

**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:** 3/23/04  
**Department Name:** HCD  
**Department No.:** 055  
**Agenda Date:** 4/6/04  
**Placement:** Administrative  
**Estimate Time:**  
**Continued Item:** NO  
**If Yes, date from:**

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**TO:** Board of Supervisors

**FROM:** Ed Moses, Director  
Housing and Community Development Department

**STAFF CONTACT:** Tim Wong  
ext. 3523

**SUBJECT:** Deferral of Transition House loan

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**Recommendation(s):**

That the Board of Supervisors:

- A. Authorize the Director of Housing and Community Development to execute a loan amendment to defer repayment of a loan made by the County to Transition House in 1992 for twenty years at the end of which time it will be forgiven, as set forth in the attached Loan Amendment (Attachment A)

**Alignment with Board Strategic Plan:**

The recommendation(s) are primarily aligned with Goal No. 5. Maintain and Enhance the Quality of Life for all Residents.

**Executive Summary and Discussion:**

Housing and Community Development is requesting that the County defer the loan made by the County to Transition House in 1992 in the amount of \$190,000. The terms of the loan were a 5%, thirty year, amortized loan with a deferral of payments during the first five years. After the deferral period expired, Transition House made three good faith payments under the loan but was unable to continue making loan payments because the project generated no revenue as a homeless shelter. As a result, in 1997 Transition House requested an additional five-year deferment period. Your Board approved that request in October 1997. This second five-year deferment period expired January 17, 2003.

Realizing that the deferral period was soon to expire, the Executive Director of Transition House met with the Director of Housing and Community Development to discuss the various options regarding repayment of

the loan. It was decided that Transition House would conduct a fundraiser specifically for the purpose of raising funds with which to repay the County loan. The fundraiser concluded at the end of August 2003. The fundraiser raised a total of \$15,472.09 which, under the terms of the proposed amendment will be paid to the County. The remaining loan balance will be deferred for twenty years at the expiration of which time it will be forgiven by the County. No interest will accrue during the deferral period.

All other conditions and restrictions of the loan agreement will still apply. Therefore, if Transition House materially defaults on the loan, it will become due and payable.

On March 18, 2004, the Affordable Housing Loan Committee reviewed and recommended deferral and the subsequent forgiveness of the loan with the following conditions:

- That the County extend the deferral period of the Transition House loan for twenty years retroactive to January 17, 2003,
- That at the end of the loan period, the loan will be forgiven, and
- That the terms of the Regulatory Agreement governing this project remain in place for the remainder of the loan term.

These conditions have been incorporated into the loan documents.

**Mandates and Service Levels:**

The Transition House loan is an optional program. There will be no changes to service levels.

**Fiscal and Facilities Impacts:**

Under the proposed Loan Amendment, the County will recoup \$15,472 of an existing loan balance of \$247,956 (including current accrued interest). That amount will be paid to the County now, and the remaining \$232,484 will be a lien against the property until it is forgiven in 2024.

**Special Instructions:**

None

**Concurrence:**

Auditor-Controller