

Homeless
5-13-87

City finds \$216,000 to add to shelter fund

SANTA CRUZ — An additional \$216,000 will be added to the city's fund to buy a home for the homeless, bringing the total to \$662,487.

Council members Tuesday afternoon agreed on a 5-1 vote to use \$66,000 in unexpected grants from the federal Housing and Community Development Agency and to borrow \$150,000 from the same agency.

The money will buy and renovate a home and outbuildings owned by the University of California at the northwest corner of Highway 1 and River Street, if the university agrees to sell.

At the suggestion of Councilwoman Mardi Wormhoudt, the loan will be paid back out of next year's HCD grant money.

The lone dissenting voice to the proposal came from Councilwoman Katy Sears-Williams who said the 30-bed home proposed by the city "won't have a significant impact."

Councilman Michael Rotkin partly agreed, saying that with 10 million Americans unemployed, the city's shelter wouldn't solve much of the problem.

"But, it will allow us to deal with the most dramatic cases of homelessness," he said.

Sears-Williams objected to using both the grant money and to taking the loan. She said the \$66,000 grant money was needed for other city human services.

Councilwoman Mardi Wormhoudt made the motion to add the grant money to the city's homeless fund of \$446,787, saying it would cut down on interest costs for the loan.

Over a 10-year period, at an expected 9-10 percent rate, the city would have to pay back roughly double what it borrowed.

Her argument won over Councilman Joe Ghio, who has opposed buying the shelter, but liked the idea of using the grant money to cut down on the amount of loan, which staff had recommended by \$200,000.

Councilman Arnold Levine was absent but, by letter, he suggested using only \$39,200 of the grant money for the home and the rest for other programs.

Last year, the city had offered the university \$550,000 when the home and property's appraised value was \$580,000. In November, the university rejected the city's offer and at that time a private individual offered the full appraised price.

However, since public agencies have first bid on other publicly owned property, the city remains the sole bidder at this time.

Recently, it was discovered the size of the property is less than thought, and city officials say they're confident that the city's bid will look a little better to university regents.