



Community Services Department

Connecting People to Opportunities

George Chapjian, Director, Community Services
Sarah York Rubin, Executive Director, Office of Arts & Culture
Ryder Bailey, CPA, Chief Financial Officer, Community Services
Dinah Lockhart, Deputy Director, Housing & Community Development
Jeff Lindgren, Superintendent, Park Division
Ashley Watkins, Co-Division Chief, Sustainability Division



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CAPITAL LOAN COMMITTEE

November 4, 2020

<https://us02web.zoom.us/j/85150622956>,

10:00 am to 12:00 pm

MINUTES

- I. Call to Order
Chair Skip Szymanski called the meeting to order at 10:00 a.m.

- II. Roll Call

Committee Members-

Voting –

Present: Jennifer McGovern, Clyde Freeman, Dale Fathe-Aazam, Skip Szymanski, Ed Price, LeAnn Hagerty

Alternates –

Present: Jessica Wishan

Absent: *Craig Zimmerman*

Non-Voting Advisory –

Present: Ken Trigueiro, John Polanskey

Absent: *Detlev Peikert*

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

Staff:

Div. HCD: George Chapjian, Dinah Lockhart, Laurie Baker, Ted Teyber, Carlos Jimenez, Kimberlee Albers, Sarah Brasel, James Francis

Dept. Behavioral Wellness: Natalia Rossi

Dept. Probation: Kim Shean, Ben Meza

Applicants: Barry Schoer (Sanctuary Centers of Santa Barbara), Amy Winslow (Sanctuary Centers of Santa Barbara), Ryan Ortiz (Thompson Housing), Frank Thompson (Thompson Housing)

PUBLIC COMMENT PERIOD – Chair Szymanski opened the floor for public comments on non-agenda items. There were no public comments and Chair Szymanski closed the public comment period.

- III. Committee Matters

1. Approval of minutes: Chair Szymanski noted that his name had been misspelled in the minutes, but this was an administrative correction and did not affect the content. A motion was made by Clyde Freeman, and seconded by Jennifer McGovern, to approve the Minutes of the February 13, 2020 meeting with corrections to Chair Szymanski's name. The motion passed unanimously, with LeAnn Hagerty abstaining because she was not present at the February meeting.
2. Ed Price suggested that roll call votes be taken when in a remote environment.
3. Recusals/Disclosures:

- i. Clyde Freeman noted that his bank, Montecito Bank and Trust, has issued an Expression of Interest Letter for Harry's House.
- ii. Jennifer McGovern noted that her organization, Housing Trust Fund of Santa Barbara County may be providing a loan on the Escalante Meadows project.
- iii. Dale Aazam and Skip Szymanski noted that the City of Santa Barbara Housing Authority will be submitting applications to TCAC in the first round 2021.
- iv. Skip Szymanski noted that he had a prior legal matter with Frank Thomson, who is involved in one or more projects on today's agenda.

4. Committee Chair administrative matters:

- i. Chair Szymanski and County staff reported that there were no Committee administrative matters.

IV. HCD Administrative Report

1. 2020 Notice of Funding Availability (NOFA) Schedule Going Forward – Laurie Baker noted that the annual NOFA was bifurcated to allow the Housing NOFA to be published earlier in September, with Notices of Intent to apply due in November, to allow for the application schedule of the State's Tax Credit Allocation Committee (TCAC). The CDBG NOFA was published in November with an application deadline in January. Previously, the annual NOFA included both housing and CDBG programs. HCD will continue with this schedule going forward. Another NOFA published in November was the Emergency Solutions Grant – Corona Virus (ESG-CV), with an application deadline in November. Mandatory applicant trainings will be held on November 5, 2020 for the ESG-CV NOFA from 10:00 to 12:00 and for the CDBG Public Services and CDBG Capital NOFAs from 2:00 to 4:00. A second round of training may be held if necessary.

V. Staff Report

1. Ted Teyber gave a presentation on the proposed housing projects being recommended for funding using County administered funds. After each presentation, the Committee discussed the projects and asked questions of the applicants.
 - HASBARCO Harry's House: Requested \$900,000 in HOME funds; recommendation \$900,000 in HOME funds. The Housing Authority of the County of Santa Barbara ("HASBARCO") is proposing the development of 60 studio apartments on the vacant property known as 890 N Refugio Road located on the southeast corner of Refugio Road and Highway 246 in Santa Ynez. Fifty-nine (59) of the units will be restricted to seniors age 62 and over, one studio unit will be a resident manager's unit with no age or income restrictions. Of the 59 affordable units, 25 will be restricted to seniors at or below 15% AMI, and the remaining 34 units will be restricted to seniors at or below 30% AMI.
 - Dale Fathe-Aazam asked which funds were requested for this project. Ted Teyber responded that it was seeking \$900,000 in County HOME and In-Lieu funds.
 - Jennifer McGovern asked how health appointments for seniors would be handled, given the absence of on-site parking – will off-site parking be available, or will there be some alternative form of transportation provided? John Polanskey responded that 36 parking spaces will be available for non-residents to pick up residents for appointments, and that HASBARCO is looking into the possibility of providing a van for resident transport. He noted that the project's design is oriented towards relatively frail seniors who have greater need for assistance and are less likely to be capable of owning or operating a vehicle. Additionally, volunteers will provide some services on-site (e.g. barber and beauty services or

- flu shots). Jennifer McGovern responded emphasizing the importance of providing a van for transportation, and noted that similar projects tended to be located in denser urban areas where transportation is less of a concern.
- LeAnn Hagerty asked about the project's long-term feasibility and the absence of property tax as a projected cost. John Polanskey responded that the project's exhibits include a 15-year pro forma, and that while property tax is currently levied on the vacant lot, once the building is completed and occupied it will be tax-exempt.
 - Dale Aazam asked about the \$6,000 line item for income. John Polanskey responded that it is income from meal payments and laundry.
 - Skip Syzmanski asked whether the County's loan would be a hard loan or residual receipts. John Polanskey responded, and Laurie Baker confirmed, that it would be residual receipts. Skip Syzmanski then asked which loan would be paid first, and John Polanskey confirmed that the Rona Barrett Foundation loan would be junior to the County's loan.
 - Chair Syzmanski asked if there were any public comments on this agenda item. There was none.
- Sanctuary Centers New Building Project: Requested \$5,355,457; recommendation \$450,000 Non-Competitive (County) No Place Like Home (NPLH) and \$4,355,136 in Competitive NPLH. Sanctuary Centers of Santa Barbara Inc is proposing a five-story, approximately 59-foot tall, 30,948-square foot, mixed-use building containing 34 affordable studio apartments, an approximately 3,575-square-foot Co-Occurring Disorders Center, and an approximately 4,290-square-foot Integrated Care Clinic at 115 W Anapamu Street in the City of Santa Barbara.
- Jennifer McGovern asked if Sanctuary Centers will receive sufficient funding in donations to avoid a mortgage, and if a bank loan is possible if they are not. Barry Schoer responded that the agency's goal is to avoid long-term debt and the current expectation is to have no debt at completion; however, it has a lender on stand-by just in case. Sanctuary Centers has paid other loans ahead of time.
 - Dale Fathe-Aazam noted that permanent debt is included in the project budget; Barry Schoer responded that it is hoped to cover this amount with private donations and debt is included as a contingency.
 - Dale Fathe-Aazam asked regarding sources and uses whether County funds would only be applied once construction was completed. Ted Teyber confirmed that this was correct; the County would provide a post-construction permanent loan.
 - LeAnn Hagerty noted a positive cash flow balance and asked what the surplus of funds would be used for. Barry Schoer responded that the first priority would be given to scholarships to individuals who do not yet have Medicaid, second priority to paying staff salaries, and third priority to reserving funds for maintenance and repair.
 - Skip Szymanski complimented Barry Schoer on the project and stated that it would be an asset to the community. He noted that he would recuse himself from voting on this item.
 - Chair Syzmanski asked if there were any public comments on this agenda item. There was none.

- HASBARCO Escalante Meadows: Requested 588,000 in CDBG-DR, recommendation \$529,684. HASBARCO is re-developing the public housing project located on 7.5 acres at 1090 & 1093 Escalante Street, in Guadalupe. The existing 53 public housing units are being replaced with 80 affordable one, two, three, and four bedroom units. Twelve (12) of the units will be restricted to tenants earning 20% AMI or less, 13 units will be restricted to tenants earning 30% AMI or less, 2 units will be restricted to tenants earning 35% AMI or less, 4 units will be restricted to tenants earning 40% AMI or less, 18 units will be restricted to tenants earning 50% AMI or less, and 30 units will be restricted to tenants earning 60% AMI or less. One three-bedroom unit will be reserved for a resident manager with no income or rent restrictions.
 - Dale Fathe-Aazam asked about the purpose of the developer loan listed in the sources and uses exhibit. John Polansky responded that it is primarily for the project's community center, which is outside of basis for tax credits. He noted that the Housing Authority board had made a backstop commitment; once additional funding sources are confirmed, that backstop will be used. Any loans based on that commitment would be either residual receipts or equity.
 - Clyde Freeman asked about the expected timeline for New Market Tax Credits. John Polansky responded that the Housing Authority has received an allocation and has already begun exploring bank and investor partners.
 - Clyde Freeman asked if the community center will be located on a separate parcel; John Polansky stated that it will.
 - Ken Trigueiro noted that although he is a non-voting member of the Committee, he is extremely supportive of the project. He confirmed that all 80 units in the project will be new and all existing units will be demolished. He noted the \$800K relocation budget and asked if relocation of current tenants would be temporary or permanent. John Polansky responded that it would most likely be entirely temporary. Of the 80 planned units, 53 are replacement units and 27 are new units. He stated that the vast majority of current residents have expressed interest in returning, but it is possible that some could choose to remain in their relocated housing and this has been accounted for in the budget.
 - LeAnn Hagerty noted that there is a very close margin in the operating budget and asked if funding reserves were available. John Polansky responded that there are operational and capital reserve funds which are required for funding under the tax credit program and are included in the budget. He also noted that all units will be project-based voucher units, and that between reserve funds and project-based vouchers, he is not concerned about the close operating budget margin because there is coverage available.
 - Chair Syzmanski asked if the credits are 4% and John confirmed that they are. Chair Syzmanski noted that the City Housing Authority has no conflict of interest in this development.
 - Chair Syzmanski asked if there were any public comments on this agenda item. There was none.

2. Action Item: Funding Recommendations

- **Action:** Jennifer McGovern made a motion to approve the \$900K in County loans for HASBARCO Harry's House. Dale Fathe-Aazam seconded the motion. The motion passed 5-0-1 with Clyde Freeman abstaining.
 - **Action:** Jennifer McGovern made a motion to approve the \$4,805,136 for Sanctuary Center's new building project. Clyde Freeman seconded the motion. The motion passed 5-0-1 with Skip Szymanski abstaining.
 - **Action:** Dale Fathe-Aazam made a motion to approve the \$529,684 State CDBG-DR grant for HASBARCO Escalante Meadows. Clyde Freeman seconded the motion. The motion passed 5-0-1 with Jennifer McGovern abstaining.
3. Update on Previously Recommended Project
- Ted Teyber gave an update on the Cyprus & 7th Street project in Lompoc which had been approved at the Committee's February 2020 meeting. He noted that the Housing Authority had applied for 9% tax credits in June but withdrew its application due to the competitive nature of the funding and the project's low self-score; the Housing Authority will resubmit the application in March 2021 with a new application and updated set of funding sources. Ted Teyber also noted that State No Place Like Home (NPLH) funding for the project will be increased.
 - Skip Szymanski noted that this project had received a reservation of funds, and that changes to a project's funding profile are common over the course of the project. He stated that this is no need for discussion or a vote but that it was brought to the Committee for informational purposes. He asked staff to keep the committed updated.
 - There were no questions from members of the Committee.

VI. Old Business
There was no old business.

VII. New Business
There was no new business.

The Committee congratulated Ken Trigueiro on his promotion to Executive Director of People's Self-Help Housing Corporation.

VIII. Adjourn
Meeting was adjourned at 11:27 a.m.