



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:** November 10, 2015  
**Placement:** Administrative  
**Estimated Time:** NA  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** 4/5

---

**TO:** Board of Supervisors

**FROM:** Department George Chapjian, Community Services Director (805) 568-2457  
Director(s)  
Contact Info: Dinah Lockhart, Deputy Director (805) 568-3523  
Margo Wagner, Sr. Housing Program Specialist (805) 568-3529

**SUBJECT:** Resale: 217 Rice Ranch Road, Fourth Supervisorial District

---

**County Counsel Concurrence**

As to form: Yes

**Other Concurrence:**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: N/A

**Recommended Actions:**

- a) (4/5 vote required) Adopt a Resolution (Attachment A) declaring the County's intention to sell the County-owned property located at 217 Rice Ranch Road, located in the Orcutt Bluffs Development in Santa Maria, California (Assessor Parcel Number 103-630-008), pursuant to the terms and conditions set forth in the Resolution and the attachments thereto;
- b) (Majority vote required) Authorize the Director of the County of Santa Barbara General Services Department (GSD), or designee, to perform residential real estate services by arranging for marketing the residential property at 217 Rice Ranch Road, obtaining offers to purchase, opening escrow, drafting the grant deed and, at the Director's option, to contract with a licensed real estate broker to market the property and assist in obtaining a qualified buyer;
- c) (Majority vote required) Authorize the Director of the County Community Services Department ("CSD Director") or designee to qualify and certify the eligibility of applicants pursuant to the qualifying criteria referenced in the Resolution (Attachment A);
- d) (Majority vote required) Authorize the CSD Director, or designee, to accept an offer to purchase the property under the conditions described in the Resolution subject to the Board of Supervisor's final approval;
- e) (Majority vote required) Direct staff to return to the Board, at a date no earlier than three (3) weeks from today's date, to consider the offer accepted by the CSD Director and obtain final approval by resolution authorizing and directing the execution of the deed and other required documents, including a Resale Restrictive Covenant, a

Preemptive Right Secured by Deed of Trust, a Notice of Ordinance, and a Request for Notice of Default (Attachment D); and

- f) (Majority vote required) Determine that the recommended actions are exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3) as it can be seen with certainty that there is no possibility that these actions will have a significant effect on the environment, and direct staff to file the Notice of Exemption (Attachment E).

**Summary Text:**

In 2007, on behalf of the County, the County Chief Executive Officer purchased the residential property located at 217 Rice Ranch Road, located in the Orcutt Bluffs Development in Santa Maria (“Rice Ranch Property”). The Board’s approval of the recommended actions will enable the County’s General Services Department (“GSD”) to market the Rice Ranch Property, obtain offers to purchase, open escrow, and draft the grant deed. HCD staff will process an HCD Homeownership Application to ensure that the prospective buyer is eligible to participate in the County’s Affordable Housing Program. The CSD Director will accept a qualifying offer and return to the Board for final approval and to obtain the authority necessary to complete the sale. The Property is currently encumbered by certain minimal resale restrictions which will apply to the new buyer, and remain on the property until 2024. Upon the sale of the Rice Ranch Property, HCD will record a new restrictive covenant that is consistent with the current restrictions and includes additional terms that address matters not covered by the current restrictions (Exhibit D).

**Background:**

In 1994 and in 2002, an Agreement to Provide Affordable Housing and an Agreement for Assumption of Resale Restrictive Covenant, respectively, were recorded against the Rice Ranch Property in order to satisfy the County’s requirement for the provision of affordable housing. These restrictions were imposed as a condition of approval by the County for the development of the Lorraine Estates residential development.

In 2007, when an initial sale of an affordable, restricted unit to a qualified household was unsuccessful, the County Chief Executive Officer (CEO) purchased the Rice Ranch Property from the owner on behalf of the County. The CEO purchased the property pursuant to County Ordinance 4637, which was passed and adopted in January 2007 in accordance with California Government Code Section 25350.60.

The residential property at 217 Rice Ranch Road in Orcutt is a 2 bedroom 2 bath attached condominium unit with 1001 square feet of living area. Subsequent attempts since 2007 by the County to resell the unit failed, due to buyer disinterest, the existence of affordable housing covenants on the property and falling residential property values. Despite the property’s pricing and convenient location, it has not been competitive with the market rate housing stock in the area. Property owners in the Orcutt Bluffs development also pay a \$390 monthly homeowners association (HOA) fee in addition to their monthly mortgage payment, creating a further disincentive for the purchase of the property by low- and moderate-income households.

In order to enhance the property’s marketability, staff enlisted the services of a certified professional real estate appraiser, familiar with the Santa Maria/Orcutt residential real estate market area, to provide a comparative market analysis and provide an estimated ‘discount’ to the sales price to offset the existing affordable housing restrictions (Attachment C). The appraiser’s recommendation is to discount the property 2-7% from the sales price of similar properties in the area. The Board is being asked to approve a ‘minimum and maximum sales price range of \$145,000 to \$203,600 (Attachment A); the minimum sales price is based on the appraiser’s recommendations and staff’s analysis while the maximum sales price is determined by the affordability restrictions that currently encumber the property. The Property must currently be sold to a household in the Lower-Moderate Income category unit (80-100% of AMI).

The Recommended Actions seek authority for the General Services Department to contract with a licensed real estate broker to market the property in order to expedite the sale. Any commission paid to the County’s real

estate broker, the buyer's real estate broker, or both would not exceed six percent (6%) of the final purchase price. The name of the real estate broker and the amount of the commission paid will be stated in the offer to purchase and shall be disclosed to the Board of Supervisors in a subsequent board letter, which will request Board consideration and approval of the sale.

The County will record new restrictions in order to clarify and update the restrictions on the property. The new owner will be subject to the County's Affordable Housing Program's resale provisions for an additional 9 years, until 2024. If the new buyer sells or refinances the property before then, the sales price of the property or the ability of the owner to refinance will be restricted to the applicable household income and resale price guidelines in effect for the year in which they sell or refinance. Additionally, the owner would be required to sell the property to a qualified buyer who meets the income qualification under those guidelines.

**Fiscal and Facilities Impacts:**

Budgeted: No

**Fiscal Analysis:**

The County expended \$177,700 from Affordable Housing Trust Fund (Fund 0065) to repurchase the home in 2007. County has expended approximately \$4,800 annually for maintenance and monthly HOA dues. After costs associated with the sale of the property are deducted, HCD will deposit the net proceeds from the sale of the home into the Affordable Housing Trust Fund to be used at a future date to preserve or increase the number of affordable housing units in the County.

Work performed by General Services associated with preparing the property for sale, and preparing the sales documentation, including staff time by HCD's Property Management/Inclusionary Housing Program, will be funded by Fund 0065.

**Key Contract Risks:**

n/a

**Staffing Impacts:**

There are no staffing impacts other than for on-going monitoring of the subject property.

**Special Instructions:**

- Direct staff to post notice of the Resolution as required by Cal. Gov. Code Section 25528
- Provide Minute Order to: Housing and Community Development  
Attn: Margo Wagner, Sr. Housing Program Specialist

**Attachments:**

Attachment A – Resolution  
Attachment B – Buyer's Information Packet  
Attachment C – Comparative Market Analysis  
Attachment D – Resale Restrictive Covenant  
Attachment E – CEQA

**cc:**

Scott Greenwood, Deputy County Counsel  
Don Grady, Real Property Division Manager, General Services