



# County of Santa Cruz 505

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## REDEVELOPMENT AGENCY

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TOM BURNS, AGENCY ADMINISTRATOR

February 9, 1999

Agenda: February 23, 1999

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

### **McIntosh Mobile Home**

Dear Members of the Board:

Last September, your Board approved a Disposition and Development Agreement (DDA) with the Santa Cruz Community Housing Corporation (CHC), and Mercy Housing California (Mercy) to rehabilitate and expand the McIntosh Mobile Home Park. The DDA includes provisions to transfer the property to CHC/Mercy, to provide funding to supplement the \$1,000,000 that CHC/Mercy has been awarded in HOME funds, and to place long-term affordability, use, and management restrictions on the project.

It is anticipated that closing escrow and transferring the property to CHC/Mercy will occur in mid- to late March, with construction scheduled to begin in April. Because of the need to vacate the site during reconstruction, there is also a great deal of preconstruction work required, including relocating the tenants currently living in the park, and clearing the property of all improvements. The purpose of this letter is to address a number of issues related to the Agency's assistance in Mercy's relocation efforts.

### **McIntosh Relocation Obligation**

As part of the McIntosh project, there is an obligation to provide relocation assistance to tenants who lived in the park prior to the Agency's acquisition, including temporary relocation to comparable housing at a cost to the tenant not exceeding current housing costs. Five of these residents own their own coaches, and are currently paying under \$200/month in space rent. Of these coaches, two can be moved back into the park, once rehabilitated; the remaining three are dilapidated, and will need to be replaced with coaches that can meet basic health and safety standards.

In the current housing market, it would be very expensive to pay the difference between the monthly space rent and the cost to rent comparable housing for these households. In order to keep the project costs down and to address the needs of the current coach owners, it

was always envisioned that these tenants (the coach owners) would temporarily be relocated to the Agency's Heart of Soquel Mobile Home Park (HOS) during reconstruction. Accomplishing this move will require use of three existing vacant HOS coaches and two coaches relocated from McIntosh for the interim period.

Once the reconfiguration is completed later this year, these five coach owners will be returned to the McIntosh site and will occupy rehabilitated coaches from HOS and McIntosh.

### **Heart of Soquel Property**

In Spring of 1993 the Agency purchased Heart of Soquel, located in Soquel Village. Consistent with the Soquel Village Plan concept for this area -- publicly accessible open space on Soquel Creek, public parking, and a flood control project -- the Board approved a program for phasing out residential uses of this property. Pursuant to that policy, as mobile homes have been vacated, we have not re-rented them. In 1995, several coaches were removed, and public parking was developed in the front portion of the property.

There are currently nine coaches remaining in the park. Of these, four are occupied, and five are vacant. Two of the vacant coaches are not in a habitable condition.

Following is a description of the specific units proposed to be used:

Three of the currently vacant HOS units will temporarily house McIntosh tenants during the rehabilitation of the McIntosh Park. These coaches will then be relocated to McIntosh for permanent occupancy at that park.

Two of the newer coaches currently located in McIntosh will be temporarily relocated to HOS, for occupancy by McIntosh tenants. These two coaches will be returned to McIntosh after the rehabilitation for permanent occupancy.

### **Additional Coach Relocation Proposed**

We are also proposing that an additional coach be moved from McIntosh to HOS to accommodate another of the McIntosh households. Although there is no legal obligation to provide relocation assistance in this instance, this would assist a very low income family that will be returning to McIntosh after the rehabilitation. The moving and set-up costs for the coach will be offset by the rental income for the interim period. In order to accomplish this additional coach move, your Board will need to authorize the Agency Administrator to enter into a rental agreement for the use of an additional space and coach at HOS.

### **Surplus McIntosh Coaches**

In addition, several of the coaches currently at McIntosh are dilapidated and will not be used after the rehabilitation. These are coaches that will be transferred to CHC/Mercy under the DDA. In order to expedite the start of construction, Mercy would like to begin removal of these coaches in March, prior to closing escrow. We are recommending that your Board authorize the Agency Administrator to enter into an agreement with Mercy to

allow them to dispose of these coaches prior to taking ownership of the park. Mercy will be responsible for all costs associated with removing the coaches.

### **Surplus Heart of Soquel Coaches**

As noted above, two of the vacant mobile homes and related ancillary attachments that are currently located in HOS are not habitable, and are proposed for removal as surplus. These mobile homes are surplus to departmental needs, obsolete, or unusable. Due to age and condition, these mobile homes are not assignable to other County Departments or suitable for use in any other Agency projects. We are proposing that these mobile homes be disposed of by the General Services Department as surplus property following the procedures set forth in Section 2.37.040 of the County Code. Under these procedures, the mobile homes will be disposed of to the Agency's best advantage by trade-in or public sale and removed from the Agency's inventory. One of the specified conditions of disposal will be that the purchaser demonstrate that each mobile home will be moved to a legal location.

### **Overall Project Financing**

When your Board approved the DDA in September, the project development budget was based on older construction cost estimates. As you know, construction costs in this area have increased significantly in the last year. Mercy is currently receiving formal bids for the work; in consultation with Mercy we anticipate that the project costs could be as much as \$180,000 higher than what was included in the prior budget. In order to keep the project on schedule it is necessary to provide an additional funding allocation, up to this amount, to be available in the event that higher construction costs are encountered through the bid process.

Additionally, the DDA anticipated receipt of \$1,077,381 of grants from a variety of sources. In the past several months it has become apparent that in order to structure the project to meet the requirements of the largest grant source (\$952,381) the project is no longer competitive for one key grant — for \$125,000. At the same time, changes have occurred which result in higher levels of private financing for the project.

In order to address these combined issues, it is necessary at this time to increase the Agency's financial assistance to the project by \$200,000. It will be possible, however to provide this financing in the form of an additional loan on the site, structured similarly to the loan already approved for the project.

### **Conclusion**

We are pleased that the rehabilitation of McIntosh Mobile Home Park is proceeding well; this project will replace a dilapidated park with decent housing, and create an additional nine units of much-needed permanently affordable housing.

IT IS THEREFORE RECOMMENDED that your Board, acting as the Redevelopment Agency Board of Directors, take the following actions:

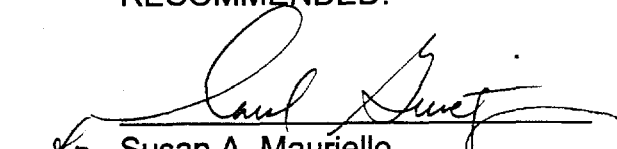
1. Declare as surplus the Heart of Soquel mobile homes, and related **ancillary** attachments, as described in this letter;
2. Authorize the Redevelopment Agency Administrator to negotiate and sign an agreement with Mercy Housing California (Mercy) to transfer any or all of the surplus Heart of Soquel mobile homes for use in connection with the McIntosh Mobile Home project, as described in this letter;
3. Request the Director of General Services to arrange for and complete the disposition of the surplus Heart of Soquel mobile homes as described in this letter;
4. Authorize the Agency Administrator to negotiate and sign an agreement with **CHC/Mercy** to allow the disposal of surplus McIntosh coaches, as described in this letter, prior to taking ownership of the park;
5. Authorize the Redevelopment Agency Administrator to take any required actions and sign and process all documents necessary to complete the disposal of the referenced property;
6. Authorize the RDA Administrator to lease coach spaces on the HOS site, including the additional relocation unit described in this letter, for the duration of the McIntosh reconstruction project; and
7. Authorize the Agency Administrator to negotiate and sign an amendment to the Disposition and Development Agreement to increase the funding provided in an amount of up to \$200,000, as described in this letter.

Very truly yours,



Tom Burns  
Redevelopment Agency Administrator  
TB:PH

RECOMMENDED:



for Susan A. Mauriello  
Redevelopment Agency Director

Board of Directors  
February 9, 1999  
Page 5

509

cc. RDA  
General Services  
Mercy Housing

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57