

Santa Cruz County Board of Supervisors Meeting

November 5, 2019

Consider approval of Affordable Housing and Property Disposition Agreement By and Between the Santa Cruz County Redevelopment Successor Agency and MP Live Oak Associates, L.P.

Staff Direction

- Determine that the proposal is exempt from further Environmental Review under the California Environmental Quality Act, pursuant to Public Resources Code (PRC) section 21159.25
- Adopt a Resolution recommending that the Board of Supervisors approve Application 181579 based on the attached findings and conditions.
- “Staff recommends that the Regional Transportation Commission (RTC):
- Authorize the Executive Director to enter into negotiations with Caltrans for a cooperative agreement outlining the responsibilities of the RTC and Caltrans District 5 for the environmental phase of the Highway 1 State Park/Freedom Auxiliary Lanes and Bus on Shoulder Project.
- Authorize the Executive Director to issue a Request for Proposals (RFP) to procure a professional engineering consultant to prepare the preliminary engineering and environmental documentation for the Highway 1 State Park/Freedom Auxiliary Lanes and Bus on Shoulder Project.”

Background

The project site consists of four legal parcels is on the south side of Capitola Road. To the west and south the property shares its boundaries with single-family and multi-family residential neighborhoods containing one and two-story apartments and homes. The east and north boundaries are met with commercially zoned property. Two of the parcels have existing small residential structures on them while the other two are vacant lots with native grass and trees.

These land parcels were acquired by the County of Santa Cruz Redevelopment Agency (RDA) between 1994 and 1997. It was initially meant to be the site of a new library but in the end the library was instead built on Portola Drive. RDA kept the property for potential future use. In the meantime a Commercial Development Permit was approved that allowed the existing buildings on the property to be used temporarily as the Live Oak Community Resources Center. The economic downturn of 2008 stalled any development even further and in 2011 the CA State Legislature ended the state's redevelopment agencies. So in 2012 the County of Santa Cruz Board of Supervisors adopted a resolution to become the Redevelopment Successor Agency (RSA) in place of the County's RDA and took over ownership of the property.

In 2013 a Long-Range Property Management Plan (LRPMP) was put in place to address the use of the property. Applicable zoning regulations were reviewed and community input was obtained at that time. In 2017 the Board of Supervisors began the search for qualified and experienced developers to negotiate the purchase and development of the project, a mixed-use, neighborhood-serving commercial project. MidPen Housing was selected as developer.

In December of 2017, the Board authorized the Planning Director to enter into a Predevelopment Loan Agreement with Midpen Housing for the development of an affordable housing project. The proposed project will consist of a two-story commercial building with a central plaza and four three-story multi-family residential buildings around a private open space. The proposed buildings will be surrounded by landscaping, parking and a community garden. The residential buildings will include 56 affordable units and community facilities for its tenants.

The Corridor Investment Program on Highway 1 was created to improve access and decrease congestion getting to and from Highway 1 in Santa Cruz County. The project includes shoulder improvements, auxiliary lanes and overhead crossings for bicycle and pedestrian. Additionally, future plans include interchange modifications, ramp metering and High Occupancy Vehicle lanes.

"The RTC, in cooperation with Caltrans and the Federal Highway Administration (FHWA), prepared a combined Environmental Impact Report/Environmental Assessment (EIR/EA) for the Tier I programmatic-level long range vision for the

Highway 1 corridor and the Tier II (project level) 41st/Soquel Auxiliary Lanes and Bike/Ped Overcrossing Project. The Final EIR/EA was certified in January 2019.

In 2018 the RTC advanced and implemented the final design for the Highway 1 41st/Soquel Auxiliary Lanes, Bus on Shoulder, and Bike/Ped Overcrossing Project to achieve project readiness for funding opportunities, which is scheduled to be 31-1 Highway 1 Auxiliary Lanes (State Park Dr to Freedom Boulevard) Page 2 construction-ready in 2020 pending availability of funds for construction. Staff plans to apply for construction funds in cycle 2 of the Senate Bill 1 (SB1) Solutions for Congested Corridors (SCCP) and Local Partnership Program-Competitive (LPP-c) programs, with applications estimated to be due in early 2020. Cycle 2 of the SCCP and LPP-c program will allocate funds over FY 20/21, 21/22, and 22/23.

Earlier this year the RTC entered into a Cooperative Agreement with Caltrans and awarded a consultant contract for the preliminary engineering and environmental phase of the Highway 1 Bay/Porter to State Park Auxiliary Lanes and Bus on Shoulder Project which is underway. This project is scheduled to be construction ready in 2022.”

Board of Superisors’ Action:

County supervisors on Tuesday approved a 57-unit affordable housing project and allowed for new community health and dental clinics at 1500 Capitola Road in Live Oak.

RTC Commission Action

A motion was made to authorize the RTC executive director to enter into negotiations with Caltrans for a cooperative agreement outlining the responsibilities of the RTC and Caltrans District 5 for the environmental phase of the Highway 1 State Park/Freedom Auxiliary Lanes and Bus on Shoulder Project, and to authorize the RTC executive director to issue a Request for Proposals to procure a professional engineering consultant to prepare the preliminary engineering and environmental documentation for the Highway 1 State Park/Freedom Auxiliary Lanes and Bus on Shoulder Project.

Summary of Motion

The approved motion marks the beginning of the environmental phase of the Highway 1 Auxiliary Lanes and Bus on Shoulder Project between State Park Drive and Freedom Boulevard. Environmental clearance is a requirement of projects funded by the SB1 SCCP and LPP-c programs.

RTC Commission Vote

The motion was unanimously approved.

Summary of Motion:

A motion was moved by Supervisor Leopold to support the project on 3.6 acres owned by the county's former redevelopment agency. The board approved a roughly \$3.5 million land sale to nonprofit developer Mid-Pen Housing and approved the construction of two clinics: a Dientes Community Dental Care and a Santa Cruz Community Health Center. The county also agreed to pay \$5 million of the development costs from its Low- and Moderate-Income Asset Fund for this 100% affordable housing project.

The project is mainly on a vacant lot that has oak trees and bird habitat. Live Oak Supermarket and a laundromat near the corner of 17th Avenue and Capitola Road are not touched by project.

The clinics are expected to be two stories and will include a pharmacy and optometry office, project leaders said. The apartment complex will include four three-story buildings.

Board of Supervisors' Vote:

The motion passed unaminously with all five board members in support, Yes: Board Chair Coonerty, Supervisor Leopold, Caput, Friend and McPherson

No: none

Chamber's Position:

The Chamber supports increasing the traffic flow on Highway 1 with auxiliary lane extensions as described in the RTC staff report. Transportation is a pressing issue in our community. It affects people's access to work and school, which can be either helpful or harmful to the economic vitality of Santa Cruz. While the

Chamber advocates for the usage of multi-modal transportation, reduction on single car trips, we are also committed to recognizing and respecting the needs auto dependent residents of our community.

The Chamber's # 1 policy issue for the last several years to support the development of more housing at all income levels, with a focus on very low and low income affordable market rates. The Chamber advocated for this project as a well balance mixed use project approved a 57-unit affordable housing project and allowed for new community health and dental clinics at 1500 Capitola Road in Live Oak.

The project stands out because only 83 units of low-income and very-low-income housing have been permitted in unincorporated Santa Cruz County from 2015 through 2018, according to the [state's Housing and Community Development Department](#).