



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 & Comm Dev
Department No.: 055
For Agenda Of: 11/14/2006
Placement: Administrative
Estimate Time: None
Continued Item: NO
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director(s) Ronald S. Cortez, Interim Director
Housing and Community Development
Contact Info: Patricia Gabel, Housing Finance Division Manager
ext. 3522
SUBJECT: Deferment of Bridgehouse Homeless Day Center and Shelter Loan (4th District)

County Counsel Concurrence:

As to form: Yes No N/A

Auditor-Controller Concurrence:

As to form: Yes No N/A

Other Concurrence: Risk Management

As to form: Yes No N/A

Recommended Action(s):

That the Board of Supervisors:

1. Approve the attached agreement (Attachment A) to allow Lompoc Housing and Community Development Corporation to defer repayment of their existing loan with the County for the Bridgehouse Homeless Day Center and Shelter for an additional five years, and
2. Authorize the Board Chairperson to execute Attachment A.

Summary:

On September 5, 2006 Susan Ehrlich, Executive Director of Lompoc Housing and Community Development Corporation (LHCDC), submitted a letter to County Housing and Community Development Department requesting an additional 5 year deferment of the Bridgehouse Homeless Day Center and Shelter Loan. The loan had already been deferred for the first five years of the loan.

Staff evaluated the performance of Bridgehouse in accordance with the criteria for any extension request of the loan deferral set forth in the Loan Agreements. Bridgehouse was found to have been continuously utilized as a Homeless Day Center and Shelter and Transitional Facility consistent with the original project proposal. LHCDC was also found to have operated the project consistent with its County – approved Program Plan.

Deferment of Bridgehouse Homeless Day Center and Shelter Loan (4th District)

11/14/2006

Page 2 of 4

Background:

On June 19, 2001 the Board of Supervisors approved a loan in the amount of \$562,500, comprised of \$462,500 Community Development Block Grant and \$100,000 Lompoc Valley Housing Market Area funds, to LHCDC for the acquisition of property located at 2025 Sweeney Road in Lompoc for the operation of the Bridgehouse Homeless Day Center and Shelter. Terms of the loan were as follows: 1) a deferred, 3% interest, 30-year loan, and 2) the deferment was reviewable every five years with the County retaining the option to forgive the loan at the end of the 30-year term. The loan was funded and escrow closed June 29, 2001. The Loan Agreement governing the award of funds established criteria to be used in the evaluation of any extension request of the loan deferral. The evaluation was to include 1) the continuous usage of the facility consistent with the original proposal, and 2) the degree that the facility is operated consistent with its Program Plan.

Fiscal and Facilities Impacts:

Budgeted: Yes No

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost FY 2000-01</u>
General Fund	\$ -	\$ -	\$ -
State	\$ -		\$ 462,500.00
Federal			
Fees			
Other:	\$ -		\$ 100,000.00
Total	\$ -	\$ -	\$ 562,500.00

Narrative: The two loans totaling \$562,500 were made in 2001. The loan repayment plus accrued interest will remain a lien against the property until they repay the loan or it may be forgiven by the County in 2031. There is no anticipated HCD income budgeted from this Loan and, therefore, no cost of deferring the loan. Homeless shelters and transitional facilities serving formerly homeless persons cannot charge rent so there is no cash flow to repay a loan. Shelters and facilities charging rent are not competitive to receive critical support services funding through the State of California's Emergency Housing Assistance Program (EHAP) and Federal Emergency Services Grant (FESG).

Staffing Impact(s):

Legal Positions:

0

FTEs:

0

Special Instructions:

Execute three original Agreements to Exercise Deferment. Call Miriam Gallardo at 3529 to pick up two original Agreements.

Attachments:

A. Three Agreements to Exercise Deferment

Authored by: Patricia Gabel, ext. 3522

Attachment A

Agreement to Exercise Deferment

This agreement to exercise a deferment is made by and between the County of Santa Barbara, a political subdivision of the State of California (hereinafter referred to as "County") and Lompoc Housing and Community Development Corporation, a California non profit public benefit corporation (hereinafter referred to as "LHCDC").

Witnesseth

WHEREAS, LHCDC executed a promissory note (Note) and Loan Agreement (Local Agreement) for the sum of One Hundred Thousand Dollars (\$100,000) of Local Housing Trust Funds and a promissory note (Note) and Loan Agreement (CDBG Agreement) for the sum of Four Hundred Sixty Two Thousand Five Hundred Dollars (\$462,500) of State Community Development Block Grant Funds.

WHEREAS, pursuant to the Loan Agreements and Notes, County loaned to LHCDC the total sum of Five Hundred Sixty Two Thousand Five Hundred Dollars (\$562,500) (hereinafter the "Loans") for the purpose of assisting LHCDC in the purchase and rehabilitation of a site and operate a homeless day center and shelter, and

WHEREAS, pursuant to the Local and CDBG Agreements and Local and CDBG Notes, loan payments to the County can be deferred for the first five years of the thirty year loan term, and

WHEREAS, pursuant to the Local and CDBG Agreements and Local and CDBG Notes, the County may elect to allow the Loan payments to be deferred for additional five (5) year periods, and

WHEREAS, pursuant to the Local and CDBG Agreements and Local and CDBG Notes, criteria to be used in the evaluation of such extension of the loan deferral shall include, but need not be limited to, 1) the continuous usage of the facility consistent with the original proposal and; 2) the degree that the facility is operated consistent with the submitted Program Plan, and

WHEREAS, the homeless day center and shelter have been rehabilitated and are now in operation and provide shelter and support services to homeless persons in the County of Santa Barbara, and

WHEREAS, the homeless day center and shelter have been found to be in continuous usage consistent with the original proposal and that the homeless day center and shelter provision of housing and services have been found to be consistent with the Program Plan, and

WHEREAS, the operating costs of the homeless day center and shelter are such that the assumption of loan payments to the County by LHCDC would result in harmful cutbacks in services to the homeless clients of LHCDC and detrimentally impact County residents, and

WHEREAS, pursuant to the Local and CDBG Agreements and Local and CDBG Notes, County and LHCDC mutually agree that the County will defer repayment of the Loan for an additional 5 year period.

NOW THEREFORE, LHCDC and the County agree to the following:

1. The above recitals are true and correct.
2. Payments of principal and interest under the Local and CDBG Agreements and Local and CDBG Notes are hereby deferred for a period of five years starting retroactively on June 23, 2006 (the Deferral Period). If the Loans are in default at that time as defined under the Loan Agreement, the County shall have the option of requiring immediate repayment of all principal and interest.

Deferment of **Bridgehouse Homeless Day Center and Shelter Loan (4th District)**

11/14/2006

Page 4 of 4

IN WITNESS WHEREOF, County and LHCDC have caused this Loan Amendment to be executed by their duly authorized representatives.

COUNTY OF SANTA BARBARA
a political subdivision of the
State of California

LHCDC:
Lompoc Housing and Community
Development Corporation
a California nonprofit public benefit corporation

By: _____
Joni Gray, Chairperson of the
Board of Supervisors of the
County of Santa Barbara

By: _____

Its: _____

ATTEST:

Michael F. Brown
Clerk of the Board

By: _____
Chief Deputy Clerk of the Board

APPROVED AS TO FORM:

APPROVED AS TO FORM:

STEPHEN SHANE STARK
COUNTY COUNSEL

BOB GEIS
AUDITOR CONTROLLER

By: _____
Deputy County Counsel

By: _____
Specialty Accounting Division Chief

APPROVED AS TO FORM:

RAY AROMATORIO
RISK MANAGER

By: _____
Its: _____

Agreement to Exercise Deferment

This agreement to exercise a deferment is made by and between the County of Santa Barbara, a political subdivision of the State of California (hereinafter referred to as “County”) and Lompoc Housing and Community Development Corporation, a California non profit public benefit corporation (hereinafter referred to as “LHCDC”).

Witnesseth

WHEREAS, LHCDC executed a promissory note (Note) and Loan Agreement (Local Agreement) for the sum of One Hundred Thousand Dollars (\$100,000) of Local Housing Trust Funds and a promissory note (Note) and Loan Agreement (CDBG Agreement) for the sum of Four Hundred Sixty Two Thousand Five Hundred Dollars (\$462,500) of State Community Development Block Grant Funds.

WHEREAS, pursuant to the Loan Agreements and Notes, County loaned to LHCDC the total sum of Five Hundred Sixty Two Thousand Five Hundred Dollars (\$562,500) (hereinafter the “Loans”) for the purpose of assisting LHCDC in the purchase and rehabilitation of a site and operate a homeless day center and shelter, and

WHEREAS, pursuant to the Local and CDBG Agreements and Local and CDBG Notes, loan payments to the County can be deferred for the first five years of the thirty year loan term, and

WHEREAS, pursuant to the Local and CDBG Agreements and Local and CDBG Notes, the County may elect to allow the Loan payments to be deferred for additional five (5) year periods, and

WHEREAS, pursuant to the Local and CDBG Agreements and Local and CDBG Notes, criteria to be used in the evaluation of such extension of the loan deferral shall include, but need not be limited to, 1) the continuous usage of the facility consistent with the original proposal and; 2) the degree that the facility is operated consistent with the submitted Program Plan, and

WHEREAS, the homeless day center and shelter have been rehabilitated and are now in operation and provide shelter and support services to homeless persons in the County of Santa Barbara, and

WHEREAS, the homeless day center and shelter have been found to be in continuous usage consistent with the original proposal and that the homeless day center and shelter provision of housing and services have been found to be consistent with the Program Plan, and

WHEREAS, the operating costs of the homeless day center and shelter are such that the assumption of loan payments to the County by LHCDC would result in harmful cutbacks in services to the homeless clients of LHCDC and detrimentally impact County residents, and

WHEREAS, pursuant to the Local and CDBG Agreements and Local and CDBG Notes, County and LHCDL mutually agree that the County will defer repayment of the Loan for an additional 5 year period.

NOW THEREFORE, LHCDL and the County agree to the following:

1. The above recitals are true and correct.
2. Payments of principal and interest under the Local and CDBG Agreements and Local and CDBG Notes are hereby deferred for a period of five years starting retroactively on June 23, 2006 (the Deferral Period). If the Loans are in default at that time as defined under the Loan Agreement, the County shall have the option of requiring immediate repayment of all principal and interest.

(INTENTIONALLY LEFT BLANK)

IN WITNESS WHEREOF, County and LHCDC have caused this Loan Amendment to be executed by their duly authorized representatives.

COUNTY OF SANTA BARBARA
a political subdivision of the
State of California

By: _____
Joni Gray, Chairperson of the
Board of Supervisors of the
County of Santa Barbara

ATTEST:

Michael F. Brown
Clerk of the Board

By: _____
Chief Deputy Clerk of the Board

APPROVED AS TO FORM:

STEPHEN SHANE STARK
COUNTY COUNSEL

By: _____
Deputy County Counsel

APPROVED AS TO FORM:

RAY AROMATORIO
RISK MANAGER

By: _____
Its _____

LHCDC:

Lompoc Housing and Community
Development Corporation
a California nonprofit public benefit corporation

By: _____

Its: _____

APPROVED AS TO FORM:

BOB GEIS
AUDITOR CONTROLLER

By: _____
Specialty Accounting Division Chief