



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: 04/17/07
Placement: Departmental
Estimated Tme: 15 Minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Name & Phone
Director(s) John Torell, Housing and Community Development Director x3520
Contact Info: Name & Phone
Patricia Gabel, Housing Finance Division Manger x3522
SUBJECT: Membership Composition of the Affordable Housing Loan Committee

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: N/A

As to form: Select_Concurrence

Recommended Actions:

That the Board of Supervisors:

1. Authorize and Direct the Housing and Community Development Director to modify the composition of the Affordable Housing Loan Committee to add representatives from the Auditor – Controller’s Office and the Treasurer–Tax Collector’s Office and to designate the county public housing agency representative, the for–profit housing developer or consultant, and the not–for–profit housing provider as non–voting members.
2. Amend the Administrative and Funding Guidelines as set forth in Attachment A to reflect changes to Loan Committee composition and process and to further clarify the role of the Board of Supervisors in HCD project approval.

Summary Text:

In order to address concerns expressed in the Auditor’s Report on Housing Finance, dated November 22, 2006, it is requested that the Board authorize and direct that the Housing and Community Development (“HCD”) Director to modify the Affordable Housing Loan Committee (“Loan Committee”) membership so that it is comprised of voting representatives from:

- a north county lender,
- a south county lender,
- a professional in architecture, engineering or related technical field,
- a city public housing agency,
- the County Auditor–Controller’s Office, and
- the County Treasurer–Tax Collector’s Office.

The modification of the Loan Committee would also consist of changing the following voting representatives to non – voting status:

- a not-for-profit housing developer,
- a county public housing agency, and
- a for-profit housing professional or consultant.

It is proposed that members of the Loan Committee continue to serve for three years and that County Counsel and HCD continue to provide staff support to the Loan Committee. It is also proposed that the Board designate a tie vote of the voting Loan Committee members will not constitute the majority required for a measure to pass.

When the Loan Committee modification request was first presented to the Board, staff was directed to clarify the role of the Board of Supervisors in the review and approval of changes proposed by HCD to affordable housing projects which have already been approved by the Board. A guidelines modification to address the issue is included in the amendment request below.

Accordingly, it is requested that the Board-adopted Administration and Funding Guidelines be amended on *pages 27 to 30* (See Attachment A) to reflect the Loan Committee modifications and clarification of the role of the Board as follows:

- sections of the guidelines describing the Affordable Housing Loan Committee. The proposed guideline amendment also clarifies that County Counsel is available as an advisor to, rather than a member on the Loan Committee. The Guidelines were also amended to include meeting location options to address Loan Committee member requirements while maintaining meeting availability to the public. The changes to the description of meeting places conform to current practice whereby most meetings are conducted by teleconference; and
- sections that further clarify those instances when waivers of the standards or criteria described in the Administration and Funding Guidelines or those instances when Board of Supervisors-approved housing projects must be returned to the Board for further consideration.

Background:

The Housing and Community Development Department (HCD) conducted an analysis of the structure and composition of the Loan Committee. This action was in response to the November 22, 2006 Housing Finance Audit that found, “some members of the Loan Committee who approve the awards to fund could also be a key member of one of the recipient organizations. Thus, it would appear that a conflict of interest may exist with this process.”

In the proposed new composition, representatives from the Auditor-Controller’s Office and the Treasurer-Tax Collector’s Office are added to the Loan Committee and the county public housing agency representative, the for-profit housing developer or consultant and the not-for-profit housing provider are designated as non-voting members. These changes ensure the committee will continue to include members with underwriting and financial expertise while eliminating voting positions that involved the potential conflicts of interest identified in audit.

A Loan Committee Member Organization Funding Chart is included as Attachment B. The chart identifies the new Loan Committee composition and highlights funding from previous years that lead to the Audit finding. It is important to note that, in the previous Loan Committee structure, members representing organizations seeking funding were required to recuse themselves from voting on any action item related to an organization with which they were associated.

Under the proposed changes, the Director of Housing and Community Development will retain appointment authority over individual members. The Affordable Housing Loan Committee will also continue to conduct its meetings in conformity with the Brown Act.

Performance Measure:

Quality of Life: A High Quality of Life for All Residents.

Fiscal and Facilities Impacts:

Budgeted: Yes All positions within the Loan Committee are volunteer positions.

Fiscal Analysis:

There are no impacts to the General Fund. The Loan Committee currently exists. The proposed action will not increase the Loan Committee's workload.

Staffing Impacts: None

Special Instructions:

None

Attachments:

Attachment A: Administration and Funding Guidelines (proposed changes from pages 27-30)

Attachment B: Loan Committee Member Organization Funding Chart

Authored by:

Patricia Gabel, Housing Finance Division Manager x 3522