

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



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

Agenda Number:
Prepared on: March 18, 2005
Department Name: Housing and Community
Development
Department No.: 055
Agenda Date: March 22, 2005
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Edward Moses, Director
Housing and Community Development

STAFF CONTACT: Tim Wong
ext. 3523

SUBJECT: Subordination of existing CDBG loan for Ellwood Apartments (3rd District)

Recommendation(s):

That the Board of Supervisors:

- A. Approve the subordination of the County's existing \$277,500 loan to the Montecito Bank and Trust loan for the Ellwood Apartment project
- B. Authorize Housing and Community Development to execute the subordination agreements, consistent with the terms and conditions detailed in this Board letter

Alignment with Board Strategic Plan:

The recommendation(s) are primarily aligned with Goal No. 7. Strengthen the Safety and Well-Being of Children and Their Families to Ensure a Strong Future for our Community

Executive Summary and Discussion:

Peoples' Self Help Housing Corporation received a \$277,500 County loan for the site acquisition of the Ellwood Apartments project in March 2004. They have secured financing from the Montecito Bank and Trust for a loan of \$572,000 to construct the eight affordable units. As a condition of the Montecito Bank loan, the existing County loan would need to be subordinate to the private loan.

The County was just notified that the Montecito Bank loan terms were set to expire at the end of March, 2005. To meet the deadline of Montecito Bank, the subordination has been brought before your Board for your consideration at this late date. Because of the time issues, the subordination document will be available until Monday, March 21, 2005 at which time it will be forwarded for review.

Additional subordination requirements from other funding sources may be brought before your Board in the future.

Mandates and Service Levels:

No changes to programs or service levels.

Fiscal and Facilities Impacts:

This project will increase the supply of affordable housing for household in the South County and insure its long term affordability.

The potential risk to the County subordinating the loan is minimal. Because of the low acquisition price, rapidly appreciating value of the property, the County should be able recapture its funds in the event that the project fails. Staff has performed the due diligence in reviewing this loan prior recommending approval to the Affordable Loan Committee.

Special Instructions:

None

Concurrence:

Auditor-Controller