



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: February 14, 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, HCD Deputy Director 568-2068
**SUBJECT: Dahlia Court II (Expansion) HOME Investment Partnerships Act (HOME) and
Community Development Block Grant (CDBG) Assignment, Assumption and
Modification Agreement (First Supervisorial District)**

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- A. Approve and authorize the Chair of the Board of Supervisors to execute an Assignment, Assumption and Modification Agreement to add an additional \$226,000 of HOME Funds to the Dahlia Court II Project and to make other minor amendments to the executed HOME loan documents (Attachment A); and
- B. Approve and authorize the Chair of the Board of Supervisors to execute an Assignment, Assumption and Modification Agreement to add an additional \$125,000 of CDBG Funds to the Dahlia Court II Project and to make other minor amendments to the executed CDBG loan documents (Attachment B).

Summary Text:

The Dahlia Court Expansion Project involves construction of 33 units of affordable housing on property located in the City of Carpinteria, complimenting the pre-existing Dahlia Court Apartments complex of 55 units. These units will be constructed on three parcels between the existing Dahlia Court Apartments located at 1300 Dahlia Court and U.S. Highway 101. On June 1, 2010, the Board of Supervisors approved HOME and Community Development Block Grant (CDBG) Loan and Regulatory Agreements

for this project. The proposed Assignment, Assumption and Modification Agreements (Attachments A and B) will amend the existing executed loan agreements, regulatory agreements, notes and deeds of trust to reflect additional funding reserved for this project as part of the 2011 Board adopted Action Plan. The proposed modification does not change the terms of the loan or regulatory agreements. The original documents approved in 2010 were with People's Self Help Housing Corporation (PSHHP). Since then, PSHHP has created a limited liability partnership, Dahlia Court II, L.P. and the proposed modification will transfer the assignment of rights and liabilities from PSHHP to Dahlia Court II, LLP.

Background:

On June 1, 2010, the Board approved a HOME loan of \$972,116 and a Community Development Block Grant (CDBG) loan of \$446,489 for the Dahlia Court Expansion project to acquire property and pay for project development costs. Both HOME and CDBG are federal entitlement funds from the US Department of Housing and Urban Development (HUD) allocated to the County and its partner cities through the HOME Consortium and the Urban County Partnership respectively. HOME funds are used to acquire, build and/or rehabilitate affordable housing for rent or ownership while CDBG may also be used for activities related to providing decent affordable housing. The original agreements are for a 30-year deferred, three percent residual receipt loan and a 30-year affordability restriction on certain units in the project. These terms remain unchanged in the proposed modification.

As part of the competitive 2011 Notice of Funding Availability, both the County and the City of Carpinteria ("City") allocated an additional \$226,000 in HOME and \$125,000 in CDBG funding to this project as part of the 2011 Action Plan. As a result, the County and the City will have committed a total of \$1,198,116 in federal HOME funds and \$571,489 in CDBG funds. The City is a member of the Urban County Partnership and receives an annual allocation of CDBG funding to reserve for projects. The County, as the lead agency, prepares required loan and regulatory agreements for the use of CDBG on behalf of the City. The Board of Supervisors approved the additional funding for this project as part of the 2011 Action Plan on May 10, 2011. The Action Plan represents the County's formal federal grant application to HUD for each program year; outlines the proposed use of funds to further the federal and local affordable housing and community development goals and objectives; and is an annual update to the Consolidated Plan, a HUD mandated 5-year strategic planning document.

Performance Measure:

Per HUD's requirements that govern the frequency on monitoring property standards and tenant file review, Community Services Department requires the submission of annual reports and financial statements that include occupancy reports, rent rolls, property conditions and other management reports to ensure site compliance with these regulations. Staff is responsible for the collection and review of reports as well as completing monitoring requirements. HUD requires an affordability period of at least 20 years for new construction projects funded by HOME. The proposed amendments do not alter the affordability periods for this project.

On June 1, 2010 the Board of Supervisors considered the mitigated negative declaration that was prepared for this project by the City of Carpinteria and determined the mitigated negative declaration was adequate.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

Narrative:

Ten percent of all HOME program funds received are retained by County CSD for administration of the HOME Program, including preparation and execution of the subject agreements. Costs for ongoing annual monitoring are not included within the HOME or CDBG administration allocation.

Staffing Impacts: None

Special Instructions:

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

Attachments:

Attachment A: Assignment, Assumption and Modification Agreement (HOME)

Attachment B: Assignment, Assumption and Modification Agreement (CDBG)

Attachment C: Board of Supervisors Minute Order dated June 1, 2010

Authored by:

Margo Wagner, Housing Program Specialist II

cc:

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