BEFORE THE SANTA CRUZ COUNTY
REDEVELOPMENT SUCCESSOR AGENCY OVERSIGHT BOARD
RESOLUTION NO. 23-20130B

On the motion of Geisreiter duly seconded by Coonerty the following resolution is adopted:

RESOLUTION APPROVING A LONG-RANGE PROPERTY MANAGEMENT PLAN PURSUANT TO HEALTH AND SAFETY CODE SECTION 34191.5

WHEREAS, the Santa Cruz County Redevelopment Successor Agency Oversight Board ("Oversight Board") has been established to direct the Santa Cruz County Redevelopment Successor Agency ("Successor Agency") to take certain actions to wind down the affairs of the former Santa Cruz County Redevelopment Agency ("Agency") in accordance with the requirements of Assembly Bill 26 ("ABx1 26"), also known as chapter 5, Statutes 2011, First Extraordinary Session, which added Part 1.8 and Part 1.85 of Division 24 of the California Health and Safety Code, and Assembly Bill 1484, also known as chapter 26, Statutes of 2012, which made certain revisions to the statutes added by ABx1 26; and

WHEREAS, Health and Safety Code Section 34179 (e) requires that all actions taken by the Oversight Board shall be adopted by resolution; and

WHEREAS, on April 26, 2013, the Successor Agency received a "Finding of Completion" from the California Department of Finance ("DOF") pursuant to Health and Safety Code section 34179.7, confirming that the Successor Agency had made specified required payments under the ABx1 26 enacted in June 2011, as amended by AB 1484 enacted in June 2012 ("Dissolution Act"); and

WHEREAS, pursuant to Health and Safety Code section 34191.5(b), the Successor Agency must prepare and submit a long-range property management plan ("LRPMP") that addresses the disposition and use of the real properties of the former redevelopment agency and transmit the LRPMP to the Oversight Board and DOF no later than six months following the issuance by the DOF of the Finding of Completion; and

WHEREAS, the Successor Agency has prepared a long-range property management plan that contains all the information required under Health and Safety Code section 34191.5(b); and

WHEREAS, the LRPMP was approved by the Board of Supervisors, acting as the Successor Agency, on September 24, 2013; and

WHEREAS, the LRPMP addresses three sites: 1) the Commercial Way right-of-way remainder parcel Site, 2) the Capitola Road commercial Site, and 3) the 7th Avenue visitor accommodation Site, as further described in the LRPMP attached to this resolution as Exhibit A; and

WHEREAS, the Successor Agency has presented the LRPMP to the Oversight Board for its approval pursuant to Health and Safety Code section 34191.5.

NOW, THEREFORE, IT IS HEREBY RESOLVED AND ORDERED by the Santa Cruz County Redevelopment Successor Agency Oversight Board as follows:

SECTION 1. The above Recitals are true and correct.

SECTION 2. The Long-Range Property Management Plan attached to this Resolution as Exhibit A is hereby approved.

SECTION 3. Staff is hereby authorized and directed to submit the LRPMP to the DOF for approval in accordance with Health and Safety Code Section 34191.5(b).

SECTION 4. The County Administrative Officer, with the consent of Successor Agency Counsel, is authorized to make non-substantive corrective changes to the LRPMP if requested by the DOF so that in the event of requested changes there is not a need to return to the Oversight Board for additional approval.

PASSED, APPROVED and ADOPTED by the Santa Cruz County Redevelopment Successor Agency Oversight Board, this 8th day of October, 2013 by the following vote:

AYES: Geisreiter, Coonerty, Maxwell, Hart, Rozario, Leopold
NOES: none
ABSENT: Reece

Chairperson of the Santa Cruz County Redevelopment Successor Agency Oversight Board

ATTEST:

Clerk of the Oversight Board

Approved as to form:

County Counsel

Distribution:
- Auditor-Controller
- CAO
- County Counsel
- Successor Agency
- State Department of Finance

LONG-RANGE PROPERTY MANAGEMENT PLAN CHECKLIST

Instructions: Please use this checklist as a guide to ensure you have completed all the required components of your Long-Range Property Management Plan. Upon completion of your Long-Range Property Management Plan, email a PDF version of this document and your plan to:

Redevelopment_Administration@dof.ca.gov

The subject line should state "[Agency Name] Long-Range Property Management Plan". The Department of Finance (Finance) will contact the requesting agency for any additional information that may be necessary during our review of your Long-Range Property Management Plan. Questions related to the Long-Range Property Management Plan process should be directed to (916) 445-1546 or by email to Redevelopment_Administration@dof.ca.gov.

Pursuant to Health and Safety Code 34191.5, within six months after receiving a Finding of Completion from Finance, the Successor Agency is required to submit for approval to the Oversight Board and Finance a Long-Range Property Management Plan that addresses the disposition and use of the real properties of the former redevelopment agency.

GENERAL INFORMATION:

Agency Name**: Santa Cruz County Redevelopment Successor Agency**

Date Finding of Completion Received**:** April 26, 2013

Date Oversight Board Approved LRPMP: October 8, 2013

Long-Range Property Management Plan Requirements

For each property the plan includes the date of acquisition, value of property at time of acquisition, and an estimate of the current value.

☒ Yes ☐ No

For each property the plan includes the purpose for which the property was acquired.

☒ Yes ☐ No

For each property the plan includes the parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.

☒ Yes ☐ No

For each property the plan includes an estimate of the current value of the parcel including, if available, any appraisal information.

☒ Yes ☐ No

For each property the plan includes an estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.

☒ Yes ☐ No

For each property the plan includes the history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.

☒ Yes ☐ No

For each property the plan includes a description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

☒ Yes ☐ No

For each property the plan includes a brief history of previous development proposals and activity, including the rental or lease of the property.

☒ Yes ☐ No

For each property the plan identifies the use or disposition of the property, which could include 1) the retention of the property for governmental use, 2) the retention of the property for future development, 3) the sale of the property, or 4) the use of the property to fulfill an enforceable obligation.

☒ Yes ☐ No

The plan separately identifies and list properties dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation.

☒ Yes ☐ No

ADDITIONAL INFORMATION

- If applicable, please provide any additional pertinent information that we should be aware of during our review of your Long-Range Property Management Plan.

Agency Contact Information

Name:	Kim Namba	Name:	Carol Kelly
Title:	Administrative Services Manager	Title:	Asst. CAO
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Date:	10/9/13	Date:	10/9/13

Department of Finance Local Government Unit Use Only

DETERMINATION ON LRPMP: ☐ APPROVED ☐ DENIED

APPROVED/DENIED BY: _____ DATE: _____

APROVAL OR DENIAL LETTER PROVIDED: ☐ YES DATE AGENCY NOTIFIED: _____

Form DF-LRPMP (11/15/12)

Long-Range Property Management Plan

Santa Cruz County Redevelopment Successor Agency

September 2013

INTRODUCTION

On June 29, 2011, California Governor Jerry Brown signed Assembly Bill (AB) x1 26, which eliminated redevelopment agencies statewide. California's redevelopment agencies were officially dissolved on February 1, 2012. ABx1 26 included provisions for the creation of successor agencies and oversight boards to manage the affairs of the former redevelopment agencies through the dissolution process.

On January 10, 2012, the County of Santa Cruz Board of Supervisors adopted a resolution to become the Successor Agency to the Santa Cruz County Redevelopment Agency and assumed the responsibility for ownership and management of real property owned by the former Redevelopment Agency. Subsequently, on March 20, 2012, the Board of Supervisors appointed its representatives to the Oversight Board for the Successor Agency as required by ABx1 26, and the Oversight Board held its first meeting on March 27, 2012.

On June 27, 2012, the Governor signed budget trailer bill AB 1484, which made significant changes to the original redevelopment legislation enacted by ABx1 26. AB 1484 included language that requires all redevelopment successor agencies to prepare a Long-Range Property Management Plan (LRPMP) that addresses the disposition and use of any unencumbered real property assets that were owned by a former redevelopment agency.

The property management plan requirements of AB 1484 have been codified into California Health and Safety (HSC) § 34191.1 et seq. Pursuant to HSC § 34191.5, successor agencies are required to complete their property management plans within six months after receiving their Finding of Completion from the California State Department of Finance. The Santa Cruz County Redevelopment Successor Agency received its Finding of Completion from the Department of Finance on April 26, 2013. Therefore, the LRPMP must be submitted to the State by October 26, 2013.

This plan has been prepared in accordance with HSC § 34191.5 and provides the required factual and historical data for the real property assets of the former Santa Cruz County Redevelopment Agency and sets forth disposition strategies for each property that are consistent with the requirements of law and our fiduciary responsibilities.

I. PROPERTY INVENTORY

Overview of Real Properties

The Successor Agency currently owns three distinct real properties that are included in this LRPMP: 1) the Commercial Way right-of-way site, 2) the Capitola Road commercial site, and 3) the 7th Avenue visitor accommodation site. Although two of the larger sites (Capitola Road and 7th Avenue) are comprised of multiple legal tax parcels, the tax parcels are combined for each site. An overview map showing the location of the properties within the former redevelopment project area is provided in Figure 1. A brief summary of the three sites is provided below:

1. **Commercial Way Right-of-Way Site.** The Commercial Way right-of-way site is an approximately 4,776 square foot triangular-shaped property located on the northwest corner of Commercial Way and Commercial Crossing. The site is a remnant parcel that was created in 1996 following a series of real property acquisitions and roadway dedications by the Redevelopment Agency that were necessary to create the Commercial Crossing connector road to facilitate development of the Commercial Way retail center. Continuing retail planning efforts and the potential realignment of the Highway 1 off-ramp at the terminus of Commercial Way indicate that the Commercial Way site will likely be needed to accommodate expansion of the intersection that is adjacent to this Commercial Way site. Anticipated improvements to the Commercial Way/Commercial Crossing intersection include installation of a right-turn lane, sidewalks, enhanced bicycle and transit facilities, and signal equipment.

2. **Capitola Road Commercial Site.** The Capitola Road commercial site is an approximately 3.7 acre, flat, rectangular-shaped site with frontage on Capitola Road. The site was acquired by the Redevelopment Agency through a series of transactions between 1994 and 1997. The site is zoned C-1 (Neighborhood Commercial), which allows for a wide range of neighborhood-serving commercial uses, and has potential for a mixed-use development that could be enhanced through parcel assembly with the adjoining underdeveloped privately-owned retail use on the southwest corner of Capitola Road and 17th Avenue.

3. **7th Avenue Visitor Accommodation Site.** The 7th Avenue visitor accommodation site is an approximately 8.26 acre, nearly rectangular-shaped site located on the northwest corner of 7th Avenue and Brommer Street in Live Oak. The Redevelopment Agency acquired these properties to assemble a site to promote development of the site for visitor serving accommodations and other beneficial mixed uses to enhance the economic vitality and environmental quality of life amenities in the vicinity of the Santa Cruz Small Craft Harbor as designated in the General Plan policies implementing the Local Coastal Plan (LCP). The LCP identifies this site and the Santa Cruz Port District property across Brommer Street to the north, as Coastal Priority Sites. The LCP includes standards for development that require that commercial use of the site include a minimum of 50% of the project devoted to Type A visitor accommodations and a minimum one acre for neighborhood park facilities among other things. The LCP also requires coordinated site architecture, landscaping and improvements on this site and the Port District site to the north, in order to create an integrated development scheme. The long term economic development potential for the site could be enhanced with a joint marketing effort with adjacent parcels owned by the Santa Cruz Port District.

The following sections provides a the detailed inventory for each property in conformance with the specific requirements of HSC § 34191.5(c)(1)(A) – (F).

Figure 1: Successor Agency Property Overview Map

Inventory Detail for the Commercial Way Right-of-Way Site

(A) ***Date and Value of Acquisition.*** The Commercial Way site is a remnant parcel that was created following a series of property purchases, exchanges, and dedications necessary to create the Commercial Crossing connector road between Soquel Drive and Commercial Way. The Redevelopment Agency acquired the Commercial Way site on July 30, 1996 as part of an acquisition that included a total of 28,379 square feet of commercially developed land for a total purchase price of $1,300,000. After the Commercial Crossing connector road was constructed and dedicated to the County, the 4,776 square foot Commercial Way site remained in the ownership of the Redevelopment Agency as a remnant parcel for future right-of-way use.

(B) ***Purpose of Acquisition.*** The property was acquired in conjunction with other parcels to create the Commercial Crossing connector road to facilitate development and improved circulation to and within the Commercial Way retail center.

(C) ***Parcel Data.*** The Commercial Way site is an approximately 4,776 square foot triangular-shaped parcel located on the northwest corner of Commercial Crossing and Commercial Way. An aerial view of the property is provided in Figure 2 below. The Assessor's Parcel Number is 025-084-28. The parcel is undeveloped land and has no assigned street address. Current photographs of the property are provided in Figure 3-1 and 3-2 below. The current land use zoning for the property is C-2 (Community Commercial) and the General Plan designation is C-C (Community Commercial).

Figure 2: Commercial Way Site – Aerial View

Figure 3-1: Commercial Way Site – Street View, Commercial Way Frontage

Figure 3-2: Commercial Way Site – Street/Interior View from Commercial Crossing

(D) Estimate of Current Value. The subject property is a triangular-shaped remnant parcel and is not of sufficient size for stand-alone commercial development. The remnant property has not been appraised. Due to very limited private utility or development potential and single-buyer marketability, with the most likely buyer being the adjacent property owner, the current value of the parcel is estimated in the range of $15,000 - $25,000.

(E) Estimate of Lease Revenues Generated by the Property; Contractual Requirements. The subject property has no history of lease revenue. There are no contractual requirements related to the disposition of the property.

(F) History of Environmental Contamination and Remediation. No known environmental contamination or remediation has occurred on the site. The site is not a Brownfield site. The property was included in a Phase I Environmental Site Assessment report prepared for the Redevelopment Agency by Remediation Risk Management, Inc, dated May 23, 1995. The Phase I Report recommended one area for further subsurface sampling but this area is not located on the subject Commercial Way site. Prior to commencement of the Commercial Crossing road project, an additional Phase II Investigation Report was prepared by Geomatrix Consultants, dated January 1996. The Phase II Report included soil boring and groundwater sampling and concluded that the site has not been impacted by current or previous activities.

(G) Potential for Transit Oriented Development and Advancement of Planning Objectives. This site is located in a commercial retail area nearby to medical offices and Domincan Hospital, the County's largest hospital. It is a short block from Soquel Drive, a major arterial street served by Santa Cruz Metro bus lines. Due to its size and shape, the Commercial Way site is not suited for stand-alone commercial development. However, preservation of this site as County road right-of-way and future multi-modal improvements will ensure efficient circulation and enhance any future transit-oriented development within this commercial and retail planning area. Expanded multi-modal facilities to serve users and employees would advance sustainability planning objectives. Maintaining the potential for improved transportation circulation also advances several objectives of the existing County General Plan related to Street and Highways, including Objective 3.11 (Roadway Network Function), Objective 3.12 (Level of Service), and Objective 3.17 (Commodities Movement). In addition, maintaining the potential for improved transportation and circulation advances objectives of the 2010-2014 Implementation Plan for the Live Oak/Soquel Project Area including Goal 5, Objective ii, "Provide planning and infrastructure to encourage development of economic opportunity sites."

(H) History of Development Proposals and Activity. There is no history of development proposals on the Commercial Way site. The property has been maintained by the Successor Agency as vacant land targeted for future multi-modal improvements to serve existing and future development in the Commercial Way retail center and surrounding properties.

Inventory Detail for the Capitola Road Commercial Site

(A) ***Date and Value of Acquisition.*** The Capitola Road site was assembled by the Redevelopment Agency through three separate transactions occurring between 1994 and 1997. The total purchase price for the assembled site was $1,682,500. Specific dates and values of the acquisitions are provided in Table 1 below.

(B) ***Purpose of Acquisition.*** The Capitola Road site was initially acquired by the Redevelopment Agency for the purpose of future construction of a public library. Following acquisition of the property, several factors prevented construction of the library at this site, including interest in locating the library at another location on Portola Drive. The Live Oak library was eventually constructed on the alternative site on Portola Drive. Since that time, the property has been held by the Redevelopment Agency to allow market conditions to improve and provide for the feasible redevelopment of the site.

(C) ***Parcel Data.*** The Capitola Road commercial site is an approximately 3.7 acre rectangular-shaped site with frontage on Capitola Road. It is located adjacent to underdeveloped retail properties at the southwest corner of Capitola Road and 17th Avenue in Live Oak. An aerial view of the property is provided in Figure 4 below. The entire site has a land use zoning designation of C-1 (Neighborhood Commercial) and a General Plan designation of C-N (Neighborhood Commercial). The site is comprised of four distinct tax parcels as further detailed in Table 1 below. Photos of the site are provided in Figures 5-1 through 5-4.

(D) ***Estimate of Current Value.*** An appraisal report prepared for the Redevelopment Agency by Hulberg & Associates, dated August 17, 2011, valued the property at $3,225,000. This value was based on $20 per square foot as determined by recent sales of comparable properties. The appraisal also considered market conditions at the date of valuation and various other development assumptions. At the date of valuation, the local real estate market was in a period of stagnation. Since that time the local market has improved. Given the potential for mixed-use development on the subject parcels it is not unreasonable to expect an upward market timing adjustment to the appraised value of up to 10%, for a current value of $22 per square foot or $3,550,000 total parcel value. The ultimate disposition value of the property will vary depending on market conditions, applicable zoning and permit processes, and the potential assembly of the property with the adjacent property on the corner of Capitola Road and 17th Avenue by a qualified buyer.

Table 1: Capitola Road Site – Parcel Data

Parcel:	APN	Address	Zoning/GP	Area (sf)	Date Acquired	Purchase Price
1	026-741-12	1412 Capitola Road	C-1 / C-N	42,917	12/04/1997	$452,500
2	026-741-13	1438 Capitola Road	C-1 / C-N	42,885	10/24/1994	$420,000
3	026-741-14	1500 Capitola Road	C-1 / C-N	46,043	07/15/1994	$486,000
4	026-741-15	1514 Capitola Road	C-1 / C-N	29,449	07/15/1994	$324,000
			Totals:	**161,294**		**$1,682,500**

Figure 4: Capitola Road Site – Aerial View

Figure 5-1: Capitola Road Site - Street View, 1438 Capitola Road

Figure 5-2: Capitola Road Site - Street View, 1412 Capitola Road

Figure 5-3: Capitola Road Site – Interior View

Figure 5-4: Capitola Road Site - Interior View

(E) Lease Revenues Generated by the Property; Contractual Requirements. The Capitola Road site currently includes two single-family residences that are leased for private residential use and generated a total of $38,671 in gross rental income during fiscal year 2012/2013. Lease revenue is projected to be fairly stable during fiscal year 2013/2014. The lease revenues are used to offset the costs of maintaining the property. The leases are terminable on short notice and the existing tenants are not eligible for relocation benefits. There are no other contractual requirements related to the disposition of this property.

(F) History of Environmental Contamination and Remediation. Prior to acquisition of the 1438, 1500, and 1514 Capitola Road properties, the Redevelopment Agency contracted with Remediation Risk Management, Inc. to prepare Phase I Environmental Site Assessments, all dated June 6, 1994. The Phase I report for 1500 and 1514 Capitola Road concluded that there were no environmental concerns and no further action was recommended. The Phase I reports recommended additional soil sampling only on the 1438 Capitola Road property in the vicinity of the former outbuilding behind the existing residence due to its previous use as a construction yard. Remediation Risk Management, Inc. prepared a letter report for the soil sampling at 1438 Capitola Road, dated August 1, 1994, which indicated that limited areas of the site were significantly impacted by petroleum hydrocarbons. Following this report, the contaminated soils were removed and the Remedial Action Summary Report, dated October 3, 1994, prepared by Remediation Risk Management, Inc. concluded that all of the contaminated soils were removed to non-detectable levels in the areas of concern. This is not a Brownfield site, and there are no other known environmental conditions existing on the Capitola Road site.

(G) Potential for Transit Oriented Development and Advancement of Planning Objectives. The site is located on Capitola Road an east-west arterial with bike lanes and sidewalks serving Live Oak and providing access to the cities of Santa Cruz and Capitola. Transit service to the Capitola Road site is limited to bus service provided by Santa Cruz Metro. There is a Metro bus stop in front of the 1412 Capitola Road property on the Capitola Road frontage. Metro Routes 69A and 69W provide service between downtown Santa Cruz and the City of Watsonville and the routes include service to Cabrillo College and the Capitola Mall on 41st Avenue.

Redevelopment of the site consistent with the current zoning would advance several objectives of the County General Plan including Objective 2.13 (Neighborhood Commercial), which promotes the development of neighborhood commercial districts to provide compact, conveniently located, and well-designed shopping and service uses to meet the needs of individual urban neighborhoods, rural communities and visitors. Inclusion of residential uses on the site would also advance General Plan Objective 2.12 (Mixed Use Development) and General Plan Policy 2.12.3 (Residential Uses in Commercial Designations). The current C-1 zoning district allows for up to 50% of the square footage of a site development to be residential. In addition, redevelopment of the site is consistent with Goals and Objectives included in the 2010-2014 Implementation Plan for the Live Oak/Soquel Project Area, including Goal 5 "Strengthen the overall local economy and economic vitality within the Project Area by expanding the retail base and

visitor accommodations, generating diverse employment opportunities, and enhancing revenues to local government to fund local services."

(H) ***History of Development Proposals and Activity.*** There have been no specific development proposals on the site since the Redevelopment Agency acquired the property. In 2006, the Redevelopment Agency contracted with Keyser Marston Associates to develop a market assessment report specific to the Capitola Road site. The Keyser Marston report concluded that feasibility of development of the site would be greatly enhanced by combining the site with the adjacent privately-owned parcels on the corner of Capitola Road and 17th Avenue. Then in 2008, the Agency contracted with the urban design firm Freedman, Tung and Bottomley to explore site development potential and feasibility. Several development scenarios were evaluated involving a range of neighborhood-serving commercial uses, as well as mixed uses that included a variety of residential uses. Due to the economic downturn in 2008, plans to redevelop the site stalled.

The Agency has received inquiries regarding the property from local and regional developers over the last several years. Most inquiries related to potential redevelopment of adjacent property with the subject Capitola Road site. Again, all of these development scenarios indicate that the development potential (and ultimate disposition value) would be greatly increased if the development of the property could be included with the adjoining parcels on the corner of Capitola Road and 17th Avenue. This concept is further discussed in the Property Disposition and Use section of this plan.

Other activity on the site has been limited to work performed by the Redevelopment Agency to prepare the site for disposition, including demolition of outbuildings on the 1438 Capitola Road property and demolition of dilapidated residences on the 1412 and 1514 Capitola Road properties. All of this work was conducted by Central Fire District and/or licensed contractors operating with applicable demolition and hazardous material abatement certifications and permits.

Inventory Detail for the 7th Avenue Visitor Accommodation Site

(A) Date and Value of Acquisition. The 7th Avenue site includes three separate tax parcels, and was acquired by the Redevelopment Agency in two separate transactions. The 855 7th Avenue parcel was acquired on June 29, 2000 for $802,000 and the 901 7th Avenue and 905 7th Avenue parcels were acquired on June 27, 2007 for $6,600,000. Total combined purchase price for the entire 7th Avenue site was $7,402,000. Table 2 summarizes the parcel data for the 7th Avenue site.

(B) Purpose of Acquisition. The purpose of the acquisition for the 7th Avenue site was to assemble a portion of a site designated for coordinated development in the Local Coastal Plan in order to promote development of the site for visitor-serving accommodation, and other beneficial mixed uses to enhance the economic vitality and environmental quality of life amenities in the vicinity of the Santa Cruz Small Craft Harbor. Redevelopment of the site also has the potential to enhance viability of adjacent underdeveloped properties and connections with adjacent recreation uses related to Harbor, the City of Santa Cruz, PG&E and other adjacent property owners.

(C) Parcel Data. The 7th Avenue site is an approximately 8.26 acre nearly rectangular-shaped site located on the southwest corner of 7th Avenue and Brommer Street in Live Oak. The site is comprised of three separate tax parcels and has significant frontage on 7th Avenue and Brommer Street Extension. The site has high visibility due to its location at the upper entrance to the Santa Cruz Small Craft Harbor and development on this site would have potential for water views of the adjacent Harbor area. The site is zoned C-2-D (Community Commercial with a Designated Park Site Combining District) and has a split General Plan designation of C-C (Community Commercial) and O-U (Urban Open Space). The D-designation for a Designated Park Site was resolved when the Redevelopment Agency purchased the site. The land use zoning for the site is further discussed in the Property Disposition and Use section of this LRPMP. An aerial view of the property is provided in Figure 6 below. Current photographs of the site are provided in Figures 7-1 through 7-4.

Table 2: 7th Avenue Site – Parcel Data

Parcel:	APN	Address	Zoning/GP	Area (sf)	Date Acquired	Purchase Price
1	026-261-13	855 7th Avenue	C-2-D/ C-C	79,702	June 29, 2000	$802,000
2	026-261-16	901 7th Avenue	C-2-D/ C-C	264,235	June 27, 2007	$6,600,000
3	026-261-17	905 7th Avenue	C-2-D/ C-C	15,728	June 27, 2007	
			Totals:	**359,665**		**$7,402,000**

(D) Estimate of Current Value. Independent third-party appraisals were conducted for the Redevelopment Agency prior to the acquisitions in 2000 and 2007. The appraised value for 855 7th Avenue was $802,000 as of December 1999. Two appraisals were prepared for the 901 and 905 7th Avenue properties. One valued the site at $7,000,000 as of March 2006, and another valued the site at $5,750,000 as of October 2006. All

appraisals valued the properties "as-is" with assumptions that current zoning would allow mixed-use development including a substantial component of visitor accommodation/hotel uses.

Following purchase of the property, the general County-wide real estate market has experienced a general decline in overall value, although recent improvements over the last two years indicate an upward trend in the market. Values today are now approaching the values at the time of property purchase in mid-2007. Further, nationwide and local hotel market data indicate that both average daily rate (ADR) and revenue per available room night (RevPAR) indices are on the rise, with the San Jose/Santa Cruz market posting 2011/2012 year over year increases of 9.8% in ADR and 14.8% in RevPAR. In addition, according to Smith Travel Research, RevPAR levels nationwide are now slightly above the level at the time the site was acquired in June 2007. These market trends indicate that a property value in the range of $6,000,000 - $7,500,000 is not unreasonable, depending on market conditions, zoning, and entitlements available at the time of sale.

Figure 6: 7th Avenue Site – Aerial View

Figure 7-1: 7th Avenue Site - Street View, 7th Avenue Frontage

Figure 7-2: 7th Avenue Site - Street View, Brommer Street Side

Figure 7-3: 7th Avenue Site – Interior View

Figure 7-4: 7th Avenue Site – Interior View

(E) Lease Revenues Generated by the Property; Contractual Requirements. The 7th Avenue site is currently improved with one single-family residence that is leased for private residential use, and one temporary parking lot area that is leased to the Port District for overflow boat trailer parking during the spring and summer fishing season. The two leases generated a total of $29,495 in gross rental income during fiscal year 2012/2013. Lease revenue is projected to be fairly stable during fiscal year 2013/2014. The lease revenues are used to offset the costs of maintaining the property. The leases are terminable on short notice and the current tenants are not eligible for relocation benefits. There are no other contractual requirements related to the disposition of the property.

(F) History of Environmental Contamination and Remediation. Prior to acquisition of the site by the Redevelopment Agency, one 300 gallon underground storage tank was removed from the site on August 24, 1994. The work was performed by Carson Geologic and Environmental Consulting, a licensed environmental consultant, in conformance with Santa Cruz County Environmental Health Services requirements for permitting, soil sampling and analyses, and reporting. On November 10, 1994, the County issued a letter to the property owner that determined no further action was required and the underground storage tank removal file was closed.

Prior to transfer of the 7th Avenue site parcels, the Redevelopment Agency contracted with Remediation Risk Management, Inc. to prepare Phase I Environmental Site Assessment reports. The Phase I report for 855 7th Avenue, dated February 16, 2000, did not identify any significant recognized environmental conditions and did not recommend further action on the site. The report did note that a portion of the site was previously used for agricultural purposes and that there was a possibility that a septic system may have been used on the property.

The Phase I report for the 901 7th Avenue and 905 7th Avenue properties, dated August 10, 2005, indicated that recognized environmental conditions on the site included residual hydrocarbons in the area of the previously abated underground storage tank, long-term agricultural use of the property and reported bulk storage of pesticides, and surface staining in the shop structure located on the property. The report also recommended removal and disposal of on-site hazardous material containers located in the storage and shop building and additional testing for lead and asbestos construction materials prior to any demolition of the existing structures.

Following acquisition of the site, the Redevelopment Agency conducted the necessary hazardous material abatement and demolished the storage and shop building located on the 901 7th Avenue property. No action was taken for additional soil or groundwater testing. The 7th Avenue site is not a Brownfield site and no known required additional environmental abatement is required.

(G) Potential for Transit Oriented Development and Advancement of Planning Objectives. The 7th Avenue site is located at the intersection of 7th Avenue and Brommer Street. 7th Avenue is a north south arterial connecting Highway 1 to coastal neighborhoods, Live Oak beaches, and the Santa Cruz Small Craft Harbor. Brommer Street is an east-west arterial running between 7th Avenue, at the entrance to the upper Santa Cruz Harbor, and 41st Avenue, a major commercial corridor in the City of Capitola . Transit service to the 7th Avenue site is limited to bus service provided by Santa Cruz Metro, with bus stops available in close proximity to the corner of 7th Avenue and Brommer Street. Metro Routes 66 and 66N provide service between downtown Santa Cruz and the Capitola Mall on 41st Avenue. The site is adjacent to the Port of Santa Cruz Small Craft Harbor and the proposed Arana Gulch multi-use path system that will provide paved pedestrian and bicycle trail connections to the City of Santa Cruz' and the Harbor's exiting trail networks. These proximities and the opportunity to include additional trail amenities on the site provide unique opportunities for development that supports alternative transportation methods.

Redevelopment of the site is consistent with the current zoning and advances several objectives of the County General Plan including Objective 2.14 (Community Commercial), Objective 2.16 (Visitor Accommodation), and Objective 2.23 (Conservation of Coastal Land Resources), which provides for a variety of visitor serving uses while preserving the unique environmental settings that attract visitors to the County. Possible inclusion of the Port District's property located across Brommer Street into the redevelopment plan for the site would also advance General Plan Policy 2.23.2 (Designation as a Priority Site), which is specific to the 7th Avenue site and calls for commercial development to include visitor serving uses including hotel accommodations as well as a one acre neighborhood park, and coordination of the site architecture, landscaping, and other improvements with development on the Port District's property. In addition, coordination with the City of Santa Cruz that owns property in the vicinity would also advance the goals of the County General Plan. Redevelopment of the site is also consistent with goals of the 2010-2014 Implementation Plan for the Live Oak/Soquel Project Area, including Goal 2 "Enhance connections between neighborhoods and local commerce, education, culture, recreation, and employment centers to strengthen the overall sense of community," and Goal 5 "Strengthen the overall local economy and economic vitality within the Project Area by expanding the retail base and visitor accommodations, generating diverse employment opportunities, and enhancing revenues to local government to fund local services."

(H) History of Development Proposals and Activity. On February 24, 2005, prior to acquisition of the site by the Redevelopment Agency, a development proposal was submitted to the County to construct a large mixed-use facility that included a 56-room upscale hotel with spa and banquet facilities, an 8,850 square foot restaurant, and 15,200 square feet of retail space in several detached buildings on the properties that include 901 and 905 7th Avenue. The County's initial review of the development proposal indicated several deficiencies with the application, including parking, traffic, and drainage issues. The Redevelopment Agency subsequently contracted with Keyser Marston Associates to prepare a feasibility study of the site based on the private development proposal.

The Keyser Marston Associates report, dated November 15, 2005, concluded that given the then-current market conditions, a phased approach to develop the site should be considered. Given the uncertainties with the feasibility, the opportunity to assemble the entire site for coordinated development and other considerations, the Redevelopment Agency entered into negotiations with the owner to acquire 901 and 905 7th Avenue. The owner of the property opted to proceed with a sale of the property to the Redevelopment Agency. Subsequent activity on the site conducted by the Redevelopment Agency includes demolition of a dilapidated residential structure and other outdated accessory structures on the site and the related environmental remediation described in Section F above.

II. PROPERTY DISPOSITION AND USE

This section of the Plan provides the proposed disposition strategy for each of the real properties in accordance with HSC § 34191.5(c)(2). Interim planned uses for each property are also outlined to ensure responsible management of the property through final disposition. In addition, general disposition and development process guidelines are set forth to inform and guide the disposition and redevelopment of the properties.

HSC § 34191.5 allows for four general categories of disposition as follows:

1. Retention of the property for governmental use.
2. Retention of the property for future development.
3. Sale of the property with proceeds distributed to the taxing entities.
4. Use of the property to fulfill an enforceable obligation.

None of the three properties currently owned by the Successor Agency have existing enforceable obligations. Therefore, disposition option number four listed above will not be utilized. Since the Commercial Way right-of-way site is currently being held as future right-of-way, the most applicable disposition option for this site is to transfer it to the County of Santa Cruz for continued use as right-of-way to accommodate multi-modal improvements that serve existing and future development, consistent with disposition option number one.

Disposition option number two is the most applicable strategy for both the Capitola Road commercial and 7th Avenue visitor accommodation sites. Because both of these properties have unique site characteristics and development potential that can be greatly enhanced through additional planning processes, clarification of the entitlement process, and possibly site assembly or joint marketing with adjoining parcels, this LRPMP proposes retaining both properties for future development via a managed disposition process consistent with disposition option number two. This option will maximize both the value upon sale and the long-term economic benefit for the benefiting taxing entities including the increased property taxes. This approach will also ensure the effective long-term use of these important community assets. Table 3 below summarizes the disposition strategy for each of the sites. The detailed disposition methodology for each of the three sites is further detailed in the following sections.

Table 3: Proposed Disposition Strategies

Site	Disposition Strategy
Commercial Way	Transfer the property to the County of Santa Cruz for Governmental Use pursuant to HSC § 34181(a) and § 34191.5(c)(2).
Capitola Road	Retain for future development via a managed sale of the property to maximize sale proceeds and long-term economic and community benefit with sale proceeds distributed to the taxing entities pursuant to HSC § 34191.5(c)(2).
7th Avenue	Retain for future development via a managed sale of the property to maximize sale proceeds and long-term economic and community benefit with sale proceeds distributed to the taxing entities pursuant to HSC § 34191.5(c)(2).

Disposition Strategy for the Commercial Way Right-of-Way Site

The Commercial Way site is a remnant parcel that was created when the Redevelopment Agency built the Commercial Crossing connector road to improve road circulation, and it has been maintained as a right-of-way parcel since its creation. Due to the triangular shape and small size, other forms of development on this parcel are very restricted and highly unlikely. The highest and best use for this site is for government use as road right-of-way for future road and multi-modal improvements to serve existing and future commercial development. The road network in this area is currently under review, and there is a potential future closure of the Highway 1 off-ramp at the terminus of Commercial Way. Realignment of the off-ramp will put additional pressure on this parcel for use as road right-of-way and related improvements to serve commercial properties along Commercial Way. HSC § 34191.5(c)(2) allows for retention of properties that are identified as having a governmental use. HSC § 34191.5(c)(2) allows for transfer of the property to the County of Santa Cruz after approval of this LRPMP by the Oversight Board and the State Department of Finance.

This plan thus proposes the following disposition process for the Commercial Way Site:

- Transfer the property to the County of Santa Cruz for Governmental Use pursuant to HSC §34181(a) following approval of this plan by the Oversight Board and the State Department of Finance.

Disposition Strategy for the Capitola Road Commercial Site

As detailed in the Property Inventory section, the Capitola Road commercial site is an approximately 3.7 acre rectangular-shaped parcel located in the Live Oak community near the corner of Capitola Road and 17th Avenue. Although the site has substantial frontage on Capitola Road, there is considerable evidence that redevelopment of the site has been hampered due to its lack of exposure to the more visible adjacent corner.

In 2006, the Redevelopment Agency contracted with Keyser Marston Associates to develop a market assessment report specific to the Capitola Road site. The Keyser Marston report concluded that the feasibility for development of the site would be greatly enhanced through additional parcel assembly to include the adjacent privately-owned parcels on the corner of Capitola Road and 17th Avenue. An aerial view of the Capitola Road site and the adjacent potential site assembly area is depicted in Figure 8.

In addition, past inquiries regarding redevelopment of the site have been from parties primarily focused on development of the adjacent corner location, which is currently underdeveloped with an older grocery store, laundromat, and low-density residential uses. More recent interest in the site has included regional grocery store developers interested in developments that would include redevelopment of the corner grocery store. Recent conversations between staff representatives and property owners within the potential site assembly area indicate that there is interest in participating in planning for a larger assembled development site to be made available for development.

In addition to site assembly, there is also potential to enhance the value of the site and improve the likelihood for development in the areas of zoning, entitlements, and title issues. The site currently has a land use zoning designation of C-1 (Neighborhood Commercial) and a General Plan designation of C-N (Neighborhood Commercial). Although these zoning designations allow for a wide variety of uses, current market conditions indicate that there may be uses for the site that would be better suited in the C-2 (Community Commercial) designation, especially considering the potential for additional site assembly. Past development scenarios prepared for the Redevelopment Agency by Freedom, Tung and Bottomley also indicated that site value and development potential may be increased with higher percentage mix of residential uses than what could be allowed on the site under the existing zoning. Residential development is currently limited to 50% of the site development square footage.

Figure 8: Capitola Road Site – Potential Site Assembly Area

There may also be an opportunity to expedite appropriate redevelopment of the site by ensuring that the site is clear of any existing title conditions or entitlement uncertainties. The site currently is subject to various storm drainage easements that may need to be removed or relocated. Likewise, the entitlement process and community support for redevelopment of the site could be enhanced by coordinating the redevelopment efforts with the County. Historically,

the site has been of interest to the Live Oak community because of its central location and potential to provide neighborhood serving commercial uses. Public meetings for similar development sites have proved useful to help identify beneficial uses of a property that may be of interest to a future developer, and such outreach is anticipated with regard to this site.

Because all of these issues affect the disposition value and potential for timely redevelopment of the site, this plan proposes retaining the site for future development via a managed disposition process. We expect this approach will maximize proceeds upon sale and generate property taxes to be shared with the taxing entities, as well as achieve public benefits that follow from a successful development of the property. HSC § 34191.5(c)(2) allows for retention of the site for future development with the proceeds of a managed sale distributed to the taxing entities.

This plan proposes the following disposition process for the Capitola Road site:

1. Conduct review of all applicable zoning regulations and entitlement processes to determine if any amendments or entitlements would increase property value, reduce risk or improve marketability of the site.
2. Conduct a public processes to obtain community input.
3. Determine feasibility and develop agreements for inclusion of potential site assembly parcels in marketing efforts to increase overall value and potential for timely redevelopment of the site as part of a larger coordinated development.
4. Issue a Request for Qualifications and/or Request for Proposals for redevelopment of the site.
5. With approval of the redevelopment proposal, enter into an agreement with a Qualified Developer. A Qualified Developer can be an individual or firm that in the judgment of the Successor Agency has the experience and financial resources to complete all phases of disposition and development in a timely manner and in conformance with an approved agreement.
6. Provide for the ultimate transfer of the site to a Qualified Developer and distribute sale proceeds to the taxing entities.

Disposition Strategy for the 7th Avenue Visitor Accommodation Site

The Redevelopment Agency acquired the 7th Avenue Visitor Accommodation site to assemble a site designated for coordinated development in the General Plan and Local Coastal Plan (LCP) and in order to promote development of the site for visitor serving accommodation and other beneficial mixed uses to enhance the economic vitality and environmental quality of life amenities in the vicinity of the Santa Cruz Small Craft Harbor. The LCP identifies this site and the Santa Cruz Port District property to the north across Brommer Street, as Coastal Priority Sites. The LCP includes standards for development that require among other things, that commercial use of the site include a minimum of 50% of the project devoted to Type A visitor accommodations and a minimum one acre for neighborhood park facilities. The LCP also requires coordinated site architecture, landscaping and improvements on this site, as well as the site to the north, in order to create an integrated development scheme and community focal point. The long term economic development potential for the site could be enhanced with a joint marketing effort with adjacent parcels owned by the Santa Cruz Port District.

The Urban Open Space designation on the back portion of the property including slopes adjacent to the harbor, is meant to identify lands which are not suited to development such as coastal bluffs, wetlands, steep slopes, and wooded ravines. General Plan policies allow for density credits for land area encumbered by Urban Open Space designation under certain conditions. The extent to which the Urban Open Space designation may impact the developable area of the site will need to be resolved prior to final disposition of the site further suggesting the need for careful planning and implementation of site development.

In addition to the zoning, General Plan and Local Coastal Plan requirements for the site, the title to the property is also subject to several easements for public utilities. Various easements for sanitary sewer bisect the property and a waterline easement in favor of the Port District is located on the western edge of the property. Abandonment of the Brommer Street Extension right-of-way through the property could also be considered. The Successor Agency and the County of Santa Cruz will need to address the feasibility of modifying these in order to facilitate disposition of the property for its highest and best use.

Although the entitlement and title issues with the site present some challenges for the development process, the site possesses unique site characteristics that offer the potential to create a successful long-term development. Perhaps the most valuable component of the property is its unique location adjacent to the amenities offered by the Santa Cruz Harbor. The Port District also owns property adjacent to the site and has expressed an interest in a joint marketing effort and development process to maximize the property value and long-term fiscal and community benefit of the development. Parcel assembly, which could potentially include the Port District property as well as the Brommer Street right-of-way parcels owned by the County of Santa Cruz, would have the potential to create a uniquely situated gateway development at the upper harbor entrance. Figure 9 depicts the potential site assembly area for the 7th Avenue site.

Figure 9: 7th Avenue Site – Potential Site Assembly Area

Because all of the issues discussed above affect the marketability, ultimate disposition value, and potential for timely redevelopment of the site, this LRPMP proposes retention of the site for future development via a managed disposition process to maximize the initial sale proceeds and generate property taxes for the long-term economic benefit for the taxing entities, and the overall public benefits that can be achieved from successful development of the property. HSC § 34191.5(c)(2)(B) allows retention of the site for future development with the proceeds of a managed sale distributed to the taxing entities.

This plan thus proposes the following disposition process for the 7th Avenue site:

1. Conduct review of all applicable zoning regulations and entitlement processes to determine if any amendments or entitlements would increase property value, reduce risk or improve marketability of the site.
2. Conduct a public process to obtain community input.
3. Determine feasibility and develop agreements for inclusion of potential site assembly parcels in marketing efforts to increase overall value and potential for timely redevelopment of the site, including any agreements with the County of Santa Cruz regarding use of the Brommer Street right-of-way, the Santa Cruz Port District regarding the Port-owned property located across Brommer Street from the site, or the City of Santa Cruz.

4. Issue a Request for Qualifications and/or Request for Proposals for redevelopment of the site.
5. With approval of the redevelopment proposal, enter into an agreement with a Qualified Developer. A Qualified Developer shall be an individual or firm that in the judgment of the Successor Agency has the experience and financial resources to complete all phases of disposition and development in a timely manner and in conformance with an approved agreement.
6. Complete transfer of the site to a Qualified Developer and distribute sale proceeds to the taxing entities.

Not County Surplus Property

The Successor Agency is obligated to dispose of its real property assets in conformance with this LRPMP pursuant to HSC § 34191.5 et seq. The Successor Agency properties are not owned by the County of Santa Cruz and are not County surplus property and are thus not subject to the Surplus Lands Act codified as Government Code 54220 et seq.

Timing

The Successor Agency intends to begin the disposition process upon approval of this LRPMP by the Redevelopment Successor Agency Board of Supervisors, the Redevelopment Successor Agency Oversight Board, and the State Department of Finance. Final disposition of the properties will be contingent upon the successful selection of a qualified developer and the terms of any agreement.

Interim Planned Uses

The disposition strategies outlined above have been developed to ensure timely disposition and redevelopment of the Successor Agency properties. In the meantime, the Successor Agency is required to fulfill its fiduciary duty to manage the sites in a responsible manner. On March 5, 2013, the Successor Agency and the County of Santa Cruz entered into an Agreement for Property Management and Disposition Services to ensure that the properties continue to be maintained to adequate standards to protect public health and safety and to maintain property values during the dissolution process. The Property Management and Disposition Services Agreement is an enforceable obligation through which the Successor Agency reimburses the County for actual costs incurred.

In addition to standard property management activities such as mowing and security, two of the sites, Capitola Road and 7th Avenue, have existing residential rental units that provide interim housing opportunities and require structure maintenance and lease administration. A portion of the 7th Avenue site is also leased to the Port District for use as overflow boat trailer parking. Rental revenue received from the sites is used by the Successor Agency to fund property management and maintenance expenses. This LRPMP proposes to continue operating and maintaining the Successor Agency-owned properties in conformance with the existing Property Management and Disposition Services Agreement between the Successor Agency and the

County of Santa Cruz. Table 4 below summarizes the specific interim planned uses for each of the Successor Agency sites.

Table 4: Interim Planned Uses	
Site	**Interim Planned Use**
Commercial Way	Maintain the site as undeveloped vacant land for future right-of-way and multi-modal improvements that will improve circulation for existing and future commercial uses in the area. Property management services shall be provided by the County of Santa Cruz pursuant to the Property Management and Disposition Services Agreement between the County and the Successor Agency until transfer of the property to the County for governmental purposes is approved.
Capitola Road	Maintain the site to protect public health and safety, and continue to administer two short-term leases for the existing single-family residences to provide interim housing opportunities and revenue to fund property management expenses. Property management services shall be provided by the County of Santa Cruz pursuant to the Property Management and Disposition Services Agreement between the County and the Successor Agency.
7th Avenue	Maintain the site to protect public health and safety, and continue to administer the short-term leases to the Port District for overflow boat trailer parking and for the existing single-family residence to provide interim housing opportunities and revenue to fund property management expenses. Property management services shall be provided by the County of Santa Cruz pursuant to the Property Management and Disposition Services Agreement between the County and the Successor Agency.