



## HOUSING

AUTHORITY OF THE  
CITY OF SANTA BARBARA808 Laguna Street / Santa Barbara  
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September 29, 2010

**HAND DELIVERED**

Mr. Steven Faulstich, Housing Programs Supervisor  
Housing & Redevelopment Division  
City of Santa Barbara  
630 Garden St.  
Santa Barbara, CA 93101

RE: REQUEST FOR GRANT OF CITY RDA FUNDS FOR CONSTRUCTION OF A  
DUPLEX ON HOUSING AUTHORITY OWNED EXCESS PUBLIC HOUSING  
LAND LOCATED AT 233 WEST ORTEGA STREET

Dear Steven:

As you know, the Housing Authority continues to look at various opportunities to add to the City's existing affordable housing portfolio either through acquisition of existing units or through new construction. Recently we have reviewed the Authority's underutilized open space at our various properties throughout the City and have determined that great benefit exists for the addition of new units on currently owned Housing Authority land.

One such location is 233 West Ortega/630 Bath Street. This property currently consists of 4 three-bedroom townhouses in 2 duplexes developed in 1973 under HUD's Conventional Public Housing program. The site has a minimally landscaped open space of approximately 5,000 square feet that has been underutilized by the residents. The Housing Authority recently obtained approval from the City of Santa Barbara to add a new duplex consisting of 2 one-bedroom, fully handicapped accessible units as an infill addition to this existing development on the aforementioned underutilized area.

The cost of the project, as bid, is \$620,000. This amount includes a premium of approximately \$50 per square foot to satisfy requirements to elevate the existing grade as the site is located within 100 year flood zone. The overall project costs are in alignment with current Santa Barbara construction costs for similar small projects. Because the Housing Authority already owns the land, we are able to realize a substantial savings in adding the new units to the existing development since land cost is not a factor. To assist the Housing Authority with the construction of the new units, we are requesting a grant of \$300,000 from the Redevelopment Agency of the City of Santa Barbara. The remainder of the cost will be funded through our HUD Public Housing Capital Fund program.

We are making the request for a grant rather than a loan as this site was purchased and developed under HUD's Conventional Public Housing program. As such, the property cannot be encumbered with additional debt or affordability requirements beyond those required by HUD's Public Housing program. Since this property is encumbered with a

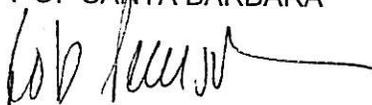
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HUD Declaration of Trust (DOT), all of the units, including the proposed two new units, must be operated in accordance with the rules and requirements that govern the HUD Public Housing program. This means that all of the units must be rented to lower income households at no more than 30% of household income. Because of HUD's existing (and strict) affordability controls, we must ask that any City required affordability covenant simply reference the fact that the two new units, partially financed by the RDA, are to be operated by the Housing Authority's in accordance with HUD's Conventional Public Housing program.

If City/RDA staff deem this request to be reasonable and appropriate, we would ask that it be placed before the City Council/RDA for consideration in the next 30 days as we would like to begin construction of these units as soon as possible. Thank you.

Sincerely,

HOUSING AUTHORITY OF THE  
CITY OF SANTA BARBARA



ROBERT G. PEARSON  
Executive Director/CEO

Encls.

cc: Housing Authority Commission

