



# 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:** Community Services  
**Department No.:** 057  
**For Agenda Of:** December 3, 2024  
**Placement:** Administrative  
**Estimated Time:**  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

---

**TO:** Board of Supervisors

**FROM:** Department Jesús Armas, Director, Community Services Department (CSD),  
Director(s) (805) 568-2487  
Contact Info: Joe Dzvonik, Deputy Director, CSD, Housing and Community  
Development Division, (805) 568-3524  
Lucille Boss, Housing and Programs Manager, CSD, Housing and  
Community Division, (805) 568-3533

**SUBJECT:** County Loan Documents for the Fighting Back Santa Maria Valley Navigation  
Center (4th Supervisorial District)

---

**County Counsel Concurrence**

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- A) Approve execution by the Board Chair of a County CDBG Loan Agreement (Attachment A); Regulatory Agreement (Attachment B); Promissory Note (Attachment C); and Deed of Trust (Attachment D) with Fighting Back Santa Maria Valley (Borrower) memorializing the terms and conditions of a \$299,000 loan by the County to Borrower (Loan) comprised of Community Development Block Grant Program (CDBG) funds;
- B) Approve and authorize the Chair of the Board of Supervisors to execute a Second Amendment to the June 4, 2019 Homeless Emergency Aid Program (HEAP) Subrecipient Agreement with Fighting Back Santa Maria Valley to modify the Regulatory Agreement to include transitional housing as an acceptable use; and
- C) Determine that the above recommended actions are exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15378(b)(4) as the actions involve the creation of government funding mechanisms or other government fiscal activities which do not involve a commitment to any specific project which may result in a potentially significant physical impact on the environment.

**Summary Text:**

This item recommends approval of a Loan Agreement, Promissory Note, Deed of Trust, and Regulatory Agreement with Fighting Back Santa Maria Valley (Borrower) memorializing the terms and conditions of a loan in the amount of \$299,000 in CDBG funds for acquisition of real property to use as a Transitional Aged Youth (TAY) Navigation Center (hereinafter, the “Project”). Additionally, it is recommended to approve a Second Amendment to the Homeless Emergency Aid Program (HEAP) Regulatory Agreement to allow transitional housing at Borrower’s existing four-bedroom house located at 424 East Park Avenue in Santa Maria, California (“HEAP Property”) for Transition Age Youth. These two actions will both address the needs of TAY in the Santa Maria Valley, through access to housing navigation services and transitional housing.

**Background:**

There remains a significant need for transitional housing as well as dedicated permanent housing and support services for Transitional Aged Youth (TAY) experiencing homelessness in the Santa Maria Valley. This population needs improved access to essential services such as housing navigation, substance use disorder counseling, case management, mental health guidance, and employment opportunity support. The purpose of the \$299,000 CDBG Loan Agreement is to support the acquisition of a property that will serve as a Navigation Center providing direct services to unhoused TAY. Although the Project is located in the City of Santa Maria, it will be made available to TAY countywide.

Under the County’s 2024-25 Notice of Funding Availability for Housing, Capital, and Public Services Programs, the Borrower applied for funds for the Project. On March 11, 2024, the Santa Barbara County Capital Loan Committee recommended an allocation of \$299,000 in CDBG Funds for the Project. On May 7, 2024, the Board of Supervisors concurred with the Capital Loan Committee’s recommendation for this Project. The allocation of these CDBG funds will be in the form of the County Loan evidenced by a Promissory Note (Attachment D) and Loan Agreement and secured by a Deed of Trust (Attachment C). The City of Santa Maria has also dedicated \$300,000 in CDBG funds to Borrower for this Project.

***CDBG Project Description and Scope of Work:***

The Project is the acquisition of a 0.22-acre parcel and the existing one-story office building thereon located at 526 E. Chapel St. in the City of Santa Maria. This building is currently in use and is being sold by another social service agency. The Project will provide multiple services including: Housing Assistance/Navigation; Substance Abuse Counseling Session; Therapy; Meal/Snack; Hygiene Items; Shower; Laundry; Case Management; Referrals to Education, Employment Agencies, Department of Social Services, Low-Income Housing etc. The services provided at the Navigation Center are funded through the Youth Homelessness Demonstration Program Grant.

***Table 1: Project Acquisition Funding Sources:***

Sources	Amount
CDBG – County	\$299,000
CDBG – City of Santa Maria	\$300,000
<b><i>Total Sources</i></b>	<b><i>\$599,000</i></b>

*Any minor rehabilitation or furnishings required subsequent to the facility’s acquisition will be funded by Borrower, which has sufficient funds on hand.*

***CDBG Project Schedule:***

The Property is in escrow, and Borrower’s acquisition of the Property is projected to close in December 2024. The Project will be occupied and in use for a CDBG-eligible purpose within 180 days of closing.

***Homeless Emergency Aid Program (HEAP) Amendment:***

On June 4, 2019, the Board approved the recommendations of the Continuum of Care (CoC), to award the Borrower \$481,500 to purchase and rehabilitate HEAP Property for permanent housing to serve up to four TAY in private bedroom units. In the course of rehabilitating this property for the HEAP Project, work related to the kitchen, yard, garage door, water heating system, plumbing and electrical system resulted in a deficiency of \$60,958. On January 14, 2020, the Board approved the First Amendment increasing the Regulatory Agreement and Loan Agreement by \$60,958 for a new total of \$542,458.

The HEAP Regulatory Agreement currently requires the four-bedroom house located at 424 East Park Avenue in Santa Maria, California ('HEAP Property') to be used for permanent housing for TAY ("HEAP Project"). The scattered site model of permanent supportive housing allows TAY to have their own space, which has shown to be effective in keeping TAY housed. The Borrower has expanded its scattered site permanent supportive housing units and the Borrower believes the HEAP Property is best suited to house TAY needing transition housing. Expanding the Regulatory Agreement to include transitional housing allows Borrower to continue to serve TAY as needed, and remain compliant with the HEAP Regulatory Agreement. County staff supports the Borrower's desire to expand the restricted use covenant of the HEAP Regulatory Agreement to include transitional housing of TAY.

**Performance Measure:**

County staff will monitor Borrower's compliance with CDBG and HEAP program requirements, as set forth in the Regulatory Agreement, for a minimum of five years for CDBG and fifteen years for HEAP. The projects will advance the County's Youth Homelessness Demonstration Program goals by providing transitional housing as wells as placing youth into permanent housing.

**Fiscal and Facilities Impacts:**

Budgeted: Yes

**Fiscal Analysis:**

<b><u>Funding Sources</u></b>	<b><u>Current FY Cost:</u></b>	<b><u>Annualized</u></b>	<b><u>Total One-Time</u></b>
		<b><u>On-going Cost:</u></b>	<b><u>Project Cost</u></b>
General Fund			
State			
Federal			\$ 299,000.00
Fees			
Other:			
Total	\$ -	\$ -	\$ 299,000.00

**Key Contract Risks:**

All Project funding is currently in place for CDBG, and HEAP funding has been expended. HUD could require the County to repay HUD with non-federal funds for CDBG funds expended for ineligible expenses. CDBG funds will be provided to Borrower on a reimbursement basis. County staff will conduct periodic monitoring to ensure that the Project is being administered in accordance with CDBG regulatory requirements. The HEAP program is closed out; however, Borrower must meet the requirements of the HEAP Regulatory Agreement through June 4, 2034. Expanding the Regulatory Agreement to include transitional housing allows Borrower to continue to serve TAY as needed and remain compliant.

**Staffing Impacts:**

This activity falls within currently budgeted staff duties. Existing County CSD staff will monitor Project and Borrower compliance with the provisions of the CDBG Regulatory Agreement for a minimum of 5 years and the HEAP Regulatory Agreement for fifteen years.

**Special Instructions:**

1. Please return a copy of the Minute Order to James Francis, [jfrancis@countyofsb.org](mailto:jfrancis@countyofsb.org).
2. Please execute each of the following and hold **a copy** for pick up by James Francis. Please email or call 568-3549 when ready for pickup:
  - a. Please execute two original signature CDBG Loan Agreement (Attachment A). Please hold for pick up one copy with **original signatures** and retain one original signature copy for COB records.
3. Please hold for pick up one CDBG Deed of Trust (Attachment D) with original signature for recording in the County's real estate records and retain one original signature copy for COB records. After recording, a recorded copy will be returned to COB for its files.
4. Please execute two CDBG Regulatory Agreements (Attachment B) **with original signatures**. Please hold for pick up one copy with original signatures and retain one original signature copy 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.
5. Please retain the CDBG Promissory Note signed by Borrower (Attachment C) in COB records, and hold a COPY for pick up.

Please email or call James Francis, [jfrancis@countyofsb.org](mailto:jfrancis@countyofsb.org) or 568-3549 when documents are ready for pickup.

**Attachments:**

- A. Project Loan Agreement
- B. Project Regulatory Agreement
- C. Project Promissory Note
- D. Project Deed of Trust
- E. HEAP Fighting Back Santa Maria Valley Second Amendment

**Authored by:**

Lucille Boss, Housing Programs Manager

**cc:**