



**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: February 10, 2026
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 Dzvonic, Assistant Director, Housing & Community Development
Lucille Boss, Housing Programs Manager
SUBJECT: Ratify the execution of a Loan Subordination Agreement for Escalante Meadows (Project) in Guadalupe (5th Supervisorial District)

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County Counsel Concurrence

As to form: Yes

Other Concurrence: Planning & Development

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Ratify the execution of a Subordination Agreement (Attachment A) with the State of California Department of Housing and Community Development (State HCD), subordinating a \$1,377,665 Community Development Block Grant Disaster Recovery Multifamily Housing Program (CDBG-DR MHP) loan provided to the Escalante Meadows affordable housing development (Project) to a State Affordable Housing and Sustainable Communities (AHSC).
- b) Determine that the recommended action is not the approval of a project that is subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15378(b)(5), finding that the subject item is an organizational or administrative activity of government(s) that will not result in direct or indirect physical changes in the environment.

Summary Text:

Today's Recommended Board Action ratifies the Subordination Agreement with State HCD, in which the County agrees to subordinate a \$1,377,665 CDBG-DR MHP loan to a State HCD AHSC loan for

Escalante Meadows (Project). This Subordination Agreement is being brought forward to the Board today for ratification as it was unavailable at the time of the docketing deadline for the November 4, 2025, Board meeting.

Discussion:

Following initial Board approval of County CDBG-DR MHP loan documents on November 1, 2022, the Project closed escrow on all Project construction financing. Construction was completed and Certificates of Occupancy were issued for the 80-unit development in November 2024. In the aggregated, the AHSC loan is for \$11,731,995. Pursuant to conversion of the Project construction loan to permanent financing, State HCD notified the County that it would be necessary to subordinate the County loan to State HCD's AHSC permanent financing loan. State HCD did not provide sufficient notice for the County to prepare this Item for the Board and the Project closed permanent financing on November 17, 2025. County HCD is returning to the Board to ratify the State HCD AHSC permanent finance loan Subordination Agreement.

Background:

Following the 2017 Thomas Fire, the Federal Emergency Management Agency allocated federal emergency resources for Santa Barbara County, which included pass-through State HCD funding under CDBG-DR MHP. In 2020, the Board of Supervisors approved an Authorizing Resolution confirming acceptance of \$588,504 in CDBG-DR MHP funds. The City of Santa Barbara (City) also received an allocation of CDBG-DR MHP funds but was unable to identify a project to receive the funds and assigned its \$848,011 allocation to the County. In March of 2022, the City passed an Authorizing Resolution in this regard, and the Board approved an Authorizing Resolution accepting and adding City CDBG-DR MHP funds to Escalante Meadows. A First Amendment to the State MSA in the revised amount of \$1,436,515 was executed, and in May 2022 the Board amended the CDBG-DR Authorizing Resolution to add City funds to the Project. Of the total \$1,436,515 in funds, \$1,377,665 were for direct Project costs while remaining funds were for activity delivery. Direct Project costs are associated with this Subordination Agreement.

Construction of the project was completed in November 2024. During construction loan conversion, State HCD indicated it would require a new Subordination Agreement be executed and recorded for the AHSC loan. There was insufficient time to prepare an Item for Board consideration. Given constraints for the timing of conversion of construction to permanent financing, in consultation with County Counsel and interested parties, the County agreed to move forward with the AHSC Subordination Agreement and return to the Board with this Item regarding ratification.

Special Instructions:

1. Please return one set of the executed original documents and a copy of the Minute Order to Carlos Jimenez. Please email or call when ready for pick up: cjimenez@countyofsb.org, Ext. 83529.

Attachments:

Attachment A – State HCD AHSC Subordination Agreement

Contact Information:

Carlos Jimenez
Housing Programs Specialist, Senior
CJimenez@countyofsb.org