



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: County Administrative Office

(831) 454-2100

Subject: Amendment to Exclusive Negotiation Agreement with MidPen

Meeting Date: December 8, 2020

Recommended Action:

As the Board of Supervisors for the Santa Cruz County Redevelopment Successor Agency, approve Second Amendment to Exclusive Negotiation Agreement by and between the Santa Cruz County Redevelopment Successor Agency and MP Live Oak Associates, L.P., to extend the negotiation period to March 31, 2021 and authorize the County Administrative Officer to execute the agreement.

Executive Summary

On December 5, 2017, the Santa Cruz County Redevelopment Successor Agency (RSA) entered into an Exclusive Negotiation Agreement (ENA) with MidPen Housing Corporation (MHP) to, among other tasks, attempt to negotiate an Affordable Housing and Property Disposition Agreement (AHPDA). On November 10, 2020, the RSA approved an AHPDA between the RSA and MP Live Oak Associates, L.P. (MP Live Oak), a partnership established by MPH, for the development of a mixed-use affordable housing project with two clinics. The AHPDA was approved by the Santa Cruz County Consolidated Redevelopment Successor Agency Oversight Board (Oversight Board) on November 18, 2020, however the California Department of Finance may request up to 100 days to review the Oversight Board's approval of the AHPDA. The attached Second Amendment to Exclusive Negotiation Agreement will extend the term of the ENA to March 31, 2021 to meet this requirement.

Background

The Office for Economic Development and the Planning Department have been working to dispose of property owned by the former Redevelopment Agency of the County of Santa Cruz (RDA) near the southwest corner of 17th Avenue and Capitola Road (Site). Through a disposition process that included a Request for Proposals, MPH was selected as the lead developer for a project to include a 57-unit affordable housing development and two clinics.

On December 5, 2017, the RSA entered into an Exclusive Negotiation Agreement (ENA) with MPH. The ENA provided for the parties to, among other tasks, attempt to negotiate an Affordable Housing and Property Disposition Agreement (AHPDA) or other form of agreement that would set forth the terms and conditions for the RSA's sale of a portion of the Site to MPH and a portion to the clinics. The ENA has previously been extended administratively, to June 5, 2020, and by a First Amendment to Exclusive Negotiation Agreement, approved by the RSA on December 10, 2019, which extended the ENA to December 31, 2020.

The RSA approved the AHPDA on November 10, 2020 setting forth the terms and conditions for the disposition of the property to MP Live Oak. The Oversight Board approved the AHPDA on November 18, 2020.

Analysis

While the RSA approved the AHPDA in November, the California Department of Finance (DOF) may request up to 100 days to review the Oversight Board's approval of the AHPDA. Upon lapse of the DOF's review period without any objections, the AHPDA will become effective, and the ENA will automatically terminate. Therefore, to continue the effectiveness of the ENA until such time as the AHPDA becomes effective, MP Live Oak (which has assumed MPH's rights and obligations under the ENA) has requested a second amendment to the ENA. The attached Second Amendment to Exclusive Negotiation Agreement extends the Negotiation Period of the ENA to March 31, 2021, and authorizes the County Administrative Officer to grant certain additional extensions, if necessary, to obtain DOF approval.

Strategic Plan Elements:

- [1.A (Comprehensive Health & Safety: Health Equity)
- 2.A (Attainable Housing: Affordable Housing)
- 2.B (Attainable Housing: Community Development)
- 2.C (Attainable Housing: Local Inventory)
- 2.D (Attainable Housing: Homelessness)
- 5.A (Dynamic Economy: Regional Workforce)
- 5.B (Dynamic Economy: Community Vitality)

Submitted by:

Carlos J. Palacios, County Administrative Officer

Recommended by:

Carlos J. Palacios, County Administrative Officer

Attachments:

- a** Second Amendment to Exclusive Negotiation Agreement

cc:

County Administrative Office
Allison LeMoine-Bui
Jan Lindenthal