

Business

Montecito Bank & Trust Aims to Bolster Affordable Housing Through Loan Program

By working with local housing authorities to finance acquisitions and rehabilitation projects, bank helps strengthen communities it serves



Montecito Bank & Trust senior vice president Clyde Freeman manages construction and community lending at the bank. "One way of being a good corporate citizen is helping to improve communities by financing affordable housing development," he says. (Montecito Bank & Trust photo)

By Maura Fox, Noozhawk Contributing Writer | @NoozhawkNews | September 7, 2019 | 11:30 a.m.



[Noozhawk's note: Fourth in a series. [Click here for the first article](#), [click here for the second](#) and [click here for the third](#).]

When the **Housing Authority of the City of San Buenaventura** purchased a new building in Ventura in April, the organization knew it was a risky endeavor.

The building — located at 1238-1280 N. Ventura Ave., a few blocks south of Stanley Avenue in western Ventura — **had a notorious history** as a site of frequent drug use, and had hundreds of health and safety code violations. Many tenants were living in cramped, doubled and tripled rooms that lacked bathrooms.

"We looked at it as a key purchase for an anchor in that area," said Denise Wise, the housing authority's chief executive officer.

The Ventura Housing Authority provides affordable housing for the community's most vulnerable residents, including low-income individuals, the formerly homeless and those with mental illness.

The need for affordable housing has increased exponentially throughout California and across the country over the past decades.

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Gov. Gavin Newsom has made the statewide housing crisis a top priority since taking office in January — setting a goal of 3.5 million new units by 2025 — but the struggle continues for millions of Californians.

In fact, California communities are issuing residential building permits at a slower rate than they did last year, approving an average of 111,000 new residential building units per year so far in 2019, according to data from the California Department of Finance. This is a 12.2 percent decrease from the same period in 2018.

As construction moves slowly in some cities and remains stagnant in others, affordable housing grants and loans provided by the state and through local banks have become even more valuable.

Wise says the Ventura Housing Authority could not have purchased the North Ventura Avenue building without the financial and community support from Montecito Bank & Trust. The bank eagerly worked to approve the Housing Authority's loan request to help finance the building, she said.

"They understood what it meant to the community," Wise said of the troubled building. "We probably would have had to go through a few more hoops with another bank. They (Montecito) really do take interest and care in the communities they serve."

Montecito Bank & Trust's community outreach spans financial literacy classes for students and families to affordable housing loans and its Community Dividends program, which awards an annual total of \$1 million to hundreds of organizations that serve low- and moderate-income individuals and families in Santa Barbara and Ventura counties.

"One way of being a good corporate citizen is helping to improve communities by financing affordable housing development," said Clyde Freeman, Montecito Bank & Trust's senior vice president and manager of construction and community lending.

The affordable housing loans are offered for 15-year terms through the Affordable Housing Program from the Federal Home Loan Banks (FHLB). Local housing developers can request construction or rehabilitation funds through Montecito Bank & Trust, which acts as a conduit between the housing developer — such as the Housing Authority — and the FHLB.

All loan applications are reviewed and approved by the FHLB, though the local bank will assist in the process. After compliance with FHLB requirements over the 15 year-term, the loan essentially becomes a grant and is forgiven.

There are also no-loan payments or accrued interest during the 15-year period.

In addition to affordable housing loans, Freeman said the bank also provides grants for other aspects of community development, including helping homeless individuals move into affordable housing, as well as assisting with down payments for homeownership.

Most recently, the bank's grants went to Santa Paula for homes built by Habitat for Humanity of Ventura County.

The diversity of California's cities poses an additional challenge to the housing crisis, Wise said, because each city needs different solutions. For example, the housing crisis in Santa Barbara and Ventura counties was exacerbated after the 2017 Thomas Fire and the subsequent flash flooding and mud and debris flows in Montecito.

"The natural disasters have impacted things," Wise said. "People who lived in homes that burned needed places to live."

The City of Santa Barbara has taken steps to mitigate housing costs — including the recent approval of an "inclusionary housing" ordinance that would require developers to put limits on the amount of rents they charge some tenants.

The issue remains far from solved, however.

The statewide housing crisis is "drastically underserved" and construction costs continue to rise, Freeman said. Support from organizations like Montecito Bank & Trust and the Ventura Housing Authority will hopefully help ease the worries of Californians who remain uncertain about the future of their housing.



Elizabeth Wagner

"I typically do whatever it takes to properly expose the property and get it out to the widest possible audience."

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"We are very focused on the various communities (where) we have branches and the ones where our employees live," he said. "Giving back to our communities helps to strengthen who we are."

— *Noozhawk* contributing writer Maura Fox can be reached at news@noozhawk.com. Follow Noozhawk on Twitter: [@noozhawk](https://twitter.com/noozhawk), and connect with *Noozhawk* on Facebook.

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NOOZHAWK ASKS: WHAT'S YOUR QUESTION?

Welcome to **Noozhawk Asks**, a new feature in which you ask the questions, you help decide what Noozhawk investigates, and you work with us to find the answers.

Here's how it works: You share your questions with us in the nearby box. In some cases, we may work with you to find the answers. In others, we may ask you to vote on your top choices to help us narrow the scope. And we'll be regularly asking you for your feedback on a specific issue or topic.

We also expect to work together with the reader who asked the winning questions to find the answer together. Noozhawk's objective is to come at questions from a place of curiosity and openness, and we believe a transparent collaboration is the key to achieve it.

The results of our investigation will be published here in this Noozhawk Asks section. Once or twice a month, we plan to do a review of what was asked and answered.

Thanks for asking!

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