
 REDEVELOPMENT AGENCY

 GOVERNMENTAL CENTER
 TOM BURNS
 AGENCY ADMINISTRATOR


 COUNTY OF SANTA CRUZ

 701 OCEAN STREET, ROOM 510 SANTA CRUZ, CALIFORNIA 95060-4000
 PHONE (831) 454-2280 FAX (831) 454-3420 TDD (831) 454-2123

October 15, 1998

Agenda: October 27, 1998

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

Vista Verde Family Housing - Status Report

Dear Members of the Board:

Over the last two years, the Redevelopment Agency staff has been working with Pajaro Valley Housing Corporation (PVHC), South County Housing Corporation (SCHC), and their newly formed partnership, Vista Verde Housing Associates (VHA) on a proposal to build affordable housing for low income families on Freedom Boulevard. As part of its support for the project, the Agency has made a series of financial commitments. We now have a strong developer who is prepared to submit a development application, and is ready to move forward with obtaining commitments for the projects full financing. We are pleased with the progress that has been made in the last several months; the purpose of this letter is to provide your Board with a status report, and to request that you take actions to reflect the changes that have occurred and to move the project closer to full financing.

Project Location and Description

The project site is located on the northeast side of Freedom Boulevard at the terminus of Quinn and Stewart Avenues. It is now proposed to contain 76 units (originally 60 units) of affordable housing. The apartments will consist of two-, three-, and four-bedroom units and will serve low income families. A community center/laundry facility is also proposed. The site will have full-time on-site management, sufficient parking, and landscaped and equipped play, recreation, and picnic areas.

Land Use Update

The project has completed the initial review phase for the development application. The developer anticipates submitting a complete application before the end of this month, and the project should receive its development permit within four months. City of Watsonville staff have agreed to phase the Freedom annexation to permit the completion of this project

Board of Directors
October 15, 1998
Page 2

with Agency funds, by annexing only the front (commercial) portion of the property at this time. The County has approved a lot line adjustment to allow this to occur.

Financing Update

In addition to the \$15,000 predevelopment loan approved in 1996, in October, 1997, your Board approved financial assistance to the project in the amount of \$2,000,000. This included \$1,510,000 for the purchase of the property and associated closing costs, with the remainder to be used toward predevelopment and construction costs. In June of this year, your Board approved the role of SCHC as the general partner in the project, and authorized a predevelopment loan of up to \$150,000. As noted above, South County Housing Corporation and Pajaro Valley Housing Corporation have formed a limited partnership to develop this project, called Vista Verde Housing Associates, with SCHC as the managing general partner. All parties have approved an assignment agreement, under which WHA assumes all of PVHC's obligations under its agreements with the Agency (Financing Agreement and Option to Purchase, CC&R's, Purchase Contract, etc.).

We are recommending that your Board authorize the Agency Administrator to negotiate amended agreements that will:

- maintain the existing commitment of \$2,015,000 to the project;
- acknowledge that the developer has acquired the property;
- consolidate the various loans and agreements;
- recognize the new partnership's role in developing the project;
- reflect the revised project development goals and schedule; and
- reflect the changed development permit and funding application schedules.

Financing Commitments From Other Sources

The total project budget assumes the use of AHP, HOME, and foundation funds as well as tax credits. Earlier this month, WHA submitted an application for AHP funds; we believe it is likely to be funded. The application deadline for HOME funds is November 2, and WHA has requested that the Agency reiterate its financial commitment to cover the anticipated funding gap for the HOME application. A resolution has been prepared which authorizes the commitment of Agency funds to cover the funding gap of \$2,015,000 (Attachment 1) for the HOME application. We will return to your Board within the next several months regarding the tax credit financing.

Conclusion and Recommendation

The Vista Verde project will provide much-needed affordable housing for families in the Pajaro Valley. The partnership between the Agency and Vista Verde Housing Associates creates a unique opportunity to complete this complex project in a timely fashion.

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

Board of Directors
October 15, 1998
Page 3

Redevelopment Agency,

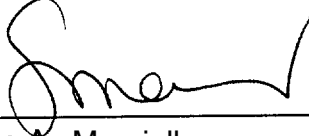
1. Accept and file this status report;
2. Authorize the Redevelopment Agency Administrator to negotiate and sign amended agreements with Vista Verde Housing Associates to provide a total of **\$2,015,000** in financial assistance, consistent with the terms outlined in this letter: and
2. Adopt the attached resolution (Attachment 1) concerning the Agency's financial commitment in connection with **VVHA's** application for HOME funds.

Very truly yours,



Tom Burns
Redevelopment Agency Administrator
TB:PH

RECOMMENDED:



Susan A. Mauriello
Redevelopment Agency Director

Attachments

cc. RDA
Vista Verde Housing Associates

S:\BOARDPND\VVBD1098.WPD

ATTACHMENT 1

REDEVELOPMENT AGENCY OF THE COUNTY OF SANTA CRUZ
RESOLUTION NO. 98- _____

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

A RESOLUTION APPROVING A REDEVELOPMENT AGENCY FUNDING
COMMITMENT OF \$2,015,000 TO ASSIST IN THE DEVELOPMENT OF THE VISTA
VERDE FAMILY TOWNHOME PROJECT

WHEREAS, Vista Verde Housing Associates (VVHA) has developed a proposal to construct the Vista Verde Family Townhome Project (“the Project”) located at 1934- 1944 Freedom Boulevard, Freedom in Santa Cruz County.

WHEREAS, During the 1998 HOME funding cycle, WHA will apply for \$1 million in HOME funds to be used to assist in the Project.

WHEREAS, pursuant to its authority under the Community Redevelopment Law, the Agency wishes to provide financial assistance from the Low and Moderate Income Housing Fund to VVHA to enable the Project to be financially feasible.

WHEREAS, the Agency has already provided **financial** assistance to the Project in the amount of \$1,5 10,000 for property acquisition, a predevelopment loan of \$15,000, and an additional predevelopment loan of up to \$150,000;

WHEREAS, on April 28, 1987, in accordance with subsection (g) of section 33334.2 of the California Health and Safety Code, the Agency Board of Directors adopted Resolution No. 235-87 and the County Board of Supervisors adopted Resolution No. 236-87 by which each of them found that the provision of low and moderate income housing outside the Project Area will be of benefit to the Project Area.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED, that in the event that

the HOME funds are awarded to the Project, the Agency shall provide financial assistance in a total amount of \$2,015,000 (Two Million Fifteen Thousand Dollars) to VVHA to assist in the Project, with affordability restrictions of at least 40 (forty) years.

BE IT FURTHER RESOLVED that the Redevelopment Agency Administrator is authorized to enter into and sign a financial agreement and other relevant documents to assist the Project.

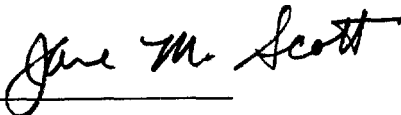
PASSED AND ADOPTED by the Board of Directors of County of Santa Cruz Redevelopment Agency, State of California, this the 27th day of October, 1998, by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

Jan Beautz, Chair, Board of Supervisors

ATTEST: _____
Clerk of the Board

APPROVED AS TO FORM:



County Counsel

S:\BOARDPND\VVHOM98B.WPD