

When Mercy and Charity Are Evicted

What will happen to the 200 people now housed at Dolphin-Lee? Current residents will be given "preference," but if they are illegal immigrants or their income is insufficient, or their household is too large, or their credit rating is not good enough, will they be readmitted?

by Becky Johnson

Well within earshot of the screaming rollercoaster patrons at the Santa Cruz Beach Boardwalk sit the tiny, but packed apartments of the Dolphin and the Lee properties. Within these two converted motels, 48 families with 200 members live; some have been here for the last 25 years. One hundred percent of the 48 families are Spanish-speaking. It is some of the last, truly affordable, privately owned housing in Santa Cruz. Now it is slated to be destroyed to make way for a new, affordable housing project called the "Dolphin-Lee."

In the spring of 1999 at a public meeting in the Beach Flats neighborhood, City Councilmembers Keith Sugar, Christopher Krohn, and Tim Fitzmaurice all assured nervous residents that, as Sugar put it, "There is no Dolphin-Lee project."

At a vastly under-attended meeting six months later, in October, 1999, the councilmembers said that the Dolphin-Lee project, promoted by the Catholic nonprofit development agency, Mercy Charities Housing, Inc., was coming up at City Council as one of five possible projects on the Redevelopment Agency's drawing board.

Days later, at the October 26th City Council meeting — attended by none of the 200 residents of the Dolphin-Lee apartments — Councilmember Katherine Beiers forced through a unanimous proposal to make the Dolphin-Lee Project the second priority for the City, and the only project on the table for building affordable housing in the Beach Flats.

The City Council made no Spanish-language materials available and no significant input was received on the five alternatives from the community or from the Dolphin-Lee residents.

Just when did the Dolphin-Lee project begin? Early this year, city officials announced the formation of a Project Advisory Committee. Foul! claimed activists all over the city, who cited Redevelopment law, State laws, the California State Constitution, and Federal requirements on any funds used as important matters overlooked by city officials, omissions which could scuttle the whole project.

"Redevelopment law requires that a Project Area Committee including members who will be the most affected by the project be formed at the beginning of the planning process," said former Beach Flats resident Scott Graham.

Suggested organizations to make up the Project Advisory Committee are, not surprisingly, all in favor of the project — such as Dominican Hospital and Holy Cross Church. La Famiglia and Barrios Unidos, also on the list, are on the City's payroll. Missing from the list are groups opposed to the removal of low-cost housing: the Beach Flats Neighborhood Association, the Beach Area Working Group, Western Service Workers and Homeless United for Friendship and Freedom.

An even greater issue is the damage caused by destroying affordable housing to build the so-called Dolphin-Lee development. With 48 units in the Dolphin-Lee properties and another 15, now-empty units at the "Pink Palace" owned by Seaside Company, all to be destroyed to build a brand new, 50-to-60-unit housing project, the plan would result in a net loss of 13 units of affordable housing.

With a \$12.5 million dollar price tag, this project will consume *five years* worth of redevelopment money. And the new units could not be rented for the amounts the current residents of the Dolphin-Lee are now paying: \$415 per month for a studio and \$700 for a one-bedroom.



Art by Christa Occhiogrosso

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Phil Baer of the Beach Flats Neighborhood Association said, "They could spend \$25,000 apiece refurbishing each unit of the 63 units that are now slated for destruction, spend one and a half million, and still have \$11 million left over to build affordable housing. This project makes no sense." Pointing to a large field owned by the Seaside Company and still zoned residential, he said: "Why not build on vacant land, and then you don't have to relocate anyone?"

Santa Cruz has a critical shortage of housing, both affordable and otherwise. Pressures from over 10,000 students at the University of California, Santa Cruz (only 6000 are housed on campus) impact the housing stock for local residents. For a low-end, two-bedroom unit, rents begin at \$1200 a month.

Relocation costs for 200-plus people would be high,

that is if housing could be found at all. Under State law, the City would only be required to pay a stipend to dislocated residents, a stipend that in most cases would not be sufficient to pay the higher rents found everywhere but the Dolphin-Lee.

The City of Santa Cruz pays Mercy Charities Housing a \$60,000 retainer. For this incentive, the nonprofit agency gets an exclusive contract for all development of affordable housing using Redevelopment funds. Mercy Charities Housing does not go through a competitive bidding process. And when the project is built, and all loans have been paid back, it is wholly owned, not by the City of Santa Cruz, not by owner-tenants, but by the developer itself, Mercy Charities Housing. The agency is then required to keep the rents affordable.

Mercy Charities Housing does not provide a dime of funding. It is a developer who will not even begin to break ground until the last dime of funding is in a con-

struction account. As a nonprofit, it administers its housing through its own management agency, Mercy Housing.

Local attorney Ed Frey said, "Mercy is owned by the Sisters of Mercy, a \$300 million tax dodge for rich Catholics. They administer projects like this across the nation and their special chosen ones make a lot of big salaries as part of the process."

Frey is currently representing an elderly couple who were dropped during another "housing upgrade" done recently at a local trailer park. "Mercy Housing has been anything but merciful to my clients," he said. To perform the upgrade, the couple had to be vacated for six months, and were told they could move back in as long as they were tenants in good standing.

"Mercy offered to pre-screen the couple so they could be assured they would be eligible to get back in," said Frey.

Although they were approved during the pre-screening process, when the six months were up, they were told to get out. And the new place was not ready yet. Then, they were told they did not pass the final screening process, although "the application they submitted was identical to the one they sub-

mitted for the pre-screening."

David Foster, representing Mercy Housing, explained during the unlawful detainer hearing: "The initial screening only determined if they were income eligible for their household size. The final screening was more extensive, including credit checks and other criteria. They were turned down by the final screening."

Mercy Housing also charges a 15% management charge — double the standard rate for commercially managed properties.

What will happen to the 200 people now housed at Dolphin-Lee? If one dollar of federal money is used, anyone will be able to apply for the new housing. Current residents will be given "preference," but if one of their household members has a criminal conviction for violence or drugs, or they have been issued an unlawful detainer, they will most likely be turned down. If they are illegal immigrants or if their income is insufficient, or their household is too large, or their credit rating is not good enough, will Mercy Housing readmit them?

"It's done on a case by case basis," says Elisabeth Vogl of Mercy Housing.

When Mercy Is Evicted

continued

Santa Cruz City Councilmember Tim Fitzmaurice, who is pushing this project, believes that state guidelines, which do not include immigration status requirements, will prevail. For the relocation certainly, but what about for the new housing? The devil is in the details.

Fitzmaurice fervently believes the Dolphin housing to be unfit for raising children. "The Dolphin is not a good place," he piously told residents.

Despite his claims of substandard housing, the units have been inspected and are not red-tagged.

Meanwhile, Dolphin tenant Maria, who lives in a studio with three other people (and an extended family who, at times, swell occupancy to seven), must make a choice. In speaking to the City staff and the Redevelopment Agency, Maria has been promised a lot. But if she moves, and does not qualify for the new housing, or if she moves, and the project is never built, she and her family could face homelessness.

"They told me I could get a three bedroom apartment," said Maria. "Yes, I would move to get that."

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