County of Santa Cruz

REDEVELOPMENT AGENCY

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TOM BURNS, AGENCY ADMINISTRATOR

January 17, 2002

Agenda: January 29, 2002

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

Bridge Loan Financing For Pajaro Lane Housing Project

Dear Members of the Board:

As you may recall, in June of 2001 your Board approved the Pajaro Lane Affordable Housing Project in the Freedom area. The project, as approved, contains 99 units of affordable housing — 64 apartment units affordable to low and very low income families and 35 for-sale townhouse units affordable to low and moderate income households. Prior to that time, the Agency had committed approximately $3.5 million towards financing both phases of the project.

South County Housing, the Project developer, is now in the process of applying for additional funding to pay for the construction stage of this project. Because of the complexity of the project and the time involved, South County has asked if the Agency could extend additional short-term financing for the project to cover pre-development costs. Specifically, they have requested a short-term bridge loan of $300,000 at 3% annual interest rate until construction financing becomes available. At the outside, the loan would be for an 18 month period. Providing this loan will allow South County to direct their available subsidies towards writing down the cost of the housing units rather than paying high interest rates for interim lines of credit.

It is therefore RECOMMENDED that your Board, as the Board of Directors of the Redevelopment Agency, authorize the RDA Administrator to prepare and sign the necessary documents to provide the loan as described above.

Very truly yours,

Tom Burns
Redeveopment Agency Administrator

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RECOMMENDED:

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Susan A. Mauriello
Redevelopment Agency Director

cc.   RDA

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