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Garrett Wong, Division Manager, Sustainability



**Community
Services
Department**
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June 24, 2025

Mr. Bob Havlicek, Executive Director
Housing Authority of the County of Santa Barbara
815 West Ocean Avenue
Lompoc, CA 93436

RE: Reservation of County Affordable Housing Funds: Perkins Place Apartments ("Project")

Dear Mr. Havlicek,

Based on information provided by the Housing Authority of the County of Santa Barbara ("HASBARCO" or "Developer") in February 2025, both the Permanent Local Housing Allocation ("PLHA") Consortium and the County's Capital Loan Committee ("CLC") recommended a reservation of \$1,000,000 in Home Investment Partnership Act (HOME), funding ("Reserved Funds") to be used by HASBARCO for the development of the Project described herein. This HOME funding is reserved beginning June 24, 2025, and is effective until June 30, 2026. On June 24, 2025, the Santa Barbara County Board of Supervisors ("Board") concurred with the recommendation and authorized the Director of the Community Services Department to execute this Funding Reservation Letter.

Project Description and Scope of Work:

The contemplated new construction Project will be located on Perkins Road in rural New Cuyama in unincorporated Santa Barbara County ("Property"). Developer will construct two apartment buildings and one commercial building. The residential portion of the Project will be comprised of thirty-three (33) apartments, one of which will serve as a property manager's unit. The remaining thirty-two (32) apartments will consist of eight (8) three-bedroom, nine (9) two-bedroom, and sixteen (16) one-bedroom units. The Project will serve low-income family households and farmworker households. Project common spaces are to include a laundry room, common kitchen, two restrooms, a large meeting area, and two children's play areas. A community garden with raised planter boxes will also be provided. Other on-site amenities will include storage lockers for residents. The commercial area will be approximately 1,100 square feet with many potential uses, which may include serving as a food distribution site for the Foodbank. The commercial costs and operations are not included in the affordable housing development budget and are separately financed.

If approved by the Board, the provision of the Reserved Funds to Developer will be structured as a 3% simple interest, residual receipts loan ("Loan"). Following Project due diligence, County staff will return to the Board requesting Board approval and execution of documents memorializing the terms and conditions of the Loan, including a Loan Agreement, a Regulatory Agreement, which shall be recorded in senior position against title to the Property, restricting Project occupancy and rents in accordance with HOME Program requirements for a term of at least 20 years, and a Promissory Note secured by a Deed of Trust recorded against title to the Property (collectively, the "Loan Documents"); provided, however, that standard County requirements must be met as conditions precedent to County approval of the Loan Documents. In addition, to the extent Federal funds are involved, approval of County documents will be contingent on demonstrating compliance with Federal environmental review processes.

Requirements that must be met as conditions precedent to County approval of any County Loan Documents, substantiated by documentation submitted by the Developer in form satisfactory to the County, include:

- All funding, other than the Reserved Funds, has been formally committed in sufficient amounts to complete the Project;

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- All Project planning and zoning approvals have been acquired by Developer;
- County has received all documents necessary to complete Project due diligence review and underwriting, including, but not limited to, copies of final Project development budget, sources and uses, and cash-flow proforma;
- County staff has preliminarily determined Developer capacity and fiscal soundness, and has examined neighborhood market conditions to ensure adequate need for the Project.
- In addition, if Federal funds are used, the following conditions must be completed prior to County approval of any County Loan Documents:
 - Completion of environmental review required under the National Environmental Policy Act and receipt of Authority to Use Grant Funds ("AUGF") by the U.S. Department of Housing and Urban Development ("HUD"). Note that agency may not commence or enter into agreement to undertake any activity at the Project site that would adversely affect existing site conditions or would otherwise be a choice limiting action, including the acquisition, demolition, construction, or relocation of buildings or structures, or otherwise making a physical change to the Property (including ground disturbance such as moving dirt) until the AUGF has been issued by HUD;
 - Approval by the Board (following a 30-day public comment period) of an amendment to the County's Action Plan for submittal to HUD.

Please submit documentation reflecting completion of all of the aforementioned conditions to Lucille Boss, Housing Programs Manager, and work with Lucille in preparing the aforementioned Loan Documents for Board approval. Please keep Ms. Boss updated on any changes to the Project as described above. Ms. Boss may be contacted by email at lboss@countyofsb.org or by phone at (805) 568-3533.

HASBARCO serves as an essential component of Santa Barbara County's affordable housing and community development goals. Thank you for your consideration to help expand affordable housing in the County of Santa Barbara. Perkins Place Apartments will undoubtedly assist Santa Barbara County in its efforts to address and prevent homelessness in our community.

Sincerely,

DocuSigned by:


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Jesús Armas, Director
Community Services Department