



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: General Services
Department No.: 063
For Agenda Of: November 5, 2024
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: General Kirk A. Lagerquist, Director (805) 560-1011
Services
Contact Info: Skip Grey, Assistant Director, General Services (805) 568-3083
SUBJECT: Agreement for Disposition of County-owned Property on Hollister Avenue with Hollister Lofts L.P., for a Permanent Supportive Housing Development Project; Second Supervisorial District (Folio 003910)

DocuSigned by:
Kirk Lagerquist
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County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence:

As to form: Risk

Recommended Actions:

That the Board of Supervisors:

- a) Direct the County Surveyor to issue a Certificate of Compliance on a parcel consisting of approximately 0.775-acres in the unincorporated area of the County of Santa Barbara, being a portion of a County of Santa Barbara property, that is currently approximately 20.95-acres known as Assessor Parcel Number 061-040-048, (the "Property"), located in the 4500 block of Hollister Avenue; and
- b) Approve and authorize the Chair to execute the original and duplicate original Sale & Purchase Agreement and Escrow Instructions between Hollister Lofts L.P. ("Buyer"), and the County of Santa Barbara (COUNTY), as the seller for the Buyer to purchase a parcel consisting of approximately 0.775-acres in the unincorporated area of the County of Santa Barbara, being a portion of the Property; and
- c) Authorize the Director of General Services, or designee, to execute any and all escrow documents and complete the due diligence required to facilitate the terms and conditions of the proposed Sale; and

Hollister Lofts Agreement
November 5, 2024
Page 2 of 4

- d) Find that, pursuant to California Environmental Quality Act CEQA Section 15162, no substantial changes are proposed and no new circumstances or information of substantial importance has come to light regarding environmental effects of the Agreement, and therefore the proposed action is within the scope of the CEQA Notice of Exemption approved by the Board of Supervisors on November 5, 2019, and on file with the Clerk of the Board, pursuant to CEQA Guidelines section 15004(b)(4), and that therefore no new Notice of Exemption is required.

The proposed Hollister Lofts Supportive Housing Development Project, (“Project”) would consist of 35 rental units, 49% of which will be State of California No Place Like Home (NPLH) funded units for persons with serious mental illness who are homeless, chronically homeless, or at-risk of chronic homelessness. All other units would be restricted to formerly homeless persons with low household income, except one on-site manager’s unit, which would not be subject to rent or income restrictions.

The acquisition, construction and 20-year rent subsidization for the proposed Project, by the Buyer, is being partially funded from a competitive pool of approximately \$245 million in State NPLH funds that were made available on a competitive basis to all medium-sized counties, such as Santa Barbara County. In order for funds to be awarded for the proposed Project, Behavioral Wellness (BWell) partnered with the County’s Housing and Community Development Division and published a Notice of Funding Availability to solicit applications for grants and loans for affordable housing development and other capital projects, and for a variety of human services and homeless programs eligible for NPLH funds. On November 5, 2019, the Board of Supervisors approved and authorized the Chair to execute the Agreement between the County and Housing Authority of the County of Santa Barbara (Housing Authority), a public body constituting a nonprofit association, thus meeting the requirements of County Code section 12a-10.3, which granted the Housing Authority, for a period of three (3) years, exclusive rights to negotiate with the County in good faith for acquisition for a portion of County-owned property to enable the Housing Authority to apply for State of California NPLH competitive funds and other financing for the proposed Project. The Housing Authority and BWell applied for competitive funds for the Project on January 8, 2020, and were notified by the State Housing and Community Development that they had been awarded \$4,822,998 in competitive funding on June 25, 2020.

On October 4, 2024, the Board of Supervisors approved and authorized the Chair to execute an extension of the exclusive rights to negotiation agreement between the County and the Housing Authority for an additional twelve-month period authorizing and directing the Director of General Services to send written extension notification to the Housing Authority. The twelve-month extension granted the Housing Authority the ability to proceed with pre-development activities, including obtaining entitlements, performing feasibility studies, and applying for other funding required to complete the Project, such as low-income housing tax credits.

On April 2, 2024, the Board of Supervisors approved and authorized the Chair to execute an extension of the exclusive rights to negotiation agreement between the County and the Hollister Lofts L.P. (“Partnership” previously referred to as Buyer) for an additional twelve-month period.

Hollister Lofts Agreement
November 5, 2024
Page 3 of 4

The Partnership is comprised of a managing general partner, Surf Development Company, a California nonprofit public benefit corporation, and its administrative general partner, the Housing Authority.

The twelve-month extension granted the Partnership continuing work with General Services, Behavioral Wellness and Community Services Departments in support of development of the Project. Much progress had been made, including the survey for a lot split that was completed by the Partnership providing for a fee owned parcel (“Parcel”) by the COUNTY. The survey has been reviewed and accepted by the County Surveyor’s Office. An appraisal, commissioned by the Real Property Division has been completed.

To date, the Partnership has participated in public meetings in which Hollister Lofts was discussed. These public meetings include the Elected Leaders Forum and the Joint Cities/County Affordable Housing Task Group. Further, Hollister Lofts was included in public hearings with the Planning Commission and Board of Supervisors in relation to the Housing Element Update rezone process, as well as community meetings that provided opportunities for public input on the proposed Project. Additionally, the Partnership agrees to hold additional community meetings to invite public input on the proposed Project prior to the close of escrow.

The twelve-month extension granted in April of 2024, by the COUNTY, allowed the Partnership to apply for competitive Low-Income Housing Tax Credits (LIHTC) and a Tax-Exempt Bond allocation application, including any other financing to help with the proposed Project. The regulations, for the LIHTC Program, require that the Partnership demonstrate “site control” to be awarded funding. The program regulations provide that one of the ways of satisfying this “site control” requirement, as identified by the State of California Tax Credit Allocation Committee (“Committee”) that administers the LIHTC Program, for the Committee, is that a fully executed Purchase & Sale Agreement is needed to establish site control.

The Partnership is currently satisfying site control and certain conditions, including securing financing and any necessary land use and zoning approvals, therefore the COUNTY can proceed with entering into a Sale & Purchase Agreement and Escrow Instructions between Hollister Lofts L.P., and the County of Santa Barbara, as the seller for the Buyer to purchase a parcel consisting of approximately 0.775-acres in the unincorporated area of the County of Santa Barbara, being a portion of the Property.

Discussion:

The Real Property Sale & Purchase Agreement and Escrow Instructions, (“Agreement”), is an agreement between the COUNTY and Buyer, (Attachment 1). The Buyer is comprised of a managing general partner, Surf Development Company, a California nonprofit public benefit corporation, and its administrative general partner, the Housing Authority, pursuant to which the Buyer would pay the purchase price of \$4,000,000.00. The purchase price is pursuant to a Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), hearing, on May 14, 2024, where the Board of Supervisors adopted a resolution approving the issuance of a multifamily housing revenue bond for the benefit of the Project. The for payments will be made to the County from the Project’s net operating income for at least 25 years after the tax-exempt bonds are amortized.

Hollister Lofts Agreement
November 5, 2024
Page 4 of 4

The sale of the Parcel, to the Buyer, would allow for the acquisition of the Parcel and construction of the proposed Project. The development of the Project, by the Buyer, will provide housing affordable to persons and families of low or moderate income, as defined by California Health and Safety Code Section 50093.

Fiscal Analysis:

Budgeted: Yes

Fiscal Analysis:

The Sale & Purchase Agreement and Escrow Instructions between Buyer, and COUNTY with the COUNTY as the Seller, requires in Provision 2, ESCROW AND OTHER FEES, that the COUNTY pay standard escrow fees as the SELLER, which are estimated at \$6,500. The Real Property Division in General Services will pay the escrow and other fees for this transaction for the COUNTY, and the Community Services Department will reimburse General Services for these costs.

Staffing Impacts:

None

Special Instructions:

After Board action, distribute as follows:

- | | |
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| 1. Original Sale & Purchase Agreement and Escrow Instructions | Clerk of the Board Files |
| 2. Duplicate Sale & Purchase Agreement and Escrow Instructions and Copy of Minute Order | Real Property Division
Attn: James Cleary |
| 3. Duplicate Sale & Purchase Agreement and Escrow Instructions and Copy of Minute Order | Housing and Community
Development Division
Attn: Joseph Dzvonic |
| 4. Original Grant Deed & Acknowledgement | Real Property Division
Attn: James Cleary |

Attachments:

1. Sale & Purchase Agreement and Escrow Instructions
2. Grant Deed & Acknowledgement

Authored by:

J.Cleary, (805)568-3070

cc:

Jesús Armas
Joseph Dzvonic
Antoinette Navarro