

**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:** 10/07/04  
**Department Name:** Housing and Community  
Development  
**Department No.:** 055  
**Agenda Date:** 10/19/04  
**Placement:** Administrative  
**Estimate Time:** n/a  
**Continued Item:** NO  
**If Yes, date from:**

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**TO:** The County of Santa Barbara Redevelopment Agency Board of Directors

**FROM:** Ed Moses, Director  
Housing and Community Development

**STAFF CONTACT:** Mike Sederholm  
560-1090

**SUBJECT:** Approval of Redevelopment Agency Housing Set-Aside Funding for the Villa del Sol Project in Isla Vista, Third District

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**Recommendation(s):**

That the Board of Supervisors acting as the Redevelopment Agency Board of Directors:

- A. Find that the rehabilitation of Villa del Sol is exempt from the California Environmental Quality Act under categorical exemption 15301 which applies to the repair, maintenance, and minor alteration of public and private structures, and
- B. Approve a commitment of funds to the Housing Authority of the County of Santa Barbara ("Housing Authority") in the amount of \$325,000 dollars for the acquisition and substantial rehabilitation of the Villa del Sol project located at 6680 Sueno Road in Isla Vista; and
- C. Authorize the Director of Housing and Community Development to execute a Loan Agreement, Deed of Trust and a Regulatory Agreement with the Housing Authority, consistent with the terms and conditions detailed in this Board letter and its attachments.

**Alignment with Board Strategic Plan:**

The recommendation(s) are primarily aligned with Goal No. 5.A High Quality of Life for All Residents.

**Executive Summary and Discussion:**

The Villa del Sol project consists of the acquisition and substantial rehabilitation of an existing 4-unit rental property on Sueno Road in Isla Vista. The property currently houses developmentally disabled adults. There are two studio units and two three-bedroom units for the eight current residents. Each of the tenants is

developmentally disabled and has very-low income. Pacific Care, Inc. and the Tri-Counties Regional Center provide services to the residents.

Villa del Sol was originally developed by the Life Steps Foundation with funding from the California Department of Developmental Services (DDS) and the County of Santa Barbara. Because there have been property management problems with Villa del Sol in the past few years, DDS sought to transfer the property to an experienced housing provider. The Housing Authority of Santa Barbara County was chosen by the State to acquire the property, and began managing Villa del Sol in August 2003. In November 2003 the Housing Authority utilized Section 8 reserve funds as a bridge loan to acquire the property. The County funds will take out the bridge loan to complete the acquisition of the property.

The Housing Authority is now in the position to begin rehabilitating the units to better serve the tenants occupying the project. The tenants at Villa del Sol have special needs for specific design features within their apartments. To date, those features have not been installed in Villa del Sol, and therefore, there has been some damage done to the interior walls and floors of some of the apartments. The Housing Authority's plan to rehabilitate Villa del Sol will not only repair the damage done, but also deter future property damage by retrofitting the units to better meet the needs of the tenants. The County's funds are to be utilized to complete this phase of the project.

The total cost of the project to acquire and rehabilitate Villa del Sol is \$580,516. The Housing Authority will use the \$325,000 from the County Redevelopment Agency to pay off the bridge loan, first trust deed, to rehabilitate the units and to fund capital and operating reserves for the project. Additionally, the Housing Authority will set aside \$18,000 for the temporary relocation of tenants during construction. The Housing Authority is in the process of developing a relocation plan which will ensure that the current residents are provided affordable housing while they are unable to live at Villa del Sol for approximately 4-6 weeks. That relocation plan will be brought to your Board for approval in the coming weeks. The Housing Authority is using this loan to refinance their acquisition costs to generate additional cash flow for this project through better loan terms. This additional cash flow will enable Villa del Sol to better serve the special needs of this client population.

The Affordable Housing Loan Committee (AHLC) formally approved the terms of this loan at their meeting of July 1, 2004. The attached loan documents including a loan agreement, deed of trust, promissory note, and regulatory agreement incorporate the AHLC's recommendations. County Counsel has reviewed these documents, and has approved the terms within. The documents are attached as attachment A.

The Isla Vista General Plan Advisory Committee received a presentation of the final plans for the Villa del Sol project at its meeting of September 29, 2004. This was the third presentation of the project given to the GPAC. The GPAC gave its full support to the project.

#### **Mandates and Service Levels:**

The State of California's Community Redevelopment Act requires that 20% of funds generated through a tax increment be set aside for affordable housing projects. The funds reserved for Villa del Sol are funds are a result of the Isla Vista Redevelopment Agency. Section 33334.3 of California's Health and Safety Code requires that rental housing units substantially rehabilitated through the use of Redevelopment Agency funds be held affordable for a minimum of 30 years. The Housing Authority of the County of Santa Barbara will be responsible to ensure compliance with this mandate.

**Fiscal and Facilities Impacts:**

Execution of these documents facilitates the rehabilitation of four units of affordable housing. All County administrative costs associated with this project are funded from the redevelopment agency allotment for general administrative costs.

**Special Instructions:**

None.

**Concurrence:**

County Counsel

Auditor Controller