



# County of Santa Cruz

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## REDEVELOPMENT AGENCY

701 OCEAN STREET, ROOM 510, SANTA CRUZ, CA 95060-4000

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TOM BURNS, AGENCY ADMINISTRATOR

April 30, 2001

Agenda: May 8, 2001

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

### **Pajaro Lane Housing Financing**

Dear Members of the Board:

In February of 2000 your Board approved a series of actions directed towards developing a new affordable housing community on Pajaro Lane, in the Freedom area. Included in those actions was entering into a Memorandum of Understanding with the City of Watsonville to delay annexation of the properties into the City. As well, your Board approved initial financing of \$2,765,000 to finance acquisition of the main parcel required for the project. Subsequently, in August of 2000, your Board approved additional financing of \$622,000 for acquiring the final parcel for the project. The purpose of this letter is to update you on the status of the project and to formalize the Agency's financing for the purpose of the upcoming tax credit application.

### **Project Background and Status**

The project is located near Corralitos Creek at the intersection of Pajaro Lane and Airport Boulevard. The project site includes about 10 acres, with approximately eight acres of net developable land. The Agency's non-profit partner in the project, South County Housing, developed the project concept with input from Agency, County Planning, and Watsonville City staffs. That plan includes 64 multi-family rental residences affordable to very low and low income families and 35 for-sale town homes affordable to low and moderate income households. In addition to the housing opportunities, the project includes a community center, laundry facilities, group picnic areas, tot-lots, a children's playground, multi-purpose play court, turf play areas, and a par course.

On this same agenda your Board, as the Board of Supervisors, is being asked to schedule the overall project for a public hearing on May 22, 2001. The Planning Commission is scheduled to hear the item on May 9, 2001. These hearings are being scheduled to accommodate the upcoming tax credit funding deadline, which requires the project to have received land use approvals in order to be competitive for funding. Following the final

permit action on May 22, Agency and South County staffs will need to complete recordation of a parcel map needed to legally separate the parcels prior to the mid-June tax credit filing deadline.

### **Financial Update and Required Actions**

As noted above, your Board has already approved funding of \$3,387,000 for this project, which has been memorialized in a financing agreement for the project. At this stage, however, South County Housing is applying for the final component of funding for the apartments component of the project. The overall sources of funds for this component are illustrated below.

Conventional Loan	\$1,686,532
RDA Loan	\$1,800,000
NRC Grant	\$200,000
HOME Grant	\$1,317,110
Fed/State Tax Credits	\$6,950,827
AHP Loan	\$400,000
General Partner Contrib.	\$379,108
<b>Total Project Financing:</b>	<b>\$12,733,577</b>

Per this proposal, of the Agency funds currently committed to the project, \$1.8 million would be specifically earmarked for the apartment phase of the project. This would result in the Agency providing 14% of the overall financing for the project, an extremely high leverage of local housing funds. We are currently evaluating the financing for the for-sale segment of the project and will bring a final financing plan for that phase of the project at a later date.

As in the past, in order to provide the necessary match for the tax credit application, the Agency needs to temporarily cover the HOME funding commitment in addition to Agency's long-term \$1.8 million of funding allocated to the project. Therefore, the attached resolution provides for a funding commitment of \$3,117,000.

### **Conclusion/Recommendation**


Both the apartment and for-sale phases of the Pajaro Lane Project will provide much-needed affordable housing in the Pajaro Valley and substantial amenities for residents of the community. The partnership between the Agency and South County Housing creates a unique opportunity to provide a new model for affordable housing for both the Pajaro Valley and the entire County.

Board of Directors  
April 30, 2001  
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It is therefore RECOMMENDED that your Board take the following actions:

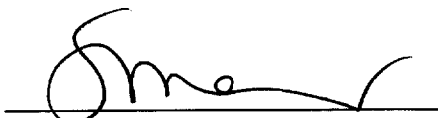
1. Accept and file this status report on the Pajaro Lane Housing Project; and
2. Approve the attached resolution formalizing the Agency's financial support for the apartment component of the project, with an understanding that the ultimate amount of Agency financing will not exceed \$1.8 million.

Very truly yours,



Tom Burns  
Redevelopment Agency Administrator

RECOMMENDED:



Susan A. Mauriello  
Redevelopment Agency Director

cc. RDA  
South County Housing

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BEFORE THE BOARD OF DIRECTORS  
OF THE SANTA CRUZ COUNTY REDEVELOPMENT AGENCY  
STATE OF CALIFORNIA

0292

RESOLUTION NO. \_\_\_\_\_

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

A RESOLUTION APPROVING A REDEVELOPMENT AGENCY FUNDING  
COMMITMENT OF \$3,117,000 TO ASSIST IN THE DEVELOPMENT OF THE PAJARO  
LANE AFFORDABLE HOUSING PROJECT

WHEREAS, South County Housing Corporation (SCHC) has developed a proposal to construct the Pajaro Lane affordable housing project ("the Project") located at the corner of Airport Boulevard and Pajaro Lane near Watsonville, Santa Cruz County.

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

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. 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 BE IT RESOLVED AND ORDERED, that the Agency shall provide financial assistance in a total amount of \$3,117,000 (3 million one hundred seventeen thousand dollars) to SCHC to assist 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 the County of Santa Cruz Redevelopment Agency, State of California, this 8<sup>th</sup> day of May, 2001, by the following vote.

AYES: DIRECTORS:

NOES: DIRECTORS:

ABSENT: DIRECTORS:

\_\_\_\_\_  
Chairperson of said Board

ATTEST: \_\_\_\_\_  
Clerk of the Board

APPROVED AS TO FORM:

Jane M. Scott  
County Counsel

Distribution: Redevelopment Agency

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