



County of Santa Cruz

REDEVELOPMENT AGENCY

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TOM BURNS, AGENCY ADMINISTRATOR

July 27, 2000

Agenda: August 8, 2000

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

PURCHASE OF SECOND PORTION OF PAJARO LANE AFFORDABLE HOUSING SITE

Dear Members of the Board:

On February 15, 2000 your Board approved Agency financial assistance of \$2,615,000 to purchase the first of two parcels comprising the Pajaro Lane Housing Site, to enter into a financing agreement with South County Housing Corporation for the purchase and development of the property, and to enter into an MOU with the City of Watsonville for the removal of both parcels from a pending annexation. The purpose of this letter is to request Board authorization to provide additional financial support to purchase the second portion of the site.

Background on Site and Project

The complete Pajaro Lane project site consists of two parcels - one 8 acres and the other 1.5 acres in size (see Attachment 1 -- Site Map). During the past few years, Agency staff has investigated the possibility of developing affordable housing at this site. Staff finds that this site constitutes one of the last remaining vacant sites appropriately zoned for affordable housing in the unincorporated area.

Under the terms of the MOU, the ultimate project will include mixed income housing units affordable to very low, low, and moderate income households. The project will consist of both rental and for-sale townhouse units designed to accommodate special needs households such as larger families and farm workers. The project will include on-site recreational facilities such as tot-lots and a resident center for the provision of resident-oriented services. The development site plan will recognize the site's natural amenities and constraints such as riparian habitat, flood plain and agricultural land. Staff of the City of Watsonville will have the opportunity to review and comment on the design of the units as well as other issues of interest.

Both parcels are necessary to fully develop the project and meet the Pajaro Valley's affordable housing goals enumerated in the MOU signed by representatives of the County of Santa Cruz, the City of Watsonville and South County Housing Corporation. Specifically, the goals state that the project "addresses the needs of the Pajaro Valley for affordable housing" and that the "RDA will consider additional requests, as appropriate, if such requests are determined as necessary to meet project design, unit mix, and affordability goals." The MOU also anticipated the purchase of the subject parcel as part of the Project site stating that the signatories "request that the Santa Cruz Local Agency Formation Commission remove APN 048-041-46 and 47 from the Freedom /Carey Annexation area."

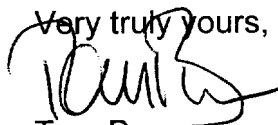
On June 19, South County Housing closed escrow on the purchase of the first parcel (APN 048-41-46). South County Housing has since negotiated an option, expiring in September, to purchase an adjacent parcel (APN 048-041-47). Staff is recommending that the Board approve Agency financial assistance in the amount of \$622,000 (including closing costs) and authorize the Redevelopment Agency Administrator to amend the existing financing agreement with South County Housing to execute the purchase of the second parcel. Adequate funds exist within current year appropriations in the Agency's Low and Moderate Income Housing Fund to cover the property purchase costs.

Conclusion/Recommendation

As stated in the February 15, Board Letter, this project presents an excellent opportunity to partner with the City of Watsonville and an experienced, respected non-profit developer to address the critical housing needs in the Pajaro Valley. This financial contribution will allow South County Housing to purchase the remaining site and conduct pre-development studies.

It is therefore RECOMMENDED that your Board, as the Board of Directors for the Redevelopment Agency, authorize the Redevelopment Agency Administrator to negotiate and sign amendments to the Pajaro Lane Financial Agreement to increase funding by \$622,000 and take related actions to execute purchase of the second parcel (APN 048-041-47) in the Pajaro Lane Affordable Housing Project site.

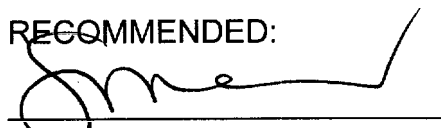
Very truly yours,



Tom Burns
Redevelopment Agency Administrator

attachment

RECOMMENDED:



Susan A. Mauriello
Redevelopment Agency Director

Board of Directors

0283

July 27, 2000

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cc. RDA
South County Housing
City of Watsonville
Planning Department

S:\BOARDPND\Pajaro Lane Lot Purchase final.wpd

FOR TAX PURPOSES ONLY

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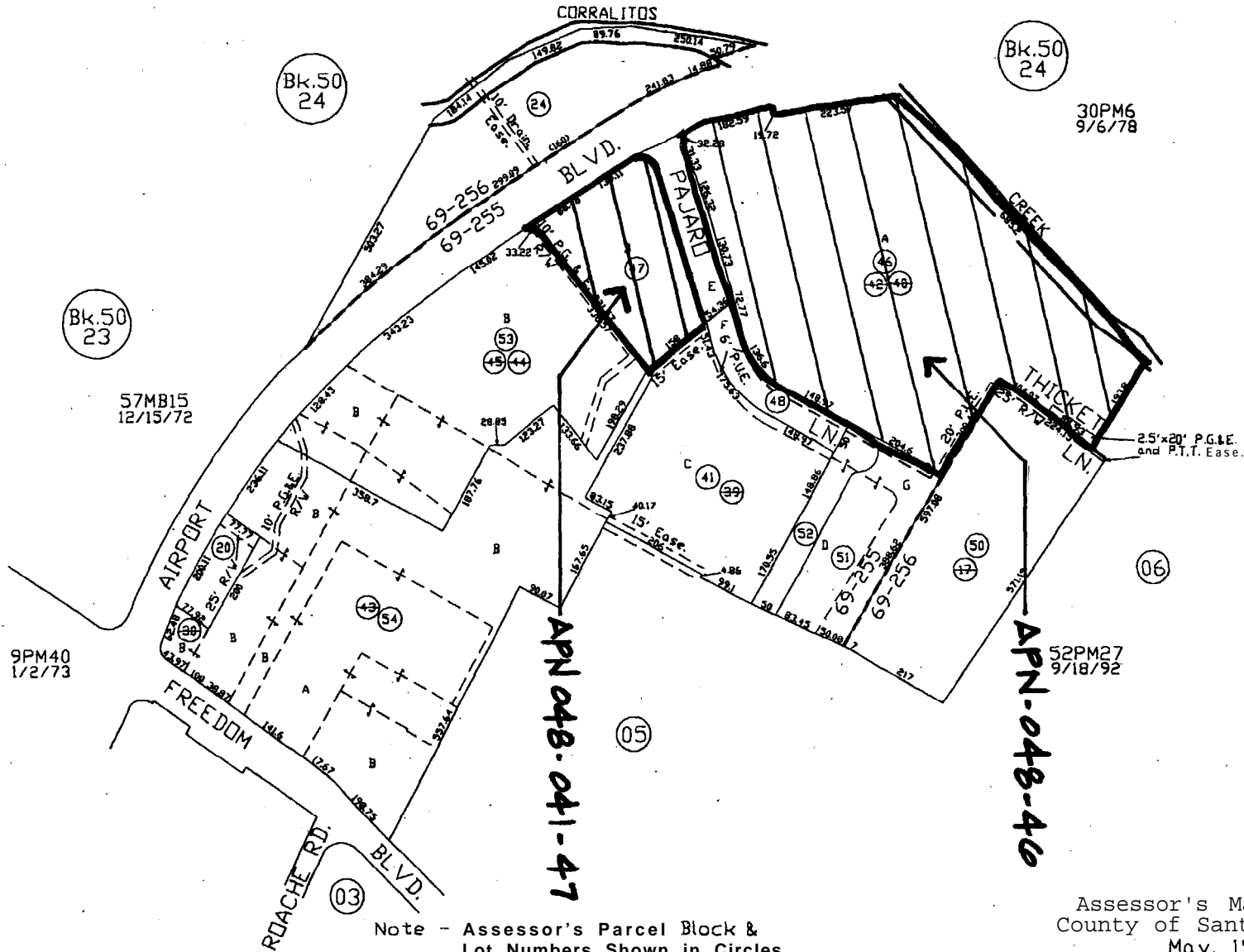
SEC. 29 & 32, T.11S., R.2E., M.D.B. & M.

Tax Area Code
69-255 69-256

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PASAJERO LANE SITE

SEC.29
SEC.32



SEC.29
SEC.32

Assessor's Map No. 48-i
County of Santa Cruz, cc
May, 1998

ATTACHMENT 1

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