



**Watsonville**  
CALIFORNIA

## **CITY COUNCIL AGENDA REPORT**

**MEETING DATE:** Tuesday, July 8, 2025  
**TO:** CITY COUNCIL  
**WRITTEN BY:** CARLOS LANDAVERRY, HOUSING MANAGER  
**RECOMMENDED BY:** COMMUNITY DEVELOPMENT DIRECTOR BRLETIC  
**APPROVED BY:** TAMARA VIDES, CITY MANAGER  
  
**SUBJECT:** MODIFICATION OF TWO OUTSTANDING LOANS PROVIDED TO EDEN HOUSING FOR THE PRESERVATION OF AFFORDABLE HOUSING AT PAJARO COURT AND TIERRA LINDA APARTMENTS

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### **RECOMMENDATION:**

Staff recommends that the City Council, in its capacity as the Successor Housing Agency of the City of Watsonville, through two Resolutions, approve modifications to two outstanding loans provided to Eden Housing for the Pajaro Court and Tierra Linda affordable housing projects, and subordinate the loans of the City with respect to these two projects, including by:

1. Extension of the loan term for each project to align with the California Department of Housing and Community Development (HCD) Portfolio Reinvestment Program (PRP) loan term of 55 years;
  2. Subordination of the City's loan for each project to The San Francisco Housing Accelerator Fund (SFHA), a lender on each project; and
  3. Authorizing and directing the City Manager to negotiate and execute all documents necessary to implement these loan modifications and subordination agreements, subject to legal review.
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### **DISCUSSION:**

#### **Pajaro Court Apartments**

Located at 170 Pennsylvania Drive, Pajaro Court Apartments is a 10-unit affordable family housing development originally constructed in 1994 and acquired by Eden Housing in 2015. The site includes one two-bedroom unit and nine three-bedroom units. The project is 100% affordable with an average AMI

restriction of 52% under an existing TCAC regulatory agreement. Under PRP, the ten (10) units will serve households with incomes ranging from 30 – 60% AMI.

The project has an outstanding City loan issued in 1994 for \$300,000 that matured in November 2022. Eden Housing submitted a loan extension request in September 2022, and the City pledged its support to modify the loan if the project received HCD PRP funding.

On December 5, 2024, Pajaro Court Apartments was awarded \$2,465,069 through the HCD PRP to finance the rehabilitation of the property. These funds will be supplement by a loan from SFHA. Planned improvements include restoration of the physical condition of the buildings, site greening, and continued affordability and quality-of-life benefits for Watsonville residents. These efforts will preserve 10 critically-needed affordable units for households earning between 30% and 60% of AMI.

### **Tierra Linda Apartments**

Tierra Linda Apartments is an 18-unit family apartment complex located at 490 Beck Street. Built in 1994 and acquired by Eden Housing in 2015, the property contains eight two-bedroom and ten three-bedroom units, all restricted at an average of 51% AMI under an existing TCAC regulatory agreement. Under PRP, the eighteen (18) units will serve households with incomes ranging from 30 – 60% AMI.

The property is encumbered by a City loan made in 1993 in the amount of \$250,000, which matured in August 2022. Eden submitted a loan extension request in May 2022. The City similarly pledged its support for the loan extension, conditional upon an HCD PRP award.

On December 5, 2024, Tierra Linda Apartments was awarded \$4,500,000 in HCD PRP funds to rehabilitate and preserve the property. These funds will be supplement by a loan from SFHA. Improvements will restore the physical condition of the nine apartment buildings, enhance the green space, and maintain long-term affordability for families earning 30–60% AMI. This investment ensures the preservation of 18 affordable housing units.

In order to facilitate the rehabilitation of the properties, Eden Housing is requesting that the City extend the loan terms for the City's loans on the Pajaro Court Apartments and the Tierra Linda Apartments to match the HCD loan term of 55 years. Eden Housing is also requesting approval from the City to subordinate the loans to the SFHA loans at closing of such loans.

Extending the term of the loans and matching the maturity date of the HCD PRP loan will allow the project to avoid multiple refinancings and will ensure the City has continued control and involvement in the properties, and their long-term affordability.

## **CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) DETERMINATION:**

The proposed loan modifications are not subject to CEQA. The action does not qualify as a project under CEQA Guidelines Section 15378(b)(2), and therefore no further environmental review is required.

## **STRATEGIC PLAN:**

The creation and maintenance of affordable housing is consistent with the City's policies and goals of the Successor Housing Agency, City's General Plan and Housing Element as well as the following City's strategic goals:

**Community Engagement & Well-being**  
**Economic Development**  
**Efficient and Well-performing Government**  
**Housing**  
**Infrastructure & Environment**

## **FINANCIAL IMPACT:**

There is no immediate fiscal impact. The proposed loan modifications will support long-term preservation of affordable housing and eventual repayment of the loan principal.

## **ALTERNATIVE ACTION:**

The City Council, acting as the Successor Housing Agency, could choose not to approve the proposed modifications or consider alternate terms for the loans.

## **ATTACHMENTS AND/OR REFERENCES (IF ANY):**

None.