



**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

Submitted on:
(COB Stamp)

Department Name: Community Services
Department No.: 057
Agenda Date: September 9, 2025
Placement: Administrative Agenda
Estimated Time: N/A
Continued Item: No
If Yes, date from: N/A
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director(s): Jesús Armas, Community Services Director
Contact: Joe Dzvonik, Assistant Director, Housing & Community Development
Lucille Boss, Housing Programs Manager
SUBJECT: Funding Commitment Letter, Brisa Encina Affordable Apartments, Fourth District

^{DS}
M

County Counsel Concurrence

As to form: Yes

Other Concurrence: Planning & Development

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Approve and authorize the Director of the Community Services Department (CSD), pursuant to the Fiscal Year 2024 Annual Action Plan approved by the Board on May 7, 2024, to execute a HOME Investment Partnership (HOME) Funding Commitment Letter (Attachment B) between the County and the Housing Authority of the County of Santa Barbara (HASBARCO), in the amount of \$1,500,000, for the Brisa Encina affordable supportive housing development (Project); and
- b) Determine that the above recommended actions are not the approval of projects that are subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15378(b)(4), finding that the actions are not projects as they are the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant impact on the environment.

Summary Text:

Today's Board Action authorizes a conditional award of County affordable housing funds in the amount of \$1,500,000 to support future development by HASBARCO, subject to fulfillment of certain conditions and future execution and approval by the Board of loan documents memorializing the terms and conditions of such funding.

Discussion:

Brisa Encina will be an affordable, new construction, supportive housing development located in unincorporated Mission Hills area near Lompoc. The development will include forty-nine (49) apartments comprised of two buildings and six duplexes. One two-story building will contain four studios and 12 one-bedroom units. The second building will contain 21 studios and common space. Six freestanding duplexes will provide 12 two-bedroom units, one of which will serve as a property manager's residence. Twelve units will provide housing for formerly homeless veterans under the Veterans Administration Supportive Housing Program and receive Section 8 rental assistance provided through HASBARCO.

Project common space will include a conference room, communal kitchen, laundry room, two restrooms, two offices and outdoor children's play areas. On-site supportive services will be provided. Fifty-six parking spaces are incorporated into the site design. Project landscaping will consist of native, drought-tolerant landscaping. The Project will be energy efficient and incorporate installation of solar panels on buildings' south- and west-facing roofs. Approximately one-third of the property will remain as undeveloped natural area, with one area preserved as natural vegetation and another as a storm water run-off collection and retention system.

Background:

In November 2023, CSD issued a Notice of Funding Availability (NOFA) for County community development and affordable housing funds, and Cabrillo Economic Development Corporation (CEDC) submitted a project application under the NOFA. During the 2024 Capital Loan Committee (CLC) meeting, the CLC recommended a reservation of \$1,500,000 in Home Investment Partnership Act (HOME) funding to be used by Brisa Encina, LP, a California Limited Partnership, for the development of the Project. Subsequently, based on the understanding the Project was ready to proceed with construction and all sources for development identified and procured, the Board of Supervisors (Board) approved the funding recommendation and authorized CSD to execute a Funding Reservation Letter, effective until April 30, 2025. Staff intended to return to the Board requesting authorization of the loan documents.

However, CEDC was unable to meet all of conditions specified in the Reservation Letter, and the funding reservation expired. Following the expiration, County staff received a request that a new reservation letter be issued, substituting HASBARCO for the CEDC. Because HASBARCO has a track record of fulfilling similar project obligations and meeting funding requirements, staff is supportive of providing HASBARCO an opportunity to bring the Project to fruition.

The Project remains largely unchanged, although the following modifications are worth noting:

- Developer: Previously Cabrillo Economic Development Corporation, now Housing Authority of the County of Santa Barbara.
- Timeline: Initially proposed to commence construction mid-2024 and lease-up by November 2025; the Brisa Encina Housing Project received their Zoning Clearance in 2025, and a Building Permit is still needed to begin construction.

The Project has experienced a significant increase in costs since this item was last before the Board in 2023. In that time, total project costs increased from \$22.1 million to \$37.6 million. On a per unit basis, costs have increased from approximately \$443,000 to over \$765,000.

HASBARCO indicates current project costs are derived from a competitive bid process and attributes the increase to higher labor costs than originally estimated, and other development expenses. HABARCO also reports the original cost estimate submitted by a different developer was too low, and the updated cost estimate is more accurate and reflective of present market conditions. In spite of the increased costs, HASBARCO indicates the Project has secured or will secure all necessary funding, including tax credits, to enable construction to commence in 2026. See attachment A for a delineation of uses and sources of funds for the Project

Staff returned to the CLC with a proposal to redirect the funding from CEDC to HASBARCO, conditioned upon receipt of written confirmation that all funding for the project has been secured or will be secured as reflected in firm commitment letters, the purpose of which is to demonstrate evidence that project financing is in place. The CLC voted on August 11 to support staff’s recommendation to extend a \$1,500,000 HOME funding reservation to HASBARCO until June 30, 2026.

Performance Measure:

County loan documents, subject to Board consideration and approval, will specify loan terms and conditions, income limits and rent-restrictions for the County-restricted units through a County Loan Regulatory Agreement, to be recorded against title to the real property, pursuant to which HCD staff would monitor the County-restricted units for an affordability period required by the funding source(s) used. This Project will add to the County’s Regional Housing Needs Assessment goals.

Contract Renewals:

N/A

Fiscal and Facilities Impacts:

N/A

Fiscal Analysis:

Funding Source	FY 2024-25
Federal HOME	\$1,500,000
Total	\$1,500,000

Staffing Impacts:

N/A

Page 4 of 4

Special Instructions:

After Board action, please return a copy of the Minute Order to Lucille Boss via e-mail at LBoss@countyofsb.org.

Attachments:

Attachment A – Brisa Encina Uses and Sources of Funds

Attachment B – Funding Commitment Letter for Brisa Encina

Contact Information:

Lucille Boss
Housing Programs Manager
LBoss@countyofsb.org