

REDEVELOPMENT AGENCY

GOVERNMENTAL CENTER
TOM BURNS
AGENCY ADMINISTRATOR



COUNTY OF SANTA CRUZ

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September 3, 1998

Agenda: September 15, 1998

Board of Supervisors
County of Santa Cruz

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

McIntosh Mobile Home Park Disposition and Development Agreement

Dear Members of the Board:

In December, 1992, the Redevelopment Agency purchased the 19-unit McIntosh Mobile Home Park in Soquel for the purposes of rehabilitating and expanding the park. In 1995, the Agency received a development permit to accomplish those purposes. In 1996, your Board approved a grant to assist with the redevelopment of the park and agreed to finance the acquisition of new coaches. In 1997 the Santa Cruz Community Housing Corporation (CHC), with Mercy Charities Housing California (Mercy) as the developer, was awarded \$1,000,000 in HOME funds for the project. The project is currently scheduled for construction next spring.

In order to complete the Agency's commitment to the project, your Board must approve a Disposition and Development Agreement (DDA) to transfer the property to CHC/Mercy, provide additional funding, and place long-term restrictions on the project. (While CHC received the HOME funding, Mercy will be the developer.)

The project was originally approved as a low income mobile home ownership project; however, after subsequent discussions with the State Housing and Community Development (HCD) staff, who administer the HOME program, it was determined that it should become an affordable rental project. Under the terms of the HOME program, the homes will be affordable to households whose income is a maximum of 60% of median; 20% will be affordable to very low income households, earning 50% or less of median income. Coach owners currently residing in the park will continue as coach owners, renting their spaces from the park.

The change in the ownership structure allows for a significant change in the structure of the

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financing. The developer will be able to increase its conventional financing, including obtaining such financing for a major portion of the coach acquisition costs. The Redevelopment Agency's share is the amount necessary to fill in the funding gap, with the amount that can be supported by the anticipated net cash flow for the project in the form of a loan that will be repaid. (The proposed operating budget supports payments on a loan of approximately \$90,000, amortized over a 30-year term with 3% interest.) The remainder of the funding gap is provided as a grant.

Following is a summary of the financing proposed in the DDA:

<u>Funding Source</u>	<u>Amount</u>	
HOME	\$952,381	
Monterey Bay Bank	1,073,990	
AHP	125,000	
RDA grant - "Purchase note"	757,000	
RDA grant - "Rehabilitation note"	520,239	\$1,277,239 RDA Grant Subtotal
RDA loan - "Coach note"	88,946*	\$1,366,185 RDA Assistance Total**
TOTAL FUNDING	\$3,517,556	(per Development Budget)

*Coach Note may be up to to \$90,000

**RDA Assistance Total may be up to \$1,367,239. The Agency will provide the land, plus up to \$610,239 (\$520,239 Rehab Note+ up to \$90,000 Coach Note), as follows:

- A grant totaling \$1,277,239 (\$757,000 + \$520,239). This is in the form of two loans, to provide security for the Agency's interests. The first loan is a purchase note (\$757,000) which conveys the land to CHC.; the second is a rehabilitation note (\$520,239), to fund a portion of the rehabilitation construction costs. Both will be forgiven 1/55th per year for 55 years.
- A loan of up to \$90,000 in the form of a coach acquisition loan. This loan will be repaid over a period of up to thirty years, with minimum payments to allow amortization over a 30-year term with 3% annual interest.

In conclusion, the McIntosh Mobile Home Park provides a unique opportunity to create affordable housing for low and very low income families. Its rehabilitation and expansion will create new affordable units, as well as permanently preserving the affordability of existing housing.

It is therefore RECOMMENDED that your Board:

1. As the Board of Supervisors and Agency Board of Directors, conduct a public hearing on the Disposition and Development Agreement (Attachment 4) and

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accompanying report (Attachment 1);

2. As the Board of Supervisors, adopt a resolution approving the 33433 Report and adopting findings relative to the Disposition and Development Agreement (Attachment 2); and

3. As the Redevelopment Agency Board of Directors:

a. Adopt a resolution approving the 33433 Report, related findings, and the Disposition and Development Agreement (Attachment 3); and

b. Authorize the Redevelopment Agency Administrator to sign the Disposition and Development Agreement and take any other actions needed to implement that agreement.

Very truly yours,



Tom Burns

Redevelopment Agency Administrator
TB:PH

RECOMMENDED:



Susan A. Mauriello
County Administrative Officer
Redevelopment Agency Director

Attachments

1. 33433 Report
2. Board of Supervisors Resolution
3. Board of Directors Resolution
4. Disposition and Development Agreement

cc. RDA
CHC/Mercy

CALIFORNIA COMMUNITY REDEVELOPMENT LAW
ARTICLE 11, SECTION 33433 REPORT
MCINTOSH MOBILE HOME PARK

COMMUNITY REDEVELOPMENT LAW
ARTICLE 11, SECTION 33433 REPORT
MCINTOSH MOBILE HOME PARK

Introduction:

In December, 1992, the Redevelopment Agency purchased the 19-unit McIntosh Mobile Home Park (which includes 18 mobile homes and one house) in Soquel for the purposes of rehabilitating and expanding the park to 27 mobile homes and one house to create permanent affordable housing. In 1995, the Agency received a development permit to accomplish those purposes. In 1997 the Santa Cruz Community Housing Corporation (CHC), with Mercy Charities Housing California (Mercy) as the developer, was awarded \$1,000,000 in HOME funds for the project.

(i) The cost of the agreement to the agency, including land acquisition costs, clearance costs, relocation costs, the cost of any improvements to be provided by the agency, plus the expected interest on any loans or bonds to finance the agreements.

- a. The Parcel has an estimated value and cost to the Agency of \$757,000.00 determined at the highest and best uses permitted under the redevelopment plan, and determined at the use and with the conditions, covenants, and development costs required by the Exchange. This includes the original purchase price plus mobile homes subsequently acquired.
- b. The Disposition and Development Agreement provides for the agency to provide three loans to CHC as follows:
 - (1) A loan of \$757,000.00 for the purchase of the property. This loan will be forgiven 1/55th per year for 55 years.
 - (2) A loan of \$520,239.00 for the rehabilitation of the park. This loan will also be forgiven 1/55th per year for 55 years.
 - (3) A loan of up to \$90,000.00 to assist with the acquisition of new mobile homes. This loan will be repaid over a period of up to thirty years, with minimum payments to allow amortization over a 30-year term with 3% annual interest.

(ii) The estimated value of the interest to be conveyed or leased, determined at the highest and best uses permitted under the plan:

The estimated value of the interest conveyed is \$757,000.00, determined at the highest and best uses permitted under the redevelopment plan, and determined at the use and with the

conditions, covenants, and development costs required by the Exchange.

(iii) The estimated value of the interest to be conveyed or leased, determined at the use and with the conditions, covenants, and development costs required by the sale or lease. The purchase price or present value **of** the lease payments which the lessor will be required to make during the terms of the lease. If the sale price or total rental amount is less than the fair market value of the interest to be conveyed or leased, determined at the highest and best use consistent with the redevelopment plan, the agency shall provide an explanation of the reasons for the difference.

The estimated value of the interest to be conveyed at the use and with the conditions, covenants, and development costs required by the sale is \$757,000.00. This is equal to the fair market value of the property.

(iv) An explanation of why the sale or lease of the property will assist in the elimination of blight, with reference to all supporting facts and materials relied on in making this explanation.

The Agency has determined that this Agreement is in the best interests of the County and the Project Area, and that implementation of this Agreement will further the goals and objectives of the Redevelopment Plan by creating and preserving the supply of affordable housing.

BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA CRUZ,
STATE OF CALIFORNIA

RESOLUTION NO.

On the motion of Supervisor
duly seconded by Supervisor
the following resolution is adopted:

RESOLUTION OF CONSENT AND FINDINGS FOR REAL PROPERTY DISPOSITION
AND DEVELOPMENT AGREEMENT AND COMMUNITY REDEVELOPMENT LAW
ARTICLE 11, SECTION 33431 AND 33433 BETWEEN THE REDEVELOPMENT
AGENCY OF THE COUNTY OF SANTA CRUZ AND SANTA CRUZ COMMUNITY
HOUSING CORPORATION

RESOLVED by the Board of Supervisors of the County of Santa Cruz, State of California:

WHEREAS, transfer by the Redevelopment Agency of the County of Santa Cruz (the "Agency") of the property identified in the Disposition and Development Agreement between the Agency and Santa Cruz Community Housing Corporation and the Agency's financing of certain improvements as set forth therein requires concurrence of the local legislative body; and

WHEREAS, the lack of affordable housing in the community has been clearly documented; and

WHEREAS, the Agency finds the transfer and the proposed improvements are of benefit to the Project Area; and

WHEREAS, the Board of Supervisors finds no other reasonable means of financing the improvements to be paid for by the Agency; and

WHEREAS, the transfer of property, related actions, and expenditure of funds will assist in eliminating one or more conditions of blight in the Project Area and is consistent with the implementation plan adopted by the Agency; and

WHEREAS, the Board of Supervisors finds construction of the improvements, and those actions set forth in the Disposition and Development Agreement, are necessary to accomplish the purposes of the Redevelopment Plan: and

WHEREAS, the Board of Supervisors has reviewed Section 33433 Report and Disposition and Development Agreement and concluded that the consideration contemplated therein is not less than the fair reuse value at the use and with the covenants and conditions and development costs authorized by the exchange;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that the Board of Supervisors concurs with acceptance of the terms of the Disposition and Development Agreement and the Community Redevelopment Law Article 11 Section 33431 and 33433 Report and the need for Agency transfer of the land and construction of the improvements referenced herein, and makes the findings stated above.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this 0 day of , 1998, by the following vote:

AYES: SUPERVISORS
NOES: SUPERVISORS
ABSENT: SUPERVISORS

Chairperson of Said Board

ATTEST: _____
Clerk of the Board

Approved as to form

 Alan M. Scott
County Counsel

Distribution:
County Counsel
Redevelopment
Auditor-Controller

BEFORE THE BOARD OF DIRECTORS
OF THE REDEVELOPMENT AGENCY OF THE COUNTY OF SANTA CRUZ,

STATE OF CALIFORNIA

RESOLUTION NO.

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

RESOLUTION APPROVING THE Disposition and Development AGREEMENT
WITH SANTA CRUZ COMMUNITY HOUSING CORPORATION AND
COMMUNITY REDEVELOPMENT LAW ARTICLE 11, SECTION 33431 AND
33433 REPORT AND FINDINGS

RESOLVED by the Board of Directors of the Redevelopment
Agency of the County of Santa Cruz, State of California:

WHEREAS, the Redevelopment Agency of the County of Santa
Cruz (the "Agency") is engaged in activities necessary to execute and implement
the Redevelopment Plan for the Live Oak - Soquel Redevelopment Project ("Project
Area"); and

WHEREAS, the lack of affordable housing within the Project Area
has been clearly documented; and

WHEREAS, the Santa Cruz County Board of Supervisors and
Agency Board of Directors have set a public hearing to consider an Disposition and
Development Agreement and actions required under the Community
Redevelopment Law Article 11 Sections 33431 and 33433 with Santa Cruz
Community Housing Corporation, A non-profit housing corporation ("Santa Cruz
Community Housing Corporation), to wit, an Disposition and Development
Agreement (the "Agreement"), and a Section 33433 Report (the "Report"), both

presented to the Board of Directors this date and incorporated herein by reference;
and

WHEREAS, the Agreement promotes the goals of the Redevelopment Plan for the Project Area in creating and preserving affordable housing for low and very low income households; and

WHEREAS, entering into the Agreement and transfer of the property will assist in eliminating one or more blighting conditions in the Project Area, is of benefit to the Project Area, and is consistent with the Redevelopment Agency's Five Year Implementation Plan; and

WHEREAS, the Board of Directors has duly considered the terms and conditions of the Agreement, finds them to be fair and reasonable, and has determined that no other reasonable means of financing the property transfer and improvements to be paid for by the Agency are available to the community; and

WHEREAS, the consideration contemplated in the Agreement is not less than the fair reuse value at the use and with the covenants and conditions and development costs authorized by the exchange:

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that the Redevelopment Agency of the County of Santa Cruz does hereby accept the terms of the Agreement and Report;

BE IT FURTHER ORDERED that the Redevelopment Agency Administrator is authorized and directed to sign and process all documents and take all necessary actions to implement the terms of the Disposition and Development Agreement.

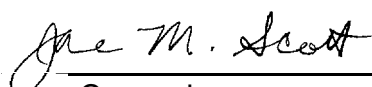
PASSED AND ADOPTED by the Board of Directors of the Redevelopment Agency of the County of Santa Cruz, State of California, this day of _____, 1998, by the following vote:

AYES:	DIRECTORS
NOES:	DIRECTORS
ABSENT:	DIRECTORS

Chairperson of the Board

ATTEST: _____
Secretary of the Redevelopment Agency
of the County of Santa Cruz

Approved as to form:



Agency Counsel

Distribution: County Counsel
 Auditor-Controller
 Redevelopment