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 REDEVELOPMENT AGENCY
 

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 GOVERNMENTAL CENTER  
 TOM BURNS  
 AGENCY ADMINISTRATOR



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 COUNTY OF SANTA CRUZ
 

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May 20, 1998

Agenda: June 2, 1998

 Board of Directors  
 County of Santa Cruz Redevelopment Agency  
 701 Ocean Street  
 Santa Cruz, CA 95060

### **Proposed Vista Verde Family Housing**

Dear Members of the Board:

Over the past eight months the Redevelopment Agency staff has been working with Pajaro Valley Housing Corporation (PVHC) on a proposal to build affordable housing for low-income families on Freedom Boulevard. The purpose of this letter is to report on the progress of the Vista Verde project, to discuss proposed changes to the project, and to make recommendations on the actions necessary to move the project forward.

#### **Background**

In June, 1997, amendments to the General Plan and corresponding changes to the zoning designations on the proposed project site were approved by your Board in order to allow for a future development application for multi-family housing and a child care center. In addition, on October 7, 1997, your Board approved a financing agreement with PVHC, which committed \$2,000,000 of Agency funds for the proposed Vista Verde project, contingent upon receipt of other funds and the completion of predevelopment activities according to a specific schedule.

The project site is located on the northeast side of Freedom Boulevard at the terminus of Quinn and Stewart Avenues near the Watsonville City boundary. The Vista Verde project as originally proposed contains at least 60 units of affordable housing on a four and one half acre site. The apartments are proposed to consist of two, three and four-bedroom units and will serve low income families. A community center/central laundry facility and child care center are also proposed. The site will have full time on-site management, sufficient parking and landscaped and equipped play, recreation and picnic areas. PVHC is also proposing to coordinate and provide services (e.g., homework assistance, citizenship, English as a second language, and computer classes) to residents of the project onsite.

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### **Project Update**

The project has just completed the initial review phase for the development application. Because the site is located near the boundary of the City of Watsonville, a number of infrastructure coordination issues were identified in the comments on the project. In addition, the City of Watsonville recently announced its intention to pursue annexation of a portion of the Freedom area including the proposed project site. The timing of annexation will have a large impact on this project, as the Agency cannot use its funds for a project within the City of Watsonville. Therefore, there are a number of potential issues for the Vista Verde project related to the timing and phasing of the annexation which are currently under discussion with City staff, however, County staff have not yet received the annexation proposal for substantive review.

Financing for the project is equally complex, requiring a variety of private, State, and Federal funds, as well as realizing the proceeds from the sale of the commercially zoned portion of the property. Competition for these funds has become more competitive in the last few years and requires the completion of all land use approvals before making funding applications. The project thus requires the resolution of planning issues at a very early stage of the project. It will be essential to complete the land use process by the end of 1998 in order to qualify for funding in 1999.

The Vista Verde project is the largest, most significant affordable housing project to be considered in the last 15 years. The project time line is now more constrained than previously anticipated. In response to these issues, several changes to the Vista Verde project are proposed as a part of this report.

### **Anticipated Changes to the Project**

Because of the complexity of the Vista Verde project, PVHC and the Agency have spent the last several months discussing the best way to insure completion of the project in a timely manner. As a result of these discussions, the possibility of bringing in South County Housing Corporation (SCHC) as the general partner on the project has been suggested by PVHC. SCHC has constructed a number of award winning affordable housing projects in southern Santa Clara County and San Benito County and is willing to become the general partner on the Vista Verde project. The experience and expertise that SCHC can bring to the partnership will be critical to the success of the Vista Verde project.

After review of the site design and financial plan for the Vista Verde project, SCHC has also suggested several changes that we believe improve the overall project. For a variety of funding and operational reasons it is necessary to locate the child care center on a separate parcel from the residential project. By relocating the child care center to the

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commercial portion of the site fronting Freedom Boulevard, it is possible to create a separate parcel for the center and still maintain a link to the residential project.

This change also creates additional site area for residential units. Using this additional site area and adjusting the distribution of 2,3 and 4 bedroom units to reflect recent property management experience, it may be possible to increase the number of family housing units in the project from 60 to 76 without decreasing the parking, open space and community recreational facilities in the project. Although a detailed evaluation of the proposed change must be conducted by the Planning Department, preliminary review indicates that the revised site plan is consistent with the zoning and generally meets development standards.

### **Proposed Agency Assistance**

The project budget is still being refined to reflect the proposed changes to the site design discussed above. The budget will be completed over the next several months, and staff may return to your Board with an analysis of project funding sources and a recommendation regarding the Agency contribution to the project in time to submit a funding application for State funds as early as mid-September. It is anticipated that the per unit amount of Agency subsidy will be approximately the same as previously approved, although if the number of units increases, the total amount of subsidy will also increase by a corresponding amount.

The former financial agreement with PVHC does not cover either the role of SCHC or the amount of Agency assistance which may be needed by the Vista Verde project. It would be appropriate at this time to authorize the Redevelopment Agency Administrator to amend the financial agreement to recognize South County Housing Corporation's role in the project. It is anticipated that the basic structure of the financial agreement will remain the same. If the Agency's final contribution to the project changes as a result of adjustments to the number of units, staff will return to your Board with a revised financial agreement at the time that the project budget and financial commitments are considered.

Because there is a need to expedite completion of the land use process to meet new funding application requirements, it will be necessary to provide predevelopment funding for architectural, engineering and other services. To meet these needs we are recommending a loan of \$150,000 to SCHC. This amount will be advanced from the total amount of Agency subsidy to the project.

### **Conclusion and Recommendation**

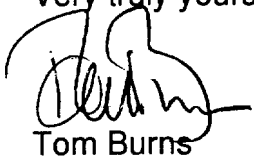
The Vista Verde project will provide much needed affordable family housing, create a site for child care, and support efforts to improve the adjacent neighborhoods. These benefits strongly qualify this project for Agency assistance. The proposed partnership between SCHC and the Agency creates a unique opportunity to complete this complex project in a timely fashion.

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It is therefore RECOMMENDED that your Board, as the Board of Directors for the Redevelopment Agency, take the following actions:

1. Approve the role of South County Housing Corporation as the general partner in the Vista Verde Family Housing Project, and authorize the Redevelopment Agency Administrator to make the necessary amendments to the financial agreement;
2. Authorize the Redevelopment Agency Administrator to execute a pre-development loan of up to \$150,000 to SCHC for the Vista Verde project; and
3. Direct the County Administrative Officer to include in their review and analysis of any proposed annexation, an understanding with the City of Watsonville to phase the Freedom annexation in a manner that permits the completion of the Vista Verde project with Agency funds, while still providing for any appropriate expansion of the City boundaries.


Very truly yours,



Tom Burns  
Redevelopment Agency Administrator

TB:sg

RECOMMENDED:



Susan A. Mauriello  
Redevelopment Agency Director

cc. RDA  
South County Housing Corporation  
Pajaro Valley Housing Corporation  
City of Watsonville  
LAFCO

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