



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: Yes
If Yes, date from: November 8, 2011
Vote Required: Majority

TO: Board of Supervisors

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

SUBJECT: **Braddock House HOME Investment Partnerships Program (HOME) Loan Agreement (Second Supervisorial District)**

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

Approve and authorize the Chair of the Board of Supervisors to execute a Loan Agreement in the amount of \$235,000 (Attachment A), and 55 year HOME Regulatory Agreement (Attachment B) with Surf Development Company for the Braddock House Project.

Summary Text:

The County of Santa Barbara is the lead agency in the Santa Barbara County HOME Consortium and receives annual HOME program funds from the US Department of Housing and Urban Development (HUD) for the purpose of expanding the supply of affordable housing. The Braddock House Project has received a reservation of HOME funding totaling \$235,000. The recommended action by the Board of Supervisors will commit the funding through a Loan Agreement and Regulatory Agreement, which govern the loan terms and ongoing 55 year affordability restrictions respectively. When the Loan Agreement and HOME Regulatory Agreement was brought to the Board on November 8th, it had a 30 year affordability period and the Board directed staff to investigate whether the affordability period could be increased to 55 years. The applicant agreed to the proposed change and staff confirmed that there were no regulatory rules that would prohibit it. The documents attached have therefore been

revised to reflect a 55 year affordability term. The repayment term of the residual receipt loan is still 30 years.

Background:

Located in the City of Goleta at 5575 Armitos Avenue, the Braddock House Project involves new construction of a four-bedroom housing facility specifically designed to meet the needs of persons with developmental disabilities. The City of Goleta, as a member of the HOME Consortium, has dedicated a portion of its HOME allocation to the Braddock House Project. As the lead agency within the HOME Consortium, the County is responsible for administration of the program, including preparation of loan and regulatory documents and project monitoring and compliance. The Board of Supervisors entered into a HOME Commitment Agreement and Commitment Amendments on June 16, 2009, July 27, 2010, and August 9, 2011 respectively, with Surf Development Company for Braddock House, committing an aggregate of \$235,000 of the City of Goleta HOME funds. While the Project construction is now complete, the Surf Development paid for construction costs through a construction loan with the Housing Authority and is now requiring funds for permanent financing. The total allocation of HOME funds is included within the Loan Agreement, which is in the form of a 30-year 3% simple interest, residual receipts loan. This means that annual loan payments will be paid only out of residual receipts which equal the excess of annual revenues minus operating expenses. All unpaid principal and interest however will be due at the end of the loan term. The County will be in the senior lender on the loan. The Braddock House units must remain affordable for a period of 55 years.

This project was found by the Board of Supervisors to be exempt from CEQA under CEQA Guideline Section 15332 at its June 16, 2009 hearing on the Commitment Agreement.

Performance Measure:

Housing and Community Development requires submission of annual reports and financial statements to include occupancy reports, and other management reports as well as on site compliance and monitoring per HUD's requirements which govern the frequency on monitoring property standards and tenant file review.

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. If affordability restrictions on the property are eliminated before a 20 year HUD required affordability period, the County could be subject to repayment obligations to HUD.

Staffing Impacts: N/A

Special Instructions:

- Execute three (3) original copies of each of Attachments A and B 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

Braddock House Loan Agreement

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Attachments:

- A) Braddock House Loan Agreement
- B) Braddock House Regulatory Agreement

Authored by:

Margo Wagner, Housing Program Specialist II

cc: Jaime Valdez, Management Analyst, City of Goleta
John Polansky, Housing Authority of the County of Santa Barbara