



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
Department No.: 057
For Agenda Of: April 4, 2023
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department George Chapjian, Community Services Director (805) 568-2467
Director
Contact Info: Laurie Baker, Grants & Program Manager (805) 568-3521
SUBJECT: **Approval and Execution of HOME Program (HOME) Loan Documents with Good Samaritan Shelter for rehabilitation and improvement work to a single-family residence located at 2723 Marlberry Street in the City of Santa Maria, (the “Project”), 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:

- A. Approve and authorize the Chair of the Board of Supervisors to execute: a) a First Amendment to a County HOME-ARP Loan Agreement, adding \$100,000 in HOME funds (Attachment A), an Amended and Restated HOME Deed of Trust, (Attachment B), an Amended and Restated HOME Regulatory Agreement, (Attachment C), and a HOME Promissory Note in the original principal amount of \$100,000 (Attachment D) (collectively, the “HOME Loan Documents”), with Good Samaritan Shelter (“Good Sam”), for an increased total loan amount of \$500,000 (“HOME-ARP Loan”) as financial support for the Project; and
- B. Conduct a Public Hearing approving a Substantial Amendment to Santa Barbara County’s 2018-19 Annual Action Plan (Attachment E), which is being revised to add and include \$100,000 in HOME funds to the Project, and for which the Public Notice 30-day Public Comment period commenced on March 4, 2023, and concludes at the end of today’s Board Hearing; and
- C. Find that the recommended actions related to the proposed Project qualify as a Categorical Exemption based on Section 15303 (New Construction or Conversion of Small Structures) of the California Environmental Quality Act (CEQA).

Summary Text:

Today’s recommended Board actions include approval and execution of a First Amendment to the HOME-ARP Loan Agreement with Good Sam for the acquisition and renovation of a property for use as Veteran housing, memorializing the terms and conditions of adding additional HOME funds in the amount of \$100,000 to the HOME-ARP Loan. This action allows Good Sam to rehabilitate and conduct improvement work on the Project which provides housing opportunities for formerly homeless veterans. On March 21, 2023, the Board approved and authorized the County HOME-ARP Loan Agreement, providing a loan of \$400,000 in HOME American Rescue Plan Act (HOME-ARP) funds to Good Sam for the Project, and, County Housing and Community Development (“HCD”) staff indicated staff would return to the Board at a later date to add an additional \$100,000 in HOME funds to the HOME-ARP Loan via amendment to a prior-approved Action Plan, as required by HUD. Today’s recommended Board actions also include approval of a Substantial Amendment to Santa Barbara County’s 2018-19 Action Plan which adds the HOME funding to the Project (Attachment E).

Background:

Today’s Board action authorizing and approving adding \$100,000 in County HOME funds to the HOME-ARP Loan for the Project represents the final commitment of HOME funds to this Project. As a condition of such funding, the Project will be subject to HOME-ARP regulations pursuant to the October 10, 2021, Federal Register Notice 86 FR 56764, *Waivers and Alternative Requirements for Implementation of the HOME American Rescue Plan (HOME-ARP) Program*. The additional HOME funds will be utilized to fund property rehabilitation and improvements as required in connection with a Project grant from the U.S. Department of Veteran’s Affairs.

Good Sam Veterans Home Scope of Work and Description:

The Project entails Good Sam’s purchase of a 2,160 square foot, 4-bedroom 2.5 bath single-family residence located at 2723 Marlberry Street in the City of Santa Maria (“Property”), and subsequent property improvement work to accommodate tenancy for five (5) formerly homeless veterans. Pursuant to requirements associated with a Veterans Affairs Project financial contribution to the Project in the amount of \$250,000, each bedroom in the Project will be provided a corresponding restroom. The Amended and Restated County HOME-ARP Deed of Trust will secure the HOME Promissory Note (Attachments D), as well as the previously-approved County HOME-ARP Loan Promissory Note executed by Good Sam for a term of 20 years.

Good Sam Veterans Home Project Budget:

The total Project cost is in the amount of \$750,000. Project financing sources are reflected below.

Good Sam Veterans Home – Sources

Veterans Affairs	\$ 250,000
HOME-ARP	\$ 400,000
HOME	\$ 100,000
Total Project Budget/Sources	<u>\$ 750,000</u>

Good Sam Veterans Home – Uses

Acquisition	\$ 675,000
Improvements	\$ 75,000
Total Project Uses	<u>\$ 750,000</u>

Good Sam Veterans Home Project Schedule:

Once Good Sam closes escrow and acquires the Property, it is anticipated that Property improvements will commence as soon as a contractor is procured; occupancy of the Project for the five (5) formerly homeless veterans is projected for July 2023.

Performance Measure:

HCD staff will monitor the Project during the construction phase through Project completion and lease-up to ensure that all performance metrics are being met and the Property, as a HOME-ARP Assisted Unit, is being occupied by Qualifying Populations in accordance with the October 10, 2021, Federal Register Notice 86 FR 56764, *Waivers and Alternative Requirements for Implementation of the HOME American Rescue Plan (HOME-ARP) Program*. Qualifying Populations include homeless veterans.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
		\$ 100,000.00
\$ -	\$ -	\$ 100,000.00

Key Contract Risks:

HUD could require the County to repay HOME funds expended for ineligible expenses with non-federal funds. The Loan Agreement, as amended, and Amended and Restated Regulatory Agreement specify HOME eligible expenses, and County staff will review each Good Sam Project payment request to ensure that expenses for which reimbursement are requested have been incurred for Project-eligible costs; HOME funds are provided on a cost-reimbursement basis.

Staffing Impacts:

Current HCD staff will administer the HOME Loan Documents.

Special Instructions:

1. Please return one copy of the Minute Order to Carlos Jimenez, at cjimenez@countyofsb.org.
2. Please return one executed copy of the First Amendment to County HOME-ARP Loan Agreement (Attachment A), and Amended and Restated County HOME-ARP Regulatory Agreement (Attachment C), to Carlos Jimenez, at cjimenez@countyofsb.org, Ext. 83529.
3. Please retain one (1) executed original of Attachments A-D referenced above for COB records.

Attachments:

- A: First Amendment to County HOME-ARP Loan Agreement, Good Samaritan Shelter HOME Veterans Home
B: Amended and Restated HOME-ARP Loan Deed of Trust, Good Samaritan Shelter HOME Veterans Home
C: Amended and Restated County HOME-ARP Regulatory Agreement, Good Samaritan Shelter HOME Veterans Home
D: HOME Promissory Note, Good Samaritan Shelter HOME Veterans Home
E: Public Notice 2018-19 Action Plan Substantial Amendment

Authored by:

Carlos Jimenez, Housing Program Specialist

cc: