
REDEVELOPMENT AGENCY

GOVERNMENTAL CENTER
TOM BURNS
AGENCY ADMINISTRATOR

COUNTY OF SANTA CRUZ

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April 16, 1998

Agenda: April 28, 1998

Board of Directors
County of Santa Cruz Redevelopment Agency
701 Ocean Street
Santa Cruz, CA 95060**MENTAL HEALTH HOUSING PROJECT**

Dear Members of the Board:

On February 24, your Board, as the Board of Supervisors, considered a report from the Health Services Agency regarding the acquisition of a forty-bed residential care facility in the Ben Lomond area. Acquisition of this facility is an opportunity to provide stable, long term, and less costly housing and services to low income disabled and elderly individuals served by County Mental Health. Assisting with this acquisition is an appropriate use of Redevelopment housing funds.

Front St., Inc. is a local agency which works exclusively with County Mental Health to provide residential care and mental health services to County clients. It has been working with Health Services Agency staff on various activities pertaining to the facility in Ben Lomond, including providing support services for current residents, and has applied for a use permit for the forty-bed level of residential care use. Front St., Inc. has no assets and has operated as a management company only; its owners, Ann and Peggy Butler, formed Willow, LLC in October 1997 specifically to purchase the facility in Ben Lomond.

The Health Services Agency staff, together with Front St., Inc., and RDA staff have developed a program and renovation budget which includes a short-term loan of \$680,000 from the Redevelopment Agency. The Redevelopment funds would assist with purchase and renovation costs. The remaining acquisition costs will be financed through a conventional bank loan, as follows:

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Acquisition and Renovation Costs:

Purchase Price: \$1,142,000

Approx. Closing Costs: 80,000

Approx. Renovation Costs: 323,000

 Total \$1545,000
Fundina Sources:

Private Loan: \$ 865,000

RDA Loan: 680,000

 Total \$1545,000

toward acquisition
 down payment - \$277,000
 closing costs - approx
 \$80,000
 renovation costs - approx.
 \$323,000

We are recommending that your Board authorize the Agency Administrator to negotiate a loan with Willow, LLC for the acquisition of the residential care facility in Ben Lomond, with the following terms:

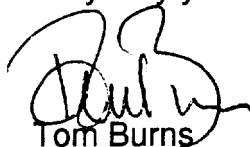
- Loan amount up to \$680,000
- 5% interest, amortized over 6 years
- Funds to be used toward acquisition, rehabilitation, and startup costs
- Funds will only be available after use permit approval
- Willow, LLC will lease the property to Front St., Inc, which will have a contract with County Mental Health to provide residential care and mental health services to County clients
- Front St., Inc. will provide an operating budget demonstrating financial feasibility
- Long term affordability restrictions will be placed on the property

The attached AUD-60A (Attachment 1) moves \$680,000 from reserves to Index 136120 to fund this loan agreement.

It is therefore RECOMMENDED that your Board, as the Board of Directors for the Redevelopment Agency,

- 1) approve the attached AUD-60A; and
- 2) authorize the Redevelopment Agency Administrator to negotiate and sign a loan agreement for up to \$680,000, consistent with the terms outlined in this letter.

Very truly yours,



Tom Burns

Redevelopment Agency Administrator
 TB:PH

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RECOMMENDED:



Susan A. Mauriello
Redevelopment Agency Director

Attachment: AUD-60

cc. RDA
Rama Khalsa, HSA
Ann Butler, Front St. Inc.

S:\BDTLC.498

ATTACHMENT 1

BEFORE THE BOARD OF DIRECTORS
OF THE SANTA CRUZ COUNTY REDEVELOPMENT AGENCY
STATE OF CALIFORNIA

RESOLUTION NO.

On the motion of Director
duly seconded by Director
the following resolution is adopted.

RESOLUTION ACCEPTING UNANTICIPATED REVENUE

WHEREAS, the Santa Cruz County Redevelopment Agency is a recipient of funds from LMIH Tax Increment Reserves for Mental Health Housing project; and

WHEREAS, the Agency is a recipient of funds in the amount of \$680,000 which are either in excess of those anticipated or are not specifically set forth in the current fiscal year budget of the Agency; and

WHEREAS, pursuant to Government Code Section 29130(c), such funds may be made available for specific appropriation by a four-fifths vote of the Board of Directors;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that the Santa Cruz County Auditor-Controller accept funds in the amount of \$680,000 as follows:

| <u>T / C</u> | <u>Index Number</u> | <u>Revenue Subobject Number</u> | <u>Account Name</u> | <u>Amount</u> |
|--------------|---------------------|---------------------------------|--------------------------|---------------|
| 001 | 136120 | 2374 | LO/Soq RDA Tax Increment | \$680,000 |

and that such funds be and are hereby appropriated as follows:

| <u>T / C</u> | <u>Index Number</u> | <u>Expenditure Subobject Number</u> | <u>PRJ/UCD</u> | <u>Account Name</u> | <u>Amount</u> |
|--------------|---------------------|-------------------------------------|----------------|--------------------------|---------------|
| 021 | 136120 | 9852 | | LO/Soq RDA Tax Increment | \$680,000 |

DEPARTMENT HEAD: I hereby certify that the fiscal provisions have been researched and that the Revenue(s) (have been) (will be) received within the current fiscal year.

By [Signature]
Department Head

Date 4/15/98

COUNTY ADMINISTRATIVE OFFICER

Recommended to Board

Not Recommended to Board

PASSED AND ADOPTED by the Board of Directors of the Santa Cruz County Redevelopment Agency, State of California, this _____ day of _____ 19 ____ by the following vote (requires four-fifths vote for approval):

AYES: DIRECTORS

NOES: DIRECTORS

ABSENT: DIRECTORS

Chairperson of the Board

ATTEST:

Clerk of the Board

APPROVED AS TO FORM:

[Signature]
Agency Counsel

APPROVED AS TO ACCOUNTING DETAIL:

[Signature]
Auditor-Controller

Distribution:

- Auditor-Controller
- County Counsel
- County Administrative Officer
- Redevelopment

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