

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:

Prepared on: 2/27/02
Department Name: Treasurer-Tax Collector
Department No.: 065
Agenda Date: 3/12/02
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Gary L. Feramisco
Treasurer-Tax Collector

STAFF CONTACT: Carlos Jimenez, Jr.
#3521

SUBJECT: Commitment of City of Carpinteria Local Funds to Dahlia Court Rehabilitation

Recommendation(s):

That the Board of Supervisors:

- A. Approve the commitment of \$86,536 from the City of Carpinteria in local in-lieu funds, utilized in the County-administered Rehabilitation Loan Program, towards the rehabilitation of the Dahlia Court Apartments owned by People's Self-Help Housing Corporation (PSSHC), a County designated Community Housing Development Organization (CHDO), and
- B. Authorize the County/Treasurer-Tax Collector to execute a Loan Agreement and Regulatory Agreement with PSHHC for the exterior rehabilitation work, in substantially the form of the attachments to this Board letter.

Alignment with Board Strategic Plan:

The recommendation(s) are primarily aligned with Goal No. 7. A Community that Fosters the Safety and Well-Being of Families and Children.

Executive Summary and Discussion:

In 1999, Santa Barbara County, in collaboration with the City of Carpinteria, applied to the State Department of Housing and Community Development for Community Development

Block Grant (CDBG), funds in the amount of \$500,000, for implementation of a Housing Rehabilitation Loan program within the City of Carpinteria. The City of Carpinteria also committed \$100,000 of that city's local in-lieu matching funds to the project. Pursuant to a March 22, 1999, Joint Powers Agreement between the City of Carpinteria and Santa Barbara County, the County is "authorized and directed to act on the City's behalf in all matters pertaining to this application."

On June 26, 2001, the Board approved a loan of \$250,800 in CDBG Rehabilitation Loan Program funds to Peoples' Self Help Housing Corporation (PSHHC) for exterior improvements to the Dahlia Court apartments in the City of Carpinteria. As continued marketing efforts had produced few loan applicants, this loan allowed the County to meet state-mandated quarterly CDBG grant expenditure requirements prior to an October, 2001 monitoring visit by State Housing and Community Development Department (HCD) staff. Although the state monitoring went quite well, a "concern" was cited regarding the fact that few of the grant's local matching funds had been expended.

Since then, ongoing marketing efforts have produced only one new rehabilitation home loan of \$11,800. A balance of \$88,200 of Carpinteria local in-lieu finds, in addition to \$9,378 in CDBG funds are uncommitted. Therefore, \$97,578 remains unexpended prior to the Rehabilitation Loan Program grant's March 31, 2002 closeout date. Pursuant to the \$250,800 CDBG loan to PSHHC which the board approved in July, 2001, state Davis-Bacon prevailing wage requirements resulted in higher than anticipated construction costs. As a result, in January 2002, PSHHC representatives met with City of Carpinteria and County staff to discuss the availability of additional funding sources to complete the project.

It was determined at this meeting that, given the fact that few single-family rehabilitation loans were forthcoming, the remaining balance of Carpinteria local in-lieu funds could be applied to Dahlia Court. A January, 2002 site visit to Dahlia Court by Carpinteria City Council members to assess the work that had been performed to date, as well as to determine the additional work that was needed, precipitated their January 28, 2002 decision to loan \$86,536 to PSHHC. The remaining fund balance of \$1,664, as well as \$9,378 in unexpended CDBG funds will be applied to program administration costs to PSHHC for overseeing the completion of the work.

The following terms are contained in the attached loan documents:

- That the funding be in the form of a 40-year, 3% interest, residual receipts loan;
- That the rehabilitation work be evaluated and determined to meet state prevailing wage requirements and pass all applicable city building code inspection standards prior to release of final draw;
- That the terms of the Regulatory Agreement governing this project be consistent with and enforcing all CDBG requirements;
- That the loan of local funds to the project be in seventh position in terms of subordination.

Mandates and Service Levels:

No changes to programs or service levels.

Fiscal and Facilities Impacts:

This project will help maintain the supply of affordable housing in the South Coast housing market area and insure its long-term affordability. Pursuant to the Joint Powers Agreement, any future loan proceeds derived from program income, shall be re-programmed within the City of Carpinteria. The loan allows the County and City of Carpinteria to meet state-mandated grant closeout expenditure requirements, and hence remain in a competitive position for future state CDBG applications.

Special Instructions:

Clerk of the Board to return original, signed Loan Agreement along with a certified minute order to Housing Finance and Development Division of Treasurer Tax Collectors office, to the attention of Carlos Jimenez, Jr., Housing Program Specialist.

Concurrence:

County Counsel