the County Loan Documents for Board approval once the Project receives an award of LIHTC. Please keep Carlos updated on any changes to the Project as described above. Carlos may be contacted by email at cjimenez@countyofsb.org or by phone at (805) 568-3529.

The Santa Barbara County Housing Authority has been and continues to be an essential component of Santa Barbara County's affordable housing goals. Thank you for your efforts to expand affordable housing in the County of Santa Barbara.

Sincerely,

Jesús Armas, Director
Community Services Department