

# SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors  
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**Agenda Number:**  
**Prepared on:** 10/25/05  
**Department Name:** Housing and Comm. Dev.  
**Department No.:** 055  
**Agenda Date:** 11/8/05  
**Placement:** Administrative  
**Estimate Time:**  
**Continued Item:** NO  
**If Yes, date from:**

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**TO:** Board of Supervisors

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

**STAFF CONTACT:** Tim Wong  
ext. 3523

**SUBJECT:** Ellwood Apartments HOME Loan Documents

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## **Recommendation(s):**

That the Board of Supervisors:

- A. Find that the construction of the Ellwood Apartments Project is exempt from the California Environmental Quality Act (CEQA) because it is a lower income housing project meeting the requirements of CEQA guideline 15280.
- B. Approve the commitment of \$425,000 of local in-lieu and HOME funds for construction and soft costs for an affordable housing project located at 360 Ellwood Beach Drive, Goleta, CA.
- C. Authorize the Director of Housing and Community Development to execute a Loan Agreement and Regulatory Agreement with Peoples' Self-Help Housing Corporation in substantially the form of the attachments to this Board letter, and any minor revisions, and loan subordination agreements for the construction of this project.

## **Alignment with Board Strategic Plan:**

The recommendation(s) are primarily aligned with Goal No. 7. A Community that Fosters the Safety and Well-Being of Families and Children.

## **Executive Summary and Discussion:**

Peoples' Self-Help Housing Corporation (PSSHC) has requested \$425,000 in funds administered by Housing and Community Development (HCD) to pay for construction and soft costs for the Ellwood Apartments. The project is located at 360 Ellwood Beach Drive in the City of Goleta. The City of Goleta is a participating member of the County HOME Consortium and has awarded \$200,000 of their HOME allocation to this project. The City of Goleta's allocation is not included in this Loan. The City will prepare

and approve their loan documents.

The proposed Ellwood Apartments is an eight unit affordable rental complex targeted for low and very low income households. This project was designed as a “satellite” development for the other two larger PSSHC projects in Storke Ranch and the Isla Vista Apartments. The residents of the Ellwood Apartments would be able to access services from the other PSSHC properties. Some of the services provided would include childcare and job training. In addition, property management for the Ellwood Apartments would be provided by the other two properties.

PSHHC received land use approval from the City of Goleta and approval of their Coastal Development Permit through the California Coastal Commission. The environmental impacts of the development of the housing project have already been analyzed pursuant to the City of Goleta’s land use approval.

The total development cost for the project is \$2,040,041. Other sources of financing include a \$572,226 bank loan, \$200,000 of City of Goleta HOME funds, \$220,000 State HCD Joe Serna Jr. Farmworker Housing Grant and \$345,275 of owner’s equity. The County has already extended a \$277,500 CDBG loan to PSHHC for the acquisition of the site and payment of soft costs so the total County loan contribution will be \$702,500. Separate loan documents will be prepared for the City of Goleta HOME funds.

The Affordable Housing Loan Committee recommended approval of this loan on August 31, 2005 subject to the following conditions:

- © That the County funding be in the form of a 3% interest, 30-year term, residual receipts loan with the residual receipts divided on a pro-rata basis between the County and Peoples’ Self Help Housing.,
- © An updated appraisal be submitted prior to the release of funds.
- © That the terms of the Regulatory Agreement governing this project be consistent with and enforcing all CDBG requirements, including a minimum 30-year term of affordability.

These conditions of approval have all been satisfied or incorporated into the loan agreement documents.

The project is exempt from CEQA because when all of the various affordability restrictions are taken into account, 100% of the units will be restricted to lower income households and all of the other criteria set forth in CEQA Guideline 15280 are met.

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

No changes to programs or service levels.

### **Fiscal and Facilities Impacts:**

Part 92, Section 503 (b) of the Federal HOME program regulations state that any funds invested in housing that do not meet affordability requirements for the period specified in the regulations must be repaid by the participating jurisdiction (the County). It is possible that if the project were to fail, the County could be liable to repay the amount of the loan. It is important, however, to note that County staff conducted detailed underwriting including risk analysis for the project.

The potential risk to the County if the project should fail is minimal. Staff has reviewed the total debt on the property and the appraised value is significantly higher than the total debt thus County can easily recapture its funds in the event that the project fails. It is a condition of the loan that the Staff has performed the due diligence in reviewing this loan prior recommending approval to the Affordable Housing Loan Committee.

**Special Instructions:**

None

**Concurrence:**

None