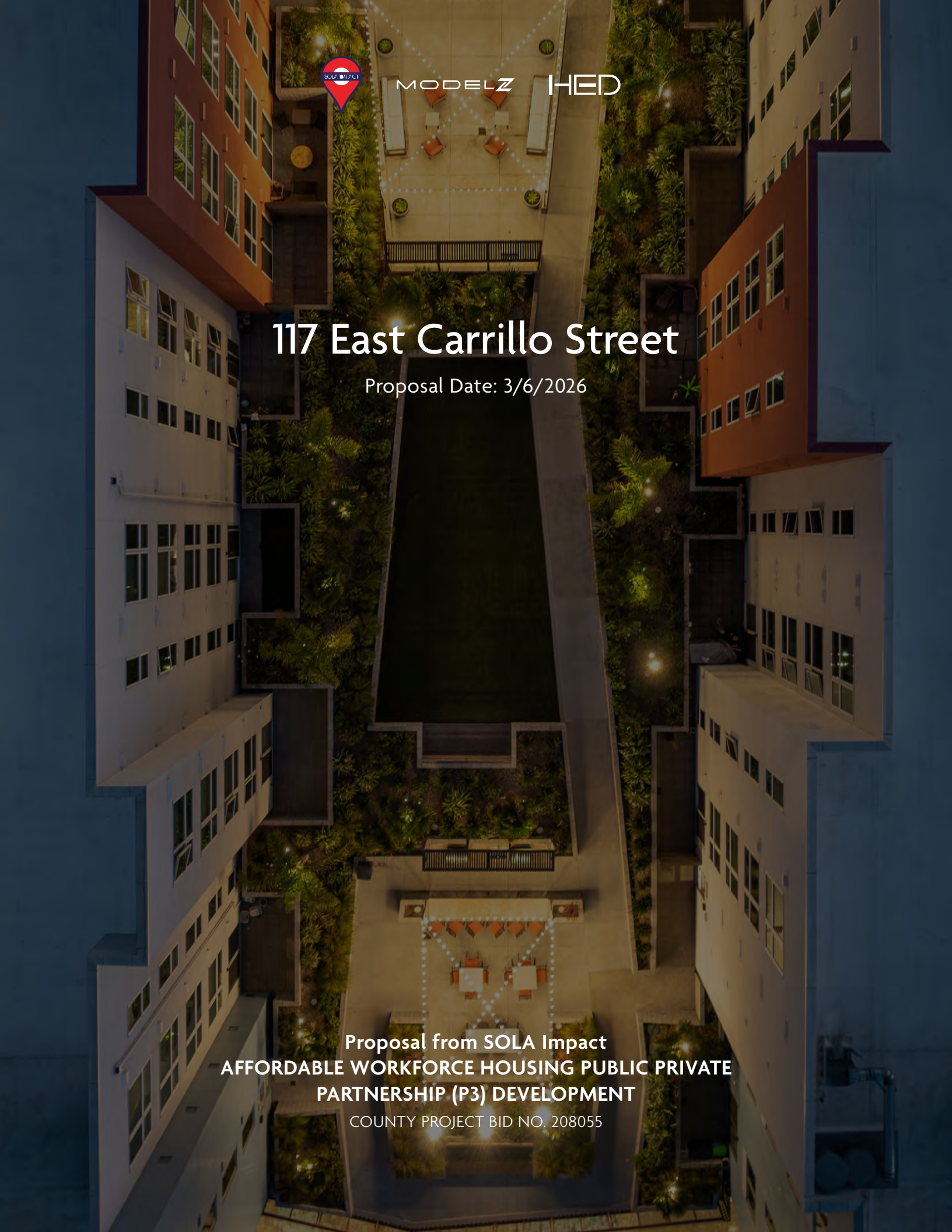

117 East Carrillo Street

Proposal Date: 3/6/2026

Proposal from SOLA Impact
AFFORDABLE WORKFORCE HOUSING PUBLIC PRIVATE PARTNERSHIP (P3) DEVELOPMENT

COUNTY PROJECT BID NO. 208055

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Section 1

SUMMARY & COVER LETTER

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March 6, 2026

To: County of Santa Barbara Community Services Department Housing and Community Development Division

Attn: Selection Committee
123 E. Anapamu St.
Santa Barbara, CA 93101

RE: Affordable Workforce Housing P3 Partnership Development (Bid ID No. 208055) — 117 East Carrillo Street

Dear Members of the Selection Committee,

SOLA Impact is pleased to submit this response to the County of Santa Barbara's Request for Proposals (RFP) for the Affordable Workforce Housing Public-Private Partnership (P3) at the County-owned property located at 117 E. Carrillo Street (also identified as 123 E. Carrillo Street, APN 029-211-025).

We have carefully reviewed the County's goals, policies, and evaluation criteria outlined in the RFP and all subsequent addendums. We believe our team has the vision, technical expertise, and financial capacity to deliver a project that aligns with the County's commitment to expanding affordable and workforce housing, supporting essential workers, and creating a replicable P3 model for future public-land development.

Our proposal is to develop a high-quality, sustainable, workforce-oriented residential community that supports the County's housing objectives while delivering long-term community benefits. We recognize the County's emphasis on affordability, fiscal responsibility, and maximizing the utility of publicly owned land through a long-term ground lease structure. We are confident that our team can deliver a financially feasible project without requiring General Fund contributions, while also meeting local development expectations and community values.

SOLA intends to deliver this project utilizing Model/Z, our affiliated volumetric modular company. Modular construction will allow us to accelerate delivery, reduce construction costs, limit neighborhood disruption, and maintain high quality while meeting sustainability and workforce housing objectives. SOLA also confirms its intent to hold this proposal open, with all prices, terms, and conditions remaining valid, for a period of at least one hundred eighty (180) days from the submission date.

In alignment with the County's guiding principles and the RFP framework, we will incorporate:

Affordable & Workforce Housing Focus
Our primary goal is to maximize the number of high-quality affordable workforce units consistent with the site's development capacity and the County's objectives. Our program aims to provide 120 workforce housing units serving a diverse mix of income levels. We will be proposing a 50-120% AMI project with 60% of the units deed restricted at 80% AMI, 20% of units at 50% AMI and the remaining 20% of the units will serve moderate and middle income households (80-160% AMI). This approach is specifically aligned with local workforce needs and a design philosophy that meets Santa Barbara standards to contribute positively to the downtown neighborhood.

County Partnership & P3 Structure:
We understand the County intends to provide the land under a long-term ground lease through the Joint Occupancy provision. SOLA is prepared to structure and secure all necessary financing—including 501c3 tax-exempt bonds, private debt & equity capital. We are committed to delivering the project without reliance on General Fund dollars, providing long-term operations, and supporting the County through the CEQA and entitlement process. In contrast, we expect to share a portion of the project economics with the County.

We expect to explore a long-term partnership for this project with the local PHA- either the County of Santa Barbara Housing Authority (HASBARCO) and their affiliated 501c3- Surf Development Company or Housing Authority of Santa Barbara (HACSB) and their affiliated 501c3. The aim would be for them to be meaningfully involved in the project, furthering their goals of creating workforce housing for County workers, while creating an asset for the community and still being cost-neutral to the County. If possible, we will explore a Master Lease with the County, which will also improve the financing available to the project and therefore enable us to charge lower rents.

Community Benefits & Engagement:
SOLA is committed to a robust community engagement process that includes transparent communication with the downtown Santa Barbara neighborhood associations, business groups, and adjacent property owners such as: Oceanhills Covenant Church of Santa Barbara, Impact Hub Santa Barbara, The University Club of Santa Barbara, and other key community stakeholders. We will participate fully in County-required meetings and incorporate community feedback into the design and public-realm improvements. Our vision includes the exploration of amenities that support residents and the surrounding community, such as landscaped open space, bike facilities, shared mobility hubs, and neighborhood-serving uses.

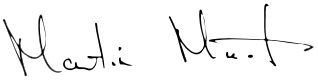
Parking Strategy:
We understand the County's interest in master-leasing a share of available parking and potentially utilizing excess capacity for juror parking. SOLA will provide a parking strategy based on demand, transit access, and leasing best practices. We will prioritize shared parking efficiencies and structured parking solutions where appropriate, ensuring a financial approach that supports long-term operational sustainability.

Project Delivery & Financial Feasibility:
Our team will provide a clear, transparent financial plan that demonstrates the feasibility of the development under a long-term ground lease. At this time, SOLA does not anticipate a request for County funding. We will utilize a mix of private and public sources, including modular-driven cost efficiencies, private equity, tax-exempt bond financing. Importantly, we anticipate providing a share of the Project's operating cashflow to the County, which can support further housing development.

We look forward to the possibility of partnering with the County of Santa Barbara to bring this essential workforce housing vision to fruition.

Proposer: SoLa Impact
Address: 1000 East 60th Street, Los Angeles, CA 90001
Contact Information: Jason Yap | Director of Acquisitions
jyap@solaimpact.com | rfp@solaimpact.com
(206) 639-5845

Sincerely,



Martin Mutto
Chief Executive Officer
SoLA Impact

Gray Lusk
Chief Operating Officer
SoLA Impact

Section 2

DEVELOPMENT TEAM

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Core Team Member Contact Information

PROPOSER / DEVELOPER | SOLA IMPACT

Jason Yap, Director of Acquisitions
(206) 639-5845
yap@solaimpact.com

ARCHITECT | HED

Rick Castillo, Principal
(213) 542-4570
rcastillo@hed.co

LOCAL DESIGN ARCHITECT | CEARNAL COLLECTIVE

Christine Pierron, Partner
(805) 448-1770
cp@cearnal.com

501c3 PARTNER | TBD

We are in discussions with experienced nonprofit housing organizations to support financing, compliance, and long-term affordability objectives. Please refer to Section 3 for more information.

GENERAL CONTRACTOR | TBD

Snyder Langston
Adam Schneider, Vice President, Residential
(805) 857-4500
aschneider@snyderlangston.com

MODULAR MANUFACTURER | MODEL/Z

Aman Patel, VP of Engineering
(646) 577-0908
apatel@model-z.com

PROPERTY MANAGER | TBD

Asset Living (formerly FPI Management)
Angela Boyd, SVP
(858) 531-3192
angela.boyd@assetliving.com

SERVICE PROVIDER | SOLA FOUNDATION

Sherri Francois, Executive Director
(917)648-9063
sherri@wng.com

Secretary of State
Certificate of Status

I, SHIRLEY N. WEBER, PH.D., California Secretary of State, hereby certify:

Entity Name:	SOLA IMPACT, LLC
Entity No.:	201917010061
Registration Date:	06/17/2019
Entity Type:	Limited Liability Company - Out of State
Formed In:	DELAWARE
Status:	Active

The above referenced entity is active on the Secretary of State's records and is qualified to transact intrastate business in California.

This certificate relates to the status of the entity on the Secretary of State's records as of the date of this certificate and does not reflect documents that are pending review or other events that may impact status.

No information is available from this office regarding the financial condition, status of licenses, if any, business activities or practices of the entity.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of February 20, 2026.

SHIRLEY N. WEBER, PH.D.
Secretary of State

Certificate No.: 424694638

To verify the issuance of this Certificate, use the Certificate No. above with the Secretary of State Certification Verification Search available at **biz**fileOnline.sos.ca.gov.

Secretary of State
Certificate of Status

I, SHIRLEY N. WEBER, PH.D., California Secretary of State, hereby certify:

Entity Name:	THE SOLA FOUNDATION
Entity No.:	4117665
Registration Date:	02/13/2018
Entity Type:	Nonprofit Corporation - CA - Public Benefit
Formed In:	CALIFORNIA
Status:	Active

The above referenced entity is active on the Secretary of State's records and is authorized to exercise all its powers, rights and privileges in California.

This certificate relates to the status of the entity on the Secretary of State's records as of the date of this certificate and does not reflect documents that are pending review or other events that may impact status.

No information is available from this office regarding the financial condition, status of licenses, if any, business activities or practices of the entity.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of February 20, 2026.

SHIRLEY N. WEBER, PH.D.
Secretary of State

Certificate No.: 424697332

To verify the issuance of this Certificate, use the Certificate No. above with the Secretary of State Certification Verification Search available at **biz**fileOnline.sos.ca.gov.

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INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: MAY 15 2018

THE SOLA I CAN FOUNDATION
8629 S VERMONT AVE
LOS ANGELES, CA 90044-0000

Employer Identification Number:
82-4698211
DLN:
26053528007188
Contact Person:
CUSTOMER SERVICE ID# 31954
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
December 31
Public Charity Status:
170(b)(1)(A)(vi)
Form 990/990-EZ/990-N Required:
Yes
Effective Date of Exemption:
February 13, 2018
Contribution Deductibility:
Yes
Addendum Applies:
No

RECEIVED
MAY 21 2018

Dear Applicant:

We're pleased to tell you we determined you're exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(3). Donors can deduct contributions they make to you under IRC Section 170. You're also qualified to receive tax deductible bequests, devises, transfers or gifts under Section 2055, 2106, or 2522. This letter could help resolve questions on your exempt status. Please keep it for your records.

Organizations exempt under IRC Section 501(c)(3) are further classified as either public charities or private foundations. We determined you're a public charity under the IRC Section listed at the top of this letter.

If we indicated at the top of this letter that you're required to file Form 990/990-EZ/990-N, our records show you're required to file an annual information return (Form 990 or Form 990-EZ) or electronic notice (Form 990-N, the e-Postcard). If you don't file a required return or notice for three consecutive years, your exempt status will be automatically revoked.

If we indicated at the top of this letter that an addendum applies, the enclosed addendum is an integral part of this letter.

For important information about your responsibilities as a tax-exempt organization, go to www.irs.gov/charities. Enter "4221-PC" in the search bar to view Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, which describes your recordkeeping, reporting, and disclosure requirements.

Letter 947

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Financial Statement

Statement of Assets, Liabilities and Partners Capital
Audited Statements as of December 31, 2024

	Sola Impact Fund II	Sola Impact Opportunity Zone Fund	Black Impact OZ Fund 1	Black Impact NON OZ Fund 1	Totals
Assets					
Cash	2,165,284	4,450,408	15,144,277	19,095,439	40,855,408
Restricted cash	315,235	23,468	5,078,926	155,917	5,573,546
Accounts receivable	-	293,505	206,317	-	499,822
Related-party notes receivable	2,229,208	2,500	-	-	2,231,708
Prepaid interest	-	9,012	-	-	9,012
Prepaid expenses and other assets	-	-	926,322	2,576,190	3,502,512
Real estate property, net	141,512,051	241,279,959	164,185,912	152,765,541	699,743,463
Deposits	-	730,205	-	-	730,205
Building supplies	2,909,102	-	-	-	2,909,102
Other assets	505,318	459,247	-	-	964,565
Total Assets	149,636,198	247,248,304	185,541,754	174,593,087	757,019,343
Liabilities					
Mortgage notes payable, net	122,279,167	54,136,590	39,077,665	13,872,797	229,366,219
Construction notes payable	-	96,971,765	-	34,066,414	131,038,179
Accounts payable and accrued expenses	-	4,910,468	11,912,028	6,559,985	23,382,481
Line of credit	13,768	-	-		13,768
Related-party notes payable	3,625,288	2,068,149	-		5,693,437
Security deposits payable	1,632,702	1,076,163	-		2,708,865
Related-party payable	8,855	-	-		8,855
Other liabilities	65,491	-	-	77,975	143,466
Total liabilities	127,625,271	159,163,135	50,989,693	54,577,171	392,355,270
Partners capital	22,010,927	88,085,169	134,552,061	120,015,916	364,664,073
Total liabilities and partners capital	149,636,198	247,248,304	185,541,754	174,593,087	757,019,343

SoLa Impact Fund II, LP

Statement of Assets, Liabilities and Partners' Capital—Income Tax Basis
Year Ended December 31, 2024

Assets

Cash	$ 2,165,284
Restricted cash	315,235
Related-party notes receivable	2,229,208
Real estate property, net	141,512,051
Building supplies	2,909,102
Other assets	505,318
Total assets	$ 149,636,198

Liabilities and Partners' Capital

Liabilities	
Mortgage notes payable, net	$ 122,279,167
Line of credit	13,768
Related party notes payable	3,625,288
Security deposits payable	1,632,702
Related-party payable	8,855
Other liabilities	65,491
Total liabilities	127,625,271
Partners' Capital	22,010,927
Total liabilities and partners' capital	$ 149,636,198

See notes to financial statements

SoLa Impact Opportunity Zone Fund, LP

Statements of Assets, Liabilities and Partners' Capital—Income Tax Basis
December 31, 2024 and 2023

	2024	2023
Assets		
Cash	$ 4,450,408	$ 2,208,933
Restricted cash	23,468	46,351
Accounts receivable	293,505	335,410
Related-party note receivable	2,500	2,000
Prepaid interest	9,012	3,450,000
Real estate property, net	241,279,959	212,018,553
Deposits	730,205	1,440,252
Other assets	459,247	635,977
Total assets	$ 247,248,304	$ 220,137,476
Liabilities and Partners' Capital		
Liabilities		
Accounts payable	$ 4,910,468	$ 5,001,026
Construction notes payable	96,971,765	60,026,941
Mortgage notes payable, net	54,136,590	56,115,267
Related party notes payable	2,068,149	-
Security deposits payable	1,076,163	638,835
Total liabilities	159,163,135	121,782,069
Partners' Capital	88,085,169	98,355,407
Total liabilities and partners' capital	$ 247,248,304	$ 220,137,476

See notes to financial statements

Black Impact OZ Fund 1, LP

Consolidated Balance Sheet
December 31, 2024

Assets

Assets	
Cash and cash equivalents	$ 15,144,277
Restricted cash	5,078,926
Accounts receivable	206,317
Prepaid expenses and other assets	926,322
Real estate property	164,185,912
Total assets	$ 185,541,754

Liabilities and Partners' Capital

Current Liabilities	
Accounts payable	$ 5,716,379
Accrued expenses	6,195,649
Notes payable, net	39,077,665
Total liabilities	50,989,693
Partners' Capital	134,552,061
Total liabilities and partners' capital	$ 185,541,754

See notes to consolidated financial statements

Black Impact Non OZ Fund 1, LP

Consolidated Balance Sheet
December 31, 2024

Assets

Assets	
Investments in real estate, at fair value, net	$ 152,765,541
Cash	19,095,439
Restricted cash	155,917
Other assets	2,094,940
Prepaid expenses	481,250
Total assets	$ 174,593,087

Liabilities and Partners' Capital

Liabilities	
Accounts payable and accrued expenses	$ 6,559,985
Construction loans payable, net (Note 5)	34,066,414
Mortgage loans payable, net (Note 5)	13,872,797
Other liabilities	77,975
Total liabilities	54,577,171
Partners' Capital	
Controlling	95,266,723
Noncontrolling	24,749,193
Total partners' capital	120,015,916
Total liabilities and partners' capital	$ 174,593,087

See notes to consolidated financial statements

Section 3

DEVELOPMENT TEAM EXPERIENCE AND CAPACITY

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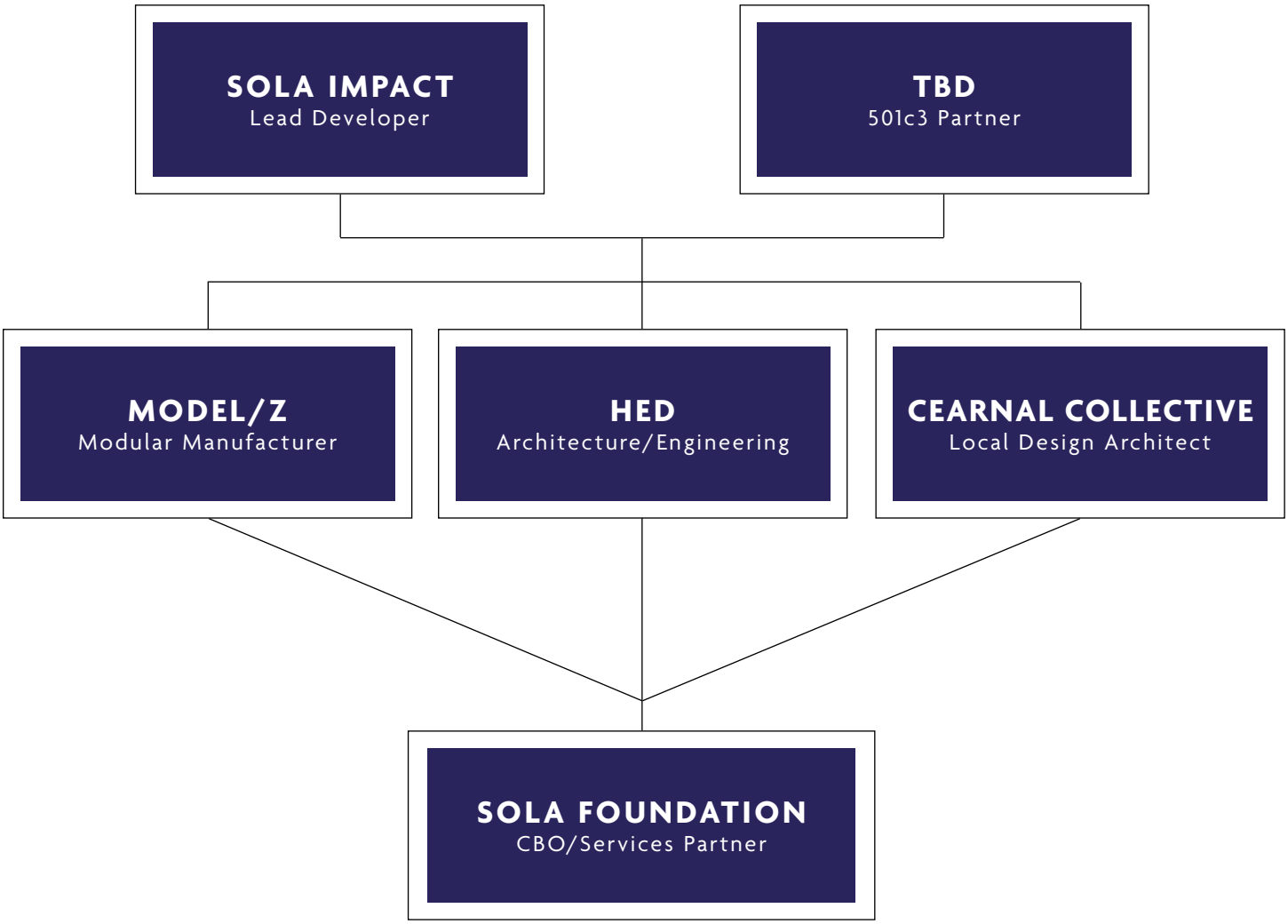
Development Capacity

Organizational Structure



SOLA Impact is the lead developer, and will be engaged for the planning, financing, design, construction, maintenance, and ongoing operation of the housing development.

- The project aims to partner with a 501(c)(3) mission aligned with the project and location:
- Local 501c3: Surf Development Company (affiliate of HASBARCO) or potentially 2nd Story Associates (affiliated with HACSB) given the downtown location.
- An alternative 501c3 partner is Housing on Merit, a national non-profit dedicated towards creating and developing affordable housing, whom SOLA have partnered with on 20+ ground-up affordable projects.

Model/Z will be the modular manufacturer.

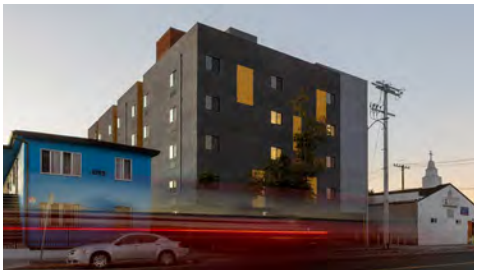
HED, a multidisciplinary design practice with projects including the award winning AMLI Pasadena in Old Town Pasadena will provide comprehensive design services for this project.

Cearnal Collective, a highly regarded Santa Barbara architect, will provide design advisory services to ensure the project meets the design requirements of this centrally located workforce project within the El Pueblo Viejo district.

SOLA Impact

SOLA Impact is a family of social impact real estate funds with a triple-bottom-line strategy focused on preserving and creating high-quality sustainable and affordable housing in low-income communities. As a vertically-integrated developer, owner, and operator that invests in affordable and workforce housing predominantly in low-income underserved communities, providing access to fair, equitable, and affordable housing to California residents is core to SOLA Impact's business model and DNA. Recently, SOLA Impact has focused on providing workforce housing to residents earning up to 80% of the Area Median Income (AMI), the critical shortage of housing for essential workers and middle-income families in Southern California.

DEMONSTRATED TRACK RECORD	• SOLA currently develops affordable housing at an average of **$275k per unit** • Manages **2,200 units** with another **2,000 units** in development/construction. • The firm manages approximately **$1.1 billion in real estate assets** and has raised nearly $500 million in equity to deploy over $**1.5 billion toward affordable housing** in Southern California.
VERTICALLY INTEGRATED MODULAR CONSTRUCTION	• Being vertically integrated allows SOLA to standardize, innovate, and reduce costs. • SOLA's Innovative modular units materially improve sustainability of construction (by 35%), • lower cost (by 10-15%) and reduce timelines (by 40%). • The Model/Z factory produces roughly **2.5 units per day**, enabling a target completion timeline of under **~2-3 years** from site control to occupancy.
MISSION-ALIGNED INVESTORS & STAKEHOLDERS	• Targeting **mission-aligned LPs**, including established financial institutions and corporations. • SOLA Fund IV LPs include: PNC Bank, Ally Bank, Pacific Premier Bank, Equitable, Standard Insurance, PayPal, Marguerite Casey Foundation, Skoll Foundation.



Model/Z

Model/Z, founded in 2023, is a stand-alone volumetric modular housing manufacturer from proven entrepreneur Martin Muoto, a Wharton graduate and CEO/Founder of SOLA Impact, LA's largest Section 8 housing provider and LA's largest privately funded affordable housing developer.

Designed by SpaceX and automotive engineers, Model/Z takes a radically new and innovative approach to disrupting a construction industry that has barely changed in 100 years, by incorporating the benefits of modular construction with a highly standardized design, an AI-enabled development process, and a location in the most undersupplied housing market in the Nation at a time when many manufacturing companies are moving out of California.

Model/Z delivers a superior product that redefines housing development through a combination of speed, quality, and technology. Modules are built from 100% US steel, built to last 100 years, and manufactured using standardization to ensure consistent and quality apartments. The Model/Z standard 1-bedroom, 1-bathroom chassis is built to a superset of local, county, and state building codes, and are fully HUD Housing Quality Standards (HQS) and ADA compliant. Model/Z units are very sustainable both from a production standpoint – 81% less materials waste and 47% less embodied carbon emissions – and from an operating perspective – all electric and highly energy efficient units.

Z/Suite, Model/Z's proprietary AI platform, streamlines every phase of housing development, from site selection and design to proforma analysis, permitting, and entitlement. The first three modules, Z/Scout, Z/Forma, and Z/Design, are currently being used by SoLa Impact and other Southern California-based affordable housing developers, with parcel search and scoring functionality, massing and unit placement capabilities, Revit integration and automated architectural drawings at 70% completion, and basic proforma generation, all within minutes. Model/Z's in-house software development team is working to expand functionality to the entire state of California (and eventually the nation), and to create a Minimum Viable Product (MVP) for Z/Expediter, the final module that will act as a plan checker to drastically streamline the permitting process.

The Model/Z Vocational School is our solution to drive economic growth by upskilling the local workforce (formerly incarcerated, veterans, and other low-income folks) with in-demand jobs and equipping them with skills to increase their financial stability.

Team Member Profiles

MARTIN MUOTO

Founder and Chief Executive Officer

Founded SoLa Impact in 2015 alongside Gray Lusk. Martin began personally investing in real estate in South Los Angeles, Compton, Watts, and other neglected communities a decade before these areas became designated Opportunity Zones (OZ). Along with Gray Lusk, Martin launched SoLa Impact's first fund in 2015. Martin's leadership in social impact has been featured in Forbes, NY Times, and the WSJ.

GRAY LUSK

Co-Founder and Chief Operating Officer

Co-founded SoLa Impact in 2015 alongside Martin Muoto. Gray has been creating and managing operations for real estate investment funds since 2005. As Co-Founder & COO of SoLa Impact, Gray oversees daily operations for SoLa's funds and manages SoLa's team of employees and contractors. Gray has overseen the acquisition and rehab of over 2,000 units in South Los Angeles and the development and construction of more than 3,000 units of affordable housing in Los Angeles.

EKTA NAIK

SVP, Acquisitions & Development

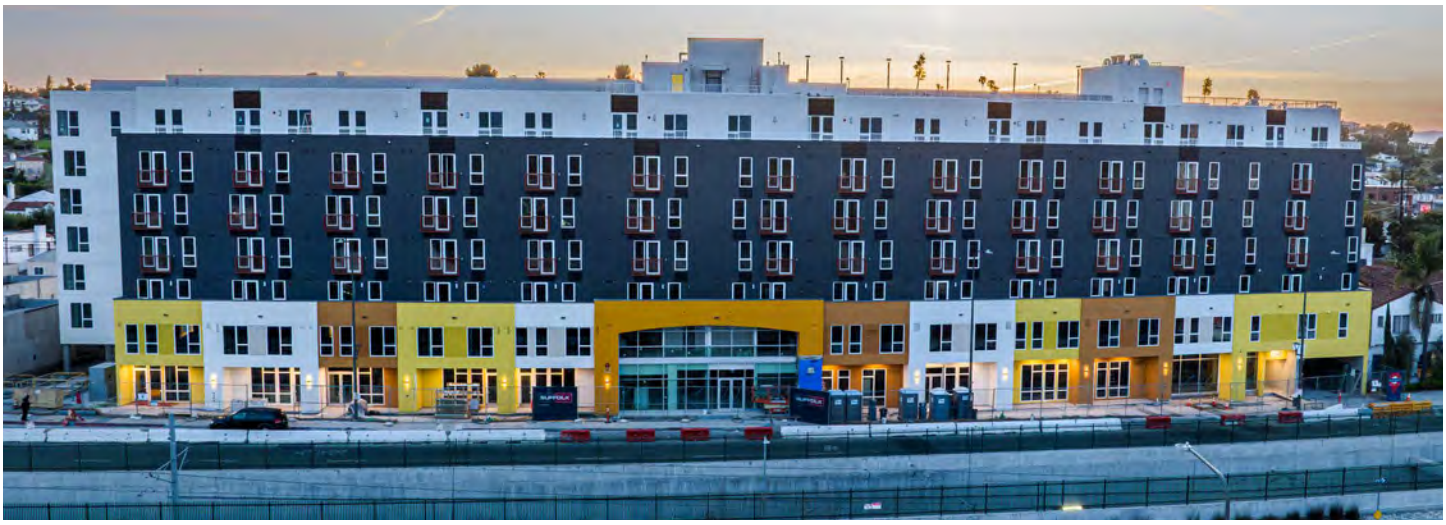
Joined SoLa Impact in March 2021. As a real estate development leader, Ekta brings over 20 years of experience in investing and developing multifamily residential and mixed-use projects across the nation. Ekta has executed over $2.5 billion RE transactions with over 7,000 units in SoCal. At SoLa Impact, she leads the acquisitions and development team managing full-cycle ground up deals including acquisitions, due diligence, entitlements, design, permitting, and execution of developments.

PABLO UCAR

SVP, Manufacturing (Model/Z)

Pablo Ucar is the Senior Vice President of Manufacturing at Model/Z. Pablo joined in August 2023. Pablo leads all initiatives pertaining to supplier relations, procurement, material planning and supplier development and is responsible for sourcing the innovative partners and components to build out the Model/Z modular units. Pablo has 20+ years of experience in manufacturing operations and supply chain management. Most notably Pablo was Senior Director of Supply Chain at SpaceX for its formative years (2011 to 2015) and Vice President of Manufacturing at Aptera Motors.

Developer Experience



CRENSHAW LOFTS (195 UNITS)

Developer / SOLA Impact, LLC (owner and operator)
Location / 4611 Crenshaw Blvd, Los Angeles, CA 90043
Project Uses / Residential, Commercial (AI & Entertainment Center, Wellness Center (Gym), Cafe, Rooftop Event Space)
Total Number of Units and Unit Mix
186 Residential Units / Studio: 43 Units (370 - 536 SF); 1-BED: 101 Units (482 - 717 SF); 2-BED: 39 Units (762 - 1,238 SF); 3-BED: 3 Units (1,132 - 1,284 SF)
Construction Type / Mixed Use (Residential & Commercial)
Financing Structure / 53% LTV financed by Opportunity Zone equity and conventional bank debt, New Market Tax Credits, C-PACE Financing
Building Square Feet / 210,876 SF (Residential: 118,438 SF)
Green Building Elements / EV charging stalls, LID landscaping, energy efficient appliances
Project Status / Start Date: 5/11/2023; TCO Date: 2/25/2026

Crenshaw Lofts is a 195-unit mixed-use, mixed-income community progressing inch-by-inch, that received its certificate of occupancy in Q1 2026. Anchored by the state-of-the-art SOLA Ai & Entertainment Center powered by Live Nation and located directly across from Destination Crenshaw, Crenshaw Lofts is on track to become a defining landmark in the Crenshaw–South LA corridor.

Target Population / With 11% units at or below 30% AMI, 9% of units at or below 60% AMI, and 80% of units targeted for workforce housing residents.

Community Outreach / SOLA engaged with the local community to strategically position the Crenshaw Lofts project to be embraced by the community. In alignment to this was the integration of the SOLA AI & Entertainment Center, which is not only a benefit to those using it, but also an economic benefit to the community. The Center is projected to uplift the neighborhood by creating local jobs, providing essential vocational training, and ensuring the project delivers long lasting social impact along with residency. The combination of 186 residential units along with the AI & Entertainment center ensures the neighborhood will be taken care of in both housing and work. This positioning emphasized workforce housing, maintaining neighborhood identity, and leveraging local density legislation to redevelop underutilized land adjacent to the rail line.

Budget and Schedule / The project is currently $4.5 million over budget (-4% of initial Project Budget), largely due to the team's necessary budget adjustments in response to post–COVID-19 market conditions. SOLA has utilized OZ equity from mission aligned investors with patient return requirements, but also managed to navigate this by creatively sourcing new sources of financing: including a C-PACE loan, $4.5M philanthropic grant from Live Nation, over $6.5MM from New Market Tax Credit proceeds and significantly reducing off-site infrastructure costs expected to burden the project by $12MM down to $800k.

COMMERCIAL STREET (141 UNITS)

Developer / SOLA Impact, LLC (owner and operator)
Location / 2551-2581 Commercial St, San Diego, CA 92113
Project Uses / Residential
Total Number of Units and Unit Mix

141 Total Units (Phase I: 71 Units; Phase II: 70 Units) / Studio: 65 Units (327 - 390 SF); 1-BED: 76 Units (399 - 490 SF)

Construction Type / Residential
Financing Structure / Phase I of this project is financed by Opportunity Zone (OZ) Equity and conventional bank debt while Phase II is financed by LIHTC.
Building Square Feet / 76,297 SF (Residential: 56,116 SF)
Project Status / Start Date: 6/6/2025; TCO Date: 5/7/2026

2551 Commercial St is a newly constructed, contemporary apartment community in San Diego's Logan Heights neighborhood offering modern studio and one-bedroom residences. The five-story building provides a vibrant urban lifestyle with easy access to local dining, shopping, transit, and employment centers, making it walkable and transit-friendly. Positioned near downtown amenities and major corridors, 2551 Commercial blends modern design with convenient city living for residents seeking quality rental housing in a connected neighborhood.

Target Population / 50-80% AMI workforce housing project with average rents around 65% AMI. Units are targeted to workforce housing residents (e.g., nurses, teachers, firefighters, retail employees, gig economy workers, etc.). Phase I has 3% of units at or below 60% AMI, 2% of units at or below 80% AMI and the remainder are unrestricted. Phase II is deed restricted at 60% AMI and below (LIHTC).

Community Engagement / In the Logan Heights neighborhood of San Diego, we conducted public outreach through community meetings by sharing information and gathering feedback from community members to help shape this project into a transit oriented attainable housing project and community asset

Green Building Elements / The Commercial St. project features highly efficient insulation and windows, energy-saving systems and appliances, and outdoor spaces to support wellbeing while reducing environmental impact.

Budget & Schedule / The project is currently $2.5 million under budget due to disciplined, risk-averse financial management. We proactively adjusted budgets in response to market shifts following COVID-19, pivoted to LIHTC financing for Phase II amid capital market changes since 2022, and accounted for rising local labor costs to remain competitive in an increasingly active rental market.

6200 BROADWAY (66 MODULAR UNITS)

Developer / SOLA Impact, LLC (owner and operator)
Location / 6200 S Broadway, Los Angeles, CA 90003
Project Uses / Residential
Total Number of Units and Unit Mix
66 Total Modular Units / 1-BED: 66 Units (419 SF)
Construction Type / Residential
Financing Structure / 72% LTV financed by impact focused private equity and conventional bank debt.
Building Square Feet / 33,510 SF (Residential: 128,286 SF)
Project Status / Start Date: 6/6/2025; TCO Date: 5/7/2026

Target Population / Affordable housing project with 80% of units at 80% AMI and 20% of units at 110% AMI. 100% of units are targeted for underresourced housing residents.

Green Building Elements / This project features Model/Z modular units with high-performance insulation, efficient windows, energy-saving systems, and outdoor spaces that support resident wellbeing. Compared to traditional construction, Model/Z reduces material waste by 83% and embodied carbon by 47%, significantly lowering environmental impact.

Community Engagement / In South LA, we conducted public outreach through community meetings by sharing information and gathering feedback from community members to help shape this development project. South LA's housing market remains undersupplied demonstrating a strong appetite for new housing in South LA.

Budget & Schedule / This project is currently $400K over budget, driven primarily by increased interest and material costs related to COVID-19 and since 2025-tariffs. To mitigate these challenges, we implemented a modular construction strategy that reduced the construction schedule by 50%, enabling structural completion approximately 12 months ahead of traditional methods. This acceleration not only stabilized project delivery, but also generated an additional year of rental income for SOLA that would have otherwise been deferred during construction.

Ownership Experience and Capacity

The proposed ownership team combines the scale and innovative modular delivery of a top-tier regional developer with the deep local roots of a Santa Barbara County-specific public benefit corporation.

Lead Developer: SOLA Impact

- The firm manages approximately **$1.1 billion in real estate assets** and has raised nearly $500 million in equity to deploy over **$1.5 billion toward affordable housing** in Southern California.
- ***Pipeline:*** Manages 2,200 units with another 2,000 units in development/construction.
- ***Efficiency:*** The 32-project pipeline is staggered (one-third complete, one-third in construction, one-third in entitlement) for consistent staff workload.
- ***Professional Staffing:*** SOLA Impact employs 150+ professionals, almost one third of which are in Asset Management & Operations. The SOLA asset operations team recently opened a 186 unit workforce housing project in the Crenshaw Corridor of Los Angeles. The vertical integration model ensures 5-10 dedicated staff members are allocated to each project across teams, with an assigned Project Lead through stabilization.

Potential Local 501(c)(3) Partner: Surf Development Company.
Surf Development Company (Surf) is the nonprofit affiliate of the Housing Authority of the County of Santa Barbara (HASBARCO). Alternatively, Housing Authority of the City of Santa Barbara's (HACSB) non-profit affiliate 2nd Story Associates may be a potential partner for the project.

- ***Portfolio:*** Surf owns, through limited partnerships, 32 developments totaling 1,034 units specifically distributed across Santa Barbara County communities.

Potential 501c3 Partner: Housing on Merit (HOM)
HOM is a 501(c)(3) nonprofit dedicated to the preservation and development of affordable housing nationwide. SOLA has **partnered with Housing on Merit on over 20+ projects**.

- ***Experience:*** HOM has co-developed over 17,000 units and currently supports over 28,000 residents through specialized enrichment programs.
- ***Scale:*** The organization has successfully managed the closing of over $1.3 billion in debt financing with institutional lenders for affordable acquisitions and renovations.

Capacity for Expanded Portfolio

- The partnership is uniquely positioned to assume the management of the 117 East Carrillo Street project without straining existing resources. SOLA Impact in partnership with a local 501c3 or our programmatic partner, Housing on Merit allows for maximum effectiveness of asset management capability.
- ***Vertical Integration:*** By owning the modular manufacturing process (Model/Z) and property management functions, the team controls the quality and maintenance lifecycle from day one.
- ***Scalability:*** HOM and SOLA's existing experience managing portfolios of 10,000 to 17,000 units ensures that adding the Carrillo Street development is well within the team's current administrative and staffing capacity.
- ***Deep Local Understanding:*** A partnership with the public housing authority's 501c3 can provide asset oversight and compliance with regards to serving the local tenant population in the most adequate way possible.

Lead Architect Experience

Designing Thoughtful, Sustainable, and Human-Centric Spaces
At HED, we leverage diverse experience and localized expertise to create vibrant, human-centric spaces that enrich lives. Our integrated approach blends functionality with thoughtful design, empowering each project to foster a sense of place while responding to the unique physical, cultural, and environmental contexts of each community we serve.

Our approach is rooted in mutual trust and collaboration. By understanding your unique aspirations and expectations, and staying attuned to local physical, cultural, and regulatory dynamics, we tailor designs that balance functionality with thoughtful innovation. Whether navigating zoning challenges, funding requirements, or tenant demographics, our solutions respond to complexity with individualized care and creativity.

We believe that affordable housing has the power to transform lives and strengthen communities. Partnering with you, we create safe, livable spaces that meet essential needs while fostering security and belonging.

8K+
Affordable Housing Units

$1.3B
Construction Value of Affordable Housing Projects in the Last 10 Years

Key Staff Involvement
Our Principal-in-Charge (PIC), **Rick Castillo**, will provide executive oversight, guiding design excellence, quality control, and alignment with County objectives, with active involvement at key milestones and community engagement sessions.

Our Project Manager (PM), **Catherine Araga,** will lead day-to-day coordination, consultant management, schedule and budget oversight, and serve as the primary liaison with the County. While our Project Designer, **Mengyi Xu**, will lead the conceptual vision, massing, architectural character, and urban integration through entitlement and design development.

Heather Foley, Landscape Designer, will shape the open space strategy, streetscape integration, and landscape character, supporting sustainability and placemaking goals. She will work closely with the architectural team to integrate outdoor amenities, circulation, and climate-responsive design.

This structure supports strong leadership, design continuity, and efficient delivery.

Team Member Profiles

RICK CASTILLO AIA

Sector Leader, Principal-in-Charge

Rick Castillo is a Sector Leader for Housing, committed to enriching lives through design that is as practical as it is purposeful. With extensive experience across high-rise, mixed-use, and multifamily developments—including complex Type I, III, and V construction—Rick brings clarity and precision to some of the sector's most demanding urban challenges. He believes that thoughtful design should respond to real needs, expanding access to housing, elevating community experience, and offering enduring solutions to the complex realities of today's built environment.

40+
Housing Developments

$180M+
Construction Value of Housing Projects

CATHERINE ARAGA AIA, LEED AP BD+C

Project Manager

Catherine Araga is an experienced project manager specializing in residential and mixed-use developments requiring close coordination with public agencies and regulatory authorities. She brings strong expertise in entitlements, permitting, consultant coordination, and schedule and budget management. Known for her collaborative leadership and attention to detail, Catherine effectively guides multidisciplinary teams from design through construction, maintaining high-quality, compliant, and financially viable housing solutions aligned with public-sector goals.

20+
Housing Developments

$46M+
Construction Value of Housing Projects

MENGYI XU RA, NCARB

Project Designer

Mengyi Xu is an architect at HED with a focus on housing. Mengyi's responsibilities on this project include assisting through all phases of the project, from concept through construction documentation; preparing presentations to deliver concepts to the client; and supporting research throughout the full design. Mengyi is a strong communicator and enthusiastic about the project from inception to final development.

22+
Projects in California

HEATHER FOLEY CPSM

Landscape Designer

Heather Foley is a sector leader for HED's landscape architecture practice as well as a strategy and development leader for the housing sector. She brings a distinctive skill set that melds urban planning, landscape architecture, and advisory services. Heather excels at translating intricate land use and planning challenges into clear, actionable strategies that foster community identity and environmental resilience. Heather's approach prioritizes context and collaboration, bridging client vision with sustainable, high-performing landscapes that create an authentic sense of place and strengthen community connections.

40+
Projects in California

$280M+
Construction Value of Projects

WILLETT RANCH APARTMENTS

Location / Ventura, CA
Number of Units / 50, 49 Affordable Units
Type of Construction / Type V-A, Type I-A
Completion Dates / 2025
Target Population / Very Low Income Seniors
On-Site Amenities or Associated Uses / Community room with kitchen, craft room, library, laundry facilities, property management and supportive services offices, landscaped courtyards
Green Building Features / Designed to GreenPoint Rated standards with water-efficient fixtures, Energy Star appliances, and planned photovoltaic system
Client Contact / Karen Flock, Housing Authority of the City of San Buenaventura, 805.626.5819, kflock@hacityventura.org

HED served as Executive Architect for the 50-unit Willett Ranch Senior Apartments, part of the larger Solana Heights residential community in Ventura, California. The development provides housing for very low- and low-income seniors, offering one- and two-bedroom units within two L-shaped, two-story buildings arranged to create a cohesive residential environment. An on-site caretaker unit supports long-term operations and resident services.

The project includes a community room, laundry facilities, and management office space to encourage social connection and provide daily support amenities. Designed in a Spanish Mission architectural style with landscaped edges, the development integrates thoughtfully with the surrounding neighborhood while delivering high-quality, affordable senior housing.

GREENFIELD COMMONS

Location / Greenfield, CA
Number of Units / 222
Type of Construction / Type V, Modular
Completion Dates /
Target Population / Workforce households; mixed-income families (30% - 70% AMI)
On-Site Amenities or Associated Uses / Community building, multi-purpose rooms, fitness space, secure bicycle parking, laundry, leasing offices, landscaped courtyards, playgrounds, community gardens
Green Building Features / Targeting LEED Gold; Zero Net Energy; photovoltaic panels; high-efficiency systems
Client Contact/ Michael Schaier, Senior Project Manager, EAH Housing, michael.schaier@eah.org

Greenfield Commons is organized as three clusters of modular residential buildings arranged around landscaped courtyards, creating a connected yet human-scaled community. Each courtyard is programmed to support gathering and recreation, strengthening social connections while providing meaningful open space. The 222 apartment homes are distributed across multiple two-story buildings to establish a neighborhood character that responds thoughtfully to surrounding development and transitions sensitively between differing scales. A prominent community building anchors a key corner of the site, serving as both an identifiable gateway and a hub for resident amenities and services.

Modular delivery was strategically implemented to enhance cost predictability and accelerate construction. The unit mix includes a balanced range of one-, two-, and three-bedroom homes designed to accommodate diverse households and workforce needs. Targeting LEED Gold and Zero Net Energy performance, the development integrates high-efficiency systems and renewable energy strategies to reduce long-term operating costs and advance sustainability goals.

THATCHER YARD

Location / Marina del Rey, CA
Number of Units / 98
Type of Construction / Type V-A, Type I-A
Completion Dates / 2025
Target Population / Income Qualified, Senior, and Permanent Supportive Housing
On-Site Amenities or Associated Uses / Interior community rooms, a fitness center, laundry facilities, landscaped outdoor patios and gardens, playground space, and secure bicycle storage
Green Building Features / Located within a transit-accessible neighborhood close to public transportation and recreational paths
Client Contact / Sara Dabbs-Lehr
Thomas Safran and Associates
sara@tsahousing.com

Located within a diverse urban neighborhood, this 98-unit affordable housing community thoughtfully mediates between higher-density multifamily development and adjacent lower-scale residential homes. Early and sustained collaboration with neighbors helped build support and shape a context-sensitive design approach. The site plan carefully transitions massing and scale, placing a larger building edge along the denser frontage while stepping down to smaller-scale structures adjacent to existing residential fabric, reinforcing a cohesive and pedestrian-oriented streetscape.

The development includes a mix of senior and family affordable apartments organized around landscaped open space that fosters connection and informal gathering. Several homes are designated for residents experiencing chronic homelessness, integrating supportive housing within a broader mixed-income community. Materials and architectural character respond to the surrounding vernacular, delivering durable, neighborhood-compatible design while advancing equitable housing goals.

Local Architect Experience

With over 41 years of experience, The Cearnal Collective is recognized for its landmark contributions to Santa Barbara's architectural legacy. Steeped in a tradition of collaborative, insightful design, and shaped by our team's strong commitment to approaching every project with integrity and delight, we deliver high quality design solutions rooted in the fundamental goals and aesthetic sensibilities of our clients and community.

The Cearnal Collective role as "local design consultant" for the project is expected to be limited to advising the project's Architect of Record on Santa Barbara specific design features, expectations, and context. Based on this limited project role, Christine Pierron is expected to be the sole staff assigned to the project. The workload for this is expected to included attending design team meetings, reviewing in progress drawings and providing direction in the form of mark ups, written descriptions and reference imagery.

Team Member Profile

CHRISTINE PIERRON

Partner, Design Architect

As a partner with Cearnal Collective for over 10 years, Christine has played a key role in many of the firm's notable projects, including the recently completed Soltera apartments in downtown Santa Barbara, the Bliss Expansion at Casa Dorinda in Montecito, the redevelopment master plan for the Macy's site at La Cumbre Plaza, and multiple projects with the Housing Authority of the City of Santa Barbara.

A strong advocate for affordable housing, Christine recently participated in the Institute for Classical Art and Architecture's inaugural Gindroz Symposium on Affordable Housing. Her affordable portfolio includes Artisan Court in downtown Santa Barbara and the nearly completed five-story Sanctuary Center building with 34 affordable apartments and supportive services. She is also the designer and lead architect for two Housing Authority projects under construction: Bella Vista, a 48-unit family development, and Jacaranda Court, a 63-unit workforce housing community.

SOLTERRA APARTMENTS

Location / Santa Barbara, CA
Developer / Series A, B, & C of Old Town Properties SB, LLC
Number of Units / 78
Type of Construction / Type V over Type I
Completion Dates / 2024
Target Population / Market Rate
Amenities / Rooftop deck

CASA DORINDA

Location / Santa Barbara, CA
Developer / Casa Dorinda
Number of Units / N/A
Type of Construction / Type V & Type V over Type I
Completion Dates / 2021
Target Population / Market Rate
Amenities / Dining room, club room, courtyards

JACARANDA COURT APARTMENTS

Location / Santa Barbara, CA
Developer / Housing Authority of the City of Santa Barbara
Number of Units / 63
Type of Construction / Type V over Type I
Completion Dates / 2027
Target Population / Moderate and Low Income
Amenities / Common room, courtyard

THE NEIGHBORHOOD AT STATE AND HOPE

Location / Santa Barbara, CA
Developer / Private Developer
Number of Units / 680
Type of Construction / N/A
Completion Dates / 2030
Target Population / Market, Moderate, and Low Income
Amenities / N/A

Property Manager Experience

1. Relevant Local Project Experience (50+ Units, 24+ Months Managed)
FPI Management maintains a robust presence in the Central Coast, managing several institutional-grade assets in Santa Barbara and Ventura Counties.

Project A: Vintage at Vizcaya (Affordable/Mixed-Income)

- ***Location:*** 1720 South Depot Street, Santa Maria, CA (Santa Barbara County)
- ***Size:*** 236 Units (28 residential buildings)
- ***Resident Population:*** Low-income families and individuals serving households at 30% to 60% of the Area Median Income (AMI).
- ***Associated Uses & Amenities:*** This sprawling garden-style community features a dedicated community center, multiple playgrounds, a swimming pool, a clubhouse, and on-site laundry facilities.
- ***Capital Financing Sources:*** Financed via Low-Income Housing Tax Credits (LIHTC) and Tax-Exempt Bond financing (re-syndicated in 2023 to ensure long-term affordability).
- ***Relevant Dates of Service:*** Managed by FPI for over 7 years (Current).

Project B: The Landing at Channel Islands (Market-Rate)

- ***Location:*** 3650 Ketch Ave, Oxnard, CA (Ventura County)
- ***Size:*** Approx. 200 Units
- ***Resident Population:*** Market-rate professionals and families in a coastal "resort-style" setting.
- ***Associated Uses & Amenities:*** High-amenity coastal living including multiple swimming pools, a resident lounge, fitness center, and proximity to the Channel Islands Harbor.
- ***Capital Financing Sources:*** Private Institutional Capital / Conventional Financing.
- ***Relevant Dates of Service:*** Managed by FPI for over 5 years (Current).

2. Portfolio Scale and Management Longevity
FPI's massive scale provides the County of Santa Barbara with unparalleled operational security and purchasing power.

- ***Total Portfolio Size:*** As of 2026, FPI Management manages over 1,200 communities representing approximately 167,767 units across 23 states.
- ***Longevity & Stability:*** FPI was founded in 1968 (58 years of experience). While we onboard new assets annually, our core portfolio consists of long-term partnerships; many of our California assets have been under FPI management for 15 to 30 consecutive years. We pride ourselves on a "Legacy Management" approach where our regional leadership remains consistent for the life of the asset.

3. Mixed-Income Housing & Operational Excellence

- ***Mixed-Income & Affordable Housing Track Record:*** FPI is currently ranked as the #1 Largest LIHTC Property Management Company in the United States. We manage over 40,500 units of restricted-income housing, giving us a "compliance-first" DNA that is essential for government-partnered projects.
- ***Layered Compliance:*** Our teams are experts in managing "layered" financing (e.g., combining LIHTC with Section 8, HOME, or local Bond funds) while maintaining seamless reporting for the County and State agencies.

4. Operational Soundness and Building Management:

- ***Proprietary Infrastructure:*** FPI utilizes Yardi Voyager and Revenue IQ to provide real-time financial transparency to our partners. Our standard operating procedures (SOPs) include quarterly preventative maintenance audits and a 24/7 "Rapid Response" maintenance team.
- ***Resident Outreach & Marketing:*** Our marketing approach for Santa Barbara focuses on "Local-First" outreach.
    - *Strategic Marketing:* We employ a "Digital-First" funnel including SEO-optimized property websites and CRM-driven lead tracking.
    - *Community Integration:* For affordable and workforce housing, we partner with local employers (like UCSB and County agencies) and NGOs to ensure the resident pool reflects the local workforce. We host monthly on-site "Resident Success" events to foster community stability and reduce turnover.

Section 4

DEVELOPMENT CONCEPT AND SITE PLAN

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Design Narrative

Vision and Purpose
The proposed development at 123 East Carrillo Street represents a forward-looking investment in Santa Barbara's workforce and urban vitality. Situated along East Carrillo Street, on the block between Santa Barbara Street, and Anacapa Street, the project delivers 120 thoughtfully designed workforce housing units within a mixed-use, pedestrian-oriented environment that reinforces the character and energy of downtown.

This proposal advances a clear vision: to provide attainable, high-quality housing in proximity to employment centers, transit, and community amenities while elevating the architectural and civic presence of workforce housing. Through contextual design, durable construction, and integrated community spaces, the project establishes a model for public-private partnership development that is socially responsible, environmentally responsive, and architecturally distinguished.

Urban Integration and Community Activation
The site planning strategy responds directly to its prominent downtown location. The building maintains and reinforces the established street wall along East Carrillo Street while activating the pedestrian realm through a 2,148-square-foot ground-floor retail space. This commercial frontage supports neighborhood-serving uses and contributes to the vitality of the corridor. A clearly articulated residential lobby anchors the primary entry, establishing a secure, welcoming presence along the street.

Vehicular access and parking are efficiently integrated within the building footprint, minimizing visual impact and preserving an active pedestrian edge. The project provides 42 parking spaces (39 garage spaces and 3 uncovered), as well as a dedicated 331-square-foot bicycle storage room to encourage alternative transportation. This approach reflects a balanced strategy that supports mobility while prioritizing walkability in a transit-supportive downtown setting.

Depending on project needs, additional parking spaces may be accommodated using parking stackers (potentially allowing up to 20-30 additional stalls) and additional parking demand may be met by leasing unused stalls at the Wells Fargo parking lot (adjacent to the NW) or County juror lot (adjacent lot to the NE). This will allow the project to flexibly meet the parking needs of the project's residents.

Residential Program and Livability
The development includes 120 residential units distributed across Levels 2 through 5. The unit mix has been carefully calibrated to meet workforce housing needs across a range of household types. This distribution supports working professionals, couples, and small families, reinforcing socioeconomic diversity within the downtown core. Residential floors are organized around efficient circulation cores, including two enclosed stairs and centrally located elevators, ensuring accessibility, life-safety compliance, and operational clarity. Service functions, including trash and mechanical spaces, are vertically aligned to promote long-term efficiency and cost-effective maintenance.

Unit layouts prioritize functional living areas, natural light, and visual connection to either the street frontage or the interior courtyard. The result is a residential environment that balances density with comfort, privacy, and dignity.

Courtyard and Amenity Strategy
At the heart of the building is a central courtyard that introduces light, air, and shared open space into the project's core. This courtyard serves as both an environmental and social anchor, enhancing daylight access, creating visual connectivity across levels and providing resident-serving open space to enhance the living experience.

Residents benefit from multiple amenity spaces designed to foster community and well-being, including an indoor amenity space on Level 2 and a roof-level amenity deck on Level 5 facing East Carrillo Street. These spaces provide opportunities for gathering, recreation, and informal interaction, strengthening social cohesion and reinforcing the stability of the residential community. The integration of open space at multiple elevations reflects a commitment to wellness within a compact urban footprint.

Architectural Character and Civic Presence
The architectural design draws inspiration from Santa Barbara's Spanish Colonial heritage while expressing a refined, contemporary urban sensibility composed of light stucco façades, clay tile roof elements, arched ground-floor openings, recessed balconies and articulated window groupings and varied parapet heights and massing modulation. Ground-floor arcades and proportioned openings enhance pedestrian scale, while upper-level articulation reduces perceived mass and maintains contextual compatibility. Through these elements, the project affirms that workforce housing can contribute meaningfully to the architectural identity of downtown Santa Barbara, reinforcing civic pride and long-term community value.

Sustainability and Long-Term Stewardship
Sustainability is embedded in both the project's location and its architectural strategy. As an infill development in a transit-supportive downtown setting, the project inherently reduces vehicle miles traveled and supports walkability. On-site bicycle storage further encourages low-carbon mobility with broader County climate action objectives.

The development can be designed to potentially achieve LEED Silver certification, reflecting a comprehensive commitment to environmental performance and measurable sustainability outcomes. Anticipated strategies include a high-performance building envelope, energy-efficient mechanical and lighting systems, water-conserving plumbing fixtures, enhanced indoor environmental quality, and responsible material sourcing to reduce lifecycle impacts.

The project is planned to utilize modular construction methodology for the residential components. Modular construction significantly reduces material waste through controlled factory fabrication, improves construction precision and quality control, and shortens the overall construction schedule. By minimizing on-site construction duration, the project reduces neighborhood disruption, site-related emissions, and construction-related traffic impacts. The efficiency of modular fabrication also supports cost predictability as an important factor in maintaining long-term workforce housing affordability.

The central courtyard further strengthens environmental performance by enhancing daylight penetration and supporting natural ventilation throughout the building. The compact massing strategy improves overall energy efficiency, while durable exterior materials appropriate to Santa Barbara's coastal climate ensure longevity and reduced lifecycle maintenance.

Advancing County Workforce Housing Goals
This proposal directly advances the County's workforce housing objectives by delivering 120 high-quality, contextually responsive units in a downtown employment-rich location. It balances density with design excellence, integrates meaningful community spaces, activates the public realm, and reflects a long-term commitment to stewardship.

More than a residential building, this project represents a civic investment – one that strengthens downtown vibrancy, supports working households, and demonstrates how public-private collaboration can produce enduring community benefit.

Section 5

CONCEPTUAL DESIGN DOCUMENT SUBMISSION REQUIREMENTS & LIMITATIONS

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Conceptual Site Plan

KEYNOTES

1. OUTDOOR KITCHEN AND DINING
2. OVERHEAD SHADE STRUCTURE
3. LOUNGE
4. RECREATION & LAWN GAMES
5. OUTDOOR DINING
6. VEHICULAR ACCESS
7. GARAGE ACCESS
8. PARRALEL PARKING

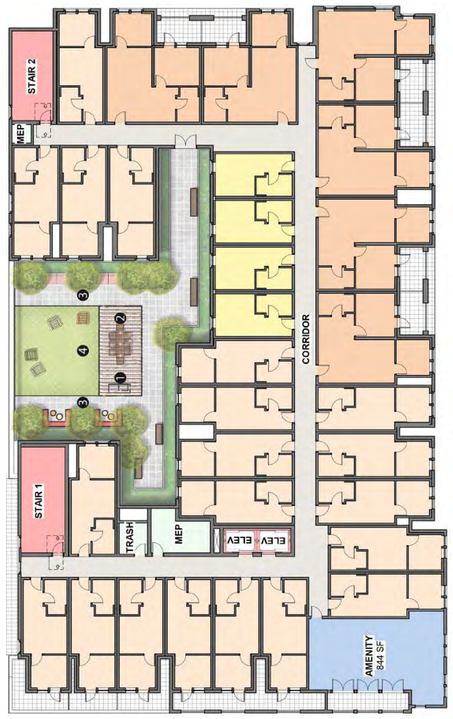
DEVELOPMENT SUMMARY

SITE DATA: .97 ACRES
CONSTRUCTION TYPE: MODULAR
BUILDING HEIGHT: 65’
TOTAL SQUARE FOOTAGE: 24,573 SF
UNIT COUNT: 120 UNITS
PARKING STALLS: 42
RETAIL: 2,148 SF
RESIDENTIAL AMENITY SPACE: 7,369 SF

- 2,826 SF OF INDOOR SPACE
- 4,543 OF OUTDOOR SPACE

DEVELOPMENT PLAN BY FLOOR

LEVEL 1



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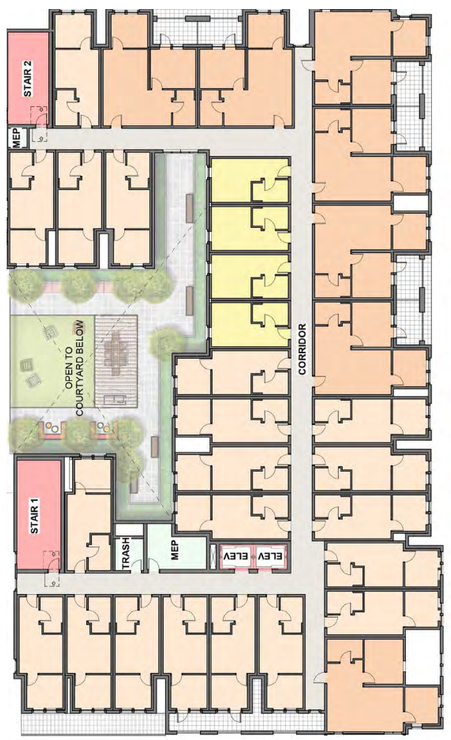
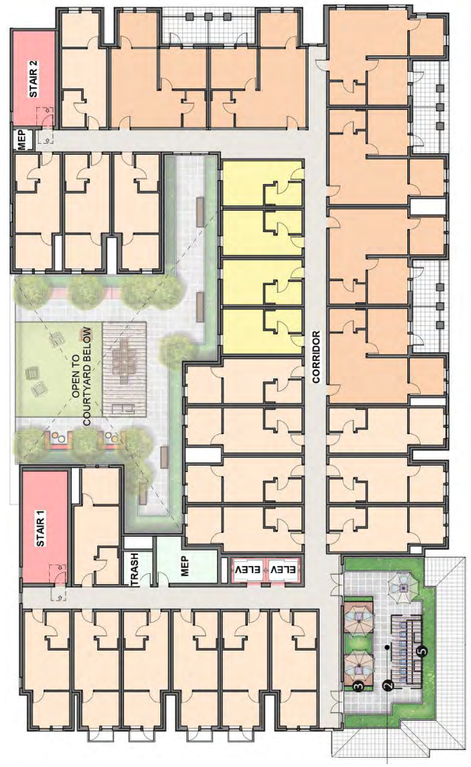


LEVELS 3 -4



LEVEL 5

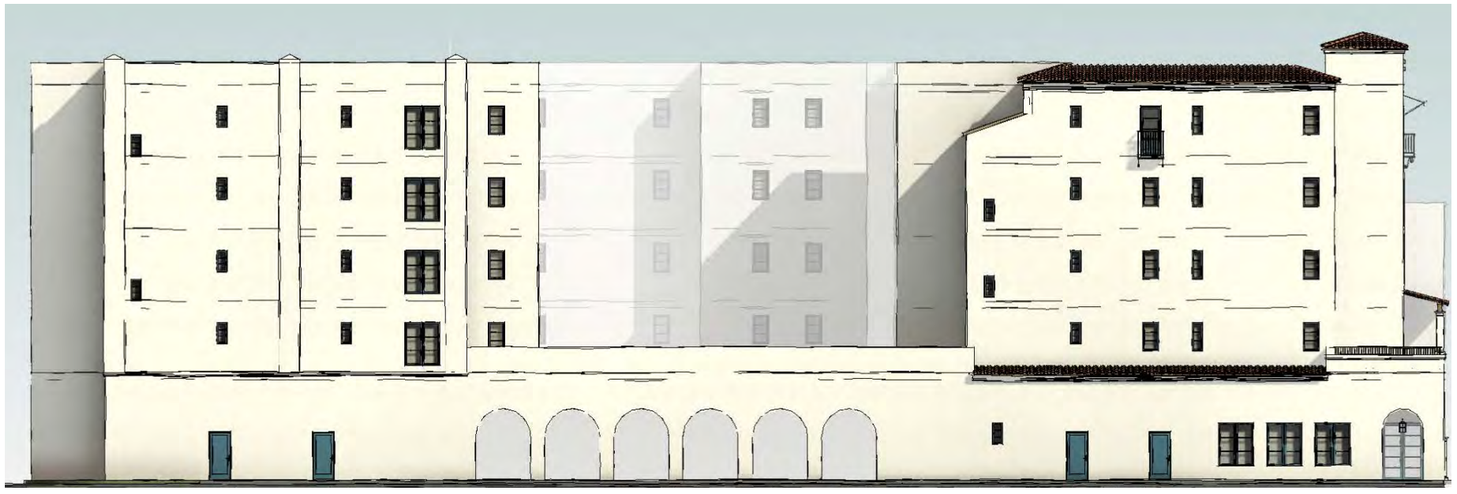
		Level 1	Level 2	Level 3 - 4	Levels 5	Total	Mix (%)
	STUDIO	0	4	4	4	16	13%
	1 BEDROOM	0	20	20	18	78	65%
	2 BEDROOM	0	6	7	6	26	22%
	TOTAL UNITS	0	30	31	28	120	100%

ELEVATIONS

CARRILLO STREET ELEVATION

EAST ELEVATION

NORTH ELEVATION



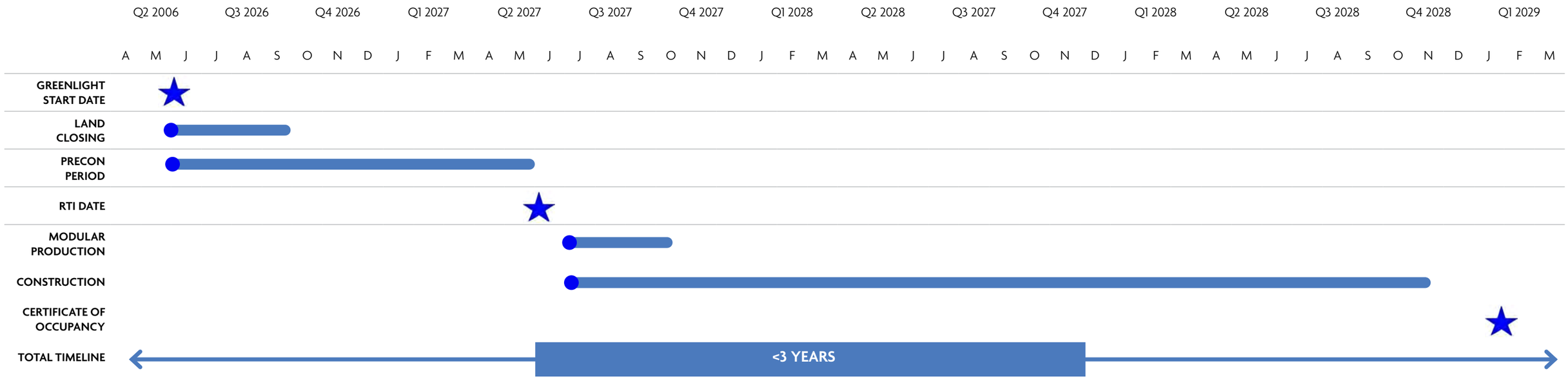
WEST ELEVATION

RENDERINGS

VIEW ALONG EAST CARRILLO LOOKING NORTHWEST

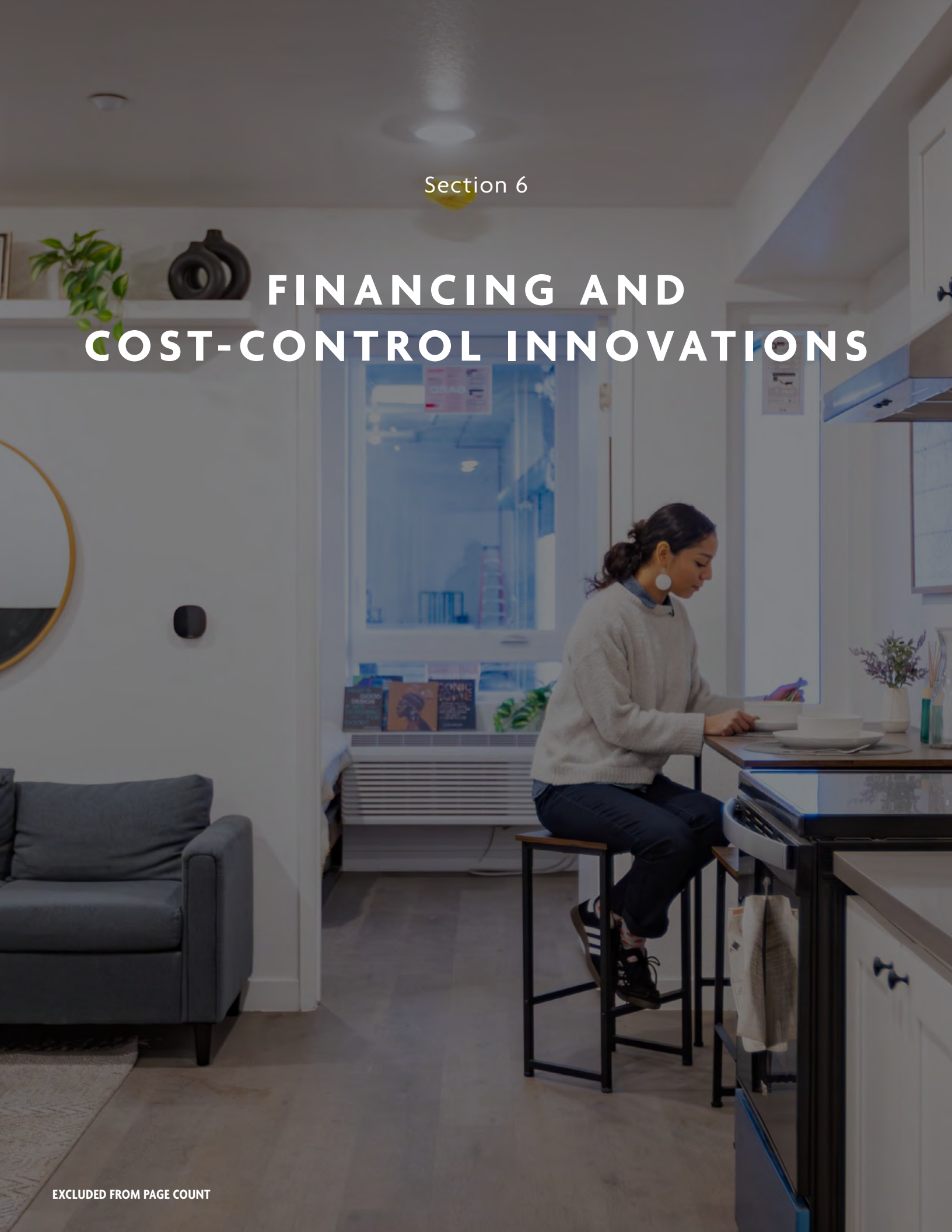
VIEW ALONG EAST CARRILLO LOOKING NORTHEAST

PROJECT TIMELINE



Section 6

FINANCING AND COST-CONTROL INNOVATIONS



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Financing and Cost-Control Innovations

Overall Financing Plan
The financing strategy utilizes a highly efficient tax-exempt 501(c)(3) bond structure tailored for maximum proceeds and minimal equity requirements during predevelopment and construction.

The total development capitalization is underwritten at $51.2 million (~$430k/unit) . The capitalization incorporates a combination of tax-exempt 501(c)(3) bonds (~78%LTC), subordinate "B-Bond" tax-exempt financing (~17% LTC), and capital contributions (the remaining ~5%) from the mission aligned 501(c)(3) partner or Developer. Our costs are substantially less than comparable affordable housing projects which are built for $750k-$1M/per unit in the downtown Santa Barbara area. This model provides a sustainable and replicable model for delivering high quality affordable housing quickly utilizing modular construction and innovations in financing.

The County will benefit from this financing strategy in several important ways:
1. The County will receive the eventual reversion of the $50MM project upon expiration of the 66-Year ground-lease
2. We anticipate providing a share of the Project's operating cashflow to the County, which can support further housing development
3. Outside of the below market ground-lease, our capital stack does not include any grants, public subsidies or public funds. We will only pursue these sources if funding does become available and can be applied and received in a timely manner, without delaying the project start.

The financial model underwrites realistic stabilization periods, prudent operating assumptions, and robust debt service coverage metrics that conform seamlessly with the RFP guidelines.

Predevelopment Sources & Uses Budget (Estimated)
Uses of Funds:
- Acquisition Costs: $0 (Assuming ground-lease)
- Hard Costs: $0
- Soft Costs: $1.8 M ($1.15m Consultants & Design, $730k municipal fees)
- Administrative Costs: $227K
- Financing Costs: $0
- Total Uses: ~$2.1 -$2.2MM

The bulk (80-90%) of design costs are incurred, and approximately 40% (tbc) of budgeted municipal & city fees. The project team will avail itself of SB-937 allowing us to defer impact fees until TCO.

Sources of Funds:
- Senior Debt (501c3 Bond): $0
- Subordinate B-Bond: $0
- Developer / 501c3 Contribution: $2.1-$2.2 MM
- Total Sources: ~$2.1 -$2.2MM

Development Sources & Uses Budget (Estimated)
The total development capitalization is underwritten at $51.13 million. The sources and uses emphasize a carefully managed construction budget and optimized financing leverage. Our hard costs include the Model Z units and the on-site costs of construction, including the parking podium and prevailing wage premium.
Our expectation is that the ground-lease will be at $1/year through the 66 year term. However we expect the County will be able to receive a share of Operating Cashflows from the Project, possibly equal to or greater than a market rate ground lease, without impacting project feasibility.

Uses of Funds:
- Acquisition Costs: $0 (Assuming ground-lease)
- Hard Costs: $37.6 (approx. $313K per unit)
- Soft Costs: $4.9 (Consultants, architectural, engineering, etc.)
- Administrative Costs: $4.8 (Includes developer fee, contingencies and reserves)
- Financing Costs: $3.8M (Capitalized Interest, origination, closing)
- Total Uses: ~$51.1M

SOLA may allow for some deferral of the Developer Fee

Financing Assumptions
Perm to Construction (Tax-exempt):
- Construction Loan: $39.1m on Untrended NOI
- Permanent Loan: $43.1m at Stabilization with additional proceeds due to the higher NOI
- Interest Rate: 5.00%
- Ammortization: 35 Years
- Max LTC: 90%
- Max LTV: 100%
- Minimum DSCR: 1.15

Upon stabilization, the senior construction financing is expected to convert to $43.14 million in permanent tax-exempt debt (84.4% stabilized capital stack), while the B-Bond will be paid down to $4.71 million.

B-Bonds (Tax-exempt)
- B-Bond Proceeds: $8.6m
- Interest Rate: 7.0%
- Max LTV: 100%
- Minimum DSCR: 1.05
- Residual after Debt Service CF sweep: 75%
- Our financial model assumes $4.71 MM is paid down at perm loan conversion with the remainder paid off by Year 10

SOLA has reached out to HASBARCO to be the conduit issuer for tax-exempt bonds on behalf of the project. As an alternative, SOLA may use CMFA as the bond-issuer, CMFA will be the issuer for SOLA's recently awarded 4% LIHTC projects.

We expect to require some level of credit enhancement (possibly from Fannie Mae/Freddie Mac, if not CalHFA or the Housing Authority), which we have budgeted within the lender closing costs of $1.4M.

Year 1 Operating Budget (First Stabilized Year)

INCOME	TOTAL	PER UNIT (MONTHLY
Gross Potential Rent	$4,101,134	$2,848
Commercial Rent	$109,080	$76
Other Income	$114,672	$80
Vacancy	($215,965)	($150)
Effective Gross Income	$4,108,921	$2,853
EXPENSES		
Property Tax	$134,244	$93
Insurance	$100,354	$70
Management	$205,446	$143
Non-Profit Partner Fee	$40,556	$28
Electric	$15,784	$11
Water / Sewer	$31,568	$22
Trash	$15,784	$11
Landscape & Pest Control	$15,784	$11
Turnover	$39,460	$27
Repairs / Maintenance	$47,352	$33
Payroll / Security	$206,067	$143
Legal	$7,892	$5
Elevator Maintenance	$26,306	$18
Marketing	$15,784	$11
G&A	$47,352	$33
Reserves	$31,568	$22
Total Expenses	$981,300	$681
Net Opertating Income	**$3,127,621**	**$2,172**

UNIT MIX & UNTRENDED RENTS

				120% AMI		80% AMI Restricted		50% AMI R estricted		Blended Rents
Unit Mix Summary	%	Total Units	Avg SF	Rent	PSF	Rent	PSF	Rent	PSF	
STUDIO	13%	16	315	$2,617	$8.31	$2,417	$7.67	$1,490	$4.73	$2,259
1 BEDROOM	65%	78	419	$2,833	$6.76	$2,584	$6.17	$1,590	$3.79	$2,421
2 BEDROOM	11%	13	733	$3,343	$4.56	$3,093	$4.22	$1,901	$2.59	$3,384
3 BEDROOM	11%	13	834	$3,817	$4.58	$3,567	$4.28	$2,190	$2,63	$3,384
TOTAL	**100%**	**120**	**484**	**$2,944**	**$6.22**	**$2,723**	**$5.62**	**$1,687**	**$3.42**	**$2,546**

SOLA is showing financial feasibility based on 3BR units in the project. Note, the preliminary floor plans show no 3BR units, however SOLA is able to exchange 2BR units into 3BR units (as both options consist of two residential modules).

- Gross Potential Residential Rent: $4.1M (blended avg rent $2546/mth trended at 3%)
- Gross Potential Commercial Rent: $109K ($3/sf NNN)
- Other Income (Parking, Utility Reimbursement, etc.): $115K ($175/stall x 42 stalls, pet rent & laundry)
- Vacancy & Credit Loss: 5%
- Operating Expenses: -$981K (Total OpEx equals approx. $8,000 per unit/year. This includes Property Taxes/Exemptions, Insurance, Property Management (5%), Ground Lease allocations, Utilities, Repairs & Maintenance, Payroll/Security ($188,000), and Replacement Reserves ($24K).
- Net Operating Income (NOI): $3.1M (Reflecting an operating ratio of 26.59%)

20-Year Cash Flow Projection
The 20-year cash flow assumes a standard 36-month predevelopment and construction period (Years 1-3), followed by stabilization and operations starting in Year 4 (2029). The proforma applies consistent 2-3% annual escalations for both residential and commercial income, and matching ~3% inflation factors for non-fixed operating expenses.

- **Commercial Income Over Time**: The commercial rent grows from an initial $90K per year upon stabilization to **$173,000** annually by Year 20 of operations (Year 2045).

- **Long-Term EGI**: Total Effective Gross Income will trend upward consistently, generating an estimated $6.5M by operating Year 20.

- **Expense & NOI Projections**: Operating expenses trend predictably, reaching ~$1.51M by operating Year 20, maintaining an operating ratio between 23-26% throughout the asset lifecycle. The property will generate a robust **$5M** in Year 20 NOI.

- **Levered Returns & Debt Service:** The project produces sufficient recurring cash flows, covering the 501(c)(3) bond interest and principal amortizations. Positive levered cash flows (post-debt service) begin at $168K in Year 4 and scale up to comfortably exceed $385K by Year 9, indicating excellent debt service coverage and long-term financial health.

117 E Carrillo St
Yearly Pro Forma

Date	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Year	1	2	3	4	5	6	7	8	9	10	11	12
Commercial Rent	$ -	$ -	$ -	$ 89,760	$ 111,240	$ 114,577	$ 118,015	$ 121,555	$ 125,202	$ 128,958	$ 132,826	$ 136,811
Residential Rent	$ -	$ -	$ -	$ 3,382,651	$ 4,182,752	$ 4,308,235	$ 4,437,482	$ 4,570,606	$ 4,707,724	$ 4,848,956	$ 4,994,425	$ 5,144,257
Other Income	$ -	$ -	$ -	$ 94,582	$ 116,954	$ 120,462	$ 124,076	$ 127,799	$ 131,633	$ 135,582	$ 139,649	$ 143,838
Total Rental Income	**$ -**	**$ -**	**$ -**	**$ 3,566,993**	**$ 4,410,946**	**$ 4,543,274**	**$ 4,679,572**	**$ 4,819,960**	**$ 4,964,558**	**$ 5,113,495**	**$ 5,266,900**	**$ 5,424,907**
Commercial Vacancy Cost	$ -	$ -	$ -	$ (8,976)	$ (11,124)	$ (11,458)	$ (11,801)	$ (12,155)	$ (12,520)	$ (12,896)	$ (13,283)	$ (13,681)
Residential Vacancy/Credit Loss	$ -	$ -	$ -	$ (169,133)	$ (209,138)	$ (215,412)	$ (221,874)	$ (228,530)	$ (235,386)	$ (242,448)	$ (249,721)	$ (257,213)
Total Vacancy Cost	**$ -**	**$ -**	**$ -**	**$ (178,109)**	**$ (220,262)**	**$ (226,869)**	**$ (233,676)**	**$ (240,686)**	**$ (247,906)**	**$ (255,344)**	**$ (263,004)**	**$ (270,894)**
Effective Gross Income	**$ -**	**$ -**	**$ -**	**$ 3,388,885**	**$ 4,190,684**	**$ 4,316,405**	**$ 4,445,897**	**$ 4,579,274**	**$ 4,716,652**	**$ 4,858,152**	**$ 5,003,896**	**$ 5,154,013**
Operating Expenses	$ -	$ -	$ -	$ (901,443)	$ (999,680)	$ (1,027,914)	$ (1,056,947)	$ (1,086,801)	$ (1,117,500)	$ (1,149,068)	$ (1,181,529)	$ (1,214,909)
Net Operating Income	**$ -**	**$ -**	**$ -**	**$ 2,487,442**	**$ 3,191,004**	**$ 3,288,491**	**$ 3,388,950**	**$ 3,492,473**	**$ 3,599,152**	**$ 3,709,084**	**$ 3,822,367**	**$ 3,939,104**
Operating Ratio				*26.6%*	*23.9%*	*23.8%*	*23.8%*	*23.7%*	*23.7%*	*23.7%*	*23.6%*	*23.6%*
Sales Proceeds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Unlevered Income	**$ -**	**$ -**	**$ -**	**$ 2,487,442**	**$ 3,191,004**	**$ 3,288,491**	**$ 3,388,950**	**$ 3,492,473**	**$ 3,599,152**	**$ 3,709,084**	**$ 3,822,367**	**$ 3,939,104**
Land/Acquisition Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hard Costs	$ -	$ (4,402,652)	$ (20,557,393)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Admin Costs	$ (96,124)	$ (1,062,356)	$ (3,677,654)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Soft Costs	$ -	$ (726,620)	$ (2,179,860)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Unlevered Costs	**$ (941,290)**	**$ (10,403,115)**	**$ (36,013,407)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Cumulative Unlevered Costs	*$ 941,290*	*$ 11,344,405*	*$ (24,669,002)*	*$ (24,669,002)*	*$ (24,669,002)*	*$ (24,669,002)*	*$ (24,669,002)*	*$ (24,669,002)*	*$ (24,669,002)*	*$ (24,669,002)*	*$ (24,669,002)*	*$ (24,669,002)*
Unlevered Project Cash Flow	**$ (941,290)**	**$ (10,403,115)**	**$ (36,013,407)**	**$ 2,487,442**	**$ 3,191,004**	**$ 3,288,491**	**$ 3,388,950**	**$ 3,492,473**	**$ 3,599,152**	**$ 3,709,084**	**$ 3,822,367**	**$ 3,939,104**
Construction & Bridge Loan Interest	$ -	$ (109,080)	$ (1,834,994)	$ (466,555)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loan Closing Costs	$ -	$ (1,398,060)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Levered Costs	$ (941,290)	$ (11,910,256)	$ (37,848,401)	$ (466,555)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Equity Contributions	$ 941,290	$ 2,375,660	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Acq/Mezz/Construction Loan Draws	$ -	$ 9,534,596	$ 37,848,401	$ 1,280,769	$ 304,680	$ 287,599	$ 257,523	$ 203,006	$ 137,184	$ 58,972	$ 1,290	$ -
Payoff	$ -	$ -	$ -	$ (43,370,938)	$ (344,949)	$ (199,374)	$ (698,883)	$ (851,410)	$ (1,018,668)	$ (1,201,868)	$ (163,463)	$ -
Permanent Loan Proceeds	$ -	$ -	$ -	$ 43,139,429	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest	$ -	$ -	$ -	$ (1,273,242)	$ (2,164,102)	$ (2,139,559)	$ (2,113,742)	$ (2,086,584)	$ (2,058,016)	$ (2,027,965)	$ (1,996,353)	$ (1,963,100)
Loan Amortization	$ -	$ -	$ -	$ -	$ (160,730)	$ (499,635)	$ -	$ -	$ -	$ -	$ -	$ -
Paydown	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Levered Project Cash Flow	**$ (941,290)**	**$ (2,375,660)**	**$ -**	**$ 168,476**	**$ 216,543**	**$ 162,324**	**$ 318,802**	**$ 351,472**	**$ 385,284**	**$ 420,280**	**$ 1,661,261**	**$ 1,976,005**

117 E Carrillo St
Yearly Pro Forma

Date	2038	2039	2040	2041	2042	2043	2044	2045
Year	13	14	15	16	17	18	19	20
Commercial Rent	$ 140,916	$ 145,143	$ 149,497	$ 153,982	$ 158,602	$ 163,360	$ 168,260	$ 173,308
Residential Rent	$ 5,298,585	$ 5,457,543	$ 5,621,269	$ 5,789,907	$ 5,963,604	$ 6,142,512	$ 6,326,788	$ 6,516,591
Other Income	$ 148,154	$ 152,598	$ 157,176	$ 161,891	$ 166,748	$ 171,751	$ 176,903	$ 182,210
Total Rental Income	**$ 5,587,654**	**$ 5,755,284**	**$ 5,927,942**	**$ 6,105,781**	**$ 6,288,954**	**$ 6,477,623**	**$ 6,671,951**	**$ 6,872,110**
Commercial Vacancy Cost	$ (14,092)	$ (14,514)	$ (14,950)	$ (15,398)	$ (15,860)	$ (16,336)	$ (16,826)	$ (17,331)
Residential Vacancy/Credit Loss	$ (264,929)	$ (272,877)	$ (281,063)	$ (289,495)	$ (298,180)	$ (307,126)	$ (316,339)	$ (325,830)
Total Vacancy Cost	**$ (279,021)**	**$ (287,391)**	**$ (296,013)**	**$ (304,894)**	**$ (314,040)**	**$ (323,462)**	**$ (333,165)**	**$ (343,160)**
Effective Gross Income	**$ 5,308,633**	**$ 5,467,892**	**$ 5,631,929**	**$ 5,800,887**	**$ 5,974,914**	**$ 6,154,161**	**$ 6,338,786**	**$ 6,528,949**
Operating Expenses	$ (1,249,233)	$ (1,284,529)	$ (1,320,824)	$ (1,358,146)	$ (1,396,524)	$ (1,435,989)	$ (1,476,572)	$ (1,518,303)
Net Operating Income	**$ 4,059,400**	**$ 4,183,364**	**$ 4,311,106**	**$ 4,442,741**	**$ 4,578,389**	**$ 4,718,172**	**$ 4,862,214**	**$ 5,010,646**
Operating Ratio	*23.5%*	*23.5%*	*23.5%*	*23.4%*	*23.4%*	*23.3%*	*23.3%*	*23.3%*
Sales Proceeds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Unlevered Income	**$ 4,059,400**	**$ 4,183,364**	**$ 4,311,106**	**$ 4,442,741**	**$ 4,578,389**	**$ 4,718,172**	**$ 4,862,214**	**$ 5,010,646**
Land/Acquisition Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hard Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Admin Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Soft Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Unlevered Costs	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Cumulative Unlevered Costs	*$ (24,669,002)*	*$ (24,669,002)*	*$ (24,669,002)*	*$ (24,669,002)*	*$ (24,669,002)*	*$ (24,669,002)*	*$ (24,669,002)*	*$ (24,669,002)*
Unlevered Project Cash Flow	**$ 4,059,400**	**$ 4,183,364**	**$ 4,311,106**	**$ 4,442,741**	**$ 4,578,389**	**$ 4,718,172**	**$ 4,862,214**	**$ 5,010,646**
Construction & Bridge Loan Interest	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loan Closing Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Levered Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Equity Contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Acq/Mezz/Construction Loan Draws	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Payoff	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Permanent Loan Proceeds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest	$ (1,928,120)	$ (1,891,324)	$ (1,852,617)	$ (1,811,900)	$ (1,769,069)	$ (1,724,014)	$ (1,676,620)	$ (1,626,764)
Loan Amortization	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Paydown	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Levered Project Cash Flow	**$ 2,131,280**	**$ 2,292,040**	**$ 2,458,489**	**$ 2,630,841**	**$ 2,809,320**	**$ 2,994,157**	**$ 3,185,594**	**$ 3,383,882**

Section 7

COMMUNITY OUTREACH PLAN

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Community Outreach Plan

1. Strategic Engagement Framework

Our strategy is to position the project as a community asset, proven successful in projects like Crenshaw Lofts and HED's project - AMLI Pasadena.

- **Targeting Essential Workers:** Our focus is on housing the "Essential Workers" (nurses, teachers, retail employees, etc.) who serve Santa Barbara but cannot afford to live there.
- **Local Partnerships:** We will partner with a professional property manager and seek a formal relationship with HASBARCO or HACSB to target essential workers who meet income restrictions via joint informational sessions.
- **Expert Local Design & Consultation:** The team includes Cearnal Collective, with over 40 years of local experience and 30+ downtown projects, and national affordable housing expert HED. We will conduct "Pre-Entitlement Feedback meetings" with the local architect to address concerns early and ensure adherence to local standards, even when expedited by SB330.
- **Direct Feedback:** We will utilize "Community Input Charettes" for aesthetic and functional elements like public art, ensuring the project reflects Santa Barbara's unique character and navigates neighborhood sensitivity.

2. Minimized Disruption & Transparency

We will utilize modular construction and maintain transparency to minimize opposition and neighborhood disruption.

- **Minimized Community Disruption via Modular Technology:** Leveraging proprietary Model/Z volumetric modular units significantly reduces the construction "nuisance" period. Off-site manufacturing is twice as fast as traditional methods, meaning fewer months of blocked streets, construction traffic, and local staging.
- **"Quiet" Building Process:** Because 60-70% of construction occurs off-site, on-site noise and dust are drastically reduced, respecting the nearby Superior Court. This strategy compresses the assembly phase, allowing the building to reach structural completion and "seal" the site far more rapidly.
- **Digital Project Dashboard:** A dedicated project website will provide real-time updates and a "Commonly Asked Questions" portal. We will host quarterly on-site or virtual meetings to update on project progress and the Local Preference Ordinance.

3. Local Workforce & Economic Inclusion

A core pillar is the promise of local economic benefit and workforce development.

- **20% Local Hire Commitment:** We aim to reach a 20% local hire commitment for the construction phase, engaging potential GCs like Snyder Langston, McGillivray, or ProWest. We will host "Job & Opportunity Fairs" in collaboration with local trade schools for both construction and long-term project roles.
- **Workforce Development:** SOLA Impact will look to promote workforce development in Santa Barbara, prioritizing retail that provides opportunities to local businesses (e.g., a potential Culinary Cafe)

Section 8

INITIAL SERVICES CONCEPT PLAN

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Initial Services Concept Plan

1. Strategic Linkages & Service Concept

The project implements a "Live-Work-Thrive" model, transforming housing into a community anchor. SOLA Impact would aim to support local businesses in the 3,000 sf retail space. The SOLA Foundation and SOLA Impact would aim to offer first preference to local entrepreneurial businesses or business incubators, and nurture a successful, community connected commercial space similar to SOLA's 60th Street Cafe or Crenshaw Cafe.

- **Workforce Development and Economic Empowerment:** a potential on-site community retail space would provide a neighborhood amenity as well workforce development opportunities for the community, inspired by SOLA Impact's approach in other successful mixed use projects.
- **Supportive Resource Navigation:** We will coordinate with the *Housing Authority of the City of Santa Barbara (HACSB)* and the *Santa Barbara Foundation* to ensure residents are seamlessly linked to municipal healthcare, childcare, and MTD transit resources.

2. Potential Commercial Use- The Social Enterprise Model

- SOLA Foundation established the **60th Street Cafe** at the Beehive and will be opening the **Crenshaw Cafe** at its 186-unit project on Crenshaw Blvd to provide vocational training. Inspired by this approach, we expect the Santa Barbara retail space may be a community cafe and partner with support from local leaders like **Dart Coffee Co**. or **Old Little Co.** This creates a direct employment pipeline to Santa Barbara's "Funk Zone" and hospitality economy.
- A community cafe at the project would serve as a **"living laboratory,"** where residents gain immediate management experience under the guidance of Central Coast industry veterans. By sourcing from the **Santa Barbara Certified Farmers Market**, the enterprise remains rooted in the regional agricultural economy while providing residents with transferable, high-demand skills.

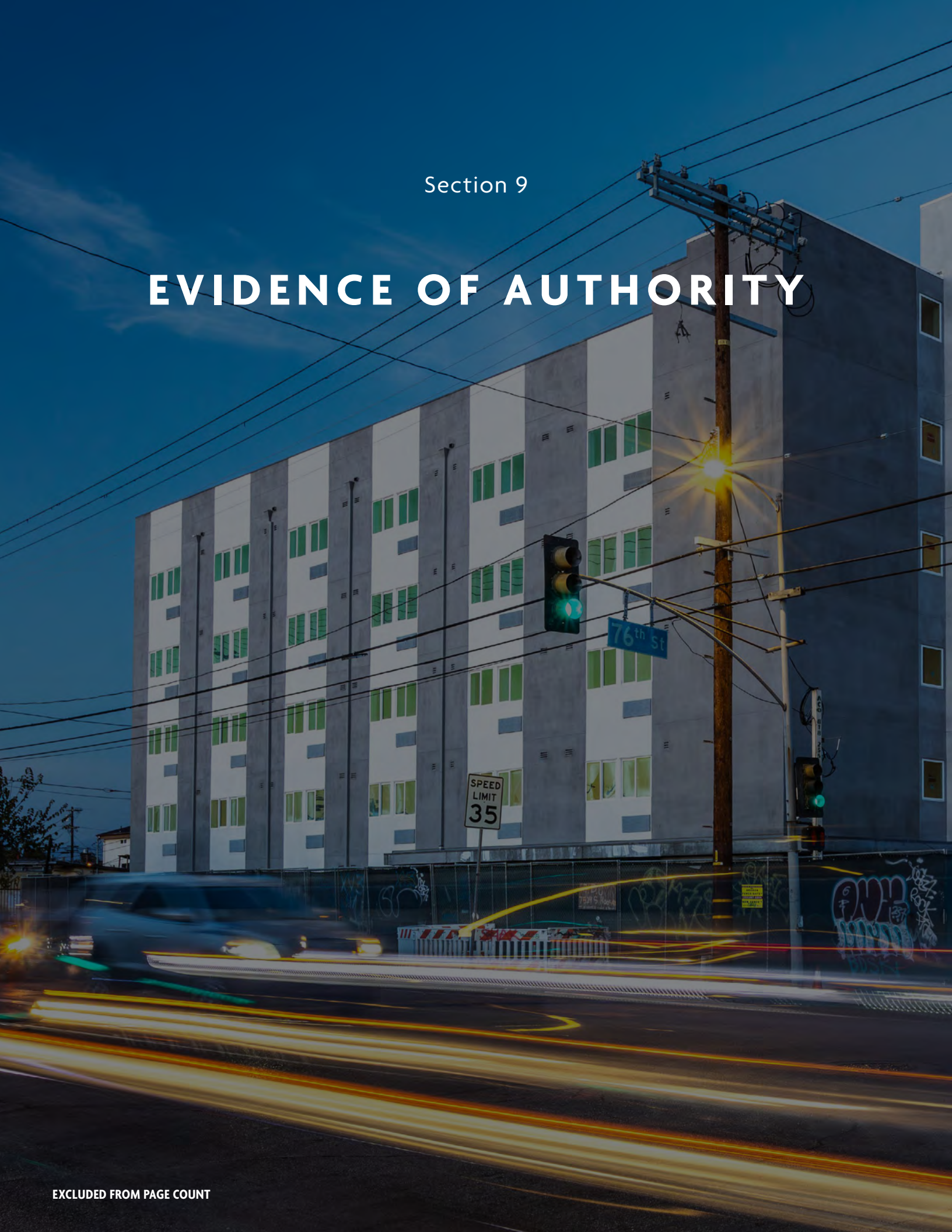
3. Sustainability and Funding

If a social enterprise such as a community cafe were to be opened here, to ensure long-term viability without impacting resident rents, it will utilize a multi-stream funding strategy:

- **Operational cashflows from the multifamily operations** to the 501(c)(3) ownership of the project, can be used to provide supportive services & workforce training
- **Social Enterprise Loop:** Proceeds from cafe sales and event space rentals are reinvested into workforce training, creating a self-sustaining "double bottom line."
- **Local Grants & Partnerships:** We aim to establish relationships with local philanthropies like the Yardi Foundation and the *Santa Barbara Foundation* for philanthropic support.
- **Public-Private Alignment:** The team will pursue *CDBG* and *WIOA* funds through the *Workforce Development Board of Santa Barbara County* to offset equipment and training stipends.

Section 9

EVIDENCE OF AUTHORITY



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UNANIMOUS WRITTEN CONSENT OF
THE MANAGING MEMBERS OF
SOLA IMPACT, LLC

March 4, 2026

Pursuant to the provisions of Section 18-404 of the Delaware Limited Liability Company Act and Section 6 of the Limited Liability Company Agreement of the Company (as defined below), the undersigned, being the managing members of SOLA IMPACT, LLC, a Delaware limited liability company (the "Company"), authorized to consent to the transactions contemplated herein, acting by written consent without a meeting, do hereby consent to the adoption of the following resolutions as of the date hereof.

WHEREAS, the Company desires to enter into that submit a response (the "Response") to that certain Request for Proposals for Affordable Workforce Housing Public Private Partnership [P3] Development, County Project Bid No. 208055 (the "RFP") of the County of Santan Barbara, Community Services Department, Housing and Community Development Division (the "County"); and

WHEREAS, if the Company's Response is selected by the County, the Company desires to enter into negotiations with the County for the long term lease of 117 East Carrillo Street, Santa Barbara, California 93101, APN 029-211-025.

NOW, THEREFORE, BE IT:

RESOLVED, that the Company be, and it hereby is, authorized to submit the Response to the RFP, and to enter into any other documents and agreements required by the County in connection with such submittal, in such form and with such terms and conditions as are approved by the officer, member, manager or other authorized signatory executing the same, the execution thereof by such officer, member, manager or other authorized signatory to be conclusive evidence of such approval;

RESOLVED, that if the Company's Response is selected by the County, the Company be, and it hereby is, authorized to enter into negotiations with the County for the long term lease of the Site and to enter into such additional agreements as are necessary, appropriate or desirable to effectuate the intent of, or matters reasonably contemplated or implied by, these resolutions, in such form, and having such terms and conditions as are approved by the officer, member, manager or other authorized signatory executing the same, the execution of agreements and other documents therefor by such officer, member, manager or other authorized signatory to be conclusive evidence of such approval;

RESOLVED, that the Company be, and it hereby is, authorized to enter into any such other documents, agreements, instruments or amendments and to engage without limitation in such other transactions, arrangements or activities (collectively, the "Activities") as are reasonably related or incident to, or which will serve to facilitate or enhance for the benefit of the Company the transactions contemplated by, these resolutions, including without limitation any modification, extension or expansion (collectively, the "Changes") of any Activities or of any other transactions, arrangements or activities resulting from any of the Changes and to enter into such other

agreements or understandings as are necessary, appropriate or desirable to effectuate the intent of, or matters reasonably contemplated by, this resolution and each of the foregoing resolutions;

RESOLVED, that in addition to the specific authorizations set forth in any of the foregoing resolutions, the officers, member, managers or other authorized signatories of the Company be, and they hereby are, authorized to take from time to time any and all such action and to execute and deliver from time to time any and all such instruments, requests, receipts, notes, applications, reports, certificates and other documents as may be necessary or advisable in their opinion, or in the opinion of any of them, to effectuate, consummate and comply with the purpose and intent of any of the foregoing resolutions; and

RESOLVED, that all documents, agreements and instruments previously executed and delivered, and any and all actions previously taken by any director, member, manager, officer, employee or agent of the Company in connection with or related to the matters set forth in, or reasonably contemplated or implied by, the foregoing resolutions be, and each of them hereby is, adopted, ratified, confirmed and approved in all respects and for all purposes as the acts and deeds of the Company.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the undersigned ha duly executed this Written Consent as of the date set forth above.

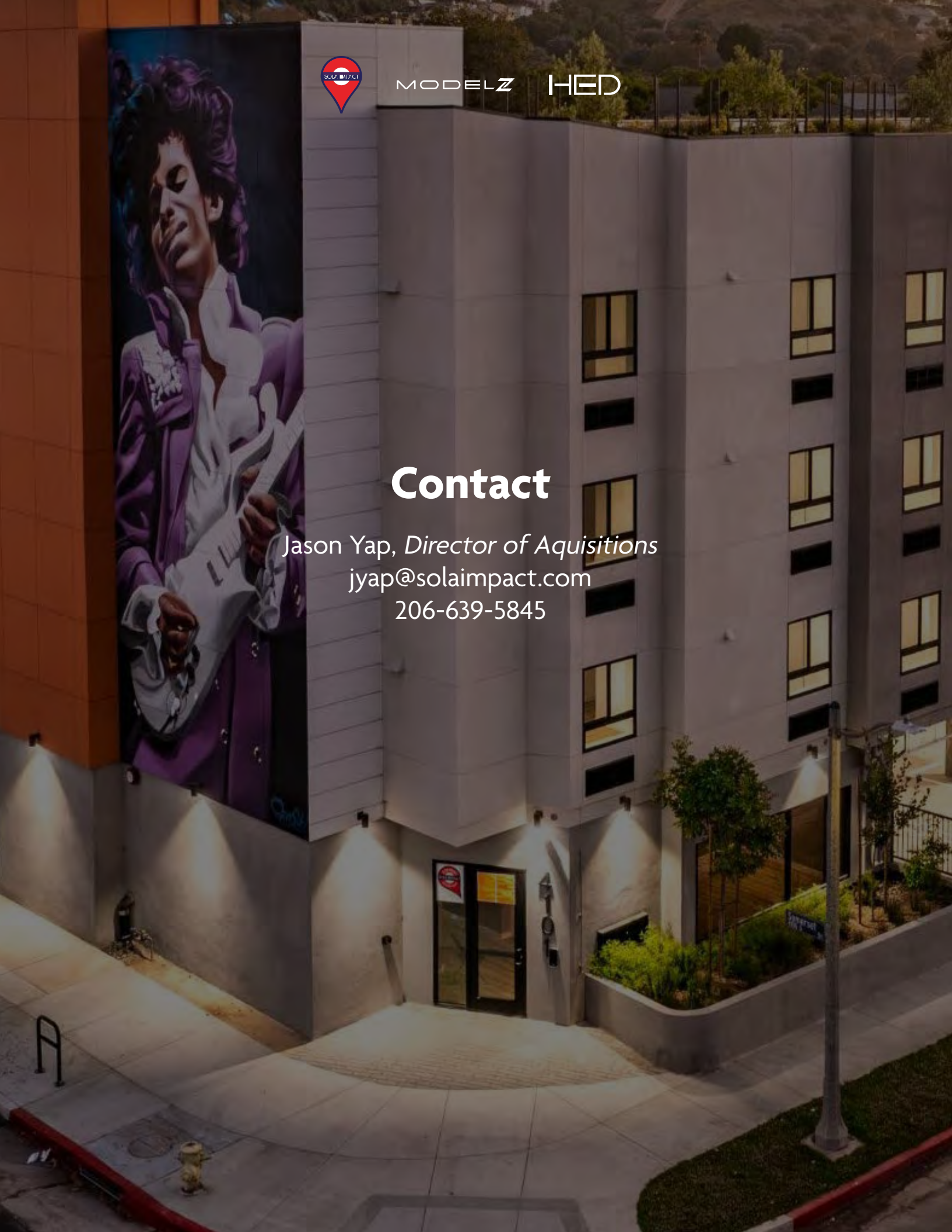
MANAGING MEMBERS:

DocuSigned by:
Martin Muoto
8F0E379D1A5747F...

MARTIN MUOTO

Signed by:
5B3DD0373AA04B5...

GRAY LUSK



Contact

Jason Yap, *Director of Aquisitions*
jyap@solaimpact.com
206-639-5845

SOLA IMPACT

117 E Carrillo St.
SOLA/Model Z Development Proposal
March 23 2026

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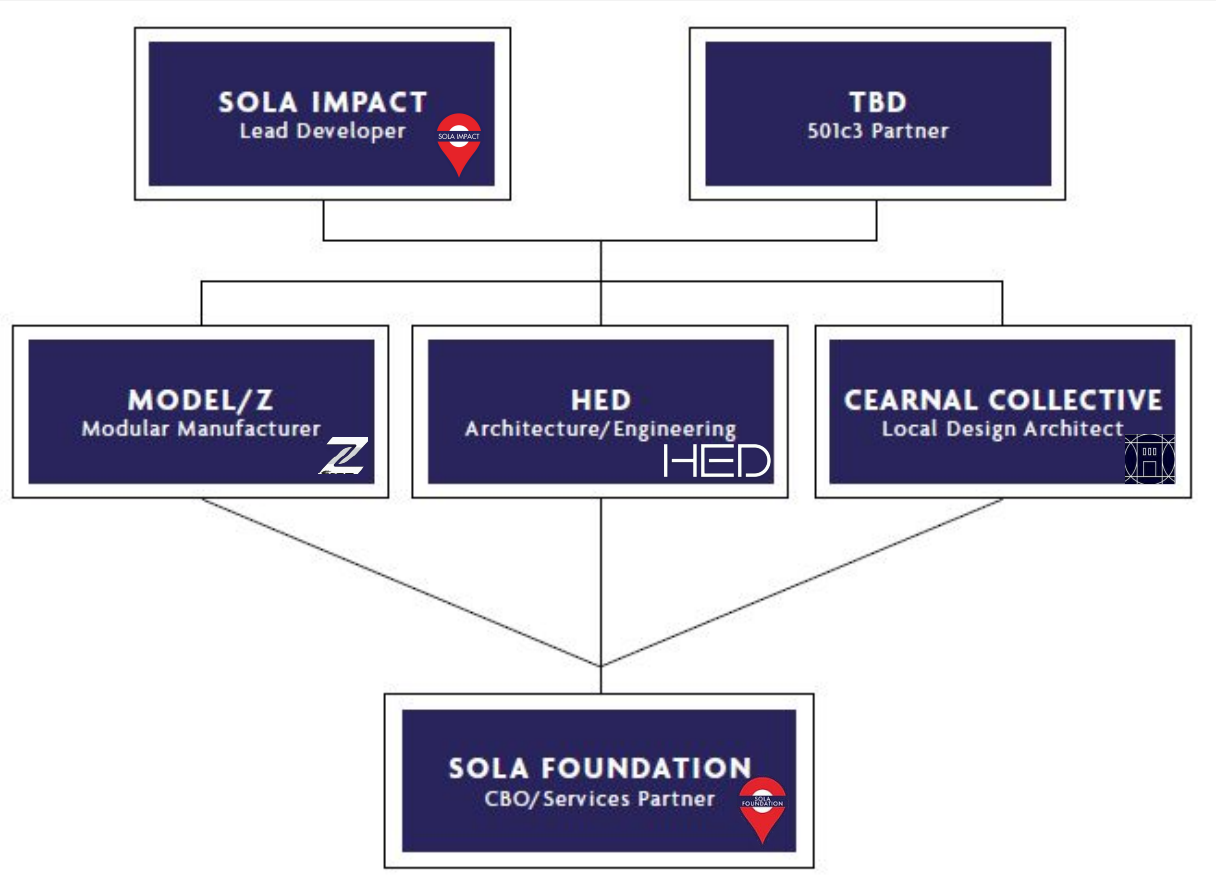


- *If the SOLA team is awarded, we would pursue a partnership with the **501(c)(3) affiliated with HASBARCO or HACSB**. This means the ultimate project owner will be closely aligned with the City & County, aligning the goals of the project with the local municipality priorities*

Martin Muoto

Chief Executive Officer

- Founder of SoLa Impact
- Real estate investor for 15 years and raised over $500M for South LA communities
- Previously General Atlantic Partners (private equity)
- Wharton Business School/ University of Pennsylvania

Gray Lusk

Chief Operating Officer

- Co-founder of SoLa Impact
- Manages 175+ employees and 500+ contractors at SoLa
- 15+ years in real estate fund management and operations
- East Carolina University

Sherri Francois

Chief Impact Officer

- Heads up SoLa Tech & Entrepreneurship Center
- Exec. Dir. of affiliated, SoLa Foundation
- 20 years in charitable and social-conscious media
- UCLA

Ekta Naik

Acq. and Development

- Joined SoLa Impact in 2021
- 20+ years of experience in multifamily and mixed-use projects nationwide
- Executed over $2.5B in real estate transactions, totaling over 7,000 units across SoCal
- Cornell University, NYU Stern

Jason Yap

Acq. and Development

- Joined SoLa Impact in 2021
- 14 years of multifamily acquisition and ground-up development experience in SoCal
- University of Melbourne

Kathleen Kim

Construction

- Joined SoLa Impact in 2023
- 17 years of experience leading and delivering high-profile construction projects with major developers CIM and Greenland Group
- Led the development of marquee projects including 432 Park Ave (NYC), Metropolis LA
- Cal Poly Pomona

Bill O'Neil

Finance/Capital Markets

- Joined SoLa Impact in 2019
- Secured more than $500 million in financing over his career
- Manages over $200 million in CRA-qualified apartment financing, with construction financing expected to surpass $200 million
- UCLA

AWARDS

2024 NMHC 50 TOP DEVELOPER
16th Largest Developer in US (National Multifamily Housing Council)

PREA pension real estate association
Pension Real Estate Association's Emerging Manager ESG Award

LABC Los Angeles Business Council
Community Impact Award in Architecture

2023 California Nonprofit of the Year
2023 California Nonprofit of the Year

CA Energy Commission Awards SoLa $1M

AIA Los Angeles
SoLa Beehive Received Architectural Award

MODEL/Z: A SINGLE, STANDARDIZED APPROACH TO AFFORDABLE HOUSING

- Model/Z is a **volumetric modular manufacturer powered by AI**.
- **Superior Product:** 100% US steel; Built to last 100 years; Standardised units to realize process, cost, and project efficiencies and consistent high quality.
- **Built Different:** Designed by SpaceX and automotive engineers; Fully integrated production systems; Driven by continuous improvement.
- **AI-enabled:** Proprietary AI platform streamlines pre-development, enhancing SoLa's LA market expertise to analyze zoning, entitlements, financial feasibility, design, and hard/soft construction costs.
- **Track Record:** LA-based manufacturer; 500+ units delivered; BABAA-compliant; Built by developers for developers.

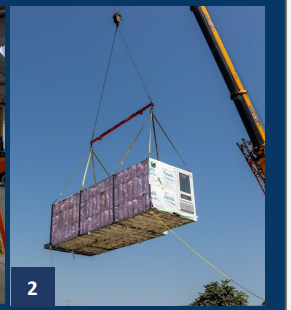
25% Cheaper — **Productive & Efficient**

35% Greener — **Sustainability Standards**: **30% - 40%** less waste and carbon emissions generated.

40% Faster — **Parallel Manufacturing**: Saves **30-50%** of the traditional construction timeline.

PROJECT BROADWAY

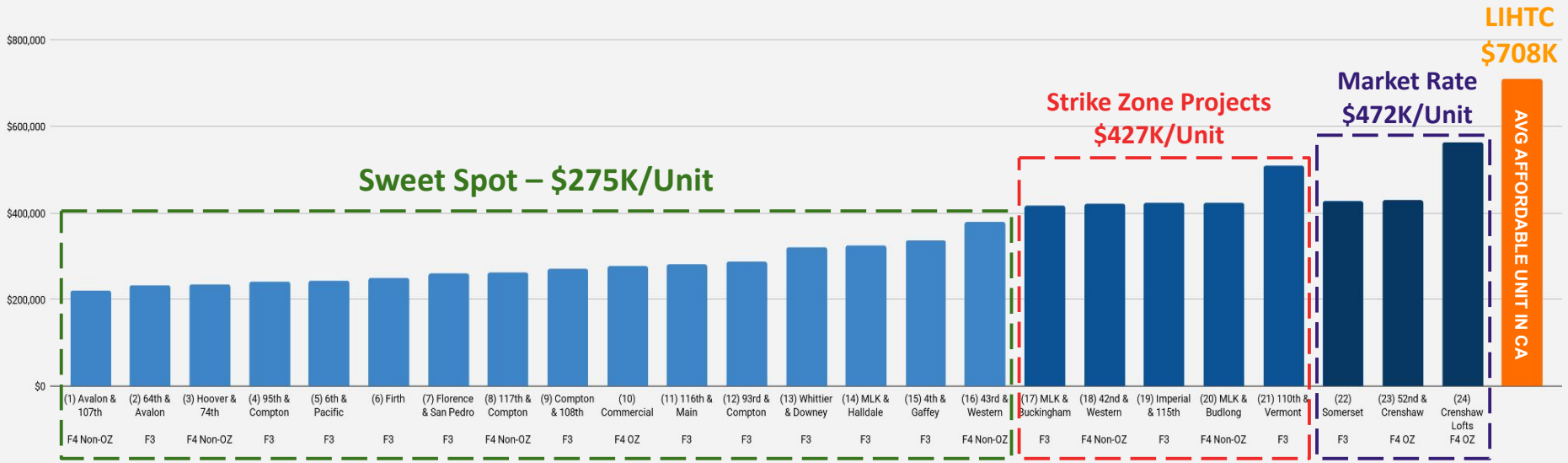
- 66 affordable/workforce housing units in South Los Angeles
- Expected TCO in Q2 2026
- 11-12 month total development timeline (form groundbreak to TCO)
- Module setting (77 mods) complete in 10 working days
- Set times as low as 16 minutes



[1] Unit welding in the Model/Z factory. **[2]** Module craned on site. **[3]** Interior finishes completed in the Model/Z factory. **[4]** Interior of completed one-bedroom unit.

TRACK RECORD: 75% OF PORTFOLIO WITHIN SOLA'S "SWEET SPOT"

SoLa's "Sweet Spot" projects (16 of 24) have averaged $274,982 per unit "all-in" which is almost **one-third** of the average cost per unit for a government subsidized affordable housing project in CA. SoLa's overall ground-up portfolio (24 projects) were completed at an average of $333k/unit.



SOLA "SWEET SPOT"
1-2-BRs; close to mass transit/limited parking; no podiums

SOLA "STRIKE ZONE"
Subterranean parking; retail & commercial; podiums; challenging GCs; 3+ bedrooms

WORKFORCE HSG
"Attainable Luxury" Urban Renewal neighborhoods

"All in" *refers to the all inclusive Total Development Cost which includes land, hard costs, soft costs, permitting fees, architectural fees, financing costs/fees, developers fees, etc.*

Footnotes
Source: SoLa Impact Internal Analysis
Terner Center, UC Berkeley LIHTC Construction Costs

HED

- **Century-Long Legacy:** A premier national architecture, engineering, and planning firm with a 100-year history of excellence
- **Integrated "One-Firm" Approach:** Seamlessly blending technical engineering precision with creative architectural design for a streamlined project experience
- **Complex Problem Solvers:** Expert at navigating the most demanding urban and technical challenges in high-density housing and healthcare
- **Impact-Driven Mission:** Dedicated to "advancing the world" of clients and communities through purposeful, high-performance design

8K+
Affordable Housing Units

$1.3B
Construction Value of Affordable Housing Projects in the Last 10 Years

Rick Castillo | Sector Leader, Housing

- **Specialty:** High-rise, Mixed-use, Type I, III, & V
- **Focus:** Solving complex urban & technical challenges
- **Mission:** Purpose-driven, community-centric design

Heather Foley | Landscape Designer

- **Specialty:** High-rise, Mixed-use, Type I, III, & V
- **Focus:** Solving complex urban & technical challenges
- **Mission:** Purpose-driven, community-centric design

The Cearnal Collective: Santa Barbara's Architectural Legacy

- **41+ Years of Experience:** A storied history of shaping the local landscape with landmark contributions and insightful design
- **Diverse Portfolio:** Expertise ranging from single-family residences and mixed-use developments to community-serving civic projects
- **Client-First Partnership:** Proudly serving a diverse client base—from non-profits to global corporations—with an **85% repeat business rate**
- **Combined Leadership:** Led by principals Brian Cearnal, Christine Pierron, and Jeff Hornbuckle, with over 100 years of collective design experience

Christine Pierron | Partner

- **Experience:** 10+ years leading SB's most notable urban developments
- **Impact:** Designing over 100 units of family and workforce housing
- **Portfolio:** Soltera, Casa Dorinda, and La Cumbre Plaza

Potential 501(c)(3)

hasbarco
Housing Authority of the County of Santa Barbara

Surf Dev Company HASBARCO's 501(c)(3)

- Provides high-quality affordable housing for Santa Barbara County's most vulnerable populations.
- Owns and manages 1,450+ units serving over 5,400 low-income households.
- Proven track record in LIHTC, Tax-Exempt Bonds, and HCD-funded developments.
- Manages an annual budget of $73M to support regional housing stability and social services.

Potential 501(c)(3)

HACSB
Building Opportunities Together

2nd Story Associates HACSB's 501(c)(3)

- Partnering via 2nd Story Associates (501c3) to promote local housing self-sufficiency.
- Manages 1,400+ units and 2,900+ vouchers with a $54M+ annual budget.
- Proven leader in LIHTC, Section 8, and Tax-Exempt Bond financing.
- Lead developer for Artisan Court, Bella Vista, and Jacaranda Court.

Potential 501(c)(3)

HOM
HOUSING ON MERIT

Housing on Merit

- Nonprofit affordable housing developer with a mission to create and preserve housing for vulnerable populations
- 9,000+ affordable units developed, preserved, or renovated nationwide
- Over $1.3 billion in debt financing closed for affordable housing acquisitions
- Experienced in LIHTC, bond-financed, and government-supported multifamily developments

II. PROJECT PROPOSAL

- **117 E Carrillo St** is an **120 units**, **100% affordable mixed use project built with prefabricated modular units (Model Z)**
- **Up to 3,000 sf of ground-floor commercial/retail with community serving amenities**
- **Diverse unit mix** of 1-bedroom, 2-bedroom and 3 bedroom units with desirable amenities
- **Targeted at 50-120% AMI**, with potential for deeper levels of affordability (if additional subsidy is provided)

Investment Summary	
Address	117-123 E Carrillo St, Santa Barbara, CA 93101
Site Area	0.97 ac
Resident Type	Non-Targeted
AMI Average	~74%
Development Type	New Construction
Total Project Cost	$51 MM
Targeted Construction Start	Q2/Q3 2027 (12 mths after award)
Targeted Completion	Q4 28/Q1 29 (16 mths after groundbreak)
Financing	501c3 tax exempt bonds

PROJECT HIGHLIGHTS (STRENGTHS & OPPORTUNITIES)

The Project's financing will use 501(c)(3) tax-exempt bonds for an efficient approach to capitalize the project. A 501(c)(3) non-profit entity will own the project and be the beneficial asset owner, ensuring project economics flow to County constituents

Innovative Financing Structure for "Missing Middle"	- The $51M project requires **no direct funding** from the County General Fund, utilizing a mix of impact focused capital, private debt, and tax-exempt bond financing. - Designed for the "**missing middle"** (60-120% AMI), a market not adequately served by market rate or LIHTC
Cost Effective, Prefabricated Approach	- **Factory-built units lower construction costs** through standardized manufacturing processes, which also result in higher quality vs stick-built methods of construction - **Advantages over stick-built** are **enhanced on prevailing wage projects** Per unit cost of $430k is significantly lower than typical affordable housing costing $750k-$1M/unit
Accelerated Delivery Minimal Disruption	**- Modular construction** reduces the overall schedule by **40%**, enabling occupancy up to **12 months faster** - **Off-site manufacturing** of units minimizes disruption to the sensitive downtown area and County Courthouse
Architectural & Contextual Sensitivity	- **Project design team** includes HED and Cearnal Collective, highly renowned in crafting buildings in visible and sensitive areas like Pasadena and downtown Santa Barbara - **Model Z combines the advantages of modular with the craftsman nature of on-site construction** for the facade/ external components, resulting in a look highly compatible with downtown Santa Barbara
Replicable, Sustainable P3 Model	- **501c3 bond financing** is not resource constrained allowing for replicability & scalability on other sites - **Economic Sharing model** generates cashflow for the County, sharing the project's "revolving" financial success with future projects

Conceptual Site Plan

KEYNOTES

1. OUTDOOR KITCHEN AND DINING
2. OVERHEAD SHADE STRUCTURE
3. LOUNGE
4. RECREATION & LAWN GAMES
5. OUTDOOR DINING
6. VEHICULAR ACCESS
7. GARAGE ACCESS
8. PARRALEL PARKING

DEVELOPMENT SUMMARY

SITE DATA: .97 ACRES
CONSTRUCTION TYPE: MODULAR
BUILDING HEIGHT: 65'
TOTAL SQUARE FOOTAGE: 24,573 SF
UNIT COUNT: 120 UNITS
PARKING STALLS: 42
RETAIL: 2,148 SF
RESIDENTIAL AMENITY SPACE: 7,369 SF

- 2,826 SF OF INDOOR SPACE
- 4,543 OF OUTDOOR SPACE

-Building organized around a central open courtyard maximizing light, air, and social interaction

-Amenity spaces strategically located as focal points of community life

- Perimeter landscaping buffers the site and reinforces a green, walkable edge along Carrillo Street

-Efficient site planning balances density with meaningful open space and resident amenities

LEVEL 1

LEVEL 2

-Ground level integrates parking, services, and residential lobby to optimize functionality

-Direct visual and physical connections to the courtyard enhance resident experience

-Amenity and common areas positioned to activate shared outdoor space

-Modular planning approach supports constructability and cost-effective delivery

LEVELS 3 -4

LEVEL 5

-Repetitive upper-level layouts maximize unit count while maintaining livable unit proportions

-Consistent circulation spine simplifies wayfinding and operational efficiency

-Units oriented to capture natural light and views toward courtyard and surrounding neighborhood

-Upper levels reinforce a cohesive residential community centered around shared open space

ELEVATIONS

CARRILLO STREET ELEVATION

EAST ELEVATION

NORTH ELEVATION

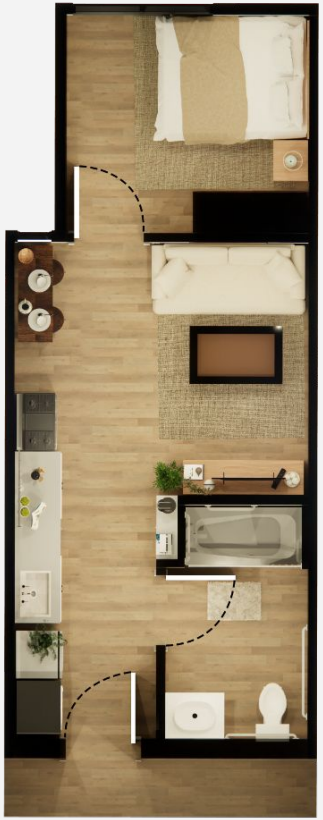
WEST ELEVATION

Neighborhood Impacts: Sensitivity & Vitality	
Impact Category	**Context/Value Proposition**
Architectural Harmony	Use of Spanish Colonial Revival elements to blend with the Presidio District.
Economic Vitality	Increased "rooftops" downtown to support the transition of State Street into a pedestrian-oriented promenade.
Environmental	Utilizing existing infrastructure (urban infill) to reduce the carbon footprint of commuters coming from Ventura or Lompoc.
Streetscape	Enhancing the Carrillo St corridor with active frontages or improved landscaping to soften the urban edge.

- **Targeting the "Missing Middle":** Provides attainable workforce housing for local professionals (healthcare, education, and tech), directly supporting the city's **6th Cycle RHNA goals.**
- **Transit-Oriented & Car-Optional:** Capitalizes on a **98 Walk Score** to reduce regional commuter traffic and minimize the project's carbon footprint through reduced parking reliance.
- **Downtown Economic Catalyst:** Adds critical "rooftops" one block from State Street, ensuring consistent foot traffic and long-term vitality for the **Promenade's small business ecosystem.**

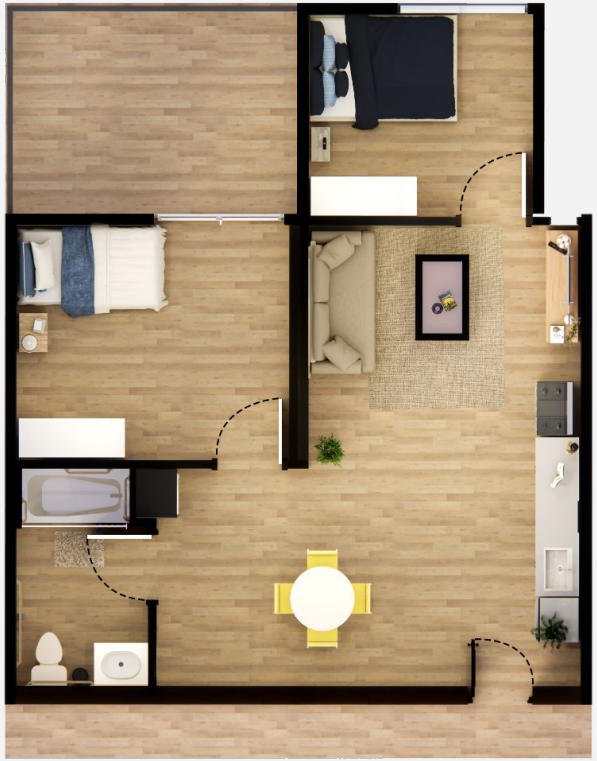
MODEL/Z UNIT LAYOUTS - 1BR

Each unit features a spacious bedroom and bathroom as well as a **full kitchen**, stand-alone dining area, and a comfortable living room. **All units come fully equipped with modern appliances**.



MODEL/Z UNIT LAYOUTS - 2BR

Each 733 sf unit features a spacious bedroom and bathroom as well as a **full kitchen**, stand-alone dining area, and a comfortable living room. **All units come fully equipped with modern appliances**.



MODEL/Z UNIT LAYOUTS - 3BR

Each 840 sf unit features a spacious bedroom and bathroom as well as a **full kitchen**, stand-alone dining area, and a comfortable living room. **All units come fully equipped with modern appliances**.

INTERIOR UNIT FINISHES

Each unit features a spacious bedroom and bathroom as well as a **full kitchen**, stand-alone dining area, and a comfortable living room. **All units come fully equipped with modern appliances**.

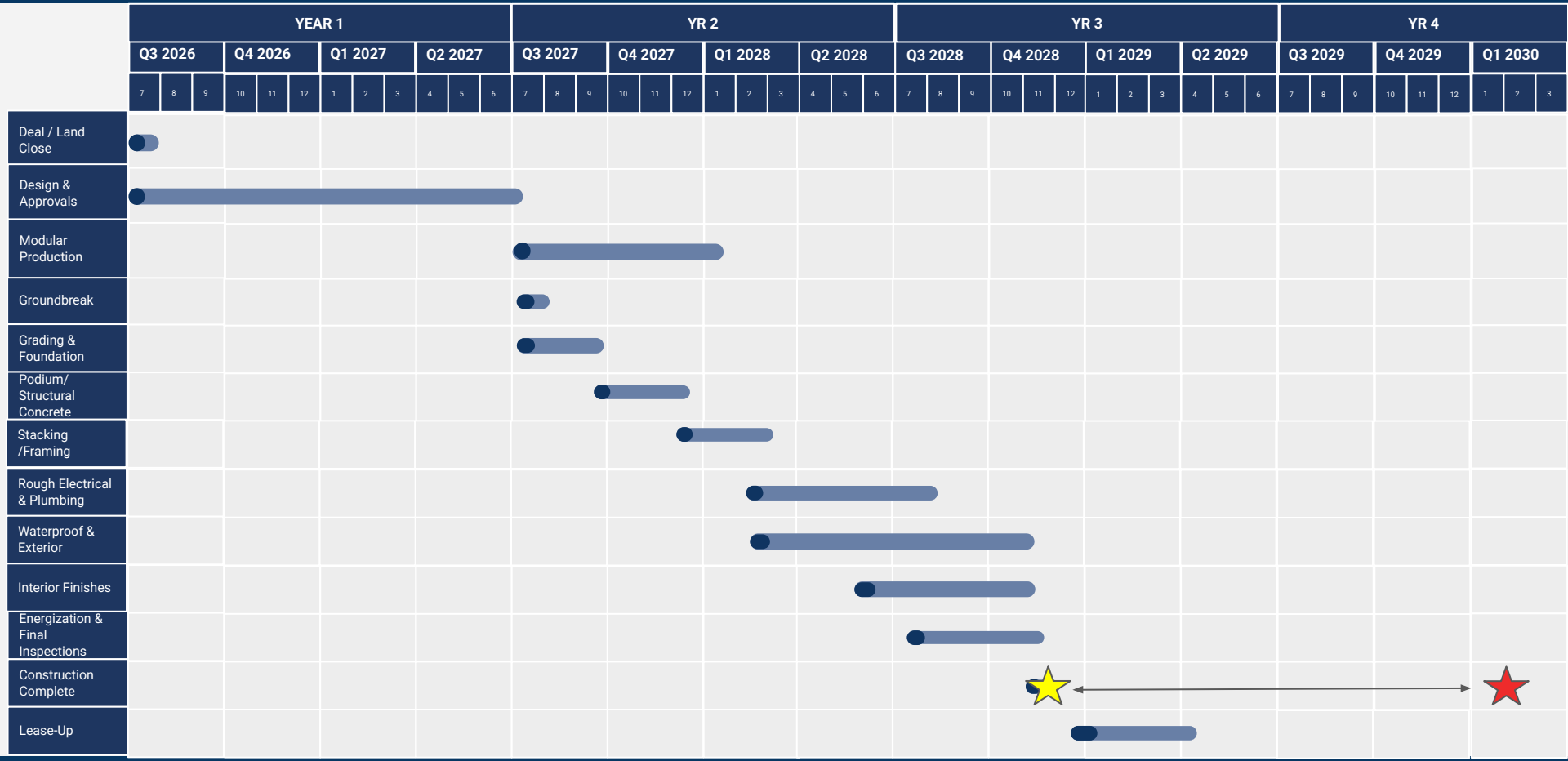
Representative unit interiors from SOLA's recent projects

Finished Interior of Unit

[1] Smart LED Lighting throughout the unit (lower operating cost). **[2]** Durable, high-quality stainless steel EnergyStar appliances. **[3]** Engineered wood floors with a 10-15 year lifespan. **[4]** Spacious bedroom **[5]** Fully accessible bathroom.

PROPOSED PROJECT SCHEDULE

Santa Barbara
120 Units, Model Z



MODEL/Z VS THE REST

	Stick Built	Traditional Modular	MODEL Z
Total Dev Cost (Per Unit)	**$500-750k***	**$300-500k**	**<$300k**
Time to Complete	**24-36 months**	**20-24 months**	**12-16 months**
Design and Decision Methodology	• **Extensive coordination** between developer, architect, consultants, engineers/MEP, expediter, etc.	• Similar to stick-built, but with the **additional complication of modular vendor** and new subs	• **Z-Suite Technology:** Tracks and designs buildings, proformas, parcels, and permits • Dedicated **in-house design team** • **Easy** to expand and remodel
Quality & Performance	• Inconsistent and **dependent on GC** • **Lack of accountability**	• Varies by vendor • Often **mismatched skills** and **limited training**	• **100% standardized** • **383 quality checkpoints** • Digital fingerprint stored for every module
Materials	• Wood Frame: Prone to **mold** and **termite damage** • **Combustible** materials	• Wood Frame: Prone to **mold** and **termite damage** • **Combustible** materials	• **100% US Steel** • Fire, pest, and mold resistant • Built to last **100 years**
Environmental Impact	• **200 tons** of building materials is **wasted** per project	• Waste is slightly reduced • Carbon emissions remain high	• Each 100-unit project **saves** building materials equal to building **an additional 20 units** • **480 tons** of GHG emissions **saved per project**
Risk	• **Vulnerable to cost overruns**, delays, and supply chain shocks	• Project delays caused by **vendors retooling for each client**	• **Fixed pricing** & US-sourcing isolates from **tariffs & cost overruns** • Project delays mitigated through **standardization of product**

*costs exclude prevailing wage

III. KEY PROJECT EXPERIENCE

- **Coastal Spanish Design:** Authentic Spanish exteriors paired with contemporary interiors and floor-to-ceiling windows
- **Full-Suite Amenities:** Premium units featuring Samsung appliances, in-unit laundry, and private balconies
- **Workforce Housing:** Acquired by UC Santa Barbara to provide 78 dedicated units for faculty and staff
- **Community Impact:** Ensures essential university professionals can live within the community they serve

Project Details	
Location	Santa Barbara, CA
Developer	Series A, B, & C of Old Town Properties SB, LLC
Number of Units	78
Construction Type	Type V over Type I (4 stories), 58’ height
Completion Dates	2024
Target Population	Market Rate (Workforce Housing)

- **Strategic Partnership:** A 63-unit infill project with HACSB, converting a municipal lot into high-density workforce housing
- **"Missing Middle" Focus:** Provides 100% rent-restricted units for moderate-income professionals to fill a critical market gap
- **Neighborhood Stewardship:** Preserves mature Tipu trees to maintain a natural aesthetic buffer and respect local character
- **Sustainable Urban Infill:** Optimizes underutilized land for transit-adjacent housing and long-term community stability

Project Detail	
Location	Santa Barbara, CA
Developer	Housing Authority of the City of Santa Barbara
Number of Units	63
Type of Construction	Type V over Type I (4 stories)
Completion Dates	2027
Target Population	Moderate and Low Income

CASE STUDY (GREENFIELD COMMONS) - HED PROJECT

- **Modular Construction:** 222-affordable homes, designed to reflect the rural character of Greenfield
- **Sustainability and Livability:** High-quality affordable housing to serve farmworkers and families, with shortened delivery schedules and lower cost.
- **Neighborhood Integration:** Three clusters of two-story buildings organized around landscaped courtyards that balances density with neighborhood feel.
- **Collaborative Delivery:** The delivery model brought together the developer, GC, Architect, and modular supplier early in the process, resulting in improved coordination, reduced schedule and cost risks.

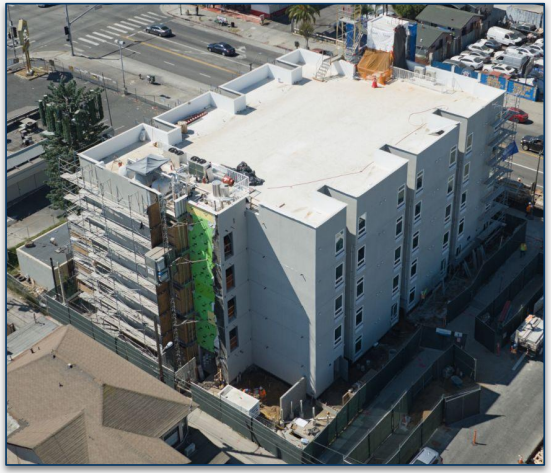
Project Detail	
Location	Monterey County, CA
Developer	EAH Housing
Number of Units	222 Affordable Units
Type of Construction	Modular
Completion Dates	2025
Target Population	Farm Workers and Families

- **Spanish Mission Design:** 50-unit Ventura senior community featuring low-profile, two-story architecture
- **Integrated Support:** Includes a community room and on-site caretaker to foster social connection and security
- **Affordable Senior Living:** High-quality 1- and 2-bedroom residences specifically tailored for low-income seniors
- **Neighborhood Integration:** Landscaped edges and thoughtful scaling ensure a seamless fit within the existing community

Project Detail	
Location	Ventura, CA
Developer	Housing Authority of the City of San Buenaventura
Number of Units	50 (49 affordable)
Type of Construction	Type V-A over Type I-A (2 stories)
Completion Dates	2021
Target Population	Senior Housing

Project Detail	
Owner:	SoLa Impact Fund IV
Units:	195 (186 resi, 9 comm.)
Affordability:	20% aff. @ 60/30% AMI
Product:	7 stories, 5 Story Type III over 2 Story IA
Completion:	Q1 2026

- **Mixed-Income Landmark:** A 195-unit development featuring 20% affordable and 80% workforce housing, serving as a social-impact anchor in South LA
- **SOLA AI & Entertainment Center:** Powered by Live Nation, this ground-floor hub provides local residents with vocational training and career paths in the creative economy
- **Creative Financing Resilience:** Successfully mitigated post-COVID hyperinflation using an innovative stack of Opportunity Zone Equity, C-PACE loans, $6.5M NMTC proceeds, and a $4.5M Live Nation grant (philanthropic capital)
- **Strategic Infrastructure Impact:** Achieved a massive reduction in projected off-site infrastructure costs—dropping from $12M to $800k—ensuring project feasibility

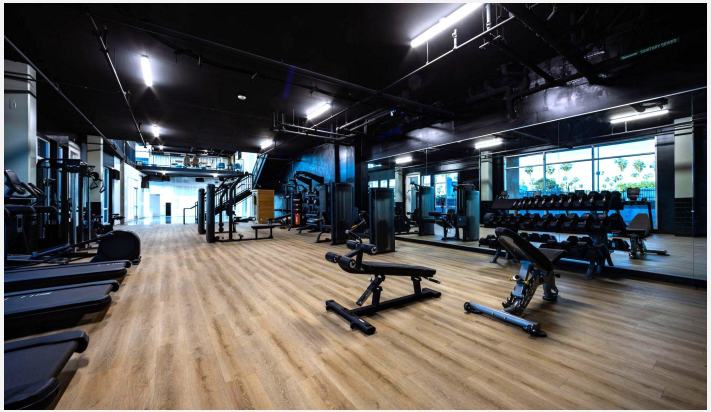


Project Detail	
Owner:	SoLa Impact Fund IV
Units:	66 (all residential)
Affordability:	100% aff. @ 80%/110% AMI
Product:	5 stories, Type IIB on grade
Completion:	Q2 2026

- **Modular Innovation:** Utilizes Model/Z units for 100% affordable housing targeting residents at 80% and 110% AMI
- **Sustainability Leader:** Reduces material waste by 83% and embodied carbon by 47% through high-performance energy systems
- **Rapid Delivery:** Cut the construction schedule by 50%, completing the structure 12 months ahead of traditional methods
- **Economic Resilience:** Overcame 2025 tariff challenges by securing an additional year of rental income through early occupancy

TRACK RECORD: WORKFORCE HOUSING (AKA "ATTAINABLE LUXURY")

SoLa's 3 market-rate developments (315 units) were completed at $472k/unit. The higher cost per unit is due to the projects' **superior locations** in rapidly transforming submarkets of Los Angeles as well as their **high-end amenities** to attract market-rate renters.



Product Type:

- Located in rapidly evolving corridors of LA (Crenshaw Corridor, Baldwin Hills, Leimert Park)
- Podium style projects with underground parking and ground-floor commercial space
- Targeting "missing middle" renters

Amenities:

- "Attainable luxury" amenities intended to attract market-rate renters
- Pool tables, gyms, occupiable rooftop decks, on-site Cafes, etc.
- Sports Science and Performance Zone developed with USC
- SoLa AI and Entertainment Center, powered by Live Nation, for jobs of the future.

IV. COMMUNITY IMPACT

To afford the **average** Santa Barbara apartment **(~$3,800/mo)** without being "cost-burdened," a worker must earn roughly **$49/hour.** Our project targets the individuals and families making between $61,800 and $135,000/yr*, which are the Essential workers of Santa Barbara.

- **Bridging the Affordability Gap:** Addresses the disparity between Santa Barbara's **$1.8M median home price** and **$89k median income**, offering a viable housing alternative for the local workforce.
- **Proximity to Major Employers:** Located within a **10-minute walk** of the city's largest job hubs, including **Cottage Health, Santa Barbara County, and City Hall** (10,000+ combined employees).
- **Retaining Local Talent:** Combats "brain drain" by providing modern, urban housing for **early-career professionals** in tech and education who are currently priced out of the South Coast.
- **Commuter Traffic Mitigation:** Converts long-distance "in-commuters" into residents, significantly reducing the daily traffic burden and carbon emissions on the **HWY-101 corridor**.

SANTA BARBARA COUNTY · INCOME LIMITS EFFECTIVE APRIL 1, 2025

Area Median Income (4-person HH): **$113,300** · Source: City of Santa Barbara / HCD / HUD FY2025

Band	% AMI	Typical roles	1 person	2 persons	3 persons	4 persons
Very low	50%	Food service · farm worker · care aide · janitor	$61,800	$70,600	$79,450	$88,250
60% AMI	60%	Retail · production · entry admin · childcare teacher	$74,160	$84,720	$95,340	$105,900
Low	80%	Admin support · firefighter · social worker · trades	$98,850	$113,000	$127,100	$141,200
Moderate	120%	Teacher · nurse · scientist · business analyst	$95,172	$108,768	$122,364	$135,960

60% AMI = LIHTC eligibility threshold for tax-credit affordable housing. Low (80%) limit exceeds Moderate (120%) due to HUD high-cost area adjustment.
Sources: City of Santa Barbara Income Limits eff. 4/1/2025; HUD FY2025; BLS OEWS / MIT Living Wage Calculator Feb 2026.

UNIT MIX & AFFORDABILITY - 120% AMI scenario

AMI Restriction	Total	1 Bedroom	2 Bedroom	3 Bedrooms	*% of Total*
50%	23	19	2	2	*19%*
80%	72	58	7	7	*61%*
120%	23	19	2	2	*19%*
Manager's Unit	1	1	0	0	*1%*
Total	**119**	**97**	**11**	**11**	***100%***
Avg SF	**486**	**419**	**733**	**834**	

Rent Analysis	Average Rent	120% AMI Rents	Market Rents	Discount	% Discount
1 Bedroom	**$2,440**	$2,858	$3,100	-$660	-21.3%
2 Bedroom	**$2,925**	$3,443	$3,910	-$985	-25.2%
3 Bedroom	**$3,362**	$3,917	$4,970	-$1,608	-32.4%
Summary (Wtd Avg)	**$2,580**	**$3,007**	**$3,390**	**-$810**	**-23.9%**

- SOLA is underwriting 120% AMI units at $250-300/mth higher than 80% AMI rents
- Unit mix comprised of 1-bedroom, 2-bedroom, and 3-bedroom apartments
- **42 parking spaces** for ratio of 0.35 space per unit
- Average of **24.4% discount to market from average rents**

UNIT MIX & AFFORDABILITY ≤80% AMI scenario

AMI Restriction	Total	1 Bedroom	2 Bedroom	3 Bedrooms	*% of Total*
50%	24	18	3	3	*20%*
80%	95	75	10	10	*79%*
Manager's Unit	1	1	0	0	*1%*
Total	**120**	**94**	**13**	**13**	***100%***
Avg SF	**486**	**419**	**733**	**834**	

Rent Analysis	Average Rent	80% AMI Rent	Market Rents	Discount	% Discount
1 Bedroom	**$2,376**	$2,583	$3,100	-$724	-23.4%
2 Bedroom	**$2,845**	$3,093	$3,910	-$1,065	-27.2%
3 Bedroom	**$3,280**	$3,567	$4,970	-$1,690	-34.0%
Summary (Wtd Avg)	**$2,523**	**$2,740**	**$3,390**	**-$867**	**-25.5%**

- This scenario changes just the 120% AMI units to 80% AMI units
- Unit mix comprised of 1-bedroom, 2-bedroom, and 3-bedroom apartments
- **42 parking spaces** for ratio of 0.35 space per unit
- Average of **25.5% discount to market rents**

1. STRATEGIC ENGAGEMENT FRAMEWORK

Essential Worker Housing: Prioritizing nurses, teachers, and retail workers who serve Santa Barbara but are priced out. We intend to leverage formal partnerships with the County for targeted informational sessions.

Expert Local Design: Guided by Cearnal Collective (40+ yrs experience) and HED. We utilize "Community Input Charettes" to ensure the architecture reflects Santa Barbara's unique aesthetic character.

2. MINIMIZED DISRUPTION & TRANSPARENCY

Model/Z Modular Tech: Proprietary volumetric construction reduces the "nuisance" period by 50%. Off-site manufacturing is twice as fast as traditional builds, minimizing local street blockages and construction traffic.

"Quiet" Process: With 70% of work occurring off-site, on-site noise and dust are drastically mitigated. Digital Project Dashboards provide neighbors with real-time updates and a 24/7 FAQ portal for absolute transparency.

3. WORKFORCE & ECONOMIC INCLUSION

20% Local Hire Commitment: Partnering with GCs like Snyder Langston and McGillivray to host "Job & Opportunity Fairs" in collaboration with local trade schools to secure long-term roles for residents.

Local Business Priority: We promote economic development by prioritizing retail spaces for local businesses, including potential vocational training partnerships like a local Community Cafe model.

Live · Work · Thrive — SOLA's Community Anchor Model

1 · Strategic Linkages

- 3,000 sf retail space — first preference to local entrepreneurs & incubators
- Workforce development on-site; neighborhood economic empowerment
- Resource navigation via local housing authorities (HACSB) and non-profits (Santa Barbara Foundation) — healthcare, childcare, MTD transit

2. Social Enterprise Model

- Community café modeled on 60th St & Crenshaw Cafe — vocational training pipeline
- Local partnerships — Dart Coffee Co., Old Title Co., Central Coast industry veterans
- Living laboratory rooted in SB Certified Farmers Market & regional ag economy

3. Sustainability Loop

- Operating cashflows from multifamily → 501(c)(3) → supportive services & training
- Social Enterprise Loop — café & event revenue reinvested; self-sustaining double bottom line
- Potential philanthropic capital partners Yardi Foundation, Santa Barbara Foundation

Multifamily Ops	Café & Events	Local Philanthropy	Public Alignment
Cashflow → 501(c)(3) workforce training fund	Revenue loop reinvested into resident skills	Yardi Foundation - SB Foundation grants	CDBG + WIOA via SB County Workforce Dev. Board

As a community cornerstone, The SoLa Foundation (SoLa Impact's nonprofit affiliate), maintains a significant presence at The Beehive campus as a tenant, attracting community youth daily for educational programs.

$2.25M+
scholarships awarded

Toys and School Supplies:
$588K

Home Furnishings & Household Goods:
$431K

Food Aid Delivered:
$382K

Technology:
$215K

5,500+ students received 2,537 hours of **free tech career skills instruction at the SoLa Tech & Entrepreneurship Center.**

The SoLa Foundation, in partnership with Model/Z, **launched a vocalional school at the MODEL/Z factory located in Watts to train and upskill 128 local residents.**

The SoLa College Scholarship Fund helps students transform their lives through **tuition support, mentorship and community building**. Over 92% of recipients are first-gen college students.

SoLa welcomed more than 1,000 resident and community families, 100+ volunteers and 25+ partners to the Beehive the annual holiday toy drive. More than **3,000 toys were distributed**.

The SoLa Foundations launches the **60th St. Cafe Cooking Vocational Program,** expanding it's after school programming for teens within the South LA community.

In partnership with Believe in Giving, The SoLa Foundation helped equip over **750 South LA students with essential school supplies**: Notebooks, binders, colored pencils, rulers, glue sticks, and more.

SPONSORS & PARTNERS

RIOT GAMES
HOWMET AEROSPACE
LIVE NATION
USC
Berklee College of Music
TARGET
L.A. Care HEALTH PLAN

MODEL/Z'S VOCATIONAL PROGRAM TRAINS LOW-SKILLED WORKFORCE FOR U.S. BASED, LIVING WAGE JOBS

The Model/Z Vocational Program is the solution for driving economic growth by upskilling the local workforce with sustainable living wage jobs and equipping them with skills to increase their financial stability.

>60%
TRAINEES WILL HAVE DIRECT JOB PLACEMENT AT MODEL/Z

95
OPEN POSITIONS THROUGH YE2025

$47.8K
STARTING ANNUAL SALARY

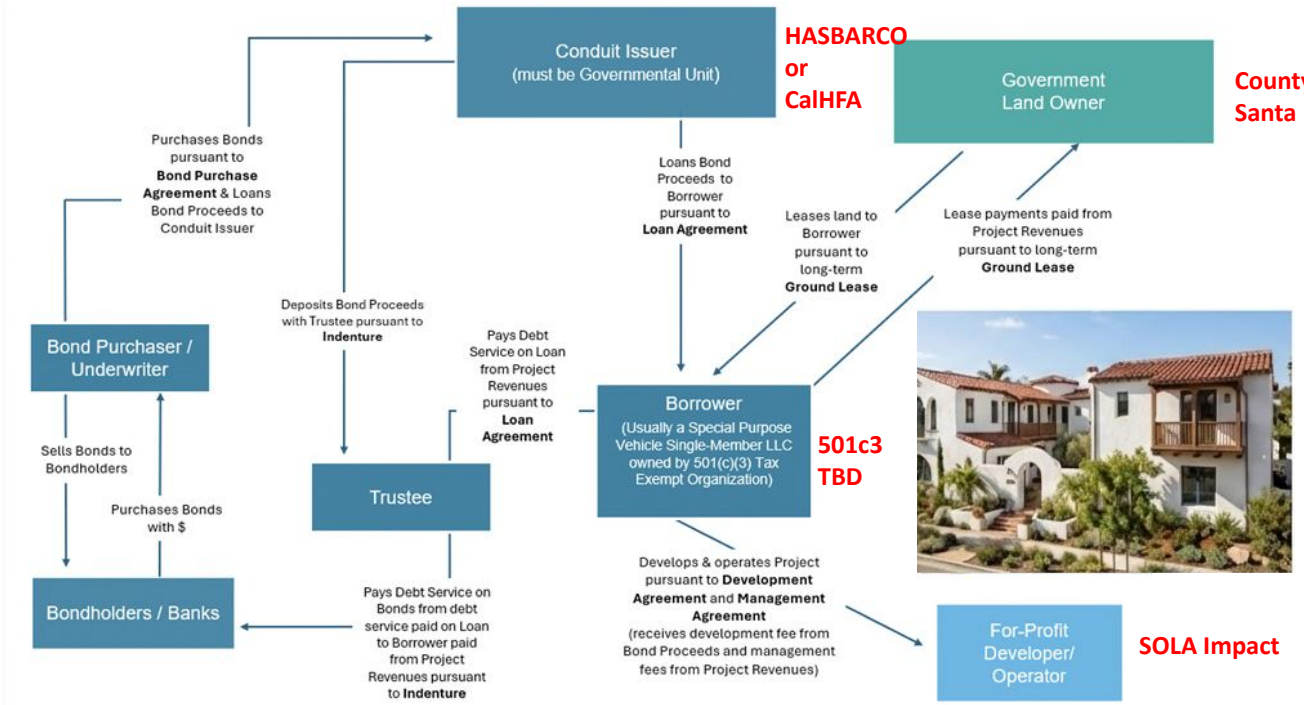
BENEFITS
HEALTH, DENTAL, VISION, 401K, ETC.

100%	OF TRAINEES WILL RECEIVE FULL SCHOLARSHIPS ($0 COST)
100%	WILL BE PAID FOR THEIR TIME, THROUGHOUT THE COURSE
80+	TRAINEES WILL BE CERTIFIED THROUGH YEAR-END 2025
70%	OF TRAINEES SOURCED FROM SOUTH LA/WATTS

V. FINANCIALS

Sample Structure – 501(c)(3) Financing

SQUIRE PATTON BOGGS



$50.9M
Total Project Cost
$424k/unit | 120 units

$3.0M
Developer Equity
5.90% of Total Cost

$39.7M
Senior Debt (DSCR)
1.20 DSCR | 4.75% Int. Rate

$4.0M
Stabilized NOI
Trended | As Rented

Project Cost Breakdown

Category	Amount	Per Unit	%
Hard Costs	$37,935,045	$316,125	74.6%
Soft Costs	$4,898,180	$40,818	9.6%
Due Diligence	$59,500	$496	0.1%
Consulting	$1,582,400	$13,187	3.1%
Fees	$2,069,696	$17,247	4.1%
Admin Costs	$4,785,374	$39,878	9.4%
Financing Costs	$3,232,417	$26,937	6.4%
Total	**$50,851,016**	**$423,758**	**100.0%**

Construction Sources

Type of Source	Amount	Per Unit	%
Deferred Developer Fee	$3,000,000	$25,000	5.90%
Tax-Exempt A Note	$39,718,478	$330,987	78.11%
Tax-Exempt B-Bonds	$4,803,086	$40,026	9.45%
501(c)(3) / TE C-Note	$3,329,452	$27,745	6.55%
Total	**$50,851,016**	**$423,758**	**100.00%**

Development Timeline

1. Diligence
Jan - Jun 2026
RFQ / Greenlight

→

2. Land Close
Dec 2026 - Jun 2027
Entitlement + Precon

→

3. Construction
Q3 2027 - Q4 2028
16-Mo Build + Lease-Up

→

4. Stabilized
Q2 2029
Refi / Hold

Uses			
Type of Use	**Price**	**PPU**	**%**
Acquisition Costs	$0	$0	0.00%
Hard Costs	$36,801,993	$306,683	72.37%
Hard Cost Contingency	$1,133,052	$9,442	2.23%
Architect, Engineering, Survey	$1,043,200	$8,693	2.05%
Construction Interest	$1,914,828	$15,957	3.77%
Legal Costs	$100,000	$833	0.20%
Soft Costs & Muni Fees	$4,177,691	$34,814	8.22%
Soft Cost Contingency	$445,289	$3,711	0.88%
Developer Fee (inc. Deferred Fee)	$5,020,867	$41,841	9.87%
Other	$214,096	$1,784	0.42%
Total	**$50,851,016**	**$423,758**	**100.00%**

- Total development budget of **$424k/door**
- Hard costs ($37M, $306k/unit) consist of the following:
  - Modular Costs: $105k/unit
  - On-site Costs (excl parking): $143k/unit
  - Parking Costs: $43k/unit
  - Other Hard costs including contingency: $15k/unit
- Soft costs ($4.2M, $35k/unit) includes:
  - Muni fees: $2.06M ($17.2k/unit)
  - Financing fees & closing costs: $1.3M ($11k/unit)

Construction Sources			
Type of Source	**Amount**	**Per Unit**	**%**
Deferred Developer Fee	$3,000,000	$25,000	5.90%
Tax-Exempt A Note	$39,718,478	$330,987	78.11%
Tax-Exempt B-Bonds	$4,803,086	$40,026	9.45%
501(c)(3) / C-Note	$3,329,452	$27,745	6.55%
Total	**$50,851,016**	**$423,758**	**100.00%**

Permanent Sources			
Type of Source	**Amount**	**Per Unit**	**%**
Deferred Developer Fee	$3,000,000	$25,000	5.90%
Tax-Exempt Perm Loan	$43,721,728	$364,348	85.98%
Tax-Exempt B-Bonds	$799,836	$6,665	1.57%
501(c)(3) / C-Note	$3,329,452	$27,745	6.55%
Total	**$50,851,016**	**$423,758**	**100.00%**

- SOLA's financing plan has been validated by CBRE Affordable / Structured Finance, which provided soft-quotes and reviewed SOLA's underwriting
  - Tax Exempt bonds: ~85-90% LTC financing through 501(c)(3) bonds
    - A note - 4.7%-5.0% Tax exempt rate
    - B-bond - ~7.0% Tax exempt rate
  - Deferred developer fee: $3M
  - 501(c)(3) and C-note: $3.3M, which may be replaced by grants or other soft sources of funds

Year 1 Operating Expense			
Expense Type	Escalator	Annual Expense	Per Unit
Administrative	3.50%	$64,800	$540
Management Fee	3.50%	$186,545	$1,555
Utilities	3.50%	$57,600	$480
Payroll/Payroll Taxes	3.50%	$188,000	$1,567
Insurance	3.50%	$99,360	$828
Maintenance	3.50%	$117,600	$980
Other	3.50%	$65,801	$548
Real Estate Taxes	2.00%	$27,316	$228
Total	**3.33%**	**$807,022**	**$6,725**

Year 1 Operating Pro Forma	
Type	Trended Amount
Rental Income	$4,009,954
Other Income	$210,325
Vacancy (5%)	$(200,498)
Net Rental Income	**$4,019,780**
Operating Expense	$(869,248)
Net Operating Income	**$3,150,533**

Yearly Pro Forma

Date		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Year		1	2	3	4	5	6	7	8	9	10
Commercial Rent	$	-	-	-	89,760	111,240	114,577	118,015	121,555	125,202	128,958
Residential Rent	$	-	-	-	3,352,679	4,145,691	4,270,062	4,398,163	4,530,108	4,666,012	4,805,992
Other Income	$	-	-	-	94,582	116,954	120,462	124,076	127,799	131,633	135,582
Total Rental Income	**$**	**-**	**-**	**-**	**3,537,021**	**4,373,885**	**4,505,101**	**4,640,254**	**4,779,462**	**4,922,846**	**5,070,531**
Commercial Vacancy Cost	$	-	-	-	(8,976)	(11,124)	(11,458)	(11,801)	(12,155)	(12,520)	(12,896)
Residential Vacancy/Credit Loss	$	-	-	-	(167,634)	(207,285)	(213,503)	(219,908)	(226,505)	(233,301)	(240,300)
Total Vacancy Cost	**$**	**-**	**-**	**-**	**(176,610)**	**(218,409)**	**(224,961)**	**(231,710)**	**(238,661)**	**(245,821)**	**(253,195)**
Effective Gross Income	**$**	**-**	**-**	**-**	**3,360,412**	**4,155,476**	**4,280,141**	**4,408,545**	**4,540,801**	**4,677,025**	**4,817,336**
Operating Expenses	$	-	-	-	(801,171)	(897,167)	(923,096)	(949,774)	(977,224)	(1,005,468)	(1,034,529)
Net Operating Income	**$**	**-**	**-**	**-**	**2,559,241**	**3,258,309**	**3,357,045**	**3,458,771**	**3,563,577**	**3,671,557**	**3,782,807**
Operating Ratio					*23.8%*	*21.6%*	*21.6%*	*21.5%*	*21.5%*	*21.5%*	*21.5%*
Sales Proceeds	$	-	-	-	-	-	-	-	-	-	-
Total Unlevered Income	**$**	**-**	**-**	**-**	**2,559,241**	**3,258,309**	**3,357,045**	**3,458,771**	**3,563,577**	**3,671,557**	**3,782,807**
Land/Acquisition Costs	$	-	-	-	-	-	-	-	-	-	-
Hard Costs	$	-	(4,402,652)	(20,557,393)	-	-	-	-	-	-	-
Admin Costs	$	(93,750)	(1,051,014)	(3,638,136)	-	-	-	-	-	-	-
Soft Costs	$	-	(720,852)	(2,162,556)	-	-	-	-	-	-	-
Total Unlevered Costs	**$**	**(932,679)**	**(10,456,111)**	**(36,194,334)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cumulative Unlevered Costs	*$*	*932,679*	*11,388,790*	*(24,805,545)*	*(24,805,545)*	*(24,805,545)*	*(24,805,545)*	*(24,805,545)*	*(24,805,545)*	*(24,805,545)*	*(24,805,545)*
Unlevered Project Cash Flow	**$**	**(932,679)**	**(10,456,111)**	**(36,194,334)**	**2,559,241**	**3,258,309**	**3,357,045**	**3,458,771**	**3,563,577**	**3,671,557**	**3,782,807**
Construction & Bridge Loan Interest	$	-	(53,796)	(1,537,280)	(324,476)	-	-	-	-	-	-
Loan Closing Costs	$	-	(1,317,589)	-	-	-	-	-	-	-	-
Total Levered Costs	$	(932,679)	(11,827,495)	(37,731,614)	(324,476)	-	-	-	-	-	-
Equity Contributions	$	932,679	5,362,022	0	-	-	-	-	-	-	-
Acq/Mezz/Construction Loan Draws	$	-	6,465,474	37,731,614	970,187	21,875	228	-	-	-	-
Payoff	$	-	(0)	-	(44,001,925)	(481,057)	(38,583)	-	-	-	-
Permanent Loan Proceeds	$	-	-	-	43,721,728	-	-	-	-	-	-
Interest	$	-	-	-	(1,225,722)	(2,082,325)	(2,057,423)	(2,031,294)	(2,003,877)	(1,975,109)	(1,944,925)
Loan Amortization	$	-	-	-	(283,789)	(505,408)	(530,311)	(556,440)	(583,857)	(612,624)	(642,809)
Paydown	$	-	-	-	-	-	-	-	-	-	-
Levered Project Cash Flow	**$**	**(932,679)**	**(5,362,022)**	**(0)**	**123,822**	**167,644**	**730,500**	**871,037**	**975,843**	**1,083,823**	**1,195,073**

Project cashflows show:

- A-Note (Construction Loan) being converted to Perm at Year 4 (6 mths after lease-up finishes)
- B-Bond payoff occurring by Year 5 of the Proforma (Yr 2 of operations)
- 501(c)(3) ownership and the C-Note investors will receive 25% of residual cashflow, increasing to 100% (less reserves) after the B note is paid
- Year 5 onwards provides significant distributions to repay the C-Note with remaining cashflow going to the 501(c)(3) and/or county

VI. Q&A

COUNTY of SANTA BARBARA

BRAILSFORD DUNLAVEY

Tuesday, March 24, 2026
REQUEST FOR PROPOSALS for AFFORDABLE WORKFORCE HOUSING PUBLIC PRIVATE PARTNERSHIP ("P3") DEVELOPMENT

Shortlisted respondents are invited to participate in a final interview with the evaluation panel. The purpose of the interview is to clarify elements of each proposal, better understand the development team's approach to the project, and allow the County to compare how each team would deliver on the County's workforce housing objectives.

As a reminder, each developer should tailor their 45-minute presentation *(including Q&A)* **to this format and instructions previously provided**:

- **Team Overview & Relevant Experience**: No need for a lengthy team introduction, as we're already familiar with the team composition from the RFQ interviews and responses.
- **Partnership & Project Approach**: Explain how your proposed project approach can offer the best solution based on the County objectives and local workforce community, including key design, financial, and operational considerations that set it apart. Please describe:
  i. Processes or governance structures you would implement to ensure effective coordination and mutual success.
  ii. How this project fits within your firm's broader development strategy and why it is a strong business and mission fit for your organization.
- **Opportunities, Challenges & Community Integration**: Identify the most significant challenges and greatest opportunities associated with delivering this project. How would your team help the County navigate these challenges as a development partner? Share examples of how your firm has successfully addressed similar challenges in past projects, including strategies used and the outcomes achieved, such as:
  i. Strategies your team would use to maintain project momentum and ensure timely delivery.
  ii. Your approach to community engagement and addressing potential concerns related to density, affordability, or neighborhood impacts.
  iii. How you would assist the County in communicating key aspects of the project - including rents, fees, and affordability - to the public in a transparent and effective manner.
- **AMI levels and Unit Mix**: Present your proposed Unit Mix and AMI levels, and the rationale behind why this scheme was proposed. Is there any flexibility in the design or rental rates to scale the project up or down depending on financing availability or County priorities?

KEY CHALLENGES & RISK MITIGATION

Challenges

Architectural Reconciliation with Downtown Standards

- Downtown location in the El Pueblo Viejo ("EPV") district has strict aesthetic standards
- Santa Barbara standards require nuanced facades, "popping" rooflines, and specific Spanish Colonial Revival detailing

Reliance on a Non LIHTC Capital Stack

- 501c3 Bond structure is more subject to interest rate sensitivity
- Lack of subsidies means the developer is absorbing potential cost overruns (vs traditional affordable housing with layers of grants/subsidies)

Expedited Local Approval Process

- Joint occupancy allows for expedited approvals associated with governmental co-ownership. Given the project's sidestepping of zoning restrictions, this may cause objection
- Lack of parking may cause objection given the community

New entrant into the SB market

- SOLA has not yet developed in Santa Barbara, and community perception may be that the SOLA team does not understand local requirements

Risk mitigation of challenges

Experienced Local-Global Partnership

- Model Z is the interior chassis and by-design does not have the unit exterior applied, this allows for on-site to be customized to meet the local design
- HED and Cearnal Collective, two highly regarded architects with major downtown projects, will ensure the exterior meets Santa Barbara standards and design aesthetic of the EPV overlay

Certainty & Speed reduces Financing & Execution Risk

- Unlike LIHTC, which can trap a project in multi-year competitive "queues," 501(c)(3) bonds are non-competitive and can be issued immediately,
- Modular technology allows for greater level of cost certainty with 60% of the building produced offsite in a controlled factory environment

Enhance Sensitivity to the Local Community

- Disruption will be minimized with modular technology
- The project will aim for a 20% local hire goal for the onsite work.
- Overflow parking arrangements will be pursued with adjacent parking lots

Local Mission Driven Non-Profit Owner

- Team has identified 501c3 partner to own the asset, with the most prescient being the **local 501c3** affiliated with the housing authority
- 501c3 financing allows for a greater spectrum (up to 80% AMI) of essential workers - teachers, nurses & firefighters to rent in downtown SB than a LIHTC 60% AMI project, which is required to meet lower AMIs

SOLA's approach embraces a deep partnership with community focused 501c3 ownership.
Combining the benefits of modular technology, innovations in financing and a renowned design team (HED x Cearnal Collective)

ROOM LEGEND

- 1-BEDROOM UNIT
- 2-BEDROOM UNIT
- 3-BEDROOM UNIT
- AMENITY
- BUILDING UTILITY
- CIRCULATION
- VERTICAL CIRCULATION

LANDSCAPE KEYNOTE

1. OUTDOOR KITCHEN AND DINING
2. OVERHEAD SHADE STRUCTURE
3. LOUNGE
4. OPEN LAWN / LAWN GAMES
5. OUTDOOR DINING

- Sensitivity Analysis (assuming base case is the 80% @ 80% AMI, 20% @ 50% AMI scenario), shows the resulting gap in project sources **if unit count is decreased** based on two scenarios:
  1) 80% 1BR, 20% 2BR and 3BR units
  2) Holding 26 2BR and 3BR units, and decreasing 1BR unit count

- The current project proforma with 120 units, results in a ~$3M capital contribution needed from the 501(c)(3) or Developer as a C-note

Unit Mix	80% 1bd, 20% 2bds + 3bds	
Units	IRR	501(c)(3) Gap
120	17.5%	$ 2,791,119
116	14.6%	$ 3,806,428
112	12.8%	$ 4,574,306
108	10.9%	$ 5,450,543
104	9.0%	$ 6,550,173
100	7.5%	$ 7,395,696

Unit Mix	26 2bds + 3bds	
Units	IRR	501(c)(3) Gap
120	17.5%	$ 2,783,404
116	15.3%	$ 3,790,589
112	13.1%	$ 4,797,774
108	11.3%	$ 5,243,271
104	9.7%	$ 6,067,853
100	7.5%	$ 7,075,038

- Sensitivity Analysis (assuming base case of 80%@ 80% AMI, 20% @ 50% AMI) shows the resulting gap in Project Sources if all the 80% AMI units' rents are decreased as follows:

1) $100/mth decrease in Rents
2) $200/mth decrease in Rents
3) $300/mth decrease in Rents

Note: A $300 decrease in 80% AMI rents is effectively a 60-65% AMI project (blended average), at which point we would consider a LIHTC lite strategy instead

($100 Rent Deduction)	80% 1bd, 20% 2bds + 3bds	
Units	IRR	501(c)(3) Gap
120	14.0%	$ 5,323,277

($200 Rent Deduction)	80% 1bd, 20% 2bds + 3bds	
Units	IRR	501(c)(3) Gap
120	11.5%	$ 6,479,889
116	9.8%	$ 7,339,099
112	8.8%	$ 7,896,202
108	8.1%	$ 8,248,313
104	6.1%	$ 9,393,770
100	5.1%	$ 13,011,035

($300 Rent Deduction)	80% 1bd, 20% 2bds + 3bds	
Units	IRR	501(c)(3) Gap
120	7.7%	$ 8,651,937

($100 Rent Deduction)	26 2bds & 3bds	
Units	IRR	501(c)(3) Gap
120	13.1%	$ 5,836,249

($200 Rent Deduction)	26 2bds + 3bds	
Units	IRR	501(c)(3) Gap
120	10.8%	$ 6,971,466
116	9.7%	$ 7,593,434
112	8.8%	$ 8,027,220
108	6.9%	$ 9,083,545
104	6.2%	$ 9,512,062
100	5.3%	$ 10,047,858

($300 Rent Deduction)	26 2bds & 3bds	
Units	IRR	501(c)(3) Gap
120	7.2%	$ 9,122,446

- The Project contains 42 on-site parking stalls

- Additional parking may be provided by:
  - Parking stackers on-site:
    20-30+ stalls additional

  - Offsite parking arrangements
    (1) Wells Fargo: ~0.75 ac lot
    (2) Juror Parking: 1.0 ac lot

  - Alternative surface lots for off-street parking at night when tenant use is low/minimal

Contact:
Martin Muoto, CEO
martin@solaimpact.com | (818) 266-7675

Jason Yap, Director of Acquisitions
jyap@solaimpact.com | 206-639-5845

Lucille Boss

From: Jason Yap <jyap@solaimpact.com>
Sent: Friday, March 27, 2026 6:16 PM
To: Lucille Boss
Cc: Martin Muoto; Gray Lusk; Rick Castillo; Heather Foley; Andrew Akhverdyan
Subject: Re: Interview: SOLA Impact/County of Santa Barbara workforce housing P3
Attachments: SOLA HED Cearnal - Alternative Floor Plan Study 3.27.2026.pdf

Caution: This email originated from a source outside of the County of Santa Barbara. Do not click links or open attachments unless you verify the sender and know the content is safe.

Hi Lucille,

Please see our responses below in **blue**.

- How would the design and proforma change if the unit count was reduced to under 100, and the 5th story was stepped back? For example, could you convert all studios to 1BR units?

Studios to 1BR units:
Yes, we can convert all studios to 1BR units. Based on the County's feedback, we proceeded with an update to remove all studios in our design & proforma.

Design:
- HED's alternative study (attached) shows one such example on page 4, where we are reducing unit count closer to ~100 units with the potential to remove the 5th floor
- We're able to do this by increasing the building footprint (pending confirmation from SB County Fire), which would allow us to fit more units per floor. At the same time this would **decrease** the upper floors "bulk" by strategically removing units in certain areas.
- Our local design adviser, Cearnal Collective successfully did this on their ~80 unit Soltara project in Downtown SB to "break up the mass" on primary frontage.
- We're currently exploring a scenario where we enlarge the 1BR units further (potentially by using our "double module" 1BR unit) and increase the courtyard space on the 2nd floor that lets us enhance appeal of the units, whilst utilizing the larger footprint.

Proforma:
- We expect decreasing unit count to 100 units or below would result in increased funding gaps in the project.
- In our preliminary underwriting, the funding gap increases by **$1.25-3.0 million** which we would need to study further with our design & construction team.
- The fixed costs (foundation, podium, elevator, rooftop etc) have to be spread amongst fewer units, resulting in slightly higher costs per unit. With all this said, we think we can offset a lot of the cost increase with design changes (e.g. fewer balconies / slightly tweaking unit mix) and we were conservative in our underwriting to allow us to do this.

- How would the design and proforma change if the number of parking stalls increased? For example, could the space reserved for retail be used for parking instead?

Design
- See attached an alternative design study from HED architecture. This assumes we can remove the ground floor retail and the access lane to the east of the building, which we'd of course need to confirm with SB County Fire.
- With this change we're able to enlarge the parking area and accommodate **58 parking stalls** vs the 42 stalls we originally proposed.
- We can further increase this stall count by using parking stackers to potentially add another ~30 stalls, for a total of almost **90 stalls.**

Proforma:
- The financial impacts are minimal, as we're assuming we're able to charge for parking to cover its cost

Please let us know if you have any other questions. We look forward to collaboratively working with the County to shape this project and the design, as we move further into the process.

Have a great weekend!

Regards,

--

Jason Yap
Director of Acquisitions
A 1000 E 60th Street, Los Angeles, CA 90001
M 206-639-5845
E jyap@solaimpact.com
W www.solaimpact.com

On Thu, Mar 26, 2026 at 2:38 PM Lucille Boss <lboss@countyofsb.org> wrote:

> Thank you!
>
> **From:** Jason Yap <jyap@solaimpact.com>
> **Sent:** Thursday, March 26, 2026 9:59 AM
> **To:** Lucille Boss <lboss@countyofsb.org>
> **Cc:** Martin@solaimpact.com; Nick Caton <ncaton@solaimpact.com>; Gray Lusk <gray@solaimpact.com>; Rick Castillo <rcastillo@hed.co>; Heather Foley <hfoley@hed.co>; Andrew Akhverdyan <aakhverdyan@solaimpact.com>
> **Subject:** Re: Interview: SOLA Impact/County of Santa Barbara workforce housing P3
>
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>
> Hi Lucille,

We appreciated meeting you and the team in Santa Barbara.

We are looking further into your below questions with HED and will respond back to you likely in the next day.

Regards,

Jason Yap
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A 1000 E 60th Street, Los Angeles, CA 90001
M 206-639-5845
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W www.solaimpact.com

On Tue, Mar 24, 2026 at 2:24 PM Lucille Boss <lboss@countyofsb.org> wrote:

> Good afternoon,
>
> Thank you for joining us earlier today. A few follow-up questions/requests:
>
> - How would the design and proforma change if the unit count was reduced to under 100, and the 5th story was stepped back? For example, could you convert all studios to 1BR units?
> - How would the design and proforma change if the number of parking stalls increased? For example, could the space reserved for retail be used for parking instead?
>
> Best,
>
> Lucille

-----Original Appointment-----
From: Lucille Boss
Sent: Monday, March 16, 2026 8:20 AM
To: Lucille Boss; Jesús Armas; Kirk Lagerquist; Ted Teyber; Joseph Dzvonik; Al Grazioli; Tom Leach; Spring, Lila; Martin@solaimpact.com; jyap@solaimpact.com
Cc: Nick Caton; Gray Lusk; Rick Castillo; Heather Foley; Andrew Akhverdyan
Subject: Interview: SOLA Impact/County of Santa Barbara workforce housing P3
When: Tuesday, March 24, 2026 10:00 AM-10:45 AM (UTC-08:00) Pacific Time (US & Canada).
Where: Santa Barbara Veterans' Memorial Building | Oceanview Rom | 112 W Cabrillo Blvd, Santa Barbara, CA 93101 (see atatchment for details)

Please forward as appropriate.

_____

Microsoft Teams meeting

Join:

https://teams.microsoft.com/meet/23726576056611?p=lXU1QGpQbnAb5JzmHC

Meeting ID: 237 265 760 566 11

Passcode: UB9bv9qL

Need help? | System reference

Dial in by phone

+1 805-724-0311,,891896397# United States, Santa Barbara

Find a local number

Phone conference ID: 891 896 397#

For organizers: Meeting options | Reset dial-in PIN

Lucille Boss

From: Jason Yap <jyap@solaimpact.com>
Sent: Wednesday, April 1, 2026 7:04 PM
To: Lucille Boss
Cc: Martin Muoto; Gray Lusk; Heather Foley; Rick Castillo; Andrew Akhverdyan
Subject: Re: Interview: SOLA Impact/County of Santa Barbara workforce housing P3
Attachments: CBRE Soft Quote - 117 E. Carrillo 3.20.26 (100_ Residential Tax Exemption).pdf

Caution: This email originated from a source outside of the County of Santa Barbara. Do not click links or open attachments unless you verify the sender and know the content is safe.

Hi Lucille,

To answer your questions:

1) Yes, the financing has been confirmed with a number of groups we have spoken with, including Wells Fargo's and CBRE's Affordable Housing Financing group.

We have gotten as far as having CBRE review our underwriting and provide a soft quote based on the initial 120 units plan (see attached):

- High level we expect ~90% loan to cost (LTC) funded by the Tax-Exempt bonds, consisting of a 501(c)(3) bond Tax-Exempt bond + B-Bond (Tax-Exempt subordinated debt)

- The remaining ~10% LTC will come from a combination of 501(c)(3) contribution or possible C-Bond, and possibly a Deferred Developer Fee

Additionally, we've spoken to a number of private sources such as investors like Fengate, which would invest in these types of projects. To move this forward and get firmer commitments, we would need an outline of the terms of the ground lease. At 100 units and adding more parking, the project may require additional incentives to offset the higher per unit costs and likely decrease in revenue. It would be helpful to get a sense of what additional incentives the County of Santa Barbara would be able to provide – e.g. credit enhancement through its balance sheet, loan guarantees, possible local grants or introductions to Santa Barbara focused 501c3s. We have a number of high net worth family offices that have historically invested in SoLa's funds, which are based in Santa Barbara and believe they may also be interested in participating if we move forward.

2) Yes, we fully expect to be able to meet the El Pueblo Viejo design guidelines.

With Model Z, we are really providing the chassis and inside of the unit, with no facade attached. The chassis just needs to meet certain dimensional parameters to allow for transport/shipping across highways.

Our units have the flexibility for the facade to be skinned & articulated in various ways including in the Spanish colonial style, as this is all done onsite by the GC as part of their scope of work.

Regards,

Jason Yap
Director of Acquisitions
A 1000 E 60th Street, Los Angeles, CA 90001
M 206-639-5845
E jyap@solaimpact.com
W www.solaimpact.com

On Tue, Mar 31, 2026 at 4:37 PM Lucille Boss <lboss@countyofsb.org> wrote:

> Good afternoon,
>
> Thank you again for your time last week, and for your responses to our initial questions. Just two follow-up requests:
>
> - Are you able to confirm financing as presented in the proforma?
> - Is more articulation to the exterior (to bring it closer to the El Pueblo Viejo Spanish colonial style) possible?
>
> Best,
>
> Lucille

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To: Lucille Boss <lboss@countyofsb.org>
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Meeting ID: 237 265 760 566 11

Passcode: UB9bv9qL

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Dial in by phone

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Find a local number

Phone conference ID: 891 896 397#

For organizers: Meeting options | Reset dial-in PIN

_____

--

TOTAL Garage
= **42 spaces**

CURRENT DESIGN

03/06/2026

SoLA Impact Santa Barbara County
P3 Workforce Affordable Housing

123 East Carrillo Street | Santa Barbara, CA 93101 |

Level 1 Floor Plan

CEARNAL COLLECTIVE

HED

PROPOSED FIRE ACCESS LANE

RESID.

26'-0"

26'-0"

26'-0"

RECEPTION

PARKING GARAGE
ENTRANCE

TOTAL Garage
= 58 spaces

**ALTERNATE
DESIGN STUDY**

HED

UNIT MIX MATRIX

	MODEL Z - STUDIO	MODEL Z - STANDARD 1BD	MODEL Z - STANDARD 2BD	
Level 2	4	20	6	
Level 3	4	20	7	
Level 4	4	20	7	
Level 5	4	18	6	
Total	**16**	**78**	**26**	**120**
(Mix %)	13%	65%	22%	

SoLA Impact Santa Barbara County
P3 Workforce Affordable Housing

123 East Carrillo Street | Santa Barbara, CA 93101 |

Level 2 Floor Plan

CURRENT DESIGN

03/06/2026

CEARNAL COLLECTIVE

HED

Additional bay:
+4 MODULEs per level

OF UNITS FOR 5-STORIES

UNIT MIX MATRIX

	MODEL Z - STUDIO	MODEL Z - STANDARD 1BD	MODEL Z - STANDARD 2BD	
Level 2	4	24	6	
Level 3	4	24	7	
Level 4	4	24	7	
Level 5	4	22	6	
Total	16	94	26	136
(Mix %)	12%	69%	19%	

OF UNITS FOR 4-STORIES

UNIT MIX MATRIX

	MODEL Z - STUDIO	MODEL Z - STANDARD 1BD	MODEL Z - STANDARD 2BD	
Level 2	4	24	6	
Level 3	4	24	7	
Level 4	4	24	7	
~~Level 5~~	~~4~~	~~18~~	~~6~~	
Total	12	72	26	104
(Mix %)	13%	65%	22%	

ALTERNATE DESIGN STUDY

HED

CBRE AFFORDABLE HOUSING

Soft Quote

PROPERTY:	117 E. Carrillo St.
LOCATION:	Santa Barbara, CA
NUMBER OF UNITS:	120
UNDERWRITTEN VALUE:	$54,140,000
VALUE PER UNIT:	$451,167

After preliminary analysis and due diligence, we propose financing the construction of the above referenced Property through the lending team of CBRE Affordable Housing with one of the loan options below:

LOAN OPTIONS

LOAN TERMS	AGENCY	PROCEEDS	ACTUAL LTV	MAX LTV	ACTUAL DSC	MIN DSC	TERM	FLOOR RATE	MAX UW RATE	BUYDOWN POINTS	BUYDOWN IMPACT	Index	Spread	INTEREST RATE	I/O PERIOD	AMORT	PREPAYMENT / YM
Tax Exempt Bond Forward	Fannie	$39,660,000	73%	80%	1.20	1.20	7	4.50%	N/A	N/A	N/A	2.87%	2.02%	4.89%	2	35	Tailored to transaction
Subordinate B Piece	3rd Party	$4,830,000	9%	N/A	N/A	N/A	T.B.D.	N/A	N/A	N/A	N/A	2.87%	4.13%	7.00%	N/A	35	T.B.D.
Tax Exempt Bond Forward + Subordinate B Piece	N/A	$44,490,000	82%	95%	1.05	1.05	N/A	N/A	N/A	N/A	N/A	2.87%	2.17%	5.04%	N/A	N/A	N/A

Loan Amounts have been derived based on information provided by the Sponsor and are subject to Lender and Agency review, due diligence, and 3rd party reports. Estimated Value based on 5.25% cap rate.

Fannie Mae quotes subject to Fannie Mae final approval.

Fannie Mae quotes subject to Fannie Mae Treasury Floor Rates: 0.70% for the 10 year Treasury, 0.50% for the 7 year Treasury and 0.40% for the 5 year Treasury.

Fannie Mae waiver required for a DSCR under 1.20x at the interest rate floor (Floor Rate).

Interest Only (I/O) Periods are subject to final underwriting support and Agency approval.

Loan Options assume trailing net rental income is not declining and subject to review of recent aged receivables report.

Loan Options assumes budgeted rents are below market. Subject to review of market study and appraisal support.

Loan Options assume Agency approval of 35-year amortization.

Loan Options are subject to review of draft Ground Lease.

Loan Options assume new owner obtains and retains California real estate tax exemption with a nonprofit partner and tenant restrictions. Until exemption verified in place under new ownership, Agency may require impounds temporarily at full taxes and/or temporary tax reserves.

Fannie Mae "M.TEB" soft quote is subject to review by CBRE's Loan Committee and Fannie Mae.

Fannie Unfunded Forward "M.TEB": Assumes post-renovation value and would require an approved construction lender.
Estimated interest rate for Forward MTEB assumes: MTEB is "forward-locked" (Extended Rate Lock) at start of 42-month construction period and Issuer/Trustee fees paid as project operating expense rather than in rate.

Sub-Debt: Any other debt encumbering subject property must be approved by Agency, subordinate to Agency's loan, and comply with all Agency requirements including, but not limited to, a combined DSC of *at least* 1.05 and combined LTV not to exceed 95%.

Tax Exempt Bond Forward + Subordinate B Piece assumes subordinate debt sized with a 7.0% interest rate, 35 Year Amortization and 1.05x combined DSCR requirement; no more than 75% of surplus cash flow can be pledged to subordinate debt repayment to meet Fannie Mae requirements.

Assumes project meets Agency Flood Zone requirements and flood insurance meets Agency requirements.

Loan Security: First lien mortgage, UCC filings on personal property and assignment of leases and rents.

Replacement Reserve, Tax, & Insurance: Monthly escrows.

Guarantees and Recourse: None, except for industry-standard carve outs.

Appraisal, Environmental, PNA Review: Third-party reports that meet Agency standards are required.

Refinance Loan Fees: Agency minimum origination fee plus funds for 3rd party reports and Lender legal costs. All other transaction costs unrelated to the loan to be paid by the Borrower.

The terms and conditions outlined herein are a general outline of loan options. Borrower and Lender will agree that finalizing any option is subject in all respects to the discretion of Agency and Lender after their complete review of the proposed financing structure(s) and all applicable information. The above referenced summary of terms does not in any way constitute a commitment to provide financing on the part of CBRE, CBRE Affordable Housing, or Agency.

Jeanne Marie Coronado
First Vice President
Multifamily Debt & Structured Finance
(619) 430-3770
jm.coronado@cbre.com

CBRE
CBRE Affordable Housing
1420 Fifth Avenue, Suite 1700, Seattle, WA 98101
www.cbre.com/affordablehousing

117 E. Carrillo St.

CBRE

120 Units

	Borrower Budget Dated 03/2026		Preliminary UW Lender		Notes
Income		Per Unit		Per Unit	
Market Rents	3,666,180		3,666,180	30,552	Assumes all 120% AMI units revised to 80% AMI. Assumes rents are below market.
Loss to Lease (Gain)	0	0.00%	61,200	1.67%	Excludes 120% AMI rents above net max.
Gross Potential Rents	**$3,666,180**		**$3,604,980**	**$30,042**	
Vacancy (-)	183,309	5.00%	180,249	5.00%	Per Agency Guideline
Model/Office (-)	0	0.00%	0	0.00%	
Bad Debt (-)	0	0.00%	0	0.00%	
Concessions (-)	0	0.00%	0	0.00%	
Total Economic Loss	$183,309	5.00%	$180,249	5.00%	
Net Rental Income	**$3,482,871**	**29,024**	**$3,424,731**	**28,539**	
Bad Debt Recovery	0		0		
Damages/Cleaning/Forf. Dep.	0		0		
Laundry & Vending	13,680		13,680		Budget
Termin./MTM/Late/NSF	0		0		
Utility Reimbursements	0		0		
Pet Fees	83,790		83,790		Budget
Commercial Income	97,200		87,480		Budget, less 10% applied vacancy.
Misc. Income (App, Pet, Other)	5,040		5,040		Budget
Total Other Income	$199,710	1,664	$189,990	1,583	
Effective Gross Income	**$3,682,581**	30,688	**$3,614,721**	30,123	

	Borrower Budget Dated 03/2026		Preliminary UW Lender		
Operating Expenses					
Real Estate & Other Taxes					
Real Estate Taxes	122,474		27,877		Assumes 100% residential CA Welfare Tax Exemption. Budgeted taxes for commerical space.
Personal Property/Other	0		0		
Total Real Estate Taxes	$122,474	1,021	$27,877	232	
Insurance					
Property	99,360		99,360		Budget
Insurance Liability	0		0		
Total Insurance	$99,360	828	$99,360	828	
Utilities					
Electricity	14,400		14,400		Budget
Gas	0		0		
Water	28,800		28,800		Budget
Sewer	0		0		
Cable	0		0		
Garbage Collection	14,400	120	14,400	120	Budget
Total Utilities	$57,600	480	$57,600	480	
Total Fixed Expenses	**$279,434**	2,329	**$184,837**	1,540	
Contract Services					
Landscaping	14,400		14,400		Budget
Pool	0		0		
Pest Control	0		0		
Elevator Contract	24,000		24,000		Budget
Snow Removal	0		0		
Security Contract	0		0		
Fire & Safety Systems	0		15,720		CBRE Expense Comp Range.
Total Contract Services	$38,400	320	$54,120	451	
Repairs & Maintenance					
General R&M	43,200		43,200		Budget
HVAC & Plumbing	0		0		
Maintenance Supplies	0		0		
Turnover	36,000		36,000		Budget
Total Repairs & Maintenance	$79,200	660	$79,200	660	
Marketing & Promotion					
Advertising	14,400		14,400		Budget
Promotions/Resident Func.	0		0		
Resident Referrals	0		0		
Total Marketing & Promotion	$14,400	120	$14,400	120	
On-Site Payroll					
Manager and Leasing	188,000		188,000		Budget
Leasing Comm./Bonus	0		0		
Maintenance Staff	0		0		
Subtotal On-Site Payroll	$188,000	1,567	$188,000	1,567	
Payroll Taxes & Benefits	0	0.00%	0	0.00%	
Staff Apartments	0	0.00%	0	0.00%	
Total On-Site Payroll	$188,000	1,567	$188,000	1,567	
Professional Mgmt. Fee	188,169	5.11%	$126,515	3.50%	Agency minimum, subject to actual management fee.
Administrative Expenses		1568		1054	
Audit/Accounting Fees	0		0		
Legal & Professional Fees	7,200		7,200		Budget
Supplies/Copier/Postage	0		0		
Phone/Internet/Answering Service	0		0		
Miscellaneous	43,200		43,200		Budget
Total Administrative Expenses	$50,400	420	$50,400	420	
Total Variable Expenses	**$558,569**	4,655	**$512,635**	4,272	
Ground Lease	1		1		Budget, subject to review of Ground Lease.
Bond Issuer Fee	0		44,490		Estimated 10bps Issuer Fee.
Nonprofit Fee	37,000		0		Assumes non-profit fee will be subordinated.
Replacement & Reserves	28,800	**240**	30,000	250	Subject to PNA.
Total Expenses	**$903,804**	7,532	**$771,963**	6,433	
Net Operating Income	**$2,778,777**		**$2,842,758**		
Expenses As A % of EGI	24.54%		21.36%		
Controllable Expenses	3,087		3,218		
Cap Rate (Price $54,140,000)	5.13%		5.25%		

03.06.2026 | Response to Request for Proposals

Bid ID #208055
County of Santa Barbara
117 E. Carrillo Street in Santa Barbara (Corte Carrillo Apartments)
Affordable Workforce Housing P3 Development Services

March 6, 2026

Mr. Jesús Armas, Department Director
County of Santa Barbara
Community Services Department
Housing and Community Development Division

Re: Response to RFP – Development of 117 E. Carrillo Street, Santa Barbara
Bid ID #208055

Dear Mr. Armas,

The Pacific Companies ("TPC"), AMG & Associates, LLC ("AMG"), and the Housing Authority of the County of Santa Barbara ("HASBARCO") are pleased to submit a proposal for the development of the County-owned property located at 117 E. Carrillo Street in the City of Santa Barbara. TPC, AMG, and HASBARCO have experience collaborating to develop affordable housing developments in the region and, if selected, will be honored to work with the County to create a safe, attractive, and affordable housing community for County employees and Santa Barbara residents.

Included in this RFP is a thorough response and development proposal for this property. The proposed architectural concept was thoughtfully designed to complement and respect the existing architectural style of the City's downtown. Additionally, the proposed affordability and unit mix meet the County's objectives to serve a range of income levels and attract current and future local workforce.

Thank you for the opportunity to respond to the County's request for proposals. We look forward to the opportunity to discuss our vision and capabilities at your earliest convenience.

Respectfully submitted,

Caleb Roope
President & CEO
The Pacific Companies

The Pacific Companies
430 E. State Street, Ste. 100 | Eagle, ID 83616
Ph: 208.461.0022 | www.tpchousing.com

HASBARCO
815 W Ocean Ave | Lompoc CA, 93436
Ph: 805.736.3423 | www.hasbarco.org

AMG & Associates, LLC
P.O. Box 260770 | Encino, CA 91316
Ph: 818.600.2518 | www.amgland.com

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6. Financing and Cost-Control Innovations **28**
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9. Evidence of Authority **31**

Appendices (linked)

A – Organizational Documents

A1 – Pacific West Communities
- Certificates of Good Standing
- Audited Financial Statements

A2 – HASBARCO
- Audited Financial Statements

A3 – Surf Development Company
- Certification of 501(c)3 Status
- Certificates of Good Standing
- Audited Financial Statements

B – Contractor Statement of Qualifications

C – Initial Services Concept Plan

D – Commitment Letters
- D1 – Scenario I (Missing Middle Income & Affordable)
- D2 – Scenario II (Affordable)

E – Certified Corporate Resolutions
- Pacific West Communities
- HASBARCO
- Surf Development Company

1. Summary/Cover Letter

Prime Respondent: The Pacific Companies (TPC)

Co-Respondents: AMG & Associates, LLC (AMG)
Housing Authority of the County of Santa Barbara (HASBARCO)

Primary Contact: Claire Casazza, TPC
430 E. State Street, Suite 100, Eagle, ID 83616
clairec@tpchousing.com / 208.577.2247

The development concept for 117 E. Carrillo Street is a five-story residential community featuring 126 units of high-quality, affordable housing and 74 parking spaces that will complement the neighborhood with its Spanish Colonial Revival architecture. It will conform to the City of Santa Barbara Zoning, General Plan, and El Pueblo Viejo Landmark District design guidelines. The configuration maximizes a constrained urban infill site. The residential units are elevated above the street-level to create a protected, private environment for residents while maintaining an active, transparent presence at the sidewalk. A variety of amenities will be provided, including: a lobby, leasing office, mail room, and amenity space on the ground floor, laundry facilities and trash/recycling rooms at each residential level, a large outdoor courtyard and two indoor amenity rooms on the second level, and a common balcony on the fifth level with views toward the ocean. Two schemes are proposed for the development, both 100% affordable and workforce housing. Scenario I includes affordable housing for the County of Santa Barbara's "Missing Middle" with rents up to 120% of the County Area Median Income. Additionally, we offer the County an option to provide a deeper affordability with rents restricted to between 35-80% of the area median income (AMI) for Santa Barbara County.

The following highlights the key elements of our proposal:

- Wide range of affordability levels, including addressing the "missing middle."
- Unique ability to provide a preference to County employees for the housing to be developed on the County's property.
- Proven affordable housing track record with national recognition and the largest producer in California for the past five years.
- Managing General Partner with proven experience in the City and County of Santa Barbara, wherein this corporate charter is aligned with the County of Santa Barbara's affordable housing needs, mission, goals, and objectives.
- Proven success in financing and closing a similar transaction in Santa Barbara County in 2026 with a record-setting schedule and delivery from inception.
- Commitments from all lenders and equity providers, including a unique B-Series Bond structure, as seen in Appendix D.
- No subsidy request from any local agency or general partner. All financing sources are conditionally committed.
- Ground lease structure using fair market valuation.
- Architectural design by an architect with proven experience in Santa Barbara.
- Grant of right of first refusal (ROFR) to the County to own the project.

TPC, AMG, and HASBARCO acknowledge receipt of all addenda and confirm their intent to hold the proposal open for at least one hundred eighty (180) days.

2. Development Team

Please find what follows to be a list of each member of the Development Team. The certificate of good standing, certification of 501(c)(3) status, and the latest two years of tax returns or audited financial statements for the Lead Developer and Co-Developer are in Appendix A. The resume for the General Contractor is in Appendix B.

- **Lead Developer: The Pacific Companies**

  Caleb Roope, Chief Executive Officer
  208.461.0022 x3015 / calebr@tpchousing.com

- **Co-Developer: Housing Authority of the County of Santa Barbara/Surf Development Company**

  Bob Havlicek, Executive Director
  805.920.8908 / bobhavlicek@hasbarco.org

  John Polanskey, Director of Housing Development
  805.400.2462/ johnpolanskey@hasbarco.org

- **Development Consultant: AMG & Associates, LLC**

  Alexis Gevorgian, Principal
  818.380.2600 x13 / agevorgian@amgland.com

- **Lead Architect: Arris Studio Architects**

  Thom Jess, Architect/Partner
  805.547.2240 x111/ tjess@arris-studio.com

- **General Contractor: Wallace & Smith General Contractors**

  Mike Hunter, President
  661.327.1436/ MHunter@wallacesmith.com
  Please find their qualifications in Appendix B.

- **Property Manager: Housing Authority of the County of Santa Barbara**

  Sanford Riggs, Director of Housing Operations
  805.980.0165/sanfordriggs@hasbarco.org

- **Service Provider(s): Housing Authority of the County of Santa Barbara**

  Stacey Murphy, Director of Resident and Supportive Services
  805.400.2536 / staceymurphy@hasbarco.org

3. Developer Team Experience and Capacity

a. DEVELOPER EXPERIENCE

Please find five projects in California: three are under development, and two are completed.

SAN MARCOS VILLAGE | 125 South San Marcos Road, Santa Barbara County, CA

San Marcos Village is located in Santa Barbara County, adjacent to the City of Goleta. It is part of a master-planned community consisting of about 1,000 market-rate and affordable units. TPC serves as developer, AMG serves as development consultant, HASBARCO serves as the property management company and bond issuer, and Surf Development serves as the Managing General Partner. The family residential community will consist of 236 newly constructed housing units – 115 one-bedrooms (457 sf), 61 two-bedrooms (708 sf), and 60 three-bedrooms (930 sf) - in four three-story residential buildings of Type V-A construction. Two two-bedroom units will be designated for on-site residential managers. Rents will range from 30-80% of the AMI for Santa Barbara County. The overall residential square footage, including private and common area open space, is 190,656 sf.

A variety of amenities will be provided at the site. Two distinct outdoor amenity spaces serving the residents will be distributed around the property. These areas are approximately 1,800 SF and include: shade trees, a children's playground and jungle gym (approximately 1,300 sf), family recreation space with ping-pong table, cornhole, and picnic area, pergolas, BBQ's, and a range of seating options. Indoor community amenities will include: a clubroom/community center (approximately 1,242 sf), an exercise room (approximately 763 sf), a community laundry room, ground level mail room, and a leasing office (approximately 450 sf). Surface parking will provide 297 parking spaces. The applicable residential mandatory measures of the 2022 California Green Building Standards Code are incorporated into the project. No community outreach was required or provided.

The project is financed utilizing 4% Low-Income Federal Housing Tax Credits allocated by the California Tax Credit Allocation Committee ("CTCAC"), as well as tax-exempt bonds allocated by the California Debt Limit Allocation Committee ("CDLAC"). The project will use a private-placement structure with no permanent credit enhancement or rating attached to the tax-exempt bonds. The financing structure also includes taxable bonds and subordinate cash flow recycled tax-exempt bonds issued by the California Municipal Finance Authority ("CMFA").

The project is currently under construction and will be developed in one phase. Construction began in October 2025 and will be approximately twenty-four (24) months, anticipated to end in October 2027. The construction budget is approximately $125,000,000.00.

METROWALK AT RICHMOND STATION | Nevin Avenue & 19th Street, Richmond, CA

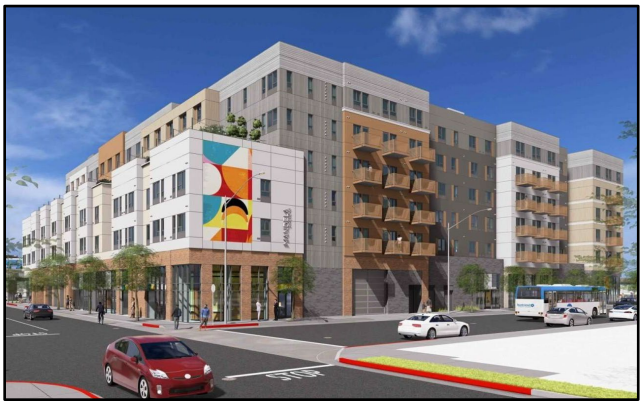
Metrowalk at Richmond Station will be a transit-oriented development ("TOD") located in the City of Richmond. TPC will serve as the developer, and AMG will serve as the development consultant. The family residential community will consist of 150 newly constructed housing units – 22 studios (411 sf), 10 one-bedrooms (554 sf), 68 two-bedrooms (792 sf), and 49 three-bedrooms (1,076 sf) - in a single six-story elevator-serviced residential building with one five residential levels of Type III-A units over a one-level podium parking structure (Type I-A construction). Two two-bedroom units will be designated for on-site residential managers. Rents will range from 30-45% of the AMI for Contra Costa County. The overall residential square footage, including private and common area open space, is 183,712 sf.

A variety of amenities will be provided at the site. Two distinct outdoor amenity spaces will be reserved for residents at the ground level on the west side of the property. A gated recreational area (approximately 4,200 SF) is provided with artificial turf, children's play equipment, shade trees, and seating. An outdoor amenity space (approximately 8,133 SF) with cornhole equipment, shade trees, and seating will provide a recreational facility suitable for children ages 13 -17. Other outdoor amenities feature an event lawn with artificial turf adjacent to a BBQ area with tables and benches situated throughout. Between the event lawn and BBQ plaza area, a fenced dog park with artificial turf and seating will also be provided. Indoor community amenities will include: a clubroom/community center (approximately 982 sf), an exercise room (approximately 574 sf), a community laundry room on each residential level, ground level mail room, and a leasing office (approximately 870 sf). 90 parking stalls will be provided within the parking podium structure. The applicable residential mandatory measures of the 2022 California Green Building Standards Code are incorporated into the project. No community outreach was required or provided.

The project is financed utilizing 4% Low-Income Federal Housing Tax Credits and State Tax Credits allocated by CTCAC, as well as tax-exempt bonds allocated by CDLAC. The project will use a private-placement structure with no permanent credit enhancement or rating attached to the tax-exempt bonds. The financing structure also includes taxable bonds issued by CMFA. In addition, the project will benefit from the following soft financing sources: (1) $27,813,000 Affordable Housing and Sustainable Communities ("AHSC") loan from the California Department of Housing & Community Development ("HCD"); (2) an Infill Infrastructure Grant ("IIG") Program loan for $5,000,000 from HCD; and (3) a $2,187,000 loan from the City of Richmond.

The community will be developed in one phase. The anticipated construction phase will be approximately twenty-seven (27) months, beginning May 2026 and ending November 2028. The construction budget is approximately $3.3 million.

MANDELA STATION | Chester and 5th Streets, Oakland, CA



Mandela Station will be a TOD located in the City of Oakland and is part of a larger community that's been in development for several years. TPC will serve as the developer, and AMG will serve as the development consultant for the affordable housing component. The family residential community will consist of 240 newly constructed housing units – 59 studios (365 sf), 136 one-bedrooms (590 sf), 34 two-bedrooms (864 sf), and 11 three-bedrooms (1,035 sf) - in one six-story elevator-serviced residential building with five residential levels of Type III-A units over a one-level Type I-A podium parking structure. Two two-bedroom units will be designated for on-site residential managers. Rents will range from 30-45% of the AMI for Alameda County. The project will include 60 units dedicated to formerly homeless individuals. The overall residential square footage, including private and common area open space, is 142,949 sf.

A variety of amenities will be provided at the site. Four retail spaces will be dispersed amongst the project's four frontages of approximately 12,842 sf total. The building is designed to provide two distinct outdoor amenity spaces at the podium level. The gated secured area will provide recreation, BBQ, dining, and seating. Indoor community amenities will include: a clubroom/community center (approximately 1,482 sf), an exercise room (approximately 380 sf), a community laundry room on each residential level, ground level mail room, and a leasing office (approximately 1,035 sf). 50 parking stalls and three ride-share spaces will be provided in the parking podium structure. The project intends to achieve the Gold certification level and all-electric compliance under the GreenPoint Rated Program. Extensive community outreach was conducted with community leaders, stakeholders, neighbors, and local businesses during entitlements from 2015 to 2020. Numerous meetings were held, including four public hearings, five large community forums, two walking tours, four presentations at other community groups' meetings, monthly meetings with the local advisory council (pre-COVID), and multiple small targeted outreach meetings. Additionally, a website was created for residents to stay informed.

The project is financed utilizing CTCAC-allocated 4% Low-Income Federal Housing Tax Credits and State Tax Credits, and CDLAC-allocated tax-exempt bonds. The project will use a private-placement structure with no permanent credit enhancement or rating attached to the tax-exempt bonds. The financing structure also includes taxable bonds issued by CMFA. In addition, the project will have: (1) a $20,500,000 AHSC loan from HCD; (2) a TOD loan for $2,700,000 from HCD; (3) an IIG loan for $7,900,000 from HCD; (4) a Regional Early Action Planning Predevelopment and Infrastructure ("REAP") loan in the amount of $4,000,000 from HCD; (5) a Regional Early Action Planning Priority Sites ("REAP") loan for $3,000,000 from HCD; (6) an $18,703,115 loan from the Oakland Housing Authority ("OHA"); and (7) a $33,000,000 loan from the City of Oakland.

The community will be developed in one phase. The anticipated construction phase will be approximately twenty-seven (27) months, beginning in May 2026 and ending in November 2028. The construction budget is approximately $178,470,528.00.

ESCALANTE MEADOWS | 1035 - 1096 Escalante Street Guadalupe, CA 93434

Escalante Meadows, formerly Guadalupe Ranch Acres, is located in the City of Guadalupe. HASBARCO served as developer. The original community consisted of 52 public housing units built in the 1950s. That community was demolished and, through the HUD Rental Assistance Demonstration program (RAD), replaced by 80 newly constructed housing units – 12 one-bedrooms (561 sf), 21 two-bedrooms (782 sf), 28 three-bedrooms (1,083 sf), and 16 four-bedrooms (1,383 sf) - in 10 two-story residential buildings (Type V-B construction). The community is home to families, veterans, and seniors earning 30-80% of the AMI for Santa Barbara County. The overall residential square footage, including private and common area open space, is approximately 95,000 sf.

Amenities include a large children's playground, sports court, community playground, BBQ/picnic area, bicycle racks, a raised-bed community garden, and one covered and one uncovered parking space per unit. In addition, a 20,000 sf community center was built to provide services that benefit the residents of Escalante Meadows and the City. The first floor is an Early Childhood Education/Childcare Center. The second floor includes property management and offices for HASBARCO staff and community partners, a computer room, and a large meeting space with a commercial kitchen. The project was developed in accordance with the minimum requirements of the GreenPoint Rated Program. Some of these features include solar panels to offset 100% of the development's energy load, energy-efficient windows, awnings, and overhangs were installed to lessen heat gain, and on-site Electric Vehicle Charging (EVC) infrastructure.

Community outreach included agendized presentations at several City Council meetings, presentations at the Guadalupe Business Association, meetings with neighbors and interested community members at the neighboring elementary school, and presentations at Santa Maria Regional Transit, which provides transportation services for the City of Guadalupe. The entire community was also invited to the Groundbreaking to learn more about the project.

Due to the development's size, two separate financial structures for the residential units and the community building were necessary. The residential units were financed with a variety of funding sources, including: TCAC 9% Low-Income Housing Tax Credit, State HCD Housing for Healthy California (HHC), HCD AHSC, Affordable Housing Program, CDBG-DR County & City, AHP, and a seller carryback loan. It is worth noting that the AHSC funding ($11M+) was a joint application with the City. The City will receive $7M+ to be used towards infrastructure projects such as bus stops, clean air buses, sidewalks, etc. The Community Building was financed with New Market Tax Credits (NMTC's), Congressional Community Project Funding, as well as HASBARCO loans.

The project is now operational. Completion was delayed from August 2024 to December 2024 for residential units and February 2025 for the commercial building, mainly due to rainy winters. Residential units cost $59,617,279 (originally budgeted at $38,165,237); the commercial building cost $17,463,832 (originally $11,486,219).

GARDEN BROOK SENIOR VILLAGE | 10080 Garden Grove Boulevard, Garden Grove, CA

Garden Brook Senior Village is located in the City of Garden Grove. TPC served as the developer, and AMG served as the development consultant. The senior residential community consists of 394 newly constructed housing units – 129 studios (404 sf), 219 one-bedrooms (562 sf), and 46 two-bedrooms (820 sf) - in one, eight-story elevator-serviced residential building and an attached three-story concrete parking structure, both of Type-IB construction. One one-bedroom unit and two two-bedroom units are designated for on-site residential managers. Rents range from 50-60% of the AMI for Orange County. The overall residential square footage is 241,011 sf.

A variety of amenities are provided at the site. Outdoor amenity spaces are reserved for residents and provided in six distinct areas on the ground floor and dispersed on the upper levels, ranging in size from 1,298 to 10,120 sf. Features in these spaces include outdoor exercise equipment, seating, artificial turf, and BBQs with tables and benches situated throughout. Indoor community amenities include: a clubroom/community center (approximately 989 sf), exercise rooms (approximately 568 sf each), a community laundry room on each residential level, ground level mail room, flex space/library (approximately 568 sf), and a leasing office. Six retail spaces are provided along Grand Grove Boulevard. 308 parking spaces for retail customers and residents are provided in a three-story parking structure. The applicable residential and non-residential mandatory measures of the 2016 California Green Building Standards Code are incorporated into the project.

AMG and TPC worked closely with the neighboring Boys & Girls Club of Garden Grove ("BGCGG") to ensure the project was designed to complement their facility. During construction, BGCGG worked closely with TPC, AMG, and the general contractor to ensure a smooth construction period with minimal disruption to BGCGG's operations. Additionally, facility improvements to BGCGG were made at AMG and TPC's cost. BGCGG assisted in community outreach for the project, hosting an informational meeting at their auditorium so AMG and TPC could introduce the project and answer questions.

The project was financed utilizing 4% Low-Income Federal Housing Tax Credits awarded by the CTCAC and tax-exempt bonds awarded by the CDLAC. The $107,000,000 ($75,000,000 Series A and $32,000,000 Series B) bond issuance only consisted of tax-exempt debt.

The project is currently in operation. The anticipated completion date was February 2021, but there were delays primarily caused by the COVID-19 pandemic, because construction began in 2019. As a result, the project was completed in January 2022. The original budget for the project was $134,182,083.00, and, despite delays, the actual cost was close to the original budget, at $135,200,000.00.

b. DEVELOPMENT CAPACITY

- **Lead Developer: TPC**

  - **Caleb Roope, Chief Executive Officer**
    Mr. Roope will provide financial analysis and oversee project execution from inception to completion.

  - **John Nicholas, Executive**
    Mr. Nicholas will source equity and debt financing and assist in financial feasibility analysis, and will oversee the Project team during the development and construction phases.

  - **Claire Casazza, Senior Development/Financing Manager**
    Ms. Casazza will be responsible for the preparation of all financing applications and will be the central point of coordination for the Project team during the development and construction phases.

  - **Denise Carter, Chief Portfolio Officer**
    Ms. Carter will be responsible for the long-term viability of the Project and the resident experience, including lease-up, services, amenities, and property management. Ms. Carter and her asset team's involvement will also provide valuable input on the project's design, ensuring the resident experience is appropriately designed.

- **Co-Developer: HASBARCO**

  - **Bob Havlicek, Executive Director**
    Mr. Havlicek will oversee HASBARCO staff and be heavily involved in structuring the financials and submitting necessary applications. Mr. Havlicek acts as backup for Mr. Polanskey, Director of Housing Development.

  - **John Polanskey, Director of Housing Development**
    Mr. Polanskey will represent HASBARCO at any public hearings and community engagements, and will oversee project entitlement and execution. Mr. Polanskey is accustomed to working on multiple projects at the same time. Even though we have other projects in the pipeline, each project will receive the required attention.

- **Development Consultant: AMG**

  - **Alexis Gevorgian, Principal, and AMG staff**
    Mr. Gevorgian will oversee project entitlement and execution, and represent the development at the local level. Public hearings and any community engagement will be attended and handled by Mr. Gevorgian and AMG staff.

    One to two AMG employees will be assigned to manage the design development and entitlement of the project. They will interface between the design team (architect, civil engineer, landscape architect, etc.) and the City of Santa Barbara. AMG staff will be responsible for processing all required entitlement approvals.

c. OWNERSHIP EXPERIENCE AND CAPACITY

Ownership Experience (PWC)
Pacific West Communities, Inc. (PWC) is the development entity of The Pacific Companies, a fully integrated real estate group that develops, constructs, and operates multifamily affordable housing throughout the western United States, with its primary focus and experience in the State of California.

Pacific West Communities, Inc. has completed and owns over 289 affordable housing projects totaling over 22,000 units and currently has 30 projects with approximately 4,000 units under construction or in development. PWC is regularly a "Top 10 Developer in the Nation" leading production of affordable housing, as published by Affordable Housing Finance Magazine and has a reliable set of industry-leading, talented, and experienced professionals with whom it regularly partners.

Ownership Experience (HASBARCO)
HASBARCO is a public housing authority with 85 years of experience as an owner, developer, and long-term steward of affordable housing throughout Santa Barbara County. Their ownership experience reflects a sustained commitment to providing high-quality, well-managed housing that serves very low, low-, and moderate-income households while fully integrating into neighborhoods, meeting public agency and public trust objectives, and long-term affordability requirements.

HASBARCO owns a diverse portfolio of affordable housing developments comprising over 1,700 residential units located throughout the County, serving veterans, families, seniors, people with special needs, and the general workforce. HASBARCO has extensive experience owning and operating properties financed through a wide range of public and private funding sources, including LIHTC, tax-exempt bonds, Project-Based Vouchers (PBV), HOME, CDBG, AHSC, and other local, State and Federal housing programs. This breadth of ownership experience has resulted in a strong understanding of regulatory compliance, lender and investor requirements, and long-term asset stewardship.

As an owner, HASBARCO is actively involved in all phases of a project's life cycle, from concept, predevelopment, and financing through construction, lease-up, stabilization, and long-term operations. HASBARCO's ownership philosophy emphasizes long-term retention of assets, proactive reinvestment in properties, community engagement, and maintaining high standards of security, physical condition, and resident services. HASBARCO has demonstrated success in managing complex, multi-layered developments while ensuring financial stability and regulatory compliance over time.

HASBARCO's ownership role is supported by established governance, financial controls, and internal policies that promote accountability and transparency. HASBARCO works closely with County departments, housing partners, and community stakeholders to ensure that each development aligns with County housing goals and responds to local needs. This experience positions HASBARCO as a reliable, mission-driven owner capable of successfully owning and stewarding the Project over the long term.

Asset Management Capacity (HASBARCO)

HASBARCO maintains a robust, internal asset management operation responsible for overseeing the performance, compliance, and long-term sustainability of all properties in its ownership portfolio of over 1,700 housing units. Asset management is fully integrated within HASBARCO's organizational structure and coordinates closely with in-house property management, maintenance, finance, and resident services teams.

- ***Asset Management Structure and Staffing***
  Asset management is conducted internally by trained HASBARCO staff, and it is an integral part of HASBARCO's housing operations. The HASBARCO team is comprised of over 160 members across a wide range of disciplines, including development, finance, asset management, housing management, maintenance, and resident services, providing the depth and expertise necessary to support a large and diverse portfolio. HASBARCO cross-trains team members to ensure adequate coverage. Asset management responsibilities include financial oversight, operating and replacement reserve monitoring, compliance with regulatory agreements, capital planning, and coordination of audits and reporting requirements.

  HASBARCO's administrative headquarters is located in the City of Lompoc, with additional housing offices in the Cities of Goleta and Santa Maria, allowing for localized oversight and responsiveness across the County. Asset Management team members can move around as they regularly review property performance, budgets, and physical condition to ensure property assets remain financially sound and well-maintained.

- ***Current Portfolio and Oversight***
  HASBARCO currently provides internal asset management oversight for all of the over 1,700 properties it owns. HASBARCO's approach emphasizes proactive monitoring, early identification of operational issues, and timely corrective actions. This hands-on asset management approach, working cooperatively with multiple departments, supports strong property performance and long-term preservation of public investment. No silos here.

- ***Capacity for Portfolio Expansion***
  HASBARCO has intentionally strengthened its asset management capacity in anticipation of continued growth. HASBARCO has additional properties in the development pipeline and has proactively scaled staffing and internal systems accordingly to ensure adequate oversight as the portfolio expands. HASBARCO's asset management framework is designed to be scalable, allowing new developments to be integrated seamlessly upon completion without compromising oversight of existing assets. Our partners rely on that.

  Upon completion of new development, HASBARCO has demonstrated the capacity to assume full asset management responsibility without missing a beat. Its experienced team, established policies, and its proven ability to manage a growing portfolio in recent years ensure that this Project will receive consistent, high-quality asset management focused on long-term financial performance, regulatory compliance, and physical sustainability from day 1.

d. LEAD ARCHITECT EXPERIENCE

Arris Studio Architects is located on the Central Coast in San Luis Obispo. Arris regularly works on projects in Santa Barbara and is very familiar with both the physical and regulatory environments. The Arris employees intended to work on the project are:

- **Thom Jess** will be the partner in charge of the project. Thom has been a licensed architect since 1998 and will actively participate in the initial phases of the project, with an advisory role throughout.

- **Shawn Ridenhour** is a licensed architect and has led most of the firm's Santa Barbara projects. He will be the lead architect, managing the project from conception to completion. Shawn will be supported by 2-3 other architects or designers who each bring a specialized expertise.

The plans will also undergo a rigorous, internal QA/QC process led by an experienced architect who is not working on the project. Arris finds that a third-party, impartial review is the best way to gain perspective and ensure that the plans are complete, well-coordinated, and easily understood by others outside the firm.

On the following pages, please find five projects completed by Arris Studio Architects. The client contact information for each project is:

Plaza Riviera

Plaza Riviera Partners, LLC
Andrew Fuller
andrew@fah.com

El Prado Inn

1601 State St. Hotel Investors, LLP
Jess Parker
(805) 456-5100
jess@stoneparkcapital.com

Soltara Apartments

Series A, B & C of Old Town Properties SB, LLC
Peter Lewis
(805) 452-1949
peterl@nyla.cc

Hotel Cerro

Garden Street SLO Partners, LP
Hamish Marshall
(805) 459-5101
hamish@auzcodev.com

Villa Musica

Vernon Construction
Brad Vernon
(805) 305-0105
brad@vernonconstruction.com

PLAZA RIVIERA

SANTA BARBARA, CALIFORNIA

MULTIFAMILY: MARKET-RATE

Client:
Plaza Riviera Partners, LLC

Team:
Arris Studio Architects (Architecture)
Wallace & Smith (General Contractor)
Ashley & Vance Engineering (Structural & Civil)
JVA Mechanical Engineering (Mechanical & Plumbing)
JMPE Electrical Engineering (Electrical)
Firma Consultants (Landscape)

Completion Date: 2020

Building Information:

- 3-stories
- Type V-A construction type
- Use: Residential apartments, on-site parking
- Building Area: 44,180 SF Total
- Unit Mix: 41 total units
  (25) Two-bedrooms
  (16) Studios

The Plaza Riviera Apartments in Santa Barbara, California embraces the classic Spanish Colonial Revival style found throughout the city. Our team sought to highlight many of the rich decorative details of this style. From clean plaster walls and red clay tile roofs to the finer iron and wood details, this three-story multi-family building offers a great sense of human scale with articulated detailing and massing. It also boasts a variety of outdoor spaces, promoting indoor-outdoor living with a private central courtyard, individual balconies, and a rooftop deck with mountain views for the 41 apartments. This project was developed with the average unit size density incentive program (AUD) with a total average unit size of 737 square feet each. To maximize on-site parking, a mechanical lift was utilitized on the ground floor with entries from the back.

For more information, visit: Plaza Riviera Apartments

ARRIS STUDIO ARCHITECTS
P: (805) 547-2240 | **W:** ARRIS-STUDIO.COM

SOLTARA APARTMENTS

SANTA BARBARA, CALIFORNIA

MULTIFAMILY: MARKET-RATE

Client:
Series A, B & C of Old Town Properties SB, LLC

Team:
Arris Studio Architects (Architecture)
Wallace & Smith (General Contractor)
Studio Engineers (Structural)
Metrics Mechanical Engineering (Mechanical & Plumbing)
Gray Electrical Engineering Consulting + Engineering Corp (Electrical)
Flowers & Associates, Inc. (Civil)
Arcadia Studio (Landscape)

Completion Date: 2024

Building Information:

- 4-stories
- Type V-A o/ Type 1A construction type
- Use: Residential apartments, on-site parking, commercial
- Building Area: 116,473 SF Tota
- Unit Mix: 80 total units
  - *(18) Two-bedrooms*
  - *(18) One-bedrooms*
  - *(16) Studios*

This new Spanish Colonial Revial-style mixed-use project involved a lot merger to combine three parcels to create a new 80 unit, 4-story priority housing project over an existing parking lot located at 27 E. Gutierrez Street, 409 Anacapa, and 410 State Street. The project includes much needed urban residential apartments, a spacious and expansive roof deck, a new parking garage, and nearly 25,000 square feet of commercial space. This project was developed with the average unit size density incentive program (AUD) with a total average unit size of 655 square feet each. Located in the heart of downtown, Soltara apartments offers convenient luxury living and plenty of modern amenities.

For more information, visit: Soltara Apartments

ARRIS STUDIO ARCHITECTS
P: (805) 547-2240 | **W:** ARRIS-STUDIO.COM

VILLA MUSICA

SANTA BARBARA, CALIFORNIA

MULTIFAMILY: MARKET-RATE

Client:
Brad Vernon

Team:
Arris Studio Architects (Architecture)
Vernon Construction (General Contractor)
Ashley & Vance Engineer (Structural)
JVA Mechanical Engineering (Mechanical & Plumbing)
JMPE Electrical Engineering (Electrical)
MAC Design Associates (Civil)
CJM::LA (Landscape)

Completion Date: 2020

Building Information:

- 3-stories
- Type V-A o/ Type IA construction type
- Use: Residential apartments, on-site parking
- Building Area: 30,949 SF Total
- Unit Mix: 24 total units
  - *(6) Two-bedrooms*
  - *(18) One-bedrooms*

Straddling a creek and weaving among historic oak trees, Villa Musica embraces its natural as well as its built environment. Santa Barbara is known for its Spanish Colonial Revival style architecture, and this project is no exception. From the colorful tiles at the stairs, to the arched elements used everywhere from large openings to small fireplace details, this project fits right in. Calling back to the creek, the design team used a stone wall entry with the profile of a rolling hill to create a natural and inviting entry point. Three seperate buildings work together to provide 24 new luxury apartments with expansive views that embrace indoor-outdoor living nestled among Santa Barbara's scenic hills. Most of the apartments sit above a parking garage to minimize the impact of cars in the development, create a better sense of residential scale for the apartments, and to maximize useable outdoor space.

For more information, visit: Villa Musica

ARRIS STUDIO ARCHITECTS
P: (805) 547-2240 | **W:** ARRIS-STUDIO.COM

EL PRADO INN

COURTYARD BY MARRIOTT

SANTA BARBARA, CALIFORNIA

HOSPITALITY
HISTORIC RENOVATION

Client:
*1*601 State St. Hotel Investors LLP

Team:
Arris Studio Architects (Architecture)
Vernon Construction (General Contractor)
Ashley & Vance Engineering, Inc. (Structural)
JMPE Electrical Engineering (Electrical)
JVA Mechanical Engineering (Mechanical & Plumbing)
MAC Design Associates (Civil)
R2 Landscape Architects (Landscape)
Degen & Degen (Interiors)

Completion Date: 2022

Building Information:

- 3-stories o/ parking
- Type V-A construction type
- Use: Hotel, restaurant, offices, pool, on-site parking
- Building Area: 79,147 SF Total
- 122 hotel keys

The El Prado Inn on State Street in Santa Barbara offers a refreshing splash of mid-century modern architecture in contrast to the typical Spanish aesthetic the area is known for. As one of the few examples of this style in the city, El Prado is known for its distinctive canted balconies, iconic breeze blocks, and distinct period signage. The hotel originally opened in 1959 as the classic El Prado Motor Inn. It was later awarded historic landmark status. During the expansion and renovation, the design team focused on maintaining the historic hotel's distinct geometries and enhancing the original mid-century architectural features while doubling the number of guestrooms from 56 to a total of 122 rooms. An expanded parking garage and new pool and spa were also added. The newly modernized amenity spaces flow together to promote a strong indoor and outdoor connection of all the hotel's common areas. With this recent refresh, this beautiful, coastal mid-century gem will continue to be an iconic landmark for years to come.

For more information, visit: El Prado Inn

ARRIS STUDIO ARCHITECTS
P: (805) 547-2240 | **W:** ARRIS-STUDIO.COM

HOTEL CERRO

SAN LUIS OBISPO, CALIFORNIA

HOSPITALITY: BOUTIQUE HOTEL
HISTORIC RENOVATION

Client:
Garden Street SLO Partners, LP

Team:
Arris Studio Architects (Architecture)
Specialty Construction, Inc. (General Contractor)
Ashley & Vance Engineering, Inc.(Strucutural)
Brummel Myrick & Associates (Mechanical & Plumbing)
Thoma Electric (Electric)
Wallace Group Corporation (Civil)
Oasis Associates Inc.(Landscape)
Fortini Landscapes (Landscape)
Ian Saude, Inc.(Interiors)
Luminae Souter Associates, LLC (Lighting)

Completion Date: 2020

Building Information:

- 4-stories
- Type IA, IIIA, IIIB construction types
- Use: Hotel, residential apartments, restaurant, spa, roof deck, on-site parking
- Building Area: 93,335 SF Total
- 65 hotel keys
- Unit Mix: 8 total units
  - *(6) Two-bedrooms*
  - *(1) One-bedroom*
  - *(1) Studio*

For this project, the design team partnered with the developer to transform two historic masonry buildings in downtown San Luis Obispo into the 65-room urban Hotel Cerro. The project involved the unique challenge of remodeling and seismic upgrading the existing structures, uniting them around an active courtyard with a terrace-level edible garden. A ground-floor spa and restaurant activate the street, while several scattered indoor and outdoor gathering spaces serve both guests and the public. A feature rooftop deck frames views of Cerro San Luis, and natural materials throughout reinforce Hotel Cerro's blend of luxury and local charm.

For more information, visit: Hotel Cerro

ARRIS STUDIO ARCHITECTS
P: (805) 547-2240 | **W:** ARRIS-STUDIO.COM

e. PROPERTY MANAGER EXPERIENCE

HASBARCO has been operating, managing, and maintaining self-developed properties for over 85 years, with roughly 1,700 units under its umbrella. By consolidating neighborhood management and day-to-day operations under HASBARCO's experienced organizational structure, the project will benefit from proven practices that promote dignity, responsiveness, and long-term stability, consistent with HASBARCO's track record across its existing portfolio. Because of its longevity, HASBARCO has numerous developments throughout the County of various sizes supporting all populations and funded in a multitude of ways. HASBARCO has 11 properties in the South County, 18 properties in Central County, and 9 in the North County (see table below). The developments vary between Subsidized, Unsubsidized, Senior, Permanent Supportive Housing, and in construction, Workforce Development Housing.

Property Name *Properties built by HASBARCO	**Year Acquired**	**Location**	**Years Managed**
Escalante Meadows (previously Guadalupe Ranch Acres)*	2025	Guadalupe	1
Central Plaza	2005	Santa Maria	21
The Residences at Depot Street*	2020	Santa Maria	6
Evans Park	1970	Santa Maria	56
Rancho Hermosa*	2011	Santa Maria	15
Ted Zenich Gardens*	2007	Santa Maria	19
West Cox Cottages*	2021	Santa Maria	5
Leland Park*	1986	Orcutt	40
Creekside Village*	2012	Los Alamos	40
Polo Village*	2025	Buellton	1
Valley Station*	2007	Buellton	19
Vintage Walk*	2007	Buellton	19
Golden Inn & Village Family*	2016	Santa Ynez	10
Golden Inn & Village Senior*	2016	Santa Ynez	10
Harry's House*	2023	Santa Ynez	2
Cypress and 7th*	2024	Lompoc	2
Cypress Court*	2013	Lompoc	13
Home Base on G Street*	2009	Lompoc	17
Homekey Studios*	2021	Lompoc	5
Lompoc Gardens*	1982	Lompoc	44
Lompoc Scattered Sites	1994	Lompoc	32
Lompoc Terrace*	1962	Lompoc	64
Miller Plaza*	1979	Lompoc	47
Palm Grove	2008	Lompoc	18
Parkside Garden Apts.	2006	Lompoc	20
Santa Rita Village*	2012	Lompoc	14
Santa Rita Village II*	2015	Lompoc	11
Stanley Horn Homes*	1982	Lompoc	44

Thomas Park – Chestnut Ave., K St., S & T St.	2016	Lompoc	10
Aparicio Community Apartments	1982	Goleta	44
Braddock House*	2011	Goleta	15
Buena Tierra*	2024	Goleta	2
LC Grossman LGS*	1985	Goleta	41
Sandpiper	2000	Goleta	26
Parkview	2008	Isla Vista	18
Pescadero Lofts*	2014	Isla Vista	12
Villa Del Sol	2005	Isla Vista	21
Lassen Place	2004	Santa Barbara	22
Positano	1998	Santa Barbara	28

Two of the properties in the portfolio are: Positano Apartments and Central Plaza Apartments. Positano Apartments in Goleta is a family-oriented, affordable rental housing development with 118 units. The units consist of a mix of one-bedroom, two-bedroom, and three-bedroom units arranged over multiple two-story buildings with a community center on-site as well. Positano houses veterans, people experiencing or at risk of homelessness, seniors, persons with developmental disabilities, individuals with mental health challenges, and other low-income households. Providing adequate community space to support quality of life is vital at all locations. Positano offers outdoor gathering areas, play space, a community room and kitchen, computer access, laundry facilities, on-site management, and on-site supportive services.

Central Plaza Apartments is a 112-unit affordable family housing development located in Santa Maria, California, that was originally a HUD-financed property. HASBARCO acquired it in 2005. The property serves low-income households through a combination of project-based vouchers (PBVs) and tenant-based Section 8 vouchers, ensuring that residents pay no more than 30 percent of their household income toward rent. The resident population consists primarily of families, supported by a unit mix of 40 one-bedroom units, 56 two-bedroom units, and 16 three-bedroom units, allowing the development to accommodate households of varying sizes.

The development occupies a well-established site within the community and includes a range of on-site amenities designed to support resident stability and quality of life. These amenities include a community center with on-site management offices, a kitchen, and restroom facilities, as well as a dedicated activity center for residents. Additional features include on-site laundry facilities, a maintenance facility, and a children's playground, all of which contribute to a safe and supportive living environment.

HASBARCO has a Property Management Plan that is tailored for each development that covers the following categories: leasing of property, operation and maintenance, collection and disbursement of revenues, financial records and reports, and agent's and owner's obligations. The operating model integrates professional property management, proactive maintenance, and resident-focused services to ensure that all County employees have access to stable, high-quality housing.

- ***Leasing of Property***
  During the leasing process, HASBARCO focuses on housing qualified tenants. We begin with marketing at least 120 days before lease-up through various methods, such as newspaper articles and display signs on the property. With the primary focus of this development being for the County employees, we will tailor our marketing strategies to be a County-focused outreach. With assistance from the County, we will create email campaigns, flyers to be distributed at offices or through HR communication, and in-person informational sessions.

- ***Operation and Maintenance***
  Once the property is in operation, HASBARCO will provide on-site management and maintenance services. They will schedule time to perform routine, responsive, and preventive maintenance as required.

- ***Ongoing Coordination, Consultation, and Communication with the County***
  HASBARCO will provide ongoing communication with the County once in operation. We will coordinate on tenant-eligibility verification for County employees, attend quarterly meetings with the County (and/or with a nonprofit public benefit corporation or other entity to be designated by the County), and ensure alignment with County policies relating to tenant priority, program oversight, and communication protocols. We have separate Boards of Directors that oversee a couple of our developments, who are provided with similar information and are updated on a regular basis.

  Outside of ensuring the County is satisfied, we will maintain open channels for all residents to provide feedback through annual resident surveys, a resident portal for service requests, and scheduled community meetings.

4. Development Concept & Site Plan

Project Vision: The development concept represents a critical step in addressing the housing needs of the Santa Barbara workforce. The project is envisioned as a five-story residential community featuring 126 units – 12 studios, 83 one-bedrooms, and 31 two-bedrooms – of high-quality, affordable housing. Structurally, the building utilizes a podium configuration: four stories of wood-framed residential construction (Type V-A or III-A) above a Type I-A concrete parking and amenity podium.

This configuration is an intentional land-use strategy designed to maximize a constrained urban infill site. The existing Southern California Edison easements will be modified to accommodate the new configuration. Elevating the residential units above the street-level parking and utilities creates a protected, private environment for residents while maintaining an active, transparent presence at the sidewalk. The hallmark of this configuration is the second-level central courtyard. Rather than creating a solid, imposing block, the building is carved out in the center. This "O-shaped" massing ensures that almost every unit has dual access to natural light and cross-ventilation. This layout prevents the monotony and flatness often found in high-density developments by allowing the building to breathe internally and reducing the perceived mass from the surrounding neighborhood.

The project will expand affordable options for City and County of Santa Barbara residents (and employees) by offering two scenarios that the decision-makers can choose from. Scenario I includes rent and income limits up to 120% of the County Area Medium income, addressing the “Missing Middle” County residents. Scenario II offers deeper affordability with rents between 35-80% of the County Area Median Income. In both scenarios, one unit will be set-aside for an on-site resident manager.

Neighborhood Context & Historic Character: The project is designed to respect the city's unique architectural heritage. The site falls within the El Pueblo Viejo Landmark District, and the design adheres strictly to the District’s rigorous guidelines to ensure the project feels like a natural extension of the downtown core.

- **Architectural Style:** The project employs the Spanish Colonial Revival style, synonymous with Santa Barbara’s identity. The material palette includes white stucco, wrought-iron decorative elements, and terra cotta roofs.
- **Scale, Mass, & Bulk:** While the five-story height is a response to the urgent need for housing density, the building’s mass is expertly mitigated. The project stands as a peer to the nearby four-story Freitas Building, but uses an undulating façade to break up its length. By varying the depths of the walls with recessed balconies and projecting bays, the design creates a play of light and shadow that hides the building's true scale.
- **The Urban Grid:** The building honors the traditional street wall by placing its primary entrance and active "public" spaces along the Carrillo Street property line. This reinforces the urban grid and encourages a high-energy, pedestrian-friendly environment.

Pedestrian Experience & Streetscape: The ground floor is the public face of the project, designed to engage with passersby and contribute to the vitality of the Carrillo Street corridor.

- **Transparency & Engagement:** The residential lobby and leasing offices feature expansive glazing, allowing for visual transparency between the interior and sidewalk. This “eyes on the street” approach enhances public safety and creates a welcoming atmosphere.

- **Architectural Signifiers:** A central awning denotes the main entry, providing a sense of arrival. This area is designed with storefronts, mimicking the commercial character of downtown Santa Barbara.
- **Landscaping:** The streetscape is softened by maintaining existing mature street trees and adding drought-tolerant plants. These provide a natural buffer between the sidewalk and building edge, enhancing the walkability of the block.

Tenant Amenities & Anticipated Activities: The project is a community designed to foster social interaction and physical well-being through tiered amenities.

- **Ground-Floor Flex Space (4,500 SF):** This multi-purpose environment is intended to accommodate a wide range of activities such as lobby, leasing office, mail room, and amenity space. Depending on the time of day, it may serve as a coworking space for residents who work remotely, or it can host community meetings, fitness classes like yoga, or youth-oriented programming.
- **Second-Level Indoor Amenities:** Two indoor spaces (650 SF and 850 SF) are positioned with direct views and access to the central courtyard.
    - **Fitness Center:** One space may be dedicated to health and wellness, accommodating cardio equipment, resistance training, and stretching areas.
    - **Community Lounge:** The second space may feature a communal kitchen and flexible seating, designed for residents to host a variety of events.
- **Residential Convenience:** Each floor is equipped with dedicated laundry facilities and trash/recycling rooms, providing convenient access for each floor's residents.

Community & Open Space: Two outdoor open spaces are proposed, with the central courtyard being the heart of the development.

- **Central Courtyard (8,500 sf):** This open sanctuary is designed as a series of outdoor rooms that cater to different residential needs:
    - **Social and Dining Hubs:** Strategically placed BBQ stations and outdoor dining tables allow families to enjoy alfresco meals.
    - **Quiet Zones:** Seating nooks tucked into alcoves created by the undulating building façade provide spaces for quiet reading, meditation, or small-group conversations.
    - **Landscaping as Infrastructure:** The courtyard will be professionally landscaped with large planters housing native shrubs and mid-sized trees. This greenery provides natural cooling, improves air quality, and creates a lush, "oasis-like" atmosphere in the middle of a dense urban environment.
- **Fifth-Level Balcony (800 sf):** This "outdoor living room" space will face Carrillo Street, allowing residents to enjoy views of the city. Lounge seating and landscape planters will be provided throughout.

Parking Concept & Rationale: The parking strategy is a forward-thinking response to Santa Barbara's goals for sustainable TODs. The project provides 74 parking spaces (0.59 stalls per unit).

- **Reduced Parking:** The site is arguably one of the most connected locations in the city. Within a five-to-ten-minute walk, residents can reach the Ralphs supermarket, the Lobero Theater, the Santa Barbara Museum of Art, and the State Street shopping district.
- **Transit Proximity:** The property is located just blocks from the Santa Barbara Transit Center, the regional hub for the MTD bus system. This proximity allows residents to commute without a private vehicle.

5. Conceptual Design Document Submission Requirements & Limitations

On the following pages, please find our proposed conceptual design for the project:

- Site plan
- Conceptual floor plans for the ground floor and a typical residential floor
- Aerial representation of the overall building massing
- Street-level representation of building presence

117 E. CARRILLO STREET

SANTA BARBARA, CALIFORNIA

AMG

Arris
STUDIO ARCHITECTS

PROJECT DATA

ADDRESS:	117 E. CARRILLO STREET SANTA BARBARA, CA
APN:	029-211-025
SITE AREA:	0.97 ACRES
NUMBER OF STORIES:	5 STORIES
PROPOSED DENSITY:	
STUDIO UNITS:	12 UNITS
1-BED UNITS:	83 UNITS
2-BED UNITS:	31 UNITS
TOTAL UNITS:	126 UNITS
PROPOSED PARKING:	74 SPACES

PROPOSED SITE PLAN / FIRST FLOOR PLAN

SCALE: 1" = 30'-0"

0 15 30

ACTUAL NORTH PROJECT NORTH

Arris STUDIO ARCHITECTS

117 E. CARRILLO STREET
SANTA BARBARA, CALIFORNIA

PROPOSED PLANS

A2.1

A26014
MARCH 3, 2026

PROPOSED SECOND FLOOR PLAN (THIRD, FOURTH & FIFTH FLOORS SIMILAR)

SCALE: 1" = 30'-0"

0 15 30

ACTUAL NORTH PROJECT NORTH

Arris STUDIO ARCHITECTS

117 E. CARRILLO STREET
SANTA BARBARA, CALIFORNIA

PROPOSED PLANS

A2.2

A26014
MARCH 3, 2026

STREET VIEW (NORTHWEST CORNER)

FRONT ELEVATION (NORTH, FACING CARRILLO STREET)

0 4 8 16

SCALE: 1/16" = 1' - 0"

Arris STUDIO ARCHITECTS

117 E. CARRILLO STREET
SANTA BARBARA, CALIFORNIA

BUILDING ELEVATION

A4.0

A26014
MARCH 3, 2026

6. Financing and Cost-Control Innovations

Financing Plan:
The Corte Carrillo Apartments will be financed utilizing 4% Low-Income Federal Housing Tax Credits allocated by the CTCAC, as well as tax-exempt bonds allocated by CDLAC. The project will use a private-placement structure with no permanent credit enhancement or rating attached to the tax-exempt bonds. The financing structure also includes taxable bonds and subordinate cash flow recycled tax-exempt bonds issued by CMFA.

The tax-exempt bond issuance will consist of newly issued "Series A" tax-exempt bonds allocated by CDLAC and subordinate cash flow recycled tax-exempt bonds ("Series B") issued by CMFA. The project will also utilize a taxable bond loan during construction. Proceeds will be funded on a draw-down basis as and when project costs are incurred. The primary security for the bonds will be the proposed project, as is customary. Other sources of construction financing include low-income housing tax credit equity. Additionally, the developer will be deferring a sizable portion of the developer fee. (Please see the Sources and Uses of capital for more details).

Upon lease-up and stabilization of the project, the remainder of the low-income housing tax credit equity will be available to: 1) pay off the taxable bond construction loan; 2) pay down the newly issued Series A tax-exempt bonds. Concurrently with the stabilization of the project, the remaining Series A tax-exempt bonds will convert to a long-term permanent source with an interest rate of approximately 6.00%, a 40-year amortization and 30-year term. Similarly, the Series B recycled tax-exempt bonds will convert to permanent financing with an interest rate of 5.00% and a 30-year term.

The bonds will be issued within 5 months of the allocation from CDLAC, pending satisfaction of the closing conditions identified in the commitment letter from the lender. The tax credit equity provider will have standard closing conditions, as well as mandate specific guaranties related to tax credit delivery, adjustments and recapture.

- ***Tax-Exempt Bonds Privately Placed***
  Per Section 5008(a) of the CDLAC Regulations, if Bonds are issued and sold through a private placement, a firm commitment letter between the private placement purchaser and borrower must be submitted. The commitment must include the following: 1) Project Sponsor (Borrower); 2) Project name and location; 3) Bond purchase amount; 4) Salient terms and conditions, including but not limited to the fee structure, term, rate, security, collateral, guarantee, and recourse of the commitment including the interest rate of the agreement; 5) Evidence that the lender is committed to move forward with the transaction if the terms and conditions in the commitment letter are met; and 6) the commitment is fully executed by the bond purchaser and the project sponsor. The tax-exempt bonds for this transaction will be issued and sold through a private placement structure. A firm commitment letter between the Project Sponsor (Borrower) and the private placement purchaser (Citibank) is included within the financing application. The commitment letter includes all of the criteria as required by CDLAC Regulation Section 5008(a).

Ground Lease Terms:
The proposed ground lease will be an unsubordinated lease wherein the County will be in a secure priority position. The term of the lease will be for 99 years, a fair market valuation, and an

applicable yield to the County. The estimated value is $5,000,000, a 4.5% yield with annual compounded increases of 2%. The payments will be made from 10% of the project's residual cash flow after the payment of all secured project debt. To the extent that the yield is not paid in the year earned, the unpaid balance shall accrue interest at a rate of 6% until paid in full. Any payment balance remaining on the lease payments shall be paid upon the sale or refinancing of the property.

Right of First Refusal:
The County of Santa Barbara shall have the right of first refusal to purchase the property prior to any sale of the property improvements.

Wages:
The Applicant shall comply with all State, local, and Federal wage requirements under the applicable law.

County Employees Preference:
Under the Housing Authority's enabling act, specifically Health & Safety Code section 34322.2(d), the Housing Authority may "limit the offering of available units to families of appropriate qualifications in order to comply with state or federal law or regulations, or contractual agreements with governmental agencies pursuant to such law or regulations".

The project site is County-owned and controlled land. As such, subject to County Counsel approval and approval by the County of Santa Barbara, the project and County of Santa Barbara Housing Authority intend to offer a preference to County employees for the housing to be developed on the County's property; the Housing Authority, in reliance upon this section, could establish such preference.

7. Community Outreach Plan

Our development team, led by John Polanskey, is committed to implementing a transparent, inclusive, and sustained community engagement program that reflects County priorities and supports the successful delivery of this exciting development. HASBARCO understands the importance of an open line of communication with the neighbors and with the larger community throughout the development process. We have a stellar track record of community outreach.

Consistent with the County's expectations for collaborative outreach, our development team will work closely with the County and community constituents to refine and optimize community reach, beginning with the concept and pre-development phase and throughout the process to ensure that County objectives are optimally met in the construction, lease-up, and operation phases of the project. The team will engage stakeholders early and consistently during programming and concept refinement to ensure the final plan reflects County workforce needs (unit mix, amenities) with a dignified, community-oriented environment. Our team will deliver transparent, well-structured outreach to County workforce and other stakeholders using clear communications, accessible engagement formats, and documented feedback loops to build trust, maintain accountability, and incorporate input throughout project development.

As we initiate the development process, the team will secure nearby space for community meetings. These meetings will be noticed and hosted periodically when there are significant updates to share. Contact information will be provided so that people can reach out to our team with questions or concerns between meetings.

A recent example of HASBARCO's community outreach in action involves Hollister Lofts in unincorporated Goleta. Hollister Lofts is situated on property that HASBARCO purchased from the County. During the concept phase, we contacted Living Faith Church, located across the street from the project site, and they agreed to host community meetings at the church. It is important that meetings be as convenient as possible for our neighbors to encourage participation. Our initial community meeting at the church was held during the concept phase and included the County Supervisor, other elected officials and members of the County team. Subsequent meetings were held at the church, leading up to the Groundbreaking and beginning of construction. All meetings were well-attended.

8. Initial Services Concept Plan

HASBARCO's team will work closely with the County, service providers, and our future residents to ensure that a services plan is developed and implemented that best meets the needs of our residents. We have numerous existing local relationships with organizations that provide services geared toward the unique needs of residents in our various properties. HASBARCO will provide and/or oversee these services to our residents through our Resident Services Department.

HASBARCO has over 85 years of experience in connecting service providers with our residents based on their needs. These service providers include financial institutions, schools, and community-based groups focused on diverse topics such as computer literacy, safety, and healthy cooking. The proximity of Santa Barbara City College and UCSB provides opportunities for collaboration on adult education and other courses. A draft initial services concept plan is included in Appendix C.

9. Evidence of Authority

Please find certified corporate resolutions in Appendix E.

APPENDIX A1

Pacific West Communities

Certificates of good standing

Audited financial statements

Secretary of State
Certificate of Status

I, SHIRLEY N. WEBER, PH.D., California Secretary of State, hereby certify:

Entity Name:	PACIFIC WEST COMMUNITIES, INC.
Entity No.:	2849882
Registration Date:	01/26/2006
Entity Type:	Stock Corporation - Out of State - Stock
Formed In:	IDAHO
Status:	Active

The above referenced entity is active on the Secretary of State's records and is qualified to transact intrastate business in California.

This certificate relates to the status of the entity on the Secretary of State's records as of the date of this certificate and does not reflect documents that are pending review or other events that may impact status.

No information is available from this office regarding the financial condition, status of licenses, if any, business activities or practices of the entity.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of March 02, 2026.

SHIRLEY N. WEBER, PH.D.
Secretary of State

Certificate No.: 428530525

To verify the issuance of this Certificate, use the Certificate No. above with the Secretary of State Certification Verification Search available at **biz**fileOnline.sos.ca.gov.

STATE OF IDAHO

Phil McGrane | Secretary of State
Business Office
450 North 4th Street
PO Box 83720
Boise, ID 83702

March 2, 2026

Request Type: Certificate of Existence/Filing
Request #: 0006679195
Receipt #: 001286866

Issuance Date: 03/02/2026
Copies Requested: 0

Regarding:	PACIFIC WEST COMMUNITIES, INC.		
Filing Type:	General Business Corporation (D)	File # :	475697
Formation/Qualification Date:	09/24/2004	Delayed Effective Date:	
Status:	Active-Good Standing	Formation Locale:	IDAHO
Duration Term:	Perpetual	Inactive Date:	

Certificate of Existence

I, Phil McGrane, Secretary of State of the State of Idaho, do hereby certify that effective as of the issuance date noted above

PACIFIC WEST COMMUNITIES, INC.

is a Corporation duly incorporated under the law of this State with a date of incorporation and duration as given above.

Phil McGrane
Idaho Secretary of State

Processed By: Business Division

Verification #: 038653533

Pacific West Communities, Inc.

Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023 As Restated

With Report of Independent Auditors

Pacific West Communities, Inc.

December 31, 2024 and 2023 As Restated

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Grigg, Bratton & Brash, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Stockholder
Pacific West Communities, Inc.

Qualified Opinion

We have audited the accompanying consolidated financial statements of Pacific West Communities, Inc. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2024 and 2023 as restated and the related consolidated statements of income, changes in stockholder's equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Pacific West Communities, Inc. and its subsidiaries as of December 31, 2024 and 2023 as restated, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As more fully described in Note 2 to the consolidated financial statements, the Company reports certain investments using the equity method of accounting. In our opinion, accounting principles generally accepted in the United States of America require the Company to consolidate the financial statements of the investments as the primary beneficiary of the entity or due to its controlling financial interest.

As more fully described in Note 2 and Note 11 to the consolidated financial statements, the Company reports development fee income and receivable on the cash method of accounting. Accounting principles generally accepted in the United States of America require the Company to record development fee income on the accrual method of accounting.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pacific West Communities, Inc. and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pacific West Communities, Inc.'s ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pacific West Communities, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pacific West Communities, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

GRIGG, BRATTON & BRASH

Grigg, Bratton & Brash, P.C.
Certified Public Accountants

Boise, ID
June 24, 2025

4487 N. Dresden Place, Suite 101 - Boise, Idaho 83714 - Phone (208) 375-6490 - Fax (208) 375-6593 - cpas@grbaccounting.com

Pacific West Communities, Inc.

Consolidated Balance Sheets

For the year ended December 31, 2024 and 2023 as restated

	2024	2023 As Restated
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 21,798,002**	$ 10,034,409
Tenant accounts receivable, net	**362,492**	697,300
Short term investments	**4,164,217**	4,004,745
Prepaid expenses	**1,035,744**	889,131
Development in progress, current	**31,213,880**	23,715,554
Interest receivable	**495,809**	245,317
Notes receivable, current	**2,253,667**	1,777,667
Due from related parties, current	**23,597,208**	75,449,923
Total current assets	**84,921,019**	116,814,046
Development in progress, net of current portion	**102,809,133**	108,785,629
Notes receivable, net of current portion	**1,268,445**	2,619,706
Investments	**46,585,363**	25,643,796
Due from related parties, net of current portion	**-**	2,640,000
Rental property, net	**29,557,896**	30,428,995
Right of use asset - operating lease	**250,076**	375,114
Total assets	**$ 265,391,932**	$ 287,307,286

The accompanying notes are an integral part of these consolidated financial statements.

Pacific West Communities, Inc.

Consolidated Balance Sheets (Continued)

For the year ended December 31, 2024 and 2023 as restated

	2024	2023 As Restated
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Accrued interest payable	**$ 965,191**	$ 3,417,343
Accounts payable and accrued liabilities	**4,531,001**	3,927,532
Tenant security deposits	**116,088**	102,744
Notes payable, current	**1,400,000**	20,753,500
Due to related parties, current portion	**175,806,277**	161,437,977
Total current liabilities	**182,818,557**	189,639,096
Notes payable, net	**28,611,270**	47,500,531
Due to related parties, non-current	**13,133,026**	10,857,326
Operating lease liability	**266,378**	391,204
Total liabilities	**224,829,231**	248,388,157
Stockholder's equity:		
Common stock, no par value; 1,000 shares authorized and 1,000 shares issued and outstanding	**1,000**	1,000
Retained earnings	**40,561,701**	38,918,129
Total stockholder's equity	**40,562,701**	38,919,129
Total liabilities and stockholder's equity	**$ 265,391,932**	$ 287,307,286

The accompanying notes are an integral part of these consolidated financial statements.

Pacific West Communities, Inc.

Consolidated Statements of Income

For the year ended December 31, 2024 and 2023 As Restated

	2024	2023 As Restated
REVENUE		
Developer fees, current	**$ 15,286,332**	$ 14,988,552
Developer fees, deferred	**5,642,487**	4,852,708
Commercial rental income	**3,334,515**	3,150,604
Management fees	**282,578**	228,514
Total revenue	**24,545,912**	23,220,378
OPERATING EXPENSES		
General and administrative expenses	**881,502**	1,002,311
Salaries and wages	**4,731,394**	4,395,198
Taxes and insurance	**1,525,563**	1,301,619
Marketing and advertising	**84,342**	55,545
Consulting and advisory fees	**291,305**	662,287
Legal and professional fees	**269,188**	274,594
Operating and maintenance	**271,034**	215,034
Depreciation expense	**871,099**	861,469
Other operating expenses	**213,473**	57,889
Total operating expenses	**9,138,900**	8,825,946
Operating income	**15,407,012**	14,394,432
OTHER INCOME AND (EXPENSE)		
Other income	**990,505**	4,067,758
Interest income	**914,014**	1,258,303
Interest expense	**(7,935,275)**	(9,208,414)
Failed projects expense	**(2,463,599)**	(3,254,926)
Gain on sale of real estate	**4,111,456**	-
Development deficit guarantee expense	**(4,299,701)**	-
Total other expense	**(8,682,600)**	(7,137,279)
Net income before income from equity method investments	**6,724,412**	7,257,153
Income (Loss) from equity method investments	**5,223,829**	4,818,199
Net income	**$ 11,948,241**	$ 12,075,352

The accompanying notes are an integral part of these consolidated financial statements.

Pacific West Communities, Inc.

Consolidated Statements of Changes in Stockholder's Equity

For the years ended December 31, 2024 and 2023 As Restated

	Common Stock	Retained Earnings	Total Stockholder's Equity
BALANCE, JANUARY 1, 2023 As Restated	$ 1,000	$ 31,399,777	$ 31,400,777
Contributions	-	-	-
Distributions	-	(4,557,000)	(4,557,000)
Net income	-	12,075,352	12,075,352
BALANCE, DECEMBER 31, 2023 As Restated	$ 1,000	$ 38,918,129	$ 38,919,129

	Common Stock	Retained Earnings	Total Stockholder's Equity
BALANCE, JANUARY 1, 2024	$ 1,000	$ 38,918,129	$ 38,919,129
Contributions	-	-	-
Distributions	-	(10,304,670)	(10,304,670)
Net income	-	11,948,241	11,948,241
BALANCE, DECEMBER 31, 2024	$ 1,000	$ 40,561,701	$ 40,562,701

The accompanying notes are an integral part of these consolidated financial statements.

Pacific West Communities, Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023 As Restated

	2024	2023 As Restated
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	**$ 11,948,241**	$ 12,075,352
Adjustments to reconcile net income to net cash provided by operating activities:		
Income from equity method investments	**(5,223,829)**	(4,818,199)
Depreciation expense	**871,099**	861,469
Changes in assets and liabilities:		
Prepaid expenses	**(146,613)**	(50,393)
Interest receivable	**(250,492)**	(62,578)
Tenant accounts receivable	**334,808**	881,984
Interest payable	**(2,452,152)**	(647,562)
Accounts payable and other liabilities	**603,256**	3,069,266
Tenant security deposit liability	**13,344**	18,034
Net cash provided by operating activities	**5,697,662**	11,327,373
CASH FLOWS FROM INVESTING ACTIVITIES:		
Principal payments received from notes receivable	**1,351,261**	179,456
Advances of note receivable	**(476,000)**	(400,624)
Increase in development in progress	**(1,521,830)**	(1,315,104)
Purchase of fixed assets	**-**	(1,084,125)
Purchase of short term investments	**-**	(4,000,000)
Decrease (increase) in due from related parties	**54,062,285**	(12,549,481)
Distributions from equity method investments	**916,710**	329,711
Purchase of investments	**(18,467,400)**	(9,976,396)
Dividends received	**2,949,869**	-
Net cash provided (used) by investing activities	**38,814,895**	(28,816,563)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal borrowings from related party payables	**70,425,000**	67,775,000
Principal payments of related party payables	**(53,781,000)**	(38,234,000)
Principal borrowings of notes payable	**12,440,340**	-
Principal payments of notes payable	**(51,497,623)**	(9,314,932)
Distributions to stockholder	**(10,304,670)**	(4,557,000)
Payments of debt issuance costs	**(31,011)**	(24,698)
Net cash provided (used) by financing activities	**(32,748,964)**	15,644,370
Net change in cash and cash equivalents	**11,763,593**	(1,844,820)
Cash and cash equivalents at beginning of period	**10,034,409**	11,879,229
Cash and cash equivalents at end of period	**$ 21,798,002**	$ 10,034,409

The accompanying notes are an integral part of these consolidated financial statements.

Pacific West Communities, Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023 As Restated

	2024	2023 As Restated
Supplemental disclosure of cash flow information:		
Cash paid for interest	**(10,304,508)**	(9,523,657)

The accompanying notes are an integral part of these consolidated financial statements.

Pacific West Communities, Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023 As Restated

1. Nature of operations

Pacific West Communities, Inc. (the "Company"), was formed on September 24, 2004. The Company is governed by the Bylaws of Pacific West Communities, Inc. (the "Bylaws"). The purpose of the Company is to develop affordable residential rental housing for low-income tenants and other related developments in the Western United States. The sole stockholder is Caleb Roope.

2. Significant accounting policies

Leases

For leases with a lease term greater than one year, the Company recognizes a lease asset for its right to use the underlying leased asset and lease liability for the corresponding lease obligation. The Company determines whether an arrangement is or contains a lease at contract inception. Operating leases with a duration greater than one year are included in operating lease right-of-use assets and operating lease liabilities in the Company's consolidated balance sheets as of December 31, 2024 and 2023. Operating lease right-of-use assets and operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company considers the lease term to be the noncancelable period that it has the right to use the underlying asset, including all periods covered by an option to (1) extend the lease if the Company is reasonably certain to exercise the option, (2) terminate the lease if the Company is reasonably certain not to exercise that option and (3) extend, or not to terminate, the lease in which exercise of the option is controlled by the lessor.

The operating lease right-of-use assets also include any lease payments made and exclude lease incentives received or receivable. Lease expense is recognized on a straight-line basis over the expected lease term. Variable lease expenses are recorded when incurred.

2. Significant accounting policies (continued)

Basis of accounting

The Company prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America, except for the departures discussed below.

The Company holds equity interests in TPC Income Fund, LLC ("TPC Income Fund") and Autovol, Inc. ("Autovol") for which the Company is the primary beneficiary or has controlling financial interest. Accounting principles generally accepted in the United States of America require that the Company consolidate the financial statements of these entities. Management of the Company believes that the consolidation of these entities would not present a meaningful set of financial statements and would be misleading to the principal users of its financial position and results of operations. As a result, the Company accounts for its investment in TPC Income Fund and Autovol under the equity method. If the financial statements of such affiliates had been consolidated with those of the Company, total assets would be increased by approximately $48.9 million and $48.8 million and total liabilities would be increased by $30.1 million and $28.5 million for the years ended December 31, 2024 and 2023, respectively. See further discussion in Note 8.

The Company earns developer fees based on agreements with Development Partnerships for the development of affordable housing. Under generally accepted accounting principles, developer fees are generally recognized when earned in accordance with the development agreements and any unpaid fees earned are recorded as a receivable on the accompanying consolidated balance sheet. Payment of such fees may be subject to available cash flow requirements in accordance with operating agreements, which in certain cases may be after several years. Management prefers a more conservative approach to revenue recognition and to recording of development fees receivable and therefore has elected to defer recognition until collection of the fees has occurred. If the Company recognized developer fee income under accounting principles generally accepted in the United States of America, receivables would be increased by $221.8 million and $189.8 million as of December 31, 2024 and 2023, and revenue would be increased by $35.2 million and $27.5 million for the years then ended, respectively. See further discussion in Note 14.

Accordingly, the net effect of the two departures from accounting principles generally accepted in the United States of America would result in the following increases to the Company's consolidated balance sheets and statements of income as of and for the years ended December 31, 2024 and 2023:

			2024
	Investments	Developer Fees	Total
Total assets	$ 48,902,580	$ 221,794,742	$ 270,697,322
Total liabilities	$ 30,091,218	$ -	$ 30,091,218
Revenue	$ 110,961,236	$ 35,159,846	$ 146,121,082
Net income including non-controlling interests	$ 2,641,002	$ 35,159,846	$ 37,800,848
Net income attributable to PWC	$ -	$ 35,159,846	$ 35,159,846

2. Significant accounting policies (continued)

	Investments	Developer Fees	2023 Total
Total assets	$ 48,818,107	$ 189,793,528	$ 238,611,635
Total liabilities	$ 28,537,317	$ -	$ 28,537,317
Revenue	$ 106,111,406	$ 27,480,354	$ 133,591,760
Net income including non-controlling interests	$ 2,695,976	$ 27,480,354	$ 30,176,330
Net income attributable to PWC	$ -	$ 27,480,354	$ 27,480,354

Principles of consolidation

Our consolidated financial statements reflect the financial position and operating results of Pacific West Communities, Inc. including wholly-owned subsidiaries and investees that the Company controls. Intercompany transactions and balances have been eliminated.

Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

Receivables and advances

The Company makes various loans and advances to affiliated entities and third party service providers. These advances are recorded based on the total funds advanced, less an allowance for loan losses. Management assesses the collectability of loans receivable on a periodic basis, which assessment consists primarily of an evaluation of the cash flow of the borrower to determine if payments will be made in accordance with the contractual terms of the arrangement. See further discussion in Notes 3 and 4.

2. Significant accounting policies (continued)

Developments in progress

The Company makes payments for certain real estate project costs before construction begins ("Developments in Progress"). Developments in Progress amounts are expected to be repaid upon the successful syndication of the real estate project with an investor and are recorded as Developments in Progress on the accompanying consolidated balance sheets. Payment is subject to the closing of the real estate project and the Company periodically assesses these projects for feasibility. If a project is no longer considered feasible, the write-off of those costs occurs in the period in which that determination is made and are recorded in Failed projects expense in the consolidated statements of income. For projects that are held for future development but have not yet commenced development activities, taxes and interest are expensed in the year incurred and included in Interest expense in the consolidated statements of income. See further discussion in Note 9.

Investments

Investments are accounted under the equity method if the Company is able to exercise significant influence, but not control, over an investee. The Company's share of the earnings or losses as reported by the investees is classified as income from equity investees on the consolidated statements of income. The investments are evaluated for impairment annually and when facts and circumstances indicate that the carrying value may not be recoverable. If a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded in other expenses on the consolidated statements of income. There were no impairment losses recognized during 2024 and 2023.

The Company accounts for equity investments for which it does not have significant influence and without readily determinable fair values at cost with adjustments for observable changes in price or impairments as permitted by the measurement alternative. Investments for which the measurement alternative has been elected are assessed for impairment quarterly, or if a triggering event indicates impairment may be present. Any adjustments as a result of price changes or impairments are recorded in interest income and other, net on the consolidated statements of income. There were no impairment losses recognized during 2024 and 2023.

Fixed assets and depreciation

Fixed assets are recorded at cost, less accumulated depreciation. The Company has two major asset classes: office furnishings and rental property. Management generally capitalizes corporate expenditures that are of a high dollar value or are significant additions to the permanent value of their assets. Capitalized costs include direct and indirect costs of constructing or otherwise acquiring property, plant, and equipment including related interest costs when applicable. Maintenance and repairs are expensed as incurred.

Impairment of long-lived assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There were no impairment losses recognized during 2024 and 2023.

2. Significant accounting policies (continued)

Debt issuance costs

Debt issuance costs are presented on the balance sheet as a direct deduction from the carrying amount of the related debt liability. Debt issuance costs are amortized over the term of the underlying debt. Debt issuance costs were $325,280 and $508,480 at December 31, 2024 and 2023 as restated, respectively. Amortization expense was $214,211 and $207,653 for the years ended December 31, 2024 and 2023 as restated, respectively, and is included in interest expense in the consolidated statements of income.

Income taxes

The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under those provisions, the Company does not pay federal corporate income taxes on its taxable income. Income taxes on the Company income are levied on the stockholder in his individual capacity. Accordingly, no provision for income taxes is reflected in the accompanying consolidated financial statements. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Company to report information regarding its exposure to various tax positions taken by the Company.

Management has determined whether any tax positions have met the recognition threshold and has measured the Company's exposure to those tax positions. Management believes that the Company has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities.

Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Company are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying consolidated financial statements.

Compensated absences

Employees of the Company are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying consolidated financial statements. The Company's policy is to recognize the costs of compensated absences when actually paid to employees.

Common stock

The Company is authorized to issue 1,000 shares, and as of December 31, 2024 and 2023, has 1,000 shares of common stock, at no par value, issued and outstanding.

2. Significant accounting policies (continued)

Revenue recognition

The Company earns developer fees based on agreements with certain partnerships for the development of affordable housing. Under generally accepted accounting principles, revenues from development fees are recognized as earned and any unpaid fees earned are recorded as a receivable on the accompanying consolidated balance sheets. Payment of such fees may be subject to available cash flow requirements in accordance with operating agreements, which in certain cases may be after several years. Management prefers a more conservative approach to revenue recognition and recording of development fees receivable and therefore has elected to defer recognition of revenue until collection of the fees has occurred. Developer fees are generally recognized when paid and in accordance with the development agreements. See further discussion in Note 14.

The Company also earns revenue from the lease of commercial space based on lease agreements with various tenants. There are no minimum payments and tenancy is at will. Rental revenue is recorded monthly when due from the tenant. For the years ended December 31, 2024 and 2023, commercial rental income was $3,334,515 and $3,150,604, respectively.

General and administrative expenses

General and administrative expenses include the following expenses; salary and benefit expenses, insurance costs, information technology costs, professional fees, rent and utility expenses, meals, travel and entertainment expenses for general and administrative employees, and other general and administrative overhead costs.

Economic concentrations

Essentially all of the Company's development contracts are derived from its sole shareholder, Caleb Roope. Should he curtail his dealings with the Company, it may be challenged to produce sufficient revenues independent of Caleb Roope.

Concentration of credit risk

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Reclassifications

Certain reclassifications have been made to the prior years' consolidated financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or retained earnings.

3. Notes receivable

Darren Berberian (formerly Golden West Communities)

On November 8, 2013, the Company entered into a loan agreement with Golden West Communities, LLC. The Company advanced an unrestricted corporate loan to Golden West Communities that commenced January 1, 2014 in the amount of $50,000 per quarter (the “Golden West Communities Loan”). The Golden West Communities Loan bears interest at a rate of 5% per annum and is due on demand. As of December 31, 2024 and 2023, the Company was owed $250,000 from Golden West Communities, which is included in notes receivable on the accompanying consolidated balance sheets. During the years ended December 31, 2024 and 2023 interest income earned was $12,500. The Company was owed $143,750 and $131,250 of interest as of December 31, 2024 and 2023, respectively.

In addition, the Company advanced funds in monthly installments in the amount of $23,000 to Darren Berberian, owner of Golden West Communities, LLC, beginning on July 9, 2019. In 2021 and 2024 the amount of advanced funds in monthly installments changed to $29,000, and $38,000, respectively. The advances do not bear interest and are unsecured and payable on demand. As of December 31, 2024 and 2023, Darren Berberian owed $2,001,667 and $1,525,667, respectively. These funds are included in notes receivable on the accompanying consolidated balance sheet.

Landco

On March 1, 2014, the Company entered into a loan agreement with Landco Financial Services Corporation (“Landco”). The Company advanced a loan to Landco in the amount of $150,000 (the “Landco Loan”). The Landco Loan bears interest at a rate of 8% per annum. All principal and interest was due and payable on March 1, 2015. No interest has been recorded on the loan due to the fact that Landco is in default and the terms may be renegotiated. As of December 31, 2024 and 2023, Landco owed $150,000 which is included in notes receivable on the accompanying consolidated balance sheets. The loan has been fully allowed for as of December 31, 2024 and 2023.

Corvus Capital Partners, LLC

The Company advanced funds to Corvus Capital Partners in April 2019 in the amount of $65,734. The advances bear interest at 10% and are unsecured and payable on demand. As of December 31, 2024 and 2023, Corvus Capital Partners, LLC owed $2,000.

Creekside Court Associates, LP

Effective November 7, 2019, the Company purchased the outstanding mortgage loan and assumed all rights from the original lender (Wells Fargo, N.A.). The purchase price amount of the loan (principal and accrued interest) was $557,489. The loan is collateralized by the limited partnership's (apartment complex located in Sheridan, WY), bears interest at 5.00%, and matures December 15, 2032. Monthly payments of principal and interest are required in the amount of $4,853. As of December 31, 2024 and 2023, the outstanding principal was $0 and $420,254, respectively. During the years ended December 31, 2024 and 2023, the Company earned interest income of $11,984 and $22,002, respectively. Accrued interest receivable was $0 as of December 31, 2024 and 2023. The loan was paid in full in 2024.

3. Notes receivable (continued)

Pahrump Courtyards Associates, LP

Effective January 2, 2019, the Company purchased the outstanding mortgage loan and assumed all rights from the original lender (Berkadia Commercial Mortgage). The purchase price amount of the loan (principal and accrued interest) was $1,033,844. The loan is collateralized by the limited partnership's (apartment complex located in Pahrump, NV), bears interest at 7.00%, and matures February 1, 2034. Monthly payments of principal and interest are required in the amount of $9,187. As of December 31, 2024 and 2023, the outstanding principal was $802,884. During the years ended December 31, 2024 and 2023, the Company earned interest income of $58,792 and $53,209, respectively. Accrued interest receivable was $58,792 and $0 as of December 31, 2024 and 2023, respectively.

Pahrump Senior Associates, LP

Effective May 1, 2019, the Company purchased the outstanding mortgage loan and assumed all rights from the original lender (Berkadia Commercial Mortgage). The purchase price amount of the loan (principal and accrued interest) was $643,847. The loan is collateralized by the limited partnership's real property (apartment complex located in Pahrump, NV), bears interest at 6.48%, and matures May 1, 2034. Monthly payments of principal and interest are required in the amount of $5,551. As of December 31, 2024 and 2023, the outstanding principal was $465,561 and $500,753, respectively. During the years ended December 31, 2024 and 2023, the Company earned interest income of $31,416 and $32,989, respectively. Accrued interest receivable was $0 as of December 31, 2024 and 2023.

Courtyards at Sheridan, LP

Effective September 1, 2019, the Company purchased the outstanding mortgage loan and assumed all rights from the original lender (Wells Fargo, N.A.). The purchase price amount of the loan (principal and accrued interest) was $1,137,077. The loan is collateralized by the limited partnership's assets (apartment complex located in Sheridan, WY), bears interest at 5.00%, and matures September 1, 2034. Monthly payments of principal and interest are required in the amount of $9,040. As of December 31, 2024 and 2023, the outstanding principal was $0 and $887,859, respectively. During the years ended December 31, 2024 and 2023, the Company earned interest income of $27,066 and $46,095, respectively. Accrued interest receivable was $0 as of December 31, 2024 and 2023. The loan was paid in full in 2024.

4. Related party transactions

Related Parties are considered related to the Company if the Company has the ability to, directly or indirectly, control the party or exercise significant influence over the party in making financial and operating decisions or vice versa, or where the Company and the party are subject to common control or common significant influence. Caleb Roope, the sole stockholder of Pacific West Communities, Inc. has controlling ownership interests in other entities with which the Company conducts business. Significant transactions between the Company various other entities (“related parties”) are summarized in the following paragraphs.

4. Related party transactions (continued)

Due from related parties

Due from related parties consists of advances to affiliates. The advances do not bear interest, except for those disclosed below, and are unsecured. The advances are due on demand and are classified as current on the balance sheet. The amounts due from related party affiliates as of December 31, 2024 and 2023 as restated are summarized as follows:

	2024	2023 As Restated
Limited Partnership Accounts	**$ 17,247,000**	$ 10,637,904
Caldwell Pacific Associates, LP (***)	**2,640,000**	2,640,000
TPC Commercial, LLC	**1,730,000**	7,966,387
Diamond Village Apartments, LP (****)	**1,000,000**	1,000,000
Palmer Scott Road Associates, LP	**901,127**	901,127
Live Oak III	**51,744**	-
Cedar Lane PSH	**15,375**	-
Grass Valley Brunswick	**11,445**	-
Santa Rosa/Cedar Grove	**517**	-
TPC MR Holdings, LLC	**-**	29,652,498
TPC Investors, LLC	**-**	14,600,000
Sol Pacific Income Fund, LLC (*)	**-**	5,000,000
Santa Cruz Pacific Associates, LP	**-**	2,619,956
TPC CS Holdings I, LLC	**-**	1,341,051
TPC Holdings II, LLC	**-**	1,000,000
TPC Commercial Holdings I, LLC	**-**	344,000
TPC Holdings VI, LLC	**-**	307,000
Steamboat Victory, LLC	**-**	80,000
	$ 23,597,208	$ 78,089,923

(*) On December 9, 2016, the Company entered into a loan agreement with SolPacific in the amount of $1,000,000 (the “SolPacific Loan”) with an initial fixed interest rate of 3.0% (amended to 2.75% starting January 1, 2020). During the year ended December 31, 2022 the interest rate was changed to a fixed rate of 3.25%. All principal and accrued interest is payable in full on demand by the Company within three business days of the demand. Additional advances in increments of $1,000,000 on the loan were made during the years ended December 31, 2018, 2019, 2020 and 2022. The Company was owed $0 and $5,000,000 as of December 31, 2024 and 2023, and interest income was $57,637 and $212,500 for the years then ended, respectively. Accrued Interest payable was $0 as of December 31, 2024 and 2023. The loan was paid in full in 2024.

4. Related party transactions (continued)

(**) In 2022, the Company entered into a loan agreement with TPC East End Holdings, LLC in the amount of $1,375,000 with a fixed rate of 6.205%. The loan has no stated maturity date and does not require periodic payments of principal or interest. For the year ended December 31, 2024 and 2022 interest income earned totaled $0 and $21,096, respectively. At December 31, 2024 and 2023 the outstanding principal balance was $0. The loan was paid in full in 2023.

(***) On August 29, 2023, a promissory note for a seller loan in the maximum amount of $2,640,000 was executed with Caldwell Pacific Associates, LP as the borrower and TPC Enterprise Holdings, LLC (subsidiary of the Company) as the lender. The note bears interest at an annual rate of 3% simple interest and its estimated maturity date is July 1, 2025 as the loan is due concurrent with the date of the limited partner's funding and disbursement to borrower of the 2nd capital contribution per the amended and restated limited partnership agreement. respectively. As of December 31, 2024 and 2023 the outstanding principal balance was $2,640,000. For the year ended December 31, 2024 and 2023 interest income earned was $79,200 and $53,234. Accrued interest receivable was $132,434 and $53,234 as of December 31, 2024 and 2023, respectively.

(****) On May 1, 2023, a promissory note was executed to Diamond Village Apartments, LP for a loan in the amount of $1,000,000. The loan is secured by deed of trust and bears interest at 10% annually and requires payment in full at the time the project permanent loan is converted from the construction phase which is anticipated May 1, 2025. As of December 31, 2024 and 2023 the outstanding principal balance was $1,000,000. For the year ended December 31, 2024 and 2023 interest income earned was $100,000 and $60,833. Accrued interest receivable was $160,833 and $60,833 as of December 31, 2024 and 2023, respectively.

Due to related parties

Pacific West Builders, Inc.

The Company has recorded transfers and advances from Pacific West Builders, Inc., a commonly controlled affiliate. The advanced funds do not accrue interest and do not have a maturity date. As of December 31, 2024 and 2023, the Company owed Pacific West Builders, Inc. a total of $97,938,462 and $86,778,462, respectively.

TPC Investors, LLC

As of December 31, 2024, the Company has twenty (twenty-seven as of December 31, 2023) fixed-rate first priority mortgage loans in amounts ranging from $377,485 to $27,400,000 owed to TPC Investors, LLC. The loans are held by the Company and it's wholly owned subsidiaries. The loans accrue interest at a rate ranging from 0.0% to 9.5% per annum and fund development costs of the respective projects. The loans have maturity dates ranging from due on demand to December 2026. As of December 31, 2024 and 2023, the Company owed TPC Investors, LLC a total of $87,212,935 and $60,312,935, respectively. Interest for the years ended December 31, 2024 and 2023 was $4,730,628 and $5,980,638, respectively and recorded to development in progress. As of December 31, 2024 and 2022, interest receivable was $901,914 and $3,377,014, respectively.

4. Related party transactions (continued)

Others

The Company has recorded transfers and advances from other PWC related entities. The advanced funds do not accrue interest and do not have a maturity date. Below are the outstanding balances at December 31:

	2024	2023 As Restated
TPC Commercial, LLC	**$ 1,830,580**	$ 1,590,580
TPC Holdings I, LLC	**1,900,000**	7,550,000
TPC Holdings IV, LLC	**-**	1,500,000
TPC Holdings V, LLC	**-**	416,000
TPC QOZB, LLC	**-**	14,090,000
Total due to related parties	**$ 3,730,580**	$ 25,146,580

Related party operating lease

The Company leases the building under a lease agreement with Leopard Pacific Properties, LLC which is partially owned by Caleb Roope. The lease commenced on January 1, 2022 with a term of five years. The lease is classified as an operating lease. The agreement calls for initial fixed quarterly lease payments of $30,430, escalating each year. The lease agreement does not contain any material residual value guarantees or material restrictive covenants. Operating lease expense of $121,932 and $130,864 is included in General and administrative expenses in the consolidated statements of income for the years ended December 31, 2024 and 2023, respectively. The remaining lease term and discount rate as of December 31, 2024 for the Company's sole operating lease was two years and 1.37%, respectively.

Maturities of operating lease liabilities

The maturities of operating lease liabilities as of December 31, 2024 were as follows:

2025	$ 133,007
2026	136,997
2027	-
2028	-
Thereafter	-
Total lease payments	270,004
Less: interest	(3,626)
Present value of lease liability	$ 266,378

5. Rental property, net

Rental property consists of the following as of December 31:

	2024	2023 As Restated
Land	$ 6,317,220	$ 6,317,220
Buildings	21,381,374	21,381,374
Building improvements	936,924	936,924
Rental furnishings and fixtures	2,823,399	2,823,399
Office equipment and furnishings	842,601	842,601
Total cost	32,301,518	32,301,518
Accumulated depreciation	(2,743,622)	(1,872,523)
Total	$ 29,557,896	$ 30,428,995

6. Notes payable

Notes Payable - Century Housing Land Loans

On December 23, 2019, the Company entered into a loan agreement with Century Housing in the amount of $2,880,000 (amended in April 2020 to $5,880,000) to finance a portion of the acquisition cost for real property to be developed with 184 affordable housing units located in the City of San Jose, California. The loan is secured by a Deed of Trust on the land and accrues interest at a compound rate of interest equal to the lesser of the maximum legal rate in California or the one-month LIBOR plus 4.50% with a floor rate of 6.50% per annum. The loan requires monthly payments of interest only until the maturity date of December 30, 2023 (extended to June 30, 2024). Interest of $194,929 and $533,610 was capitalized and recorded to development in progress during the years ending December 31, 2024 and 2023, respectively. Accrued interest payable was $0 as of December 31, 2024 and 2023. As of December 31, 2024 and 2023, the outstanding principal balance was $0 and $5,880,000, respectively. The loan was paid in full in 2024.

On May 22, 2020, the Company entered into a loan agreement with Century Housing in the amount of $8,473,500 to finance a portion of the acquisition cost for real property to be developed with 305 affordable housing units located in the City of San Diego, California. The loan is secured by a Deed of Trust on the land and accrues interest at a compound rate of interest equal to the lesser of the maximum legal rate in California or the one-month LIBOR plus 4.50% with a floor rate of 6.00% per annum. The loan requires monthly payments of interest only until the maturity date of May 28, 2024. Interest of $52,309 and $664,651 was capitalized and recorded to development in progress during the years ending December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, the outstanding principal balance was $0 and $8,473,000. The loan was paid in full in 2024.

6. Notes payable (continued)

On September 23, 2024, the Company entered into a loan agreement with Century Housing in the amount of $10,170,000 to finance a portion of the acquisition cost for real property to be developed with 289 affordable housing units located in the city of Soquel, California. The loan is secured by a Deed of Trust on the land. The loan bears interest at a variable interest rate equal to the 30 day average US Secured Overnight Financing Rate (SOFR) plus 2.50% with a floor rate of 7.75%. The effective interest rate at December 31, 2024 was 7.75%. Interest on the outstanding principal shall be paid monthly in arrears from an interest reserve account in the amount of $813,600, which was established concurrently with the disbursement of the Note. Interest of $186,155 was capitalized and recorded to development in progress during the year ending December 31, 2024. As of December 31, 2024, the outstanding principal balance was $9,481,712.

Note Payable - Line of Credit (Silicon Valley Bank)

On December 15, 2014, the Company entered into a loan agreement with Boston Private Bank & Trust Company (Silicon Valley Bank and Boston Private Bank & Trust Company merged in 2021) in the amount of $5,000,000. The Line of Credit Loan is secured by the Collateral, as further defined in the Commercial Security Agreement. The Line of Credit Loan accrues interest at a fixed rate of 3.75%. All outstanding principal and interest was due on December 15, 2015. During 2020, the Company entered into an amended loan agreement to extend the maturity date to March 15, 2023. In December 2022 the loan was again amended to extend the maturity date to December 31, 2024 and to increase the interest rate to 8.50% (fixed). As of December 31, 2024 and 2023, the outstanding principal balance was $0. For the years ended December 31, 2024 and 2023, interest expense was $0 and $15,677, respectively. Accrued interest payable was $0 as of December 31, 2024 and 2023. The note was paid in full in 2023.

Land Loans Payable- Brazil Properties, LLC

Richard D Brazil Trust and Carole A Brazil Trust are the lenders and Pacific West Communities Inc is the borrower on this note payable. The loan bears interest at 7%. The loan was secured by a Deed of Trust on December 15, 2017 in the amount of $1,000,000. The promissory note was amended in 2019 to increase the principal amount of the loan to $1,300,000 and extend the maturity date to January 3, 2022 when principal and any unpaid accrued interest became due and payable. The note was subsequently amended in 2022 and 2024 to extend the maturity date and holds a current maturity date of January 3, 2026. Interest of $91,499 and $91,000 was incurred and recorded to interest expense during the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, the outstanding principal totaled $1,300,000. Accrued interest payable was $0 as of December 31, 2024 and 2023.

Note Payable - American Community Capital, LLC (Boston Financial Investment Management, Inc.)

On May 27, 2021, the Company entered into a working capital loan payable agreement American Community Capital, LLC, an affiliate of Boston Financial Investment Management, Inc., in the amount of $2,000,000. This loan is secured by the Collateral, as further defined in the loan agreement and a Repayment Guaranty from Caleb Roope and Pacific West Builders, Inc. and bears interest at 8.00%. No monthly payments are required and the maturity date of this loan was May 31, 2023. During 2022, the Company entered into an amended loan agreement to increase the amount of principal on the loan to $5,000,000 and extend the maturity date. As of December 31, 2024 and 2023, the outstanding principal balance was $0 and $5,000,000, respectively. For the years ended December 31, 2024 and 2023, interest incurred was $213,082 and $360,384, respectively, and recorded to development in progress. Accrued interest payable was $0 as of December 31, 2024 and 2023. The loan was paid in full in 2024.

6. Notes payable (continued)

Note payable - AMG Associates

During 2019, in connection with the sale of Hayward Townhomes LP the Company received proceeds of $1,400,000 that was owed to AMG Associates as AMG Associates was the limited partner of the LP. The loan does not accrue interest and is payable on demand. As of December 31, 2024 and 2023, the amount payable to AMG was $1,400,000.

Note Payable - First Interstate Bank

On July 15, 2021 the Company, through it's wholly owned subsidiary Baldcypress Pacific Associates LLC, entered into a construction loan with First Interstate Bank in the amount of $12,250,000. This loan is secured by real property, as further defined in the loan agreement, and bears interest at a fixed rate of 3.74% with a maturity date of July 15, 2026. The loan required interest only payments until the loan converted to permanent phase on January 15, 2023. As of December 31, 2024 and 2023, the outstanding principal balance was $11,204,371 and $11,975,139, respectively. Interest expense was $119,620 and $746,949 for the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, interest of $0 was accrued and outstanding.

Note Payable - Public Employee Retirement System of Idaho ("PERSI")

On November 4, 2022, the Company, through it's wholly owned subsidiary TPC Glenwood LLC, entered into a loan payable with PERSI in the amount of $7,801,000. The loan is secured by real property, as further defined in the loan agreement, and bears interest at a fixed rate of 5.38% per annum with a maturity date of December 1, 2027. The loan agreement was subsequently amended and restated on September 20, 2024 for a new principal sum of $6,334,000 and a stated interest rate of 5.84%. There was no change to the maturity date. As of December 31, 2024 and 2023 the outstanding principal balance was $6,319,144 and $4,048,804 respectively. Interest expense was $246,555 and $176,009 for the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, interest of $0 was accrued and outstanding.

6. Notes payable (continued)

Note Payable - Zion's First National Bank

On December 10, 2020, the Company and Pacific West Builders, Inc. as Borrower, entered into a Main Street New Loan Facility business loan agreement with Zion's First National Bank in the amount of $35,000,000. This working capital term loan is secured by the Collateral, as further defined in the loan agreement, and bears variable interest at a rate of 3 Month LIBOR rate plus 3.00% (8.60% at payoff in June 2024) No interest payments were required until December 10, 2021 and monthly payments of accrued unpaid interest were required beginning on January 10, 2022. As of December 31, 2024 and 2023, the outstanding principal balance was $0 and $30,685,068, respectively. Interest expense was $1,321,569 and $3,046,975 for the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, interest of $0 and $1,100,080 was accrued and outstanding. The loan was paid in full in 2024.

The schedule of principal maturities on all notes payable in the aggregate for the next five years and thereafter is as follows:

2025	$ 1,798,330
2026	21,777,745
2027	103,627
2028	6,025,526
2029	-
Thereafter	-
Less: unamortized debt issuance costs	(325,280)
Total notes payable, net of unamortized debt issuance costs	$ 29,379,948

7. Development deficit guarantees

Development deficit guarantees consists of cost overruns that may be incurred in connection with the construction and development of the related real estate project. Any excess development costs funded by the Company under these guarantees are typically not reimbursable. For the year ended December 31, 2024 and 2023, the Company was required to fund development deficit guarantees of $4,299,701 and $0, respectively.

Pacific West Communities, Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023 As Restated

8. Investments

Equity Method

The Company applies the equity method for investments in affiliates in which it has the ability to exercise significant influence over operating and financial policies of the affiliate. Under the equity method, the Company initially records the investment at cost and then adjusts the carrying value of the investment to recognize the proportional share of the equity-accounted affiliate's net income (loss) including changes in capital of the affiliate.

The Company had the following equity investments accounted under the equity method:

	2024	2023 As Restated
Equity method investments:		
TPC Income Fund, LLC, 15.51% managing member interest	**$ 3,006,444**	$ 3,001,370
Anchorage Pacific Associates, LLC, 33.33% managing member interest*	**(57,594)**	45,889
Molinari Park 11, LLC, 50% managing member interest	**3,566,302**	3,429,553
Autovol, Inc., 80% stockholder interest	**7,134,812**	4,901,642
Pacific McDermott Village, 21.7% managing member interest	**1,935,914**	1,000,744
Oxnard C Street Associates, LLC, 65.00% managing member interest	**212,768**	170,811
City Center Redevelopment, 1% general partner interests	**362,339**	496,198
SEC Eagle	**21,277,231**	5,555,000
Montava H2O, LLC, 33% managing member interest	**7,206,234**	4,741,539
TPC Opportunity, LLC, 11.76% managing member interest	**1,640,913**	2,001,050
Total equity method investments	**46,285,363**	25,343,796
Other investments:		
SolPacific Income Fund, LLC, 0.33% non-managing member interest	**300,000**	300,000
Total investments	**$46,585,363**	$25,643,796

(*) The losses in Anchorage Pacific Associates are considered temporary, therefore any losses in excess of the carrying amount have been reflected as a contra to the investment balance in the consolidated balance sheets.

8. Investments (continued)

Equity Method Investments

The Company's consolidated net income includes the Company's proportionate share of the net income or loss of the equity method investees. When the Company records their proportionate share of net income (loss), it increases equity income (loss) in the consolidated statements of income and the carrying value of that investment. A summary of the Company's proportionate share of net income (loss) of each investment is as follows:

	2024	2023 As Restated
Autovol, Inc.	**$ 5,183,039**	$ 4,689,651
Montava H2O, LLC	**264,526**	-
TPC Income Fund, LLC	**246,784**	185,763
City Center Redevelopment, LLC	**21,142**	-
M&M Diridon, LLC	**-**	(57,215)
Oxnard C Street Associates, LLC	**(28,042)**	-
Anchorage Pacific Associates, LLC	**(103,483)**	-
TPC Opportunity, LLC	**(360,137)**	-
Income (Loss) from equity method investments	**$ 5,223,829**	$ 4,818,199

All significant intercompany transactions to the extent of the Company's ownership interest, including the intercompany portion of transactions with equity method investees are eliminated from financial results.

Other investments

The Company has equity interests in entities where the Company does not have significant influence over these entities and their fair values are not readily determinable. Therefore, the Company has elected to measure these investments at cost with adjustments for observable changes in price or impairment.

9. Developments in progress and failed projects expense

Developments in progress consist primarily of pre-development costs paid on behalf of potential projects. Projects are generally sold to a limited partnership for a price equal to pre-development costs. The Company analyzes the probability of projects being sold and deducts pre-development costs as failed projects expense for those projects that are abandoned and do not expect to be sold. Projects are considered abandoned when debt and/or equity financing is not expected to be available in the near future. Management makes this determination throughout the year and recognizes failed projects expense for abandoned projects. For projects that are held for future development but have not yet commenced development activities, taxes and interest are expensed in the year incurred. As of December 31, 2024 and 2023, the balance of developments in progress was $134,023,013 and $132,501,183, respectively. For the year ended December 31, 2024 and 2023, failed projects expense and interest and taxes expense related to held projects was $732,209 and $3,254,926 and $6,485,917 and $3,691,329 respectively.

10. Real estate dispositions and entity dissolution

Los Angeles, California - Sale of leased-fee interest land to the ground-lease tenant

During 2024, the Company sold land located in the Valley Village, a neighborhood within the city of Los Angeles, California, for a total contract price of $9,751,750. The property was initially acquired in an approximately 50% joint venture. The transaction resulted in a net gain of $4,111,456, which is recorded in “Gain on sale of real estate” in the accompanying consolidated statement of operations for the year ended December 31, 2024. The property was classified as a long-term asset held for development prior to the sale. All proceeds were received at closing, and there are no remaining obligations related to the transaction.

Steamboat Springs, Colorado – Dissolution of real estate investment entities

During 2024, the Company's stockholder dissolved several wholly owned subsidiaries that previously held investment in real estate property and development in progress located in Steamboat Springs, Colorado. As part of the dissolution process, the Company wrote off intercompany receivables and capitalized development costs associated with the projects. The transaction resulted in a current year expense of $1,731,391, primarily related to unrecoverable intercompany indebtedness. This expense is presented in “Failed projects expense” in the accompanying statement of operations for the year ended December 31, 2024. The Company has no ongoing obligations related to the dissolved entities.

11. Consulting and advisory

The Company enters into developer agreements with certain partnerships (“Development Partnerships”) for the development of affordable housing (see Note 11). The Company in turn enters into arrangements with various independent consultants to perform developer services not directly performed by the Company. The arrangements are on a project by project basis and are generally paid from developer fees received by the Company.

The consultant and advisory fee payments are made as services are performed. For the year ended December 31, 2024 and 2023, consulting and advisory fee expense was $291,305 and $662,287.

12. Commitments and contingencies

The repayment of construction financing by several affiliated partnership is guaranteed by the Pacific West Communities, Inc. and its affiliate Pacific West Builders, Inc. and other commonly owned and controlled entities, collectively "The Pacific Companies" or "TPC". TPC is contingently liable as guarantor of construction loans amounting to approximately $2.6 billion, recourse loans on stabilized real estate assets amounting to approximately $126 million, and other contingent liabilities of approximately $111 million as of December 31, 2024. It is not possible, at this time, to determine liability, if any, that may result from these guarantees. Any losses resulting from the guarantees will be charged to expense in the year they are incurred. Limited Partnership interests have been sold and equity contributions have been made to various affordable housing partnerships by the limited partner. Each Partnership has obtained a commitment for a permanent loan. As the permanent loans are typically secured by the project, TPC is not expected to be a guarantor on the permanent loans. TPC also generally provides limited guarantees to each partnership to fund cash flow deficiencies, if necessary. Generally, the cash flow deficiency guarantees begin after the property operations have reached rental achievement and are generally expensed when paid. These costs are typically recorded in cost of development and operating deficit expense in the combined statements of operations.

Priority in cash flows of affiliated partnerships

The Company, through ownership in its subsidiaries, is entitled to a priority position in affiliated partnerships' cash flows which is greater than their general partnership interest. Normally, the Company is entitled to various percentages of the annual cash flows of affiliated partnerships. These cash flows are utilized by the affiliated partnerships to pay principal and interest due on the Company's notes receivable from partnerships, pay incentive management fees, as well as to pay return on the Company's investments in those partnerships. The Company has no investment recorded for these affiliated partnerships as the Company only makes nominal contributions to the affiliate partnerships. Cash distributions are recorded as income when received and have been included in other income and asset management and incentive management fees in the combined statements of operations

Pledge of cash flow rights in securitization

In connection with a securitization transaction executed during 2024, the Company's stockholder agreed to contribute certain deferred developer fees received from operating surplus cash flows generated by certain real estate assets to a securitization trust established for the benefit of bondholders. The securitized cash flows include those of Pacific West Communities, Inc. and other affiliated entities. As a result, beginning in 2025, the Company will be required to contribute these cash flows to the securitization trust unless and until all trust obligations are satisfied in accordance with the indenture and related agreements. This obligation does not impact the Company's continuing control or management of the underlying real estate assets but limits its ability to realize economic benefit from future surplus cash flows until the securitized obligations are repaid in full.

Contingencies - Other

The company is subject to various claims and legal proceedings covering a range of matters that arise in the ordinary course of its business activities. Management believes that any liability from the resolution of these matters will not have a material effect on the financial condition or results of operations of the Company.

13. Subsequent events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the partnership through June 24, 2025 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

14. Developer fees receivable

As discussed in Note 2, the Company has elected an alternative method to record developer fees receivable. For the years ended December 31, 2024 and 2023, developer fee income recognized (cash basis) was $32.7 million and $22.5 million, respectively. Under generally accepted accounting principles ("GAAP Method"), the Company would have recognized income for developer fees earned of $68.6 million and $47.3 million for the years ended December 31, 2024 and 2023, respectively. The balance of developer fees receivable as of December 31, 2024 and 2023 was $0. Under the GAAP method, developer fees receivable at December 31, 2024 and 2023 would be $221.8 million and $189.8 million, respectively. Management does not believe an allowance for doubtful accounts would be necessary under the GAAP method since historically the Company has experienced routine collection of developer fees with few exceptions.

Pacific West Communities, Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023 As Restated

15. Prior period adjustments

Correction of prior period errors

The Company has reclassified as short term investments amounts that were previously reported as cash and cash equivalents. The Company has also included the balance sheets and operating activities of two single purpose rental LLCs and a real estate development partnership entity. The effects of the company's restatement on the previously reported consolidated financial statements as of and for the year ended December 31, 2023 are summarized below:

Pacific West Communities, Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023 As Restated

	2023 As Presented	Restatement Adjustments	Reclassifications	2023 As Restated
Consolidated Balance Sheet				
ASSETS				
Current Assets				
Cash and cash equivalents	13,458,696	580,458	(4,004,745)	10,034,409
Tenant accounts receivable, net	663,727	33,573		697,300
Short term investments	-		4,004,745	4,004,745
Prepaid expenses	840,911	48,220		889,131
Development in progress, current	23,715,554			23,715,554
Interest receivable	245,317			245,317
Notes receivable, current	1,777,667			1,777,667
Due from related parties, current	87,864,426	(12,414,503)		75,449,923
Total current assets	128,566,298	(11,752,252)	-	116,814,046
Development in progress, net of current	120,457,025	(11,671,396)		108,785,629
Notes receivable, net of current	2,619,706	-	-	2,619,706
Investments	16,378,180	9,265,616		25,643,796
Due from related parties, net of current	2,640,000			2,640,000
Property and equipment, net	-	30,428,995		30,428,995
Right of use asset - operating lease	375,114			375,114
Total assets	271,036,323	16,270,963	-	287,307,286
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current liabilities				
Accrued interest payable	3,417,343			3,417,343
Accounts payable and accrued liabilities	3,763,914	163,618		3,927,532
Notes payable, current	23,956,260			23,956,260
Due to related parties, current	160,937,977	1,900,000	(1,400,000)	161,437,977
Total current liabilities	192,075,494	2,063,618	(1,400,000)	192,739,112
Notes payable, net of current	27,147,516	15,750,255	1,400,000	44,297,771
Due to related parties, net of current	10,857,326			10,857,326
Tenant security deposits	-	102,744		102,744
Operating lease liability	391,204			391,204
Total liabilities	230,471,540	17,916,617	-	248,388,157
Stockholder's equity				
Common stock	1,000			1,000
Retained earnings	40,563,783	(1,645,654)		38,918,129
Total stockholder's equity	40,564,783	(1,645,654)		38,919,129
Total liabilities and stockholder's equity	271,036,323	16,270,963	-	287,307,286

Pacific West Communities, Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023 As Restated

	2023 As Presented	Restatement Adjustments	Reclassifications	2023 As Restated
Consolidated Income Statement				
REVENUE				
Developer fees, current	14,988,552			14,988,552
Developer fees, deferred	4,852,708			4,852,708
Commercial rental income	868,801	2,281,803		3,150,604
Management fees	228,514			228,514
Total revenue	20,938,575	2,281,803	-	23,220,378
OPERATING EXPENSES				
General and administrative expenses	748,901	253,410		1,002,311
Salaries and wages	4,256,209	138,989		4,395,198
Taxes and insurance	979,670	321,949		1,301,619
Marketing and advertising	-	55,545		55,545
Consulting and advisory fees	662,287	-		662,287
Legal and professional fees	202,590	72,004		274,594
Operating and maintenance	-	215,034		215,034
Depreciation expense	-	861,469		861,469
Other operating expenses	57,889			57,889
Total operating expenses	6,907,546	1,918,400	-	8,825,946
Operating income	14,031,029	363,403	-	14,394,432
OTHER INCOME (EXPENSE)				
Other income	4,042,762	24,996		4,067,758
Interest income	814,877	443,426		1,258,303
Interest expense	(6,876,481)	(2,331,933)		(9,208,414)
Failed project expense	(3,254,926)			(3,254,926)
Gain on sale	-			-
Development deficit guarantees	-			-
Total other income (expense)	(5,273,768)	(1,863,511)	-	(7,137,279)
Net Income before income from equity method	8,757,261	(1,500,108)	-	7,257,153
Income (loss) from equity method investments	4,818,199	-	-	4,818,199
Net income	13,575,460	(1,500,108)	-	12,075,352

Pacific West Communities, Inc.

Consolidating Balance Sheets

For the year ended December 31, 2024

	PWC, Inc	TPC Ent. Hldgs, LLC	Consolidating Entries	Consolidated
ASSETS				
Current assets:				
Cash and cash equivalents	$ 20,606,216	$ 1,191,786	$ -	$ 21,798,002
Tenant accounts receivable, net	325,081	37,411	-	362,492
Short term investments	4,164,217	-	-	4,164,217
Prepaid expenses	1,028,083	7,661	-	1,035,744
Development in progress, current	31,213,880	-	-	31,213,880
Interest receivable	495,809	-	-	495,809
Notes receivable, current	2,253,667	-	-	2,253,667
Due from related parties, current	27,493,862	18,019,081	(21,915,735)	23,597,208
Total current assets	87,580,815	19,255,939	(21,915,735)	84,921,019
Development in progress, net of current portion	101,199,821	6,639,312	(5,030,000)	102,809,133
Notes receivable, net of current portion	1,268,445	-	-	1,268,445
Investments	12,104,575	44,539,788	(10,059,000)	46,585,363
Rental property, net	-	29,557,896	-	29,557,896
Right of use asset - operating lease	250,076	-	-	250,076
Total assets	$202,403,732	$ 99,992,935	$ (37,004,735)	$265,391,932

The accompanying notes are an integral part of these consolidated financial statements.

Pacific West Communities, Inc.

Consolidating Balance Sheets

For the year ended December 31, 2024

	PWC, Inc	TPC Ent. Hldgs, LLC	Consolidating Entries	Consolidated
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities	$ 4,398,582	$ 132,418	$ -	$ 4,531,001
Accrued interest payable	$ 965,191	$ -	$ -	$ 965,191
Notes payable, current	1,400,000	-	-	1,400,000
Tenant security deposits	-	116,088	-	116,088
Due to related parties, current portion	128,412,792	69,309,220	(21,915,735)	175,806,277
Total current liabilities	135,176,565	69,557,726	(21,915,735)	182,818,557
Notes payable, net	11,300,742	17,310,528	-	28,611,270
Due to related parties, non-current	13,133,026	-	-	13,133,026
Operating lease liability	266,378	-	-	266,378
Total liabilities	159,876,711	86,868,254	(21,915,735)	224,829,231
Stockholder's equity:				
Common stock	1,000	-	-	1,000
Retained earnings	42,526,021	13,124,681	(15,089,000)	40,561,701
Total stockholder's equity	42,527,021	13,124,681	(15,089,000)	40,562,701
Total liabilities and stockholder's equity	$202,403,732	$ 99,992,935	$ (37,004,735)	$265,391,932

The accompanying notes are an integral part of these consolidated financial statements.

Pacific West Communities, Inc.

Consolidating Statements of Income

For the year ended December 31, 2024

	PWC, Inc.	TPC Enterprise Holdings, LLC	Consolidating Entries	Consolidated
REVENUE				
Developer fees, current	**$15,286,332**	**$ -**	**$ -**	**$ 15,286,332**
Developer fees, deferred	**5,642,487**	**-**	**-**	**5,642,487**
Commercial rental income	**1,079,207**	**2,255,308**	**-**	**3,334,515**
Management fees	**98,184**	**184,395**	**-**	**282,578**
Total revenue	**22,106,210**	**2,439,703**	**-**	**24,545,912**
OPERATING EXPENSES				
General and administrative expenses	**657,667**	**223,836**	**-**	**881,502**
Salaries and wages	**4,600,420**	**130,974**	**-**	**4,731,394**
Taxes and insurance	**1,210,215**	**315,347**	**-**	**1,525,563**
Marketing and advertising	**-**	**84,342**	**-**	**84,342**
Consulting and advisory fees	**291,305**	**-**	**-**	**291,305**
Legal and professional fees	**125,066**	**144,122**	**-**	**269,188**
Operating and maintenance	**-**	**271,034**	**-**	**271,034**
Depreciation expense	**-**	**871,099**	**-**	**871,099**
Other operating expenses	**211,846**	**1,627**	**-**	**213,473**
Total operating expenses	**7,096,519**	**2,042,381**	**-**	**9,138,900**
Operating income	**15,009,691**	**397,322**	**-**	**15,407,012**
OTHER INCOME AND (EXPENSE)				
Other income	**806,986**	**183,518**	**-**	**990,505**
Interest income	**905,589**	**8,425**	**-**	**914,014**
Interest expense	**(6,641,010)**	**(1,294,265)**	**-**	**(7,935,275)**
Failed projects expense	**(2,463,599)**	**-**	**-**	**(2,463,599)**
Gain on sale of real estate	**4,111,456**	**-**	**-**	**4,111,456**
Development deficit guarantee expense	**(4,299,701)**	**-**	**-**	**(4,299,701)**
Net other income and (expenses)	**(7,580,279)**	**(1,102,322)**	**-**	**(8,682,600)**
Net income before income from equity method investments	**7,429,412**	**(705,000)**	**-**	**6,724,412**
Income (Loss) from equity method investments	**4,966,204**	**257,625**	**-**	**5,223,829**
Net income	**$12,395,616**	**$ (447,375)**	**$ -**	**$ 11,948,241**

The accompanying notes are an integral part of these consolidated financial statements.

Pacific West Communities, Inc.

Consolidating Balance Sheets

For the year ended December 31, 2023 As Restated

	PWC, Inc	TPC Ent. Hldgs, LLC	Consolidating Entries	Consolidated
ASSETS				
Current assets:				
Cash and cash equivalents	$ 9,342,879	$ 691,530	$ -	$ 10,034,409
Tenant accounts receivable, net	663,727	33,573	-	697,300
Short term investments	4,004,745	-	-	4,004,745
Prepaid expenses	840,911	48,220	-	889,131
Development in progress, current	23,715,554	-	-	23,715,554
Interest receivable	245,317	-	-	245,317
Notes receivable, current	1,777,667	-	-	1,777,667
Due from related parties, current	73,004,468	14,859,957	(12,414,502)	75,449,923
Total current assets	113,595,268	15,633,280	(12,414,502)	116,814,046
Development in progress, net of current portion	106,897,524	1,888,105	-	108,785,629
Notes receivable, net of current portion	2,619,706	-	-	2,619,706
Investments	10,294,951	15,393,845	(45,000)	25,643,796
Due from related parties, net of current portion	2,640,000	-	-	2,640,000
Rental property, net	-	30,428,995	-	30,428,995
Right of use asset - operating lease	375,114	-	-	375,114
Total assets	$236,422,563	$ 63,344,225	$ (12,459,502)	$287,307,286

The accompanying notes are an integral part of these consolidated financial statements.

Pacific West Communities, Inc.

Consolidating Balance Sheets

For the year ended December 31, 2023 As Restated

	PWC, Inc	TPC Ent. Hldgs, LLC	Consolidating Entries	Consolidated
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities	$ 3,763,916	$ 163,617	$ -	$ 3,927,533
Accrued interest payable	$ 3,417,343	$ -	$ -	$ 3,417,343
Notes payable, current	23,956,260	-	-	23,956,260
Due to related parties, current portion	146,920,492	22,772,442	(8,254,957)	161,437,977
Total current liabilities	178,058,011	22,936,059	(8,254,957)	192,739,113
Notes payable, net	28,547,516	15,750,255	-	44,297,771
Due to related parties, non-current	10,857,326	-	-	10,857,326
Tenant security deposit liability	-	102,744	-	102,744
Operating lease liability	391,204	-	-	391,204
Total liabilities	217,854,057	38,789,058	(8,254,957)	248,388,158
Stockholder's equity:				
Common stock	1,000	-	-	1,000
Retained earnings	18,567,506	24,555,167	(4,204,545)	38,918,128
Total stockholder's equity	18,568,506	24,555,167	(4,204,545)	38,919,128
Total liabilities and stockholder's equity	$236,422,563	$ 63,344,225	$ (12,459,502)	$287,307,286

The accompanying notes are an integral part of these consolidated financial statements.

Pacific West Communities, Inc.

Consolidating Statements of Income

For the year ended December 31, 2023 As Restated

	PWC, Inc.	TPC Enterprise Holdings, LLC	Consolidating Entries	Consolidated
REVENUE				
Developer fees, current	$14,988,552	$ -	$ -	$ 14,988,552
Developer fees, deferred	4,852,708	-	-	4,852,708
Commercial rental income	801,301	2,349,303	-	3,150,604
Management fees	199,251	29,263	-	228,514
Total revenue	20,841,812	2,378,566	-	23,220,378
OPERATING EXPENSES				
General and administrative expenses	748,050	254,261	-	1,002,311
Salaries and wages	4,256,209	138,989	-	4,395,198
Taxes and insurance	977,251	324,368	-	1,301,619
Marketing and advertising	-	55,545	-	55,545
Consulting and advisory fees	662,287	-	-	662,287
Legal and professional fees	189,840	84,753	-	274,593
Operating and maintenance	-	215,034	-	215,034
Depreciation expense	-	861,470	-	861,470
Other operating expenses	57,775	115	-	57,890
Total operating expenses	6,891,412	1,934,535	-	8,825,947
Operating income	13,950,400	444,031	-	14,394,431
OTHER INCOME AND (EXPENSE)				
Other income	4,042,762	24,996	-	4,067,758
Interest income	814,151	444,153	-	1,258,304
Interest expense	(6,876,481)	(2,331,933)	-	(9,208,414)
Failed projects expense	(3,254,926)	-	-	(3,254,926)
Net other income and (expenses)	(5,274,494)	(1,862,784)	-	(7,137,278)
Net income before income from equity method investments	8,675,906	(1,418,753)	-	7,257,153
Income (Loss) from equity method investments	4,818,199	-	-	4,818,199
Net income	$13,494,105	$(1,418,753)	$ -	$ 12,075,352

The accompanying notes are an integral part of these consolidated financial statements.

APPENDIX A2

Housing Authority of the County of Santa Barbara (HASBARCO)

Audited financial statements

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2024

WITH REPORT OF INDEPENDENT AUDITORS

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
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DECEMBER 31, 2024

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REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners
Housing Authority of the County of Santa Barbara:

Opinion

We have audited the accompanying financial statements of the business-type activities (primary government) and the aggregate discretely presented component units of the Housing Authority of the County of Santa Barbara (the "Authority") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the primary government and the aggregate discretely presented component units of the Authority, as of December 31, 2024, and the changes in their financial position and, where applicable, their cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Ted Zenich Gardens, LP, Los Alamos Creekside Village, LP, Pescardero Lofts Isla Vista, LP, Santa Rita Village, LP, Leland Grossman Sandpiper, LP, Miller Stanley, LP, Golden Inn and Village Family, LP, 513 North G., LP, Parkview Isla Vista, LP, Lompoc Palm Grove Apartments, LP, Santa Rita Village II, LP, Lompoc Gardens, LP, Golden Inn and Village Senior, LP, Positano Apartments, LP, The Residences at Depot Street, LP, Parkside Gardens Apartments, LP, Lompoc Terrace Apartments, LP, Central Plaza Apartments Resyndication, LP and Harry's House, LP, which represent 83.62% of the assets, 102.53% of the net position and 99.28% of the revenues of the Discretely Presented Component Units as of December 31, 2024 and for the year then ended. Those statements, which were prepared in accordance with the accounting standards issued by the Financial Accounting Standards Board, were audited by other auditors whose reports have been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements to present them in accordance with accounting standards issued by the Governmental Accounting Standards Board. Our opinion, insofar as it relates to the amounts included for the aforementioned entities, prior to these conversion adjustments, is based solely on the reports of the other auditors.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of Management for the Financial Statements (continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is presented for purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements. The accompanying financial data schedule is also not a required part of the financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

The schedule of expenditures of federal awards and the financial data schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and financial data schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2025 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

July 9, 2025
Toms River, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

The Housing Authority of the County of Santa Barbara (the "Authority") management discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis ("MD&A") is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements in this report are those of a special purpose governmental entity engaged in a business type of activity. The following statements are included:

- Statement of Net Position – presents information about the Authority's assets, liabilities, and net position and is similar to a balance sheet. The Statement of Net Position reports all financial capital resources for the Authority. This statement is presented in the format where assets plus deferred outflows of resources, minus liabilities plus deferred inflows of resources, equals "Net Position", which is equivalent to equity in a commercial enterprise. Assets and liabilities are presented in order of liquidity and are classified as "current" (convertible to cash or expected to be used up within one year), and "non-current". Increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving.

- Statement of Revenues, Expenses, and Changes in Net Position – reports the Authority's revenues by source and type of its expenses by category to substantiate the change in net position for the fiscal year then ended.

- Statement of Cash Flows – discloses net cash provided by, or used for operating activities, investing activities, and non-capital financial activities, and capital and related financing activities.

Net Position is reported in three broad categories:

- Net Investment in Capital Assets: This component of net position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- Restricted Net Position: This component of net position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

- Unrestricted Net Position: Consists of net position that do not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position".

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the Authority-wide financial statements.

FUND FINANCIAL STATEMENTS

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The focus is now on major funds, rather than fund types. The Authority consists of exclusively enterprise funds. Enterprise funds utilize the full accrual basis of accounting. The enterprise method of accounting is similar to accounting utilized by business in the private sector. All of the activities of the Authority are reported in a single enterprise fund.

THE AUTHORITY'S PROGRAMS

To fully understand the financial statements of the Authority, one must start with an understanding of what the Authority actually does. The following is a brief description of the programs and services that the Authority provides for the residents of the County of Santa Barbara:

Public and Indian Housing
Under the Public and Indian Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides operating subsidy and capital grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Section 8 Housing Choice Vouchers Program
Under the Section 8 Housing Choice Vouchers Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a housing assistance payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides annual contributions funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

Public Housing Capital Fund Program
Under the Capital Fund Program, the Authority receives grants from the Department of Housing and Urban Development, which are used primarily to maintain and improve the physical condition of its developments. The funds are also used to fund management improvements such as management information systems and tenant services.

THE AUTHORITY'S PROGRAMS (CONTINUED)

Business Activities
The Authority owns non-federal housing units and various interests in low income housing tax credit partnerships. Revenues earned from these activities are recorded in the Business Activities fund.

State and Local Programs
Periodically, the Authority administers various grants from the State of California and/or the County of Santa Barbara. These activities as well as the Authority's internal service funds are reported in this fund.

PIH Family Self Sufficiency Program
The purpose of the Family Self-Sufficiency Program is to promote the development of local strategies to coordinate the use of assistance under the Housing Choice Voucher and Public Housing programs with public and private resources to enable participating families to increase earned income and financial literacy, reduce or eliminate the need for welfare assistance, and make progress toward economic independence and self-sufficiency.

Home Investment Partnership Program
The purpose of the Home Investment Partnership Program is to expand the supply of affordable housing, particularly rental housing, for low and very low income Americans; to strengthen the abilities of State and local governments to design and implement strategies for achieving adequate supplies of decent, affordable housing; and to extend and strengthen partnerships among all levels of government and the private sector, including for-profit and nonprofit organizations, in the production and operation of affordable housing.

Resident Opportunity and Supportive Services - Service Coordinators Program
The purpose of the Resident Opportunities and Supportive Services grant program is to provide funds for job training and supportive services to help residents of public housing transition from welfare to work. This program also provides funding to link elderly/disabled residents to critical services which can help them continue to live independently.

Mainstream Vouchers Program
The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families whose head of household has a disability. The program provides payments covering the difference between the maximum rent on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating household.

Central Office Cost Center
The Central Office Cost Center ("COCC") is mandated by HUD to account for "centralized" services and functions necessary to the Authority's operations. Funding for the COCC is in the form of fees charged to other Authority programs and activities as well as to affiliate entities. The fees charged include those specified by HUD as management fees, bookkeeping fees, asset management fees and other fees for service. HUD regulates which and how fees may be charged to HUD programs.

EFA Family Self Sufficiency ("FSS") Forfeitures Program
The program requires that forfeited FSS escrow funds be used by the Authority for the benefit of any FSS participant(s) in good standing.

THE AUTHORITY'S PROGRAMS (CONTINUED)

Emergency Housing Vouchers

The purpose of Emergency Housing Vouchers is to assist individuals and families who are experiencing homelessness; at risk of experiencing homelessness; fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking; or were recently homeless and for whom providing rental assistance will prevent the family's homelessness or having high risk of housing instability.

FINANCIAL HIGHLIGHTS

Total Assets for FY 2023 were $164,292,586 and for FY 2024 the amount was $185,046,390. This represents an overall net increase of $20,753,804 or 12.6%.

Capital Assets (net) increased from $41,520,467 in FY 2023 to $42,558,416 in FY 2024, or by $1,037,949 or 2.5%. The increase is the net amount of depreciation expense in FY 2024 of $2,572,924, capital asset additions of $11,700,079, and capital asset disposals of $8,089,206.

Current liabilities increased from $2,757,045 in FY 2023 to $3,081,840 in FY 2024 or by $324,795 or 11.8%. The increase is primarily due to an increase of $726,721 in payments due to vendors during 2024.

Non-current liabilities increased from $11,709,739 in FY 2023 to $35,056,974 in FY 2024 or by $23,347,235 or 199.4%. The increase is primarily due to the Authority entering into a lease agreement with Escalante Meadows as well as the Authority entering into two new loan agreements with the County of Santa Barbara for the Buena Tierra projects for $4.1 million.

ANALYSIS OF ENTITY-WIDE ASSETS & LIABILITIES (STATEMENT OF NET POSITION)

The table below illustrates our analysis:

	2024	2023	Net Change	Percent Variance
Cash & Cash Equivalents	$ 11,587,669	$ 13,826,936	$ (2,239,267)	-16.2%
Other Current Assets	11,923,568	10,394,217	1,529,351	14.7%
Other Non-Current Assets	118,976,737	98,550,966	20,425,771	20.7%
Net Capital Assets	42,558,416	41,520,467	1,037,949	2.5%
Total Assets	**$ 185,046,390**	**$ 164,292,586**	**$ 20,753,804**	**12.6%**
Current Liabilities	$ 3,081,840	$ 2,757,045	$ 324,795	11.8%
Non Current Liabilities	35,056,974	11,709,739	23,347,235	199.4%
Total Liabilities	**38,138,814**	**14,466,784**	**23,672,030**	**163.6%**
Net Investment in Capital Assets	35,685,945	38,862,853	(3,176,908)	-8.2%
Restricted Net Position	1,816,024	3,988,854	(2,172,830)	-54.5%
Unrestricted Net Position	109,405,607	106,974,095	2,431,512	2.3%
Total Net Position/Liabilities/Equity	**$ 185,046,390**	**$ 164,292,586**	**$ 20,753,804**	**12.6%**

ANALYSIS OF CAPITAL ASSET ACTIVITY

The table below illustrates the changes in Capital Assets throughout the fiscal year:

	2024	2023	Net Change	Percent Variances
Land	$ 2,338,847	$ 4,891,123	$ (2,552,276)	-52.2%
Buildings	48,402,893	36,523,712	11,879,181	32.5%
Furniture, Equip., & Mach.	2,330,344	1,364,955	965,389	70.7%
Leasehold Improvements	1,196,540	1,196,540	-	0.0%
Construction in Process	4,879,806	11,561,227	(6,681,421)	-57.8%
Total Fixed Assets	**59,148,430**	**55,537,557**	**3,610,873**	6.5%
Accumulated Depreciation	(16,590,014)	(14,017,090)	(2,572,924)	18.4%
Net Fixed Assets	**$ 42,558,416**	**$ 41,520,467**	**$ 1,037,949**	2.5%

In fiscal year 2024, the Authority acquired capital assets in the amount of $11,700,079, which was offset by an annual depreciation decrease of $2,572,924 and dispositions of $8,089,206, yielding an increase in net capital assets of $1,037,949 or 2.5%.

ANALYSIS OF LONG-TERM DEBT

The Authority's total long-term debt at December 31, 2024 and 2023 was $10.9 million and $7.0 million, respectively, an increase of approximately 3.7%. The Authority paid off approximately $173 thousand of short-term borrowings reported during 2024 and entered into two loans totaling $4.2 million.

ANALYSIS OF ENTITY-WIDE REVENUES

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ended 2024 were as follows:

Program	Revenues Generated
Section 8 Housing Choice Vouchers (HCV)	$ 87,670,206
Emergency Housing Vouchers	3,339,578
Public and Indian Housing (LIPH)	558,223
FSS Forfeitures	11,980
Mainstream Vouchers (MV)	3,112,083
HOME Investment Partnership Program	241,147
Resident Opportunity and Self-Sufficiency Program (ROSS)	47,825
PIH Family Self-Sufficiency Program	120,750
COCC	3,203,206
State & Local	171,170
Component Unit - Blended	6,120,178
Business Activities	3,353,680
Total Revenue	**$ 107,950,026**

Total revenues for FY 2023 were $105,225,856 as compared to $107,950,026 of total revenues for FY 2024. Comparatively, FY 2024 revenues increased in relation to FY 2023 revenues by $2,724,170 or 2.5%.

ANALYSIS OF ENTITY-WIDE EXPENSES

The table below illustrates our analysis:

	2024	2023	Net Change	Percent Variances
Administrative	$ 15,766,922	$ 12,330,520	$ 3,436,402	27.9%
Tenant Services	1,555,783	697,795	857,988	123.0%
Utilities	604,662	523,552	81,110	15.5%
Maintenance	1,893,044	1,512,537	380,507	25.2%
Protective Services	779,377	143,530	635,847	443.0%
Insurance and General Expense	2,361,976	2,463,073	(101,097)	-4.1%
Housing Assistance Payments	84,655,633	75,466,088	9,189,545	12.2%
Depreciation Expense	2,572,924	871,411	1,701,513	195.3%
Amortization Expense - Leases	543,774	149,649	394,125	263.4%
Total Expenses	**$ 110,734,095**	**$ 94,158,155**	**$ 16,575,940**	17.6%

Administrative expenditures for FY 2024 were $15,766,922 as compared to $12,330,520 in FY 2023. This represents an increase of $3,436,402 or 27.9%. The main reasons for the increase were related to a 5.5% cost-of-living increase, the addition of nineteen (19) new positions, as well as an increase in benefit costs primarily associated with a 3.0% increase in health insurance premiums and a 3.25% increase in IT contract services and equipment.

Maintenance expenditures for FY 2024 were $1,893,044 as compared to $1,512,537 in FY 2023, an increase of $380,507 or 25.2%. This is primarily attributable to an increase in labor and contract costs during the fiscal year ended 2024.

Insurance and General Expense expenditures for FY 2024 were $2,361,976 as compared to $2,463,073, a decrease of $101,097 or 4.1%. This decrease in general expense of $101,097 compared to last year was primarily due to a property that the Authority donated to Good Samaritan.

Housing assistance payments for FY 2024 were $84,655,633 as compared to $75,466,088 in FY 2023, an increase of $9,189,545 or 12.2%. This is primarily due to an increase in the average HAP payments paid to landlords during FY 2024 and an increase in vouchers issued.

Depreciation Expense for FY 2024 was $2,572,924 as compared to $871,411 in FY 2023, an increase of $1,701,513 or 195.3%. This was due to new assets were depreciated in FY 2024.

ECONOMIC FACTORS

- Current federal budgets continue to fund Housing Authorities at less than their cost to administer the federal programs.

- The Authority continues to worked diligently in increasing the number of Section 8 Housing Choice Vouchers that are utilized. This was accomplished by using the housing assistance payment equity held by the Authority.

- The high cost of living and affordability of homes continues to be a challenge in the County of Santa Barbara and contributes to the homelessness crisis. The Authority will continue to utilize its Business Activities unrestricted cash reserves for various development projects that meet specific community's needs, consistent with the overall goals of the Authority.

FINANCIAL CONTACT

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or request for additional information should be addressed to Director of Finance, Housing Authority of the County of Santa Barbara.

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2024

	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 11,587,669	$ 8,597,444	$ 20,185,113
Tenant security deposits	224,867	986,430	1,211,297
Accounts receivable, net	6,745,656	531,654	7,277,310
Accrued interest on notes receivable, current	1,271,994	-	1,271,994
Current portion of notes receivable	2,787,168	-	2,787,168
Prepaid expenses	893,883	611,251	1,505,134
Total current assets	23,511,237	10,726,779	34,238,016
Non-current assets:			
Restricted cash	2,712,751	13,261,520	15,974,271
Right-of-use assets	20,816,026	3,217,072	24,033,098
Long-term portion of notes receivable	87,719,139	-	87,719,139
Accrued interest on notes receivable, net	1,414,004	-	1,414,004
Capital assets, net	42,558,416	344,155,939	386,714,355
Other assets, net	6,314,817	440,008	6,754,825
Total non-current assets	161,535,153	361,074,539	522,609,692
Total assets	$ 185,046,390	$ 371,801,318	$ 556,847,708
LIABILITIES			
Current liabilities:			
Accounts payable	1,542,865	1,016,738	2,559,603
Tenant security deposits	224,854	986,430	1,211,284
Accrued expenses	372,682	62,339	435,021
Accrued compensated absences, current	103,074	15,688	118,762
Current portion of lease liability	253,638	-	253,638
Accrued interest payable	307,386	2,279,632	2,587,018
Current portion of bonds and notes payable	176,676	38,376,377	38,553,053
Unearned revenue	48,111	71,685	119,796
Other current liabilities	52,554	12,576,466	12,629,020
Total current liabilities	3,081,840	55,385,355	58,467,195
Non-current liabilities:			
Accrued compensated absences, net of current portion	927,654	141,188	1,068,842
Long-term portion of bonds and notes payable	10,680,633	181,878,751	192,559,384
Lease liability	20,710,883	-	20,710,883
Other non-current liabilities	2,737,804	28,743,762	31,481,566
Total non-current liabilities	35,056,974	210,763,701	245,820,675
Total liabilities	38,138,814	266,149,056	304,287,870
NET POSITION			
Net position:			
Net investment in capital assets	35,685,945	128,294,739	163,980,684
Restricted	1,816,024	13,261,521	15,077,545
Unrestricted	109,405,607	(35,903,998)	73,501,609
Total net position	146,907,576	105,652,262	252,559,838
Total liabilities and net position	$ 185,046,390	$ 371,801,318	$ 556,847,708

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024

	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Operating revenues:			
Tenant revenue	$ 2,343,319	$ 26,752,696	$ 29,096,015
HUD operating grants	94,646,224	-	94,646,224
Other government grants	1,406,076	-	1,406,076
Fraud recovery revenue	26,019	-	26,019
Other revenues	7,225,271	710,406	7,935,677
Total operating revenues	105,646,909	27,463,102	133,110,011
Operating expenses:			
Administrative	15,766,922	2,858,679	18,625,601
Tenant services	1,555,783	400,661	1,956,444
Utilities	604,662	2,467,680	3,072,342
Ordinary repairs and maintenance	1,893,044	4,843,570	6,736,614
Protective services	779,377	711,318	1,490,695
Insurance	578,205	1,012,777	1,590,982
General	1,783,771	3,205,081	4,988,852
Housing assistance payments	84,655,633	-	84,655,633
Depreciation	2,572,924	10,790,767	13,363,691
Amortization expense - leases	543,774	-	543,774
Total operating expenses	110,734,095	26,290,533	137,024,628
Operating (loss) income	(5,087,186)	1,172,569	(3,914,617)
Non-operating revenues (expenses):			
Investment income	1,891,380	72,950	1,964,330
Interest expense	(134,158)	(7,451,666)	(7,585,824)
Gain on sale of fixed assets	411,737	-	411,737
Net non-operating revenues (expenses)	2,168,959	(7,378,716)	(5,209,757)
Loss before special items	(2,918,227)	(6,206,147)	(9,124,374)
Special items - contributions	-	16,127,246	16,127,246
Special items - distributions	-	(17,695)	(17,695)
Change in net position	(2,918,227)	9,903,404	6,985,177
Net position, beginning of year	149,825,803	95,748,858	245,574,661
Net position, end of year	$ 146,907,576	$ 105,652,262	$ 252,559,838

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Primary Government
Cash Flows from Operating Activities:	
Cash received from tenants and other	$ 9,948,198
Cash received from grantors	95,461,376
Cash paid to suppliers and vendors	(93,958,060)
Cash paid to employees	(15,619,371)
Net cash used in operating activities	(4,167,857)
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	(11,471,813)
Proceeds from sale of capital assets	4,598,640
Proceeds from issuance of long term debt	4,152,445
Principal payments on long term debt	(172,622)
Interest paid on long term debt	(33,842)
Principal payments on lease liability	(328,740)
Net cash used in capital and related financing activities	(3,255,932)
Cash Flows from Investing Activities:	
Proceeds on repayment of notes receivable	2,018,016
Interest received on investments	1,214,960
Net cash provided by investing activities	3,232,976
Net decrease in cash, cash equivalents, and restricted cash	(4,190,813)
Cash, cash equivalents, and restricted cash, beginning of year	18,716,100
Cash, cash equivalents, and restricted cash, end of year	$ 14,525,287
Reconciliation of cash and cash equivalents and restricted cash to the Statement of Net Position is as follows:	
Cash and cash equivalents	$ 11,587,669
Tenant security deposits	224,867
Restricted cash	2,712,751
Cash and cash equivalents and restricted cash	$ 14,525,287

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2024

	Primary Government
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (5,087,186)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	2,572,924
Amortization of right of use asset	543,774
Bad debts	93,445
Changes in assets and liabilities:	
Accounts receivable, net	2,991,285
Prepaid expenses	(4,535,111)
Other assets	200,139
Accounts payable	726,721
Accrued compensated absences	43,378
Accrued expenses	147,870
Tenant security deposits	188,808
Unearned revenue	(37,155)
Other current liabilities	(926,822)
Other liabilities	(1,089,927)
Net cash used in operating activities	$ (4,167,857)

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
COMBINING STATEMENT OF NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS
AS OF DECEMBER 31, 2024

ASSETS

	513 North G	Positano	Ted Zenich	Depot Street	Parkview Isla Vista	Los Alamos Creekside
Current assets:						
Cash and cash equivalents	$ 111,927	$ 1,290,614	$ 383,298	$ 150,938	$ 375,641	$ 531,560
Tenant security deposits	14,800	104,577	21,141	110,900	18,642	52,045
Accounts receivable, net	7,937	22,414	8,873	22,009	21,229	7,849
Prepaid expenses	31,073	22,945	-	114,623	-	26,708
Total current assets	165,737	1,440,550	413,312	398,470	415,512	618,162
Non-current assets:						
Restricted cash	207,820	1,270,081	159,167	750,144	204,644	570,850
Right of use asset	-	-	-	-	-	-
Capital assets, net	5,247,675	29,339,551	6,500,068	31,614,809	4,095,028	10,597,107
Other assets, net	-	29,874	-	36,979	-	11,751
Total non-current assets	5,455,495	30,639,506	6,659,235	32,401,932	4,299,672	11,179,708
Total assets	$ 5,621,232	$ 32,080,056	$ 7,072,547	$ 32,800,402	$ 4,715,184	$ 11,797,870

LIABILITIES

Current liabilities:						
Accounts payable	18,568	60,090	23,758	253,062	6,816	52,596
Tenant security deposits	14,800	104,577	21,141	110,900	18,642	52,045
Accrued expenses	3,611	8,128	1,213	4,398	990	2,103
Accrued compensated absences, current	981	4,848	43	360	141	690
Accrued interest payable	53,288	78,898	362,534	44,555	142,066	115,625
Current portion of notes payable	-	1,243,392	32,041	163,340	35,612	168,498
Unearned revenue	2,148	11,109	2,462	7,417	1,146	7,744
Other current liabilities	61,864	89,827	221,618	556,653	43,651	96,188
Total current liabilities	155,260	1,600,869	664,810	1,140,685	249,064	495,489
Non-current liabilities:						
Accrued compensated absences, net of current portion	8,829	43,632	389	3,236	1,270	6,205
Long-term portion of bonds and notes payable	2,673,447	18,341,586	2,647,502	18,677,003	5,137,806	5,674,228
Other non-current liabilities	725,914	681,026	918,225	3,459,012	934,957	2,585,208
Total non-current liabilities	3,408,190	19,066,244	3,566,116	22,139,251	6,074,033	8,265,641
Total liabilities	3,563,450	20,667,113	4,230,926	23,279,936	6,323,097	8,761,130

NET POSITION

Net position:						
Net investment in capital assets	2,630,948	9,754,573	3,820,525	12,774,466	(1,078,390)	4,754,381
Restricted	207,820	1,270,081	159,167	750,144	204,644	570,850
Unrestricted	(780,986)	388,289	(1,138,071)	(4,004,144)	(734,167)	(2,288,491)
Total net position	2,057,782	11,412,943	2,841,621	9,520,466	(1,607,913)	3,036,740
Total liabilities and net position	$ 5,621,232	$ 32,080,056	$ 7,072,547	$ 32,800,402	$ 4,715,184	$ 11,797,870

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
COMBINING STATEMENT OF NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
AS OF DECEMBER 31, 2024

ASSETS

	Parkside Gardens	Lompoc Palm Grove	Pescadero Lofts	Lompoc Terrace	Santa Rita Village I	Santa Rita Village II	Leland Grossman Sandpiper
Current assets:							
Cash and cash equivalents	$ 626,720	$ 435,222	$ 207,506	$ 38,526	$ 426,170	$ 172,347	$ 1,035,367
Tenant security deposits	31,387	64,002	42,410	22,925	40,350	21,975	108,673
Accounts receivable, net	4,152	19,437	2,718	35,221	15,333	2,899	68,291
Prepaid expenses	41,409	48,499	16,128	5,036	12,508	2,846	29,037
Total current assets	703,668	567,160	268,762	101,708	494,361	200,067	1,241,368
Non-current assets:							
Restricted cash	418,138	665,991	543,589	378,380	712,818	522,933	899,514
Right of use asset	-	-	-	-	-	-	-
Capital assets, net	15,170,981	9,511,283	8,115,830	8,601,794	9,907,548	3,415,698	17,035,687
Other assets, net	19,473	-	10,639	15,288	8,680	10,565	20,199
Total non-current assets	15,608,592	10,177,274	8,670,058	8,995,462	10,629,046	3,949,196	17,955,400
Total assets	$ 16,312,260	$ 10,744,434	$ 8,938,820	$ 9,097,170	$ 11,123,407	$ 4,149,263	$ 19,196,768

LIABILITIES

Current liabilities:							
Accounts payable	26,956	30,357	25,768	37,825	62,352	15,692	63,601
Tenant security deposits	31,387	64,002	42,410	22,925	40,350	21,975	108,673
Accrued expenses	3,323	4,489	1,548	930	2,081	1,297	8,702
Accrued compensated absences, current	1,351	1,486	241	215	208	110	2,610
Accrued interest payable	19,908	32,889	68,700	-	208,094	14,741	568,625
Current portion of notes payable	466,694	387,131	110,117	35,612	142,644	171,168	264,884
Unearned revenue	3,441	741	821	1,866	3,162	-	5,816
Other current liabilities	93,635	40,789	44,971	298,975	45,965	30,836	260,657
Total current liabilities	646,695	561,884	294,576	398,348	504,856	255,819	1,283,568
Non-current liabilities:							
Accrued compensated absences net of current portion	12,159	13,370	2,166	1,940	1,867	986	23,495
Long-term portion of bonds and notes payable	11,656,787	4,799,598	5,100,594	5,470,374	7,627,917	1,225,187	12,282,357
Other non-current liabilities	1,240,570	-	1,209,444	1,835,624	593,164	-	2,421,717
Total non-current liabilities	12,909,516	4,812,968	6,312,204	7,307,938	8,222,948	1,226,173	14,727,569
Total liabilities	13,556,211	5,374,852	6,606,780	7,706,286	8,727,804	1,481,992	16,011,137

NET POSITION

Net position:							
Net investment in capital assets	3,427,951	4,324,554	2,905,119	3,106,341	2,136,987	2,019,343	4,488,446
Restricted	418,139	665,991	543,589	378,380	712,818	522,933	899,514
Unrestricted	(1,090,041)	379,037	(1,116,668)	(2,093,837)	(454,202)	124,995	(2,202,329)
Total net position	2,756,049	5,369,582	2,332,040	1,390,884	2,395,603	2,667,271	3,185,631
Total liabilities and net position	$ 16,312,260	$ 10,744,434	$ 8,938,820	$ 9,097,170	$ 11,123,407	$ 4,149,263	$ 19,196,768

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
COMBINING STATEMENT OF NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
AS OF DECEMBER 31, 2024

	Golden Inn Family	Golden Inn Senior	Miller Stanley	Lompoc Gardens	Surf Solar Company	Surf Solar Enterprises	Central Plaza
ASSETS							
Current assets:							
Cash and cash equivalents	$ 330,950	$ 684,765	$ 163,965	$ 39,529	$ 1,478	$ 136,904	$ 1,231,941
Tenant security deposits	36,945	65,113	37,810	41,512	-	-	54,670
Accounts receivable, net	6,345	2,481	2,638	24,181	-	209,774	27,530
Prepaid expenses	21,591	43,451	34,110	63,093	-	500	8,053
Total current assets	395,831	795,810	238,523	168,315	1,478	347,178	1,322,194
Non-current assets:							
Restricted cash	273,621	510,102	1,537,531	1,602,986	-	360,000	1,054,977
Right of use asset	-	-	-	-	-	-	-
Capital assets, net	9,755,722	16,841,183	9,802,117	15,093,697	-	-	45,656,419
Other assets, net	21,334	39,056	26,696	32,448	1,000	-	58,394
Total non-current assets	10,050,677	17,390,341	11,366,344	16,729,131	1,000	360,000	46,769,790
Total assets	$ 10,446,508	$ 18,186,151	$ 11,604,867	$ 16,897,446	$ 2,478	$ 707,178	$ 48,091,984
LIABILITIES							
Current liabilities:							
Accounts payable	23,355	26,530	36,188	42,582	-	4,113	92,195
Tenant security deposits	36,945	65,113	37,810	41,512	-	-	54,670
Accrued expenses	1,469	2,672	2,327	4,177	-	-	6,608
Accrued compensated absences, current	161	355	408	419	-	-	781
Accrued interest payable	15,026	121,472	17,402	7,852	-	136,900	65,546
Current portion of notes payable	392,663	566,928	-	55,817	-	-	263,362
Unearned revenue	676	2,088	3,383	8,101	-	-	9,018
Other current liabilities	251,572	139,406	32,910	343,632	11,000	5,005	1,056,474
Total current liabilities	721,867	924,564	130,428	504,092	11,000	146,018	1,548,654
Non-current liabilities:							
Accrued compensated absences, net of current portion	1,446	3,197	3,668	3,776	-	-	7,034
Long-term portion of bonds and notes payable	2,235,108	3,913,059	6,300,000	10,618,085	-	5,800,000	26,753,909
Other non-current liabilities	278,164	668,878	880,345	2,772,020	-	1,351,512	1,792,363
Total non-current liabilities	2,514,718	4,585,134	7,184,013	13,393,881	-	7,151,512	28,553,306
Total liabilities	3,236,585	5,509,698	7,314,441	13,897,973	11,000	7,297,530	30,101,960
NET POSITION							
Net position:							
Net investment in capital assets	7,483,371	12,734,928	3,502,117	4,419,795	-	(5,800,000)	18,639,148
Restricted	273,621	510,102	1,537,531	1,602,986	-	360,000	1,054,977
Unrestricted	(547,069)	(568,577)	(749,222)	(3,023,308)	(8,522)	(1,150,352)	(1,704,101)
Total net position	7,209,923	12,676,453	4,290,426	2,999,473	(8,522)	(6,590,352)	17,990,024
Total liabilities and net position	$ 10,446,508	$ 18,186,151	$ 11,604,867	$ 16,897,446	$ 2,478	$ 707,178	$ 48,091,984

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
COMBINING STATEMENT OF NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
AS OF DECEMBER 31, 2024

ASSETS

	Escalante Meadows, LP	Perkins Place, LP	Harry's House, LP	Thompson Park, LP	Heritage Ridge Senior, LP	Heritage Ridge Special Needs Family, LP
Current assets:						
Cash and cash equivalents	$ 27,109	$ 18,539	$ 176,428	$ -	$ -	$ -
Tenant security deposits	-	-	96,553	-	-	-
Accounts receivable, net	16	130	18,997	300	300	300
Prepaid expenses	10,016	-	79,625	-	-	-
Total current assets	37,141	18,669	371,603	300	300	300
Non-current assets:						
Restricted cash	216	-	618,018	-	-	-
Right of use asset	-	-	3,217,072	-	-	-
Capital assets, net	50,216,114	53,267	27,728,215	2,260	2,260	2,260
Other assets, net	-	-	97,632	-	-	-
Total non-current assets	50,216,330	53,267	31,660,937	2,260	2,260	2,260
Total assets	$ 50,253,471	$ 71,936	$ 32,032,540	$ 2,560	$ 2,560	$ 2,560

LIABILITIES

Current liabilities:						
Accounts payable	26,338	18,000	69,996	-	-	-
Tenant security deposits	-	-	96,553	-	-	-
Accrued expenses	2,273	-	-	-	-	-
Accrued compensated absences, current	280	-	-	-	-	-
Accrued interest payable	145,134	-	15,357	-	-	-
Current portion of notes payable	33,782,683	-	93,791	-	-	-
Unearned revenue	-	-	546	-	-	-
Other current liabilities	5,048,228	56,055	2,137,324	4,510	2,585	2,585
Total current liabilities	39,004,936	74,055	2,413,567	4,510	2,585	2,585
Non-current liabilities:						
Accrued compensated absences, net of current portion	2,523	-	-	-	-	-
Long-term portion of bonds and notes payable	6,766,735	-	11,120,154	-	-	-
Other non-current liabilities	981,669	-	2,696,746	-	-	-
Total non-current liabilities	7,750,927	-	13,816,900	-	-	-
Total liabilities	46,755,863	74,055	16,230,467	4,510	2,585	2,585

NET POSITION

Net position:						
Net investment in capital assets	9,666,696	53,267	19,731,342	2,260	2,260	2,260
Restricted	216	-	618,018	-	-	-
Unrestricted	(6,169,304)	(55,386)	(4,547,287)	(4,210)	(2,285)	(2,285)
Total net position	3,497,608	(2,119)	15,802,073	(1,950)	(25)	(25)
Total liabilities and net position	$ 50,253,471	$ 71,936	$ 32,032,540	$ 2,560	$ 2,560	$ 2,560

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
COMBINING STATEMENT OF NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
AS OF DECEMBER 31, 2024

ASSETS

	Hollister Lofts	Patterson Point LP	Total
Current assets:			
Cash and cash equivalents	$ -	$ -	$ 8,597,444
Tenant security deposits	-	-	986,430
Accounts receivable, net	300	-	531,654
Prepaid expenses	-	-	611,251
Total current assets	300	-	10,726,779
Non-current assets:			
Restricted cash	-	-	13,261,520
Right of use asset	-	-	3,217,072
Capital assets, net	540	9,848,826	344,155,939
Other assets, net	-	-	440,008
Total non-current assets	540	9,848,826	361,074,539
Total assets	$ 840	$ 9,848,826	$ 371,801,318

LIABILITIES

Current liabilities:			
Accounts payable	-	-	1,016,738
Tenant security deposits	-	-	986,430
Accrued expenses	-	-	62,339
Accrued compensated absences, current	-	-	15,688
Accrued interest payable	-	45,020	2,279,632
Current portion of notes payable	-	-	38,376,377
Unearned revenue	-	-	71,685
Other current liabilities	540	1,599,011	12,576,466
Total current liabilities	540	1,644,031	55,385,355
Non-current liabilities:			
Accrued compensated absences, net of current portion	-	-	141,188
Long-term portion of bonds and notes payable	-	7,057,315	181,878,751
Other non-current liabilities	-	717,204	28,743,762
Total non-current liabilities	-	7,774,519	210,763,701
Total liabilities	540	9,418,550	266,149,056

NET POSITION

Net position:			
Net investment in capital assets	540	2,791,511	128,294,739
Restricted	-	-	13,261,521
Unrestricted	(240)	(2,361,235)	(35,903,998)
Total net position	300	430,276	105,652,262
Total liabilities and net position	$ 840	$ 9,848,826	$ 371,801,318

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2024

	513 North G	Positano	Ted Zenich	Depot Street	Parkview Isla Vista	Los Alamos Creekside
Operating revenues:						
Tenant revenue	$ 923,470	$ 3,593,784	$ 824,638	$ 2,544,806	$ 580,971	$ 1,241,276
Other revenues	17,288	62,773	1,801	26,826	3,921	12,800
Total operating revenues	940,758	3,656,557	826,439	2,571,632	584,892	1,254,076
Operating expenses:						
Administrative	225,956	342,083	82,049	253,549	77,973	134,780
Tenant services	4,512	28,237	9,918	37,785	3,748	17,320
Utilities	63,740	277,563	34,650	257,775	34,398	96,742
Ordinary repairs and maintenance	225,088	614,692	115,679	427,808	79,037	258,606
Protective services	43,905	10,409	65,142	354,366	42	60,177
Insurance	38,237	86,698	26,173	120,754	20,367	76,117
General	108,171	268,607	81,394	209,917	139,174	201,751
Depreciation	247,215	1,129,239	245,332	1,076,342	145,992	325,170
Total operating expenses	956,824	2,757,528	660,337	2,738,296	500,731	1,170,663
Operating income (loss)	(16,066)	899,029	166,102	(166,664)	84,161	83,413
Non-operating revenues (expenses):						
Investment income	3,221	11,188	268	-	1,370	30
Interest expense	(85,674)	(821,388)	(148,991)	(803,739)	(173,638)	(478,732)
Net non-operating revenues (expenses)	(82,453)	(810,200)	(148,723)	(803,739)	(172,268)	(478,702)
Income (loss) before special items	(98,519)	88,829	17,379	(970,403)	(88,107)	(395,289)
Special items - contributions	-	-	-	-	-	-
Special items - distributions	-	-	-	-	-	-
Change in net position	(98,519)	88,829	17,379	(970,403)	(88,107)	(395,289)
Net position, beginning of year	2,156,301	11,324,114	2,824,242	10,490,869	(1,519,806)	3,432,029
Net position, end of year	$ 2,057,782	$ 11,412,943	$ 2,841,621	$ 9,520,466	$ (1,607,913)	$ 3,036,740

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Parkside Gardens	Lompoc Palm Grove	Pescadero Lofts	Lompoc Terrace	Santa Rita Village I	Santa Rita Village II	Leland Grossman Sandpiper
Operating revenues:							
Tenant revenue	$ 1,154,209	$ 1,512,135	$ 842,624	$ 603,902	$ 1,028,197	$ 523,251	$ 2,141,871
Other revenues	14,028	13,227	-	118,526	18,457	4,407	102,140
Total operating revenues	1,168,237	1,525,362	842,624	722,428	1,046,654	527,658	2,244,011
Operating expenses:							
Administrative	108,135	123,578	115,285	114,326	110,516	69,266	232,438
Tenant services	12,812	17,449	39,398	7,580	11,071	8,098	36,317
Utilities	74,852	145,478	71,490	90,676	71,018	41,815	201,174
Ordinary repairs and maintenance	140,709	350,518	189,064	192,885	231,617	75,196	438,249
Protective services	4	3	1,682	11,123	25,008	14,930	2,801
Insurance	47,430	61,209	22,203	37,886	29,619	15,476	69,308
General	112,836	140,910	81,595	77,599	96,785	58,325	231,079
Depreciation	696,604	399,539	216,101	313,020	324,349	174,762	547,186
Total operating expenses	1,193,382	1,238,684	736,818	845,095	899,983	457,868	1,758,552
Operating income (loss)	(25,145)	286,678	105,806	(122,667)	146,671	69,790	485,459
Non-operating revenues (expenses):							
Investment income	-	7,017	4,609	2,488	2,488	469	1,216
Interest expense	(485,238)	(205,768)	(192,539)	(291,481)	(262,789)	(75,696)	(518,148)
Net non-operating revenues (expenses)	(485,238)	(198,751)	(187,930)	(288,993)	(260,301)	(75,227)	(516,932)
Income (loss) before special items	(510,383)	87,927	(82,124)	(411,660)	(113,630)	(5,437)	(31,473)
Special items - contributions	-	-	-	-	-	-	-
Special items - distributions	-	-	(8,321)	-	(9,374)	-	-
Change in net position	(510,383)	87,927	(90,445)	(411,660)	(123,004)	(5,437)	(31,473)
Net position, beginning of year	3,266,432	5,281,655	2,422,485	1,802,544	2,518,607	2,672,708	3,217,104
Net position, end of year	$ 2,756,049	$ 5,369,582	$ 2,332,040	$ 1,390,884	$ 2,395,603	$ 2,667,271	$ 3,185,631

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Golden Inn Family	Golden Inn Senior	Miller Stanley	Lompoc Gardens	Surf Solar Company	Surf Solar Enterprises	Central Plaza
Operating revenues:							
Tenant revenue	$ 960,596	$ 1,724,076	$ 696,869	$ 1,004,226	$ -	$ -	$ 3,431,933
Other revenues	8,644	7,278	-	1,150	-	196,663	12,506
Total operating revenues	969,240	1,731,354	696,869	1,005,376	-	196,663	3,444,439
Operating expenses:							
Administrative	95,217	147,732	106,363	161,175	570	621	207,669
Tenant services	20,153	50,885	15,084	19,923	-	-	24,054
Utilities	126,392	192,488	91,375	158,527	-	-	233,116
Ordinary repairs and maintenance	127,294	190,641	338,674	338,677	-	2,550	383,255
Protective services	236	9,633	1,093	28,796	-	-	81,968
Insurance	26,215	49,052	45,735	71,032	-	4,768	107,228
General	91,571	125,106	72,154	142,667	800	988	279,487
Depreciation	383,992	633,708	338,621	643,637	-	15,319	1,784,691
Total operating expenses	871,070	1,399,245	1,009,099	1,564,434	1,370	24,246	3,101,468
Operating income (loss)	98,170	332,109	(312,230)	(559,058)	(1,370)	172,417	342,971
Non-operating revenues (expenses):							
Investment income	2,434	4,260	17,973	13,535	-	-	210
Interest expense	(132,084)	(218,020)	(209,916)	(442,273)	-	(177,260)	(1,115,946)
Net non-operating revenues (expenses)	(129,650)	(213,760)	(191,943)	(428,738)	-	(177,260)	(1,115,736)
Income (loss) before special items	(31,480)	118,349	(504,173)	(987,796)	(1,370)	(4,843)	(772,765)
Special items - contributions	-	-	-	-	-	-	-
Special items - distributions	-	-	-	-	-	-	-
Change in net position	(31,480)	118,349	(504,173)	(987,796)	(1,370)	(4,843)	(772,765)
Net position, beginning of year	7,241,403	12,558,104	4,794,599	3,987,269	(7,152)	(6,585,509)	18,762,789
Net position, end of year	$ 7,209,923	$ 12,676,453	$ 4,290,426	$ 2,999,473	$ (8,522)	$ (6,590,352)	$ 17,990,024

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Escalante LP	Perkins Place, LP	Harry's House, LP	Thompson, LP	Heritage Ridge, LP	Heritage Ridge Special Needs, LP
Operating revenues:						
Tenant revenue	$ -	$ -	$ 1,419,862	$ -	$ -	$ -
Other revenues	2,250	-	6,418	-	-	-
Total operating revenues	2,250	-	1,426,280	-	-	-
Operating expenses:						
Administrative	34,506	-	114,892	-	-	-
Tenant services	-	-	36,317	-	-	-
Utilities	-	-	204,411	-	-	-
Ordinary repairs and maintenance	5,571	-	117,760	-	-	-
Insurance	177	-	57,093	-	-	-
General	1,281	-	680,384	-	-	-
Depreciation	-	-	1,149,948	-	-	-
Total operating expenses	41,535	-	2,360,805	-	-	-
Operating income (loss)	(39,285)	-	(934,525)	-	-	-
Non-operating revenues (expenses):						
Investment income	146	-	28	-	-	-
Interest expense	-	-	(612,346)	-	-	-
Net non-operating revenues (expenses)	146	-	(612,318)	-	-	-
Income (loss) before special items	(39,139)	-	(1,546,843)	-	-	-
Special items - contributions	800	-	15,772,673	-	-	-
Special items - distributions	-	-	-	-	-	-
Change in net position	(38,339)	-	14,225,830	-	-	-
Net position, beginning of year	3,535,947	(2,119)	1,576,243	(1,950)	(25)	(25)
Net position, end of year	$ 3,497,608	$ (2,119)	$15,802,073	$ (1,950)	$ (25)	$ (25)

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Hollister Lofts	Patterson Point LP	Total
Operating revenues:			
Tenant revenue	$ -	$ -	$ 26,752,696
Other revenues	-	79,303	710,406
Total operating revenues	-	79,303	27,463,102
Operating expenses:			
Administrative	-	-	2,858,679
Tenant services	-	-	400,661
Utilities	-	-	2,467,680
Ordinary repairs and maintenance	-	-	4,843,570
Protective services	-	-	711,318
Insurance	-	-	1,012,777
General	-	2,500	3,205,081
Depreciation	-	-	10,790,767
Total operating expenses	-	2,500	26,290,533
Operating income (loss)	-	76,803	1,172,569
Non-operating revenues (expenses):			
Investment income	-	-	72,950
Interest expense	-	-	(7,451,666)
Net non-operating revenues (expenses)	-	-	(7,378,716)
Income (loss) before special items	-	76,803	(6,206,147)
Special items - contributions	300	353,473	16,127,246
Special items - distributions	-	-	(17,695)
Change in net position	300	430,276	9,903,404
Net position, beginning of year	-	-	95,748,858
Net position, end of year	$ 300	$ 430,276	$ 105,652,262

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Housing Authority of the County of Santa Barbara (the "Authority") is a governmental, public corporation created on June 30, 1941 under federal and state housing laws for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the county of Santa Barbara, California (the "County"). The Authority is responsible for operating certain safe, decent, sanitary, and affordable low-rent housing programs in the County under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority is governed by a seven member Board of Commissioners. Commissioners are appointed for terms of two or four years by the Santa Barbara County Board of Supervisors.

B. Basis of Accounting / Financial Statements Presentation

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The programs of the Authority are organized as separate accounting entities. Each program is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, net position (program equity), revenues, and expenses. The individual programs account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The programs of the Authority are combined and considered an enterprise fund. An enterprise fund is used to account for activities that are operated in a manner similar to those found in the private sector.

The Authority's enterprise fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Authority's financial statements are prepared in accordance with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended ("GASB 34"). GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of the Required Supplementary Information.

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions* ("GASB 33"), grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

On January 30, 2008, HUD issued PIH Notice 2008-9 which requires that unused housing assistance payments ("HAP") under proprietary fund reporting should be reported as restricted net position, with the associated cash and investments also being reported as restricted. Any unused administrative fees should be reported as unrestricted net position, with the associated assets being reported on the financial data schedule as unrestricted.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting / Financial Statements Presentation (continued)

Both administrative fee and HAP revenue continue to be recognized under the guidelines set forth in GASB 33. Accordingly, both the time and purpose restrictions as defined by GASB 33 are met when these funds are available and measurable, not when these funds are expended. The Section 8 Housing Choice Vouchers program is no longer a cost reimbursement grant; therefore, the Authority recognizes unspent administrative fee and HAP revenue in the reporting period as revenue for financial statement reporting.

In accordance with 2 CFR 200.305(b)(9), any investment income earned up to $500 on these funds may be retained by the Authority. Amounts in excess of $500 must be remitted annually to the Department of Health and Human Services, Payment Management System.

Effective January 1, 2024, the Authority adopted GASB 101, Compensated Absences ("GASB 101"). GASB 101 establishes a more unified model for recognizing and measuring compensated absences, leading to more consistent and comparable financial reporting among government organizations. Key changes resulting from GASB 101 include updating the recognition and measurement of the liability, streamlining the approach and reporting process for consistency, and enhancing disclosures related to the leave types, measurement methods, and key assumptions. For the year ended December 31, 2024, the adoption of GASB 101 did not have a material effect on the financial statements of the Authority.

Measurement Focus and Basis of Accounting

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. The principal operating revenues of the Authority's funds are rent and maintenance charges to residents, operating grants and subsidies from HUD, and administration fees earned.

Operating expenses for proprietary funds include the administrative costs of providing services to residents and the housing assistance payments to residents. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Reporting Entity

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statements No. 14 and No. 34*, the Authority's financial statements include those of the Authority and any component units. Component units are legally separate organizations whose majority of officials are appointed by the primary government or the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the primary government. An organization has a financial benefit or burden relationship with the primary government if any one of the following conditions exist:

1. The primary government (Authority) is legally entitled to or can otherwise access the organization's resources.

2. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.

3. The primary government is obligated in some manner for the debt of the organization.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

Based upon the application of these criteria, this report includes the following blended component units. The blended component units are, although legally separate entities, in substance part of the Authority's operations and so data from these units are combined with data of the primary government and reflected in the "Primary Government" column on the financial statements.

Senior Group Living Services, Inc. ("SGLS") was formed on November 29, 2021 as a 501(c)(3) for the purpose of providing essential services to low-income seniors residing in a low-income housing development in a location where either limited or no adequate housing exists for such persons. SGLS is a wholly controlled not-for-profit subsidiary of the Authority**.**

Affordable Housing Key Partners. ("AHKP") was formed on November 12, 2023 as a 501(c)(3) to engage in or assist in the development or operation of low income housing. AHKP is a wholly controlled not-for-profit subsidiary of the Authority and the Board of Directors of SHFC is identical to the Authority's Board of Commissioners.

Based upon the application of these criteria, this report also includes discretely presented component units. The Authority's discretely presented component units are reported as of and for the year ended December 31, 2024 in a separate column to emphasize that they are legally separate from the primary government and are reported under the "Discretely Presented Component Units" column in the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position. As of December 31, 2024, the Authority's discretely presented component units consisted of the following:

Ted Zenich Gardens, L.P. was formed for the purpose of constructing, acquiring, owning, operating, managing, and selling or otherwise disposing of a 24 unit housing project in Santa Maria, CA. The project operates in accordance with a regulatory agreement signed with the California Tax Credit Allocation Committee ("CTCAC") intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the Federal Low Income Housing Tax Credit ("LIHTC"). The Authority is one of the general partners of this LP, acted as the developer of the property, and is the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

Parkview Isla Vista, L.P. was formed for the purpose of constructing, acquiring, owning, operating, managing, and selling or otherwise disposing of a 20 unit housing project in Isla Vista, CA. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is one of the general partners of this LP, acted as the developer of the property, and is the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

Los Alamos Creekside Village, L.P. was formed for the purpose of constructing, acquiring, owning, operating, managing, and selling or otherwise disposing of a 39 unit housing project in Los Alamos, CA. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is one of the general partners of this LP, acted as the developer of the property, and is the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

Lompoc Palm Grove Apartments, L.P. was formed for the purpose of constructing, acquiring, owning, operating, managing, and selling or otherwise disposing of a 40 unit housing project in Lompoc, CA. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is one of the general partners of this LP, acted as the developer of the property, and is the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

Pescadero Lofts Isla Vista, L.P. was formed for the purpose of constructing, acquiring, owning, operating, managing, and selling or otherwise disposing of a 33 unit low-income rental housing project in Isla Vista, CA. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is one of the general partners of this LP, acted as the developer of the property, and is the property manager. The Authority has made certain financial guarantees on behalf of the LP.

Lompoc Terrace Apartments, L.P. was formed for the purpose of constructing, acquiring, owning, operating, managing, and selling or otherwise disposing of a 40 unit low-income rental housing project in Lompoc, CA. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is one of the general partners of this LP, acted as the developer of the property, and is the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

Santa Rita Village, L.P. was formed for the purpose of constructing, acquiring, owning, operating, managing, and selling or otherwise disposing of a 36 unit housing project in Lompoc, CA. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is one of the general partners of this LP, acted as the developer of the property, and is the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

Leland Grossman Sandpiper, L.P. was formed for the purpose of constructing, acquiring, owning, operating, managing, and selling or otherwise disposing of 98 units of low-income rental housing project in Goleta and Orcutt, CA. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is the sole member of the LGSGP LLC, which is one of the general partners of this LP, acted as the developer of the property, and is the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

SURF Solar Company, Inc and its subsidiary SURF Solar Enterprises, Inc were both formed in December 2010. SURF Solar Company, as a California nonprofit benefit corporation, and SURF Solar Enterprises, as a California Corporation, partnered with the Authority to install photovoltaic systems exclusively on Authority owned and managed residential properties for the purpose of energy efficiency. The Authority has made a deferred loan to SURF Solar Enterprises and manages the activity of the corporation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

Santa Rita Village II, L.P. was formed for the purpose of owning certain real property in Lompoc, California, and to develop the property into approximately 19 apartment units for low and very low income households and landscaped areas and other activities related or incidental to the foregoing. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is one of the general partners of this LP, acted as the developer of the property, and is the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

Lompoc Gardens, L.P. was formed for the purpose of acquiring, developing, rehabilitating, owning, operating, managing, and selling or otherwise disposing of a 75-unit apartment community in Lompoc, California, known as Lompoc Gardens. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is the administrative general partner of this LP, acted as the developer of the property, and is the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

Miller Stanley, L.P. was formed for the purpose of acquiring, rehabilitating, owning, operating, managing, and selling or otherwise disposing of a 68-unit multi-family low-income rental housing property in Lompoc, California, known as Miller Plaza/Stanley Horn Homes. The project construction was completed on October 31, 2019, which is when rental operations began. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is the administrative general partner of this LP, acted as the developer of the property, and is the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

Golden Inn & Village Senior, L.P. was formed for the purpose of constructing, acquiring, owning, operating, managing, and selling or otherwise disposing of a 60 unit low-income rental housing project located in Santa Ynez, California, known as Golden Inn & Village Senior Apartments. The project construction was completed on November 23, 2019, which is when rental operations began. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is the administrative general partner of this LP, acted as the developer of the property, and is the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

Golden Inn & Village Family, L.P. was formed for the purpose of constructing, acquiring, owning, operating, managing, and selling or otherwise disposing of a 27 unit low-income rental housing project located in Santa Ynez, California, known as Golden Inn & Village Family Apartments. The project construction was completed on October 28, 2019, which is when rental operations began. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is the administrative general partner of this LP, acted as the developer of the property, and is the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

Positano Apartments, L.P. was formed to acquire, develop, rehabilitate, lease, maintain, and operate a 118 unit apartment community known as Positano Apartments located in Santa Barbara, California. The property was acquired May 3, 2018 from the Authority. The project construction was completed on March 9, 2019. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is the administrative general partner of this LP, is acting as the developer of the property, and is the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

The Residences at Depot Street, L.P. was formed to own real property known as 301 Depot Street, Santa Maria, California and to develop the property into approximately 80 apartment units for low and very low income households. The property is currently under development. The Authority is the sole member of the RDSGP LLC, which is one of the general partners of this LP, is acting as the developer of the property, and will be the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

Parkside Garden Apartments, L.P. was formed on August 8, 2019 for the purpose of acquiring, owning, leasing, maintaining, and operating a 48-unit affordable housing development located in Lompoc, California known as Parkside Garden Apartments. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is the sole member of the PGAGP LLC, which is one of the general partners of this LP. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

513 North G., L.P. was formed for the purpose of constructing, acquiring, owning, operating, managing, and selling or otherwise disposing of a 39-unit special needs housing development in Lompoc, California. The partnership was formed in 2006. Effective January 1, 2019, the Authority became a general partner in this partnership.

Thompson Park Apartments, L.P. was formed on September 1, 2020 to develop property into an affordable housing development consisting of a total of 29 units. The Authority is a general partner of this partnership.

Perkins Place, L.P. was formed on May 1, 2020 to own and develop the property into approximately 33 apartment units for income-restricted affordable rental housing. The Authority is a general partner of this partnership.

Heritage Ridge Senior, L.P. was formed on September 1, 2021 to own and develop the property into approximately 41 senior affordable multifamily residential units. The Authority is a general partner of this partnership.

Heritage Ridge Special Needs Family, L.P. was formed on September 1, 2021 to own and develop the property into approximately 63 family affordable multifamily residential units. The Authority is a general partner of this partnership.

Harry's House, L.P. was formed to acquire, finance, own, construct, rehabilitate, maintain, operate, lease and, if desirable, sell or otherwise dispose of the 60-unit apartment complex. The Authority is the sole member of the HHAGP LLC, which is one of the general partners of this LP, is acting as the developer of the property, and will be the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

Escalante Meadows, L.P. was formed on June 1, 2020 to own and develop the property into approximately a 80 unit affordable housing development consisting of 10 residential structures plus a two-story community center with child care and education facilities. The Authority is a general partner of this partnership.

Central Plaza Apartment Resyndication, L.P. was formed to develop, rehabilitate, own, maintain, and operate a 112-unit multifamily apartment complex, known as Central Plaza Apartments, located in Santa Maria, California. The Authority is the sole member of the HASBARCO Central Plaza, LLC, which is one of the general partners of this LP, is acting as the developer of the property, and will be the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

Hollister Lofts, L.P. was formed to develop, rehabilitate, own, maintain, and operate a 35-unit multifamily apartment complex, knows as Hollister Lofts, located in Lompoc, California. Hollister Lofts is owned by Surf Affordable Housing Enterprises Inc and Surf Development Company, discretely presented component units of the Authority.

Patterson Point, L.P. was formed to develop, finance, construct, rehabilitate, own, maintain, operate and sell a 24-unit low income apartment complex, known as Patterson Point Apartments, located in Lompoc, California. The Authority is the sole member of PPAGP, LLC which is the administrative general partner.

Audited financial statements are issued separately for each of the entities noted above except for SURF Solar Company, Inc, SURF Solar Enterprises, Inc, Thompson Park Apartments, LP, Perkins Place, LP, Heritage Ridge Senior, LP, Heritage Ridge Special Needs Family, LP, Escalante Meadows, LP, Hollister Lofts, and Patterson Point LP and may be obtained from the Authority, 815 West Ocean Avenue, Lompoc, CA 93436.

D. Description of Programs

The Authority maintains its accounting records by program. A summary of the significant programs operated by the Authority is as follows:

Public and Indian Housing Program
The Public and Indian Housing Program is designed to provide low-cost housing within the County. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program. During the year ended December 31, 2024, the Authority has continued to convert its Public and Indian Housing units to project based vouchers through HUD's Rental Assistance Demonstration Program.

Section 8 Housing Choice Vouchers Program
The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rent on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating household.

Public Housing Capital Fund Program
The purpose of the Public Housing Capital Fund Program is to provide another source of funding to cover the cost of physical and management improvements and rehabilitation on existing low-income housing and improving the central office facilities. Funding for this program is provided by grants from HUD.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs (continued)

Business Activities
The Authority owns non-federal housing units and various interests in low income housing tax credit partnerships. Revenues earned from these activities are recorded in the Business Activities fund.

State and Local Programs
Periodically, the Authority administers various grants from the State of California and/or the County of Santa Barbara. These activities as well as the Authority's internal service funds are reported in this fund.

PIH Family Self Sufficiency Program
The purpose of the Family Self-Sufficiency Program is to promote the development of local strategies to coordinate the use of assistance under the Housing Choice Voucher and Public Housing programs with public and private resources to enable participating families to increase earned income and financial literacy, reduce or eliminate the need for welfare assistance, and make progress toward economic independence and self-sufficiency.

Home Investment Partnership Program
The purpose of the Home Investment Partnership Program is to expand the supply of affordable housing, particularly rental housing, for low and very low income Americans; to strengthen the abilities of State and local governments to design and implement strategies for achieving adequate supplies of decent, affordable housing; and to extend and strengthen partnerships among all levels of government and the private sector, including for-profit and nonprofit organizations, in the production and operation of affordable housing.

Resident Opportunity and Supportive Services - Service Coordinators Program
The purpose of the Resident Opportunities and Supportive Services grant program is to provide funds for job training and supportive services to help residents of public housing transition from welfare to work. This program also provides funding to link elderly/disabled residents to critical services which can help them continue to live independently.

Mainstream Vouchers Program
The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families whose head of household has a disability. The program provides payments covering the difference between the maximum rent on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating household.

Central Office Cost Center
The Central Office Cost Center ("COCC") is mandated by HUD to account for "centralized" services and functions necessary to the Authority's operations. Funding for the COCC is in the form of fees charged to other Authority programs and activities as well as to affiliate entities. The fees charged include those specified by HUD as management fees, bookkeeping fees, asset management fees and other fees for service. HUD regulates which and how fees may be charged to HUD programs.

Emergency Housing Vouchers
The purpose of Emergency Housing Vouchers is to assist individuals and families who are experiencing homelessness; at risk of experiencing homelessness; fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking; or were recently homeless and for whom providing rental assistance will prevent the family’s homelessness or having high risk of housing instability.

EFA Family Self Sufficiency ("FSS") Forfeitures Program
The program requires that forfeited FSS escrow funds be used by the Authority for the benefit of any FSS participant(s) in good standing.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Use of Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, accrued expenses and other liabilities, depreciable lives of properties and equipment, amortization of leasehold improvements and contingencies. Actual results could differ significantly from these estimates.

F. Cash and Cash Equivalents

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit or any other federally insured investment.

HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

For the statement of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase. It is the Authority's policy to maintain collateralization in accordance with HUD requirements.

G. Accounts Receivable

Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due and vacated units. An allowance for doubtful accounts is established to provide for accounts, which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts. Also included in accounts receivable are those amounts that tenants owe the Authority as payment for committing fraud or misrepresentation. These charges usually consist of retroactive rent and other amounts that may be determined by a formal written agreement or by a court order.

The Authority recognizes a receivable from HUD and other governmental agencies for amounts billed but not received and for amounts unbilled, but earned as of year-end.

H. Allowance for Doubtful Accounts

The Authority periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. If it is determined that an account or accounts may be uncollectable, the Authority prepares an analysis of such accounts and records an appropriate allowance against such amounts.

I. Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Notes Receivable

The Authority has utilized development funds in accordance with HUD guidelines to assist in the construction and redevelopment of affordable housing through the issuance of mortgage notes. When preparing financial statements in accordance with GAAP, management is required to make estimates as to the collectability of such mortgage notes. When estimating collectability, management analyzes the value of the underlying mortgaged property, the property's ability to generate positive cash flow, and current economic trends and conditions. Management utilizes these estimates and judgments in connection with establishing an allowance for uncollectable amounts during an accounting period.

K. Investment in Limited Partnerships

Investment in Limited Partnership is reported using the equity method of accounting. Under the equity method, the Authority's investment consists of equity contributions and an accumulated share of income or loss from the Limited Partnership based on the percentage of the partner's ownership interest.

The Authority regularly assesses its investment in limited partnerships for the existence of impairment. Impairment typically occurs when the carrying value of the Authority's investment in a limited partnership exceeds the estimated value of the investment as determined by management. The estimated value generally consists of remaining future housing tax credits and other tax benefits allocable to, and the estimated residual value if any, of the investment available to the Authority. The residual value is estimated by management based on current economic and capital market conditions, operational results and the terms of the limited partnership's agreements which provide for distributions to the Authority upon the liquidation of the limited partnership or sale or disposition of its assets.

L. Capital Assets

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position. Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

• Non-dwelling structures	39 Years
• Dwelling structures	28 Years
• Site improvements	15 Years
• Building improvements	10 Years
• Office furniture	7 Years
• Dwelling, office and maintenance equipment, and vehicles	5 Years

The Authority has established a capitalization threshold of $5,000.

M. Impairment of Long Lived Assets

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that the impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. During the year ended December 31, 2024, there were no impairment losses incurred.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Inter-Program Receivables and Payables

Inter-program receivables and payables are all classified as either current assets or current liabilities, and are the result of the use of a concentrated account depository as the common paymaster for most of the programs of the Authority. Cash settlements are made monthly. All inter-program balances are reconciled, and inter-program receivables and payables balances net to zero. In accordance with GASB 34, inter-program receivables and payables are eliminated for financial statement purposes. Detail balances by program are found in the Financial Data Schedule of this report.

O. Right-of-Use Asset and Liabilities

Lessees are required to recognize a lease liability and an intangible right-of-use lease asset. The lease liability is the present value of future payments expected to be made over the course of the lease, and the right-of-use lease assets are measured as the initial amount of lease liability, plus any payments made to the lessor at or before the time of commencement of the lease and minus and any lease incentives received from the lessor.

The Authority uses its risk-free rate at the commencement date in determining the present value of lease payments. Amortization of the right-of-use lease asset is recognized on a straight-line basis over the lease term.

P. Accounts Payable and Accrued Liabilities

The Authority recognizes a liability for goods and services received but not paid for as of year-end. It also recognizes a liability for wages and fringe benefits related to services performed at year-end but not yet paid to employees or taxing authorities.

Q. Unearned Revenue

The Authority's unearned revenue primarily consists of the prepayment of rent by residents and the receipt of HUD and other grant funding applicable to future periods prior to incurring the corresponding expense.

R. Accrued Compensated Absences

Compensated absences are those absences for which employees will be paid in accordance with the Authority's Personnel Policy. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such event takes place.

S. Net Position Classifications

Net position is classified in three components:

Net investment in capital assets - Consists of resources including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Net Position Classifications (continued)

Restricted net position - Consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets.

T. Use of Restricted Assets

When both restricted and unrestricted resources are available for a particular restricted use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as needed.

U. Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. The Authority receives annual operating subsidies from HUD, subject to limitations prescribed by HUD. Operating subsidies from HUD are recorded when received and are accounted for as revenue. Other contributions from HUD that are for development and modernization of capital assets are reflected separately in the accompanying financial statements as capital grants. Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues and expenses as non-operating.

V. Regulated Leases

The Authority is a lessor of residential dwelling units under regulated leases as defined by GASB 87 and as such recognizes rental revenue in accordance with the terms of the lease contract. The leases which are twelve months in length are regulated by HUD as to rent, unit size, household composition and tenant income. For the year ended December 31, 2024, rental revenue earned under the aforementioned leases totaled $2,105,900 for the primary government and $26,681,373 for the discretely presented component unit.

W. Taxes

The Authority is exempt from Federal Income and California Franchise Taxes.

X. Budgets and Budgetary Accounting

The Authority adopts annual, appropriated operating budgets for all its programs receiving federal expenditure awards and are used as a management tool throughout the accounting cycle. All budgets are prepared on a HUD basis, which differs with accounting principles generally accepted in the United States of America. All appropriations lapse at HUD's program year end or at the end of grant periods.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Y. Economic Dependency

The Section 8 Housing Choice Vouchers and Public and Indian Housing programs of the Authority are economically dependent on operating grants and subsidies from HUD. The programs operate at a loss prior to receiving the grants.

Z. Risk Management

The Authority is exposed to various risks related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs and there have been no significant reductions in insurance coverage. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, the amount of the loss can be reasonably estimated, and said amount exceeds insurance coverage. Settlement amounts have not exceeded insurance coverage for the last three years.

NOTE 2. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

As of December 31, 2024, the Authority had funds on deposit in checking, savings and money market accounts. The carrying amount of the primary government's cash and cash equivalents (including restricted cash) was $14,525,287, and the bank balances were $14,819,521.

Cash Category	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Unrestricted	$ 11,587,669	$ 8,597,444	$ 20,185,113
Tenant security deposits	224,867	986,430	1,211,297
Restricted	2,712,751	13,261,520	15,974,271
Total cash and cash equivalents	$ 14,525,287	$ 22,845,394	$ 37,370,681

Of the primary government's bank balances, $1,078,333 was covered by federal depository insurance and the remaining $13,741,188 was collateralized with the pledging financial institution as of December 31, 2024.

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of December 31, 2024, the Authority's bank balances were not exposed to custodial credit risk.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following as of December 31, 2024:

Description	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Accounts receivable - HUD	$ 273,118	$ -	$ 273,118
Accounts receivable - PHA Projects	49,279	-	49,279
Accounts receivable - other government	181,351	32,642	213,993
Accounts receivable - tenants, net	80,111	230,808	310,919
Accounts receivable - miscellaneous, net	6,161,797	268,204	6,430,001
Total accounts receivable, net	$ 6,745,656	$ 531,654	$ 7,277,310

Accounts Receivable - HUD
As of December 31, 2024, Accounts receivable - HUD consisted of amounts due to the Authority for amounts expended under grant agreements that have not yet been reimbursed. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - PHA Projects
Accounts receivable - PHA Projects represents amounts owed to the Authority by other Public Housing Authorities for administrative fees and Port-in HAP expense under the portability provisions of the Section 8 Housing Choice Vouchers program. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - Other Government
Accounts receivable - other government represents amounts owed to the Authority by other federal agencies and state and local governments. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - Tenants, Net
Tenant accounts receivable represents amounts owed to the Authority by tenants for outstanding rent. The balance is shown net of an allowance for doubtful accounts of $60,462.

Accounts Receivable - Miscellaneous, Net
Accounts receivable – miscellaneous consists of amounts owed from managed properties and other miscellaneous sources from normal ongoing operations as well as accounts receivable of $805 thousand for developer fees (net of allowance). The balance is shown net of an allowance for doubtful accounts of $316,091.

NOTE 4. CAPITAL ASSETS, NET

The following is a summary of the primary government's changes in capital assets for the year ended December 31, 2024:

Description	December 31, 2023	Additions	Dispositions	Transfers	December 31, 2024
Non-depreciable capital assets:					
Land	$ 4,891,123	$ -	$ (2,552,276)	$ -	$ 2,338,847
Construction in progress	11,561,227	10,356,712	(5,308,664)	(11,729,469)	4,879,806
Total	16,452,350	10,356,712	(7,860,940)	(11,729,469)	7,218,653
Depreciable capital assets:					
Buildings	36,523,712	1,049,413	-	10,829,768	48,402,893
Leasehold improvements	1,196,540	-	-	-	1,196,540
Furniture and equipment	1,364,955	65,688	-	899,701	2,330,344
Total	39,085,207	1,115,101	-	11,729,469	51,929,777
Less: accumulated depreciation	14,017,090	2,572,924	-	-	16,590,014
Net capital assets	$ 41,520,467	$ 8,898,889	$ (7,860,940)	$ -	$ 42,558,416

Depreciation expense for the primary government for the year ended December 31, 2024 totaled $2,572,924.

The following is a summary of the discretely presented component units' capital assets activity for the year ended December 31, 2024:

Description	December 31, 2023	Additions	Dispositions	Transfers	December 31, 2024
Non-depreciable capital assets:					
Land	$ 29,250,791	$ 2,940,000	$ -	$ -	$ 32,190,791
Construction in progress	26,940,513	30,080,404	-	(2,075)	57,018,842
Total	56,191,304	33,020,404	-	(2,075)	89,209,633
Depreciable capital assets:					
Buildings	309,119,688	98,452	(5,837)	-	309,212,303
Furniture and equipment	38,687,852	268,743	-	-	38,956,595
Total	347,807,540	367,195	(5,837)	-	348,168,898
Less: accumulated depreciation	82,431,825	10,790,767	-	-	93,222,592
Net capital assets	$ 321,567,019	$ 22,596,832	$ (5,837)	$ (2,075)	$ 344,155,939

Depreciation expense for the discretely present component unit for the year ended December 31, 2024 totaled $10,790,767.

NOTE 5. RIGHT-OF-USE ASSET AND LEASE LIABILITY

On September 24, 2019, the Authority entered into a lease agreement as a lessee for several vehicles. Each vehicle has a term of 60 months and the Authority receives new vehicles under this lease agreement every year. Lease payments vary each month. The lease has an implicit interest rate ranging from 3.69% to 8.15%. As of December 31, 2024, the value of the right-of-use lease asset was $860,393 and amortization expense totaled $215,484 for the year then ended. Principal and interest expense for the year ended December 31, 2024 amounted to $328,740 and $35,329, respectively.

On November 18, 2022, the Authority entered into a lease agreement as a lessee of a building and equipment located at Escalante Meadows. The lease commenced on August 1, 2024 and will terminate on January 31, 2062. Lease payments on the building start with quarterly installments of $17,500 until 2030 where they will increase to $97,969 per quarter, and will increase by 3% every year. Lease payments on the equipment consist of quarterly installments of $8,500 until June 2031. The lease has an implicit interest rate of 0.18728%. As of December 31, 2024, the value of the right-of-use lease asset was $19,955,633 and amortization expense totaled $328,290 for the year then ended.

The following is a summary of the primary government of the Authority's changes in right-of-use asset for the year ended December 31, 2024:

Description	December 31, 2023	Additions	Dispositions	December 31, 2024
Right-of-use asset	$ 787,731	$20,871,348	$ (53,421)	$ 21,605,658
Less: accumulated amortization	295,689	543,774	(49,831)	789,632
Net right-of-use asset	$ 492,042	$20,327,574	$ (3,590)	$ 20,816,026

The lease liability as of December 31, 2024 was $20,964,521, with $253,638 classified as a current liability.

Annual lease payments for principal and interest over the next five years is as follows:

Year	Principal	Interest	Total
2025	$ 253,638	$ 93,290	$ 346,928
2026	247,140	78,418	325,558
2027	231,990	63,273	295,263
2028	179,635	50,533	230,168
2029	116,863	42,106	158,969
2030-2034	1,946,054	179,795	2,125,849
2035-2039	2,253,180	158,708	2,411,888
2040-2044	2,660,187	135,845	2,796,032
2045-2049	3,132,484	108,888	3,241,372
2050-2054	3,680,456	77,180	3,757,636
2055-2059	4,316,168	39,960	4,356,128
2060-2064	1,946,726	4,163	1,950,889
	$ 20,964,521	$ 1,032,159	$ 21,996,680

On December 1, 2021, Harry's House, LP, a discretely presented component unit of the Authority, entered into a lease agreement as a lessee of land. The term of the lease is 75 years. The lease was prepaid at $3,355,000. As of December 31, 2024, the value of the right-of-use lease asset was $3,217,072 and amortization expense totaled $44,734 for the year then ended.

NOTE 5. RIGHT-OF-USE ASSET AND LEASE LIABILITY (continued)

The following is a summary of the discretely presented component unit's changes in right-of-use asset for the year ended December 31, 2024:

Description	December 31, 2023	Additions	Dispositions	December 31, 2024
Right-of-use asset	$ 3,355,000	$ -	$ -	$ 3,355,000
Less: accumulated amortization	93,194	44,734	-	137,928
Net right-of-use asset	$ 3,261,806	$ (44,734)	$ -	$ 3,217,072

NOTE 6. RESTRICTED DEPOSITS

Restricted deposits consist of the following as of December 31, 2024:

Cash Category	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Housing assistance payment reserves	$ 19,300	$ -	$ 19,300
Guadalupe Community RDA reserves	604,703	-	604,703
Replacement reserves	1,648,776	4,226,392	5,875,168
Operating reserves	96,567	7,956,341	8,052,908
Project reserves	-	1,078,787	1,078,787
Emergency housing voucher reserves	21,733	-	21,733
FSS escrow forfeitures	51,381	-	51,381
Family self-sufficiency escrows	270,291	-	270,291
Tenant security deposits	224,867	986,430	1,211,297
Total restricted deposits	$ 2,937,618	$ 14,247,950	$ 17,185,568

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers, the Mainstream Vouchers and the Emergency Housing Vouchers program for future housing assistance payments.

On June 16, 2016, the Authority elected to serve as the housing successor to the former Guadalupe Community Redevelopment Agency ("RDA"). Cash was transferred to the Authority and placed in interest bearing accounts. These accounts bear interest at rates ranging from 1.4% to 1.6% as of December 31, 2024. These funds are restricted to the activity of the former RDA.

Replacement reserves are required to be set aside for future project expenditures in accordance with regulatory agreements.

Operating reserves are required to be set aside for future project expenditures such as debt service, insurance, and taxes.

Project reserves are reserves in the discretely presented component units that are required to be set aside for future project expenditures according to the respective regulatory agreement.

NOTE 6. RESTRICTED DEPOSITS (continued)

Emergency housing voucher reserves are restricted to be used to assist individuals and families who are homeless, at-risk of homelessness, fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking or human trafficking, or were recently homeless or have a high risk of housing instability.

FSS escrows forfeitures are to be used to fund eligible expenses of FSS participants in good standing.

Family Self Sufficiency ("FSS") program escrows represent amounts held by the Authority on behalf of FSS program participants. Upon graduation from the program, the participant is due amounts deposited plus interest earned.

Tenant security deposits represent amounts held by the Authority on behalf of tenants. Upon termination, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the unit.

NOTE 7. NOTES RECEIVABLE

Outstanding notes receivable for the primary government as of December 31, 2024 consisted of the following:

Description	Amount
Leland Grossman Sandpiper, L.P. - In November 2014, the Authority transferred title of two Public Housing properties and one locally owned property to the Leland Grossman Sandpiper L.P., a California Limited Partnership in exchange for eight notes totaling $11,988,359. These notes are secured by deeds of trusts on the properties, bear interest of 2.91% compounded annually, and are due the earlier of; November 2069, when the properties are sold or upon default by the borrower. Payments on these notes are due annually from residual receipts generated from the properties. Accrued interest at December 31, 2024 amounted to $2,977,547.	$ 9,530,729
Lompoc Gardens, L.P. - In November 2015, the Authority transferred title of a Public Housing property to the Lompoc Gardens, L.P., a California Limited Partnership in exchange for a note totaling $9,000,000. The Authority is the administrative general partner in this L.P., with a .001% interest. This note is secured by a deed of trust on the property, bears interest of 3% compounded annually, and is due the earlier of; November 2070, when the property is sold or upon default by the borrower. Payments on this note are due annually from residual receipts generated by the property. Accrued interest at December 31, 2024 amounted to $2,772,021.	9,000,000
Miller Stanley, L.P. - In November 2015, the Authority transferred title of a Public Housing property to Miller Stanley, L.P., a California Limited Partnership in exchange for a note totaling $6,300,000. The Authority is a general partner in this L.P., with a .001% interest. This note is secured by a deed of trust on the property, bears interest of 3% compounded annually, and is due in 55 years in November 2070, or when the property is sold or upon default by the borrower. Payments on this note are due annually from the residual receipts generated by the property. Accrued interest at December 31, 2024 amounted to $897,746.	6,300,000

NOTE 7. NOTES RECEIVABLE (continued)

Description	Amount
Positano Apartments, L.P. - In May 2016, the Authority sold a 118 unit apartment community known as Positano Apartments to the Positano Apartments, L.P., a California Limited Partnership. The Authority is the administrative general partner in this L.P., with a .001% interest. The sale included the retirement of a bridge loan in the Authority's name for $12.6 million, as well as the issuance of three notes totaling $10,417,528. The first note for $3,788,280, carried an interest rate of 4% per annum, simple interest, and was due 180 days from the full repayment of the permanent project loan. This loan was repaid during 2017, along with interest in the amount of $225,013. The second note for $1,571,763, carries an interest rate of 5% per annum, simple interest. The funds for this note originated from HUD through the CDBG program. The third note for $5,057,485, carries an interest rate of 3% per annum, compounded annually. Annual payments on the second and third loan are required to the extent that the Partnership generates residual receipts. The notes are due the earlier of; May 1, 2071, the date the property is sold, or upon default by the borrower. Accrued interest at December 31, 2024 amounted to $759,924.	5,062,395
SURF Solar Enterprises, Inc - On January 31, 2013, a permanent loan was executed between the Authority and Surf Solar Enterprises, Inc., in the amount of $5,800,000. This loan bears interest at a rate of 2.4%, compounded annually. Principal and accrued interest on this loan are due in full on January 30, 2043. Annual payments are required to the extent that Surf Solar Enterprises, Inc has generated residual receipts. Accrued interest at December 31, 2024 amounted to $1,488,412.	5,800,000
Santa Rita Village, L.P. - During 2014, the Authority sold a Public Housing property to Santa Rita Village, L.P. in exchange for a note in the amount of $3,335,000. This loan bears simple interest at a rate of 2.65% per annum and requires payments of 50% of residual receipts generated annually by the project. This loan is secured by a recorded deed of trust dated March 23, 2016. The note is due the earlier of; March 7, 2067, the date the property is sold, or in the event of default by the borrower. Accrued interest at December 31, 2024 amounted to $383,976.	3,335,000
Santa Rita Village, L.P. - Pass-thru loan received from the Lompoc Redevelopment Agency (see also Note 6). This loan bears simple interest at a rate of 3% annually. Payments were deferred until June 1, 2018 and then amortized for the next 25 years. Monthly payments of $1,667 began June 1, 2016 and will continue until May 1, 2041, when the note is due. Accrued interest at December 31, 2024 amounted to $8,614.	381,063
Santa Rita Village, L.P. - Pass-thru loan received from the Lompoc Redevelopment Agency. This loan bears simple interest at a rate of 3%, but payment is deferred until the loan is due on June 1, 2066. Accrued interest at December 31, 2024 amounted to $168,789.	328,333

NOTE 7. NOTES RECEIVABLE (continued)

Description	Amount
Lompoc Terrace Apartments, L.P. - In March 2014, the Authority transferred title of a Public Housing property to Lompoc Terrace Apartments, L.P., a California Limited Partnership in exchange for a note in the original amount of $4,583,000. The Authority is a general partner in the LP. This note is secured by a deed of trust on the property, bears interest of 3.37% compounded annually, and is due the earlier of; March 2069, when the property is sold or upon default by the borrower. Payments are due annually from the residual receipts generated by the property. Accrued interest at December 31, 2024 amounted to $1,834,862.	4,213,000
Aparicio Community Apartments, L.P. -The Authority transferred title of land, structures, and equipment known as Aparicio Apartments, a Public Housing Project, to Aparicio Community Apartments, L.P., a California Limited Partnership in exchange for a promissory note for the original amount of $7,100,000. The Authority acted as the developer for the project. The loan, dated July 2010, bears simple interest at a rate of 6.5% per annum and is secured by a permanent deed of trust, assignment of rents, and security agreement dated August 9, 2010. The note is due the earlier of; July 2065, the date the property is sold or in event of default. Effective January 1, 2015, the loan agreement was modified to provide for interest at 3.79%, compounded annually. Annual payments are due on this note only if the project generates residual receipts. Accrued interest at December 31, 2024 amounted to $85,893.	3,008,023
Los Alamos Creekside Village, L.P. - On April 15, 2011, the Authority transferred property and equipment to Los Alamos Creekside Village, L.P., a California limited partnership in exchange for two notes. The Authority is a general partner in this L.P., with a .0025% interest. The Authority originally acquired this property using a Joe Serna Grant from the State of California Department of Housing and Community Development. The first note is for the amount of the Joe Serna Grant, $1,144,000 and bears no interest. The second note is for $1,700,000, bears interest at a rate of 8%, compounded per annum, and requires payments of 71% of residual receipts generated in the prior fiscal year. Both notes are due and payable on the earlier of December 31, 2066, or the date the property is transferred, sold, or refinanced. Accrued interest at December 31, 2024 amounted to $2,652,585**.**	2,673,960

NOTE 7. NOTES RECEIVABLE (continued)

Description	Amount
The Residences at Depot Street, L.P. - During September 2019, the Authority made two loans to The Residences at Depot Street, L.P., a California limited partnership, totaling $2,150,000, for the acquisition and development of 80 units of rental housing in Santa Maria, California. These notes are secured by deeds of trust on the property; bear interest at a rate of 3.02%, compounded annually; and are due in 55 years after construction of the property is completed, when the property is sold, or upon default by the borrower. Payments on these notes are due annually, restricted to residual receipts generated from the property. Accrued interest at December 31, 2024 amounted to $444,874.	2,150,000
Golden Inn & Village, Senior, L.P. -In March 2015, the Authority sold property located in Santa Ynez, California to Golden Inn & Village, Senior, L.P. The Authority is the administrative general partner in this LP, with a 0.005% interest. The Authority provided two notes to the limited partnership. The two notes, totaling $1,970,000, are secured by deeds of trust on the property, earn simple interest at a rate of 4%, and are due in 55 years, March 2070. Both notes require annual payments of 100% of the residual receipts earned on the project. Neither note is in first position over the other loan. In November 2018, a note was executed in the amount of $1,658,400 for the remaining balance of deferred developer fees due on the property. The Authority is entitled to 60% of the developer fee earned for the project. Therefore, $995,040 or 60%, was recorded as a note receivable. The note earns interest at a rate of 3.22%, compounded annually, and is due in November 2030. Payments are due annually and are restricted to the residual receipts generated on the property. Accrued interest at December 31, 2024 amounted to $771,809.	1,970,000
Lompoc Palm Grove Apartments, L.P. - In December 2013, the Authority sold property known as Palm Grove Apartments to Lompoc Palm Grove Apartments, L.P. The Authority is the administrative general partner in this LP, with a .006% interest. The Authority provided funding for the acquisition in the amount of $1,330,000. This note is secured by a deed of trust on the property, earns interest at a rate of 3.32% compounded annually, and is due December 31, 2068. Annual payments are required to the extent of 75% of the residual receipts of the property. Accrued interest at December 31, 2024 amounted to $19,854.	797,416
Parkview Isla Vista, L.P. - The Authority loaned $1,200,000 to Parkview Isla Vista, L.P., a California limited partnership. The Authority is a general partner in this L.P., with a .0025% interest. The note, made May 1, 2009, bears simple interest at a rate of 3% per annum and is secured by a deed of trust on the property. The note is due and payable on the earlier of May 1, 2064, the date the property is sold, or upon default of the note by the borrower. Annual payments on the loan will be made from surplus cash, if generated, with 20% of the surplus cash to be paid towards the loan. Accrued interest at December 31, 2024 amounted to $277,623.	1,200,000

NOTE 7. NOTES RECEIVABLE (continued)

Description	Amount
Golden Inn & Village, Family, L.P. - In March 2015, the Authority sold property located in Santa Ynez, California to Golden Inn & Village, Family, L.P. The Authority is the administrative general partners in this LP, with a 0.005% interest. The Authority provided a note to the limited partnership in the amount of $710,000. The note is secured by a deed of trust on the property, earns simple interest at a rate of 4%, and is due in 55 years in March 2070. The note requires annual payments of 100% of the residual receipts earned on the project. Payments are due annually, restricted to the residual receipts generated on the property. Accrued interest at December 31, 2024 amounted to $278,164.	710,000
Santa Rita Village II, L.P. - In March 2015, the Authority transferred property and equipment to Santa Rita Village II, L.P., a California limited partnership in exchange for two notes. The Authority is the co-general partner in this L.P., with a .005% interest. The notes, made March 12, 2015, total $830,000, bear interest at a rate of 4% per annum, compounded annually, and are secured by deeds of trust on the property. The notes are due and payable on the earlier of March 12, 2070, the date the property is sold, or upon default of the note by the borrower. Both notes require annual debt service payments to the extent of available residual receipts. The note for $330,000 has priority position for pay-off over the $500,000 note. Accrued interest at December 31, 2024 amounted to $9,886.	329,494
Ted Zenich Gardens, L.P. - The Authority loaned $180,000 to Ted Zenich Gardens, L.P. a California limited partnership. The Authority is a general partner in this L.P., with a .0025% interest. The loan, made July 1, 2008, bears simple interest at a rate of 4.6% per annum and is secured by a deed of trust on the property. Annual payments on the loan will be made from residual receipts, if generated, and only after the $1.8 million loan from the County of Santa Barbara has been repaid. The note is due and payable on the earlier of June 30, 2063, the date the property is sold, or upon default of the note by the borrower. Accrued interest at December 31, 2024 amounted to $136,654.	180,000
SURF Development Company - The Authority loaned $150,000 to Surf Development Company, a California nonprofit public benefit corporation. The loan, made August 28, 2008, bears simple interest at a rate of 5% per annum and is secured by a deed of trust on real property known as Valley Station, in Buellton, California. Annual payments on the loan will be made from residual receipts of this property, if generated, up to a maximum of 50% of the residual receipts generated. The note is due and payable on the earlier of August 27, 2023, the date the property is sold, or upon default of the note by the borrower. This property has generated surplus cash for the past several years. Accrued interest at December 31, 2024 amounted to $57,543**.**The Authority is currently working with Surf Development Company to extend the note that matured in August 2023 into a 15-year loan, amortized over a 30-year period.	114,771

NOTE 7. NOTES RECEIVABLE (continued)

Description	Amount
SURF Development Company - In 2012, the Authority transferred real property acquired originally by the Public Housing Program to Surf Development Company. The donation of this surplus property was approved by HUD in 2005. A note was executed in the amount of $22,287 between the Authority and Surf Development Company for the book value of the land transferred. The loan bears simple interest at a rate of 3% per annum and is secured by a deed of trust on real property known as Braddock House, in Goleta, California. Annual payments on the loan will be made from residual receipts of this property, if generated, up to a maximum of 10% of the residual receipts generated. The note is due and payable in 2067, the date the property is sold, or upon default of the note by the borrower. Accrued interest at December 31, 2024 amounted to $4,946.	16,379
SURF Development Company - On June 16, 2016, the Authority elected to serve as the Housing Successor to the former Guadalupe Community Redevelopment Agency. On September 15, 2016, the Guadalupe Oversight Board to the Successor Agency to the Former Redevelopment Agency of the City of Guadalupe directed the Successor Agency to transfer and assign the housing assets, including the loans made to Habitat for Humanity, to the Authority. On March 28, 2006, as amended and restated on October 28, 2008, the Guadalupe Community Redevelopment Agency entered into an Affordable Housing Loan Agreement and Low Income Housing Rehabilitation Contract with Habitat for Humanity Northern Santa Barbara County, Inc., in which $550,000 was loaned to Habitat for the purpose of acquiring two properties for the development of very-low, low and moderate income housing. At the time of the transfer of this asset to the Authority, the note had a balance of $450,000, was a zero interest loan, and is expected to be repaid upon completion of the project. On March 29, 2019, Habitat for Humanity assigned this loan to Surf Development Company and recorded a grant deed for the property in favor of Surf Development Company. The property is commonly known as 4542 12th Street and 855 Pioneer Street in Guadalupe, CA. This note is being offset by a long-term liability titled Loan Liability.	450,000
Parkside Garden Apartments, LP - The Authority made two loans with Parkside Garden Apartments, LP. The first loan in the amount of $5,098,549 is dated March 1, 2020. The loan bears interest at 4% compounding annually and matures in 55 years from the conversion date of the permanent loan. Annual payments are required from 100% of residual receipts. The second loan, the gap loan, was in the amount of $2,150,000, and is dated March 1, 2020. The loan bears interest at 4% compounding annually and matures in 55 years from the conversion date of the permanent loan. Annual payments are required from 100% of residual receipts. Both loans are secured by real property. Accrued interest at December 31, 2024 amounted to $1,240,569.	6,598,549

NOTE 7. NOTES RECEIVABLE (continued)

Description	Amount
West Cox Cottages - On November 19, 2019, the Authority entered into a loan agreement with the County of Santa Barbara in the amount of $1,350,000 (the "HEAP loan") in connection with the construction of West Cox Cottages. The HEAP loan bears no interest and is due on the earlier of (a) fifteen years after the date of the HEAP loan,(b) the date the property is sold or otherwise transferred,or (c) the Authority fails to commence construction set forth in the HEAP loan agreement. The loan is secured by real property. Accrued interest at December 31, 2024 amounted to $256,279.	1,350,000
Lompoc Terrace Apartments, LP - In May of 2018, the remaining balance of the deferred developer fee in the amount of $228,881 was recorded as a note receivable. The note bears interest at 2.07% and is due in November of 2028, and is secured by real property. Accrued interest at December 31, 2024 amounted to $762.	10,533
Golden Inn & Village Senior, LP - In November of 2018, a note was executed in the amount of $1,658,400 for the remaining balance of the deferred developer fee. The Authority is entitled to 60% of the developer fee earned for the project. The note bears interest at 3.22% and is due in November of 2030, and is secured by real property. Accrued interest at December 31, 2024 amounted to $9,026.	224,239
Golden Inn & Village Family, LP - In September of 2018, a note was executed in the amount of $1,043,806 for the remaining balance of the deferred developer fee. The Authority is entitled to 60% of the developer fee earned for the project. The note bears interest at 3.02% and is due in November of 2030, and is secured by real property. Accrued interest at December 31, 2024 amounted to $8,050.	213,254
Central Plaza, LP - On June 18, 2021, a loan was entered into in the amount of $8,482,981. The loan bears interest at 6.00% and is due in 2076, and is secured by a deed of trust. Accrued interest at December 31, 2024 amounted to $523,200.	5,450,000
Harry's House 1 - On December 1, 2021, a loan was entered into in the amount of $3,355,000. The loan bears interest at 3.00% and is due in 2076, and is secured by a deed of trust. Accrued interest at December 31, 2024 amounted to $304,708.	3,355,000
Harry's House 2 - On December 1, 2021, a loan was entered into in the amount of $450,000. The loan bears interest at 3.00% and is due in 2076, and is secured by a deed of trust. Accrued interest at December 31, 2024 amounted to $40,870.	450,000
Harry's House 3 - On December 1, 2021, a loan was entered into in the amount of $1,250,000. The loan bears interest at 3.00% and is due in 2076, and is secured by a deed of trust. Accrued interest at December 31, 2024 amounted to $113,527.	1,250,000

NOTE 7. NOTES RECEIVABLE (continued)

Description	Amount
Escalante Meadows Investment Fund - On November 18, 2022, a loan was entered into in the amount of $12,565,000. The loan bears interest at 0.50% and is due on December 1, 2057, and is secured by a deed of trust.	12,565,000
Escalante Meadows Apartments - On November 1, 2022, a loan was entered into in the amount of $268,005. The loan bears no interest and is due in 2080, and is secured by a deed of trust.	268,005
Cypress & 7th, LP - In April 2023, a loan was entered into in the amount of $900,000. The loan bears no interest and is due in 2078, and is secured by a deed of trust.	900,000
Parkside Garden Apartments, LP - On December 11, 2023, a loan was entered into in the amount of $747,683. The loan bears compounding interest at 1.93% and is due in 2036, and is secured by a deed of trust. Accrued interest at December 31, 2024 amounted to $5,507.	380,451
Total notes receivable before allowance for uncollectable amounts	90,565,594
Less: allowance for uncollectable amounts	(59,287)
Total notes receivable, net	$ 90,506,307

As of December 31, 2024, the current portion of notes receivable amounted to $2,787,168. Accrued interest, net of an allowance for doubtful accounts of $15,848,222 totaled $2,685,998, of which $1,271,994 is estimated to be current and is included on the Authority's Statement of Net Position.

NOTE 8. OTHER ASSETS, NET

Other assets consisted of the following as of December 31, 2024:

Description	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Investment in joint ventures	$ 2,101,137	$ 1,000	$ 2,102,137
Deferred charges	-	439,008	439,008
Escrow deposit	4,213,680	-	4,213,680
Total other assets	$ 6,314,817	$ 440,008	$ 6,754,825

Investment in joint ventures represents ownership interests in numerous limited partnerships. The limited partnerships operate apartment complexes which provide low income housing eligible for tax credits in accordance with Section 42 of the Internal Revenue Code. The investment in the limited partnerships is accounted for under the equity method, because the Authority exercises significant influence over its operating and financial activities. Accordingly, the investment is carried at cost and adjusted for the proportionate share of earnings or losses.

Deferred charges represent development costs paid on behalf of future projects and miscellaneous receivables from managed properties and vendors.

NOTE 8. OTHER ASSETS, NET (continued)

The Authority placed $4,213,680 in escrow to purchase the property Bailad Avenue which was completed in January 2025.

NOTE 9. ACCOUNTS PAYABLE

As of December 31, 2024, accounts payable consisted of the following:

Description	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Accounts payable - vendors	$ 1,462,109	$ 1,003,615	$ 2,465,724
Accounts payable - HUD	80,756	13,123	93,879
Total accounts payable	$ 1,542,865	$ 1,016,738	$ 2,559,603

Accounts Payable - Vendors
Accounts payable - vendors represents the amounts payable to contractors and vendors for materials received or services rendered.

Accounts Payable - HUD
Accounts payable - HUD represents amounts due and payable to the HUD for overpayment of subsidy.

NOTE 10. COMPENSATED ABSENCES

It is the Authority's policy to permit employees to accumulate earned but unused vacation leave up to a maximum of 304.2 hours or 50% of unused accumulated sick leave hours. This leave will be used in future periods or paid to employees upon retirement at the age of 65 or older; or after ten or more years of continuous employment by the Authority. If an employee is a voluntary termination before the normal retirement date of age 65, an employee shall be eligible to receive compensation for one half of the unused accumulated sick leave at the current rate of pay. At no time will sick leave payment exceed 30% of regular hourly rate for up to 6 months of accrued leave at an employee's regularly scheduled hours. Accrued vacation and vested sick leave have been valued by the Authority and allocated to all programs, including projects managed but not owned.

NOTE 10. COMPENSATED ABSENCES (continued)

As of December 31, 2024, accrued compensated absences of the Primary Government and the Discretely Presented Component Units amounted to $1,030,728 and $156,876, respectively, and consisted of the following activity for the year then ended:

Description	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Beginning compensated absences	$ 987,350	$ 210,076	$ 1,197,426
Compensated absences earned	1,056,048	222,947	1,278,995
Compensated absences redeemed	(1,012,670)	(276,147)	(1,288,817)
Ending compensated absences	1,030,728	156,876	1,187,604
Less: current portion	103,074	15,688	118,762
Compensated absences, net of current portion	$ 927,654	$ 141,188	$ 1,068,842

NOTE 11. BONDS AND NOTES PAYABLE

Bonds and notes payable for the Primary Government consisted of the following as of December 31, 2024:

Description	Amount
Thompson Park - On October 1, 2021, the Authority entered into a loan agreement with Five Star Bank in the amount of $1,500,000. The loan bears interest at a rate of 2.50%, matures on November 1, 2031, and is secured by a deed of trust.	$ 1,077,606
Villa Del Sol - On January 18, 2005, the Authority entered into a loan agreement with the Redevelopment Agency of the County of Santa Barbara to finance building improvements on property known as Villa Del Sol. The $325,000 loan is being amortized over thirty years, requires a monthly payment of $1,370, bears simple interest at a rate of 3% per annum, and is due January 18, 2035. The loan is secured by real property.	143,925
Santa Rita Village, L.P. - On June 1, 2011, the Lompoc Redevelopment Agency made two loans to the Authority to fund modernization in Lompoc, California. Each loan is for $500,000. Neither loan bears interest. One loan, referred to as the Set-Aside Revolving Loan, is deferred for 5 years, then amortized over 25 years. Payments of $1,667 per month began on June 1, 2016, with the final payment due May 1, 2041. The second loan, referred to as the Set-Aside Incentive Loan, is deferred until the sale or transfer of the housing unit(s) on the property. The balance of this loan will be forgiven fifty-five years after the effective date of the loan. The loan funds were drawn in 2012. The loan is secured by real property.	328,333
West Cox Cottages - On November 19, 2019, the Authority entered into the HEAP loan agreement with the County of Santa Barbara in the amount of $1,350,000, in connection with the construction of West Cox Cottages. The HEAP loan bears no interest and is due on the earlier of (a) fifteen years after the date of the HEAP loan,(b) the date the property is sold or otherwise transferred or; (c) the Authority fails to commence construction set forth in the HEAP loan agreement. The loan is secured by real property.	1,350,000

NOTE 11. BONDS AND NOTES PAYABLE (continued)

Description	Amount
The Authority was assigned a $450,000 loan from Habitat for Humanity on November 16, 2016. The loan is secured by the deed of trust. The loan is non-interest bearing and matures on the earlier of the conversion of 100% of the loan funds into homeowner loans, the option agreement is exercised, or the completion of construction date. As of December 31, 2024, none have the terms required for maturity have been met.	450,000
On December 22, 2021, the Authority entered into a loan with the Ron Barrett Foundation, a California nonprofit public benefit corporation, in the amount of $3,355,000. The loan bears interest at a rate of 3.00%, matures on December 22, 2076, and is secured by a deed of trust.	3,355,000
On June 6, 2023, the Authority entered into a loan with the County of Santa Barbara, in the amount of $3,530,383. The loan bears no interest, matures on the earlier of 20 years after the date of project completion, or the date the property is sold, or the borrower failed to commence construction as of the terms of the loan agreement or the borrower defaulted, and is secured by a deed of trust.	3,520,383
On April 2, 2024, the Authority entered into a loan with the County of Santa Barbara, in the amount of $771,621. The loan bears no interest and is secured by a deed of trust. The loan matures the earlier of 20 years after Hollister Lofts completion, the date the property of Hollister Lofts is sold, the borrower has failed to commence construction per the loan agreement, or the event of default.	632,062
Total bonds and notes payable	10,857,309
Less: current portion	176,676
Bonds and notes payable, excluding current portion	$ 10,680,633

Debt activity for the primary government for the year ended December 31, 2024 consisted of the following:

Description	December 31, 2023	Advances	Principal Reductions	December 31, 2024
Loans payable	$ 6,877,486	$ 4,152,445	$ (172,622)	$ 10,857,309

Accrued interest payable as of December 31, 2024 and interest expense for the year then ended for the primary government totaled $307,386 and $134,158, respectively. Annual debt service for principal and interest over the next five years and in five-year increments thereafter is as follows:

Year	Principal	Interest	Total
2025	$ 176,676	$ 33,485	$ 210,161
2026	630,750	29,418	660,168
2027	184,933	25,330	210,263
2028	189,181	21,136	210,317
2029	193,627	16,875	210,502
2030-2034	1,843,642	18,546	1,862,188
2035-2039	102,730	10	102,740
2040-2044	4,190,770	-	4,190,770
2076	3,345,000	-	3,345,000
	$ 10,857,309	$ 144,800	$ 11,002,109

NOTE 11. BONDS AND NOTES PAYABLE (continued)

A summary of the Authority's discretely presented component units long-term debt is as follows:

Loans payable to the Authority as evidenced by a Note Receivable (see Note 7):	Amount
California Department of Housing and Community Development loan to Los Alamos Creekside Village, LP	$ 973,960
Authority loan for Los Alamos Creekside Village, LP	1,700,000
GAP Loan payable to the Authority for Residence at Depot Street, LP	1,150,000
Authority loan for Residence at Depot Street, LP	1,000,000
Authority loan for Golden Inn & Village Family, LP	710,000
Developer fee note payable to the Authority from Golden Inn & Village Family, LP	355,420
Authority loan for Golden Inn & Village Senior, LP	1,320,000
GAP Loan payable to the Authority for Golden Inn & Village Senior, LP	650,000
Developer fee note payable to the Authority from Golden Inn & Village Senior, LP	373,732
Authority loan for Leland Grossman Sandpiper, LP	2,088,356
GAP Loan payable to the Authority for Leland Grossman Sandpiper, LP	7,442,373
Authority loan for Lompoc Gardens, LP	9,000,000
Authority loan for Lompoc Palm Grove Apartments, LP	797,416
Authority loan for Lompoc Terrace Apartments, LP	4,213,000
Developer fee note payable to the Authority from Lompoc Terrace Apartments, LP	10,533
Authority loan for Miller Stanley, LP	6,300,000
Authority loan for Parkside Gardens, LP	5,098,549
GAP Loan payable to the Authority for Parkside Gardens, LP	1,500,000
Developer fee note payable to the Authority from Parkside Garden Apartments, LP	380,452
Authority loan for Parkview Isla Vista, LP	1,200,000
Authority loan for Positano Apartments, LP	3,490,631
GAP Loan payable to the Authority for Positano Apartments, LP	1,571,763
Authority loan for Santa Rita Village, LP	3,335,000
Authority loan for Santa Rita Village, LP	381,063
Authority loan for Santa Rita Village, LP	328,333
Authority loan for Santa Rita Village II, LP	329,494
Authority loan for Ted Zenich Gardens, LP	180,000
Authority loan for Surf Solar, Enterprise Inc.	5,800,000
Authority loan for Central Plaza Apartments Resyndication, LP	5,450,000
Authority loan for Harry's House, LP	5,055,000
Authority loan for Escalante Meadows, LP	268,005
Total primary government loans to discretely presented component units	$ 72,453,080

Bonds and loans payable to other lenders consisted of the following as of December 31, 2024:

Description	Amount
Los Alamos Creekside Village, LP - The convertible loan in the amount of $1,550,000 with U S Bank is dated April 15, 2011. Initially the loan had a variable interest rate with a fixed rate commencement date of November 1, 2012 at 7.15%. The loan has a conversion date of April 1, 2013, and matures on April 1, 2043. The loan initially required interest only monthly payments but commencing December 1, 2012 and continuing on the first day of each calendar month thereafter interest and principal shall be due and payable in monthly installments on the basis of an amortization period of 30 years.	$ 1,266,122

NOTE 11. BONDS AND NOTES PAYABLE (continued)

Description	Amount
Los Alamos Creekside Village, LP - The County of Santa Barbara loan (derived from the County of Santa Barbara "In-Lieu Funds") is dated April 15, 2011 in the amount of $800,000 and bears interest at a rate of three percent (3%). The loan matures in 55 years and requires payments from cash flow only until maturity. No principal payments are anticipated in the next five years.	761,473
Los Alamos Creekside Village, LP - The Santa Barbara County HOME loan in the amount of $2,028,227 bears interest at a rate of three percent (3%) simple for a period of 55 years (December 15, 2066) and requires payments out of cash flow only until maturity and requires payments from cash flow only until maturity. No principal payments are anticipated in the next five years.	1,141,171
Residence at Depot Street, LP - Permanent loan from the California Community Reinvestment Corporation ("CCRC") in the amount of $11,900,000 closed on February 26, 2021. The loan bears interest at 4.71% and has a term of 15 years from conversion. The monthly amortization payment on the loan is $57,875. The maturity date of the loan is March 1, 2036.	11,106,526
Residence at Depot Street, LP - The HOME loan with the County of Santa Barbara in the amount of $3,173,437 is dated August 28, 2018. The loan bears simple interest at 3.00% (no compounding) per annum and matures in 55 years from the date of completion. Annual payments are required from 50% of residual receipts. Construction period interest of $149,803 was capitalized and recorded to fixed assets.	3,173,437
Residence at Depot Street, LP - On August 28, 2018 the partnership entered into a loan agreement with the County of Santa Barbara Department of Behavioral and Wellness in the amount of $2,410,379.91. The loan bears simple interest at 3.00% (no compounding) and has a term of 55 years. Construction period interest of $143,500 was capitalized and recorded to fixed assets.	2,410,380
Golden Inn & Village Family, LP - The permanent loan from CCRC in the amount of $2,240,000 closed June 23, 2017. The loan bears interest at 5.25% and has a term of 15 years from conversion. The loan matures in 15 years when all remaining principal and interest is due.	1,562,351
Golden Inn & Village Senior, LP - The permanent loan from CCRC in the amount of $3,350,000 converted from the construction phase on June 23, 2017. The loan will bears interest rate of 5.25% and has a term of 15 years from conversion ending on July 1, 2032. The loan matures on July 1, 2032 when all remaining principal and interest is due.	2,136,255
513 North G, LP - Note payable to HCD under the Governor's Homeless Initiative program in the amount of $1,516,960. The note is secured by a deed of trust and bears interest at a rate of 3%, and matures on September 12, 2068.	1,188,748
513 North G, LP - Note payable to CalHFA in the amount of $1,210,840. The note is secured by a deed of trust and bears interest at a rate of 1%, and matures on October 1, 2040.	1,077,979
513 North G, LP - Note payable to the City of Lompoc in the amount of $150,000 (the "HOME Loan"). The note is secured by a deed of trust and bears interest at a rate of 3%, and matures in 2061.	150,000

NOTE 11. BONDS AND NOTES PAYABLE (continued)

Description	Amount
513 North G, LP - Note payable to the County of Santa Barbara the amount of $200,000 (the "CSB Note"). The note is secured by a deed of trust and bears interest at a rate of 4.44%, and matures on December 15, 2040.	200,000
513 North G, LP - The Partnership entered into a loan with the Santa Barbara Housing Assistance Corporation in the amount of $56,720. The loan bears no interest and. The loan will be repaid from available cash.	56,720
Leland Grossman Sandpiper, LP - On May 2, 2016, the Partnership entered into a loan in the amount of $3,950,000 with the CCRC. The loan bears interest at a rate of 5%, is secured by real property, and matures on May 1, 2031.	3,016,512
Lompoc Gardens, LP - On May 2, 2016, the Partnership entered into a loan in the amount of $2,050,000 with the CCRC. The loan bears interest at a rate of 5.5%, is secured by real property, and matures on May 1, 2035.	1,673,902
Lompoc Palm Grove Apartments, LP - Note payable to Red Capital with the maximum borrowings up to $6,247,000, secured by a deed of trust and repayment insured by HUD under Section 221(d)(4). The note bears interest at a rate of 4.45% and matures on October 1, 2054.	4,389,313
Lompoc Terrace Apartments, LP - The Partnership entered into a loan in the amount of $1,675,000 with the CCRC. The loan bears interest at a rate of 6.05%, is secured by real property, and matures on September 1, 2033.	1,282,453
Parkside Garden Apartments, LP - The Partnership entered into a permanent loan in the amount of $5,400,000 with the CCRC dated January 24, 2022. The loan bears interest at a rate of 3.35%, is secured by real property and matures on January 1, 2037.	5,144,480
Parkview Isla Vista, LP - The Partnership entered into a loan in the amount of $1,200,000 with Union Bank dated March 1, 2009. The loan bears interest at a rate of 3.96%, is secured by real property, and matures on June 1, 2039.	748,979
Parkview Isla Vista, LP - The Partnership entered into a loan in the amount of $3,760,000 with the Redevelopment Agency of the County of Santa Barbara in May of 2007. The loan bears interest at a rate of 3%, is secured by real property, and matures 55 years from the date of the loan.	3,224,439
Pescadero Lofts Isla Vista, LP - The Partnership entered into a mortgage loan with MUFG Union Bank, N.A on January 29, 2016 in the amount of $1,526,013. The loan bears interest at a rate of 6.27%, is secured by real property, and matures on November 1, 2030.	668,477
Pescadero Lofts Isla Vista, LP - The Partnership entered into a loan with the County of Santa Barbara in the amount of $2,900,000, dated September 17, 2013. The loan bears interest at 3% and matures 55 years from completion. The loan is secured by real property.	2,900,000
Pescadero Lofts Isla Vista, LP - The Partnership entered into a HOME loan with the County of Santa Barbara in the amount of $1,642,234. The loan bears interest at 3% and matures 55 years from completion. The loan is secured by real property.	1,642,234

NOTE 11. BONDS AND NOTES PAYABLE (continued)

Description	Amount
Positano Apartments, LP - The Partnership entered into a mortgage loan with Berkeley Point Capital, LLC in the amount of $16,286,000. The loan bears interest at a rate of 4.12%, is secured by real property, and matures on June 1, 2034.	14,522,584
Santa Rita Village, LP - The Partnership entered into a note with Wells Fargo Bank, N.A. in the amount of $2,900,000. The loan is insured by HUD under Section 223(f), is secured by the first deed of trust on the Project, and matures on August 21, 2049.	2,148,033
Santa Rita Village, LP - The Partnership entered into a HOME loan with the County of Santa Barbara in the amount of $1,578,132. The loan bears interest at 3% and matures in December of 2067. The loan is secured by the deed of trust.	1,578,132
Santa Rita Village II, LPP - The permanent loan from CCRC in the amount of $1,535,000. The loan bears interest at 5.25% and matures on July 1, 2031, and is secured by real property.	1,066,859
Ted Zenich Gardens, LPP - Permanent loan from Berkadia in the amount of $1,000,000. The loan bears interest at 6.9%, matures 30 years from the date of the note, and is secured by real property.	693,355
Ted Zenich Gardens, LPP -HOME loan from the County of Santa Barbara dated January 31, 2007. The loan bears interest at 5%, matures on January 31, 2062, and is secured by real property.	1,806,188
Central Plaza Apartment Resyndication, LP - Construction note payable to Pacific West Bank on the issuance of the Authority's multifamily revenue notes in the maximum amount of $35,600,000 which consists of a taxable note in the amount of $6,500,000 and a tax-exempt note of $29,100,000 (the "construction loan"). The construction loan is secured by a deed of trust, bearing interest payable monthly at 3.25%. Principal and interest are due December 1, 2023, at which time the tax-exempt note will be reduced and converted to a permanent loan in the amount of $22,000,000, bearing interest at 3.50%, with monthly payments of principal and interest and maturing December 1, 2040.	21,567,271
Harry's House, LP - Mortgage note entered into on March 21, 2024 in the amount of $4,975,000, bearing interest at a rate of 3.75%, maturing on April 1, 2039, and secured by a deed of trust.	4,823,945
Harry's House, LP -HOME loan from the County of Santa Barbara dated December 2022. The loan bears interest at 3%, matures on December 31, 2077, and is secured by real property.	450,000
Harry's House, LP - AHP loan from Wells Fargo National Bank West dated 2024. The loan bears no interest, matures on May 31, 2078, and is secured by real property.	885,000
Escalante Meadows, LP - Promissory note entered into on November 15, 2021 in the amount of $2,200,000, bearing interest at a rate of 3%, maturing in 55 years, and secured by a deed of trust.	5,259,480

NOTE 11. BONDS AND NOTES PAYABLE (continued)

Description	Amount
Escalante Meadows, LP - Promissory note entered into on November 15, 2022 in the amount of $5,600,000, bearing interest at a rate of 3%, maturing in 55 years, and secured by a deed of trust.	1,239,250
Escalante Meadows, LP - Promissory note entered into on November 18, 2022 in the amount of $42,400,000, bearing interest at a rate of 5.25% during construction and 5.50% after conversion to permanent, maturing on May 15, 2025 and secured by a deed of trust.	33,782,685
Patterson Point, LP - Construction note entered into on September 12, 2024 in the amount of $18,911,883, of which $11,225,785 is tax-exempt and $7,686,103 is taxable. The tax exempt loan is due March 1, 2044 which is subject to an extension of September 1, 20244. The taxable loan is due March 1 , 2027 which is subject to an extension of September 1, 2027. The loans bear interest at a rate of 7.59% for the tax exempt loan and $7.94% for the taxable loan. They are both secured by the deed of trust.	7,057,315
Total long-term debt payable to other lenders	147,802,048
Total long-term debt	$ 220,255,128

Long-term debt for the discretely present component units is shown net of unamortized debt issuance costs totaling $1,811,580. Accrued interest payable as of December 31, 2024 and interest expense as of and for the year then ended for the discretely presented component units totaled $2,279,632 and $7,451,666, respectively.

The five-year maturity disclosure information can be found in the financial statements of each individual discretely presented component unit, which can be obtained by management of the Authority.

NOTE 12. OTHER NON-CURRENT LIABILITIES

As of December 31, 2024, other liabilities of the primary government totaled $2,790,358, and consisted of the following activity for the year then ended:

Description	Balances at December 31, 2023	Additions	Deletions	Balances at December 31, 2024
Due to related parties	$ 66,235	$ 7,863	$ (66,235)	$ 7,863
Contract retention	913,141	-	(868,450)	44,691
Lease liability	425,503	20,867,758	(328,740)	20,964,521
Long-term bonds and notes payable	6,877,486	4,152,445	(172,622)	10,857,309
Accrued compensated absences	987,350	1,056,048	(1,012,670)	1,030,728
Deferred revenue - Government	3,605,903	-	(1,138,390)	2,467,513
FSS Escrow	221,828	184,338	(135,875)	270,291
Total	$ 13,097,446	$ 26,268,452	$ (3,722,982)	35,642,916
Due within one year				585,942
Non-current portion				$ 35,056,974

NOTE 12. OTHER NON-CURRENT LIABILITIES (continued)

As of December 31, 2024, other liabilities of the discretely presented component units totaled $41,320,228, and consisted of the following activity for the year then ended:

Description	Balances at December 31, 2023	Additions	Deletions	Balances at December 31, 2024
Accrued interest	$ 20,674,141	$ 7,451,666	$ (4,912,872)	$ 23,212,935
Accrued compensated absences	210,076	222,947	(276,147)	156,876
Long-term bonds and notes payable	210,305,077	21,902,722	(11,952,671)	220,255,128
Due to related parties	8,672,146	-	(14,969)	8,657,177
Developer fee	10,355,991	1,373,757	-	11,729,748
Total	$ 250,217,431	$ 30,951,092	$ (17,156,659)	264,011,864
Due within one year				53,248,163
Non-current portion				$ 210,763,701

NOTE 13. RESTRICTED NET POSITION

Restricted net position consists of the following as of December 31, 2024:

Description	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Housing assistance payment reserves	$ 19,300	$ -	$ 19,300
FSS escrows forfeitures	51,381	-	51,381
Project reserves	1,745,343	13,261,521	15,006,864
Total restricted net position	$ 1,816,024	$ 13,261,521	$ 15,077,545

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers and Mainstream Vouchers programs for future housing assistance payments.

FSS escrows forfeitures are to be used to fund eligible expenses of FSS participants in good standing.

Project reserves represent funds that are restricted for repairs and replacement of buildings and equipment, operating deficits, insurance and tax escrows, and mortgage escrows.

NOTE 14. COMMITMENTS AND CONTINGENCIES

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD.

As of December 31, 2024, the Authority estimates that no material liabilities will result from such audits.

NOTE 15. DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which became effective October 18, 1999, is administered by ICMA Retirement Corporation d/b/a MissionSquare Retirement. The plan, available to all regular employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefits of participants and their beneficiaries.

The Authority's plan is administered by MissionSquare Retirement. A total of $7,616,467 is being held by this company on behalf of the Authority's employees. These funds are not recorded as assets of the Authority since they are held in trust for the exclusive benefit of participants and their beneficiaries and are not subject to claims of the Authority's general creditors.

NOTE 16. DEFINED CONTRIBUTION RETIREMENT PLAN

The Authority provides a defined contribution retirement plan for its employees in accordance with Internal Revenue Code Section 401. This plan, administered by MissionSquare Retirement, was originally approved by the Board and may be amended by the Board, as allowable by the Internal Revenue Code. A defined contribution retirement plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution retirement plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the return earned on investments of those contributions. All regular, full-time employees of the Authority must participate in the retirement plan from the date they are hired. Participants have the responsibility of selecting how their funds are invested within the approved set of investment choices. Contributions made by an employee vest immediately and contributions made by the Authority vest after 5 years of full-time employment. An employee who leaves the employment of the Authority is entitled to his or her contributions and the Authority's contributions if vesting requirements are satisfied.

The Authority's payroll for employees covered by the retirement plan for the year ended December 31, 2024 was approximately $10,859,401, while total payroll was $12,495,391. The Authority contributes 12.5% of each employee's base salary to a 401(a) deferred compensation plan to all eligible employees. In addition, effective May 10, 2022, the Authority will match an employee retirement contribution up to 5% of the employees base salary into the Authority 401(a) deferred compensation plan. During 2024, the Authority contributed a total of $1,727,081 to the plan. This amount represents the required contributions, less forfeitures of $7,791 accruing to the plan during 2024. Employees are not required to contribute to the plan. The total plan assets held by MissionSquare Retirement as of December 31, 2024, were $19,321,730.

NOTE 17. GAIN ON SALE OF ASSETS

In September of 2024, the Authority sold the Patterson Point land and related development costs. The land transaction, with a sales price of $2,940,000, resulted in a gain of $387,724. The development costs sold at cost for $1,634,267.

In November of 2024, the Authority sold four vehicles. The sales resulted in a gain of $24,013.

NOTE 18. SPECIAL ITEMS

Pursuant to various Partnership Agreements, the Limited Partners of certain discretely presented component units are required to provide capital contributions and receive distributions. During the year ended December 31, 2024, the Limited Partners contributed $16,127,246 of capital contributions to the discretely presented component units and $17,695 of distributions from the discretely presented component units, which are recorded as special items in the Statement of Revenues, Expenses and Changes in Net Position. Capital contributions and distributions are subject to adjustments based on the amount of LIHTC allocated to the discretely presented component units in addition to other occurrences as more fully explained in the partnership agreements.

NOTE 19. SUBSEQUENT EVENTS

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through July 9, 2025 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Housing Authority of the County of Santa Barbara:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business type activities (primary government) and the aggregate discretely presented component units of the Housing Authority of the County of Santa Barbara (the "Authority") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 9, 2025. Our report includes a reference to other auditors who audited the financial statements of Ted Zenich Gardens, LP, Los Alamos Creekside Village, LP, Pescardero Lofts Isla Vista, LP, Santa Rita Village, LP, Leland Grossman Sandpiper, LP, Miller Stanley, LP, Golden Inn and Village Family, LP, 513 North G., LP, Parkview Isla Vista, LP, Lompoc Palm Grove Apartments, LP, Santa Rita Village II, LP, Lompoc Gardens, LP, Golden Inn and Village Senior, LP, Positano Apartments, LP, Residence at Depot Street, LP, Parkside Gardens Apartments, LP, Lompoc Terrace Apartments, LP, Central Plaza Apartments Resyndication, LP, and Harry's House, LP as described in our report on the financial statements of the Authority. Those financial statements were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with those entities.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

July 9, 2025
Toms River, New Jersey

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Commissioners
Housing Authority of the County of Santa Barbara:

Opinion on Each Major Federal Program

We have audited the Housing Authority of the County of Santa Barbara's (the "Authority") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2024. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on the major federal program is not modified with respect to this matter.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a significant deficiency.

Report on Internal Control over Compliance (continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subject to other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Novogradac & Company LLP

July 9, 2025
Toms River, New Jersey

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Federal Grantor/Program Title	Federal AL Number	Grant Expenditures
U.S. Department of Housing and Urban Development - Direct Programs:		
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	$ 88,145,619
Mainstream Vouchers	14.879	3,171,734
Emergency Housing Vouchers	14.EHV	3,342,429
Total Housing Voucher Cluster		94,659,782
Public and Indian Housing Program	14.850	558,213
Economic Development Initiative - Community Project Funding Grants	14.251	465,983
Resident Opportunity and Supportive Services	14.870	47,825
Family Self Sufficiency Program	14.896	120,750
Subtotal United States Department of Housing and Urban Development - Direct Programs		95,852,553
U.S. Department of Housing and Urban Development - Pass Through Programs:		
County of Santa Barbara; HOME Investment Partnership Program	14.239	241,147
Total Expenditures of Federal Awards		$ 96,093,700

See Notes to Schedule of Expenditures of Federal Awards.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended December 31, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. INDIRECT COST RATE

The Authority has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

I. Summary of Auditors' Results

Financial Statement Section

1.	Type of auditors' report issued:		Unmodified
2.	Internal control over financial reporting		
	a.	Material weakness(es) identified?	No
	b.	Significant deficiency(ies) identified?	None Reported
3.	Noncompliance material to the financial statements?		No

Federal Awards Section

1.	Internal control over compliance:		
	a.	Material weakness(es) identified?	No
	b.	Significant deficiency(ies) identified?	Yes
2.	Type of auditors' report on compliance for major programs:		Unmodified
3.	Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		Yes

4. Identification of major programs:

AL Number	Name of Federal Program
	Housing Voucher Cluster:
14.871	Section 8 Housing Choice Vouchers
14.879	Mainstream Vouchers
14.EHV	Emergency Housing Vouchers

5.	Dollar threshold used to distinguish between Type A and Type B Programs:	$2,882,811
6.	Auditee qualified as low-risk Auditee?	No

II. Financial Statement Findings

There were no findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards.*

III. Federal Award Findings and Questioned Costs

Finding 2024-001

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program Titles: Housing Voucher Cluster
Assistance Listing Number: 14.871, 14.879 and 14.EHV
Noncompliance – N. Special Tests and Provisions - Housing Quality Standards
Non Compliance Material to the Financial Statements: No
Significant Deficiency in Internal Control over Compliance for Special Tests and Provisions

Criteria: Housing Quality Standards Inspections. The PHA must inspect the unit leased to a family at least biennially to determine if the unit meets the Housing Quality Standards (HQS) and the PHA must conduct quality control re-inspections. The PHA must prepare a unit inspection report (24 CFR sections 982.158(d) and 982.405(b)). For units that fail inspection the PHA must correct all life threatening HQS deficiencies within 24 hours and all other deficiencies within 30 days.

Condition: Based upon inspection of the Authority's files and on discussion with management, there was a failed inspection that did not pass reinspection within 30 days without penalty.

Context: There were approximately three hundred sixty (360) failed inspections during the audit period. Of a sample size of twenty-five (25) failed inspections, one (1) unit did not pass reinspection within 30 days. HAP was not abated nor was the tenant transferred.

Known Questioned Costs: $5,322

Our sample size is statistically valid.

Cause: There is a significant deficiency in internal controls over the compliance for the special tests and provisions type of compliance related to HQS inspections.

Effect: The Housing Voucher Cluster is in non-compliance with the special tests and provisions type of compliance related to HQS inspections.

Recommendation: We recommend the Authority design and implement a corrective action plan that will assure housing quality standards compliance requirements in accordance with the Uniform Guidance and the compliance supplement.

Authority Response: The Authority accepts the recommendation of the auditor and will make the necessary changes to its inspection process to ensure enforcement of Housing Quality Standards (or any subsequent replacement).

IV. Schedule of Prior Year Audit Findings

Finding 2023-001:

Observation: Based upon inspection of the Authority's files and on discussion with management, there was a failed inspection that did not pass reinspection within 30 days without penalty.

Status: The finding is unresolved. See finding 2024-001.

Housing Authority of the County of Santa Barbara (CA021)

Lompoc, CA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2024

	Project Total	14.EFA FSS Escrow Forfeiture Account	6.1 Component Unit Discretely Presented	6.2 Component Unit Blended	14.896 PIH Family Self-Sufficiency Program
111 Cash - Unrestricted	$56,170		$8,597,444	$812,575	
112 Cash - Restricted - Modernization and Development			$216		
113 Cash - Other Restricted		$51,381	$13,261,303	$1,513,991	
114 Cash - Tenant Security Deposits			$986,430	$88,507	
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	$56,170	$51,381	$22,845,393	$2,415,073	$0
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects					
124 Accounts Receivable - Other Government			$32,642	$64	
125 Accounts Receivable - Miscellaneous			$268,203	$84,746	
126 Accounts Receivable - Tenants			$388,215	$89,027	
126.1 Allowance for Doubtful Accounts -Tenants			-$157,404	-$38,320	
126.2 Allowance for Doubtful Accounts - Other			$0	$0	
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	$0	$0	$531,656	$135,517	$0
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets			$611,249	$195,327	
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From				$6,489	
145 Assets Held for Sale					
150 Total Current Assets	$56,170	$51,381	$23,988,298	$2,752,406	$0
161 Land			$32,190,792	$167,165	
162 Buildings	$2,257,164		$309,212,303	$13,644,994	
163 Furniture, Equipment & Machinery - Dwellings			$37,379,429	$113,032	
164 Furniture, Equipment & Machinery - Administration	$29,603		$1,577,166	$141,622	
165 Leasehold Improvements				$1,196,540	
166 Accumulated Depreciation	-$739,744		-$93,222,593	-$10,914,571	
167 Construction in Progress			$57,018,842		
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	$1,547,023	$0	$344,155,939	$4,348,782	$0
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets			$3,656,079		
176 Investments in Joint Ventures			$1,000	$818,355	
180 Total Non-Current Assets	$1,547,023	$0	$347,813,018	$5,167,137	$0
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	$1,603,193	$51,381	$371,801,316	$7,919,543	$0

See report of independent auditors.

Housing Authority of the County of Santa Barbara (CA021)

Lompoc, CA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2024

	Project Total	14.EFA FSS Escrow Forfeiture Account	6.1 Component Unit Discretely Presented	6.2 Component Unit Blended	14.896 PIH Family Self-Sufficiency Program
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	$1,950		$1,003,613	$170,859	
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable			$62,339	$15,401	
322 Accrued Compensated Absences - Current Portion			$15,688	$373	
324 Accrued Contingency Liability					
325 Accrued Interest Payable			$2,279,632		
331 Accounts Payable - HUD PHA Programs			$13,123	$3,427	
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					
341 Tenant Security Deposits			$986,430	$88,507	
342 Unearned Revenue			$71,686	$20,156	
344 Current Portion of Long-term Debt - Operating Borrowings			$37,345,001		
344 Current Portion of Long-term Debt - Operating Borrowings			$1,031,377		
345 Other Current Liabilities			$12,576,466	$3,340	
346 Accrued Liabilities - Other					
347 Inter Program - Due To		$1,360		$1,430,572	
348 Loan Liability - Current					
310 Total Current Liabilities	$1,950	$1,360	$55,385,355	$1,732,635	$0
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			$181,733,271		
352 Long-term Debt, Net of Current - Operating Borrowings	$622,379		$145,480		
353 Non-current Liabilities - Other			$28,743,763		
354 Accrued Compensated Absences - Non Current			$141,188	$3,352	
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	$622,379	$0	$210,763,702	$3,352	$0
300 Total Liabilities	$624,329	$1,360	$266,149,057	$1,735,987	$0
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	$1,547,023		$128,294,739	$4,348,782	
511.4 Restricted Net Position		$51,381	$13,261,519	$1,513,991	
512.4 Unrestricted Net Position	-$568,159	-$1,360	-$35,903,999	$320,783	$0
513 Total Equity - Net Assets / Position	$978,864	$50,021	$105,652,259	$6,183,556	$0
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$1,603,193	$51,381	$371,801,316	$7,919,543	$0

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2024

	1 Business Activities	2 State/Local	8 Other Federal Program 1	14.879 Mainstream Vouchers	14.239 HOME Investment Partnerships Program
111 Cash - Unrestricted	$3,391,271	$350,709		$369,783	
112 Cash - Restricted - Modernization and Development		$604,703			
113 Cash - Other Restricted	$30,000	$201,352		$6,539	
114 Cash - Tenant Security Deposits	$129,894	$6,466			
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	$3,551,165	$1,163,230	$0	$376,322	$0
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects				$82,595	
124 Accounts Receivable - Other Government	$6,172	$5,403			$142,911
125 Accounts Receivable - Miscellaneous		$236		$7,696	
126 Accounts Receivable - Tenants	$49,462	$30			
126.1 Allowance for Doubtful Accounts -Tenants	-$22,142	$0			
126.2 Allowance for Doubtful Accounts - Other	$0	$0		-$6	$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	$33,492	$5,669	$0	$90,285	$142,911
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	$4,239				
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	$3,588,896	$1,168,899	$0	$466,607	$142,911
161 Land	$2,103,782	$67,900			
162 Buildings	$31,175,239	$402,845			
163 Furniture, Equipment & Machinery - Dwellings	$1,030,846				
164 Furniture, Equipment & Machinery - Administration					
165 Leasehold Improvements	$19,955,633				
166 Accumulated Depreciation	-$3,282,811	-$380,503			
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	$50,982,689	$90,242	$0	$0	$0
171 Notes, Loans and Mortgages Receivable - Non-Current		$450,000			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	$50,982,689	$540,242	$0	$0	$0
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	$54,571,585	$1,709,141	$0	$466,607	$142,911

Housing Authority of the County of Santa Barbara (CA021)

Lompoc, CA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2024

	1 Business Activities	2 State/Local	8 Other Federal Program 1	14.879 Mainstream Vouchers	14.239 HOME Investment Partnerships Program
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	$414,341	$15,393		$4,898	$2,650
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	$8,020	$660		$900	
322 Accrued Compensated Absences - Current Portion	$1,240	$391		$193	
324 Accrued Contingency Liability					
325 Accrued Interest Payable	$2,318	$360			
331 Accounts Payable - HUD PHA Programs				$66,633	
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					
341 Tenant Security Deposits	$129,881	$6,466			
342 Unearned Revenue	$3,135	$1,896			$0
344 Current Portion of Long-term Debt - Operating Borrowings	$202,138	$12,293			
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities	$44,692				
346 Accrued Liabilities - Other					
347 Inter Program - Due To	$29,654				$140,261
348 Loan Liability - Current					
310 Total Current Liabilities	$835,419	$37,459	$0	$72,624	$142,911
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	$25,266,111	$131,632			
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other	$1,862,810	$604,703		$6,539	
354 Accrued Compensated Absences - Non Current	$11,157	$3,518		$1,739	
355 Loan Liability - Non Current		$450,000			
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	$27,140,078	$1,189,853	$0	$8,278	$0
300 Total Liabilities	$27,975,497	$1,227,312	$0	$80,902	$142,911
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	$25,514,440	-$53,683		$0	
511.4 Restricted Net Position	$30,000	$201,352		$0	
512.4 Unrestricted Net Position	$1,051,648	$334,160	$0	$385,705	$0
513 Total Equity - Net Assets / Position	$26,596,088	$481,829	$0	$385,705	$0
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$54,571,585	$1,709,141	$0	$466,607	$142,911

Housing Authority of the County of Santa Barbara (CA021)

Lompoc, CA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2024

	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.EHV Emergency Housing Voucher	COCC	ELIM	Total
111 Cash - Unrestricted	$2,614,540		$57,742	$3,934,878		$20,185,112
112 Cash - Restricted - Modernization and Development						$604,919
113 Cash - Other Restricted	$263,015		$20,038			$15,347,619
114 Cash - Tenant Security Deposits						$1,211,297
115 Cash - Restricted for Payment of Current Liabilities			$21,733			$21,733
100 Total Cash	$2,877,555	$0	$99,513	$3,934,878	$0	$37,370,680
121 Accounts Receivable - PHA Projects	$17,839		$31,440			$49,279
122 Accounts Receivable - HUD Other Projects	$190,523					$273,118
124 Accounts Receivable - Other Government				$26,801		$213,993
125 Accounts Receivable - Miscellaneous	$400,230		$10,917	$5,974,057		$6,746,085
126 Accounts Receivable - Tenants				$2,060		$528,794
126.1 Allowance for Doubtful Accounts -Tenants				$0		-$217,866
126.2 Allowance for Doubtful Accounts - Other	-$312,455		-$3,630	$0		-$316,091
127 Notes, Loans, & Mortgages Receivable - Current				$2,787,168		$2,787,168
128 Fraud Recovery						
128.1 Allowance for Doubtful Accounts - Fraud						
129 Accrued Interest Receivable				$1,271,994		$1,271,994
120 Total Receivables, Net of Allowances for Doubtful Accounts	$296,137	$0	$38,727	$10,062,080	$0	$11,336,474
131 Investments - Unrestricted						
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets				$694,317		$1,505,132
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From	$1,360			$1,600,487	-$1,608,336	$0
145 Assets Held for Sale						
150 Total Current Assets	$3,175,052	$0	$138,240	$16,291,762	-$1,608,336	$50,212,286
161 Land						$34,529,639
162 Buildings	$8,000			$914,650		$357,615,195
163 Furniture, Equipment & Machinery - Dwellings						$38,523,307
164 Furniture, Equipment & Machinery - Administration	$380,721			$634,520		$2,763,632
165 Leasehold Improvements				$860,393		$22,012,566
166 Accumulated Depreciation	-$301,111			-$971,275		-$109,812,608
167 Construction in Progress				$4,879,806		$61,898,648
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	$87,610	$0	$0	$6,318,094	$0	$407,530,379
171 Notes, Loans and Mortgages Receivable - Non-Current				$87,891,518	-$622,379	$87,719,139
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due						
173 Grants Receivable - Non Current						
174 Other Assets				$5,627,684		$9,283,763
176 Investments in Joint Ventures				$1,282,782		$2,102,137
180 Total Non-Current Assets	$87,610	$0	$0	$101,120,078	-$622,379	$506,635,418
200 Deferred Outflow of Resources						
290 Total Assets and Deferred Outflow of Resources	$3,262,662	$0	$138,240	$117,411,840	-$2,230,715	$556,847,704

See report of independent auditors.

Housing Authority of the County of Santa Barbara (CA021)

Lompoc, CA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2024

	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.EHV Emergency Housing Voucher	COCC	ELIM	Total
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	$152,949		$14,053	$685,016		$2,465,722
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable	$69,175		$2,895	$275,631		$435,021
322 Accrued Compensated Absences - Current Portion	$14,230		$402	$86,245		$118,762
324 Accrued Contingency Liability						
325 Accrued Interest Payable				$304,708		$2,587,018
331 Accounts Payable - HUD PHA Programs			$10,696			$93,879
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government						
341 Tenant Security Deposits						$1,211,284
342 Unearned Revenue	$1,191		$21,733			$119,797
344 Current Portion of Long-term Debt - Operating Borrowings				$195,883		$37,755,315
344 Current Portion of Long-term Debt - Operating Borrowings				$20,000		$1,051,377
345 Other Current Liabilities				$4,522		$12,629,020
346 Accrued Liabilities - Other						
347 Inter Program - Due To				$6,489	-$1,608,336	$0
348 Loan Liability - Current						
310 Total Current Liabilities	$237,545	$0	$49,779	$1,578,494	-$1,608,336	$58,467,195
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				$1,880,440		$209,011,454
352 Long-term Debt, Net of Current - Operating Borrowings				$3,663,333	-$622,379	$3,808,813
353 Non-current Liabilities - Other	$263,014		$738			$31,481,567
354 Accrued Compensated Absences - Non Current	$128,070		$3,615	$776,203		$1,068,842
355 Loan Liability - Non Current						$450,000
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities						
350 Total Non-Current Liabilities	$391,084	$0	$4,353	$6,319,976	-$622,379	$245,820,676
300 Total Liabilities	$628,629	$0	$54,132	$7,898,470	-$2,230,715	$304,287,871
400 Deferred Inflow of Resources						
508.4 Net Investment in Capital Assets	$87,610		$0	$4,241,771		$163,980,682
511.4 Restricted Net Position	$0		$19,300	$0		$15,077,543
512.4 Unrestricted Net Position	$2,546,423	$0	$64,808	$105,271,599		$73,501,608
513 Total Equity - Net Assets / Position	$2,634,033	$0	$84,108	$109,513,370	$0	$252,559,833
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$3,262,662	$0	$138,240	$117,411,840	-$2,230,715	$556,847,704

	Project Total	14.EFA FSS Escrow Forfeiture Account	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program
70300 Net Tenant Rental Revenue			$26,681,366	$4,352,760	
70400 Tenant Revenue - Other			$71,323	$220,868	
70500 Total Tenant Revenue	$0	$0	$26,752,689	$4,573,628	$0
70600 HUD PHA Operating Grants	$558,213				$120,750
70610 Capital Grants					
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants					
71100 Investment Income - Unrestricted	$6		$1,199		
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery					
71500 Other Revenue	$4	$11,970	$631,102	$1,546,471	
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted		$10	$71,752	$79	
70000 Total Revenue	$558,223	$11,980	$27,456,742	$6,120,178	$120,750
91100 Administrative Salaries			$639,552	$351,411	
91200 Auditing Fees			$204,457	$5,810	
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing			$5,500	$1,575	
91500 Employee Benefit contributions - Administrative			$333,613	$85,696	
91600 Office Expenses	$28,363		$751,770	$277,715	
91700 Legal Expense			$122,114	$6,845	
91800 Travel			$6,096	$5,703	
91810 Allocated Overhead					
91900 Other	$13		$795,580	$588,036	
91000 Total Operating - Administrative	$28,376	$0	$2,858,682	$1,322,791	$0
92000 Asset Management Fee					
92100 Tenant Services - Salaries			$25,282	$48,933	$75,803
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services			$8,106	$4,618	$34,130
92400 Tenant Services - Other		$1,360	$367,274	$10,256	
92500 Total Tenant Services	$0	$1,360	$400,662	$63,807	$109,933
93100 Water	$616		$606,160	$160,119	
93200 Electricity			$1,146,267	$215,362	
93300 Gas	$2,138		$158,952	$5,643	
93400 Fuel					
93500 Labor					
93600 Sewer			$556,299	$43,128	
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	$2,754	$0	$2,467,678	$424,252	$0

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2024

	Project Total	14.EFA FSS Escrow Forfeiture Account	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program
94100 Ordinary Maintenance and Operations - Labor			$1,240,808	$412,934	
94200 Ordinary Maintenance and Operations - Materials and Other	$1,078		$589,437	$187,089	
94300 Ordinary Maintenance and Operations Contracts	$12,281		$2,408,073	$372,934	
94500 Employee Benefit Contributions - Ordinary Maintenance			$605,249	$141,906	
94000 Total Maintenance	$13,359	$0	$4,843,567	$1,114,863	$0
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs	$1,327		$711,319	$100,113	
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	$1,327	$0	$711,319	$100,113	$0
96110 Property Insurance			$671,091	$105,890	
96120 Liability Insurance			$65,840	$52,736	
96130 Workmen's Compensation			$119,951	$58,602	$257
96140 All Other Insurance			$155,894	$31,429	
96100 Total insurance Premiums	$0	$0	$1,012,776	$248,657	$257
96200 Other General Expenses	$4		$2,882,474	$7,600	
96210 Compensated Absences			$222,944	$65,064	$10,560
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents			$99,663	$40,852	
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	$4	$0	$3,205,081	$113,516	$10,560
96710 Interest of Mortgage (or Bonds) Payable			$3,804,528		
96720 Interest on Notes Payable (Short and Long Term)			$3,647,136		
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	$0	$0	$7,451,664	$0	$0
96900 Total Operating Expenses	$45,820	$1,360	$22,951,429	$3,387,999	$120,750
97000 Excess of Operating Revenue over Operating Expenses	$512,403	$10,620	$4,505,313	$2,732,179	$0
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments	$799,912				
97350 HAP Portability-In					
97400 Depreciation Expense	$74,840		$10,790,768	$564,084	
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	$920,572	$1,360	$33,742,197	$3,952,083	$120,750

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2024

	Project Total	14.EFA FSS Escrow Forfeiture Account	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program
10010 Operating Transfer In					
10020 Operating transfer Out					
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)			$16,188,853		
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	$0	$0	$16,188,853	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$362,349	$10,620	$9,903,398	$2,168,095	$0
11020 Required Annual Debt Principal Payments	$0	$0	$35,649,882	$0	$0
11030 Beginning Equity	$1,955,194	$39,401	$95,748,861	$3,944,285	$0
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-$613,981			$71,176	
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity					
11180 Housing Assistance Payments Equity					
11190 Unit Months Available					
11210 Number of Unit Months Leased	0		12432	1800	

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2024

	1 Business Activities	2 State/Local	8 Other Federal Program 1	14.879 Mainstream Vouchers	14.239 HOME Investment Partnerships Program
70300 Net Tenant Rental Revenue	$2,134,135	$146,762			
70400 Tenant Revenue - Other	$16,490	$60			
70500 Total Tenant Revenue	$2,150,625	$146,822	$0	$0	$0
70600 HUD PHA Operating Grants			$465,983	$3,112,030	$241,147
70610 Capital Grants					
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants	$1,138,390				
71100 Investment Income - Unrestricted	$64,982			$52	
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery					
71500 Other Revenue	$3	$22,454			
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted		$1,893			
70000 Total Revenue	$3,354,000	$171,169	$465,983	$3,112,082	$241,147
91100 Administrative Salaries	$86,070	$18,372		$27,983	$6,356
91200 Auditing Fees	$1,560	$462		$690	
91300 Management Fee				$46,320	
91310 Book-keeping Fee				$12,518	
91400 Advertising and Marketing	$2,082				
91500 Employee Benefit contributions - Administrative	$39,904	$10,391		$14,109	$2,473
91600 Office Expenses	$68,997	$1,493		$24,033	
91700 Legal Expense	$72,207				
91800 Travel	$195			$18	
91810 Allocated Overhead					
91900 Other	$188,843			$155	
91000 Total Operating - Administrative	$459,858	$30,718	$0	$125,826	$8,829
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other	$352,293			$5,000	
92500 Total Tenant Services	$352,293	$0	$0	$5,000	$0
93100 Water	$36,235	$3,251			
93200 Electricity	$63,512	$5,064			
93300 Gas	$11,235	$2,355			
93400 Fuel					
93500 Labor					
93600 Sewer	$13,811	$1,393			
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	$124,793	$12,063	$0	$0	$0

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2024

	1 Business Activities	2 State/Local	8 Other Federal Program 1	14.879 Mainstream Vouchers	14.239 HOME Investment Partnerships Program
94100 Ordinary Maintenance and Operations - Labor	$141,091	$4,270			
94200 Ordinary Maintenance and Operations - Materials and Other	$67,384	$5,579			
94300 Ordinary Maintenance and Operations Contracts	$239,021	$20,076			
94500 Employee Benefit Contributions - Ordinary Maintenance	$45,207	$1,468			
94000 Total Maintenance	$492,703	$31,393	$0	$0	$0
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs	$634,248				
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	$634,248	$0	$0	$0	$0
96110 Property Insurance	$47,247	$1,522			
96120 Liability Insurance	$15,233	$6,178			
96130 Workmen's Compensation	$13,426	$447		$189	$19
96140 All Other Insurance	$9,856	$2,177		$587	
96100 Total insurance Premiums	$85,762	$10,324	$0	$776	$19
96200 Other General Expenses	$357,522	$5		$208	
96210 Compensated Absences	$16,643	$1,576		$3,756	
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents	$16,286				
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	$390,451	$1,581	$0	$3,964	$0
96710 Interest of Mortgage (or Bonds) Payable	$29,025	$4,483			
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	$29,025	$4,483	$0	$0	$0
96900 Total Operating Expenses	$2,569,133	$90,562	$0	$135,566	$8,848
97000 Excess of Operating Revenue over Operating Expenses	$784,867	$80,607	$465,983	$2,976,516	$232,299
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments				$3,036,168	$232,299
97350 HAP Portability-In					
97400 Depreciation Expense	$1,834,175	$2,868			
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	$4,403,308	$93,430	$0	$3,171,734	$241,147

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2024

	1 Business Activities	2 State/Local	8 Other Federal Program 1	14.879 Mainstream Vouchers	14.239 HOME Investment Partnerships Program
10010 Operating Transfer In					
10020 Operating transfer Out					
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$1,049,308	$77,739	$465,983	-$59,652	$0
11020 Required Annual Debt Principal Payments	$202,138	$12,293	$0	$0	$0
11030 Beginning Equity	$24,982,520	$404,090	$225,985	$445,357	$0
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$2,662,876		-$691,968		
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity					
11180 Housing Assistance Payments Equity					
11190 Unit Months Available					
11210 Number of Unit Months Leased	986	60		1944	142

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2024

	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.EHV Emergency Housing Voucher	COCC	ELIM	Total
70300 Net Tenant Rental Revenue					-$4,527,757	$28,787,266
70400 Tenant Revenue - Other						$308,741
70500 Total Tenant Revenue	$0	$0	$0	$0	-$4,527,757	$29,096,007
70600 HUD PHA Operating Grants	$86,837,848	$47,825	$3,262,427			$94,646,223
70610 Capital Grants						
70710 Management Fee				$1,303,214	-$1,303,214	$0
70720 Asset Management Fee						
70730 Book Keeping Fee				$369,203	-$369,203	$0
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue				$1,672,417	-$1,672,417	$0
70800 Other Government Grants				$268,005		$1,406,395
71100 Investment Income - Unrestricted	$103,393		$1	$1,720,965		$1,890,598
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery	$26,019					$26,019
71500 Other Revenue	$702,946		$77,150	$5,008,737	-$144,783	$7,856,054
71600 Gain or Loss on Sale of Capital Assets				$411,737		$411,737
72000 Investment Income - Restricted						$73,734
70000 Total Revenue	$87,670,206	$47,825	$3,339,578	$9,081,861	-$6,344,957	$135,406,767
91100 Administrative Salaries	$1,756,679		$87,787	$4,965,487		$7,939,697
91200 Auditing Fees	$18,590		$770	$21,276		$253,615
91300 Management Fee	$1,204,146		$52,748		-$1,303,214	$0
91310 Book-keeping Fee	$344,025		$12,660		-$369,203	$0
91400 Advertising and Marketing	$2,762			$15,171		$27,090
91500 Employee Benefit contributions - Administrative	$859,720		$53,511	$2,109,294		$3,508,711
91600 Office Expenses	$1,148,106	$1,556	$40,170	$1,449,182	-$110,475	$3,680,910
91700 Legal Expense	$66,984			$264,788		$532,938
91800 Travel	$3,117	$2,494	$21	$130,967		$148,611
91810 Allocated Overhead						
91900 Other	$352,319		$4,070	$639,325	-$34,308	$2,534,033
91000 Total Operating - Administrative	$5,756,448	$4,050	$251,737	$9,595,490	-$1,817,200	$18,625,605
92000 Asset Management Fee						
92100 Tenant Services - Salaries		$31,728		$569,742		$751,488
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services		$11,297		$211,667		$269,818
92400 Tenant Services - Other	$31,434		$16,000	$151,522		$935,139
92500 Total Tenant Services	$31,434	$43,025	$16,000	$932,931	$0	$1,956,445
93100 Water	$280			$3,463		$810,124
93200 Electricity	$1,591			$32,203		$1,463,999
93300 Gas	$252			$2,000		$182,575
93400 Fuel						
93500 Labor						
93600 Sewer	$32			$979		$615,642
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense						
93000 Total Utilities	$2,155	$0	$0	$38,645	$0	$3,072,340

Housing Authority of the County of Santa Barbara (CA021)

Lompoc, CA

Submission Type: Audited/Single Audit | **Entity Wide Revenue and Expense Summary** | Fiscal Year End: 12/31/2024

	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.EHV Emergency Housing Voucher	COCC	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor				$109,672		$1,908,775
94200 Ordinary Maintenance and Operations - Materials and Other				$8,995		$859,562
94300 Ordinary Maintenance and Operations Contracts	$3,298			$72,904		$3,128,587
94500 Employee Benefit Contributions - Ordinary Maintenance				$45,857		$839,687
94000 Total Maintenance	$3,298	$0	$0	$237,428	$0	$6,736,611
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs	$554			$43,135		$1,490,696
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	$554	$0	$0	$43,135	$0	$1,490,696
96110 Property Insurance				$18,803		$844,553
96120 Liability Insurance				$8,512		$148,499
96130 Workmen's Compensation	$31,490	$121	$868	$68,136		$293,506
96140 All Other Insurance	$17,922		$601	$85,957		$304,423
96100 Total insurance Premiums	$49,412	$121	$1,469	$181,408	$0	$1,590,981
96200 Other General Expenses	$48,762		$1,441	$762,510		$4,060,526
96210 Compensated Absences	$201,403	$629	$8,924	$747,493		$1,278,992
96300 Payments in Lieu of Taxes						
96400 Bad debt - Tenant Rents						$156,801
96500 Bad debt - Mortgages						
96600 Bad debt - Other	$33,058		$3,251			$36,309
96800 Severance Expense						
96000 Total Other General Expenses	$283,223	$629	$13,616	$1,510,003	$0	$5,532,628
96710 Interest of Mortgage (or Bonds) Payable						$3,838,036
96720 Interest on Notes Payable (Short and Long Term)				$100,650		$3,747,786
96730 Amortization of Bond Issue Costs						
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$100,650	$0	$7,585,822
96900 Total Operating Expenses	$6,126,524	$47,825	$282,822	$12,639,690	-$1,817,200	$46,591,128
97000 Excess of Operating Revenue over Operating Expenses	$81,543,682	$0	$3,056,756	-$3,557,829	-$4,527,757	$88,815,639
97100 Extraordinary Maintenance						
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments	$81,374,774		$2,989,666		-$4,527,757	$83,905,062
97350 HAP Portability-In	$677,379		$73,192			$750,571
97400 Depreciation Expense	$24,156			$72,799		$13,363,690
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	$88,202,833	$47,825	$3,345,680	$12,712,489	-$6,344,957	$144,610,451

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2024

	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.EHV Emergency Housing Voucher	COCC	ELIM	Total
10010 Operating Transfer In						
10020 Operating transfer Out						
10030 Operating Transfers from/to Primary Government						
10040 Operating Transfers from/to Component Unit						
10050 Proceeds from Notes, Loans and Bonds						
10060 Proceeds from Property Sales						
10070 Extraordinary Items, Net Gain/Loss						
10080 Special Items (Net Gain/Loss)						$16,188,853
10091 Inter Project Excess Cash Transfer In						
10092 Inter Project Excess Cash Transfer Out						
10093 Transfers between Program and Project - In						
10094 Transfers between Project and Program - Out						
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0	$16,188,853
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$532,627	$0	-$6,102	-$3,630,628	$0	$6,985,169
11020 Required Annual Debt Principal Payments	$0	$0	$0	$215,883		$36,080,196
11030 Beginning Equity	$3,166,660	-$5,398	$90,210	$114,577,499		$245,574,664
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		$5,398		-$1,433,501		$0
11050 Changes in Compensated Absence Balance						
11060 Changes in Contingent Liability Balance						
11070 Changes in Unrecognized Pension Transition Liability						
11080 Changes in Special Term/Severance Benefits Liability						
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents						
11100 Changes in Allowance for Doubtful Accounts - Other						
11170 Administrative Fee Equity	$2,634,033					$2,634,033
11180 Housing Assistance Payments Equity						
11190 Unit Months Available	$0					$0
11210 Number of Unit Months Leased	50138		1896			69398

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2023

WITH REPORT OF INDEPENDENT AUDITORS

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
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DECEMBER 31, 2023

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REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners
Housing Authority of the County of Santa Barbara:

Opinion

We have audited the accompanying financial statements of the business-type activities (primary government) and the aggregate discretely presented component units of the Housing Authority of the County of Santa Barbara (the "Authority") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the net position of the primary government and the aggregate discretely presented component units of the Authority, as of December 31, 2023, and the changes in their net position and, where applicable, their cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Ted Zenich Gardens, LP, Los Alamos Creekside Village, LP, Pescardero Lofts Isla Vista, LP, Santa Rita Village, LP, Leland Grossman Sandpiper, LP, Miller Stanley, LP, Golden Inn and Village Family, LP, 513 North G., LP, Parkview Isla Vista, LP, Lompoc Palm Grove Apartments, LP, Santa Rita Village II, LP, Lompoc Gardens, LP, Golden Inn and Village Senior, LP, Positano Apartments, LP, The Residences at Depot Street, LP, Parkside Gardens Apartments, LP, Lompoc Terrace Apartments, LP, Central Plaza Apartments Resyndication, LP and Harry's House, LP, which represent 91.49% of the assets, 103.20% of the net position and 99.24% of the revenues of the Discretely Presented Component Units as of December 31, 2023 and for the year then ended. Those statements, which were prepared in accordance with the accounting standards issued by the Financial Accounting Standards Board, were audited by other auditors whose reports have been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements to present them in accordance with accounting standards issued by the Governmental Accounting Standards Board. Our opinion, insofar as it relates to the amounts included for the aforementioned entities, prior to these conversion adjustments, is based solely on the reports of the other auditors.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of Management for the Financial Statements (continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matters (continued)

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is presented for purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements. The accompanying financial data schedule is also not a required part of the financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

The schedule of expenditures of federal awards and the financial data schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and financial data schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Novogradac & Company LLP

July 10, 2024
Toms River, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

The Housing Authority of the County of Santa Barbara (the "Authority") management discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis ("MD&A") is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements in this report are those of a special purpose governmental entity engaged in a business type of activity. The following statements are included:

- Statement of Net Position – presents information about the Authority's assets, liabilities, and net position and is similar to a balance sheet. The Statement of Net Position reports all financial capital resources for the Authority. This statement is presented in the format where assets plus deferred outflows of resources, minus liabilities plus deferred inflows of resources, equals "Net Position", which is equivalent to equity in a commercial enterprise. Assets and liabilities are presented in order of liquidity and are classified as "current" (convertible to cash or expected to be used up within one year), and "non-current". Increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving.

- Statement of Revenues, Expenses, and Changes in Net Position – reports the Authority's revenues by source and type of its expenses by category to substantiate the change in net position for the fiscal year then ended.

- Statement of Cash Flows – discloses net cash provided by, or used for operating activities, investing activities, and non-capital financial activities, and capital and related financing activities.

Net Position is reported in three broad categories:

- Net Investment in Capital Assets: This component of net position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- Restricted Net Position: This component of net position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

- Unrestricted Net Position: Consists of net position that do not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position".

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the Authority-wide financial statements.

FUND FINANCIAL STATEMENTS

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The focus is now on major funds, rather than fund types. The Authority consists of exclusively enterprise funds. Enterprise funds utilize the full accrual basis of accounting. The enterprise method of accounting is similar to accounting utilized by business in the private sector. All of the activities of the Authority are reported in a single enterprise fund.

THE AUTHORITY'S PROGRAMS

To fully understand the financial statements of the Authority, one must start with an understanding of what the Authority actually does. The following is a brief description of the programs and services that the Authority provides for the residents of the County of Santa Barbara:

Public and Indian Housing
Under the Public and Indian Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides operating subsidy and capital grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Section 8 Housing Choice Vouchers Program
Under the Section 8 Housing Choice Vouchers Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a housing assistance payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides annual contributions funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

Public Housing Capital Fund Program
Under the Capital Fund Program, the Authority receives grants from the Department of Housing and Urban Development, which are used primarily to maintain and improve the physical condition of its developments. The funds are also used to fund management improvements such as management information systems and tenant services.

THE AUTHORITY'S PROGRAMS (CONTINUED)

Business Activities
The Authority owns non-federal housing units and various interests in low income housing tax credit partnerships. Revenues earned from these activities are recorded in the Business Activities fund.

State and Local Programs
Periodically, the Authority administers various grants from the State of California and/or the County of Santa Barbara. These activities as well as the Authority's internal service funds are reported in this fund.

PIH Family Self Sufficiency Program
The purpose of the Family Self-Sufficiency Program is to promote the development of local strategies to coordinate the use of assistance under the Housing Choice Voucher and Public Housing programs with public and private resources to enable participating families to increase earned income and financial literacy, reduce or eliminate the need for welfare assistance, and make progress toward economic independence and self-sufficiency.

Home Investment Partnership Program
The purpose of the Home Investment Partnership Program is to expand the supply of affordable housing, particularly rental housing, for low and very low income Americans; to strengthen the abilities of State and local governments to design and implement strategies for achieving adequate supplies of decent, affordable housing; and to extend and strengthen partnerships among all levels of government and the private sector, including for-profit and nonprofit organizations, in the production and operation of affordable housing.

Resident Opportunity and Supportive Services - Service Coordinators Program
The purpose of the Resident Opportunities and Supportive Services grant program is to provide funds for job training and supportive services to help residents of public housing transition from welfare to work. This program also provides funding to link elderly/disabled residents to critical services which can help them continue to live independently.

Mainstream Vouchers Program
The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families whose head of household has a disability. The program provides payments covering the difference between the maximum rent on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating household.

Central Office Cost Center
The Central Office Cost Center ("COCC") is mandated by HUD to account for "centralized" services and functions necessary to the Authority's operations. Funding for the COCC is in the form of fees charged to other Authority programs and activities as well as to affiliate entities. The fees charged include those specified by HUD as management fees, bookkeeping fees, asset management fees and other fees for service. HUD regulates which and how fees may be charged to HUD programs.

EFA Family Self Sufficiency ("FSS") Forfeitures Program
The program requires that forfeited FSS escrow funds be used by the Authority for the benefit of any FSS participant(s) in good standing.

THE AUTHORITY'S PROGRAMS (CONTINUED)

Emergency Housing Vouchers

The purpose of Emergency Housing Vouchers is to assist individuals and families who are experiencing homelessness; at risk of experiencing homelessness; fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking; or were recently homeless and for whom providing rental assistance will prevent the family's homelessness or having high risk of housing instability.

FINANCIAL HIGHLIGHTS

Total Assets for FY 2022 were $154,326,185 and for FY 2023 the amount was $164,292,586. This represents an overall net increase of $9,966,401 or 6.5%.

Capital Assets (net) increased from $32,878,019 in FY 2022 to $41,520,467 in FY 2023, or by $8,642,448 or 26.3%. The increase is the net amount of depreciation expense in FY 2023 of $871,411, capital asset additions of $10,510,017, and capital asset disposals of $966,158.

Current liabilities increased from $2,266,040 in FY 2022 to $2,757,045 in FY 2023 or by $491,005 or 21.7%. The increase is primarily due to an increase of $435,114 in payments due to vendors during 2023.

Non-current liabilities decreased from $13,111,342 in FY 2022 to $11,709,739 in FY 2023 or by $1,401,603 or 10.7%. The decrease is primarily due to the Authority being awarded an $18,358,701 HomeKey grant from the California Department of Housing and Community Development in which $4,106,830 was deferred during 2022.

ANALYSIS OF ENTITY-WIDE ASSETS & LIABILITIES (STATEMENT OF NET POSITION)

The table below illustrates our analysis:

	2023	2022	Net Change	Percent Variance
Cash & Cash Equivalents	$ 13,826,936	$ 7,761,834	$ 6,065,102	78.1%
Other Current Assets	10,394,217	12,874,232	(2,480,015)	-19.3%
Other Non-Current Assets	98,550,966	100,812,100	(2,261,134)	-2.2%
Net Capital Assets	41,520,467	32,878,019	8,642,448	26.3%
Total Assets	**$ 164,292,586**	**$ 154,326,185**	**$ 9,966,401**	**6.5%**
Current Liabilities	$ 2,757,045	$ 2,266,040	$ 491,005	21.7%
Non Current Liabilities	11,709,739	13,111,342	(1,401,603)	-10.7%
Total Liabilities	**14,466,784**	**15,377,382**	**(910,598)**	**-5.9%**
Net Investment in Capital Assets	38,862,853	30,005,037	8,857,816	29.5%
Restricted Net Position	3,988,854	5,952,808	(1,963,954)	-33.0%
Unrestricted Net Position	106,974,095	102,990,958	3,983,137	3.9%
Total Net Position/Liabilities/Equity	**$ 164,292,586**	**$ 154,326,185**	**$ 9,966,401**	**6.5%**

ANALYSIS OF CAPITAL ASSET ACTIVITY

The table below illustrates the changes in Capital Assets throughout the fiscal year:

	2023	2022	Net Change	Percent Variances
Land	$ 4,891,123	$ 2,766,469	$ 2,124,654	76.8%
Buildings	36,523,712	36,254,236	269,476	0.7%
Furniture, Equip., & Mach.	1,364,955	1,918,964	(554,009)	-28.9%
Leasehold Improvements	1,196,540	1,728,478	(531,938)	-30.8%
Construction in Process	11,561,227	5,535,670	6,025,557	108.8%
Total Fixed Assets	**55,537,557**	**48,203,817**	**7,333,740**	15.2%
Accumulated Depreciation	(14,017,090)	(15,325,798)	1,308,708	-8.5%
Net Fixed Assets	**$ 41,520,467**	**$ 32,878,019**	**$ 8,642,448**	26.3%

In fiscal year 2023, the Authority acquired capital assets in the amount of $10,510,017, which was offset by an annual depreciation decrease of $871,411 and dispositions of $966,158, yielding an increase in net capital assets of $8,642,448 or 26.3%. Increase in net capital assets is associated with the sale and transfers of thirteen (13) public housing scattered units to Surf Development and the disposition and transfer of the remaining 150 public units known as Evans Park to Affordable Housing Key Partners, a 501(c)(3) instrumentality of the Housing Authority.

ANALYSIS OF LONG-TERM DEBT

The Authority's total long-term debt at December 31, 2023 and 2022 was $6.9 million and $7.0 million, respectively, a decrease of approximately 1.8%. The Authority paid off approximately $169 thousand of short-term borrowings reported during 2023.

ANALYSIS OF ENTITY-WIDE REVENUES

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ended 2023 were as follows:

Program	Revenues Generated
Section 8 Housing Choice Vouchers (HCV)	$ 76,858,774
Emergency Housing Vouchers	3,239,447
Public and Indian Housing (LIPH)	5,032,356
Public Housing Capital Fund Program (CFP)	2,127,612
FSS Forfeitures	39,401
Mainstream Vouchers (MV)	3,135,844
HOME Investment Partnership Program	31,824
Resident Opportunity and Self-Sufficiency Program (ROSS)	77,777
PIH Family Self-Sufficiency Program	115,000
COCC	8,431,690
State & Local	164,182
Component Unit - Blended	1,217,612
Business Activities	2,720,319
Economic Development Initiative	2,034,018
Total Revenue	**$ 105,225,856**

Total revenues for FY 2022 were $101,750,375 as compared to $105,225,856 of total revenues for FY 2023. Comparatively, FY 2023 revenues increased in relation to FY 2022 revenues by $3,475,482 or 3.4%.

ANALYSIS OF ENTITY-WIDE EXPENSES

The table below illustrates our analysis:

	2023	2022	Net Change	Percent Variances
Administrative	$ 12,330,520	$ 9,473,591	$ 2,856,929	30.2%
Tenant Services	697,795	837,640	(139,845)	-16.7%
Utilities	523,552	636,145	(112,593)	-17.7%
Maintenance	1,512,537	1,294,212	218,325	16.9%
Protective Services	143,530	324,803	(181,273)	-55.8%
Insurance and General Expense	2,463,073	2,938,537	(475,464)	-16.2%
Housing Assistance Payments	75,466,088	66,946,532	8,519,556	12.7%
Depreciation Expense	871,411	1,037,391	(165,980)	-16.0%
Amortization Expense - Leases	149,649	99,650	49,999	50.2%
Total Expenses	**$ 94,158,155**	**$ 83,588,501**	**$ 10,569,654**	12.6%

Administrative expenditures for FY 2023 were $12,330,520 as compared to $9,473,591 in FY 2022. This represents an increase of $2,856,929 or 30.2%. The main reasons for the increase were related to a 7.6% cost-of-living increase, the addition of ten (10) new positions, as well as an increase in benefit costs primarily associated with a 5.6% increase in health insurance premiums.

Maintenance expenditures for FY 2023 were $1,512,537 as compared to $1,294,212 in FY 2022, an increase of $218,325 or 16.9%. This is primarily attributable to an increase in labor and contract costs during the fiscal year ended 2023.

Insurance and General Expense expenditures for FY 2023 were $2,463,073 as compared to $2,938,537, a decrease of $475,464 or 16.2%. This is primarily attributed to the write-off of approximately $615k for a project that management no longer considers to be viable.

Housing assistance payments for FY 2023 were $75,466,088 as compared to $66,946,532 in FY 2022, an increase of $8,519,556 or 12.7%. This is primarily due to an increase in the average HAP payments paid to landlords during FY 2023 and an increase in vouchers issued.

Depreciation Expense for FY 2023 was $871,411 as compared to $1,037,391 in FY 2022, an increase of $165,980 or 16.0%. This was due to new assets were depreciated in FY 2023.

ECONOMIC FACTORS

- Current federal budgets continue to fund Housing Authorities at less than their cost to administer the federal programs.

- The Authority continues to worked diligently in increasing the number of Section 8 Housing Choice Vouchers that are utilized. This was accomplished by using the housing assistance payment equity held by the Authority.

- The high cost of living and affordability of homes continues to be a challenge in the County of Santa Barbara and contributes to the homelessness crisis. The Authority will continue to utilize its Business Activities unrestricted cash reserves for various development projects that meet specific community's needs, consistent with the overall goals of the Authority.

FINANCIAL CONTACT

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or request for additional information should be addressed to Director of Finance, Housing Authority of the County of Santa Barbara.

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2023

	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 13,826,936	$ 8,105,479	$ 21,932,415
Tenant security deposits	36,046	938,297	974,343
Accounts receivable, net	6,356,349	494,060	6,850,409
Accrued interest on notes receivable, current	642,163	-	642,163
Current portion of notes receivable	2,787,207	-	2,787,207
Prepaid expenses	572,452	568,688	1,141,140
Total current assets	24,221,153	10,106,524	34,327,677
Non-current assets:			
Restricted cash	4,853,118	12,335,666	17,188,784
Right-of-use assets	492,042	3,261,806	3,753,848
Long-term portion of notes receivable	89,737,116	-	89,737,116
Accrued interest on notes receivable, net	1,367,414	-	1,367,414
Capital assets, net	41,520,467	321,567,019	363,087,486
Other assets, net	2,101,276	502,295	2,603,571
Total non-current assets	140,071,433	337,666,786	477,738,219
Total assets	$ 164,292,586	$ 347,773,310	$ 512,065,896
LIABILITIES			
Current liabilities:			
Accounts payable	816,144	736,655	1,552,799
Tenant security deposits	36,046	938,224	974,270
Accrued expenses	224,812	43,684	268,496
Accrued compensated absences, current	98,733	21,011	119,744
Current portion of lease liability	136,980	-	136,980
Accrued interest payable	207,070	2,489,541	2,696,611
Current portion of bonds and notes payable	172,618	23,020,545	23,193,163
Unearned revenue	85,266	67,447	152,713
Other current liabilities	979,376	10,051,986	11,031,362
Total current liabilities	2,757,045	37,369,093	40,126,138
Non-current liabilities:			
Accrued compensated absences, net of current portion	888,617	189,065	1,077,682
Long-term portion of bonds and notes payable	6,704,868	187,284,532	193,989,400
Lease liability	288,523	-	288,523
Other non-current liabilities	3,827,731	27,181,762	31,009,493
Total non-current liabilities	11,709,739	214,655,359	226,365,098
Total liabilities	14,466,784	252,024,452	266,491,236
NET POSITION			
Net position:			
Net investment in capital assets	38,862,853	113,505,323	152,368,176
Restricted	3,988,854	12,335,666	16,324,520
Unrestricted	106,974,095	(30,092,131)	76,881,964
Total net position	149,825,802	95,748,858	245,574,660
Total liabilities and net position	$ 164,292,586	$ 347,773,310	$ 512,065,896

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Operating revenues:			
Tenant revenue	$ 2,025,553	$ 24,058,785	$ 26,084,338
HUD operating grants	87,078,221	561	87,078,782
Other government grants	4,867,013	-	4,867,013
Fraud recovery revenue	18,726	-	18,726
Other revenues	6,049,572	568,426	6,617,998
Total operating revenues	100,039,085	24,627,772	124,666,857
Operating expenses:			
Administrative	12,330,520	2,703,882	15,034,402
Tenant services	697,795	315,732	1,013,527
Utilities	523,552	2,024,734	2,548,286
Ordinary repairs and maintenance	1,512,537	4,805,148	6,317,685
Protective services	143,530	475,309	618,839
Insurance	337,225	771,219	1,108,444
General	2,125,848	2,930,029	5,055,877
Housing assistance payments	75,466,088	-	75,466,088
Depreciation	871,411	10,088,761	10,960,172
Amortization expense - leases	149,649	-	149,649
Total operating expenses	94,158,155	24,114,814	118,272,969
Operating income	5,880,930	512,958	6,393,888
Non-operating revenues (expenses):			
Investment income	1,285,262	75,283	1,360,545
Interest expense	(137,963)	(7,848,806)	(7,986,769)
Gain on sale of fixed assets	3,209,744	-	3,209,744
Net non-operating revenues (expenses)	4,357,043	(7,773,523)	(3,416,480)
Income (loss) before capital grants and special items	10,237,973	(7,260,565)	2,977,408
Capital grants	691,765	-	691,765
Special items - Contributions and distributions	(52,739)	18,395,145	18,342,406
Change in net position	10,876,999	11,134,580	22,011,579
Net position, beginning of year	138,948,803	84,614,278	223,563,081
Net position, end of year	$ 149,825,802	$ 95,748,858	$ 245,574,660

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Primary Government
Cash Flows from Operating Activities:	
Cash received from tenants and other	$ 7,541,022
Cash received from grantors	91,498,341
Cash paid to suppliers and vendors	(82,437,612)
Cash paid to employees	(12,135,892)
Net cash provided by operating activities	4,465,859
Cash Flows from Capital and Related Financing Activities:	
Proceeds from capital grants	691,765
Purchase of capital assets	(10,510,017)
Proceeds from sale of capital assets	4,020,350
Distribution of equity	(52,739)
Principal payments on long term debt	(168,829)
Interest paid on long term debt	(37,638)
Principal payments on lease liability	(181,945)
Net cash used in capital and related financing activities	(6,239,053)
Cash Flows from Investing Activities:	
Issuance of notes receivable	(1,647,683)
Proceeds on repayment of notes receivable	4,618,736
Interest received on investments	2,710,755
Net cash provided by investing activities	5,681,808
Net increase in cash, cash equivalents, and restricted cash	3,908,614
Cash, cash equivalents, and restricted cash, beginning of year	14,807,486
Cash, cash equivalents, and restricted cash, end of year	$ 18,716,100
Reconciliation of cash and cash equivalents and restricted cash to the Statement of Net Position is as follows:	
Cash and cash equivalents	$ 13,826,936
Tenant security deposits	36,046
Restricted cash	4,853,118
Cash and cash equivalents and restricted cash	$ 18,716,100

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

	Primary Government
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 5,880,930
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	871,411
Development costs expensed	185,552
Amortization of right of use asset	149,649
Bad debts	84,660
Changes in assets and liabilities:	
Accounts receivable, net	(945,434)
Prepaid expenses	(63,600)
Other assets	(807,866)
Accounts payable	428,548
Accrued compensated absences	47,677
Accrued expenses	24,740
Tenant security deposits	(93,600)
Unearned revenue	(45,349)
Other current liabilities	37,119
Other liabilities	(1,288,578)
Net cash provided by operating activities	$ 4,465,859

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
COMBINING STATEMENT OF NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS
AS OF DECEMBER 31, 2023

ASSETS

	513 North G	Positano	Ted Zenich	Depot Street	Parkview Isla Vista	Los Alamos Creekside
Current assets:						
Cash and cash equivalents	$ 265,389	$ 1,022,096	$ 268,935	$ 304,343	$ 417,131	$ 581,069
Tenant security deposits	14,390	96,870	20,187	122,002	19,846	52,201
Accounts receivable, net	17,589	3,330	1,954	9,910	3,719	13,597
Prepaid expenses	25,168	20,648	2,836	112,257	325	14,116
Total current assets	322,536	1,142,944	293,912	548,512	441,021	660,983
Non-current assets:						
Restricted cash	185,099	1,212,585	149,203	724,109	194,979	547,420
Right of use asset - land	-	-	-	-	-	-
Capital assets, net	5,434,312	30,468,790	6,747,475	32,376,138	4,241,020	10,885,941
Other assets, net	5,227	34,042	-	40,501	-	16,789
Total non-current assets	5,624,638	31,715,417	6,896,678	33,140,748	4,435,999	11,450,150
Total assets	$ 5,947,174	$ 32,858,361	$ 7,190,590	$ 33,689,260	$ 4,877,020	$ 12,111,133

LIABILITIES

Current liabilities:						
Accounts payable	22,621	36,145	7,074	48,282	9,102	14,738
Tenant security deposits	14,390	96,870	20,187	122,002	19,846	52,201
Accrued expenses	2,143	6,839	429	3,073	1,250	1,302
Accrued compensated absences, current	1,001	5,190	48	148	251	417
Accrued interest payable	231,136	74,180	240,748	45,166	170,912	141,181
Current portion of notes payable	69,662	994,074	29,911	155,840	37,753	208,849
Unearned revenue	1,467	17,290	1,040	5,458	658	2,504
Other current liabilities	67,555	89,532	210,219	690,045	45,796	102,143
Total current liabilities	409,975	1,320,120	509,656	1,070,014	285,568	523,335
Non-current liabilities:						
Accrued compensated absences, net of current portion	9,004	46,708	431	1,327	2,255	3,754
Long-term portion of bonds and notes payable	2,667,951	19,564,982	2,678,090	18,818,237	5,168,252	5,823,420
Other non-current liabilities	703,943	602,437	1,178,171	3,308,813	940,751	2,328,595
Total non-current liabilities	3,380,898	20,214,127	3,856,692	22,128,377	6,111,258	8,155,769
Total liabilities	3,790,873	21,534,247	4,366,348	23,198,391	6,396,826	8,679,104

NET POSITION

Net position:						
Net investment in capital assets	2,753,419	9,909,734	4,039,474	13,402,061	(964,985)	4,853,672
Restricted	185,099	1,212,585	149,203	724,109	194,979	547,420
Unrestricted	(782,217)	201,795	(1,364,435)	(3,635,301)	(749,800)	(1,969,063)
Total net position	2,156,301	11,324,114	2,824,242	10,490,869	(1,519,806)	3,432,029
Total liabilities and net position	$ 5,947,174	$ 32,858,361	$ 7,190,590	$ 33,689,260	$ 4,877,020	$ 12,111,133

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
COMBINING STATEMENT OF NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
AS OF DECEMBER 31, 2023

ASSETS

	Parkside Gardens	Lompoc Palm Grove	Pescadero Lofts	Lompoc Terrace	Santa Rita Village I	Santa Rita Village II	Leland Grossman Sandpiper
Current assets:							
Cash and cash equivalents	$ 614,723	$ 466,170	$ 244,206	$ 3,298	$ 298,608	$ 138,066	$ 811,923
Tenant security deposits	30,515	63,852	44,715	20,999	37,365	19,860	101,680
Accounts receivable, net	1,938	13,018	3,155	54,529	14,845	6,887	47,023
Prepaid expenses	41,219	48,527	12,937	1,362	7,777	256	26,115
Total current assets	688,395	591,567	305,013	80,188	358,595	165,069	986,741
Non-current assets:							
Restricted cash	402,936	650,963	452,929	360,233	686,820	515,365	857,090
Right of use asset - land	-	-	-	-	-	-	-
Capital assets, net	15,857,095	9,810,948	8,307,188	8,914,814	10,231,897	3,590,460	17,582,873
Other assets, net	21,243	-	12,751	18,308	11,574	12,340	23,709
Total non-current assets	16,281,274	10,461,911	8,772,868	9,293,355	10,930,291	4,118,165	18,463,672
Total assets	$ 16,969,669	$ 11,053,478	$ 9,077,881	$ 9,373,543	$ 11,288,886	$ 4,283,234	$ 19,450,413

LIABILITIES

Current liabilities:							
Accounts payable	38,044	40,650	16,401	149,011	21,763	8,619	50,199
Tenant security deposits	30,515	63,852	44,715	20,999	37,365	19,860	101,680
Accrued expenses	2,035	2,353	2,731	1,611	1,740	832	5,471
Accrued compensated absences, current	2,361	1,812	1,009	560	365	193	4,007
Accrued interest payable	15,328	34,685	87,964	-	147,515	14,563	38,806
Current portion of notes payable	455,026	398,524	103,442	33,526	125,943	135,901	632,514
Unearned revenue	1,971	3,124	359	1,784	1,805	-	9,950
Other current liabilities	74,611	42,554	44,267	220,708	50,727	34,476	188,617
Total current liabilities	619,891	587,554	300,888	428,199	387,223	214,444	1,031,244
Non-current liabilities:							
Accrued compensated absences net of current portion	21,244	16,308	9,079	5,039	3,287	1,736	36,055
Long-term portion of bonds and notes payable	12,123,037	5,167,961	5,207,744	5,499,550	7,741,120	1,394,346	12,542,008
Other non-current liabilities	939,065	-	1,137,685	1,638,211	638,649	-	2,624,002
Total non-current liabilities	13,083,346	5,184,269	6,354,508	7,142,800	8,383,056	1,396,082	15,202,065
Total liabilities	13,703,237	5,771,823	6,655,396	7,570,999	8,770,279	1,610,526	16,233,309

NET POSITION

Net position:							
Net investment in capital assets	4,026,715	4,244,463	2,996,002	3,392,271	2,364,834	2,060,213	4,408,351
Restricted	402,936	650,963	452,929	360,233	686,820	515,365	857,090
Unrestricted	(1,163,219)	386,229	(1,026,446)	(1,949,960)	(533,047)	97,130	(2,048,337)
Total net position	3,266,432	5,281,655	2,422,485	1,802,544	2,518,607	2,672,708	3,217,104
Total liabilities and net position	$ 16,969,669	$ 11,053,478	$ 9,077,881	$ 9,373,543	$ 11,288,886	$ 4,283,234	$ 19,450,413

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
COMBINING STATEMENT OF NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
AS OF DECEMBER 31, 2023

	Golden Inn Family	Golden Inn Senior	Miller Stanley	Lompoc Gardens	Surf Solar Company	Surf Solar Enterprises	Central Plaza
ASSETS							
Current assets:							
Cash and cash equivalents	$ 363,031	$ 499,409	$ 184,044	$ -	$ 2,848	$ 132,527	$ 1,348,129
Tenant security deposits	38,370	64,368	36,269	36,088	-	-	52,995
Accounts receivable, net	1,384	3,525	1,739	19,760	-	193,646	19,138
Prepaid expenses	19,979	41,459	40,297	62,629	-	4,268	6,888
Total current assets	422,764	608,761	262,349	118,477	2,848	330,441	1,427,150
Non-current assets:							
Restricted cash	261,394	484,080	1,494,405	1,562,115	-	330,000	1,020,173
Right of use asset - land	-	-	-	-	-	-	-
Capital assets, net	10,118,736	17,406,943	10,140,738	15,737,334	-	15,319	47,327,240
Other assets, net	24,457	44,703	30,603	37,226	1,000	-	63,002
Total non-current assets	10,404,587	17,935,726	11,665,746	17,336,675	1,000	345,319	48,410,415
Total assets	$ 10,827,351	$ 18,544,487	$ 11,928,095	$ 17,455,152	$ 3,848	$ 675,760	$ 49,837,565
LIABILITIES							
Current liabilities:							
Accounts payable	3,511	21,359	29,501	48,885	-	-	44,243
Tenant security deposits	38,370	64,368	36,269	36,088	-	-	52,995
Accrued expenses	826	1,819	2,083	3,390	-	-	3,757
Accrued compensated absences, current	240	533	590	878	-	-	1,408
Accrued interest payable	19,168	24,639	37,914	8,094	-	145,057	66,306
Current portion of notes payable	413,618	574,281	-	52,837	-	-	252,077
Unearned revenue	292	2,631	2,683	8,312	-	-	5,506
Other current liabilities	234,549	124,190	31,319	202,284	11,000	5,059	1,214,430
Total current liabilities	710,574	813,820	140,359	360,768	11,000	150,116	1,640,722
Non-current liabilities:							
Accrued compensated absences, net of current portion	2,159	4,800	5,306	7,898	-	-	12,675
Long-term portion of bonds and notes payable	2,623,451	4,474,755	6,300,000	10,670,071	-	5,800,000	27,006,322
Other non-current liabilities	249,764	693,008	687,831	2,429,146	-	1,311,153	2,415,057
Total non-current liabilities	2,875,374	5,172,563	6,993,137	13,107,115	-	7,111,153	29,434,054
Total liabilities	3,585,948	5,986,383	7,133,496	13,467,883	11,000	7,261,269	31,074,776
NET POSITION							
Net position:							
Net investment in capital assets	7,748,359	13,119,660	3,840,738	5,014,426	-	(5,784,681)	20,068,841
Restricted	261,394	484,080	1,494,405	1,562,115	-	330,000	1,020,173
Unrestricted	(768,350)	(1,045,636)	(540,544)	(2,589,272)	(7,152)	(1,130,828)	(2,326,225)
Total net position	7,241,403	12,558,104	4,794,599	3,987,269	(7,152)	(6,585,509)	18,762,789
Total liabilities and net position	$ 10,827,351	$ 18,544,487	$ 11,928,095	$ 17,455,152	$ 3,848	$ 675,760	$ 49,837,565

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
COMBINING STATEMENT OF NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS (continued)
AS OF DECEMBER 31, 2023

	Escalante Meadows, LP	Perkins Place, LP	Harry's House, LP	Thompson Park, LP	Heritage Ridge Senior, LP	Heritage Ridge Special Needs Family, LP	Total
ASSETS							
Current assets:							
Cash and cash equivalents	$ 70	$ 19,669	$ 119,795	$ -	$ -	$ -	$ 8,105,479
Tenant security deposits	-	-	65,725	-	-	-	938,297
Accounts receivable, net	-	130	62,344	300	300	300	494,060
Prepaid expenses	-	-	79,625	-	-	-	568,688
Total current assets	70	19,799	327,489	300	300	300	10,106,524
Non-current assets:							
Restricted cash	-	-	243,768	-	-	-	12,335,666
Right of use asset - land	-	-	3,261,806	-	-	-	3,261,806
Capital assets, net	28,846,190	52,137	27,470,041	1,130	1,130	1,130	321,567,019
Other assets, net	-	-	104,820	-	-	-	502,295
Total non-current assets	28,846,190	52,137	31,080,435	1,130	1,130	1,130	337,666,786
Total assets	$ 28,846,260	$ 71,936	$ 31,407,924	$ 1,430	$ 1,430	$ 1,430	$ 347,773,310
LIABILITIES							
Current liabilities:							
Accounts payable	-	18,000	108,507	-	-	-	736,655
Tenant security deposits	-	-	65,652	-	-	-	938,224
Accrued expenses	-	-	-	-	-	-	43,684
Accrued compensated absences, current	-	-	-	-	-	-	21,011
Accrued interest payable	-	-	946,179	-	-	-	2,489,541
Current portion of notes payable	-	-	18,346,767	-	-	-	23,020,545
Unearned revenue	-	-	613	-	-	-	67,447
Other current liabilities	3,897,416	56,055	2,408,144	3,380	1,455	1,455	10,051,986
Total current liabilities	3,897,416	74,055	21,875,862	3,380	1,455	1,455	37,369,093
Non-current liabilities:							
Accrued compensated absences, net of current portion	-	-	-	-	-	-	189,065
Long-term portion of bonds and notes payable	20,589,012	-	5,424,223	-	-	-	187,284,532
Other non-current liabilities	823,885	-	2,531,596	-	-	-	27,181,762
Total non-current liabilities	21,412,897	-	7,955,819	-	-	-	214,655,359
Total liabilities	25,310,313	74,055	29,831,681	3,380	1,455	1,455	252,024,452
NET POSITION							
Net position:							
Net investment in capital assets	8,257,178	52,137	3,699,051	1,130	1,130	1,130	113,505,323
Restricted	-	-	243,768	-	-	-	12,335,666
Unrestricted	(4,721,231)	(54,256)	(2,366,576)	(3,080)	(1,155)	(1,155)	(30,092,131)
Total net position	3,535,947	(2,119)	1,576,243	(1,950)	(25)	(25)	95,748,858
Total liabilities and net position	$ 28,846,260	$ 71,936	$ 31,407,924	$ 1,430	$ 1,430	$ 1,430	$ 347,773,310

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2023

	513 North G	Positano	Ted Zenich	Depot Street	Parkview Isla Vista	Los Alamos Creekside
Operating revenues:						
Tenant revenue	$ 912,528	$ 3,335,957	$ 724,515	$ 2,433,482	$ 541,494	$ 1,107,147
Other revenues	17,014	35,068	1,285	52	4,081	13,443
Total operating revenues	929,542	3,371,025	725,800	2,433,534	545,575	1,120,590
Operating expenses:						
Administrative	203,534	269,791	74,814	246,747	74,269	109,333
Tenant services	9,586	28,693	9,282	32,934	1,430	11,291
Utilities	60,172	257,766	31,469	94,159	35,316	91,196
Ordinary repairs and maintenance	160,437	591,981	185,701	482,142	47,530	211,840
Protective services	22,779	10,831	28,128	294,280	45	556
Insurance	34,875	78,319	14,647	115,338	15,282	49,900
General	119,197	277,419	73,772	204,166	105,435	173,594
Depreciation	236,112	1,129,240	245,217	1,076,089	145,992	329,583
Total operating expenses	846,692	2,644,040	663,030	2,545,855	425,299	977,293
Operating income (loss)	82,850	726,985	62,770	(112,321)	120,276	143,297
Non-operating revenues (expenses):						
Investment income	2,107	10,959	349	-	1,605	30
Interest expense	(89,145)	(858,295)	(150,991)	(808,692)	(168,295)	(464,714)
Net non-operating revenues (expenses)	(87,038)	(847,336)	(150,642)	(808,692)	(166,690)	(464,684)
Income (loss) before special items	(4,188)	(120,351)	(87,872)	(921,013)	(46,414)	(321,387)
Special items - contributions	-	-	-	-	-	-
Change in net position	(4,188)	(120,351)	(87,872)	(921,013)	(46,414)	(321,387)
Net position, beginning of year	2,160,489	11,444,465	2,912,114	11,411,882	(1,473,392)	3,753,416
Net position, end of year	$ 2,156,301	$ 11,324,114	$ 2,824,242	$ 10,490,869	$ (1,519,806)	$ 3,432,029

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Parkside Gardens	Lompoc Palm Grove	Pescadero Lofts	Lompoc Terrace	Santa Rita Village I	Santa Rita Village II	Leland Grossman Sandpiper
Operating revenues:							
Tenant revenue	$ 1,124,165	$ 1,320,048	$ 810,130	$ 564,195	$ 991,819	$ 520,389	$ 1,952,956
HUD operating grants	-	-	-	-	-	-	561
Other revenues	2,893	3,122	-	3,480	8,423	3,115	103,067
Total operating revenues	1,127,058	1,323,170	810,130	567,675	1,000,242	523,504	2,056,584
Operating expenses:							
Administrative	110,422	106,938	101,882	126,836	105,643	73,016	245,442
Tenant services	16,375	11,181	49,146	10,929	10,225	7,406	32,455
Utilities	68,425	151,129	71,269	81,925	69,014	41,524	195,616
Ordinary repairs and maintenance	196,949	260,791	130,510	212,367	233,191	107,918	408,515
Protective services	4,282	508	7,571	11,484	11,460	6,008	11,216
Insurance	46,109	31,390	20,696	31,694	16,915	9,032	59,756
General	97,445	134,960	92,193	199,151	106,651	64,801	248,623
Depreciation	696,472	387,450	216,798	313,021	320,378	174,763	547,030
Total operating expenses	1,236,479	1,084,347	690,065	987,407	873,477	484,468	1,748,653
Operating income (loss)	(109,421)	238,823	120,065	(419,732)	126,765	39,036	307,931
Non-operating revenues (expenses):							
Investment income	-	7,393	4,564	2,426	2,966	352	1,464
Interest expense	(468,102)	(216,460)	(198,842)	(287,005)	(265,805)	(82,656)	(529,181)
Net non-operating revenues (expenses)	(468,102)	(209,067)	(194,278)	(284,579)	(262,839)	(82,304)	(527,717)
Income (loss) before special items	(577,523)	29,756	(74,213)	(704,311)	(136,074)	(43,268)	(219,786)
Special items - contributions	135,666	-	-	-	(19,857)	-	-
Change in net position	(441,857)	29,756	(74,213)	(704,311)	(155,931)	(43,268)	(219,786)
Net position, beginning of year	3,708,289	5,251,899	2,496,698	2,506,855	2,674,538	2,715,976	3,436,890
Net position, end of year	$ 3,266,432	$ 5,281,655	$ 2,422,485	$ 1,802,544	$ 2,518,607	$ 2,672,708	$ 3,217,104

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Golden Inn Family	Golden Inn Senior	Miller Stanley	Lompoc Gardens	Surf Solar Company	Surf Solar Enterprises	Central Plaza
Operating revenues:							
Tenant revenue	$ 938,109	$ 1,549,892	$ 655,438	$ 935,886	$ -	$ -	$ 3,213,552
HUD operating grants	-	-	-	-	-	-	-
Other revenues	7,605	2,581	-	2,546	-	184,645	22,731
Total operating revenues	945,714	1,552,473	655,438	938,432	-	184,645	3,236,283
Operating expenses:							
Administrative	86,198	142,592	107,667	183,776	570	1,058	250,267
Tenant services	6,976	12,103	13,372	15,696	-	-	22,726
Utilities	108,619	171,532	85,925	151,039	-	-	224,521
Ordinary repairs and maintenance	130,106	275,200	258,212	344,961	-	-	340,030
Protective services	876	2,612	832	16,009	-	-	45,832
Insurance	16,858	27,481	45,223	68,356	-	7,732	55,461
General	84,764	119,408	64,480	120,897	800	800	285,294
Depreciation	382,419	624,307	338,216	643,521	-	22,987	1,784,119
Total operating expenses	816,816	1,375,235	913,927	1,544,255	1,370	32,577	3,008,250
Operating income (loss)	128,898	177,238	(258,489)	(605,823)	(1,370)	152,068	228,033
Non-operating revenues (expenses):							
Investment income	2,425	4,245	17,622	13,350	-	-	124
Interest expense	(145,063)	(239,933)	(204,283)	(435,122)	-	(173,450)	(1,487,569)
Net non-operating revenues (expenses)	(142,638)	(235,688)	(186,661)	(421,772)	-	(173,450)	(1,487,445)
Income (loss) before special items	(13,740)	(58,450)	(445,150)	(1,027,595)	(1,370)	(21,382)	(1,259,412)
Special items - contributions	-	-	-	-	-	-	18,280,631
Change in net position	(13,740)	(58,450)	(445,150)	(1,027,595)	(1,370)	(21,382)	17,021,219
Net position, beginning of year	7,255,143	12,616,554	5,239,749	5,014,864	(5,782)	(6,564,127)	1,741,570
Net position, end of year	$ 7,241,403	$ 12,558,104	$ 4,794,599	$ 3,987,269	$ (7,152)	$ (6,585,509)	$ 18,762,789

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Escalante LP	Perkins Place, LP	Harry's House, LP	Thompson, LP	Heritage Ridge, LP	Heritage Ridge Special Needs, LP	Total
Operating revenues:							
Tenant revenue	$ -	$ -	$ 427,083	$ -	$ -	$ -	$ 24,058,785
HUD operating grants	-	-	-	-	-	-	561
Other revenues	2,677	-	150,598	-	-	-	568,426
Total operating revenues	2,677	-	577,681	-	-	-	24,627,772
Operating expenses:							
Administrative	-	-	83,087	-	-	-	2,703,882
Tenant services	-	-	13,926	-	-	-	315,732
Utilities	-	-	34,118	-	-	-	2,024,734
Ordinary repairs and maintenance	-	-	226,767	-	-	-	4,805,148
Protective services	-	-	-	-	-	-	475,309
Insurance	-	-	26,155	-	-	-	771,219
General	-	-	356,179	-	-	-	2,930,029
Depreciation	-	-	475,047	-	-	-	10,088,761
Total operating expenses	-	-	1,215,279	-	-	-	24,114,814
Operating income (loss)	2,677	-	(637,598)	-	-	-	512,958
Non-operating revenues (expenses):							
Investment income	145	-	3,157	-	-	-	75,283
Interest expense	-	-	(575,203)	-	-	-	(7,848,806)
Net non-operating revenues (expenses)	145	-	(572,046)	-	-	-	(7,773,523)
Income (loss) before special items	2,822	-	(1,209,644)	-	-	-	(7,260,565)
Special items - contributions	(1,125)	(170)	-	-	-	-	18,395,145
Change in net position	1,697	(170)	(1,209,644)	-	-	-	11,134,580
Net position, beginning of year	3,534,250	(1,949)	2,785,887	(1,950)	(25)	(25)	84,614,278
Net position, end of year	$ 3,535,947	$ (2,119)	$ 1,576,243	$ (1,950)	$ (25)	$ (25)	$ 95,748,858

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Housing Authority of the County of Santa Barbara (the "Authority") is a governmental, public corporation created on June 30, 1941 under federal and state housing laws for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the county of Santa Barbara, California (the "County"). The Authority is responsible for operating certain safe, decent, sanitary, and affordable low-rent housing programs in the County under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority is governed by a seven member Board of Commissioners. Commissioners are appointed for terms of two or four years by the Santa Barbara County Board of Supervisors.

B. Basis of Accounting / Financial Statements Presentation

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The programs of the Authority are organized as separate accounting entities. Each program is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, net position (program equity), revenues, and expenses. The individual programs account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The programs of the Authority are combined and considered an enterprise fund. An enterprise fund is used to account for activities that are operated in a manner similar to those found in the private sector.

The Authority's enterprise fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Authority's financial statements are prepared in accordance with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended ("GASB 34"). GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of the Required Supplementary Information.

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions* ("GASB 33"), grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

On January 30, 2008, HUD issued PIH Notice 2008-9 which requires that unused housing assistance payments ("HAP") under proprietary fund reporting should be reported as restricted net position, with the associated cash and investments also being reported as restricted. Any unused administrative fees should be reported as unrestricted net position, with the associated assets being reported on the financial data schedule as unrestricted.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting / Financial Statements Presentation (continued)

Both administrative fee and HAP revenue continue to be recognized under the guidelines set forth in GASB 33. Accordingly, both the time and purpose restrictions as defined by GASB 33 are met when these funds are available and measurable, not when these funds are expended. The Section 8 Housing Choice Vouchers program is no longer a cost reimbursement grant; therefore, the Authority recognizes unspent administrative fee and HAP revenue in the reporting period as revenue for financial statement reporting.

In accordance with 2 CFR 200.305(b)(9), any investment income earned up to $500 on these funds may be retained by the Authority. Amounts in excess of $500 must be remitted annually to the Department of Health and Human Services, Payment Management System.

Effective January 1, 2023, the Authority adopted GASB Statement No.96, *Subscription-Based Information Technology Arrangements* ("GASB 96"). GASB 96 improves the financial reporting by establishing a definition for subscription-based information technology arrangements ("SBITA") and providing uniform guidance for accounting and financial reporting for transactions that meet the definition of SBITA. For the year ended December 31, 2023, the adoption of GASB 96 did not have a material effect on the financial statements of the Authority.

Measurement Focus and Basis of Accounting

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. The principal operating revenues of the Authority's funds are rent and maintenance charges to residents, operating grants and subsidies from HUD, and administration fees earned.

Operating expenses for proprietary funds include the administrative costs of providing services to residents and the housing assistance payments to residents. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Reporting Entity

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statements No. 14 and No. 34*, the Authority's financial statements include those of the Authority and any component units. Component units are legally separate organizations whose majority of officials are appointed by the primary government or the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the primary government. An organization has a financial benefit or burden relationship with the primary government if any one of the following conditions exist:

1. The primary government (Authority) is legally entitled to or can otherwise access the organization's resources.

2. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.

3. The primary government is obligated in some manner for the debt of the organization.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

Based upon the application of these criteria, this report includes the following blended component units. The blended component units are, although legally separate entities, in substance part of the Authority's operations and so data from these units are combined with data of the primary government and reflected in the "Primary Government" column on the financial statements.

Senior Group Living Services, Inc. ("SGLS") was formed on November 29, 2021 as a 501(c)(3) for the purpose of providing essential services to low-income seniors residing in a low-income housing development in a location where either limited or no adequate housing exists for such persons. SGLS is a wholly controlled not-for-profit subsidiary of the Authority**.**

Affordable Housing Key Partners. ("AHKP") was formed on November 12, 2023 as a 501(c)(3) to engage in or assist in the development or operation of low income housing. AHKP is a wholly controlled not-for-profit subsidiary of the Authority and the Board of Directors of SHFC is identical to the Authority's Board of Commissioners.

Based upon the application of these criteria, this report includes discretely presented component units. The Authority's discretely presented component units are reported as of and for the year ended December 31, 2023 in a separate column to emphasize that they are legally separate from the primary government and are reported under the "Discretely Presented Component Units" column in the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position. As of December 31, 2023, the Authority's discretely presented component units consisted of the following:

Ted Zenich Gardens, L.P. was formed for the purpose of constructing, acquiring, owning, operating, managing, and selling or otherwise disposing of a 24 unit housing project in Santa Maria, CA. The project operates in accordance with a regulatory agreement signed with the California Tax Credit Allocation Committee ("CTCAC") intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the Federal Low Income Housing Tax Credit ("LIHTC"). The Authority is one of the general partners of this LP, acted as the developer of the property, and is the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

Parkview Isla Vista, L.P. was formed for the purpose of constructing, acquiring, owning, operating, managing, and selling or otherwise disposing of a 20 unit housing project in Isla Vista, CA. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is one of the general partners of this LP, acted as the developer of the property, and is the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

Los Alamos Creekside Village, L.P. was formed for the purpose of constructing, acquiring, owning, operating, managing, and selling or otherwise disposing of a 39 unit housing project in Los Alamos, CA. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is one of the general partners of this LP, acted as the developer of the property, and is the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

Lompoc Palm Grove Apartments, L.P. was formed for the purpose of constructing, acquiring, owning, operating, managing, and selling or otherwise disposing of a 40 unit housing project in Lompoc, CA. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is one of the general partners of this LP, acted as the developer of the property, and is the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

Pescadero Lofts Isla Vista, L.P. was formed for the purpose of constructing, acquiring, owning, operating, managing, and selling or otherwise disposing of a 33 unit low-income rental housing project in Isla Vista, CA. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is one of the general partners of this LP, acted as the developer of the property, and is the property manager. The Authority has made certain financial guarantees on behalf of the LP.

Lompoc Terrace Apartments, L.P. was formed for the purpose of constructing, acquiring, owning, operating, managing, and selling or otherwise disposing of a 40 unit low-income rental housing project in Lompoc, CA. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is one of the general partners of this LP, acted as the developer of the property, and is the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

Santa Rita Village, L.P. was formed for the purpose of constructing, acquiring, owning, operating, managing, and selling or otherwise disposing of a 36 unit housing project in Lompoc, CA. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is one of the general partners of this LP, acted as the developer of the property, and is the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

Leland Grossman Sandpiper, L.P. was formed for the purpose of constructing, acquiring, owning, operating, managing, and selling or otherwise disposing of 98 units of low-income rental housing project in Goleta and Orcutt, CA. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is the sole member of the LGSGP LLC, which is one of the general partners of this LP, acted as the developer of the property, and is the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

SURF Solar Company, Inc and its subsidiary SURF Solar Enterprises, Inc were both formed in December 2010. SURF Solar Company, as a California nonprofit benefit corporation, and SURF Solar Enterprises, as a California Corporation, partnered with the Authority to install photovoltaic systems exclusively on Authority owned and managed residential properties for the purpose of energy efficiency. The Authority has made a deferred loan to SURF Solar Enterprises and manages the activity of the corporation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

Santa Rita Village II, L.P. was formed for the purpose of owning certain real property in Lompoc, California, and to develop the property into approximately 19 apartment units for low and very low income households and landscaped areas and other activities related or incidental to the foregoing. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is one of the general partners of this LP, acted as the developer of the property, and is the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

Lompoc Gardens, L.P. was formed for the purpose of acquiring, developing, rehabilitating, owning, operating, managing, and selling or otherwise disposing of a 75-unit apartment community in Lompoc, California, known as Lompoc Gardens. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is the administrative general partner of this LP, acted as the developer of the property, and is the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

Miller Stanley, L.P. was formed for the purpose of acquiring, rehabilitating, owning, operating, managing, and selling or otherwise disposing of a 68-unit multi-family low-income rental housing property in Lompoc, California, known as Miller Plaza/Stanley Horn Homes. The project construction was completed on October 31, 2019, which is when rental operations began. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is the administrative general partner of this LP, acted as the developer of the property, and is the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

Golden Inn & Village Senior, L.P. was formed for the purpose of constructing, acquiring, owning, operating, managing, and selling or otherwise disposing of a 60 unit low-income rental housing project located in Santa Ynez, California, known as Golden Inn & Village Senior Apartments. The project construction was completed on November 23, 2019, which is when rental operations began. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is the administrative general partner of this LP, acted as the developer of the property, and is the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

Golden Inn & Village Family, L.P. was formed for the purpose of constructing, acquiring, owning, operating, managing, and selling or otherwise disposing of a 27 unit low-income rental housing project located in Santa Ynez, California, known as Golden Inn & Village Family Apartments. The project construction was completed on October 28, 2019, which is when rental operations began. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is the administrative general partner of this LP, acted as the developer of the property, and is the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

Positano Apartments, L.P. was formed to acquire, develop, rehabilitate, lease, maintain, and operate a 118 unit apartment community known as Positano Apartments located in Santa Barbara, California. The property was acquired May 3, 2018 from the Authority. The project construction was completed on March 9, 2019. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is the administrative general partner of this LP, is acting as the developer of the property, and is the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

The Residences at Depot Street, L.P. was formed to own real property known as 301 Depot Street, Santa Maria, California and to develop the property into approximately 80 apartment units for low and very low income households. The property is currently under development. The Authority is the sole member of the RDSGP LLC, which is one of the general partners of this LP, is acting as the developer of the property, and will be the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

Parkside Garden Apartments, L.P. was formed on August 8, 2019 for the purpose of acquiring, owning, leasing, maintaining, and operating a 48-unit affordable housing development located in Lompoc, California known as Parkside Garden Apartments. The project operates in accordance with a regulatory agreement signed with the CTCAC intended to keep the project in compliance with Section 42 of the Internal Revenue Code and qualify for the LIHTC. The Authority is the sole member of the PGAGP LLC, which is one of the general partners of this LP. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

513 North G., L.P. was formed for the purpose of constructing, acquiring, owning, operating, managing, and selling or otherwise disposing of a 39-unit special needs housing development in Lompoc, California. The partnership was formed in 2006. Effective January 1, 2019, the Authority became a general partner in this partnership.

Thompson Park Apartments, L.P. was formed on September 1, 2020 to develop property into an affordable housing development consisting of a total of 29 units. The Authority is a general partner of this partnership.

Perkins Place, L.P. was formed on May 1, 2020 to own and develop the property into approximately 33 apartment units for income-restricted affordable rental housing. The Authority is a general partner of this partnership.

Heritage Ridge Senior, L.P. was formed on September 1, 2021 to own and develop the property into approximately 41 senior affordable multifamily residential units. The Authority is a general partner of this partnership.

Heritage Ridge Special Needs Family, L.P. was formed on September 1, 2021 to own and develop the property into approximately 63 family affordable multifamily residential units. The Authority is a general partner of this partnership.

Harry's House, L.P. was formed to acquire, finance, own, construct, rehabilitate, maintain, operate, lease and, if desirable, sell or otherwise dispose of the 60-unit apartment complex. The Authority is the sole member of the HHAGP LLC, which is one of the general partners of this LP, is acting as the developer of the property, and will be the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

Escalante Meadows, L.P. was formed on June 1, 2020 to own and develop the property into approximately a 80 unit affordable housing development consisting of 10 residential structures plus a two-story community center with child care and education facilities. The Authority is a general partner of this partnership.

Central Plaza Apartment Resyndication, L.P. was formed to develop, rehabilitate, own, maintain, and operate a 112-unit multifamily apartment complex, knows as Central Plaza Apartments, located in Santa Maria, California. The Authority is the sole member of the HASBARCO Central Plaza, LLC, which is one of the general partners of this LP, is acting as the developer of the property, and will be the property manager. The Authority has made deferred loans to the LP and has made certain financial guarantees on behalf of the LP.

Audited financial statements are issued separately for each of the entities noted above except for SURF Solar Company, Inc, SURF Solar Enterprises, Inc, Thompson Park Apartments, LP, Perkins Place, LP, Heritage Ridge Senior, LP, Heritage Ridge Special Needs Family, LP and Escalante Meadows, LP, and may be obtained from the Authority, 815 West Ocean Avenue, Lompoc, CA 93436.

D. Description of Programs

The Authority maintains its accounting records by program. A summary of the significant programs operated by the Authority is as follows:

Public and Indian Housing Program
The Public and Indian Housing Program is designed to provide low-cost housing within the County. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program. During the year ended December 31, 2023, the Authority has continued to convert its Public and Indian Housing units to project based vouchers through HUD's Rental Assistance Demonstration Program.

Section 8 Housing Choice Vouchers Program
The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rent on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating household.

Public Housing Capital Fund Program
The purpose of the Public Housing Capital Fund Program is to provide another source of funding to cover the cost of physical and management improvements and rehabilitation on existing low-income housing and improving the central office facilities. Funding for this program is provided by grants from HUD.

Business Activities
The Authority owns non-federal housing units and various interests in low income housing tax credit partnerships. Revenues earned from these activities are recorded in the Business Activities fund.

State and Local Programs
Periodically, the Authority administers various grants from the State of California and/or the County of Santa Barbara. These activities as well as the Authority's internal service funds are reported in this fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs (continued)

PIH Family Self Sufficiency Program
The purpose of the Family Self-Sufficiency Program is to promote the development of local strategies to coordinate the use of assistance under the Housing Choice Voucher and Public Housing programs with public and private resources to enable participating families to increase earned income and financial literacy, reduce or eliminate the need for welfare assistance, and make progress toward economic independence and self-sufficiency.

Home Investment Partnership Program
The purpose of the Home Investment Partnership Program is to to expand the supply of affordable housing, particularly rental housing, for low and very low income Americans; to strengthen the abilities of State and local governments to design and implement strategies for achieving adequate supplies of decent, affordable housing; and to extend and strengthen partnerships among all levels of government and the private sector, including for-profit and nonprofit organizations, in the production and operation of affordable housing.

Resident Opportunity and Supportive Services - Service Coordinators Program
The purpose of the Resident Opportunities and Supportive Services grant program is to provide funds for job training and supportive services to help residents of public housing transition from welfare to work. This program also provides funding to link elderly/disabled residents to critical services which can help them continue to live independently.

Mainstream Vouchers Program
The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families whose head of household has a disability. The program provides payments covering the difference between the maximum rent on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating household.

Central Office Cost Center
The Central Office Cost Center ("COCC") is mandated by HUD to account for "centralized" services and functions necessary to the Authority's operations. Funding for the COCC is in the form of fees charged to other Authority programs and activities as well as to affiliate entities. The fees charged include those specified by HUD as management fees, bookkeeping fees, asset management fees and other fees for service. HUD regulates which and how fees may be charged to HUD programs.

Emergency Housing Vouchers
The purpose of Emergency Housing Vouchers is to assist individuals and families who are experiencing homelessness; at risk of experiencing homelessness; fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking; or were recently homeless and for whom providing rental assistance will prevent the family's homelessness or having high risk of housing instability.

EFA Family Self Sufficiency ("FSS") Forfeitures Program
The program requires that forfeited FSS escrow funds be used by the Authority for the benefit of any FSS participant(s) in good standing.

Economic Development Initiative - Community Project Funding Grants
The program is a congressionally legislated provision that directs specific approved funds to be awarded to the Authority to be used on Escalante Meadows development.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Use of Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, accrued expenses and other liabilities, depreciable lives of properties and equipment, amortization of leasehold improvements and contingencies. Actual results could differ significantly from these estimates.

F. Cash and Cash Equivalents

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit or any other federally insured investment.

HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

For the statement of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase. It is the Authority's policy to maintain collateralization in accordance with HUD requirements.

G. Accounts Receivable

Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due and vacated units. An allowance for doubtful accounts is established to provide for accounts, which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts. Also included in accounts receivable are those amounts that tenants owe the Authority as payment for committing fraud or misrepresentation. These charges usually consist of retroactive rent and other amounts that may be determined by a formal written agreement or by a court order.

The Authority recognizes a receivable from HUD and other governmental agencies for amounts billed but not received and for amounts unbilled, but earned as of year-end.

H. Allowance for Doubtful Accounts

The Authority periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. If it is determined that an account or accounts may be uncollectable, the Authority prepares an analysis of such accounts and records an appropriate allowance against such amounts.

I. Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Notes Receivable

The Authority has utilized development funds in accordance with HUD guidelines to assist in the construction and redevelopment of affordable housing through the issuance of mortgage notes. When preparing financial statements in accordance with GAAP, management is required to make estimates as to the collectability of such mortgage notes. When estimating collectability, management analyzes the value of the underlying mortgaged property, the property's ability to generate positive cash flow, and current economic trends and conditions. Management utilizes these estimates and judgments in connection with establishing an allowance for uncollectable amounts during an accounting period.

K. Investment in Limited Partnerships

Investment in Limited Partnership is reported using the equity method of accounting. Under the equity method, the Authority's investment consists of equity contributions and an accumulated share of income or loss from the Limited Partnership based on the percentage of the partner's ownership interest.

The Authority regularly assesses its investment in limited partnerships for the existence of impairment. Impairment typically occurs when the carrying value of the Authority's investment in a limited partnership exceeds the estimated value of the investment as determined by management. The estimated value generally consists of remaining future housing tax credits and other tax benefits allocable to, and the estimated residual value if any, of the investment available to the Authority. The residual value is estimated by management based on current economic and capital market conditions, operational results and the terms of the limited partnership's agreements which provide for distributions to the Authority upon the liquidation of the limited partnership or sale or disposition of its assets.

L. Capital Assets

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position. Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

• Non-dwelling structures	39 Years
• Dwelling structures	28 Years
• Site improvements	15 Years
• Building improvements	10 Years
• Office furniture	7 Years
• Dwelling, office and maintenance equipment, and vehicles	5 Years

The Authority has established a capitalization threshold of $5,000.

M. Impairment of Long Lived Assets

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that the impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. During the year ended December 31, 2023, there were no impairment losses incurred.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Inter-Program Receivables and Payables

Inter-program receivables and payables are all classified as either current assets or current liabilities, and are the result of the use of a concentrated account depository as the common paymaster for most of the programs of the Authority. Cash settlements are made monthly. All inter-program balances are reconciled, and inter-program receivables and payables balances net to zero. In accordance with GASB 34, inter-program receivables and payables are eliminated for financial statement purposes. Detail balances by program are found in the Financial Data Schedule of this report.

O. Right-of-Use Asset and Liabilities

Lessees are required to recognize a lease liability and an intangible right-of-use lease asset. The lease liability is the present value of future payments expected to be made over the course of the lease, and the right-of-use lease assets are measured as the initial amount of lease liability, plus any payments made to the lessor at or before the time of commencement of the lease and minus and any lease incentives received from the lessor.

The Authority uses its risk-free rate at the commencement date in determining the present value of lease payments. Amortization of the right-of-use lease asset is recognized on a straight-line basis over the lease term.

P. Accounts Payable and Accrued Liabilities

The Authority recognizes a liability for goods and services received but not paid for as of year-end. It also recognizes a liability for wages and fringe benefits related to services performed at year-end but not yet paid to employees or taxing authorities.

Q. Unearned Revenue

The Authority's unearned revenue primarily consists of the prepayment of rent by residents and the receipt of HUD and other grant funding applicable to future periods prior to incurring the corresponding expense.

R. Accrued Compensated Absences

Compensated absences are those absences for which employees will be paid in accordance with the Authority's Personnel Policy. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such event takes place.

S. Net Position Classifications

Net position is classified in three components:

Net investment in capital assets - Consists of resources including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Net Position Classifications (continued)

Restricted net position - Consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

T. Use of Restricted Assets

When both restricted and unrestricted resources are available for a particular restricted use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as needed.

U. Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. The Authority receives annual operating subsidies from HUD, subject to limitations prescribed by HUD. Operating subsidies from HUD are recorded when received and are accounted for as revenue. Other contributions from HUD that are for development and modernization of capital assets are reflected separately in the accompanying financial statements as capital grants. Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues and expenses as non-operating.

V. Regulated Leases

The Authority is a lessor of residential dwelling units under regulated leases as defined by GASB 87 and as such recognizes rental revenue in accordance with the terms of the lease contract. The leases which are twelve months in length are regulated by HUD as to rent, unit size, household composition and tenant income. For the year ended December 31, 2023, rental revenue earned by the primary government under the aforementioned leases totaled $1,936,415 for the primary government.

W. Taxes

The Authority is exempt from Federal Income and California Franchise Taxes.

X. Budgets and Budgetary Accounting

The Authority adopts annual, appropriated operating budgets for all its programs receiving federal expenditure awards and are used as a management tool throughout the accounting cycle. All budgets are prepared on a HUD basis, which differs with accounting principles generally accepted in the United States of America. All appropriations lapse at HUD's program year end or at the end of grant periods.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Y. Economic Dependency

The Section 8 Housing Choice Vouchers and Public and Indian Housing programs of the Authority are economically dependent on operating grants and subsidies from HUD. The programs operate at a loss prior to receiving the grants.

Z. Risk Management

The Authority is exposed to various risks related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs and there have been no significant reductions in insurance coverage. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, the amount of the loss can be reasonably estimated, and said amount exceeds insurance coverage. Settlement amounts have not exceeded insurance coverage for the last three years.

NOTE 2. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

As of December 31, 2023, the Authority had funds on deposit in checking, savings and money market accounts. The carrying amount of the primary government's cash and cash equivalents (including restricted cash) was $18,716,100, and the bank balances were $19,260,478.

Cash Category	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Unrestricted	$ 13,826,936	$ 8,105,479	$ 21,932,415
Tenant security deposits	36,046	938,297	974,343
Restricted	4,853,118	12,335,666	17,188,784
Total cash and cash equivalents	$ 18,716,100	$ 21,379,442	$ 40,095,542

Of the primary government's bank balances, $1,284,345 was covered by federal depository insurance and the remaining $17,976,133 was collateralized with the pledging financial institution as of December 31, 2023.

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of December 31, 2023, the Authority's bank balances were not exposed to custodial credit risk.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following as of December 31, 2023:

Description	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Accounts receivable - HUD	$ 256,065	$ -	$ 256,065
Accounts receivable - PHA Projects	123,615	-	123,615
Accounts receivable - other government	266,813	86,522	353,335
Accounts receivable - tenants, net	153,778	156,713	310,491
Accounts receivable - miscellaneous, net	5,556,078	250,825	5,806,903
Total accounts receivable, net	$ 6,356,349	$ 494,060	$ 6,850,409

Accounts Receivable - HUD
As of December 31, 2023, Accounts receivable - HUD consisted of amounts due to the Authority for amounts expended under grant agreements that have not yet been reimbursed. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - PHA Projects
Accounts receivable - PHA Projects represents amounts owed to the Authority by other Public Housing Authorities for administrative fees and Port-in HAP expense under the portability provisions of the Section 8 Housing Choice Vouchers program. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - Other Government
Accounts receivable - other government represents amounts owed to the Authority by other federal agencies and state and local governments. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - Tenants, Net
Tenant accounts receivable represents amounts owed to the Authority by tenants for outstanding rent. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - Miscellaneous, Net
Accounts receivable – miscellaneous consists of amounts owed from managed properties and other miscellaneous sources from normal ongoing operations as well as accounts receivable of $1.1 million for developer fees (net of allowance). The balance is shown net of an allowance for doubtful accounts of $279,782.

NOTE 4. CAPITAL ASSETS, NET

The following is a summary of the primary government's changes in capital assets for the year ended December 31, 2023:

Description	December 31, 2022	Additions	Dispositions	Transfers	December 31, 2023
Non-depreciable capital assets:					
Land	$ 2,766,469	$ 2,552,276	$ (427,622)	$ -	$ 4,891,123
Construction in progress	5,535,670	7,866,758	(76,934)	(1,764,267)	11,561,227
Total	8,302,139	10,419,034	(504,556)	(1,764,267)	16,452,350
Depreciable capital assets:					
Buildings	36,701,070	68,843	(1,969,571)	1,723,370	36,523,712
Leasehold improvements	1,281,645	-	(85,105)	-	1,196,540
Furniture and equipment	1,918,964	22,140	(617,046)	40,897	1,364,955
Total	39,901,679	90,983	(2,671,722)	1,764,267	39,085,207
Less: accumulated depreciation	15,325,799	871,411	(2,180,120)	-	14,017,090
Net capital assets	$ 32,878,019	$ 9,638,606	$ (996,158)	$ -	$ 41,520,467

The following is a summary of the discretely presented component units' capital assets activity for the year ended December 31, 2023:

Description	December 31, 2022	Additions	Dispositions	Transfers	December 31, 2023
Non-depreciable capital assets:					
Land	$ 29,250,791	$ -	$ -	$ -	$ 29,250,791
Construction in progress	23,705,313	20,977,511	-	(17,742,311)	26,940,513
Total	52,956,104	20,977,511	-	(17,742,311)	56,191,304
Depreciable capital assets:					
Buildings	283,308,197	8,069,180	-	17,742,311	309,119,688
Furniture and equipment	36,099,588	2,588,264	-	-	38,687,852
Total	319,407,785	10,657,444	-	17,742,311	347,807,540
Less: accumulated depreciation	72,343,064	10,088,761	-	-	82,431,825
Net capital assets	$300,020,825	$ 21,546,194	$ -	$ -	$ 321,567,019

NOTE 5. RIGHT-OF-USE ASSET AND LEASE LIABILITY

On September 24, 2019, the Authority entered into a lease agreement as a lessee to several vehicles. Each vehicle has a term of 60 months and the Authority enters receives new vehicles under this lease agreement every year. Lease payments vary each month. The lease has implicit interest rates of 3.69% to 8.15%. As of December 31, 2023, the value of the right-of-use lease asset was $492,042 and amortization expense totaled $149,649 for the year then ended. Principal and interest expense for the year ended December 31, 2023 amounted to $138,639 and $23,806, respectively.

The following is a summary of the primary government of the Authority's changes in right-of-use asset for the year ended December 31, 2023:

Description	December 31, 2022	Additions	Dispositions	December 31, 2023
Right-of-use asset	$ 607,919	$ 247,152	$ (67,340)	$ 787,731
Less: accumulated amortization	195,522	149,649	(49,482)	295,689
Net right-of-use asset	$ 412,397	$ 97,503	$ (17,858)	$ 492,042

The lease liability as of December 31, 2023 was $425,503, with $136,980 classified as a current liability.

Annual lease payments for principal and interest over the next five years is as follows:

Year	Principal	Interest	Total
2024	$ 136,980	$ 23,990	$ 160,970
2025	108,236	16,520	124,756
2026	94,528	10,030	104,558
2027	70,464	3,798	74,262
2028	15,295	489	15,784
	$ 425,503	$ 54,827	$ 480,330

On December 1, 2021, Harry's House, LP, a component unit of the Authority, entered into a lease agreement as a lessee of land. The term of the lease is 75 years. The lease was prepaid at $3,355,000. As of December 31, 2023, the value of the right-of-use lease asset was $3,261,806 and amortization expense totaled $44,733 for the year then ended.

The following is a summary of the discretely presented component unit's changes in right-of-use asset for the year ended December 31, 2023:

Description	December 31, 2022	Additions	Dispositions	December 31, 2023
Right-of-use asset	$ 3,355,000	$ -	$ -	$ 3,355,000
Less: accumulated amortization	48,461	44,733	-	93,194
Net right-of-use asset	$ 3,306,539	$ (44,733)	$ -	$ 3,261,806

NOTE 6. RESTRICTED DEPOSITS

Restricted deposits consist of the following as of December 31, 2023:

Cash Category	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Housing assistance payment reserves	$ 726,572	$ -	$ 726,572
Guadalupe Community RDA reserves	604,703	-	604,703
Homekey reserves	3,024,226	-	3,024,226
Replacement reserves	103,264	3,790,303	3,893,567
Operating reserves	95,391	6,777,459	6,872,850
Project reserves	-	1,767,904	1,767,904
Emergency housing voucher reserves	37,733	-	37,733
FSS escrow forefeitures	39,401	-	39,401
Family self-sufficiency escrows	221,828	-	221,828
Tenant security deposits	36,046	938,297	974,343
Total restricted deposits	$ 4,889,164	$ 13,273,963	$ 18,163,127

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers, the Mainstream Vouchers and the Emergency Housing Vouchers program for future housing assistance payments.

On June 16, 2016, the Authority elected to serve as the housing successor to the former Guadalupe Community Redevelopment Agency ("RDA"). Cash was transferred to the Authority and placed in interest bearing accounts. These accounts bear interest at rates ranging from 1.4% to 1.6% as of December 31, 2023. These funds are restricted to the activity of the former RDA.

Homekey reserves are required to be set aside for future project expenditures in accordance with the Homekey grant agreements.

Replacement reserves are required to be set aside for future project expenditures in accordance with regulatory agreements.

Operating reserves are required to be set aside for future project expenditures such as debt service, insurance, and taxes.

Project reserves are reserves in the discretely presented component units that are required to be set aside for future project expenditures according to the respective regulatory agreement.

Emergency housing voucher reserves are restricted to be used to assist individuals and families who are homeless, at-risk of homelessness, fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking or human trafficking, or were recently homeless or have a high risk of housing instability.

FSS escrows forfeitures are to be used to fund eligible expenses of FSS participants in good standing.

Family Self Sufficiency ("FSS") program escrows represent amounts held by the Authority on behalf of FSS program participants. Upon graduation from the program, the participant is due amounts deposited plus interest earned.

NOTE 6. RESTRICTED DEPOSITS (continued)

Tenant security deposits represent amounts held by the Authority on behalf of tenants. Upon termination, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the unit.

NOTE 7. NOTES RECEIVABLE

Outstanding notes receivable for the primary government as of December 31, 2023 consisted of the following:

Description	Amount
Leland Grossman Sandpiper, L.P. - In November 2014, the Authority transferred title of two Public Housing properties and one locally owned property to the Leland Grossman Sandpiper L.P., a California Limited Partnership in exchange for eight notes totaling $11,988,359. These notes are secured by deeds of trusts on the properties, bear interest of 2.91% compounded annually, and are due the earlier of; November 2069, when the properties are sold or upon default by the borrower. Payments on these notes are due annually from residual receipts generated from the properties. Accrued interest at December 31, 2023 amounted to $2,649,576.	$ 10,037,452
Lompoc Gardens, L.P. - In November 2015, the Authority transferred title of a Public Housing property to the Lompoc Gardens, L.P., a California Limited Partnership in exchange for a note totaling $9,000,000. The Authority is the administrative general partner in this L.P., with a .001% interest. This note is secured by a deed of trust on the property, bears interest of 3% compounded annually, and is due the earlier of; November 2070, when the property is sold or upon default by the borrower. Payments on this note are due annually from residual receipts generated by the property. Accrued interest at December 31, 2023 amounted to $2,429,147.	9,000,000
Miller Stanley, L.P. - In November 2015, the Authority transferred title of a Public Housing property to Miller Stanley, L.P., a California Limited Partnership in exchange for a note totaling $6,300,000. The Authority is a general partner in this L.P., with a .001% interest. This note is secured by a deed of trust on the property, bears interest of 3% compounded annually, and is due in 55 years in November 2070, or when the property is sold or upon default by the borrower. Payments on this note are due annually from the residual receipts generated by the property. Accrued interest at December 31, 2023 amounted to $725,745.	6,300,000

NOTE 7. NOTES RECEIVABLE (continued)

Description	Amount
Positano Apartments, L.P. - In May 2016, the Authority sold a 118 unit apartment community known as Positano Apartments to the Positano Apartments, L.P., a California Limited Partnership. The Authority is the administrative general partner in this L.P., with a .001% interest. The sale included the retirement of a bridge loan in the Authority's name for $12.6 million, as well as the issuance of three notes totaling $10,417,528. The first note for $3,788,280, carried an interest rate of 4% per annum, simple interest, and was due 180 days from the full repayment of the permanent project loan. This loan was repaid during 2017, along with interest in the amount of $225,013. The second note for $1,571,763, carries an interest rate of 5% per annum, simple interest. The funds for this note originated from HUD through the CDBG program. The third note for $5,057,485, carries an interest rate of 3% per annum, compounded annually. Annual payments on the second and third loan are required to the extent that the Partnership generates residual receipts. The notes are due the earlier of; May 1, 2071, the date the property is sold, or upon default by the borrower. Accrued interest at December 31, 2023 amounted to $676,618.	5,789,182
SURF Solar Enterprises, Inc - On January 31, 2013, a permanent loan was executed between the Authority and Surf Solar Enterprises, Inc., in the amount of $5,800,000. This loan bears interest at a rate of 2.4%, compounded annually. Principal and accrued interest on this loan are due in full on January 30, 2043. Annual payments are required to the extent that Surf Solar Enterprises, Inc has generated residual receipts. Accrued interest at December 31, 2023 amounted to $1,456,209.	5,800,000
Santa Rita Village, L.P. - During 2014, the Authority sold a Public Housing property to Santa Rita Village, L.P. in exchange for a note in the amount of $3,335,000. This loan bears simple interest at a rate of 2.65% per annum and requires payments of 50% of residual receipts generated annually by the project. This loan is secured by a recorded deed of trust dated March 23, 2016. The note is due the earlier of; March 7, 2067, the date the property is sold, or in the event of default by the borrower. Accrued interest at December 31, 2023 amounted to $404,652.	3,335,000
Santa Rita Village, L.P. - Pass-thru loan received from the Lompoc Redevelopment Agency (see also Note 6). This loan bears simple interest at a rate of 3% annually. Payments were deferred until June 1, 2018 and then amortized for the next 25 years. Monthly payments of $1,667 began June 1, 2016 and will continue until May 1, 2041, when the note is due. Accrued interest at December 31, 2023 amounted to $10,679.	408,266
Santa Rita Village, L.P. - Pass-thru loan received from the Lompoc Redevelopment Agency. This loan bears simple interest at a rate of 3%, but payment is deferred until the loan is due on June 1, 2066. Accrued interest at December 31, 2023 amounted to $131,520.	348,333

NOTE 7. NOTES RECEIVABLE (continued)

Description	Amount
Lompoc Terrace Apartments, L.P. - In March 2014, the Authority transferred title of a Public Housing property to Lompoc Terrace Apartments, L.P., a California Limited Partnership in exchange for a note in the original amount of $4,583,000. The Authority is a general partner in the LP. This note is secured by a deed of trust on the property, bears interest of 3.37% compounded annually, and is due the earlier of; March 2069, when the property is sold or upon default by the borrower. Payments are due annually from the residual receipts generated by the property. Accrued interest at December 31, 2023 amounted to $1,637,694.	4,213,000
Aparicio Community Apartments, L.P. -The Authority transferred title of land, structures, and equipment known as Aparicio Apartments, a Public Housing Project, to Aparicio Community Apartments, L.P., a California Limited Partnership in exchange for a promissory note for the original amount of $7,100,000. The Authority acted as the developer for the project. The loan, dated July 2010, bears simple interest at a rate of 6.5% per annum and is secured by a permanent deed of trust, assignment of rents, and security agreement dated August 9, 2010. The note is due the earlier of; July 2065, the date the property is sold or in event of default. Effective January 1, 2015, the loan agreement was modified to provide for interest at 3.79%, compounded annually. Annual payments are due on this note only if the project generates residual receipts. Accrued interest at December 31, 2023 amounted to $73,547.	3,309,834
Los Alamos Creekside Village, L.P. - On April 15, 2011, the Authority transferred property and equipment to Los Alamos Creekside Village, L.P., a California limited partnership in exchange for two notes. The Authority is a general partner in this L.P., with a .0025% interest. The Authority originally acquired this property using a Joe Serna Grant from the State of California Department of Housing and Community Development. The first note is for the amount of the Joe Serna Grant, $1,144,000 and bears no interest. The second note is for $1,700,000, bears interest at a rate of 8%, compounded per annum, and requires payments of 71% of residual receipts generated in the prior fiscal year. Both notes are due and payable on the earlier of December 31, 2066, or the date the property is transferred, sold, or refinanced. Accrued interest at December 31, 2023 amounted to $2,414,875**.**	2,709,202

NOTE 7. NOTES RECEIVABLE (continued)

Description	Amount
The Residences at Depot Street, L.P. - During September 2019, the Authority made two loans to The Residences at Depot Street, L.P., a California limited partnership, totaling $2,150,000, for the acquisition and development of 80 units of rental housing in Santa Maria, California. These notes are secured by deeds of trust on the property; bear interest at a rate of 3.02%, compounded annually; and are due in 55 years after construction of the property is completed, when the property is sold, or upon default by the borrower. Payments on these notes are due annually, restricted to residual receipts generated from the property. Accrued interest at December 31, 2023 amounted to $368,806.	2,150,000
Golden Inn & Village, Senior, L.P. -In March 2015, the Authority sold property located in Santa Ynez, California to Golden Inn & Village, Senior, L.P. The Authority is the administrative general partner in this LP, with a 0.005% interest. The Authority provided two notes to the limited partnership. The two notes, totaling $1,970,000, are secured by deeds of trust on the property, earn simple interest at a rate of 4%, and are due in 55 years, March 2070. Both notes require annual payments of 100% of the residual receipts earned on the project. Neither note is in first position over the other loan. In November 2018, a note was executed in the amount of $1,658,400 for the remaining balance of deferred developer fees due on the property. The Authority is entitled to 60% of the developer fee earned for the project. Therefore, $995,040 or 60%, was recorded as a note receivable. The note earns interest at a rate of 3.22%, compounded annually, and is due in November 2030. Payments are due annually and are restricted to the residual receipts generated on the property. Accrued interest at December 31, 2023 amounted to $693,009.	1,970,000
Lompoc Palm Grove Apartments, L.P. - In December 2013, the Authority sold property known as Palm Grove Apartments to Lompoc Palm Grove Apartments, L.P. The Authority is the administrative general partner in this LP, with a .006% interest. The Authority provided funding for the acquisition in the amount of $1,330,000. This note is secured by a deed of trust on the property, earns interest at a rate of 3.32% compounded annually, and is due December 31, 2068. Annual payments are required to the extent of 75% of the residual receipts of the property. Accrued interest at December 31, 2023 amounted to $21,400.	1,104,973
Parkview Isla Vista, L.P. - The Authority loaned $1,200,000 to Parkview Isla Vista, L.P., a California limited partnership. The Authority is a general partner in this L.P., with a .0025% interest. The note, made May 1, 2009, bears simple interest at a rate of 3% per annum and is secured by a deed of trust on the property. The note is due and payable on the earlier of May 1, 2064, the date the property is sold, or upon default of the note by the borrower. Annual payments on the loan will be made from surplus cash, if generated, with 20% of the surplus cash to be paid towards the loan. Accrued interest at December 31, 2023 amounted to $289,594.	1,200,000

NOTE 7. NOTES RECEIVABLE (continued)

Description	Amount
Golden Inn & Village, Family, L.P. - In March 2015, the Authority sold property located in Santa Ynez, California to Golden Inn & Village, Family, L.P. The Authority is the administrative general partners in this LP, with a 0.005% interest. The Authority provided a note to the limited partnership in the amount of $710,000. The note is secured by a deed of trust on the property, earns simple interest at a rate of 4%, and is due in 55 years in March 2070. The note requires annual payments of 100% of the residual receipts earned on the project. Payments are due annually, restricted to the residual receipts generated on the property. Accrued interest at December 31, 2023 amounted to $249,764.	710,000
Santa Rita Village II, L.P. - In March 2015, the Authority transferred property and equipment to Santa Rita Village II, L.P., a California limited partnership in exchange for two notes. The Authority is the co-general partner in this L.P., with a .005% interest. The notes, made March 12, 2015, total $830,000, bear interest at a rate of 4% per annum, compounded annually, and are secured by deeds of trust on the property. The notes are due and payable on the earlier of March 12, 2070, the date the property is sold, or upon default of the note by the borrower. Both notes require annual debt service payments to the extent of available residual receipts. The note for $330,000 has priority position for pay-off over the $500,000 note. Accrued interest at December 31, 2023 amounted to $9,441.	404,570
Ted Zenich Gardens, L.P. - The Authority loaned $180,000 to Ted Zenich Gardens, L.P. a California limited partnership. The Authority is a general partner in this L.P., with a .0025% interest. The loan, made July 1, 2008, bears simple interest at a rate of 4.6% per annum and is secured by a deed of trust on the property. Annual payments on the loan will be made from residual receipts, if generated, and only after the $1.8 million loan from the County of Santa Barbara has been repaid. The note is due and payable on the earlier of June 30, 2063, the date the property is sold, or upon default of the note by the borrower. Accrued interest at December 31, 2023 amounted to $128,374.	180,000
SURF Development Company - The Authority loaned $150,000 to Surf Development Company, a California nonprofit public benefit corporation. The loan, made August 28, 2008, bears simple interest at a rate of 5% per annum and is secured by a deed of trust on real property known as Valley Station, in Buellton, California. Annual payments on the loan will be made from residual receipts of this property, if generated, up to a maximum of 50% of the residual receipts generated. The note is due and payable on the earlier of August 27, 2023, the date the property is sold, or upon default of the note by the borrower. This property has generated surplus cash for the past several years. Accrued interest at December 31, 2023 amounted to $51,807**.**	114,771

NOTE 7. NOTES RECEIVABLE (continued)

Description	Amount
SURF Development Company - In 2012, the Authority transferred real property acquired originally by the Public Housing Program to Surf Development Company. The donation of this surplus property was approved by HUD in 2005. A note was executed in the amount of $22,287 between the Authority and Surf Development Company for the book value of the land transferred. The loan bears simple interest at a rate of 3% per annum and is secured by a deed of trust on real property known as Braddock House, in Goleta, California. Annual payments on the loan will be made from residual receipts of this property, if generated, up to a maximum of 10% of the residual receipts generated. The note is due and payable in 2067, the date the property is sold, or upon default of the note by the borrower. Accrued interest at December 31, 2023 amounted to $4,455.	16,379
SURF Development Company - On June 16, 2016, the Authority elected to serve as the Housing Successor to the former Guadalupe Community Redevelopment Agency. On September 15, 2016, the Guadalupe Oversight Board to the Successor Agency to the Former Redevelopment Agency of the City of Guadalupe directed the Successor Agency to transfer and assign the housing assets, including the loans made to Habitat for Humanity, to the Authority. On March 28, 2006, as amended and restated on October 28, 2008, the Guadalupe Community Redevelopment Agency entered into an Affordable Housing Loan Agreement and Low Income Housing Rehabilitation Contract with Habitat for Humanity Northern Santa Barbara County, Inc., in which $550,000 was loaned to Habitat for the purpose of acquiring two properties for the development of very-low, low and moderate income housing. At the time of the transfer of this asset to the Authority, the note had a balance of $450,000, was a zero interest loan, and is expected to be repaid upon completion of the project. On March 29, 2019, Habitat for Humanity assigned this loan to Surf Development Company and recorded a grant deed for the property in favor of Surf Development Company. The property is commonly known as 4542 12th Street and 855 Pioneer Street in Guadalupe, CA. This note is being offset by a long-term liability titled Loan Liability.	450,000
Parkside Garden Apartments, LP - The Authority made two loans with Parkside Garden Apartments, LP. The first loan in the amount of $5,098,549 is dated March 1, 2020. The loan bears interest at 4% compounding annually and matures in 55 years from the conversion date of the permanent loan. Annual payments are required from 100% of residual receipts. The second loan, the gap loan, was in the amount of $2,150,000, and is dated March 1, 2020. The loan bears interest at 4% compounding annually and matures in 55 years from the conversion date of the permanent loan. Annual payments are required from 100% of residual receipts. Both loans are secured by real property. Accrued interest at December 31, 2023 amounted to $939,065.	6,598,549

NOTE 7. NOTES RECEIVABLE (continued)

Description	Amount
West Cox Cottages - On November 19, 2019, the Authority entered into a loan agreement with the County of Santa Barbara in the amount of $1,350,000 (the "HEAP loan") in connection with the construction of West Cox Cottages. The HEAP loan bears no interest and is due on the earlier of (a) fifteen years after the date of the HEAP loan,(b) the date the property is sold or otherwise transferred,or (c) the Authority fails to commence construction set forth in the HEAP loan agreement. The loan is secured by real property. Accrued interest at December 31, 2023 amounted to $202,279.	1,350,000
Lompoc Terrace Apartments, LP - In May of 2018, the remaining balance of the deferred developer fee in the amount of $228,881 was recorded as a note receivable. The note bears interest at 2.07% and is due in November of 2028, and is secured by real property. Accrued interest at December 31, 2023 amounted to $517.	10,533
Golden Inn & Village Senior, LP - In November of 2018, a note was executed in the amount of $1,658,400 for the remaining balance of the deferred developer fee. The Authority is entitled to 60% of the developer fee earned for the project. The note bears interest at 3.22% and is due in November of 2030, and is secured by real property. Accrued interest at December 31, 2023 amounted to $43,355.	457,051
Golden Inn & Village Family, LP - In September of 2018, a note was executed in the amount of $1,043,806 for the remaining balance of the deferred developer fee. The Authority is entitled to 60% of the developer fee earned for the project. The note bears interest at 3.02% and is due in November of 2030, and is secured by real property. Accrued interest at December 31, 2023 amounted to $29,828.	400,017
Central Plaza, LP - On June 18, 2021, a loan was entered into in the amount of $8,482,981. The loan bears interest at 6.00% and is due in 2076, and is secured by a deed of trust. Accrued interest at December 31, 2023 amounted to $196,200.	5,450,000
Harry's House 1 - On December 1, 2021, a loan was entered into in the amount of $3,355,000. The loan bears interest at 3.00% and is due in 2076, and is secured by a deed of trust. Accrued interest at December 31, 2023 amounted to $204,058.	3,355,000
Harry's House 2 - On December 1, 2021, a loan was entered into in the amount of $450,000. The loan bears interest at 3.00% and is due in 2076, and is secured by a deed of trust. Accrued interest at December 31, 2023 amounted to $27,370.	450,000
Harry's House 3 - On December 1, 2021, a loan was entered into in the amount of $1,250,000. The loan bears interest at 3.00% and is due in 2076, and is secured by a deed of trust.Accrued interest at December 31, 2023 amounted to $76,027.	1,250,000

NOTE 7. NOTES RECEIVABLE (continued)

Description	Amount
Escalante Meadows Investment Fund - On November 18, 2022, a loan was entered into in the amount of $12,565,000. The loan bears interest at 0.50% and is due on December 1, 2057, and is secured by a deed of trust. Accrued interest at December 31, 2023 amounted to $0.	12,565,000
Escalante Meadows Apartments - On November 1, 2022, a loan was entered into in the amount of $268,005. The loan bears no interest and is due in 2080, and is secured by a deed of trust. Accrued interest at December 31, 2023 amounted to $0.	268,005
Cypress & 7th, LP - In April 2023, a loan was entered into in the amount of $900,000. The loan bears no interest and is due in 2078, and is secured by a deed of trust. Accrued interest at December 31, 2023 amounted to $0.	900,000
Parkside Garden Apartments, LP - On December 11, 2023, a loan was entered into in the amount of $747,683. The loan bears compounding interest at 1.93% and is due in 2036, and is secured by a deed of trust. Accrued interest at December 31, 2023 amounted to $681.	747,683
Total notes receivable before allowance for uncollectable amounts	93,352,800
Less: allowance for uncollectable amounts	(828,477)
Total notes receivable, net	$ 92,524,323

As of December 31, 2023, the current portion of notes receivable amounted to $2,787,207. Accrued interest, net of an allowance for doubtful accounts of $828,477 totaled $2,009,577, of which $642,163 is estimated to be current and is included on the Authority's Statement of Net Position.

NOTE 8. OTHER ASSETS, NET

Other assets consisted of the following as of December 31, 2023:

Description	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Investment in joint ventures	$ 2,101,276	$ 1,000	$ 2,102,276
Deferred charges	-	501,295	501,295
Total other assets	$ 2,101,276	$ 502,295	$ 2,603,571

Investment in joint ventures represents ownership interests in numerous limited partnerships. The limited partnerships operate apartment complexes which provide low income housing eligible for tax credits in accordance with Section 42 of the Internal Revenue Code. The investment in the limited partnerships is accounted for under the equity method, because the Authority exercises significant influence over its operating and financial activities. Accordingly, the investment is carried at cost and adjusted for the proportionate share of earnings or losses.

Deferred charges represent development costs paid on behalf of future projects and miscellaneous receivables from managed properties and vendors.

NOTE 9. PAYMENTS IN LIEU OF TAXES

In accordance with California State Law, property owned by a Housing Authority is exempt from all taxes and special assessments of a municipality, but the Authority may make an annual payment in lieu of taxes ("PILOT"), to assist with costs associated with services furnished by the municipality.

Under the Cooperation Agreement with the County, the PILOT is calculated by using the lesser of ten percent (10%) of the aggregate shelter rent charged by the Authority or the amount permitted by State law. Included in general expenses on the Authority's Statement of Revenues, Expenses and Changes in Net Position for the year ended December 31, 2023 is $37,779 of PILOT incurred by the Primary Government.

NOTE 10. COMPENSATED ABSENCES

It is the Authority's policy to permit employees to accumulate earned but unused vacation leave up to a maximum of 304.2 hours or 50% of unused accumulated sick leave hours. This leave will be used in future periods or paid to employees upon retirement at the age of 65 or older; or after ten or more years of continuous employment by the Authority. If an employee is a voluntary termination before the normal retirement date of age 65, an employee shall be eligible to receive compensation for one half of the unused accumulated sick leave at the current rate of pay. At no time will sick leave payment exceed 30% of regular hourly rate for up to 6 months of accrued leave at an employee's regularly scheduled hours. Accrued vacation and vested sick leave have been valued by the Authority and allocated to all programs, including projects managed but not owned.

As of December 31, 2023, accrued compensated absences of the Primary Government and the Discretely Presented Component Units amounted to $987,350 and $210,076, respectively, and consisted of the following activity for the year then ended:

Description	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Beginning compensated absences	$ 939,673	$ 187,440	$ 1,127,113
Compensated absences earned	999,003	268,563	1,267,566
Compensated absences redeemed	(951,326)	(245,927)	(1,197,253)
Ending compensated absences	987,350	210,076	1,197,426
Less: current portion	98,733	21,011	119,744
Compensated absences, net of current portion	$ 888,617	$ 189,065	$ 1,077,682

NOTE 11. BONDS AND NOTES PAYABLE

Bonds and notes payable for the Primary Government consisted of the following as of December 31, 2023:

Description	Amount
Thompson Park - On October 1, 2021, the Authority entered into a loan agreement with Five Star Bank in the amount of $1,500,000. The loan bears interest at a rate of 2.50%, matures on November 1, 2031, and is secured by a deed of trust.	1,218,298

NOTE 11. BONDS AND NOTES PAYABLE (continued)

Description	Amount
Villa Del Sol - On January 18, 2005, the Authority entered into a loan agreement with the Redevelopment Agency of the County of Santa Barbara to finance building improvements on property known as Villa Del Sol. The $325,000 loan is being amortized over thirty years, requires a monthly payment of $1,370, bears simple interest at a rate of 3% per annum, and is due January 18, 2035. The loan is secured by real property.	155,855
Santa Rita Village, L.P. - On June 1, 2011, the Lompoc Redevelopment Agency made two loans to the Authority to fund modernization in Lompoc, California. Each loan is for $500,000. Neither loan bears interest. One loan, referred to as the Set-Aside Revolving Loan, is deferred for 5 years, then amortized over 25 years. Payments of $1,667 per month began on June 1, 2016, with the final payment due May 1, 2041. The second loan, referred to as the Set-Aside Incentive Loan, is deferred until the sale or transfer of the housing unit(s) on the property. The balance of this loan will be forgiven fifty-five years after the effective date of the loan. The loan funds were drawn in 2012. The loan is secured by real property.	348,333
West Cox Cottages - On November 19, 2019, the Authority entered into the HEAP loan agreement with the County of Santa Barbara in the amount of $1,350,000, in connection with the construction of West Cox Cottages. The HEAP loan bears no interest and is due on the earlier of (a) fifteen years after the date of the HEAP loan,(b) the date the property is sold or otherwise transferred or; (c) the Authority fails to commence construction set forth in the HEAP loan agreement. The loan is secured by real property.	1,350,000
The Authority was assigned a $450,000 loan from Habitat for Humanity on November 16, 2016. The loan is secured by the deed of trust. The loan is non-interest bearing and matures on the earlier of the conversion of 100% of the loan funds into homeowner loans, the option agreement is exercised, or the completion of construction date. As of December 31, 2023, none have the terms required for maturity have been met.	450,000
On December 22, 2021, the Authority entered into a loan with the Ron Barrett Foundation, a California nonprofit public benefit corporation, in the amount of $3,355,000. The loan bears interest at a rate of 3.00%, matures on December 22, 2076, and is secured by a deed of trust.	3,355,000
Total bonds and notes payable	6,877,486
Less: current portion	172,618
Bonds and notes payable, excluding current portion	$ 6,704,868

Debt activity for the primary government for the year ended December 31, 2023 consisted of the following:

Description	December 31, 2022	Advances	Principal Reductions	December 31, 2023
Loans payable	$ 7,046,315	$ -	$ (168,829)	$ 6,877,486

NOTE 11. BONDS AND NOTES PAYABLE (continued)

Accrued interest payable as of December 31, 2023 and interest expense for the year then ended for the primary government totaled $207,070 and $137,963, respectively. Annual debt service for principal and interest over the next five years and in five-year increments thereafter is as follows:

Year	Principal	Interest	Total
2024	$ 172,618	$ 37,282	$ 209,900
2025	626,673	33,484	660,157
2026	180,750	29,418	210,168
2027	184,933	25,330	210,263
2028	189,181	21,136	210,317
2029-2033	651,169	35,076	686,245
2034-2038	1,468,828	355	1,469,183
2039-2043	48,334	-	48,334
2076	3,355,000	-	3,355,000
	$ 6,877,486	$ 182,081	$ 7,059,567

A summary of the Authority's discretely presented component units long-term debt is as follows:

Loans payable to the Authority as evidenced by a Note Receivable (see Note 7):	Amount
California Department of Housing and Community Development loan to Los Alamos Creekside Village, LP	$ 1,009,202
Authority loan for Los Alamos Creekside Village, LP	1,700,000
GAP Loan payable to the Authority for Residence at Depot Street, LP	1,150,000
Authority loan for Residence at Depot Street, LP	1,000,000
Authority loan for Golden Inn & Village Family, LP	710,000
Developer fee note payable to the Authority from Golden Inn & Village Family, LP	666,692
Authority loan for Golden Inn & Village Senior, LP	1,320,000
GAP Loan payable to the Authority for Golden Inn & Village Senior, LP	650,000
Developer fee note payable to the Authority from Golden Inn & Village Senior, LP	761,753
Authority loan for Leland Grossman Sandpiper, LP	2,595,079
GAP Loan payable to the Authority for Leland Grossman Sandpiper, LP	7,442,373
Authority loan for Lompoc Gardens, LP	9,000,000
Authority loan for Lompoc Palm Grove Apartments, LP	1,104,973
Authority loan for Lompoc Terrace Apartments, LP	4,213,000
Developer fee note payable to the Authority from Lompoc Terrace Apartments, LP	10,533
Authority loan for Miller Stanley, LP	6,300,000
Authority loan for Parkside Gardens, LP	5,098,549
GAP Loan payable to the Authority for Parkside Gardens, LP	1,500,000
Developer fee note payable to the Authority from Parkside Garden Apartments, LP	747,683
Authority loan for Parkview Isla Vista, LP	1,200,000
Authority loan for Positano Apartments, LP	4,217,418
GAP Loan payable to the Authority for Positano Apartments, LP	1,571,763
Authority loan for Santa Rita Village, LP	3,335,000
Authority loan for Santa Rita Village, LP	408,266
Authority loan for Santa Rita Village, LP	348,333
Authority loan for Santa Rita Village II, LP	404,570
Authority loan for Ted Zenich Gardens, LP	180,000
Authority loan for Surf Solar, Enterprise Inc.	5,800,000
Authority loan for Central Plaza Apartments Resyndication, LP	5,450,000
Authority loan for Harry's House, LP	5,055,000
Authority loan for Escalante Meadows, LP	268,005
Total primary government loans to discretely presented component units	$ 75,218,192

NOTE 11. BONDS AND NOTES PAYABLE (continued)

Bonds and loans payable to other lenders consisted of the following as of December 31, 2023:

Description	Amount
Los Alamos Creekside Village, LP - The convertible loan in the amount of $1,550,000 with U S Bank is dated April 15, 2011. Initially the loan had a variable interest rate with a fixed rate commencement date of November 1, 2012 at 7.15%. The loan has a conversion date of April 1, 2013, and matures on April 1, 2043. The loan initially required interest only monthly payments but commencing December 1, 2012 and continuing on the first day of each calendar month thereafter interest and principal shall be due and payable in monthly installments on the basis of an amortization period of 30 years.	$ 1,294,840
Los Alamos Creekside Village, LP - The County of Santa Barbara loan (derived from the County of Santa Barbara "In-Lieu Funds") is dated April 15, 2011 in the amount of $800,000 and bears interest at a rate of three percent (3%). The loan matures in 55 years and requires payments from cash flow only until maturity. No principal payments are anticipated in the next five years.	800,000
Los Alamos Creekside Village, LP - The Santa Barbara County HOME loan in the amount of $2,028,227 bears interest at a rate of three percent (3%) simple for a period of 55 years (December 15, 2066) and requires payments out of cash flow only until maturity and requires payments from cash flow only until maturity. No principal payments are anticipated in the next five years.	1,228,227
Residence at Depot Street, LP - Permanent loan from the California Community Reinvestment Corporation ("CCRC") in the amount of $11,900,000 closed on February 26, 2021. The loan bears interest at 4.71% and has a term of 15 years from conversion. The monthly amortization payment on the loan is $57,875. The maturity date of the loan is March 1, 2036.	11,240,260
Residence at Depot Street, LP - The HOME loan with the County of Santa Barbara in the amount of $3,173,437 is dated August 28, 2018. The loan bears simple interest at 3.00% (no compounding) per annum and matures in 55 years from the date of completion. Annual payments are required from 50% of residual receipts. Construction period interest of $149,803 was capitalized and recorded to fixed assets.	3,173,437
Residence at Depot Street, LP - On August 28, 2018 the partnership entered into a loan agreement with the County of Santa Barbara Department of Behavioral and Wellness in the amount of $2,410,379.91. The loan bears simple interest at 3.00% (no compounding) and has a term of 55 years. Construction period interest of $143,500 was capitalized and recorded to fixed assets.	2,410,380
Golden Inn & Village Family, LP - The permanent loan from CCRC in the amount of $2,240,000 closed June 23, 2017. The loan bears interest at 5.25% and has a term of 15 years from conversion. The loan matures in 15 years when all remaining principal and interest is due.	1,660,377
Golden Inn & Village Senior, LP - The permanent loan from CCRC in the amount of $3,350,000 converted from the construction phase on June 23, 2017. The loan will bears interest rate of 5.25% and has a term of 15 years from conversion ending on July 1, 2032. The loan matures on July 1, 2032 when all remaining principal and interest is due.	2,317,283

NOTE 11. BONDS AND NOTES PAYABLE (continued)

Description	Amount
513 North G, LP - Note payable to HCD under the Governor's Homeless Initiative program in the amount of $1,516,960. The note is secured by a deed of trust and bears interest at a rate of 3%, and matures on September 12, 2068.	1,188,748
513 North G, LP - Note payable to CalHFA in the amount of $1,210,840. The note is secured by a deed of trust and bears interest at a rate of 1%, and matures on October 1, 2040.	1,142,145
513 North G, LP - Note payable to the City of Lompoc in the amount of $150,000 (the "HOME Loan"). The note is secured by a deed of trust and bears interest at a rate of 3%, and matures in 2061.	150,000
513 North G, LP - Note payable to the County of Santa Barbara the amount of $200,000 (the "CSB Note"). The note is secured by a deed of trust and bears interest at a rate of 4.44%, and matures on December 15, 2040.	200,000
513 North G, LP - The Partnership entered into a loan with the Santa Barbara Housing Assistance Corporation in the amount of $56,720. The loan bears no interest and. The loan will be repaid from available cash.	56,720
Leland Grossman Sandpiper, LP - On May 2, 2016, the Partnership entered into a loan in the amount of $3,950,000 with the CCRC. The loan bears interest at a rate of 5%, is secured by real property, and matures on May 1, 2031.	3,137,069
Lompoc Gardens, LP - On May 2, 2016, the Partnership entered into a loan in the amount of $2,050,000 with the CCRC. The loan bears interest at a rate of 5.5%, is secured by real property, and matures on May 1, 2035.	1,722,908
Lompoc Palm Grove Apartments, LP - Note payable to Red Capital with the maximum borrowings up to $6,247,000, secured by a deed of trust and repayment insured by HUD under Section 221(d)(4). The note bears interest at a rate of 4.45% and matures on October 1, 2054.	4,461,512
Lompoc Terrace Apartments, LP - The Partnership entered into a loan in the amount of $1,675,000 with the CCRC. The loan bears interest at a rate of 6.05%, is secured by real property, and matures on September 1, 2033.	1,309,543
Parkside Garden Apartments, LP - The Partnership entered into a permanent loan in the amount of $5,400,000 with the CCRC dated January 24, 2022. The loan bears interest at a rate of 3.35% and is secured by real property.	5,231,831

NOTE 11. BONDS AND NOTES PAYABLE (continued)

Description	Amount
Parkview Isla Vista, LP - The Partnership entered into a loan in the amount of $1,200,000 with Union Bank dated March 1, 2009. The loan bears interest at a rate of 3.96%, is secured by real property, and matures on June 1, 2039.	781,566
Parkview Isla Vista, LP - The Partnership entered into a loan in the amount of $3,760,000 with the Redevelopment Agency of the County of Santa Barbara in May of 2007. The loan bears interest at a rate of 3%, is secured by real property, and matures 55 years from the date of the loan.	3,224,439
Pescadero Lofts Isla Vista, LP - The Partnership entered into a mortgage loan with MUFG Union Bank, N.A on January 29, 2016 in the amount of $1,526,013. The loan bears interest at a rate of 6.27%, is secured by real property, and matures on November 1, 2030.	768,952
Pescadero Lofts Isla Vista, LP - The Partnership entered into a loan with the County of Santa Barbara in the amount of $2,900,000, dated September 17, 2013. The loan bears interest at 3% and matures 55 years from completion. The loan is secured by real property.	2,900,000
Pescadero Lofts Isla Vista, LP - The Partnership entered into a HOME loan with the County of Santa Barbara in the amount of $1,642,234. The loan bears interest at 3% and matures 55 years from completion. The loan is secured by real property.	1,642,234
Positano Apartments, LP - The Partnership entered into a mortgage loan with Berkeley Point Capital, LLC in the amount of $16,286,000. The loan bears interest at a rate of 4.12%, is secured by real property, and matures on June 1, 2034.	14,769,875
Santa Rita Village, LP - The Partnership entered into a note with Wells Fargo Bank, N.A. in the amount of $2,900,000. The loan is insured by HUD under Section 223(f), is secured by the first deed of trust on the Project, and matures on August 21, 2049.	2,197,332
Santa Rita Village, LP - The Partnership entered into a HOME loan with the County of Santa Barbara in the amount of $1,578,132. The loan bears interest at 3% and matures in December of 2067.. The loan is secured by the deed of trust.	1,578,132
Santa Rita Village II, LPP - The permanent loan from CCRC in the amount of $1,535,000. The loan bears interest at 5.25% and matures on July 1, 2031, and is secured by real property.	1,125,677
Ted Zenich Gardens, LPP - Permanent loan from Berkadia in the amount of $1,000,000. The loan bears interest at 6.9%, matures 30 years from the date of the note, and is secured by real property.	721,813
Ted Zenich Gardens, LPP -HOME loan from the County of Santa Barbara dated January 31, 2007. The loan bears interest at 5%, matures on January 31, 2062, and is secured by real property.	1,806,188

NOTE 11. BONDS AND NOTES PAYABLE (continued)

Description	Amount
Central Plaza Apartment Resyndication, LP - Construction note payable to Pacific West Bank on the issuance of the Authority's multifamily revenue notes in the maximum amount of $35,600,000 which consists of a taxable note in the amount of $6,500,000 and a tax-exempt note of $29,100,000 (the "construction loan"). The construction loan is secured by a deed of trust, bearing interest payable monthly at 3.25%. Principal and interest are due December 1, 2023, at which time the tax-exempt note will be reduced and converted to a permanent loan in the amount of $22,000,000, bearing interest at 3.50%, with monthly payments of principal and interest and maturing December 1, 2040.	21,808,399
Harry's House, LP - Promissory note entered into on December 22, 2021 in the amount of $19,366,030, bearing interest at a rate of 3.75%, maturing on December 22, 2036, and secured by a deed of trust.	18,265,990
Harry's House, LP -HOME loan from the County of Santa Barbara dated December 2022. The loan bears interest at 3%, matures on December 31, 2077, and is secured by real property.	450,000
Escalante Meadows, LP - Promissory note entered into on November 15, 2021 in the amount of $2,200,000, bearing interest at a rate of 3%, maturing in 55 years, and secured by a deed of trust.	5,259,480
Escalante Meadows, LP - Promissory note entered into on November 15, 2022 in the amount of $5,600,000, bearing interest at a rate of 3%, maturing in 55 years, and secured by a deed of trust.	1,239,250
Escalante Meadows, LP - Promissory note entered into on November 18, 2022 in the amount of $42,400,000, bearing interest at a rate of 5.25% during construction and 5.50% after conversion to permanent, maturing on May 15, 2025 and secured by a deed of trust.	13,822,278
Total long-term debt payable to other lenders	135,086,885
Total long-term debt	$ 210,305,077

Long-term debt for the discretely present component units is shown net of unamortized debt issuance costs totaling $3,102,456. Accrued interest payable as of December 31, 2023 and interest expense as of and for the year then ended for the discretely presented component units totaled $2,489,541 and $7,848,806, respectively.

The five-year maturity disclosure information can be found in the financial statements of each individual discretely presented component unit, which can be obtained by management of the Authority.

NOTE 12. OTHER LIABILITIES

As of December 31, 2023, other liabilities of the primary government totaled $4,807,107, and consisted of the following activity for the year then ended:

Description	Balances at December 31, 2022	Additions	Deletions	Balances at December 31, 2023
Due to related parties	$ 22,041	$ 66,235	$ (22,041)	$ 66,235
Contract retentions	920,216	807,484	(814,559)	913,141
Deferred revenue - Government	4,872,914	600,000	(1,867,011)	3,605,903
FSS Escrow	243,395	93,556	(115,123)	221,828
Total	$ 6,058,566	$ 1,567,275	$ (2,818,734)	4,807,107
Due within one year				979,376
Non-current portion				$ 3,827,731

As of December 31, 2023, other liabilities of the discretely presented component units totaled $37,233,748, of which $10,051,986 was due within one year.

NOTE 13. RESTRICTED NET POSITION

Restricted net position consists of the following as of December 31, 2023:

Description	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Housing assistance payment reserves	$ 726,572	$ -	$ 726,572
FSS escrows forfeitures	39,401	-	39,401
Project reserves	198,655	12,335,666	12,534,321
Homekey reserves	3,024,226	-	3,024,226
Total restricted net position	$ 3,988,854	$ 12,335,666	$ 16,324,520

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers and Mainstream Vouchers programs for future housing assistance payments.

FSS escrows forfeitures are to be used to fund eligible expenses of FSS participants in good standing.

Project reserves represent funds that are restricted for repairs and replacement of buildings and equipment, operating deficits, insurance and tax escrows, and mortgage escrows.

Homekey reserves are required to be set aside for future project expenditures in accordance with the Homekey grant agreements.

NOTE 14. COMMITMENTS AND CONTINGENCIES

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD.

As of December 31, 2023, the Authority estimates that no material liabilities will result from such audits.

NOTE 15. DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which became effective October 18, 1999, is administered by ICMA Retirement Corporation d/b/a MissionSquare Retirement. The plan, available to all regular employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefits of participants and their beneficiaries.

The Authority's plan is administered by MissionSquare Retirement. A total of $6,279,402 is being held by this company on behalf of the Authority's employees. These funds are not recorded as assets of the Authority since they are held in trust for the exclusive benefit of participants and their beneficiaries and are not subject to claims of the Authority's general creditors.

NOTE 16. DEFINED CONTRIBUTION RETIREMENT PLAN

The Authority provides a defined contribution retirement plan for its employees in accordance with Internal Revenue Code Section 401. This plan, administered by MissionSquare Retirement, was originally approved by the Board and may be amended by the Board, as allowable by the Internal Revenue Code. A defined contribution retirement plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution retirement plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the return earned on investments of those contributions. All regular, full-time employees of the Authority must participate in the retirement plan from the date they are hired. Participants have the responsibility of selecting how their funds are invested within the approved set of investment choices. Contributions made by an employee vest immediately and contributions made by the Authority vest after 5 years of full-time employment. An employee who leaves the employment of the Authority is entitled to his or her contributions and the Authority's contributions if vesting requirements are satisfied.

The Authority's payroll for employees covered by the retirement plan for the year ended December 31, 2023 was approximately $9,235,714, while total payroll was $10,725,249. The Housing Authority contributes 12.5% of each employee's base salary to a 401(a) deferred compensation plan to all eligible employees. In addition, effective May 10, 2022, the Housing Authority will match an employee retirement contribution up to 5% of the employees base salary into the Housing Authority 401(a) deferred compensation plan. During 2023, the Authority contributed a total of $1,463,470 to the plan. This amount represents the required contributions, less forfeitures of $9,624 accruing to the plan during 2023. Employees are not required to contribute to the plan. The total plan assets held by MissionSquare Retirement as of December 31, 2023, were $17,006,116.

NOTE 17. GAIN ON SALE OF ASSETS

In August of 2023, the Authority sold Evans Park Apartments and Lompoc Scattered Sites. The transaction, with a sales price of $4,020,000, resulted in a gain of $3,209,394.

In November of 2023, the Authority sold a fully depreciated vehicle. The sale resulted in a gain of $350.

NOTE 18. SUBSEQUENT EVENTS

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through July 10, 2024 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Housing Authority of the County of Santa Barbara:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business type activities (primary government) and the aggregate discretely presented component units of the Housing Authority of the County of Santa Barbara (the "Authority") as of December 31, 2023, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated July 10, 2024. Our report includes a reference to other auditors who audited the financial statements of Ted Zenich Gardens, LP, Los Alamos Creekside Village, LP, Pescardero Lofts Isla Vista, LP, Santa Rita Village, LP, Leland Grossman Sandpiper, LP, Miller Stanley, LP, Golden Inn and Village Family, LP, 513 North G., LP, Parkview Isla Vista, LP, Lompoc Palm Grove Apartments, LP, Santa Rita Village II, LP, Lompoc Gardens, LP, Golden Inn and Village Senior, LP, Positano Apartments, LP, Residence at Depot Street, LP, Parkside Gardens Apartments, LP, Lompoc Terrace Apartments, LP, Central Plaza Apartments Resyndication, LP, and Harry's House, LP as described in our report on the financial statements of the Authority. Those financial statements were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with those entities.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Novogradac & Company LLP

July 10, 2024
Toms River, New Jersey

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Commissioners
Housing Authority of the County of Santa Barbara:

Opinion on Each Major Federal Program

We have audited the Housing Authority of the County of Santa Barbara's (the "Authority") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2023. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on the major federal program is not modified with respect to this matter.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

Report on Internal Control over Compliance (continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Novogradac & Company LLP

July 10, 2024
Toms River, New Jersey

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Grantor/Program Title	Federal AL Number	Grant Expenditures
U.S. Department of Housing and Urban Development - Direct Programs:		
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	$ 75,934,417
Mainstream Vouchers	14.879	2,899,615
Emergency Housing Vouchers	14.EHV	3,251,347
Total Housing Voucher Cluster		82,085,379
Public and Indian Housing Program	14.850	511,578
Economic Development Initiative - Community Project Funding Grants	14.251	2,034,018
Public Housing Capital Fund Program	14.872	2,127,612
Resident Opportunity and Supportive Services	14.870	77,777
Family Self Sufficiency Program	14.896	115,000
Subtotal United States Department of Housing and Urban Development - Direct Programs		86,951,364
U.S. Department of Housing and Urban Development - Pass Through Programs:		
County of Santa Barbara; HOME Investment Partnership Program	14.239	31,824
Total Expenditures of Federal Awards		$ 86,983,188

See Notes to Schedule of Expenditures of Federal Awards.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended December 31, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. INDIRECT COST RATE

The Authority has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4. SCHEDULE OF CAPITAL FUND PROGRAM COSTS AND ADVANCES

The total amounts of Capital Fund Program Costs and Advances incurred and earned by the Authority as of and for the year ended December 31, 2023 are provided herein:

	501-20	501-21	501-22	501-23	Totals
Budget	$ 791,318	$ 654,677	$ 803,860	$ 771,625	$ 3,812,798
Advances:					
Cumulative through 12/31/22	$ 743,269	$ 150,599	$ -	$ -	$ 893,868
Current Year	48,049	504,078	803,860	771,625	2,127,612
Cumulative through 12/31/23	791,318	654,677	803,860	771,625	3,021,480
Costs:					
Cumulative through 12/31/22	743,269	150,599	-	-	893,868
Current Year	48,049	504,078	803,860	771,625	2,127,612
Cumulative through 12/31/23	791,318	654,677	803,860	771,625	3,021,480
Excess / (Deficiency)	$ -	$ -	$ -	$ -	$ -

1) CFP Grant No. CA16P021501-20 with an approved funding of $791,318 has been fully drawn down and expended as per Capital Fund Program Grant Regulations.

2) CFP Grant No. CA16P021501-21 with an approved funding of $654,677 has been fully drawn down and expended as per Capital Fund Program Grant Regulations.

3) CFP Grant No. CA16P021501-22 with an approved funding of $803,860 has been fully drawn down and expended as per Capital Fund Program Grant Regulations.

4) CFP Grant No. CA16P021501-23 with an approved funding of $771,625 has been fully drawn down and expended as per Capital Fund Program Grant Regulations.

HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

I. Summary of Auditors' Results

Financial Statement Section

1.	Type of auditors' report issued:		Unmodified
2.	Internal control over financial reporting		
	a.	Material weakness(es) identified?	No
	b.	Significant deficiency(ies) identified?	None Reported
3.	Noncompliance material to the financial statements?		No

Federal Awards Section

1.	Internal control over compliance:		
	a.	Material weakness(es) identified?	No
	b.	Significant deficiency(ies) identified?	Yes
2.	Type of auditors' report on compliance for major programs:		Unmodified
3.	Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		Yes

4. Identification of major programs:

AL Number	Name of Federal Program
	Housing Voucher Cluster:
14.871	Section 8 Housing Choice Vouchers
14.879	Mainstream Vouchers
14.EHV	Emergency Housing Vouchers

5.	Dollar threshold used to distinguish between Type A and Type B Programs:	$2,609,496
6.	Auditee qualified as low-risk Auditee?	Yes

II. Financial Statement Findings

There were no findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards.*

III. Federal Award Findings and Questioned Costs

Finding 2023-001

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program Titles: Section 8 Housing Choice Vouchers Program
Assistance Listing Number: 14.871
Noncompliance – N. Special Tests and Provisions - Housing Quality Standards
Non Compliance Material to the Financial Statements: No
Significant Deficiency in Internal Control over Compliance for Special Tests and Provisions

Criteria: Housing Quality Standards Inspections. The PHA must inspect the unit leased to a family at least biennially to determine if the unit meets the Housing Quality Standards (HQS) and the PHA must conduct quality control re-inspections. The PHA must prepare a unit inspection report (24 CFR sections 982.158(d) and 982.405(b)). For units that fail inspection the PHA must correct all life threatening HQS deficiencies within 24 hours and all other deficiencies within 30 days.

Condition: Based upon inspection of the Authority's files and on discussion with management, there was a failed inspection that did not pass reinspection within 30 days without penalty.

Context: There were approximately six hundred ninety four (694) failed inspections during the audit period. Of a sample size of twenty-five (25) failed inspections, one (1) unit did not pass reinspection within 30 days. HAP was not abated nor was the tenant transferred.

Known Questioned Costs: $4,107

Our sample size is statistically valid.

Cause: There is a significant deficiency in internal controls over the compliance for the special tests and provisions type of compliance related to HQS inspections.

Effect: The Section 8 Housing Choice Vouchers Program is in non-compliance with the special tests and provisions type of compliance related to HQS inspections.

Recommendation: We recommend the Authority design and implement a corrective action plan that will assure compliance with the Uniform Guidance and the compliance supplement.

Authority Response: The Authority accepts the recommendation of the auditor and will make the necessary changes to its inspection process to ensure enforcement of Housing Quality Standards (or any subsequent replacement).

IV. Schedule of Prior Year Audit Findings

Finding 2022-001:

Observation: Based upon inspection of the Authority's procurement files, there was one vendor who was contracted utilizing non-competitive (sole source) proposals in violation of the Authority's approved Statement of Fiscal Policies, dated August 16, 2018.

Status: The finding has been cleared.

Housing Authority of the County of Santa Barbara (CA021)

Lompoc, CA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2023

	Project Total	14.EFA FSS Escrow Forfeiture Account	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program
111 Cash - Unrestricted	$1,153,453		$8,105,477	$22,300	
112 Cash - Restricted - Modernization and Development			$243,768		
113 Cash - Other Restricted		$39,401	$12,091,899		
114 Cash - Tenant Security Deposits			$938,296		
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	$1,153,453	$39,401	$21,379,440	$22,300	$0
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects				$210,297	
124 Accounts Receivable - Other Government			$86,522	$3,500	
125 Accounts Receivable - Miscellaneous			$250,825	$341,661	
126 Accounts Receivable - Tenants	$56,298		$422,870	$145,678	
126.1 Allowance for Doubtful Accounts -Tenants	-$56,298		-$266,158	$0	
126.2 Allowance for Doubtful Accounts - Other			$0	$0	
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	$0	$0	$494,059	$701,136	$0
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets			$568,688	$70,908	
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From				$26,164	
145 Assets Held for Sale					
150 Total Current Assets	$1,153,453	$39,401	$22,442,187	$820,508	$0
161 Land			$29,250,791	$167,165	
162 Buildings	$2,257,165		$309,119,688	$12,630,956	
163 Furniture, Equipment & Machinery - Dwellings			$37,379,430	$113,032	
164 Furniture, Equipment & Machinery - Administration	$29,603		$1,308,422	$141,622	
165 Leasehold Improvements				$1,196,540	
166 Accumulated Depreciation	-$664,904		-$82,431,824	-$10,350,486	
167 Construction in Progress			$26,940,512		
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	$1,621,864	$0	$321,567,019	$3,898,829	$0
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets			$3,763,102		
176 Investments in Joint Ventures			$1,000	$818,491	
180 Total Non-Current Assets	$1,621,864	$0	$325,331,121	$4,717,320	$0
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	$2,775,317	$39,401	$347,773,308	$5,537,828	$0

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2023

	Project Total	14.EFA FSS Escrow Forfeiture Account	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	$122,459		$736,653	$260,652	
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable			$43,684	$13,298	
322 Accrued Compensated Absences - Current Portion			$21,011		
324 Accrued Contingency Liability					
325 Accrued Interest Payable			$2,489,540		
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	$37,717				
341 Tenant Security Deposits			$938,223		
342 Unearned Revenue	$19,006		$67,446	$12,401	
344 Current Portion of Long-term Debt - Operating Borrowings			$21,954,021		
344 Current Portion of Long-term Debt - Operating Borrowings			$1,066,524		
345 Other Current Liabilities	$1,610		$10,051,984	$12,349	
346 Accrued Liabilities - Other					
347 Inter Program - Due To	$16,952			$1,294,843	
348 Loan Liability - Current					
310 Total Current Liabilities	$197,744	$0	$37,369,086	$1,593,543	$0
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			$186,107,675		
352 Long-term Debt, Net of Current - Operating Borrowings	$622,379		$1,176,857		
353 Non-current Liabilities - Other			$27,181,762		
354 Accrued Compensated Absences - Non Current			$189,067		
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	$622,379	$0	$214,655,361	$0	$0
300 Total Liabilities	$820,123	$0	$252,024,447	$1,593,543	$0
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	$1,621,864		$113,505,323	$3,898,829	
511.4 Restricted Net Position		$39,401	$12,335,667	$0	
512.4 Unrestricted Net Position	$333,330	$0	-$30,092,129	$45,456	$0
513 Total Equity - Net Assets / Position	$1,955,194	$39,401	$95,748,861	$3,944,285	$0
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$2,775,317	$39,401	$347,773,308	$5,537,828	$0

Housing Authority of the County of Santa Barbara (CA021)

Lompoc, CA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2023

	1 Business Activities	2 State/Local	14.879 Mainstream Vouchers	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers
111 Cash - Unrestricted	$621,467	$272,087	$288,881		$2,571,844
112 Cash - Restricted - Modernization and Development	$526	$604,703			
113 Cash - Other Restricted	$3,023,700	$198,655	$155,738		$766,479
114 Cash - Tenant Security Deposits	$30,723	$5,323			
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	$3,676,416	$1,080,768	$444,619	$0	$3,338,323
121 Accounts Receivable - PHA Projects					$94,061
122 Accounts Receivable - HUD Other Projects			$6,617		$29,945
124 Accounts Receivable - Other Government	$254	$5,250		$31,824	
125 Accounts Receivable - Miscellaneous	$672,007	$0	$6		$358,704
126 Accounts Receivable - Tenants	$20,095	$4			
126.1 Allowance for Doubtful Accounts -Tenants	-$14,280	$0			
126.2 Allowance for Doubtful Accounts - Other	$0	$0	-$6	$0	-$279,398
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	$678,076	$5,254	$6,617	$31,824	$203,312
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	$11,014	$652	$368		$11,689
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	$4,365,506	$1,086,674	$451,604	$31,824	$3,553,324
161 Land	$2,103,782	$67,900			
162 Buildings	$20,345,470	$402,845			$8,000
163 Furniture, Equipment & Machinery - Dwellings	$131,145				
164 Furniture, Equipment & Machinery - Administration					$380,721
165 Leasehold Improvements					
166 Accumulated Depreciation	-$1,448,635	-$377,635			-$276,955
167 Construction in Progress	$8,074,339				
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	$29,206,101	$93,110	$0	$0	$111,766
171 Notes, Loans and Mortgages Receivable - Non-Current		$450,000			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	$29,206,101	$543,110	$0	$0	$111,766
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	$33,571,607	$1,629,784	$451,604	$31,824	$3,665,090

Housing Authority of the County of Santa Barbara (CA021)

Lompoc, CA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2023

	1 Business Activities	2 State/Local	14.879 Mainstream Vouchers	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	$27,343	$2,857	$3,617		$66,188
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	$1,539	$595	$677		$46,176
322 Accrued Compensated Absences - Current Portion	$887	$423	$195		$15,384
324 Accrued Contingency Liability					
325 Accrued Interest Payable	$2,622	$390			
331 Accounts Payable - HUD PHA Programs					$0
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					
341 Tenant Security Deposits	$30,723	$5,323			
342 Unearned Revenue	$6,618	$1,739			$7,769
344 Current Portion of Long-term Debt - Operating Borrowings	$140,688	$11,930			
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities	$914,601				
346 Accrued Liabilities - Other					
347 Inter Program - Due To	$3,377,267			$31,824	$2,625
348 Loan Liability - Current					
310 Total Current Liabilities	$4,502,288	$23,257	$4,489	$31,824	$138,142
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	$1,077,610	$143,925			
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other	$3,001,200	$604,703			$221,828
354 Accrued Compensated Absences - Non Current	$7,989	$3,809	$1,758		$138,460
355 Loan Liability - Non Current		$450,000			
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	$4,086,799	$1,202,437	$1,758	$0	$360,288
300 Total Liabilities	$8,589,087	$1,225,694	$6,247	$31,824	$498,430
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	$27,987,803	-$62,745	$0		$111,766
511.4 Restricted Net Position	$3,024,226	$198,655	$155,738		$544,650
512.4 Unrestricted Net Position	-$6,029,509	$268,180	$289,619	$0	$2,510,244
513 Total Equity - Net Assets / Position	$24,982,520	$404,090	$445,357	$0	$3,166,660
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$33,571,607	$1,629,784	$451,604	$31,824	$3,665,090

Housing Authority of the County of Santa Barbara (CA021)

Lompoc, CA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2023

	14.870 Resident Opportunity and Supportive Services	14.EHV Emergency Housing Voucher	8 Other Federal Program 1	COCC	ELIM	Total
111 Cash - Unrestricted		$50,816		$8,846,088		$21,932,413
112 Cash - Restricted - Modernization and Development						$848,997
113 Cash - Other Restricted		$26,184				$16,302,056
114 Cash - Tenant Security Deposits						$974,342
115 Cash - Restricted for Payment of Current Liabilities		$37,733				$37,733
100 Total Cash	$0	$114,733	$0	$8,846,088	$0	$40,095,541
121 Accounts Receivable - PHA Projects		$29,554				$123,615
122 Accounts Receivable - HUD Other Projects	$9,206					$256,065
124 Accounts Receivable - Other Government			$225,985	$0		$353,335
125 Accounts Receivable - Miscellaneous		$9,081		$4,454,395		$6,086,679
126 Accounts Receivable - Tenants				$2,285		$647,230
126.1 Allowance for Doubtful Accounts -Tenants			$0	$0		-$336,736
126.2 Allowance for Doubtful Accounts - Other	$0	-$379	$0	$0		-$279,783
127 Notes, Loans, & Mortgages Receivable - Current				$2,787,207		$2,787,207
128 Fraud Recovery						
128.1 Allowance for Doubtful Accounts - Fraud						
129 Accrued Interest Receivable				$642,163		$642,163
120 Total Receivables, Net of Allowances for Doubtful Accounts	$9,206	$38,256	$225,985	$7,886,050	$0	$10,279,775
131 Investments - Unrestricted						
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets	$140	$482		$477,202		$1,141,143
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From				$4,714,776	-$4,740,940	$0
145 Assets Held for Sale						
150 Total Current Assets	$9,346	$153,471	$225,985	$21,924,116	-$4,740,940	$51,516,459
161 Land				$2,552,276		$34,141,914
162 Buildings				$879,276		$345,643,400
163 Furniture, Equipment & Machinery - Dwellings						$37,623,607
164 Furniture, Equipment & Machinery - Administration				$568,832		$2,429,200
165 Leasehold Improvements				$492,042		$1,688,582
166 Accumulated Depreciation				-$898,476		-$96,448,915
167 Construction in Progress				$3,486,888		$38,501,739
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	$0	$0	$0	$7,080,838	$0	$363,579,527
171 Notes, Loans and Mortgages Receivable - Non-Current				$89,909,495	-$622,379	$89,737,116
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due						
173 Grants Receivable - Non Current						
174 Other Assets				$1,367,414		$5,130,516
176 Investments in Joint Ventures				$1,282,785		$2,102,276
180 Total Non-Current Assets	$0	$0	$0	$99,640,532	-$622,379	$460,549,435
200 Deferred Outflow of Resources						
290 Total Assets and Deferred Outflow of Resources	$9,346	$153,471	$225,985	$121,564,648	-$5,363,319	$512,065,894

See report of independent auditors.

Housing Authority of the County of Santa Barbara (CA021)

Lompoc, CA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2023

	14.870 Resident Opportunity and Supportive Services	14.EHV Emergency Housing Voucher	8 Other Federal Program 1	COCC	ELIM	Total
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	$294	$9,106		$277,705		$1,506,874
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable	$1,291	$1,535		$159,701		$268,496
322 Accrued Compensated Absences - Current Portion	$232	$668		$80,944		$119,744
324 Accrued Contingency Liability						
325 Accrued Interest Payable				$204,058		$2,696,610
331 Accounts Payable - HUD PHA Programs		$8,206				$8,206
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government						$37,717
341 Tenant Security Deposits						$974,269
342 Unearned Revenue		$37,733				$152,712
344 Current Portion of Long-term Debt - Operating Borrowings				$136,980		$22,243,619
344 Current Portion of Long-term Debt - Operating Borrowings				$20,000		$1,086,524
345 Other Current Liabilities				$50,816		$11,031,360
346 Accrued Liabilities - Other						
347 Inter Program - Due To	$10,842			$6,587	-$4,740,940	$0
348 Loan Liability - Current						
310 Total Current Liabilities	$12,659	$57,248	$0	$936,791	-$4,740,940	$40,126,131
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				$1,638,523		$188,967,733
352 Long-term Debt, Net of Current - Operating Borrowings				$3,683,333	-$622,379	$4,860,190
353 Non-current Liabilities - Other						$31,009,493
354 Accrued Compensated Absences - Non Current	$2,085	$6,013		$728,502		$1,077,683
355 Loan Liability - Non Current						$450,000
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities						
350 Total Non-Current Liabilities	$2,085	$6,013	$0	$6,050,358	-$622,379	$226,365,099
300 Total Liabilities	$14,744	$63,261	$0	$6,987,149	-$5,363,319	$266,491,230
400 Deferred Inflow of Resources						
508.4 Net Investment in Capital Assets				$5,305,336		$152,368,176
511.4 Restricted Net Position		$26,184		$0		$16,324,521
512.4 Unrestricted Net Position	-$5,398	$64,026	$225,985	$109,272,163		$76,881,967
513 Total Equity - Net Assets / Position	-$5,398	$90,210	$225,985	$114,577,499	$0	$245,574,664
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$9,346	$153,471	$225,985	$121,564,648	-$5,363,319	$512,065,894

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2023

	Project Total	14.EFA FSS Escrow Forfeiture Account	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program
70300 Net Tenant Rental Revenue	$1,171,678		$24,006,908	$367,165	
70400 Tenant Revenue - Other	$3,613		$51,878	$83,332	
70500 Total Tenant Revenue	$1,175,291	$0	$24,058,786	$450,497	$0
70600 HUD PHA Operating Grants	$1,947,425		$561		$115,000
70610 Capital Grants	$691,765				
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants					
71100 Investment Income - Unrestricted	$21,767		$1,256	$2,015	
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery					
71500 Other Revenue	$113,974	$39,397	$568,427	$765,101	
71600 Gain or Loss on Sale of Capital Assets	$3,209,744				
72000 Investment Income - Restricted		$4	$74,027		
70000 Total Revenue	$7,159,966	$39,401	$24,703,057	$1,217,613	$115,000
91100 Administrative Salaries	$120,508		$603,132	$155,468	
91200 Auditing Fees	$11,810		$202,291	$7,724	
91300 Management Fee	$228,770				
91310 Book-keeping Fee					
91400 Advertising and Marketing	$1,689		$15,426	$12,159	
91500 Employee Benefit contributions - Administrative	$58,734		$280,152	$39,397	
91600 Office Expenses	$115,953		$767,787	$126,371	
91700 Legal Expense	$6,313		$155,083	$753	
91800 Travel	$122		$1,376	$5,046	
91810 Allocated Overhead					
91900 Other	$17,501		$678,634	$174,432	
91000 Total Operating - Administrative	$561,400	$0	$2,703,881	$521,350	$0
92000 Asset Management Fee					
92100 Tenant Services - Salaries			$35,004	$15,663	$64,766
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services			$11,528	$1,449	$40,028
92400 Tenant Services - Other	$24,548		$269,202	$606	
92500 Total Tenant Services	$24,548	$0	$315,734	$17,718	$104,794
93100 Water	$156,767		$549,777		
93200 Electricity	$186,965		$804,400	$15,187	
93300 Gas	$6,115		$217,956	$933	
93400 Fuel					
93500 Labor					
93600 Sewer	$44,734		$452,607		
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense	$195				
93000 Total Utilities	$394,776	$0	$2,024,740	$16,120	$0

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2023

	Project Total	14.EFA FSS Escrow Forfeiture Account	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program
94100 Ordinary Maintenance and Operations - Labor	$363,831		$1,221,232	$47,078	
94200 Ordinary Maintenance and Operations - Materials and Other	$181,971		$620,753	$18,945	
94300 Ordinary Maintenance and Operations Contracts	$333,147		$2,381,939	$60,282	
94500 Employee Benefit Contributions - Ordinary Maintenance	$163,350		$581,221	$18,487	
94000 Total Maintenance	$1,042,299	$0	$4,805,145	$144,792	$0
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs	$44,852		$475,308	$10,882	
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	$44,852	$0	$475,308	$10,882	$0
96110 Property Insurance	$48,922		$462,971	$4,787	
96120 Liability Insurance	$14,022		$35,442	$13,807	
96130 Workmen's Compensation	$27,710		$166,620	$17,403	$330
96140 All Other Insurance	$11,703		$106,186	$6,699	
96100 Total insurance Premiums	$102,357	$0	$771,219	$42,696	$330
96200 Other General Expenses	$2,077		$2,492,874	$55,062	
96210 Compensated Absences	$55,764		$233,541	$10,701	$9,876
96300 Payments in Lieu of Taxes	$37,779				
96400 Bad debt - Tenant Rents	$38,235		$203,615		
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	$133,855	$0	$2,930,030	$65,763	$9,876
96710 Interest of Mortgage (or Bonds) Payable			$4,230,720		
96720 Interest on Notes Payable (Short and Long Term)			$3,618,084		
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	$0	$0	$7,848,804	$0	$0
96900 Total Operating Expenses	$2,304,087	$0	$21,874,861	$819,321	$115,000
97000 Excess of Operating Revenue over Operating Expenses	$4,855,879	$39,401	$2,828,196	$398,292	$0
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments	$16,952				
97350 HAP Portability-In					
97400 Depreciation Expense	$397,296		$10,088,758	$5,469	
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	$2,718,335	$0	$31,963,619	$824,790	$115,000

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2023

	Project Total	14.EFA FSS Escrow Forfeiture Account	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program
10010 Operating Transfer In	$1,375,772				
10020 Operating transfer Out	-$1,375,772				
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)	-$726,762		$18,395,145	$674,023	
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	-$726,762	$0	$18,395,145	$674,023	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$3,714,869	$39,401	$11,134,583	$1,066,846	$0
11020 Required Annual Debt Principal Payments	$0	$0	$1,377,469	$0	$0
11030 Beginning Equity	$6,156,980	$0	$84,614,278	-$21,608	$0
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-$7,916,655			$2,899,047	
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity					
11180 Housing Assistance Payments Equity					
11190 Unit Months Available	1749		11952	150	
11210 Number of Unit Months Leased	1709		11665	143	

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2023

	1 Business Activities	2 State/Local	14.879 Mainstream Vouchers	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers
70300 Net Tenant Rental Revenue	$850,127	$139,200			
70400 Tenant Revenue - Other	$2,178	$15			
70500 Total Tenant Revenue	$852,305	$139,215	$0	$0	$0
70600 HUD PHA Operating Grants			$3,135,830	$31,824	$76,534,189
70610 Capital Grants					
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants	$1,867,013				
71100 Investment Income - Unrestricted	$624		$14		$31,327
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery					$18,726
71500 Other Revenue	$77	$22,283			$274,532
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted	$298	$2,684			
70000 Total Revenue	$2,720,317	$164,182	$3,135,844	$31,824	$76,858,774
91100 Administrative Salaries	$42,177	$16,023	$28,002		$1,583,746
91200 Auditing Fees	$640	$500	$730		$18,220
91300 Management Fee			$47,369		$1,179,662
91310 Book-keeping Fee			$12,525		$329,242
91400 Advertising and Marketing					$4,745
91500 Employee Benefit contributions - Administrative	$18,966	$9,038	$14,094		$758,473
91600 Office Expenses	$36,831	$1,753	$21,013		$1,027,551
91700 Legal Expense	$14,125				$20,199
91800 Travel					$6,716
91810 Allocated Overhead					
91900 Other	$168,588	$454	$205		$294,045
91000 Total Operating - Administrative	$281,327	$27,768	$123,938	$0	$5,222,599
92000 Asset Management Fee					
92100 Tenant Services - Salaries					$672
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					$77
92400 Tenant Services - Other	$6,399		$22,890		$19,447
92500 Total Tenant Services	$6,399	$0	$22,890	$0	$20,196
93100 Water	$19,199	$3,271			$242
93200 Electricity	$20,793	$4,282			$1,494
93300 Gas	$9,634	$3,596			$399
93400 Fuel					
93500 Labor					
93600 Sewer	$12,862	$1,183			$32
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	$62,488	$12,332	$0	$0	$2,167

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2023

	1 Business Activities	2 State/Local	14.879 Mainstream Vouchers	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers
94100 Ordinary Maintenance and Operations - Labor	$54,177	$2,858			
94200 Ordinary Maintenance and Operations - Materials and Other	$36,338	$1,801			$260
94300 Ordinary Maintenance and Operations Contracts	$69,825	$7,723			$4,337
94500 Employee Benefit Contributions - Ordinary Maintenance	$24,356	$1,135			
94000 Total Maintenance	$184,696	$13,517	$0	$0	$4,597
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs	$43,219				$920
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	$43,219	$0	$0	$0	$920
96110 Property Insurance	$12,953	$815			
96120 Liability Insurance	$464	$4,498			
96130 Workmen's Compensation	$7,535	$453	$276		$35,227
96140 All Other Insurance	$2,226	$1,571	$273		$13,297
96100 Total insurance Premiums	$23,178	$7,337	$549	$0	$48,524
96200 Other General Expenses	$384,709		$1,163		$40,992
96210 Compensated Absences	$12,885	$2,205	$3,669		$231,603
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents	$11,724				
96500 Bad debt - Mortgages					
96600 Bad debt - Other					$34,322
96800 Severance Expense					
96000 Total Other General Expenses	$409,318	$2,205	$4,832	$0	$306,917
96710 Interest of Mortgage (or Bonds) Payable	$32,477	$4,836			
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	$32,477	$4,836	$0	$0	$0
96900 Total Operating Expenses	$1,043,102	$67,995	$152,209	$0	$5,605,920
97000 Excess of Operating Revenue over Operating Expenses	$1,677,215	$96,187	$2,983,635	$31,824	$71,252,854
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments			$2,747,405	$31,824	$70,100,592
97350 HAP Portability-In					$262,227
97400 Depreciation Expense	$378,408	$2,868			$24,156
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	$1,421,510	$70,863	$2,899,614	$31,824	$75,992,895

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2023

	1 Business Activities	2 State/Local	14.879 Mainstream Vouchers	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers
10010 Operating Transfer In					
10020 Operating transfer Out					
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$1,298,807	$93,319	$236,230	$0	$865,879
11020 Required Annual Debt Principal Payments	$137,256	$11,578	$0	$0	$0
11030 Beginning Equity	$23,679,961	$310,771	$209,127	$0	$2,300,781
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$3,752				
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity					$2,622,010
11180 Housing Assistance Payments Equity					$544,650
11190 Unit Months Available	552	60	1944	6	48579
11210 Number of Unit Months Leased	525	60	1670	6	43899

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2023

	14.870 Resident Opportunity and Supportive Services	14.EHV Emergency Housing Voucher	8 Other Federal Program 1	COCC	ELIM	Total
70300 Net Tenant Rental Revenue					-$591,755	$25,943,323
70400 Tenant Revenue - Other						$141,016
70500 Total Tenant Revenue	$0	$0	$0	$0	-$591,755	$26,084,339
70600 HUD PHA Operating Grants	$77,777	$3,202,159				$85,044,765
70610 Capital Grants						$691,765
70710 Management Fee				$1,509,477	-$1,509,477	$0
70720 Asset Management Fee						
70730 Book Keeping Fee				$368,273	-$368,273	$0
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue				$1,877,750	-$1,877,750	$0
70800 Other Government Grants			$2,034,018	$2,999,999		$6,901,030
71100 Investment Income - Unrestricted		$11		$1,226,515		$1,283,529
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery						$18,726
71500 Other Revenue		$37,276		$4,958,667	-$161,735	$6,617,999
71600 Gain or Loss on Sale of Capital Assets						$3,209,744
72000 Investment Income - Restricted						$77,013
70000 Total Revenue	$77,777	$3,239,446	$2,034,018	$11,062,931	-$2,631,240	$129,928,910
91100 Administrative Salaries		$87,812		$4,085,401		$6,722,269
91200 Auditing Fees		$730		$9,981		$252,626
91300 Management Fee		$53,676			-$1,509,477	$0
91310 Book-keeping Fee		$13,688			-$355,455	$0
91400 Advertising and Marketing				$8,585		$42,604
91500 Employee Benefit contributions - Administrative	$12,263	$49,689		$1,670,524		$2,911,330
91600 Office Expenses	$1,753	$23,353		$1,002,535	-$110,475	$3,014,425
91700 Legal Expense				$134,313		$330,786
91800 Travel	$2,300			$69,227		$84,787
91810 Allocated Overhead						
91900 Other		$18,198		$370,640	-$47,126	$1,675,571
91000 Total Operating - Administrative	$16,316	$247,146	$0	$7,351,206	-$2,022,533	$15,034,398
92000 Asset Management Fee						
92100 Tenant Services - Salaries	$50,987			$183,270		$350,362
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services	$4,360			$70,962		$128,404
92400 Tenant Services - Other		$77,700		$113,971		$534,763
92500 Total Tenant Services	$55,347	$77,700	$0	$368,203	$0	$1,013,529
93100 Water				$2,872		$732,128
93200 Electricity				$27,453		$1,060,574
93300 Gas				$4,503		$243,136
93400 Fuel						
93500 Labor						
93600 Sewer				$840		$512,258
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense						$195
93000 Total Utilities	$0	$0	$0	$35,668	$0	$2,548,291

	14.870 Resident Opportunity and Supportive Services	14.EHV Emergency Housing Voucher	8 Other Federal Program 1	COCC	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor				$62,359		$1,751,535
94200 Ordinary Maintenance and Operations - Materials and Other				$9,829		$869,897
94300 Ordinary Maintenance and Operations Contracts				$29,922		$2,887,175
94500 Employee Benefit Contributions - Ordinary Maintenance				$20,526		$809,075
94000 Total Maintenance	$0	$0	$0	$122,636	$0	$6,317,682
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs				$43,657		$618,838
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	$0	$0	$0	$43,657	$0	$618,838
96110 Property Insurance				$8,978		$539,426
96120 Liability Insurance				$20,856		$89,089
96130 Workmen's Compensation	$217	$566		$44,609		$300,946
96140 All Other Insurance		$587		$36,441		$178,983
96100 Total insurance Premiums	$217	$1,153	$0	$110,884	$0	$1,108,444
96200 Other General Expenses				$693,616		$3,670,493
96210 Compensated Absences	$5,897	$9,173		$484,015		$1,059,329
96300 Payments in Lieu of Taxes						$37,779
96400 Bad debt - Tenant Rents						$253,574
96500 Bad debt - Mortgages						
96600 Bad debt - Other		$379				$34,701
96800 Severance Expense						
96000 Total Other General Expenses	$5,897	$9,552	$0	$1,177,631	$0	$5,055,876
96710 Interest of Mortgage (or Bonds) Payable						$4,268,033
96720 Interest on Notes Payable (Short and Long Term)				$100,650		$3,718,734
96730 Amortization of Bond Issue Costs						
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$100,650	$0	$7,986,767
96900 Total Operating Expenses	$77,777	$335,551	$0	$9,310,535	-$2,022,533	$39,683,825
97000 Excess of Operating Revenue over Operating Expenses	$0	$2,903,895	$2,034,018	$1,752,396	-$608,707	$90,245,085
97100 Extraordinary Maintenance						
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments		$2,880,037			-$608,707	$75,168,103
97350 HAP Portability-In		$35,758				$297,985
97400 Depreciation Expense				$212,863		$11,109,818
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	$77,777	$3,251,346	$0	$9,523,398	-$2,631,240	$126,259,731

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2023

	14.870 Resident Opportunity and Supportive Services	14.EHV Emergency Housing Voucher	8 Other Federal Program 1	COCC	ELIM	Total
10010 Operating Transfer In					-$1,375,772	$0
10020 Operating transfer Out					$1,375,772	$0
10030 Operating Transfers from/to Primary Government						
10040 Operating Transfers from/to Component Unit						
10050 Proceeds from Notes, Loans and Bonds						
10060 Proceeds from Property Sales						
10070 Extraordinary Items, Net Gain/Loss						
10080 Special Items (Net Gain/Loss)						$18,342,406
10091 Inter Project Excess Cash Transfer In						
10092 Inter Project Excess Cash Transfer Out						
10093 Transfers between Program and Project - In						
10094 Transfers between Project and Program - Out						
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0	$18,342,406
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$0	-$11,900	$2,034,018	$1,539,533	$0	$22,011,585
11020 Required Annual Debt Principal Payments	$0	$0	$0	$128,058		$1,654,361
11030 Beginning Equity	-$5,398	$102,110	$0	$106,216,079		$223,563,081
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			-$1,808,033	$6,821,887		-$2
11050 Changes in Compensated Absence Balance						
11060 Changes in Contingent Liability Balance						
11070 Changes in Unrecognized Pension Transition Liability						
11080 Changes in Special Term/Severance Benefits Liability						
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents						
11100 Changes in Allowance for Doubtful Accounts - Other						
11170 Administrative Fee Equity						$2,622,010
11180 Housing Assistance Payments Equity						$544,650
11190 Unit Months Available	0	1896				66888
11210 Number of Unit Months Leased	0	1825				61502

APPENDIX A3

Surf Development Company

Certification of 501(c)(3) status

Certificates of good standing

Audited financial statements

Internal Revenue Service

Department of the Treasury

P. O. Box 2508
Cincinnati, OH 45201

Date: February 10, 2003

Surf Development Inc.
P. O. Box 2146
Lompoc, CA 93438-2146

Person to Contact:
Carol Kraft - #31-01135
Customer Service Specialist
Toll Free Telephone Number:
8:00 a.m. to 6:30 p.m. EST
877-829-5500
Fax Number:
513-263-3756
Federal Identification Number:
77-0201747

Dear Madam:

This is in response to your request by telephone on February 10, 2003, regarding your organization's tax exempt status.

Our records indicate that a determination letter issued in August 1996 granted your organization exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code. That letter is still in effect.

Based on information subsequently submitted, we classified your organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in section 509(a)(2).

This classification was based on the assumption that your organization's operations would continue as stated in the application. If your organization's sources of support, or its character, method of operations, or purposes have changed, please let us know so we can consider the effect of the change on the exempt status and foundation status of your organization.

Your organization is required to file Form 990, Return of Organization Exempt from Income Tax, only if its gross receipts each year are normally more than $25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of the organization's annual accounting period. The law imposes a penalty of $20 a day, up to a maximum of $10,000, when a return is filed late, unless there is reasonable cause for the delay.

All exempt organizations (unless specifically excluded) are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of $100 or more paid to each employee during a calendar year. Your organization is not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, these organizations are not automatically exempt from other federal excise taxes.

Donors may deduct contributions to your organization as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to your organization or for its use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Surf Development Inc.
77-0201747

Your organization is not required to file federal income tax returns unless it is subject to the tax on unrelated business income under section 511 of the Code. If your organization is subject to this tax, it must file an income tax return on the Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your organization's present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

The law requires you to make your organization's annual return available for public inspection without charge for three years after the due date of the return. You are also required to make available for public inspection a copy of your organization's exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing. You can charge only a reasonable fee for reproduction and actual postage costs for the copied materials. The law does not require you to provide copies of public inspection documents that are widely available, such as by posting them on the Internet (World Wide Web). You may be liable for a penalty of $20 a day for each day you do not make these documents available for public inspection (up to a maximum of $10,000 in the case of an annual return).

Because this letter could help resolve any questions about your organization's exempt status and foundation status, you should keep it with the organization's permanent records.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

This letter affirms your organization's exempt status.

Sincerely,

John E. Ricketts

John E. Ricketts, Director, TE/GE
Customer Account Services

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
P O BOX 36001 STOP SF-4-4-46
SAN FRANCISCO, CA 94102

DEPARTMENT OF THE TREASURY

Date: SEP. 23, 1991

SURF DEVELOPMENT COMPANY
C/O LOREN DEMOSS
PO BOX 2146
LOMPOC, CA 93438

Employer Identification Number:
77-0201747
Case Number:
951199502
Contact Person:
BARBARA REHDISH
Contact Telephone Number:
(415) 556-0927

Internal Revenue Code
Section 501(c)(4)
Accounting Period Ending:
June 30
Form 990 Required:
Yes
Addendum Applies:
No

Dear Applicant:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from Federal income tax under section 501(a) of the Internal Revenue Code as an organization described in the section indicated above.

Unless specifically excepted, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) for each employee to whom you pay $100 or more during a calendar year. And, unless excepted, you are also liable for tax under the Federal Unemployment Tax Act for each employee to whom you pay $50 or more during a calendar quarter if, during the current or preceding calendar year, you had one or more employees at any time in each of 20 calendar weeks or you paid wages of $1,500 or more in any calendar quarter. If you have any questions about excise, employment, or other Federal taxes, please address them to this office.

If your sources of support, or your purposes, character, or method of operation change, please let us know so we can consider the effect of the change on your exempt status. In the case of an amendment to your organizational document or bylaws, please send us a copy of the amended document or bylaws. Also, you should inform us of all changes in your name or address.

In the heading of this letter we have indicated whether you must file Form 990, Return of Organization Exempt From Income Tax. If Yes is indicated, you are required to file Form 990 only if your gross receipts each year are normally more than $25,000. However, if you receive a Form 990 package in the mail, please file the return even if you do not exceed the gross receipts test. If you are not required to file, simply attach the label provided, check the box in the heading to indicate that your annual gross receipts are normally $25,000 or less, and sign the return.

If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of $10 a day is charged when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty charged cannot exceed $5,000 or 5 percent of your gross receipts for the year, whichever is less. This penalty may also be charged if a return is not complete, so please be sure your return is complete before you file it.

You are not required to file Federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, a number will be assigned to you and you will be advised of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

Exemption under section 501(c)(4) is recognized as of June 23, 1988, your date of formation or incorporation, to Feb. 4, 1991, the effective date of your exemption under section 501(c)(3).

Donors may not deduct contributions to you because you are not an organization described in section 170(c) of the Code. Under section 6113, any fundraising solicitation you make must include an express statement (in a conspicuous and easily recognizable format) that contributions or gifts to you are not deductible as charitable contributions for Federal income tax purposes. This provision does not apply, however, if your annual gross receipts are normally $100,000 or less, or if your solicitations are made to no more than ten persons during a calendar year. The law provides penalties for failure to comply with this requirement, unless failure is due to reasonable cause.

If we have indicated in the heading of this letter that an addendum applies, the enclosed addendum is an integral part of this letter.

Because this letter could help resolve any questions about your exempt status, you should keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

Michael J. Quinn
District Director

Secretary of State
Certificate of Status

I, SHIRLEY N. WEBER, PH.D., California Secretary of State, hereby certify:

Entity Name:	SURF DEVELOPMENT COMPANY
Entity No.:	1618629
Registration Date:	07/08/1988
Entity Type:	Nonprofit Corporation - CA - Public Benefit
Formed In:	CALIFORNIA
Status:	Active

The above referenced entity is active on the Secretary of State's records and is authorized to exercise all its powers, rights and privileges in California.

This certificate relates to the status of the entity on the Secretary of State's records as of the date of this certificate and does not reflect documents that are pending review or other events that may impact status.

No information is available from this office regarding the financial condition, status of licenses, if any, business activities or practices of the entity.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of February 18, 2026.

SHIRLEY N. WEBER, PH.D.
Secretary of State

Certificate No.: 423466937

To verify the issuance of this Certificate, use the Certificate No. above with the Secretary of State Certification Verification Search available at bizfileOnline.sos.ca.gov.

Surf Development Company, Inc.

Consolidated Financial Statements

For the Years Ended June 30, 2025 and 2024

Surf Development Company, Inc.

For the Years Ended June 30, 2025 and 2024

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Grigg, Bratton & Brash, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
Surf Development Company, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Surf Development Company, Inc. (a nonprofit organization) and affiliates (the Company), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Surf Development Company, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Surf Development Company, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Surf Development Company, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Grigg, Bratton & Brash

Grigg, Bratton, & Brash PC
Certified Public Accountants

Boise, ID
February 13, 2026

Surf Development Company, Inc.

Consolidated Statements of Financial Position

June 30, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash & Cash Equivalents	**$ 1,790,275**	$ 2,153,555
Restricted Cash		
Operating Reserves	**15,066**	15,044
Replacement Reserves	**18,755**	18,727
Tenant Security Deposits	**35,128**	27,045
Accounts Receivable, Net	**12,764**	16,491
Related Party Receivables - Current Portion	**217,363**	184,109
Grants Receivable	**418,536**	139,048
Prepaid Expenses	**14,485**	17,363
Other Accounts Receivable	**47,686**	-
Total Current Assets	**2,570,058**	2,571,382
Other Assets		
Property and Equipment, Net	**6,184,760**	6,425,053
Related Party Receivables, Net	**2,379,452**	1,860,335
Investments in Limited Partnerships	**132,830**	58,113
Total Other Assets	**8,697,042**	8,343,501
Total Assets	**$ 11,267,100**	$ 10,914,883

The accompanying notes are an integral part of these consolidated financial statements.

Surf Development Company, Inc.

Consolidated Statements of Financial Position (continued)

June 30, 2025 and 2024

	2025	2024
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	**$ 6,516**	$ 85,220
Accrued Expenses	**318,865**	67,868
Compensated Absences, Current Portion	**6,184**	8,807
Prepaid Rent	**1,608**	1,218
Notes Payable, Current Portion	**38,658**	60,056
Total Current Liabilities	**371,831**	223,169
Tenant Security Deposits Payable	**35,432**	30,865
Accrued Interest Payable	**139,103**	125,983
Related Party Payables	**31,489**	34,144
Deferred Revenue - Developer Fee	**1,961,375**	1,607,957
Compensated Absences, Net of Current Portion	**55,657**	79,248
Notes Payable, Net of Debt Issuance Costs	**3,676,121**	3,884,838
Total Long Term Liabilities	**5,899,177**	5,763,035
Total Liabilities	**6,271,008**	5,986,204
Net Assets		
Net Assets Without Donor Restrictions	**4,046,092**	3,978,679
Net Assets With Donor Restrictions	**950,000**	950,000
Total Net Assets	**4,996,092**	4,928,679
Total Liabilities and Net Assets	**$ 11,267,100**	$ 10,914,883

The accompanying notes are an integral part of these consolidated financial statements.

Surf Development Company, Inc.

Consolidating Statement of Activities

For the Year Ended June 30, 2025 and 2024

	2025	2024
Changes in Net Assets Without Donor Restrictions		
Revenues		
Net Rental Revenues	**$ 993,530**	$ 890,719
Tenant Charges	**335**	1,555
Commercial Rental Income	**4,200**	4,200
Interest Income	**8,754**	15,055
Donations	**1,500**	-
Grant Revenue	**404,550**	367,125
Developer Fees	**432,417**	926,163
Partnership Management Fees	**544,048**	728,264
Miscellaneous Income	**16,366**	980
Total Revenues	**2,405,700**	2,934,061
Program Expenses		
Program Services Expenses:		
Administrative	**765,099**	722,607
Utilities	**57,607**	49,635
Operating and Maintenance	**76,867**	91,513
Insurance	**10,525**	8,356
Management Fees	**21,931**	22,151
Memberships and Fees	**78,235**	60,759
Interest Expense on Notes Payable	**211,000**	182,637
Audit Expense - Program	**5,135**	3,865
Legal	**2,412**	1,696
Taxes	**21,901**	5,802
Depreciation and Amortization	**239,429**	227,939
Other Operating Expenses	**8,397**	4,025
Loss From Equity Method Investments	**384**	72
Total Program Services Expenses	**1,498,922**	1,381,057

The accompanying notes are an integral part of these consolidated financial statements.

Surf Development Company, Inc.

Consolidating Statement of Activities (continued)

For the Year Ended June 30, 2025 and 2024

	2025	2024
Support Services:		
Management and General	**838,501**	875,640
Depreciation	**864**	2,074
Total Support Services Expenses	**839,365**	877,714
Increase in Net Assets Without Donor Restrictions	**67,413**	675,290
Net Assets at the Beginning of the Year	**4,928,679**	4,253,389
Net Assets at the End of the Year	**$ 4,996,092**	$ 4,928,679

The accompanying notes are an integral part of these consolidated financial statements.

Surf Development Company, Inc.

Consolidated Statements of Functional Expenses

For the Year Ended June 30, 2025

	Program Services:										
	Lassen Place	Braddock House	Valley Station	Vintage Walk	La Canada	Guadalupe Tenth Street	Ted Zenich ROFR LLC	WCC MGP LLC	Central Plaza LLC	Parkview ROFR LLC	Cypress & 7th MGP LLP
Expenses											
Administrative	$ 5,742	$ 4,647	$ 23,248	$ 13,316	$ 8,654	$ 5,657	$ -	$ -	$ -	$ -	$ -
Utilities	4,989	11,705	7,975	6,420	14,577	11,940	-	-	-	-	-
Operating and Maintenance	7,713	12,106	15,075	12,257	17,271	11,570	-	-	-	-	-
Insurance	909	1,015	190	157	230	1,181	-	-	-	-	-
Management Fees	1,080	5,518	11,433	3,900	-	-	-	-	-	-	-
Membership and Fees	-	-	33,852	16,935	24,206	334	-	-	-	408	-
Interest Expense	-	7,381	5,739	6,541	158,695	32,644	-	-	-	-	-
Legal Expense	-	256	1,136	-	510	510	-	-	-	-	-
Consulting and Accounting Fees	-	-	-	-	-	-	400	2,335	1,100	850	450
Taxes	92	92	7	2,434	6,911	438	11,129	800	1,673	2,400	820
Other Expense	-	-	-	-	-	-	-	45	31	-	9
Total Expenses Before Depreciation	20,525	42,720	98,655	61,960	231,054	64,274	11,529	3,180	2,804	3,658	1,279
Depreciation	26,715	35,714	17,286	21,838	120,343	17,534	-	-	-	-	-
Total Expenses	**$ 47,240**	**$ 78,434**	**$ 115,941**	**$ 83,798**	**$ 351,397**	**$ 81,808**	**$ 11,529**	**$ 3,180**	**$ 2,804**	**$ 3,658**	**$ 1,279**

The accompanying notes are an integral part of these consolidated financial statements.

Surf Development Company, Inc.

Consolidated Statements of Functional Expenses

For the Year Ended June 30, 2025

	Program Services (Cont.):	Supporting Activities:	
	Development	**Surf Admin**	**Total**
Expenses			
Administrative	$ 703,835	$ 315,418	$ 1,080,517
Utilities	-	-	57,606
Operating and Maintenance	875	405,555	482,422
Insurance	6,843	13,308	23,833
Management Fees	-	90,000	111,931
Membership and Fees	-	-	75,735
Interest Expense	-	-	211,000
Legal Expense	-	-	2,412
Consulting and Accounting Fees	-	14,000	19,135
Taxes	3,502	220	30,518
Other Expense	2,799	-	2,884
Total Expenses Before Depreciation	717,854	838,501	2,097,993
Depreciation	-	864	240,294
Total Expenses	**$ 717,854**	**$ 839,365**	**$ 2,338,287**

The accompanying notes are an integral part of these consolidated financial statements.

Surf Development Company, Inc.

Consolidated Statements of Functional Expenses

For the Year Ended June 30, 2024

	Program Services:										
	Lassen Place	Braddock House	Valley Station	Vintage Walk	La Canada	Guadalupe Tenth Street	Ted Zenich ROFR LLC	WCC MGP LLC	Central Plaza LLC	Parkview ROFR LLC	Cypress & 7th MGP LLP
Expenses											
Administrative	$ 5,061	$ 3,916	$ 6,236	$ 9,075	$ 8,404	$ 2,915	$ -	$ -	$ -	$ -	$ -
Utilities	4,708	11,064	8,039	6,137	12,193	7,493	-	-	-	-	-
Operating and Maintenance	4,574	5,415	25,457	22,835	24,767	7,695	-	-	-	-	-
Insurance	859	928	142	120	1,812	885	-	-	-	-	-
Management Fees	1,080	5,492	11,679	3,900	-	-	-	-	-	-	-
Membership and Fees	-	-	30,408	12,723	17,551	-	-	-	76	-	-
Interest Expense	-	7,381	5,739	12,920	129,802	26,796	-	-	-	-	-
Legal Expense	-	1,696	-	-	-	-	-	-	-	-	-
Consulting and Accounting Fees	-	-	-	-	-	-	-	1,443	1,762	660	-
Taxes	85	85	7	2,392	-	349	800	820	3	1,645	800
Other Expense	-	-	-	-	-	-	-	22	51	-	-
Total Expenses Before Depreciation	16,367	35,977	87,707	70,102	194,529	46,133	800	2,285	1,892	2,305	800
Depreciation	26,715	35,714	17,286	21,837	110,314	16,073	-	-	-	-	-
Total Expenses	**$ 43,082**	**$ 71,691**	**$ 104,993**	**$ 91,939**	**$ 304,843**	**$ 62,206**	**$ 800**	**$ 2,285**	**$ 1,892**	**$ 2,305**	**$ 800**

The accompanying notes are an integral part of these consolidated financial statements.

Surf Development Company, Inc.

Consolidated Statements of Functional Expenses

For the Year Ended June 30, 2024

		Supporting Activities:	
	Development	**Surf Admin**	**Total**
Expenses			
Administrative	$ 687,000	$ 364,336	$ 1,086,943
Utilities	-	-	49,634
Operating and Maintenance	770	367,906	459,419
Insurance	3,611	14,040	22,397
Management Fees	-	90,000	112,151
Membership and Fees	-	59	60,817
Interest Expense	-	-	182,638
Legal Expense	-	2,256	3,952
Consulting and Accounting Fees	-	15,400	19,265
Taxes	2,840	200	10,026
Other Expense	-	21,443	21,516
Total Expenses Before Depreciation	694,221	875,640	2,028,758
Depreciation	-	2,074	230,013
Total Expenses	**$ 694,221**	**$ 877,714**	**$ 2,258,771**

The accompanying notes are an integral part of these consolidated financial statements.

Surf Development Company, Inc.

Consolidated Statements of Cash Flows

For the Years Ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Receipts		
Developer, Management & Oversight Fees	**$ 774,857**	$ 1,844,771
Rental Receipts	**1,008,279**	884,770
Interest Receipts	**8,754**	15,055
Donations and Grants	**78,876**	435,505
Total Receipts	**1,870,766**	3,180,101
Disbursements		
Administrative	**(1,450,681)**	(1,661,844)
Management Fee	**(111,931)**	(112,151)
Utilities	**(57,607)**	(49,635)
Operating and Maintenance	**(85,264)**	(95,538)
Property Insurance	**(7,647)**	(6,421)
Taxes and Insurance	**(23,549)**	(5,744)
Tenant Security Deposits	**4,567**	9,497
Interest on Loans Payable	**(192,643)**	(166,183)
Total Disbursements	**(1,924,755)**	(2,088,019)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	**$ (53,989)**	$ 1,092,082
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of LP Interests in Partnerships	**$ (75,000)**	$ (10,000)
Net Purchase of Property and Equipment	**-**	(4,020,000)
Proceeds From Sale of Assets	**9,195**	-
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES	**$ (65,805)**	$ (4,030,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal Payments - Notes Payable	**$ (235,353)**	$ (65,898)
Proceeds from Mortgages, Loans, or Notes Payable	**-**	2,711,658
Payments of Debt Issuance Costs	**-**	(31,175)
NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES	**$ (235,353)**	$ 2,614,585
Net increase/(decrease) in cash, cash equivalents, and restricted cash	**$ (355,147)**	$ (323,333)
Cash, cash equivalents, and restricted cash at beginning of year	**2,214,371**	2,537,704
Cash, cash equivalents, and restricted cash at end of year	**$ 1,859,224**	$ 2,214,371

The accompanying notes are an integral part of these consolidated financial statements.

Surf Development Company, Inc.

Consolidated Statements of Cash Flows (continued)

For the Years Ended June 30, 2025 and 2024

Cash, cash equivalents, and restricted cash consist of the following:

	2025	2024
Cash & Cash Equivalents	**$ 1,790,275**	$ 2,153,555
Operating Reserves	**15,066**	15,044
Replacement Reserves	**18,755**	18,727
Tenant Security Deposits	**35,128**	27,045
	$ 1,859,224	$ 2,214,371

The accompanying notes are an integral part of these consolidated financial statements.

Surf Development Company, Inc.

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2025 and 2024

1. Organization

Surf Development Company, Inc. (the "Company") was formed July 8, 1988 as a California nonprofit public benefit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Surf Development Company, Inc. was formed for the purpose of providing housing for low income, elderly, and handicapped people. A seven member Board of Directors governs Surf Development Company, Inc. and the members serve without compensation. Members are usually solicited from active members of the community who have an interest in affordable housing needs.

2. Significant Accounting Policies

Use of Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

Accounting Method

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States. Under the accrual basis of accounting, income is recognized as earned and expenses as incurred, regardless of timing of payment. Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenditures are reported as decreases in unrestricted net assets.

Reclassifications

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or retained earnings.

Principles of Consolidation

The accompanying consolidated financial statements reflect the financial position and operating results of Surf Development Company, Inc. including its wholly-owned subsidiaries and investees that the Company controls. All significant intercompany transactions have been eliminated in consolidation, as presented in the respective consolidating schedules.

2. Significant Accounting Policies (continued)

Investments

Investments are accounted under the equity method if the Company is able to exercise significant influence, but no control over an investee. The Company's share of the earnings or losses as reported by the investees is classified as income or loss from equity method investments in the statements of activities. The investments are evaluated for impairment annually and when facts and circumstances indicate that the carrying value may not be recoverable. If a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded in other expenses on the statements of activities. No impairment charges were recorded for the years ended June 30, 2025 and 2024.

The Company accounts for equity investments for which they do not have significant influence and without readily determinable fair values at cost with adjustments for observable changes in price or impairments as permitted by the measurement alternative. Investments for which the measurement alternative has been elected are assessed for impairment quarterly, or if a triggering event indicates impairment may be present. No adjustments as a result of price changes or impairments were recorded for the years ended June 30, 2025 and 2024.

Revenue Recognition

The Company primarily recognizes revenue from three primary sources: (1) rental revenue, (2) developer fees, and (3) partnership management fees.

Rental revenue is recognized as rentals become due, net of provisions for uncollectible amounts. Rental payments received in advance are deferred until earned. Management considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been provided. If amounts become uncollectible, they are charged to operations in the period in which determination is made. U.S. generally accepted accounting principles ("GAAP") requires that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

The Company enters into development service agreements which allow them to earn fees for providing development services to affordable housing partnerships. The services for each agreement are considered a single performance obligation that are satisfied over time. Payment typically is due over time in installments based on phases as specified in the agreement. Final payment is earned upon receipt of final certificates of occupancy of the buildings. Cash payments collected on development contracts in advance are deferred and recorded as income as the services are provided. In situations where development fees are paid by debt and equity funding sources during the developments stage of the project, the company recognizes income as earned. However, when developer fees are not paid by development funding sources and are paid out of annual operating cash flow distributions, the amount of revenue recognized is limited to an amount that will not result in a significant reversal of revenue in future periods when cash is received. As there is significant uncertainty in whether cash will be collected, the Company defers recognition of revenue until the year in which cash is received. Revenue of $31,128 and $200,063 was recognized in the years ended June 30, 2025 and 2024, respectively, from obligations satisfied in prior periods as a result of changes in the estimate of collectability related to the fees paid out of annual operating cash flow distributions.

2. Significant Accounting Policies (continued)

Partnership management fees are annual partnership management fees as specified in the partnership agreements. Management fees are recognized as revenue as the fees become due. If partnership management fees are paid out of annual operating cash flow distributions, the Company defers recognition of revenue until the year in which the partnership generates positive cash flows. If amounts become uncollectible, an allowance for doubtful accounts is recorded and charged to operations in the period in which determination is made. See Note 3 for summary of related party partnership management fees.

Income Taxes

Surf Development Company, Inc. is a tax-exempt organization under section 501(c)(3) of the internal revenue code and is subject to federal income tax only on net unrelated business income. The organization currently has no unrelated business income and is not considered a private foundation within the the meaning of section 509(a) of the internal revenue code and all charitable contributions are considered tax deductible. WCC MGP, LLC, Parkview ROFR LLC, Cypress & 7th MGP, LLC, Surf Central Plaza LLC, Ted Zenich ROFR LLC, and Home on Base G ROFR, LLC, which are wholly owned by the Company, own interests as managing general partners in for-profit limited partnership pass-through entities. These wholly owned subsidiaries of the company have elected or will make elections to be taxed separately as C Corporations for income tax purposes.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

Property and Equipment

Property and equipment are carried at cost. Depreciation is calculated using the straight-line method over estimated useful lives ranging from 5 to 28 years. Depreciation expense for June 30, 2025 and 2024 was $240,293 and $230,013, respectively.

Capitalization Policy

Routine repairs and maintenance are expensed as incurred. Improvements and major repairs, which extend the useful life of an asset, are capitalized and depreciated.

Impairment of Long Lived Assets

The Company reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than their carrying amounts, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset’s carrying value over its estimated fair value. No impairment loss has been recognized for the years ended June 30, 2025 and 2024, respectively.

2. Significant Accounting Policies (continued)

Debt Issuance Costs

Unamortized debt issuance costs of $25,459 and $30,696 at June 30, 2025 and 2024 are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs for June 30, 2025 and 2024 was $2,858 and $3,334, respectively, and is reported as a component of interest expense and is computed using the straight-line method which is not significantly different than the effective interest method.

Financial Instruments

The Company has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value.

Functional Allocation of Expenses

The Company allocates its expenses on a functional basis among its various projects (by property location) and support services. Expenses and support services that can be identified with a specific project are allocated directly according to their natural expenditure classification. Other expenses that are common to several programs are allocated based on various statistical bases.

Contributions With Donor Restrictions

Surf Development Company, Inc.'s policy is to report donor-restricted contributions whose restrictions are met in the same reporting period in net assets without donor restrictions.

Concentrations of Credit Risk

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

3. Investments in Limited Partnerships

The Company holds general partner and limited partner interests in 32 limited partnerships that operate low-income housing projects. Pursuant to the provisions of the respective partnership agreements, the Company, in its capacity as general partner, does not have exclusive control over the partnerships but does have the ability to exercise significant influence. Accordingly, the general partner interests are accounted for under the equity method of accounting. In addition, for partnerships in which the Company holds limited partner interests, the Company accounts for such investments under the equity method due to the significance of the ownership interest (99.9%).

The Company owns 100% of Surf Affordable Housing Enterprises, Inc. This entity was created for the purpose of addressing potential tax issues within several of the limited partnerships in which the Company is a general partner. Since inception of Surf Affordable Housing Enterprises, Inc., the potential tax issues have not materialized and therefore there has been no activity to report.

On January 12, 2022, the Company, through it's wholly owned subsidiary Parkview ROFR LLC, purchased the limited partner and special limited partner interests (RBC Community Investments) in Parkview Isla Vista, LP for $50,000. The limited partners interest is accounted for using the equity method due to the significance of the interest (99.991%) in the limited partnership. Losses of $200,506 and $112,406 in excess of the investment have been suspended as of June 30, 2025 and 2024, respectively. Accordingly, the balance of the investment in Parkview Isla Vista LP was $0 as of June 30, 2025 and 2024.

On May 15, 2024, the Company, through it's wholly owned subsidiary Ted Zenich ROFR LLC, purchased the limited partner and special limited partner interests (RBC Community Investments) in Ted Zenich Gardens, LP for $10,000. The limited partners' interest is accounted for using the equity method due to the significance of the interest (99.995%) in the limited partnership.

On May 28, 2025, the Company, through it's wholly owned subsidiary Home Base on G ROFR, LLC purchased the limited and special limited partner interests (Red Stone - Fund 12, LP and Red Stone Equity Manager, LLC) in 513 North G, LP for $75,000. The limited partners' interest is accounted for using the equity method due to the significance of the interest (99.99982%) in the limited partnership.

The following is a summary of the Company's investments as of June 30, 2025 and 2024:

	2025	2024
Equity Method Investments:		
Residences at Depot Street, LP, .005% GP interest	$ 49,175	$ 49,224
Parkview Isla Vista LP, 99.991% LP Interest and 0.004% GP Interest *	(8)	(4)
Ted Zenich Gardens LP, 99.991% LP Interest and 0.004% GP Interest	9,943	9,943
513 North G LP, 99.991% LP Interests and 0.004% GP Interests	75,033	41
Other Limited Partnerships, .0025% to .01% GP Interests and LP Interests	697	669
Other Limited Partnerships with negative carrying amounts, .0025% to .01% GP Interests (*)	(3,010)	(2,760)
Total Equity Method Investments	131,830	57,113
Other Investments (**)	1,000	1,000

3. Investments in Limited Partnerships (continued)

	2025	2024
Total Investments	$ 132,830	$ 58,113

(*) Losses are considered temporary, therefore any losses in excess of the carrying amount have been reflected as a contra to the investment balance in the statements of financial position.

(**) Wholly owned investment, see further discussion above.

Equity Method Investments

The Company's net income includes the Company's proportionate share of the net income or loss of the equity method investees. When the Company records their proportionate share of net income (loss), it increases equity income (loss) net in the statements of activities and the carrying value of that investment. A summary of the Company's proportionate share of net loss of each investment is as follows:

	2025	2024
Residences at Depot Street, LP, .005% GP interest	$ (49)	$ (46)
Other Limited Partnerships, .0025% to .01% GP interest	(335)	(26)
Loss from Equity Method Investments	$ (384)	$ (72)

4. Related Party Transactions

Related parties are considered related to the Company if the Company has the ability to, directly or indirectly, control of the party or exercise significant influence over the party in making financial and operating decisions or vice versa, or where the Company and the party are subject to common control or common significant influence. The Company is co-developer with minority general partner ownership interest in various projects and developments. Significant transactions between the Company and various other entities (“related parties”) are summarized in the following paragraphs.

4. Related Party Transactions (continued)

Partnership Management Fees

In exchange for management services provided, the Company earns annual partnership and asset management fees for various partnerships where it holds general partner or limited partner interests. A summary of each agreement is below.

Management Fees - 513 North G, LP

An annual cumulative partnership management fee of $5,000 (increased annually by 3%, $7,523 in 2025) is payable to the Company (a general partner of 513 North G, LP) if cash flow is sufficient. The Company received payments of $7,412 and $14,183 during the years ended June 30, 2025 and 2024, respectively.

Management Fees - Positano Apartments, LP

An annual cumulative partnership management fee of $13,526 (increased annually by 3%, $15,916 in 2025) is payable to the Company (a general partner of Positano Apartments, LP) if cash flow is sufficient. The Company received payments of $15,681 and $15,224 during the years ended June 30, 2025 and 2024, respectively.

Management Fees - Ted Zenich Gardens, LP

An annual cumulative partnership management fee of $10,000 (increased annually by 3% not to exceed $38,500 per annum, $15,814 in 2025) is payable to the Company (a general partner of Ted Zenich Gardens, LP) if cash flow is sufficient. The cash flow has been insufficient to cover the management fee payments and no fees were paid during the years ended June 30, 2025 and 2024.

Management Fees - Escalante Meadows

An annual cumulative partnership management fee of $7,000 (increased annually by 3%, proated to $3,605 in 2025) is payable to the Company (a general partner of Ted Zenich Gardens, LP) if cash flow is sufficient. Escalante Meadows was placed in service in January 2025 therefore only six months have been accrued. No fees were paid during the year ended June 30, 2025.

Management Fees - Parkside Gardens, LP

An annual cumulative partnership management fee of $6,000 (increased annually by 3%, $6,854 in 2025) is payable to the Company (a general partner of Parkview Isla Vista, LP) if cash flow is sufficient. The cash flow has been insufficient to cover the management fee payments and no partnership management fees were paid during the years ended June 30, 2025 and 2024.

Management Fees - Parkview Isla Vista, LP

An annual cumulative partnership management fee of $15,000 (increased annually by 3%, $23,719 in 2025) is payable to the Company (a general partner of Parkview Isla Vista, LP) if cash flow is sufficient. The Company received payments of $23,369 and $22,688 during the years ended June 30, 2025 and 2024, respectively.

4. Related Party Transactions (continued)

An annual cumulative asset management fee of $5,000 (increasing annually by 3%, $8,024 in 2025) is payable to the Company's wholly owned subsidiary Parkview ROFR LLC (a limited partner of Parkview Isla Vista, LP). The Company received payments of $7,791 and $7,343 during the years ended June 30, 2025 and 2024, respectively.

Management Fees - Aparicio Community Apartments, LP

An annual cumulative partnership management fee of $38,500 is paid to the Company (a general partner of Aparicio Community Apartments, LP) if cash flow is sufficient. The Company received payments of $38,496 and $38,500 during the years ended June 30, 2025 and 2024, respectively.

Management Fees - McClelland Santa Maria, LP

An annual cumulative partnership management fee of $1,055 (increased annually by CPI, $1,398 in 2025) is payable to the Company (a general partner of McClelland Santa Maria, LP) if cash flow is sufficient. The Company received payments of $1,434 and $1,377 during the years ended June 30, 2025 and 2024, respectively.

An annual cumulative general partner management fee of $4,700 ($100 per unit) is payable to the Company if cash flow is sufficient. The Company received payments of $4,700 during the years ended June 30, 2025 and 2024.

Management Fees - Lompoc Pacific Associates, LP

An annual cumulative partnership management fee equal to $6,000 is payable to the Company (a general partner of Lompoc Pacific Associates, LP) if cash flow is sufficient. The Company received payments of $6,000 during the years ended June 30, 2025 and 2024.

Management Fees - Palm Grove, LP

An annual cumulative partnership management fee of $6,000 (increasing annually by 3%, $8,184 in 2025) is payable to the Company (a general partner of Palm Grove, LP) if cash flow is sufficient. The Company received payments of $8,063 and $7,829 during the years ended June 30, 2025 and 2024, respectively.

Management Fees - Pescadero Lofts Isla Vista, LP

An annual cumulative partnership management fee equal to $12,000 (increasing annually by 3%, $15,507 in 2025) is payable to the Company (a general partner of Pescadero Lofts Isla Vista, LP) if cash flow is sufficient. The Company received payments of $15,736 and $15,277 during the years ended June 30, 2025 and 2024, respectively.

Management Fees - Lompoc Terrace Apartments, LP

An annual cumulative partnership management fee equal to $5,000 (increased annually by 3%, $6,445 in 2025) is payable to the Company (a general partner of Lompoc Terrace Apartments, LP) if cash flow is sufficient. The cash flow has been insufficient to cover the management fee payments and no partnership management fees were paid during the years ended June 30, 2025 and 2024.

4. Related Party Transactions (continued)

Management Fees - Santa Rita Village, LP

An annual cumulative partnership management fee of $10,000 (increased annually by CPI, $14,050 in 2025) is payable to the Company (a general partner of Santa Rita Village, LP) if cash flow is sufficient. The Company received payments of $13,842 and $13,439 during the years ended June 30, 2025 and 2024, respectively.

Management Fees - Santa Rita Village II, LP

An annual cumulative partnership management fee of $6,000 (increased annually by CPI, $7,714 in 2025) is payable to the Company (a general partner of Santa Rita Village, LP) if cash flow is sufficient. The Company received payments of $7,601 and $7,379 during the years ended June 30, 2025 and 2024, respectively.

Management Fees - Leland Grossman Sandpiper, LP

An annual cumulative partnership management fee of $1,000 is payable to the Company (a general partner of Leland Grossman Sandpiper, LP) if cash flow is sufficient. The Company received payments of $1,000 during the years ended June 30, 2025 and 2024.

Management Fees - Golden Inn & Village Family, LP

An annual cumulative partnership management fee of $6,000 (increased annually by 3%, $7,527 in 2025) is payable to the Company (a general partner of Golden Inn & Village Family, LP) if cash flow is sufficient. The cash flow has been insufficient to cover the management fee payments and no partnership management fees were paid during the years ended June 30, 2025 and 2024.

Management Fees - Golden Inn & Village Senior, LP

An annual cumulative partnership management fee of $6,000 (increased annually by 3%, $7,509 in 2025) is payable to the Company (a general partner of Golden Inn & Village Senior LP) if cash flow is sufficient. The Company received payments of $53,988 and $0 during the years ended June 30, 2025 and 2024, respectively.

Management Fees - Miller Stanley, LP

An annual cumulative partnership management fee of $6,000 (increased annually by 3%, $7,527 2025) is payable to the Company (a general partner of Miller Stanley, LP) if cash flow is sufficient. The Company received payments of $7,416 and $7,200 during the years ended June 30, 2025 and 2024, respectively.

Management Fees - Lompoc Gardens, LP

An annual cumulative partnership management fee of $12,000 (increased annually by 3%, $15,017 in 2025) is payable to the Company (a general partner of Lompoc Gardens, LP) if cash flow is sufficient. The cash flow has been insufficient to cover the management fee payments and no partnership management fees were paid during the years ended June 30, 2025 and 2024.

4. Related Party Transactions (continued)

Management Fees - West Cox Cottages, LP

A non cumulative annual partnership management fee of $20,000 is payable to the Company's wholly owned subsidiary WCC MGP, LLC (a general partner of West Cox Cottages, LP), if cash flow is sufficient. The cash flow has been insufficient to cover the management fee payments and no partnership management fees were paid during the years ended June 30, 2025 and 2024.

Management Fees - Central Plaza Housing Partners, LP

A cumulative annual partnership management fee of $25,000 is payable to the Company's wholly owned subsidiary Surf Central Plaza LLC (a general partner of Central Plaza Housing Partners, LP) if cash flow is sufficient. The Company received payments of $25,000 during the years ended June 30, 2025 and 2024.

Management Fees - Cypress & 7th, LP

A cumulative annual partnership management fee of $15,000 (increasing 3% annually) is paid through the Company's wholly owned subsidiary Cypress & 7th MGP, LLC (a general partner of Cypress & 7th, LP) if cash flow is sufficient. The partnership was placed in service in January 2025. No payments were received during the year ended June 30, 2025.

4. Related Party Transactions (continued)

The table below summarizes the outstanding related party receivables for the aforementioned management fees, net of allowance for doubtful accounts:

	2025	2024
513 North G, LP	$ 3,817	$ 3,706
Positano Apartments, LP	8,076	7,840
Ted Zenich Gardens, LP, net of allowance $215,880 and $199,593	-	-
Parkside Gardens, LP, net of allowance $34,212 and $27,478	-	-
Escalante Meadows, LP	3,500	-
Parkview Isla Vista, LP	12,035	11,684
Aparicio Community Apartments, LP	19,248	19,248
McClelland Santa Maria, LP (MGP Partnership Management Fee)	662	717
McClelland Santa Maria, LP (AGP Management Fee)	2,352	2,352
Lompoc Pacific Associates, LP	3,000	3,000
Lompoc Palm Grove Apartments, LP	4,153	4,032
Pescadero Lofts Isla Vista, LP	8,104	7,868
Lompoc Terrace Apartments, LP	61,248	54,609
Santa Rita Village, LP	7,128	6,921
Santa Rita Village II, LP	3,914	3,800
Leland Grossman Sandpiper, LP (LC Grossman)	71	72
Leland Grossman Sandpiper, LP (Sandpiper Apartments)	346	346
Leland Grossman Sandpiper, LP (Leland Park)	81	82
Golden Inn & Village Family, LP, net of allowance $58,440 and $50,913	-	-
Golden Inn & Village Senior, LP, net of allowance $0 and $50,289	3,810	-
Miller Stanley, LP	3,819	3,708
Lompoc Gardens, LP	64,266	49,248
West Cox Cottages, LP, net of allowance of $70,000 and $50,000	-	-
Central Plaza Apartments	12,500	12,500
Parkview Isla Vista LP (Asset Management Fee)	4,012	3,895
Cypress & 7th, LP	7,500	-
Total	$ 233,642	$ 195,628

During 2025 and 2024, the Company received cash payments for management services previously determined doubtful. Approximately $50,289 and $0 was recognized in income as of June 30, 2025 and 2024, respectively due to the write off reversal.

4. Related Party Transactions (continued)

Due From Related Parties - Development In Progress

Developments in progress consist primarily of development costs paid on behalf of the limited partnerships to be reimbursed at Perm Loan conversion. Management anticipates these costs to be fully reimbursed. As of June 30, 2025 and 2024, the development costs receivable was $394,064 and $235,983, respectively.

Developer Fees Receivable

Surf Development Company, Inc. is entitled to earn developer fees on certain affordable housing partnerships in which they are general partners. Upon performance of services as required in development services agreements, the company records developer fees receivable and deferred revenue. Revenue recognition is deferred until deferred developer payments are actually received from operating cash flow distributions. Cash payments for developer fees resulted in income earned in the amount of $432,417 and $926,163 during the years ended June 30, 2025 and June 30, 2024, respectively.

Due to Related Parties

The balance in Due to Related Parties primarily consists of property management fees payable, and various accrued administrative and office expenses.

Related Party Receivables and Payables are summarized as follows:

	2025	2024
Partnership Management Fees Receivable, net of allowance	$ 233,643	$ 195,628
Developer Fees Receivable, net of allowance	1,961,375	1,607,957
Due From Related Parties - Development in Progress	394,064	235,983
Due from Related Parties - Other(*)	7,733	4,876
Total Related Party Receivables	$ 2,596,815	$ 2,044,444

(*) - The balance in Due from Related Parties - Other primarily consists of amounts advanced by Surf Development Company to Surf Solar Company, which are expected to be reimbursed.

	2025	2024
Due to Related Parties(**)	$ 31,489	$ 34,144
Total Related Party Payables	$ 31,489	$ 34,144

(**) - The balance in Due to Related Parties - Other primarily consists of property management fees payable, and various accrued administrative expenses.

5. Property and Equipment

Property and equipment is comprised of the following:

	2025	2024
Land	$ 1,478,269	$ 1,478,269
Buildings	6,682,232	6,682,232
Furniture, Fixtures, & Equipment - Dwelling	6,512	6,512
Furniture, Fixtures, and Equipment - Non Dwelling	34,140	58,340
Total Cost	8,201,153	8,225,353
Accumulated Depreciation	(2,016,393)	(1,800,300)
Property and Equipment, Net	$ 6,184,760	$ 6,425,053

Purchase of 13 scatter sites

On August 11, 2023, the Company acquired 13 affordable housing units; four units located in Guadalupe, CA and the remaining nine units located in Lompoc, CA, from the Housing Authority of the County of Santa Barbara. These thirteen (13) affordable housing units were formerly public housing units that were transitioned out of the Public Housing Program under the HUD Section 18 Disposition. Each unit will be supported by Section 8 Project-Based Vouchers.

The sale and transfer of ownership of the thirteen units were sold to the Company at fair market value of $4,020,000. The Company made a down payment of approximately $1,315,000, or 30% of the purchase price and financed the remaining $2,705,000 through two 30 year loans with Five Star Bank. The loan terms are as follows: $2,250,000 for the nine units with a 7% interest rate and $455,000 at 7% interest for the remaining four units. Interest rates on both loans reset on September 1, 2028, based on the unpaid principal balance, based on the daily treasury yield curve index plus a margin of 3%. No prepayment penalties are associated with these loans.

6. Restricted Cash

Tenant Security Deposits

Tenant security deposits are required to be maintained in separate accounts in banks insured by FDIC. The balance on June 30, 2025 and 2024 was $35,128 and $27,045 respectively.

Operating and Replacement Reserves - Braddock House

The HOME Loan Agreement requires the establishment of separate operating and replacement reserve accounts. In addition, the partnership is required to fund the replacement reserve account contributions of $300 per unit per year and an operating reserve in total not less than six (6) months of operating expenses including debt service but shall not exceed seven (7) months. As of June 30, 2025, the operating and replacement reserves were fully funded. The replacement reserve account balance on June 30, 2025 and 2024 was $18,755 and $18,727, respectively. The operating reserve account balance as of June 30, 2025 and 2024 was $15,066 and $15,044, respectively.

Surf Development Company, Inc.

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2025 and 2024

7. Long-Term Notes Payable

	2025 Interest Payable	2025 Principal	2024 Interest Payable	2024 Principal
Five Star Bank - Vintage Walk I				
The loan was originally issued with Community West Bank on October 26, 2007 in the original amount of $562,500. Proceeds were used to acquire Vintage Walk I Apartments, a six one-bedrooms development with affordability restrictions located in the City of Buellton. Vintage Walk I also has one commercial unit. On June 25, 2019, the loan was refinanced with Five Star Bank in the amount of $355,000. The interest rate was reduced to 4.23% and a new maturity date of July 5, 2029 was implemented. Monthly payments of $3,648 are required. On July 17, 2024 the Vintage Walk Loan with Five Star Bank was paid in full. Interest expense for the years ended June 30, 2025 and 2024 was and $967 and $9,347, respectively.	$ -	$ -	$ -	$ 195,457
Five Star Bank - Lompoc Scattered Sites				
The Five Star Bank - Lompoc Scattered Sites loan was issued on August 11, 2023 in the original amount of $2,250,000. Proceeds were used to acquire nine multifamily homes. The loan bears interest at a fixed rate of 7.00% and requires monthly payments of principal and interest of $15,189 and matures on August 11, 2033. Interest expense for the year ended June 30, 2025 and 2024 was $156,661 and $127,878, respectively.	-	2,200,495	-	2,228,601
Five Star Bank - Guadalupe Tenth Street				
The Five Star Bank - Guadalupe Tenth Street loan was issued on August 11, 2023 in the amount of $455,000. Proceeds were used to acquire a multifamily home. The Loan bears interest at a fixed rate of 7.00% and requires monthly payments of principal and interest of $3,065 and matures on August 11, 2033. Interest expense for the year ended June 30, 2025 and 2024 was $34,480 and $25,862, respectively.	-	445,144	-	450,741

7. Long-Term Notes Payable (continued)

	2025 Interest Payable	2025 Principal	2024 Interest Payable	2024 Principal
City of Goleta Redevelopment Agency - Braddock House				
The Goleta Redevelopment Agency loan dated October 5, 2010 (closed April 6, 2012) has maintained a balance equal to original amount of $200,000 as no payments have been made. The loan is non-interest bearing. As long as the Company remains in compliance with the loan agreement the loan will be forgiven as follows: On the 10th anniversary of the the note, October 5, 2020, and thereafter on each subsequent fifth anniversary of the date of the note, an amount equal to $10,000 shall be forgiven. On the 55th anniversary of the note (April 6, 2067), the entire remaining unpaid principal shall be forgiven. The loan proceeds were used to assist in the construction of a four unit residential home to be used as permanent housing for developmentally disabled adults. Interest expense for the years ended June 30, 2025 and 2024 totaled $0.	-	190,000	-	190,000
Housing Authority of the County of Santa Barbara - Valley Station The Housing Authority loan originated on August 28, 2008 in the original amount of $150,000 and bears interest at 5% simple and requires annual payments from residual receipts for a period of 15 years. The loan proceeds were used to acquire Valley Station, a seven two-bedroom unit development with affordability restrictions located in the City of Buellton. Interest expense for the years ended June 30, 2025 and 2024 was $5,739 and $5,248, respectively.	60,389	114,771	54,651	114,771
Housing Authority of the County of Santa Barbara - Braddock House - The Housing Authority loan originated on October 19, 2011 in the amount of $22,287 and bears interest at 3% simple and requires annual payments from residual receipts commencing April 30, 2013, for a period of 55 years. The loan and any unpaid interest is all due and payable October 19, 2067. The loan proceeds were used to acquire the land for Braddock House. Interest expense for the years ended June 30, 2025 and 2024 was $491 and $982, respectively.	5,192	16,379	4,700	16,379
County of Santa Barbara - Braddock House				
The County of Santa Barbara loan originated on November 9, 2011 and bears interest at 3% simple and requires annual payments from residual receipts for a period of 30 years. The loan and any unpaid interest is due and payable December 15, 2041. The loan proceeds were used to to assist in the construction of a four unit residential home to be used as permanent housing for developmentally disabled adults. Interest expense for the years ended June 30, 2025 and 2024 was $6,890 and $6,890, respectively.	73,522	229,667	66,632	229,667

7. Long-Term Notes Payable (continued)

	2025 Interest Payable	2025 Principal	2024 Interest Payable	2024 Principal
County of Santa Barbara - Vintage Walk I				
The County of Santa Barbara loan originated on November 1, 2007. The loan proceeds of $180,000 were used to acquire property located in Santa Barbara County (as specified in the loan agreement) and bears simple interest at 3%. The principal and all accrued interest on the loan is due and payable on the earlier of: (a) thirty years from the closing date, (b) the date the property is sold or refinanced or (c) an event of default by borrower as provided in the loan agreement. Interest expense for the years ended June 30, 2025 and 2024 was $2,915 and $3,097, respectively.	-	93,782	-	99,974
Guadalupe Community Redevelopment Agency Loan				
The Guadalupe Community loan originated on March 28, 2019. The loan bears zero interest and is expected to be repaid upon the completion of the project. The loan proceeds were used for the purpose of acquiring two properties for the development of low income housing. Interest expense for the years ended June 30, 2025 and 2024 totaled $0.	-	450,000	-	450,000
Total Notes Payable	139,103	3,740,238	125,983	3,975,590
Less: Unamortized Debt Issuance Costs	-	(25,459)	-	(30,696)
Less: Current Portion	-	(38,658)	-	(60,056)
Long-Term Notes Payable, Net	$ 139,103	$ 3,676,121	$ 125,983	$ 3,884,838

7. Long-Term Notes Payable (continued)

Schedule of Principal Maturities

The principal payments per annum on the mortgages and notes payable are due as follows:

2026	$ 38,658
2027	41,245
2028	43,481
2029	43,690
2030	45,110
Subsequent	3,528,054
Total	$ 3,740,238

8. Liquidity and Availability

	2025	2024
Cash and cash equivalents	$ 1,859,224	$ 2,214,371
Accounts receivable	12,764	16,491
Related party receivables	2,596,815	2,044,444
Other assets	418,536	139,048
Total financial assets at year end	4,887,339	4,414,354
Less those not available for general expenditures within one year, due to:		
Tenant security deposits	(35,128)	(27,045)
Operating & replacement reserves	(33,821)	(33,771)
Long-term portion of related party receivables	(2,379,452)	(1,860,335)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,438,938	$ 2,493,203

Surf Development Company, Inc. has $2,438,938 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. None of the cash and cash equivalents or other financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. Surf Development Company, Inc. has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet 6 months of normal operating expenses, which are, on average, approximately $350,000. Surf Development Company, Inc. has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

9. Surf Development Retirement Plan

As of January 1, 2018, the Company provides retirement plan benefits to all eligible employees and their beneficiaries with the intention to provide a measure of retirement security. The type of plan is cash or deferred profit sharing and is backed by a trust. There are four different types of contribution plans available, including Employer Non-Elective, Elective Deferrals, Employer Matching and Rollovers. In order to qualify, an applicant must be 18 years of age and must complete a minimum of one month of service with 120 hours each month. Costs of employer contributions to the retirement plan are recognized as incurred. Retirement plan contributions expense was $68,143 and $48,936 for the years ended June 30, 2025 and 2024, respectively.

10. Compensated Absences

It is Surf Development policy to permit employees to accumulate earned but unused vacation leave of 250 hours up to a maximum of 360 hours, depending upon the length of service of the employee. Vacation leave will be used in future periods or paid to employees upon separation from Surf Development. Surf Development recognized and compensates employees for eleven traditional holidays. Holiday pay is recorded as an expenses when incurred. Surf Development policy allows employees to accumulate earned but unused sick leave. Sick leave will be used in future periods or paid to employees upon separation after ten years of service, or upon retirement, at a rate of one-half the unused accumulated sick leave at the employee's current rate of pay up to a maximum of $4,000. Typically, Surf Development considers approximately 10% of this amount to be short-term, with the remainder recorded as long-term liabilities. As of June 30, 2025 and 2024, accrued vacation was valued at $46,722 and $63,007 and vested sick leave was valued at $15,119 and $25,047, respectively.

11. Net Assets With Donor Restrictions

Permanently restricted net assets are contributions, at the direction of the individual donor, that are restricted for specific purposes. The Tri-Counties Regional Center (TCRC) provided Surf with $550,000 in funding on June 6th, 2002. The funds could only be used for projects that would provide housing for TCRC clients (consumers is the term TCRC uses). The entire amount of funds was expended on projects specifically for TCRC consumers as follows: Lassen property, amount expended $184,885 Braddock House, amount expended $292,075 Villa del Sol, amount expended $73,040.

Lassen Place represents donations from 4 families who each contributed $100,000. These donations are subject to a separate agreement and were used to acquire and rehabilitate a home that ultimately can serve up to 4 TCRC consumers at any given time. Surf has continued to fulfill the obligations of this agreement.

Net assets with donor restrictions consisted of the following at June 30, 2025 and 2024:

	2025	2024
Tri-Counties Regional Center	$ 550,000	$ 550,000
Lassen Place	400,000	400,000
	$ 950,000	$ 950,000

12. Grant Revenue

During the years ended June 30, 2025 and 2024, the Company was awarded broadband infrastructure grants to upgrade tenant internet service. In 2025 the Company obtained the grant for the following properties: Creekside Apartments, Rancho Hermosa, Ted Zenich Gardens, Positano Apartments, Santa Rita Village I, Pescadero Lofts, and Santa Rita Village II. The program falls under the California Advanced Services Fund (CASF), which includes the Broadband Public Housing Account (BPHA) for tenant internet projects. As the aforementioned properties are housing developments serving low-income residents the eligibility requirements are met. The eligible costs associated with implementing the new broadband infrastructure are 100% reimbursable from the Broadband Public Housing Account up to $200,000 for infrastructure projects and $500,000 for internet extension projects.

Grant revenue is recognized as the qualified services are performed in accordance with contractual milestones per the vendor and related expenses are recognized as incurred. During the year, the Company was awarded grant funding totaling $1,112,750, payable upon the achievement of three milestones.For the years ended June 30, 2025 and June 30, 2024, the Company recognized grant revenue of $404,550 and $367,125, respectively, with corresponding eligible expenses incurred for services performed. The Company pays the invoices related to installed services, upon completion of the applicable project milestones, submits required documentation to the Sate of California for reimbursement of 100% of eligible costs. As of June 30. 2025 and 2024 expenses incurred but not yet reimbursed by the State of California were $418,536 and $139,048 for the years ended June 30, 2025 and 2024, respectively and have been recorded in Grants Receivable in the Consolidated Statements of Financial Position.

13. Risk Management

Surf Development Company, Inc. is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Company maintains comprehensive general liability coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses. There have been no claims in the past year.

14. Subsequent Events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the company through February 13, 2026 (the date the financial statements were available to be issued) and determined that except for the subsequent event disclosed below, there were no subsequent events or transactions that would require recognition or disclosure in the financial statements.

On December 23, 2025, Surf Development Company, Inc. received a donation of commercial real property located at 1420 East Ocean Avenue, Lompoc, California. The gift was governed by an Agreement to Donate Real Property and Joint Escrow Instructions dated October 22, 205 between TPC Commercial, LLC and Surf Development Company. Title transferred upon recordation of a Grand Deed with the Santa Barbara County Recorder on December 23, 2025 (Document No. 2025-0040355). No cash consideration was exchanged. The donated property was valued at $1,300,000 which represents the estimated fair value of the property as evidenced by the buyer's settlement statement prepared by First American Title.

Surf Development Company, Inc.

Consolidating Statement of Financial Position

June 30, 2025

	Surf	WCC MGP, LLC	Surf Central Plaza, LLC	Parkview ROFR, LLC	Cypress & 7th MGP, LLC	Ted Zenich ROFR, LLC	Home Base on G ROFR, LLC	Consol. Entries	Consolidated
Assets									
Current assets:									
Cash & Cash Equivalents	$ 1,790,275	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,790,275
Restricted Cash									
Operating Reserves	15,066	-	-	-	-	-	-	-	15,066
Replacement Reserves	18,755	-	-	-	-	-	-	-	18,755
Tenant Security Deposits	35,128	-	-	-	-	-	-	-	35,128
Accounts Receivable, net	12,764	-	-	-	-	-	-	-	12,764
Related Party Receivables - Current Portion	217,363	-	-	-	-	-	-	-	217,363
Other Accounts Receivable	47,686	-	-	-	-	-	-	-	47,686
Grants Receivable	418,536	-	-	-	-	-	-	-	418,536
Prepaid Expenses	13,685	-	-	-	-	800	-	-	14,485
Total Current Assets	2,569,258	-	-	-	-	800	-	-	2,570,058
Other Assets									
Property and Equipment, Net	6,184,760	-	-	-	-	-	-	-	6,184,760
Related Party Receivables, Net	2,355,439	-	12,500	4,012	7,500	-	-	-	2,379,452
Investments in Limited Partnerships	47,805	(26)	(39)	-	91	10,000	75,000	-	132,830
Total Other Assets	8,588,004	(26)	12,461	4,012	7,591	10,000	75,000	-	8,697,042
Total Assets	11,157,262	(26)	12,461	4,012	7,591	10,800	75,000	-	11,267,100

The accompanying notes are an integral part of these consolidated financial statements.

Surf Development Company, Inc.

Consolidating Statement of Financial Position

June 30, 2025

	Surf	WCC MGP, LLC	Surf Central Plaza, LLC	Parkview ROFR, LLC	Cypress & 7th MGP, LLC	Ted Zenich ROFR, LLC	Home Base on G ROFR, LLC	Consol. Entries	Consolidated
Liabilities and Net Assets									
Current Liabilities:									
Accounts Payable	6,516	-	-	-	-	-	-	-	6,516
Accrued Expenses	305,536	1,100	1,100	-	-	11,129	-	-	318,865
Compensated Absences, Current Portion	6,184	-	-	-	-	-	-	-	6,184
Prepaid Rent	1,608	-	-	-	-	-	-	-	1,608
Current Portion Long-Term Debt	38,658	-	-	-	-	-	-	-	38,658
Total Current Liabilities	358,502	1,100	1,100	-	-	11,129	-	-	371,831
Long Term Liabilities									
Tenant Security Deposits Payable	35,432	-	-	-	-	-	-	-	35,432
Accrued Interest Payable	139,103	-	-	-	-	-	-	-	139,103
Related Party Payables	31,469	-	20	-	-	-	-	-	31,489
Deferred Revenue - Developer Fee	1,961,375	-	-	-	-	-	-	-	1,961,375
Long-Term Portion of Compensated Absences	55,657	-	-	-	-	-	-	-	55,657
Notes Payable, Net of Debt Issuance Costs	3,676,121	-	-	-	-	-	-	-	3,676,121
Total Long Term Liabilities	5,899,157	-	20	-	-	-	-	-	5,899,177
Total Liabilities	6,257,659	1,100	1,120	-	-	11,129	-	-	6,271,008
Net Assets Without Donor Restrictions	3,949,603	(1,126)	11,341	4,012	7,591	(329)	75,000	-	4,046,092
Net Assets With Donor Restrictions	950,000	-	-	-	-	-	-	-	950,000
Total Net Assets	4,899,603	(1,126)	11,341	4,012	7,591	(329)	75,000	-	4,996,092
Total Liabilities and Net Assets	$ 11,157,262	$ (26)	$ 12,461	$ 4,012	$ 7,591	$ 10,800	$ 75,000	$ -	$ 11,267,100

The accompanying notes are an integral part of these consolidated financial statements.

Surf Development Company, Inc.

Consolidating Statement of Financial Position

June 30, 2024

	Surf	WCC MGP, LLC	Surf Central Plaza, LLC	Parkview ROFR, LLC	Cypress & 7th MGP, LLC	Consol. Entries	Consolidated
Assets							
Current assets:							
Cash & Cash Equivalents	$ 2,153,555	$ -	$ -	$ -	$ -	$ -	$ 2,153,555
Restricted Cash							
Operating Reserves	15,044	-	-	-	-	-	15,044
Replacement Reserves	18,727	-	-	-	-	-	18,727
Tenant Security Deposits	27,045	-	-	-	-	-	27,045
Tenant Accounts Receivable	16,491	-	-	-	-	-	16,491
Related Party Receivable - Current Portion	184,109	-	-	-	-	-	184,109
Other Accounts Receivable	139,048	-	-	-	-	-	139,048
Prepaid Expenses	17,363	-	-	-	-	-	17,363
Total Current Assets	2,571,382	-	-	-	-	-	2,571,382
Other Assets							
Property and Equipment, Net	6,425,053	-	-	-	-	-	6,425,053
Related Party Receivables, Net	1,843,940	-	12,500	3,895	-	-	1,860,335
Investments in Limited Partnerships	58,003	19	(9)	-	100	-	58,113
Total Other Assets	8,326,996	19	12,491	3,895	100	-	8,343,501
Total Assets	10,898,378	19	12,491	3,895	100	-	10,914,883

The accompanying notes are an integral part of these consolidated financial statements.

Surf Development Company, Inc.

Consolidating Statement of Financial Position

June 30, 2024

	Surf	WCC MGP, LLC	Surf Central Plaza, LLC	Parkview ROFR, LLC	Cypress & 7th MGP, LLC	Consol. Entries	Consolidated
Liabilities and Net Assets							
Current Liabilities:							
Accounts Payable	85,220	-	-	-	-	-	85,220
Accrued Expenses	67,868	-	-	-	-	-	67,868
Compensated Absences, Current Portion	8,807	-	-	-	-	-	8,807
Prepaid Rent	1,218	-	-	-	-	-	1,218
Current Portion Long-Term Debt	60,056	-	-	-	-	-	60,056
Total Current Liabilities	223,169	-	-	-	-	-	223,169
Long Term Liabilities							
Tenant Security Deposits Payable	30,865	-	-	-	-	-	30,865
Accrued Interest Payable	125,983	-	-	-	-	-	125,983
Related Party Payables	34,144	-	-	-	-	-	34,144
Deferred Revenue - Developer Fee	1,607,957	-	-	-	-	-	1,607,957
Long-Term Portion of Compensated Absences	79,248	-	-	-	-	-	79,248
Notes Payable, Net of Debt Issuance Costs	3,884,838	-	-	-	-	-	3,884,838
Total Long Term Liabilities	5,763,035	-	-	-	-	-	5,763,035
Total Liabilities	5,986,204	-	-	-	-	-	5,986,204
Net Assets							
Net Assets Without Donor Restrictions	3,962,174	19	12,491	3,895	100	-	3,978,679
Net Assets With Donor Restrictions	950,000	-	-	-	-	-	950,000
Total Net Assets	4,912,174	19	12,491	3,895	100	-	4,928,679
Total Liabilities and Net Assets	$ 10,898,378	$ 19	$ 12,491	$ 3,895	$ 100	$ -	$ 10,914,883

The accompanying notes are an integral part of these consolidated financial statements.

Surf Development Company, Inc.

Consolidating Statement of Activities

For the Year Ended June 30, 2025

	Surf	WCC MGP, LLC	Surf Central Plaza	Parkview ROFR, LLC	Cypress & 7th MGP, LLC	Ted Zenich ROFR, LLC	Home Base on G, LLC	Consol. Entries	Consolidated
Revenues									
Net Rental Revenues	$ 993,530	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 993,530
Tenant Charges	335	-	-	-	-	-	-	-	335
Commercial Rental Income	4,200	-	-	-	-	-	-	-	4,200
Interest Income	8,754	-	-	-	-	-	-	-	8,754
Donations	1,500	-	-	-	-	-	-	-	1,500
Grant Revenue	404,550	-	-	-	-	-	-	-	404,550
Developer Fees	432,417	-	-	-	-	-	-	-	432,417
Partnership Management Fees	503,641	-	25,000	7,908	7,500	-	-	-	544,048
Miscellaneous Income	16,366	-	-	-	-	-	-	-	16,366
Total Revenues	2,365,293	-	25,000	7,908	7,500	-	-	-	2,405,700
Program Services									
Administrative	765,099	-	-	-	-	-	-	-	765,099
Utilities	57,607	-	-	-	-	-	-	-	57,607
Repairs and Maintenance	76,867	-	-	-	-	-	-	-	76,867
Insurance	10,525	-	-	-	-	-	-	-	10,525
Management Fees	21,931	-	-	-	-	-	-	-	21,931
Memberships and Fees	77,827	-	-	408	-	-	-	-	78,235
Interest Expense on Notes Payable	211,000	-	-	-	-	-	-	-	211,000
Audit Expense - Program	-	2,335	1,100	850	450	400	-	-	5,135
Legal	2,412	-	-	-	-	-	-	-	2,412
Real Estate Taxes	13,476	-	20	-	20	8,385	-	-	21,901
Depreciation and Amortization	239,429	-	-	-	-	-	-	-	239,429
Other Operating Expenses	-	800	1,653	2,400	800	2,744	-	-	8,397
Loss From Equity Method Investments	299	45	31	-	9	-	-	-	384
Total Program Services Expense	1,476,472	3,180	2,804	3,658	1,279	11,529	-	-	1,498,922

The accompanying notes are an integral part of these consolidated financial statements.

Surf Development Company, Inc.

Consolidating Statement of Activities

For the Year Ended June 30, 2025

	Surf	WCC MGP, LLC	Surf Central Plaza	Parkview ROFR, LLC	Cypress & 7th MGP, LLC	Ted Zenich ROFR, LLC	Home Base on G, LLC	Consol. Entries	Consolidated
Support Services									
Management and General	**838,501**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**838,501**
Depreciation	**864**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**864**
Total Support Services Expenses	**839,365**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**839,365**
(Decrease) Increase in Net Assets Without Donor Restrictions	**49,456**	**(3,180)**	**22,196**	**4,250**	**6,221**	**(11,529)**	**-**	**-**	**67,413**
Net Assets at the Beginning of the Year	**4,923,949**	**19**	**12,492**	**3,895**	**100**	**-**	**-**	**-**	**4,928,679**
Net Assets at the End of the Year	**$ 4,973,405**	**$ (3,161)**	**$ 34,688**	**$ 8,145**	**$ 6,321**	**$ (11,529)**	**$ -**	**$ -**	**$ 4,996,092**

The accompanying notes are an integral part of these consolidated financial statements.

Surf Development Company, Inc.

Consolidating Statement of Activities

For the Year Ended June 30, 2024

	Surf	WCC MGP, LLC	Surf Central Plaza	Parkview ROFR, LLC	Cypress & 7th MGP, LLC	Consol. Entries	Consolidated
Revenues							
Net Rental Revenues	$ 890,719	$ -	$ -	$ -	$ -	$ -	$ 890,719
Tenant Charges	1,555	-	-	-	-	-	1,555
Commercial Rental Income	4,200	-	-	-	-	-	4,200
Interest Income	15,055	-	-	-	-	-	15,055
Grant Revenue	367,125	-	-	-	-	-	367,125
Developer Fees	926,163	-	-	-	-	-	926,163
Partnership Management Fees	695,587	-	25,000	7,677	-	-	728,264
Miscellaneous Income	980	-	-	-	-	-	980
Total Revenues	2,901,384	-	25,000	7,677	-	-	2,934,061
Program Services							
Administrative	722,607	-	-	-	-	-	722,607
Utilities	49,635	-	-	-	-	-	49,635
Repairs and Maintenance	91,513	-	-	-	-	-	91,513
Insurance	8,356	-	-	-	-	-	8,356
Management Fees	22,151	-	-	-	-	-	22,151
Memberships and Fees	60,683	-	76	-	-	-	60,759
Interest Expense on Notes Payable	182,637	-	-	-	-	-	182,637
Audit Expense - Program	-	1,443	1,762	660	-	-	3,865
Legal	1,696	-	-	-	-	-	1,696
Real Estate Taxes	5,759	20	3	20	-	-	5,802
Depreciation and Amortization	227,939	-	-	-	-	-	227,939
Other Operating Expenses	800	800	-	1,625	800	-	4,025
Loss From Equity Method Investments	-	22	50	-	-	-	72
Total Program Services Expense	1,373,776	2,285	1,891	2,305	800	-	1,381,057

The accompanying notes are an integral part of these consolidated financial statements.

Surf Development Company, Inc.

Consolidating Statement of Activities

For the Year Ended June 30, 2024

	Surf	WCC MGP, LLC	Surf Central Plaza	Parkview ROFR, LLC	Cypress & 7th MGP, LLC	Consol. Entries	Consolidated
Support Services							
Management and General	875,640	-	-	-	-	-	875,640
Depreciation	2,074	-	-	-	-	-	2,074
Total Support Services Expenses	877,714	-	-	-	-	-	877,714
(Decrease) Increase in Net Assets Without Donor Restrictions	649,894	(2,285)	23,109	5,372	(800)	-	675,290
Net Assets at the Beginning of the Year	4,274,055	2,304	(10,617)	(1,477)	900	-	4,253,388
Net Assets at the End of the Year	$ 4,923,949	$ 19	$ 12,492	$ 3,895	$ 100	$ -	$ 4,928,679

The accompanying notes are an integral part of these consolidated financial statements.

APPENDIX B

Qualifications for Wallace & Smith General Contractors

Wallace & Smith
GENERAL CONTRACTORS

Firm Capabilities

- Project Size: Wallace & Smith's typical project size varies from $1,000,000.00 to $100,000,000.00.
- Annual Revenue for the past five years
    - 2021 - $95,000,000.00
    - 2022 - $95,000,000.00
    - 2023 - $110,000,000.00
    - 2024 - $155,000,000.00
    - 2025 - $210,000,000.00
- Number of Fulltime Employees
    - 28 Office Employees
    - 30 Field Employees
    - 0 Craft Employees
- Maximum Annual Capacity
    - Total Capacity - $300,000,000.00
    - Bonding - $125,000,000.00
- Wallace & Smith does not self-perform any work and would not on this project.

Wallace & Smith
GENERAL CONTRACTORS

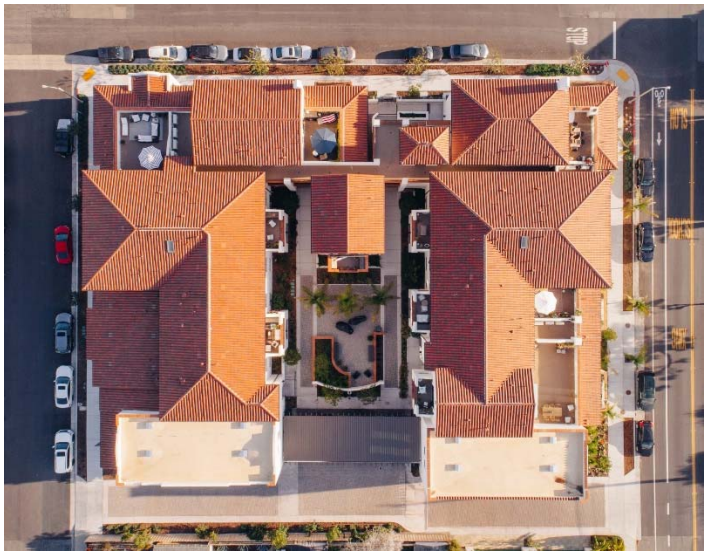
Relevant Project Experience

THE COVE SANTA BARBARA, CA		
DESCRIPTION	New construction of thirty-two Single Family Homes for rent (Lot 2), six apartments (Lot 3) and Street Improvements.	
OWNER	Ocean Meadows Investors, LLC Contact: Andrew Ellis	
PROJET SIZE	Lot 2 - Building Area: 103,555 SF - Site Area: 6.28 Acres	Lot 3 - Building Area: 5,250 SF - Site Area: 0.62 Acres
PROJECT COST	- At Contract: $41,492,202.00 - Upon Completion: $42,887,240.00	
PROJECT SCHEDULE	- At Contract: 457 Working Days - Actual Duration: 481 Working Days	

3325 Landco Drive, Bakersfield CA 93308
(661) 327-1436 (661) 377-0067 Fax
CA Lic. No. 481999
NV Lic. No. 80260

SOLTARA APARTMETNS – MIXED USE 27 E. GUTIERREZ STREET, SANTA BARBARA, CA	
DESCRIPTION	New construction of seventy-eight apartments over a concrete podium parking structure.
OWNER	Anastate, LLC Peter Lewis, peterl@nyla.cc
PROJET SIZE	116,473 SF that includes a 19,300 SF Parking Garage and 23,500 SF of Commercial Space.
PROJECT COST	- At Contract: $24,293,931.00 - Upon Completion: $24,802,386.00
PROJECT SCHEDULE	- At Contract: 413 Working Days - Actual Duration: 529 Working Days – Project experienced delays for long lead items and changes to the work.

CORTONA POINT 100 CORTONA POINT DRIVE, GOLETA, CA	
DESCRIPTION	New construction of 176 apartment units and a Clubhouse.
OWNER	Cortona Corner Apartments, LLC John Price, johneprice2@gmial.com
PROJET SIZE	187,790 SF
PROJECT COST	- At Contract: $37,779,182.00 - Upon Completion: $45,310,183.00 – Owner made numerous additions to the work.
PROJECT SCHEDULE	- At Contract: 413 Working Days - Actual Duration:



PLAZA RIVIERA APARTMENTS 835 EAST CANON PERDIDO STREET, SANTA BARBARA, CA	
DESCRIPTION	Plaza Riviera is a 41 unit luxury apartment development. Amenities include an automated parking lift system, roof deck, and courtyard.
OWNER	Plaza Riviera Partners, LLC Andrew Fuller, andrew@fah.com
PROJET SIZE	43,227 SF
PROJECT COST	- At Contract: $10,172,521.00 - Upon Completion: $10,661,225.00
PROJECT SCHEDULE	- At Contract: 305 Working Days - Actual Duration: 413 Working Days

APPENDIX C

Initial Services Concept Plan

Initial Services Concept Plan

THIS SUPPORTIVE SERVICES AGREEMENT (this "Agreement") is entered into as of ___ _____, by and between _____ (the "Owner") and the Housing Authority of the County of Santa Barbara (HASBARCO), a public body, corporate and politic (the "Service Provider").

RECITALS

i. Ownership has been formed to acquire, develop, construct, own, maintain and operate a ___-unit apartment complex. The Property is intended to serve low-to moderate-income working individuals and families, including essential workers. The development to be known as "_____" and located at 117 East Carrillo Street, Santa Barbara, CA (the "Property").

ii. Owner desires to contract with Service Provider to participate in overseeing a resident service program (the "Services") at the Property, as described below.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto, and of other good valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties agree to the following:

PROGRAM DESCRIPTION

The focus of this Resident Services Program will be on improving each individual's quality of life to the provision of free and accessible instructor-led adult educational services to support employment stability, career advancement, and long-term financial security which may include: financial literacy, basic computer training, health information / awareness, neighborhood motivation, social activities, exercise classes, and resident development. Physical space for the provision of the amenities will be available on-site and be available to residents within six months of the development being placed in service.

Informational surveys will help guide the choices as to additional activities and services to be provided to the residents in coordination with the Resident Services Manager. Resident meetings will be arranged to provide the opportunity for Residents to meet with Management and discuss observations, needs, concerns, and suggestions they may have to better life. The Residents will be encouraged to become active partners in marketing the services to be provided. The Service Coordinator will be available as needed to provide referrals and links to needed and requested services within the community. Management will be encouraged to refer all residents who express a need to the Service Coordinator for assistance.

PROGRAM GOALS

The program goals are: (1) To provide the opportunity to increase knowledge through the provision of educational and skill building classes, that are accessible and available on site at no cost to the Resident. (2) To empower Residents with the skills and knowledge to encourage self-advocacy through the availability of public access information and referral services as well as encourage tenant volunteerism and participation in such services. (3) To promote greater community awareness through community-building and enrichment activities. (4) To provide and promote health and wellbeing through services and education.

PROGRAM INCENTIVE

Staff will encourage Resident participation by providing incentives, which may include but not

be limited to free refreshments at monthly meetings, door prizes, letters of reference for volunteer hours performed, recognition in Resident newsletters, and certificates of completion or achievement for classes completed.

PROGRAM NOTIFICATION

Residents will be notified of all service activities and scheduled events through monthly calendars, written flyers and meeting notices, as well as through Resident newsletters and word of mouth. Meeting notices will also be posted in the Management Office and throughout the complex in common areas and bulletin boards.

ADULT EDUCATION, HEALTH AND WELLNESS, AND WORKFORCE STABILITY CLASSES

HASBARCO provides on-going Resident Services throughout Santa Barbara County and maintains a close working relationship with staff who are experts in their field and willing to provide requested and needed services to Residents. HASBARCO Resident and Supportive Services staff that will provide services will NOT be Property Management Personnel. Adult Educational and Health and Wellness Classes will be provided, and completely free of charge to Tenants. Services may include, but are not limited to, the following amenities:

Adult Education Classes

- Financial Literacy and Budgeting: Learn to manage personal finances, create budgets, and understand credit systems to build financial stability.
- Job Readiness and Employment Skills: Develop key employment skills, including resume creation, job searching strategies, and interview techniques.
- Tenant Rights and Responsibilities: Gain knowledge about tenant rights, the essentials of lease agreements, and housing laws to better navigate rental living.
- Basic Computer Skills: Acquire fundamental skills in computer use, internet navigation, and essential software, enhancing digital literacy.
- Literacy and GED Preparation: Improve reading, writing, and math skills, and prepare for GED exams to achieve high school equivalency credentials.
- English as a Second Language (ESL): Enhance English speaking, reading, and writing skills for non-native speakers, facilitating better communication and integration.

Health and Wellness Classes:

- Mental Health Support Groups: Provide participatory group sessions focusing on coping strategies, stress management, and building a supportive community for mental well-being.
- Chronic Disease Management: Education on how to manage chronic conditions such as diabetes, hypertension, and asthma through lifestyle adjustments and medical guidance.
- Physical Fitness: Engagement in low-impact physical activities suitable for various fitness levels to improve overall health and fitness, including yoga and walking groups.

Workforce Stability & Career Advancement

- Career Pathway Exploration: Workshops that help residents identify career interests and understand local labor market opportunities.
- Employer Partnerships and hiring Events: Collaboration with local employers to host informational sessions, recruitment events, and on-site hiring fairs that connect residents directly to job opportunities.
- Community College Certificate Programs: Referrals and enrollment for short-term certificate and credential programs that increase earning potential and job competitiveness.
- Interview Preparation: Structured practice sessions to build confidence, improve communication skills, and prepare residents for job interviews.

- Professional License Renewal Assistance: Support for residents in licensed trades or professions who require renewal guidance, continuing education referrals, or documentation assistance.

SERVICE COORDINATOR

HASBARCO will employ a Service Coordinator/Services Specialist who will be available to provide linkages and referrals to needed and requested services within the community.

The coordinator will obtain regular updates from service providers and prepare and submit reports on program status and progress to HASBARCO senior staff, and the Board of Commissioners. The coordinator will track all activities, maintain and build partnerships, and work to resolve difficulties or conflicts in the provision of services. The coordinator will monitor the program goals, analyze applicable data, prepare and submit proposals, and receive direction from senior staff, for the implementation of modifications to the program to ensure program success. The Service Coordinator will serve as the liaison between the Residents and Housing Management. Management will be encouraged to refer all Residents who express a need to the Service Coordinator for assistance.

The Coordinator will obtain regular updates from service providers, and prepare and submit reports on program status and progress to HASBARCO senior staff, and the Board of Commissioners. The Coordinator will track all activities, maintain and build partnerships, and work to resolve difficulties or conflicts in the provision of services. The Coordinator will monitor the program goals, analyze applicable data, prepare and submit proposals, and receive direction from senior staff, for the implementation of modifications to the program to ensure program success. The Service Coordinator will serve as the liaison between the Residents and Housing Management. Management will be encouraged to refer all Residents who express a need to the Service Coordinator for assistance.

Through the expertise of Housing Authority staff in their respective fields, we can continue to support the needs of the Residents as HASBARCO seeks to expand the availability of services to Residents in the provision of free, on-site, accessible, educational, recreational, workforce, and social activities, that will increase Resident knowledge, skills, community awareness and promote the level of self-sufficiency for Tenants.

ATTACHMENT A

RE: 117 East Carrillo Street
Santa Barbara, CA

Proposed detailed annual service budget:

Total Annual Service Cost **$25,000**

Many of our service providers provide their services at no cost or minimal cost to our housing developments. The total service budget is estimated to be $25,000 annually to cover these costs. The Housing Authority of the County of Santa Barbara, the Service Provider of the Applicant, is dedicated to providing educational classes and related incidental cost through property operations funding. If property operations become insufficient to cover the full cost, the difference will be covered from the organizational budget of the Housing Authority, at no cost to the property.

APPENDIX D1

Commitment Letters for Scenario I

(Missing Middle Income & Affordable)

Community Capital

March 5, 2026

Pacific West Communities, Inc.
430 E. State Street, Ste. 100
Eagle, ID 83616

Re: Commitment to utilize Private Activity Bonds to finance a Multifamily Rental Project in an amount not to exceed $46,097,016 ($35,000,000 in tax-exempt bonds plus a $11,097,016 taxable loan) relating to a new construction project to be known as "117 E Carrillo Street" and located at 117 E Carrillo Street, Santa Barbara County, CA 93101 (the "Property")

Ladies and Gentlemen:

Citibank, N.A.("CITI") is pleased to offer to Pacific West Communities, Inc. ("Sponsor"), as the Sponsor of a to-be-formed entity ("Borrower"), this commitment ("Commitment") for financing , subject to the terms, requirements and conditions which follow. All capitalized terms used herein, unless otherwise defined, shall have the meaning set forth on Exhibit A annexed hereto and incorporated herein by this reference (the "Commitment Terms"). CITI's decision to issue this Commitment was made in reliance upon the representations and material supplied by Sponsor and Sponsor's representatives, as more particularly described on Exhibit B annexed hereto. CITI understands that Sponsor intends to submit this Commitment to a to be determined Governmental Lender ("Governmental Lender") in support of Sponsor's application to obtain a private activity bond allocation with respect to the financing of the Property. **This Commitment is subject to, among other things, CITI completing due diligence to confirm the representations made by Sponsor and obtaining credit committee approval.**

In connection with this Commitment, CITI will be acting solely as a principal and not as your agent, advisor or fiduciary. CITI has not assumed a fiduciary responsibility with respect to this Commitment, and nothing in this Commitment or in any prior relationship between you and CITI will be deemed to create an advisory, fiduciary or agency relationship between us in respect of this Commitment. You should consider carefully whether you would like to engage an independent advisor to represent or otherwise advise you in connection with this Commitment , if you have not already done so.

A. Transaction Summary. The terms of the tax-exempt financing transaction (the "Transaction") that is the subject of this Commitment is as follows:

1. On the issuance date (the "Closing Date"), CITI shall fund a loan (the "Funding Loan") to Governmental Lender, and Governmental Lender shall simultaneously issue a note (the "Governmental Lender Note") to CITI. The proceeds of the Funding Loan shall be used by Governmental Lender to make a tax-exempt and taxable loan (the "Tax-Exempt Loan" or the "Borrower Loan") to Borrower to finance the Property, for which the Governmental Lender receives a borrower note (the "Borrower Note"). Borrower shall be responsible for securing the issuance and delivery of the Tax-Exempt Loan by the Governmental Lender.

2. Upon closing of the transaction, the rights of Governmental Lender in the Borrower Loan and all documents evidencing and securing the Borrower Loan (the "Borrower Loan Documents") shall be assigned to a fiscal agent, which may be CITI (the "Fiscal Agent"), as security for the Governmental Lender's obligations to CITI evidenced by the Governmental Lender Note. CITI will administer and direct the disbursement of the proceeds of the Funding Loan and the Borrower

Loan and will oversee the construction work to be performed on the Property (the "Improvements"). The completion of the Improvements and all related work shall be performed during the Interim Phase (as hereinafter defined).

3. CITI shall have the right to engage a third party servicer ("Servicer") to provide limited servicing/oversight functions on behalf of CITI pursuant to a separate servicing agreement with CITI. CITI shall pay Servicer any applicable servicing fee.

4. At such time as the Conditions to Conversion set forth herein are satisfied, if ever, the Loan shall convert from the Interim Phase to the Permanent Period (as hereinafter defined).In the event that the Conditions to Conversion are not satisfied on or before the last day of the Interim Phase, as more particularly provided herein, at the option of CITI, the Tax-Exempt Loan will be subject to acceleration, and all obligations of CITI with respect to the transaction contemplated by this Commitment shall terminate.

5. CITI anticipates that CITI's interest in the Tax-Exempt Loan may be transferred to any eligible investor, which may be a government sponsored enterprise or institutional investor (or a trust for the benefit thereof) and CITI's underwriting and documentation will provide for the possibility of such transfer.

B. Conditions Precedent to Closing. The obligation of CITI to make the Funding Loan is subject to satisfaction of the following conditions precedent ("Conditions Precedent to Closing"), in each case in a manner acceptable to CITI. The form and substance of all documents and items submitted by Borrower hereunder must be acceptable to CITI and its counsel.

1. Credit Approval. This Commitment is subject, among other things, to CITI obtaining final credit committee approval. Sponsor understands and agrees that this Commitment is subject to final approvals as set forth in Part E.4. of this Commitment and is not an agreement to make a loan. Any documentation will be forthcoming only after final approval of the underwriting by CITI's credit committee. The financing will be documented separately and will contain terms and conditions that may be in addition to or in substitution of those set forth in the Commitment.

2. Documents. Borrower shall duly authorize, execute and deliver or cause to be delivered at closing a Multifamily Note, a Multifamily Deed of Trust, Deed to Secure Debt or Mortgage, where appropriate (the "Security Instrument"), a Guaranty or Guarantees (including a Completion and Payment Guaranty for the Interim Phase and a Non-recourse Carve-out Guaranty), an Agreement of Environmental Indemnification, a Replacement Reserve Agreement, a Construction Funding Agreement, Assignments and any other assignment, financing statement, agreement or document required by CITI in connection with the Loan (collectively, the "Mortgage Documents"). The Funding Loan Agreement, the Regulatory Agreement, the Borrower Loan Agreement, the Borrower Note and all other documents executed or issued in connection with the transaction shall be referred to, collectively, as the "Tax-Exempt Loan Documents". The Security Instrument and Borrower Note shall initially be for the benefit of Governmental Lender and shall be assigned on the Closing Date to CITI. The Tax-Exempt Loan Documents must be in a form satisfactory to CITI and Governmental Lender. Where appropriate, the Mortgage Documents and the Tax-Exempt Loan Documents shall be acknowledged, recorded and filed in the public record, and all recording receipts promptly delivered to CITI.

3. Title Insurance. Borrower shall promptly deliver to CITI a commitment for a mortgagee's title insurance policy, prepared in accordance with CITI's title insurance instructions, along with a pro forma policy in the form included in such instructions. The title insurance commitment and policy must satisfy all of the requirements of such instructions and include such other coverage and endorsements as CITI may require. The company and/or agent issuing the commitment shall be acceptable to CITI in all respects. Borrower shall also furnish CITI with copies of all instruments

affecting title to the Property including, but not limited to, all instruments referenced in Schedule B of the pro forma policy.

4. UCC Search/Perfection. Borrower shall commission UCC searches in the real estate records and personal property records of the following jurisdictions and shall furnish written reports of such searches to CITI: (i) the jurisdiction where the Property is located, (ii) any other jurisdiction in which Borrower has its principal office for the conduct of its business, (iii) in the central UCC filing location specified by the law of the state where the Property is located, and (iv) any other office where filing is necessary to perfect Governmental Lender's or Fiscal Agent's security interest in the Collateral (as hereinafter defined). All such searches shall be updated to the time of recordation of the Mortgage Documents and shall show no security interests affecting the Property, Guarantor or Borrower, other than those naming Governmental Lender or Fiscal Agent as the secured party. Borrower shall cause the appropriate filing of financing statements, on forms supplied by CITI, evidencing Governmental Lender's or Fiscal Agent's perfected first priority security interest in all personal property, machinery, equipment, building materials, contract rights, furniture, fixtures, royalties, receivables and other rights related thereto, as well as all leases, rents, revenues and proceeds therefrom and all proceeds of the foregoing (collectively, the "Collateral"). Such filing shall be in compliance with both the Uniform Commercial Code, as adopted in the state in which the Property is located, and all other applicable laws affecting the perfection of security interests. Borrower shall furnish to CITI, promptly upon recordation, receipted or time stamped copies of the filed financing statements.

5. Authority. Borrower shall furnish to CITI certified documents satisfactory to CITI evidencing Borrower's power and authority to enter into the Mortgage Documents and the Tax-Exempt Loan Documents. If Borrower is a corporation, such documents shall include Borrower's Articles of Incorporation, Bylaws, corporate resolution relevant to the Loan and a Certificate of Good Standing from the state of incorporation and the state where the Property is located. If Borrower is a partnership, such documents shall include a copy of the partnership agreement and partnership certificate, and the above-referenced corporate documents for any corporate general partner of Borrower. If Borrower is a limited liability company, such documents shall include a copy of the Articles of Organization and Operating Agreement and the Certificate of Authenticity or Certificate of Good Standing from the state of organization and the state where the Property is located.

6. Leases. The standard form of lease used at the Property shall be subject to the prior written approval of CITI. All new leases and renewals of existing leases shall be made on the approved standard form of lease unless otherwise agreed to by CITI. There must be no commercial leases affecting the Property, except for any laundry lease and other commercial lease disclosed in writing to and approved in writing by CITI and its counsel prior to the date of this Commitment. Any current commercial lease or laundry lease must be subordinated to the lien of the Security Instrument and other Mortgage Documents. Borrower agrees that any future commercial lease or laundry lease or renewal of any current commercial lease or laundry lease will contain language acceptable to CITI subordinating said lease to the lien of the Security Instrument and other Mortgage Documents. There must be no default under any current commercial lease or laundry lease.

7. Borrower's Management Agreement. Borrower shall furnish to CITI a copy of Borrower's management agreement. The management agreement must be with a professional management company and both the management company and the terms of the management agreement must be approved in writing by CITI. Borrower shall not make or permit to be made any changes to the management agreement without the prior written approval of CITI. Without limiting the foregoing, the management agreement must be terminable by owner on 30 days' notice, with or without cause

and without payment of any termination fee. If required by CITI, a portion of the management fee may be required to be subordinated to debt service and other amounts payable with respect to the Loan.

8. Rent Roll. If applicable, Borrower shall promptly furnish a copy of the rent roll for the Property, with an updated rent roll to be delivered contemporaneously with closing and as of the Conversion Date (as hereinafter defined).

9. Appraisal. CITI shall have received an appraisal of the Property satisfactory to CITI.

10. Opinion of Borrower's Counsel. Borrower shall deliver to CITI a written opinion by Borrower's counsel approved by CITI, addressed to CITI, Issuer and Bond Trustee and in the form furnished or approved by CITI's counsel.

11. Insurance. Borrower shall deliver to CITI an insurance policy evidencing the existence of insurance relating to the Property, which evidence shall include "paid" premium invoices, conforming in all respects to CITI's insurance requirements as provided to Borrower in a separate package, as same may, from time to time, be modified. Such insurance for the Property shall include, without limitation, coverage for acts of terrorism and, if applicable, flood insurance (as more particularly set forth in Paragraph 17 below). In addition, Borrower must deliver prior to closing (i) the original, or a copy certified by the insurance agent, of the policy(ies) of insurance; or (ii) the insurance binder; or (iii) a certificate of insurance (Acord Form 28 property or Acord Form 27 liability or other form, satisfactory to Lender, provided by the insurance agent); or (iv) original letter from the insurance carrier on the primary layer, signed by an officer of such carrier, attaching the form of insurance policy pursuant to which coverage is being provided, and, if applicable, original letter from each insurance carrier on the excess layers, signed by an officer of such carrier(s) agreeing that it is bound to the form of insurance policy delivered by the primary carrier *(i.e*., agreeing to "follow form" to the primary carrier). The letter must set forth the date by which the policy will be delivered to CITI, which must not be more than sixty (60) days following closing. All mortgagee/loss payee/additional insured endorsements must be attached to the letter.

12. Permits/Occupancy. Borrower shall deliver to CITI evidence satisfactory to CITI that all applicable governmental authorities have authorized construction of the Improvements and the development and, if applicable, the operation of the Property as a multifamily residential unit, including, without limitation, occupancy permits (if applicable) and building permits. Any nonresidential occupancy must be approved in writing by CITI.

13. Zoning/Subdivision. Borrower shall deliver to CITI certification from the local governmental authority (i) that the use of the Property as a multifamily residential complex complies with all zoning and subdivision ordinances and regulations applicable to the Property and that it is either a legal, conforming use or a legal, nonconforming use acceptable under CITI's underwriting standards, (ii) that the Property has been properly subdivided, and (iii) that the improvements on the Property can be rebuilt on the same location to their presently existing size, shape and density if partially or totally destroyed.

14. Access/Utilities. Borrower shall deliver to CITI evidence satisfactory to CITI that the Property is located on a publicly dedicated and maintained roadway or acceptable easement thereto, is served by public water and sewer systems, electricity and telephone service, and receives adequate municipal services (fire, police and transportation, among others).

15. Other Compliance. Borrower shall deliver to CITI evidence satisfactory to CITI that the Property, and Borrower's operation thereof, is in compliance with all local and/or state building, safety, health and fire codes, all clean air and water acts and other Hazardous Materials Laws (as hereinafter defined), and all equal opportunity, anti-discriminatory and fair housing requirements.

16. Survey. Borrower shall deliver to CITI a current, certified, "boundary" or "as-built" (as applicable) ALTA survey of the Property and surveyor's certificate, prepared by a registered engineer or surveyor approved by CITI. The survey and surveyor's certificate shall be satisfactory in form and substance to CITI and shall contain those matters set forth in CITI's survey instructions.

17. Flood Zone Map/Certification/Insurance. Borrower shall deliver to CITI a certification from Borrower's architect, engineer or surveyor stating whether the Property is located in a designated special Flood Plain Hazard area, as designated by appropriate federal agencies. If all or any portion of the Property is at any time during the term of the Loan, located in such an area, Borrower shall provide satisfactory evidence to CITI of the existence of flood insurance policies in the maximum amount required pursuant to applicable laws covering all of the improvements on the Property which lie within, are bounded by, or are in any way affected by such area.]

18. Operating Documents. Borrower shall furnish copies of any form documents used for the Property and any equipment leases, licenses, franchises, permits, contracts, and any other agreements required for the operation, use, management or occupancy of the Property, and all such items shall be subject to written approval by CITI.

19. Financial Statements of Borrower and Guarantor. CITI shall receive, for its review and approval detailed financial statements for Borrower, any principal in Borrower and each Guarantor, certified by Borrower, such principal or the Guarantor, as the case may be. CITI may also require updated and/or recertified financial statements as of the Closing Date.

20. Environmental Assessment Report. CITI shall receive and approve a written report or reports from CITI's independent environmental inspectors confirming that the Property and any site within the vicinity of the Property (i) has not contained and does not currently contain any Hazardous Material or underground storage tanks or any other pollutants that could be detrimental to the Property, human health or the environment, (ii) does not contain radon gas in levels unacceptable to CITI, (iii) complies with all applicable Hazardous Material Laws and has not been identified by any environmental regulatory body as a site containing Hazardous Material or underground storage tanks, (iv) shows no other environmental problem that would bring the Property within the purview of any federal, state or local environmental law or ordinance, and (v) contains no residual effect due to the removal of storage tanks or Hazardous Material. All deficiencies with respect to any environmental matters which CITI deems to be material shall be corrected by Borrower at its own expense to the satisfaction of CITI. "Hazardous Material" means and includes, without limitation, mold, asbestos and any substance containing asbestos, the group of organic compounds known as polychlorinated biphenyls, flammable explosives, radioactive materials, lead-based paint, chemicals known to cause cancer or reproductive toxicity, pollutants, effluents, contaminants, emissions or related materials and any items included in the definition of hazardous or toxic wastes, materials or substances under the Hazardous Material Laws. "Hazardous Material Laws" means and includes, all federal, state and local statutes, ordinances, regulations, orders, and decrees now or hereafter promulgated in connection with preserving the environment and/or the handling, storage, transport and disposal of Hazard Material.

21. Separate Tax Parcel(s). The Property shall constitute one or more separate and distinct tax parcels for purposes of all real estate taxes and assessments. There shall be no overlap whatsoever between the Property and any other property which will not be subject to the first lien of the Security Instrument. Borrower shall also furnish the most recent tax bills for the Property.

22. Opinion of Tax Counsel. CITI must receive from nationally recognized tax counsel approved by CITI an unqualified opinion (i) as to the validity and enforceability of the Tax-Exempt Loan, (ii) that the interest on the Tax-Exempt Loan is excluded from the gross income of

the owners thereof for federal income tax purposes under the Internal Revenue Code of 1986, as amended, and (iii) that the interest on the Tax-Exempt Loan is excluded from the gross income of the owners thereof for state income tax purposes if such exclusion is available under state law. Tax counsel must have (a) addressed its opinion to CITI, (b) addressed its opinion to CITI or (c) provided CITI a letter, addressed to CITI, stating that CITI may rely upon the opinion. Both the opinion and, if applicable, the reliance letter must be satisfactory to CITI.

23. Governmental Lender Requirements. CITI must receive evidence that Governmental Lender shall not impose restrictions, requirements or conditions in connection with its willingness to issue the Tax-Exempt Loan that are unacceptable to CITI. The restrictions imposed by the Tax-Exempt Loan Documents must be consistent with the restrictions on the use of the Property, on the income of tenants and on any rent charge that was used in underwriting the Funding Loan.

24. Low-Income Housing Tax Credits ("LIHTC"). CITI must approve any land use restriction agreement or regulatory agreement regulating or restricting the use or manner of operation of the Property and requiring that the Property be operated as a residential rental project occupied by individuals of low income (as provided for in the Treasury Regulations under Section 42(g) of the Internal Revenue Code). Such regulatory agreement must provide that the Property shall at all times be operated in such manner as to comply with the requirements of the Internal Revenue Code, the Treasury Regulations and IRS Rulings for obtaining and for preserving the LIHTC. In addition, the eligibility of the Property for LIHTC shall be evidenced to CITI in a manner satisfactory to CITI. Such regulatory agreement must be reviewed and approved in writing by CITI.

25. Equity and Funding Conditions. CITI must approve the partners/members (including the Tax Credit Investor), the applicable investment agreement, and the organizational documents of Borrower. CITI must receive and approve evidence satisfactory to CITI in all respects that the amount of the equity contribution is projected to be at least the level used by CITI in underwriting the transaction. Borrower's organizational documents shall contain restrictions acceptable to CITI on the syndication or other transfer of the Tax Credit Investor's interest, in whole or in part (including any interest therein), to eligible investors. In addition, prior to the Closing Date, CITI must receive and approve evidence satisfactory to CITI in all respects that Borrower (i) has timely received all required equity contributions to be made to Borrower as of the Closing Date, (ii) has fully funded, for the benefit of the Property, all cash required to be invested in the Property as of the Closing Date, and (iii) has made satisfactory arrangements to fund all cash required to be funded after the Closing Date. Borrower must also provide and CITI must approve in writing any developer's agreement relating to the Property.

26. Interim Phase Budget. CITI will require satisfactory evidence that other funds and Loan Proceeds are adequate to complete the Improvements and carry the costs of the Property (including but not limited to interest, taxes, insurance, and operating costs), as determined by CITI based upon its review of scope of work, the Appraisal and other relevant information. CITI reserves the right to receive, review and approve all project expenditures made prior to closing.

27. Architectural Consultant and Construction Inspector. CITI shall have approved an architectural consultant to monitor the progress of the Improvements (the "Architectural Consultant") and Borrower and the Architectural Consultant shall have executed and delivered to CITI an agreement in form and substance acceptable to CITI, pursuant to which the Architectural Consultant shall agree to certify hard cost progress payments and to provide the certifications required pursuant to this Preliminary Commitment upon completion of the Improvements. In addition, CITI will enter into an agreement directly with a construction inspector ("Construction Inspector") for the benefit of CITI, but at the sole cost and expense of Borrower, to review the

plans and specifications, contracts and budget for the Improvements and to monitor the progress of the construction of the Improvements in the manner required by CITI.

28. Approved Plans. CITI and its engineering consultants and the Construction Inspector shall have received and approved the plans and specifications for the Improvements (such plans and specifications, as approved by CITI are referred to herein as the "Approved Plans"), the budget for completion of the Improvements, a fixed or a guaranteed maximum price contract for completion of the Improvements with a general contractor acceptable to CITI and a construction draw schedule for the Improvements.

29. Change Orders. The Approved Plans and the Construction Contract, and any change orders issued thereunder, will be subject to the approval of CITI.

30. Contractors. The architect, general contractor and such other contractors and subcontractors with respect to the Property as shall be identified by Borrower and approved by CITI shall have acknowledged the collateral assignment of their respective contracts to CITI and agreed in writing to continue performance on behalf of CITI under their respective contracts without additional cost in the event of a default by Borrower, which agreements shall be in form and substance acceptable to CITI and its counsel.

31. Payment and Performance Bonds. To the extent indicated on Exhibit A hereto, Borrower shall be required to deliver to CITI payment and performance bonds with respect to its contractor and major subcontractors (as determined by CITI).

32. Additional Documents. Upon request by CITI, Borrower shall furnish CITI with any documentation being furnished to any other party lending or investing in the Property (including CITI), including any plans for the Improvements, construction budgets, contracts and disbursement requests. In addition, Borrower shall deliver to CITI all other documents, instruments and other items required by CITI in connection with the making of the Funding Loan.

33. Additional Funding Requirements: All final documentation and due diligence must be delivered to tax counsel and/or counsel to CITI prior to the release of any funds for the Funding Loan, and under no circumstances will CITI authorize the closing of the Funding Loan until counsel to CITI has received the following final documentation: Trust Indenture, Funding Loan Agreement, Tax Certificate (or comparable document), Multifamily Note(s), the regulatory agreement/land use restriction agreement associated with the Tax-Exempt Loan, TEFRA approval(s), Governmental Lender's resolution(s), proof of volume allocation, , IRS Form 8038, final opinions of tax counsel and Borrower's counsel, any enhancement instrument, and, if applicable, all documentation required from HUD.

34. Fees and Expenses. Borrower shall have paid the Financing Fee (as hereinafter defined) and any other costs and expenses then due and payable pursuant to the provisions of this Preliminary Commitment.

C. Conversion of the Mortgage Loan to the Permanent Period. The conditions set forth in the Loan and Tax-Exempt Loan Documents (collectively, the "Conditions to Conversion") must be satisfied no later than the date that is ninety (90) days prior to the last day of the Interim Phase (the "Conversion Package Submission Date"), and must continue to remain satisfied through the date of conversion of the Loan to the Permanent Period (the "Conversion Date") as will be set forth in the Loan Documents, in each case, in a manner acceptable to CITI, if the Loan is to convert from the Interim Phase to the Permanent Period. For purposes of this Preliminary Commitment, the term Interim Phase means the period from the Closing Date through the day prior to the Conversion Date and the term Permanent Period means the period from the Conversion Date (inclusive) through the maturity date (or earlier termination) of the Loan.

D. Fees and Expenses. Borrower shall be responsible for the following fees and expenses in connection with the financing:

1. Application Fee. Borrower hereby acknowledges requirement of an application fee (the "Application Fee") as set forth in the Preliminary Commitment Terms, which amount shall be non-refundable. In the event additional funds are required to complete CITI's review and due diligence, Borrower will be advised of such costs in advance. Any and all additional costs will be billed to Borrower as they are incurred. The Application Fee is applicable toward third party reports, underwriting and processing (as set forth in the Preliminary Commitment Terms), and CITI's legal fees.

2. Origination Fee**.** The Origination Fee as set forth in the Exhibit A shall be due and payable on the Closing Date. The Origination Fee reflects a fee payable to CITI in exchange for providing financing for the Project.

3. Conversion Fee. Borrower shall pay CITI a Conversion Fee as set forth in the Preliminary Commitment Terms for CITI's services in processing information to determine whether the Conditions to Conversion have been satisfied. The Conversion Fee shall be due when Borrower first submits information to satisfy the Conditions to Conversion.

4. Fees and Expenses. Sponsor shall pay when due, whether or not the closing occurs, all reasonable and actual expenses, fees and charges with respect to the cost of issuance of the Tax-Exempt Loan (including tax and Governmental Lender counsel fees, Governmental Lender fees, Fiscal Agent fees, Fiscal Agent counsel fees, financial advisor fees, printing and mailing costs and other Tax-Exempt Loan related fees and costs), and the Tax-Exempt Loan processing and closing, or in any way connected therewith, including, without limitation, appraisal fees, survey costs, title insurance costs, architectural fees, engineering fees, inspection fees, mortgage or similar taxes and all attorneys' fees and legal costs of CITI. Without limiting the foregoing, Sponsor specifically agrees to pay all costs relating to document preparation and review of real estate due diligence items by counsel to CITI.

E. Assignment; Acceptance; Termination.

1. Acceptance. In order for this Commitment to be binding on CITI, Sponsor must execute a copy of this Commitment and return it, along with the Application Fee to CITI within five (5) business days after the date first set forth above (the "Outside Acceptance Date"), time being of the essence.

2. Expiration. This Commitment must be accepted on or before the Outside Acceptance Date, and the Tax-Exempt Loan must be issued prior to the Outside Closing Date set forth in the Commitment Terms, or this Commitment shall terminate and be of no further force and effect; provided, however that the provisions of this Commitment that explicitly survive termination shall continue in full force and effect. In the event that Sponsor does not obtain an allocation for the full amount of the Tax-Exempt Loan at least thirty (30) days prior to the Outside Closing Date, or the issuance of the Tax-Exempt Loan and the making of the Funding Loan by CITI does not occur by the Outside Closing Date, Sponsor may request an extension of this Commitment (not to exceed ninety (90) days), which extension shall be in Citi's sole discretion. In the event the requested extension is approved by CITI in its sole discretion, in addition to the Financing Fee and other amounts due hereunder, Sponsor shall pay to CITI a commitment extension fee equal to 0.25% (25 basis points) of the Interim Phase Amount on the Closing Date.

3. Termination. CITI may terminate this Commitment at any time if:

a. Any material adverse change (financial or otherwise) shall occur at any time prior to the Closing Date with respect to (i) the Property, the proposed Improvements, and/or the

other security for the Tax-Exempt Loan, or (ii) the credit of Borrower and/or Sponsor (and/or any of the principals of Borrower and/or Sponsor) or any Guarantor or any other person or entity connected with the Loan, or (iii) any other source of repayment of the Loan.

b. Any part of the Property shall have been taken in condemnation or other like proceeding, or any such proceeding is pending or threatened as of the Closing Date, or any part of the Property is damaged and not repaired to CITI's satisfaction prior to the Closing Date.

c. If requested, certifications of the non-occurrence of (a) and (b) above, in form acceptable to CITI, are not executed by Borrower on the Closing Date, or if Borrower has not delivered on the Closing Date updated personal financial statements for any Guarantor.

d. After acceptance of this Commitment, the Tax-Exempt Loan is not issued and closed on or prior to the Outside Closing Date (as the same may be extended pursuant to Section E2.).

e. If, in CITI's sole judgment, CITI's underwriting and due diligence indicate the reasonable possibility of a material adverse change in the Property, the proposed Improvements, the Sponsor, the Borrower and/or any Guarantor.

f. If the OFAC representation and warranty in Section F5. is no longer true and correct.

4. Upon termination, Sponsor shall pay to CITI any other reasonable damages CITI may have incurred due to non-delivery of the Tax-Exempt Loan. **Sponsor's or Borrower's obligation to pay all amounts due under this Commitment shall survive the termination or expiration of this Commitment.** If Sponsor or Borrower fails or refuses to comply with the terms of this Commitment, CITI, at its option, shall have the right to enforce any rights and remedies it may have at law or in equity, including, but not limited to, the collection of costs and expenses arising out of such breach, including reasonable attorneys' fees and disbursements.

5. Final Underwriting. By accepting this Commitment, Sponsor expressly acknowledges that the obligation of CITI to provide the Funding Loan is subject to the completion of final loan underwriting by CITI, final CITI loan committee approval, and the satisfaction of any additional or differing conditions including interest rates that may be required by CITI as a result of such committee approval. By accepting this Commitment, Sponsor expressly acknowledges that the obligation of CITI to provide the financing described in this Commitment is subject to the satisfaction of the obligations and terms and conditions required by Citi for new construction and rehabilitation projects.

F. Miscellaneous.

1. Further Assurances. Sponsor hereby expressly acknowledges that CITI intends to incur costs upon acceptance of this Commitment. Upon acceptance of the Commitment, Sponsor shall be strictly obligated to close the transaction contemplated hereby. Sponsor acknowledges that failure to close the transaction will subject CITI to substantial costs and damages. Therefore, Sponsor hereby expressly agrees:

a. To perform all of the requirements, terms and conditions contained herein at the time and in the manner herein and as required by CITI.

b. Refrain from taking any action that would result in CITI's inability to arrange for the making of the Funding Loan.

c. On the request of CITI, to re-execute or ratify any of the Mortgage Documents and/or the Tax-Exempt Loan Documents, or execute any other documents as may be reasonably necessary to effect the delivery of the Tax-Exempt Loan to any investor.

2. Indemnification for Brokerage Commissions. Sponsor acknowledges and agrees that any fees due for tax-exempt loan or related mortgage loan origination services shall be Borrower's sole responsibility. Borrower and Sponsor shall indemnify and hold CITI harmless from and against any and all claims, demands and liability for brokerage commissions, assignment fees, finders' fees or other compensation whatsoever arising from the issuance of this Commitment, the making of the Tax-Exempt Loan that may be asserted against CITI by any person or entity. **Sponsor's and Borrower's obligation to indemnify CITI hereunder shall survive the termination or expiration of this Commitment.**

3. Authorization. Sponsor and the undersigned Guarantor hereby authorize CITI to obtain and forward any and all credit information, including credit reports and financial statements and all other information of any kind received or reasonably required in connection with this Commitment to any rating agency and to any potential investor.

4. Exclusivity. The terms and provisions of this Commitment are intended for the sole and exclusive benefit of CITI and Borrower, and not for the benefit of, nor for the purpose of being relied upon, by any other party.

5. OFAC Provisions. Sponsor hereby represents and warrants that no portion of the Property has been or will be purchased, improved, equipped or furnished with proceeds of any illegal activity. Sponsor further represents and warrants that to the best of Sponsor's knowledge, after having made diligent inquiry, Sponsor, Borrower, each Person owning a direct or indirect interest in Borrower, each Guarantor, each person owing a direct or indirect interest in each Guarantor, the Property Manager, and each tenant at the Property: (a) is not currently identified on OFAC List, and (b) is not a Person with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States. The Sponsor further acknowledges and agrees that it shall have a continuing obligation during the processing of this Commitment to notify CITI promptly if it knows or has reason to believe that the representations and warranties contained herein are no longer correct. Sponsor has implemented procedures, and will consistently apply those procedures throughout the term of the Tax-Exempt Loan, to ensure the foregoing representations and warranties remain true and correct during the term of the Tax-Exempt Loan. For the purposes hereof, "OFAC List" means the list of specially designated nationals and blocked persons subject to financial sanctions that is maintained by the U.S. Treasury Department, Office of Foreign Assets Control and any other similar list maintained by the U.S. Treasury Department, Office of Foreign Assets Control pursuant to any Requirements of Law, including, without limitation, trade embargos, economic sanctions, or other prohibitions imposed by Executive Order of the President of the United States, which OFAC List is accessible through the internet website http://www.treasury.gov/ofac/downloads/t11sdn.pdf, and "Person" means an individual, partnership, limited partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

6. Borrower's Representations. The validity of this Commitment and CITI's obligations hereunder shall at all times be subject to the accuracy and validity of all information and representations furnished by Sponsor to CITI with regard to the Tax-Exempt Loan , which shall have been and shall continue to be true and not misleading in all material respects.

7. Loan Data. All inspections, reports, appraisals, environmental studies or other data submitted to, commissioned for, conducted or produced by or for CITI are for its benefit and use and shall be the property of CITI. No right of inspection or approval contained in this Commitment shall be deemed to impose upon CITI any duty or obligation whatsoever to take any action or to notify any person with respect thereto, and no liability shall be imposed upon any such party and no warranty shall be deemed or construed to arise by reason of any inspection undertaken or approval given by any such party, its agents, employees or representatives, any such inspections and approvals being made solely for the benefit of such party. **The provisions of this paragraph shall survive the termination or expiration of this Commitment.**

8. Discretion. In any instance where the consent or approval of CITI may be given or is required, or where any determination, judgment or decision is to be rendered by CITI under this Commitment, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by CITI (or its designated representative) at its sole and exclusive option and in its sole and absolute discretion.

9. Waiver. CITI reserves the right, in its sole discretion, to waive in whole or part any of the terms, requirements and conditions in this Commitment, the Mortgage Documents, the Bond Documents or other documents referenced herein; provided, however, that such waiver shall in no event be construed to constitute a waiver of the applicable terms, requirements or conditions as they may apply in the future.

10. Successors and Assigns. Sponsor acknowledges and agrees that CITI at its option may assign or otherwise transfer the Bonds and all documents evidencing and securing the Bonds including, but not limited to, this Commitment, to other parties subsequent to the execution of this Commitment. Neither Sponsor nor Borrower may assign its rights, interest, or obligations under this Commitment without first obtaining CITI's prior written consent. This Commitment shall be binding upon the successors and permitted assigns of Borrower.

11. Governing Law. This Commitment shall be governed by and construed in accordance with the laws of the State of New York. Sponsor agrees that any legal action that may arise out of this Commitment will be commenced only in the United States District Court, Southern District of New York, or New York State Courts sitting in New York County, New York, and Sponsor hereby submits to the jurisdiction of any such court. All Mortgage Documents and Bond Documents (other than this Commitment) shall be governed by the laws of the State where the Property is situated. **The governing law election with respect to this Commitment shall survive the termination or expiration of this Commitment.**

12. WAIVER OF TRIAL BY JURY. SPONSOR AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS COMMITMENT OR THE RELATIONSHIP BETWEEN BOND PURCHASER, BONDHOLDER REPRESENTATIVE AND BORROWER OR SPONSOR THAT IS TRIABLE OF RIGHT BY A JURY AND WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN BY SPONSOR KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL AND APPLIES TO ALL ACTIONS WHETHER ARISING IN CONTRACT, TORT, EQUITY OR OTHERWISE. **THIS PROVISION SHALL SURVIVE THE TERMINATION OF EXPIRATION OF THIS COMMITMENT.**

13. Survival. The covenants, terms and conditions set forth in this Commitment shall not survive the Closing Date (unless expressly provided to the contrary). In the event of any conflict

between this Commitment and the Mortgage Documents and/or the Bond Documents, the Mortgage Documents and/or the Bond Documents, as applicable, shall prevail.

14. Confidentiality The provisions of this Commitment and all of the terms and conditions contained herein are confidential and Sponsor shall not share this Commitment, or the terms and conditions contained herein, with any third party; provided however, Sponsor may show this Commitment to the Issuer in connection with its application for issuance of the Bonds. **This confidentiality provision shall survive the termination or expiration of this Commitment.**

15. Anti Tying Policy. CITI maintains a policy of strict compliance to the anti-tying provisions of the U.S. Bank Holding Company Act of 1956, as amended, and the regulations issued by the Federal Reserve Board implementing the anti-tying rules (collectively, the "Anti-tying Rules"). Moreover, our credit policies provide that credit must be underwritten in a safe and sound manner and be consistent with Section 23B of the Federal Reserve Act and the requirements of federal law. Consistent with these requirements and our Anti-tying Policy:

a. The extension of commercial loans or other products or services to you by CITI or any of its subsidiaries will not be conditioned on your taking other products or services offered by CITI or any of its subsidiaries or affiliates, unless such a condition is permitted under an exception to the Anti-tying Rules.

b. CITI will not vary the price or other terms of any product or service offered by CITI or its subsidiaries on the condition that you purchase another product or service from CITI or any of its affiliates, unless CITI is authorized to do so under an exception to the Anti-tying Rules.

c. CITI will not require you to provide property or services to CITI or any affiliate of CITI as a condition to the extension of a commercial loan to you by CITI or any of its subsidiaries, unless such a requirement is reasonably required to protect the safety and soundness of the loan.

d. CITI will not require you to refrain from doing business with a competitor of CITI or any of its affiliates as a condition to receiving a commercial loan from CITI or any of its subsidiaries, unless the requirement is reasonably designed to ensure the soundness of the Loan.

16. CITI is committed to moving forward with this transaction if the terms and conditions in this commitment letter are met.

[No Further Text on this Page]

If you have any questions relating to this Commitment, or if we can be of any further assistance, please do not hesitate to let us know.

Very truly yours,

CITIBANK, N.A., a national banking association

By:

Name: Michael Hemmens

Title: Vice President

The undersigned hereby accepts the foregoing Commitment and agrees to be bound by the terms, requirements and conditions set forth herein.

Date: March 5, 2026

SPONSOR: PACIFIC WEST COMMUNITIES, INC.

By: _____

Name: Caleb Roope

Title: President & CEO

EXHIBIT A

COMMITMENT TERMS

This Exhibit A is an integral part of, and establishes additional terms, conditions and requirements of, the Commitment to which this is annexed.

SUMMARY OF MORTGAGE LOAN TERMS

Project:	117 E Carrillo Street Project, a 126-unit multifamily new construction project.
Maximum Tax-Exempt Loan Amount:	An amount estimated to be $30,000,000 in tax-exempt bonds plus a $15,999,105 taxable loan. The permanent loan is anticipated to be $27,748,906.
Number of Units:	126
Low-Income Units:	28 units @ 35% of AMI 11 units @ 50% of AMI 12 units @ 60% of AMI 49 units @ 80% of AMI 14 units @ 100% of AMI 12 units @ 120% of AMI 1 unit reserved for management
Construction Period Interest Rate:	A rate currently estimated to be 6.00%
Permanent Period Interest Rate:	A rate currently estimated to be 6.25%
Financing Fee:	A fee, payable to CITI, equal to 0.50% of the amount of the Maximum Mortgage Loan Amount. This fee includes permanent lending services.
Conversion Fee:	$10,000.
Guarantor(s):	Anticipated to be Caleb Roope (excluding Roope Family Trust assets of approximately $650,000).
Outside Closing Date:	September 2027.
Initial Construction Period:	30 months.
Outside Conversion Date	September 2030, subject to extension upon availability and satisfaction of such extension requirements.
Possible Extension Period(s):	One 6 month extension.
Permanent Loan Term:	30 years following Conversion. CITI will have the right, upon 90 days' notice to the Borrower, to require

	the Borrower to repay the loan in full (at par) commencing 18 years after closing.
Amortization Period:	40 years.
Lockout Period:	10 years following Conversion.
Pre-payment Premium:	Yield Maintenance from closing until 6 months prior to the end of the 18th year following the closing date.
Loan Sizing Criteria:	Maximum Loan to Value: 90%. Maximum Loan to Cost: 80%. Debt Service Coverage: 1.15 to 1.00. Underwritten Annual Expenses: To be determined through underwriting (including deposits to the replacement reserve).
Required Reserves following Conversion:	$250/Unit/Year for Years 1-5. Thereafter, subject to increases once every 5 Years, based upon a physical needs assessment
Approved Subordinate Financing:	The terms, conditions and documentation of the Approved Subordinate Financing, if any, including the form of subordination agreement subordinating the Approved Subordinate Financing to the Loan, are subject to the review and approval CITI in its sole discretion.
Payment and Performance Bonds:	Subject to final underwriting, no P&P bond will be required.
Tax Credit Equity Provider:	Anticipated to be Boston Financial Investment Management. Must be acceptable to CITI in all respects.

EXHIBIT B

Initial Due Diligence Completed

1. Review of proposed income and expense statements (budget).

2. Review of estimated sources and uses statement.

3. Review of financial information of Sponsor, Borrower and principals of each.

BONNEVILLE MULTIFAMILY CAPITAL

BONNEVILLE MULTIFAMILY CAPITAL IS A DIVISION OF BONNEVILLE MORTGAGE COMPANY

March 3, 2026

Pacific West Communities, Inc.
430 East State Street, Suite 100
Eagle, ID 83616

RE: Construction to Permanent Financing
Subordinate Cash Flow Tax-Exempt Bonds ("Series B-Bonds")
117 E Carrillo St Project
117 E Carrillo Street
Santa Barbara, CA 93101

Dear Caleb:

This letter is in regards to the construction and permanent financing of the Series B-Bonds for a proposed 126-unit affordable housing development at 117 E Carrillo Street in Santa Barbara, California. The purpose of this letter is to express a financing commitment and to outline the terms.

Based upon a review of the preliminary pro-forma operating statements, development budget, sources and uses of funds statements, and project summary provided, Bonneville Multifamily Capital anticipates that the structure of the proposed bonds would include, without limitation, the terms listed below.

Project Details:	A 126-unit affordable housing development. 28 units will be available to households earning 35% or less of the area median income, 11 units will be available to households earning 50% or less of the area median income, 12 units will be available to households earning 60% or less of the area median income, 49 units will be available to households earning 80% or less of the area median income, 14 units will be available to households earning 100% or less of the area median income, and 12 units will be available to households earning 120% or less of the area median income. There will be one unrestricted manager's unit.
Purchaser:	Bonneville Affordable Housing Capital, LLC (a subsidiary of Bonneville Multifamily Capital)
Loan Amount:	$10,000,000
Interest Rate:	7% fixed during the construction period. Rate resets following the construction period, and on the first January 1st following the conversion of the senior loan to

	a permanent amortizing loan, and annually on each January 1st thereafter, to a minimum of 5% and a maximum of 7%, floating at the previous 60-day average of the 10-year Treasury bond rate plus 150 basis points; compounded annually unless otherwise approved by participating bondholders.
Bond Denomination:	As required by California Debt Limit Allocation Committee (CDLAC) Regulations Section 5062(b), a minimum bond denomination of $100,000 will be required and adhered to.
Draw Schedule:	Proceeds to be disbursed for development and construction costs on a percentage of completion basis, concurrent with other project sources, or as otherwise agreed
Term:	30-years; but no later than 34 years from the original issuance date of the recycled bonds
Recourse:	Non-recourse
Prepayment:	Prepayment allowed at any time, at par
Repayment:	During construction period: payable quarterly from a budgeted interest reserve. Beginning the first January 1st following conversion of the senior loan to a permanent amortizing loan: payable quarterly from up to 75% of cash flow, applied first to interest and then to principal. Share of cash flow may be reduced from 75% to allow for payment of deferred developer fee (if any) or such other obligation, provided borrower can reasonably demonstrate repayment of the Series B-Bonds prior to maturity from such reduced share of cash flow, and approval from participating bondholders.
Loan Fee:	0%
Collateral:	Subordinate lien position to the Series A Bonds, if applicable, and to the deferred developer fee, if applicable; Among the Series B-Bonds, the B-2 bonds will be subordinate in lien position to the B-1 bonds.
Partnership Agreement:	Loan is subject to review and approval of the final partnership agreement and Series A bond documents

In addition, borrower shall be responsible for all out of pocket costs such as appraisal, legal, environmental, and all other costs related to this transaction.

Terms and proceeds are based upon the information received to date and are subject to final underwriting approval and final funding as approved by participating bondholders. Material changes in the project budget or development plan may result in adjustments to these proposed terms.

Bonneville Multifamily Capital is committed to moving forward with this transaction if the terms and conditions in this commitment letter are met.

[SIGNATURE PAGE FOLLOWS]

BONNEVILLE MULTIFAMILY CAPITAL

BONNEVILLE MULTIFAMILY CAPITAL IS A DIVISION OF BONNEVILLE MORTGAGE COMPANY

I look forward to working with you on this project.

Sincerely,

Bryan M. Scott
Senior Vice President, Multifamily Division
Bonneville Multifamily Capital

Agreed and accepted this 3rd day of March 2026

By: Pacific West Communities, Inc.,
an Idaho corporation
Its: Manager

By: _____
Caleb Roope, President & CEO

BOSTON FINANCIAL
AN ORIX COMPANY

Boston Financial
a Limited Partnership

225 Franklin St., 28th Floor,
Boston, MA 02110
T: 617.439.3911
F: 617.439.9978
Boston.Financial

March 3, 2026

Mr. Caleb Roope
Pacific West Communities, Inc.
430 E State St, Suite 100
Eagle, ID 83616

RE: 117 E Carrillo Street, Santa Barbara, CA (the "Property")

Mr. Roope:

Thank you for giving Boston Financial Investment Management ("Boston Financial") the opportunity to present an initial proposal for an equity placement for the Property. The offer is subject to the terms and conditions outlined herein and changes in market conditions. Based on an annual Federal LIHTC allocation of $3,264,048 and Boston Financial's 99.99% interest in the entity that owns the Property, Boston Financial would be allocated a total of $32,637,216 of low income housing tax credits. Boston Financial would use its best efforts to make capital contributions totaling $26,436,145 based on a per credit price of $0.81 for the federal credits, payable as follows:

$2,643,615 (10%) upon the latest to occur of (i) tax credit reservation, (ii) closing of the construction financing, (iii) receipt of a commitment acceptable to Boston Financial for the permanent financing or (iv) admission of Boston Financial;

$15,861,687 (60%) upon the latest to occur of (i) Completion Date or (ii) September 1, 2030;

$5,287,228 (20%) upon the latest to occur of (i) Initial 100% Occupancy, (ii) Permanent Mortgage Commencement, or (iii) closing of any applicable permanent financing; and

$2,643,615 (10%) upon the latest to occur of (i) Stabilization or (ii) State Designation.

Current underwriting terms require a minimum of three to six months of projected operating expenses and secured debt services funded into an operating reserve. Replacement reserves in a minimum amount of $250 per unit per year.

This offer is subject to full underwriting and committee approval upon receipt of a credit award based on prevailing market conditions and the following documents.

1. Project Description
2. Updated Construction/Development Cost Breakdown & Operating Pro-Forma
3. Construction Schedule
4. Qualified Lease-Up Schedule
5. Tax Credit Reservation
6. Construction Loan Financing Proposal (Note, Loan Agreement, & Mortgage)
7. Permanent Loan Financing Proposal (Note, Loan Agreement, & Mortgage, if closed)
8. General Partner Resume
9. General Partner, Guarantor, and Affiliate current Financial Statements
10. Market Study

Please feel free to call me at (774) 567-5693, if you have any questions. We very much look forward to the opportunity to assist you with this tax credit development and to hearing from you.

Sincerely,

Laura Surdel

Laura Surdel
Senior Vice President, Housing & Community Investments

Boston Financial Investment Management
Direct (774) 567-5693
Email: laura.surdel@bfim.com

APPENDIX D2

Commitment Letters for Scenario II

(Affordable)

Community Capital

March 5, 2026

Pacific West Communities, Inc.
430 E. State Street, Ste. 100
Eagle, ID 83616

Re: Commitment to utilize Private Activity Bonds to finance a Multifamily Rental Project in an amount not to exceed $45,999,105 ($30,000,000 in tax-exempt bonds plus a $15,999,105 taxable loan) relating to a new construction project to be known as "117 E Carrillo Street" and located at 117 E Carrillo Street, Santa Barbara County, CA 93101 (the "Property")

Ladies and Gentlemen:

Citibank, N.A.("CITI") is pleased to offer to Pacific West Communities, Inc. ("Sponsor"), as the Sponsor of a to-be-formed entity ("Borrower"), this commitment ("Commitment") for financing , subject to the terms, requirements and conditions which follow. All capitalized terms used herein, unless otherwise defined, shall have the meaning set forth on Exhibit A annexed hereto and incorporated herein by this reference (the "Commitment Terms"). CITI's decision to issue this Commitment was made in reliance upon the representations and material supplied by Sponsor and Sponsor's representatives, as more particularly described on Exhibit B annexed hereto. CITI understands that Sponsor intends to submit this Commitment to a to be determined Governmental Lender ("Governmental Lender") in support of Sponsor's application to obtain a private activity bond allocation with respect to the financing of the Property. **This Commitment is subject to, among other things, CITI completing due diligence to confirm the representations made by Sponsor and obtaining credit committee approval.**

In connection with this Commitment, CITI will be acting solely as a principal and not as your agent, advisor or fiduciary. CITI has not assumed a fiduciary responsibility with respect to this Commitment, and nothing in this Commitment or in any prior relationship between you and CITI will be deemed to create an advisory, fiduciary or agency relationship between us in respect of this Commitment. You should consider carefully whether you would like to engage an independent advisor to represent or otherwise advise you in connection with this Commitment , if you have not already done so.

A. Transaction Summary. The terms of the tax-exempt financing transaction (the "Transaction") that is the subject of this Commitment is as follows:

1. On the issuance date (the "Closing Date"), CITI shall fund a loan (the "Funding Loan") to Governmental Lender, and Governmental Lender shall simultaneously issue a note (the "Governmental Lender Note") to CITI. The proceeds of the Funding Loan shall be used by Governmental Lender to make a tax-exempt and taxable loan (the "Tax-Exempt Loan" or the "Borrower Loan") to Borrower to finance the Property, for which the Governmental Lender receives a borrower note (the "Borrower Note"). Borrower shall be responsible for securing the issuance and delivery of the Tax-Exempt Loan by the Governmental Lender.

2. Upon closing of the transaction, the rights of Governmental Lender in the Borrower Loan and all documents evidencing and securing the Borrower Loan (the "Borrower Loan Documents") shall be assigned to a fiscal agent, which may be CITI (the "Fiscal Agent"), as security for the Governmental Lender's obligations to CITI evidenced by the Governmental Lender Note. CITI will administer and direct the disbursement of the proceeds of the Funding Loan and the Borrower

Loan and will oversee the construction work to be performed on the Property (the "Improvements"). The completion of the Improvements and all related work shall be performed during the Interim Phase (as hereinafter defined).

3. CITI shall have the right to engage a third party servicer ("Servicer") to provide limited servicing/oversight functions on behalf of CITI pursuant to a separate servicing agreement with CITI. CITI shall pay Servicer any applicable servicing fee.

4. At such time as the Conditions to Conversion set forth herein are satisfied, if ever, the Loan shall convert from the Interim Phase to the Permanent Period (as hereinafter defined).In the event that the Conditions to Conversion are not satisfied on or before the last day of the Interim Phase, as more particularly provided herein, at the option of CITI, the Tax-Exempt Loan will be subject to acceleration, and all obligations of CITI with respect to the transaction contemplated by this Commitment shall terminate.

5. CITI anticipates that CITI's interest in the Tax-Exempt Loan may be transferred to any eligible investor, which may be a government sponsored enterprise or institutional investor (or a trust for the benefit thereof) and CITI's underwriting and documentation will provide for the possibility of such transfer.

B. Conditions Precedent to Closing. The obligation of CITI to make the Funding Loan is subject to satisfaction of the following conditions precedent ("Conditions Precedent to Closing"), in each case in a manner acceptable to CITI. The form and substance of all documents and items submitted by Borrower hereunder must be acceptable to CITI and its counsel.

1. Credit Approval. This Commitment is subject, among other things, to CITI obtaining final credit committee approval. Sponsor understands and agrees that this Commitment is subject to final approvals as set forth in Part E.4. of this Commitment and is not an agreement to make a loan. Any documentation will be forthcoming only after final approval of the underwriting by CITI's credit committee. The financing will be documented separately and will contain terms and conditions that may be in addition to or in substitution of those set forth in the Commitment.

2. Documents. Borrower shall duly authorize, execute and deliver or cause to be delivered at closing a Multifamily Note, a Multifamily Deed of Trust, Deed to Secure Debt or Mortgage, where appropriate (the "Security Instrument"), a Guaranty or Guarantees (including a Completion and Payment Guaranty for the Interim Phase and a Non-recourse Carve-out Guaranty), an Agreement of Environmental Indemnification, a Replacement Reserve Agreement, a Construction Funding Agreement, Assignments and any other assignment, financing statement, agreement or document required by CITI in connection with the Loan (collectively, the "Mortgage Documents"). The Funding Loan Agreement, the Regulatory Agreement, the Borrower Loan Agreement, the Borrower Note and all other documents executed or issued in connection with the transaction shall be referred to, collectively, as the "Tax-Exempt Loan Documents". The Security Instrument and Borrower Note shall initially be for the benefit of Governmental Lender and shall be assigned on the Closing Date to CITI. The Tax-Exempt Loan Documents must be in a form satisfactory to CITI and Governmental Lender. Where appropriate, the Mortgage Documents and the Tax-Exempt Loan Documents shall be acknowledged, recorded and filed in the public record, and all recording receipts promptly delivered to CITI.

3. Title Insurance. Borrower shall promptly deliver to CITI a commitment for a mortgagee's title insurance policy, prepared in accordance with CITI's title insurance instructions, along with a pro forma policy in the form included in such instructions. The title insurance commitment and policy must satisfy all of the requirements of such instructions and include such other coverage and endorsements as CITI may require. The company and/or agent issuing the commitment shall be acceptable to CITI in all respects. Borrower shall also furnish CITI with copies of all instruments

affecting title to the Property including, but not limited to, all instruments referenced in Schedule B of the pro forma policy.

4. UCC Search/Perfection. Borrower shall commission UCC searches in the real estate records and personal property records of the following jurisdictions and shall furnish written reports of such searches to CITI: (i) the jurisdiction where the Property is located, (ii) any other jurisdiction in which Borrower has its principal office for the conduct of its business, (iii) in the central UCC filing location specified by the law of the state where the Property is located, and (iv) any other office where filing is necessary to perfect Governmental Lender's or Fiscal Agent's security interest in the Collateral (as hereinafter defined). All such searches shall be updated to the time of recordation of the Mortgage Documents and shall show no security interests affecting the Property, Guarantor or Borrower, other than those naming Governmental Lender or Fiscal Agent as the secured party. Borrower shall cause the appropriate filing of financing statements, on forms supplied by CITI, evidencing Governmental Lender's or Fiscal Agent's perfected first priority security interest in all personal property, machinery, equipment, building materials, contract rights, furniture, fixtures, royalties, receivables and other rights related thereto, as well as all leases, rents, revenues and proceeds therefrom and all proceeds of the foregoing (collectively, the "Collateral"). Such filing shall be in compliance with both the Uniform Commercial Code, as adopted in the state in which the Property is located, and all other applicable laws affecting the perfection of security interests. Borrower shall furnish to CITI, promptly upon recordation, receipted or time stamped copies of the filed financing statements.

5. Authority. Borrower shall furnish to CITI certified documents satisfactory to CITI evidencing Borrower's power and authority to enter into the Mortgage Documents and the Tax-Exempt Loan Documents. If Borrower is a corporation, such documents shall include Borrower's Articles of Incorporation, Bylaws, corporate resolution relevant to the Loan and a Certificate of Good Standing from the state of incorporation and the state where the Property is located. If Borrower is a partnership, such documents shall include a copy of the partnership agreement and partnership certificate, and the above-referenced corporate documents for any corporate general partner of Borrower. If Borrower is a limited liability company, such documents shall include a copy of the Articles of Organization and Operating Agreement and the Certificate of Authenticity or Certificate of Good Standing from the state of organization and the state where the Property is located.

6. Leases. The standard form of lease used at the Property shall be subject to the prior written approval of CITI. All new leases and renewals of existing leases shall be made on the approved standard form of lease unless otherwise agreed to by CITI. There must be no commercial leases affecting the Property, except for any laundry lease and other commercial lease disclosed in writing to and approved in writing by CITI and its counsel prior to the date of this Commitment. Any current commercial lease or laundry lease must be subordinated to the lien of the Security Instrument and other Mortgage Documents. Borrower agrees that any future commercial lease or laundry lease or renewal of any current commercial lease or laundry lease will contain language acceptable to CITI subordinating said lease to the lien of the Security Instrument and other Mortgage Documents. There must be no default under any current commercial lease or laundry lease.

7. Borrower's Management Agreement. Borrower shall furnish to CITI a copy of Borrower's management agreement. The management agreement must be with a professional management company and both the management company and the terms of the management agreement must be approved in writing by CITI. Borrower shall not make or permit to be made any changes to the management agreement without the prior written approval of CITI. Without limiting the foregoing, the management agreement must be terminable by owner on 30 days' notice, with or without cause

and without payment of any termination fee. If required by CITI, a portion of the management fee may be required to be subordinated to debt service and other amounts payable with respect to the Loan.

8. Rent Roll. If applicable, Borrower shall promptly furnish a copy of the rent roll for the Property, with an updated rent roll to be delivered contemporaneously with closing and as of the Conversion Date (as hereinafter defined).

9. Appraisal. CITI shall have received an appraisal of the Property satisfactory to CITI.

10. Opinion of Borrower's Counsel. Borrower shall deliver to CITI a written opinion by Borrower's counsel approved by CITI, addressed to CITI, Issuer and Bond Trustee and in the form furnished or approved by CITI's counsel.

11. Insurance. Borrower shall deliver to CITI an insurance policy evidencing the existence of insurance relating to the Property, which evidence shall include "paid" premium invoices, conforming in all respects to CITI's insurance requirements as provided to Borrower in a separate package, as same may, from time to time, be modified. Such insurance for the Property shall include, without limitation, coverage for acts of terrorism and, if applicable, flood insurance (as more particularly set forth in Paragraph 17 below). In addition, Borrower must deliver prior to closing (i) the original, or a copy certified by the insurance agent, of the policy(ies) of insurance; or (ii) the insurance binder; or (iii) a certificate of insurance (Acord Form 28 property or Acord Form 27 liability or other form, satisfactory to Lender, provided by the insurance agent); or (iv) original letter from the insurance carrier on the primary layer, signed by an officer of such carrier, attaching the form of insurance policy pursuant to which coverage is being provided, and, if applicable, original letter from each insurance carrier on the excess layers, signed by an officer of such carrier(s) agreeing that it is bound to the form of insurance policy delivered by the primary carrier *(i.e*., agreeing to "follow form" to the primary carrier). The letter must set forth the date by which the policy will be delivered to CITI, which must not be more than sixty (60) days following closing. All mortgagee/loss payee/additional insured endorsements must be attached to the letter.

12. Permits/Occupancy. Borrower shall deliver to CITI evidence satisfactory to CITI that all applicable governmental authorities have authorized construction of the Improvements and the development and, if applicable, the operation of the Property as a multifamily residential unit, including, without limitation, occupancy permits (if applicable) and building permits. Any nonresidential occupancy must be approved in writing by CITI.

13. Zoning/Subdivision. Borrower shall deliver to CITI certification from the local governmental authority (i) that the use of the Property as a multifamily residential complex complies with all zoning and subdivision ordinances and regulations applicable to the Property and that it is either a legal, conforming use or a legal, nonconforming use acceptable under CITI's underwriting standards, (ii) that the Property has been properly subdivided, and (iii) that the improvements on the Property can be rebuilt on the same location to their presently existing size, shape and density if partially or totally destroyed.

14. Access/Utilities. Borrower shall deliver to CITI evidence satisfactory to CITI that the Property is located on a publicly dedicated and maintained roadway or acceptable easement thereto, is served by public water and sewer systems, electricity and telephone service, and receives adequate municipal services (fire, police and transportation, among others).

15. Other Compliance. Borrower shall deliver to CITI evidence satisfactory to CITI that the Property, and Borrower's operation thereof, is in compliance with all local and/or state building, safety, health and fire codes, all clean air and water acts and other Hazardous Materials Laws (as hereinafter defined), and all equal opportunity, anti-discriminatory and fair housing requirements.

16. Survey. Borrower shall deliver to CITI a current, certified, "boundary" or "as-built" (as applicable) ALTA survey of the Property and surveyor's certificate, prepared by a registered engineer or surveyor approved by CITI. The survey and surveyor's certificate shall be satisfactory in form and substance to CITI and shall contain those matters set forth in CITI's survey instructions.

17. Flood Zone Map/Certification/Insurance. Borrower shall deliver to CITI a certification from Borrower's architect, engineer or surveyor stating whether the Property is located in a designated special Flood Plain Hazard area, as designated by appropriate federal agencies. If all or any portion of the Property is at any time during the term of the Loan, located in such an area, Borrower shall provide satisfactory evidence to CITI of the existence of flood insurance policies in the maximum amount required pursuant to applicable laws covering all of the improvements on the Property which lie within, are bounded by, or are in any way affected by such area.]

18. Operating Documents. Borrower shall furnish copies of any form documents used for the Property and any equipment leases, licenses, franchises, permits, contracts, and any other agreements required for the operation, use, management or occupancy of the Property, and all such items shall be subject to written approval by CITI.

19. Financial Statements of Borrower and Guarantor. CITI shall receive, for its review and approval detailed financial statements for Borrower, any principal in Borrower and each Guarantor, certified by Borrower, such principal or the Guarantor, as the case may be. CITI may also require updated and/or recertified financial statements as of the Closing Date.

20. Environmental Assessment Report. CITI shall receive and approve a written report or reports from CITI's independent environmental inspectors confirming that the Property and any site within the vicinity of the Property (i) has not contained and does not currently contain any Hazardous Material or underground storage tanks or any other pollutants that could be detrimental to the Property, human health or the environment, (ii) does not contain radon gas in levels unacceptable to CITI, (iii) complies with all applicable Hazardous Material Laws and has not been identified by any environmental regulatory body as a site containing Hazardous Material or underground storage tanks, (iv) shows no other environmental problem that would bring the Property within the purview of any federal, state or local environmental law or ordinance, and (v) contains no residual effect due to the removal of storage tanks or Hazardous Material. All deficiencies with respect to any environmental matters which CITI deems to be material shall be corrected by Borrower at its own expense to the satisfaction of CITI. "Hazardous Material" means and includes, without limitation, mold, asbestos and any substance containing asbestos, the group of organic compounds known as polychlorinated biphenyls, flammable explosives, radioactive materials, lead-based paint, chemicals known to cause cancer or reproductive toxicity, pollutants, effluents, contaminants, emissions or related materials and any items included in the definition of hazardous or toxic wastes, materials or substances under the Hazardous Material Laws. "Hazardous Material Laws" means and includes, all federal, state and local statutes, ordinances, regulations, orders, and decrees now or hereafter promulgated in connection with preserving the environment and/or the handling, storage, transport and disposal of Hazard Material.

21. Separate Tax Parcel(s). The Property shall constitute one or more separate and distinct tax parcels for purposes of all real estate taxes and assessments. There shall be no overlap whatsoever between the Property and any other property which will not be subject to the first lien of the Security Instrument. Borrower shall also furnish the most recent tax bills for the Property.

22. Opinion of Tax Counsel. CITI must receive from nationally recognized tax counsel approved by CITI an unqualified opinion (i) as to the validity and enforceability of the Tax-Exempt Loan, (ii) that the interest on the Tax-Exempt Loan is excluded from the gross income of

the owners thereof for federal income tax purposes under the Internal Revenue Code of 1986, as amended, and (iii) that the interest on the Tax-Exempt Loan is excluded from the gross income of the owners thereof for state income tax purposes if such exclusion is available under state law. Tax counsel must have (a) addressed its opinion to CITI, (b) addressed its opinion to CITI or (c) provided CITI a letter, addressed to CITI, stating that CITI may rely upon the opinion. Both the opinion and, if applicable, the reliance letter must be satisfactory to CITI.

23. Governmental Lender Requirements. CITI must receive evidence that Governmental Lender shall not impose restrictions, requirements or conditions in connection with its willingness to issue the Tax-Exempt Loan that are unacceptable to CITI. The restrictions imposed by the Tax-Exempt Loan Documents must be consistent with the restrictions on the use of the Property, on the income of tenants and on any rent charge that was used in underwriting the Funding Loan.

24. Low-Income Housing Tax Credits ("LIHTC"). CITI must approve any land use restriction agreement or regulatory agreement regulating or restricting the use or manner of operation of the Property and requiring that the Property be operated as a residential rental project occupied by individuals of low income (as provided for in the Treasury Regulations under Section 42(g) of the Internal Revenue Code). Such regulatory agreement must provide that the Property shall at all times be operated in such manner as to comply with the requirements of the Internal Revenue Code, the Treasury Regulations and IRS Rulings for obtaining and for preserving the LIHTC. In addition, the eligibility of the Property for LIHTC shall be evidenced to CITI in a manner satisfactory to CITI. Such regulatory agreement must be reviewed and approved in writing by CITI.

25. Equity and Funding Conditions. CITI must approve the partners/members (including the Tax Credit Investor), the applicable investment agreement, and the organizational documents of Borrower. CITI must receive and approve evidence satisfactory to CITI in all respects that the amount of the equity contribution is projected to be at least the level used by CITI in underwriting the transaction. Borrower's organizational documents shall contain restrictions acceptable to CITI on the syndication or other transfer of the Tax Credit Investor's interest, in whole or in part (including any interest therein), to eligible investors. In addition, prior to the Closing Date, CITI must receive and approve evidence satisfactory to CITI in all respects that Borrower (i) has timely received all required equity contributions to be made to Borrower as of the Closing Date, (ii) has fully funded, for the benefit of the Property, all cash required to be invested in the Property as of the Closing Date, and (iii) has made satisfactory arrangements to fund all cash required to be funded after the Closing Date. Borrower must also provide and CITI must approve in writing any developer's agreement relating to the Property.

26. Interim Phase Budget. CITI will require satisfactory evidence that other funds and Loan Proceeds are adequate to complete the Improvements and carry the costs of the Property (including but not limited to interest, taxes, insurance, and operating costs), as determined by CITI based upon its review of scope of work, the Appraisal and other relevant information. CITI reserves the right to receive, review and approve all project expenditures made prior to closing.

27. Architectural Consultant and Construction Inspector. CITI shall have approved an architectural consultant to monitor the progress of the Improvements (the "Architectural Consultant") and Borrower and the Architectural Consultant shall have executed and delivered to CITI an agreement in form and substance acceptable to CITI, pursuant to which the Architectural Consultant shall agree to certify hard cost progress payments and to provide the certifications required pursuant to this Preliminary Commitment upon completion of the Improvements. In addition, CITI will enter into an agreement directly with a construction inspector ("Construction Inspector") for the benefit of CITI, but at the sole cost and expense of Borrower, to review the

plans and specifications, contracts and budget for the Improvements and to monitor the progress of the construction of the Improvements in the manner required by CITI.

28. Approved Plans. CITI and its engineering consultants and the Construction Inspector shall have received and approved the plans and specifications for the Improvements (such plans and specifications, as approved by CITI are referred to herein as the "Approved Plans"), the budget for completion of the Improvements, a fixed or a guaranteed maximum price contract for completion of the Improvements with a general contractor acceptable to CITI and a construction draw schedule for the Improvements.

29. Change Orders. The Approved Plans and the Construction Contract, and any change orders issued thereunder, will be subject to the approval of CITI.

30. Contractors. The architect, general contractor and such other contractors and subcontractors with respect to the Property as shall be identified by Borrower and approved by CITI shall have acknowledged the collateral assignment of their respective contracts to CITI and agreed in writing to continue performance on behalf of CITI under their respective contracts without additional cost in the event of a default by Borrower, which agreements shall be in form and substance acceptable to CITI and its counsel.

31. Payment and Performance Bonds. To the extent indicated on Exhibit A hereto, Borrower shall be required to deliver to CITI payment and performance bonds with respect to its contractor and major subcontractors (as determined by CITI).

32. Additional Documents. Upon request by CITI, Borrower shall furnish CITI with any documentation being furnished to any other party lending or investing in the Property (including CITI), including any plans for the Improvements, construction budgets, contracts and disbursement requests. In addition, Borrower shall deliver to CITI all other documents, instruments and other items required by CITI in connection with the making of the Funding Loan.

33. Additional Funding Requirements: All final documentation and due diligence must be delivered to tax counsel and/or counsel to CITI prior to the release of any funds for the Funding Loan, and under no circumstances will CITI authorize the closing of the Funding Loan until counsel to CITI has received the following final documentation: Trust Indenture, Funding Loan Agreement, Tax Certificate (or comparable document), Multifamily Note(s), the regulatory agreement/land use restriction agreement associated with the Tax-Exempt Loan, TEFRA approval(s), Governmental Lender's resolution(s), proof of volume allocation, , IRS Form 8038, final opinions of tax counsel and Borrower's counsel, any enhancement instrument, and, if applicable, all documentation required from HUD.

34. Fees and Expenses. Borrower shall have paid the Financing Fee (as hereinafter defined) and any other costs and expenses then due and payable pursuant to the provisions of this Preliminary Commitment.

C. Conversion of the Mortgage Loan to the Permanent Period. The conditions set forth in the Loan and Tax-Exempt Loan Documents (collectively, the "Conditions to Conversion") must be satisfied no later than the date that is ninety (90) days prior to the last day of the Interim Phase (the "Conversion Package Submission Date"), and must continue to remain satisfied through the date of conversion of the Loan to the Permanent Period (the "Conversion Date") as will be set forth in the Loan Documents, in each case, in a manner acceptable to CITI, if the Loan is to convert from the Interim Phase to the Permanent Period. For purposes of this Preliminary Commitment, the term Interim Phase means the period from the Closing Date through the day prior to the Conversion Date and the term Permanent Period means the period from the Conversion Date (inclusive) through the maturity date (or earlier termination) of the Loan.

D. Fees and Expenses. Borrower shall be responsible for the following fees and expenses in connection with the financing:

1. Application Fee. Borrower hereby acknowledges requirement of an application fee (the "Application Fee") as set forth in the Preliminary Commitment Terms, which amount shall be non-refundable. In the event additional funds are required to complete CITI's review and due diligence, Borrower will be advised of such costs in advance. Any and all additional costs will be billed to Borrower as they are incurred. The Application Fee is applicable toward third party reports, underwriting and processing (as set forth in the Preliminary Commitment Terms), and CITI's legal fees.

2. Origination Fee**.** The Origination Fee as set forth in the Exhibit A shall be due and payable on the Closing Date. The Origination Fee reflects a fee payable to CITI in exchange for providing financing for the Project.

3. Conversion Fee. Borrower shall pay CITI a Conversion Fee as set forth in the Preliminary Commitment Terms for CITI's services in processing information to determine whether the Conditions to Conversion have been satisfied. The Conversion Fee shall be due when Borrower first submits information to satisfy the Conditions to Conversion.

4. Fees and Expenses. Sponsor shall pay when due, whether or not the closing occurs, all reasonable and actual expenses, fees and charges with respect to the cost of issuance of the Tax-Exempt Loan (including tax and Governmental Lender counsel fees, Governmental Lender fees, Fiscal Agent fees, Fiscal Agent counsel fees, financial advisor fees, printing and mailing costs and other Tax-Exempt Loan related fees and costs), and the Tax-Exempt Loan processing and closing, or in any way connected therewith, including, without limitation, appraisal fees, survey costs, title insurance costs, architectural fees, engineering fees, inspection fees, mortgage or similar taxes and all attorneys' fees and legal costs of CITI. Without limiting the foregoing, Sponsor specifically agrees to pay all costs relating to document preparation and review of real estate due diligence items by counsel to CITI.

E. Assignment; Acceptance; Termination.

1. Acceptance. In order for this Commitment to be binding on CITI, Sponsor must execute a copy of this Commitment and return it, along with the Application Fee to CITI within five (5) business days after the date first set forth above (the "Outside Acceptance Date"), time being of the essence.

2. Expiration. This Commitment must be accepted on or before the Outside Acceptance Date, and the Tax-Exempt Loan must be issued prior to the Outside Closing Date set forth in the Commitment Terms, or this Commitment shall terminate and be of no further force and effect; provided, however that the provisions of this Commitment that explicitly survive termination shall continue in full force and effect. In the event that Sponsor does not obtain an allocation for the full amount of the Tax-Exempt Loan at least thirty (30) days prior to the Outside Closing Date, or the issuance of the Tax-Exempt Loan and the making of the Funding Loan by CITI does not occur by the Outside Closing Date, Sponsor may request an extension of this Commitment (not to exceed ninety (90) days), which extension shall be in Citi's sole discretion. In the event the requested extension is approved by CITI in its sole discretion, in addition to the Financing Fee and other amounts due hereunder, Sponsor shall pay to CITI a commitment extension fee equal to 0.25% (25 basis points) of the Interim Phase Amount on the Closing Date.

3. Termination. CITI may terminate this Commitment at any time if:

a. Any material adverse change (financial or otherwise) shall occur at any time prior to the Closing Date with respect to (i) the Property, the proposed Improvements, and/or the

other security for the Tax-Exempt Loan, or (ii) the credit of Borrower and/or Sponsor (and/or any of the principals of Borrower and/or Sponsor) or any Guarantor or any other person or entity connected with the Loan, or (iii) any other source of repayment of the Loan.

b. Any part of the Property shall have been taken in condemnation or other like proceeding, or any such proceeding is pending or threatened as of the Closing Date, or any part of the Property is damaged and not repaired to CITI's satisfaction prior to the Closing Date.

c. If requested, certifications of the non-occurrence of (a) and (b) above, in form acceptable to CITI, are not executed by Borrower on the Closing Date, or if Borrower has not delivered on the Closing Date updated personal financial statements for any Guarantor.

d. After acceptance of this Commitment, the Tax-Exempt Loan is not issued and closed on or prior to the Outside Closing Date (as the same may be extended pursuant to Section E2.).

e. If, in CITI's sole judgment, CITI's underwriting and due diligence indicate the reasonable possibility of a material adverse change in the Property, the proposed Improvements, the Sponsor, the Borrower and/or any Guarantor.

f. If the OFAC representation and warranty in Section F5. is no longer true and correct.

4. Upon termination, Sponsor shall pay to CITI any other reasonable damages CITI may have incurred due to non-delivery of the Tax-Exempt Loan. **Sponsor's or Borrower's obligation to pay all amounts due under this Commitment shall survive the termination or expiration of this Commitment.** If Sponsor or Borrower fails or refuses to comply with the terms of this Commitment, CITI, at its option, shall have the right to enforce any rights and remedies it may have at law or in equity, including, but not limited to, the collection of costs and expenses arising out of such breach, including reasonable attorneys' fees and disbursements.

5. Final Underwriting. By accepting this Commitment, Sponsor expressly acknowledges that the obligation of CITI to provide the Funding Loan is subject to the completion of final loan underwriting by CITI, final CITI loan committee approval, and the satisfaction of any additional or differing conditions including interest rates that may be required by CITI as a result of such committee approval. By accepting this Commitment, Sponsor expressly acknowledges that the obligation of CITI to provide the financing described in this Commitment is subject to the satisfaction of the obligations and terms and conditions required by Citi for new construction and rehabilitation projects.

F. Miscellaneous.

1. Further Assurances. Sponsor hereby expressly acknowledges that CITI intends to incur costs upon acceptance of this Commitment. Upon acceptance of the Commitment, Sponsor shall be strictly obligated to close the transaction contemplated hereby. Sponsor acknowledges that failure to close the transaction will subject CITI to substantial costs and damages. Therefore, Sponsor hereby expressly agrees:

a. To perform all of the requirements, terms and conditions contained herein at the time and in the manner herein and as required by CITI.

b. Refrain from taking any action that would result in CITI's inability to arrange for the making of the Funding Loan.

c. On the request of CITI, to re-execute or ratify any of the Mortgage Documents and/or the Tax-Exempt Loan Documents, or execute any other documents as may be reasonably necessary to effect the delivery of the Tax-Exempt Loan to any investor.

2. Indemnification for Brokerage Commissions. Sponsor acknowledges and agrees that any fees due for tax-exempt loan or related mortgage loan origination services shall be Borrower's sole responsibility. Borrower and Sponsor shall indemnify and hold CITI harmless from and against any and all claims, demands and liability for brokerage commissions, assignment fees, finders' fees or other compensation whatsoever arising from the issuance of this Commitment, the making of the Tax-Exempt Loan that may be asserted against CITI by any person or entity. **Sponsor's and Borrower's obligation to indemnify CITI hereunder shall survive the termination or expiration of this Commitment.**

3. Authorization. Sponsor and the undersigned Guarantor hereby authorize CITI to obtain and forward any and all credit information, including credit reports and financial statements and all other information of any kind received or reasonably required in connection with this Commitment to any rating agency and to any potential investor.

4. Exclusivity. The terms and provisions of this Commitment are intended for the sole and exclusive benefit of CITI and Borrower, and not for the benefit of, nor for the purpose of being relied upon, by any other party.

5. OFAC Provisions. Sponsor hereby represents and warrants that no portion of the Property has been or will be purchased, improved, equipped or furnished with proceeds of any illegal activity. Sponsor further represents and warrants that to the best of Sponsor's knowledge, after having made diligent inquiry, Sponsor, Borrower, each Person owning a direct or indirect interest in Borrower, each Guarantor, each person owing a direct or indirect interest in each Guarantor, the Property Manager, and each tenant at the Property: (a) is not currently identified on OFAC List, and (b) is not a Person with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States. The Sponsor further acknowledges and agrees that it shall have a continuing obligation during the processing of this Commitment to notify CITI promptly if it knows or has reason to believe that the representations and warranties contained herein are no longer correct. Sponsor has implemented procedures, and will consistently apply those procedures throughout the term of the Tax-Exempt Loan, to ensure the foregoing representations and warranties remain true and correct during the term of the Tax-Exempt Loan. For the purposes hereof, "OFAC List" means the list of specially designated nationals and blocked persons subject to financial sanctions that is maintained by the U.S. Treasury Department, Office of Foreign Assets Control and any other similar list maintained by the U.S. Treasury Department, Office of Foreign Assets Control pursuant to any Requirements of Law, including, without limitation, trade embargos, economic sanctions, or other prohibitions imposed by Executive Order of the President of the United States, which OFAC List is accessible through the internet website http://www.treasury.gov/ofac/downloads/t11sdn.pdf, and "Person" means an individual, partnership, limited partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

6. Borrower's Representations. The validity of this Commitment and CITI's obligations hereunder shall at all times be subject to the accuracy and validity of all information and representations furnished by Sponsor to CITI with regard to the Tax-Exempt Loan , which shall have been and shall continue to be true and not misleading in all material respects.

7. Loan Data. All inspections, reports, appraisals, environmental studies or other data submitted to, commissioned for, conducted or produced by or for CITI are for its benefit and use and shall be the property of CITI. No right of inspection or approval contained in this Commitment shall be deemed to impose upon CITI any duty or obligation whatsoever to take any action or to notify any person with respect thereto, and no liability shall be imposed upon any such party and no warranty shall be deemed or construed to arise by reason of any inspection undertaken or approval given by any such party, its agents, employees or representatives, any such inspections and approvals being made solely for the benefit of such party. **The provisions of this paragraph shall survive the termination or expiration of this Commitment.**

8. Discretion. In any instance where the consent or approval of CITI may be given or is required, or where any determination, judgment or decision is to be rendered by CITI under this Commitment, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by CITI (or its designated representative) at its sole and exclusive option and in its sole and absolute discretion.

9. Waiver. CITI reserves the right, in its sole discretion, to waive in whole or part any of the terms, requirements and conditions in this Commitment, the Mortgage Documents, the Bond Documents or other documents referenced herein; provided, however, that such waiver shall in no event be construed to constitute a waiver of the applicable terms, requirements or conditions as they may apply in the future.

10. Successors and Assigns. Sponsor acknowledges and agrees that CITI at its option may assign or otherwise transfer the Bonds and all documents evidencing and securing the Bonds including, but not limited to, this Commitment, to other parties subsequent to the execution of this Commitment. Neither Sponsor nor Borrower may assign its rights, interest, or obligations under this Commitment without first obtaining CITI's prior written consent. This Commitment shall be binding upon the successors and permitted assigns of Borrower.

11. Governing Law. This Commitment shall be governed by and construed in accordance with the laws of the State of New York. Sponsor agrees that any legal action that may arise out of this Commitment will be commenced only in the United States District Court, Southern District of New York, or New York State Courts sitting in New York County, New York, and Sponsor hereby submits to the jurisdiction of any such court. All Mortgage Documents and Bond Documents (other than this Commitment) shall be governed by the laws of the State where the Property is situated. **The governing law election with respect to this Commitment shall survive the termination or expiration of this Commitment.**

12. WAIVER OF TRIAL BY JURY. SPONSOR AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS COMMITMENT OR THE RELATIONSHIP BETWEEN BOND PURCHASER, BONDHOLDER REPRESENTATIVE AND BORROWER OR SPONSOR THAT IS TRIABLE OF RIGHT BY A JURY AND WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN BY SPONSOR KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL AND APPLIES TO ALL ACTIONS WHETHER ARISING IN CONTRACT, TORT, EQUITY OR OTHERWISE. **THIS PROVISION SHALL SURVIVE THE TERMINATION OF EXPIRATION OF THIS COMMITMENT.**

13. Survival. The covenants, terms and conditions set forth in this Commitment shall not survive the Closing Date (unless expressly provided to the contrary). In the event of any conflict

between this Commitment and the Mortgage Documents and/or the Bond Documents, the Mortgage Documents and/or the Bond Documents, as applicable, shall prevail.

14. Confidentiality The provisions of this Commitment and all of the terms and conditions contained herein are confidential and Sponsor shall not share this Commitment, or the terms and conditions contained herein, with any third party; provided however, Sponsor may show this Commitment to the Issuer in connection with its application for issuance of the Bonds. **This confidentiality provision shall survive the termination or expiration of this Commitment.**

15. Anti Tying Policy. CITI maintains a policy of strict compliance to the anti-tying provisions of the U.S. Bank Holding Company Act of 1956, as amended, and the regulations issued by the Federal Reserve Board implementing the anti-tying rules (collectively, the "Anti-tying Rules"). Moreover, our credit policies provide that credit must be underwritten in a safe and sound manner and be consistent with Section 23B of the Federal Reserve Act and the requirements of federal law. Consistent with these requirements and our Anti-tying Policy:

a. The extension of commercial loans or other products or services to you by CITI or any of its subsidiaries will not be conditioned on your taking other products or services offered by CITI or any of its subsidiaries or affiliates, unless such a condition is permitted under an exception to the Anti-tying Rules.

b. CITI will not vary the price or other terms of any product or service offered by CITI or its subsidiaries on the condition that you purchase another product or service from CITI or any of its affiliates, unless CITI is authorized to do so under an exception to the Anti-tying Rules.

c. CITI will not require you to provide property or services to CITI or any affiliate of CITI as a condition to the extension of a commercial loan to you by CITI or any of its subsidiaries, unless such a requirement is reasonably required to protect the safety and soundness of the loan.

d. CITI will not require you to refrain from doing business with a competitor of CITI or any of its affiliates as a condition to receiving a commercial loan from CITI or any of its subsidiaries, unless the requirement is reasonably designed to ensure the soundness of the Loan.

16. CITI is committed to moving forward with this transaction if the terms and conditions in this commitment letter are met.

[No Further Text on this Page]

If you have any questions relating to this Commitment, or if we can be of any further assistance, please do not hesitate to let us know.

Very truly yours,

CITIBANK, N.A., a national banking association

By:

Name: Michael Hemmens

Title: Vice President

The undersigned hereby accepts the foregoing Commitment and agrees to be bound by the terms, requirements and conditions set forth herein.

Date: March 5, 2026

SPONSOR: PACIFIC WEST COMMUNITIES, INC.

By: _____

Name: Caleb Roope

Title: President & CEO

EXHIBIT A

COMMITMENT TERMS

This Exhibit A is an integral part of, and establishes additional terms, conditions and requirements of, the Commitment to which this is annexed.

SUMMARY OF MORTGAGE LOAN TERMS

Project:	117 E Carrillo Street Project, a 126-unit multifamily new construction project.
Maximum Tax-Exempt Loan Amount:	An amount estimated to be $30,000,000 in tax-exempt bonds plus a $15,999,105 taxable loan. The permanent loan is anticipated to be $27,748,906.
Number of Units:	126
Low-Income Units:	35 units @ 35% of AMI 12 units @ 59% of AMI 13 units @ 60% of AMI 65 units @ 80% of AMI 1 unit reserved for management
Construction Period Interest Rate:	A rate currently estimated to be 6.00%
Permanent Period Interest Rate:	A rate currently estimated to be 6.25%
Financing Fee:	A fee, payable to CITI, equal to 0.50% of the amount of the Maximum Mortgage Loan Amount. This fee includes permanent lending services.
Conversion Fee:	$10,000.
Guarantor(s):	Anticipated to be Caleb Roope (excluding Roope Family Trust assets of approximately $650,000).
Outside Closing Date:	September 2027.
Initial Construction Period:	30 months.
Outside Conversion Date	September 2030, subject to extension upon availability and satisfaction of such extension requirements.
Possible Extension Period(s):	One 6 month extension.
Permanent Loan Term:	30 years following Conversion. CITI will have the right, upon 90 days' notice to the Borrower, to require the Borrower to repay the loan in full (at par)

	commencing 18 years after closing.
Amortization Period:	40 years.
Lockout Period:	10 years following Conversion.
Pre-payment Premium:	Yield Maintenance from closing until 6 months prior to the end of the 18th year following the closing date.
Loan Sizing Criteria:	Maximum Loan to Value: 90%. Maximum Loan to Cost: 80%. Debt Service Coverage: 1.15 to 1.00. Underwritten Annual Expenses: To be determined through underwriting (including deposits to the replacement reserve).
Required Reserves following Conversion:	$250/Unit/Year for Years 1-5. Thereafter, subject to increases once every 5 Years, based upon a physical needs assessment
Approved Subordinate Financing:	The terms, conditions and documentation of the Approved Subordinate Financing, if any, including the form of subordination agreement subordinating the Approved Subordinate Financing to the Loan, are subject to the review and approval CITI in its sole discretion.
Payment and Performance Bonds:	Subject to final underwriting, no P&P bond will be required.
Tax Credit Equity Provider:	Anticipated to be Boston Financial Investment Management. Must be acceptable to CITI in all respects.

EXHIBIT B

Initial Due Diligence Completed

1. Review of proposed income and expense statements (budget).

2. Review of estimated sources and uses statement.

3. Review of financial information of Sponsor, Borrower and principals of each.

March 3, 2026

Pacific West Communities, Inc.
430 East State Street, Suite 100
Eagle, ID 83616

RE: Construction to Permanent Financing
Subordinate Cash Flow Tax-Exempt Bonds ("Series B-Bonds")
117 E Carrillo St Project
117 E Carrillo Street
Santa Barbara, CA 93101

Dear Caleb:

This letter is in regards to the construction and permanent financing of the Series B-Bonds for a proposed 126-unit affordable housing development at 117 E Carrillo Street in Santa Barbara, California. The purpose of this letter is to express a financing commitment and to outline the terms.

Based upon a review of the preliminary pro-forma operating statements, development budget, sources and uses of funds statements, and project summary provided, Bonneville Multifamily Capital anticipates that the structure of the proposed bonds would include, without limitation, the terms listed below.

Project Details:	A 126-unit affordable housing development. 35 units will be available to households earning 35% or less of the area median income, 12 units will be available to households earning 50% or less of the area median income, 13 units will be available to households earning 60% or less of the area median income, and 65 units will be available to households earning 80% or less of the area median income. There will be one unrestricted manager's unit.
Purchaser:	Bonneville Affordable Housing Capital, LLC (a subsidiary of Bonneville Multifamily Capital)
Loan Amount:	$10,000,000
Interest Rate:	7% fixed during the construction period. Rate resets following the construction period, and on the first January 1st following the conversion of the senior loan to a permanent amortizing loan, and annually on each January 1st thereafter, to a minimum of 5% and a

	maximum of 7%, floating at the previous 60-day average of the 10-year Treasury bond rate plus 150 basis points; compounded annually unless otherwise approved by participating bondholders.
Bond Denomination:	As required by California Debt Limit Allocation Committee (CDLAC) Regulations Section 5062(b), a minimum bond denomination of $100,000 will be required and adhered to.
Draw Schedule:	Proceeds to be disbursed for development and construction costs on a percentage of completion basis, concurrent with other project sources, or as otherwise agreed
Term:	30-years; but no later than 34 years from the original issuance date of the recycled bonds
Recourse:	Non-recourse
Prepayment:	Prepayment allowed at any time, at par
Repayment:	During construction period: payable quarterly from a budgeted interest reserve. Beginning the first January 1st following conversion of the senior loan to a permanent amortizing loan: payable quarterly from up to 75% of cash flow, applied first to interest and then to principal. Share of cash flow may be reduced from 75% to allow for payment of deferred developer fee (if any) or such other obligation, provided borrower can reasonably demonstrate repayment of the Series B-Bonds prior to maturity from such reduced share of cash flow, and approval from participating bondholders.
Loan Fee:	0%
Collateral:	Subordinate lien position to the Series A Bonds, if applicable, and to the deferred developer fee, if applicable; Among the Series B-Bonds, the B-2 bonds will be subordinate in lien position to the B-1 bonds.
Partnership Agreement:	Loan is subject to review and approval of the final partnership agreement and Series A bond documents

In addition, borrower shall be responsible for all out of pocket costs such as appraisal, legal, environmental, and all other costs related to this transaction.

Terms and proceeds are based upon the information received to date and are subject to final underwriting approval and final funding as approved by participating bondholders. Material changes in the project budget or development plan may result in adjustments to these proposed terms.

Bonneville Multifamily Capital is committed to moving forward with this transaction if the terms and conditions in this commitment letter are met.

[SIGNATURE PAGE FOLLOWS]

BONNEVILLE MULTIFAMILY CAPITAL

BONNEVILLE MULTIFAMILY CAPITAL IS A DIVISION OF BONNEVILLE MORTGAGE COMPANY

I look forward to working with you on this project.

Sincerely,

Bryan M. Scott
Senior Vice President, Multifamily Division
Bonneville Multifamily Capital

Agreed and accepted this 3rd day of March 2026

By: Pacific West Communities, Inc.,
an Idaho corporation
Its: Manager

By: _____
Caleb Roope, President & CEO

BOSTON FINANCIAL

AN ORIX COMPANY

Boston Financial
a Limited Partnership

225 Franklin St., 28th Floor,
Boston, MA 02110
T: 617.439.3911
F: 617.439.9978
Boston.Financial

March 3, 2026

Mr. Caleb Roope
Pacific West Communities, Inc.
430 E State St, Suite 100
Eagle, ID 83616

RE: 117 E Carrillo Street, Santa Barbara, CA (the "Property")

Mr. Roope:

Thank you for giving Boston Financial Investment Management ("Boston Financial") the opportunity to present an initial proposal for an equity placement for the Property. The offer is subject to the terms and conditions outlined herein and changes in market conditions. Based on an annual Federal LIHTC allocation of $3,264,048 and Boston Financial's 99.99% interest in the entity that owns the Property, Boston Financial would be allocated a total of $32,637,216 of low income housing tax credits. Boston Financial would use its best efforts to make capital contributions totaling $27,415,261 based on a per credit price of $0.84 for the federal credits, payable as follows:

$2,741,526 (10%) upon the latest to occur of (i) tax credit reservation, (ii) closing of the construction financing, (iii) receipt of a commitment acceptable to Boston Financial for the permanent financing or (iv) admission of Boston Financial;

$16,449,157 (60%) upon the latest to occur of (i) Completion Date or (ii) September 1, 2030;

$5,483,052 (20%) upon the latest to occur of (i) Initial 100% Occupancy, (ii) Permanent Mortgage Commencement, or (iii) closing of any applicable permanent financing; and

$2,741,526 (10%) upon the latest to occur of (i) Stabilization or (ii) State Designation.

Current underwriting terms require a minimum of three to six months of projected operating expenses and secured debt services funded into an operating reserve. Replacement reserves in a minimum amount of $250 per unit per year.

This offer is subject to full underwriting and committee approval upon receipt of a credit award based on prevailing market conditions and the following documents.

1. Project Description
2. Updated Construction/Development Cost Breakdown & Operating Pro-Forma
3. Construction Schedule
4. Qualified Lease-Up Schedule
5. Tax Credit Reservation
6. Construction Loan Financing Proposal (Note, Loan Agreement, & Mortgage)
7. Permanent Loan Financing Proposal (Note, Loan Agreement, & Mortgage, if closed)
8. General Partner Resume
9. General Partner, Guarantor, and Affiliate current Financial Statements
10. Market Study

Please feel free to call me at (774) 567-5693, if you have any questions. We very much look forward to the opportunity to assist you with this tax credit development and to hearing from you.

Sincerely,

Laura Surdel

Laura Surdel
Senior Vice President, Housing & Community Investments

Boston Financial Investment Management
Direct (774) 567-5693
Email: laura.surdel@bfim.com

APPENDIX E

Certified Corporate Resolutions

PACIFIC WEST COMMUNITIES, INC.

A RESOLUTION OF PACIFIC WEST COMMUNITIES, INC. ("COMPANY") APPROVING AND AUTHORIZING THE PRESIDENT & CEO TO TAKE ALL NEEDED ACTIONS TO RESPOND TO THE REQUEST FOR PROPOSALS ISSUED BY THE COUNTY OF SANTA BARBARA ("COUNTY") FOR AFFORDABLE WORKFORCE HOUSING AND NEOGIATE WITH THE COUNTY IN THE EVENT COMPANY IS SELECTED.

WHEREAS, Pacific West Communities, Inc., ("Company") is a duly formed and established corporation formed in the State of Idaho; and

WHEREAS, the Company is in good standing and authorized to do business in the State of California; and

WHEREAS, the County of Santa Barbara, Community Service Department, Housing and Community Development Division ("County") has issued a Request for Proposal ("RFP") for Affordable Workforce Housing Public Private Partnership Development ("Project");

WHEREAS, Company desires to respond to the RFP and, if selected, negotiate with the County regarding the successful development of the Project.

NOW, THEREFORE, BE IT RESOLVED by Pacific West Communities, Inc. as follows:

1. Caleb Roope, the Company's President & Chief Executive Officer ("President"), is hereby authorized and directed to submit a response to the RFP.

2. If Company is selected, the President is hereby authorized and directed to negotiate with the County and enter into, execute, and deliver necessary agreement with the County for the development of the Project.

3. President is hereby authorized to execute the response to the RFP on behalf of the Company and to negotiate on behalf of the Company.

4. That this Resolution shall take effect immediately upon its passage.

Passed and adopted this 4th day of March, 2026, by the following vote:
__1__ AYES __0__ NAYS __0__ ABSENT __0__ ABSTAIN

Caleb Roope
President & CEO

ATTEST: _____
John Nicolas
Secretary

Docusign Envelope ID: CF6BD77F-9B3E-490D-8D34-3EF34CD8278F

RESOLUTION NO. 5054

RESOLUTION OF BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA ("HOUSING AUTHORITY") APPROVING AND AUTHORIZING THE EXECUTIVE DIRECTOR TO TAKE ALL NEEDED ACTIONS TO RESPOND TO THE REQUEST FOR PROPOSALS FOR AFFORDABLE WORKFORCE HOUSING ISSUED BY THE COUNTY OF SANTA BARBARA ("COUNTY") AND NEGOTIATE WITH THE COUNTY IN THE EVENT HOUSING AUTHORITY AND SURF DEVELOPMENT COMPANY ("COMPANY") ARE SELECTED.

WHEREAS, the County of Santa Barbara, Community Services Department, Housing and Community Development Division ("County") has issued a Request for Proposals ("RFP") for Affordable Workforce Housing Public Private Partnership Development ("Project"); and

WHEREAS, Housing Authority and Company desire to respond to the RFP and, if selected, negotiate with the County regarding the successful development of the Project.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing Authority of the County of Santa Barbara, as follows:

1. Housing Authority's Executive Director ("Executive Director") is hereby authorized and directed to submit a response to the RFP.

2. If the Housing Authority and Company are selected, Executive Director is hereby authorized and directed to negotiate with the County and enter into, execute, and deliver necessary agreements with the County for the development of the Project.

3 Executive Director is hereby authorized to execute the response to the RFP on behalf of the Housing Authority and to negotiate on behalf of the Housing Authority.

4. That this Resolution shall take effect immediately upon its passage.

Docusign Envelope ID: CF6BD77F-9B3E-490D-8D34-3EF34CD8278F

Passed and adopted this 26 day of February, 2026, by the following vote:

AYES: James Pearson, Lisa Knox-Burns, Henry Mercado, Greg Ortiz, Christian Alonso, Shay Allen, Robert Doyle

NAYS: None

ABSTAIN: None

ABSENT: None

Signed by:
James Pearson
B177E71F90F4427...

James Pearson, Chair

ATTEST:

DocuSigned by:
Robert P. Havlicek Jr.
304E7A127B314FE...

Name: Robert P. Havlicek Jr
Secretary

RESOLUTION NO. I

RESOLVED, that the Housing Authority of the County of Santa Barbara, California, is organized pursuant to the Housing Authorities Law of California, and is now authorized to transact business and exercise its powers in its area of operation as defined in said Law.

After discussion of the resolution, Commissioner R. B. McClellan moved that said resolution be finally adopted as introduced and read. The motion was seconded by Commissioner W. W. Stokes. The question being put upon the final adoption of said resolution, the roll was called with the following result:

Yeas:

R. E. Easton
L. P. Scaroni
W. W. Stokes
R. B. McClellan
W. F. Hobbs

Nays: None

The Chairman declared such motion carried and the resolution finally adopted.

The following resolution was then introduced by Commissioner L. P. Scaroni, read in full by the Secretary protem and considered by the Authority.

Docusign Envelope ID: F95C623D-BB3B-4E3F-BAC7-E583023BEF38

SURF DEVELOMENT COMPANY

RESOLUTION NO. 2026-152

A RESOLUTION OF SURF DEVELOPMENT COMPANY ("COMPANY") APPROVING AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO TAKE ALL NEEDED ACTIONS TO RESPOND TO THE REQUEST FOR PROPOSALS ISSUED BY THE COUNTY OF SANTA BARBARA ("COUNTY") FOR AFFORDABLE WORKFORCE HOUSING AND NEOGIATE WITH THE COUNTY IN THE EVENT COMPANY AND THE HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA ("HOUSING AUTHORITY") ARE SELECTED.

WHEREAS, Surf Development Company ("Company") is a duly formed and established nonprofit corporation formed under the California Corporations Code for the purpose of providing affordable housing; and

WHEREAS, the County of Santa Barbara, Community Service Department, Housing and Community Development Division ("County") has issued a Request for Proposal ("RFP") for Affordable Workforce Housing Public Private Partnership Development ("Project");

WHEREAS, Company and Housing Authority desire to respond to the RFP and, if selected, negotiate with the County regarding the successful development of the Project.

NOW, THEREFORE, BE IT RESOLVED by Surf Development Company as follows:

1. The Company's Chief Executive Officer ("CEO") is hereby authorized and directed to submit a response to the RFP.

2. If Company and Housing Authority are selected, CEO is hereby authorized and directed to negotiate with the County and enter into, execute, and deliver necessary agreement with the County for the development of the Project.

3. CEO is hereby authorized to execute the response to the RFP on behalf of the Company and to negotiate on behalf of the Company.

4. That this Resolution shall take effect immediately upon its passage.

Passed and adopted this 24th day of February, 2026, by the following vote:

AYES: Glenn Bacheller, Raymond Down, Dinah Lockhart, Terri Zuniga
NAYS:
ABSENT: Lourdes Espinoza

DocuSigned by:
Raymond Down
BA502A1894C74DC...
Raymond F. Down, President

ATTEST:

DocuSigned by:
Robert P. Havlicek Jr.
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Robert P. Havlicek Jr, Secretary

Lucille Boss

From: John Polanskey <johnpolanskey@hasbarco.org>
Sent: Thursday, March 26, 2026 3:04 PM
To: Lucille Boss
Subject: Re: Interview: The Pacific Companies/County of Santa Barbara workforce housing P3
Attachments: SB RFP Schdedule of Performance.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

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Hi Lucille,

I just returned from Ventura Housing's Community Partners Recognition Event. I still Chair the Board at Ventura Housing (formerly Housing Authority of the City of San Buenaventura) so it was tough for me to leave early. I leave for SB shortly for a meeting with Lisa Plowman and Chris Sneddon that Bob and I had to squeeze in today because Chris is out of the office beginning tomorrow until 4/6.

- Your 2nd bullet point---I'm sending you our updated Schedule of Performance (attached). Modular construction delivery schedule is six months less than what we are showing. Our partners have extensive experience in modular/factory-built construction and even own their own factory. HASBARCO has completed construction on two affordable housing developments using modular/factory-built unit construction. If the County is interested in considering modular construction, we can discuss the pros and cons (cost, schedule, design, other) of using modular technologies versus "stick-built" on-site. Please let me know if you have any questions.
- Your 3rd bullet point—-We confirm our understanding that the lease term cannot exceed 66 years.

We're still refining the proforma based on our architect's analysis that we can do 98 total units with a stepped back 5th floor. We've also reconfigured the unit mix to add more 2-BR units in that stepped back option to reduce the unit count below 100. We expect the revised proforma later today.

I wasn't certain if you wanted to see an updated rendering (in addition to my narrative) at this point showing the stepped back 5th floor. If you do, please let me know and I'll ask Thom to do it as quickly as he can. Thank you and take care. John

John Polanskey
Housing Authority of the County of Santa Barbara

+1 (805) 400-2462 www.hasbarco.org

johnpolanskey@hasbarco.org

815 W Ocean Ave, Lompoc CA, 93436

Customer Service Survey Let us know how we are doing

From: Lucille Boss <lboss@countyofsb.org>
Sent: Tuesday, March 24, 2026 2:21 PM
To: clairec@tpchousing.com <clairec@tpchousing.com>
Cc: Bob Havlicek <bobhavlicek@hasbarco.org>; Alexis Gevorgian <agevorgian@amgland.com>; John Polanskey <johnpolanskey@hasbarco.org>
Subject: RE: Interview: The Pacific Companies/County of Santa Barbara workforce housing P3

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Good afternoon,

Thank you for joining us earlier today. A few follow-up questions/requests:

- How would the design and proforma change if the unit count was reduced to under 100, and the 5th story was stepped back?
- Please provide a timeline, from ENA/DDA in May through to completion.
- Please confirm your understanding that the lease term cannot exceed 66 years.

Best,
Lucille

-----Original Appointment-----
From: Lucille Boss
Sent: Monday, March 16, 2026 8:20 AM
To: Lucille Boss; Jesús Armas; Kirk Lagerquist; Ted Teyber; Joseph Dzvonik; Al Grazioli; Tom Leach; Spring, Lila; clairec@tpchousing.com
Cc: Bob Havlicek; Alexis Gevorgian; John Polanskey
Subject: Interview: The Pacific Companies/County of Santa Barbara workforce housing P3
When: Tuesday, March 24, 2026 9:00 AM-9:45 AM (UTC-08:00) Pacific Time (US & Canada).
Where: Santa Barbara Veterans' Memorial Building | Oceanview Rom | 112 W Cabrillo Blvd, Santa Barbara, CA 93101 (see atatchment for details)

Please forward as appropriate.

Lucille Boss

From: John Polanskey <johnpolanskey@hasbarco.org>
Sent: Friday, March 27, 2026 3:33 PM
To: Lucille Boss
Subject: Fw: Modular Experience Brochures
Attachments: VBC Tracy JV Introduction.pdf; Autovol_Capabilities 20251114 Compressed for Email (003).pdf

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Hi Lucille,

If we step back the 5th floor, we agree that the design aesthetics would improve, as the building would not appear as tall to pedestrians or to people driving by on Carrillo Street. Coincidentally, Gregg Hart, when he was 2nd District Supervisor, asked us to make the same revision to the 3rd floor at Hollister Lofts for the same reason, and we did. We can still achieve just under 100 housing units.

During the interview, a question was asked if we intended to build the project with modular construction. Our response was that we are currently intending "stick built". However, we may pivot to a modular build depending on several factors, such as cost at the time we bid the project or if the County has a preference.

The principals of The Pacific Companies (TPC) and AMG Land Development are affiliated and owners of Autovol, the largest producer of modular housing in the State of California, which uses some of the most advanced and innovative robotic technology in the world (autovol.com). Autovol's brochure is attached.

Additionally, in 2025, the owner and founder of TPC expanded his modular footprint by acquiring the Tracy, California factory owned by the Volumetric Building Companies (VBC) (vbc.com), keeping the name and successful branding. VBC's brochure is attached.

Autovol has delivered over 4,000 modules to date and has a pipeline of over 1,300 units for 2026, setting new records for California modular construction. Currently, Autovol has over 1,000 of its modules delivered and set for multiple projects currently under construction.

On the public policy side, the principals of Autovol and VBC work in partnership with the Terner Center for Housing Innovation at UC Berkeley and the State of California Select Committee on Housing Innovation, chaired by Assemblymember Buffy Wicks. These partnerships are intended to help promote cost-effective, innovative technologies for reducing the cost of developing both affordable and market-based housing.

If the County is interested in considering or requiring modular construction, we are happy to discuss the pros and cons (cost, schedule, design, other) of using modular technologies versus traditional "stick built" on-site. Thank you and have a great weekend. Take care. John

John Polanskey
Housing Authority of the County of Santa Barbara

+1 (805) 400-2462 www.hasbarco.org

johnpolanskey@hasbarco.org

815 W Ocean Ave, Lompoc CA, 93436

Customer Service Survey Let us know how we are doing

From: Alexis Gevorgian <agevorgian@amgland.com>
Sent: Thursday, March 26, 2026 8:44 AM
To: John Polanskey <johnpolanskey@hasbarco.org>
Cc: Bob Havlicek <bobhavlicek@hasbarco.org>
Subject: Modular Experience Brochures

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John, please see the attached for the response to the County. The other company that is proposing a modular does a fraction of what we do. I don't even think they performed on anything substantial.

Alexis Gevorgian | AMG Land Development, LLC

Phone: 818.514.9728 | Cell: 818.317.4168

Schedule of Performance

Project Milestones	Dates
DDA Process	5/1/26-7/1/26
Soils Report	7/1/26-8/1/26
Survey/Pre-Entitlement Work	7/1/26-10/1/26
County Entitlement Process	8/1/26
Entitlement Approval *	1/15/27
CDLAC/TCAC Application	Q1-2027
CDLAC/TCAC Award	Q2-2027
Closing on Land lease and Equity	Q4-2027
Prepare Construction Drawings Submit to County	Q2-2027
Building Permit Plan Check	Q4-2027
Building Permit Issuance	Q2-2028
Construction loan closing	Q2-2028
Construction Start	Q2-2028
Construction Complete	Q4-2029
Stabilized Occupancy	Q1-2030
Conversion to Permanent Loan	Q2-2030

* Assumes no appeal and delays for additional public hearings.

Developer Fee Response

Under the CTCAC program, developers may receive developer fees. All developer fees in excess of the greater of the following shall be deferred or contributed as equity to the project:

- **15% (Fifteen)** of the project's unadjusted eligible basis, up to two million five hundred thousand dollars ($2,500,000); or
- $1,000,000 plus 5% of the project's unadjusted eligible basis in excess of $6,666,667.

The developer fee "appears to be high" on the surface, but it is not. For the mixed-income project, we will receive a cash developer fee of $1,556,000, or **2.6%** of the total project cost. The balance of the developer fee in the amount of $5,573,000 (deferred developer fee (DDF)) will be a loan from the developer, repaid over time from cash flow and cash flow forgone until paid in full. For the 100% affordable project, the cash developer fee will be $2,559,000, with $4,570,000 deferred and again cash flow forgone until paid in full. Essentially, the DDF reduces the cash flow paid to the developer. All amounts are subject to a certified audit to ensure that the fees include developer overhead, construction management, oversight fees, personal guarantee fees, syndicator consulting fees, and reserves in excess of those customarily required by multi-family housing lenders.

County and City agencies typically take up to 15% of program funding as administrative fees to help pay for staff and overhead costs required to administer the program. In a similar vein, developer fees are intended to help cover the developer's staff and overhead costs. In development, developer fees are also often partially deferred so that they can be used to help fund the development.

Please note that if we proceed with a modular product, any savings will be applied to adjust the developer fee in accordance with the CTCAC regulation. This will be a decision made with the County when the final design, benefits and costs are considered.

Outlook

Preference - County RFP

From Mark S. Manion <MManion@ppplaw.com>
Date Fri 2/27/2026 8:30 AM
To Bob Havlicek <bobhavlicek@hasbarco.org>; John Polanskey <johnpolanskey@hasbarco.org>; Sanford Riggs <sanfordriggs@hasbarco.org>

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Bob, John and Sanford:

Under the Housing Authority's enabling act, specifically Health & Safety Code section 34322.2 (d), the Housing Authority may "limit the offering of available units to families of appropriate qualifications in order to comply with state or federal law or regulations, or contractual agreements with governmental agencies pursuant to such law or regulations." Arguably, if the County of Santa Barbara contractually obligated the Housing Authority to provide a preference to County Employees for the housing to be developed on the County's property, the Housing Authority in reliance upon this section could establish such preference. Obviously, it would require additional analysis and legal review by Terry Kitay or another Fair Housing Expert, but we could certainly represent to the County in response to the RFP that the Housing Authority's intention is to provide such a preference in the event it is properly structured.

Let me know if this helps, or if you need any additional information.

Thanks,

Mark

PRICE, POSTEL & PARMA LLP

Mark S. Manion
Price, Postel & Parma LLP
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Santa Barbara, CA 93101
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F: (805) 965-3978
E: msm@ppplaw.com
Website: www.ppplaw.com

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VBC's Factory in Tracy, California

Introduction to the VBC Tracy Joint Venture

May 2025

About VBC

A Track Record Above the Rest

Volumetric Building Companies is a global leader in the Industrialized AEC Sector. Our vertically integrated model brings together technology-enabled design and engineering, precision-driven manufacturing, and project-proven modular construction expertise.

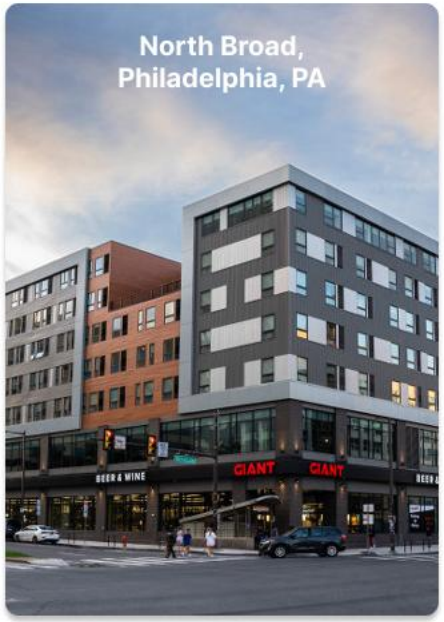
$3.6B
in real estate built

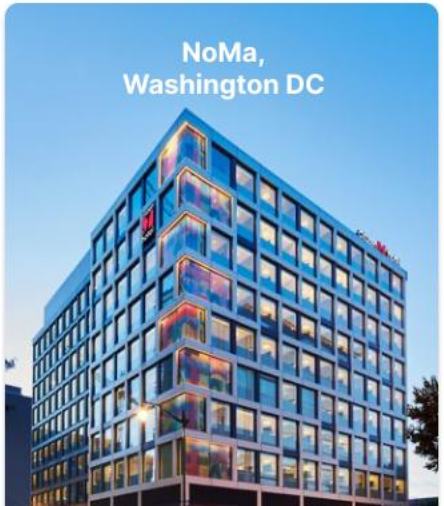
6,000+
modules completed

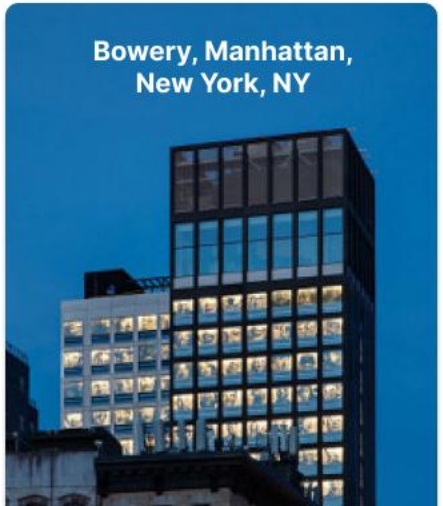
800+
employees globally

15 Years
in operation

No Renderings, Just Real VBC projects







The VBC Process

Process & Timing

01 Test Fit & Feasibility

VBC evaluates various building configurations and determines if the project is feasible. An estimate is also provided at this phase.

02 Preconstruction Agreement

In the preconstruction phase the product is finalized, a full set of modular drawings and factory shop drawings are completed, and the modular AOR secures all permits and entitlements.

03 Manufacturing Contract

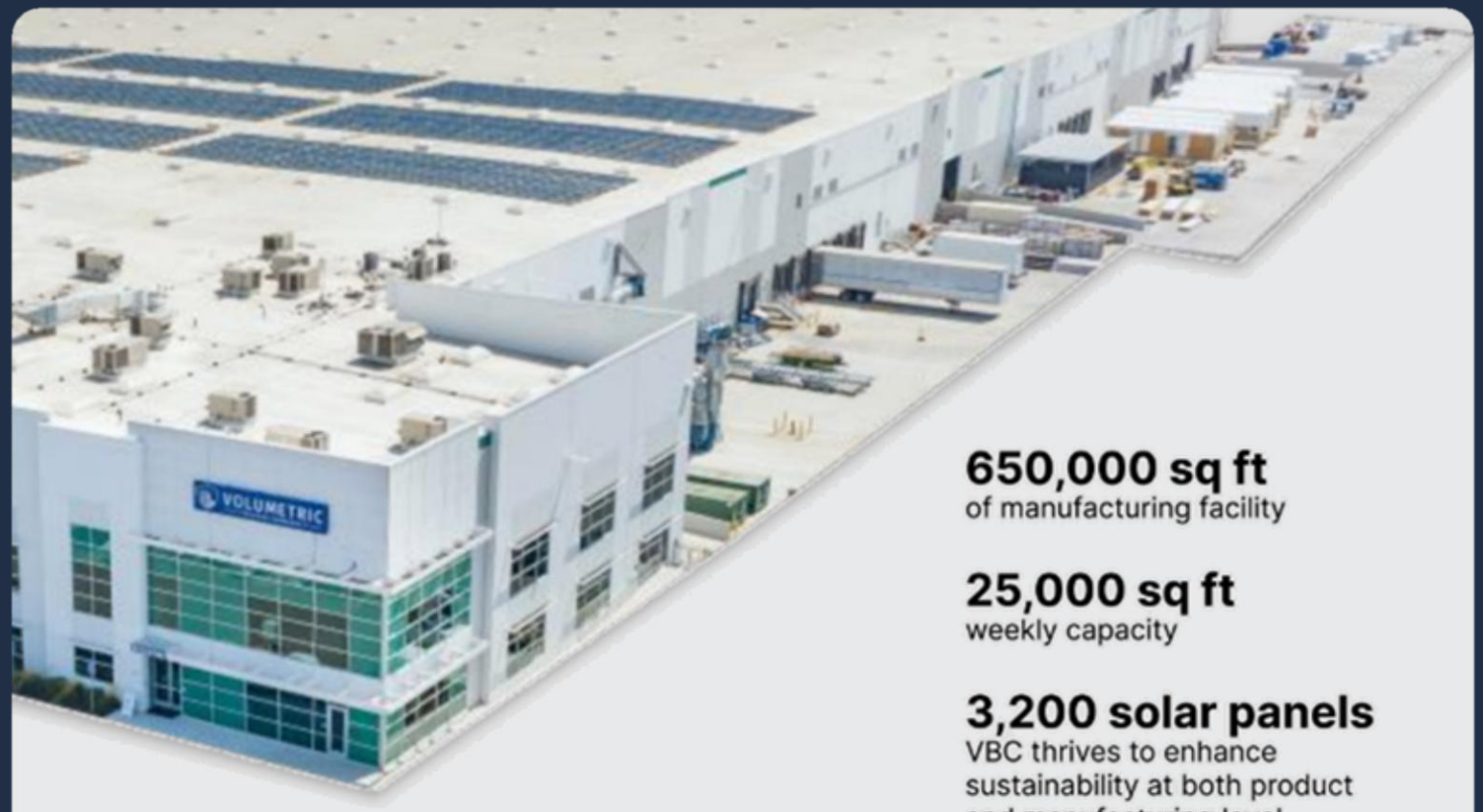
Modules are fabricated, weatherproofed, and stored on-site until ready for transport to the project site or staging location.

04 Installation & Field Work

Modules are transported to the project site, set in place atop the site-built podium, and weatherproofed on-site.

Site work begins in parallel with manufacturing, reducing the construction schedule by 40-60%.

VBC’s State-of-the-Art Factory

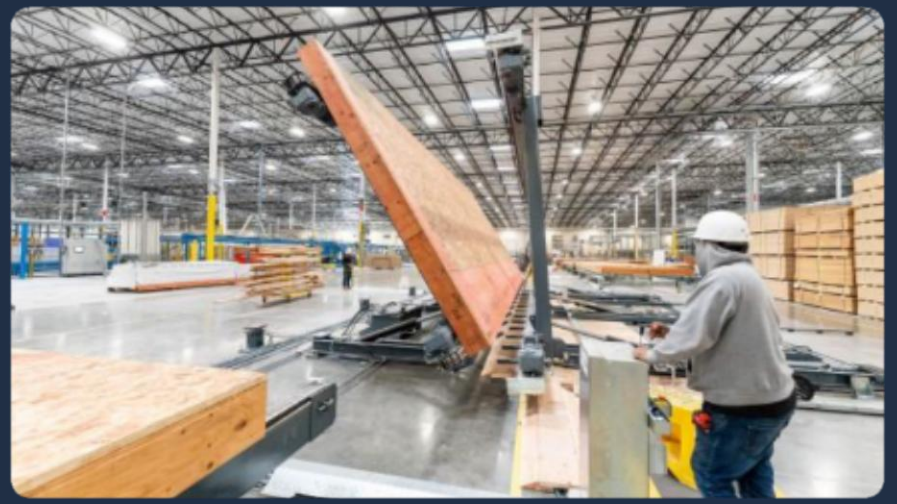


650,000 sq ft
of manufacturing facility

25,000 sq ft
weekly capacity

3,200 solar panels
VBC thrives to enhance sustainability at both product and manufacturing level

Tracy, California
VBC boasts one of the most advanced modular manufacturing facilities in the United States



A New Partnership – The VBC Tracy Joint Venture

THE PACIFIC COMPANIES

+

VOLUMETRIC BUILDING COMPANIES

+

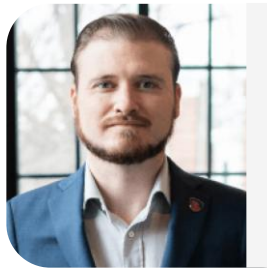
ZIONS BANK

- ✓ Deep affordable housing knowledge
- ✓ Robust pipeline
- ✓ Established banking relationships
- ✓ 45% Owner in VBC Tracy JV with Board and Veto Rights

- ✓ State-of-the-art manufacturing capability
- ✓ Fully integrated value chain
- ✓ Exceptional industry experience
- ✓ Existing facility ready to scale

- ✓ Term Loan for Equipment reducing Debt Service spend by >$2M per a year and providing $3.3M Excess Cash
- ✓ $12M Line Of Credit for Working Capital (100% available)
- ✓ Loans closed end of April and ready-to-use
- ✓ Strong Financial Partner to perform for the future

World Class Leadership



Vaughan Buckley

FOUNDER AND CHIEF EXECUTIVE OFFICER

Vaughan founded VBC in 2009. In his 15 years of off-site construction experience, more than $1B in real estate projects have been constructed utilizing modules designed, manufactured or assembled under his direction.

Andrew Houen

CHIEF FINANCIAL OFFICER

Andrew has 25+ years of experience leading growing organizations across sectors, including the modular industry Andrew's experience in finance has ranged from launching new businesses, to stabilizing and growing private and public companies.

David Fetzer

CHIEF COMMERCIAL OFFICER

David has 35 years of building industry experience with 27 years spent in the off-site/modular industry serving in arrange of capacities including Controller, Sales and Operations Management, and Business Owner.

Helena Ludlow

CHIEF TECHNOLOGY OFFICER

Helena has over 20 years of experience in design, construction and manufacturing of modular buildings. Helena has led factory expansions and orchestrated the start-up of two of the world's most automated factories.

Sara-Ann Logan

CHIEF DESIGN OFFICER

Sara has over 20 years of architectural experience with over 12 years exclusively focused on modular single-family, multifamily, and mixed-use developments. She has led projects with billions of dollars in total value.

Chris Macies

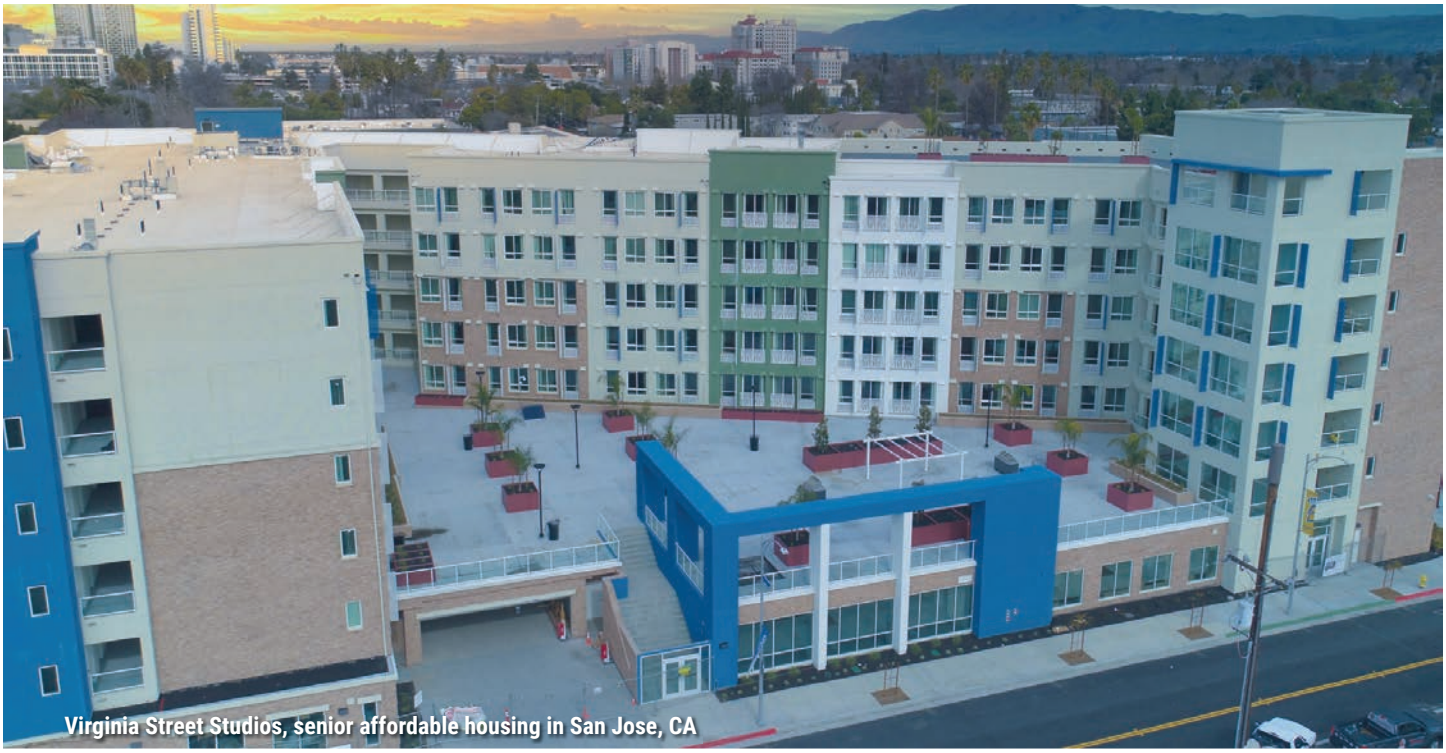
CHIEF OPERATING OFFICER

Chris has spent 15+ years working at the intersection of technology and the build environment. He has helped organizations plan and deliver over $100B in construction project value. He has experience building for scale and leading transformation at both early stage and mature public and private companies.

AVM Autovol
VOLUMETRIC MODULAR

MAKING SMART CONSTRUCTION BRILLIANT™

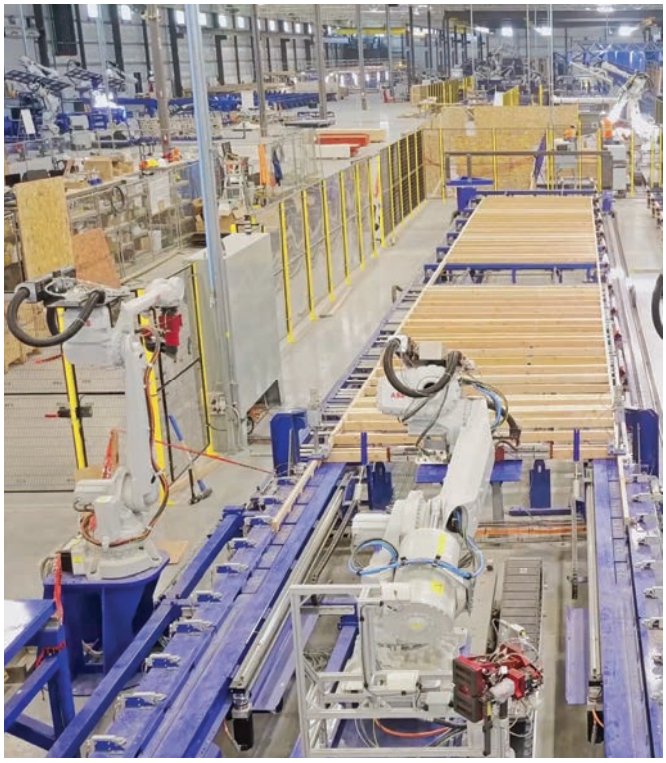
Autovol, Inc., Capabilities Brief



Virginia Street Studios, senior affordable housing in San Jose, CA

MODULAR EXPERIENCE MEETS AUTOMATION BRILLIANCE

Autovol is an established startup led by some of the world's most experienced modular veterans. We've brought together a very talented team we call Solutioneers™ to pioneer and run the most technologically advanced approach to modular construction yet. We build a range of top quality housing with a focus on multifamily complexes. Autovol is the first factory of its kind—combining robotic automation and volumetric methods in a centralized factory. We're headquartered in Nampa, just outside Idaho's capital city of Boise, itself a major hub of modular construction. Our location is ideally centered among the West's major cities.



WHAT'S IN A NAME?

"Automated" and "volumetric" make up our Autovol name, and modular is the basis of what we build. Here's our definition of each:

Automated—advanced robotics similar to those in modern car factories do the back-breaking work with repeatable data-driven precision.

Volumetric—units are fully enclosed, six-sided structures with finished interior rooms, typically found in multiunit complexes and hotels.

Modular—units are built as modules in a factory then shipped to the site, where they're assembled into a completed building—in days or few weeks.

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Autovol VOLUMETRIC MODULAR

Envisioning a Better Way

Autovol was conceived to tackle construction challenges that have kept housing supply below the level of demand for a long time. Fewer young people take up construction. The need for shelter in cities continues to grow. Yet housing construction methods have not progressed nearly as much as other industries. This has led to a crisis in the US and beyond. Autovol is taking the smartest proven methods of construction and pushing them further. By advancing methods and adding automation technology, we're "making smart construction brilliant."

Autovol partnered with a robotics company to design automated processes that increase output, improve quality, and provide standardization. In our single factory, Autovol can build two to three times as much as a traditional modular facility with less than half of the labor hours—and at breakthrough quality.

ROBOTIC INTEGRATION

Autovol has been fortunate to have worked with a robotics integrator in our own back yard, keeping more of the work in Idaho while the factory was built. We have pioneered pick-and-place robotic construction and have been a proof-of-concept for many automated construction processes. We've taken the tasks most stressful and difficult for humans and delegated them to robots. This has paid off in many ways, including productivity, quality, job satisfaction, and people retention. We've created hundreds of full-time careers in an industry that had been the slowest to invest in technology.

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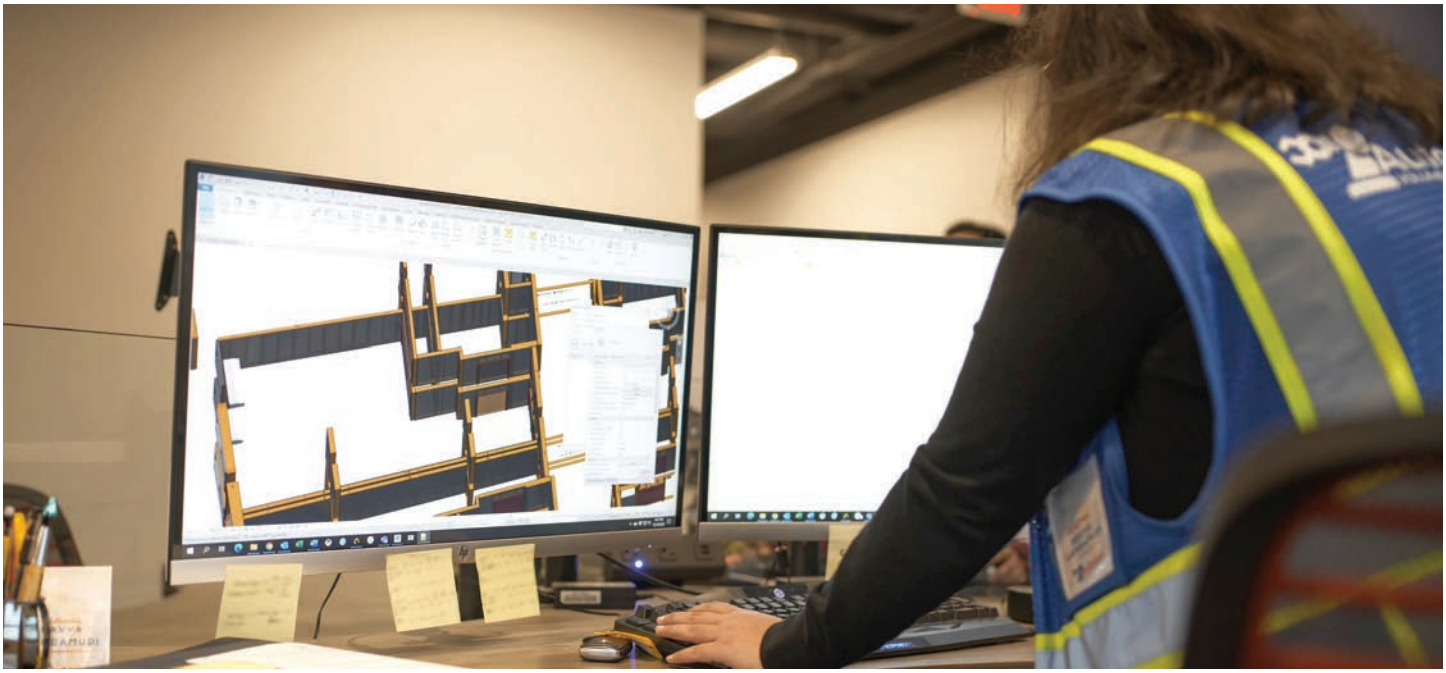

OUR MISSION

To build high quality, affordable housing by empowering a dedicated team of savvy Solutioneers with the latest in automation technology for offsite volumetric construction.

Building a Culture of Excellence

From the outset, Autovol has created an opportunity to move beyond limitations, not only in construction and factory processes, but also in approaches to culture. When the people running a factory and its projects are instilled with passion and pride in their careers, it shows in our customers' products.

We began by looking at our people as Solutioneers rather than "laborers." We carefully invented a new kind of culture-driven factory that empowers people to learn, grow, collaborate, and enjoy putting the very best living spaces within reach of people who couldn't afford them before.

OUR DEFINITION OF SOLUTIONEER

SO·LU·TION·EER
(noun)

1: a person who is among the first to explore, design, and build innovative ways to solve problems that overcome new challenges and situations.

2: a person who is inspired to collaborate with others, use creative ingenuity, and invent solutions to improve lives around the world.

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About the Factory

Backed by an investment of more than $100 million, the 400,000 square foot Autovol facility was completed in 2020. As we near year-end 2025, we have completed 28 major projects, produced more than 4,000 modules, and built more than 3 million square feet of living space. Robotic systems and other advanced machines and data systems are helping our Solutioneers achieve beakthrough results in terms of repeatable precision, quality, and speed—with record-levels of output per person and much lower physical burden. Our Solutioneers are what make our factory so special. They bring the essential intellect and passion—using automation in new ways to build faster, better, and more easily. Our customers and onsite partners regularly comment on how automated precision and factory workmanship are enabling exceptional final results as modules are crane set and buildings are finished at each final site.

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Our three founders have immense experience in affordable housing development, modular design and modeling, modular factory operation, and inspiring teams to build and innovate.

Rick Murdock—CEO and Co-Founder
Rick has dedicated 50 years to pioneering and helping build the modular manufacturing industry—across the U.S. and Canada. An expert in plant operations, he was co-founder and COO of Guerdon Enterprises, where he pioneered major innovations in large scale multistory, multifamily modular manufacturing that made the company an award-winning industry leader. A natural connector, Rick co-founded Prefab Logic, a consulting group specializing in preconstruction planning, development, sourcing and completion services. He also founded Waypaver International, a consulting group that helps develop new modular operations for factory owners worldwide.

Curtis Fletcher—CTO and Co-Founder
Curtis brings more than 40 years of hands-on experience in product design and modeling. Originallt a draftsman, Curtis has several years of design experience across major multiunit modular projects. He has successfully run design and engineering groups, including Effektiv House, which packages field and factory proven standard housing designs into turnkey project plans. He is also co-founder of Prefab Logic, and part of the management of Waypaver International. He has close ties to California where he was a Regional Business Development Manager. At Autovol he oversees technical operations where he works closely with automation teams and leaders.

Caleb Roope—Strategic Partner and Co-Founder
Caleb Roope is the CEO of The Pacific Companies and leads the investment group that financed Autovol. The Pacific Companies is a privately held group of firms dedicated to excellence in multifamily housing. Under Caleb's leadership, the company delivers across a continuum of real estate specialties including feasibility analysis, development, design, finance, construction, and asset management. A leader in U.S. multifamily housing since 1998, The Pacific Companies has completed hundreds of multifamily projects in the western states. The company has been recognized multiple times as America's #1 producer of affordable housing in the annual report of *Affordable Housing Finance* (AHF).

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At Autovol, we believe in “servant-leaders” who set vision and remove roadblocks. We are a people company that uses automation to tackle the heavy lifting. We believe that the best solutions in a given area usually come from the Solutioneers who work in that area every day. Our office and factory are connected by a break room and a game room to encourage interaction. Our office walls are glass to encourage transparency and openness so that every Solutioneer feels welcomed in the workspace of any leader in the company.

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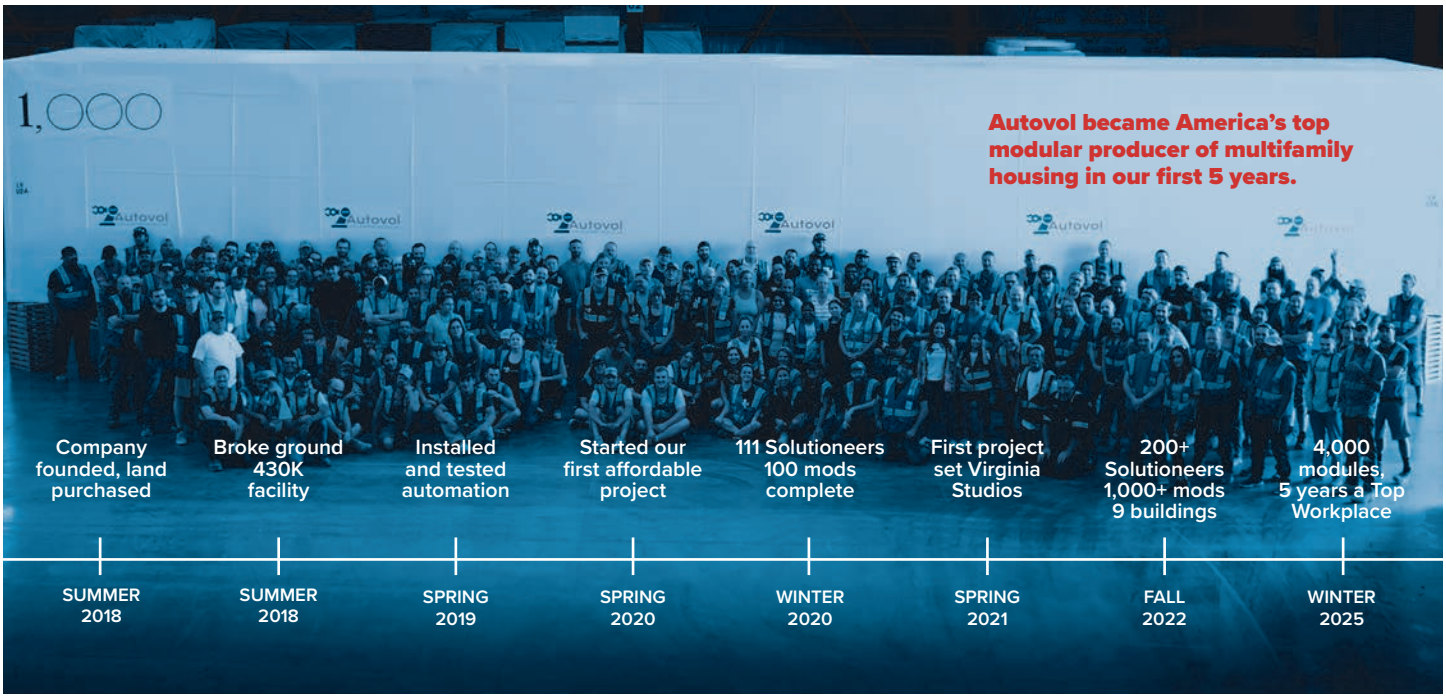

Field of Dreams

From a cornfield in October 2018, Autovol has grown into America's highest-producing volumetric modular builder of multifamily housing. As of November, 2025, we had completed more than 5,000 bedrooms, providing much-needed housing in some of the most unaffordable markets. Besides building housing, we help build our people, customers, and community. We share profits with our Solutioneers and help support their dreams. We also give back to our community through activities, volunteering, event sponsorships, and more.

USA TODAY TOP WORK PLACES 2024 USA

Autovol was named an Idaho Top Workplace in 2021—2025, and ranked first-place in Idaho in 2023 and 2024. In 2024 and 2025, we were named a USA TODAY National Top Workplace.

16376 Star Road | Nampa, Idaho 83687 | 1-208-606-7500 | **See our factory and meet our Solutioneers at Autovol.com**
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Autovol VOLUMETRIC MODULAR

VIRGINIA STREET STUDIOS

Location: 295 E. Virginia Street, San Jose, CA.

Sector: Senior Affordable Housing

Gross square feet: 153,120

Total units: 301

Total modules: 160

Developer: The Pacific Companies

Architect: Architects Orange

Wow Final Video

Set Time Lapse

On-site Documentary

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SANTA MARIA

Location: 2712 Santa Maria Way, Santa Maria, CA

Sector: Affordable Housing

Gross square feet: 90,409

Total units: 160

Total modules: 105

Developer: The Pacific Companies

Architect: Architects Orange

BATH 1

BATH 2

KITCHEN 1

KITCHEN 2

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MACARTHUR

Location: 4311-4317 MacArthur Blvd, Oakland, CA

Sector: Affordable Housing

Gross square feet: 113,572

Total units: 193

Total modules: 136

Developer: The Pacific Companies

Architect: Architects Orange

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LEMOS POINTE

Location: American Canyon, Napa County, CA

Sector: Affordable Housing

Gross square feet: 182,797

Total units: 186

Total modules: 255

Developer: The Pacific Companies

Architect: Pacific West Architecture

BATH 1

BATH 2

KITCHEN 1

KITCHEN 2

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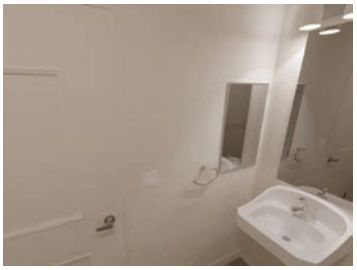
ENLIGHTENMENT PLAZA

Location: Los Angeles, CA
Sector: Affordable Housing
Gross square feet: 106,575
Total units: 177
Total modules: 139
Developer: The Flexible PSH Solutions
Architect: KFA Architecture



BATH 1

BATH 2

KITCHEN 1

KITCHEN 2

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OSGOOD

Location: Fremont, CA

Sector: Affordable Housing

Gross square feet: 106,911

Total units: 112

Total modules: 155

Developer: The Pacific Companies

Architect: Architects Orange

BATH 1

BATH 2

KITCHEN 1

KITCHEN 2

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355 SANGO COURT

Location: Milpitas, CA

Sector: Affordable Housing

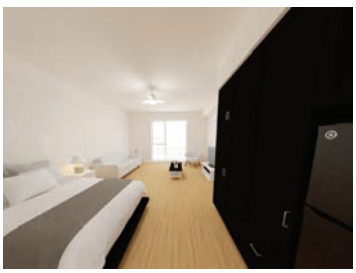
Gross square feet: 82,579

Total units: 102

Total modules: 113

Developer: Resources for Community Development (RCD)

Architect: David Baker Architects (DBA)



Wow Final Video

Kitchen Video

BATH 1

BATH 2

KITCHEN 1

KITCHEN 2

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308 SANGO COURT

Location: Milpitas, CA

Sector: Affordable Housing

Gross square feet: 83,656

Total units: 85

Total modules: 123

Developer: The Pacific Companies

Architect: Architects Orange

BATH 1

BATH 2

KITCHEN 1

KITCHEN 2

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LA VISTA HAYWARD

Location: Hayward, CA
Sector: Affordable Housing
Gross square feet: 164,119
Total units: 176
Total modules: 238
Developer: The Pacific Companies
Architect: Architects Orange

BATH 1

KITCHEN 1

KITCHEN 2

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GALINDO

Location: Concord, CA

Sector: Market Rate

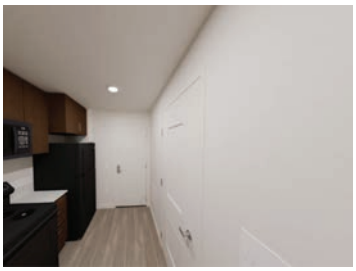
Gross square feet: 49,917

Total units: 75

Total modules: 55

Developer: RMG Housing

Architect: BDE Architecture



BATH 1

BATH 2

KITCHEN 1

KITCHEN 2

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OSGOOD SOUTH

Location: Fremont, CA

Sector: Affordable

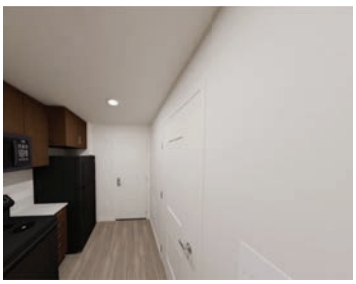
Gross square feet: 88,232

Total units: 100

Total modules: 110

Developer: The Pacific Companies

Architect: Architects Orange



BATH 1

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KITCHEN 1

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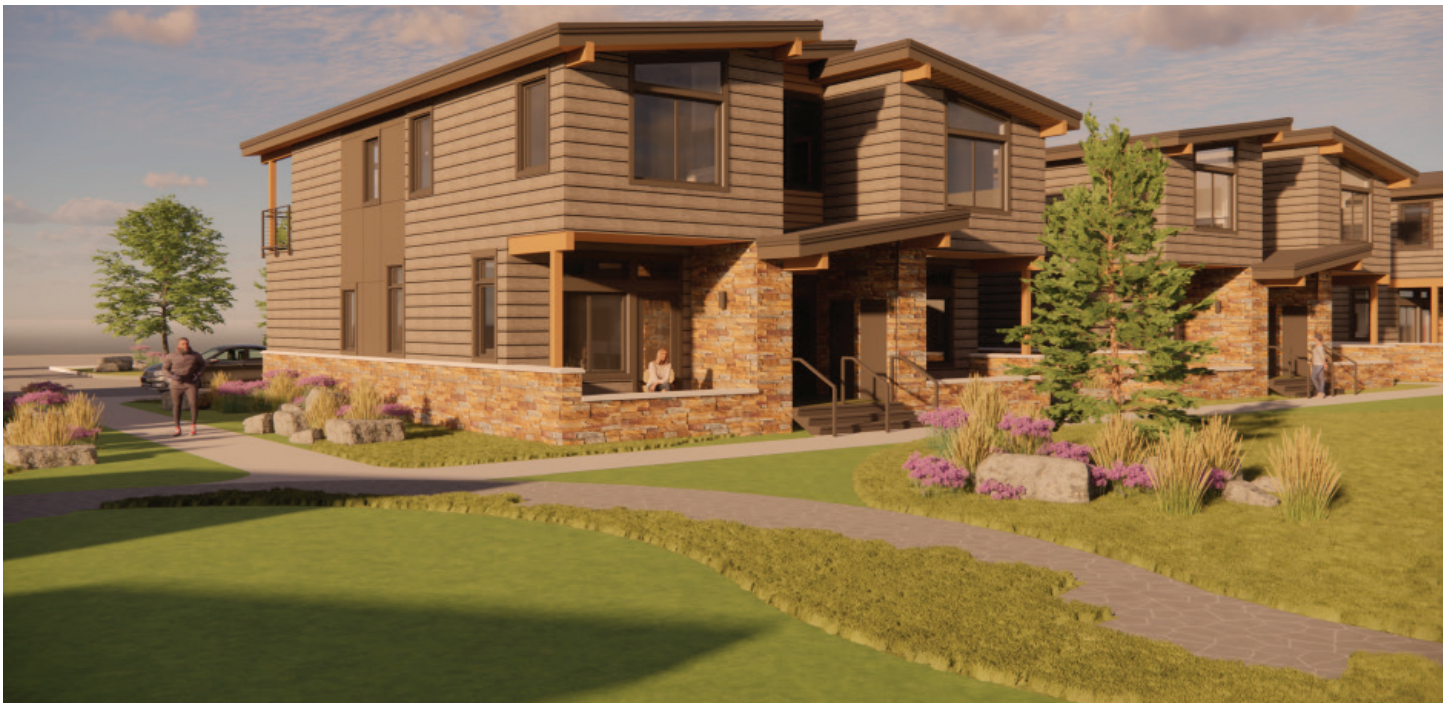

OUTBOUND MAMMOTH

Location: Mammoth Lakes, CA

Sector: Hospitality

Gross square feet: 13,300

Total units: 20

Total modules: 25

Developer: Waterton

Architect: grouparchitect

Property Tour Video

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2350 BASCOM

Location: San Jose, CA

Sector: Affordable

Gross square feet: 111,759

Total units: 123

Total modules: 168

Developer: The Pacific Companies

Architect: Architects Orange

BATH 1

BATH 2

KITCHEN 1

KITCHEN 2

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EL CAMINO

Location: San Bruno, CA

Sector: Affordable

Gross square feet: 81,096

Total units: 134

Total modules: 93

Developer: The Pacific Companies

Architect: Architects Orange

BATH 1

BATH 2

KITCHEN 1

KITCHEN 2

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80 SARATOGA

Location: Santa Clara, CA

Sector: Affordable

Gross square feet: 186,667

Total units: 200

Total modules: 255

Developer: The Pacific Companies

Architect: Architects Orange

BATH 1

BATH 2

KITCHEN 1

KITCHEN 2

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400 EAST ADAMS

Location: Los Angeles, CA
Sector: Market Rate
Gross square feet: 45,986
Total units: 84
Total modules: 48
Developer: Markwood Enterprises
Architect: Architects Orange

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STEVEN'S CREEK—BUILDING A

Location: San Jose, CA

Sector: Affordable

Gross square feet: 163,321

Total units: 173

Total modules: 252

Developer: The Pacific Companies

Architect: Architects Orange

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FIRST STREET SENIORS

Location: Wheatland, CA

Sector: Senior

Gross square feet: 31,689

Total units: 32

Total modules: 48

Developer: The Pacific Companies

Architect: Pacific West Architecture

BATH 1

BATH 2

KITCHEN 1

KITCHEN 2

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ALPINE EXTENDED STAY

Location: Alpine, Wy

Sector: Hospitality/Workforce Housing

Gross square feet: 37,296

Total units: 62

Total modules: 36

Developer: GCHB Venture

Architect: LCA

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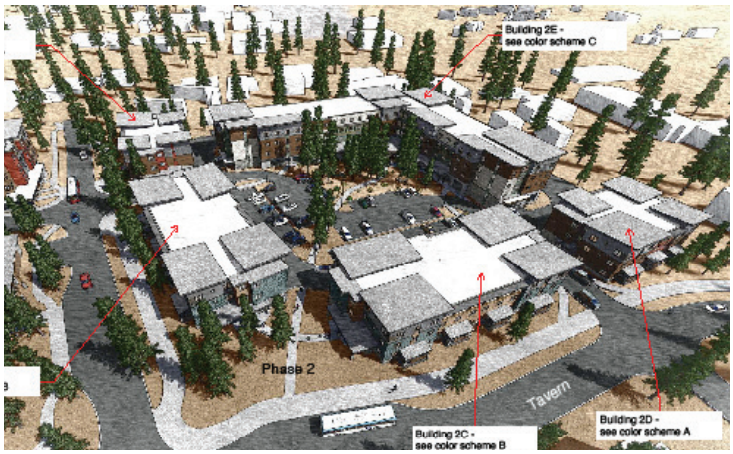
THE PARCEL 2.2



Location: Mammoth Lakes, CA

Sector: Affordable

Gross square feet: 88,456

Total units: 76

Total modules: 128

Developer: The Pacific Companies

Architect: JKAE Design

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VILLA DEL SOL

Location: San Jose, CA

Sector: Affordable

Gross square feet: 157,384

Total units: 194

Total modules: 245

Developer: The Pacific Companies

Architect: Architects Orange

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ASHBURY APARTMENTS

Location: Concord, CA

Sector: Affordable

Gross square feet: 162,388

Total units: 183

Total modules: 231

Developer: The Pacific Companies

Architect: Architects Orange

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ALUM ROCK

Location: San Jose

Sector: Affordable

Gross square feet: 115,676

Total units: 164

Total modules: 162

Developer: The Pacific Companies

Architect: Architects Orange

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4300 MONTERY ROAD

Location: San Jose, CA

Sector: Affordable

Gross square feet: 130,974

Total units: 240

Total modules: 156

Developer: The Pacific Companies

Architect: Architects Orange

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MARTHA GARDENS

Location: San Jose, CA

Sector: Affordable

Gross square feet: 122,959

Total units: 166

Total modules: 189

Developer: The Pacific Companies

Architect: Architects Orange

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PACIFIC CREST COMMONS

Location: Truckee, CA

Sector: Affordable

Gross square feet: 62,893

Total units: 55

Total modules: 69

Developer: The Pacific Companies’

Architect:

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CENTRAL SAC STUDIO

Location: Sacramento, CA

Sector: Affordable

Gross square feet: 45,648

Total units: 52

Total modules: 49

Developer: Danco Communities

Architect: McSorley Architecture

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ALVARADO CREEK

Location: San Diego

Sector: Affordable

Gross square feet: 219,165

Total units: 227

Total modules: 327

Developer: The Pacific Companies

Architect: Architects Orange

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LOCKE LOFTS

Location: Los Angeles

Sector: Affordable

Gross square feet: 84,793

Total units: 144

Total modules: 123

Developer: The Pacific Companies

Architect: KFA Architecture

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EL CERRITO PLAZA

Location: El Cerrito, CA

Sector: Affordable

Gross square feet: 71,360

Total units: 70

Total modules: 106

Developer: Related California

Architect: Pyatok

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VICTORY PLACE

Location: Encino, CA

Sector: Affordable

Gross square feet: 188,427

Total units: 189

Total modules: 259

Developer: LINC Housing

Architect: VTBS

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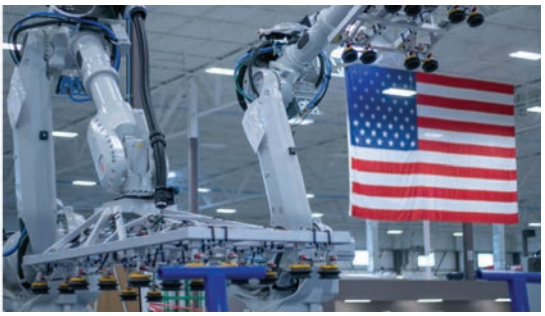

LET'S BUILD GREAT THINGS TOGETHER

Autovol is running strong and ready to make your next project a big success. We're eager to hear from you and excited to start building long-lasting relationships with our future customers. We know you'll have questions and we love to answer them. Together we can revolutionize how construction is done while improving quality of life for those who need it most.

Contact:

Michael Merle
Business Development Director
MichaelMerle@autovol.com

Steve Clough
Director of Preconstruction
Steve@autovol.com

info@autovol.com
1-208-606-7500

AVM Autovol
VOLUMETRIC MODULAR

Plaza del Cielo

SANTA BARBARA

Affordable Workforce Housing Development Proposal

REQUEST FOR PROPOSAL: COUNTY OF SANTA BARBARA

NATIONAL COMMUNITY RENAISSANCE

HOUSING AUTHORITY of the CITY of SANTA BARBARA

X _____

MICHAEL RUANE
PRESIDENT

ORGANIZATION
NATIONAL COMMUNITY RENAISSANCE

ADDRESS
9692 HAVEN AVENUE, SUITE 100
RANCHO CUCAMONGA, CA 91730

PHONE NUMBER
949.394.7996

PRIME CONTACT
ALEXA WASHBURN

EMAIL ADDRESS
AWASHBURN@NATIONALCORE.ORG

WEBSITE
NATIONALCORE.ORG

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Section 1

Cover Letter

March 2, 2026

County of Santa Barbara
Community Services Department,
Housing and Community Development Division
123 E Anapamu Street, 2nd Floor
Santa Barbara, CA 93101

Dear Mr. Armas,

On behalf of the Housing Authority of the City of Santa Barbara, National Community Renaissance, and RRM Design, we thank you for the opportunity to continue this dialogue with the County of Santa Barbara, sharing our vision to develop Plaza del Cielo, an affordable workforce apartment home community located at 117 East Carrillo Street. Our team has developed an approach that will successfully implement the County's goal to provide workforce housing that maximizes community and economic value. Our highly adept team includes:

Housing Authority of the City of Santa Barbara ("HACSB") is committed to advancing solutions that promote the social and economic wellbeing of Santa Barbara residents. Its 77 existing Santa Barbara affordable housing communities provide quality, well-managed, service-enhanced, attainable living to thousands of families, individuals, and seniors

National Community Renaissance ("National CORE") is a leader in constructing sustainable developments that leverage community resources to combine quality housing with life-enhancing social services, serving roughly 35,000 residents as developer, owner, operator, and services provider with more than 10,000 affordable apartment homes.

HACSB and National CORE have partnered with **RRM Design Group ("RRM)**, an architecture studio based in Santa Barbara, to design an integrated, vibrant, and inclusive community for Santa Barbara's workforce. By pooling our collective resources and leveraging our talent, our proposal is to provide a 72-unit apartment home community for working Santa Barbara families earning up to 120% AMI. The four-story, elevator-served podium building will feature a mix of studio, one-, two-, and three-bedroom units. The building is designed in a Spanish Mediterranean architectural style, consistent with the City of Santa Barbara's El Pueblo Viejo (EPV) design guidelines.

The ground floor includes an on grade parking garage providing 61 parking spaces. The podium level courtyard serves as a central community gathering space offering views. Programmed outdoor amenities include a tot lot, teen activity area, picnic and barbecue spaces, and lush landscaping. A centrally located 645 square foot community clubhouse provides indoor amenities including a meeting room with kitchenette, fitness room, and computer stations.

The apartment homes will contain a long-term covenant to ensure continued affordability. The proposed community has been sized to maximize the project's ability to successfully secure financing in today's increasingly competitive financing environment, by leveraging the land and 9% low-income housing tax credits for a highly competitive tiebreaker score in the Central Coast Region.

Our Team is a proven trusted partner. We have the experience, capacity, innovation and local presence necessary to accomplish the County's objectives. We are excited to collaborate with the County to deliver a vibrant workforce housing community that addresses community needs, maximizes financing opportunities to coordinate public and private investment, stimulates economic growth, invigorates Downtown vitality, enhances arts and culture, and achieves a high quality of life for residents. For ease of communication, please reach out to our prime respondent Alexa Washburn, Chief Development Officer, National Community Renaissance. She may be reached at awashburn@nationalcore.org and (949) 394-7996. We acknowledge receipt of all addenda, and our response is valid for one hundred and eighty (180) days.

Sincerely,

MICHAEL RUANE
President
National Community Renaissance
mruane@nationalcore.org
909.204.3451

ROB FREDERICKS
Executive Director
Housing Authority of the City of Santa Barbara
RFredericks@hacsb.org
805.897-1051 |

Section 2

Development Team

Development Team

Development Team			
	Director/Primary Contact	**Email Address**	**Phone Number**
Lead Developer National Community Renaissance of California	**Alexa Washburn** Chief Development Officer	awashburn@nationalcore.org	(949) 394-7996
Co-Developer Housing Authority City of Santa Barbara	**Rob Fredericks** Executive Director/Chief Executive Officer	rfredericks@hacsb.org	(805) 897-1051
Lead Architect RRM Design	**Detlev Peikert** Principal-in-charge	dhpeikert@rrmdesign.com	(805) 883-5200
General Contractor National Community Renaissance of California	**Christopher Killian** Senior Vice President of Construction	ckillian@nationalcore.org	(949) 204-3448
Property Manager Housing Authority City of Santa Barbara	**Dale Fathe-Aazam** Deputy Executive Director	daazam@hacsb.org	(805) 897-1064
Service Provider Housing Authority City of Santa Barbara	**Veronica Loza** Deputy Executive Director, Programs and Operations	vloza@hacsb.org	(805) 897-1032

National Community Renaissance ("National CORE") refers to the broader nonprofit organization and its national portfolio. The applicant entity for this proposal is National Community Renaissance of California ("NCRC"), the affiliated nonprofit responsible for development activities within California. The certificate of good standing and certification of 501(c)(3) status for NCRC is provided as Appendix page 58 and 59 items. NCRC submitted two years of audited financial statements separately via Public Purchase.

Section 3

Developer Team Experience and Capacity

Development Team Overview

In Collaboration with the County of Santa Barbara, the Housing Authority of the City of Santa Barbara (HACSB) and National Community Renaissance of California (NCRC) will serve as Co-Developers.

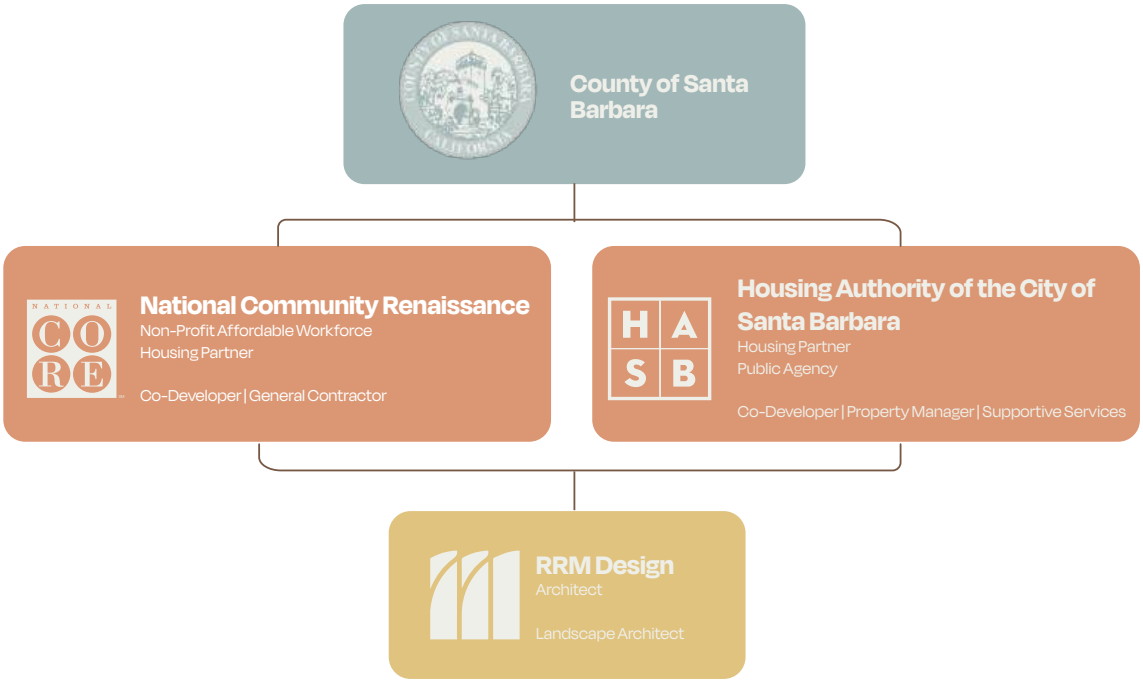
NCRC will also be General Contractor and HACSB will provide Property Management. As co-developers, each organization brings a myriad of strengths to this opportunity. HACSB's experience with workforce housing in Santa Barbara, and relationships with local service providers, combined with National CORE's breadth of experience constructing well-designed and well-maintained communities will result in a vibrant development that meets the needs of the County.

NCRC will have a dedicated full time development manager assigned to the project who is intimately familiar with taking a project from initial conception to property operations. This development manager will remain on the project for the entire duration of its life-cycle. Additionally, the Chief Development Officer will be involved in helping ensure the project is successful in terms of financing strategy and overall big picture items

A comprehensive services team will equip residents with the skills and services they need to stabilize and launch upward in economic mobility and health & wellness. HACSB will serve as Service Coordinator and partners with high quality, local organizations offering a comprehensive menu of services to empower children, families, and seniors and enhance the lives of residents.

RRM Design will serve as the Project Architect. Local to Santa Barbara, RRM specializes in affordable, multifamily housing with numerous awarding winning communities designed for seniors and families. RRM successfully supports affordable housing projects by looking beyond the site itself to the neighborhood and the greater community around it. By listening first and designing second, RRM matches expertise with expectations and goals to build community consensus on the front end, collaborating towards a project design that will foster community for decades to come.

Through a strong partnership, the development team can build a thriving and resilient housing community within Santa Barbara that delivers services and programs that meet the needs of the local workforce.



National Community Renaissance

For over 33 years, National CORE has been a leader in constructing sustainable developments that leverage community resources to combine quality housing with life-enhancing social services.

National Community Renaissance of California (National CORE) was established in 1992 as a 501(c) (3) non-profit public benefit corporation. Starting with just 248 affordable homes, the company's portfolio has grown over the past three decades to include over 10,000 homes in three states – 9,000 units of which are in California. National CORE currently serves over 30,000 residents and is the developer, owner, operator, and services provider for all our properties, thus ensuring long-term affordability as well as the maintenance of high-quality affordable communities.

National CORE is a vertically integrated company with in-house construction, property management, asset management, compliance, accounting and social programs/services departments. Our company has experienced staff capacity in development, construction management, property management, social services, and is a licensed general contractor. This "in-house" structure allows for strict quality control and cost-savings in all facets of our business.

National CORE's philosophy is to not only develop and maintain high-quality affordable housing, but to go well beyond the sticks and mortar and create vibrant communities that are safe and nurturing environments for our residents. To achieve this Hope through Housing Foundation (HTHF) is an incorporated nonprofit organization that functions as an affiliate to National CORE providing on-site social services available to residents living in all our developments. HTHF has consistently demonstrated its capacity to launch and develop high quality programs focused on developmental, educational, social, health, and workforce opportunities for children, youth, and families served living in and around our communities.

Bradley Studios

New Construction (LARGE FAMILY)	RRM ROLE: Architect HACSB ROLE: Developer and property management sole operator	2012 COMPLETION YEAR

LOCATION
512 Bath Street, Santa Barbara CA 93101

PROJECT USES AND AMENITIES
The project provides generous common open space, including a courtyard along South Hope Avenue, a patio seating area on the west side of the building adjacent to Arroyo Burro Creek (this area is directly adjacent to the dining room and will allow the residents to dine outdoors and enjoy the habitat along the creek). The project is setback to allow for Arroyo Burro Creek's future restoration.

TOTAL UNITS (54 UNITS)
- 54 units
- 53 studios
- 1 onsite manager (two-bedroom)

CONSTRUCTION TYPE
New Construction – Type V-A

TARGET POPULATION
This development serves special needs, homeless/disabled, and/or downtown workforce households earning 60% of AMI and below.

FINANCING SOURCES ($9.1 MM TOTAL DEV. COST)
- $5,379,632 - LIHTC Equity
- $3,600,000 - City of Santa Barbara Redevelopment Funds Residual Receipts Loan
- $8,979,632- Total Leveraged Sources (excluding construction/permanent conventional loans, deferred developer fees, fee waivers, etc.)

RESIDENTIAL SQUARE FOOTAGE AND PARKING
The total residential square footage is 35,699 sq ft. with 25 parking spaces.

GREEN BUILDING ELEMENTS
The project includes rooftop solar PV.

COMMUNITY OUTREACH
The team conducted significant community outreach by holding community meetings and interfacing with City of Santa Barbara officials throughout the process.

CURRENT PROJECT STATUS
The project is fully leased up and in the 15-year LIHTC compliance period.

PROJECT SCHEDULE AND BUDGET
The project was completed on budget and on time.

Mission Cove I and II

New Construction (LARGE FAMILY)	NC ROLE: Owner • General Contractor • Developer • Property Manager • Supportive Services Provider RRM ROLE: Architect • Landscape Architect	Phase I and Phase II (2017) COMPLETION YEAR

LOCATION
3247 Anchor Way, Oceanside CA 92054

PROJECT USES AND AMENITIES
The community includes the 5,000 square foot Kay Parker Family Resource Center that will host a variety of activities and services for the neighborhood, including a state-licensed preschool. Mission Cove also offers 10,500 square feet of commercial retail space.

TOTAL UNITS | PHASE I (90) AND PHASE II (60)
- 26 One-bedroom Units
- 64 Two-bedroom Units
- 60 Three-bedroom Units
- 2 Manager Units

CONSTRUCTION TYPE
New Construction – Type V-A

TARGET POPULATION
The target population is families earning between 30% and 60% AMI.

FINANCING SOURCES ($72.4 MM TOTAL DEV. COST)
- LIHTC - 9% (Wells Fargo as Investor)
- City of Oceanside - HOME Funds & Ground Lease
- NeighborWorks - UrbanLIFT Grant
- Citibank - Construction & Permanent Loans
- Citibank - Subordinate Loan
- CalHFA - MHSA
- Federal Home Loan Bank of San Francisco – AHP
- HCD – VHHP

RESIDENTIAL SQUARE FOOTAGE AND PARKING
The total residential square footage is 122,587 with 258 parking spaces.

GREEN BUILDING ELEMENTS
The project includes rooftop solar PV. It achieved a LEED Gold rating.

COMMUNITY OUTREACH
Public community design workshops were held for the project and crafted a preferred concept plan based upon direct input received. The resulting Vision and Strategic Plan addressed land uses, amenities, design criteria including universal design, and implementing actions, and was unanimously supported by the City's Housing Commission and adopted by the City Council.

CURRENT PROJECT STATUS
The project is fully leased up and in the 15-year LIHTC compliance period

PROJECT SCHEDULE AND BUDGET
The project was completed on budget and on time.

Oak View Ranch

New Construction (LARGE FAMILY)	NC ROLE: Owner • General Contractor • Developer • Property Manager • Supportive Services Provider RRM ROLE: Architect • Landscape Architect	2025 COMPLETION YEAR

LOCATION
24960 Adams Avenue, Murrieta CA 92562

PROJECT USES AND AMENITIES
Set beside a majestic 100-year-old oak tree in historic Murrieta, Oak View Ranch Family community delivers 119 luxury-style apartments anchored by a transformative Boys & Girls Club that will serve youths throughout the neighborhood.

Amenities include a swimming pool, children's play area, half-basketball court, community rooms and a dedicated space for the Boys & Girls Club of Southwest County.

TOTAL UNITS (119 UNITS)
- 24 One-bedroom units
- 60 Two-bedroom units
- 35 Three-bedroom units
- 1 Manager Unit (Three Bedroom

CONSTRUCTION TYPE
New Construction – Type V-A

TARGET POPULATION
The target population is families earning between 30% and 60% AMI. A local preference was utilized to help families currently within the Murrieta Valley Unified School District

FINANCING SOURCES ($65 MM TOTAL DEV. COST)
- $38,301,272 - Bank of America - 4% Tax Credit Equity
- $5,659,000 (Perm.) - Bank of America - Tax-Exempt Construction & Permanent Financing
- $3,325,000 - Murrieta Housing Authority Ground Lease Loan
- $6,142,807 - Murrieta Housing Authority Housing Authority Loan
- $6,000,000 Housing Authority County of Riverside – ARPA Loan

RESIDENTIAL SQUARE FOOTAGE AND PARKING
The total residential square footage is 130,465 with 176 parking spaces.

GREEN BUILDING ELEMENTS
The project includes carports with solar PV, with rooftop solar as well. It achieved a LEED Gold rating.

COMMUNITY OUTREACH
The NCRC team conducted significant community outreach by holding community meetings and interfacing with City of Murrieta officials throughout the process. The team also engaged with local tribes and the Murrieta Valley Historical Society on a historical sign for the site.

CURRENT PROJECT STATUS
The project is 100% leased up and in the process of converting to permanent financing.

PROJECT SCHEDULE AND BUDGET
The project was completed on budget and on time.

Monteria Village Affordable Housing Redevelopment

New Construction (LARGE FAMILY)	RRM ROLE: Architect HACSB ROLE: Developer and property management sole operator	Ongoing COMPLETION YEAR

LOCATION
305 Rancheria Street, Santa Barbara CA 93101

PROJECT USES AND AMENITIES
An existing project originally developed under the federal Public Housing program in 1973 to serve low-income families, the site consists of 2.08 acres and is comprised of 28 rental housing units with a mix of three-bedroom, four-bedroom and five-bedroom units. The aging structures will be completely demolished and replaced with a new 52-unit complex. The new design encompasses a tot lot, open and green spaces and generous plantings. There will be a large community room onsite.

TOTAL UNITS (55 UNITS)
- 52 units total
- 16 one-bedroom units
- 22 two-bedroom units
- 14 three-bedroom units
- 1 onsite manager

CONSTRUCTION TYPE
New Construction – Type V-A

TARGET POPULATION
The target population is families earning between 30% and 60% AMI.

FINANCING SOURCES
- Project has entitlement and design approval but is still working through the building permit process.
- Exact capital structure is still to be determined, but HACSB will be applying for low income housing tax credits in in 2027.

RESIDENTIAL SQUARE FOOTAGE AND PARKING
The total residential square footage is 76,381 sq ft. with 76 parking spaces.

GREEN BUILDING ELEMENTS
The project will include rooftop solar PV.

COMMUNITY OUTREACH
The team has conducted meetings with existing managers and the community as part of our community outreach.

CURRENT PROJECT STATUS
The project is anticipated to start construction in 2027.

PROJECT SCHEDULE AND BUDGET
- Between now and the start of construction, HACSB will be relocating the existing residents who, at their option, can either move temporarily or return to the completed new buildings.
- The construction period is anticipated to take 18 months.
- The final budget is to be determined.

Lead Architect Experience

RRM Design Group

RRM's mission is creating environments people enjoy. RRM Design Group has been engaged in both the design and development of affordable housing for more than 20 years.

With multifaceted experience, we've established our ability to analyze affordable housing design from a contextual, functional, and aesthetic perspective. RRM is widely recognized for achievements in design with more than 65 national state, and local awards.

RRM exists because we love creating environments people enjoy. That is what got us into the business over 45 years ago, and it is why we continue to thrive today. Our architects and landscape architects, engineers, surveyors, and planners work with our clients and their communities to create the parks our children play in, the roads we drive down on our way to work, the neighborhoods we come home to, and the fire stations that keep our communities safe.

Our work culture emphasizes collaboration, frequent communication, and accessibility. We're a close partner with our clients, helping them understand and navigate through the project lifecycle. Whether your project is public or private, commercial or residential, we listen, we design, and we deliver. On time. On budget. Since 1974.

RRM PROJECT STAFFING

Based on similar projects highlighted below, RRM anticipates that the entitlements for this project will require an architectural team of three dedicated staff members with an addition of two on-call staff members for peer review and project support.

We have assigned and reserved time for a project architect specializing in multi-family housing to manage this project and take the lead on coordinating subconsultants, ensuring that the drawings are developed in alignment with key milestones, and reviewing the work produced by the rest of the team. A designer has been assigned to the team to help carry out day to day tasks and produce drawings under the project architect's direction and review. The assigned principal-in-charge will have oversight of the entire team and hold key reviews of the drawings at specific milestones to ensure quality. On-call staff members will be made available to conduct focused quality assurance and technical reviews for specific design elements such as accessibility and sustainability.

One of the advantages that RRM brings is a deep multi-discipline bench of around 200 employees, with an architecture department of just under 70. With this deep bench of talented staff, RRM has the flexibility and strength of staffing projects with dedicated team members and meeting quick deadlines when they arise. RRM will work together with the county and project team to create a clear project schedule that is in alignment with the county's objectives.

Gardens on Hope

New Construction (LARGE FAMILY)	RRM ROLE: Architect • Planning • Civil Engineering	2020 COMPLETION YEAR

The Gardens on Hope (Garden Court II) is an affordable senior housing project designed for very low and low-income seniors. This housing helps fill a significant need in the community. The Housing Authority of the City of Santa Barbara and Garden Court, Inc., have worked to amend the Rancho Arroyo Specific Plan and rezone the project site to allow for its development at 251 South Hope Avenue in Santa Barbara. The project includes 89 studio apartments, a one-bedroom manager's unit, a common dining area, a commercial kitchen, and common indoor gathering areas. The project provides generous common open space, including a courtyard along South Hope Avenue, a patio seating area on the west side of the building adjacent to Arroyo Burro Creek (this area is directly adjacent to the dining room and will allow the residents to dine outdoors and enjoy the habitat along the creek). The project is setback to allow for Arroyo Burro Creek's future restoration.

LOCATION
Santa Barbara, CA

TOTAL UNITS
40 units

PROJECT DELIVERY METHOD
Design-bid Build

CONSTRUCTION TYPE
Type VA

TARGET POPULATION
Affordable Senior

ON-SITE AMENITIES
Common dining indoor gathering areas, commercial kitchen, outdoor patios, resident library

GREEN BUILDING DESIGN
High efficiency hot water system, PV array, passive solar shading design

PROJECT DELIVERY METHOD
Design-bid Build

CLIENT INFORMATION
Housing Authority of the City of Santa Barbara
Rob Fredericks, Executive Director/CEO
(805) 965-1071
rfredericks@hacsb.org

Jardin de las Rosas Affordable Housing

New Construction (LARGE FAMILY)	RRM ROLE: Architect • Planning • Civil Engineering	2013-2018 COMPLETION YEAR

Peoples' Self-Help Housing hired RRM Design Group to design affordable multifamily rental housing on a compact, urban infill site in downtown Santa Barbara. Jardin de las Rosas includes 40 rental units, averaging 955 sf each, of a mix of one, two, and three bedrooms with a concrete podium garage. The project is GreenPoint rated, incorporating photovoltaic/solar panels and principles of sustainable design. Its Spanish Colonial style continues the trend of upgrading the Haley-Salsipuedes corridor. The three-story building massing is broken down into multiple sub-buildings to fit into its context with the surrounding neighborhood. The site is situated in a flood plain, elevating the project four feet above existing grade. Its interior courtyard includes barbecue and children play areas. Prominent rose gardens along Haley Street pay tribute to PeoplesSelf-Help Housing's former director.

LOCATION
Santa Barbara, CA

TOTAL UNITS
40 units

PROJECT DELIVERY METHOD
Design-bid Build

CONSTRUCTION TYPE
Type VA over podium

TARGET POPULATION
Multifamily

ON-SITE AMENITIES
Barbecue areas, children play areas, community room, offices, learning center, outdoor courtyard

GREEN BUILDING DESIGN
GreenPoint rate, photovoltaic/solar panels

CLIENT INFORMATION
People's Self Help Housing
Ken Trigueiro, President/CEO
(805) 781-3088
johnf@pshhc.org

Casas Las Granadas

New Construction (LARGE FAMILY)	RRM ROLE: Architect • Planning • Civil Engineering	2007 COMPLETION YEAR

Casa Las Granadas is a three-story residential building in Santa Barbara's downtown, within walking distance of public transportation, community services, and shopping. The affordable development provides housing for the low-income downtown workforce population, housing 12 one-bedroom rental units. The project enhances the urban core by integrating a massive parking structure and providing a vibrant urban plaza, which showcases rotating public art displays.

LOCATION
Santa Barbara, CA

TOTAL UNITS
40 units

PROJECT DELIVERY METHOD
Design-bid Build

CONSTRUCTION TYPE
Type VA over podium

TARGET POPULATION
Workforce population

ON-SITE AMENITIES
Urban plaza and parklet, public art and direct access to adjacent public amenities

GREEN BUILDING DESIGN
Energy efficient MEP systems

CLIENT INFORMATION
People's Self Help Housing
Ken Trigueiro, President/CEO
(805) 781-3088
johnf@pshhc.org

Casas De Las Fuentes

New Construction (LARGE FAMILY)	RRM ROLE: Architect • Planning • Civil Engineering	2002 COMPLETION YEAR

The courtyard-style, 42 unit village of affordable studios and one-bedroom units for downtown workers was built over an on-grade parking podium to achieve a livable density of 57 units per acre. The design is reminiscent of the charming, Mediterranean-style courtyard apartments built in the 1920s and 1930s in Los Angeles. All of the units are oriented with entrances towards a common outdoor space to facilitate socializing and community.

The Los Angeles Times reported that U.S. Representative Lois Capps and Assemblywoman Hannah-Beth Jackson called Casa de Las Fuentes "... a model for affordable housing projects" during its unveiling.

LOCATION
Santa Barbara, CA

TOTAL UNITS
42 units

PROJECT DELIVERY METHOD
Design-bid Build

CONSTRUCTION TYPE
Type VA over podium

TARGET POPULATION
Workforce population

ON-SITE AMENITIES
Common outdoor courtyards, community room

GREEN BUILDING DESIGN
Efficient MEP systems

CLIENT INFORMATION
Housing Authority of the City of Santa Barbara
Rob Fredericks, Executive Director/CEO
(805) 965-1071
rfredericks@hacsb.org

Property Manager Experience

THE DESIGNATED PROPERTY MANAGER

The Housing Authority of the City of Santa Barbara (HACSB) will serve as the property manager for the Project (in such capacity, the "Property Manager") in accordance with a Property Management Agreement (the "Property Management Agreement") to be executed between the future to-be-formed limited partnership for the Project and HACSB. Pursuant to the Property Management Agreement, the Property Manager will be the exclusive rental and leasing agent for the Project and shall be responsible for the management of the Project including leasing and rental activities, collection of rents, enforcement of leases, maintenance and repair of the Project, and provision of utilities and services.

THE PROPERTY MANAGER'S EXPERIENCE WITH MIXED-INCOME HOUSING, OPERATIONAL OVERSIGHT, AND RESIDENT OUTREACH

HACSB's developer experience is complemented by its established reputation for property management across its portfolio of moderate, workforce, large family, senior, and special needs/homeless housing projects. For the vast majority of its properties, HACSB acts as the sole operator. In that role, the agency maintains high standards for resident and community relations. This extends far beyond sound operational and building management, prompt responsiveness to requests for maintenance and reasonable accommodation. As resident outreach measures, the agency welcomes daily feedback from its residents and the community via https://hacsb.org/contact-us/ where we respond to a variety of inquiries ranging from general, program related, Section 8 related, contractor opportunities, and complaints.

HACSB consistently receives maximum Management Experience points in each 9% Low Income Housing Tax Credit application. In California, the California Tax Credit Allocation Committee ("CTCAC") awards management agents/companies maximum points if the operator can demonstrate that it has 11 or more projects in service for three or more years, two of which must be California Tax Credit housing projects. Additionally, HACSB is competitive when applying for Special Needs LIHTC projects because its management portfolio includes more than several Special Needs (including, but not limited to, residents with developmental, physical disabilities, substance abuse, dual diagnoses, homeless) projects in service for three years or more. These projects include El Carrillo Apartments, Artisan Court, The Gardens on Hope, Vera Cruz Village, and Johnson Court (homeless veterans).

Each 9% LIHTC project is required to provide service provision appropriate for the target resident population. HACSB welcomes partnerships with services providers like Family Service Agency, City Net, New Beginnings Counseling Center of Santa Barbara, Centers for Successful Aging to provide service amenities for our residents. The agency also collaborates with many other nonprofits like Transition House, Mental Wellness Center, Tri-Counties Regional Center, Noah's Anchorage, and the Council on Alcoholism & Drug Abuse to bring awareness to specific community needs and those populations affected.

HACSB has its own well-established Resident Services Department which offers programs and services to all Section 8 and other eligible households and provides resident outreach and marketing to bring awareness of programs and services for resident engagement. These include Family Strengthening Program/Family Self-Sufficiency Program, Supportive Services Program, Youth Services, Community Resources (e.g. training programs and Resident Council), Senior Services, our Family Resource Center.

TENANT SELECTION PROCESS

For the Project, HACSB will apply its established tenant selection process policies (known as Admissions and Continued Occupancy Policy or "ACOP"). The full ACOP Policy referenced herein, is available on HACSB's website, and linked here: **https://hacsb.org/wp-content/uploads/2024/09/2023_EssentialWorkforce-1.pdf**

For all of the properties that it manages, HACSB applies a local preference in its tenant selection process for those who work or live within the South Coast of Santa

Barbra County. This ensures that valuable and scarce affordable units are going to residents that are already here and have demonstrated need. When combined with the community outreach plan detailed in Section 7, the County can be assured that Plaza Del Cielo's apartments will serve the intended local workforce resident population.

FEATURED PROJECTS MANAGED FOR MORE THAN 24 MONTHS AND ARE ABOVE 50 UNITS

Artisan Court

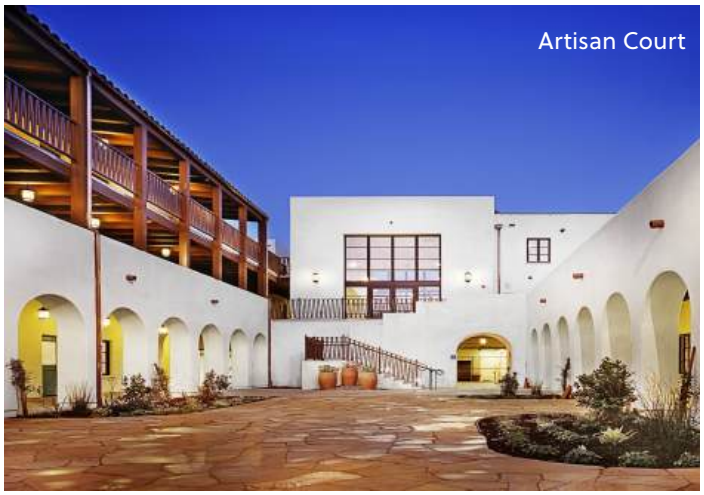
Located at 422 East Cota Street, in Santa Barbara, this fifty-six (56) unit property serves several different tenant types: youth aging out of foster care, formerly homeless permanent supportive housing, and other low income workforce population. Its amenities include: community room, community garden, common decks, laundry room, case manager office/onsite services, bicycle parking, and in-unit internet access. Capital financing sources leveraged for this project include: $421,440 City of Santa Barbara loan; $1,341,002 City of Santa Barbara HOME loan; $10,037,590 Low Income Housing Tax Credit Equity; $29,062 CTCAC ARRA Loan; $1,656,604 Conventional Permanent Loan. The project was placed in service in 2011.

Bradley Studios

Located at 512 Bath Street, in Santa Barbara, this fifty-three (53) unit property also serves multiple population types: extremely low income formerly homeless permanent supportive housing as well as low income workforce. The project includes the following amenities: two onsite community rooms, common courtyard, laundry room, two case manager offices and one shared supportive service office; bicycle parking, and in-unit internet access. Capital financing sources for this project include: $3,600,000 City of Santa Barbara loan, $5,379,632 Low Income Housing Tax Credit Equity; $3,600,000 Conventional Permanent Loan. Relevant dates of service: placed in service in 2012; management commenced in 2012.

The Gardens on Hope

Located at 251 South Hope Avenue, in Santa Barbara, this ninety (90) unit property serves frail low income seniors, with amenities that include: two onsite community rooms, common courtyard, private decks, onsite library, laundry room, onsite dining room (serving three meals per day), transportation and housekeeping services, onsite manager, and in-unit internet access. Capital financing sources for this project include: $15,417,614 Low Income Housing Tax Credit Equity; $6,400,000 Conventional Permanent Loan. The project was placed in service in 2019, when management also commenced.


Artisan Court

Bradley Studios

The Gardens on Hope

Section 4

Development Concept and Site Plan

Plaza del Cielo

Plaza del Cielo is a proposed 72-unit affordable housing community located at 117 East Carrillo Street in the heart of downtown Santa Barbara, at the intersection of Carrillo and Anacapa Streets.

The project site occupies the former County of Santa Barbara Probation Department building and is exceptionally well positioned for urban residential development due to its proximity to essential services, employment centers, and transit routes.

According to WalkScore.com, the project location qualifies as a **"Walker's Paradise" with a Walk Score of 99,** where daily errands do not require a car, and is served by **"Good Transit," with numerous nearby bus routes**. This high level of pedestrian and transit accessibility strongly supports the project's goal of reducing automobile dependence while enhancing resident mobility and access to services.

THE DESIGN

The proposed building is designed in a **Spanish Mediterranean architectural style**, consistent with the City of Santa Barbara's **El Pueblo Viejo (EPV)** design guidelines. Architectural features include white smooth troweled plaster, clay tile roofs, Juliet balconies, traditional fabric awnings, and decorative tile accents. Roof areas are predominantly flat to support the installation of photovoltaic solar systems. The four story structure will reach an approximate height of **53 feet**, remaining well below the City Charter's **60 foot** height limit. Although located on County jurisdiction land, the project team will collaborate closely with the City of Santa Barbara to maintain consistency with its design standards and community expectations. A comprehensive community outreach program will be conducted to gather input from local stakeholders early in the design process.

THE GROUND LEVEL

The development site measures **42,253 square feet (0.97 acres)**. The ground floor includes an on grade parking garageproviding **61 parking spaces** including accessible parking at the driveway entrance, along with street facing program elements such as a community room, offices, and the main residential lobby. The parking garage is designed to accommodate vehicular traffic through the building from the County court house parking lot to Carrillo Street if needed or requested. The building frontage is designed to enhance pedestrian activity and reflect the urban character of Carrillo Street. A tile-roofed entry projection creates a welcoming focal point at the primary entrance. The building is set back a minimum of **10 feet** from all property lines, allowing for perimeter landscaping to reduce the perceived mass and integrate the building into the streetscape and surrounding properties.

LEVEL 2

This level contains residential units arranged around a landscaped podium courtyard. The family oriented unit mix includes:

24 studio units
12 one bedroom units
18 two bedroom units (25%)
18 three bedroom units (25%)

The total proposed unit count of 72 apartments is located on three residential floor levels above the podium parking structure. All units except studios include private balconies. Each residential floor also provides a shared laundry room and elevator lobby.

THE COURTYARD

The podium level courtyard will serve as a central community gathering space offering northeast views toward the Santa Barbara Riviera and surrounding mountains. Programmed outdoor amenities include a tot lot, teen activity area, picnic and barbecue spaces, and lush landscaping using both fixed planters and movable containers. A centrally located **645 square foot community clubhouse** provides indoor amenities including a meeting room with kitchenette, fitness room, computer stations, and a maintenance room.

LEVELS 3 AND 4

Levels 3 and 4 duplicate the residential layout of Level 2, including unit types, laundry facilities, exit stairs at each end of the corridor, and a centralized elevator lobby.

OPTIONAL LEVEL 5

The project team evaluated the addition of a fifth residential level above the three stories of apartments over the podium structure. This modification would increase the total unit count from 72 units to 90 units. In order to mitigate the perceived scale and massing of a five-story building, the proposed fifth floor was designed to be stepped back from the primary street frontage.

Following comprehensive analysis, the team determined that this option is not preferred for the following reasons:

Increased Construction Costs: The additional story would likely trigger a change in construction type and introduce more stringent building and life-safety code requirements, resulting in substantially higher construction costs.

Height and Contextual Impacts: The five-story configuration would exceed the City Charter maximum height limit of 60 feet and surpass the height of adjacent buildings within the historic El Pueblo Viejo District, increasing the likelihood of significant community concern and opposition.

Balanced Four-Story Solution: At 72 units within a four-story configuration, the project achieves an appropriate balance between contextual compatibility, financial feasibility, compliance with local ordinances, design sensitivity, and construction efficiency. This approach allows the project to meet housing objectives while remaining respectful of its historic setting and neighborhood scale.

SUSTAINABILITY

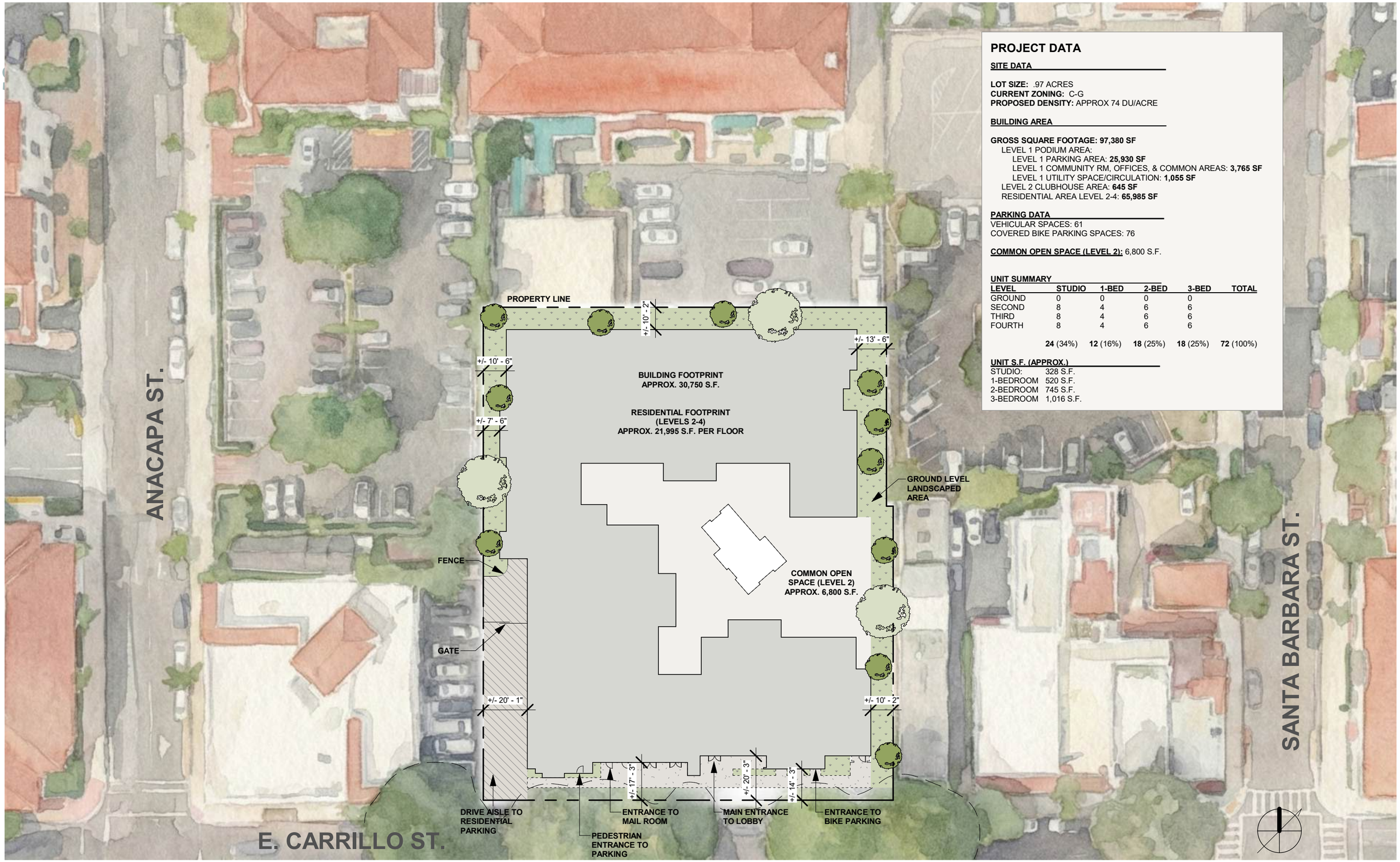
The project is committed to meeting the highest standards of sustainable design. It will comply fully with the **California Green Building Standards Code (CALGreen)** and applicable affordable housing funding requirements. Additionally, the development team intends to pursue recognized sustainability certification such as *GreenPoint Rated or LEED.*

IN SUMMARY

Plaza del Cielo will serve as a model of thoughtfully designed, environmentally responsible, and centrally located affordable housing community in downtown Santa Barbara. By combining high quality architecture, family focused amenities, exceptional walkability, and strong access to public transit, the project will provide an uplifting residential environment that supports local families and the workforce. Its strategic downtown location reduces reliance on automobiles and reinforces the community's broader sustainability and livability goals.

Section 5

Conceptual Design Document Submission Requirements & Limitations



PROJECT DATA

SITE DATA

LOT SIZE: .97 ACRES
CURRENT ZONING: C-G
PROPOSED DENSITY: APPROX 74 DU/ACRE

BUILDING AREA

GROSS SQUARE FOOTAGE: 97,380 SF
LEVEL 1 PODIUM AREA:
LEVEL 1 PARKING AREA: **25,930 SF**
LEVEL 1 COMMUNITY RM, OFFICES, & COMMON AREAS: **3,765 SF**
LEVEL 1 UTILITY SPACE/CIRCULATION: **1,055 SF**
LEVEL 2 CLUBHOUSE AREA: **645 SF**
RESIDENTIAL AREA LEVEL 2-4: **65,985 SF**

PARKING DATA
VEHICULAR SPACES: 61
COVERED BIKE PARKING SPACES: 76

COMMON OPEN SPACE (LEVEL 2): 6,800 S.F.

UNIT SUMMARY

LEVEL	STUDIO	1-BED	2-BED	3-BED	TOTAL
GROUND	0	0	0	0	
SECOND	8	4	6	6	
THIRD	8	4	6	6	
FOURTH	8	4	6	6	
	24 (34%)	**12** (16%)	**18** (25%)	**18** (25%)	**72** (100%)

UNIT S.F. (APPROX.)

STUDIO:	328 S.F.
1-BEDROOM	520 S.F.
2-BEDROOM	745 S.F.
3-BEDROOM	1,016 S.F.

rrm design group

117 EAST CARRILLO ST.

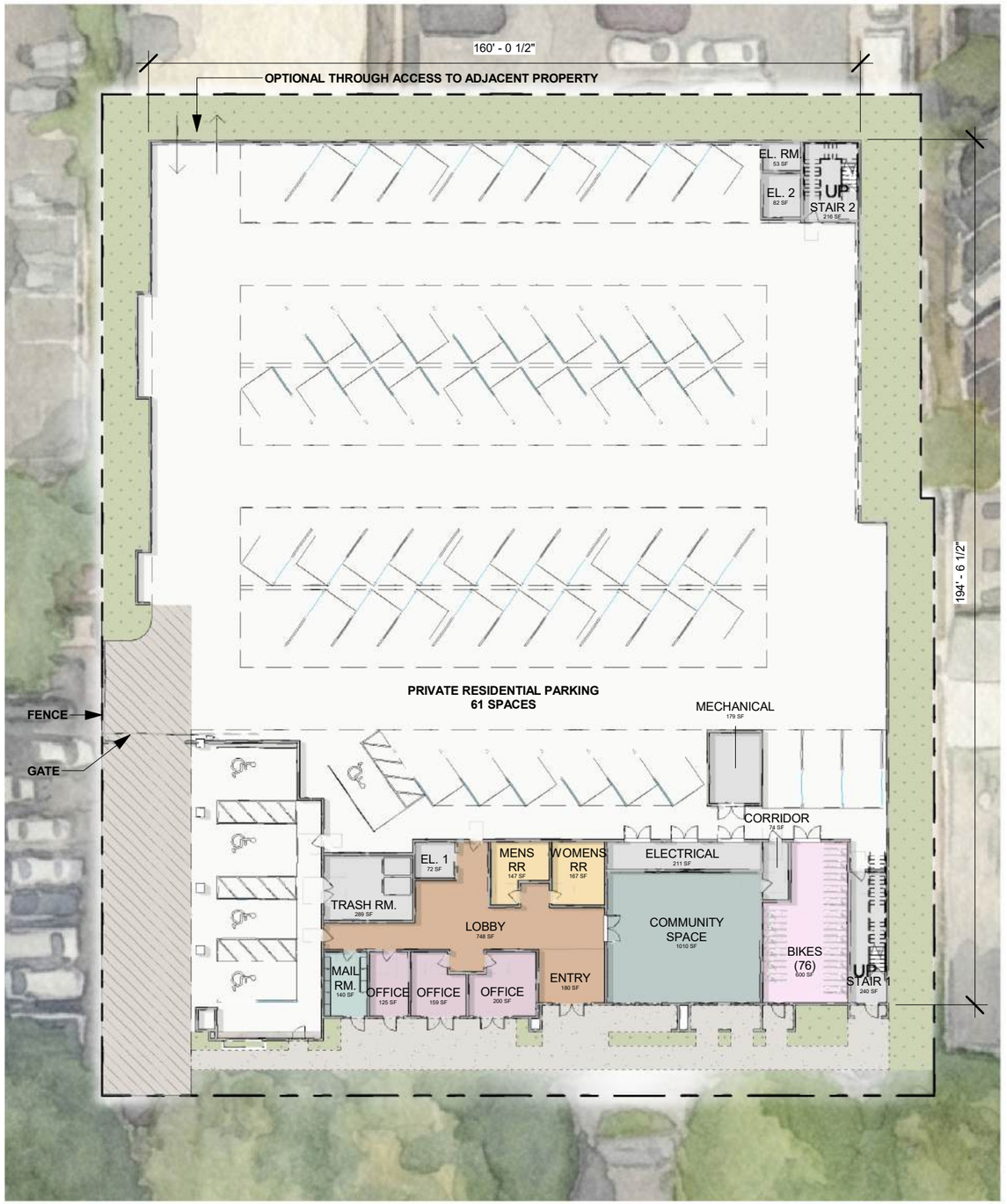
SANTA BARBARA, CA 93103

0' 20' 40' 80'

SITE PLAN A0

02/27/26

BID ID NO. 206046 26



GROUND LEVEL

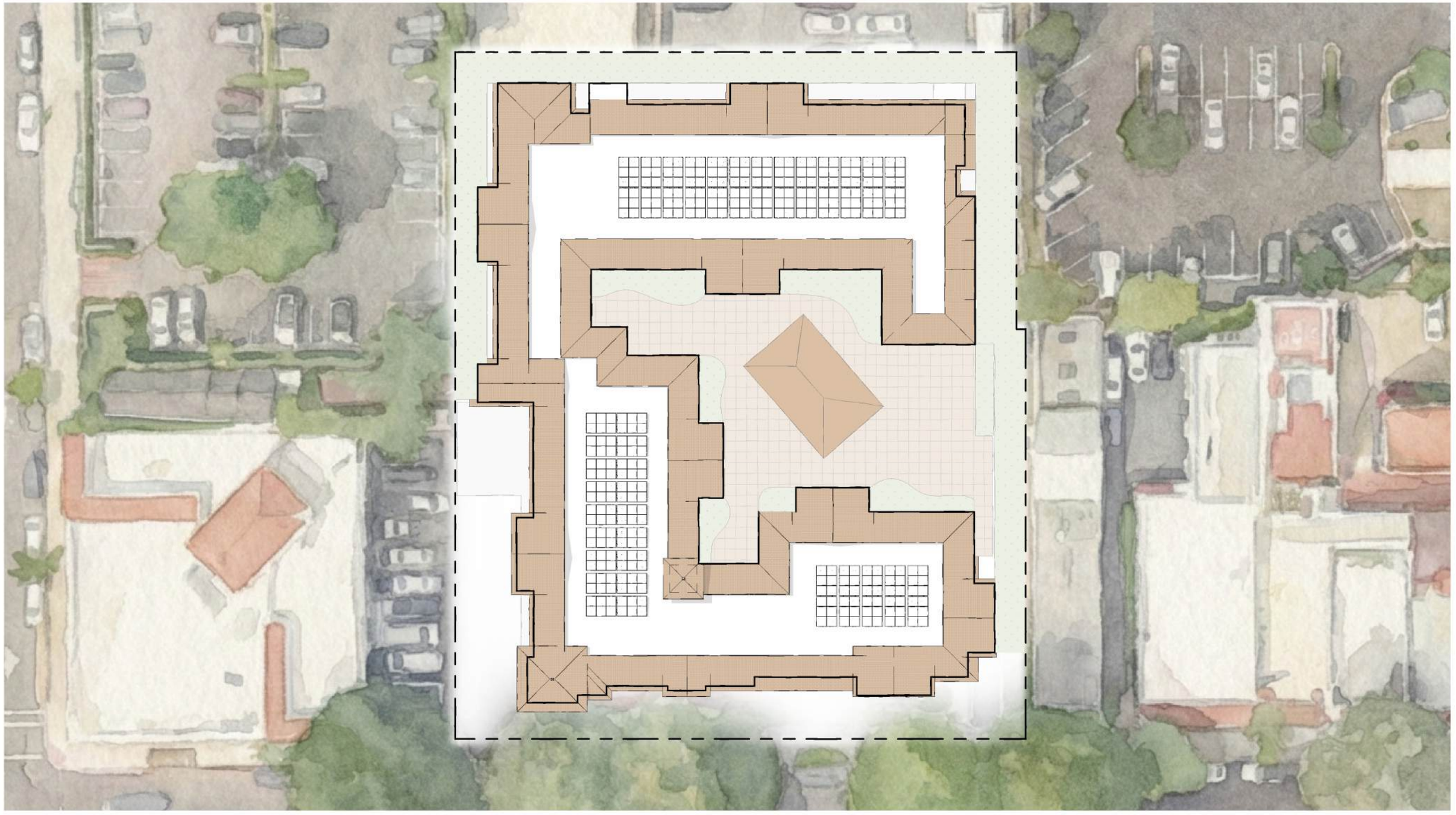
SECOND LEVEL

0' 15' 30' 60'

THIRD LEVEL

FOURTH LEVEL

0' 15' 30' 60'



Plaza del Cielo
SANTA BARBARA

Plaza del Cielo

SANTA BARBARA

PROJECT DATA - WITH FIFTH FLOOR (OPTIONAL)

UNIT COUNT

LEVEL	STUDIO	1-BED	2-BED	3-BED	TOTAL
GROUND	0	0	0	0	
SECOND	8	4	6	6	
THIRD	8	4	6	6	
FOURTH	8	4	6	6	
FIFTH	**5**	**3**	**5**	**5**	
	29 (32%)	**15** (17%)	**23** (25.5%)	**23** (25.5%)	**90** (100%)

OPTIONAL FIFTH LEVEL

0' 15' 30' 60'

Sustainable Development

Since the inception of the LEED for Homes Rating system, in 2007, National CORE has committed to building to this higher standard, certifying thirty multi-family projects, eight of them at the Platinum level.

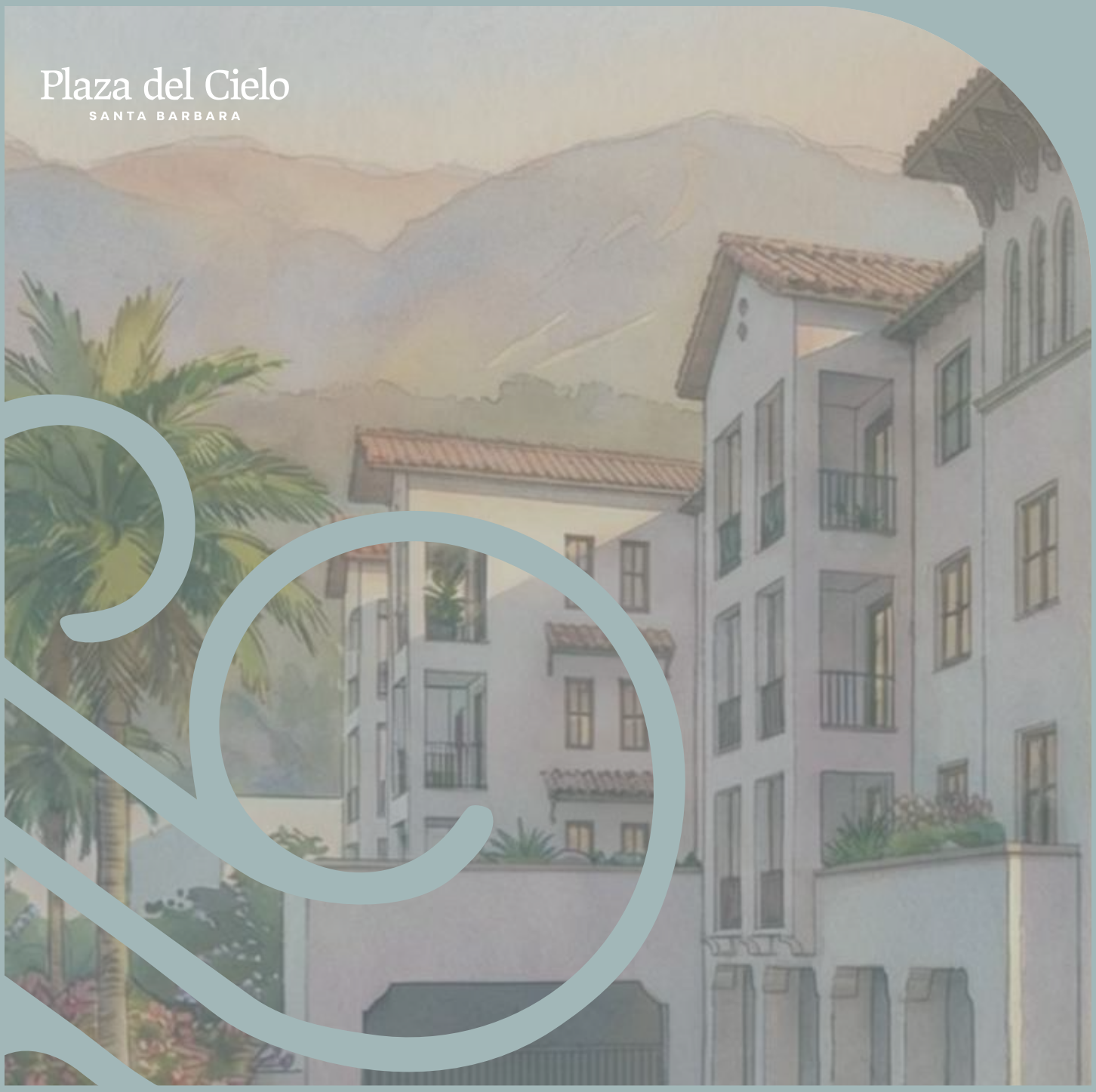
In 2018, the U.S. Green Building Council recognized National CORE for its accomplishments by name it a Power Builder, a designation reserved to organizations that go beyond the norm, playing leadership roles showing others what is possible. National CORE is one of only 12 Power Builders in the nation, holding the title for 7 consecutive years. Our approach to high performance design and construction is simple: the owner's goals for hitting Title 24 energy and operational energy savings goals are incorporated into every design decision, starting with conceptual design. Energy analytics are baked into the process and the design team is given choices to how best hit the targets prior to committing to business as usual solutions. There is no value engineering in this environment. This is cost-contained high-performance.

National CORE goes above and beyond what is prescriptively required, bringing focus to measures that reduce energy and water use. In identifying these measures in the design process, National CORE is able to focus on elements that will have the greatest impact in reducing building energy use, reducing operating costs, benefitting residents through lower electricity bills in the process. Equally important, National CORE's construction team is trained in all aspects of high-performance building, ensuring that what is desired and designed when it comes to energy efficiency, is actually built and subsequently operated to meet and exceed targeted sustainability goals.

Each of our projects is conceived, designed, and constructed with energy efficiency in mind. National CORE builds using a combination of robust, well insulated walls, energy efficient windows and glazing, high performance - high efficiency ducted mini-split HVAC systems, and high efficiency water heating systems, achieving energy compliance margins that exceed California Energy Code requirements. The careful approach to energy efficiency benefits residents through lower utility bills and helps reduce operating expenses. Additionally, National CORE's construction team works closely with the property management and facilities team to ensure that the building will be maintained and operated with the same high-performance goals and results.

National CORE uses the LEED for Homes rating system as the basis for guiding design conversations and strategies, and to ensure that the building was well constructed with performance of energy systems verified by a third-party HERS Rater.

National CORE's in-house planning team includes LEED Accredited Professionals with experience providing LEED design documentation services and is well versed in processing projects through the USGBC's LEED online documentation process. In addition, Tim Kohut, AIA, Director of Sustainable Design, is a California Certified Energy Analyst (CEA), a California Home Energy Rating System (HERS) Rater, a LEED for Homes Green Rater, and is LEED Accredited in Homes and Building Design + Construction. Tim uses his experience and expertise to guide design teams to cost effective approaches for reaching high performance energy goals, and is involved in field diagnostics and commissioning of National CORE's buildings ensuring that energy efficiency planned is energy efficiency delivered. The projects we build and certify are testimonies to National CORE's ongoing commitment to sustainable, cost-contained, environmentally responsible high-performance buildings that benefit residents and the community alike.



Section 6

Financing and Cost-Control Innovations

Financing and Cost-Control Innovations

PROPOSED FINANCING STRUCTURE

The financing plan is for our 72-unit design utilizes California Tax Credit Allocation Committee (CTCAC) 9% low-income housing tax credits (LIHTC) as the primary financing source along with permanent/construction debt and a mix of various soft financing sources to fill out the rest of the capital stack. The plan will have a mix of 30% to 120% AMI units serving both low income and workforce housing. The 72-unit financing plan remains the preferred option from not only a constructability and design perspective, but also since it would require less additional soft financing sources. If the County desires, a financing plan and proforma for the 90-unit design can be presented to the County.

The 72-unit financing plan has the following unit mix below.

This plan is meant to capture a wide range of household types by income and size. The 30% AMI will have a minimum eight project-based secured through HACSB and dependent upon availability. The 120% units aren't subject to CTCAC regulatory requirements and therefore can be set aside as workforce housing for local families.

The remaining 30% to 80% AMI units will be low-income LIHTC units, but may also have a preference for local families as workforce housing. See **Exhibit 2 Year 1 Operating Budget** for first year income and operating expenses.

This financing plan utilizes permanent debt with a 17-year term and 35-year amortization. It will also require a construction loan with a sufficient term to cover the construction period. Soft sources are comprised of the residual receipts land loan, as well as state, City of Santa Barbara Local Housing Trust Funds, and a private foundation grant.

The team will also explore seeking private investment in the market rate workforce housing. The underwriting for such an opportunity was not included in the initial evaluation stages, but it shows promise for helping to bridge existing financing gaps on the project. The residual receipts land loan valuation is a placeholder estimate. The final land value will be the current appraised value at the time of the TCAC application.. The final land value will be the current appraised value at the time of the TCAC application. The land loan assumes 3% percent simple interest and a 55-year term.

72-unit Affordability & Unit Mix

		Unit Type				Total 100%
		Studios	1 Bdrm.	2 Bdrm.	3 Bdrm.	
Affordability (AMI)	30% (CTCAC)	2	1	3	2	8
	40% (CTCAC)	3	2	2	2	9
	50% (CTCAC)	6	3	4	5	18
	60% (CTCAC)	6	3	4	5	18
	80% (CTCAC)	3	1	2	2	8
	120% (Market)	4	2	2	2	10
	Manager			1		1
Total		24	12	18	18	72

Repayment of this land loan will take place over 55 years and be paid as residual receipt payments on a pro rata share basis. **See Exhibit 3 for 20-year cashflow.**

The state funds would likely be a mix of the Infill Infrastructure Grant (IIG), Multifamily Housing Program (MHP), Permanent Local Housing Allocation Program (PLHA), or Local Housing Trust Fund (LHTF). Additional sources may be identified during the financing phase of the project. These sources depend on availability within the specific state funding programs and can be highly competitive. NCRC has experience securing funds from every single HCD funding source to date and so is well versed in what is needed to be competitive for these programs. The specifics of these financing sources can be found in **Exhibit 1 Sources and Uses**.

TAX CREDIT COMPETITIVENESS

HASCB and NCRC have significant experience in securing 9% tax credits, both in the CTCAC Central Coast Region with HACSB, and statewide with NCRC. Both financing plans have tiebreaker scores above 80%, which would be highly competitive in the Central Coast Region. Projects in past rounds have been able to secure tax credits for this region with scores above 70%. The project would also compete in other tax credit set-asides, such as the nonprofit set-aside, which NCRC has significant experience securing competitive tax credits in.

COST-CONTROL INNOVATIONS

The Construction Team of National CORE builds all projects as the company's licensed general contractor and also serves as the owner's representative for projects that are contracted to thirdparty general contractors. In that respect, the Construction Team serves as the Construction Manager in all instances. Having this expertise in-house gives National CORE an edge in developing strong systems and processes, allowing us to accurately forecast construction costs drawing from our historical database of properties built and managed, ensuring the highest quality of construction and maintaining control over the timing of projects.

In collaboration with RRM, National CORE developed the organization's standard unit plans and Basis of Design. These cutting-edge tools:

- Allow for cost containment, cost control, and value engineering opportunities to meet established project budgets;
- Meet and exceed the requirement of the California Energy Code (Title 24), maximizing the deployment of renewable energy systems to the maximum extent; Meet and exceed the requirements of the AIA-2030 Challenge (see https://www.aia.org/resources/202041-the-2030-commitment);
- Reduce, wherever possible, the cost to operate and maintain the building during occupancy;
- Reduce utility costs for our residents;
- Reduce the environmental impact of our buildings on the natural environment and reduce the project's carbon footprint during construction and throughout operations; and
- Meet the strictest requirements for ADA 2010, CBC 11B, FairHousing, CBC 11A, and Section 504 of the Rehab Act of 1973 (where this applies)

Exhibit 1 - Sources and Uses

Santa Barbara County RFP
Project Address: 117 E Carrillo St., Santa Barbara CA 93101
Sources of Funds

Version: Revised | Template 3/2/2026

PERMANENT	TIEBREAKER?	AMOUNT	INT. RATE	TERM (Yr)	AMORT.	DSCR
Permanent Loan		$ 13,041,098	6.78%	17	35	1.15
Construction Period Income		$ -				
Permit and Plan Check Fee Waiver	Yes	$ -				
Impact Fee Waiver	Yes	$ -				
Donated Land	Yes	$ -	3.00%	55		
Residual Receipts Land Loan	Yes	$ 9,500,000	3.00%	55		
AHP	No		0.00%	30		
MHP	Yes	$ -	3.00%	55		
HCD NPLH	Yes	$ -	0.00%	0		
HCD: Other UMR Governed Program (MHP, PLHA, LHTF, IIG)	Yes	$ 8,500,000	3.00%	55		
AHSC Loan	Yes	$ -	3.00%	55		
ASHC Grant	Yes	$ -	0.00%	0		
City of Santa Barbara Local Housing Trust Fund (LHTF)	Yes	$ 3,500,000	3.00%	55		
Housing Authority of the City of Santa Barbara: HOME Funds	Yes		3.00%	55		
Local No Place Like Home	Yes	$ -	3.00%	55		
CCF Grant (Or Other Private Foundation Grant)	Yes	$ 1,000,000	3.00%	0		
Other:	Yes	$ -	0.00%	0		
Other:	Yes	$ -	3.00%	55		
Accrued and Deferred Soft loan Interest		$ -				
Developer Fee Contribution		$ -				
Required Deferred Developer Fee		$ -				
Additional Deferred Developer Fee		$ -				
Capital Contributions						
Private Market Rate Equity		$ -				
General Partner		$ 100				
Limited Partners (Tax Credit Equity)		$ 22,239,513				
TOTAL SOURCES		**$ 57,780,711**				
Surplus/(Shortfall)	No	$ -				

Units Reserved	

Credit pricing (Federal):	$ 0.86
Credit pricing (State):	$ 0.80

CONSTRUCTION		AMOUNT	INT. RATE	TERM (Mo)
Construction Loan		$ 45,531,394	6.19%	28
Construction Loan Taxable Tail		$ -	6.19%	28
Permit and Plan Check Fee Waiver	Yes	$ -		
Impact Fee Waiver	Yes	$ -		
Donated Land	Yes	$ -	3%	
Residual Receipts Land Loan	Yes	$ -	3%	
AHP	No	$ -	0%	
City of Santa Barbara Local Housing Trust Fund (LHTF)	Yes	$ 3,500,000	3%	
Housing Authority of the City of Santa Barbara: HOME Funds	Yes	$ -	3%	
AHSC Loan	Yes	$ -	3%	
ASHC Grant	Yes	$ -	0%	
Local No Place Like Home	Yes	$ -	3%	
Other:	Yes	$ -	3%	
CCF Grant (Or Other Private Foundation Grant)	Yes	$ 1,000,000	0%	
Other:	Yes	$ -	3%	
Accrued and Deferred Soft loan Interest		$ -		
Developer Fee Contribution		$ -		
Required Deferred Developer Fee		$ -		
Additional Deferred Developer Fee		$ -		
Costs Deferred Until Completion		$ 1,077,363		
Capital Contributions				
General Partner		$ 100		
Limited Partners (Tax Credit Equity)		$ 6,671,854		
TOTAL SOURCES		**$ 57,780,711**		
Surplus/(Shortfall)		$ -		

Summary of Costs Deferred Until Conversion	
Replacement Reserve	$ -
Transition Reserve	$ -
3-Month Operating Reserve	$ 431,952
Permanent Financing Costs	$ 145,411
Capitalized Developer Fee	$ 500,000

LIHTC EQUITY PAY-IN SCHEDULE			DEVELOPER FEE PAY-IN SCHEDULE			
Closing	10.0%	$ 2,223,951	Closing	40.0%	$ 1,000,000	Mar-29
25% Construction Complete	0.0%	$ -	25% Construction Complete	0.0%	$ -	Sep-29
50% Construction Complete	10.0%	$ 2,223,951	50% Construction Complete	30.0%	$ 750,000	Mar-30
60% Construction Complete	0.0%	$ -	60% Construction Complete	0.0%	$ -	May-30
70% Construction Complete	0.0%	$ -	70% Construction Complete	0.0%	$ -	Jul-30
Completion	10.0%	$ 2,223,951	Completion	10.0%	$ 250,000	Feb-31
Conversion	69.6%	$ 15,467,659	Conversion	16.0%	$ 400,000	Aug-31
8609	0.4%	$ 100,000	8609	4.0%	$ 100,000	Dec-31
TOTAL		**$ 22,239,513**	**TOTAL**		**$ 2,500,000**	
			Deferred Fee		$ -	
			TOTAL		**$ 2,500,000**	

Exhibit 2 - Year 1 Operating Budget

Santa Barbara County RFPv Project Address: 117 E Carrillo St., Santa Barbara CA 93101 Base Year Income and Expense	Version: Revised	Template 3/2/2026

INCOME			
Scheduled Gross Income (Non-SN)			$ 1,360,272
Scheduled Gross Income (SN)			$ -
Operating Subsidy Premium			$ 182,928
Scheduled Gross Income (Market Rate)			$ 430,922
Miscellaneous Income			$ 4,320
Vacancy Loss (NON-SN)		5.00%	$ (68,014)
Vacancy Loss (SN)		5.00%	$ -
Vacancy Loss (Operating Subsidy)		5.00%	$ (9,146)
Vacancy Loss (Market Rate)		5.00%	$ (21,546)
Vacancy Loss (Miscellaneous Income)		5.00%	$ (216)
EFFECTIVE GROSS INCOME			$ 1,879,520

EXPENSES - RESIDENTIAL	Per Unit		
Admninistrative			
Advertising	$ 30	$ 2,160	
Legal	$ 100	$ 7,200	
Accounting/Audit	$ 250	$ 18,000	
Security	$ 55	$ 3,960	
Misc. Admin/Telephone	$ 700	$ 50,400	
Total Administrative			$ 81,720
Utilities			
Electricity	$ 500	$ 36,000	
Gas		$ -	
Cable & Internet		$ -	
Water/Sewer	$ 500	$ 36,000	
Total Utilities			$ 72,000
Payroll/Payroll Taxes			
On-Site Manager/Maintenance Payroll	$ 2,500	$ 180,000	
Payroll Taxes/Benefits	$ 750	$ 54,000	
Total Payroll/Payroll Taxes			$ 234,000
Insurance	$ 1,000		$ 72,000
Real Estate Taxes/Assessments	$ 35		$ 2,500
Maintenance			
Painting	$ 150	$ 10,800	
Repairs	$ 200	$ 14,400	
Trash Removal	$ 200	$ 14,400	
Exterminating	$ 125	$ 9,000	
Grounds	$ 125	$ 9,000	
Elevator	$ 200	$ 14,400	
Misc. Expenses	$ -	$ -	
Total Maintenace			$ 72,000
Replacement Reserve	$ 350		$ 25,200
Management Fee	900 per unit		$ 64,800
Other			
Resident Services Coordinator	$ 1,181	$ 85,000	
Operating Reserve	$ -	$ -	
Other:	$ -	$ -	
Other:	$ -	$ -	
LACDA Annual Bond Administrative Fee	$ -	$ -	
LACDA Annual Bond Trustee Monitoring Fee	$ -	$ -	
LACDA Annual Administrative Fee	$ 117	$ 7,150	
Annual Issuer Fee	$ -	$ -	
Total Other			$ 92,150
TOTAL EXPENSES - RESIDENTIAL	*PUPY*		*Total*
Including Reserves	$ 9,950		$ 716,370
Without reserves and services	$ 8,320		$ 599,020
Without taxes, reserves, and services	$ 8,285		$ 596,520
UMR REQUIRED DEBT SERVICE			$ 35,700
NET AVAILABLE INCOME FOR PERMANENT LOAN			$ 1,122,095

Exhibit 3 - 20 Year Cashflow

Santa Barbara County RFP
Project Address: 117 E Carrillo St., Santa Barbara CA 93101
Cashflow

Version: Revised **Template 3/6/2026**

ASSUMPTIONS	
Rent Increases:	2.5%
Expense Increases:	3.5%
Real Estate Expense Increases:	2.0%

		Year 1 2031	Year 2 2032	Year 3 2033	Year 4 2034	Year 5 2035	Year 6 2036	Year 7 2037	Year 8 2038	Year 9 2039	Year 10 2040	Year 11 2041	Year 12 2042	Year 13 2043	Year 14 2044	Year 15 2045	Year 16 2046	Year 17 2047	Year 18 2048	Year 19 2049	Year 20 2050
Scheduled Gross Income (Non-SN)		1,360,272	1,394,279	1,429,136	1,464,864	1,501,486	1,539,023	1,577,498	1,616,936	1,657,359	1,698,793	1,741,263	1,784,795	1,829,415	1,875,150	1,922,029	1,970,079	2,019,331	2,069,815	2,121,560	2,174,599
Scheduled Gross Income (SN)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Subsidy Premium		182,928	187,501	192,189	196,993	201,918	206,966	212,140	217,444	222,880	228,452	234,163	240,017	246,018	252,168	258,472	264,934	271,558	278,347	285,305	292,438
Scheduled Gross Income (Market Rate)		430,922	441,695	452,738	464,056	475,658	487,549	499,738	512,231	525,037	538,163	551,617	565,408	579,543	594,031	608,882	624,104	639,707	655,699	672,092	688,894
Miscellaneous Income		4,320	4,428	4,539	4,652	4,768	4,888	5,010	5,135	5,264	5,395	5,530	5,668	5,810	5,955	6,104	6,257	6,413	6,573	6,738	6,906
Vacancy Loss (NON-SN)	5.00%	(68,014)	(69,714)	(71,457)	(73,243)	(75,074)	(76,951)	(78,875)	(80,847)	(82,868)	(84,940)	(87,063)	(89,240)	(91,471)	(93,757)	(96,101)	(98,504)	(100,967)	(103,491)	(106,078)	(108,730)
Vacancy Loss (SN)	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vacancy Loss (Operating Subsidy)	5.00%	(9,146)	(9,375)	(9,609)	(9,850)	(10,096)	(10,348)	(10,607)	(10,872)	(11,144)	(11,423)	(11,708)	(12,001)	(12,301)	(12,608)	(12,924)	(13,247)	(13,578)	(13,917)	(14,265)	(14,622)
Vacancy Loss (Market Rate)	5.00%	(21,546)	(22,085)	(22,637)	(23,203)	(23,783)	(24,377)	(24,987)	(25,612)	(26,252)	(26,908)	(27,581)	(28,270)	(28,977)	(29,702)	(30,444)	(31,205)	(31,985)	(32,785)	(33,605)	(34,445)
Vacancy Loss (Miscellaneous Income)	5.00%	(216)	(221)	(227)	(233)	(238)	(244)	(250)	(257)	(263)	(270)	(276)	(283)	(290)	(298)	(305)	(313)	(321)	(329)	(337)	(345)
GROSS EFFECTIVE INCOME		1,879,520	1,926,508	1,974,671	2,024,038	2,074,639	2,126,505	2,179,667	2,234,159	2,290,013	2,347,263	2,405,945	2,466,093	2,527,746	2,590,939	2,655,713	2,722,106	2,790,158	2,859,912	2,931,410	3,004,695
OPERATING EXPENSES																					
Management Fee		64,800	67,068	69,415	71,845	74,359	76,962	79,656	82,444	85,329	88,316	91,407	94,606	97,917	101,344	104,891	108,563	112,362	116,295	120,365	124,578
Real Estate Taxes	2.0%	2,500	2,550	2,601	2,653	2,706	2,760	2,815	2,872	2,929	2,988	3,047	3,108	3,171	3,234	3,299	3,365	3,432	3,501	3,571	3,642
Annual Issuer Fee		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other:	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Resident Services	3.5%	85,000	87,975	91,054	94,241	97,539	100,953	104,487	108,144	111,929	115,846	119,901	124,097	128,441	132,936	137,589	142,405	147,389	152,547	157,887	163,413
Other Operating Expenses		538,870	557,730	577,251	597,455	618,366	640,009	662,409	685,593	709,589	734,424	760,129	786,734	814,270	842,769	872,266	902,795	934,393	967,097	1,000,945	1,035,978
NET OPERATING INCOME		1,188,350	1,211,185	1,234,349	1,257,844	1,281,668	1,305,821	1,330,301	1,355,107	1,380,237	1,405,689	1,431,460	1,457,548	1,483,948	1,510,656	1,537,668	1,564,979	1,592,582	1,620,473	1,648,642	1,677,084
REPLACEMENT RESERVE - $350 PUPA		25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200
NET INCOME AVAILABLE FOR DEBT SERVICE		1,163,150	1,185,985	1,209,149	1,232,644	1,256,468	1,280,621	1,305,101	1,329,907	1,355,037	1,380,489	1,406,260	1,432,348	1,458,748	1,485,456	1,512,468	1,539,779	1,567,382	1,595,273	1,623,442	1,651,884
Permanent Loan Debt Service		975,735	975,735	975,735	975,735	975,735	975,735	975,735	975,735	975,735	975,735	975,735	975,735	975,735	975,735	975,735	975,735	975,735	-	-	-
UMR Required Debt Service		35,700	35,700	35,700	35,700	35,700	35,700	35,700	35,700	35,700	35,700	35,700	35,700	35,700	35,700	35,700	35,700	35,700	35,700	35,700	35,700
TOTAL DEBT SERVICE		1,011,435	1,011,435	1,011,435	1,011,435	1,011,435	1,011,435	1,011,435	1,011,435	1,011,435	1,011,435	1,011,435	1,011,435	1,011,435	1,011,435	1,011,435	1,011,435	1,011,435	35,700	35,700	35,700
NET CASH FLOW		151,715	174,550	197,714	221,209	245,033	269,186	293,666	318,472	343,602	369,054	394,825	420,913	447,313	474,021	501,033	528,344	555,947	1,559,573	1,587,742	1,616,184
DEBT SERVICE COVERAGE RATIO		1.15	1.17	1.20	1.22	1.24	1.27	1.29	1.31	1.34	1.36	1.39	1.42	1.44	1.47	1.50	1.52	1.55	44.69	45.47	46.27
Resident Services (below the line)		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Asset Management Fee - LP	3.5%	5,000	5,175	5,356	5,544	5,738	5,938	6,146	6,361	6,584	6,814	7,053	7,300	7,555	7,820	8,093	8,377	8,670	8,973	9,287	9,613
Asset Management Fee - GP	3.5%	20,000	20,700	21,425	22,174	22,950	23,754	24,585	25,446	26,336	27,258	28,212	29,199	30,221	31,279	32,374	33,507	34,680	35,894	37,150	38,450
Asset Management Fee - GP (Accrued)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Reserve Payment	$ 431,952	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee Balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee Payment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cashflow Available for Distribution		126,715	148,675	170,934	193,491	216,345	239,493	262,934	286,665	310,682	334,982	359,560	384,413	409,536	434,922	460,566	486,460	512,598	1,514,706	1,541,305	1,568,122
Residual Receipts Payments	50.0%	63,358	74,337	85,467	96,746	108,172	119,747	131,467	143,332	155,341	167,491	179,780	192,207	204,768	217,461	230,283	243,230	256,299	757,353	770,653	784,061
Residual Receipts Land Loan	21.1%	26,751	31,387	36,086	40,848	45,673	50,560	55,508	60,518	65,588	70,718	75,907	81,154	86,458	91,817	97,230	102,697	108,215	319,771	325,387	331,048
AHP	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MHP	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HCD NPLH	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HCD. Other UMR Governed Program (MHP, I	18.9%	23,935	28,083	32,288	36,548	40,865	45,238	49,665	54,148	58,684	63,274	67,917	72,611	77,357	82,152	86,996	91,887	96,824	286,111	291,135	296,201
AHSC Loan	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ASHC Grant	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
City of Santa Barbara Local Housing Trust Fu	7.8%	9,856	11,564	13,295	15,049	16,827	18,627	20,450	22,296	24,164	26,054	27,966	29,899	31,853	33,827	35,822	37,836	39,869	117,810	119,879	121,965
Housing Authority of the City of Santa Barbara	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Local No Place Like Home	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CCF Grant (Or Other Private Foundation Grar	2.2%	2,816	3,304	3,799	4,300	4,808	5,322	5,843	6,370	6,904	7,444	7,990	8,543	9,101	9,665	10,235	10,810	11,391	33,660	34,251	34,847
Other.	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other.	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cashflow to Partnership	50.0%	63,358	74,337	85,467	96,746	108,172	119,747	131,467	143,332	155,341	167,491	179,780	192,207	204,768	217,461	230,283	243,230	256,299	757,353	770,653	784,061

Plaza del Cielo
SANTA BARBARA

Section 7

Community Outreach Plan

Community Outreach Plan

Below is a step-by-step community outreach plan that encompasses the entire Project's lifecycle, from early due diligence all the way to property operations:

DUE DILIGENCE PHASE

Stakeholder Database -We will prepare a contact database, including but not limited to, community- and faith-based organizations, business owners and residents. These stakeholders would include immediately adjacent neighbors (within 300 to 500 feet), neighborhood associations, local business owners, school districts, and community nonprofits. We would also identify political stakeholders such as the city councilmember for the district, planning commission members, and the City of Santa Barbara Historic Landmarks Commission. This database will be maintained internally and updated throughout the development process and beyond. We have also identified local bike shops that could partner with us by offering free or reduced-cost bike workshops to help residents in the community. This would help take advantage of local bike infrastructure and reduce the dependance on cars within our community.

Media Platforms- A media plan will be utilized to engage all interested stakeholders. The plan will aim to disseminate materials through various media outlets such as the local newspaper and utilize social media apps. Neighborhood online forums will also be used to communicate upcoming meetings, events, and overall progress of the project.

FINANCING & ENTITLEMENT PHASE

Initial Outreach. The team will reach out to a broad base of stakeholders, residents, and partners from our stakeholder database to invite them to participate in upcoming community engagement opportunities and subscribe to our development newsletter.

Informational Materials. Throughout the course of the public outreach program, our team will produce informational materials to keep the public educated about the project and the ideas and strategies being considered. Materials often include fact sheets, newsletters, social media blurbs, and website links.

One-on-one Meetings – The team will engage with policy advocates, local justice department personnel, engaged stakeholders, individuals with lived experience, neighboring organizations, subject-matter-experts, municipal representatives, and potential service providers to form a coalition of partners and define mutually understood values, refine effective methods of engagement,

and update our engagement plan. These meetings can be held at RRM's office, which is conveniently located a block away from the site.

Educational Tours - Guided tours of various affordable housing communities owned and operated by HACSB will be available to anyone interested in learning more about its operation and onsite management style. Guided tours of other National CORE communities will also be available to supplement the vision and highlight the success of other housing communities.

> The community engagement plan will include the following elements and as a basis: provide translation services in various languages, hold events at times convenient to attendees, and provide snacks and refreshments. Activities will include, at a minimum:

Open House – We will introduce the project and development team, present the conceptual vision, timeline, and welcome ideas to refine the program.

Stakeholder Presentations - Offer to present to nearby community-based organizations to reach community members in locations familiar to them.

CONSTRUCTION PHASE

Groundbreaking - Once financing is secured for the development, a ground-breaking ceremony is held for residents, municipal partners, development team, and other community stakeholders that contributed to the development's progress.

Construction - During project construction, National CORE addresses neighborhood construction concerns by providing a direct construction hotline (which later converts to an early-on interest list to lease an apartment operated by HACSB Property Management staff) and invitations for onsite informal morning meetings (Easy-Up tarp, chairs, table, and pastries/coffee).

LEASE-UP PHASE

HACSB Property Management will utilize its proven effective and streamlined lease-up strategy and resident selection plan. Our team will affirmatively market the housing opportunity to residents and partners to ensure County employees are given a preference to the extent allowable by outside funding sources and applicable fair housing laws. Targeted engagement and marketing throughout the development process ensures County employees will become residents of the proposed affordable housing community.

PROPERTY OPERATIONS

HACSB and NCRC are committed to being good neighbors during the community's operation. We would designate a community liaison that would serve as point of contact and commit to a 48-hour response rule for non-emergency issues. There could also be an annual neighbor open house to create transparency for the nearby neighbors/businesses on the operation of affordable housing and bring greater awareness to what a successful community looks like. Events such as holiday drives, back-to-school backpack giveaways, and various cultural celebrations all help strengthen ties with the local community. Lastly, quarterly emails could also be distributed to these neighbors as well to keep them informed about community activities and updates. NCRC and HACSB strongly believe in the critical role that affordable housing serves and for that housing to serve as a good neighbor. he partnership with HACSB as co-developer and operator is critically important as well as well because they have a vested interest in the success of affordable housing in their own city and are well versed in local community needs.

Section 8

Initial Services Concept Plan

Initial Services Concept Plan

The applicant will release a Request for Proposals to local service providers who can demonstrate the required experience (i.e. a minimum of 24 months serving low income families) and capacity to serve the target population as outlined after community outreach and needs assessment are complete.

Outreach may consist of neighborhood meetings/ charettes, interviews, and surveys to inform program selection. The service provider and owner will execute a Memorandum of Understanding to start, and a contract to follow upon the project's award of 9% Low Income Housing Tax Credits and begin services no later than six months after construction completion.

Owner and service provider will commit to the provision of high-quality services designed to improve quality of life and generate positive changes in residents' lives. Project design includes considerable common area space (e.g. offices, community room, and outdoor space/courtyard) to accommodate service provision on-site. The following services will be free of charge to residents and available on a regular basis for a minimum of fifteen years.

Instructor-led adult educational, health and wellness, or skill building classes.
Classes may include financial literacy, computer training, home-buyer education, GED classes, and resume building, ESL, nutrition, exercise, health information/awareness, art, parenting, on-site food cultivation and preparation classes, and smoking cessation. Drop-in computer labs, monitoring or technical assistance shall not qualify. Frequency: 60 hours of instruction annually. Estimated cost: $40,000 annually.

After school program for school age children. Program may include tutoring, mentoring, homework club, art, and recreational activities. Frequency: 10 hours per week, weekdays during the school year. Estimated cost: $58,000 annually.

Recreation and Internet Access. The project shall provide play/recreational facilities suitable and available to all residents, including children of all ages. Play/ recreational area for children ages 2-12 years shall be outdoors, and the minimum square footage is 600 square feet and must include an accessible entrance point. Outdoor play/recreational space must be equipped with reasonable play equipment for the size of the project, and the surface must be natural or synthetic protective material. The application must demonstrate the availability of play or recreational facilities suitable for children ages 13-17. Square footage of a community building cannot be included for the play/recreational area for children ages 13-17 unless that square footage is always accessible to minors between 6 a.m. and 10 p.m. except when the area is reserved for service amenities or special events.

The applicant anticipates providing in-unit internet access for residents (with a minimum average download speed of 25 megabits/second) and common area Wi-Fi. The estimated cost for this service is $7,000 per year and will be funded by operating revenue.

Service Amenity Budget. The estimates provided are based on a comparable project under construction now. Costs cover supplies, payroll/benefits, insurance, refreshments, travel, internet service, and equipment. Operating revenue will fund the total $105,000 annual budget (3% escalator per year) with the help of anticipated Project Based Section 8 rental subsidies. In the absence of these rental subsidies, the owner will keep this commitment with support from local government agencies, community nonprofits, and/or the Housing Authority of the City of Santa Barbara's Resident Services programs.

Section 9

Evidence of Authority

NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA
a California Nonprofit Public Benefit Corporation

Resolutions of the Executive Committee of the Board of Directors

February 25, 2026

117 EAST CARRILLO

Granting of Authority Regarding Organizational Matters and Authorizations Relating to County of Santa Barbara Request for Proposals

WHEREAS, National Community Renaissance of California (the "***Corporation***") recognizes and strives to meet the diverse needs for housing, social, education and other services of the community at large, and especially low-income residents;

WHEREAS, the Corporation is committed to effectively serving the housing needs of low-income residents by providing safe, decent and affordable housing for persons of very low, low and moderate-income levels;

WHEREAS, the Corporation has been presented with a proposal to create/form a limited liability company (the "***LLC***") and/or a limited partnership (the "***Partnership***") in which the Corporation, or an affiliate thereof, will serve as the managing member and/or general partner respectively (collectively, the "***Project Partnership***"), with the Housing Authority of the City of Santa Barbara ("***HACSB***") to also serve as a partner and/or co-developer, to develop, construct, own, operate, manage, maintain and/or provide necessary guarantees for a new affordable housing project to consist of either 72 or 90 workforce/family units (the "***Project***");

WHEREAS, the County of Santa Barbara's Community Services Department and Housing and Community Development Division (together, the "***County***") issued a Request for Proposals for Affordable Workforce Housing Public Private Partnership Development, County Project Bid Id. No. 208055, on January 7, 2026 (the "***RFP***"), with regard to the development of a new affordable housing project at 117 East Carrillo Street in Santa Barbara, California 93101 (the "***Site***");

WHEREAS, the Corporation, on its own behalf and/or on behalf of the Project Partnership, and in conjunction with HACSB, wishes to respond to, and submit all documentation as may be necessary to respond to, the RFP, and if selected by the County, enter into negotiations with the County for the long-term lease of the Site on which it will develop the Project;

WHEREAS, the Corporation's management also desires authorization to seek and obtain financing for the pre-development, development, construction, and/or operation of the Project (the "***Project Financing***"); and

WHEREAS, the Corporation's management also seeks approval to proceed with predevelopment activities in furtherance of the foregoing and to take all necessary action in relation thereto.

NOW THEREFORE, IT IS HEREBY RESOLVED, that the Executive Committee hereby approves and authorizes the Corporation to, and, as applicable, cause the Project Partnership to:

(i) create/form the LLC and/or the Partnership; (ii) submit a full response to the RFP, and if selected by the County, enter into negotiations with the County for the long-term lease of the Site; (iii) seek and obtain the Project Financing; and (iv) proceed with predevelopment activities in furtherance of the foregoing and take all necessary action in relation thereto;

RESOLVED FURTHER, that the Executive Committee hereby approves and authorizes, Michael Ruane, acting in his capacity as President, Robert Diaz, acting in his capacities as Executive Vice President, General Counsel and Secretary, and Kevin Lim, acting in his capacity as Chief Financial Officer, each an "***Authorized Representative***" and each acting individually on behalf of the Corporation and/or the Project Partnership, as applicable, to negotiate, enter into, execute, and deliver any and all agreements, applications, filings, instruments, certificates, and other documents, including, without limitation, the RFP response, operating agreements, partnership agreements, purchase agreements, acquisition loan agreements, development agreements, loan agreements, ground lease agreements, bonding agreements, management agreements, construction agreements, service agreements, guaranties, promissory notes, evidence of liens or other encumbrances related thereto, deeds of trust, regulatory agreements and/or escrow instructions, each as management may deem necessary or appropriate to carry into effect the full purposes and intent of the above resolutions, including all such actions as may be deemed necessary to close the transaction, construct, operate and manage the Project, and finalize and obtain any financing arrangements sought in relation thereto;

RESOLVED FURTHER, that each Authorized Representative, or their designee, is hereby authorized and directed to do and perform any and all such other acts as any Authorized Representative shall deem necessary or advisable to carryout the purposes and intent of the foregoing resolutions;

RESOLVED FURTHER, that the Corporation may engage in all such other activities relating to or incidental to the above-resolutions and to fulfill its and/or the Project Partnership's role(s) of developer, guarantor, general contractor, and/or property manager;

RESOLVED FURTHER, that any Authorized Representative, or their designee, is hereby authorized and directed to submit evidence of these resolutions to any interested third party in any format required by such third party and/or with any such similar language such third party may request so long as such required format or language does not include authorizations or approvals substantially different than what has been authorized and/or approved herein; and

RESOLVED FURTHER, that these resolutions shall take effect immediately upon their passage.

GENERAL AUTHORIZATIONS

In support of all of the above resolutions, BE IT:

RESOLVED FURTHER, that the execution of any such agreements, applications, instruments, certificates, and other documents (as noted in any and/or all of the above resolutions) by the Corporation's Authorized Representatives, or their designees, shall evidence conclusively the approval thereof by the Corporation;

RESOLVED FURTHER, that all acts, actions, or agreements undertaken prior to the adoption of these resolutions by the Corporation or any of its representatives in connection with matters of the type set forth in the foregoing resolutions are hereby ratified, confirmed, adopted, and approved by the Corporation as the acts and deeds of the Corporation; and

RESOLVED FURTHER, that the foregoing resolutions are intended to be and may be relied upon by any person or entity involved in any one or more of the actions comprising the above-described transactions.

CERTIFICATE OF THE SECRETARY

The undersigned, Secretary of National Community Renaissance of California, a California nonprofit public benefit corporation (the "***Corporation***"), does hereby certify and declare that the foregoing is a full, true and correct copy of the resolutions duly passed and adopted by the Executive Committee of the Board of Directors of the Corporation at a meeting of said Executive Committee duly and regularly called, noticed and held, and at which a quorum of the Executive Committee was present, on February 25, 2026; that there is no provision in the Articles of Incorporation or the Bylaws of the Corporation limiting the powers of the Executive Committee to pass the foregoing resolutions and that such resolutions are in conformity with the provisions of the Articles of Incorporation and the Bylaws of the Corporation; and that said resolutions have not been amended, modified, repealed or rescinded since the date of adoption and are in full force and effect as of the date hereof.

DATE: 2/26/2026

Robert Diaz, Secretary
National Community Renaissance of California

RESOLUTION NO. 2876

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF SANTA BARBARA AUTHORIZING THE AUTHORITY TO PROVIDE A RESPONSE/PROPOSAL TO THE COUNTY OF SANTA BARBARA'S REQUEST FOR PROPOSALS (RFP) FOR AN AFFORDABLE WORKFORCE HOUSING DEVELOPMENT OF THE PROPERTY LOCATED AT 117 EAST CARRILLO STREET OWNED BY THE COUNTY AND, IF SELECTED BY THE COUNTY, TO ENTER INTO NEGOTATIONS WITH THE COUNTY FOR THE LONG-TERM LEASE OF THE PROPERTY.

WHEREAS, the Housing Authority of the City of Santa Barbara (the "Authority") is authorized by Chapter 1 (commencing with Section 34200) of Part 2 of Division 24 of the Health and Safety Code of the State of California, as amended (the "Act") to prepare, carry out, acquire, lease, finance and operate housing projects for low income persons and to enter into agreements for the purpose of developing and providing financing for the development and/or acquisition of multifamily rental housing facilities located within the jurisdiction of the Authority; and

WHEREAS, the Authority is further authorized under the Act to issue bonds, notes or other obligations for any of its corporate purposes, including for the purpose of financing the acquisition, construction, rehabilitation, refinancing, or development of multifamily rental housing and for the provision of capital improvements in connection with and determined necessary to the multifamily rental housing; and

WHEREAS, the Authority hereby finds and declares that it is necessary, essential and a public purpose for the Authority to provide a response/proposal to the County for the development of the County-owned property located at 117 East Carrillo Street, Santa Barbara, California (the "Property") containing 0.97 acres to an affordable apartment complex for workforce residents; and

WHEREAS, the Authority desires to partner with National Community Renaissance ("National CORE") as co-developer and RRM Design as architectural/design partner; and

WHEREAS, the Authority desires to designate and authorize its Executive Director/CEO or the Executive Director's/CEO's designee (the "Executive Director") to take all needed actions in the furtherance of the Project.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF SANTA BARBARA, as follows:

1. The Authority hereby finds and declares that the above recitals are true and correct.

2. The Authority is authorized to provide a response/proposal to the County's RFP.

3. If the development team is selected by the County for this Project, the Executive Director is authorized to enter into long-term ground lease negotiations for the Property.

4. The Authority authorizes the Executive Director, in consultation with the Authority's General Counsel, to take all needed actions in furtherance of the Project.

Passed and adopted this 4th day of March, 2026, by the following vote:

AYES: Mary Fenger, David Rowell, Joey Samora, Skip Szymanski, Megan Turley, Lisa Carlos

NAYS: None

ABSENT: Patricia Wheatley

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Housing Authority of the City of Santa Barbara this 4th day of March, 2026.

ROB FREDERICKS, SECRETARY
HOUSING AUTHORITY OF THE CITY OF SANTA BARBARA

I hereby approve this Resolution on the 4th day of March, 2026.

LISA CARLOS, CHAIR
HOUSING AUTHORITY OF THE CITY OF SANTA BARBARA

Appendix

Secretary of State
Certificate of Status

I, SHIRLEY N. WEBER, PH.D., California Secretary of State, hereby certify:

Entity Name:	NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA
Entity No.:	1817911
Registration Date:	03/26/1992
Entity Type:	Nonprofit Corporation - CA - Public Benefit
Formed In:	CALIFORNIA
Status:	Active

The above referenced entity is active on the Secretary of State's records and is authorized to exercise all its powers, rights and privileges in California.

This certificate relates to the status of the entity on the Secretary of State's records as of the date of this certificate and does not reflect documents that are pending review or other events that may impact status.

No information is available from this office regarding the financial condition, status of licenses, if any, business activities or practices of the entity.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of February 11, 2026.

SHIRLEY N. WEBER, PH.D.
Secretary of State

Certificate No.: 421247224

To verify the issuance of this Certificate, use the Certificate No. above with the Secretary of State Certification Verification Search available at **biz**fileOnline.sos.ca.gov.

Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities
PO Box 2508
Cincinnati, OH 45201

Date:
November 13, 2023
Employer ID number:
33-0521215
Form 990 required:
Yes
Person to contact:
Name: Ms. Thomas
ID number: 0195068

NATIONAL COMMUNITY RENAISSANCE
OF CALIFORNIA
C/O NATIONAL COMMUNITY RENAISSAN
9692 HAVEN AVE STE 100
RCH CUCAMONGA, CA 91730

Dear Sir or Madam:

We're responding to your request dated October 20, 2023, about your tax-exempt status.

We issued you a determination letter in October 1996, recognizing you as tax-exempt under Internal Revenue Code (IRC) Section 501(c)(3).

We also show you're not a private foundation as defined under IRC Section 509(a) because you're described in IRC Sections 509(a)(1) and 170(b)(1)(A)(vi).

Donors can deduct contributions they make to you as provided in IRC Section 170. You're also qualified to receive tax-deductible bequests, legacies, devises, transfers, or gifts under IRC Sections 2055, 2106, and 2522.

In the heading, we indicated whether you must file an annual information return. If you're required to file a return, you must file one of the following by the 15th day of the 5th month after the end of your annual accounting period.

- Form 990, Return of Organization Exempt From Income Tax
- Form 990-EZ, Short Form Return of Organization Exempt From Income Tax
- Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or Form 990EZ
- Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as Private Foundation

According to IRC Section 6033(j), if you don't file a required annual information return or notice for 3 consecutive years, we'll revoke your tax-exempt status on the due date of the 3rd required return or notice.

You can get IRS forms or publications you need from our website at www.irs.gov/forms-pubs or by calling 800-TAX-FORM (800-829-3676).

If you have questions, call 877-829-5500 between 8 a.m. and 5 p.m., local time, Monday through Friday (Alaska and Hawaii follow Pacific time).

Thank you for your cooperation.

STATE CAPITOL
P.O. BOX 942849
SACRAMENTO, CA 94249-0037
(916) 319-2037
DISTRICT OFFICES
101 WEST ANAPAMU STREET, SUITE A
SANTA BARBARA, CA 93101
(805) 564-1649
1111 SOUTH BROADWAY, SUITE 101
SANTA MARIA, CA 93454
(805) 346-1237
Assemblymember.Hart@assembly.ca.gov

Assembly
California Legislature

GREGG HART
ASSEMBLYMEMBER, THIRTY-SEVENTH DISTRICT

COMMITTEES
BUDGET
BUSINESS AND PROFESSIONS
TRANSPORTATION
UTILITIES AND ENERGY
WATER, PARKS, AND WILDLIFE
CHAIR, BUDGET SUBCOMMITTEE NO. 7
ON ACCOUNTABILITY AND OVERSIGHT
JOINT LEGISLATIVE AUDIT COMMITTEE

March 3, 2026

County of Santa Barbara
Housing and Community Development Division
Attn. Lucille Boss, Housing Programs Manager
123 E. Anapamu Street
Community Services Department, Engineering Building, 2nd Floor
Santa Barbara, CA 93101

RE: HACSB & National CORE Response to Request for Proposals Affordable Workforce Housing Public Private Partnership ("P3") Development Services

Dear Ms. Boss,

I am writing to request the County of Santa Barbara's full and fair consideration of the response to the Request for Proposals (RFP) submitted by the Housing Authority of the City of Santa Barbara (HACSB) and National Community Renaissance (National CORE) to partner with the County of Santa Barbara through a public-private partnership ("P3") to plan, finance, design, construct, operate, and maintain a new affordable housing development at 117 East Carrillo Street in the City of Santa Barbara, California.

HACSB has demonstrated its commitment to advancing solutions that promote the social and economic wellbeing of Santa Barbara residents. Its 77 existing affordable housing communities in Santa Barbara provide quality, well-managed, service-enhanced, attainable living to thousands of families and seniors.

National CORE is a mission-driven, nonprofit, trusted, and innovative affordable housing developer, builder, property manager, and service provider that holds a long history of transforming communities and lives through safe, quality, and attainable housing and on-site services that empower families.

Both organizations have proven to be trusted partners. We believe that HACSB and National CORE have the experience, capacity, innovation, and local presence necessary to accomplish the County's objectives: to provide an affordable housing community that serves a range of income levels including very low-income and some middle-income households (30–120% Area Median Income); leverage County-owned land to assemble the capital stack to finance construction and

long-term operations; promote long-term community benefit through sustainable design, efficient land use, and compatibility with the surrounding urban context; support recruitment and retention of the local workforce; and innovate a replicable model for future County partnerships that balance public goals with private-sector innovation and capital investment.

Thank you for your consideration of the proposal submitted by the Housing Authority of the City of Santa Barbara and National Community Renaissance.

Sincerely,

Assemblymember Gregg Hart

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
Coast Guard and Maritime Transportation, Ranking Member
Aviation
Highways and Transit
COMMITTEE ON ARMED SERVICES
Strategic Forces
Tactical Air and Land Forces
COMMITTEE ON AGRICULTURE
General Farm Commodities, Risk Management, and Credit

Salud O. Carbajal
24th District, California

2331 Rayburn House Office Building
Washington, DC 20515
(202) 225–3601

125 E. De La Guerra Street
Suite 203B
Santa Barbara, CA 93101
(805) 730–1710

505 Poli Street, Suite 201
Ventura, CA 93001
(805) 730–1710

1411 Marsh Street, Suite 205
San Luis Obispo, CA 93401
(805) 546–8348

CARBAJAL.HOUSE.GOV

March 3, 2026

County of Santa Barbara
Housing and Community Development Division
Attn. Lucille Boss, Housing Programs Manager
123 E. Anapamu Street
Community Services Department, Engineering Building, 2nd Floor
Santa Barbara, CA 93101

Dear Ms. Boss,

I am writing in support of the Housing Authority of City of Santa Barbara (HACSB) and National Community Renaissance (National CORE) in its response to the Request for Proposals (RFP) to partner with the County of Santa Barbara through a public-private partnership ("P3"), to plan, finance, design, construct, operate and maintain a new affordable housing development at 117 East Carrillo Street in the City of Santa Barbara, California. As a former County Supervisor and the current Congressional Representative of CA-24 having worked on housing needs for our region, I believe these organizations are the right fit for the job.

HACSB has demonstrated its commitment to advancing solutions that promote the social and economic wellbeing of Santa Barbara residents. Its 77 existing Santa Barbara affordable housing communities provide quality, well-managed, service-enhanced, attainable living to thousands of families and seniors.

National CORE is a mission-driven, nonprofit, trusted, and innovative affordable housing developer, builder, property manager, and service provider that holds a long history of transforming communities and lives through safe, quality, and attainable housing and on-site services that empower families.

Both organizations have proven to be trusted partners. We believe that HACSB and National CORE have the experience, capacity, innovation and local presence necessary to accomplish the County's objectives to provide an affordable housing community that serves a range of income levels including very low income and some middle-income households (30-120% Area Median Income); leverage County-owned land to assemble the capital stack to finance the construction and long-term operations; promote long-term community benefit through sustainable design, efficient land use, and compatibility with the surrounding urban context; support recruitment and retention of the local workforce; innovate a replicable model for future County partnerships that balance public goals with private-sector innovation and capital investment.

Per all relevant rules and regulations, I respectfully request your full and fair consideration for HACSB and National CORE's response. I thank you for all that you do to create ladders of opportunity for all of our diverse community. I look forward to celebrating with you all new

affordable housing in our region. Please contact my District Representative at Amisha.DeYoung@mail.house.gov or at (805) 730-1710 for any further questions.

Sincerely,

Salud Carbajal
Member of Congress

NATIONAL COMMUNITY RENAISSANCE

HOUSING AUTHORITY *of the* CITY *of* SANTA BARBARA

Plaza del Cielo

SANTA BARBARA

WORKFORCE APARTMENT HOME COMMUNITY

HOUSING AUTHORITY of the CITY of SANTA BARBARA

NATIONAL COMMUNITY RENAISSANCE

rrm design group — Creating Environments People Enjoy

Development Objectives

To provide an attainable workforce housing community that:

- Serves a range of incomes (30-120% AMI)
- Leverages County-owned land to attract capital to finance construction and long-term operations
- Promotes lasting community benefit through high-quality sustainable design
- Delivers a landmark building that complements the EPV District
- Supports recruitment and retention of the local workforce
- Innovates a replicable model for future P-3 partnerships that balance public goals with private-sector innovation and investment.

Development Team

County of Santa Barbara

National Community Renaissance
Non-Profit Affordable Workforce
Housing Partner

Co-Developer | General Contractor

Housing Authority of the City of Santa Barbara
Housing Partner
Public Agency

Co-Developer | Property Manager | Supportive Services

RRM Design
Architect

Landscape Architect

Mission Aligned Partnership

Integrated team leveraging complementary strengths

Housing Authority the City of Santa Barbara

1. Owner/Operator of 77 affordable housing communities in City of Santa Barbara
2. Primary recipient - City of Santa Barbara Local Housing Trust Funds
3. Administers and allocates PBVs
4. Implements Live/Work local preference as standard practice

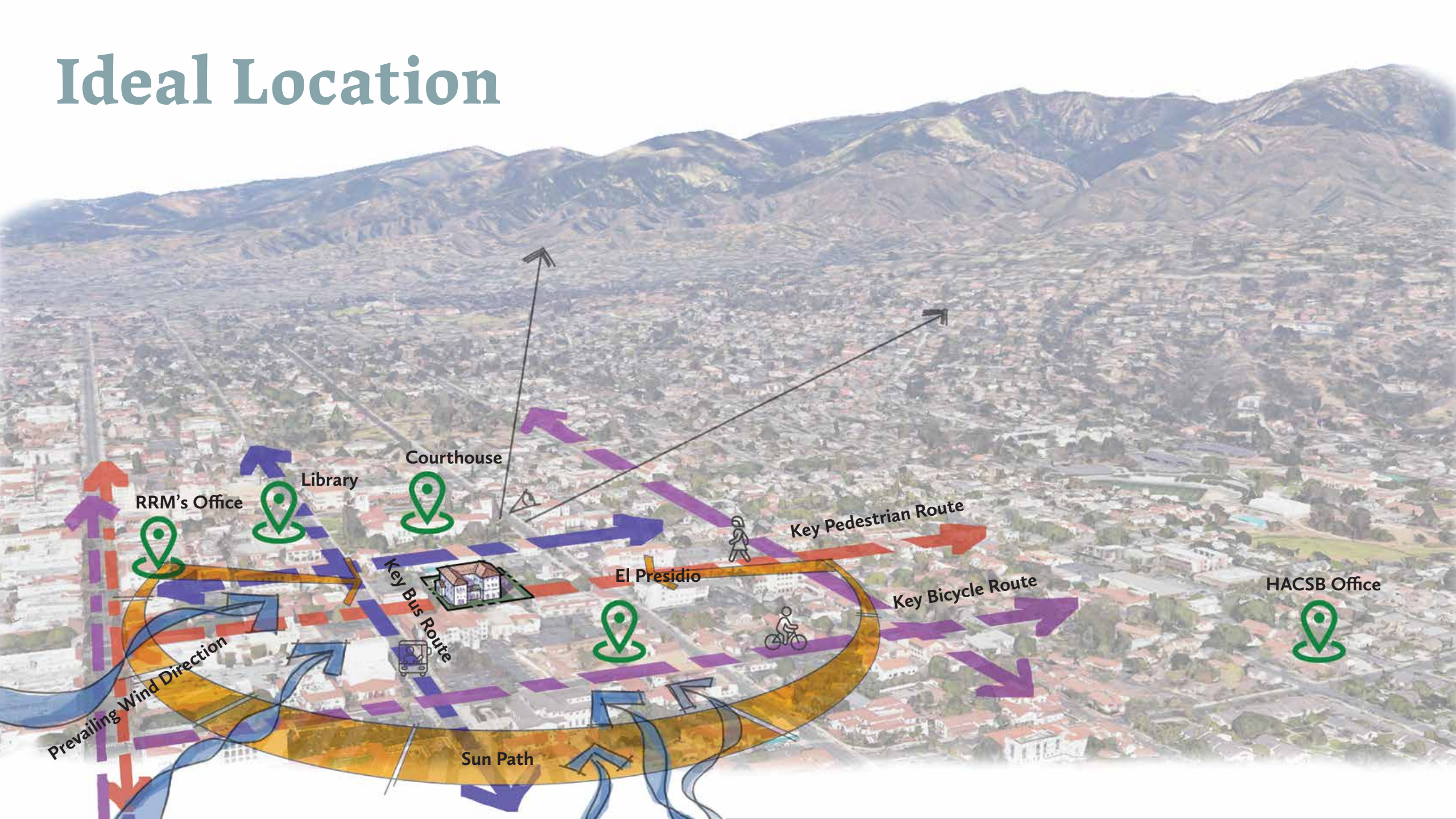
National Community Renaissance

1. A+ S&P rating - Only southern California affordable housing developer
2. $100M social bond issuance – 2nd nonprofit nationally
3. Fully integrated delivery - In-house licensed general contractor
4. Sustainability embedded in every project

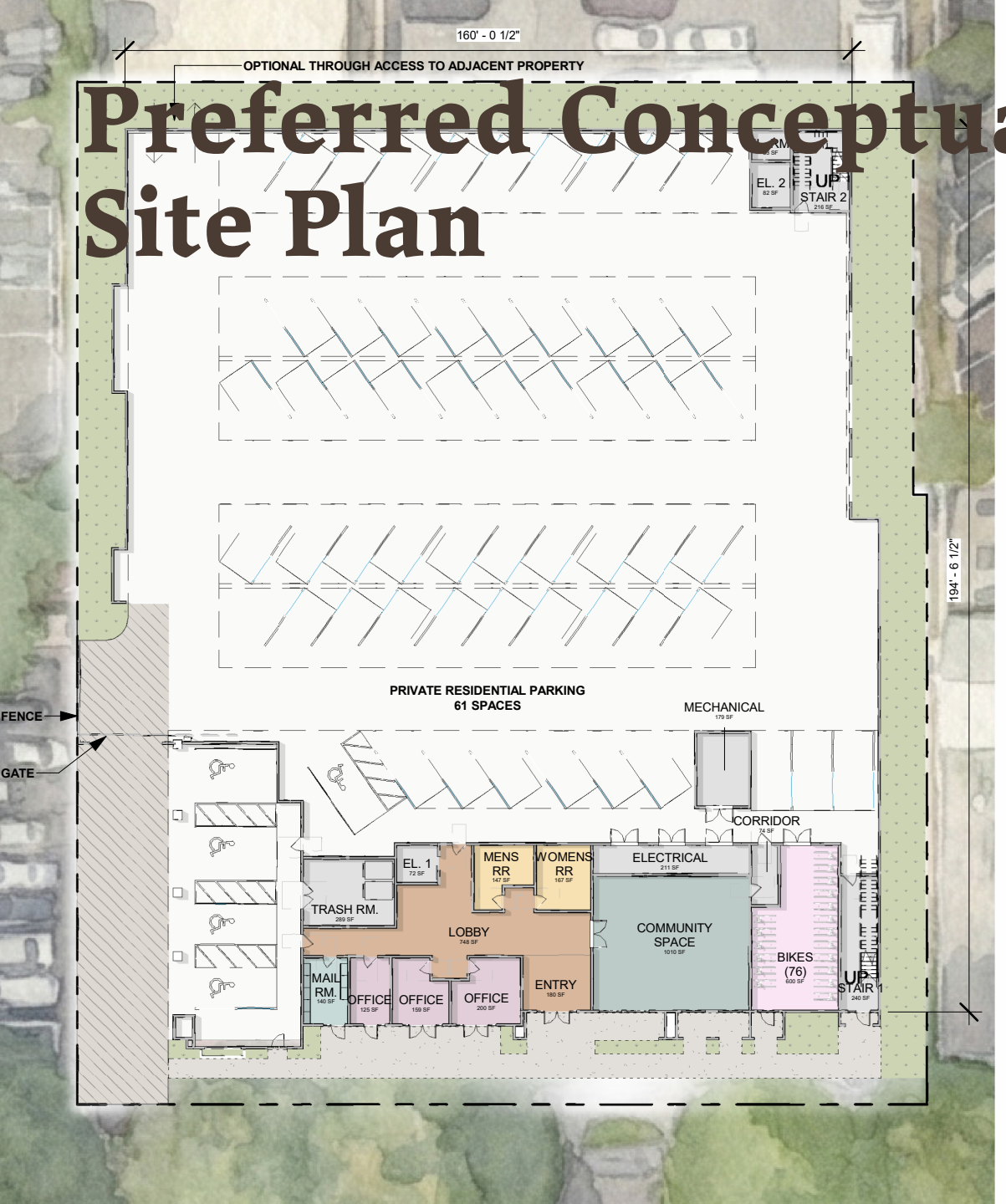
RRM Design

1. Trusted design partner to both HACSB and National CORE
2. Local firm – located one block from project site
3. Extensive EPV District experience
4. Specialized expertise in workforce & affordable housing design

Ideal Location



Preferred Conceptual Site Plan



Preferred Conceptual Site Plan- Project Data

SITE DATA	
Lot Size	.97 ACRES
Current Zoning	C-G
Proposed Density	Approx 74 DU/ACRE

BUILDING AREA	
Gross Square Footage	97,380 SF
Level 1 Podium Area	
Level 1 Parking Area	25,930 SF
Level 1 Community RM, Offices & Common Areas	3,765 SF
Level 1 Utility Space/ Circulation	1,055 SF
Level 2 Clubhouse Area	645 SF
Residential Area Level 2-4	65,985 SF

PARKING DATA	
Vehicular Spaces	61
Covered Bike Parking Spaces	76

COMMON OPEN SPACE (LEVEL 2) : 6,800SF

UNIT SUMMARY

Level	Studio	1BD	2BD	3BD	TOTAL
Ground	0	0	0	0	0
Second	8	4	6	6	24
Third	8	4	6	6	24
Fourth	8	4	6	6	24
	24 (34%)	**12** (16%)	**18** (25%)	**18** (25%)	**72** (100%)

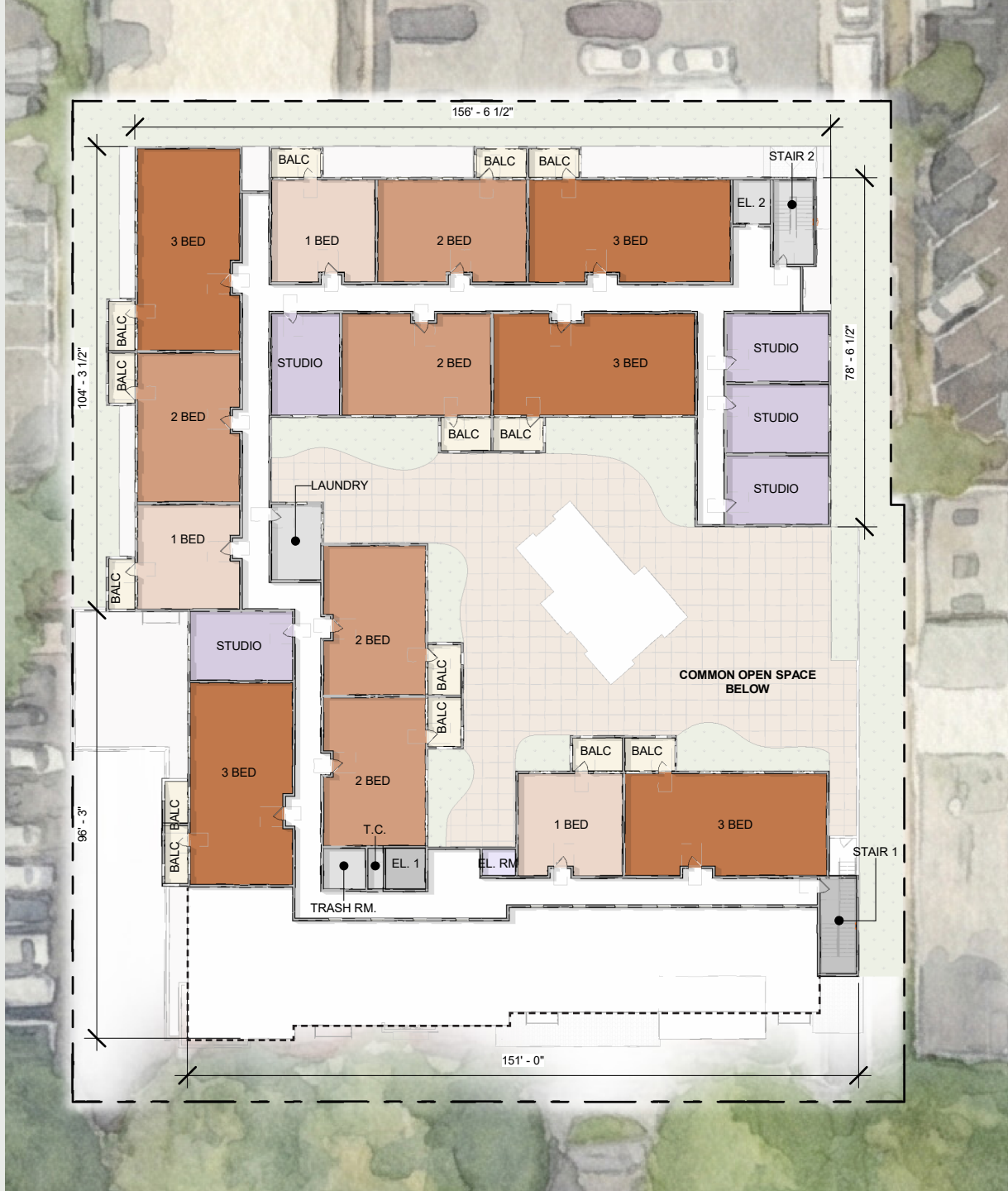
UNIT S.F. (APPROX.)	
Studio	371 SF
1 BD	569 SF
2 BD	810 SF
3 BD	1,095 SF

Carrillo Street Rendering

Aerial Perspective

Higher Density Alternative

PROJECT DATA - WITH FIFTH FLOOR - UNIT COUNT					
LEVEL	**STUDIO**	**1-BED**	**2-BED**	**3-BED**	**TOTAL**
Ground	0	0	0	0	0
Second	8	4	6	6	24
Third	8	4	6	6	24
Fourth	8	4	6	6	24
Fifth	5	3	5	5	24
	29 (32%)	**15** (17%)	**23** (25.5%)	**23** (25.5%)	**90** (100%)



Approach to Financing

- Maximize leveraging of County land
- Reduce risk by undertaking infrastructure improvements with long lead times early
- Utilize NCRC's bond proceeds for predevelopment
- Seek alternative sources for >80% AMI units
- Healthcare Investment (PRI)
- Tools to address the gap:
  - Sources
    - Competitive Tax Credit Pricing
    - Lower Interest Rates
    - No Cost Solar PV Systems
  - Uses/Cost Savings
    - Defer developer fee, if needed
    - Defer General Contractor (GC) fee, if needed
    - Use NCRC's Social Bond and/or Housing Catalyst Fund

Financing Strategy

72 UNITS ON 0.97 ACRES	
UNIT MIX	**AFFORDABILITY**
24 studios	30% AMI - 8 units
12 one-bedroom	40% AMI – 9 units
18 two-bedroom	50% AMI - 18 units
18 three-bedroom	60% AMI – 18 units
	80% AMI – 8 units
	120% AMI – 10 units
EXPECTED FUNDING SOURCES	**ESTIMATED AMOUNT**
LIHTC – 9%	$ 22,239,513
Permanent Loan	$ 13,041,098
Land Loan	$ 9,500,000
City of Santa Barbara Local Housing Trust	$ 3,500,000
HCD: UMR Government Program (IIG, PLHA, LHTF)	$ 8,500,000
CCF Grant	$ 1,000,000
TOTAL	**$ 57,780,711**

1. TCAC Rents
2. Assumes 8 Project Based Vouchers
3. State Prevailing Wages
4. Tax Credit Pricing (Federal) $0.86 / (State) $0.80

Opportunities and Challenges

Challenges (and Our Approach)

COMPLEX FINANCING ENVIRONMENT

- Mitigated by: proven execution + access to exclusive capital

EPV DESIGN & ENTITLEMENTS CONSTRAINTS

- Mitigated by: deep EPV expertise + established stakeholder relationships and proactive community engagement

Opportunities and Challenges

Opportunities

WORKFORCE HOUSING – "MISSING MIDDLE"
Inclusion of 120% AMI to serve local workforce and stabilize community

LANDMARK LOCATION
Opportunity to deliver high-quality, context sensitive design that enhances the EPV District

LOCAL PREFERENCE
Prioritize housing for local workforce (e.g., County employees)

COMMUNITY INTEGRATION
Example - Potential partnership with adjacent bike shop for bicycle programming and activation

Community Engagement Strategy

Multi-prong approach implemented throughout the development lifecycle

Due Diligence Phase

Stakeholder database

Media Platforms

Financing & Entitlement Phase

Property Tours

Open House

Stakeholder Presentations

Informational Materials

Construction Phase

Groundbreaking event

Direct Construction Hotline

Interest list

Pop-Ups - Coffee & Construction Updates

Lease-up Phase

Streamlined lease-up strategy and resident selection plan

Local live/work preference

Property Operations

Designated community liaison

Annual neighbor open house

Hosted community & cultural events

Resident App

Targeted engagement and marketing throughout the development process ensures County employees will become residents of the proposed affordable housing community.

Award Winning Non-Profit Team

Known for our ability to execute!

- Local experience
- Established community partnerships
- Implementation of live/work local preference
- Execution of mixed-income development projects
- Successful P-3 partnerships
- Creative tools for financial structuring
- High quality sustainable design with market rate amenities

THANK YOU

ALEXA WASHBURN
CHIEF DEVELOPMENT OFFICER
NATIONAL COMMUNITY RENAISSANCE

AWASHBURN@NATIONALCORE.ORG
949.394.7996
NATIONALCORE.ORG

March 25, 2026

RE: Follow-Up Responses – Plaza del Cielo

Dear Ms. Boss,

Thank you again for the thoughtful follow-up questions. We appreciate the opportunity to provide additional details and to continue the dialogue as we work toward a shared path forward. Please see our responses to your questions below:

1. Cost Per Unit

<u>Potential Cost Reduction Strategies</u>

We are committed to continuing to evaluate opportunities for cost efficiencies, each involving meaningful trade-offs. Potential options include:

- **Reducing or Eliminating Podium Parking**. The current design includes a podium parking structure with an estimated cost of $4.2 million. Eliminating this component and reducing parking to only required ADA-accessible spaces—while transitioning to a primarily ground-level residential layout—could generate cost savings, but would require a fundamental redesign and reduction in parking
- **Modular / Factory-Built Construction.** Modular construction is often cited as a potential cost-saving strategy due to off-site fabrication and reduced on-site labor. However, in practice, modular construction has not yet demonstrated consistent or reliable cost savings at scale in California—particularly for projects of this type. Recent examples illustrate this clearly:
    - The Patterson PSH project, a project utilizing modular construction by Guerdon resulted in costs approaching ~$1,000,000 per unit, largely due to on-site integration challenges.
    - A second project by the same developer targeting costs near $600,000 per unit is currently projected closer to $750,000 per unit.
    - National CORE has direct experience delivering a modular construction project, and that experience did not result in cost savings. As a result, we approach modular construction with both openness and realism and continue to reevaluate its feasibility on an annual basis as the technology evolves.
    - Additionally, the 117 E. Carrillo site presents constraints—including its tight urban footprint and limited staging/access—that make modular delivery particularly challenging.
- **Incremental value engineering**, such as eliminating balconies (approximately $12,000 per unit), which can provide modest savings but does not materially close the gap

Parking Considerations

From a parking standpoint, as a large-family LIHTC project, we believe some level of on-site parking is important to support resident needs. While the City of Santa Barbara allows projects within the Central Business District to provide reduced or no parking, there is limited precedent demonstrating the long-term operational viability of a true zero-parking model for large-family housing.

We are open to exploring thoughtful reductions and shared parking strategies, while being mindful of long-term operational and neighborhood considerations.

Comparable Project Cost Analysis

Based on current market conditions and our experience delivering comparable projects - both within Santa Barbara and across California- a total development cost of approximately $600,000 per unit would be challenging without meaningful changes to the project's scope, design, or functionality.

National CORE maintains an in-house construction division and cost estimating team that relies on real-time data from recently completed and active projects. This data indicates that Type V construction over podium, even with our aggressive cost containment measures (standardized plans, value engineering, panelization), does not typically reach that cost level in a market like Santa Barbara.

Additionally, recent and current developments delivered by the Housing Authority of the City of Santa Barbara further reinforce this conclusion. As shown in the summary table, total development costs (inclusive of land value) for comparable projects are consistent with, and in cases exceed, our projected cost of approximately $800,000 per unit.

Property	Year Built	Units	Unit Type	TDC	TDC per Unit	Parking
Vera Cruz Village	2023	17	16 studios 1 one-bed	$20,857,000	**$719,000**	At-grade podium parking
Bella Vista	U/C	48	15 one-bed 21 two-bed 12 three-bed	$50,760,000	**$1,058,000**	At-grade podium parking
Jacaranda Court	U/C	63	21 studios 37 one-bed 5 two-bed	$45,068,000	**$715,000**	Tuck-under and surface parking
15 South Hope	U/C	46	17 studios 13 one-bed 16 two-bed	$44,781,000	**$973,500**	At-grade podium parking

In short, our proposed budget is not an outlier—it is aligned with the local market reality.

2. Increasing Unit Count to 90 Units

We are open to exploring a higher-density option, including a 90-unit scenario, with the understanding that it introduces additional considerations.

As included in our proposal, we developed a 90-unit concept with a fifth story that is stepped back to reduce perceived scale and maintain compatibility with the surrounding context. This approach maintains a strong mix of unit types, including family-sized units, and approximately 62 on-site parking spaces.

From a financial standpoint, the increased density improves efficiency, reducing the per-unit cost to approximately $775,000 as currently designed.

At the same time, this option may introduce community considerations, potential construction cost impacts, and trade-offs related to unit mix. We would welcome the opportunity to further explore this with the County to determine the appropriate balance between unit count, design, and community considerations.

3. Alternative Financing Model (Jacaranda Court)

We will continue to explore alternative financing approaches; however, we do not believe the model used for Jacaranda Court is likely to be replicable in this case.

For that project, the original investor exited late in the process, and the Housing Authority ultimately filled the gap by contributing a significantly higher level of equity than would typically be considered sustainable or scalable. While successful in that instance, it is not a model that can be readily scaled or relied upon for this project.

For Plaza del Cielo, our team has analyzed both the 72-unit and 90-unit scenarios, assuming an affordability mix of 25% of units at 80% AMI, 25% at 100% AMI and 50% at 120% AMI. In each case, the projected funding gap remains significant—approximately $20 million for the 72-unit concept and $24 million for the 90-unit concept. Addressing a gap of this magnitude without tax credits would be challenging; however, there may be supplemental strategies that could help close a portion of the gap. These could include potential partnerships with major local employer Cottage Hospital, utilization of City of Santa Barbara Local Housing Trust Funds, issuance of tax-exempt bonds (e.g., B bonds), etc. Additionally, if the County were open to selling the land, a Safehold ground lease structure could provide low cost capital to significantly reduce the gap.

That said, even when considering these potential sources, our experience indicates that pursuing 9% Low-Income Housing Tax Credits under the large-family allocation remains the most viable and reliable path to fully finance the project. Our team has extensive experience successfully executing this structure and would be well-positioned to advance it.

Closing

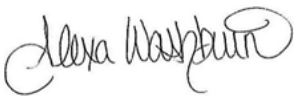
Overall, we believe our team brings a strong combination of experience, a realistic and executable approach, and a commitment to long-term success. Given current market conditions, construction realities, and the specific constraints of this site, we believe the proposed cost structure represents a realistic, well-vetted, and achievable budget.

We want to emphasize that we remain committed to:

- continuing to identify cost efficiencies where feasible
- working collaboratively with the County to evaluate trade-offs
- and delivering a high-quality, durable, and context-sensitive development that meets the County's long-term goals and priorities.

We appreciate the opportunity to partner on this important effort and look forward to continuing the conversation.

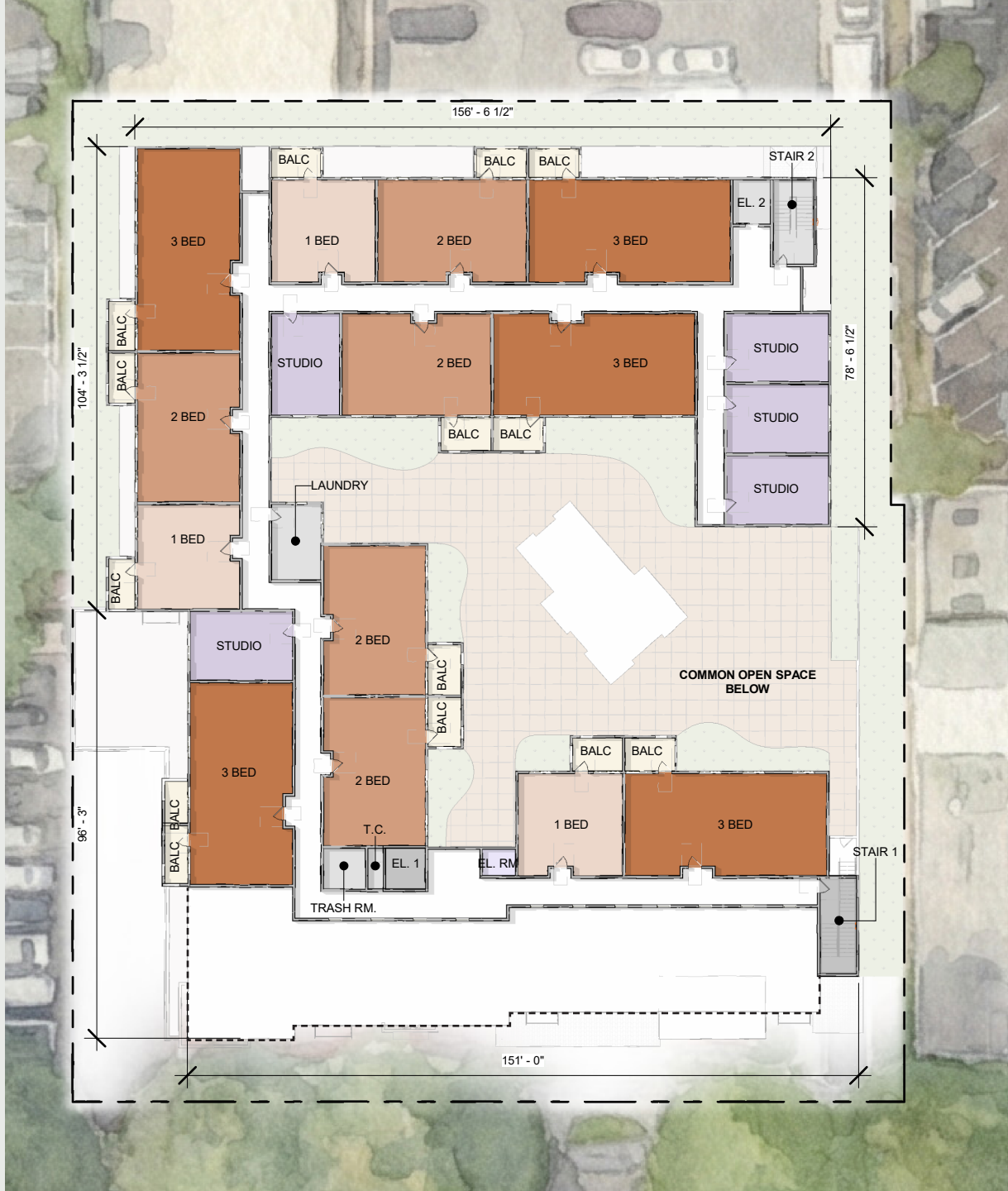
Thank you,



Alexa Washburn
Chief Development Officer
National Community Renaissance

90-unit Plan
(optional 5th floor)

PROJECT DATA - WITH FIFTH FLOOR - UNIT COUNT					
LEVEL	**STUDIO**	**1-BED**	**2-BED**	**3-BED**	**TOTAL**
Ground	0	0	0	0	0
Second	8	4	6	6	24
Third	8	4	6	6	24
Fourth	8	4	6	6	24
Fifth	5	3	5	5	24
	29 (32%)	**15** (17%)	**23** (25.5%)	**23** (25.5%)	**90** (100%)



The schedules below present both an expedited and a baseline development timeline for Plaza del Cielo, with the primary variable being the duration of the ministerial entitlements and building permit process.

MILESTONE	EXPEDITED	BASELINE
Selection by Board of Supervisors	05/2026	05/2026
Execute ENA	06/2026	06/2026
Entitlement Approval	03/2027	06/2027
Application for Tax Credits (9%)	04/2027 (R1)	07/2027 (R2)
Submit for Building Permits	06/2027	09/2027
Award of Tax Credits (9%)	06/2027	10/2027
Receipt of Building Permits	11/2027	03/2028
Construction Close of Financing/Start	12/2027	04/2028
Construction Completion	09/2029	01/2030
Lease up Complete	12/2029	04/2030

March 6, 2026

County of Santa Barbara
105 E. Anapamu Street
Santa Barbara, CA 93101

Re: Request for Proposals – Affordable Workforce Housing Development at 117 East Carrillo Street

Dear County of Santa Barbara,

On behalf of Linc Housing Corporation ("Linc"), we are pleased to submit this proposal to partner with the County of Santa Barbara to develop affordable workforce housing at 117 East Carrillo Street. Linc appreciates the County's leadership in advancing housing solutions for working families and looks forward to the opportunity to deliver a high-quality, financially feasible, and community-oriented development on this important downtown site.
Linc confirms that we have received and reviewed all addenda associated with this RFP and acknowledge their incorporation into this proposal. Linc also confirms its intent to hold this proposal open for a period of at least one hundred eighty (180) days from the submission date.

Respondent Information
Legal Entity Name: Linc Housing Corporation
Entity Type: California 501(c)(3) Nonprofit Public Benefit Corporation
Primary Contact: Frank Chang, Vice President – Acquisitions
Mailing Address: 3590 Elm Avenue, Long Beach, CA 90807
Email: fchang@linchousing.org
Phone: (562) 684-1130

Linc proposes to develop a 116-unit affordable and workforce housing community on the County-owned site at 117 East Carrillo Street. The development will include 115 affordable units and one manager's unit serving households earning between 30% and 80% of Area Median Income (AMI), with a strong emphasis on workforce housing. Approximately 79 units (roughly 69% of the affordable units) are targeted to households earning between 60% and 80% AMI, addressing the housing needs of Santa Barbara's workforce including teachers, healthcare workers, hospitality employees, and public sector employees.

The project is designed as a five-story residential building organized around a central courtyard, with a Type I podium supporting four levels of Type V residential construction above. This efficient building typology allows the development to maximize housing production on a

constrained urban site while maintaining sensitivity to the architectural character of Santa Barbara's El Pueblo Viejo Landmark District.
Resident amenities will include a community room, computer center, resident services space, kitchen, and gathering areas, along with landscaped open space within the central courtyard. Outdoor amenities will provide seating areas and gathering spaces designed to support resident interaction and family-oriented living. The project also includes bicycle parking and a limited number of on-site parking spaces, complemented by nearby public parking resources within the downtown area.

The financing plan for the development is structured to deliver a financially feasible project without requiring County General Fund contributions. Linc anticipates utilizing tax-exempt bond financing paired with 4% Low-Income Housing Tax Credits (LIHTC) along with permanent financing through CalHFA's Mixed-Income Program (MIP). The site's location within a Difficult Development Area (DDA) provides a 30% basis boost, improving the project's ability to generate tax credit equity. The project's financial structure also includes a proposed ground lease structure that provides both an initial ground lease payment and long-term participation in project cash flow for the County.

Founded in 1984, Linc Housing Corporation is a nonprofit affordable housing developer, owner, and operator that has developed nearly 10,000 homes throughout California and currently manages more than 6,400 units statewide. Over the past five years alone, Linc has developed more than 1,000 affordable housing units and currently has 470 units under construction with additional projects in the predevelopment pipeline. Linc has successfully secured financing for 29 projects through the California Tax Credit Allocation Committee (TCAC) over the past decade.

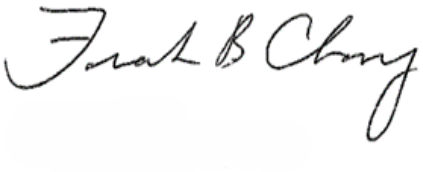
In addition to development expertise, Linc provides robust resident services programming that supports the long-term success and stability of residents. Since 2003, Linc's resident services division has delivered programs including financial literacy education, job readiness training, health and wellness programming, and community-building activities tailored to the needs of each community.

Linc Housing will serve as the lead development entity responsible for managing all aspects of the project, including design coordination, entitlements, financing, construction, lease-up, and long-term ownership and operations.

Linc is excited about the opportunity to partner with the County to transform this publicly owned site into a vibrant affordable and workforce housing community that supports Santa Barbara's residents and workforce. We believe our team's experience delivering complex affordable housing developments, combined with a financing strategy designed for long-term stability, positions this project for successful implementation.

Should you have any questions regarding this proposal, please feel free to contact me directly.

Sincerely,



Frank B. Chang
Vice President – Acquisitions
Linc Housing Corporation

LINC HOUSING CORPORATION

Response to Request for Proposals

Affordable Workforce Housing P3 Development

117 East Carrillo Street, Santa Barbara, CA

County Project Bid ID No. 208055

Submitted: March 6, 2026

Section 2. Development Team

2a. Team Members

Lead Developer	Linc Housing Corporation
Director / CEO	Rebecca F. Clark, Chief Executive Officer
Primary Contact	Frank B. Chang, Vice President of Acquisitions
Address	3590 Elm Avenue, Long Beach, CA 90807
Phone	(562) 684-1130
Email	fchang@linchousing.org

Co-Developer	N/A — Linc is the sole lead developer

Development Consultant	N/A

Lead Architect	KFA Architecture
Director / Partner	John Arnold, AIA
Primary Contact	John Arnold, AIA — Partner
Phone	(310) 309-3918
Email	john@kfalosangeles.com

Preconstruction and Construction Cost Consultant	**AMJ Construction (Pre-Development Pricing Consultant)** AMJ has served as Linc's pre-development construction cost estimating and pricing consultant for this project. No general contractor has been formally retained at this stage. Linc maintains a bench of qualified general contractors and will work collaboratively with AMJ to conduct a competitive solicitation process upon project entitlement and financing commitments.
Primary Contact	Matthew Wickersham
Phone	323.256.1000 x102
Email	mjwickersham@amjcm.com

Property Manager	Winn Residential
Director / Contact	Oke Johnson
Phone	(559) 489-9930
Email	okejohnson@winnco.com

Service Provider	Linc Housing Corporation (in-house Resident Services and ICMS)
Director	Maria Elena Marquez-Brooks, Vice President of Resident Services
Phone	562-684-1123
Email	maria@linchousing.org

2b. Required Corporate Documents — Lead Developer (Linc Housing Corporation)

Please see “ATT-Organizational Documents”

Section 3. Developer Team Experience and Capacity

3a. Developer Experience

Linc Housing Corporation is a nonprofit affordable housing developer with more than 40 years of experience developing and operating affordable housing communities across California.
Since its founding, Linc Housing has developed or preserved more than 10,000 affordable homes and currently manages more than 6,400 units throughout the state.
Over the past five years alone, Linc Housing has successfully secured more than $240 million in public funding, $95 million in tax-exempt bond financing, and $130 million in Low-Income Housing Tax Credit (LIHTC) equity.

Linc specializes in complex mixed-income developments utilizing layered financing structures including Low-Income Housing Tax Credits, tax-exempt bond financing, state housing programs, and local government partnerships.

Linc Housing has extensive experience delivering affordable housing developments similar in scale and complexity to the proposed Carrillo project. The organization’s portfolio includes numerous developments utilizing tax-exempt bond financing, Low-Income Housing Tax Credits, and public-private partnerships with local governments.
Linc’s experience delivering housing in high-cost urban environments positions the organization well to deliver a successful development on the Carrillo site.

Project 1: Spark at Midtown — Long Beach, CA

Developer / Role	Linc Housing Corporation — Lead Developer, Owner, Services Provider
Location	1900 Long Beach Blvd., Long Beach, CA
Uses	95 affordable residential units; YMCA community branch (Youth Institute, digital media arts, family support, New American Welcome Center); teaching kitchen (Urban Comfort Foods); medical clinic (St. Mary's/Dignity Hospital); community meeting room; public pocket park

Total Units / Unit Mix	95 homes: mix of studios, 1BR, 2BR serving 30–60% AMI including 47 PSH units
Construction Type	New construction, 5-story Type V/I wood frame
Target Population	Lower-income families and formerly homeless households; 30–60% AMI
Financing Sources	9% LIHTC Equity (Raymond James) $24.1M; Permanent Loan $10.3M; LA County Residual Receipts $10.7M; City of Long Beach Residual Receipts $3.0M; State Infill Infrastructure Grant $2.0M; FHLB AHP $940K; City Impact Fee Waiver $527K. Total: $51.6M
Residential SF / Open Space	Approx. 15,081 SF community space; two courtyards, playground; 0.93-acre site
Green Building	LEED Gold certified; on-site solar with battery storage (UCR/CA Energy Commission partnership)
Retail / Commercial	YMCA Branch (community anchor); teaching kitchen; medical clinic; meeting room
Status / Dates	Completed February 15, 2021
Budget / Schedule	On budget (contingency used). Completed 2 months late due to COVID-19 labor/supply delays; no corrective action required
Land Structure	Fee title purchase from City of Long Beach (2019, via competitive RFP process)
Public/Private Structure	Public-private partnership with City of Long Beach; project-based Section 8 (Housing Authority of Long Beach); Flexible Housing Subsidy Pool (LA County DHS)

Project 2: Fairview Heights — Inglewood, CA

Developer / Role	Linc Housing Corporation and National CORE — Co-Developers, Co-Managing GPs; Linc is Services Provider and commercial tenant coordinator
Location	932 E. Redondo Ave., Inglewood, CA
Uses	101 affordable residential units; 6,300 SF community-serving ground floor (One For All youth nonprofit; Inglewood PD community center); 5,000 SF commercial space under lease-up; public transit plaza
Total Units / Unit Mix	101 homes: 1BR, 2BR, 3BR; 50 units designated for formerly homeless households
Construction Type	New construction, 4-story, two buildings with central courtyard
Target Population	Lower-income families and formerly homeless households; 30–80% AMI
Financing Sources	9% LIHTC Equity (Raymond James) $27.6M; Conventional Debt (Bank of America) $9.0M; LA County General Fund $3.97M; County Mental Health Housing $1.88M; County Prop A $1.38M; County Measure H $2.63M; County land value $5.33M. Total: $51.8M
Residential SF / Open Space	8,181 SF of combined courtyard area; landscaping, seating, barbecues, play areas; bicycle parking; laundry; transit plaza. 1.43-acre site

Green Building	LEED Gold 2022; solar power; energy-efficient fixtures and building envelope
Retail / Commercial	6,300 SF community-serving space; 5,000 SF commercial (leasing in progress)
Status / Dates	Completed January 24, 2022
Budget / Schedule	Under budget with cost savings. Delayed from original schedule due to COVID-19; met all lender/investor deadlines. No corrective action required
Land Structure	66-year ground lease with Los Angeles County (executed 2019 following Metro RFP process); ENA with County of Los Angeles
Public/Private Structure	Joint development with Metro, LA County, and City of Inglewood; AHTF, MHHF, Prop A, Measure H funding; Flexible Housing Subsidy Pool (LA County DHS)

Project 3: Springhaven — Willowbrook (Unincorporated LA County), CA

Developer / Role	Linc Housing Corporation — Lead Developer, Owner, Services Provider
Location	11815 Wilmington Ave., Willowbrook, CA (Unincorporated LA County)
Uses	100 affordable residential units; 11,000 SF Drew Child Development Corporation ground-floor childcare center (88 spots, ages 18 months–5 years); rooftop deck; community room, fitness center, computer lab, communal kitchen, conference room
Total Units / Unit Mix	100 homes across 1BR, 2BR, 3BR; includes PSH units for formerly homeless
Construction Type	New construction, 6-story Type I
Target Population	Low-income and formerly homeless families and individuals; 30–60% AMI
Financing Sources	9% LIHTC Equity (Raymond James) $14.3M; CA AHSC $8.5M; LA County Mental Health Housing $6.25M; LA County General Funds $3.5M; Permanent Loan $7.8M; FHLB AHP $990K; IIG $3.25M; County Residual Receipts $2.24M; Deferred Developer Fee $2.59M; Linc Contribution $1.42M
Residential SF / Open Space	10,000 SF interior common area; rooftop deck; 1.31-acre site
Green Building	LEED Gold 2021; on-site solar; energy-efficient fixtures and envelope; native landscaping
Retail / Commercial	11,000 SF ground-floor childcare center (Drew CDC) open to community
Status / Dates	Completed January 28, 2021
Budget / Schedule	On budget (contingency used). Five months delayed due to COVID-19 labor/supply challenges; no corrective action required. Exceeded Local Hire goals: 42% Local Resident (goal 30%), 13% Targeted Worker (goal 10%)
Land Structure	Fee title purchased from County of Los Angeles; residual receipts payments back to County

Public/Private Structure	Joint development with LA County; project-based Section 8 (County Housing Authority); county and state funding programs

Project 4: HiFi Collective — Los Angeles, CA

Developer / Role	Linc Housing Corporation — Lead Developer; SIPA (Search to Involve Filipino Americans) — Managing GP and land partner
Location	3200 W. Temple Street, Los Angeles, CA (Historic Filipinotown)
Uses	63 supportive housing units; 6,100 SF SIPA national headquarters (2,700 SF multipurpose/kitchen; John Eric Swing Small Business Center); community room; outdoor common spaces; bicycle parking
Total Units / Unit Mix	63 homes (1BR, studio); 100% for formerly homeless households; 30% AMI
Construction Type	New construction, 5-story mixed-use
Target Population	Formerly homeless households; 30% AMI
Financing Sources	4% LIHTC Equity (Raymond James/TCAC) $8.8M; LA City Prop HHH $12.76M; LA County No Place Like Home $6.82M; Conventional Loan (Bank of America) $6.0M; GP Contribution $851K; SIPA Contribution $400K; Accrued/Deferred Interest $149K. Total: $35.8M
Residential SF / Open Space	Common outdoor spaces; laundry; bicycle parking; 0.51-acre site
Green Building	Meets TCAC Minimum Construction Standards; ENERGY STAR appliances; energy-efficient lighting and plumbing
Retail / Commercial	6,100 SF SIPA headquarters; small business incubator
Status / Dates	Completed October 25, 2022
Budget / Schedule	Under budget with cost savings. Six months delayed due to unforeseen contaminated soil remediation and COVID-19; no corrective action required
Land Structure	Fee title purchase from SIPA; long-term ownership by HiFi Collective, LP
Public/Private Structure	Rental subsidy by HACLA; ICMS funding from LA County DHS and No Place Like Home

3b. Development Capacity

Linc Housing Corporation has assembled an experienced development team with a proven track record delivering complex affordable housing developments throughout California. The proposed team brings deep expertise in affordable housing finance, architectural design in historic urban environments, construction management, and long-term property operations.

The development team combines Linc Housing's experience delivering large-scale affordable housing communities with the design expertise of KFA Architecture, one of California's leading affordable housing architectural firms. Together, the team brings extensive experience navigating complex

entitlement processes, structuring layered financing transactions, and delivering housing that is financially sustainable and contextually appropriate.

Key members of the development team include:

Name	Team Members	Role	Relevant Experience
Linc Housing Corporation	Ben Winter, Cecilia Ngo, Frank Chang, Will Sager, Andres Diaz, Maria Elena Marquez-Brooks, Tiphaine Abarca	Developer	40+ years of affordable housing development; 10,000+ homes developed
KFA Architecture	John Arnold	Architect	90+ multifamily projects and 4,500+ residential units designed
AMJ Construction	Matthew Wickersham	Preconstruction and Construction Cost Consultant	$2.5B+ in multifamily and mixed-use construction management
Winn Residential	Oke Johnson	Property Management	20,000+ affordable units under management

Background & Projected Workload

Ben J. Winter, Executive Vice President, currently oversees Linc's statewide development pipeline and provides executive-level guidance across projects rather than day-to-day management. His role focuses on strategic oversight, interagency coordination, and resolution of high-level issues. Ben joined Linc after serving in the Biden-Harris Administration as deputy assistant secretary for policy development in the Office of Policy Development and Research at the U.S. Department of Housing and Urban Development (HUD). In this role, he oversaw the Office of Policy Development (OPD). Prior to his appointment, Ben was also a key member of President Biden's transition team for HUD, helping to ensure the values and priorities of the new administration and a smooth government transition.
Mr. Winter is presently supervising several developments in various stages of entitlement and construction but is not directly responsible for their daily execution. His responsibilities are structured to allow him to provide periodic executive oversight and strategic guidance to this project without capacity constraints.
Cecilia Ngo, Senior Vice President of Housing Development, oversees Linc's project management staff and portfolio of active developments. Ms. Ngo currently supervises several project managers working on projects in predevelopment and construction across California. Cecilia brings over a decade of affordable housing experience to the organization. Prior to Linc, Cecilia worked at the Skid Row Housing Trust, and the Coalition for Responsible Community Development. She has worked on substantial rehabilitation and new construction projects covering all stages of the development process. Because her role is supervisory and portfolio-oriented, she allocates time across multiple projects while project managers manage day-to-day tasks. Ms. Ngo has sufficient capacity to provide oversight, financial review, and strategic guidance for this project throughout the development process.
Jeff Williams, Senior Director of Housing Development, will serve as Project Manager and lead the day-to-day development process. Mr. Williams currently manages a limited number of active projects at different stages of development, including projects in construction and predevelopment. As some of these developments approach completion and stabilization, his workload will transition toward new projects entering predevelopment. Prior to Linc, Jeff spent 15 years at BRIDGE Housing managing the development of projects ranging from mixed use urban infill to suburban inclusionary housing.
Mr. Williams has the availability to assume primary management responsibility for this project, including coordination of the consultant team, entitlement process, and development schedule.
Frank B. Chang, Vice President of Acquisitions, manages Linc's acquisition pipeline and leads early-stage project structuring, including RFQ/RFP responses and partnership negotiations. With

extensive experience in multifamily housing development, he previously worked at AMCAL and Summerhill Apartments, managing acquisitions across California.
Mr. Chang's current commitments include several site acquisition and early feasibility efforts. These activities typically occur in discrete phases and do not require sustained daily involvement once projects transition into active development. Mr. Chang has adequate capacity to continue providing transaction management and strategic input during the early phases of this project.
Will Sager, Senior Capital Development Specialist, leads the project's financing strategy, including capital stack structuring, tax credit applications, and lender and investor coordination. Since starting at Linc in 2007, Will has managed all aspects of affordable housing development, including acquisition, design, entitlement, finance, and construction. Mr. Sager currently manages oversight and leads a team of project managers in the execution of financing applications for Linc's developments.
As these projects move into construction and, later, stabilized operations, his capacity will shift toward new financings. Mr. Sager has the bandwidth to manage the financial structuring and application processes for this project, including coordination of public and private funding sources.
Andres Diaz, Construction Manager, provides Linc's in-house construction oversight and works across the organization's projects currently in construction. Mr. Diaz is presently overseeing several developments in active construction; however, his involvement is typically periodic and focused on key milestones, cost monitoring, and coordination with general contractors. Based on the anticipated schedule for this project, Mr. Diaz will have sufficient availability to provide construction oversight and ensure adherence to budget, schedule, and quality standards.
Maria Elena Marquez-Brooks, Vice President of Resident Services, leads Linc's resident services platform and oversees service program design and implementation across the organization's portfolio. Her team develops service plans during predevelopment and transitions to operational support at lease-up. Because resident services planning occurs primarily during the later stages of development, Ms. Marquez-Brooks has sufficient capacity to participate in service planning, partnership development, and implementation planning for this project.
Tiphaine Abarca, Director of External Affairs, manages community engagement and government relations for Linc developments. Ms. Abarca currently supports several projects undergoing community outreach and entitlement processes. Community engagement efforts are typically concentrated at key milestones such as entitlement hearings and neighborhood meetings. Ms. Abarca has the capacity to lead outreach and stakeholder coordination for this project as it progresses through the planning and approval process.
John Arnold, AIA, Partner at KFA Architecture, leads the architectural design team and manages multiple multifamily and affordable housing assignments for KFA. KFA maintains a dedicated project team structure that assigns specific staff to each development while senior partners provide design leadership and quality control. Mr. Arnold currently oversees several projects in design and construction documentation but has confirmed the firm's capacity to dedicate a project team to this development and provide ongoing design leadership.
Collectively, this team structure ensures that experienced senior leadership provides strategic oversight while dedicated project staff manage the daily workload. The team has successfully and consistently delivered numerous developments simultaneously and confirms that adequate staffing and organizational capacity are in place to fully support the successful delivery of this project.

3c. Ownership Experience and Capacity

Affordable Housing Development and Stewardship Experience

Linc Housing brings substantial experience in the acquisition, development, recapitalization, and long-term stewardship of affordable housing communities throughout California. The organization's portfolio includes new construction and preservation projects financed through Low-Income Housing Tax Credits (LIHTC), tax-exempt bonds, state and local soft debt, and project-based rental subsidies. Properties range from family housing to permanent supportive housing (PSH), serving extremely low-, very low-, and low-income households.
Linc has successfully navigated complex layered capital stacks involving the California Tax Credit Allocation Committee (TCAC), California Department of Housing and Community Development (HCD),

local housing authorities, and conventional lenders. The organization has demonstrated expertise in compliance with regulatory agreements under Internal Revenue Code Section 42, bond covenants, and state Health & Safety Code rent structures.
Across its portfolio, Linc has maintained high physical occupancy and regulatory compliance performance, while proactively addressing capital repair and replacement needs through structured reserve planning and periodic recapitalizations. Several properties have successfully undergone refinancing, re-syndication, or capital restructuring to address deferred maintenance, extend affordability, and stabilize long-term operations.

Linc's ownership philosophy emphasizes:
- Long-term hold strategy and preservation of affordability
- Conservative underwriting and reserve capitalization
- Active oversight of property management agents
- Early identification of operational and capital risks
- Transparent reporting to public and private funding partners

Linc has experience managing projects with significant supportive housing components and understands the operational realities of PSH, including coordinated entry system (CES) lease-up dynamics, subsidy administration, and service coordination integration.

With a track record of successfully closing complex transactions and maintaining compliance across multiple regulatory regimes, Linc Housing has demonstrated the capacity to shepherd the Project from development through stabilization and into long-term sustainable operations.

Portfolio Overview

Total Units — All Portfolio	7,544
Actively Managed Units	3,415
Units in AM Development	1,720
Joint Venture Units	2,409
Total Communities	83
Actively Managed Communities	39
AM Development Communities	15
Joint Venture Communities	29
TCAC-Funded Properties	29 (no defaults, foreclosures, or bankruptcies on any project)

Asset Management Structure and Capacity

Linc Housing maintains a centralized asset management platform responsible for financial oversight, regulatory compliance, capital planning, and strategic portfolio performance.
Linc's asset management structure includes:
- Executive leadership overseeing portfolio strategy and capital planning
- Senior asset management staff responsible for financial performance review and lender/investor relations
- Five (5) Asset Managers, each overseeing a portfolio of approximately 10 actively managed projects
- Financial analysts supporting underwriting, recapitalization modeling, and reporting
- Accounting and compliance staff responsible for financial statement review, reserve tracking, and covenant monitoring

Standardized reporting protocols include monthly financial reviews, variance analysis against approved budgets, operating cash and reserve monitoring, accounts receivable tracking, and debt service coverage ratio (DSCR) analysis. The team also conducts quarterly asset performance reviews, annual budget approvals and underwriting validation, replacement reserve adequacy assessments, capital needs tracking and long-term recapitalization planning, and investor and lender reporting coordination. Risk management protocols include watchlist monitoring for underperforming assets, early intervention plans addressing vacancy, A/R growth, or expense overages, and coordination with property management to implement corrective action strategies. The organization utilizes consistent portfolio-wide data tracking to evaluate trends in operating cash per unit, economic occupancy, rent collection performance, and capital reserve balances.

Upon completion of the proposed development, Linc has sufficient staffing and infrastructure to assume asset management responsibilities without strain. The current platform is scalable, with established financial reporting systems, defined asset manager-to-property ratios, and external consultant relationships (CNA providers, compliance specialists, bond counsel, and tax credit advisors) available as needed. If portfolio growth warrants, the organization has the operational flexibility to add incremental analyst or asset manager capacity while maintaining oversight quality and compliance standards.

3d. Lead Architect Experience — KFA Architecture

KFA Architecture, led by Partner John Arnold, AIA, will serve as the lead architect for the 117 East Carrillo Street project. Founded in 1975 (formerly Killefer Flammang Architects), KFA is a 66-person Los Angeles-based firm recognized as the 2016 AIA California Council Firm of the Year. The firm has designed over 4,000 units of affordable housing in 57 buildings for 27 different affordable housing developers in Los Angeles County, including 12 projects totaling nearly 1,000 units on Skid Row. KFA's expertise spans new construction and adaptive reuse for families, seniors, special needs, and formerly homeless households, with deep familiarity with LIHTC schedules, TCAC requirements, and city and county entitlement processes. The firm has completed more than 4,500 residential units across 90 projects, many of which involve affordable housing developments in complex urban and historic contexts.

John Arnold, AIA has contributed to KFA's multifamily portfolio since 1999, specializing in high-density urban projects and affordable/special needs housing throughout Los Angeles. He holds a Master of Architecture from the University of Washington and a B.S. in Landscape Design from the University of Massachusetts. John heads KFA's adaptive reuse work and is actively involved in community outreach and public presentations. He is the Los Angeles city-appointed board architect of the Jefferson Park Historic Preservation Overlay Zone.

Of particular relevance to the 117 East Carrillo Street project, KFA has direct experience designing in Spanish Colonial and Mission-style historic contexts. Blue Hibiscus (West Hollywood, 2018) was designed in a Spanish Colonial Revival style to integrate with an established neighborhood fabric; Hollenbeck Terrace (Boyle Heights, 2015) preserved and rehabilitated a prominent 1920s Spanish Mission-style campus; and Immanuel Place (Long Beach, 2017) likewise reflects KFA's facility with traditional California vernacular. This body of work directly parallels the design sensitivities required by Santa Barbara's El Pueblo Viejo Landmark District.

Key Personnel

KFA Architecture — Key Personnel	
John Arnold, AIA — Partner (Project Lead)	Design Lead for 117 East Carrillo Street. KFA partner since 2015; with firm since 1999. Specializes in high-density affordable and special needs housing in Los Angeles. M.Arch, University of Washington.

Lise Bornstein, AIA — Partner	Project concept and design lead. Managed projects with complex entitlement packages, multiple funding sources, and significant community outreach. M.Arch, SCI-Arc; B.Env.Design, NC State.
Jonathan Watts, AIA — Partner	Partner since 2015, expanding KFA's 42-year legacy. Contact information to be confirmed with KFA.

Representative Completed Projects

KFA has particular expertise designing projects that balance housing production, architectural quality, and contextual sensitivity, making them well suited for development within Santa Barbara's El Pueblo Viejo Landmark District. The following five projects from KFA's portfolio demonstrate directly relevant experience in affordable housing, historic/contextual design, and complex urban infill:

Project 1: Blue Hibiscus — West Hollywood, CA	
Location	West Hollywood, CA (near Santa Monica Blvd)
Type	New Construction — Affordable and Special Needs Housing
Units	22 units
Total Area	26,883 SF
Completion Date	2018
Target Population	Low-income individuals living with HIV/AIDS; mentally ill individuals; young people emerging from foster care
Design Context	Spanish Colonial Revival style, designed to assimilate into existing neighborhood fabric — directly analogous to Santa Barbara's EPV District requirements
On-Site Amenities / Uses	Centrally located community spaces grouped to serve target population
Green Building	LEED Platinum
Client	West Hollywood Community Housing Corporation
Client Contact	Information to be confirmed with KFA / John Arnold
Cost	$12.9M

Project 2: Hollenbeck Terrace — Los Angeles (Boyle Heights), CA	
Location	Boyle Heights, Los Angeles, CA
Type	Adaptive Reuse — Affordable Senior Housing (historic Spanish Mission-style campus)
Units	123 units (studio, 1BR, 2BR)
Total Area	130,000 SF
Completion Date	2015
Target Population	Low-income seniors

Design Context	Preservation and rehabilitation of a prominent 1920s-1930s Spanish Mission-style hospital campus; exterior details, massing, historic lobbies, and common areas preserved throughout
On-Site Amenities / Uses	Elegantly decorated community rooms, computer room, laundry, historic grand dining room, game room, library, gallery and performance space, BBQ area, gardens, rooftop lounge, and social service programs space
Client	AMCAL Multi-Housing, Inc.
Client Contact	Information to be confirmed with KFA / John Arnold
Awards	2016 PCBC Gold Nugget Grand Award (Best Renovated/Restored/Adaptive Reuse); 2016 SCANPH Transformative Community of the Year; 2016 Los Angeles Conservancy Preservation Award; 2016 California Preservation Foundation Design Award

Project 3: Villas at Gower — Hollywood, CA	
Location	Hollywood, CA
Type	New Construction — Permanent Supportive Housing (Affordable Family / Special Needs)
Units	70 units (studio, 1BR, 2BR over subterranean parking)
Total Area	75,000 SF
Completion Date	2012
Target Population	Transitional-age youth, adults, and families who are homeless with special needs
Design Context	Four-story building with metal-clad ribbon form; three wood-clad volumes defining gardens and elevated terraces; large central courtyard for community gathering
On-Site Amenities / Uses	Two large flexible community rooms (meeting/gallery spaces); varied landscape with elevated terraces; subterranean parking; exterior circulation adjacent to gardens
Green Building	LEED Platinum certified; roof-mounted solar hot water heating accommodates entire building hot water requirement; two-sided natural daylighting and ventilation
Client	A Community of Friends / PATH Ventures
Client Contact	Information to be confirmed with KFA / John Arnold
Cost	$20M
Awards	2014 PCBC Gold Nugget Merit Award (Best Affordable Project); 2013 AIA Los Angeles Design Citation; 2013 Westside Urban Prize

Project 4: New Genesis Apartments — Los Angeles, CA	
Location	5th and Main Streets, Downtown Los Angeles, CA

Type	New Construction — Affordable SRO Housing
Units	98–106 efficiency units
Total Area	56,000 SF
Completion Date	2012
Target Population	Low and very-low income individuals, often homeless
Design Context	Six-story building organized around a large street-visible courtyard; passive ventilation design; commercial tenant spaces at street level
On-Site Amenities / Uses	Large community room, laundry area, multiple offices for supportive services providers; large-tree courtyard with abundant landscaping
Green Building	LEED Platinum Certified
Client	Skid Row Housing Trust
Client Contact	Information to be confirmed with KFA / John Arnold
Cost	$19M
Awards	2014 PCBC Gold Nugget Merit Award (Best Affordable Project)

Project 5: Step Up on Colorado — Santa Monica, CA	
Location	Downtown Santa Monica, CA
Type	New Construction — Permanent Supportive Housing
Units	34 studio units
Total Area	24,000 SF
Completion Date	2015
Target Population	Homeless individuals with mental illness
Design Context	Compact urban infill lot adjacent to Expo Line; semi-circle of organically curving balconies embracing a site tree ('Healing Tree' design concept)
On-Site Amenities / Uses	Two community rooms with kitchens, resident computer lounge and library, support offices, open balconies; protected central courtyard
Client	Step Up on Second
Client Contact	Information to be confirmed with KFA / John Arnold
Awards	2016 PCBC Gold Nugget Merit Award (Affordable Housing Community); 2016 Professional Builder Magazine Gold Award (Multifamily)

Awards and Recognition (Selected)

KFA Architecture has received extensive recognition for its affordable housing design work, including:

- 2016 AIA California Council Firm of the Year — firm-wide recognition
- 2017 SCANPH Multifamily Development of the Year — Paloma Terrace
- 2016 PCBC Gold Nugget Grand Award (Best Renovated/Restored/Adaptive Reuse) — Hollenbeck Terrace
- 2016 SCANPH Transformative Community of the Year — Hollenbeck Terrace

- 2016 California Preservation Foundation Design Award — Hollenbeck Terrace
- 2016 Los Angeles Conservancy Preservation Award — Hollenbeck Terrace
- 2015 SCANPH Senior Project of the Year — Janet L. Witkin Center
- 2014 PCBC Gold Nugget Merit Award (Best Affordable Project) — Villas at Gower and New Genesis Apartments
- Multiple PCBC Gold Nugget Merit Awards across affordable, senior, and mixed-use categories (2012–2018)

Staff Capacity

KFA Architecture maintains a robust forecasting and staffing system that allows the firm to accurately plan and allocate resources for both short-term and long-term project needs. The firm actively monitors its development pipeline, staffing forecasts, and project workload using Vantagepoint project management software, allowing the firm to balance staffing levels across the organization and respond quickly to new project opportunities.

With approximately 60 architectural staff, KFA maintains the capacity to support multiple concurrent projects while ensuring that each project receives appropriate design and technical leadership. The firm's current project pipeline has capacity for one to two new projects per quarter through 2026, and overall staffing levels allow the firm to support approximately fifteen projects of similar scale annually. Based on the anticipated development schedule for the Carrillo project, KFA expects significant project staffing to begin in late 2026 or early 2027, aligning with entitlement progression and financing milestones. KFA's current staffing plan and project pipeline present no constraints to providing the necessary architectural resources to successfully deliver the project.

As Partner-in-Charge, John Arnold will provide leadership and oversight to the architecture team while supporting Linc Housing through the design and development of this project. His role will focus on guiding project direction, stakeholder outreach, supporting key design and planning decisions, and interfacing with the development team. The dedicated time for a project of this size as Partner-in-Charge will be 10-15% of available time at the onset of a project, and 5-10% in later design phases. This time is currently available for the near and long term as a normal process of pursuing and starting new projects. John's current and usual project load for which he is Partner in Charge includes approximately 6 projects of various sizes in design phases and 6 in construction.

As Project Manager, Karen Filippe provides day-to-day management of the design, client interaction and project team. She will coordinate the staffing, oversee the design process, and work closely with Linc Housing, the City, and the consultant team to support project progress through each phase. The time for a project of this size for a Project Manager will be 20-25% of available time through the duration of the project documentation phases, with 5-10% of available time dedicated during construction. Karen's current and usual project load for which she is the management lead includes 4 projects of various sizes in design phases and 2 in construction.

As Project Architect, Morgan Haley will provide direction to the design execution, drawing documentation, consultant coordination, and team management for the project. He will also manage the construction administration team and contractor interface. The role of Project Architect requires between 50-100% of available time per person. Morgan currently is in charge of 1 project in design phases and 2 under construction.

More junior level roles such as Designer and Team Member would be required of 2-4 people at 75-100% of available time for this project. The organization consistently has these resources available as part of the normal course of staffing, as described above.

3e. Property Manager Experience — Winn Residential

Property management for the 117 East Carrillo Street project will be provided by Winn Residential, an experienced affordable and mixed-income housing property management firm. Winn Residential currently manages 248 properties totaling more than 24,300 units across California and other states, with 225 properties (approximately 20,000 units) located in California.

Winn Residential manages a diverse portfolio including properties financed through Section 42 (LIHTC), Section 8, tax-exempt bonds, HOME, project-based vouchers, and market-rate financing. The

following table presents a representative sample of large California properties (100+ units) that have been under Winn Residential management for 24 months or more as of January 2026:

Property Name	Units	Program Type	Mgmt Since	Months Managed
Westridge at Hilltop – Affordable	401	Section 42	Jan 2024	24
Monterey Pines	324	Section 42, Bonds, PBV	Dec 2018	85
The Knolls Apartments	260	Section 42	Oct 2023	27
Oakwood	241	Section 42	Feb 2016	119
Almaden	226	Section 42, HUD MI	Nov 2015	122
Commons @ Oak Grove	208	Section 42	Oct 2018	87
Merced The Grove	204	Section 42, HOME	Jan 2021	60
Baldwin Villa Plaza	201	Section 8, Elderly	Apr 2020	69
Meridian Pointe	186	Section 42, Other	Jun 2008	211
Bellflower Terrace	180	Section 42, Elderly	Oct 2018	87
Golden West Tower Apts	180	Section 42, Sec 8, Bonds	May 2014	140
Lord Tennyson	152	Section 42	May 2014	140
Kings Villages	113	Section 42, Sec 8, Bonds	May 2014	140
Miramar Towers	157	Section 42, Sec 8, Bonds	May 2014	140
Pasadena Studios	181	Section 42	Sep 2023	28

Note: The above is a representative selection drawn from the managed properties list provided by Winn Residential. The full portfolio includes 225 California properties. All listed properties have been managed continuously from the date shown.

Project Profile 1: Solvang Senior Apartments

Field	Details
Property Name	Solvang Senior Apartments
Location	1775 Maple Avenue, Solvang, CA 93463 (Santa Barbara County)
Resident Population	Low-income elderly residents (Section 42 Elderly designation)
Program Type	LIHTC Section 42 – Elderly
Size (Units)	45 Units
Capital Financing Sources	Low-Income Housing Tax Credits (LIHTC / Section 42); additional sources to be confirmed by Winn Residential
Management Start Date	October 1, 2018
Months Under Management	Approximately 89 months as of March 2026 (continuously managed)
ELI / PSH Designation	No

Relevance to 117 E. Carrillo	Same county (Santa Barbara) as proposed project; demonstrates Winn Residential's established presence and compliance track record in the local market

Project Profile 2: Vintage at SLO

Field	Details
Property Name	Vintage at SLO
Location	3554 Ranch House Road, San Luis Obispo, CA 93401 (San Luis Obispo County)
Resident Population	Mixed-income residents – affordable and market-rate; working families and individuals
Program Type	LIHTC Section 42 + Market-Rate (mixed-income)
Size (Units)	105
Capital Financing Sources	Low-Income Housing Tax Credits (LIHTC / Section 42) and market-rate financing; full sources to be confirmed by Winn Residential
Management Start Date	July 30, 2021
Months Under Management	Approximately 55 months as of March 2026 (continuously managed)
ELI / PSH Designation	No
Relevance to 117 E. Carrillo	Mixed-income structure (Section 42 + market-rate) directly parallels the workforce housing model proposed for 117 East Carrillo Street; demonstrates Winn Residential's capability managing blended income communities

Mixed-Income Experience

Winn Residential has extensive experience operating mixed-income communities that integrate affordable, workforce, and market-rate housing within a single development. As the property management arm of WinnCompanies, Winn Residential manages more than 100,000 apartment homes nationwide, including a large portfolio of LIHTC and mixed-finance developments. The firm routinely manages properties with multiple income tiers and layered funding sources, ensuring compliance with LIHTC, local affordability programs, and other regulatory requirements while maintaining a cohesive and high-quality resident experience across the community.

Resident Outreach and Marketing

Winn Residential implements comprehensive, fair housing–compliant marketing and outreach strategies tailored to each property's affordability structure and regulatory requirements. Prior to lease-up, Winn develops a marketing plan in coordination with the ownership team that includes outreach to local community organizations, housing agencies, and service providers, along with digital advertising and multilingual marketing materials to reach diverse populations. Where required, Winn administers transparent tenant selection processes such as lotteries or waiting lists and provides hands-on assistance to applicants to ensure accessibility and clarity throughout the application process.

Operational and Building Management Track Record

Winn Residential provides full-service property management, including leasing and compliance, maintenance, financial reporting, and resident engagement. On-site teams are supported by regional management staff and specialized compliance and facilities personnel to ensure consistent operations

and regulatory adherence. The company implements preventative maintenance programs, asset preservation planning, and operational best practices to maintain building quality and long-term financial performance. Through this integrated management approach, Winn Residential has demonstrated the capacity to successfully operate complex mixed-income communities while fostering stable, well-managed residential environments.

Section 4. Development Concept and Site Plan

4a. Narrative Project Concept Description

Linc's preliminary vision for 117 East Carrillo Street is a contextually sensitive, family-oriented affordable and workforce housing community of approximately 116 units, organized around a central courtyard that activates the interior of the site while maintaining a respectful street presence consistent with Santa Barbara's El Pueblo Viejo Landmark District character. The project will be designed in close coordination with KFA Architecture, drawing on their experience with Spanish Colonial and Mediterranean vernacular massing, materials (stucco, tile, arcades, wrought iron), and the pedestrian scale of the downtown Santa Barbara urban grid.

The building will be organized to maximize unit yield within the ±0.97-acre site, with ground-level entries, resident amenity spaces, and potential for a modest community-serving use on the ground floor. Upper floors will contain residential units in a mix of 1BR (50%), 2BR (25%), and 3BR (25%) configurations to support CDLAC competitiveness and local family housing demand. Parking will be managed through a combination of on-site structured and surface parking, bicycle storage, and coordination with nearby shared parking, consistent with the County's sustainability objectives and the site's urban transit context.

Project Overview

Total Residential Units	116
Affordable Units	115
Manager's Unit	1
Affordability Range	30% – 80% AMI
Workforce Units (60–80% AMI)	79 units (≈69% of affordable units)
Three-Bedroom Family Units	29 units
Parking Provided	30 on-site spaces + bicycle parking
Building Type	Type I Podium + 4 Levels Type V Residential
Location Advantage	High Resource Area + Difficult Development Area (DDA) – 30% LIHTC basis boost

Development Concept and Site Configuration

The proposed development at 117 East Carrillo Street will deliver 116 residential units — 115 affordable homes and one manager’s unit — on a publicly owned site in the heart of downtown Santa Barbara. The project is designed to maximize housing production on a County-controlled infill site while maintaining the contextually sensitive architecture, pedestrian-oriented streetscape, and historic character essential to Santa Barbara’s El Pueblo Viejo Landmark District.

The building is configured as a ground-floor Type I podium level supporting four levels of Type V residential construction above. The podium accommodates building systems, resident amenities, and structured parking. This configuration — widely recognized as the most efficient typology for mid-density affordable housing in urban environments — allows fixed podium costs to be distributed across a larger number of homes above, maximizing housing production while preserving financial feasibility. The project provides 30 on-site parking spaces supplemented by bicycle parking. The site’s downtown

location also benefits from proximity to public parking facilities offering monthly permits ranging from approximately $75 to $165 per month.

Affordability Strategy and Workforce Housing

The development prioritizes workforce housing — the segment most acutely underserved in Santa Barbara — while preserving deeper affordability tiers for the lowest-income households. Of the 115 affordable units, 79 (approximately 69%) will serve households earning between 60% and 80% of Area Median Income (AMI): the teachers, healthcare workers, hospitality employees, and service workers who sustain Santa Barbara's economy but cannot afford market-rate housing in the community where they work. The remaining affordable units extend the income range down to 30% AMI, ensuring the project serves the full spectrum of housing need. This mixed-income affordability structure, implemented through CalHFA's Mixed-Income Program (MIP) and Low-Income Housing Tax Credits (LIHTC), enables the project to maximize public benefit while maintaining strong competitive positioning for state housing financing.

Unit Mix and Family Housing

The unit mix delivers one-bedroom, two-bedroom, and three-bedroom homes to serve a range of household sizes. Notably, the project includes 29 three-bedroom units — a meaningful supply of family-sized affordable housing in a downtown environment where such units are exceptionally rare due to land and construction costs. This family-oriented mix directly addresses Santa Barbara County's stated goal of expanding housing opportunities for larger households and strengthening neighborhood stability in the urban core.

Contextual Design and Neighborhood Compatibility

The building design features articulated massing, a pedestrian-oriented ground floor, and streetscape improvements that activate the public realm while honoring the historic character of the surrounding downtown fabric. The architectural approach responds directly to the scale, mass, height, and design vocabulary of Santa Barbara's El Pueblo Viejo Landmark District, incorporating Spanish Colonial and Mission-influenced design elements that integrate with the existing urban grid and adjacent architecture. KFA Architecture, the project's lead architect, has a proven track record designing in Spanish Colonial and Mission-style historic contexts — including Blue Hibiscus (West Hollywood, 2018, Spanish Colonial Revival) and Hollenbeck Terrace (Boyle Heights, 2015, adaptive reuse of a 1920s Spanish Mission campus) — providing the design depth necessary to navigate Santa Barbara's rigorous design review process.

Optimal Density and Development Efficiency

The development team evaluated an alternative lower-density scenario of 89 units at 4 stories (43 one-bedroom, 23 two-bedroom, 23 three-bedroom units, with the same 30 parking spaces). Because the podium structure and major building systems represent largely fixed costs, reducing the unit count does not significantly reduce total construction costs. The result: the 89-unit scenario produces an estimated financing gap of approximately $2,000,000 and eliminates 27 homes — without a meaningful reduction in cost. By contrast, the 116-unit program distributes those fixed costs across a larger number of homes, closes the financing gap, and maximizes the public benefit generated by this site.

Competitive Funding Position

The project benefits from a strong competitive funding position. The site is located within both a High Resource Area — prioritized under California housing policy for its access to employment, schools, transit, and community amenities — and a federally designated Difficult Development Area (DDA), which provides a 30% basis boost for Low-Income Housing Tax Credits and increases the tax credit equity available to the project. The inclusion of 29 three-bedroom family units may also provide additional tiebreaker advantages in the TCAC allocation process related to large-family housing in high-opportunity communities. Together, these factors position 117 East Carrillo Street to successfully compete for state housing financing while delivering maximum community benefit to Santa Barbara County.

The development schedule below outlines the anticipated timeline from County authorization through construction completion, lease-up, and permanent financing conversion for the 117 East Carrillo Street Workforce Housing project. The timeline reflects the sequencing required for developments financed with LIHTC, CDLAC tax-exempt bonds, and CalHFA MIP financing.

Milestone	Target Date
Board of Supervisors ENA / DDA Approval	March 15, 2026
Execute Exclusive Negotiation Agreement	March 30, 2026
Initial Due Diligence (survey, geotechnical, environmental)	April – June 2026
Preliminary Design and Site Planning	May – July 2026
Submit Entitlement Applications	August 15, 2026
Planning Review / Design Development	August 2026 – January 2027
Entitlement Approval	February 15, 2027
CalHFA Mixed-Income Program Application	March 15, 2027
CalHFA Mixed-Income Program Award	April 15, 2027
CDLAC Round 2 Bond Application	May 15, 2027
CDLAC Round 2 Bond Allocation Award	August 15, 2027
Select Tax Credit Equity Investor	September – October 2027
Finalize Construction Pricing / GMP	October – December 2027
Construction Drawings Completion	December 2027
Building Permit Issuance	January 2028
Construction Financing and Partnership Closing	February 15, 2028
Construction Start	February 20, 2028
Construction Completion	February 20, 2030
Lease-Up Completion and Stabilization	August 15, 2030
Conversion to Permanent Financing	November 15, 2030
Final Cost Certification	January 2031
IRS Form 8609 Issuance	May 15, 2031

Schedule Feasibility and Development Readiness

The proposed development schedule reflects Linc Housing's experience delivering affordable housing projects across California and incorporates realistic durations for entitlement review, financing applications, construction documentation, and financing commitments.

By sequencing entitlement approvals in early 2027, the development team can align the project with the 2027 CDLAC Round 2 bond allocation cycle while allowing sufficient time to finalize architectural design, complete construction drawings, secure building permits, and obtain financing commitments prior to partnership closing.

This disciplined development timeline provides a clear and achievable path to delivering 116 workforce housing units on this County-owned site while maximizing the long-term community benefit of the property.

The proposed development delivers family-oriented affordable and workforce housing within Santa Barbara's El Pueblo Viejo Landmark District. The design approach balances two primary objectives: creating a welcoming residential environment where families can thrive while integrating sensitively into the historic architectural fabric of downtown Santa Barbara.

Family-Centered Courtyard Design

The project's site plan is organized around a central courtyard that functions as the primary shared open space for resident families. While the building establishes a clear and secure perimeter along the site edges, the courtyard provides a calm and protected environment where residents can gather, children can play, and neighbors can interact. This courtyard-centered design reinforces a strong sense of community while allowing natural supervision from surrounding residential units.

A primary residential entry is located along Cabrillo Street and leads directly into a lobby adjacent to elevators, the mail room, and management offices. This entry sequence maintains a visible connection to the public sidewalk while providing a clear and welcoming arrival point for residents and visitors.

Adjacent to the entry, a paseo-like forecourt creates an additional outdoor space at the building edge. This forecourt acts as a transition between the public street and the interior courtyard while helping reduce the perceived scale of the building. The space can accommodate informal seating, small gatherings, and everyday resident activity while remaining visually connected to the surrounding neighborhood.

The courtyard itself serves as the primary organizing element of the development. Residential units overlook this space, keeping it active and visible throughout the day while supporting a strong sense of safety. The courtyard landscape will include shaded seating areas, planting zones, and flexible open areas for informal recreation and everyday use.

Resident Amenities and Community Spaces

Several resident-serving spaces are located near the main entry and courtyard to support daily activity within the building. A community room provides space for resident meetings, gatherings, and organized programming. Adjacent kitchen and seating areas support community events and workshops, while a computer center offers access to digital resources for after-school programs, adult education, and resident services.

These shared spaces support resident enrichment activities and strengthen the community environment within the development while providing flexible areas for programming that benefits families.

Integration with the El Pueblo Viejo Historic District

The architectural approach responds to Santa Barbara's established urban character and the historic context of the El Pueblo Viejo Landmark District while remaining mindful of the practical requirements of contemporary multifamily housing.

The design draws from the underlying principles of Santa Barbara's Spanish Colonial Revival tradition, including the well-known Julia Morgan–designed building at 924 Anacapa Street located nearby. The building is composed of simple plastered volumes with light-colored stucco walls, recessed windows and doors, a top-floor loggia, and articulated rooflines that create depth and shadow.

Stacked openings, restrained use of wood elements, and carefully balanced wall-to-window proportions reflect the structural logic of traditional masonry construction common throughout the district. Low-pitched roofs and areas of red Mission tile reinforce the architectural language associated with Santa Barbara while maintaining a straightforward and economical construction approach.

The building composition tells an architectural story of a more formal, symmetrical front building facing the street and a series of more informal 'additions' along the side and rear of the site. This sequence is experienced by moving through the paseo into the courtyard, a spatial motif frequently found in historic buildings throughout the district.

Building Massing and Scale

Attention has been given to the building's scale and massing so the project fits comfortably within its surroundings. The overall mass is broken into smaller components through variations in roof height and façade articulation, particularly as the building transitions toward the courtyard and rear of the site. Subtle modulation along the upper floors helps reduce the perception of height and bulk, while recessed openings and balconies introduce rhythm and shadow to the building façade. These strategies allow the development to maintain an appropriate architectural identity while accommodating the programmatic requirements of the residential community.

4b. Conceptual Design Documents

117 E CARRILLO

CONCEPTUAL DESIGN
117 E CARRILLO RFQ
03.07.2026

SITE PLAN
VISUAL AND GROUND FLOOR PHYSICAL CONNECTIONS

117 E CARRILLO

CONCEPTUAL DESIGN
117 E CARRILLO RFQ
03.07.2026

KFA

linc HOUSING

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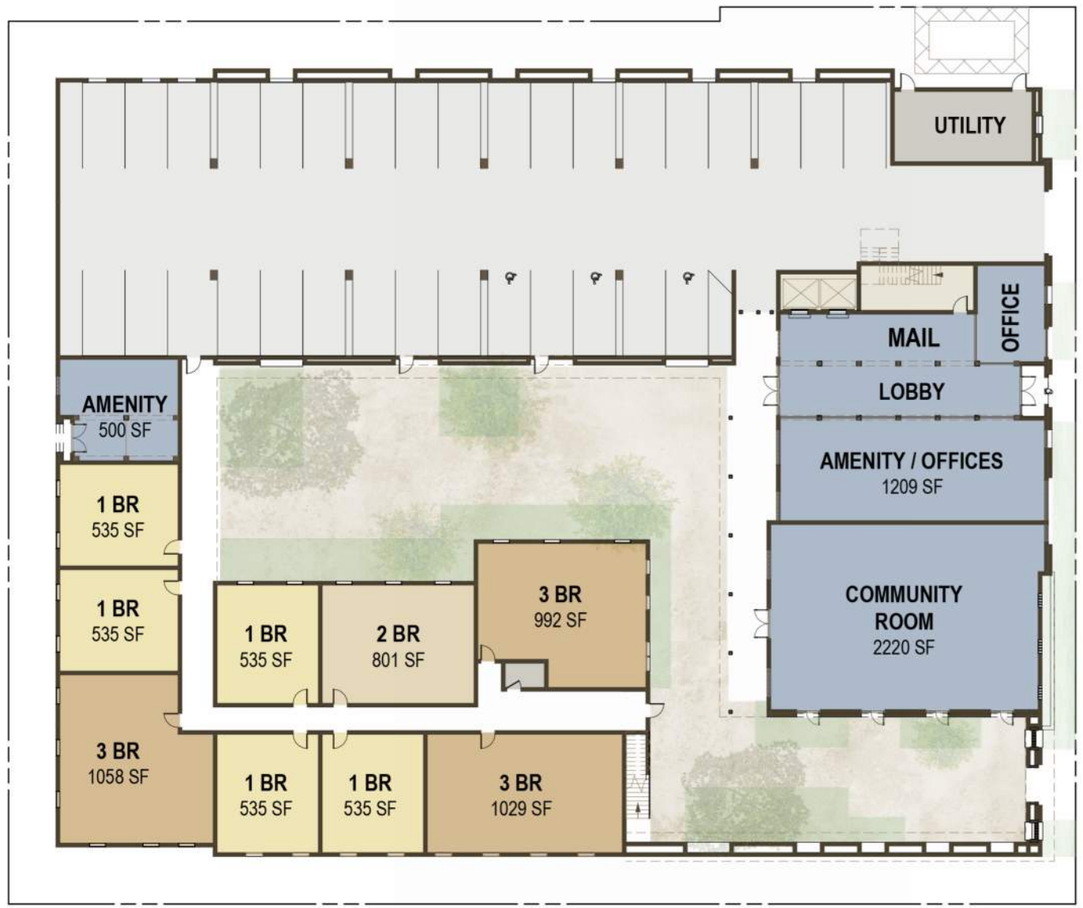

FIRST FLOOR PLAN

SECOND FLOOR PLAN

0' 5' 20' 30'

117 E CARRILLO

CONCEPTUAL DESIGN
117 E CARRILLO RFQ
03.07.2026

KFA

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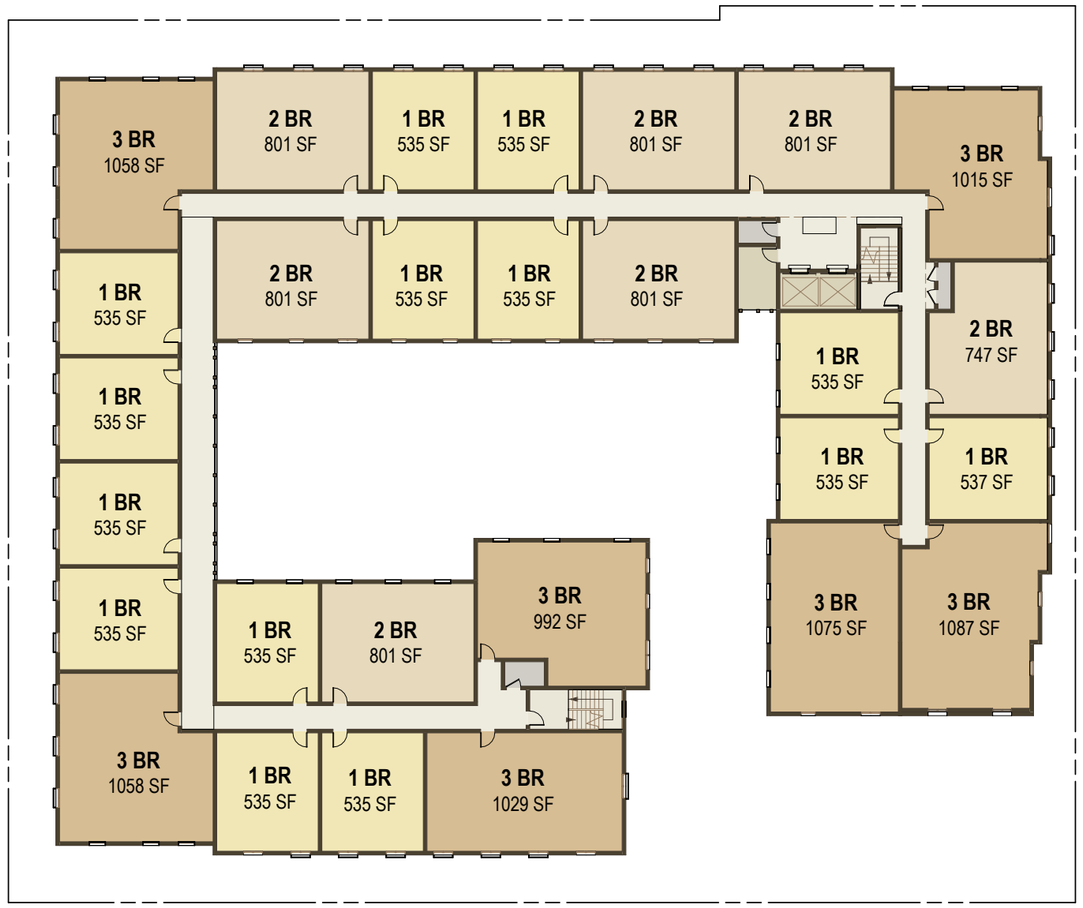
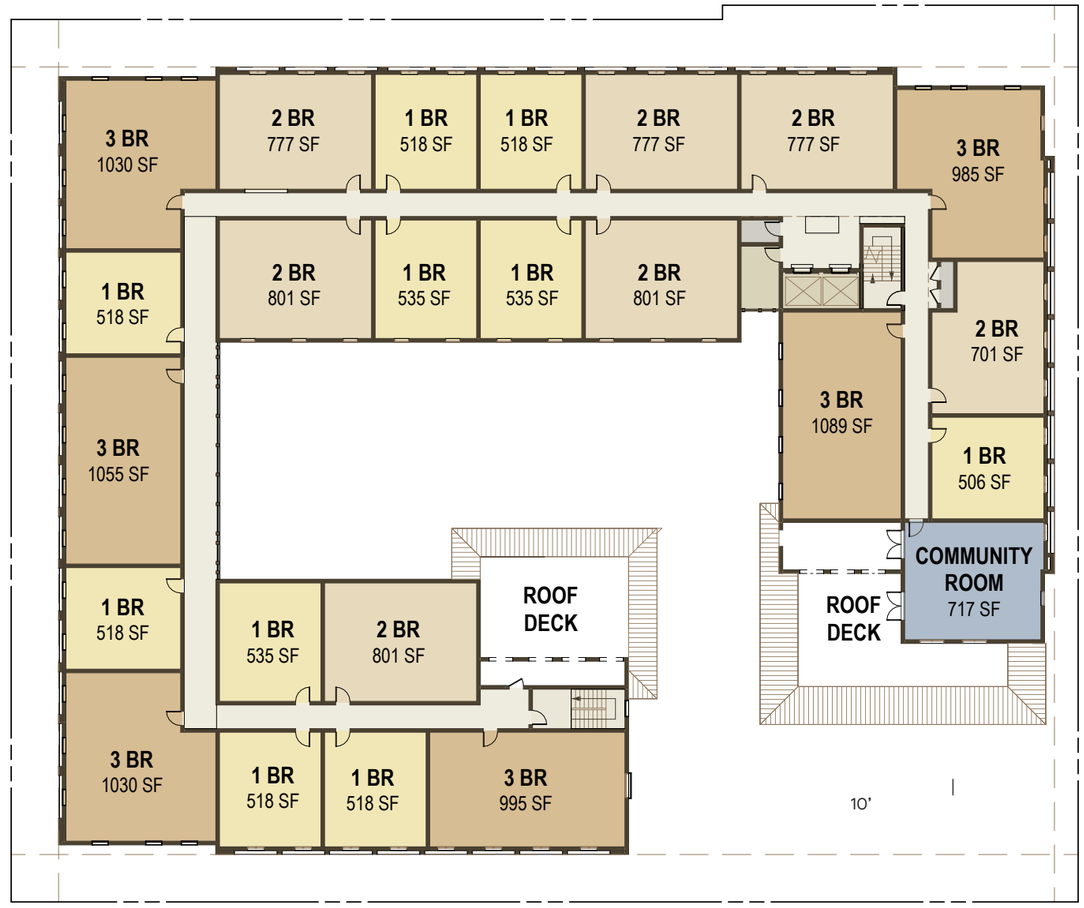


THIRD AND FOURTH FLOOR PLAN



FIFTH FLOOR PLAN

0' 5' 20' 30'

117 E CARRILLO

CONCEPTUAL DESIGN
117 E CARRILLO RFQ
03.07.2026

KFA

linc HOUSING

117 E CARRILLO

CONCEPTUAL DESIGN

117 E CARRILLO RFQ

03.07.2026

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03.07.2026

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Section 6. Financing and Cost-Control Innovations

6a. Overall Financing Strategy

Linc proposes to finance 117 East Carrillo Street through a layered capital stack combining tax-exempt bond financing, Low-Income Housing Tax Credits (LIHTC), and permanent debt through the CalHFA Mixed-Income Program (MIP), a structure purpose-built for the workforce affordability range and unit mix proposed for this project. This approach requires no contribution from the County's General Fund.

Primary Financing Mechanisms

The project will utilize 4% Low-Income Housing Tax Credits (LIHTC) paired with tax-exempt bond financing as the primary equity source. This pairing is the standard structure for mixed-income affordable housing at the proposed scale and income range. The project's location within a federally designated Difficult Development Area (DDA) provides a 30% basis boost, increasing the amount of tax credit equity that can be generated and improving overall financial feasibility. CalHFA's Mixed-Income Program provides permanent financing tailored to developments serving households across the 30–80% AMI spectrum, offering a competitive interest rate and long-term debt structure compatible with the project's operating projections.

Cost Containment and Financial Resilience

The financing strategy has been designed with a strong emphasis on cost containment and operating efficiency. The 116-unit development program is structured to be financially viable under current market conditions while maintaining flexibility to incorporate State Low-Income Housing Tax Credits (State LIHTC) if needed to further strengthen feasibility. The efficiency gains from maximizing density above the fixed-cost podium, as described in Section 4a, are directly reflected in the financing structure: the 116-unit program eliminates an estimated $2 million financing gap that would otherwise exist under a lower-density scenario.

County Financial Participation: Ground Lease Structure

Linc Housing proposes a ground lease structure that provides Santa Barbara County with both immediate financial benefit and long-term participation in project performance, while preserving the financial feasibility necessary to secure affordable housing financing. The specific terms are described in detail in Section 6c below. Linc's proposed structure generates an estimated $12,388,735 in total County participation over the 65-year ground lease term, entirely from project cash flow, with no General Fund contribution required.

Full development Sources & Uses, 65-Year Cash Flow, and Year 1 Operating Budget are provided in Section 6b. A detailed pro forma is included as a separate electronic attachment per RFP requirements.

Linc Housing Corporation brings extensive financing expertise to this project, having secured more than $490 million in public funds, more than $247 million in tax-exempt bond debt, and more than $640 million in LIHTC equity over the past five years alone. Linc's in-house development finance staff prepares all funding applications and feasibility analyses, and maintains long-standing relationships with debt lenders, equity investors, and public funding agencies.

For the 117 East Carrillo Street project, Linc anticipates pursuing a 4% Low-Income Housing Tax Credit (LIHTC) capital stack paired with the CalHFA Mixed-Income Program (MIP), which also provides access to California State Low-Income Housing Tax Credits. This structure aligns with the project's scale and its anticipated High Resource Area designation, which is expected to qualify the project for a 2026 1-point HRA CDLAC scoring boost, significantly strengthening its competitiveness.

Linc will also evaluate the following complementary funding sources:

- Affordable Housing and Sustainable Communities (AHSC) — for transportation, sustainability, and infrastructure improvements
- Multifamily Housing Program (MHP) — if a Special Needs housing type is pursued
- CalHFA and other State gap-financing programs
- Federal, regional, and local sources including HOME, CDBG, and FHLB AHP
- Impact equity and mission-aligned gap financing — drawing on active relationships from Linc's Culver City mixed-income initiative
- Alternative workforce housing tools to support units at 100%–120% AMI

Linc has active relationships with Capital One, Bank of America, Raymond James, and Century Housing, among others. No General Fund contribution from the County is assumed or required.

6b. Required Financial Submittals

Carillo	**Version:**	**RFP**
117 E. Carillo Street, Santa Barbara, CA 93101	**Revised:**	**3/5/2026**
Predevelopment Budget		
Predevelopment Uses	AMOUNT	
Design Fees	$	1,155,000
Finance Fees	$	202,500
Legal Fees	$	25,000
Other Consultants	$	200,000
Plan Check/Permitting	$	191,300
Contingency	$	61,250
TOTAL USES	$	1,835,050
Predevelopment Sources	AMOUNT	
Linc Housing Capital and/or Private 3rd Party Predevelopment Loan	$	1,835,050
TOTAL SOURCES	$	1,835,050

Carillo **Version:** **RFP**
117 E. Carillo Street, Santa Barbara, CA 93101 **Revised:** **3/5/2026**
Sources of Funds

PERMANENT	AMOUNT	INT. RATE	TERM (Yr)	AMORT.	DSCR		
Permanent Loan - Tranche A	$ 26,860,643	5.56%	17	40	1.15		
CalHFA MIP	$ 5,875,574	3.00%	55				
Required Deferred Developer Fee	$ 4,255,737						
Capital Contributions							
Private Market Rate Equity	$ -						
General Partner	$ 100						
Limited Partners (Federal Tax Credit Equity)	$ 25,020,575				Credit pricing (Federal):	$	0.85
					Credit pricing (State):	$	0.89
TOTAL SOURCES	**$ 62,012,629**						

CONSTRUCTION	AMOUNT	INT. RATE	TERM (Mo)			
Tax-Exempt Construction Loan	$ 16,982,293	5.70%	30	Aggregate Basis	$	56,607,642
Construction Loan Taxable Tail	$ 30,912,091	6.20%	30			
Required Deferred Developer Fee	$ 4,255,737					
Costs Deferred Until Completion	$ 2,356,235			**Summary of Costs Deferred Until Conversion**		
				Replacement Reserve	$	-
Capital Contributions				HCD Transition Reserve Fee	$	-
General Partner	$ 100			Operating Reserve	$	665,085
Limited Partners (Tax Credit Equity)	$ 7,506,173			Permanent Financing Costs	$	283,607
				Capitalized Developer Fee	$	1,407,543
TOTAL SOURCES	**$ 62,012,629**					

Carillo — **Version:** **RFP**
117 E. Carillo Street, Santa Barbara, CA 93101 — **Revised:** **3/5/2026**
Uses of Funds

	TOTAL	Cost/D.U.	Residential Cost	Commercial Cost	TAX CREDIT ELIGIBLE Const/Rehab	TAX CREDIT ELIGIBLE Acq.
ACQUISITION						
Capitalized Ground Lease	$ 250,000	$ 2,155	$ 250,000	$ -		
Predev Loan Interest	$ 250,000	$ 2,155	$ 250,000	$ -	$ 250,000	
Demolition	$ 178,500	$ 1,539	$ 178,500	$ -		$ -
Off-Site Improvements (eligible)	$ 52,500	$ 453	$ 52,500	$ -	$ 52,500	
CONSTRUCTION	$ -					
Site Work	$ 2,192,478	$ 18,901	$ 2,192,478	$ -	$ 2,192,478	
Structures	$ 32,568,693	$ 280,765	$ 32,568,693	$ -	$ 32,568,693	
General Requirements	$ 2,099,531	$ 18,099	$ 2,099,531	$ -	$ 2,099,531	
Contractor Overhead	$ 699,844	$ 6,033	$ 699,844	$ -	$ 699,844	
Contractor Profit	$ 699,844	$ 6,033	$ 699,844	$ -	$ 699,844	
Payment and Performance Bond	$ 384,915	$ 3,318	$ 384,915	$ -	$ 384,915	
General Liability Insurance	$ 384,915	$ 3,318	$ 384,915	$ -	$ 384,915	
Hard Cost Contingency	$ 1,963,061	$ 16,923	$ 1,963,061	$ -	$ 1,963,061	
ARCHITECTURAL FEES						
Design	$ 900,000	$ 7,759	$ 900,000	$ -	$ 900,000	
Supervision	$ 350,000	$ 3,017	$ 350,000	$ -	$ 350,000	
Engineering	$ 500,000	$ 4,310	$ 500,000	$ -	$ 500,000	
CONSTRUCTION INTEREST & FEES						
Construction Loan Interest	$ 5,390,485	$ 46,470	$ 5,390,485	$ -	$ 2,523,975	
Origination Fee	$ 718,416	$ 6,193	$ 718,416	$ -	$ 336,383	
Insurance	$ 150,000	$ 1,293	$ 150,000	$ -	$ 150,000	
PERMANENT FINANCING						
Loan Origination Fee	$ 268,607	$ 2,316	$ 268,607	$ -		
TITLE, RECORDING, & ESCROW						
Acquisition	$ 5,000	$ 43	$ 5,000	$ -		$ -
Construction	$ 100,000	$ 862	$ 100,000	$ -	$ 100,000	
Permanent	$ 5,000	$ 43	$ 5,000	$ -		
LEGAL FEES						
Acquisition	$ 30,000	$ 259	$ 30,000	$ -		$ -
Construction Closing	$ 120,000	$ 1,034	$ 120,000	$ -	$ 120,000	
Lender Legal	$ 95,000	$ 819	$ 95,000	$ -	$ 95,000	
Permanent Closing	$ 10,000	$ 86	$ 10,000	$ -		
Organization of Partnership	$ 25,000	$ 216	$ 25,000	$ -		
Syndication	$ 35,000	$ 302	$ 35,000	$ -		
RESERVES						
Operating Reserve	$ 665,085	$ 5,733	$ 665,085			
OTHER PROJECT COSTS						
Appraisal	$ 10,000	$ 86	$ 10,000	$ -	$ 10,000	$ -
TCAC Application Fee	$ 2,500	$ 22	$ 2,500			
TCAC Reservation Fee	$ 29,436	$ 254	$ 29,436			
TCAC Monitoring Fee	$ 81,200	$ 700	$ 81,200			
CDLAC Application Fee	$ 1,200	$ 10	$ 1,200			
CDLAC Performance Deposit	$ 84,912	$ 732	$ 84,912			
CDIAC Fee	$ 2,548	$ 22	$ 2,548			
Bond Origination Fee	$ 42,456	$ 366	$ 42,456			
Bond Application Fee	$ 2,500	$ 22	$ 2,500	$ -		
Trustee/Fiscal Agent Fee	$ 2,750	$ 24	$ 2,750	$ -		
Bond Counsel	$ 50,000	$ 431	$ 50,000	$ -		
Trustee Legal	$ 3,500	$ 30	$ 3,500	$ -		
TEFRA Public Notice Fee	$ 2,500	$ 22	$ 2,500	$ -		
Bond Issuance Contingency	$ 80,000	$ 690	$ 80,000	$ -		
Environmental Audit & Plans	$ 150,000	$ 1,293	$ 150,000	$ -	$ 150,000	
Local Development Impact Fees	$ 870,000	$ 7,500	$ 870,000	$ -	$ 870,000	
Permit Processing Fees	$ 696,000	$ 6,000	$ 696,000	$ -	$ 696,000	
Leasing Expense	$ 55,000	$ 474	$ 55,000	$ -		
Leasing Fee	$ 28,750	$ 248	$ 28,750	$ -		
Marketing & Outreach	$ 10,000	$ 86	$ 10,000	$ -		
Furnishings (Common Area)	$ 78,300	$ 675	$ 78,300		$ 78,300	
Market Study	$ 15,000	$ 129	$ 15,000			
Audit/Cost Certification	$ 25,000	$ 216	$ 25,000	$ -		
Soft Cost Contingency	$ 563,598	$ 4,859	$ 563,598	$ -	$ 563,598	
3rd Party Construction Manager	$ 143,000	$ 1,233	$ 143,000	$ -	$ 143,000	
Green Consultant and Certification	$ 60,000	$ 517	$ 60,000	$ -	$ 60,000	
Soils	$ 35,000	$ 302	$ 35,000	$ -	$ 35,000	
Deputy Inspections	$ 75,000	$ 647	$ 75,000	$ -	$ 75,000	
Security	$ 132,000	$ 1,138	$ 132,000	$ -	$ 132,000	
Utility Fees	$ 25,000	$ 216	$ 25,000	$ -	$ 25,000	
Capitalized Operations & Services	$ 75,000	$ 647	$ 75,000	$ -		
CalHFA Application Fee	$ 15,000	$ 129	$ 15,000	$ -	$ 15,000	
DEVELOPER COSTS						
Consultant/Processing Agent	$ 90,000	$ 776	$ 90,000	$ -		
4% Developer Fee	$ 7,383,605	$ 63,652	$ 7,383,605	$ -	$ 7,383,605	$ -
TOTAL DEVELOPMENT COST	**$ 62,012,629**	**$ 534,592**	**$ 62,012,629**	**$ -**	**$ 56,607,642**	**$ -**

Carillo Version: RFP
117 E. Carillo Street, Santa Barbara, CA 93101 Revised: 3/5/2026
Unit Mix & Rental Income

	Actual Income Averaging	
Average Affordability For Qualified Units (% AMI):	60.0000%	60.0000%

Rent Calculation Inputs	
HUD Very-Low 4-Person Income Limit	$ 88,250
HUD 4-Person Median Income	$ 113,300
Federal Financing	No

UTILITY ALLOWANCE		
UNIT TYPE	NUMBER	
0 BR	0	0
1 BR	57	53
2 BR	30	68
3 BR	29	81
4 BR	0	0

TAX-CREDIT ELIGIBLE - TIER 1: 30% AMI — **Percentage of Targeted Units: 10.43%**

UNIT TYPE	NUMBER	PER UNIT SQ. FT.	REGULATIONS LIMITING RENT	AMI %	PER-UNIT MONTHLY GROSS RENT	PER-UNIT MONTHLY NET RENT	TOTAL MONTHLY NET RENT	TOTAL ANNUAL NET RENT	PER-UNIT GROSS SUBSIDY RENTS	PER-UNIT NET SUBSIDY RENTS	PER-UNIT SUBSIDY INCREMENT	TOTAL MONTHLY SUBSIDY	TOTAL ANNUAL SUBSIDY	TOTAL ANNUAL INCOME
1 BR	6	525	TCAC	30%	$ 993	$ 940	$ 5,640	$ 67,680	$ -	$ -	$ -	$ -	$ -	$ 67,680
2 BR	3	800	TCAC	30%	$ 1,191	$ 1,123	$ 3,369	$ 40,428	$ -	$ -	$ -	$ -	$ -	$ 40,428
3 BR	3	1050	TCAC	30%	$ 1,377	$ 1,296	$ 3,888	$ 46,656	$ -	$ -	$ -	$ -	$ -	$ 46,656
TOTAL	12						$ 12,897	$ 154,764				$ -	$ -	$ 154,764

TAX-CREDIT ELIGIBLE - TIER 1: 40% AMI — **Percentage of Targeted Units: 10.43%**

UNIT TYPE	NUMBER	PER UNIT SQ. FT.	REGULATIONS LIMITING RENT	AMI %	PER-UNIT MONTHLY GROSS RENT	PER-UNIT MONTHLY NET RENT	TOTAL MONTHLY NET RENT	TOTAL ANNUAL NET RENT	PER-UNIT GROSS SUBSIDY RENTS	PER-UNIT NET SUBSIDY RENTS	PER-UNIT SUBSIDY INCREMENT	TOTAL MONTHLY SUBSIDY	TOTAL ANNUAL SUBSIDY	TOTAL ANNUAL INCOME
1 BR	6	525	TCAC	40%	$ 1,324	$ 1,271	$ 7,626	$ 91,512	$ -	$ -	$ -	$ -	$ -	$ 91,512
2 BR	3	800	TCAC	40%	$ 1,589	$ 1,521	$ 4,563	$ 54,756	$ -	$ -	$ -	$ -	$ -	$ 54,756
3 BR	3	1050	TCAC	40%	$ 1,836	$ 1,755	$ 5,265	$ 63,180	$ -	$ -	$ -	$ -	$ -	$ 63,180
TOTAL	12						$ 17,454	$ 209,448				$ -	$ -	$ 209,448

TAX-CREDIT ELIGIBLE - TIER 1: 50% AMI — **Percentage of Targeted Units: 10.43%**

UNIT TYPE	NUMBER	PER UNIT SQ. FT.	REGULATIONS LIMITING RENT	AMI %	PER-UNIT MONTHLY GROSS RENT	PER-UNIT MONTHLY NET RENT	TOTAL MONTHLY NET RENT	TOTAL ANNUAL NET RENT	PER-UNIT GROSS SUBSIDY RENTS	PER-UNIT NET SUBSIDY RENTS	PER-UNIT SUBSIDY INCREMENT	TOTAL MONTHLY SUBSIDY	TOTAL ANNUAL SUBSIDY	TOTAL ANNUAL INCOME
1 BR	6	525	TCAC	50%	$ 1,655	$ 1,602	$ 9,612	$ 115,344	$ -	$ -	$ -	$ -	$ -	$ 115,344
2 BR	3	800	TCAC	50%	$ 1,986	$ 1,918	$ 5,754	$ 69,048	$ -	$ -	$ -	$ -	$ -	$ 69,048
3 BR	3	1050	TCAC	50%	$ 2,295	$ 2,214	$ 6,642	$ 79,704	$ -	$ -	$ -	$ -	$ -	$ 79,704
TOTAL	12						$ 22,008	$ 264,096				$ -	$ -	$ 264,096

TAX-CREDIT ELIGIBLE - TIER 1: 60% AMI — **Percentage of Targeted Units: 10.43%**

UNIT TYPE	NUMBER	PER UNIT SQ. FT.	REGULATIONS LIMITING RENT	AMI %	PER-UNIT MONTHLY GROSS RENT	PER-UNIT MONTHLY NET RENT	TOTAL MONTHLY NET RENT	TOTAL ANNUAL NET RENT	PER-UNIT GROSS SUBSIDY RENTS	PER-UNIT NET SUBSIDY RENTS	PER-UNIT SUBSIDY INCREMENT	TOTAL MONTHLY SUBSIDY	TOTAL ANNUAL SUBSIDY	TOTAL ANNUAL INCOME
1 BR	6	525	TCAC	60%	$ 1,986	$ 1,933	$ 11,598	$ 139,176	$ -	$ -	$ -	$ -	$ -	$ 139,176
2 BR	3	800	TCAC	60%	$ 2,383	$ 2,315	$ 6,945	$ 83,340	$ -	$ -	$ -	$ -	$ -	$ 83,340
3 BR	3	1050	TCAC	60%	$ 2,754	$ 2,673	$ 8,019	$ 96,228	$ -	$ -	$ -	$ -	$ -	$ 96,228
TOTAL	12						$ 26,562	$ 318,744				$ -	$ -	$ 318,744

TAX-CREDIT ELIGIBLE - TIER 1: 70% AMI — **Percentage of Targeted Units: 53.91%**

UNIT TYPE	NUMBER	PER UNIT SQ. FT.	REGULATIONS LIMITING RENT	AMI %	PER-UNIT MONTHLY GROSS RENT	PER-UNIT MONTHLY NET RENT	TOTAL MONTHLY NET RENT	TOTAL ANNUAL NET RENT	PER-UNIT GROSS SUBSIDY RENTS	PER-UNIT NET SUBSIDY RENTS	PER-UNIT SUBSIDY INCREMENT	TOTAL MONTHLY SUBSIDY	TOTAL ANNUAL SUBSIDY	TOTAL ANNUAL INCOME
1 BR	30	525	TCAC	70%	$ 2,317	$ 2,264	$ 67,920	$ 815,040	$ -	$ -	$ -	$ -	$ -	$ 815,040
2 BR	16	800	TCAC	70%	$ 2,780	$ 2,712	$ 43,392	$ 520,704	$ -	$ -	$ -	$ -	$ -	$ 520,704
3 BR	16	1050	TCAC	70%	$ 3,213	$ 3,132	$ 50,112	$ 601,344	$ -	$ -	$ -	$ -	$ -	$ 601,344
TOTAL	62						$ 161,424	$ 1,937,088				$ -	$ -	$ 1,937,088

TAX-CREDIT ELIGIBLE - TIER 1: 80% AMI — **Percentage of Targeted Units: 4.35%**

UNIT TYPE	NUMBER	PER UNIT SQ. FT.	REGULATIONS LIMITING RENT	AMI %	PER-UNIT MONTHLY GROSS RENT	PER-UNIT MONTHLY NET RENT	TOTAL MONTHLY NET RENT	TOTAL ANNUAL NET RENT	PER-UNIT GROSS SUBSIDY RENTS	PER-UNIT NET SUBSIDY RENTS	PER-UNIT SUBSIDY INCREMENT	TOTAL MONTHLY SUBSIDY	TOTAL ANNUAL SUBSIDY	TOTAL ANNUAL INCOME
1 BR	3	525	TCAC	80%	$ 2,648	$ 2,595	$ 7,785	$ 93,420	$ -	$ -	$ -	$ -	$ -	$ 93,420
2 BR	1	800	TCAC	80%	$ 3,178	$ 3,110	$ 3,110	$ 37,320	$ -	$ -	$ -	$ -	$ -	$ 37,320
3 BR	1	1050	TCAC	80%	$ 3,672	$ 3,591	$ 3,591	$ 43,092	$ -	$ -	$ -	$ -	$ -	$ 43,092
TOTAL	5						$ 14,486	$ 173,832				$ -	$ -	$ 173,832

MANAGER'S UNITS

UNIT TYPE	NUMBER	PER UNIT SQ. FT.	PER-UNIT MONTHLY GROSS RENT	PER-UNIT MONTHLY NET RENT	TOTAL MONTHLY NET RENT	TOTAL ANNUAL NET RENT	TOTAL ANNUAL INCOME
2 BR	1	800	$ -	$ -	$ -	$ -	$ -
TOTAL	1				$ -	$ -	$ -

TOTAL RENTAL INCOME (BASE RENT + SUBSIDY)	TOTAL UNITS	TOTAL MONTHLY (Net)	TOTAL ANNUAL (Net)
	116	$ 254,831	$ 3,057,972

MISCELLANEOUS INCOME	PER-UNIT MONTHLY	TOTAL MONTHLY	TOTAL ANNUAL
Laundry/Vending	$ 5	$ 580	$ 6,960
Financial	$ -	$ -	$ -

Carillo		**Version:**	**RFP**
117 E. Carillo Street, Santa Barbara, CA 93101		**Revised:**	**3/5/2026**
Base Year Income and Expense			

INCOME			
Scheduled Gross Income (Non-SN)			$ 3,057,973
Miscellaneous Income			$ 6,960
Vacancy Loss (NON-SN)		5.00%	$ (152,899)
Vacancy Loss (Miscellaneous Income)		5.00%	$ (348)
EFFECTIVE GROSS INCOME			$ 2,911,686

EXPENSES - RESIDENTIAL	Per Unit			
Admninstrative				
Advertising	$ 55	$ 6,380		
Legal	$ 160	$ 18,560		
Accounting/Audit	$ 129	$ 15,000		
Misc. Admin/Telephone	$ 150	$ 17,400		
Total Administrative			$	57,340
Utilities				
Electricity	$ 650	$ 75,400		
Cable & Internet	$ 30	$ 3,480		
Water/Sewer	$ 450	$ 52,200		
Total Utilities			$	131,080
Payroll/Payroll Taxes				
On-Site Manager/Maintenance Payroll	$ 1,250	$ 145,000		
Payroll Taxes/Benefits	$ 500	$ 58,000		
Total Payroll/Payroll Taxes			$	203,000
Insurance	$ 1,300		$	150,800
Real Estate Taxes/Assessments	$ 190		$	22,000
Maintenance				
Painting	$ 70	$ 8,120		
Repairs	$ 300	$ 34,800		
Trash Removal	$ 300	$ 34,800		
Exterminating	$ 90	$ 10,440		
Grounds	$ 250	$ 29,000		
Elevator	$ 220	$ 25,520		
Total Maintenace			$	142,680
Replacement Reserve	$ 350		$	40,600
Management Fee	792 per unit		$	91,872
Other				
Resident Services Coordinator	$ 862	$ 100,000		
CalHFA Monitoring Fee	$ 74	$ 8,491		
Annual Issuer Fee	$ 317	$ 36,826		
Total Other			$	145,317
TOTAL EXPENSES - RESIDENTIAL	*PUPY*		*Total*	
Including Reserves	$ 8,489		$	984,689
Without reserves and services	$ 6,886		$	798,772
Without taxes, reserves, and services	$ 6,696		$	776,772
UMR REQUIRED DEBT SERVICE			$	-
NET AVAILABLE INCOME FOR PERMANENT LOAN (after payment of UMR required debt service)			$	1,926,997

Carillo | **Version:** | **RFP**
117 E. Carillo Street, Santa Barbara, CA 93101 | **Revised:** | **3/5/2026**
Cashflow

			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
ASSUMPTIONS																	
Rent Increases:		2.5%															
Expense Increases:		3.5%															
Real Estate Expense Increases:		2.0%															
			2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Scheduled Gross Income (Non-SN)			3,057,973	3,134,422	3,212,782	3,293,102	3,375,429	3,459,815	3,546,311	3,634,968	3,725,843	3,818,989	3,914,463	4,012,325	4,112,633	4,215,449	4,320,835
Miscellaneous Income			6,960	7,134	7,312	7,495	7,683	7,875	8,071	8,273	8,480	8,692	8,909	9,132	9,360	9,594	9,834
Vacancy Loss (NON-SN)		5.00%	(152,899)	(156,721)	(160,639)	(164,655)	(168,771)	(172,991)	(177,316)	(181,748)	(186,292)	(190,949)	(195,723)	(200,616)	(205,632)	(210,772)	(216,042)
Vacancy Loss (Miscellaneous Income)		5.00%	(348)	(357)	(366)	(375)	(384)	(394)	(404)	(414)	(424)	(435)	(445)	(457)	(468)	(480)	(492)
GROSS EFFECTIVE INCOME			2,911,686	2,984,478	3,059,090	3,135,567	3,213,956	3,294,305	3,376,663	3,461,080	3,547,607	3,636,297	3,727,204	3,820,384	3,915,894	4,013,791	4,114,136
OPERATING EXPENSES																	
Management Fee			91,872	95,088	98,416	101,860	105,425	109,115	112,934	116,887	120,978	125,212	129,595	134,130	138,825	143,684	148,713
Real Estate Taxes		2.0%	22,000	22,440	22,889	23,347	23,814	24,290	24,776	25,271	25,777	26,292	26,818	27,354	27,901	28,459	29,029
Annual Issuer Fee			36,826	36,826	36,826	36,826	36,826	36,826	36,826	36,826	36,826	36,826	36,826	36,826	36,826	36,826	36,826
CalHFA Monitoring Fee		0.0%	8,491	8,491	8,491	8,491	8,491	8,491	8,491	8,491	8,491	8,491	8,491	8,491	8,491	8,491	8,491
Resident Services		3.5%	100,000	103,500	107,123	110,872	114,752	118,769	122,926	127,228	131,681	136,290	141,060	145,997	151,107	156,396	161,869
Other Operating Expenses			684,900	708,872	733,682	759,361	785,939	813,446	841,917	871,384	901,883	933,448	966,119	999,933	1,034,931	1,071,154	1,108,644
NET OPERATING INCOME			1,967,597	2,009,262	2,051,664	2,094,811	2,138,710	2,183,368	2,228,794	2,274,993	2,321,972	2,369,737	2,418,296	2,467,652	2,517,813	2,568,782	2,620,564
REPLACEMENT RESERVE - $350 PUPA			40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600
										7							
NET INCOME AVAILABLE FOR DEBT SERVICE			1,926,997	1,968,662	2,011,064	2,054,211	2,098,110	2,142,768	2,188,194	2,234,393	2,281,372	2,329,137	2,377,696	2,427,052	2,477,213	2,528,182	2,579,964
Permanent Loan - Tranche A Debt Service			1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649
TOTAL DEBT SERVICE			1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649
NET CASH FLOW			251,347	293,013	335,415	378,561	422,460	467,119	512,544	558,743	605,722	653,488	702,046	751,403	801,563	852,532	904,315
DEBT SERVICE COVERAGE RATIO			1.15	1.17	1.20	1.23	1.25	1.28	1.31	1.33	1.36	1.39	1.42	1.45	1.48	1.51	1.54
Resident Services (below the line)			$ -	-	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Asset Management Fee - LP		3.5%	5,000	5,175	5,356	5,544	5,738	5,938	6,146	6,361	6,584	6,814	7,053	7,300	7,555	7,820	8,093
Asset Management Fee - GP		3.5%	-	-	-	-	-	-	-	-	-	164,019	98,821	29,199	30,221	31,279	32,374
Asset Management Fee - GP (Accrued)			20,000	40,700	62,125	84,299	107,249	131,003	155,588	181,034	207,370	70,609	-	-	-	-	-
Operating Reserve Payment	$	665,085	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee Balance			4,255,737	4,009,390	3,721,552	3,391,493	3,018,476	2,601,753	2,140,572	1,634,174	1,081,792	482,654	-	-	-	-	-
Deferred Developer Fee Payment			246,347	287,838	330,059	373,018	416,723	461,181	506,398	552,382	599,138	482,654	-	-	-	-	-
Cashflow Available for Distribution			-	-	-	-	-	-	-	-	-	-	596,173	714,904	763,787	813,434	863,848
Residual Receipts Payments		50.0%	-	-	-	-	-	-	-	-	-	-	298,086	357,452	381,893	406,717	431,924
CalHFA MIP		50.0%	-	-	-	-	-	-	-	-	-	-	298,086	357,452	381,893	406,717	431,924
Cashflow to Ground Lease (County)	10% starting at year 16		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cashflow to Partnership	50% until year 15, 40% thereafter		-	-	-	-	-	-	-	-	-	-	298,086	357,452	381,893	406,717	431,924

Carillo 117 E. Carillo Street, Santa Barbara, CA 93101 Cashflow		Carillo 117 E. Carillo Street, Santa Barbara, CA 93101 Cashflow												Version: Revised:	RFP 3/5/2026
ASSUMPTIONS															
Rent Increases:	2.5%														
Expense Increases:	3.5%														
Real Estate Expense Increases:	2.0%														
		Year 16 2046	**Year 17 2047**	**Year 18 2048**	**Year 19 2049**	**Year 20 2050**	**Year 21 2051**	**Year 22 2052**	**Year 23 2053**	**Year 24 2054**	**Year 25 2055**	**Year 26 2056**	**Year 27 2057**	**Year 28 2058**	**Year 29 2059**	**Year 30 2060**
Scheduled Gross Income (Non-SN)		4,428,856	4,539,577	4,653,067	4,769,393	4,888,628	5,010,844	5,136,115	5,264,518	5,396,131	5,531,034	5,669,310	5,811,043	5,956,319	6,105,227	6,257,858
Miscellaneous Income		10,080	10,332	10,590	10,855	11,127	11,405	11,690	11,982	12,282	12,589	12,903	13,226	13,557	13,896	14,243
Vacancy Loss (NON-SN)	5.00%	(221,443)	(226,979)	(232,653)	(238,470)	(244,431)	(250,542)	(256,806)	(263,226)	(269,807)	(276,552)	(283,466)	(290,552)	(297,816)	(305,261)	(312,893)
Vacancy Loss (Miscellaneous Income)	5.00%	(504)	(517)	(530)	(543)	(556)	(570)	(584)	(599)	(614)	(629)	(645)	(661)	(678)	(695)	(712)
GROSS EFFECTIVE INCOME		4,216,989	4,322,414	4,430,474	4,541,236	4,654,767	4,771,136	4,890,415	5,012,675	5,137,992	5,266,442	5,398,103	5,533,055	5,671,382	5,813,166	5,958,496
OPERATING EXPENSES																
Management Fee		153,918	159,305	164,880	170,651	176,624	182,806	189,204	195,826	202,680	209,774	217,116	224,715	232,580	240,720	249,146
Real Estate Taxes	2.0%	29,609	30,201	30,805	31,421	32,050	32,691	33,345	34,012	34,692	35,386	36,093	36,815	37,552	38,303	39,069
Annual Issuer Fee		36,826	36,826	36,826	36,826	36,826	36,826	36,826	36,826	36,826	36,826	36,826	36,826	36,826	36,826	36,826
CalHFA Monitoring Fee	0.0%	8,491	8,491	8,491	8,491	8,491	8,491	8,491	8,491	8,491	8,491	8,491	8,491	8,491	8,491	8,491
Resident Services	3.5%	167,535	173,399	179,468	185,749	192,250	198,979	205,943	213,151	220,611	228,333	236,324	244,596	253,157	262,017	271,188
Other Operating Expenses		1,147,446	1,187,607	1,229,173	1,272,194	1,316,721	1,362,806	1,410,505	1,459,872	1,510,968	1,563,852	1,618,586	1,675,237	1,733,870	1,794,556	1,857,365
NET OPERATING INCOME		2,673,164	2,726,585	2,780,831	2,835,903	2,891,805	2,948,537	3,006,101	3,064,497	3,123,724	3,183,781	3,244,666	3,306,375	3,368,906	3,432,253	3,496,411
REPLACEMENT RESERVE - $350 PUPA		40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600	40,600
NET INCOME AVAILABLE FOR DEBT SERVICE		2,632,564	2,685,985	2,740,231	2,795,303	2,851,205	2,907,937	2,965,501	3,023,897	3,083,124	3,143,181	3,204,066	3,265,775	3,328,306	3,391,653	3,455,811
Permanent Loan - Tranche A Debt Service		1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649
TOTAL DEBT SERVICE		1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649	1,675,649
NET CASH FLOW		956,915	1,010,336	1,064,581	1,119,654	1,175,556	1,232,288	1,289,852	1,348,247	1,407,474	1,467,531	1,528,416	1,590,126	1,652,657	1,716,004	1,780,162
DEBT SERVICE COVERAGE RATIO		1.57	1.60	1.64	1.67	1.70	1.74	1.77	1.80	1.84	1.88	1.91	1.95	1.99	2.02	2.06
Resident Services (below the line)		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Asset Management Fee - LP	3.5%	8,377	8,670	8,973	9,287	9,613	9,949	10,297	10,658	11,031	11,417	11,816	12,230	12,658	13,101	13,559
Asset Management Fee - GP	3.5%	33,507	34,680	35,894	37,150	38,450	39,796	41,189	42,630	44,122	45,667	47,265	48,919	50,631	52,403	54,238
Asset Management Fee - GP (Accrued)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Reserve Payment	$ 665,085	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee Balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee Payment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cashflow Available for Distribution		915,031	966,986	1,019,714	1,073,217	1,127,493	1,182,543	1,238,366	1,294,960	1,352,322	1,410,448	1,469,335	1,528,977	1,589,368	1,650,500	1,712,365
Residual Receipts Payments	50.0%	457,516	483,493	509,857	536,608	563,747	591,272	619,183	647,480	676,161	705,224	734,667	764,488	794,684	825,250	856,182
CalHFA MIP	50.0%	457,516	483,493	509,857	536,608	563,747	591,272	619,183	647,480	676,161	705,224	734,667	764,488	794,684	825,250	856,182
Cashflow to Ground Lease (County)	10% starting at year 16	91,503	96,699	101,971	107,322	112,749	118,254	123,837	129,496	135,232	141,045	146,933	152,898	158,937	165,050	171,236
Cashflow to Partnership	50% until year 15, 40% thereafter	366,012	386,795	407,886	429,287	450,997	473,017	495,346	517,984	540,929	564,179	587,734	611,591	635,747	660,200	684,946

6c. Ground Lease Terms

Linc understands that the County intends to enter into a long-term ground lease (up to 66 years per California Government Code §25549) for the Site, with the Developer bearing all costs of design, financing, construction, and operations. Linc Housing proposes the following ground lease terms for the 117 East Carrillo Street site:

Ground Lease Term	65 years
Upfront Ground Lease Payment	$250,000 at partnership closing / commencement of construction
County Cash Flow Participation	10% of available project cash flow beginning in Year 16 of operations
Cash Flow Calculation Basis	Available cash flow after payment of: (1) operating expenses; (2) required reserves; (3) permanent lender debt service; (4) subordinate financing obligations including CalHFA MIP
Projected Total County Participation	$12,388,735 over the 65-year ground lease term (based on current financial projections)
General Fund Contribution Required	None

The proposed structure reflects Linc's commitment to responsible stewardship of publicly owned land. By combining an upfront payment at closing with long-term participation in project cash flow beginning in Year 16 — after the tax credit compliance period and project stabilization — the proposal ensures the County receives both immediate and sustained financial benefit.

The structure has been carefully calibrated to remain compatible with affordable housing financing requirements. Excessive ground lease payments at project inception can negatively impact a project's ability to secure LIHTC financing and permanent loans. Deferring the majority of County participation to Year 16 operating cash flow — a standard structure in California public-private affordable housing transactions — preserves the financing feasibility necessary to successfully deliver the housing while ensuring meaningful long-term value flows to the County throughout the life of the ground lease.

The projected $12,388,735 in total County participation is based on the current development pro forma and assumes stabilized operations consistent with the proposed 116-unit program, CalHFA MIP permanent financing, and the income mix described in Section 4a. Actual cash flow participation will be determined by project operating performance over time.

Section 7. Community Outreach Plan

Linc is dedicated to providing the most impactful benefit to the communities we build in and actively forming partnerships and offering other ways to bridge opportunity and need. Team members all have experience in managing stakeholder processes and relationships within their own projects and collaboratively with Linc. Our firms have conceptualized and implemented community engagement strategies including design development, partnership-building, public art collaboration, leasing engagement, and community building.

As such, we envision an inclusive, intergenerational community engagement process that recognizes the diverse household structures within the community and sets the stage for collaboration and wellbeing for the ensuing construction and operations periods. Linc envisions its developments as community assets that generate value for a broad range of stakeholders long after construction and lease-up. At our housing communities, dedicated on-site staff continually build relationships with community partners (local nonprofit organizations and businesses, City agencies and services, elected

offices, schools, and more) to create shared spaces of mutual benefit for both residents and the surrounding neighborhood.
Our goal and mission with every project we develop is to establish a closeknit network of community and service partners. Partnerships help us deliver tailored support and opportunities to residents of all ages for maximum impact and responsiveness to their needs, talents, and goals. Our on-site Resident Services seek and manage these relationships while helping to increase the experience, capacity, and impact of the collaborating entities.

- Embedding engagement in existing community spaces and events to leverage existing trust and relationships and reduce the burden on community members from having to attend a meeting or event outside of their normal daily activities. Locations include the Carrillo Recreation Center directly across from the project site, downtown community gatherings such as the Santa Barbara Certified Farmers' Market at the State Street Promenade, Old Spanish Days Fiesta, and summer Concerts in the Park at Chase Palm Park.
- Small group virtual and in-person meetings with local stakeholders to learn more about community needs and existing services for all ages around housing, health and well-being, workforce development, and community-building, as well as explore potential collaboration with our tailored resident supportive services model when the property is open to serve residents. Examples include:
    - CommUnify (formerly Community Action Commission of Santa Barbara County) and the Santa Barbara County Network of Family Resource Centers to connect clients to the future housing opportunity and explore programming partnerships for resident health and family wellbeing;
    - Santa Barbara Neighborhood Clinics for health and wellbeing outreach, as well as community-based small businesses and nonprofits who may want to partner on wellbeing programming — such as the Santa Barbara Bicycle Coalition for bicycle safety education, the Santa Barbara Family YMCA for healthy movement programming, and the United Boys & Girls Clubs of Santa Barbara County for youth services;
    - Workforce development and business organizations to discuss economic health and mobility efforts to support future residents — including the Santa Barbara County Workforce Development Board / America's Job Center (located two blocks from the site at 130 East Ortega Street), United Way of Santa Barbara County for work readiness and financial empowerment, the Santa Barbara South Coast Chamber of Commerce, and the Greater Santa Barbara Hispanic Chamber of Commerce;
    - Civic engagement partners, as Linc encourages and fosters participation within and beyond our housing communities through CPR/First Aid training, voter registration, resident-led workshops, volunteer opportunities, and other ways to connect community members to each other. Stakeholders to engage include the Rotary Clubs of Santa Barbara, the Housing Authority of the City of Santa Barbara, and the Santa Barbara Foundation.
- **Ongoing and centralized communications**: Linc will work with Santa Barbara County and the First District Supervisor's office to provide information to the public through a dedicated project webpage, newsletters, social media, and other appropriate methods.
- **Language accessibility**: Language accessibility: Linc routinely incorporates interpretation and translation in its activities to maximize inclusivity and participation.

Section 8. Initial Services Concept Plan

Linc provides free programs, workshops, and events on-site, directly benefiting residents where they live. This allows us to create positive outcomes by tailoring activities to meet the specific needs and interests of the community. Our offerings include mental and physical health classes for all ages, workforce development, financial literacy workshops, youth empowerment clubs, individual case management, and community-building events. These programs foster connection and support for residents' well-being. To ensure large families are fully supported, Linc would include youth

empowerment programs to cater to children of all ages with skill-building workshops, academic support, and mentorship opportunities. Programming may also include parenting support groups and specialized childcare services to assist parents in balancing their responsibilities and maintaining wellbeing, and successfully nurturing their children. Based on the needs of residents with disabilities, Linc has offered tailored classes including adaptive fitness classes, peer-led support groups, and specialized assistance with accessing healthcare services. Linc's resident services staff will work closely with residents to ensure they are connected with adaptive equipment and technologies that support independent living, while also coordinating transportation to medical appointments or community events.

Linc also develops community-specific programs for all residents at no cost, such as game nights, holiday events, and skill-building workshops. These activities help foster social connections, enhance stability, and offer opportunities for residents to shape their own community. The site includes community rooms and spaces, connections to the outdoors and nature, and a tot lot to promote resident interaction and engagement. Linc works with the property manager to ensure community integration through activities like emergency preparedness, social events, and volunteer-driven programs. Community integration will be at the heart of our program offerings. Linc will host accessible social events where residents can connect, such as game nights with adaptive versions for residents with disabilities, as well as parent-led skill-building workshops. Additionally, Linc will incorporate disability awareness into our community-building events to ensure that all residents feel included and valued.

Linc's data-driven approach is key to making efficient, impactful decisions. Linc maintains high standards for data collection, ensuring that information is reliable, accessible, and used to drive improvements. RSC data is reviewed monthly by Linc's Training and Compliance Coordinator to ensure consistency and integrity. Linc integrates a data-driven approach into our service model by using regular surveys and assessments to ensure that the specific needs of large families and people with disabilities are being met. Based on outcome data, Linc makes adjustments to programs as needed and ensure that Linc is providing the most effective services.

Beyond individual projects, Linc envisions its mixed-use developments as community assets that benefit a wide range of stakeholders. Linc tailors services and support based on the population and environment of each site, focusing on resident-centered, trauma-informed design, data-sharing, and community engagement. Linc's mission is to create lasting value in both housing and neighborhood conditions. Linc is committed to the long-term success of our programs, ensuring that we maintain strong partnerships with local service providers. This will ensure that both large families and residents with disabilities have access to critical services well into the future. Linc values input from all stakeholders—property managers, residents, volunteers, business partners, nonprofit organizations, and Linc staff—to provide comprehensive services. Programs are designed based on community needs and foster strong relationships between residents and our service team.

At Linc, we actively build partnerships to engage the broader community. Our successful programming at Spark at Midtown (Long Beach) includes a monthly market offering fresh food, resource fairs, mobile clinics, and community engagement activities. These efforts enhance equitable access to resources and services for both residents and the surrounding neighborhood. Our goal is to integrate housing and community service spaces to maximize outcomes and strengthen connections within the broader community.

Section 9. Evidence of Authority

Corporate Resolution

Linc Housing Corporation ("Corporation") is submitting a Request for Proposals ("RFP") for Affordable Workforce Housing Public Private Partnership ("P3") Development County Project Bid ID NO. 208055 to the County of Santa Barbara ("County") Community Services Department Housing and Community Development Division for the project located at 117 East Carrillo St. Santa Barbara, CA (APN 029-211-025). By copy of this resolution:

1) Linc Housing is authorized to provide a response to this RFP and if selected by the County, to enter into negotiations with the County for the long-term lease of the Site.

On February 26, 2026, the Executive Board Committee of the Board of Directors of Linc Housing Corporation, a California non-profit public benefit company approve this action.

Wendy Jacquemin

Secretary's Signature

2/26/2026

Date

WENDY JACQUEMIN

Type of Print Secretary's Name

117 E. CARRILLO Workforce Housing

Public-Private Partnership with Santa Barbara County

Linc Housing RFP Interview Presentation March 24, 2026

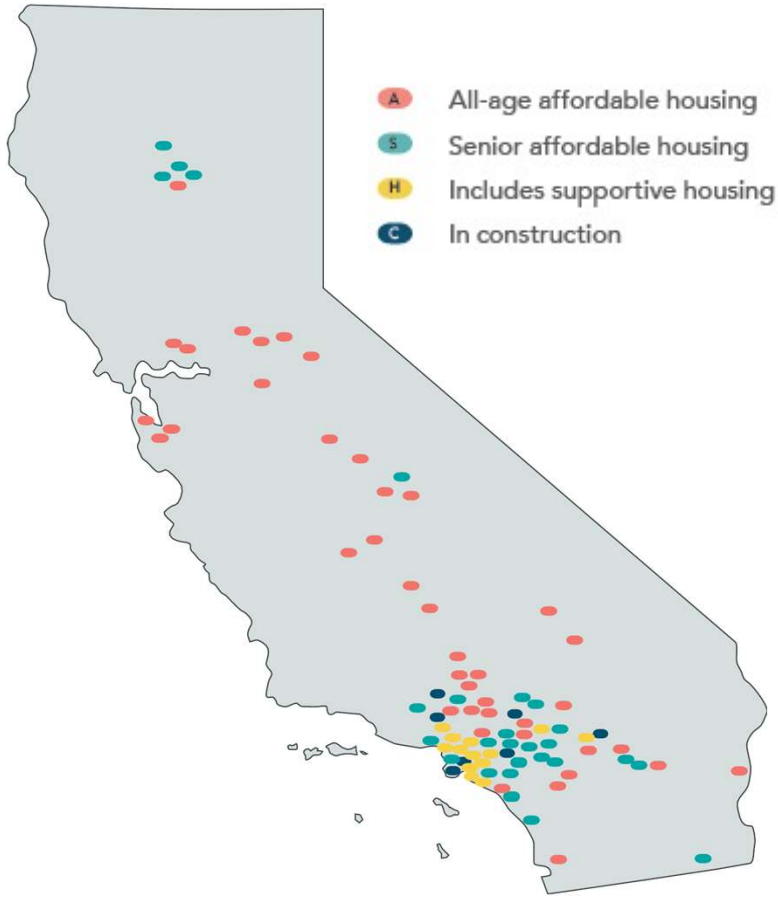
Proven Community Impact

linc HOUSING

Building communities and strengthening neighborhoods for people underserved by the marketplace

A Proven Partner | Track Record

10,000+	Apartments developed since 1984
2,400+	Currently in development
13,500+	Residents
300+	Resident programs
98.5%	Housing stability rate



KFA Designs Great Places Where People Flourish.

Established partnership with KFA Architects across 5 projects:C4/C5, 515 Pioneer, Willow Way, Fairview Heights, and Palace

300 HOUSING PROJECTS

30,000 RESIDENTIAL UNITS

OVER 7,000 AFFORDABLE HOUSING UNITS

60+ ADAPTIVE REUSE PROJECTS

5,000+ ADAPTIVE REUSE UNITS

10 MASTER PLANS

18 SCHOOLS

12 RECREATION PROJECTS

11 LIBRARIES

8 HOTELS

11 PROJECT BUILDINGS LISTED ON THE NATIONAL REGISTER OF HISTORIC PLACES

Project Vision

Deliver a high-quality workforce housing community that maximizes County land and expands access for local workers reducing commute burdens and strengthening the Santa Barbara's community fabric.

Efficient design, increased density, and a right-sized parking strategy ensure a financeable and buildable project.

Designed to honor Santa Barbara's Spanish Colonial heritage and aligned with the El Pueblo Viejo Landmark District, ensuring a project that integrates seamlessly into the downtown context.

The Right Partner

Maximizing County Land

- **69% Workforce Housing** (60% - 80% AMI)
- Efficient higher–density design
- More housing on the same site

Minimizing County Risk

- **No County General Funds Required**
- Ground Lease $250,000 + 10% of Cash Flow (Year 16 – 65)
- Transparent reporting & milestone accountability

Delivering with Certainty

- 40+ years experience | Proven LIHTC execution
- Integrated platform (development, finance, services, ownership)
- Workforce housing is core to Linc's strategy

Experienced Public – Private Partner

- Extensive public land partnership experience
- Structure joint working group with County
- Clear accountability with Linc as lead developer

Long-Term County Partner

- Replicable P3 structure for future County sites
- Reduced reliance on soft funding
- Long-term partnership approach

Financing | Sources and Uses

RFP Proposed budget (No State Tax Credits)

Sources	Amount	Per Unit
Permanent Loan	$26,860,643	$ 231,557
CalHFA MIP	$5,875,574	$ 50,652
Federal Tax Credit Equity	$25,020,575	$ 215,695
State Tax Credit Equity	$0	$ -
General Partner Capital Contribution	$100	$ 1
Required Deferred Fee	$4,255,737	$ 36,687
TOTAL	**$62,012,629**	**$ 534,592**

Uses	Amount	Per Unit
Acquisition	$731,000	$6,302
Hard Costs and General Contractor Costs	$40,993,281	$353,390
Architectural Fees	$1,750,000	$15,086
Construction Int & Fees	$6,258,901	$53,956
Permanent Financing	$268,607	$2,316
Title, Recording & Escrow	$110,000	$948
Legal Fees	$315,000	$2,716
Reserves	$665,085	$5,733
Other Project Costs	$3,537,150	$30,493
Developer Fee	$7,383,605	$63,652
TOTAL	**$62,012,629**	**$534,592**

This scenario results in a 223.183% CDLAC tiebreaker, compared to a 169.457% tiebreaker for the lowest winning project in the CalHFA Mixed Income Program pool.

15% Total Development Cost Increase

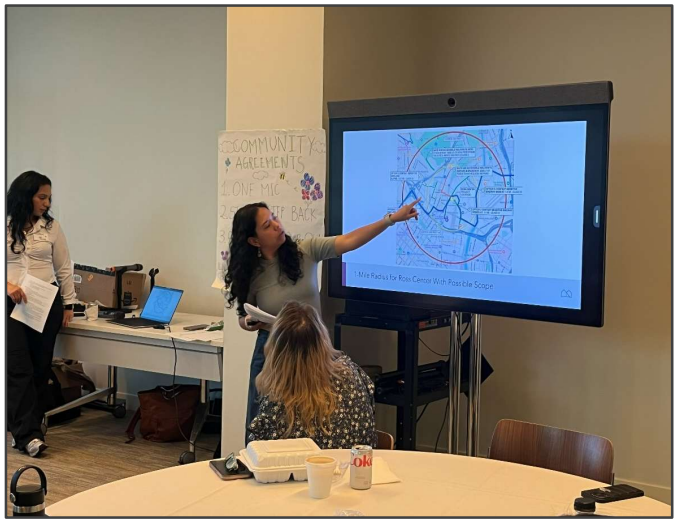
Sources	Amount	Per Unit
Permanent Loan	$26,860,643	$ 231,557
CalHFA MIP	$5,875,574	$ 50,652
Tax Credit Equity	$28,836,301	$ 248,589
State Tax Credit Equity	$4,462,429	$ 38,469
General Partner Capital Contribution	$100	$ 1
Required Deferred Fee	$5,006,420	$ 43,159
TOTAL	**$71,041,467**	**$ 612,426**

Uses	Amount	Per Unit
Acquisition	$731,000	$6,302
Hard Costs and General Contractor Costs	$46,047,220	$396,959
Architectural Fees	$1,750,000	$15,086
Construction Int & Fees	$6,845,108	$59,010
Permanent Financing	$268,607	$2,316
Title, Recording & Escrow	$110,000	$948
Legal Fees	$315,000	$2,716
Reserves	$665,085	$5,733
Other Project Costs	$5,799,818	$49,998
Developer Fee	$8,509,629	$73,359
TOTAL	**$71,041,467**	**$612,426**

This scenario results in a 172.310% CDLAC tiebreaker, compared to a 169.457% tiebreaker for the lowest winning project in the CalHFA Mixed Income Program pool.

Community Engagement Strategy

- Education-first
  Early and ongoing stakeholder engagement
- Hosting engagement events | Phased engagement
- Proactive multilingual outreach + regular updates
- Clear, centralized communication. Turning local input into lasting impact



Challenges & Solutions | Opportunities

CHALLENGES & SOLUTIONS

Design & Entitlements

- Proven experience with high-barrier City's (El Pueblo Viejo Landmark District Plan)
- Design experience in Spanish style
- Efficient, High quality designed aligned with City/County

Financing Competitiveness

- Cost Efficiency & Efficient Design supports competitive basis
- Site selection: DDA | High Resource Area |
- Family Housing Type | Competitive tiebreaker 223%

Cost & Delivery

- $40.9M hard costs (includes $1.75M escalation contingency)
- Strong GC bench and Competitive bid process

OPPORTUNITIES

Maximizing Site Potential

- No land cost reduces Total Development Costs
- High Density Workforce housing County land

Replicable Model

- Less reliance on soft GAP financing
- First P3 template for County
- Scalable to future sites

Funding Advantage

- 30% LIHTC basis boost + HRA CDLAC 1 point
- Strong position for State funding

AMI Levels | Unit Mix | Affordability

AMI band	Units	% total	Income (fam. of 1)	1-BR rent
30% AMI	12	10%	$37,080 / $17.8/hr	$940
40% AMI	12	10%	$49,440 / $23.7/hr	$1,271
50% AMI	12	10%	$61,800 / $29.7/hr	$1,602
60% AMI	12	10%	$74,160 / $35.6/hr	$1,933
70% AMI ★	**62**	**54%**	**$86,520 / $41.5/hr**	**$2,264**
80% AMI	5	4%	$98,880 / $47.5/hr	$2,595
Mgr unit	1	—	—	Market
Total	**116**	**100%**	**Avg AMI ~60%**	

Flexible to align with County Workforce Priorities

Bedroom type	Units	% total	Avg size	Range
1-Bedroom	57	49%	535 sf	535–537 sf
2-Bedroom	30	26%	787 sf	747–801 sf
3-Bedroom	29	25%	1,040 sf	992–1,089 sf
Mgr unit	1	—	—	—
Total	**117**	**100%**		

Affordability vs. Market
70% AMI: rents are ~30–35% below market
80% AMI: rents are ~20–25% below market

Missing Middle Workforce Housing

Teachers
$65K–$95K
Early–mid career educators

Healthcare Workers
$70K–$100K
Nurses & medical staff

Public Sector
$70K–$100K
County / City staff

Public Safety
$75K–$110K
Early career Law enforcement & firefighters

Skilled Trades
$60K–$95K
Construction & trades

$70K–$100K
Missing Middle Workforce
(60%–80% AMI)

**Household Size of 1 (60% to 80% ami)*

117 E CARRILLO

CONCEPTUAL DESIGN
117 E CARRILLO RFQ
03.07.2026

Efficient 5-story design increases total housing delivered while maintaining high-quality design.

KFA

linc HOUSING

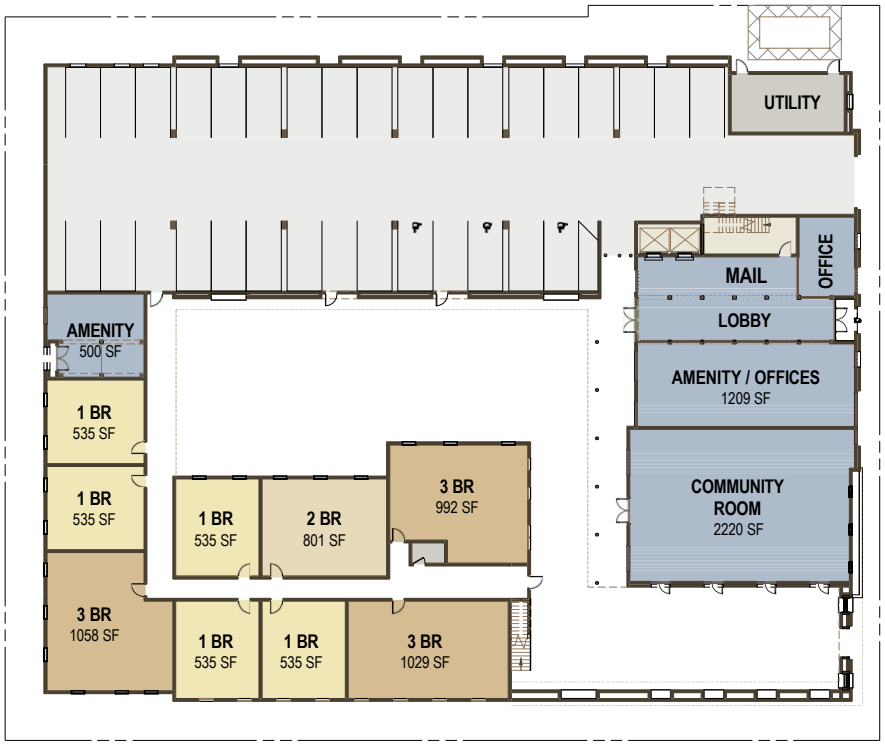
SITE PLAN
VISUAL AND GROUND FLOOR PHYSICAL CONNECTIONS

117 E CARRILLO

CONCEPTUAL DESIGN
117 E CARRILLO RFQ
03.07.2026

KFA

linc HOUSING



FIRST FLOOR PLAN

SECOND FLOOR PLAN

0' 5' 20' 30'

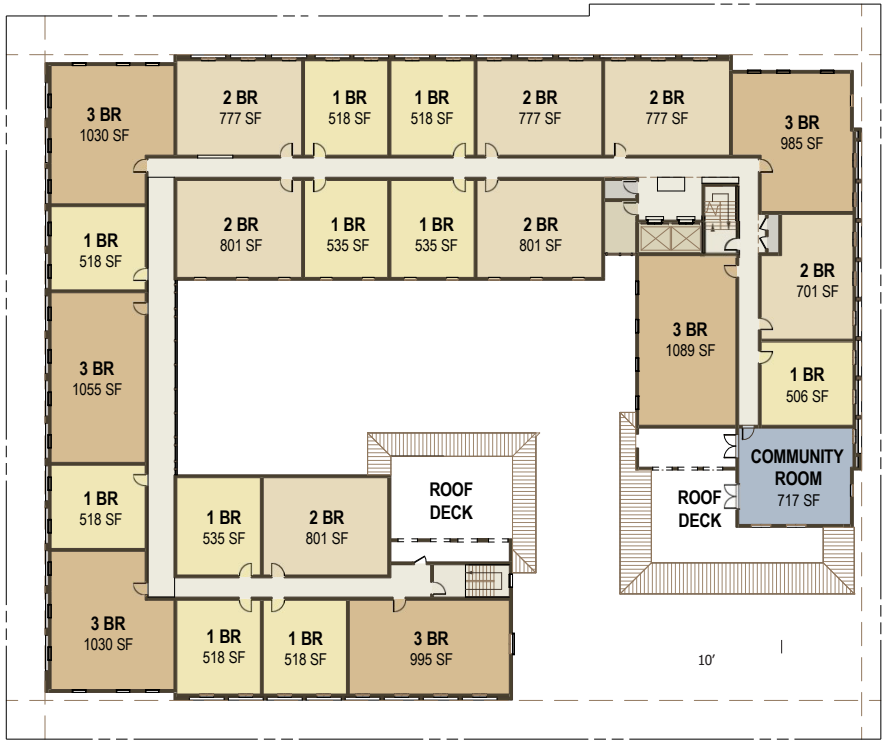
117 E CARRILLO

CONCEPTUAL DESIGN
117 E CARRILLO RFQ
03.07.2026

KFA

linc HOUSING

THIRD AND FOURTH FLOOR PLAN



FIFTH FLOOR PLAN

0' 5' 20' 30'

117 E CARRILLO

CONCEPTUAL DESIGN
117 E CARRILLO RFQ
03.07.2026

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117 E CARRILLO

CONCEPTUAL DESIGN
117 E CARRILLO RFQ
03.07.2026

117 E CARRILLO

CONCEPTUAL DESIGN
117 E CARRILLO RFQ
03.07.2026

Development Timeline

Timeline (Estimated)	Complete
BOS ENA/DDA	5/15/2026
Submit Entitlements	10/15/2026
Entitlement Approval	2/15/2027
CalHFA MIP Application	3/9/2027
CalHFA MIP Award	4/9/2027
CDLAC Round 2	5/9/2027
CDLAC Round 2 Award	8/18/2027
Construction Financing / Partnership Closing	2/14/2028
Construction Start	3/15/2028
Construction Completion	1/4/2030
Lease up Completion and Stabilization	6/3/2030
Conversion to Permanent Financing	9/1/2030
8609 Approval	8/27/2031

Q & A
Thank You!

Linc maximizes County land, minimizes risk, and is positioned to secure financing and successfully execute the project .

linc HOUSING

Lucille Boss

From: Frank Chang <fchang@linchousing.org>
Sent: Wednesday, April 8, 2026 2:40 PM
To: Lucille Boss
Cc: Ben Winter
Subject: Linc Carrillo RFP - Follow Up

Follow Up Flag: Follow up
Flag Status: Flagged

Caution: This email originated from a source outside of the County of Santa Barbara. Do not click links or open attachments unless you verify the sender and know the content is safe.

Hi Lucille,

Thank you again for the opportunity to interview with the County team. We appreciated the discussion and the chance to further present our proposal.

As we've reflected on the conversation, we wanted to reiterate our strong interest in the project and our commitment to structuring a transaction that best aligns with the County's objectives.

While our submitted proposal includes a $250,000 ground lease payment at construction closing and 10% of available cash flow beginning in Year 16, we want to emphasize that we have flexibility in how the economics of the project can be structured if helpful to the County.

For example, we would be open to structuring the transaction to provide the County with participation equal to 10% of project cash flow, including deferred developer fee, beginning in Year 1 rather than Year 16.

This approach would provide the County with earlier and more consistent participation in project economics, while maintaining a financeable and deliverable structure.

Additionally, if the County has a preference for a more capitalized ground lease structure at construction closing, we would be open to evaluating that option as well.

We understand the County may or may not be able to consider additional information at this stage, but wanted to reiterate our flexibility and commitment to delivering a successful project.

Thank you again for your time and consideration.

Regards,
Frank

Frank B. Chang
Vice President Acquisitions

323-513-2839 • fchang@linchousing.org
3590 Elm Avenue • Long Beach, CA 90807

Follow us on social media:
Linc is hiring! See our open positions here.

Please consider the environment before printing this email and note Linc is closed every Friday. The content of this email is confidential and intended for the recipient specified in message only. It is strictly forbidden to share any part of this message with any third party, without written consent of the sender. If you received this message by mistake, please reply to this message and follow with its deletion, so we can ensure such a mistake does not occur in the future.

SERVITAS

COUNTY OF SANTA BARBARA

COMMUNITY SERVICES DEPARTMENT HOUSING AND COMMUNITY DEVELOPMENT DIVISION

COUNTY PROJECT BID ID NO. 208055

REQUEST FOR PROPOSALS FOR AFFORDABLE WORKFORCE HOUSING PUBLIC PRIVATE PARTNERSHIP ("P3") DEVELOPMENT

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COVER LETTER

Dear Evaluation Committee:

Servitas is pleased to submit this Proposal for the redevelopment of the County-owned 117 E. Carrillo Street site into a high-quality workforce housing community delivered through a long-term public-private partnership (P3) ground lease structure. Our proposal delivers a 90-unit workforce housing community with total project costs of ~$43M, structured to deliver the County's core objectives:

(1) preserve County ownership and public control of the asset,

(2) accelerate delivery by enabling private-sector execution and financing,

(3) protect the County from development, cost, and operating risk while securing long-term public benefits through enforceable lease and performance requirements,

(4) path to 50% - 120% AMI Rents, in perpetuity, and

(5) replicable model, independent of LIHTC financing constraint and private capital and without requiring County funding as a condition of delivery.

Why this structure is the right fit for the County

Servitas's approach aligns with what makes County-owned land uniquely powerful as a housing tool:

- **County ownership position preserved; long-term control secured.** The County retains land ownership and can lock in outcomes in perpetuity, compliance/reporting, and operating standards, through the ground lease and related covenants over the full term.
- **No County debt.** The Project is structured to avoid general obligation debt while still producing workforce housing on County land.
- **Delivery certainty.** Financing is structured to avoid reliance on competitive LIHTC allocations, while delivering workforce housing at affordability levels acceptable to the County.
- **Risk transfer and single-point accountability.** Servitas provides end-to-end responsibility for financing, design, delivery, and operations, reducing interface risk and giving the County a clear accountable counterparty.
- **Long-term cash potential to support County priorities.** The project is projected to generate ~$671M in cash flow over the 65-yr ground-lease that the County may elect to deploy, at its sole discretion, toward future housing initiatives or other public priorities including reducing rents at this site.
- **Replicable model for future County sites.** The same template, ground lease + enforceable outcomes + private delivery, can be repeated on other County properties once the County establishes this first project as a successful precedent.

Servitas Approach Project summary

We have taken the time to understand both the site and the County's objectives, and we are intentionally putting forward a scenario we believe is feasible and executable. This structure includes meaningful tools and levers to deepen affordability and tailor outcomes to County priorities. This is not a static scenario – we work hand in hand with our public partners through dozens of iterations to achieve the optimal results for our future residents.

The proposed 63,299 gross square feet concept delivers 90 workforce housing units in a compact, stacked multifamily configuration with ground-level entry and building support functions, including a lobby and resident-serving common areas integrated into the overall plan. The program was developed using familiar local and statewide planning standards as a reasonableness-check for density, height/massing, parking, and open space on a County-owned infill site.

Who the Project serves (County workforce alignment). The County's latest Draft Inclusionary Housing Study shows that the All Government Employment segment is meaningfully represented above 120% AMI (48.2%), while still including a substantial share at lower income bands. Consistent with this workforce reality, **our proposal includes units serving households from 50% through 200% AMI, with rents conforming to 50% -120% AMI**, and providing attainable housing options for the public-sector workforce across the income spectrum.

Parking and mobility. The proposed Project includes 40 automobile parking spaces and will not assign dedicated automobile parking to studio units, but can offer E-Bikes for resident use. This approach right-sizes parking to anticipated demand, supports feasibility, and prioritizes parking access for residents most likely to need it. The community will also include secured bicycle parking and related end-of-trip provisions; bike parking counts and locations are provided in the Site Plan exhibits. This solution remains flexible to the County's desired outcomes.

Open space and livability. The concept includes ground-level open space and a rooftop deck to provide usable resident amenities and outdoor gathering space while supporting livability and a positive neighborhood interface.

Summarized financing plan

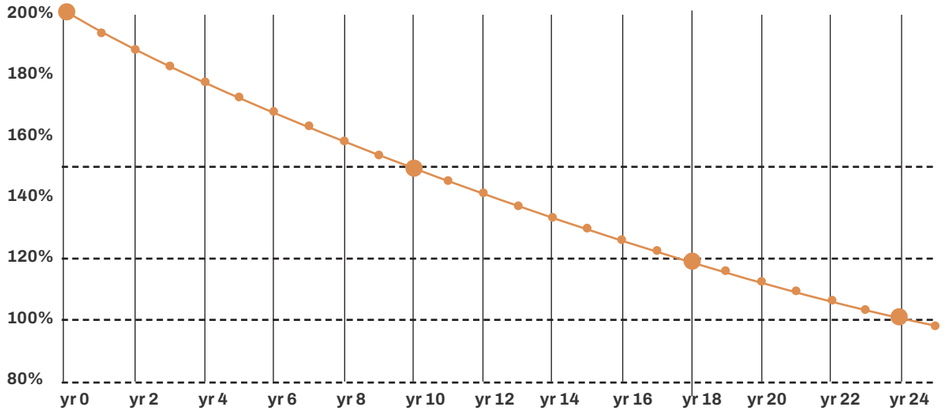
Servitas' financing approach is designed to be bankable, deliverable, and resilient over the ground-lease term, supporting long-term affordability and workforce reach while preserving County land ownership and control.

Critically, the structure works without County capital; however, if the County chooses to contribute $12M, the Project can achieve the County's desired 50%-120% AMI rent target.

- **Execution certainty.** Our preliminary analysis indicates the Project is well-positioned for tax-exempt bond financing and can be executed without reliance on LIHTC, reducing timing, allocation risk, and improving schedule certainty.

- **Transparent feasibility.** The Proposal includes a clear framework showing how affordability levels affect feasibility and identifies the "tipping points" and levers available to achieve deeper affordability without jeopardizing delivery. It also demonstrates an important long-term advantage of this structure; because operating costs and debt are spread over time in a stabilized public-private model, rent growth is expected to trail both market rent growth and AMI growth, effectively improving affordability over time.

comparison of maximum rents vs ami growth



Projections show that by Year 25, effective maximum rents fall from roughly 200% of local AMI at project start to 98% of AMI. Over that same period, local AMI is projected to grow 329%, while rents increase only 109%. The widening affordability advantage is driven by the 3-point annual spread and enabled by our financing structure which avoids equity investors.

starting position **200%** of ami at year 0	at year 10 **150%** of ami	at year 20 **113%** of ami	reaches 100% ami **year 25** market-rate equivalent	annual spread **3 pts** ami outspaces rent by 3%/yr	**6%** estimated annual ami growth	**3%** estimated annual rental rate growth

Thank you for the opportunity to partner with the County on a signature workforce housing initiative. Servitas is prepared to deliver single-point accountability across entitlement strategy, financing, design, construction, and long-term operations, paired with a structure that preserves County ownership, avoids County debt, and transfers key delivery risks. This proposal offers a clear choice: a 90-unit workforce housing community that can be built without County money, can reach the County's desired 50% - 120% AMI rent targets with an $12 million County contribution, and is structured so rents become moreaffordable over time as they increase more slowly than both market rents and AMI. Unlike a LIHTC-dependent project, which typically prohibits Santa Barbara missing-middle incomes, this proposal can also serve many public-sector professionals, such as teachers, nurses, firefighters, sheriff's deputies, probation officers, dispatchers, and mid-career County staff, while maintaining durable public control.

Sincerely,

Garrett Scharton
Senior Vice President, Servitas, LLC

Prime Respondent / Lead Developer: Servitas, LLC
Entity Type: Limited Liability Company (LLC)
Primary Contact: Garrett Scharton, Senior Vice President (Development Executive)
Mailing Address: 5525 N. MacArthur Blvd., Suite 900, Irving, TX 75038
Phone: 970-729-2772
Email: gscharton@servitas.com

Addenda acknowledgement and proposal validity
Servitas acknowledges receipt of all addenda issued via Public Purchase for Bid ID 208055 as of the Proposal due date.

Servitas confirms its intent to hold this Proposal open for at least one hundred eighty (180) days.

DEVELOPMENT TEAM

Servitas
Lead Developer

Garrett Scharton
Senior Vice President
Development Executive

SERVITAS

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Senior Development Manager
Development Manager

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Craig Minus
Cam Land Use & Development
Local Development Manager

CAM LAND USE & DEVELOPMENT

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Servitas Mangement Group
Property Manager

Jose Rodriquez
SVP of Operations

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jrodriguez@servitas.com

Secretary of State
Certificate of Status

I, SHIRLEY N. WEBER, PH.D., California Secretary of State, hereby certify:

Entity Name:	SERVITAS, LLC
Entity No.:	201702810204
Registration Date:	01/17/2017
Entity Type:	Limited Liability Company - Out of State
Formed In:	TEXAS
Status:	Active

The above referenced entity is active on the Secretary of State's records and is qualified to transact intrastate business in California.

This certificate relates to the status of the entity on the Secretary of State's records as of the date of this certificate and does not reflect documents that are pending review or other events that may impact status.

No information is available from this office regarding the financial condition, status of licenses, if any, business activities or practices of the entity.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of January 15, 2026.

SHIRLEY N. WEBER, PH.D.
Secretary of State

Certificate No.: 409888540

To verify the issuance of this Certificate, use the Certificate No. above with the Secretary of State Certification Verification Search available at **biz**fileOnline.sos.ca.gov.

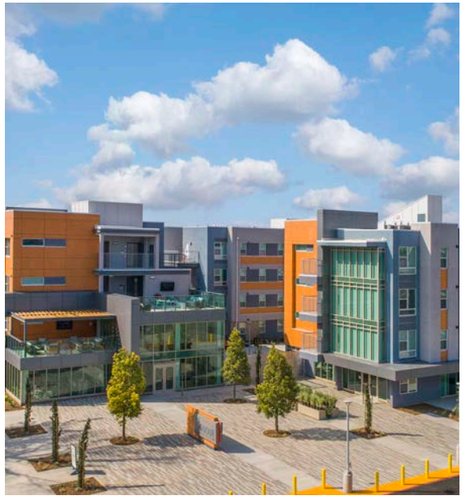
Confidential Audited Financial Statements
Servitas has submitted its confidential financial statements through a separate upload.

DEVELOPER TEAM EXPERIENCE AND CAPACITY

SERVITAS

The Harbour

Orange Coast College

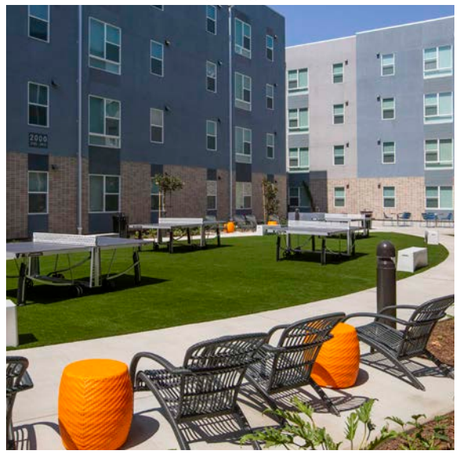


The Harbour provides an enriching on-campus experience for its residents, as well as a vibrant center in which the Orange Coast College (OCC) student body can connect and learn. The property is built to exceed Title 24 requirements, including high efficiency mechanical systems, low maintenance landscaping, and maximizes the use of shaded outdoor activity space. Roof-mounted withholding tanks will provide a thermal water heater system.

The project site is on campus land, structured around a ground lease to a not-for-profit organization, allowing for tax-exempt debt financing with no recourse to OCC, the district, or taxpayers. Between the residential community's smart design and low-cost financing, on campus residents enjoy rates lower than rents in the tight Costa Mesa housing market.

Community Outreach:

We executed a comprehensive community outreach effort that engaged campus and community stakeholders through structured meetings, open-house style forums, and ongoing communications to inform the project and build broad-based support.



project highlights

Developer/Consultant:
Developer: Servitas
Location:
Coast Mesa, California
Uses and Amenities:
Student Housing; Study and activity areas; Community Mail; Secured Courtyards with outdoor activities
Units:
814 beds / 323 units
SQFT:
327,680 SF
Construction Type:
Type VA – Fully Sprinkled wood frame
Target Population:
Local students
Affordability Levels:
Market rates set by District/College
Financing Sources:
Tax-Exempt revenue bonds (permanent lender)
Green Building Elements:
Meets Title 24 and 2016 Cal Green standards
Project Schedule:
Start: Concept Approval: Spring 2017
Finish: Construction Completion: Fall 2020
Budget Completion:
On Budget: Yes
On Time: approx. 2 month delayed opening due to labor union strike and Covid-19 pandemic

SERVITAS

Polly O'Meara Doyle Hall

Santa Rosa Junior College

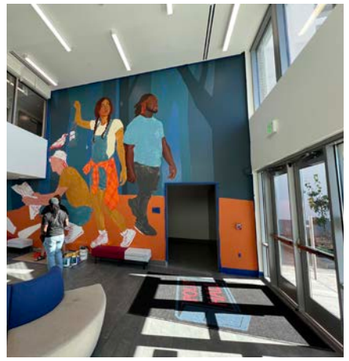
Design and finance models were developed to ensure the needs of SRJC and its students will be met. Connecting the campus with the new community was a primary driver of the site design, ensuring seamless campus integration. Strong connectivity allows pedestrian and bicycle traffic to flow freely and safely between the community and the campus, and the interior design maximizes social interaction on all floors. A kitchen garden supports healthy living and promotes wellness. State grant funding allows for affordable rents specifically addressing housing insecurity issues amongst Sonoma County resident students.

The 100% tax-exempt P3 financing structure will minimize the term of the unsubordinated ground lease, limit financial risk to SRJC and the district, and generate over $71M in ground-lease payments to SRJC over 40 years. Servitas will also maximize the economic impact in Sonoma County over the course of this project with more than $27M being invested in to firms working on this project.

The new residence hall opened fully leased by the Servitas Management Group property management team and the project maintains occupancy at a healthy 94%.

Community Outreach:

We executed a comprehensive community outreach effort through stakeholder visioning sessions, targeted campus and community engagement, and ongoing communications designed to inform the project and build broad-based support.



project highlights

Developer/Consultant:
Developer: Servitas, LLC
Property Manager: Servitas Management Group, LLC
Location:
Santa Rosa, CA
Uses and Amenities:
Student Housing; Community Kitchen; Study and recreation areas; Community Living Room; Community Mail and Laundry; Package Lockers; Secured bike parking; Community recycling and compost with garden opportunities; Classroom
Units:
353 beds / 258 units
SQFT:
95,281 SF
Construction Type:
Type II-B Concrete and steel
Target Population:
Students with in-person classes on campus
Affordability Levels:
Entire building rent levels are set be SRJC. 20% of project designated "affordable" under California's SB169 grant program
Financing Sources:
Tax-exempt P3; $15 million was awarded during construction by SB169 grant to repay existing bond debt; also had a $1 million contribution from Kaiser Permanente
Green Building Elements:
Title 24 and Cal Green compliant
Project Schedule:
Start: August 2021
Finish: August 2023
Budget Completion:
On Budget: Yes
On Time: Yes

California Student Housing

SERVITAS

Feasibility Analysis and Grant Consulting

Servitas supported multiple California Community Colleges in delivering end-to-end feasibility and predevelopment packages for affordable student housing on campus, aligned with the State's SB 169 (2021) Higher Education Student Housing and Capacity Expansion Grant Program (the California Community Colleges "Affordable Student Housing" program). Work products included demand validation and stakeholder surveys; concept program development (bed counts, unit types, amenities, parking); conceptual budgeting/cost estimating; pro forma and cash flow requirements; regulatory/authority considerations; and project schedules — all structured to support competitive SB 169 grant applications and implementation planning.

This experience demonstrates Servitas's ability to translate public-sector housing goals into an executable program, financeable assumptions, and an entitlement and delivery roadmap during the critical early phases of a public development partnership. Outcomes included:

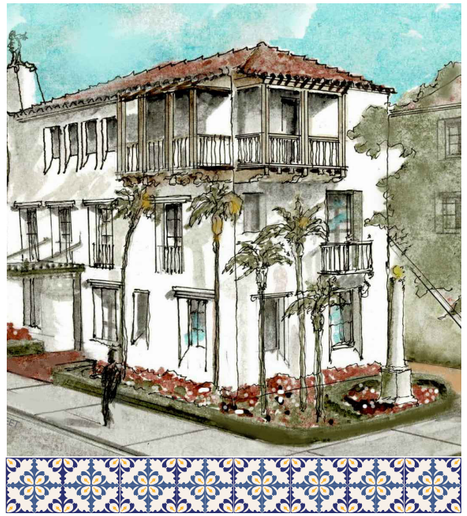
- **Demand + survey findings:** right-sized affordable housing program recommendations (enrollment trends/projections, market demand, and stakeholder preferences)
- **Concept program packages:** executable campus housing concepts (site/massing approach, bed count, unit types, construction approach, parking, and amenity requirements)
- **Feasibility + financeability:** grant-ready scope and path to delivery (concept budgets, feasibility analysis, pro forma/cash flow requirements, regulatory considerations, and schedules aligned to SB 169 planning and submittal needs)

Public Partner	Location	Servitas Role	Beds/Units Concept	Uses	Construction Type	Target Population	Financing Sources	Size	Status
Cerritos College	Norwalk, CA	Feasibility & Grant Support	396 Beds, Studio, 2-Bed, 4-Bed	Student Housing, Health Office, Tutoring Center	Wood Frame	Students, 50% AMI	State Grant + Tax-Exempt Bonds	~115,800 SF	Grant Application Submitted + Feasibility Package Delivered
Los Rios CCD (4 campuses)	Sacramento, CA	Feasibility & Grant Support	~169-485 beds, studio, 2-bed, 4-bed	Student Housing, Study Spaces, Offices	Wood Frame	Students, 50% AMI	State Grant + Tax-Exempt Bonds	~109k-402k gsf	Grant Application Submitted + Feasibility Package Delivered
College of San Mateo	San Mateo, CA	Feasibility & Grant Support	~310, studio, 1-bed 2-bed	Student apartments, social lounge, study rooms, game room, fitness center	Wood Frame	Students, 50% AMI	State Grant + Tax-Exempt Bonds	~159k gsf	Grant Application Submitted + Feasibility Package Delivered
College of the Redwoods	Eureka, CA	Feasibility & Grant Support, DBFOM	242 Beds/67 Units	Student Housing, Dining, Grab & Go Retail, Student Support (tutoring, counseling, etc)	Housing Type V-A (3 Story Wood Frame); Dining Type V-B (1 story Wood Frame)	Students, 50% AMI	State Grant + Tax-Exempt Bonds	Housing 58,931GSF; Dining 10,971 GSF gsf	Grant Application Submitted + Feasibility Package Delivered
Victor Valley College	Victorville, CA	Feasibility & Grant Support	239, studio, 2-bed, 4-bed	Student housing, childcare space	Wood Frame	Students, 50% AMI	State Grant + Tax-Exempt Bonds	~80k gsf	Grant Application Submitted + Feasibility Package Delivered

932 De La Vina

CAM LAND USE & DEVELOPMENT INC

City of Santa Barbara Average Unit Density (AUD) – 22 residential units



project highlights

Developer/Consultant:
Craig Minus (CAM Land Use & Development Inc): Land Use Planner and Developer Representative

Location:
City of Santa Barbara

Uses:
Demolition of an existing commercial building and the removal of onsite parking to allow for construction of a new 4-story 22-unit residential apartment complex under the aud program. The project additionally proposes 11 parking spaces, grading of 350 cubic yards of cut / 50 cubic yards of fill, 2 trees in the city right-of-way and 10 trees within the front yard setback to be removed and to be replaced with 11 trees per tree administratively approval. A height exception was granted by the planning commission on july 13th, 2023, under pre-2023-00028

Units:
22 Units (14 2Bd/2Ba, (1 2Bd/1Ba), (7 1Bd/1Ba)

Construction Type:
V-A

Target Population:
Downtown living apartments. Market rate with required inclusionary.

Financing:
Entitlement Completed/Construction TBD

Sqft:
30,880 Gross SF - Conditioned Space; 11 covered parking spaces.

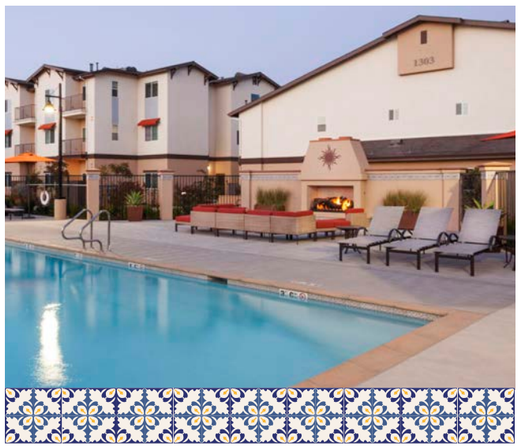
Community Outreach:
Conducted voluntary Pre-Application Review (PRT), 3 HLC review and Planning Commission Approval.

Project Status:
In entitlement phase; construction TBD

Villa Del Sol

Senior Apartments-318 units

CAM LAND USE & DEVELOPMENT INC



project highlights

Developer/Consultant:
Craig Minus, VP - Development, The Towbes Group; Development manager and owner representative.

Location:
City of Santa Maria

Uses:
197 senior apartments; A mix of 2 and 3 story residential buildings totaling 5 residential buildings. A 1 story clubhouse with programmed common area spaces. Site amenities including pool, outdoor recreation area.

Units:
197 Units (20 Studios, (18 2Bd/1Ba), (155 1Bd/1Ba)

Construction Type:
V-A

Target Population:
Senior Housing

Financing:
Traditional construction and permanent financing sources

Sqft:
Approx 125K Gross SF - Conditioned Space; 218 parking spaces.

Community Outreach:
Multiple community engagement meetings; project and design approvals

Project Status:
Constructed 2019

Schedule:
On schedule and on budget.

development capacity

Garrett Scharton
Development Executive

Garrett serves as the Lead Development Executive, providing overall strategic and financial leadership for the project, directing the development team and key partners, driving major decisions and risk management, and ensuring the project meets its entitlement, schedule, budget, and delivery goals.

Experience
- A-8-A Residential Development, Los Alamos County: $163M, Workforce Housing, Los Alamos, NM, 242 units.
- Whetstone Village, Gunnison County: $133.8M, Workforce Housing, Crested Butte, CO, 252 Units
- Canyonlands & Towerhouse, Town of Telluride: $26.6M, Workforce Housing, Telluride, CO, 39 Units.
- Guest panelist for the 2022 urban land institute season of affordable housing
- TedX Speaker for TedX Breckenridge 2023

Workload
Garrett has capacity within his current portfolio to provide consistent senior oversight for the Santa Barbara County Probation Site, including partner alignment, key approvals, and schedule and budget accountability at major milestones.

Christopher Clyde
Development Manager

Christopher Clyde serves as the Development Manager, overseeing day-to-day project execution, coordinating consultants and internal stakeholders, managing due diligence and entitlement and permitting workflows, and supporting schedule, budget, and risk management while working closely with Craig Minus, the Local Development Manager, to align local implementation, permitting, and community coordination.

Experience
- A-8-A Residential Development, Los Alamos County: $163M, Workforce Housing, Los Alamos, NM, 242 units.
- Rally Austin Development: $114.5M, Workforce Housing mixed-use, Austin, TX, 40 Units
- Fresno City College: $37M, Student Housing, Fresno, CA, 93 Units.
- 19+ years in real estate development across multifamily and student housing
- Project management in residential + hospitality at Perkins Eastman

Workload
Christopher has capacity within current team resources to provide day-to-day coordination and execution support for the Santa Barbara County Probation Site, working closely with Craig Minus; he is currently managing three projects, including one scheduled to begin construction in early 2027, which will further increase his available bandwidth for this assignment.

Craig Minus
Local Development Manager

Craig joins Servitas, serving as the Local Development Manager, coordinating implementation with the Lead Developer and Santa Barbara County, leading the local design team, acting as the primary liaison for permitting and community outreach, and ensuring the project stays on schedule and within budget.

Experience
- Completed some of the South Coast's largest real estate development projects over the past two decades
- 11 residential rental projects totaling over 2,100 units
- 7 commercial projects totaling over 230k sqft
- Extensive land use/development coordination expertise amongst coastal jurisdictions

Workload
Craig is self-employed and can flex his workload to match project needs. If selected, he will prioritize this assignment and make room in his schedule to provide consistent, responsive support throughout the project's duration.

SERVITAS

ownership experience

Servitas has a proven track record delivering public-purpose housing through ground-lease and P3 structures alongside mission-driven ownership platforms designed for long-term stewardship, tax-exempt execution, and public accountability. For Santa Barbara County, Servitas will work collaboratively with the County to select the ownership structure and partner that best aligns with County priorities, risk posture, and long-term asset governance, with multiple viable options available including:

Madrone Community Development Corporation (Madrone): California-based 501(c)(3) public benefit owner with deep P3 leadership experience and an active pipeline, including California workforce housing; Madrone currently serves as owner for Servitas's FIT Student Housing project (delivery targeted July 2026).

Community Finance Corporation (CFC): Established 501(c)(3) ownership/financing platform with a national P3 track record, including Servitas-delivered essential workforce housing and California public safety facility experience, plus ongoing disclosure/compliance support.

Provident Resources Group (Provident): Mission-driven nonprofit owner with multi-decade asset management capacity and California P3 experience (City Village with San Diego Community College District) structured to preserve public land ownership and reversion.

Local Housing Authority: County and/or regional housing authority ownership structure that preserves public governance and supports long-term affordability oversight.

County-owned SPE (Special Purpose Entity): A County-controlled entity that can serve as the owner/borrower in a ground-lease P3, tailored to the County's governance, reporting, and long-term stewardship objectives.

County Benefit: These options provide flexibility to match the County's priorities, ranging from nonprofit 501(c)(3) ownership platforms to public/County-controlled structures, while maintaining durable public governance and long-term operating accountability.

property and asset management

Servitas Management Group (SMG) is a minority- and women-owned property management firm with 23 years of experience operating residential communities nationwide, and it is purpose-built for long-term stewardship of public-private housing assets. SMG pairs transparent governance and compliance-ready reporting with an integrated operating platform that aligns development decisions with lifecycle performance, supported by Servitas's national infrastructure and SMG's workforce-housing experience across thousands of beds, positioning the team to assume asset management for an expanded portfolio as new communities deliver and stabilize.

Asset Management Structure – Governance + Controls

- **Shared governance with public partners:** SMG operates in lockstep with public partners using defined oversight and performance review practices.
- **Compliance and reporting:** Systems support ground-lease reporting and documentation requirements for public-partner visibility and compliance.
- **Role clarity + decision cadence:** A Performance and Accountability Chart (PAC) framework defines responsibilities and ties assumptions to the operating budget; oversight committees meet at least quarterly to review performance and key approvals.

Staffing model – scalable platform + onsite execution

- **National infrastructure:** Servitas operates with 56 employees and offices in Dallas and Miami, providing back-office capacity (finance/accounting, reporting, systems) that supports multi-site asset management.
- **Operations delivery:** SMG oversees and supports onsite teams with O&M planning, quality control, preventative maintenance, and lifecycle cost management.
- **Workforce-housing focus:** People-first operations and responsive maintenance support resident stability, satisfaction, and retention.
- Sustainability-forward maintenance and building performance strategies to control lifecycle costs.

Portfolio and Relevant Experience

- **Scale:** SMG leadership has managed 10,000+ beds across workforce, family, faculty, student, and mixed-income, and community housing over 20+ years.
- **Comparable workforce and public-partner communities include:**

anamar at collins park (city of miami beach) — 88 units

canyonlands & towerhouse (town of telluride) — 39 units

whetstone village (gunnison county / crested butte) — 252 units

Capacity to assume asset management of an expanded Santa Barbara County portfolio

SMG is positioned to scale as Santa Barbara County brings its new community online because it combines:

- **A repeatable P3 operating framework** built for ground-lease oversight and public-partner accountability.
- **Standard tools that reduce handoff risk** like PAC-defined roles and quarterly performance governance.
- **Scalable staffing and national infrastructure** support multi-property controls, data-driven decision-making, and consistent performance across sites.
- **Workforce housing focus aligned to County outcomes,** protects long-term affordability, through disciplined maintenance, lifecycle planning, and resident stability.

lead architect experience

825 De La Vina

Multifamily

With views of the ocean and the Riviera, 825 De La Vina is a new development featuring 21 rental apartments, open common areas, and rooftop decks. The massing and design of this project was largely dictated by the existing eclectic streetscape that includes Victorian, Transitional, Spanish, and Craftsman design styles. While strictly urban, the building's facade maintains a quiet, understated presence. As construction nears completion, we're excited about this urban infill project that adds much needed housing while complimenting the neighborhood's charming character.

project highlights

Location:
Santa Barbara, CA

Units:
21 Residential units
1 Commercial Unit

Type of Construction:
IIIA

Completion:
Completed 2025

Target Population:
Market Rate Housing

Uses and Amenities:
Shared Common Spaces on Multiple Levels

Green Building Design:
Efficient split system heating/cooling

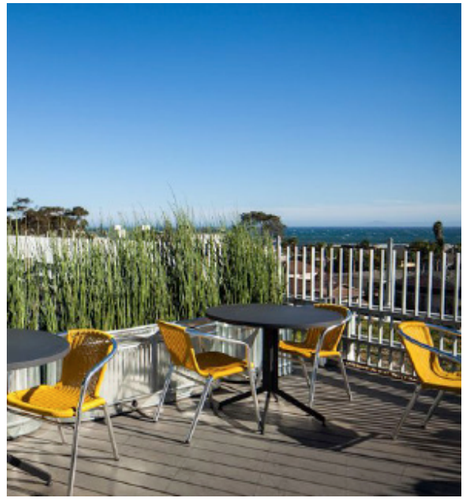
Client Contact:
John Donaldson
JDC Development
john@jdcgroupla.com

Key Staff:
- Edward de Vicente
- Ryan J Mills
- Michael Stroh
- D. Nik Andjam

lead architect experience

The Loop

Mixed-use Urban Housing and Student Housing



The Loop is an exciting award winning, mixed use urban housing and hotel project located in the heart of Isla Vista CA, a vibrant college town a stones throw from the University of California Santa Barbara. In partnerships with the Lawrence Berkeley National Laboratories and SCE the project team utilized energy and water saving techniques to develop one of the most sustainable student housing developments in California. The LEED Silver project developed on a revitalized Brownfield site, lies on a busy pedestrian corner, with ground floor consisting of 3 commercial spaces, residential lobby, southern California's first automated puzzle parking lift, and a car share program. 48 Unique units occupy the three floors above, topped by an multi-use roof deck with unobstructed panoramic views of the Santa Ynez mountains, UCSB campus, and Pacific Ocean. The twisting Corten steel tower anchors the corner, and gives nod to the Isla Vista Theater, flanked on both sides by virtual buildings of varied urban-styled architecture.

project highlights

Location:
Isla Vista, CA

Units:
48 units

Type of Construction:
IIIA

Completion:
2012

Target Population:
Student Housing

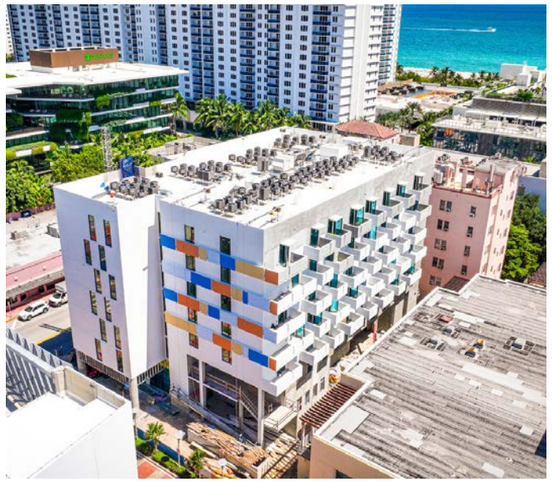
Uses and Amenities:
Shared Common Spaces on Multiple Levels, common laundry, rooftop ocean view gym

Green Building Design:
LEED Silver, water saving features, phase change drywall, electric heating, night cooling, Brown field Site Revitalization, Highly efficient centralized water heating, Special Recirculation Pumps, car share program

Client Contact:
Mesa Lane Partners
Neil DiPaola
email: neil@autocamp.com

Key Staff:
- Edward de Vicente
- Ryan J Mills
- D. Nik Andjam

property manager experience



The Anamar at Collins Park
Miami Beach, FL

A mixed-use workforce housing community purpose-built to keep essential cultural and education talent in Miami Beach's urban core.

Resident population served:
- » Artists and educators earning roughly 80%–120% AMI
- » Includes 32 dorm-style beds to support Miami City Ballet through a master lease

Associated uses + amenities:
- » Ground-floor retail/cultural space plus lobby/amenity space that supports resident experience and street-level activation.
- » Fitness center and mobility supports aligned with a walkable, transit-served location (parking strategy coordinated with nearby public infrastructure to supply bus passes to residents, plus bike accommodations).

Size:
80 workforce units + 32 student housing beds (approx. 72,972 SF)

Capital financing sources:
Tax-exempt debt, $9.85M Public Support

Relevant dates of service:
Management planning and leasing began in early 2024 for a Spring 2025 Grand Opening. The property is currently 100% occupied.

Bayview (Florida International University)
Miami Beach, FL

A large-scale on-campus housing community delivered and operated to support student success and retention.

Resident population served:
Bayview is designed to serve upperclassmen and working students who need predictable, stable housing close to campus to balance academics, jobs, and commuting realities, supporting persistence and timely graduation.

Associated uses + amenities
- » Student activity hub (ground floor): 3 classrooms; offices/support; laundry; gaming; fitness; computer lab; conference room; club/multipurpose room with kitchenette
- » Social core: open lobby to courtyard + beach-entry pool and sun deck
- » Residential support: levels 2–9 housing; sky lounge on each floor; top-floor lounge with cantilevered bay-view window

Size:
152 units / 410 beds

Capital financing sources:
Tax-exempt bonds

Relevant dates of service:
Management planning and leasing began in late 2015 for a Fall 2026 opening. The project maintains over 95% occupancy.

smg current property management portfolio

9 Buildings Managed

Property	Location	Years
Mill Creek Hall – Blinn College	Brenham, TX	8
Prairie Lea Hall – Blinn College	Brenham, TX	4
The Anamar at Collins Park	Miami Beach, FL	1.5
East-West University Housing	Chicago, IL	3
Bayview – Florida International University	Miami, FL	10
Titan Court – Lane Community College	Eugene, OR	1.5
Dogwood Hall – National Park College	Hot Springs, AR	6
Redbud Hall – National Park College	Hot Springs, AR	1
Polly O'Meara Doyle Hall – Santa Rosa Junior College	Santa Rosa, CA	3

Mixed-income experience, operational/building management track record, and resident outreach/marketing procedures

Servitas Management Group's leadership team has direct operating experience in mixed-income and regulated housing environments, including affordability compliance frameworks such as Fair Housing, LIHTC, Section 8, and LURA-style controls. This experience aligns well with Santa Barbara County's workforce housing objectives, where eligibility administration, documentation, clear resident communication, and transparent reporting are essential to stable operations and long-term affordability.

SMG's leadership team brings a proven record of sound building and operational management rooted in disciplined execution and public-partner accountability. Team experience includes managing multi-property portfolios with consistent operating standards and stakeholder reporting, as well as guiding communities from transition/lease-up into stabilized operations. Standard practices include preventive maintenance, energy management, and multi-year capital planning to preserve building condition and control lifecycle costs.

Resident outreach and marketing (standard procedures): SMG leaders develop and execute marketing and leasing strategies to achieve budgeted occupancy and oversee site-level leasing performance. This includes staff training and operational rigor across marketing, leasing, and customer service. For Santa Barbara County workforce housing, SMG would implement a compliant outreach plan with clear eligibility messaging, consistent resident communications, and coordinated leasing execution to support absorption, stable occupancy, and resident retention.

04

DEVELOPMENT CONCEPT AND SITE PLAN

development concept and site plan

Site + Urban Context

Situated on Carrillo Street, a vital artery within Santa Barbara's historic core, this project represents a thoughtful architectural intervention that advances Santa Barbara County's goals for workforce housing by delivering much-needed homes in a way that honors the city's unique "living tradition." Positioned adjacent to a neighboring church and other commercial buildings, the development replaces underutilized office space with a robust residential frontage that reinforces the established urban grid of El Pueblo Viejo. Our approach is rooted in the belief that high-density housing can and should be a good neighbor, contributing to the architectural continuity and social vitality of the downtown core, while meeting the County's objective for a feasible, well-managed, long-term community asset.

Site Strategy + Streetscape Continuity

A defining feature of the site strategy is the preservation and optimization of the shared western drive-way. This collaborative approach facilitates continued access for the neighboring church while central-izing vehicular circulation, trash services, and utility infrastructure.

By consolidating these functions, the design significantly reduces curb cuts along Carrillo Street, thereby preserving a continuous, high-quality pedestrian experience and enhancing the overall streetscape. This move prioritizes the pedestrian-oriented nature of the district, ensuring that the sidewalk remains an inviting and safe space for residents and the public alike.

Program + Density Strategy + Mobility/Parking

We sized the Project to maximize workforce housing on scarce County land while staying within the envelope a private infill project could reasonably pursue under the AUD baseline and State Density Bonus Law, even though this is a County site. The result is a moderate, entitlement-realistic density that remains responsive to downtown context and core development standards.

- **Baseline → Target: AUD baseline of ~61 units → 90 units** selected as the feasibility "sweet spot" that increases County housing yield while maintaining a downtown-appropriate scale.
- **Private-project benchmark (moderate density):** While a county owned site would allow moderate density, moving from 61 to 90 units on a privately owned project may require an approximate 46.25% density bonus, which is achievable under State Density Bonus Law with either:
  - 9 Very Low Income units (14% of base, rounded up), or
  - 15 Low Income units (23% of base, rounded up).

  This places the Project's unit count squarely within what is commonly defensible for a private project using established state tools.
- **Fit + standards:** Density is delivered through calibrated massing that supports workable height, setbacks, and open space, and maintains respectful relationships to neighboring uses—consistent with affordable housing design and entitlement expectations in a downtown setting.
- **Program (unit mix): 62 studios | 16 one-bedrooms | 12 two-bedrooms**
  - Studios serve early-career and workforce households seeking proximity to jobs and services.
  - 1BR/2BR units support broader household needs and long-term "move-within-community" flexibility.
  - Mix can be refined with County priorities as set-asides are confirmed.
- **County-use flexibility:** Capacity for up to 100% County-use set-asides; the County may reserve as many or as few units as desired.
- **Mobility + parking: 40 on-site spaces** aligned to household need (2/2BR, 1/1BR, 0/studio) to balance downtown travel patterns with operational practicality.
- **Micromobility:** Secure bike/e-bike parking for ~70 via a lobby-adjacent **Dero Decker** assisted-lift system to reduce auto dependence and support modern commuting.

Massing + Courtyard Typology

The architecture takes the form of a four-story, L-shaped configuration. This typology creates a clear spatial sequence and defines an internal residential sanctuary reminiscent of traditional Santa Barbara courtyards. This "L" geometry contributes to an affordable design, allowing for consistent unit stacking and structural coordination and facilitating a 48' building height that respects the established vertical rhythm of the street.

Unit Planning + Circulation

The design of the units is carefully choreographed to maximize livability and efficiency while maintaining cost-effective construction:

- All bedrooms and living spaces have direct access to the building exterior, providing natural light and ventilation
- Maintains the cost efficiency of Type VA construction
- Circulation is anchored by a central elevator core, with three egress stairs strategically bookending the project to ensure safe and intuitive navigation

Roofscape + Santa Barbara Expression

The massing is capped by a Spanish-tile mansard roof, which serves as a contemporary interpretation of traditional Mediterranean forms. This roof element is a programmatic solution that discretely houses essential mechanical equipment and high-efficiency photovoltaic arrays, aligning with the city's sustainability goals without compromising aesthetic integrity.

Sustainability + Building Systems

Building systems are designed for high performance, and shall meet Title 24 and Cal Green minimums with an emphasis on a life cycle analysis to maximize the life span factoring initial installation, replacement durations and valuations, and utility usages.

Livability + Outdoor Amenities

To mitigate the perceived bulk and scale of the 90-unit program, the design incorporates intentional massing breaks, most notably at the fourth floor. These moves create architectural relief and resident-facing amenities:

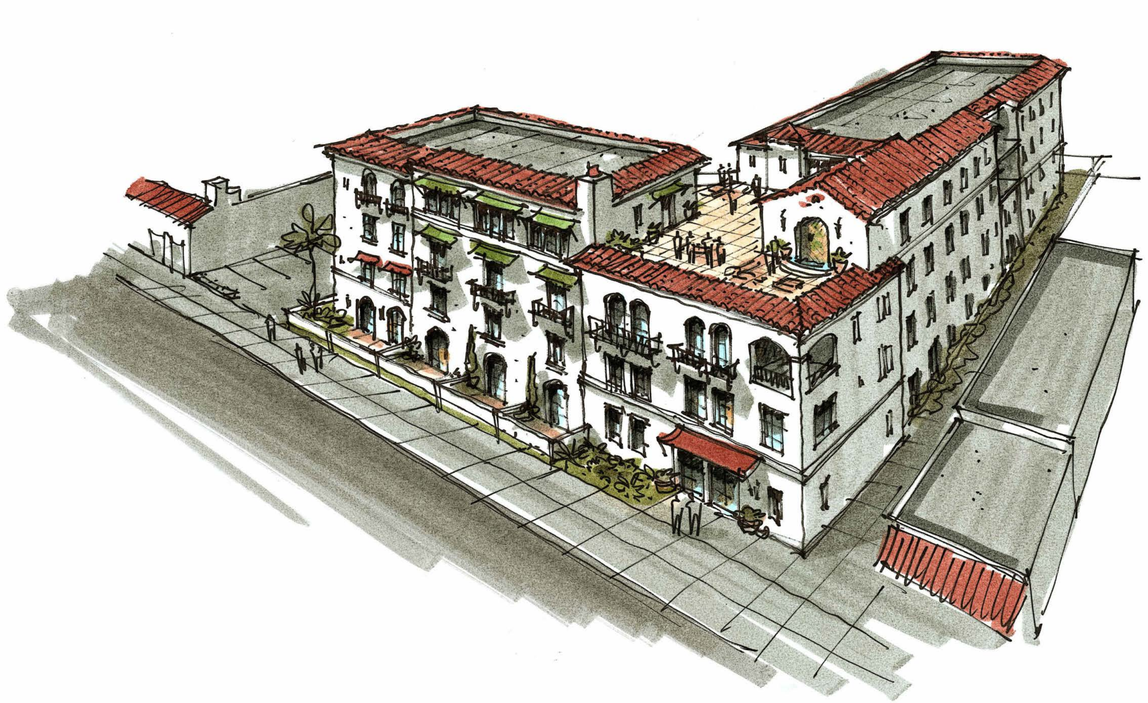
- Stepback reduces perceived bulk and prevents a monolithic appearance
- Carves out space for a common rooftop deck with panoramic city views
- Ground-level private residential yards provide a soft transitional buffer

Native landscaping supports a nuanced connection between the high-density living spaces and the active urban environment

Management + Community Presence

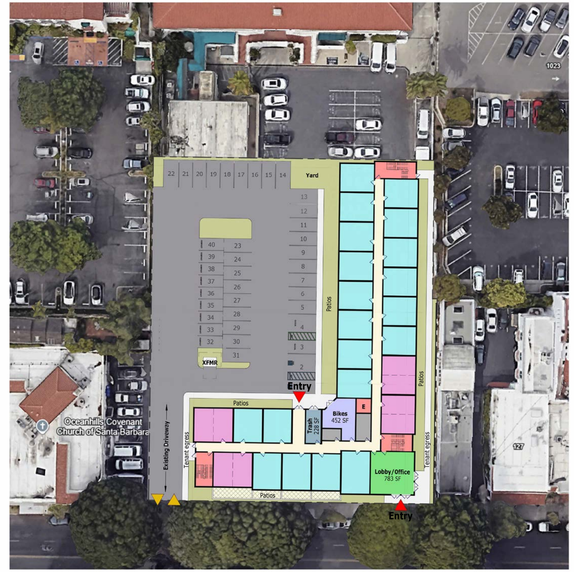
A professional leasing office ensures an active and managed street presence that contributes to neighborhood security and vibrancy, with a visible day-to-day management presence that supports safety and responsiveness. These operational requirements are integrated into a design that respects the historic context. We have created a project that is both forward-looking and deeply rooted in Santa Barbara's unique character.

CONCEPTUAL DESIGN DOCUMENT SUBMISSION REQUIREMENTS & LIMITATIONS



site plan

- Studio
- 1 Bedroom
- 2 Bedroom
- Bikes
- Circulation
- Stairs
- Lobby/Office
- Elevator
- Chute
- Utilities
- Trash



SCALE = 1"=50'

0 50' 100' 200'

Site Plan and Context

SITE AREA

1st Floor Footprint	**16,300 SF**
Circulation	**2,545 SF**
Landscape	**2,588 SF**
Parking	**16,830 SF**
Private Patios	**3,554 SF**
Site Total	**41,817 SF**

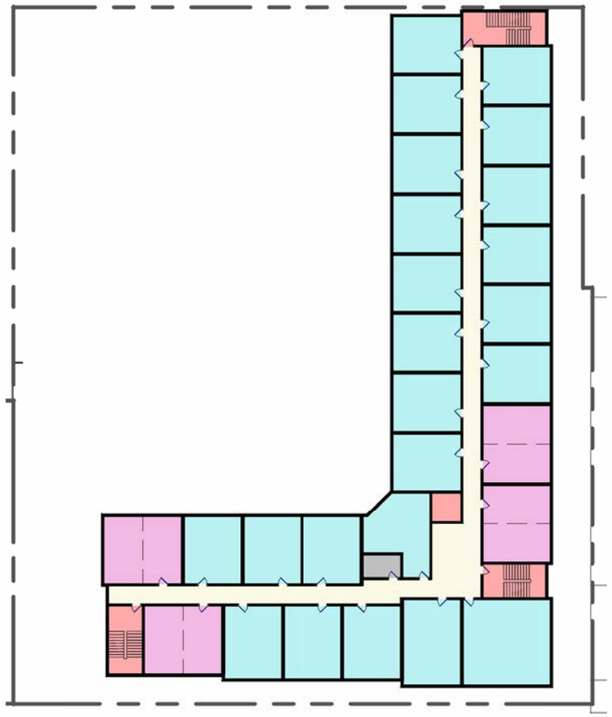
- **2,285 SF Common Open Area on 4th Floor Open Deck**
- **40 On-grade Parking Spaces**
- **Approx. 70 Secure Indoor Bicycle Spaces**

BUILDING AREA

1st Floor Footprint	16,300 SF
2nd Floor	15,699 SF
3rd Floor	15,699 SF
4th Floor	13,916 SF
Total Gross Area	**61,614 SF**

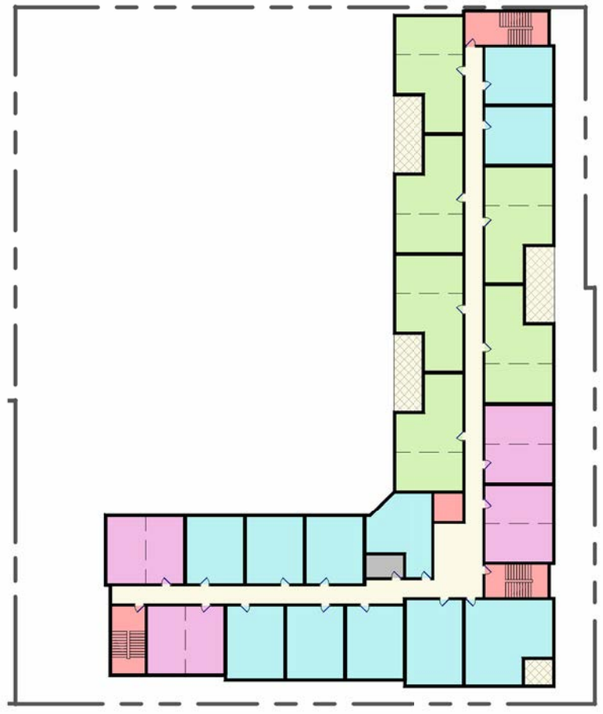
NET AREA

16	1 Bedroom	8,774 SF
12	2 Bedroom	8,471 SF
62	Studio	26,394 SF
4	Chute	463 SF
1	Lobby/Office	783 SF
1	Bikes	452 SF
1	Trash	228 SF
2	Utilities	182 SF
5	Circulation	9,903 SF
2	Elevator	107 SF
3	Stairs	814 SF
Total Net Area		**56,570 SF**

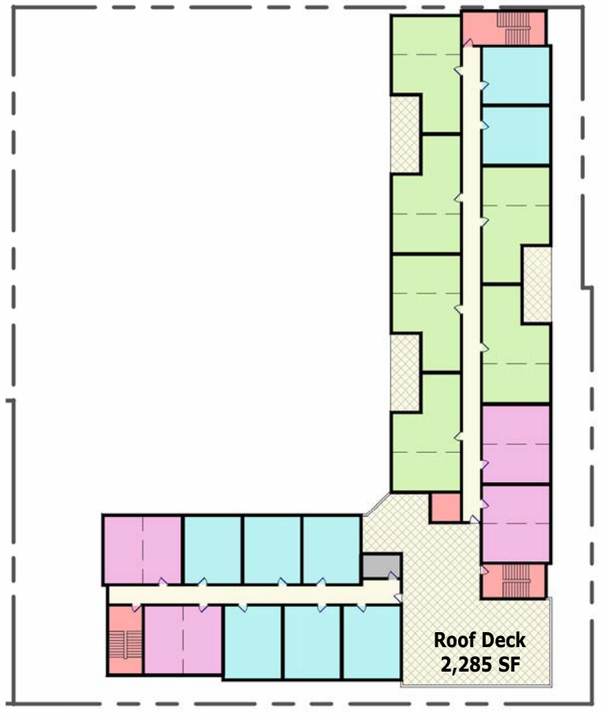


Second Floor

- Studio
- 1 Bedroom
- 2 Bedroom
- Bikes
- Circulation
- Stairs
- Lobby/Office
- Elevator
- Chute
- Utilities
- Trash



Third Floor



Fourth Floor

DMHA

6

FINANCING AND COST-CONTROL INNOVATIONS

execute now, preserve county control long-term

Servitas's financing approach is designed to deliver the County's objectives, predominantly workforce housing across a range of incomes, delivered on a reliable schedule, maintaining flexibility for County or other gap funding, while preserving long-term County ownership and control through a ground lease. Our plan prioritizes

(1) an executable capital stack,

(2) conservative underwriting that supports long-term operations, and

(3) a transparent set of tools the County can use to evaluate tradeoffs between affordability depth, schedule certainty, and financial feasibility.

How the financing works

- County retains land ownership and provides site control through a long-term ground lease with public-benefit and affordability requirements.
- A conduit issuer sells tax-exempt multifamily housing revenue bonds and lends the proceeds to the nonprofit project borrower/owner under a loan agreement.
- Bond proceeds fund construction, required reserves, and start-up costs; delivery is supported by early cost validation and GMP discipline to limit change-order risk, and flexibility to deliver under Design-Build.
- Bonds are repaid from project revenues, not from phantom tax credits, County taxes or County general obligation debt.
- Revenues are deposited with a bond trustee and disbursed through a defined waterfall (operations and maintenance, reserves, debt service), supported by transparent reporting.
- After required costs, reserves, and debt service, remaining cash flow can be shared with the County or reinvested per County direction, subject to coverage tests.

Why our proposed structure is the best choice

We recognize the County's interest in deeper affordability outcomes. Our team is focused on ensuring that the County selects a structure that is bankable, deliverable, and resilient over the full ground-lease term, so affordability is not only promised, but sustained.

A financeable mixed-income structure that protects deeper affordability. Consistent with the County's intent to serve a range of income levels, our program includes a number of higher-income units as a targeted feasibility tool. This approach strengthens operating stability and lender confidence, which in turn helps support deeper affordability tiers without requiring ongoing public operating subsidy and without relying exclusively on competitive allocation cycles.

Preserve County control, avoid County debt. Our structure is designed so the County retains land ownership and maintains meaningful control through the ground lease and related public-benefit requirements, while the financing obligations are not those of the County.

Primary parties and roles (who does what)

- **Issuer (conduit):** issues the tax-exempt bonds and lends proceeds to the Borrower/Owner.
- **Borrower/Owner (project entity)**:a non-profit corporation that holds the leasehold interest and improvements and repays debt from project revenues, selected in coordination with the County.
- **Bond Trustee:** holds project accounts, receives pledged revenues, and administers the flow-of-funds waterfall and reporting.
- **Underwriter:** sells the bonds to investors and delivers bond proceeds to the project funds for construction and reserves.

Affordability Feasibility Framework

To address the exact question behind the County's 50% AMI preference, "how far can rents go down while still closing and operating sustainably?", Servitas includes an Affordability Feasibility Framework as part of the pro forma submission. This will:

- Establish a conservative underwriting baseline sized for long-term performance and marketability (including appropriate reserves and coverage metrics).

- Show how deeper affordability targets affect financeability (e.g., operating margin, debt sizing, reserves, and long-term cash flow).
- Present clearly defined "levers" that can move the project to deeper affordability without jeopardizing delivery, including potential local stakeholder participation mechanisms (e.g., subordinate loan options or a moral obligation to consider replenishment of the Debt Service Reserve Fund, if requested), and other layered public sources pursued during the RFP phase.

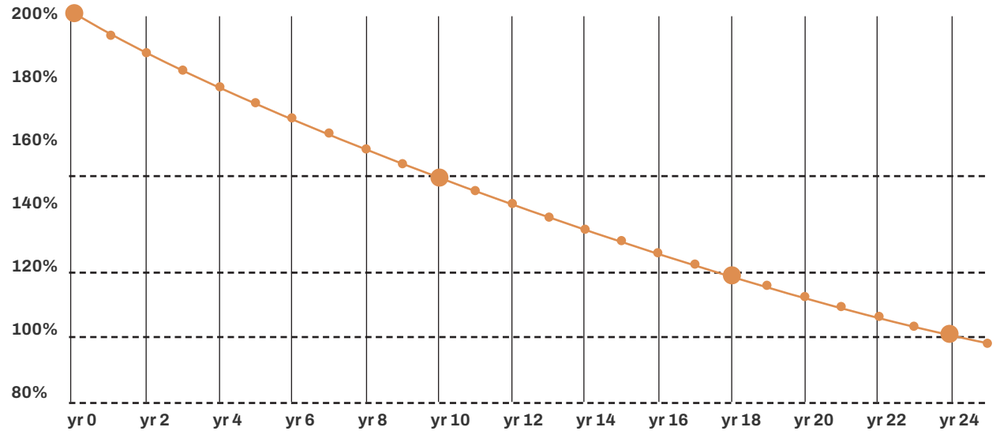
Santa Barbara County Directional Summary					
	Rent Multiplier	Avg. AMI	Gap ($M)	AMI Low	AMI High
Base Case	100.00%	187.00%	0	80.00%	200.00%
Break Even	90.0%	168.3%	0	72%	180.00%
Break Even + 50bps lower rates	84.0%	157.1%	0	67.2%	168%
10% Lower Case	80%	149.6%	5.38	64.0%	160.0%
125% AMI	66.9%	125.00%	12.05	53.5%	133.00%

Determine Scale for Gaps
Each 1% of Rent Multiplier Reduction is worth about $607k in Gap
Every 5% of AMI is worth about $1.799 million in Gap

This framework is a transparency tool so the County can make an informed best-value decision and see, in a single set of schedules, what is feasible now, and what specific actions would be required to go deeper.

Over time, our rents will increase at a slow rate/place than AMI and market rents. This improves our discount to market over the life of the partnership.

comparison of maximum rents vs ami growth



Projections show that by Year 25, effective maximum rents fall from roughly 200% of local AMI at project start to 98% of AMI. Over that same period, local AMI is projected to grow 329%, while rents increase only 109%. The widening affordability advantage is driven by the 3-point annual spread and enabled by our financing structure which avoids equity investors.

starting position	at year 10	at year 20	reaches 100% ami	annual spread		
200% of ami at year 0	**150%** of ami	**113%** of ami	**year 25** market-rate equivalent	**3 pts** ami outspaces rent by 3%/yr	**6%** estimated annual ami growth	**3%** estimated annual rental rate growth

Capital stack designed for certainty and speed

Servitas's preliminary analyses indicate the Project is well-positioned for tax-exempt bond financing with a capital plan that can be executed without reliance on an allocation of California private activity volume cap to generate Low-Income Housing Tax Credits (LIHTC). This approach reduces timing risk and helps avoid regulatory and ownership constraints typically associated with tax credits, while keeping the County in control through the ground lease and performance requirements. Perhaps most importantly, unlike a LIHTC project that is privately owned, after repayment in fall of the debt, the County takes ownership of the project without cost to the County.

We structure the project first around the program that best fits the County's needs, and then apply the most appropriate financing method.

Schedule and Execution Considerations: LIHTC-First vs. Alternative Paths

LIHTC can be a strong tool, but a LIHTC-first strategy often introduces competitive award timing risk, pricing volatility, and added transaction complexity that can delay delivery and constrain flexibility. Servitas's approach is designed to reduce those dependencies and keep the County in the driver's seat on outcomes over the full lease term, especially important for a flagship, replicable County partnership model.

Public partner upside and transparency

The RFP contemplates lease payments and/or participation in cash flow. Our structure can incorporate transparent, auditable mechanisms for County benefit, while ensuring the project remains financeable and rents remain stable across market cycles.

Key documents and protections (bankable, transparent, and County-controlled)

- **Ground Lease and County cooperation provisions:** preserve County land ownership, enforce affordability and public-benefit requirements, and define County approval and reporting rights over the full term.
- **Trust Indenture and Loan Agreement:** establish trustee-held accounts, required reserves, permitted uses of funds, and remedies, and flow those requirements through to the Borrower/Owner.
- **Coverage and resilience safeguards:** coverage tests (rate covenant) and required operating, debt service, and repair-and-replacement reserves, supported by transparent monitoring and corrective-action protocols.

Cost-Control Innovations

Budget Certainty, Lifecycle Discipline, Real-Time Accountability. Servitas pairs financing discipline with construction and operational controls that protect schedule, budget certainty, and long-term performance.

1. **GMP-based delivery and early cost validation, with Design-Build flexibility**
   Iterative estimating and constructability input culminating in a Guaranteed Maximum Price (GMP) structure to improve predictability and reduce late-stage redesign and change-order exposure. Additionally, DMHA and SCI are willing to deliver under a Design-Build agreement.
2. **Open-book cost management and transparent reporting**
   Clear governance for contingencies, allowances, and owner decisions—supported by routine cost-to-complete reporting and milestone tracking so the County has real-time visibility.
3. **Procurement strategy that reduces escalation risk**
   Early procurement planning and package strategies for long-lead items to reduce exposure to volatility while protecting schedule.
4. **Value engineering that protects mission outcomes**
   Our value management approach focuses on optimizing performance and durability, not cutting quality, so long-term operating costs stay controlled and resident experience remains strong.
5. **Lifecycle reserves and long-term asset performance**
   Cost control is not only a construction goal. We underwrite replacement reserves and lifecycle planning so the County is not inheriting deferred maintenance risk under a long-term ground lease.
6. **Operating stability as a cost control mechanism**
   A higher-income tranche improves rent-roll resilience and reduces volatility, supporting stable operations that protect the long-term feasibility of the County's workforce affordability program.

sources and uses

Sources of Funds		
	Series 2026A Bond Proceeds	46,988,255
	Series 2026B Bond Proceeds	8,381,568
Total Sources of Funds		55,369,823
Uses of Funds		
	Development Cost	42,172,934
	Tax-exempt CAPI	7,638,750
	Tax-exempt Debt Service Reserve Fund	3,273,750
	Costs of Issuance	2,275,263
Total Uses of Funds		55,360,697
Balance		9,126

AMI	Unit Type	Bedrooms	Bathrooms	Rent Limit	Utility Allowance	Tenant Rent	Rent by Bedroom	NRSF	Units	Beds	Total NRSF	Total Tenant Rent
80%	Studio	0	1	1,360	101	1,360	1,360	405	7	7	2,833	114,206
80%	1-Bed	1	1	1,700	130	1,700	1,700	550	2	2	1,100	40,788
80%	2-Bed	2	2	2,039	185	2,039	1,020	706	1	2	706	24,473
200%	Studio	0	1	3,399	101	3,399	3,399	405	55	55	22,260	2,243,340
200%	1-Bed	1	1	4,249	130	4,249	4,249	550	14	14	7,700	713,790
200%	2-Bed	2	2	5,099	185	5,099	2,549	706	11	22	7,769	673,002
Note: all units can be rented by the bedroom									90	102	42,368	3,809,599

Construction Costs	
Duration	22 months
Total NRSF	42,368
Efficiency	67%
Est. GSF	63,299
$/GSF	462
Est. Hard Cost Residential	29,249,789
Offsite Improvements	256,800
Demolition	272,730
Builder's Risk	373,345
Total Construction	30,152,664

Development Costs		
Predev	875,000	
Permit, Impact Fees, etc	1,642,386	
Design	2,412,213	8% of Hard Cost
Construction	30,152,664	
FF&E + IT	180,000	2,000 per unit
Start up	650,000	
CA Fee	904,580	3% of Hard Cost
Contingency	3,015,266	10% of Hard Cost
Total	39,832,109	
Dev Fee	3,983,211	10% of Program Cost
Total Project Cost	43,815,320	
Deferred Permit/Impact Fees	(1,642,386)	
Total	42,172,934	

Operations Assumptions		
Pro Forma Growth Rate	3%	
Base yr OpEx	453,600	
R&R Reserve	300	/unit/year
Management Fee	3%	Of Total Revenue
Stabilized Vacancy	5%	
Lease Up Timeline	6 months	
Other Income	2%	of net Rental Revenue
Parking	275	/month
Rentable Parking Spaces	40	
Total Other Expenses	125,000	/year
Base Year	2025	
1st Occupancy	November 2029	

Annual Operations Expenses-Base Year		
Administrative	150	13,500
Marketing & Leasing	150	13,500
Payroll	825	74,250
Utilities	500	45,000
Common Area & Amenities	115	10,350
Repairs & Maintenance	200	18,000
Fire & Life Safety	100	9,000
Grounds & Landscaping	50	4,500
Turnover & Cleaning	150	13,500
Insurance	1,800	162,000
Other	1,000	90,000
Totals	5,040	453,600

proforma excel

A proforma excel has been included with our submission.

20-year cash flow

Proforma Cash Flows											
Operations Year		1	2	3	4	5	6	7	8	9	
Fiscal Year Ending October 31	2027	2030	2031	2032	2033	2034	2035	2036	2037	2038	
Growth Factor	4	5	6	7	8	9	10	11	12	13	
Gross Potential Rent	-	4,416,370	4,548,861	4,685,326	4,825,886	4,970,663	5,119,783	5,273,376	5,431,578	5,594,525	5
Lease Up Vacancy	-	920,077	-	-	-	-	-	-	-	-	
Stabilized Vacancy	-	174,815	227,443	234,266	241,294	248,533	255,989	263,669	271,579	279,726	
Net Rental Revenue	-	3,321,478	4,321,418	4,451,060	4,584,592	4,722,130	4,863,794	5,009,707	5,159,999	5,314,799	5
Other Income	-	66,430	86,428	89,021	91,692	94,443	97,276	100,194	103,200	106,296	
Parking	-	153,024	157,615	162,343	167,214	172,230	177,397	182,719	188,200	193,846	
Total Revenue	-	3,540,932	4,565,461	4,702,425	4,843,497	4,988,802	5,138,466	5,292,620	5,451,399	5,614,941	5
Operating Expenses											
Property Operations	-	525,847	541,622	557,871	574,607	591,845	609,600	627,888	646,725	666,127	
Property Management Fee	-	106,228	136,964	141,073	145,305	149,664	154,154	158,779	163,542	168,448	
Reserves	-	31,300	32,239	33,207	34,203	35,229	36,286	37,374	38,496	39,650	
Total Operating Expense	-	663,375	710,825	732,150	754,115	776,738	800,040	824,041	848,763	874,226	
Net Operating Income	-	2,877,557	3,854,636	3,970,275	4,089,383	4,212,064	4,338,426	4,468,579	4,602,636	4,740,716	4
Cash Available for Debt Service	-	2,877,557	3,854,636	3,970,275	4,089,383	4,212,064	4,338,426	4,468,579	4,602,636	4,740,716	4
Trustee	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	
Issuer	13,338	14,550	14,550	14,370	14,130	12,570	12,180	11,730	11,190	10,590	
Subtotal Other Expenses	20,338	21,550	21,550	21,370	21,130	19,570	19,180	18,730	18,190	17,590	
501c3 Conduit Owner Expenses	117,799	119,927	123,525	127,452	131,579	137,562	142,213	147,103	152,286	157,735	
Subtotal Other Expenses with 501c3 Expenses	138,136	141,477	145,075	148,822	152,709	157,132	161,393	165,833	170,476	175,325	
Net NOI Available for Debt Service	(138,136)	2,736,080	3,709,561	3,821,453	3,936,673	4,054,932	4,177,033	4,302,747	4,432,161	4,565,390	4
DS Funded by Interest on Cash		213,769	223,486	223,486	223,486	98,213	98,213	98,213	98,213	98,213	
DS Funded by Capitalized Interest	3,139,074	323,901	-	-	-	-	-	-	-	-	
Trailing Excess Cashflow		-	-	59,297	70,985	27,670	52,564	87,310	49,019	61,642	
DSRF Release			-	-	-	-	-	-	-	-	
Capitalized Interest Reserve Release			-	-	4,175,775	-	-	-	-	-	
Cash Available for Debt Service	3,000,938	3,273,750	3,933,047	4,104,235	8,406,920	4,180,814	4,327,810	4,488,269	4,579,392	4,725,245	4
Senior Bond Debt Service											
Senior Bonds Outstanding	48,500,000	48,500,000	48,500,000	47,900,000	47,100,000	41,900,000	40,600,000	39,100,000	37,300,000	35,300,000	33
Senior Bond Interest	3,000,938	3,273,750	3,273,750	3,233,250	3,179,250	2,828,250	2,740,500	2,639,250	2,517,750	2,382,750	2
Total Bond Interest	3,000,938	3,273,750	3,273,750	3,233,250	3,179,250	2,828,250	2,740,500	2,639,250	2,517,750	2,382,750	2
Cashflow after Senior Debt Service	-	-	659,297	870,985	5,227,670	1,352,564	1,587,310	1,849,019	2,061,642	2,342,495	2
Senior FCCR	*1.00*	*1.00*	*1.20*	*1.27*	*2.64*	*1.48*	*1.58*	*1.70*	*1.82*	*1.98*	
Cashflow Available for Bond Redemptions	-	-	659,297	870,985	5,227,670	1,352,564	1,587,310	1,849,019	2,061,642	2,342,495	2
Bond Redemptions - Current Interest Bonds											
Special Redemption	-	-	600,000	800,000	5,200,000	1,300,000	1,500,000	1,800,000	2,000,000	2,300,000	2
Bonds Outstanding	48,500,000	48,500,000	47,900,000	47,100,000	41,900,000	40,600,000	39,100,000	37,300,000	35,300,000	33,000,000	30
Bond Redemptions - Capital Appreciation Bonds											
Funds Available for CAB Redemption	-	-	59,297	70,985	27,670	52,564	87,310	49,019	61,642	42,495	
CAB Current Accreted Value	10.349	13.094	14.163	15.319	16.569	17.921	19.383	20.965	22.675	24.526	
CAB Bonds Outstanding - Beginning	876	876	876	876	876	876	876	876	876	876	
CAB Bonds Redeemed	-	-	-	-	-	-	-	-	-	-	
CAB Bonds Outstanding - Ending	876	876	876	876	876	876	876	876	876	876	
Redemption Funds Used for CABs		-	-	-	-	-	-	-	-	-	
Accreted Values											
CAB Bonds Outstanding - Beginning	9,065,504	11,470,755	12,406,768	13,419,160	14,514,164	15,698,520	16,979,519	18,365,048	19,863,636	21,484,508	23
CAB Bonds Redeemed	-	-	-	-	-	-	-	-	-	-	
CAB Bonds Outstanding - Ending	9,065,504	11,470,755	12,406,768	13,419,160	14,514,164	15,698,520	16,979,519	18,365,048	19,863,636	21,484,508	23
Trailing Excess Cashflow to Pay Down Debt	-	-	59,297	70,985	27,670	52,564	87,310	49,019	61,642	42,495	
Trailing Excess Cashflow	-	-	-	-	-	-	-	-	-	-	
Permit & Impact Fee Repayment	-	-	-	-	-	-	-	-	-	-	
Net Cash Flow	-	-	-	-	-	-	-	-	-	-	

65 Years of CF to County	567,255,867
Valuation at Debt Payoff	112,703,062

20-year cash flow

Proforma Cash Flows											
Operations Year	10	11	12	13	14	15	16	17	18	19	20
Fiscal Year Ending October 31	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
Growth Factor	14	15	16	17	18	19	20	21	22	23	24
Gross Potential Rent	5,762,361	5,935,231	6,113,288	6,296,687	6,485,588	6,680,155	6,880,560	7,086,977	7,299,586	7,518,574	7,744,131
Lease Up Vacancy	-	-	-	-	-	-	-	-	-	-	-
Stabilized Vacancy	288,118	296,762	305,664	314,834	324,279	334,008	344,028	354,349	364,979	375,929	387,207
Net Rental Revenue	5,474,243	5,638,470	5,807,624	5,981,853	6,161,308	6,346,147	6,536,532	6,732,628	6,934,607	7,142,645	7,356,924
Other Income	109,485	112,769	116,152	119,637	123,226	126,923	130,731	134,653	138,692	142,853	147,138
Parking	199,662	205,652	211,821	218,176	224,721	231,463	238,407	245,559	252,926	260,513	268,329
Total Revenue	5,783,389	5,956,891	6,135,598	6,319,666	6,509,256	6,704,533	6,905,669	7,112,839	7,326,224	7,546,011	7,772,392
Operating Expenses											
Property Operations	686,111	706,694	727,895	749,732	772,224	795,390	819,252	843,830	869,145	895,219	922,075
Property Management Fee	173,502	178,707	184,068	189,590	195,278	201,136	207,170	213,385	219,787	226,380	233,172
Reserves	40,840	42,065	43,327	44,627	45,966	47,345	48,765	50,228	51,735	53,287	54,885
Total Operating Expense	900,452	927,466	955,290	983,949	1,013,467	1,043,871	1,075,187	1,107,443	1,140,666	1,174,886	1,210,133
Net Operating Income	4,882,937	5,029,425	5,180,308	5,335,717	5,495,789	5,660,662	5,830,482	6,005,397	6,185,558	6,371,125	6,562,259
Cash Available for Debt Service	4,882,937	5,029,425	5,180,308	5,335,717	5,495,789	5,660,662	5,830,482	6,005,397	6,185,558	6,371,125	6,562,259
Trustee	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Issuer	9,900	9,120	8,250	7,290	6,210	5,010	3,690	2,220	-	-	-
Subtotal Other Expenses	16,900	16,120	15,250	14,290	13,210	12,010	10,690	9,220	7,000	7,000	7,000
501c3 Conduit Owner Expenses	163,511	169,631	176,117	182,987	190,315	198,129	206,457	215,385	226,100	232,883	239,870
Subtotal Other Expenses with 501c3 Expenses	180,411	185,751	191,367	197,277	203,525	210,139	217,147	224,605	233,100	239,883	246,870
Net NOI Available for Debt Service	4,702,526	4,843,674	4,988,941	5,138,440	5,292,264	5,450,524	5,613,336	5,780,792	5,952,458	6,131,242	6,315,389
DS Funded by Interest on Cash	98,213	98,213	98,213	98,213	98,213	98,213	98,213	98,213	-	-	-
DS Funded by Capitalized Interest	-	-	-	-	-	-	-	-	-	-	-
Trailing Excess Cashflow	42,495	15,734	5,620	36,523	32,926	26,152	47,638	28,936	41,914	32,226	37,243
DSRF Release	-	-	-	-	-	-	-	3,273,750	-	-	-
Capitalized Interest Reserve Release	-	-	-	-	-	-	-	-	-	-	-
Cash Available for Debt Service	4,843,234	4,957,620	5,092,773	5,273,176	5,423,402	5,574,888	5,759,186	9,181,691	5,994,372	6,163,468	6,352,632
Senior Bond Debt Service											
Senior Bonds Outstanding	33,000,000	30,400,000	27,500,000	24,300,000	20,700,000	16,700,000	12,300,000	7,400,000	-	-	-
Senior Bond Interest	2,227,500	2,052,000	1,856,250	1,640,250	1,397,250	1,127,250	830,250	499,500	-	-	-
Total Bond Interest	2,227,500	2,052,000	1,856,250	1,640,250	1,397,250	1,127,250	830,250	499,500	-	-	-
Cashflow after Senior Debt Service	2,615,734	2,905,620	3,236,523	3,632,926	4,026,152	4,447,638	4,928,936	8,682,191	5,994,372	6,163,468	6,352,632
Senior FCCR	*2.17*	*2.42*	*2.74*	*3.21*	*3.88*	*4.95*	*6.94*	*18.38*	-	-	-
Cashflow Available for Bond Redemptions	2,615,734	2,905,620	3,236,523	3,632,926	4,026,152	4,447,638	4,928,936	8,682,191	5,994,372	6,163,468	6,352,632
Bond Redemptions - Current Interest Bonds											
Special Redemption	2,600,000	2,900,000	3,200,000	3,600,000	4,000,000	4,400,000	4,900,000	7,400,000	-	-	-
Bonds Outstanding	30,400,000	27,500,000	24,300,000	20,700,000	16,700,000	12,300,000	7,400,000	-	-	-	-
Bond Redemptions - Capital Appreciation Bonds											
Funds Available for CAB Redemption	15,734	5,620	36,523	32,926	26,152	47,638	28,936	1,282,191	5,994,372	6,163,468	6,352,632
CAB Current Accreted Value	26.527	28.692	31.033	33.565	36.304	39.266	42.471	45.936	49.685	53.739	58.124
CAB Bonds Outstanding - Beginning	876	876	876	876	876	876	876	876	849	729	615
CAB Bonds Redeemed	-	-	-	-	-	-	-	27	120	114	109
CAB Bonds Outstanding - Ending	876	876	876	876	876	876	876	849	729	615	506
Redemption Funds Used for CABs	-	-	-	-	-	-	-	1,240,276	5,962,147	6,126,225	6,335,506
Accreted Values											
CAB Bonds Outstanding - Beginning	23,237,644	25,133,836	27,184,757	29,403,033	31,802,320	34,397,390	37,204,217	40,240,081	42,182,188	39,175,597	35,746,201
CAB Bonds Redeemed	-	-	-	-	-	-	-	1,240,276	5,962,147	6,126,225	6,335,506
CAB Bonds Outstanding - Ending	23,237,644	25,133,836	27,184,757	29,403,033	31,802,320	34,397,390	37,204,217	38,999,804	36,220,042	33,049,372	29,410,695
Trailing Excess Cashflow to Pay Down Debt	15,734	5,620	36,523	32,926	26,152	47,638	28,936	41,914	32,226	37,243	17,126
Trailing Excess Cashflow	-	-	-	-	-	-	-	-	-	-	-
Permit & Impact Fee Repayment	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow	-	-	-	-	-	-	-	-	-	-	-

operating budget

Year 1

Operations Year						**1**
Fiscal Year Ending October 31						**2030**
					Per Unit	**PSF**	**Total**
Operating Revenues	**AMI %**	**Units**	**NRSF**			
Studio	80%	7	2,833		$1,576	$3.89	$132,397
Studio	200%	55	22,260		$3,940	$9.74	$2,600,646
1 Bedroom	80%	2	1,100		$1,970	$3.58	$47,284
1 Bedroom	200%	14	7,700		$4,925	$8.96	$827,478
2 Bedroom	80%	1	706		$2,364	$3.35	$28,371
2 Bedroom	200%	11	7,769		$5,911	$8.37	$780,194
		90	**42,368**		**$4,089**	**$8.69**	**$4,416,370**
Total Rental Revenue					**$4,089**	**$8.69**	**$4,416,370**
Lease Up Vacancy					$852	$1.81	$920,077
Stabilized Vacancy					$162	$0.34	$174,815
Net Rental Revenue					**$3,075**	**$6.53**	**$3,321,478**
Other Income							
Other Income					$62	$0.13	$66,430
Parking	*40 Spaces @ $275/Space*				$142	$0.30	$153,024
Total Other Income					**$203**	**$0.43**	**$219,454**
Total Revenue					**$3,279**	**$6.96**	**$3,540,932**
Less Operating Expenses					**Annual Amounts**		
Administrative					$173.89	$0.37	$15,650
Marketing & Leasing					$173.89	$0.37	$15,650
Payroll					$956.40	$2.03	$86,076
Utilities					$579.64	$1.23	$52,167
Common Area & Amenities					$133.32	$0.28	$11,998
Repairs & Maintenance					$231.85	$0.49	$20,867
Fire & Life Safety					$115.93	$0.25	$10,433
Grounds & Landscaping					$57.96	$0.12	$5,217
Turnover & Cleaning					$173.89	$0.37	$15,650
Insurance					$2,086.69	$4.43	$187,802
Other					$1,159.27	$2.46	$104,335
Total Operating Expenses					**$5,843**	**$12.41**	**$525,847**
Property Management Fee	3%				**$1,180**	**$2.51**	**$106,228**
Replacement Reserves					**$347.78**	**$0.74**	**$31,300**
NET OPERATING INCOME					**$2,664**	**$5.66**	**$2,877,557**

COMMUNITY OUTREACH PLAN

The Servitas team recognizes that the proposed P3 housing project at the Carrillo Street probation office site is intended to create a replicable model for future housing development partnerships on County property. To that end, it is critical that messaging and perception of the subject project remain informative, timely, and positive throughout the entitlement and construction phases.

Though the site is not adjacent to residential uses that traditionally are sensitive to potential project impacts, it is critical that positive relationships are established with neighbors (which include several private businesses, legal firms, the Carrillo Rec Center, a church, and court facilities) to ensure no business or traffic interruptions. It is also important to establish a relationship with the weekly Farmer's Market (held Saturdays on the 00 block of East Carrillo Street).

The wider community also has to have a positive perception of the project. The County will benefit from messaging to the community at large demonstrating the County's success in planning and delivering the project, setting the stage for future housing projects on County property.

The Servitas team is well positioned to leverage team experience and existing relationships with key stakeholders and decision makers. Notably, department heads and staff including the County Building Official, Building Department counter staff and plan checkers, and the County Director of Planning and Development. The team also has existing relationships with the Board of Supervisors and City Council, the Santa Barbara Chamber of Commerce (a team member is on the Chamber Public Policy Committee), the local chapter of the American Institute for Architects (a team member is on the AIA Advocacy Committee), and the Coastal Housing Coalition (the team has current and past Board members).

SEPPS Land Use Consulting will lead the project's community outreach and communications plan, coordinating messaging, stakeholder touchpoints, and County/City interface throughout entitlement and construction. SEPPS strengthens this platform with deep, Santa Barbara County–specific entitlement and community engagement capability, and is widely recognized for a respectful, solutions-oriented approach to guiding projects through public review while maintaining strong working relationships with public-sector staff.

1. Outreach Vision and Commitment

The Servitas team is committed to delivering a high-quality affordable housing community that reflects Santa Barbara's values of neighborhood compatibility, equity, design excellence, and community collaboration.

Our outreach approach will:

- Begin early and continue through operations
- Create meaningful opportunities for dialogue
- Be transparent, respectful, and responsive
- Strengthen relationships between the County, residents, and surrounding stakeholders
- Build long-term trust in both the development and property management phases

Because this project is located in the City of Santa Barbara's downtown area, outreach will be particularly attentive to nearby businesses, civic institutions, downtown stakeholders, and though limited in number, adjacent residents.

2. Outreach Goals

- Establish positive working relationships with surrounding neighbors and downtown stakeholders
- Clearly communicate project benefits, including affordable housing for local residents
- Identify and address concerns regarding height, scale, parking, traffic, safety, and construction impacts
- Incorporate feasible community feedback into design refinements
- Minimize disruption during construction
- Maintain open communication during property operations

3. Stakeholder Identification

The Servitas team will prepare a stakeholder list that includes:

- Immediate Stakeholders
  - Adjacent property owners and tenants/businesses
- Broader Community
  - Santa Barbara Downtown Organization
  - Santa Barbara Chamber of Commerce
  - Housing advocacy groups – Coastal Housing Coalition, American Institute of Architects
  - Farmers Market
  - Elected officials (City and County)

We will maintain an evolving stakeholder contact database to ensure inclusive outreach.

4. Outreach Strategy by Project Phase

Phase 1: Pre-Application & Concept Development

Objectives:

- Introduce the Servitas and County teams
- Present the project vision
- Gather early input before finalizing design concepts

Actions:

- Distribute a Project Introduction Letter to neighbors and downtown stakeholders
- Establish a project email address
- Host an initial Neighborhood Open House in conjunction with the County (in-person and virtual option)
- Provide:
  - Site overview
  - Preliminary design concepts
  - Proposed affordability levels
  - Anticipated timeline
  - Provide Spanish-language materials as needed
  - Offer small-group listening sessions with:
  - Adjacent neighbors/business owners
  - Santa Barbara Downtown Organization, Chamber, housing advocacy groups, Farmers Market

Feedback Integration:

- Document all feedback
- Identify design refinements where feasible (e.g., landscaping, pedestrian interface, architectural detailing, operational considerations)

Phase 2: Entitlement & Public Review

Objectives:

- Maintain transparency throughout City and/or County review processes
- Support reasonable informed community participation

Actions:

- Provide notice of HLC hearings
- Update Chamber, Downtown Organization, Coastal Housing Coalition, AIA and others as requested
- Identify need for lane closures/traffic control

Phase 3: Pre-Construction Outreach

Objectives:
- Prepare neighbors for construction
- Reduce uncertainty and disruption

Actions:
- Distribute Construction Notice 30 days before groundbreaking
- Host a Pre-Construction Meeting with neighbors and City inspectors
- Provide detailed information regarding:
  - Construction schedule
  - Work hours
  - Haul routes
  - Noise mitigation measures
  - Dust control measures
  - Street or sidewalk impacts
- Introduce the Construction Liaison
- Coordinate with nearby businesses and Farmers Market to ensure continued access

Commitments:
- Compliance with City of Santa Barbara construction standards
- Implementation of a Good Neighbor Construction Policy

Phase 4: Construction Phase

Objectives:
- Maintain active communication
- Address concerns promptly

Actions:
- Monthly construction updates to County via email
- Immediate notice of major milestones (e.g., street closures, crane operations)
- Clearly posted on-site contact information
- 24-hour hotline for urgent issues
- Provide regular updates to County staff

Response Standards:
- Acknowledge inquiries within 24 hours (business days)
- Provide resolution or status update within 3–5 business days

Phase 5: Lease-Up & Operations

Objectives:
- Ensure a smooth transition to occupancy
- Maintain long-term neighborhood relationships

Actions:
- Provide notice prior to resident move-in
- Host a Grand Opening event
- Share property management contact information
- Establish ongoing community liaison
- Provide periodic updates during the first year of operation

5. Communication Channels

To ensure accessibility and inclusivity, the Servitas team will:
- Coordinate County BOS and City Council updates with County staff
- Coordinate social media updates with County (as appropriate)
- In-person and virtual meetings
- Multilingual materials as necessary (English/Spanish)
- Door-to-door outreach for immediately adjacent properties

6. Equity and Cultural Competency

Recognizing Santa Barbara's diverse population, the Servitas team will:
- Provide Spanish-language materials as necessary
- Schedule meetings at varying times (evening and daytime)
- Ensure renters and small business tenants are included—not just property owners

7. Community Benefits Messaging

Outreach will clearly communicate:
- Number and affordability levels of units
- Target populations served (e.g., workforce, families, seniors, extremely low-income households)
- High-quality architectural design consistent with Santa Barbara character
- Sustainability measures
- On-site management
- Replicability of the project

8. Roles and Responsibilities

Community Outreach Lead: SEPPS
Responsible for planning and coordinating all outreach activities. Liaison with County

Development Principal: Servitas
Participates in public meetings and key stakeholder discussions

Architect: DMHA and Ashley Vance
Presents design concepts and responds to compatibility concerns

Construction Manager: Specialty
Participates in construction-phase outreach

Property Management Representative: Servitas Management Group
Engages community during lease-up and operations

9. Documentation and Reporting

The Servitas team will:
- Maintain a stakeholder database
- Track and categorize community comments
- Provide outreach summaries to the County at key milestones

10. Long-Term Relationship Building

As a public-private partnership with the County, the Servitas team understands that long-term stewardship is essential. We will:
- Maintain a visible and responsive property management presence
- Establish clear channels for ongoing communication
- Partnership, Transparency, and Long-Term Stewardship

Through early engagement, consistent communication, and genuine responsiveness, the Servitas team will build constructive relationships with surrounding neighbors and community stakeholders. Our outreach strategy reflects the County's commitment to transparency, equity, and high-quality affordable housing that enhances the downtown neighborhood and serves the community for generations.

INITIAL SERVICES CONCEPT PLAN

property management

property management initial services concept plan

This plan outlines how the development team will establish and formalize linkages with local service providers to support housing stability and resident wellbeing for income-qualified workforce households. Services will be voluntary, culturally responsive, and delivered through a coordinated hub-and-spoke model that leverages existing Santa Barbara systems rather than duplicating them. The plan also summarizes anticipated services costs and identifies funding sources to sustain core services over time.

1. Services Concept and Objectives

The development will pair long-term, income-restricted housing with a coordinated network of supportive and resident services tailored to the needs of lower-income working households and specialneeds residents in the City of Santa Barbara. The primary objectives are to:

- Promote housing stability and tenancy retention
- Improve resident wellbeing (health, employment, education, financial stability)
- Connect residents to mainstream benefits, local health and behavioral health providers, and community resources

Services will be voluntary, culturally responsive, and traumainformed, with a focus on reducing barriers to access (onsite presence, flexible hours, language access).

2. Target Population and Anticipated Needs

The project will serve incomequalified households consistent with City and County affordable housing and workforce housing policies. Anticipated resident needs include:

- **Housing stability:** help with recertifications, understanding leases, conflict resolution, and prevention.
- **Employment and education:** job search support, skills training referrals, and connections to local education partners.
- **Health and behavioral health:** referrals to primary care, mental health, and substance use services, with warm handoffs.
- **Independent living and life skills:** budgeting, household management, and navigation of public benefits

3. Service Linkages and Key Partners

We will not attempt to duplicate existing systems but will formalize linkages with local agencies that already serve Santa Barbara residents. Anticipated partners and roles include:

- **Housing Authority of the City of Santa Barbara (HACSB):** coordination with Housing Choice Voucher and supportive housing programs, access to HACSB's Resident & Supportive Services Department for housing retention, case management, and referrals, and alignment with the community's coordinated entry system where applicable.
- **Behavioral health and health care providers:** referral pathways to County behavioral health programs and local clinics for physical and mental health services, facilitated through formal MOUs and release-of-information protocols.
- **Employment and skills agencies (e.g., PathPointtype partners):** job skills assessment, job placement, and independent living skills programming, modeled on existing Santa Barbara supportive housing partnerships.
- **Youth/familyserving agencies (if serving youth or families):** linkages with youth and family services organizations for case management, crisis intervention, and youth programming, following the model of YMCA Youth and Family Services and similar providers in the city.
- **Legal and fair housing services:** connections to fair housing legal services for tenants' rights education and dispute resolution, consistent with County Housing Element programs.

These linkages will be memorialized through MOUs or letters of commitment prior to closing, with clear scopes (services, eligibility, referral pathways, data sharing, and outcome reporting).

4. OnSite Services Structure

The project will dedicate appropriate onsite space for service delivery, such as a multipurpose room/ office for case management, classes, and smallgroup activities. The onsite services structure will include:

- Scheduled onsite office hours for case management and resource navigation, including at least one evening per week to accommodate working households.
- Quarterly resident workshops on topics such as: budgeting and credit, renter rights and responsibilities, job readiness, and healthy living, delivered by partner agencies.
- Coordination of communitybuilding events to foster a sense of community and reduce social isolation (e.g., holiday events, backtoschool events, health fairs).

5. Service Delivery Model and Coordination

The team will use a **hubandspoke** model: a core onsite coordinator supported by a network of offsite providers delivering services on site and by referral. Key elements:

- Centralized intake and individual service plans for residents opting into deeper services (e.g., supportive units, highestneed residents).
- Regular case conferencing with partner agencies to identify atrisk residents early and coordinate interventions (rent arrears, behavior issues, health crises).
- Warm handoffs rather than passive referrals, including assistance making appointments and transportation planning where needed.
- Datainformed practice: tracking participation, service episodes, and outcomes such as housing stability, employment, and income changes, consistent with the reporting requirements of HACSB and other funders.

Where applicable, referrals for highneed residents will be aligned with the Santa Maria/Santa Barbara County Continuum of Care Coordinated Entry System, to avoid duplication and maintain compliance.

6. Costs and Funding Sources

Estimated Annual Services Budget

The project will include a services budget that is consistent with Santa Barbara's supportive and resident services practices.

- Personnel (RSC and case management contracts).
- Program costs (workshop materials, transportation assistance, translation/interpretation, community building events).
- Overhead
- Will establish a dedicated Services Reserve line item within the operating budget to ensure funding for core services over the life of the regulatory period, with escalation over time.

This is consistent with emerging practice in permanent supportive and affordable housing in Santa Barbara.

Funding Sources

To fund these costs without compromising longterm property operations, the development team will draw on a mix of:

- Operating budget allocation: a perunit annual services fee built into the project's operating pro forma.
- Public and philanthropic funding:
  - Local Housing Trust Fund and related City/County housing program resources that support services and housing stability.
  - HACSB and HUDlinked service funding where eligible (e.g., for permanent supportive housing or voucherassisted tenants).
  - County and community grants for supportive services and homelessness prevention that align with the Housing Element implementation programs.
  - Competitive grants and donations from local foundations, hospitals/health systems, and corporate partners focused on housing stability and health.

We will identify and secure commitments for initial multiyear service funding (e.g., first 3–5 years) with a plan to renew and diversify funding over time.

7. Outcomes, Reporting, and Continuous Improvement

The services program will track and report outcomes regularly to the County and other funders, such as:

- Housing outcomes: tenancy length, lease renewals, evictions, voluntary/involuntary exits.
- Economic outcomes: employment status, income changes, use of workforce or education services.
- Health and wellbeing indicators were available (e.g., engagement with primary care/behavioral health, crisis episodes).

The services team will use this data, along with resident feedback, to refine programming annually, ensuring that services remain responsive to resident needs and aligned with City, County, and HACSB priorities for expanding affordable and supportive housing opportunities

EVIDENCE OF AUTHORITY

CERTIFICATE OF CORPORATE RESOLUTION
SERVITAS, LLC, A TEXAS LIMITED LIABILITY COMPANY

The undersigned, Angel Rivera, as the Executive Vice President, on behalf of Servitas, LLC, a Texas limited Liability Company (the "Company"), does hereby certify unto whom it may concern as follows:

1. That the Company is a Texas limited liability company, authorized to transact business in the State of Florida.

2. Angel Rivera is the Executive Vice President of the Company and has been authorized to execute documents on behalf of the Company.

3. That the Members of the Company, have voted and adopted the following as a resolution of the Company:

WHEREAS, it is in the best interests of the Company to participate in the project commonly referred to as the County of Santa Barbara California Affordable Workforce Housing Public Private Partnership ("P3") Development Project further described in COUNTY PROJECT BID ID NO. 208055, PUBLICATION DATE: January 7, 2026, SUBMITTAL DUE DATE: March 6, 2026 ("County RFP").

NOW, THEREFORE, BE IT RESOLVED, that the Company shall submit a response to the County RFP and if selected shall enter into negotiations of the definitive documents, including, but not limited to the long-term lease of the proposed Project site.

That the foregoing resolution is outstanding and has not been modified or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and seal as Executive Vice President of Servitas, LLC, a Texas limited liability company hereto effective this 6th day of March, 2026.

Servitas, LLC

Angel Rivera
Executive Vice President

STATE OF TEXAS)
:SS.
COUNTY OF DALLAS)

The foregoing instrument was acknowledged before me by means of [X] physical presence or [__] online notarization this 6th day of March 2026, by Angel Rivera, who is personally known to me or who has produced _____, as identification and who did take an oath.

CARLOS JOSE SERRANO
My Notary ID # 133549837
Expires January 24, 2030

Notary Public

EXHIBIT

SANTA BARBARA SCHEDULE FOR RFP PROPOSAL

Description	Comments	Duration	Start	Finish
Selected as Developer				5/1/2026
Development Agreement Negotiation:		2 Months	5/1/2026	7/1/2026
Due Diligence	Starts upon Developer Selection	3 Months	5/1/2026	8/1/2026
Conceptual Design	Start upon execution of Development Agreement	2 Months	7/1/2026	9/1/2026
Site Plan Submittal and Approval	Parallel with Conceptual Design	3 Months	7/1/2026	10/1/2026
Intergovernmental Agreement (IGA)	Begins immediatley following Due Diligence	3 Months	8/1/2026	11/1/2026
Voluntary Design Review	Voluntary design review & initial community outreach. Assume Schematic Design begins 1 month (aggressive) or 2 months (conservative)prior to end of volunary Design review.	3 Months	9/1/2026	12/1/2026
Schematic Design	Begins at end of Voluntary Design Review	2 Months	11/1/2026	1/1/2027
Owner Selection	Parallel Path to SD's	3 Months	11/1/2026	2/1/2027
DD Plan Set	Start upon completion of SDs	2 Months	1/1/2027	3/1/2027
Utilities Design & Approval	Parallel to SD & DD Plan Sets	4 Months	11/1/2026	3/1/2027
LIHTC Financing	***NOT APPLICABLE***		5/1/2027	5/1/2027
Permit/CD Plan Set	Start upon completion of DD & Utilities Design	2 Months	3/1/2027	5/1/2027
Permit Submittal & Review	Aggressive schedule assumes 3 rounds of plan check. 30 Days for County Review + 30 days for resubmittal.	6 Months	5/1/2027	11/1/2027
Permit Sub & Review Notes:	*Overall Duration could range from 6 to 10 months depending upon # of rounds of review/submittal required, & speed of updating and resubmitting plans.*			
GMP Execution	Assume 1 month prior to Receiving Permit	1 Months	10/1/2027	11/1/2027
Arrange Financing (end - Financial Close)	2 Months Ending 1 Month after Receiving Permit	2 Months	10/1/2027	12/1/2027
Demo	Aggressive Schedule - assumes Demo starts as upon NTP from County (as soon as the GMP is signed). Conservative Opt. assumes demo starts immediately upon Financial Close.	2 Months	11/1/2027	1/1/2028
Construction	20 Months is defintely aggressive, but possible. 22 months likely most reasonable, and 24 months conservative.	22 Months	1/1/2028	11/1/2029
First Occupancy	Occupancy - currently assumes that phased occupancy will not be an option, so all units become available to occupy upon substantial completion.			**11/1/2029**

COUNTY OF SANTA BARBARA

AFFORDABLE WORKFORCE HOUSING PUBLIC PRIVATE PARTNERSHIP
DEVELOPMENT SERVICES | 117 East Carrillo Street – Santa Barbara

SERVITAS · CAM LAND USE & DEVELOPMENT INC · DMHA · ASHLEY & VANCE ENGINEERING · SEPPS EST. 1994 Land Use Consulting · Brownstein · SCI SPECIALTY CONSTRUCTION · J.P.Morgan · SERVITAS MANAGEMENT GROUP

Garrett Scharton
Senior Vice President

SERVITAS

Angel Rivera
Executive Vice President

Garrett Scharton
Senior Vice President

CAM

Craig Minus
Development Manager

DMHA

Edward de Vicente
Principal Architect

BROWNSTEIN HYATT FARBER SCHRECK

Mack Carlson
Land Use Counsel

SEPPS

Steve Fort
Principal Planner

SPECIALTY CONSTRUCTION

Nate Agin
VP/Business Development Manager

JP MORGAN

Jeffrey Gertz
Executive Director

TEAM OVERVIEW & RELEVANT EXPERIENCE

- **Who We Are**
  - Servitas: National leader in public-purpose housing P3s
  - Local Santa Barbara team: CAM Land Use, SEPPS, DMHA, Ashley & Vance, Specialty Construction, Brownstein
- **Why This Team is Right for the County**
  - Successful delivery in high-cost, high-constraint markets (Crested Butte, Telluride, Orange County, Sonoma County, Miami Beach) with cost levels 40-50% below typical public-sector & HUD-financed builds
  - Deep local entitlement and community engagement experience (SEPPS, CAM, DMHA, Brownstein) with hundreds of approvals across Santa Barbara city/county

>7,700 Units Delivered

Garrett Scharton
Senior Vice President

Whetstone Village, Crested Butte, CO

The Harbour OCC Costa Mesa, CA

Canyonlands Telluride, CO

The Anamar Miami Beach, FL

Polly O'Meara Doyle Hall SRJC Santa Rosa, CA

47%

LOWER HARD COST

Whetstone Village Hard Cost/SF: $293
Local Crested Butte Hard Cost/SF: $550

SERVITAS | CAM LAND USE & DEVELOPMENT INC | DMHA | ASHLEY & VANCE ENGINEERING | SEPPS EST. 1994 Land Use Consulting | Brownstein | SCI SPECIALTY CONSTRUCTION | J.P.Morgan | SERVITAS MANAGEMENT GROUP

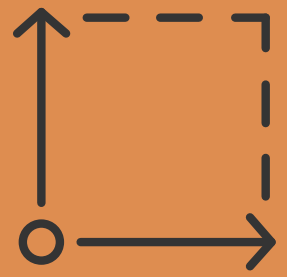
PARTNERSHIP & PROJECT APPROACH

Our Development Approach

Craig Minus
Development Manager

We began with a feasible, financeable structure and built the design around it

Balanced five competing forces:
(1) County objectives
(2) site constraints
(3) neighborhood acceptance
(4) financeability
(5) workforce AMI goals



Program that Fits the Site & the Downtown Context

90 units: “feasibility sweet spot” between AUD baseline (~61 units) and achievable moderate density using State Density Bonus Law (120 units max)

Mixed unit sizes: 62 studios, 16 1BR, 12 2BR – tailored to workforce need, allows roommate matching (not achievable with a HUD-financed project)

Parking strategy aligned with land use code, neighborhood acceptance, and investor feedback (40 spaces; emphasis on bike/e-bikes/transit)

PARTNERSHIP & PROJECT APPROACH

Governance & Process Structure

Garrett Scharton
Senior Vice President

Key Differentiators vs. Other Respondents

- No reliance on competitive HUD cycles,
  - slow delivery,
  - inject uncertainty, and
  - encumber the land with Uniform Relocation Act burdens
  - isolated from potential Federal HUD regulation changes, like exclusion of mixed-citizenship household
- Lower long-term rent growth (underwritten at 3% vs 6% AMI trajectory) → discount-to-market of our rents improves annually
  - becomes more affordable every year
  - County sets the rents – in fact, in Santa Rosa we have not raised rents more than 2.9%
- **County keeps all excess cash flow after debt service + owns the building free and clear at payoff**, valued at ~$116M
  - No $1/year lease or developer capture of rent escalations, est. $563M in cash flows
  - Rapid amortization structure accelerates return of value to County, year 25 payoff as modeled

We commit to shared governance, clear roles, and predictable decision-making:

- Performance & Accountability across all 50+ P3s
- Quarterly oversight meetings / transparent reporting during Operations
- Ground lease codifies: (1) County approval rights (2) affordability (3) operations standards & reporting

This Project Fits Our Broader Mission

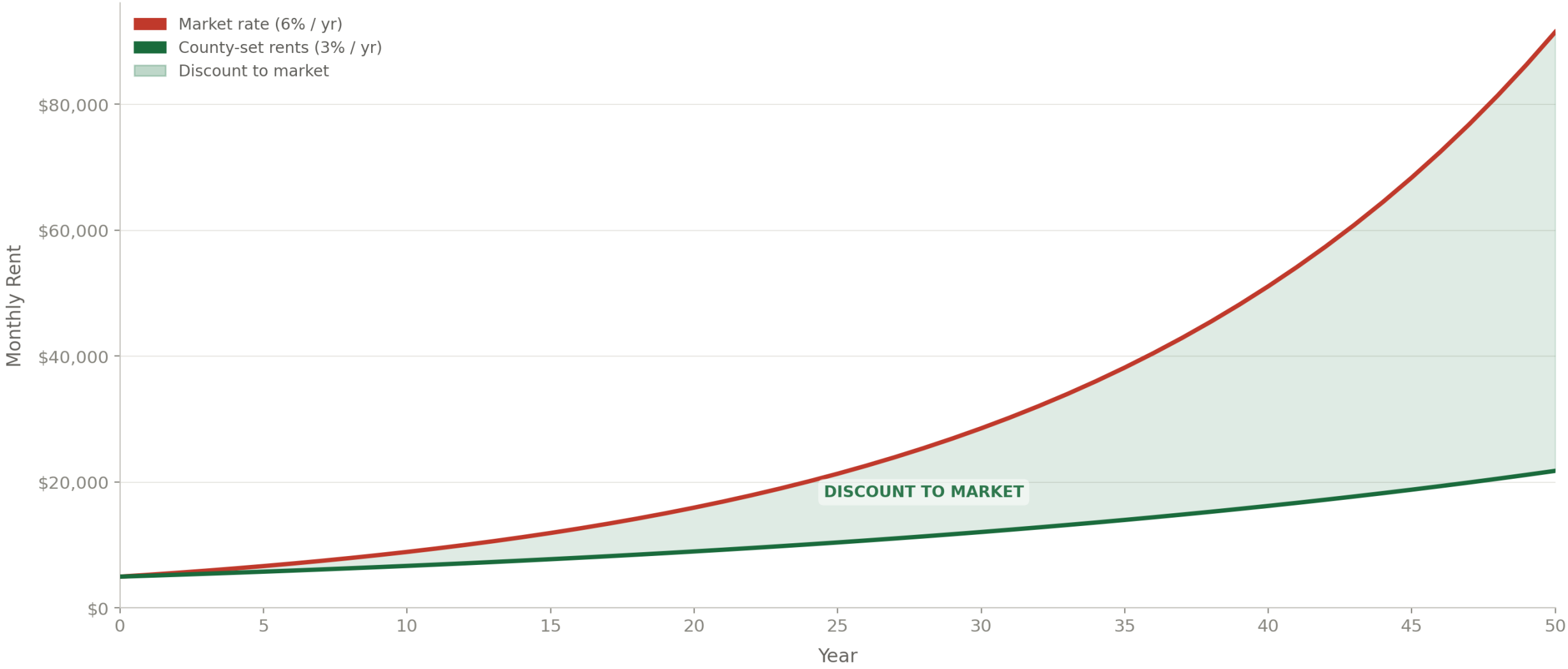
- Servitas specializes in **mixed-income, tax-exempt financing**, that avoids HUD structures, this preserves public ownership and accelerates delivery
- County is the ideal fit: strong workforce demand, high land values, intense cost pressures – the exact environment where our approach outperforms HUD-financed projects and market-rate development
- This model is proven and can be replicated to benefit the County

PARTNERSHIP & PROJECT APPROACH

County Control: Discount to Market

- Within a decade, our discount to market rents for 1-bedroom units could be $1,700/mo

Garrett Scharton
Senior Vice President



DESIGN APPROACH & INNOVATIONS

Edward de Vicente
Principal Architect

- We Pushed the Program to the Limits
  Rigorously stressed-tested every scenario – County objectives, planning code, neighborhood fit, massing, circulation, financial feasibility, constructability – and iterated to the Pareto optimal solution until all constraints aligned
  - Architecture Design Around Santa Barbara's Context
    - L-shaped courtyard typology; 4 stories; Spanish-tile mansard roof; massing breaks; rooftop deck
    - Preserves existing shared driveway to minimize curb cuts and protect pedestrian realm
    - Significant unit stacking supports efficient construction, architectural interest, and simplifies structural and MEP systems
    - Remains flexible for future development

DESIGN APPROACH & INNOVATIONS

- CONSTRUCTION COST CONTROL
  - Our model delivers materially more housing per dollar
  - The same public dollars can fund meaningfully more homes

Garrett Scharton
Senior Vice President

OUR COST FOR SANTA BARBARA COUNTY
$615K
PER UNIT

Santa Monica: $1.01M / unit
39% lower

San Francisco: $1.04M / unit
41% lower

L.A. Times examples: $1.10M / unit
44% lower

Los Angeles Times

HOUSING & HOMELESSNESS

Affordable housing in California now routinely tops $1 million per apartment to build

SAN FRANCISCO

Developers increase size of $1M-per-unit affordable complex in SF

$166M project in Haight-Ashbury has applied for state funding

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Council Approves $1 Million Per Unit Homeless Housing Project

By Jorge Casuso

California affordable housing can top $1 million per unit - Los Angeles Times
Council Approves $1 Million Per Unit Homeless Housing Project
Developers Plan More Affordable Units for $1 Million Each

DESIGN APPROACH & INNOVATIONS

Garrett Scharton
Senior Vice President

- **Cost-Control & Constructability**
  - Proven ability to reduce costs up to 47% through: prefabricated components, early procurement, GMP + real-time cost validation, and risk reduction strategies
  - Underwriter actively working with us on multiple scenarios in real time

  - **Examples:**
    - Crested Butte: first occupancy 9 months ahead of schedule,
      - water-delivery + river-pump fire solution to continue framing
    - Telluride: mid-project redesign at developer expense to de-risk cost escalation
    - High-cost markets (Crested Butte, Orange County, Santa Rosa, Miami Beach) with costs ~40% below typical HUD-financed projects

Whetstone Village | Crested Butte, CO

Canyonlands | Telluride, CO

The Anamar | Miami Beach, FL

Polly O'Meara Doyle Hall | Santa Rosa, CA

FINANCIAL STRUCTURE – COUNTY BENEFITS

Angel Rivera
Executive Vice President

KEY FIGURES

- $563M lifetime cashflow forecast, County-controlled
- At 3% annual rent increase, vs 6% market increase, the typical unit have a cumulative discount of almost $11M over a 50-year period (per unit)
- Ex: 125% AMI 2-bedroom units should achieve $1,800/mo in discount by 2036

PARTNERSHIP FACTS

- Excess cashflow after debt service is unencumbered income to the County
- County sets rental rates, per bond covenants, can further discount rents during partnership
- Full County ownership of the improvements at debt payoff, and retains ownership of land
- 501c3 borrower
- 100% tax-exempt bond financing, fixed rate, no refinance-risk
- Developer compensation is fee-based, no equity returns or other incentives to increase rents

DEVELOPMENT PROCESS

- County and Developer work through scenarios to achieve feasibility and maximize your goals
  - Proforma showing exactly how AMIs and any potential financial contribution interact
  - Flexibility as we pursue alternative solutions and lower cost of capital
  - Delivery-risk transfer to the Developer protects the County
- Speed to Market
  - Not LIHTC or HUD-dependent, and no Developer-Contractor joint-venture entanglement
- Faster closing → earlier delivery → earlier affordability benefit→ this RHNA cycle
  - Forecasting occupancy in 2030, financing only takes 6 months

OPPORTUNITIES, CHALLENGES & COMMUNITY INTEGRATION

Garrett Scharton
Senior Vice President

BIGGEST OPPORTUNITIES

Deliver the first replicable County workforce housing P3

~563M in cash flow as ground lease payment, est. $116M asset value at debt payoff

- Very different than typical structures
  - Collapses upon debt repayment
  - Structured as short as possible (collapses in Operations year 25)
  - 100% of excess cash flow after debt service paid to County as Ground Lease, all economic upside to County

Demonstrate a scalable model for future County sites, not dependent upon developer balance sheet

BIGGEST CHALLENGES

Aligning Depth of Affordability With Feasibility

- Tension between 50% AMI targets and high construction costs downtown
- **Solution**: transparent Excel feasibility tool for County leadership; County can adjust AMIs, contributions, and unit mixes between meetings to self-evaluate options

Delivery Certainty Under High-Cost Pressures

- **We mitigate via**: early GMP with Design-Build, proactive proforma management with Underwriter support prefab deployment, local trade evaluation, risk-reduction playbook learned from Telluride, Orange County, Sonoma County, and Crested Butte Examples:
  - Insurance through public partner
  - Subordination of certain Operating Costs to debt service to increase borrowed amount without raising rents
  - Creative ownership structures to achieve certain benefits (public partner as co-owner)

Communications & Public Perception

- **Strategy**: “Inform early, inform often” (SEPPS model)
- Use briefing books, public website, and transparent construction schedule reporting (Crested Butte model)
- Steady cadence of meetings with agendas, recordings, AI notes, and occasional tracking files such as “Issues” excel documenting problems and their deadlines, resolution and responsible party
- **Incomes align** with County staff and local, essential employees

OPPORTUNITIES, CHALLENGES & COMMUNITY INTEGRATION

- **Local team w/ 1,000's of projects worth of experience submitting, processing, representing and delivering projects.**

Steve Fort
Principal Planner

STRATEGIES TO MAINTAIN MOMENTUM

- Pre-con outreach to stakeholders and department heads/agency staff. HLC agenda coordination & pre-hearing outreach
- ID, address, plan for potential processing and construction constraints during construction plan development and compilation of submittals. Troubleshoot entitlement, utilities, and plan check issues (for example)
- Leverage entitlement processing experience with City and County agencies and relationships with staff to maintain momentum during entitlement processing. Includes agency interface and internal team coordination.
- Creative field solutions (e.g., water-delivery workaround at Whetstone.
- Foresee & strategize entitlement processing for design changes & late hits. Willingness to consider redesign/field changes mid-project at developer expense when needed
- Maintain active communication during construction. Timely replies/responses/actions/follow-up

COMMUNITY ENGAGEMENT APPROACH

- Not discretionary approval heavy but requires sensitive, informative engagement and listening
- Consistent and coordinated messaging in partnership with County staff
- Pre-Application & Concept Development – Intro to neighbors & stakeholders (Downtown Org, Chamber, Farmers Market, AIA, CHC). Pro-forma first/replicability approach – explain goals, rationale for density, affordability, & target tenants. Feedback integration where feasible
- Entitlement & Public Review – Outreach agency staff (set schedule expectations). Update neighbors, stakeholders, decision makers
- Pre-Construction Outreach - ID and explain schedule & potential impacts. Periodic status updates. Intro construction liaison
- Construction Phase - Maintain active communication & address concerns promptly. Regular updates on status, milestones, disruptions. Establish response standards. Hotline, website
- Lease-Up & Operations – Maintain neighborhood relations, opening event, share prop management/community liaison information

AMI LEVELS & UNIT MIX

- Proposed Program
  - 90 total units (62 studios / 16 1BR / 12 2BR)
  - Intended AMI bands: **50% to 120% AMI** (County employees heavily concentrated ≥120% AMI per inclusionary study)
  - Ability to maximally flex number of units reserved for County employees (0–100% County set-aside)
  - Scalability: The project can scale up or down depending on County subsidy and priority setting via the feasibility toggles

Craig Minus
Development Manager

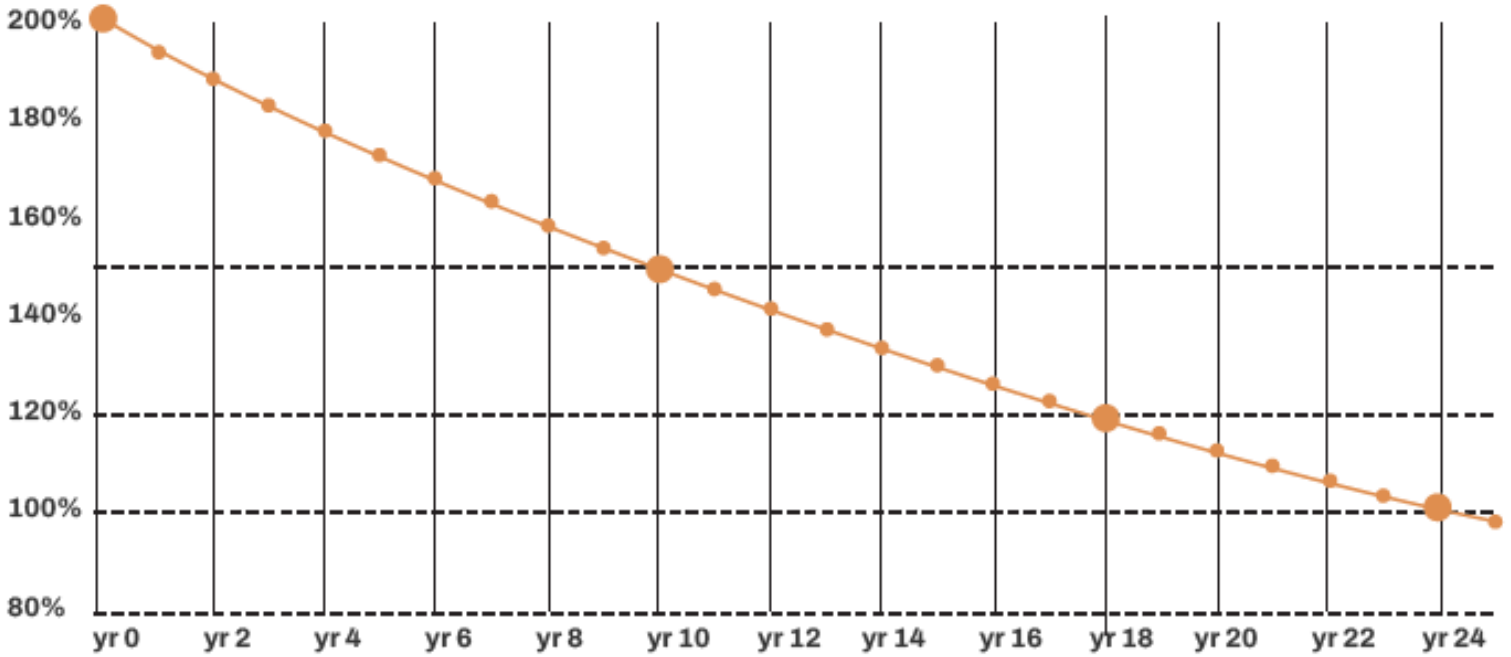
Jeff Gertz
Executive Director

AMI	UNIT TYPE	BEDROOMS	BATHROOMS	NRSF	UNITS	BEDS	TOTAL NRSF
80%	Studio	0	1	405	7	7	114,206
80%	1-Bed	1	1	550	2	2	40,788
80%	2-Bed	2	2	706	1	2	24,473
200%	Studio	0	1	405	55	55	2,243,340
200%	1-Bed	1	1	550	14	14	713,790
200%	2-Bed	2	2	706	11	22	673,002
Note: all units can be rented by the bedroom					90	102	3,809,599

SANTA BARBARA COUNTY DIRECTIONAL SUMMARY					
	Rent Multiplier	Avg. AMI	Gap ($M)	AMI Low	AMI High
Base Case	100.0%	187.0%	0	80.0%	200.0%
Break Even	90.0%	168.3%	0	72.0%	180.0%
Break Even and 50bps lower rates	84.0%	157.1%	0	67.2%	168.0%
10% Lower than Break Even	80.0%	149.6%	5.38	64.0%	160.0%
125% AMI Avg	66.9%	125.0%	12.05	53.5%	133.0%

PARTNERSHIP & PROJECT APPROACH

Comparison of Maximum Rents vs AMI Growth



Projections show that by Operations year 25, effective maximum rents fall from roughly 200% of local AMI at project start to 98% of AMI. Over that same period, local AMI is projected to grow at 329%, while rents increase only 109%. The widening affordability advantage over time is driven by the 3-point annual spread and enabled by our financing structure which eliminates the need for equity investors.

Starting position **200%** of AMI at year 0	At year 10 **150%** of AMI	At year 20 **113%** of AMI	Reaches 100% AMI **Year 25**	Annual spread **3 pts** AMI outpaces rent by 3%/year	**6%** Estimated annual AMI growth	**3%** Estimated annual rental rate growth

WHY THIS TEAM & PROPOSAL ARE THE BEST PARTNER FOR SANTA BARBARA COUNTY

Angel Rivera
Executive Vice President

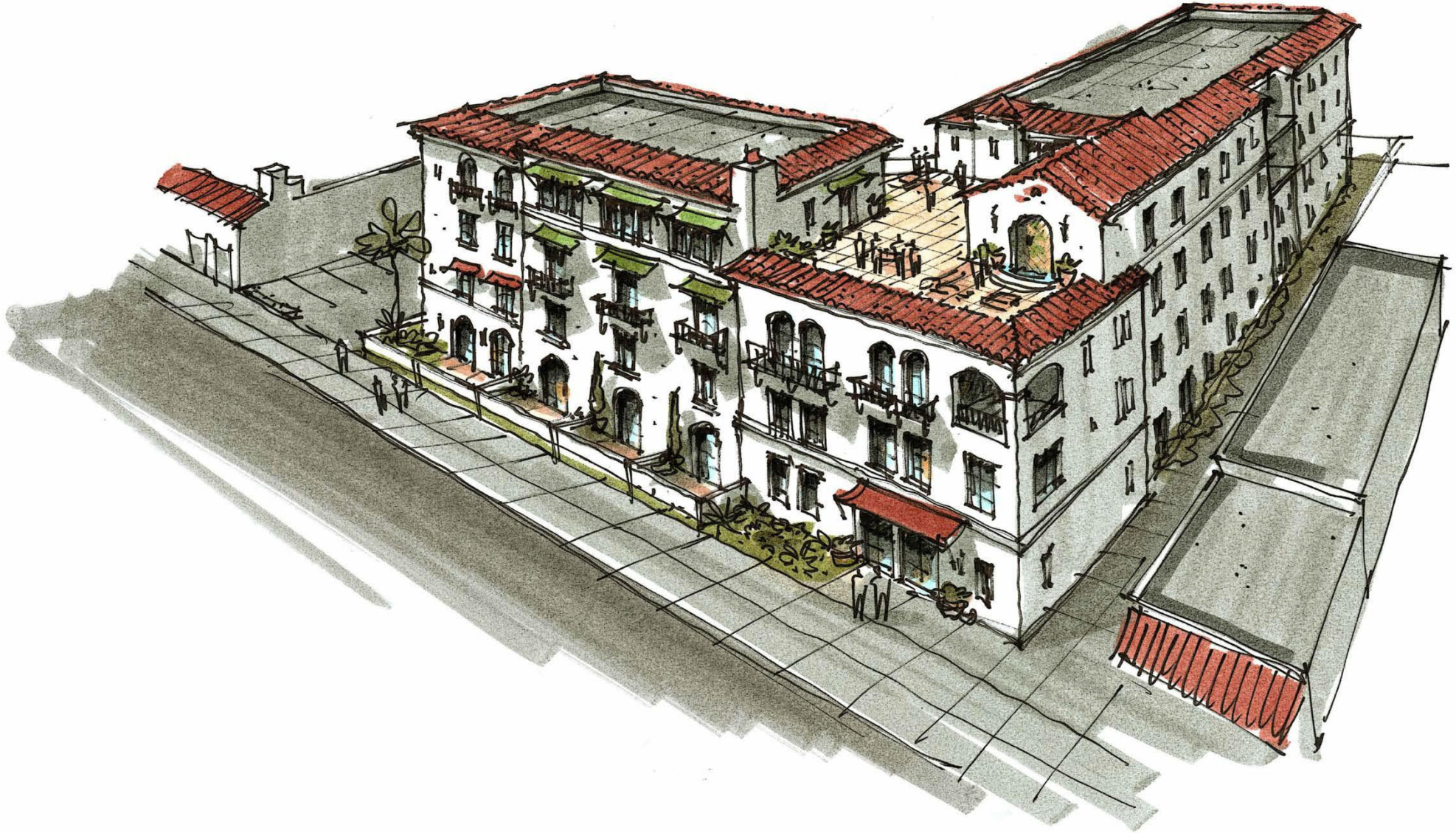
Deliverable, financeable, replicable workforce housing model

A team that has repeatedly proven it can solve unexpected challenges and deliver in high-cost markets

Deep local capability + a national P3 leader

A project whose affordability improves every year

County retains land ownership, receives all economic upside, and controls outcomes



THANK YOU

CONSTRUCTION COSTS	
Duration	22 months
Total NRSF	42,368
Efficiency	67%
Est. GSF	63,299
$/GSF	462
Est. Hard Cost Residential	$29,249,789
Offsite Improvements	$256,800
Demolition	$272,730
Builder's Risk	$373,345
Total Construction	$30,152,664

DEVELOPMENT COSTS		
Predev	$875,000	
Permit, Impact Fees, etc.	$1,642,386	
Design	$2,412,213	8% of Hard Cost
Construction	$30,152,664	
FF&E + IT	$180,000	2,000 per unit
Start Up	$640,000	
CA Fee	$904,580	3% of Hard Cost
Contingency	$3,015,266	10% of Hard Cost
Total	$39,832,109	
Dev Fee	$3,983,211	10% of Program Cost
Total Project Cost	$43,815,320	
Deferred Permit/Impact Fees	($1,642,386)	
Total	$42,172,934	

ANNUAL OPERATIONS EXPENSES- BASE YEAR		
	Per Unit	Annual Total
Administrative	$150	$13,500
Marketing & Leasing	$150	$13,500
Payroll	$825	$74,250
Utilities	$500	$45,000
Common Area & Amenities	$115	$10,350
Repairs & Maintenance	$200	$18,000
Fire & Life Safety	$100	$9,000
Grounds & Landscaping	$50	$4,500
Turnover & Cleaning	$150	$13,500
Insurance	$1,800	$162,000
Other	$1,000	$90,000
Total Construction		$453,600

OPERATIONS ASSUMPTIONS		
Proforma Growth Rate	3%	
Base yr OpEx	$453,600	
R&R Reserve	$300	/unit/year
Management Fee	3%	Of Total Revenue
Stabilized Vacancy	5%	
Lease Up Timeline	6 months	
Other Income	2%	Of net Rental Revenue
Parking	$275	/month
Rentable Parking Spaces	$40	
Total Other Expenses	$12,000	/year
Base Year	2025	
1st Occupancy	November 2029	

PROFESSION	INDIVIDUAL SALARY RANGE	2-PERSON HOUSEHOLD RANGE	APPLICABLE AMI
Public Employees	$62,098–$135,384 individual	$124,196–$271,000 household	**120–200%+ AMI**
Healthcare Clinical (RN)	$100,000–$130,000 individual	$200,000–$260,000 household	**160–200%+ AMI**
University Staff (UCSB)	$39,749–$79,631 individual	$80,000–$160,000 household	**80–160% AMI**
University Faculty	$58,000–$95,000 individual	$116,000–$190,000 household	**120–200% AMI**
Aerospace Technicians	$68,000–$89,000 individual	$136,000–$178,000 household	**120–160% AMI**
Aerospace Engineers	$115,000–$135,000+ individual	$230,000–$270,000+ household	**200%+ AMI**
Federal GS Workers	$58,827–$135,657 individual	$120,000–$270,000 household	**120–200%+ AMI**

Lucille Boss

From: Garrett Scharton <GScharton@servitas.com>
Sent: Wednesday, March 25, 2026 8:38 AM
To: Lucille Boss
Cc: Al Grazioli; Tom Leach; Angel Rivera
Subject: Thank you, and revised pro forma from Servitas

Importance: High

Caution: This email originated from a source outside of the County of Santa Barbara. Do not click links or open attachments unless you verify the sender and know the content is safe.

Lucille,

I hope this email finds you well. First, thank you for the earnest and productive conversation yesterday. We appreciate the opportunity to connect in-person and have an open discussion with the County to deliver on its goals for the project.

I am writing to share a revised pro forma strategy that more closely aligns with the County's rent limit goals as clarified yesterday. We heard your team's comments about aligning the proposal with achieving the County's regional housing needs allocation (RHNA), while also delivering on a project that supports the County's workforce.

Key changes in the updated pro forma:

- No cash commitment from the County, only assistance bringing down insurance costs and a credit enhancement on the project debt
- 90 units with County flexibility to serve workforce and low-moderate income households
- Rent & Eligibility starting at 50% AMI with a rent mix predominantly designed to less than 120% AMI
- *Average* rents designed for Moderate Incomes
    - This revised approach *expands* access to traditional lower-income categories while still serving households in the moderate-to-middle income range that are currently underserved.
- Retains County control and flexibility, avoiding HUD-financed structures

The tables below illustrate how the revised unit mix by income category would contribute to RHNA progress and local needs. As we discussed, our model provides immense flexibility to the County to meet its current and future housing goals.

	South Coast 2023 - 2031 RHNA Projection Period			
	Residential Units by Income Category (Issued Building Permits)			
Year	**Very Low**	**Low**	**Moderate**	**Above Mod**
	0-50% AMI	**50-80% AMI**	**80-120% AMI**	**> 120%**
2023	0	0	0	85
2024	3	54	3	230
RHNA	809	957	1,051	1,321

% of County Workforce	7.1%	21.6%	3.1%	61.7%

	Servitas proposal			
	Very Low	**Low**	**Moderate**	**Above Mod**
Original Mix		10		80
Revised Interview Mix	20	21	21	28

County Professions	**Individual Salary Range**	**2-Person Household Range**	**Applicable AMI**
Public Employees	$62,098–$135,384 individual	$124,196–$271,000 household	120–200%+ AMI
Healthcare Clinical (RN)	$100,000–$130,000 individual	$200,000–$260,000 household	160–200%+ AMI
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We would welcome the opportunity to discuss the details, answer any questions, and incorporate any additional feedback.

Thank you for your continued collaboration in advancing affordable and workforce housing in Santa Barbara. I look forward to your thoughts.

Warmest regards,
Garrett

Garrett Scharton
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SERVITAS