



STAFF REPORT TO THE CAPITAL LOAN COMMITTEE (CLC)

June 4, 2018

This staff report is provided in preparation for the meeting of the CLC scheduled for:

Date: June 7, 2018

Time: 10:00 A.M. – 11:00 A.M.

Location: 706 Laguna Street, Santa Barbara, CA

The meeting is open to the public

Agenda Item and Background

Recommendation of funding commitment for The Residences at Depot Street, to be located in Santa Maria, and developed by the Housing Authority of Santa Barbara County (HASBARCO).

The County’s Capital Loan Committee makes funding recommendations to the County Board of Supervisors for capital and other eligible programs under the federal HOME Investment Partnerships (HOME) programs and other County funds. On May 16th 2018 HASBARCO was awarded 4% (non-competitive) Federal Low Income Housing Tax Credits for The Residences at Depot Street. The 120-day clock to be ready to begin construction began on May 16th. HASBARCO is planning to close escrow and hold the Groundbreaking in late-August.

County Housing and Community Development (HCD) staff plan to bring a funding recommendation to the County Board of Supervisors at the August 14th, 2018 hearing date. Due to increase construction costs, HASBARCO is requesting funding above the current reservation amount.

Project Review

The Residences at Depot Street

The project proposed by the Housing Authority of Santa Barbara County (HASBARCO), involves new construction of affordable rental housing on a 2.7-acre site located at 301 North Depot Street in the City of Santa Maria. The project proposal includes a total of 68,991 square feet in 80 rent-restricted apartments, divided between two (2) separate buildings. The following table shows the mix of unit types by number of bedrooms, square footage, and AMI.

No. of Bedrooms	No. Units	Unit Size (sq. ft.)	AMI
0	6	305-345	40%
1	32	635-650	30% - 40%
2	34	910-1,035	30% - 50%
3	6	1,250-1,275	30% - 50%
Mgr. unit	2		
TOTAL	80		

Of the project's 80 units, HCD proposes a minimum of nine (9) units to be designated as HOME-assisted units, which is the minimum number required by HUD for the amount of HOME funds invested; this number may change based on the final funding amount. The rent and tenant-paid utilities for the HOME-assisted units will not exceed the maximum Low-HOME Rent, or the rent deemed affordable to a household with income at or below 50% AMI, as established annually by HUD. The tenant's household income will not exceed 50% of Area Median Income. The County's HOME Regulatory Agreement will require that the HOME-assisted units meet the HOME rent and income limits, and other regulatory requirements for a period of 20 years. All units in the project will be restricted pursuant to regulations governing federal Low Income Housing Tax Credits for a term of 55 years, with the exception of the two manager's units that will not have rent or income restrictions.

The Housing Authority of Santa Barbara County (HASBARCO) will be the General Partner and bear the overall responsibility for developing, managing, and operating the project. The Limited Partner is to be determined. HASBARCO will manage the property.

Prior CLC Reservations

On 04/06/2016 the CLC passed a motion to reserve \$1,160,000 for the project

On 01/12/2017 the CLC passed a motion to reserve \$1,800,000 for the project

On 01/25/2018 the CLC passed a motion to reserve \$2,387,095 for the project

Financial Summary

Permanent Loan.....	11,900,000
Tax Credit Equity-LIHC	14,320,376
Solar Tax Credit Equity	110,239
Seller Carryback Note	1,000,000
Public Loan-MHSA Funds	2,380,938
Second Public Loan-HOME/In-Lieu Funds/Other	2,387,095
Funding Gap	1,000,000
General Partner Equity-Surf Development.....	49,421
Deferred Developer Fee.....	3,669,673
Total.....	\$36,817,742

- Estimated price per credit as of 05/29/18: \$0.98
- The current HOME/In-Lieu reservation: \$2,387,095
- County HOME Funds available to add to Depot Street: \$424,090
- HOME/In-Lieu cost per unit at \$2,387,095: \$29,389
- HOME/In-Lieu cost per unit at \$2,811,185: \$35,140

Staff Recommendation

The County has \$424,090 available to commit to this and/or other projects. Peoples' Self-Help Housing Corp's (PSHHC) Sierra Madre Cottages will be considered at the June 13 TCAC Committee meeting. PSHHC has informed the County that it also will be seeking additional funds if awarded tax credits.

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In addition, the City of Santa Maria has \$189K in HOME funds that can be used for RDS and/or SMC., or other projects. City Council will consider funding requests at its June 19 council meeting.

Staff suggests recommending an additional \$424,090 to Residences at Depot Street, for a total funding recommendation of \$2,811,185. This results in just over \$35K per unit, or about \$175,699 per HOME-Assisted unit.

Respectfully submitted by:

Laurie Baker, Grants and Program Manager, and

Matt Kropke, Senior Housing Program Specialist

Cc: George Chapjian, Director, Community Services Department

Dinah Lockhart, Deputy Director, Division of Housing and Community Development