



County of Santa Cruz

REDEVELOPMENT AGENCY

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TOM BURNS, AGENCY ADMINISTRATOR

November 8, 2001

Agenda: November 20, 2001

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

Tower Lodge Rehabilitation Project Financing

Dear Members of the Board:

As your Board has already been informed elsewhere on today's Agenda in a letter from the HRA Administrator, the County's Continuum of Care Coordinating Committee secured a HUD funding commitment under the HUD Section 8 Moderate Rehabilitation Program in December of 2000. The purpose of the HUD Program is to provide funding to rehabilitate existing structures to create housing for very low income formerly homeless individuals. RDA staff has been working with staff from HRA, Mercy Housing California and the Housing Authority to arrange financing to rehabilitate existing structures at the Tower Lodge site and create housing for very low income individuals. The purpose of this letter is to request that your Board approve of the Agency's role in financing the project as well Agency financing for the project.

Project Background and Status

Tower Lodge sits on a 1.5 acre site located on 1324 El Rancho Drive off Highway 17. A part of the property is adjacent to Carbonero Creek. The property contains five residential structures containing a total of 27 bedrooms. Mercy Housing is proposing to rehabilitate the residential units to create 3 additional bedrooms for a total of 30 living units of which one would be a unit for an on-site manager.

Project Financing

Total project costs, inclusive of acquisition and rehabilitation will be about 3 million dollars. As is the case for all Agency-assisted projects, a number of funding sources will need to approve financing for the project to proceed. The cashflow to support a first mortgage will be supported by the HUD Grant, but other sources have yet to approve their participation. The sources and the uses of the funds are shown in the following table.

Tower Lodge Project — Proposed Source and Uses of Funds					
Sources of Funds		Amount		Uses of Funds	Amount
First Mortgage		\$250,000		Land Cost	\$650,000
County RDA		\$481,045		Predevelopment Studies	\$71,250
FHLBB AHP		\$150,000		Rehabilitation	\$1,050,000
HOME		\$1,000,000		Fees and other costs, including relocation	\$712,394
Multi-Family Housing Program (MHP)		\$1,086,599		Project Administration and Contingency	\$484,000
Total:		\$2,967,644		Total:	\$2,967,644

As has occurred in the past, while the Agency's ultimate assistance to the project will not exceed the \$481,045 indicated above, for the purpose of the HOME application we will need to cover the AHP contribution of \$150,000. As a result, the attached resolution includes funding of \$631,045 amount listed as an Agency contribution to the project.

Summary/Recommendation

As is indicated in the HRA letter elsewhere on this agenda, not only will this project provide much-needed long term housing for previously homeless individuals, but use of the HUD funds will enhance the ability of the County to continue to compete successfully for other funding vital to the continuum of care effort. With your Board's approval of funding and if the project receives both HOME and AHP funding, this project will be able to proceed next year.

It is therefore **RECOMMENDED** that your Board, as the Board of Directors of the Redevelopment Agency, take the following actions:

1. Adopt the attached resolution approving funding for the Tower Lodge Project; and
2. Authorize the RDA Administrator to take any actions required to complete this transaction, including preparing and signing a covenants and restrictions agreement for the long term use, operation and maintenance of the property.

Board of Directors
November 8, 2001
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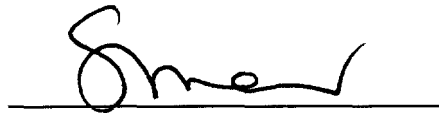
Very truly yours,



Tom Burns

Redevelopment Agency Administrator

RECOMMENDED:



Susan A. Mauriello

Redevelopment Agency Director

Attachment

cc. RDA

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

On the motion of Director _____

duly seconded by Director _____

the following resolution is adopted.

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE COUNTY OF SANTA
CRUZ APPROVING FUNDING TO MERCY HOUSING CALIFORNIA TO ASSIST IN THE
TOWER LODGE ACQUISITION AND REHABILITATION PROJECT

WHEREAS, Mercy Housing California (MHC) has developed a proposal to acquire and rehabilitate an existing structure to provide housing for very low income individuals, a development called the Tower Lodge Acquisition and Rehabilitation Project (“the Project”) located at 1318, 1320, 1322, 1324, and 1326 El Rancho Drive, in the unincorporated area of Santa Cruz County and consisting of 29 assisted units and one manager’s unit;

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

WHEREAS, the Project is located outside of the Redevelopment Agency Soquel/Live Oak Community Improvement Project Area (the “Project Area”);

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;

WHEREAS, during the 2001 HOME funding cycle, Central Coast Housing will apply for one million dollars (\$1,000,000) in HOME funds, and if awarded shall be allocated to MHC as the Developer of the Project;

WHEREAS, The developer, MHC, will be applying for Federal Home Loan Bank Board Affordable Housing Program (AHP) Funds in Spring 2002, for an amount equaling \$150,000 to provide additional financing for the project;

NOW BE IT RESOLVED AND ORDERED, that in the event that the HOME funds are awarded to the Project, the Agency shall make a loan to MHC of Six Hundred Thirty-One Thousand Forty-Five Dollars and No Cents (\$631,045) to assist the Project and shall record affordability restrictions against the Project property of at least forty (40) years. The loan shall bear no interest and repayment is deferred for thirty years.

BE IT FURTHER RESOLVED that in the event that MHC receives Federal Home Loan Bank Board

Affordable Housing Program Funds, the Agency's loan to the Project will be reduced by the amount of AHP funding received, to an anticipated amount of Four Hundred Eighty-One Thousand Forty-Five Dollars and No Cents (**\$481,045**)

BE IT FURTHER RESOLVED that if MHC's application for HOME funds is approved, the Redevelopment Agency Administrator is authorized to enter into and sign all financial agreements 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 20th day of November 2001, by the following vote.

AYES:

NOES:

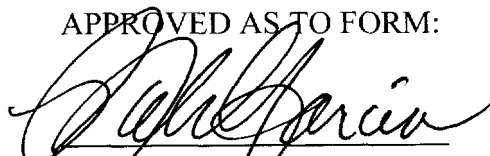
ABSENT:

ABSTAIN:

Tony Campos, Chair,
Board of Directors of the County of Santa Cruz Redevelopment Agency

ATTEST: _____
Clerk of the Board

APPROVED AS TO FORM:



County Counsel