

REDEVELOPMENT AGENCY

GOVERNMENTAL CENTER
TOM BURNS
AGENCY ADMINISTRATOR



COUNTY OF SANTA CRUZ

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June 11, 1998

Agenda: June 23, 1998

Board of Supervisors
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

Paloma del Mar Rent Subsidy Agreement

Dear Members of the Board:

Last year, your Board transferred administration of the Paloma del Mar Transfer of Credit Program from the Housing Authority to the Redevelopment Agency, and subsequently approved an amended Rent Subsidy Agreement which simplified administration of the program.

As we have worked with the developer to implement the program, we discovered that there was a discrepancy between the maximum rents allowed under the Rent Subsidy Program and the maximum rents permitted under the California Tax Credit Allocation Committee guidelines. The developer has requested that the Rent Subsidy Agreement be amended so that the maximum rents that may be charged for the subsidized units is consistent with the Tax Credit Allocation Committee maximums, less the subsidy.

Another issue that was raised is ensuring that the rent for the subsidized units is comparable to the rents for unsubsidized units. At this time, the average rents for all units is lower than the maximum permitted by the Tax Credit Allocation Committee. In order to make sure that the rents remain comparable and thus the benefits of the subsidy are fully received by the tenants, the developer has agreed to limit the rents on the subsidized units so that the average rents for the subsidized units will not exceed the average rents for similarly-sized unsubsidized units at Paloma del Mar.

It is therefore **RECOMMENDED** that your Board authorize the Agency Administrator to negotiate and sign an amendment to the Paloma del Mar Rent Subsidy Agreement to

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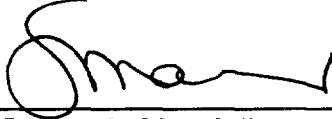
make the changes outlined in this letter.

Very truly yours,



Tom Burns
Redevelopment Agency Administrator
TB:PH

RECOMMENDED:



Susan A. Mauriello
Redevelopment Agency Director

cc. RDA

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