



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: Treasurer-Tax Collector
Department No.: 065
For Agenda Of: 5/14/2024
Placement: Departmental
Estimated Time: 5 minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Harry E. Hagen, CPA, CPFA, CPFO, CFIP, CGIP, CCMT,
Director(s): ACPFIM
Treasurer – Tax Collector
(805) 568 – 2490
Contact Info: LeAnne Hagerty, CPA, CPFO
Treasury Finance Chief
(805) 568 – 2498
**SUBJECT: Housing Authority of the County of Santa Barbara Issuance of Tax-Exempt
Multifamily Housing Revenue Obligations for the Benefit of Hollister Lofts**

County Counsel Concurrence

As to form: Yes

Other Concurrence: Debt Advisory Committee

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions: That the Board of Supervisors:

- A) Hold a public hearing in compliance with the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) regarding the issuance by the Housing Authority of the County of Santa Barbara of tax-exempt multifamily housing revenue obligations, for the benefit of Hollister Lofts, L.P., and consider public comment; and
- B) Adopt a resolution of the Board of Supervisors of the County of Santa Barbara approving the issuance by the Housing Authority of the County of Santa Barbara of its multifamily housing revenue obligations for the benefit of Hollister Lofts, L.P. in an aggregate principal amount not to exceed \$20,000,000, to finance the acquisition and construction of a 35-unit multifamily rental housing facility to be located in the County of Santa Barbara at 4560 Hollister Avenue, Santa Barbara, CA 93110; and
- C) Determine that the above actions involve government funding mechanisms and/or fiscal activities and are not a project under the California Environmental Quality Act (CEQA), pursuant to Section 15378(b)(4) of the CEQA Guidelines.

Summary Text: Hollister Lofts, L.P., a limited partnership, has requested that the Housing Authority of the County of Santa Barbara (HACSB) adopt a plan of financing providing for the issuance of multifamily housing revenue notes or bonds (Obligations) in one or more series issued from time to time, including Obligations issued to refund such Obligations in one or more series from time to time, and at no time to exceed \$20,000,000 in outstanding aggregate principal amount, to finance the acquisition and construction of a 35-unit multifamily rental housing facility to be in the County of Santa Barbara at 4560 Hollister Avenue, Santa Barbara, CA 93110, to be known generally as Hollister Lofts Apartments.

This item was considered by the Santa Barbara County Debt Advisory Committee on April 15, 2024 and was approved for recommendation to the County Board of Supervisors.

Background:

Hollister Lofts, L.P. provided the following information:

The HACSB proposes to issue \$20,000,000, of tax-exempt debt, with the HACSB as the Issuer and Pacific Western Bank/Banc of California as a privately-placed bond buyer. The full amount of the bonds, \$20,000,000.00, will be issued and utilized to construct the 35-unit apartment development. After construction completion and lease-up, additional tax credit equity paid by the limited partner investor will be applied to the construction loan, which will be reduced to the amount of \$5,003,246.

The development expects to receive all zoning and land use approvals on April 22, 2024, and zoning clearance. The project will be approved under a "by right" or ministerial approval process (AB 2162), which includes a CEQA exemption.

The HACSB is seeking to buy the property from the County at an estimated cost of \$4,000,000, and to hold a residual receipts loan at a low interest rate for this purchase. Payments will be made from net operating income after the tax-exempt bonds discussed in this memo are fully paid. The rental restrictions imposed by the County extend for 55 years after initial occupancy, which provides for loan payments for at least 25 years after the subject bonds are amortized.

The development holds a commitment for 32 Project-Based rental vouchers. The development holds commitments for \$4,822,998 of State No Place Like Home funding. The Hollister Lofts Project is seeking \$616,000 from the "AHP-Affordable Housing Program" of the Federal Home Loan Bank and \$2,057,850 under the HOME Program of the County's Community Services Department. The development seeks an allocation of \$20,000,000.00 in private activity bond approval from the California Debt Limit Allocation Committee, and an allocation of \$13,136,876 of 4% federal and state low income housing tax credits from the California Tax Credit Allocation Committee which will generate partnership equity of \$11,166,345. It is anticipated that the Housing Authority will also lend the project \$1,742,428 to complete the total budget of \$29,408,867.

The HACSB has worked closely with the County Department of Behavioral Wellness and General Services to pursue adequate funding for these 35 units for the homeless experiencing mental illness, including persons now living in nearby encampments. The project contributes to the "very low income" category of apartment units toward Regional Housing Needs Allocation Plan and Housing Element goals. Hollister Lofts will provide permanent supportive housing as the next step for graduates from the "La Posada" transitional housing development on another portion of the surrounding County campus, recently completed with Dignity Moves and the Good Samaritan Shelter.

The development will offer 15 units of studio housing to mentally disabled households at basic rents of \$389 per unit per month, including all utilities, and 8 additional units at another low-income level. The rent for at least 32 units will be covered by the Section 8 Project Based Vouchers program, so that the tenants will only pay 30% of their actual income or as little as \$50 per month. The development includes space for a community center and on-site counseling offices.

The following are the estimated project sources and uses:

Hollister Lofts, L.P.

	Construction	Permanent
Sources		
Tax Exempt Loan	20,000,000	5,003,246
AHP Grant	0	616,000
No Place Like Home	0	4,822,998
County HOME Loan	0	2,057,850
County Land Loan	4,000,000	4,000,000
Tax credit Equity	3,233,269	11,166,345
Developer Equity	2,175,598	1,742,428
Total Sources	29,408,867	29,408,867
Uses		
Land	4,000,000	4,000,000
Soft Costs (Design, Permits, Res.)	6,356,964	6,356,964
Construction Costs	17,422,072	17,422,072
Financing	1,629,831	1,629,831
Total Uses	29,408,867	29,408,867

Fiscal and Facilities Impacts: The Obligations and the responsibility to pay principal of and interest thereon and any redemption premium with respect thereto will not constitute an indebtedness or an obligation of the HACSB, the County, the State of California or any political subdivision thereof, within the meaning of any constitutional or statutory debt limitation, or a charge against the general credit or taxing powers of any of them, but will be payable solely from certain revenues duly pledged therefor and generally representing amounts paid by the Borrower.

Special Instructions:

Please post the notice of public hearing regarding the issuance of the Obligations on the County’s official website, at least 7 days prior to the date of the hearing.

Attachments:

A Resolution of the Board of Supervisors of the County of Santa Barbara Approving the Issuance of Multifamily Housing Revenue Obligations for Hollister Lofts Apartments by the Housing Authority of the County of Santa Barbara.

Authored by:

LeAnne Hagerty, CPA, CPFO, Treasury Finance Chief