



## CAPITAL LOAN COMMITTEE

March 28, 2019  
2:00 PM – 4:00 PM

Santa Barbara Housing Authority  
Administrative Building  
706 Laguna St.  
Santa Barbara, CA

### MINUTES

#### I. Call to Order

Acting Chair Clyde Freeman called meeting to order at 2:06 p.m.

#### II. Roll Call

##### **Present:**

*Committee Members-*

*Voting -* Jennifer McGovern, Clyde Freeman, Dale Fathe-Aazam, Ed Price, Jessica Wishan

*Non-Voting Advisory -* John Polanskey, Carlos Jimenez

There were five voting members present; therefore quorum was met.

##### *Staff:*

Dinah Lockhart, Laurie Baker, Kimberlee Albers, Matt Kropke, Ted Teyber, Roc Lowry, Natalia Rossi

##### *Applicants:*

Mark Gisler, Jerry Hill

PUBLIC COMMENT PERIOD – No public comment on non-agenda items.

#### III. Committee Matters

1. A motion was made by Jennifer McGovern, and seconded by Dale Fathe-Aazam, to approve the Minutes of the February 14, 2019 meeting. The motion passed unanimously.
2. No Committee Chair administrative matters.

#### IV. Staff Report

1. **Salvation Army Site Acquisition.** Ted Teyber summarized staff's report with a PowerPoint presentation on the Salvation Army's application for State Homeless Emergency Aid Program (HEAP) funds to acquire and develop the property located at 15 S. Alisos St., Santa Barbara CA.
  - i. An update to the Staff Report noted by Mark Gisler and Jerry Hill on behalf of the Applicant-Salvation Army was the increased cost of prefabricated homes and installation. The Applicant

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represented that the additional \$377,000 cost would be covered by the Salvation Army, and no change to Santa Barbara County's \$2,500,000 investment of State HEAP funds. Total project costs are now \$3,077,000, of which \$577K will be covered by Salvation Army.

ii. Committee Discussion

Jennifer McGovern asked about the status of the existing City Planning Approval to develop two (2) structures on the property. Mark Gisler answered that the approval has not expired, but will need to be changed to reflect a revised design for the project. The project is substantially equivalent to the prior approved project that included the addition of two housing structures on the site. The new plan will change the number of bedrooms; therefore, the approval process will have to restart.

Clyde Freeman asked for confirmation that the prior project was to be stick build and the project now will be modular homes placed on foundations. Mark Gisler confirmed this. He added that there will be a common kitchen to be shared by the residents. The City is encouraging the project but it still must go through approvals.

Dale Fathe-Aazam inquired as to the layout of the two (2) proposed structures on the property and how parking would be accommodated. Jerry Hill responded that the Salvation Army had retained an architect who confirmed that the site could accommodate adequate parking.

Dale Fathe-Aazam inquired about the purchase price. Mark Gisler responded that while the appraised value was \$1.75M and the purchase price was \$1.95M, it was difficult to find property in Santa Barbara for affordable housing and this property has momentum with City approvals. Jerry Hill added that another advantage of the property was that it was currently vacant, hence no relocation was required. The site is suitable for their uses, particularly with the prior approvals, it can accommodate 14 units, and he believes the site is worth more to Salvation Army than on the open market.

Dale Fathe-Aazam asked about the current condition of the existing two (2) buildings on the property. Jerry Hill answered that the buildings were in good condition with recently upgraded energy star appliances. The original plan was for cottages for recuperative care but didn't go forward.

Clyde Freeman asked about the term of the property acquisition loan. Mark Gisler answered that the Salvation Army will raise the money internally and would not anticipate a mortgage; however, a loan could be considered as a fall back.

Dale Fathe-Aazam asked what tenants would pay for a room. Jerry Hill answered that tenants would pay no more than 30% of their adjusted gross income and that the Santa Barbara Housing Authority rent subsidy would include about \$700/bed in rent.

Clyde Freeman asked if there was currently a tenant waitlist for the units. Jerry Hill answered that the tenants would be selected through the Coordinated Entry System (CES). The CES has a waiting list for long-term housing with supportive services.

Clyde Freeman asked if the development would provide long-term housing and the Applicant-Salvation Army confirmed it would be long term housing.

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Ed Price inquired if the costs for case management were included on the proforma. The Applicant-Salvation Army confirmed that the costs for case management is included as a line item on the proforma.

Jennifer McGovern asked why the term was not 30-years, and stated that 15-years was a short period of time. Kimberlee Albers responded that the State had no requirements for restrictive use with HEAP, but that the County had decided to do a 15-year restrictive term.

Jennifer McGovern noted that the County's investment of \$2.5 million would be \$178,571 per bed, if the City approves the project as proposed. If not approved and the project remained at 7 or 8 beds, the cost per bed to the County would approach \$357,000 per bed, which is high. She questioned the state of readiness for a Committee recommendation of funding.

Jessica Wishan asked if the Salvation Army had talked to neighbors surrounding the property about the proposal. Jerry Hill stated that the Salvation Army had not conducted community outreach about the project, but that there was multi-family housing in close proximity to the property and that the development would be in keeping with the existing community character.

Clyde Freeman asked about the term of the Salvation Army's existing lease on the property and noted the staff report indicated there was a long-term lease past June 2019. Mark Gisler responded that the lease payments will be credited towards the purchase price of the property until June.

Clyde Freeman inquired as to the contractors used for installation of the two (2) proposed prefabricated buildings. Jerry Hill noted that the contractors were included in the quote by the manufacturer, though an architect would be required for some services.

Dale Fathe-Aazam asked if the proposed buildings would be ADA accessible and how ADA parking would be accommodated on the site. Jerry Hill confirmed that the buildings would be ADA compliant, and that the Salvation Army would work with the City on a reasonable parking accommodation for the anticipated tenant population. He also advised that the rent subsidy will require a NEPA review.

**Action:** Dale Fathe-Aazam made a motion to approve the \$2,500,000 of HEAP funds for the project with a condition that the project receive the necessary approvals by the City and be permit ready for 12-14 (additional 8) bedrooms. Ed Price seconded the motion. The motion passed unanimously.

**2. West Cox Apartments.** Matt Kropke summarized staff's report with a PowerPoint presentation on the Santa Barbara County Housing Authority's application for State HEAP and No Place Like Home (NPLH) funds for the West Cox Apartments project in Santa Maria. The Housing Authority anticipates applying for 4% low-income housing tax credits. The project is expected to receive City of Santa Maria approval to change the project from seniors to special needs at its April 3, 2019 Planning Commission meeting.

Dale Fathe-Aazam inquired about the relationship between the Housing Authority and Halsell Builders. John Polansky stated that Halsell is the site owner and had obtained Planning Commission approval for a Senior housing development on the property, with no affordability restrictions, but that since entering

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into contract to purchase the Property, Halsell's involvement will be limited to being the general contractor on the project. Joe Halsell also has good relationships with the modular unit factory in Santa Maria. John Polansky also noted that the modular unit homes would be assembled off-site which would not trigger the payment of prevailing wages other than for on-site work, and would decrease the cost of the project, and increase its competitiveness for State Tax Credits.

John Polansky added that the Housing Authority was returning to the City of Santa Maria Planning Commission to amend the previous approval and with a reduced parking requirement. The Housing Authority will not close on the purchase of the site until the necessary City approvals are in place. The Housing Authority held a neighborhood meeting at Rancho Hermosa about the change in use of the site; only two neighbors attended. The project will look like stick built homes. The \$300,000/unit cost includes land costs. Thirteen of the 13 units will be NPLH units and the remaining 17 will be HEAP units. Occupancy will be accomplished through the Coordinated Entry System. The TEFRA hearing for the issuance of tax-exempt bonds has been held and the project received a funding recommendation of the HEAP funds by the Continuum of Care Committee. The Housing Authority issued a notice for project-base vouchers and there were two applicants, W. Cox being one.

**Action:** Jennifer McGovern made a motion to approve the \$1,350,000 of HEAP and \$1,500,000 of NPLH funds for the project with the condition that the project receives approval by the City Planning Commission for special needs. Dale Fathe-Aazam seconded the motion. The motion passed unanimously.

V. **Old Business** – None

VI. **New Business** – None

VII. **Adjourn**

Meeting was adjourned at 3:05 p.m.