

REQUEST FOR PROPOSALS

for

GENERAL ARCHITECTURAL, ENGINEERING AND LAND PLANNING SERVICES

for the

REDEVELOPMENT OF EXISTING AFFORDABLE HOUSING

for the

**Housing Authority of the
City of Santa Barbara**

**808 Laguna Street
Santa Barbara, CA 93101**

Rob Fredericks, Executive Director/CEO

**Date Issued: August 3, 2023
Due Date: October 2, 2023 by 3:00 PM PST**



HOUSING

AUTHORITY OF THE
CITY OF SANTA BARBARA

808 Laguna Street / Santa Barbara
California / 93101

Tel (805) 965-1071
Fax (805) 564-7041
TTY (866) 860-4288 (En)
TTY (866) 288-1311 (Sp)

REQUEST FOR PROPOSALS

August 3, 2023

The Housing Authority of the City of Santa Barbara (hereafter referred to as "Housing Authority") provides affordable housing to income eligible community residents. The Housing Authority owns or operates approximately 1,500 units, comprised of family, senior, workforce and special needs developments such as housing for those exiting homelessness. In addition, the Housing Authority subsidizes approximately 3,000 households within Southern Santa Barbara County through the federal Housing Choice Voucher rental subsidy program (commonly known as Section 8). The Housing Authority also provides ancillary services such as educational, recreational, cultural and job training programs to its residents so as to foster their socio-economic advancement.

The Housing Authority believes there is a strong relationship between individuals and their environment, which is critical to personal development. We strive to create living environments that provide positive socio-economic opportunities for individuals and families with particular emphasis on special needs clientele. Our motto is, "We provide more than just housing."

General Description of Services

The Housing Authority is inviting proposals for a primary architect to provide general architectural, engineering and land planning services for the creation of a redevelopment master plan. The primary property identified for redevelopment is an existing 122-unit apartment complex for low income seniors. Additional properties and projects include the expansion and integration of Housing Authority office spaces and the creation of a new community center, both located on adjacent parcels. Proposals will be evaluated on criteria listed herein, and proposers are encouraged to inform the Housing Authority of the particular benefits of their proposal. A contract will be negotiated with the proposer that provides the most qualified services as determined by a Housing Authority proposal review committee.

Description of the Project

The Housing Authority seeks professional expertise to assist the agency to create a long term redevelopment master plan for several Housing Authority properties located in the downtown area:

- Presidio Springs (122 units), 721 Laguna Street and 416 E. De La Guerra Street (APN: 031-091-008 & 031-092-023)
- Housing Authority offices, 808, 812, and 814 Laguna Street (APN: 031-022-010)
- Housing Authority warehouse and 1 residential unit, 810 and 810 ½ Vine Street (APN: 031-023-008)
- 809-811 Olive Street (3 units; APN: 031-023-008)
- 813 Olive Street (6 units; APN: 021-023-007)
- 816 Vine Street/817 Olive Street (7 units; APN: 031-023-006)

The Housing Authority desires for all of the above properties (see aerial photo as Attachment A) to be considered holistically so that the final redevelopment project provides not just substantially more senior apartments, but also expanded and rationalized office and work space, a larger community center for use as both an agency and community meeting space, and the necessary parking required for all of these uses.

The 122-unit senior apartment complex known as Presidio Springs was built in 1977 as part of the Federal Public Housing program. The complex is improved with five two-story residential buildings, ten single-story residential

buildings and one single-story community room/office building. All of the tenant residences are one-bedroom apartments. Surface parking is provided for 55 vehicles. The site has a combined land area of approximately 4.6 acres comprised of two parcels. The property was removed from the Federal Public Housing program as part of a Section 18 disposition agreement with the US Department of Housing and Urban Development (HUD) in 2013. There is a HUD *Use Agreement* (Attachment B) recorded against the property which will require that HUD approves the final plans for redevelopment.

While there are different postal addresses for each building in the complex, the main project office is located at 721 Laguna Street in Santa Barbara.

The specific population to be served in the residential component of the master plan shall be affordable rental housing for low income seniors. The number of units for the proposed development is predicated on making use of the maximum bonus density from the City for this affordable project while still creating a living environment that is desirable to the residents and to the neighborhood. The total number of units, however, will also be based on the selected architect's recommendations with respect to site constraints, parking needs, design options, population served, neighborhood impact and compatibility, and best use.

The Housing Authority encourages green building techniques in keeping with construction savings and after construction returns. We also encourage alternate or unique building methods where practical and appropriate.

Services to be Provided by Consultant

The selected consultant will sign an agreement which shall be focused on the creation of a master plan for the overall redevelopment project and will initially be signed by the Housing Authority as Owner. However, as the phasing of future portions of the redevelopment are put together, there will likely be additional agreements with separate architectural contracts for each phase and these may be signed by special purpose limited partnerships created for the purposes of owning, developing, operating and financing that phase of the project (using low income housing tax credit financing or other types of financing). Additional desired services shall include but are not necessarily limited to:

1. Conduct detailed on-site investigations and develop a final program for the project's design based upon these investigations.
2. Review and consult with select Housing Authority staff for needs assessment, program requirements and design considerations and preferences.
3. Work closely with selected staff to review problematic site conditions, and propose solutions to eliminate or reduce vandalism and on going maintenance while enhancing aesthetics.
4. Meet with various governmental agency representatives to ascertain compliance with local ordinances, codes and public improvement standards.
5. Research as-built records and document data, and perform field surveying necessary for preparation of schematic as well as working drawings for the required construction.
6. Review and incorporate requirements from funding sources such as the Low Income Housing Tax Credit program (LIHTC).
7. Review and consider site specific highest and best use of the site in relation to zoning opportunities and limitations.
8. Prepare a master plan for all of the target property areas, which includes the redeveloped and expanded senior housing component, Housing Authority office/headquarters component and new community meeting space/parking component. Suggested component part building and unit sizing will be identified in relation to applicable codes and regulations.
9. Attend a minimum of two and a maximum of four Housing Authority Commission meetings to review progress of the design phase with the Commission and accept comments.

The following is excluded from the master plan scope of work (except at a general level) and will be dealt with in the later specific phasing of the various component parts of the overall plan:

- Provide architectural and engineering consulting services as required to provide a complete, buildable approved set of plans for the project development, including submittal review and limited bidding and construction administrative services.
- Specific project approvals, entitlements and permits (including presentations at board/commission meetings) from all required applicable governmental review boards, committees and commissions (including design review board meetings and Planning Commission meetings), after review and approval by Housing Authority staff.
- Other work as necessary relative to planning, documenting, and overseeing the construction.

Services to be provided by the Housing Authority

The services to be provided by the Housing Authority shall include, but not necessarily be limited to, the following:

1. Furnish necessary soils engineering report when completed.
2. Furnish ALTA, and topographic and boundary survey maps when completed.
3. Furnish Phase I Environmental Study when completed.

Proposal Requirements

1. A statement of the qualifications and experience of the firm on projects that are similar in scope and nature, including the firm's organizational staffing.
2. Names and qualifications of personnel to be assigned to the project.
3. Outline of recent projects completed that are similar in scope and nature.
4. Names, qualifications and experience of outside consultants, if proposed to be used on the project, and their degree of participation.
5. Client references from recent related projects, including name, address and phone number of individuals to contact for referral.
6. Work plan schedule including completion time for major tasks and overall time frame for completion.
7. A general statement of the proposed initial concept and architectural/design approach for this project, including an estimate of the number of residential units, number of parking spaces and the size of the units.
8. Preliminary drawings/studies of the proposer's design concept.
9. Statement of insurance qualifications as required by the Form of Agreement.

Proposal Evaluation

The proposals will be evaluated using the following:

No.	Criteria	Points
1	<p>A statement of the qualifications and experience of the firm on projects that are similar in scope and nature including:</p> <ul style="list-style-type: none"> • The firm's organizational staffing and names and qualifications of personnel to be assigned to the project. • Outline of recent projects completed that are similar in scope and nature. • Names, qualifications and experience of outside consultants, if proposed to be used on the project and their degree of participation. • Statement of insurance qualifications as required by the Form of Agreement. 	30

2	Client references from recent related projects, including name, address and phone number of individuals to contact for referral.	10
3	Work plan schedule including completion time for major tasks and entitlement approvals and overall time frame for completion.	10
4	A general statement of the proposed initial concept and architectural/design approach for this project, including an estimate of the number of residential units, square footage of office and meeting space, number of parking spaces and the size of the buildings/units.	30
5	Preliminary drawings/studies of the proposer's design concept.	20
	Total	100

Selection Process

A committee comprised of Housing Authority staff will assess all proposals on the criteria listed above as well as any additional information provided by the proposers that they feel relevant to this proposal. After the selection of the most responsive proposal, the selection committee will negotiate a cost for the proposed work. Should that cost be unreasonable or other considerations prohibit entering into a contract with that firm, the committee will start negotiations with the second most responsive proposer. This process will continue until a proposer is selected with a recommendation to the Housing Authority Board of Commissioners for approval.

Proposals shall be submitted to Dale Fathe-Aazam, Director of Real Estate and Technology, Housing Authority of the City of Santa Barbara, 808 Laguna Street, Santa Barbara, California, 93101, no later than **3:00 PM, on Monday, October 2, 2023**. Any questions regarding this Request for Proposal may be directed to Dale at (805) 897-1064 or daazam@hacsb.org.

The Housing Authority reserves the right to reject any or all proposals, to waive any informalities in the solicitation process, or to terminate the solicitation process at any time, if deemed by the Housing Authority to be in its best interest.

Attachment A

721 Laguna St., et al.

702-706 Laguna St.

808-814 Laguna St.

810-810 1/2 Vine St.

809-811 Olive St.

813 Olive St.

816 Vine St.

817 Olive St.



Attachment B

RECORDING REQUESTED BY
FIRST AMERICAN TITLE



2013-0047766

Recorded Official Records County of Santa Barbara Joseph E. Holland County Clerk Recorder	REC FEE 0.00
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08:00AM 15-Jul-2013 JS Page 1 of 27

RECORDING REQUESTED BY:

Housing Authority of the City of Santa Barbara
Attn: Robert G. Pearson
808 Laguna Street
Santa Barbara, CA 93101

WHEN RECORDED MAIL TO:

U.S. Department of Housing and
Urban Development
Attn: Office of Counsel
611 W. 6th Street, Suite 1306
Los Angeles, CA 90017

FR
27

NO FEE REQUIRED
PER GOVERNMENT CODE SECTION 27383

4407238-M (SPACE ABOVE THIS LINE FOR RECORDER'S USE)

USE AGREEMENT
(PRESIDIO SPRINGS)

This Use Agreement (this "Agreement") dated as of July 15, 2013, is by and between the Housing Authority of the City of Santa Barbara, a public body corporate and politic organized under the laws of the state of California ("PHA"), with an address of 808 Laguna Street, Santa Barbara, CA 93101, and Santa Barbara Affordable Housing Group, a California nonprofit public benefit corporation ("Owner"), with an address of 808 Laguna Street, Santa Barbara, CA 93101.

RECITALS

WHEREAS, PHA owned and operated three (3) non-dwelling buildings and 23 dwelling buildings containing 180 dwelling units (collectively, the "Units," or singularly, a "Unit") and 8.05 acres of underlying land at Presidio Springs, CA076000003, more particularly described in those certain Declarations of Trust recorded in the official records of Santa Barbara County, and listed in the attached Exhibit A (the "Disposition Property"), as low-rent public housing with financial assistance provided by HUD under the U.S. Housing Act of 1937, as amended, 42 U.S.C. 1437 et. seq. (the "Act");

WHEREAS, construction and/or operation of the Disposition Property was financed in part by the U. S. Department of Housing and Urban Development ("HUD"), with an address of 611 W. 6th Street, Suite 1306, Los Angeles, California, 90017;

WHEREAS, PHA requested HUD approval of the sale of the Disposition Property and HUD, as documented in the letter from HUD to PHA dated April 11, 2013, as thereafter amended (collectively, the "Approval Letter"), attached hereto as Exhibit B and incorporated

herein, agreed to such sale on the terms and conditions set forth in the Approval Letter, that certain Disposition Agreement dated as of July 15, 2013, between HUD and PHA (the "Disposition Agreement") and this Agreement (collectively, the "HUD Disposition Approval");

WHEREAS, HUD has approved the sale of the Disposition Property to Owner for the purchase price of **Thirty Four Million Five Hundred Ninety Thousand and No/100ths Dollars (\$34,590,000.00)**, to be satisfied by a thirty (30) year seller carry-back loan to be repaid from the residual receipts of Owner, with interest on the unpaid principal balance at three and no/100ths percentum (3.00%) per annum, as evidenced by that certain Promissory Note from Owner dated concurrently herewith; and

WHEREAS, HUD has conditioned its approval for the transfer of the Disposition Property as set forth in the HUD Disposition Approval and on the further condition that the Units be operated as project-based Section 8 units for a minimum of thirty (30) years from the date this Agreement is recorded in the official records of the county where the Disposition Property is located (the "Restricted Period").

AGREEMENT

NOW THEREFORE, in consideration of the promises and covenants herein set forth and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Owner, for itself and for its successors and assigns, hereby covenants and agrees for the benefit of PHA that the Units shall be used exclusively as units of low-income housing under HUD's Section 8 project-based voucher program in accordance with Section 8(o) of the Act, 24 C.F.R Part 983, and the applicable Housing Assistance Payments ("HAP") Contract (the "Use Requirement") for the duration of the Restricted Period.

2. Owner shall not convey, assign, transfer, sublease, pledge, hypothecate, encumber or otherwise dispose of the Disposition Property or any interest therein or permit the conveyance, assignment, transfer, sublease, pledge or encumbrance of the Disposition Property during the Restricted Period without the prior written approval of HUD and PHA. Notwithstanding the foregoing, Owner need not obtain the prior written approval of HUD and PHA for (i) the conveyance or dedication of land for use as streets, alleys or other public rights-of-way, (ii) the granting of easements for the establishment, operation and maintenance of public utilities, or (iii) entering into residential agreements with tenant families.

3. The following events shall not constitute a breach of the Use Requirement:

A. If one or more of the Units are left vacant for a commercially reasonable period (i) while one tenant is moving out of a Unit and before another has moved in to such Unit, (ii) while waiting for a new qualifying tenant for a Unit in the event there are no tenants immediately available to move in after the previous qualifying tenant vacates, or (iii) while a Unit is being renovated and/or repaired.

B. If one or more of the Units are damaged or destroyed by fire or other casualty and the use of such Unit(s) in conformance with the Use Requirement ceases during a period of repairs and/or reconstruction; provided that (i) Owner uses commercially reasonable efforts to cause the Unit(s) to be repaired or restored to substantially the same condition as existed prior to the event causing damage or destruction, (ii) the Unit(s) are actually repaired or restored within two (2) years after the date of the casualty, and (iii) the Unit(s) are thereafter operated in accordance with the Use Requirement for the remainder of the Restricted Period.

C. If the Units are taken for any public or quasi-public use under governmental law, ordinance or regulation, or by right of eminent domain, or by private purchase in lieu thereof (a "Taking"), or if any other portion of the Disposition Property in which one or more of the Units are located, which property is necessary for a tenant's occupancy of one of the Units, has been subject to a Taking; provided that (i) Owner applies funds received as a result of the Taking to the acquisition and development of other residential units that will be operated in accordance with the Use Requirement, (ii) the new units are acquired or developed within two (2) years after the date of the Taking, and (iii) the new units are thereafter operated in accordance with the Use Requirement for the remainder of the Restricted Period.

4. In the event the Use Requirement ceases to be satisfied prior to the expiration of the Restricted Period:

A. At the time the Use Requirement ceases to be satisfied, PHA shall give to the Owner written notice of the failure (a "Notice of Violation"). Owner shall have thirty (30) days after the date on which a Notice of Violation is received in accordance with Section 8 below to cure the failure. PHA is hereby authorized, and shall take whatever investigative steps it deems necessary in order to ensure compliance. If, after receiving a Notice of Violation, the failure is not corrected to the satisfaction of PHA within the proscribed amount of time, PHA may declare a default under this Section 4 (an "Event of Default") without further notice.

B. In an Event of Default by Owner, to the extent permitted by applicable law, PHA shall have the right to seek specific performance of the Use Requirement and/or to enjoin any violation of the Use Requirement in a court of competent jurisdiction. The right to specific performance and injunction shall be in addition to all other remedies available under statute, at law and in equity.

C. In the event that any of the Units cease to be used in accordance with the Use Requirement prior to the expiration of the Restricted Period, any federal funds applied to that Unit (or those Units) shall, subject to the limitations set forth in the Disposition Agreement, be eligible for recapture from and/or repayment by PHA to HUD and shall be treated as federalized assets subject to all federal requirements (the "Repayment Obligation").

5. As stated in the initial paragraph of this Agreement, "PHA" means the Housing Authority of the City of Santa Barbara, and/or its successors and assigns. No party other than PHA shall exercise the rights and privileges reserved herein to PHA, or bear the obligations imposed herein on PHA, unless such party shall receive and record in the official records of the

county where the Disposition Property is located a written assignment of all or a portion of such rights, privileges and obligations.

6. Recordation of this Agreement shall constitute the agreement by PHA and Owner to be bound by and to comply with the restrictions set forth in this Agreement. The benefits and burdens of this Agreement touch and concern and run with the land and are binding upon and shall inure to the benefit of the respective successors and assigns of the parties to this Agreement. Wherever the term "Owner" is used herein such term shall be construed to include any successor owner to title to the Disposition Property (each, a "Successor Owner").

7. Upon the expiration of the Restricted Period, the Use Requirement shall cease and terminate, and the Disposition Property shall be deemed released of the Use Requirement and this Agreement without the requirement of any further writing between the parties. Notwithstanding the foregoing, upon expiration of the Restricted Period, PHA and HUD agree to execute and deliver to Owner such documents as Owner shall reasonably request releasing and confirming the release of the Use Requirement and this Agreement from title to the Disposition Property and clearing title to the Disposition Property from any cloud created by the Use Requirement or this Agreement.

8. All notices under this Agreement shall be in writing and shall be served by (a) personal service or receipted courier service, (b) by registered or certified first class mail, return receipt requested, or (c) nationally-recognized overnight delivery service, addressed to HUD, PHA or Owner, as appropriate, at the addresses for such parties set forth in the initial paragraph or second recital of this Agreement. A courtesy copy of any notice delivered under this Agreement shall be provided to HUD at the address for HUD set forth in the second recital of this Agreement. Any notice or other communication sent pursuant to clause (a) hereof shall be deemed received upon such personal service, if sent pursuant to clause (b) shall be deemed received five (5) days following deposit in the mail, and/or if sent pursuant to clause (c) shall be deemed received the next succeeding business day following deposit with such nationally recognized overnight delivery service. Any party may change its address by notice given in accordance with this Section 8.

9. HUD shall be deemed a third party beneficiary of this Agreement.

10. This Agreement shall be governed, construed and interpreted in accordance with the laws of the State of California, and the parties shall submit to the jurisdiction and venue of the courts of the State of California in Santa Barbara County in any legal proceeding necessary to interpret or enforce this Agreement.

11. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.

12. This Agreement may be executed in any number of original counterparts, all of which evidence only one agreement, and only one of which need be produced for any purpose.

13. In the event the Disposition Property is owned by a Successor Owner, such Successor Owner shall reimburse PHA for all attorneys' fees and expenses reasonably incurred by PHA in connection with the enforcement of PHA's rights under this Agreement, including, but not limited to, all such fees and expenses for trial, appellate proceedings, out-of-court workouts, mediation, and settlements and for enforcement of rights under any state or federal statute, including, but not limited to, all such fees and costs relating to any such Successor Owner's bankruptcy and insolvency proceedings such as in connection with seeking relief from stay in a bankruptcy proceeding or negotiating and documenting any amendment or modification of this Agreement.

14. Notwithstanding anything to the contrary set forth in Sections 4 or 6, in no event shall the beneficiary of any deed of trust encumbering the Disposition Property (the "Holder") or any other purchaser at foreclosure have any liability for sums which are due and payable under this Agreement prior to its acquisition of title to the Disposition Property.

15. Notwithstanding anything to the contrary set forth in this Agreement, this Agreement shall extend to and be binding upon the Holder only in the event and after the Holder acquires ownership of the Disposition Property.

16. The above recitals are incorporated herein by reference.

17. The following Exhibits are attached to and incorporated into this Agreement:

Exhibit A – Legal Description of the Disposition Property

Exhibit B – Approval Letter

[This space intentionally left blank.]

IN WITNESS WHEREOF, PHA and Owner, by their respective duly authorized representatives, have caused their names to be subscribed hereto, this 15th day of July, 2013.

PHA:

HOUSING AUTHORITY OF THE
CITY OF SANTA BARBARA,
a public body corporate and politic

By:

Rob Fredericks
Rob Fredericks

Its: Deputy Executive Director/CAO

STATE OF CALIFORNIA

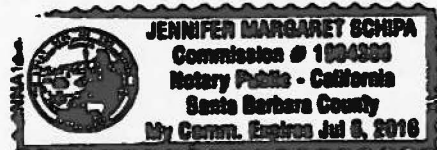
COUNTY OF SANTA BARBARA)

On July 8, 2013, before me, Jennifer Margaret Schipa, Notary Public, personally appeared Rob Fredericks, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

JM Schipa
Notary Public



Print Name: Jennifer Margaret Schipa

My commission expires:

July 6, 2016



First American Title

First American Title Company
3780 State Street
Santa Barbara, CA 93105
(805)687-1581
Fax - (866)720-4490

CLARIFICATION OF NOTARY SEAL
(Government Code Section 27361.7)

I certify under penalty of perjury that the Notary Seal on the attached document reads as follows:

Name of Notary: Jennifer Margaret Schipa

Date Commission Expires: July 6, 2016

Commission Number: 1984386

Vendor Number:

Place of Execution: Santa Barbara, CA

Date of Execution: July 8, 2013

P. C. Russell
First American Title Company

OWNER:

SANTA BARBARA AFFORDABLE
HOUSING GROUP,
a California nonprofit public benefit
corporation

By: Mary Johnston
Mary Johnston
Its: President

STATE OF CALIFORNIA

COUNTY OF SANTA BARBARA)

On July 8, 2013, before me, Jennifer Margaret Schipa, Notary Public,
personally appeared Mary Johnston, who proved to me on the basis of satisfactory evidence to
be the person whose name is subscribed to the within instrument and acknowledged to me that he
executed the same in his authorized capacity, and that by his signature on the instrument the
person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

JMS
Notary Public



Print Name: Jennifer Margaret Schipa

My commission expires:

July 6, 2016

SIGNATURES MUST BE NOTARIZED

Warning:

Any person who knowingly presents a false, fictitious, or fraudulent statement or
claim in any matter within the jurisdiction of the U.S. Department of Housing and Urban
Development is subject to criminal penalties, civil liability, and administrative sanctions.



First American Title

First American Title Company
3780 State Street
Santa Barbara, CA 93105
(805)687-1581
Fax - (866)720-4490

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(Government Code Section 27361.7)

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Commission Number: 1984386

Vendor Number:

Place of Execution: Santa Barbara, CA

Date of Execution: July 8, 2013

P. C. Russell
First American Title Company

**EXHIBIT A
DISPOSITION PROPERTY**

HUD AMP No. CA076000003

Addresses	APN(s)
702-720 Laguna Street	031-092-023
721 Laguna Street	031-091-008
2721 Miradero Drive	051-141-054
1831 De La Vina Street	027-021-009
175 S. La Cumbre Lane	051-031-002
401-403 Transfer Avenue	037-031-029
402-404 Transfer Avenue	037-031-028

Real property in the City of Santa Barbara, County of Santa Barbara, State of California, described as follows:

PARCEL NO. A: (APN: 031-092-23)

PARCEL 1 AND THAT PORTION OF PARCEL 2 OF FINAL MAP NO. 20,094 IN THE CITY OF SANTA BARBARA AS SHOWN ON MAP FILED IN BOOK 16, PAGES 64 AND 65 OF PARCEL MAPS IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF SAID PARCEL 2; THENCE ALONG THE SOUTHEASTERLY BOUNDARY LINE OF SAID PARCEL 2 NORTH 41° 29' 55" EAST 172.00 FEET; THENCE NORTH 48° 30' 05" WEST 200.07 FEET TO A POINT ON THE SOUTHEASTERLY BOUNDARY LINE OF PARCEL 1; THENCE ALONG THE SOUTHEASTERLY, NORTHEASTERLY AND NORTHWESTERLY BOUNDARY LINES OF SAID PARCEL 1 NORTH 41° 30' 13" EAST 42.98 FEET TO THE MOST EASTERLY CORNER THEREOF. NORTH 48° 30' 08" WEST 250.08 FEET TO THE MOST NORTHERLY CORNER THEREOF, AND SOUTH 41° 30' 35" EAST 214.96 FEET TO THE MOST WESTERLY CORNER THEREOF; THENCE ALONG THE SOUTHWESTERLY BOUNDARY LINES OF SAID PARCELS 1 AND 2 SOUTH 48° 29' 50" EAST 450.18 FEET TO THE POINT OF BEGINNING.

SAID LAND IS DESCRIBED IN A CITY OF SANTA BARBARA CERTIFICATE OF VOLUNTARY MERGER RECORDED FEBRUARY 11, 1993 AS INSTRUMENT NO. 93-11095 OF OFFICIAL RECORDS.

EXCEPTING FROM THAT PORTION DESCRIBED IN THE DEED FROM LIBRADA ROSAS TO THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA RECORDED JUNE 19, 1973 AS INSTRUMENT NO. 23656 IN BOOK 2467 PAGE 761 OF OFFICIAL RECORDS OF SAID COUNTY THAT PORTION OF SAID LAND LYING BELOW A DEPTH OF 500 FEET, MEASURED VERTICALLY FROM THE CONTOUR OF

THE SURFACE THEREOF PROVIDED, HOWEVER, THAT SAID GRANTOR, ITS SUCCESSORS AND ASSIGNS, SHALL NOT HAVE THE RIGHT, FOR ANY AND ALL PURPOSES, TO ENTER UPON, INTO OR THROUGH THE SURFACE OR THE PORTION OF SAID LAND LYING ABOVE 500 FEET, MEASURED VERTICALLY FROM THE CONTOUR OF THE SURFACE OF SAID LAND.

PARCEL NO. A-1:

AN EASEMENT FOR ROAD AND PUBLIC UTILITY PURPOSES OVER THAT PORTION OF BLOCK 188 IN THE CITY OF SANTA BARBARA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHWESTERLY BOUNDARY LINE OF SAID BLOCK, BEING THE SOUTHEASTERLY LINE OF DE LA GUERRA STREET, DISTANT THEREON NORTH 41° 30' 35" EAST 214.96 FEET FROM THE MOST WESTERLY CORNER OF SAID BLOCK; THENCE INTO SAID BLOCK SOUTH 48° 30' 08" EAST 217.90 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE WESTERLY HAVING A RADIUS OF 36.00 FEET AND A RADIAL LINE AT THAT POINT BEARING SOUTH 48° 30' 08" EAST; THENCE NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 125° 52' 13" AN ARC DISTANCE OF 79.09 FEET TO THE BEGINNING OF A REVERSE CURVE HAVING A RADIUS OF 22.00 FEET; THENCE WESTERLY ALONG SAID REVERSE CURVE THROUGH A CENTRAL ANGLE OF 35° 52' 13" AN ARC DISTANCE OF 13.77 FEET; THENCE NORTH 48° 30' 08" WEST 147.90 FEET TO THE INTERSECTION WITH SAID SOUTHEASTERLY LINE OF DE LA GUERRA STREET; THENCE ALONG SAID SOUTHEASTERLY LINE SOUTH 41° 30' 35" WEST 25.00 FEET TO THE POINT OF BEGINNING.

PARCEL NO. B: (APN: 031-091-08)

ALL OF BLOCK 189 OF THE CITY OF SANTA BARBARA, IN THE CITY OF SANTA BARBARA, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAN THEREOF.

PARCEL NO. C: (APN: 051-141-54)

THOSE PORTIONS OF LOT 66 OF THE OUTSIDE PUEBLO LANDS OF THE CITY OF SANTA BARBARA, IN THE CITY OF SANTA BARBARA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT A ½ INCH PIPE MARKED "R.E. 7704" IN THE MOST EASTERLY COMMON CORNER OF LOT 6 AND LOT 7 AS SAID LOTS ARE SHOWN ON A MAP FILED FEBRUARY 2, 1962 AS FILE NO. 4569 IN BOOK A AT PAGE 50 OF SANTA BARBARA CITY LOT SPLITS IN THE OFFICE OF THE SANTA BARBARA COUNTY RECORDER; THENCE ALONG A SOUTHERLY LINE OF SAID LOT 6 AND A NORTHERLY LINE OF SAID LOT 7 SOUTH 75° 11' WEST 110.50 FEET; THENCE NORTH 12° 16' EAST 3.00 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE

NORTHWEST FROM WHICH THE RADIAL CENTER OF SAID CURVE BEARS NORTH 77° 44' WEST 870.00 FEET; THENCE ALONG THE ARC OF SAID CURVE NORTHERLY 337.93 FEET THROUGH A CENTRAL ANGLE OF 22° 15' 43" TO ITS INTERSECTION WITH THE EASTERLY LINE OF SAID LOT 6; THENCE ALONG SAID EASTERLY LINE OF LOT 6 SOUTH 17° 46' 17" EAST 326.08 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH ALL RIGHTS OF VEHICULAR ACCESS TO OR FROM THE ABOVE DESCRIBED REAL PROPERTY, AS CONVEYED BY VILLA MIRADERO, A JOINT VENTURE, TO THE CITY OF SANTA BARBARA IN DEED RECORDED DECEMBER 2, 1966 AS INSTRUMENT NO. 38289 IN BOOK 2173, PAGE 1397 OF OFFICIAL RECORDS.

PARCEL NO. C-1:

THAT PORTION DESCRIBED IN A DEED TO ARNOLD W. JACQUEMAIN AND CHRISTINA R. JACQUEMAIN, RECORDED FEBRUARY 6, 1946 AS INSTRUMENT NO. 2068, IN BOOK 674 AT PAGE 207 OF OFFICIAL RECORDS, RECORDS OF SAID COUNTY, LYING EASTERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT IN THE NORTHERLY LINE OF SAID JACQUEMAIN TRACT, WHICH POINT IS LOCATED SOUTH 75° 11' WEST, 125.08 FEET FROM THE NORTHEAST CORNER OF SAID JACQUEMAIN TRACT; THENCE SOUTH 15° 45' 55" WEST, 228.37 FEET, MORE OR LESS, TO A POINT IN THE SOUTHERLY LINE OF SAID JACQUEMAIN TRACT.

PARCEL NO. D: (APN: 027-021-09)

THAT PORTION OF BLOCK NO. 21, ACCORDING TO THE OFFICIAL MAP OF THE CITY OF SANTA BARBARA, IN THE CITY OF SANTA BARBARA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE SOUTHWESTERLY LINE OF DE LA VINA STREET, 370 FEET NORTHWESTERLY FROM THE EAST CORNER OF SAID BLOCK; THENCE AT RIGHT ANGLES SOUTHWESTERLY INTO SAID BLOCK 115 FEET; THENCE AT RIGHT ANGLES NORTHWESTERLY 42 FEET; THENCE AT RIGHT ANGLES NORTHEASTERLY 115 FEET TO THE SAID LINE OF DE LA VINA STREET; THENCE AT RIGHT ANGLES SOUTHEASTERLY ALONG SAID LINE OF DE LA VINA STREET 42 FEET TO THE PLACE OF BEGINNING.

PARCEL NO. D-1:

THAT PORTION OF BLOCK 21, OF THE CITY OF SANTA BARBARA, IN THE CITY OF SANTA BARBARA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS SHOWN ON THE OFFICIAL MAP THEREOF, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHEASTERLY LINE OF PEDREGOSA STREET, DISTANT THEREON 107 FEET SOUTHWESTERLY FROM THE MOST NORTHERLY

CORNER OF SAID BLOCK, AND RUNNING THENCE ALONG SAID LINE OF PEDREGOSA STREET, SOUTHWESTERLY 8 FEET; THENCE AT A RIGHT ANGLE AND INTO SAID BLOCK 42 FEET; THENCE AT A RIGHT ANGLE NORTHEASTERLY 8 FEET, THENCE AT A RIGHT ANGLE NORTHWESTERLY 42 FEET TO THE POINT OF BEGINNING.

PARCEL NO. E: (APN: 051-031-02)

THAT CERTAIN TRACT OF LAND IN THE CITY OF SANTA BARBARA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT A ½-INCH PIPE SET ON THE EASTERLY LINE OF THAT TRACT OF LAND DESCRIBED IN DEED TO GEORGE M. WILLIAMS, RECORDED NOVEMBER 30, 1926 AS FILE NO. 10566 IN BOOK 107, PAGE 211 OF OFFICIAL RECORDS OF SAID COUNTY, BEING THE SOUTHWEST CORNER OF THAT TRACT OF LAND DESCRIBED IN DEED TO ANGELITA ANGULO REINESTO, RECORDED AUGUST 27, 1935 AS FILE NO. 5996 IN BOOK 344, PAGE 70 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG THE SOUTHERLY LINE OF SAID REINESTO TRACT OF LAND SOUTH 89° 35' EAST 239.30 FEET TO A ½-INCH PIPE SET ON THE WESTERLY LINE OF LA CUMBRE LANE; THENCE ALONG SAID WESTERLY LINE OF LA CUMBRE LANE SOUTH 0° 25' WEST 241.19 FEET TO A ½-INCH PIPE SET ON THE NORTHERLY LINE OF U.S. HIGHWAY 101; THENCE ALONG SAID NORTHERLY LINE OF U.S. HIGHWAY 101 THE FOLLOWING COURSES: SOUTH 57° 23' 14" WEST 136.58 FEET TO A 6-INCH CONCRETE MONUMENT; NORTH 41° 10' 25" WEST 175.02 FEET TO A 6-INCH CONCRETE MONUMENT; AND NORTH 38° 56' WEST 13.59 FEET TO A ½-INCH PIPE SET ON THE EASTERLY LINE OF SAID WILLIAMS TRACT OF LAND MENTIONED ABOVE; THENCE ALONG THE EASTERLY LINE OF SAID WILLIAMS TRACT, NORTH 0° 25' EAST 174.22 FEET TO THE POINT OF BEGINNING.

PARCEL NO. F: (APN: 037-031-28)

THAT PORTION OF BLOCK 179 IN THE CITY OF SANTA BARBARA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL MAP THEREOF, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF SAID BLOCK AT THE INTERSECTION OF THE SOUTHEASTERLY LINE OF CANON PERDIDO STREET WITH THE SOUTHWESTERLY LINE OF CASTILLO STREET; THENCE ALONG SAID SOUTHWESTERLY LINE OF CASTILLO STREET, SOUTHEASTERLY 95.00 FEET TO THE NORTHWESTERLY LINE OF TRANSFER AVENUE AS DESCRIBED IN RESOLUTION RECORDED MARCH 20, 1964 AS INSTRUMENT NO. 12054 IN BOOK 2041, PAGE 431 OF OFFICIAL RECORDS; THENCE ALONG SAID NORTHWESTERLY LINE OF TRANSFER AVENUE SOUTHWESTERLY 100.00 FEET; THENCE AT RIGHT ANGLES NORTHWESTERLY 95.00 FEET TO SAID SOUTHEASTERLY LINE OF CANON PERDIDO STREET, THENCE ALONG SAID SOUTHEASTERLY LINE OF CANON PERDIDO 100.00 FEET TO THE POINT OF BEGINNING.

PARCEL NO. G: (APN: 037-031-29)

THAT PORTION OF BLOCK 179 IN THE CITY OF SANTA BARBARA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL MAP THEREOF, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE SOUTHWESTERLY LINE OF CASTILLO STREET WITH THE SOUTHEASTERLY LINE OF TRANSFER AVENUE AS DESCRIBED IN RESOLUTION RECORDED MARCH 20, 1964 AS INSTRUMENT NO. 12054 IN BOOK 2041, PAGE 431 OF OFFICIAL RECORDS; THENCE ALONG THE SOUTHWESTERLY LINE OF CASTILLO STREET 95.00 FEET; THENCE AT RIGHT ANGLES SOUTHWESTERLY 100.00 FEET; THENCE AT RIGHT ANGLES NORTHWESTERLY 95.00 FEET TO THE SOUTHEASTERLY LINE OF TRANSFER AVENUE MENTIONED ABOVE; THENCE ALONG SAID SOUTHEASTERLY LINE OF TRANSFER AVENUE NORTHEASTERLY 100.00 FEET TO THE POINT OF BEGINNING.

**EXHIBIT B
APPROVAL LETTER**

[See Attached]



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Special Applications Center
77 W. Jackson Blvd., Room 2401
Chicago, Illinois 60604-3507
Phone: (312) 353-6236 Fax: (312) 886-6413

OFFICE OF PUBLIC HOUSING

APR 11 2013

Mr. Robert G. Pearson
Executive Director
Housing Authority of the City of Santa Barbara
808 Laguna Street
Santa Barbara, CA 93101

Dear Mr. Pearson:

The Department has reviewed the Housing Authority of the City of Santa Barbara's (HACSB) application for the disposition of three non-dwelling buildings and 23 dwelling building/s containing 180 dwelling units and 8.05 acres of underlying land at Presidio Springs, CA076000003. The Special Applications Center (SAC) originally received this application on October 3, 2011, as a disposition of the HACSB's entire ACC portfolio via the Public and Indian Housing Information Center (PIC), DDA0004490. This application was disapproved by the Department on February 13, 2013, for not being consistent with the HACSB certification that it lacked the Capital Fund Resources to deal with the backlog of physical work the HACSB had identified in the application. HACSB staff met with HUD staff in headquarters on February 19, 2013, and asked for a reconsideration of the decision for a portion of the housing portfolio based on a shortage of operating subsidy to meet regular operating expenses. SAC staff created a new application in PIC, DDA0005044, reusing the original submission date and transferring over the supporting documentation pertaining only to Presidio Springs, CA076000003. Supplemental information was received through April 5, 2013.

I am pleased to approve your request for disposition, as described in the application and identified below:

Scattered Sites, CA076000003			
Buildings: 27 (3 of which are non-residential), Units: 180 Acres: 8.05			
Total Units to be Redeveloped 180	Less than 80% of Area Median Income		
	ACC	Section 8 PBV	Market Rate
Multi-family rentals	0	180	0
Acquiring Entity	Santa Barbara Affordable Housing Group, an instrumentality of the HACSB		
Method of Disposition	FMV with the HACSB issuing a seller carry-back note in the form of a 30-year, residual receipts loan at 3% interest per annum for the full amount of the sales price (\$36,590,000). Any outstanding principal and interest will be due and payable at the end of the 30 year term.		
Sale Price	\$34,590,000 (however, HACSB will only realize proceeds via surplus cash/residual receipts used to pay down the seller carry-back note through the 30 year term). Payments made to support the RAD transaction described below will not be considered surplus cash.		

Purpose	<ol style="list-style-type: none"> (1) Operation and rehabilitation of housing units (that will be assisted with PBV Section 8 funds) and a community building located at 721 Laguna Street, for low-income families for a period of not fewer than 30 years; (2) Ability to use excess operating income from the PBV Section 8 funds at these units to assist with the renovation and operation of other project-based Section 8 housing (including public housing units that the HACSB will propose for conversion to Section 8 under HUD's Rental Assistance Demonstration (RAD) program); (3) Continued operation of an office building to support the HACSB's Section 8 and non-federal affordable housing programs; and (4) Continued operation of a warehouse building for storage materials to support the HACSB's Section 8 and non-federal affordable housing programs (with plans to add an addition on this building—funded by non-federal funds—to allow for more administrative offices).
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The HACSB's use of proceeds from this disposition to support the RAD Transaction is also approved.

The approval requires that the HACSB enter into (or cause the Santa Barbara Affordable Housing Group to enter into) a disposition agreement and/or use restriction agreement(s) in a form acceptable to the Los Angeles Office of Public Housing. The use restriction agreement must be recorded against the property in a first priority position against the property (e.g. prior to any financing documents or other encumbrances) and must assure that the property is used for the approved use for a period required by the Department (at least 30 years and may be longer—similar to the use restriction period required by the RAD program). The use restriction must provide that during the use restriction period:

- The property must be maintained for the HUD-approved use (e.g. project-based Section 8 housing);
- Santa Barbara Affordable Housing Group shall maintain ownership and operation of the property during the use restriction period, except as described herein. Santa Barbara Affordable Housing Group shall not convey, sublease or transfer the property without prior approval from the HACSB and the Department at any point during the use restriction period, except in connection with a mortgage authorized to secure the payment of funds to support the RAD Transaction as described earlier in this approval; and
- The HACSB is responsible for monitoring and enforcing the use restrictions during the use restriction period.

In addition, this approval requires the following:

- The HACSB shall not proceed to enter into the sale or disposition transfer document with Santa Barbara Affordable Housing Group until all residents have been relocated, or ACC leases terminated and new leases issued for those remaining in their units (or simultaneous with this action);

- The HACSB must meet (or assure Santa Barbara Affordable Housing Group meets) the applicable requirements of 24 CFR part 982 and 24 CFR part 983 with respect to the operation of these 180 units as Section 8 project-based voucher units, including a subsidy layering review per the Federal Register notice issued on July 9, 2010, if applicable;
- The HACSB may not expend any of the proceeds (loan repayment on the \$34,590,000 promissory note) without obtaining a separate written approval from the Department in the form of an amendment to this disposition approval, except to support the RAD Transaction; and
- The HACSB must request the Department's approval to convert its remaining public housing units (approximately 316 units in 87 buildings) to project-based assistance under the Rental Assistance Demonstration (RAD) program (i.e., the RAD Transaction) within six months of the date of this approval (unless extended in writing). It is the Department's understanding that the HACSB will pursue low income housing tax credits (LIHTCs) relative to the needs of the projects.

Notwithstanding this approval, the HACSB shall not proceed to enter into any disposition agreement until all residents have been relocated or for residents staying in place have; had their ACC leases terminated and new leases affording them the same protections as those under their ACC leases in place. This approval assumes the development will be run as project based Section 8 as stipulated in the HACSB application.

According to the Office of the Chief Financial Officer, there is no debt for Presidio Springs, CA076000003. The HACSB will not realize proceeds from this disposition. If any changes occur that result in the generation of proceeds, the HACSB will be required to request a waiver of the requirement to repay the debt on the development from the SAC.

Approval of your application is based on the Department's understanding of your submission, as outlined in the enclosed memorandum from me to the HUD Los Angeles HUB, which has been informed of this approval. Its staff is available to provide any technical assistance necessary for your agency to proceed with the disposition.

24 CFR § 970.31 eliminated the requirement for one-for-one replacement of public housing units. Therefore, the HACSB is not required to provide for replacement housing, and the Department is under no obligation to fund replacement housing.

The disposition of these units will affect the HACSB's operating subsidy eligibility significantly. Please contact the HUD financial analyst in the HUD Los Angeles HUB for additional information on how to apply these criteria to the HACSB's particular case.

Please make sure that your annual Capital Fund Building and Unit Certification is updated properly to reflect these changes.

If you are interested in applying for housing choice vouchers in connection with the units approved for disposition, you must submit an application to the HUD Los Angeles HUB Office

of Public Housing for review and approval in accordance with the procedures in HUD Notice 2011-27, or HUD's current Notice outlining the application procedures.

The Department reminds the HACSB that pursuant to 24 CFR § 970.21(c)(2), if any of the following types of federal financial assistance is used in connection with the disposition of public housing, the project is subject to section 104(d) of the Housing and Community Development Act of 1974, 42 U.S.C. 5304(d) (as amended), including the relocation payment provisions and the anti-displacement provisions, which require that comparable replacement dwellings be provided within the community for the same number of occupants as could have been housed in the occupied and vacant, occupiable low- and moderate-income units converted to another use:

- Community Development Block Grant (CDBG) program, 42 U.S.C. 5301 et seq. (including loan guarantees under section 108 of the Housing and Community Development Act of 1974, 42 U.S.C. 5308 et seq.);
- Urban Development Action Grant (UDAG) program, 42 U.S.C. 5318 et seq.; or
- HOME program, 42 U.S.C. 12701 et seq.

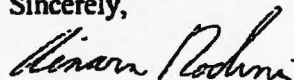
Please contact the HUD Los Angeles HUB for additional guidance.

In accordance with 24 CFR § 970.35 of the regulation, your agency is required to inform the HUD Los Angeles HUB of the status of the project (i.e., delays, actual disposition or other problems). When the disposition has been achieved, please submit a report to the HUD Los Angeles HUB confirming the action and certifying compliance with all applicable requirements. Files must be maintained which are sufficient for audit purposes and must be made available upon request.

The HACSB must enter the "actual" dates of disposition directly into the Inventory Removals sub-module in PIC, for the HUD Los Angeles HUB approval so that the status of the units in PIC is changed to "removed from inventory." For land, the disposition dates and number of acres should also be recorded by the HACSB in the Inventory Removals sub-module.

As the HACSB starts the process of implementation, I urge you to continue to maintain an open dialogue with your residents and local officials. If you have to modify your plans, the HUD Los Angeles HUB stands ready to assist you.

Sincerely,



Ainars Rodins, P.E.
Director

Enclosure



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Special Applications Center
77 W. Jackson Blvd., Room 2401
Chicago, Illinois 60604-3507
Phone: (312) 353-6236 Fax: (312) 886-6413

OFFICE OF PUBLIC HOUSING

APR 11 2013

MEMORANDUM FOR: K.J. Brockington, Director, Office of Public Housing, 9DPH

FROM: Ainars Rodins, P.E., Director, Special Applications Center (SAC), PIA *Ainars Rodins*

SUBJECT: Approval for the Housing Authority of the City of Santa Barbara's Request for the Disposition of Three Non-dwelling Building, 23 Dwelling Buildings Containing 180 Dwelling Units and 8.05 Acres of Underlying Land at Presidio Springs, CA076000003.

The SAC originally received this application on October 3, 2011, as a disposition of the Housing Authority of the City of Santa Barbara (HACSB) entire ACC portfolio via the Public and Indian Housing Information Center (PIC), DDA0004490. This application was disapproved by the Department on February 13, 2013, for not being consistent with the HACSB certification that it lacked the Capital Fund resources to deal with the backlog of physical work the HACSB had identified in the application. HACSB staff met with HUD staff in headquarters on February 19, 2013, and asked for a reconsideration of the decision for a portion of the housing portfolio based on a shortage of operating subsidy to meet regular operating expenses. SAC staff created a new application in PIC, DDA0005044, reusing the original submission date and transferring over the supporting documentation pertaining only to Presidio Springs, CA076000003. Supplemental information was received through April 5, 2013. The Environmental Review was performed by the City of Santa Barbara under 24 CFR Part 58 on September 26, 2011, but was not signed off by the Los Angeles HUB because the project or activity was determined to be exempt under 24 CFR § 58.34, or was determined to be categorically excluded under 24 CFR § 58.35(b).

The Los Angeles HUB provided a certification on October 27, 2011, stating that the subject submission accurately describes the project proposed for disposition, and the reasons provided by the HACSB to support the proposed action are correct and factual. On March 23, 2012, the San Francisco Fair Housing and Equal Opportunity Center (FHEO), Program Compliance Branch, recommended the disposition approval. Advance drafts of this memorandum and the approval letter were sent to the SHBA and Los Angeles HUB for their comments on March 28, 2013. The HACSB responded with comments on April 2, 2013.

Under 24 CFR § 970.7(a)(1), in order for a demolition or disposition application to be approved after November 24, 2006, the effective date of this regulation, a Public Housing Agency (PHA) must provide a "certification that the PHA has described the demolition or disposition in the PHA Annual Plan and timetable under 24 CFR Part 903, and that the description in the PHA Annual Plan is identical to the application submitted pursuant to this part and otherwise complies with Section 18 of the Act (42 U.S.C. 1437p) and this part." The Los

Angeles HUB approved the HACSB's agency plan on February 10, 2011, which includes the subject action.

Description of the Development

The HACSB proposed the disposition of three non-dwelling buildings, 23 dwelling buildings containing 180 Dwelling Units and 8.05 Acres of Underlying Land at Presidio Springs, CA076000003. Details of the proposed disposition are as follows:

Presidio Springs, CA076000003					
DOFA: 10/16/1979					
Bedroom Size	1-BR	2-BR	3-BR	4+BR	Total
Existing Units	176	4	0	0	180
Proposed Units	176	4	0	0	180
Existing Land				8.05 Acres	
Proposed Land				8.05 Acres	
Number of Dwelling Buildings Existing					23
Number of Dwelling Buildings Proposed					23
Number of Non-Dwelling Buildings Existing					3
Number of Non-Dwelling Buildings Proposed					3
Number of (Dwelling and Non-Dwelling) ACC Units in PHA's Total Housing Inventory for All Developments					496

The description of the three non-dwelling buildings are as follows: (1) a community building located at 721 Laguna Street – fronting this project's units; (2) an office building used as administration space for the maintenance operations of all of the HACSB's housing units; and (3) a warehouse building used for storage materials (for which an addition is planned for expansion of administrative offices).

History of the Development/s

The HACSB has not received any Inventory Removal approvals from HUD for Presidio Springs, CA076000003.

Reason for Action (Justification)

The HACSB proposed the disposition based on 24 CFR § 970.17, which requires the PHA to certify that the retention of the property is not in the best interests of the residents or the PHA because the PHA has otherwise determined the disposition to be appropriate for reasons that are consistent with the goals of the PHA and the PHA Plan and that are otherwise consistent with the Act.

The HACSB provided evidence in a supplement to the original application that the subsidy and rents it gets is insufficient to cover the routine expenses at Presidio Springs, CA076000003, as noted below:

	2013*	2012	2011	2010
Net Operating Income (NOI)	(466,147)	(633,586)	(367,554)	(271,331)
Change in Net Assets	(468,065)	(729,568)	(353,529)	(257,449)
*projected Year End Financials				

We concur with the HACSB's determination that the disposition is in the best interests of the residents or the PHA because this development is operating at a negative cash flow.

Appraisal

The HACSB submitted an appraisal with the application. The Gill Group, an independent appraiser, determined the Fair Market Value (FMV) using the income approach to be \$34,590,000, as of July 13, 2011.

Method of Sale

The HACSB proposed the disposition via a negotiated sale at the FMV of \$34,590,000 to Santa Barbara Affordable Housing Group. However, the HACSB indicated it would not receive these funds (as cash) at the closing. Instead, the HACSB proposed to immediately loan the proceeds to Santa Barbara Affordable Housing Group in the form of a 30-year loan at an interest rate of 3% per annum, payable only from surplus cash (as defined further below) and at the end of the 30-year term.

Commensurate Public Benefits

Santa Barbara Affordable Housing Group will own and manage the units as low-income housing under the U.S. Housing Act of 1937 (specifically units assisted with Section 8 project-based funding) for a period required by the Department (not less than 30 years). Because of the benefits arising from the negotiated sale, it is in the best interest of the public housing residents and the PHA, and will result in a commensurate public benefit, as required in 24 CFR § 970.19.

Use of Proceeds

According to the Office of the Chief Financial Officer, there is no debt on Presidio Springs, CA076000003. The HACSB will realize proceeds as a result of this disposition in the form of payment on a 30-year seller-financed note to Santa Barbara Affordable Housing Group in the amount of \$34,590,0000 plus 3% interest, payable only from surplus cash and at the end of the 30-year term. The HACSB requested to use these proceeds, when realized, to support the rehabilitation/recapitalization of the its remaining public housing units (316 family units) after they are converted to Section 8 project-based assistance with HUD approval under Rental Assistance Demonstration (RAD) program (the RAD Transaction). The HACSB also requested that the HACSB be authorized to require Santa Barbara Affordable Housing Group to provide annual or other payments to the extent necessary to support the RAD Transaction, with such payments considered proceeds but not surplus cash and secured if necessary by a mortgage superior to the seller financing. Because capital needs of units assisted with project-based

Section 8 funds is an authorized use of disposition proceeds, the HACSB's use of proceeds to support the RAD Transaction is an approved use of proceeds.

This approval does not include an approval for the HACSB to use proceeds for any other purpose. To do so, the HACSB must request an amendment to this approval to use these proceeds for a specific use in accordance with Section 18 of the 1937 Act, 24 CFR part 970, PIH Notice 2012-7, and/or all other applicable HUD guidance in effect at the time of such a request. The Department reviews and approves PHAs' proposed use of disposition proceeds (gross and net) on a case-by-case basis. PHAs may not use proceeds without written approval from the Department. Until the HACSB requests and receives that HUD approval, it may not expend any of these proceeds other than in connection with the RAD Transaction.

Relocation

When the application was developed and transmitted to the Department, 178 units proposed for disposition were occupied. The HACSB has submitted a certification regarding relocation as required by 24 CFR § 970.21 (e) and (f). The housing resources offered will be Section 8 housing choice vouchers. The HACSB has indicated that the residents may use the Section 8 assistance that it offers: (i) at their existing homes (they will not need to move) in the form of project-based Section 8 assistance, or (ii) at other housing in the private market in the form of tenant-based Section 8 assistance. The HACSB will give the residents a one-time opportunity to move. The HACSB estimated that about one quarter of the residents will choose to move and the relocation cost for the residents who will choose to move from their current homes to be \$124,236, which includes moving expenses and counseling/advisory services. The funds for relocation are allocated under Capital Fund.

Resident Consultation

1. Project Specific Resident Organization(s): None
2. PHA-wide Resident Organization: None
3. Resident Advisory Board (RAB) in accordance with 24 CFR § 903.13: RAB

24 CFR § 970.9 requires that an application for disposition be developed in consultation with the tenants of the project involved, any tenant organization at the project involved and any PHA-wide organizations that will be affected by the activity.

On November 18, 2010 HACSB staff met with the RAB to discuss the Annual Plan including the proposed disposition. The RAB expressed support for the plan at the time. On June 6, 7, & 8, 2011, HACSB staff met with the residents of the development to discuss the proposed disposition action. No written comments were received. The application package includes a synopsis of questions raised during the meetings along with the answers provided. The application package also included sign-in sheets listing the attendees at these meetings.

Offer for Sale to the Resident Organization

24 CFR § 970.9(b) (1) of the regulation requires that a public housing agency offer the opportunity to purchase the property proposed for disposition to any eligible resident organization, eligible resident management corporation as defined in 24 CFR Part 964, or to a nonprofit organization acting on behalf of the residents, if the resident entity has expressed an interest in purchasing the property for continued use as low-income housing. The HACSB has chosen not to provide an opportunity based on the exception found in 24 CFR § 970.9(b) (3)–

(ii)⁴, a PHA seeks disposition outside the public housing program to privately finance or otherwise develop a facility to benefit low-income individuals, by keeping the development as a low-income housing development for at least 30 years.

Mayor/Local Government Consultation

As required by 24 CFR § 970.7(a) (14), the application package includes a letter of support from the Honorable Helene Schneider, Mayor of the City of Santa Barbara, dated July 19, 2011.

Board Resolution

As required by the 24 CFR § 970.7(a) (13), the HACSB's Board of Commissioners approved the submission of the application for disposition of the proposed property on September 7, 2011, via Resolution Number 2461. The last resident consultation was on June 8, 2011. The consultation with the local government took place on July 19, 2011.

Replacement Housing

24 CFR § 970.31 eliminated the requirement for one-for-one replacement of public housing units. Therefore, the HACSB is not required to provide for replacement housing, and the Department is under no obligation to fund replacement housing.

Other Requirements

Please remind the HACSB that pursuant to 24 CFR § 970.21(c)(2), if any of the following types of federal financial assistance is used in connection with the disposition of public housing, the project is subject to section 104(d) of the Housing and Community Development Act of 1974, 42 U.S.C. 5304(d) (as amended), including the relocation payment provisions and the anti-displacement provisions, which require that comparable replacement dwellings be provided within the community for the same number of occupants as could have been housed in the occupied and vacant, occupiable low- and moderate-income units converted to another use:

- Community Development Block Grant (CDBG) program, 42 U.S.C. 5301 et seq. (including loan guarantees under section 108 of the Housing and Community Development Act of 1974, 42 U.S.C. 5308 et seq.);
- Urban Development Action Grant (UDAG) program, 42 U.S.C. 5318 et seq.; or

- HOME program, 42 U.S.C. 12701 et seq.

The HACSB is advised to contact the Los Angeles HUB for additional guidance.

Approval

We have reviewed the application and find it to be consistent with Section 18 of the Act, and the implementing regulations, 24 CFR part 970, including requirements related to resident consultation, relocation and opportunity to purchase the property by the resident organization. Based upon our review, and finding that the requirements of 24 CFR part 970 and Section 18 of the U.S. Housing Act of 1937 have been met, the disposition of 3 non-dwelling buildings, 23 dwelling buildings containing 180 dwelling units and 8.05 Acres of Underlying Land as previously identified and described below, is hereby approved.

Scattered Sites, CA076000003			
Buildings: 27 (3 of which are non-residential), Units: 180 Acres: 8.05			
Total Units to be Redeveloped 180	Less than 80% of Area Median Income		
	ACC	Section 8 PBV	Market Rate
Multi-family rentals	0	180	0
Acquiring Entity	Santa Barbara Affordable Housing Group, an instrumentality of the HACSB		
Method of Disposition	FMV with the HACSB issuing a seller carry-back note in the form of a 30-year, residual receipts loan at 3% interest per annum for the full amount of the sales price (\$34,590,000). Any outstanding principal and interest will be due and payable at the end of the 30 year term.		
Sale Price	\$34,590,000 (however, HACSB will only realize proceeds via surplus cash/residual receipts used to pay down the seller carry-back note through the 30 year term). Payments made to support the RAD transaction described below will not be considered surplus cash.		
Purpose	<p>(1) Operation and rehabilitation of housing units (that will be assisted with PBV Section 8 funds) and a community building located at 721 Laguna Street, for low-income families for a period of not fewer than 30 years;</p> <p>(2) Ability to use excess operating income from the PBV Section 8 funds at these units to assist with the renovation and operation of other project-based Section 8 housing (including public housing units that the HACSB will propose for conversion to Section 8 under HUD's Rental Assistance Demonstration (RAD) program));</p> <p>(3) Continued operation of an office building to support the HACSB's Section 8 and non-federal affordable housing programs; and</p> <p>(4) Continued operation of a warehouse building for storage materials to support the HACSB's Section 8 and non-federal affordable housing programs (with plans to add an addition on this building—funded by non-federal funds—to allow for more administrative offices).</p>		

The approval requires that the HACSB enter into (or cause the Santa Barbara Affordable Housing Group to enter into) a disposition agreement and/or use restriction agreement(s) in a form acceptable to the Los Angeles Office of Public Housing. The use restriction agreement must be recorded against the property in a first priority position against the property (e.g. prior to

any financing documents or other encumbrances) and must assure that the property is used for the approved use for a period required by the Department (at least 30 years and may be longer—similar to the use restriction period required by the RAD program). The use restriction must provide that during the use restriction period:

- The property must be maintained for the HUD-approved use (e.g. project-based Section 8 housing);
- Santa Barbara Affordable Housing Group shall maintain ownership and operation of the property during the use restriction period, except as described herein. Santa Barbara Affordable Housing Group shall not convey, sublease or transfer the property without prior approval from the HACSB and the Department at any point during the use restriction period, except in connection with a mortgage authorized to secure the payment of funds to support the RAD Transaction as described earlier in this approval; and
- The HACSB is responsible for monitoring and enforcing the use restrictions during the use restriction period.

In addition, this approval requires the following:

- The HACSB shall not proceed to enter into the sale or disposition transfer document with Santa Barbara Affordable Housing Group until all residents have been relocated, or ACC leases terminated and new leases issued for those remaining in their units (or simultaneous with this action);
- The HACSB must meet (or assure Santa Barbara Affordable Housing Group meets) the applicable requirements of 24 CFR part 982 and 24 CFR part 983 with respect to the operation of these 180 units as Section 8 project-based voucher units, including a subsidy layering review per the Federal Register notice issued on July 9, 2010, if applicable;
- The HACSB may not expend any of the proceeds (loan repayment on the \$34,590,000 promissory note) without obtaining a separate written approval from the Department in the form of an amendment to this disposition approval, except to support the RAD Transaction; and
- The HACSB must request the Department's approval to convert its remaining public housing units (approximately 316 units in 87 buildings) to project-based assistance under the Rental Assistance Demonstration (RAD) program (i.e., the RAD Transaction) within six months of the date of this approval (unless extended in writing). It is the Department's understanding that the HACSB will pursue low income housing tax credits (LIHTCs) relative to the needs of the projects.

Operating Subsidy

In accordance with 24 CFR § 990.114, the disposition of these units will affect the HACSB's operating subsidy eligibility significantly. The HACSB was advised to contact the HUD financial analyst in the Los Angeles HUB for additional information.

Housing Choice Vouchers

If the HACSB is interested in applying for housing choice vouchers in connection with the units approved for disposition, it will need to submit an application to the Los Angeles HUB. The HACSB should submit its application in response to HUD Notice 2011-27, or HUD's current Notice outlining the application procedures.

PIC and Monitoring

The HACSB must enter the "actual" dates of disposition directly into the Inventory Removals sub-module in PIC, for the Los Angeles HUB approval so that the status of the units in PIC is changed to "removed from inventory." For land, the disposition dates and number of acres should also be recorded by the HACSB in the Inventory Removals sub-module as well.

It is the Los Angeles HUB's responsibility to monitor this activity based on its latest risk assessment. The Los Angeles HUB must verify that the actual data is being entered in PIC by the HACSB as the actions occur to ensure the Department is not over paying in operating subsidy, and the Capital Fund formula data is correct.



This is a true certified copy of the original document on file of record in my office. It bears the seal and signature, imprinted in purple ink of the County Clerk, Recorder and Assessor.

[Handwritten signature]

COUNTY CLERK, RECORDER AND ASSESSOR, SANTA BARBARA COUNTY, CALIFORNIA
DATE: _____ BY DEPUTY: _____

This is a true certified copy of the original document on file or of record in my office. It bears the seal and signature, imprinted in purple ink of the County Clerk, Recorder and Assessor.

Joseph E. Holland



COUNTY CLERK, RECORDER AND ASSESSOR, SANTA BARBARA CALIFORNIA

DATE: ~~JUL 23~~ 2013

BY DEPUTY:

Hector Gonzalez
Hector Gonzalez-Laera