



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

Department Name: Housing & Com Dev  
Department No.: 055  
For Agenda Of: November 15, 2011  
Placement: Administrative  
Estimated Tme:  
Continued Item: No  
If Yes, date from:  
Vote Required: Majority

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**TO:** Board of Supervisors

**FROM:** Department Sharon Friedrichsen, Interim Director, 568-2068  
Director(s)  
Contact Info: Margo Wagner, Housing Program Specialist II, 568-3529

**SUBJECT: Rancho Hermosa HOME Investment Partnerships Program (HOME) Loan Agreement (Fifth Supervisorial District)**

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**County Counsel Concurrence**

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- A. Approve and authorize the Chair of the Board of Supervisors to execute a Loan Agreement in the Amount of \$1,022,176 (Attachment A), a 55 year HOME Regulatory Agreement (Attachment B) and a 55 year In-Lieu Regulatory Agreement (Attachment C) with McClelland Santa Maria, L.P., a California limited partnership.
- B. Authorize the Interim Director of Housing and Community Development to execute one Subordination Agreement for this project in a form approved by County Counsel, for a loan by the California Tax Credit Allocation Committee (TCAC).

**Summary Text:**

The proposed Loan Agreement (Attachment A) sets forth the terms of two proposed loans totaling \$1,022,176 (Attachment A) to McClelland Santa Maria, L.P. from two funding sources:

- Local Affordable Housing Funds (Local Funds), in the amount of \$450,000; and
- Federal HOME Investment Partnerships Program (HOME) funds in the amount of \$572,176.

The proposed HOME and in lieu fund loans are consolidated into one Loan Agreement. Both loans are in the form of a 55-year deferred, 4.5% simple interest, residual receipts loan. The loans will be subordinate to the Deed of Trust of the tax credit allocation committee. The proposed regulatory agreements (Attachments B and C) restrict 11 units in the project to very low income households for a period of 55 years pursuant to the HOME loan and 11 additional units to very low income households for 55 years pursuant to the in lieu loan.

**Background:**

Located in the City of Santa Maria, Rancho Hermosa involves the permanent financing of a new mixed-use project including 47 affordable rental units and resident-serving community facilities on a formerly vacant 2.87 acre parcel of land. The project is currently under construction and occupancy has begun as of the first week of November, 2011 and is expected to continue through the 2<sup>nd</sup> week of December, 2012. On June 16, 2009, the Board of Supervisors entered into a \$477,077 HOME Commitment Agreement with the former project sponsor, Santa Barbara Housing Assistance Corporation (SBHAC), for the project. Since that time, the project sponsorship has changed to a California limited partnership-McClelland Santa Maria, L.P. with Surf Development Company, a local CHDO, serving as managing general partner. On August 9, 2011, the Board of Supervisors approved and executed an Amendment to the HOME Commitment Agreement with McClelland Santa Maria, L.P. for the Rancho Hermosa Project, extending the term of the Agreement to June 30, 2012, increasing the amount of HOME funding commitment to \$572,176 and reflecting a change in the project sponsor.

A negative declaration for this project was prepared and adopted by the City of Santa Maria and subsequently approved adopted by the Board on June 18, 2009.

**Performance Measure:**

**Fiscal and Facilities Impacts:**

Budgeted: Yes

**Fiscal Analysis:**

Narrative:

Ten percent of all HOME Program funds received are retained by County HCD for administration of the HOME Program, including preparation and execution of the subject agreements

**Staffing Impacts:**

None

**Special Instructions:**

- Execute three (3) original copies of each of Attachments A, B, and C and contact Margo Wagner at ext. 3529 to pick up two (2) original copies of each.
- Provide a copy of the minute order reflecting Board action.

**Attachments:**

- Attachment A: Loan Agreement
- Attachment B: HOME Regulatory Agreement
- Attachment C: In-Lieu Regulatory Agreement
- Attachment D: Board of Supervisors Minute Order dated June 16, 2009
- Attachment E: Board of Supervisors Minute Order dated August 9, 2011

**Authored by:**

Margo Wagner, Housing Program Specialist II

**cc:**

John Polanskey, Housing Authority of the County of Santa Barbara