



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: Community Services  
Department No.: 057  
For Agenda Of: June 4, 2013  
Placement: Administrative  
Estimated Tme:  
Continued Item: No  
If Yes, date from:  
Vote Required: Majority

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**TO:** Board of Supervisors  
**FROM:** Department Herman Parker, Community Services Director (805) 568-2467  
Director(s)  
Contact Info: Dinah Lockhart, Deputy Director of HCD (805) 568-3523  
**SUBJECT:** Execution of a subordination agreement with Rabobank, N.A., concerning Paradise Ivy, LLC's development of Six Affordable Housing Units at 909 Embarcadero del Mar in Isla Vista, Third Supervisorial District

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**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: N/A

**Other Concurrence:**

As to form: N/A

**Recommended Actions:**

That the Board of Supervisors:

- A. Approve and authorize the Chair of the Board of Supervisors to execute a Subordination Agreement (Attachment A) between the County and Rabobank, N.A., that subordinates the County's existing loan to Paradise Ivy, LLC in the amount of \$717,000 to Rabobank's new permanent financing loan to Paradise Ivy, LLC, in the amount of \$5,500,000; and
- B. After considering the previously certified Environmental Impact Report (EIR) for the Isla Vista Master Plan (03-EIR-08), determine pursuant to Public Resources Code sections 21090(b) and 21166 and CEQA Guidelines section 15162 that no subsequent EIR or Negative Declaration shall be prepared for this project.

**Summary Text:**

The County has an existing Promissory Note secured with a Permanent Deed of Trust, Assignment of Rents and Security Agreement and a Regulatory Agreement on the real property located at 909 Embarcadero del Mar in Isla Vista. As a condition of providing a new permanent financing loan to Paradise Ivy, LLC, Rabobank is requiring that County execute the Subordination Agreement, which will then place Rabobank's new permanent financing loan in the first lien position. Absent the

Subordination Agreement, Rabobank's new permanent financing loan would be in a junior position to the County's existing loan.

Currently, the County's loan to Paradise Ivy, LLC is in second lien position on the property title. County's execution of the Subordination Agreement would not ultimately change the County's lien position, which would continue to be in second lien position.

**Background:**

On July 14, 2009, the Board of Directors of the Santa Barbara County Redevelopment Agency (RDA) approved and executed an Owner Participation Agreement and Regulatory Agreement and Declaration of Restrictive Covenants with Paradise Ivy, LLC. The Owner Participation Agreement provided a \$717,000 loan of Isla Vista Project Area Redevelopment Agency Affordable Housing funds for development of six (6) studios that are rental housing units affordable to low-income households earning less than 75% of the Area Median Income. On June 15, 2010, the Board of Directors of the Santa Barbara County RDA authorized a future subordination of the RDA's loan to a permanent financing loan.

On January 10, 2012, the Board of Supervisors adopted Resolution 12-7 designating the County as the Successor Housing Agency to the former RDA upon its dissolution on February 1, 2012. As such, the County retained the housing assets and functions of the RDA pursuant to Health and Safety Code Section 34176(a) which allows the County to execute the housing powers previously performed by the RDA under California Redevelopment Law.

**Fiscal and Facilities Impacts:**

Budgeted: Yes **Fiscal Analysis:** Funds were reserved for use by Paradise Ivy, LLC at the time the Owner Participation Agreement and Regulatory Agreement and Declaration of Restrictive Covenants were executed in July 2009. There are no additional costs associated with County's execution of the Subordination Agreement with Rabobank.

**Special Instructions:**

- Execute two (2) original copies of the Subordination Agreement (Attachment A) and contact Margo Wagner at ext. 3529 to pick up one (1) original copy
- Provide a copy of the minute order reflecting Board Action to CSD, attn: Margo Wagner

**Attachments:** Attachment A - Subordination Agreement

**Authored by:**

Margo Wagner, Housing Program Specialist II

**cc:**

Mike Munoz, Deputy County Counsel