



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

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

Department Name: Housing and Community
Development
Department No.: 055
For Agenda Of: 9/14/21
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department George Chapjian, Director, (805) 568-2485
Director(s)
Contact Info: Dinah Lockhart, Deputy Director, 568-3523
Laurie Baker, Grants and Program Manager, 568-3521
SUBJECT: Funding Reservation to Buellton Senior Village Apartments affordable housing project (Project) in Buellton (Supervisorial District 3)

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- A) Approve a reservation of County funds for the Buellton Village Senior Apartments Project that will (a) be in an amount not to exceed \$895,941; (b) consist of HOME and/or In-Lieu funds; and (c) be released if Cabrillo Economic Development Corporation does not receive notification of an award of low-income housing tax credits (LIHTC) and/or State MHP funds to complete the financing for the Project by September 14, 2022;
- B) Authorize the Director of Community Services Department (CSD) to sign a letter to the Buellton Village Senior Apartments project applicant indicating the approved reservation (Attachment A); and
- C) Determine that the approval of the reservation of funding is not the approval of a project that is subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15378(b)(4), finding that the actions are not a project as they are the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant impact on the environment.

Summary:

The recommended actions would reserve County-administered federal and/or local funds for the Project for 12-months to allow the developer to secure additional funds, including an allocation of Low-Income Housing Tax Credits (LIHTC) and/or State Multi-Family Housing Program (MHP) funds. The County funding reservation for the Project will expire on September 14, 2022.

CEDC is proposing development of the Property located on the northeast corner of Highway 246 and McMurray Road in the City of Buellton with three (3) buildings containing 50 one and two-bedroom rental units, a community center, and offices. It is contemplated that 36 of the units will be restricted for seniors age 62+ at or below 60% AMI, 13 units will be restricted for veterans age 55+ at or below 30% AMI, with one manager's unit.

If the Project is awarded LIHTC, staff will return to the Board to consider approval of a final commitment of funds through the execution of loan and regulatory documents. The County funding provided to the project will likely be in the form of low interest loan, with an annual simple interest rate of three-percent (3%) per annum, and repaid with any remaining cash (residual receipts) after the payment of annual operating expenses, property management and monitoring fees, and any Project loan(s) required to be in a superior position to the County loan.

On February 13, 2020, the proposed County reservation of funds for the Project was considered by the County's Capital Loan Committee. A representative from the City of Buellton attended the Capital Loan Committee meeting and expressed support for the funding to the Project and informed the Committee that the senior project is the last component of the Village Plan. There currently exists 155 market-rate townhome units and a commercial center, with the senior housing and community center being the last developments to complete the Village Plan. The Capital Loan Committee voted unanimously to recommend \$895,941 in HOME funds to the Project. On March 17, 2020, acting on the Capital Loan Committee and County staff recommendations, the Santa Barbara County Board of Supervisors approved a reservation of County HOME and/or In-Lieu funds in the same amount for development of the Project. The funds were set aside until March 17, 2021 for the purpose of completing the financing for the Project. It was anticipated that the County's HOME funds for the Project would be leveraged with State Department of Housing and Community Development Multifamily Housing Program (MHP) funds, and in a LIHTC application. The Project was not awarded MHP funds nor tax credits, and therefore the County's reservation letter expired by its own terms on March 17, 2021. Renewing the County's funding reservation will increase the Project's competitive application score when re-applying for MHP funds before the September 20th application deadline. State funds are very competitive due to the limited funding vs. demand; therefore, it often requires several attempts for funding, often over several years before funding is awarded.

Background:

County HCD administers an affordable housing development program which is funded through federal HUD funds, local In-Lieu Fee funds and various State funds as allocated to the County. The County receives annual allocations from the federal Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) programs, which may be used for housing projects. HOME funds are annually allocated to the County on behalf of the Santa Barbara County HOME Consortium which consists of the County and the cities of Lompoc, Buellton, Solvang, Goleta, Santa Maria, and Carpinteria. Projects that are approved by the Board for funding from federal sources are included in the

County’s annual Action Plan, or in an amendment to the Annual Action Plan, and submitted to HUD. Annual Action Plans and amendments are approved by the Board prior to submission to HUD. Local In-Lieu fees are collected from developers who elect to pay the fee in-lieu of including affordable housing units in developments under the County’s Inclusionary Housing Ordinance.

CEDC is proposing development of the now vacant Property located on the northeast corner of Highway 246 and McMurray Road in the City of Buellton. The Project contemplates three (3) buildings with multiple rental units in each, a community center, community garden, offices, and off-street parking. There will be 44 1-bedroom 1-bath units, with six 2-bedroom 1-bath units of which one will be a manager’s unit. It is contemplated that 36 of the affordable units will be restricted for seniors age 62+ at or below 60% AMI, and 13 of the affordable units will be restricted for veterans age 55+ at or below 30% AMI. The projected total development cost for the Project is \$24,282,870.

Staff is recommending that the Board approve a reservation of funds at this time until all other funding sources are committed and final financial underwriting is completed. HCD’s loan will not be provided if the Project does not receive an allocation of tax credits and commitments of all other funding sources.

Performance Measure:

If the County enters into agreements to provide funding to the Project, the County will designate the required income- and rent-restrictions for the units via regulatory agreement. Such restrictions will be required for at least 20 years, the minimum period required by the HOME program. The County also will execute a County loan agreement, Promissory Note, and Deed of Trust with the owners.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
State			
Federal			\$ 895,941.00
Fees			
Other: In-Lieu			
Total	\$ -	\$ -	\$ 895,941.00

Narrative:

These amounts are reservations only and Board Action on these items does not approve expenditures.

Key Contract Risks:

Contracts are not being executed at this time. If the Project receives an allocation of LIHTC and other funds needed to proceed, staff will return to the Board for firm commitments of funds and execution of County loan documents. If the Project does not receive allocations of LIHTC and commitments of

necessary funding to complete the Project, staff may return to the Board to either extend the funding reservation or to re-allocate the funds to other eligible projects.

Staffing Impacts:

The current requested activity falls within currently budgeted staff duties. However, a future commitment of County funds to the Project will necessitate regulatory monitoring for a minimum of 20 years and fiscal monitoring for the term of the loans. Monitoring will be conducted by CSD existing staff.

Special Instructions:

Please provide a copy of the Minute Order (email to Ted Teyber, eteyber@co.santa-barbara.ca.us).

Attachments:

- A. County Letter of Reservation of Funds