

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



Clerk of the Board of Supervisors
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Agenda Number:
Prepared on: 5/15/02
Department Name: Treasurer-Tax Collector
Department No.: 065
Agenda Date: 5/28/02
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors
FROM: Gary L. Feramisco
Treasurer-Tax Collector
STAFF CONTACT: Patricia Gabel x 3522
Tim Wong x 3523
SUBJECT: Los Adobes de Maria II loan documents

Recommendation(s):

That the Board of Supervisors:

A. Approve the \$377,573 commitment of HOME funds to Peoples' Self Help Housing Corporation (PSHHC), a County-designated Community Housing Development Organization (CHDO), for the land acquisition and project soft costs of the Los Adobes de Maria II farmworker apartments in the City of Santa Maria:

B. Authorize the Treasurer-Tax Collector to execute a \$423,288.00 Loan Agreement, (incorporating a previously executed \$45,715 Predevelopment Loan) and a Regulatory Agreement in substantially the forms attached as Attachment A.

C. Find that the Mitigated Negative Declaration prepared for the project by the City of Santa Maria has been considered and adequately addresses the environmental impacts of the project attached as Attachment B.

Alignment with Board Strategic Plan:

[{Double-click here}](#)

The recommendation(s) are primarily aligned with Goal No. 7. A Community that Fosters the Safety and Well-Being of Families and Children. [{Double-click here}](#)

Executive Summary and Discussion:

Los Adobes de Maria II (LADMII) at 616 and 700 S. Blosser Road in Santa Maria is a fifty-two unit farmworker rental complex which includes a Community and Health Center, a day care facility, and on-site laundry facilities. The development includes a full size basketball court and a high school regulation soccer

field in addition to tot lots and picnic/BBQ space. The 12 two – bedroom units, 34 three – bedroom units and 5 four – bedroom units are targeted to families at 50% of area median income or below. One three – bedroom unit is a manager’s unit. Three units are handicap accessible.

LADMII is the adjacent to the 65 – unit first phase of Los Adobes de Maria. The expanded recreational space was designed to be available to the tenants of both phases. The development costs include the construction of a new public road and drainage improvements as well as the construction of a school bus turnout and bus shelter.

The City of Santa Maria has approved the General Plan Amendment and Rezone and a Mitigated Negative Declaration has been filed. The Planned Development Permit was issued in April 2001. Working drawings were submitted to the City by March 2002. The City of Santa Maria has demonstrated its support by awarding the project \$227,573 of its HOME formula share allocation through its 2001 NOFA process. Those City of Santa Maria HOME Funds comprise the majority of funds being loaned through this agreement with an additional \$150,000 coming from the County’s share of HOME Funds. The remainder of the loan agreement amount represents a predevelopment loan that will be rolled into the total loan amount.

Financial Information

Since preliminary fund reservation, PSHHC has obtained all of its funding commitments for this project, including the reservation of approximately \$5.2 million in federal tax credits (representing a yield of \$4,665,358 in investor equity). PSHHC has also received an award from U.S.D.A., the State of California Farmworker Housing Grant Program and the Federal Home Loan Bank’s Affordable Housing Program. Mid State Bank and Trust is the construction lender.

The appraisal report prepared by Malone/Anderson and Associates values the project at \$6,500,000, only 61% of the total development budget of \$10,690,144. The cost per unit of \$205,580 calculated by dividing the total development cost by the number of units is skewed since the community and health building, child care center, recreational areas and city street are just a few of the extra costs absorbed in that number. The total HOME and local funding for this program totals \$423,288 or \$8,140 per unit. HOME and local funding leverage \$25 for every \$1 of public funds invested in the project.

Management and Marketing and Social Services Plans

PSHHC is the sponsor of the project and the Duncan Group, a PSHHC affiliated not – for – profit with a separate Board of Directors will be the Property Management Agent. PSHHC will also be the General Contractor.

The applicant has submitted a detailed Property Management Plan covering such topics as staffing, affirmative fair marketing, maintenance and repair, and occupancy standards. The Marketing Plan have been prepared to meet U.S.D.A., Tax Credit and HOME requirements was also submitted. Both Plans meet County requirements. The Tenant Services Plan and Health and Community Services Division have been reviewed and meet County Requirements.

Staff Evaluation and Analysis

The County and the City of Santa Maria have supported this project through concept planning and financial structuring for several years. The unique opportunity this project presented was to not only the construction of new units but to increase the recreational, support service and child care opportunities for the residents of both phases of Los Adobes de Maria. There is a significant need in Santa Maria for affordable rental housing alternatives, especially for its farmworker families. A development at this location, which serves the needs of very low – income residents in the Housing Market Area who are employed in agriculture, and provides enrichment opportunities to its residents through a supportive environment, is a high priority in the Consolidated Plan.

PSHHC has successfully completed Mariposa Apartments in Orcutt and Storke Ranch Apartments and Isla Vista Neighborhood Reinvestment project in Isla Vista. The level of income targeting, along with the strong track record for project development and management, convince staff that this will be a quality project that will become a significant asset for the Santa Maria Housing Market Area, and the County overall. Because of these qualities, the staff is recommending that the County assume some level of risk in taking the developer out of the land purchase prior to the close of escrow on the construction financing.

Mandates and Service Levels: No changes to programs or service levels.

Fiscal and Facilities Impacts: Execution of these documents facilitates the new construction of 52 units of affordable housing for very-low income farmworker families. All County administrative costs associated with this project are funded from the HOME 10% allotment for general administrative costs.

Part 92, Section 501 (b) of HOME program regulations states that any funds invested in housing that does not meet affordability requirements for the period specified in the regulations must be repaid by the participating jurisdiction to the Treasury account. The applicant's excellent track record and County monitoring minimizes any repayment risk to the County.

Special Instructions: None

Concurrence:

Auditor-Controller
Risk Management