



County of Santa Cruz⁰¹⁸⁵

REDEVELOPMENT AGENCY

701 OCEAN STREET, ROOM 510, SANTA CRUZ, CA 950604000

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

TOM BURNS, AGENCY ADMINISTRATOR

February 28, 2002

Agenda: March 12, 2002

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

Security Deposit / Last Month's Rent Guarantee Program

Dear Members of the Board:

The purpose of this letter is to recommend a change in the Agency sponsored Security Deposit / Last Month's Rent Guarantee Program guidelines to expand the program's reach and effectiveness, and to recommend that additional funds be allocated to this program for the remainder of this fiscal year to meet unexpected demand.

Background and Program Success

The Security Deposit / Last Month's Rent Guarantee Program has been highly successful since its inception in April of 1999 as administered by the Housing Authority of the County of Santa Cruz. Thus far, 168 security deposit grants, along with 7 last month's rent guarantees, have been issued to eligible low income tenants throughout the unincorporated County area totaling over \$193,000 in Agency funds. The original goal of assisting households which can afford to pay monthly rent but do not have sufficient savings for deposits and may be living in transitional, substandard or overcrowded housing, has been substantially fulfilled by this program.

Current Program Guidelines

Under the program's current guidelines, security deposits are issued to tenants as loans that become one-time grants at the rate of 1/12 of the deposit amount per month over the first year of occupancy. Security deposits cannot exceed one month's rent and tenants' excess liquid assets, if any, must be utilized first, thus conserving program funds. This form of assistance encourages tenants to keep their units in good condition and to give 30-days notice to landlords to get their deposits back. Tenants can then reuse grant funds for the deposits on their next rental unit.

Unexpected Demand

In the past year the demand for security deposits, as well as their average dollar amount, have increased substantially. Demand has increased most notably because in its third year of operation the program is more widely accepted by landlords and more well known and utilized by tenants. In addition, late last year there were unusually few rental units available, which left tenants with minimal bargaining power to negotiate reduced deposits. Along with increased demand, individual security deposit amounts have gone up due to higher rents which have increased by more than 25% in the last two years according to a recent survey by the UCSC Rentals Office. As a result of these conditions, program funds under the current contract have been exhausted, leaving no capacity for grants for the remainder of this fiscal year.

Proposed Solution

To provide ongoing program benefits that may meet increased demand now and into the future, we recommend one program change: That security deposit grants be limited to a maximum of \$1,000 rather than the monthly rent amount. Additionally, we are recommending that the Housing Authority's annual contract be increased for the remainder of this fiscal year only by \$30,000. This augmentation would increase the amount for security deposits, not for administrative costs.

After consulting with Housing Authority staff and other local private property managers, we are confident that a great majority of landlords will continue to participate in the program because a \$1,000 cash deposit is sufficient insurance against most property damage. In addition, a \$1,000 cash grant to tenants upon vacancy will continue to encourage them to keep their units in good condition and give 30-day notices to landlords.

While we are recommending that the program's allocation be increased for the remainder of this fiscal year, we feel that it should not be increased next year. The rental market has stabilized recently with level or reduced rents and a greater inventory of available units. Given a normal rental market and a \$1,000 cap on security deposits, we feel that the program's original annual allocation of \$70,000 should be sufficient to provide ongoing and year round program benefits in future years.

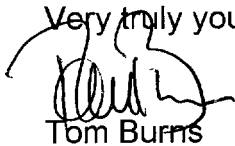
Summary and Recommendation

The Security Deposit / Last Month's Rent Guarantee Program has been very successful for the last three years. Recently, however, due to increased demand for security deposits and well as increases in individual grant amounts, program funds have been entirely exhausted. To continue to provide security deposit assistance to eligible households, and to spread funds throughout the fiscal year, we recommend that security deposit grants be limited to a maximum of \$1,000 and that this year's program funding be increased by \$30,000. Funds are available in the Agency's current fiscal year's appropriations.

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

1. Approve revisions to the Security Deposit / Last Month's Rent Guarantee Program to cap individual security deposit grants to \$1,000; and
2. Authorize the Agency Administrator to sign a one-time contract amendment with the Housing Authority of the County of Santa Cruz increasing the current contract amount by \$30,000 (Attachment 1).

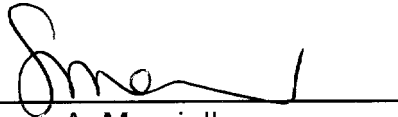
Very truly yours,



Tom Burris
Redevelopment Agency Administrator

TB:RMcB

RECOMMENDED:



Susan A. Mauriello
Redevelopment Agency Director

Attachments

cc. RDA

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AMENDMENT 6 TO AGREEMENT

The parties hereto agree to amend that certain Agreement dated February 24, 1999; and amended June 24, 1999; June 1,2000; September 19,2000; January 23,2001 and August 14,2001 by and between the COUNTY OF SANTA CRUZ REDEVELOPMENT AGENCY and Housing Authority of Santa Cruz County as follows:

1. Increase the contract by \$30,000.00 for a total annual compensation through June 30, 2002 not to exceed the sum of \$100,000.00.

All other provisions of said Agreement shall remain the same.

COUNTY OF SANTA CRUZ
REDEVELOPMENT AGENCY

Dated: _____

By _____
Agency Administrator

Housing Authority of Santa Cruz County

Dated: 2/19/02

By 

2160 41st Avenue
Capitola, CA 95010
Telephone: 464-0170
FAX:

Approved as to form:

Gene M. Scott
County Counsel

DISTRIBUTION: County Administrative Officer
Auditor-Controller
County Counsel
Redevelopment
Contractor

COUNTY OF SANTA CRUE REQUEST FOR APPROVAL OF AGREEMENT

TO: Board of Supervisors
County Administrative Office
Auditor Controller

FROM: REDEVELOPMENT (Department)

BY: [Signature] (Signature) 2/24/02 (Date)

Signature certifies that appropriations/revenues are available

AGREEMENT TYPE (Check One) Expenditure Agreement Revenue Agreement

The Board of Supervisors is hereby requested to approve the attached agreement and authorize the execution of same.
SANTA CRUZ COUNTY REDEVELOPMENT AGENCY (Department/Agency)

1. Said agreement is between the _____ (Department/Agency)
and HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, 2160 41st Avenue, Capitola, CA 95010 (Name/Address)

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

3. Period of the agreement is from July 1, 2000 to June 30, 2002

4. Anticipated Cost is \$ 30,000.00 Fixed Monthly Rate Annual Rate Not to Exceed
Remarks: Increase contract by \$30000.00 for total contract amount of \$100,000.00

5. Detail: On Continuing Agreements List for FY 01 - 02 . Page CC- _____ Contract No: 11804 ✓ OR 1st Time Agreement
 Section II No Board letter will be listed under 8
 Section III Board letter required
 Section IV Revenue Agreement

6. Appropriations/Revenues are available and are budgeted in 136120 (Index) 9852 (Sub object)

NOTE: IF APPROPRIATIONS ARE INSUFFICIENT, ATTACHED COMPLETED AUD-74 OR AUD-60

Appropriations are available and will be encumbered. Contract No: 11804
IF NOW I, LD RDA-5 By: [Signature] Date: 2/27/02
Auditor-Controller Deputy

Proposal and accounting detail reviewed and approved. It is recommended that the Board of Supervisors approve the agreement and authorize
Agency Administrator _____ (Dept/Agency Head) to execute on behalf of the County of Santa Cruz
Redevelopment Agency _____ (Department/Agency)

Date: _____ By: _____
County Administrative Office

Distribution:
Board of Supervisors - White State of California
Auditor Controller - Canary County of Santa Cruz
Auditor-Controller - Pink I _____ ex-officio Clerk of the Board of Supervisors of the County of Santa Cruz,
Department - Gold 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 Office by an order duly entered in the minutes of said Board on _____ 20__

ADM - 29 (8/01) Title I, Section 300 Proc Man By: Deputy Clerk

AUDITOR-CONTROLLER USE ONLY

CO	\$	Lines	H/TL	Keyed By	Date
Document No.	JE Amount				
TC110	\$	Amount	Index	Sub object	User Code

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