



Community Services Department

Connecting People to Opportunities

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Date: October 5, 2016
To: Santa Barbara County Capital Loan Committee
From: Laurie Baker, Grants and Program Manager
Lucy Graham, Housing Program Specialist
RE: Meeting of the Capital Loan Committee
October 11, 2016, 2:00 – 3:30 P.M.
706 Laguna St., Santa Barbara, CA

The purpose of this staff report is to provide information on a request for HOME funding received by the County for an affordable-housing Low-Income Housing Tax Credit project. The County's Capital Loan Committee makes funding recommendations to the County Board of Supervisors (Board) for eligible projects under the HOME program.

The County receives an annual allocation of HOME funds from the U.S. Department of Housing and Urban Development (HUD) to be used to expand the supply of affordable housing to low-income households. The use of HOME funds must be included in the County's annual Action Plan and if the project is received after the Action Plan has been approved by the Board and submitted to HUD, the County's Action Plan must be amended to include the HOME-funded project. A Substantial Amendment to the FY 2016-17 Action Plan has been prepared to include the Los Adobes de Maria III Apartments (Project), pending a recommendation by the Capital Loan Committee and approval by the Board.

Project Details

People's Self-Help Housing Corporation (PSHHC) is the General Partner in the Los Adobes de Maria III, L.P., and in 2015, PSHHC applied for County funds towards the Project's development costs. The Project is the third and final phase of the Los Adobes de Maria (LADM) affordable rental housing complex at 525 S. Russell Ave. in the City of Santa Maria that will provide 34 units of housing for farm workers and their families. A conditional reservation of \$948,852 in County funds was approved by the Board in February 2016 and included in PSHHC's application for Low-Income Housing Tax Credits (LIHTC). The reservation of funds was contingent upon PSHHC securing full project funding before a final commitment of HOME funds could be executed. In June 2016, PSHHC was awarded an allocation of LIHTC from the California Tax Credit Allocation Committee (CTCAC), which completed funding for the Project.

County Staff Review

Following notification of a LIHTC award, PSHHC submitted updated application information to HCD. HCD convened an internal team to perform a review of the proposed project. The team included HCD staff and the deputy director, fiscal staff, auditor/controller representative, and the Community Services Department director. In addition to HOME regulatory review, the team reviewed developer capacity by analyzing PSHHC's financial statements, project history and staff resumes. It compared the development costs and operating budget to similar projects that the County has funded in the past five years. The team determined that projected capital replacement reserves and developer fee are within industry standards, and confirmed a financing gap of \$948,852.

Capital Loan Committee Action

HCD staff seeks a funding recommendation from the Capital Loan Committee in the amount of \$948,852. Enclosed are project documents for review by the Committee, which are listed below as attachments.

The Committee's recommendation will be forwarded to the County Board of Supervisors at a regularly scheduled public hearing, tentatively scheduled for November 8. A 30-day public comment period followed by a public hearing is required by HUD when there are amendments to previously submitted Action Plans. The LADM III project will be added to the FY 2016-17 Action Plan.

Projected Schedule

HCD completed regulatory review of the project in September, in preparation for review by the Capital Loan Committee in October. The Project and associated Action Plan Amendment are scheduled for review by the Board on November 8. Construction is scheduled to begin in December 2016 and end in May 2018.

Attachments: A. Project Summary
B. Sources & Uses of Funds
C. Pro Forma Budget
D. Operating Budget

cc: Dinah Lockhart, Deputy Director Housing and Community Development
George Chapjian, Community Services Director