



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
Department No.: 057
For Agenda Of: March 13, 2012
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Herman Parker, Community Services Director (805) 568-2467
Director(s)
Contact Info: Sharon Friedrichsen, Deputy Director (805) 568-3520
SUBJECT: Dahlia Court II (Expansion) Subordination Agreements

County Counsel Concurrence

As to form: Yes

Other Concurrence:

As to form: Risk-Management

Recommended Actions:

That the Board of Supervisors:

- A. Approve and authorize the Chair of the Board of Supervisors to execute one Subordination Agreement (Attachment A), for a construction loan by Rabobank, N.A., in the amount of \$10,522,000;
- B. Authorize the Director of the Community Services Department or his/her designee to execute a Consent and Subordination to the Easement, Joint Use and Maintenance Agreement (Attachment B); and
- C. Authorize the Community Services Director to enter into a subordination agreement with a permanent lender after the completion of construction of the Project in a form approved by County Counsel.

Summary Text:

The People's Self-Help Housing Corporation (PSHHC) is developing the Dahlia Court Expansion Project, which involves the construction of 33 units of affordable housing on property located within the City of Carpinteria. This project compliments the existing Dahlia Court Apartments complex of 55 affordable housing units. Since the County has existing loans recorded against the Project, the construction lender is requiring that the above actions be taken as a condition of it providing its loan.

Background:

On June 1, 2010, the Board of Supervisors approved the use of federal affordable housing funds through the HOME Investment Partnership Act (HOME) and community development block grant (CDBG) for the Dahlia Court Expansion Project, or Dahlia Court II. The Board approved the commitment of additional HOME and CDBG funds to this project on February 14, 2012. Currently, the County's loans are in first position and the County is being requested to subordinate to the private lender for a new construction loan, which would place the County in second position.

In addition, the construction lender is requiring an Easement, Joint Use and Maintenance Agreement ("Agreement") that will provide an easement for pedestrian and vehicular access as necessary between Dahlia Court I and Dahlia Court II, which also requires the County's consent.

If the Board chooses not to agree to subordinate to the private lender or subsequent permanent financing, the project will not move forward and the funds must be reprogrammed to another eligible project for immediate expenditure or risk recapture of funding by HUD for non-expenditure.

Performance Measure:

N/A

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

Ten percent of all HOME program funds received are retained by County CSD for administration of the HOME Program.

Staffing Impacts:

None

Special Instructions:

- Execute three (3) original copies of Attachment A and contact Margo Wagner at ext. 3529 to pick up two (2) original copies
- Provide a copy of the minute order reflecting Board Action

Attachments:

Attachment A: Subordination Agreement

Attachment B: Easement, Joint Use and Maintenance Agreement

Authored by:

Margo Wagner, Housing Program Specialist II

CC:

Mark Wilson, Peoples' Self Help Housing
Jackie Campbell, City of Carpinteria