



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:** July 21, 2015  
**Placement:** Administrative  
**Estimated Time:**  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors  
**FROM:** Department George Chapjian, Community Services Director (805) 568-2467  
Director(s)  
Contact Info: Dinah Lockhart, Deputy Director (805) 568-3523  
Margo Wagner Sr. Housing Program Specialist (805) 568-3529  
**SUBJECT: Braddock House Parcel 2 – Subordination of County Deed of Trust to Grant of Drainage Easement and Agreement Regarding Easement for the benefit of Parcel 1 owned by Surf Development which is contiguous to Parcel 2 (Second Supervisorial District)**

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**County Counsel Concurrence**

As to form: Yes

Other Concurrence: N/A

**Auditor-Controller Concurrence**

As to form: N/A

**Recommended Actions:**

That the Board of Supervisors:

- a) Approve and authorize the Chair to execute a Subordination Agreement (Attachment A) that subordinates the County's Deed of Trust to the Grant of Drainage Easement and Agreement Regarding Easement (Easement) (Attachment B);
- b) Determine that approval of the Subordination Agreement is not the approval of a project that is subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to the State Guidelines for the Implementation of CEQA Section 15378(b)(4), finding that the project is the creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment, and direct staff to file the Notice of Exemption (NOE) (Attachment C).

**Summary Text:**

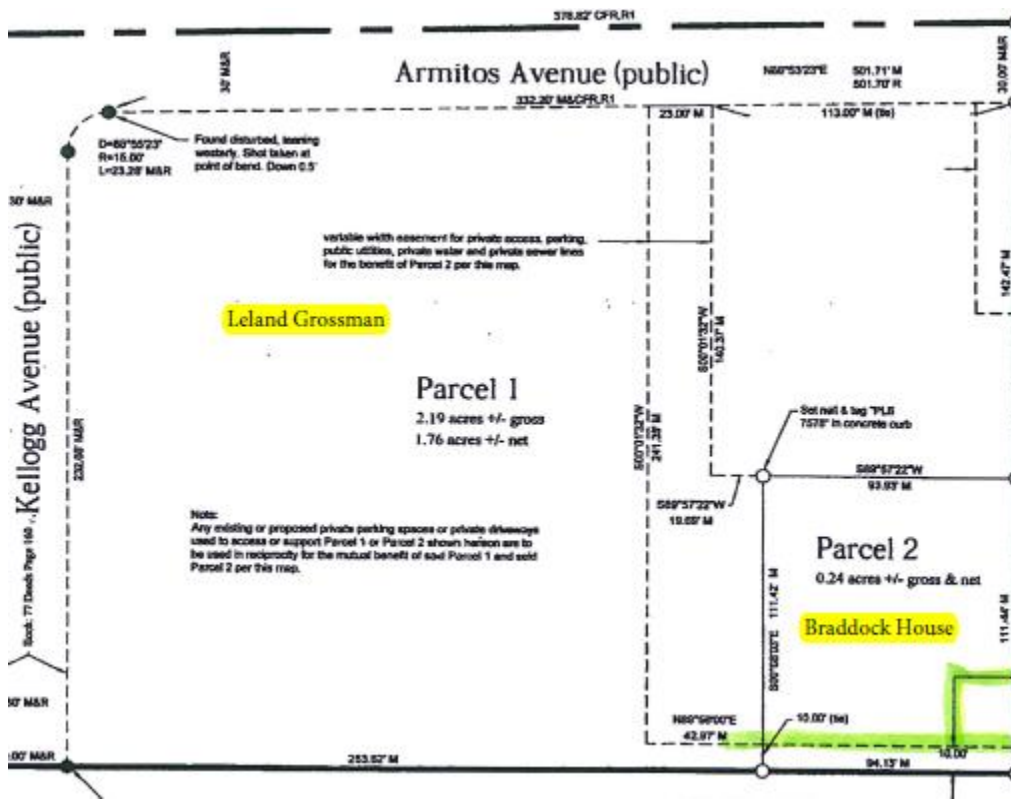
This action by the Board provides the authorization required for the subordination of the County's Deed of Trust to the Easement that was newly created as a result of a map modification.

**Background:**

Located in the City of Goleta at 5575 Armitos Avenue and situated on Parcel 2 in the diagram below, the Braddock House Project is a four-bedroom housing facility owned by Surf Development that is specifically designed to meet the needs of persons with developmental disabilities. The property is managed by the HACSB. In November, 2011, the Board approved and executed documents for the purpose of converting the private construction loan to a County permanent loan consisting of HOME funds in the amount of \$235,000 for the project. This HOME loan is secured by a HOME Deed of Trust.

The adjacent Leland Grossman property on Parcel 1 in the diagram below is currently owned by Leland Grossman Sandpiper, L.P., which was a partnership that was formulated in 2014. Both Surf Development and HACSB are the general partners. The County granted In-Lieu funds (In-Lieu) to the HACSB pursuant to a regulatory agreement entitled “Agreement to Grant Mitigation Funds” that imposed certain affordability restrictions on the use of Parcel 1 that are set to expire in August, 2015.

Surf Development granted the Easement on Parcel 2 for the benefit of Parcel 1 in November, 2014. The purpose of the Easement is to grant a non-exclusive 10’ foot easement over, under, across and through Parcel 2 for private drainage purposes for the benefit of Parcel 1. Leland Grossman Sandpiper, L.P. obtained permanent financing for rehabilitation on Parcel 1 in November, 2014. The permanent lender is requesting the County’s HOME Deed of Trust on Parcel 2 – which is currently superior to the Easement – to subordinate to the Easement so that, in the unlikely event of a foreclosure on Parcel 2, the Easement would not be removed in the foreclosure.



In addition to the County’s lien on Parcel 2 are two other loans: a City of Goleta RDA loan and a loan from HACSB that are both junior to the County’s loan on this parcel. Both of these lenders have also agreed to subordinate their respective deeds of trust to the drainage easement; the County’s lien will remain senior to these 2 junior loans. In addition to the County’s HOME Deed of Trust, there is a Regulatory Agreement recorded against Parcel 2 and a Loan Agreement that protect the County’s interests with respect to the HOME loan and ensure compliance with HUD requirements. The subordination agreement does not seek to subordinate these

documents because only the Deed of Trust and a foreclosure thereunder would jeopardize the Easement. If the County refuses to grant this subordination request, the permanent financing for Parcel 1 could be jeopardized.

**Risk Analysis:** The subordination agreement will result in the County's rights under the Deed of Trust becoming subordinate to the Easement; however the County's HOME loan will continue to remain superior to the RDA loan and the HACSB loan. The County's HOME loan being subordinate to the easement does not create any additional risk to the County.

**Fiscal and Facilities Impacts:**

Budgeted: Yes

**Fiscal Analysis:**

Ten percent of all HOME Program funds received are retained by County HCD for administration of the HOME Program, including preparation of board presentations and arranging for execution of the subject document.

**Key Contract Risks:**

n/a

**Staffing Impacts:**

HCD's Property Management / Inclusionary staff will charge the HOME administration account for work associated with this action. The existing HOME monitoring staffer, funded through the General Fund, will continue to monitor these units.

**Special Instructions:**

- Execute two (2) Original copies of Attachment A, and contact Margo Wagner at ext. 3529 to pick up one (1) original signed copy
- Provide a copy of the minute order reflecting board action

**Attachments:**

Attachment A – Subordination Agreement

Attachment B – Grant of Drainage Easement and Agreement Regarding Easement

Attachment C – CEQA Notice of Exemption

**CC:**

Scott Greenwood, Deputy County Counsel

Mark Manion, Price, Postel & Parma LLP

Bob Havlicek, Housing Authority of the County of Santa Barbara