



Community Services Department

Connecting People to Opportunities

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CAPITAL LOAN COMMITTEE STAFF REPORT - HOUSING PROJECTS

For the meeting of:

Date: February 14, 2019

Time: 2:00 p.m. – 4:00 p.m.

Location: 706 Laguna St., Santa Barbara, CA

BY: Laurie Baker, Grants and Program Manager
Kimberlee Albers, Homeless Assistance Programs Manager
Division of Housing and Community Development (HCD)

RE: Funding recommendations for housing projects utilizing State, Federal and local funds

The purpose of this staff report is to provide information to the Capital Loan Committee (Committee) on proposed affordable housing projects under consideration for funding from State, Federal and local funds. The Committee is being requested to review the proposals for feasibility before the projects are presented to the County Board of Supervisors (Board). Final project approvals or funding reservations/preliminary allocations will be made by the Board at regularly-scheduled Board meetings. Projects may be scheduled on the Board agenda on various dates. The Board schedule will be posted at <http://sbchome.co.santa-barbara.ca.us/>.

NOTICE OF FUNDING AVAILABILITY

The County's Community Services Department, Division of Housing and Community Development Division (HCD) issued a Notice of Funding Availability (NOFA) on October 12, 2018 which made available over \$15 million in local, state and federal funding. In addition to federal entitlement funding such as Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME), new funding streams from the State of California became available, which are identified in the NOFA. The NOFA may be viewed at www.countyofsb.org/housing.

Attachment 1 provides a description of the funding sources and amounts available for housing projects. Federal funds generally are announced by the U.S. Department of Housing and Urban Development (HUD) in February or March of each year; therefore, federal funds are estimates, based on the prior year allocations. Any uncommitted funds from prior years also are included. State funds may be either ongoing allocations to the County or one-time funding sources.

APPLICATION REVIEW

The NOFA instructed applicants with proposed housing development projects to submit Letters of Intent (LOI) to apply by the application deadline. This first step enabled County staff to prioritize proposed projects based on readiness to proceed given the limited available resources and strict state and federal timelines for expenditure and project completion. HEAP projects were reviewed by the CoC Rank and Review Committee and recommended for funding by the CoC Board. County staff reviewed HEAP projects for basic threshold requirements. Proposed projects were placed in the following categories:

1. Projects that will have all financing committed for applicable project costs (acquisition, rehab and/or new construction) or will be ready to apply to the State for low-income housing tax credits (LIHTC) on or before June 30, 2019. These applicants were invited to submit a full housing application by January 11, 2019.
2. Projects that will have all financing committed or will be ready to apply for LIHTC after June 30 but before December 31, 2019.
3. Projects that don't meet the criteria listed in numbers 1 or 2 above, may apply in the next NOFA cycle. Exceptions will be made for projects that plan to apply to the County and State for NPLH funds only (no other County-administered funds included) will be considered in conjunction with the State's NOFA schedule.

Projects that met the criteria in No. 1 above were first reviewed and considered for placement on the agenda for the Capital Loan Committee. Two projects in this category were placed on the 2/14/19 agenda. Other projects in this category will be placed on the agenda for a future Committee meeting, to be scheduled in March or April.

HCD Staff Review

Staff screened applications for the following:

- ✓ Eligibility for funding based on criteria of the funding source
- ✓ Meets a County Consolidated Plan Priority¹
- ✓ Timing of financial commitments and applications to State for LIHTC, if applicable
- ✓ Construction timeline
- ✓ Itemized development budget and minimum 15-year operating proforma was submitted.
- ✓ Review of income and rent limits as applicable for the funding source.
- ✓ Project readiness by evidence of site control, zoning approvals, completion of architectural, engineering and other pre-development activities
- ✓ Applicant experience and financial capacity

CoC Rank and Review Committee Review

Requests for HEAP funds were first reviewed by the Santa Maria/Santa Barbara Continuum of Care (CoC) Rank and Review Committee using the scoring criteria listed below. Projects recommended by the CoC Rank and Review Committee are continuing through the County's review and funding award process.

- ✓ Program Eligibility
- ✓ Alignment with California's Housing First Policy
- ✓ Commitment to use County's Homeless management Information System (HMIS)
- ✓ Commitment to participate in the County's Coordinated Entry System
- ✓ Applicant financial capacity and capacity to administer the project and associated programs
- ✓ Support for the need of the project
- ✓ Performance and documentation of results
- ✓ Meets established local priority
- ✓ Coordination and Collaboration with other agencies and providers

¹ Consolidated Plan Priorities include funding critical community facilities, removing architectural barriers to people with mobility impairments, maintaining or upgrading existing low-income affordable housing stock, improving the physical character of neighborhoods, including complete streets, parks, and other public spaces, and expanding the supply of permanent supportive housing and Single-Room Occupancy (SRO) units to address the needs of the homeless, households at imminent risk of becoming homeless and/or special needs clients.

Capital Loan Committee Review (Committee)

The Committee is being asked to review the projects for construction and long-term feasibility. Project development budgets and operating proformas are provided for each project. The County will record regulatory agreements on the property to ensure income and rent restrictions for 15 years (HEAP) or 20 years (HOME rental new construction).

Applicants were invited to attend the Committee meeting to answer any questions the Committee may have on their projects.

County Board of Supervisors (BOS)

Projects that are recommended for funding by staff and committees’ review, will be placed on the agenda of a regularly-scheduled BOS meeting for final funding approval and execution of grant or loan documents. Projects will be scheduled as time permits.

HCD STAFF AND CONTINUUM OF CARE FUNDING RECOMMENDATIONS

The following projects met the criteria in No. 1 above and are recommended for funding by the Santa Maria/Santa Barbara County Continuum of Care (CoC) and/or staff. Staff will return to the Capital Loan Committee at a later date with additional CoC-recommended projects and projects that met the criteria in No. 2 above.

Owner/Developer Project Title	Population/ Occupants	Amount Requested	HCD/CoC Recommendation	Funding Source	Project Location
Good Samaritan Shelter Pine Street Bungalows	Formerly homeless family	\$292,000	291,137	HOME	Santa Maria
Good Samaritan Shelter Mark’s House Tiny Homes	Formerly homeless families	\$197,230	197,230	HEAP	Lompoc

In the event that the County’s FY 2019 HOME allocation is less than estimated, projects may receive reductions to their awards.

PROJECT DESCRIPTIONS

I. Good Samaritan Shelter – Pine Street Bungalows

Exhibit A – Development Budget and Operating Proforma

Good Samaritan Shelter (GSS) is requesting HOME funds and proposes to build one (1) affordable housing unit on the property owned by GSS located at 614 S. Pine Street. It will house a large homeless family out of Good Samaritan’s shelter system in Santa Maria. The home will include 4 bedrooms, 3 bathrooms, kitchen, living area, laundry room, and a new garage. The new unit will provide affordable, permanent housing for a large homeless family that is waiting for housing within Good Samaritan Shelter’s shelter system in Santa Maria.

Pine Street Bungalows is located one block east of GSS’s Santa Maria Shelter Campus. Services that are provided at that location include an After School Program, Outpatient Drug & Alcohol Treatment Clinic, Mental Health Services, Head Start Program, and an on-site medical clinic staffed by Santa Barbara County Public Health (i.e. Public Health Nurse and Physician’s Assistant). A public bus service runs right along Pine Street, located just a few steps from the project site that provides access to public transportation. Santa

Maria High School is located just two blocks south of Pine Street Bungalows II, and there is an elementary school located within a half mile radius from the project site. Pine Street Bungalows II is conveniently located in the heart of downtown Santa Maria, providing easy access to community amenities and support services necessary for the residents.

An existing garage will be demolished to make room for the new home. Existing duplex on the site will remain and are occupied. New garages will be included in the construction for the three properties.

Good Samaritan Shelter plans to apply for project-based vouchers from the Housing Authority of Santa Barbara County to provide subsidized housing for the formerly homeless family that will be moving into the permanent housing units once construction is complete. Good Samaritan Shelter can provide housing with a Housing Choice Voucher if Project-Based Vouchers are unavailable.

II. Good Samaritan Shelter – Mark’s House – Tiny Homes
Exhibit B – Development Budget and Operating Proforma

Good Samaritan Shelter was approved for HEAP funds and proposes the construction of two (2) new tiny homes co-located at the Marks House transitional shelter in Lompoc to provide permanent housing for two families. The property is owned by Good Samaritan Shelter and the proposed project complies with current zoning restrictions. Each Tiny Home unit will consist of 2 bedrooms, 2 bathrooms, a kitchen and a living room for a total of 400 sq.ft. The tiny homes will be constructed off-site and delivered to the site and either placed on piers or sited using their integrated metal frames, similar to a mobile home. The exterior finishing will consist of composite prefinished siding, and composition roofing materials. The units will have energy efficient appliances and HVAC units.

The Tiny Homes Project is located in the heart of Lompoc, just a few blocks from grocery shopping and with a public transportation bus stop just on the other side of the property. There is an elementary school located 4 blocks south of the property, and numerous other community organizations within a half mile radius of the site. Good Samaritan Shelter’s Turning Point Outpatient Drug & Alcohol Treatment Program is located 2 blocks south of the location, within walking distance, and provides additional support services such as childcare and transportation. The Santa Barbara County Public Health Department’s Clinic site is 2 blocks north of the location, providing medical services for both adults and children.

Good Samaritan Shelter plans to apply for project-based vouchers from the Housing Authority of Santa Barbara County to provide subsidized housing for the formerly homeless families that will be moving into the permanent housing units once construction is complete. Alternatively, Good Samaritan Shelter can identify eligible households with Housing Choice Voucher assistance if the Project-Based Vouchers are unavailable.

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