ATTACHMENT 1

Habitat for Humanity® of Southern Santa Barbara County

Now More Than Ever.
Help Build It!

October 14, 2010

Mr. Simon Kiefer
City of Santa Barbara Community Development Department
Housing & Redevelopment Division
630 Garden Street
Santa Barbara, California 93102-1990

Dear Simon:

This letter is to confirm Habitat for Humanity of Southern Santa Barbara County's intent to build twelve affordable housing units for low-income families at a site located at 822 and 824 E. Canon Perdido Street, Santa Barbara. As per our attached budget, we will once again seek funding from a variety of sources, including individuals, foundation, faith-based organizations, civic groups and corporations along with the HUD funding provided by the City. Also please find enclosed the proof of service of the required tenant relocation notices, along with a current appraisal of the property.

We are in escrow on the property, currently owned by American Riviera Bank. There is a funding contingency on the purchase/sale agreement between the bank and Habitat for Humanity, pending approval of our request for RDA funding from the city for the purchase amount of $925,000.

These homes will be built in partnership with future homeowners and volunteers. Homeowners will be selected by our Family Selection committee according to Habitat's criteria: annual income between 40% and 60% of area median income; currently living in substandard housing; and willingness to work a minimum of 250 hours of sweat equity per adult family member to build the homes.

The RDA funds will be carried as a zero-interest ninety-year mortgage on each of the units. Upon occupancy, these mortgages will be held as a second mortgage, and will allow the City of Santa Barbara to monitor the continuing affordability of these homes through an affordability covenant recorded on each property. At the end of the affordability period and subject to restrictions imposed by the City, these mortgages will be forgiven. Habitat for Humanity of SSBC will carry the first mortgage, which will also be a zero-interest loan. Mortgages will be established upon completion of construction that allow all shelter costs, including property taxes, homeowners association fees, utilities and insurance, to total no more than 35% of the homeowner's monthly income.

We are pleased to join with other agencies in finding solutions to the affordable housing crisis on the South Coast, and we welcome a continuing partnership with the City of Santa Barbara. We look forward with great anticipation to the day we can begin building these affordable homes.

Sincerely,

Joyce McCullough

Joyce McCullough
Executive Director

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