



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

Submitted on:
(COB Stamp)

Department Name: Community Services
Department No.: 057
Agenda Date: December 16, 2025
Placement: Administrative Agenda
Estimated Time: N/A
Continued Item: No
If Yes, date from: N/A
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director(s): Jesús Armas, Director, Community Services Department
Contact: Joe Dzvonik, Assistant Director, Housing and Community Development
Lucille Boss, Housing Programs Manager
SUBJECT: **County HOME Loan to Hollister Lofts L.P., for a Permanent Supportive Housing Development Project; Second Supervisorial District**

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk, General Services

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Approve and authorize the Chair of the Board of Supervisors to execute a County HOME Funding Loan Agreement (Attachment A); and Regulatory Agreement (Attachment B); setting forth terms, conditions and requirements for Hollister Lofts, L.P. (Owner), acceptance of the County Loan;
- b) Approve and authorize the Chair of the Board of Supervisors to execute a Subordination Agreement (Attachment E), wherein the County agrees to subordinate its HOME loan to a construction loan provided by Banc of California (Construction Loan);
- c) Approve and authorize the Chair of the Board of Supervisors to execute a Subordination Agreement (Attachment F), wherein the County agrees to subordinate its County Land Loan Agreement (Land Loan), to the Construction Loan; and
- d) Determine that the approval of this Item is not subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to California Government Code Section

65913.4 as it being developed “by right” subject to AB2162 and provides affordable permanent supportive rental housing.

Summary Text:

The recommended actions approve a Loan Agreement and Regulatory Agreement with Hollister Lofts, L.P. (Owner) for \$2,057,850 utilizing HOME funds, as well as approval and execution of Senior Lender Subordination Agreements. County loans include the HOME Loan, which is recommended for approval by this Board item, and a Land Loan which was previously approved by the Board on March 11, 2025.

Discussion:

Located at 4580 Hollister Avenue, (APN 061-040-0510), Hollister Lofts is a Permanent Supportive Housing development that has been in concept since 2019 and is presently ready-to-proceed. All Project financing is in place including a 9% Low-income Housing Tax Credits awarded by the California Tax Credit Allocation Committee (TCAC), tax credit equity, HOME, and State No Place Like Home Program (NPLH) financing. TCAC regulations require Owner to close escrow on Construction Loan and all related financing no later than December 15, 2025. Today’s item realizes HOME funding for the development pending completion of lender and investor due diligence precedent to commencement of construction.

Background:

The Board has approved past actions regarding this development, most recently authorizing sale of the property to the Owner. These items involve cooperation and collaboration among multiple departments. Approval of this Item concerning the HOME Loan to Owner consolidates past Board action and implements Housing Element actions. Escrow and investor and lender due diligence is presently ongoing. Upon close of escrow, Owner will issue a Notice to Proceed with construction. Assuming a 16-month construction schedule, occupancy of the apartment units may be expected by April 2027.

In terms of future Board action(s), NPLH funding will be realized at conversion of the construction loan to provide Project permanent financing; staff will return to the Board at such time for execution of documents required for close of escrow on permanent financing.

Performance Measure:

Pursuant to HOME program requirements, County staff will monitor tenant incomes, rents, property standards and related compliance for a minimum 20-year period. The developer has incorporated a \$2,500 line-item into the Project annual operating budget to cover County staff monitoring costs. The Project will advance the County’s Regional Housing Needs Assessment (RHNA) goals in its 2023-2031 Housing Element Update by providing 35 units dedicated to lower-income households moving from homelessness.

Fiscal and Facilities Impacts:

The County’s Land Loan is a residual receipts loan; based on financial projections for the Project, there are not any loan repayments on the County HOME Loan projected at this time. The HOME Loan Agreement provides the Buyer shall provide records to County Housing and Community Development annually to ensure compliance with the HOME Loan Agreement.

Fiscal Analysis:

Funding Source	FY 2025-26	Total
General Fund		
State		
Federal (HOME)	\$2,057,850	\$2,057,850
Fees		
[<i>Other Source</i>]		
Total		\$2,057,850

Staffing Impacts:

This activity falls within currently budgeted staff duties. Existing County HCD staff will monitor Project and Borrower compliance with the provisions of the Regulatory Agreement for a minimum of 20 years. The Project financial projections include a \$2,500 line-item for annual County monitoring over the term of loan.

Special Instructions:

1. Please return a copy of the Minute Order to Carlos Jimenez, at cjimenez@countyofsb.org.
2. Please execute each of the following and hold for pick up by Carlos Jimenez. Please email Carlos or call x83529 when ready for pickup:
 - a. Execute two original signature HOME Loan Agreement (Attachment A). Please hold for pick up one Agreement with original signatures and retain one original signature for COB records.
 - b. Execute two HOME Regulatory Agreements (Attachment B) with original signatures. Please hold for pick up one Agreement with original signatures and retain one original for COB records. After recording, a recorded copy will be returned to COB for its files. Please provide Clerk of the Board Acknowledgement as to signature for this document subject to recordation.
 - c. Execute one HOME Deed of Trust (Attachment C) with original signature for recording in the County's real estate records and retain one original signature for COB records. HCD will return a recorded copy to COB for its files.
 - d. Retain the original HOME Promissory Note signed by Borrower (Attachment D) in COB records, and hold a copy for pick up.
 - e. Execute two Banc of California Subordination Agreement (Attachment E) with original signatures. Please hold for pick up one copy for recording in the County's real estate records and retain one original copy for COB records. After recording, a recorded copy will be returned to Clerk of the Board for its files. Please provide Clerk of the Board Acknowledgement as to signature for this document subject to recordation.
 - f. Execute two County Land Loan Subordination Agreement (Attachment F) with original signatures. Please hold for pick up one Agreement for recording in the County's real estate records and retain one Agreement for COB records. After recording, a recorded copy will be returned to Clerk of the Board for its files. Please provide Clerk of the Board Acknowledgement as to signature for this document subject to recordation.

Attachments:

Attachment A – HOME Hollister Lofts Loan Agreement

Attachment B – HOME Hollister Lofts Regulatory Agreement

Attachment C – HOME Hollister Lofts Deed of Trust

Attachment D – HOME Hollister Lofts Promissory Note

Attachment E – HOME Hollister Lofts Loan Banc of California Subordination Agreement

Attachment F – County Land Loan Hollister Lofts Subordination Agreement

Attachment G – County Land Loan Agreement

Attachment H – County Regulatory Agreement

Contact Information:

Lucille Boss

Housing Programs Manager

LBoss@countyofsb.org