



County of Santa Cruz

0541

REDEVELOPMENT AGENCY

701 OCEAN STREET, ROOM 510, SANTA CRUZ, CA 95060-4000

(831) 454-2280 FAX: (831) 454-3420 TDD: (831) 454-2123

TOM BURNS, AGENCY ADMINISTRATOR

January 11, 2001

Agenda: January 23, 2001

Board of Directors
County of Santa Cruz Redevelopment Agency
701 Ocean Street
Santa Cruz, CA 95060

Security Deposit / Last Month's Rent Guarantee Program Contract Amendment

Dear Members of the Board:

The purpose of this letter is to report back to your Board with recommendations regarding the Agency's Security Deposit/Last Month's Rent Guarantee Program contract with the Housing Authority of the County of Santa Cruz, as directed during the September 19, 2000 meeting. At that meeting Board members and staff raised concerns regarding the proposed increases in administrative costs related to this program. While approving the proposed increases on an interim basis, staff was directed to return at this time with a full explanation of program procedures and alternative proposals to reduce administrative costs.

Evaluation of Program Procedures

After a careful evaluation of program procedures with Housing Authority staff and other entities operating similar programs in our area, we discovered that certain administrative aspects of the program could be modified. Housing Authority staff has been taking applications and pre-qualifying all who have shown an interest in the program, whether they have a rental unit or not. Based upon the previous year's experience with the program, it is felt that this is not an efficient way to operate the program. Rather, it is proposed that applications be processed only after a family has found a safe and decent housing unit that is owned by a landlord willing to participate in the program. This change will significantly reduce the amount of staff time devoted to general inquires and tenant pre-screening activities.

Basic Program Costs Shared Among Jurisdictions

In further examining administrative costs, we discovered that regardless of the number of security deposits issued within a jurisdiction, each jurisdiction still requires a basic level of service that includes handling of daily inquiries, explaining eligibility requirements and sending out program materials. Recognizing this fact, the Housing Authority now recommends that each jurisdiction pay a basic monthly charge for over-all program administration. As proposed, the City of Santa Cruz and the County would each pay \$500 per month, and the Cities of **Scotts Valley** and **Capitola** would each pay \$300 per month for basic program administration.

Lastly, in recognition of the additional work required to actually issue security deposit checks which include full verification of tenant eligibility, preparation of letters of credit and the collection of unused deposit funds due to short tenancy, the Housing Authority proposes an additional processing fee of \$150 for each security deposit issued within a jurisdiction, and a reduced fee of \$50 for tenants who also receive a Housing Authority rent subsidy.

Cost Savings

The result of these administrative changes and the more equitable sharing of basic program costs among the participating jurisdictions will be a reduction of the Agency's administrative costs from \$32,400 to approximately \$15,000 per year. The program cost would then be comparable to that charged by other entities operating similar programs in our area.

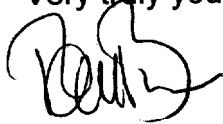
The Security Deposit/Last Month's Rent Guarantee Program is an effective tool in the Agency's array of housing programs for low income households and can be administered at a reasonable cost. We, therefore, recommend approval of the attached amendment to the Housing Authority's contract for services (Attachment 1). We do not recommend a change in the approved program budget allocation of \$77,000 in order to allow for anticipated increases in the number and/or dollar amount of security deposits issued during the remainder of this fiscal year.

Recommendation

It is therefore RECOMMENDED that your Board, as the Board of Directors for the Redevelopment Agency:

1. Authorize the Redevelopment Agency Administrator to sign the contract amendment reducing administrative costs, effective February 1, 2001 (Attachment 1).

Very truly yours,



Tom Burns
Redevelopment Agency Administrator
TB:RMcB

RECOMMENDED:



Susan A. Mauriello
Redevelopment Agency Director

Attachments
ADM-29

cc. RDA

Contract No. CO8 1804

AMENDMENT 4 TO AGREEMENT

The parties hereto agree to amend that certain Agreement dated February 24, 1999, and last amended on September 19, 2000, by and between the COUNTY OF SANTA CRUZ REDEVELOPMENT AGENCY and the Housing Authority of the County of Santa Cruz by amending "Exhibit B - Compensation" as follows:

- 1) Upon receipt of a payment request and monthly Progress Report, the lump sum payment to CONTRACTOR shall be decreased from \$2,700.00 per month to \$500.00 per month.
- 2) The flat rate fee for each Security Deposit check issued concurrently with a Housing Authority client who receives a rent subsidy shall be \$50.00.
- 3) The flat rate fee for each Security Deposit check issued for all other eligible tenants shall be \$150.00.

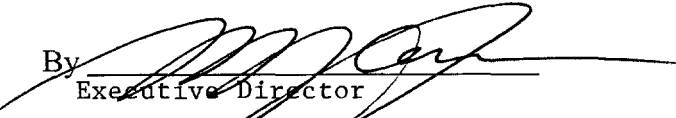
The effective date of this AMENDMENT 4 TO AGREEMENT shall be February 1, 2001. All other provisions of said Agreement shall remain the same.

COUNTY OF SANTA CRUZ
REDEVELOPMENT AGENCY

BY _____
Agency Administrator

Date _____

CONTRACTOR:

By 
 Executive Director
 Date January 4, 2001

Address: 2160 41st. Ave.
Capitola, CA 95010
 Telephone: 831-464-0170 ext.214

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APPROVED AS TO FORM:

Ane M. Scott
County Counsel

DISTRIBUTION: County Administrative Office
Auditor-Controller
County Counsel
Redevelopment
Risk Management
Contractor

ATTACHMENTS: None

COUNTY OF SANTA CRUZ
REQUEST FOR APPROVAL OF AGREEMENT

0546

TO: Board of Supervisors
County Administrative Officer
County Counsel
Auditor-Controller

FROM: REDEVELOPMENT

[Signature]

(Signature)

1/18/01

(Dept.)

(Date)

The Board of Supervisors is hereby requested to approve the attached agreement and authorize the execution of the same.

1. Said agreement is between the COUNTY OF SANTA CRUZ REDEVELOPMENT AGENCY (Agency) 95010
and HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, 2160 41st AVENUE, CAPITOLA, CA (Name & Address)

2. The agreement will provide development & administration of the Agency's Security Deposit/ Last Month's Rent Guarantee Program

3. The agreement is needed because the Agency cannot provide these services

4. Period of the agreement is from July 1, 2000 to June 30, 2001

5. Anticipated cost is \$ No Change (Fixed amount; Monthly rate; Not to exceed)

6. Remarks: amendment to "Exhibit & compensation" only.

7. Appropriations are budgeted in 136320 (Index#) 9852 (Subobject)

NOTE: IF APPROPRIATIONS ARE INSUFFICIENT, ATTACH COMPLETED FORM AUD-74

Appropriations are available and have been encumbered. Contract No. C001804 Date 1-9-01
are not available and will be encumbered.

GARY A. KNUITSON, Auditor - Controller

By *[Signature]* Deputy.

Proposal reviewed and approved. It is recommended that the Board of Supervisors approve the agreement and authorize the Agency Administration to execute the same on behalf of the County of Santa Cruz
Redevelopment Agency (Agency).
County Administrative Officer

Remarks: 4 (Analyst) By *[Signature]* Date 1/15/01

Agreement approved as to form. Date 1/15/01

- Distribution:
- Bd of Supv. - White
- Auditor-Controller - Blue
- County Counsel - Green
- Co Admin. Officer - Canary
- Auditor-Controller - Pink
- Originating Dept. - Goldenrod

* To Orig. Dept. if rejected.

State of California)
County of Santa Cruz) ss
I _____ ex-officio Clerk of the Board of Supervisors of the County of Santa Cruz.
State of California, do hereby certify that the foregoing request for approval of agreement was approved by said Board of Supervisors as recommended by the County Administrative Officer by an order duly entered in the minutes of said Board on _____ County Administrative Officer
- _____ 19 _____ BY _____ Deputy Clerk