

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:

Prepared on: 01/11/05
Department: Housing and Community Dev.
Budget Unit: 055
Agenda Date: 2/01/05
Placement: Administrative
Estimate Time: 45 Minutes
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Edward Moses
Housing and Community Development Department
Housing Finance and Services Division

**STAFF
CONTACT:** Patricia Gabel, ext. 3522

SUBJECT: Investigation of Attainable Housing Financing Strategies

Recommendation(s):

Request that the Board of Supervisors set a 45 minutes hearing for Tuesday, February 8th 2005 to consider authorizing the Housing and Community Development Department working with an interdepartmental team to investigate attainable housing strategies for public employees utilizing a possible lease of County owned land and County issuance of Mortgage Revenue Bonds.

Alignment with Board Strategic Plan:

The recommendation is primarily aligned with Goals No. 5 and No. 7. Maintain and Enhance the Quality of Life for all Residents, and Strengthen the Safety and Well-Being of Children and Their Families to Ensure a Strong Future for our Community.

Executive Summary and Discussion:

In July 2004 the Board – appointed County Housing Advisory Committee (HAC) recommended that Housing and Community Development Department (HCD) staff research the potential of linking County and State owned land and local bonds to build attainable workforce housing. In his recommendation letter, former UCSB Vice – Chancellor and HAC chairperson, George Pernsteiner, also requested staff identify demonstration sites and develop a homeownership program strategy.

HCD investigated housing program structure and financing options with the assistance of staff from the Auditor – Controller’s Office, the General Services Department and National Development Council. Successful examples of employee housing by California State University at Channel Islands, Fullerton and Monterey Bay were researched as well as the St. Francis Hospital conversion being implemented by the

Cottage Hospital Foundation and Santa Barbara Unified School District's current investigation. After several months of study, a concept paper: "Low, Moderate and Workforce Housing on County Owned - Land for Public and Critical Employees" was presented to the Debt Advisory Committee (DAC) on November 8, 2004. A draft two and a half year program development schedule was included with the paper. The DAC was asked to consider the concept paper and direct the interdepartmental team to return to the DAC as necessary. Now that the DAC has approved the request, HAC is requesting the Board to authorize HCD to proceed with its investigation of attainable housing strategies.

HCD desires to investigate the development of price restricted homes for public employees affordable to low and moderate income and workforce families [80%, 120% and 200% of AMI (area median income - \$64,700 for family of four)]. Staff proposes to fully engage local community groups and employee focus groups to ensure full citizen participation. Stall also will work with California jurisdictions and public institutions that have successful completed similar projects, consultants and others.

HCD is proposing that two County sites, the Cathedral Oaks and Foster Road campuses would be studied. Included within the concept to be studied would be the assumption that any proposed project/program would be developed in regard to County policies concerning environmental sustainability, in particular LEED (Leadership in Energy and Environmental Design) Green Building certification guidelines. Of special importance would be the transit orientation of a potential project. Occupancy criteria (first preference to County employees, critical service employees, etc.) would be an important part of the analysis as well.

Some of the financing options being studied are tax – exempt mortgage revenue bonds for low income households and taxable mortgage revenue bond issuance for moderate income households. We are also hoping to pursue a 40 – year mortgage pilot project with Fannie Mae that could finance workforce families. Discussions with Fannie Mae indicate that additional options for short term and predevelopment financing should also be explored. The feasibility of financing the cost of infrastructure through Mello – Roos and the comparative cost to conventional financing should also be explored. Grant opportunities through the LEED Program (green projects), the Federal Home Loan Bank Affordable Housing Program, Fannie Mae and other foundations, etc. would be explored.

An important part of the financial investigation would be the lease of County – owned land in order to take the cost of land out of the amount to be financed by qualified families. Part of the analysis would be managing the land lease through a single asset ownership corporation or other structure that could maintain County control over the housing program.

A conservative estimate of preliminary costs of the hypothetical project presented to the DAC is \$53,805,000. \$35,505,000 of that is hard and soft house construction costs that could be covered through family mortgage financing, infrastructure could cost about \$11,250,000 and it is estimated that \$ 7,050,000 would be required to pay for the full cost of County fees.

Mandates and Service Levels:

None

Fiscal and Facilities Impacts:

There are no fiscal and facilities impacts with this proposal other than the cost of staff time which would vary with the extent of analysis and public process involved in developing the concept and exploring the options. However, the full impact of a potential housing development on County – owned land would be included as part of an investigation.

Concurrences:

Auditor-Controller

County Administrator

County Counsel

Special Instructions:

None