



Santa Clara Valley Water District

File No.: 17-0146

Agenda Date: 4/11/2017

Item No.: *4.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

Recommendation Regarding District-Owned Residential Rental Properties, Following District Outreach and Analysis.

RECOMMENDATION:

- A. Approve making no change to the District's current property management practices in regards to residential rental properties (in accordance with Resolution 09-78) , based upon the outreach and analysis provided by staff in response to the Board's November 22, 2016 request regarding the use of District-owned residential rental properties;
- B. Approve utilizing a portion of net rental income from properties purchased through Watersheds (Fund 12) to fund the homeless encampment cleanup project and for development of a pilot program that focuses on the impacts of homeless encampments in each city where the net rental income is being utilized, with transference or reallocation to begin in Fiscal Year 2020;
 - i. Up to ninety (90) percent of each FY's net rental income will be utilized to fund the Safe, Clean Water and Natural Flood Protection Program Encampment Cleanup Project (SCW Project B4) through FY 2028;
 - ii. Up to 10 percent of each FY's net rental income will be utilized to develop a pilot program to help address waterway and stream stewardship impacts of homeless encampments in each city with Fund 12 District-owned residential rental properties, which will be implemented through FY 2021, at which time staff will assess the pilot program and return to the Board with a recommendation on whether to continue its implementation; and
- C. Direct the Capital Improvement Program (CIP) Ad-Hoc Committee to review Recommendation B's proposed transfer from Fund 12 to Fund 26 for SCW Project B4 and the use of those Fund 12 funds for the pilot program to help address waterway and stream stewardship impacts of homelessness in light of other Fund 12 capital project funding needs; and return to the Board with a recommended annual transfer amount into SCW Project B4 to be implemented from FY 2020 to FY 2028 and for the pilot program from FY 2020 to FY 2021.

SUMMARY:

On November 22, 2016, District staff presented the Homeless Encampment Ad Hoc Committee's (HEAHC) Recommendations for Board Action. The HEAHC presented the following

recommendations for the Board's consideration:

- A. When District-owned residential rental properties become available and are deemed suitable by the District and applicable city, the Santa Clara County (County) Office of Supportive Housing will be contacted to be given first opportunity to see if the properties will be conducive to provide housing for the homeless;
- B. If Recommendation A is approved, adopt the Resolution RESCINDING RESOLUTION 09-78 AND ADOPTING A PROCEDURE TO LEASE DISTRICT REAL PROPERTY AND COMMENCE UNLAWFUL DETAINER ACTIONS that will provide exceptions to the guidelines requiring residential rental properties be advertised in a competitive manner and be leased on a month-to-month basis only;
- C. Declare certain District lands as surplus, and make them available for sale to the County and other municipalities to support the development of permanent housing, including the County's Pay for Success programs, which prioritizes providing shelter for homeless persons in the County. These are in addition to the four parcels the Board declared surplus at the September 27, 2016 Board meeting; and
- D. Authorize the Interim Chief Executive Officer to negotiate and come back to the Board with a cost-share partnership with the City of San José and Downtown Streets Team to remove trash and other debris in homeless encampments and to conduct outreach of the homeless along local creeks.

The Board approved a motion to "Approve Recommendations C and D and defer Recommendations A and B until after meeting with the Homeowners Association and the City of Mountain View, review of Measure V, and bring back to the Board for consideration."

Types of District-owned Residential Rental Properties

Currently, there are two types of District-owned residential rental properties:

- 1. Properties that were purchased for projects; and
- 2. Properties that were purchased in lieu of projects.

The properties that were purchased for projects are slated for demolition, but are leased on a month-to-month basis until each respective project begins its construction phase.

The properties that were purchased in lieu of a flood protection project are not slated for demolition and are maintained and leased by the District through a property management company. At present, the only properties that were purchased in lieu of a project are the 19 residential properties located in the Waverly Park Community of Mountain View.

In Response to the Board's November 22, 2016 Motion

On November 28, 2016, the District Counsel's office provided the Board with a confidential attorney/client privileged memo on Measure V and other Local Rules Regarding the Leasing of Residential Properties. The recommendations presented herein for the Board's consideration do not conflict with the legal opinions provided in that memo.

On February 15, 2017, the District held a Community Meeting on Homelessness with the Mountain

View Waverly Park residents. Attendees of that meeting provided feedback regarding the use of the District-owned residential rental properties to house homeless.

Staff Analysis

District-owned residential properties that were purchased for projects

As referenced above, the properties that were purchased for projects are slated for demolition, but are leased on a month-to-month basis until each respective project begins its construction phase.

Except for one property, all remaining residential properties that were purchased for projects are currently scheduled for demolition in 2018 and 2019, as per engineering and funding source estimates. Each property is currently occupied. All tenants are provided with annual notices updating them on the planned construction schedule impacting their residence and an estimated timeframe for when they will be required to move.

Categorically, staff does not recommend use of these properties as housing solutions for the homeless due to the low probability that they will become available for a long enough period that would allow for their use as supportive housing.

District-owned residential properties that were purchased in lieu of projects

As referenced above, the only properties that were purchased in lieu of a project are the 19 residential properties located in the Waverly Park Community of Mountain View. To receive community feedback, staff held the February 15th Community Meeting on Homelessness.

While the public comments from the Waverly Park Community Meeting were varied, there were several that were related to logistical impediments to the use of these specific rental properties for housing homeless; such as, the proximity to public transportation and supportive services.

These logistical impediments align with factors that are taken into consideration when determining housing resources for homeless populations. As referenced on page 14 of the March 7, 2017 Mountain View City Council Report on Strategies to Assist the Homeless and Unstably Housed Residents (Attachment 2):

The “housing first” permanent supportive housing model, whereby permanent housing is infused with services such as case management, mental/physical health care, job skills/employment services, etc., is widely recognized as the most effective way of ending homelessness. It is also the housing strategy prioritized by the County and in its Community Plan to End Homelessness, which the City adopted on February 23, 2016.

Ideally, housing for the homeless is in areas with access to public transportation, services, jobs, and amenities.

City of Mountain View staff conducted mapping exercises to identify the areas in Mountain View that have the most amenities and the Waverly Park Community did not fall within the identified “amenity-rich” locations.

Based on the feedback we received from the community, the permanent supportive housing model, and the City of Mountain Views mapping exercise results showing that these properties do not fall within an “amenity-rich” location, staff does not recommend use of these properties as housing solutions for the homeless.

SCW Project B4 - Encampment Cleanup Project

As reported in the FY2016 SCW Annual Report, there continues to be an increasing demand for District resources to address encampment cleanups along local waterways from cities and the community. These additional requests have significantly impacted the project’s budget. This project does not have sufficient SCW funding allocated to accomplish the current level of demand for service beyond FY 2019.

To address this elevated level of demand and the overall issue of homelessness in the county, and to be able to continue to reduce trash and other pollutant loads that contaminate waterways and damage District facilities, staff recommends utilizing up to 90 percent of the net rental income from Watersheds Fund 12 District-owned residential rental properties to fund Project B4 between FY 2020 and FY 2028.

Additionally, staff’s Recommendation B addresses one of the draft findings of the Moss Adams SCW Independent Audit, reported to the Board as a non-agenda item on February 24, which recommends that the District should “consider seeking additional funding sources to ensure sufficient funding throughout the 15-year Safe, Clean Water Program because additional funds will be required to perform all the cleanups, which are vital for water quality.”

Pilot program to help address the impacts of homelessness

While the human, social, economic, and environmental effects of homelessness affect our entire county, each community can experience very different impacts and needs.

The pilot program to help address the impacts of homeless encampments in each city with Fund 12 District-owned residential rental properties would currently apply to the cities of Mountain View and San Jose. District staff proposes to work with representatives of each city to develop a pilot program addressing the impacts of homelessness in their city that align with the District’s water resources management, flood protection and stream stewardship authorities, and that go beyond encampment cleanups.

Staff recommends approving the development of such a pilot program funded by up to 10 percent of the net income from the Watersheds Fund 12 District-owned residential rental properties, to allow for the flexibility to test new and innovative approaches that align with the needs of each city wherein those properties are owned.

CIP Ad Hoc Committee Review

The CIP Ad Hoc Committee is currently scheduled to review the capital project funding needs and project prioritization for Funds 12 and 26 in May 2017. By including the use of the net income from the Watersheds Fund 12 District-owned residential rental properties to partially fund the SCW Project B4 Homeless Encampment Cleanups and the pilot program to help address the impacts of

homelessness, the CIP can assess the amounts that should be allocated while balancing the other demands on Fund 12.

As such, District staff recommends that the Board direct the CIP Ad-Hoc Committee to review Recommendation B's proposed transfer from Fund 12 to Fund 26 for SCW Project B4 and the use of those Fund 12 funds for the pilot program to help address waterway and stream stewardship impacts of homelessness in light of other Fund 12 capital project funding needs; and return to the Board with a recommended annual transfer amount into SCW Project B4 to be implemented from FY 2020 to FY 2028 and for the pilot program from FY 2020 to FY 2021.

FINANCIAL IMPACT:

Currently, there is no fiscal impact associated with this item. The fiscal impact will be analyzed by the CIP Ad-Hoc Committee, which will develop a recommendation for the annual transfer amount from Fund 12 (net rental income from the Watersheds residential rental properties) into Fund 26 (SCW Project B4) to be implemented from FY 2020 to FY 2028.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

Attachment 1: Resolution No. 09-78

Attachment 2: City of Mountain View Council Report

UNCLASSIFIED MANAGER:

Melanie Richardson, 408-630-2035