



County of Santa Cruz⁰³⁵¹

REDEVELOPMENT AGENCY

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TOM BURNS, AGENCY ADMINISTRATOR

May 14, 2002

Agenda: June 4, 2002

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

Pre-development Financing for Pacific Family Mobile Home Park

Dear Members of the Board:

The purpose of this letter is to respond to a request from the residents of the Pacific Family Mobile Home Park for a pre-development loan from the Agency in the amount of \$30,000 to finance the preparation of a financial and physical plan for the park.

The Pacific Family Mobile Home Park project was initially promoted and sponsored by Santa Cruz Community Housing Corporation as a mobile home park conversion from private ownership into resident owned. The conversion effort was one of the first projects of the Redevelopment Agency, receiving Agency financial assistance in the amount of \$80,000 to assist in the \$1.1 million project. Given the Agency's limited financing role in the project, the Agency had a very limited role in on-going project operations.

Since the project's inception, the Park has experienced a range of problems. The project was initially under-capitalized and the residents received insufficient training on making the types of sophisticated business decisions required of cooperative home ownership. Financial problems, chronic residential management deficiencies, and neglect of long term maintenance and repairs, caused the Park to become the subject of zoning enforcement actions, delinquent in its mortgage payments and to hover near foreclosure.

During the six years that these conditions were evident, Agency staff engaged with the Park Board of Directors on number of occasions in order to forestall the perceived results of continued problems. Existing violations prevented any planning for park improvements in infrastructure, internal circulation, and unit layout. In turn, the inability to effect a more efficient use of space thereby increasing park revenue yield from space rentals, caused the Park to fall behind financially. For some time, the serious concerns raised by Agency staff were met with general disinterest from the Park Board. Agency staff continued to meet periodically with the Park Board in the hope that changes in Board composition might lead to a resolution that would provide practical solutions for the future.

Within the last year the Board's makeup has changed and now appears to be composed of members who are earnest about making needed improvements and placing the Park on sounder financial footing. The Park Board recently hired the John Stewart Company as their property manager and business agent. Actions of professional management have greatly reduced the intensity of prevailing conditions and stabilized the Park's financial status.

Park residents are now willing to initiate a new chapter in the Park's development by planning to correct long neglected improvements. Park residents have prepared their own list of immediate improvements in order of priority. They have also set aside a part of Park's residual cash flow to defray costs of the research and to prepare a financial and physical plan for the park in order to address long term improvements. The Park's Board also desires to engage the services of a land use and development consultant firm to prepare the long range improvement plan. Their consultant has submitted a proposal to provide corrections and improvements by upgrading drainage, plumbing, sewer collection and electrical systems to health and safety standards. They will also prepare a site plan showing a more efficient layout of units.

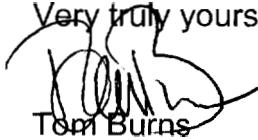
Redevelopment Agency funding not to exceed the amount of \$30,000 is requested to help finance this effort. Additional financing is provided in the form of management fee deferral from the John Stewart Co., and, as noted above, funds from the residents themselves. Clearly, this is an opportune time to provide this assistance. The formation of the development team consisting of the Agency, the John Stewart Company, and the residents will work together to improve conditions in the Park. The aim of this effort is that improved conditions will, in turn, make the Park eligible to receive permanent long-term financing within one year, finally bringing the Park back to a sound financial and physical condition.

In sum, the change in the makeup of the Board of Pacific Family Mobile Home Park, the willingness of residents to contribute financially toward improvement efforts, the presence of competent management and capable development assistance has created a higher level of optimism on the part of Agency staff that current Park conditions will lead to the prospect of financial and social stability. It is worth noting that Agency staff several years ago evaluated our role in on-going project operations in light of the problems at the Pacific Family Mobile Home Park. As a result we now more carefully review the proposed operating structure for any housing projects. As well, we have instituted on-going project monitoring efforts to identify such problems, when they occur, far earlier in the process, when solutions are more readily available.

It is therefore RECOMMENDED that your Board, as the Board of Directors of the Redevelopment Agency authorize the RDA administrator to enter into an agreement to provide a pre-development loan of up to \$30,000 for the purposes outlined in this letter.

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May 14, 2002
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Very truly yours,



Tom Burns
Redevelopment Agency Administrator

RECOMMENDED:



Susan A. Mauriello
Redevelopment Agency Director

cc. RDA

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