



**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: General Services
Department No.: 063
For Agenda Of: April 2, 2024
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: General Services
Kirk A. Lagerquist, Director (805) 560-1011
Contact Info: Skip Grey, Assistant Director, General Services (805) 568-3083

DocuSigned by:
Kirk Lagerquist
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SUBJECT: **Exclusive Negotiations Agreement for Purchase of County-owned Property on Hollister Avenue with Hollister Lofts L.P., for a Permanent Supportive Housing Development Project; Second Supervisorial District (Folio 003910)**

County Counsel Concurrence

As to form: Yes

Other Concurrence:

As to form: Risk

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Approve and authorize the Chair to execute the original and duplicate original Exclusive Negotiations Agreement (Agreement) between the County of Santa Barbara and Hollister Lofts L.P. (“Partnership”), for a period of one (1) year, granting Partnership the exclusive rights to negotiate with the County in good faith for acquisition for the portion of County owned Property and thereby enable the Partnership to apply for competitive Low Income Housing Tax Credits and a Tax-Exempt Bond allocation, including any other financing to help with the proposed Hollister Lofts Supportive Housing Development Project (“Project”) and
- b) Find that, pursuant to California Environmental Quality Act CEQA Section 15162, no substantial changes are proposed and no new circumstances or information of substantial importance has come to light regarding environmental effects of the Agreement, and therefore the proposed action is within the scope of the CEQA Notice of Exemption approved by the Board of Supervisors on November 5, 2019, and on file with the Clerk of the Board, pursuant to CEQA Guidelines section 15004(b)(4), and that therefore no new Notice of Exemption is required.

Hollister Lofts ENA
April 2, 2024
Page 2 of 3

Summary Text:

This Board Letter recommends that the Board of Supervisors approve and authorize Exclusive Negotiations Agreement (Agreement) between the County of Santa Barbara and Hollister Lofts L.P. (“Partnership”). Partnership is comprised of a managing general partner, Surf Development Company, a California nonprofit public benefit corporation, and its administrative general partner, the Housing Authority of the County of Santa Barbara (Housing Authority), a public body constituting a nonprofit association, thus meeting the requirements of County Code section 12a-10.3. The Agreement is for a period of one-year and grants Partnership the exclusive rights to negotiate with the County in good faith for acquisition of the portion of County owned Property described herein. The application deadline for the Partnership to apply for competitive Low Income Housing Tax Credits and a Tax-Exempt Bond allocation, including any other financing to help with the proposed Hollister Lofts Supportive Housing Development Project (“Project”), is April 23, 2024. The Agreement will not only allow the application to be submitted, the one-year will also provide and allow the Partnership to hold additional community meetings that shall invite public input on proposed Project. The Project will create housing opportunities for at risk and unhoused individuals.

Background:

The proposed Project would consist of 35 rental units, 49% of which will be State of California No Place Like Home (NPLH) funded units for persons with serious mental illness who are homeless, chronically homeless, or at-risk of chronic homelessness. All other units would be restricted to formerly homeless persons with household incomes ranging between 15% to 50% of the Area Median Income (AMI), except one on-site manager’s unit, which would not be subject to rent or income restrictions.

The acquisition, construction and 20-year rent subsidization for the proposed Project is being partially funded from a competitive pool of approximately \$245 million in State NPLH funds were made available on a competitive basis to all medium-sized counties, such as Santa Barbara County. In order for funds to be awarded for the proposed Project, Behavioral Wellness (BWell) partnered with the County’s Housing and Community Development Division and published a Notice of Funding Availability to solicit applications for grants and loans for affordable housing development and other capital projects, and for a variety of human services and homeless programs eligible for NPLH funds. On November 5, 2019, the Board of Supervisors approved and authorized the Chair to execute the Agreement between the County and Housing Authority, which granted Housing Authority, for a period of three (3) years, exclusive rights to negotiate with the County in good faith for acquisition for a portion of County-owned property to enable Housing Authority to apply for State of California NPLH competitive funds and other financing for the proposed Project. Housing Authority and BWell applied for competitive funds for the Project on January 8, 2020, and were notified by the State Housing and Community Development that they had been awarded \$4,822,998 in competitive funding on June 25, 2020.

On October 4, 2020, Board of Supervisors approved and authorized the Chair to execute an extension of the exclusive rights to negotiation agreement between the County and the Housing Authority of the additional twelve-month period authorizing and directing the Director of General

Hollister Lofts ENA
April 2, 2024
Page 3 of 3

Services to send written extension notification to the Housing Authority. The twelve-month extension granted the Housing Authority to proceed with pre-development activities, including obtaining entitlements, performing feasibility studies, and applying for other funding required to complete the Project, such as low-income housing tax credits.

Discussion:

The twelve-month extension granted the Housing Authority to proceed with pre-development activities has now expired, but the Partnership has continued to work with General Services, Behavioral Wellness and Community Services Departments in support of development of this Project. Much progress has been made, including the survey for a lot split that was completed by the Partnership. The survey has been reviewed and accepted by the County Surveyor's Office. An appraisal, commissioned by the Real Property Division has been completed, yet before proceeding with the disposition of the proposed portion of the Property the Partnership is required to hold additional community meetings that shall invite public input on proposed Project.

The Exclusive Negotiations Agreement (Agreement) is between the County of Santa Barbara and Hollister Lofts L.P., whereas the Hollister Lofts L.P., is comprised of a managing general partner, Surf Development Company, a California nonprofit public benefit corporation, and its administrative general partner, the Housing Authority of the County of Santa Barbara (Housing Authority), a public body, corporate and politic, constituting body constituting a nonprofit association, thus meeting the requirements of County Code section 12a-10.3The request is for a one-year, exclusive rights to negotiate with the County for acquisition for the portion of Assessor's Parcel Number 061-040-038, fee owned by the County. The approval of the Agreement will allow the Partnership to apply for competitive Low Income Housing Tax Credits (LIHTC) and a Tax-Exempt Bond allocation application, including any other financing to help with the proposed Hollister Lofts Supportive Housing Development Project ("Project"), before the April 23, 2024, application deadline. During the one-year term of the Agreement will also provide and allow the Partnership to hold additional community meetings that shall invite public input on proposed Project.

In addition to the NPLH funds, financing for the development of the Project will include LIHTCs. The regulations, for the LIHTC Program, require that the Partnership demonstrate "site control" to be awarded funding. The program regulations provide that one of the ways of satisfying this "site control" requirement is an agreement with the County that gives the Partnership exclusive rights to negotiate for acquisition of the site.

The Agreement is designed to enable the Partnership to satisfy the "site control" requirement for LIHTC funding. If the Board approves the Agreement, the Partnership will have exclusive rights for one year to negotiate with the County in good faith for acquisition of the Property. Entering into the Agreement will not obligate the County to sell or grant the Property to the Partnership unless and until the County and Partnership have negotiated, executed and delivered mutually acceptable agreements.

Hollister Lofts ENA
April 2, 2024
Page 4 of 3

The Agreement also requires that the Partnership satisfy certain conditions, including securing financing and any necessary land use and zoning approvals. Any proposed acquisition agreement resulting from negotiations will become effective only if and after such agreement has been considered and approved by the County Board of Supervisors.

Fiscal and Facilities Impacts:

N/A

Fiscal Analysis:

N/A

Staffing Impacts:

None

Special Instructions:

After Board action, distribute as follows:

- | | |
|------------------------------------------------------------------------|----------------------------------------------|
| 1. Original Exclusive Negotiations Agreement. | Clerk of the Board Files |
| 2. Duplicate Exclusive Negotiations Agreement and Copy of Minute Order | Real Property Division
Attn: James Cleary |

Attachments:

1. Exclusive Negotiations Agreement