



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: Housing and Community
Development
Department No.: 055
For Agenda Of: 6/24/08
Placement: Administrative
Estimated Tme: n/a
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: HCD Director John Torell, ext. 3520
Housing Finance Pat Gabel, ext. 3522
Manager
SUBJECT: Ted Zenich Gardens Apartments, Permanent Project Financing, 5th Supervisorial
District

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- A. Approve the additional allocation of \$350,000 in HOME funds to Ted Zenich Limited Partnership, representing a final financial commitment in the aggregate amount of \$1,806,188 towards permanent financing of the Ted Zenich Gardens affordable housing project.
- B. Approve and Authorize the Chair of the Board of Supervisors to execute a Revised and Restated Loan Agreement in the total amount of \$1,806,188 [Attachment A], for permanent financing of this project.
- C. Authorize the Director of Housing and Community to execute additional Subordination Agreements for this loan that are consistent with the new Loan Agreement.

Summary:

At its February 13, 2007 public meeting, the Board of Supervisors approved Housing and Community Development Department's staff's recommendation to provide \$1,456,188 in federal HOME funds to the Housing Authority of the County of Santa Barbara for development of the 24-unit Ted Zenich Gardens affordable housing project located at 1034 East Chapel Street in the City of Santa Maria, 5th Supervisorial District. At that time the project was in the preliminary stages of construction.

As the project has moved through the development phase, the Ted Zenich Limited Partnership, under the umbrella of the Santa Barbara County Housing Authority, requested additional HOME funds

in the amount of \$350,000 to provide permanent financing once construction was completed. The request was positively evaluated and recommended with staff concurrence for future consideration by the Board at the county’s Affordable Housing Loan Committee’s March 13, 2008 meeting. As the project has been completed and is now fully occupied, today’s Board action serves to consolidate all past and present financial commitments as a permanent financing loan in the amount of \$1,806,188, subject to the terms and conditions articulated in the project Loan Agreement (Attachment A).

The loan will be in the form of a fifty-five (55) year residual receipts loan, at 5% interest rate, subordinate to the permanent financing loan currently being secured by the County Housing Authority.

Background:

Located At 1034 Central Avenue in the City of Santa Maria, Ted Zenich Gardens Apartments was first presented as a project concept and provided reservations of HOME funding each year through the county’s 2003-04 through 2006-07 Notice of Funding Availability process. As project sponsor, the County Housing Authority formed a Limited Partnership—Ted Zenich Limited Partners, to serve as project developer and future management and operations entity, in order to qualify for federal low income housing tax credits. The project was subsequently awarded \$6,796,886 in tax credit equity for development and construction costs.

In addition to the tax credit equity and county loan, the project budget, totaling \$9,900,090, includes a commitment of a \$1 million permanent financing loan, a \$180,000 loan by the County Housing Authority as well as a deferred developer fee in the amount of \$117,016. Approval of the additional \$350,000 in HOME financing will make the project financially whole based upon all county commitments to the project since its inception in 2003 and will help to secure the project’s permanent financing, as it has been issued a final Certificate of Occupancy by the City of Santa Maria, and is now fully occupied.

The twenty-four unit development includes four (4), two- bedroom units, thirteen (13) three-bedroom units, and six (6) four- bedroom apartment units, as well as one unit reserved for an on-site property manager. Hereafter, County HCD staff will monitor the project on an annual basis insuring consistency with the county loan and federal HOME Program statutes and regulations regarding tenancy, income and rents, among other factors.

Performance Measure:

Safe and Healthy Families: Housing for all Segments of the Population.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
Federal HOME Funds			\$350,000
Total	\$ -	\$ -	\$ 350,000.00

Narrative: The total project budget for the Ted Zenich Gardens affordable housing development is \$9,900,090. As the Lead Agency in the Santa Barbara County HOME Consortium, the County manages and administers the federal entitlement grant on behalf of participating jurisdictions. Therefore, the total HOME commitment of \$1,806,188 to the project represents \$1,028,821 in City of Santa Maria HOME funds and \$777,367 in Santa Barbara County unincorporated HOME funds.

Staffing Impacts:

Legal Positions:

n/a

FTEs:

n/a

Special Instructions:

Execute three (3) original copies of the Loan Agreement and contact Miriam Gallardo at ext. 3529 to pick up two (2) copies of the Loan Agreement once executed.

Attachments:

Attachment A: Ted Zenich Gardens Loan Agreement

Authored by:

Carlos Jimenez, Senior Housing Program Specialist

cc: