



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: County Administrative Office

(831) 454-2100

Subject: Capitola Road Commercial Site Use of Funds

Meeting Date: November 10, 2020

Recommended Action(s):

Accept and file report on the use of property taxes received by the County related to the disposition of the Capitola Road Commercial Site.

Executive Summary

On November 5, 2019, the Redevelopment Successor Agency Board (RSA Board) directed staff to return to the Board of Supervisors (Board) with a discussion on the use of property taxes received by the General Fund related to the disposition of the Capitola Road Commercial Site (Site) for a mixed-use affordable housing project. Acceptance of this report will identify approximately \$253,000 in property tax revenues related to the sale of the Site to offset property taxes lost due to the calamity losses experienced related to the CZU Lightning Complex Fire, estimated at \$450,000.

Background

On November 5, 2019, the RSA Board approved the original Affordable Housing and Disposition Agreement (Original AHPDA) for the disposition of the Capitola Road Commercial Site located near the southwest corner of 17th Avenue and Capitola Road for a mixed-use affordable housing project. The RSA Board provided additional direction that the County Administrative Office return in February 2020 to the Board to have a discussion about use of property taxes to be received by the County related to the disposition of the Site. On February 25, 2020, the Board approved deferral of the item to provide staff with time to work with the developer, MidPen Housing, regarding unforeseen environmental contaminants on the Site delaying the execution of the Original AHPDA and corresponding disposition of the Site and return on the same agenda as approval of a revised Affordable Housing and Disposition Agreement (Revised AHPDA).

Analysis

Elsewhere on today's agenda the RSA Board approved the Revised AHPDA for disposition of the Site. The original purchase price for the property (\$3,525,000) was determined through an appraisal report dated December 3, 2018 prepared by Valbridge Property Advisors. The purchase price has been reduced by \$2,117,399 to reflect the cost of vapor barrier mitigation required for developing the Site and ongoing monitoring and management costs to a revised purchase price of \$1,407,601. It is estimated that the County will receive approximately 18% of the proceeds with the distribution of property taxes or approximately \$253,000 to the General Fund. Due to the significant budgetary impacts related to the COVID-19 pandemic and the CZU Lightning Complex

Fire, it is recommended that the estimated property tax proceeds be used to offset property taxes lost due to the calamity losses, estimated at \$450,000. The County Administrative Office will return in December 2020 with a funding plan related to the response and recovery. This funding will be critical in assisting the residents impacted by the fire and the loss of 925 residential units within the fire zone.

Strategic Plan Element(s)

- 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)
- 4.A (Sustainable Environment: Outdoor Experience)
- 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

cc:

County Administrative Office