

SANTA BARBARA NEWS-PRESS

Naples set for trustee's sale - Developer says debt restructured; sale 'not going to happen'

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As groups opposed to development on the Gaviota coast make hay with a possible foreclosure sale next week of the 1,000-plus-acre property known as Naples, site of the proposed Santa Barbara Ranch development, the property owner says he still has skin in the game.

"The sale is not going to happen," Matt Osgood, developer of the land, told the News-Press late Friday.

On Thursday, the nonprofit Naples Coalition and Environmental Defense Center announced that title records for the property west of Santa Barbara show a first mortgage of \$63 million from First Bank and a second from Avalon Capital of about \$18 million.

A default notice was issued by First Bank in December 2009 over a missed \$3.6 million interest payment in May of that year.

A notice of trustee's sale states that more than \$78.4 million is due. Named in the sale notice are the entities that received conditional approval to move forward with the project, including TW Family Farm LLC, DLC Ranch LLC, and Osgood Farms LLC.

Mr. Osgood said in an interview by phone Friday he has restructured debt in a way that renders moot the trustee's sale, which, according to a notice dated April 19, is set for 1 p.m. Thursday on the Anacapa Street steps of the County Courthouse.

While there are still plenty of obstacles in Orange County resident Mr. Osgood's way, he expressed confidence homes will go up on the site.

"The situation in the United States and in California is that real estate values are off 30 to 50 percent," Mr. Osgood said. "There's a credit crisis. Money is difficult to come by."

Combine that with a county that, according to the developer, reneged on certain permits for the project.

"That's a lot to overcome," Mr. Osgood said.

Groups opposed to the development said time would tell the future of the land.

"There is no way to know with any certainty what will happen in the next week, but we will certainly be monitoring this process closely," Naples Coalition attorney Marc Chytilo said in a statement.

According to the environmental groups, if the money owed is not paid by the trustee's sale, the developer could file for bankruptcy, which would put such a sale on hold.

In late 2008, the Board of Supervisors voted 3-2 to allow the project with numerous conditions, including approval by the state Coastal Commission.

Meanwhile, the development agreement for the coastal portion of the project was rescinded.

Another issue to be considered by the Coastal Commission is its demand that the county issue permits to merge the antiquated Naples lots that enable the development; something the county has refused to do.

The environmental groups say budget cuts have slowed the Coastal Commission process, affecting its consideration of the project's local coastal plan amendments and coastal development permits for the development.

"This confirms what many of us have believed for a long time, that a mega-development at Naples is not only ecologically unsustainable, but financially unsustainable as well," Greg Helms, Naples Coalition president, said in a statement.

"We are hopeful that a new owner will recognize the benefits of preserving this precious part of the Gaviota coast for future generations, and not face the staunch opposition from Santa Barbara's environmental community."

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