STATE OF CALIFORNIA -BUSINESS, TRANSPORTATION AND HOUSING AGENCY Arnold Schwarzenegger, Governor

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF COMMUNITY AFFAIRS
Office of Migrant Services
1800 Third Street, Suite 390-8
P. O. Box 952054
Sacramento, CA 94252-2054
(916) 322-1560
FAX (916) 327-6660

February 16, 2005

Administrative Law Judge Sarah Thomas
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: Rulemaking 04-01-006 re Low Income Policies

Dear Ms. Thomas:

We understand that the Commission is considering implementation of those portions of AB868 (Parra), legislation that deems entities operating migrant farm labor centers eligible for the California Alternative Rates for Energy (CARE) Program. Language immediately following in AB868 also provides that "Any savings from a reduction in energy rates shall be passed on to the occupants of the migrant farm labor center." The Office of Migrant Services (OMS), the Program of the Department of Housing and Community Development responsible for oversight of the twenty-five migrant farm labor centers in question, has discussed implementation of the bill with the Commission's Energy Division. The remaining question seems to be how to demonstrate that savings are being passed along to the occupants while continuing to operate the system in an efficient manner, as presently constituted.

OMS, in cooperation with its local operations contractors (mostly Housing Authorities), owns and manages nearly two thousand (2000) units of migrant family housing at twenty-five (25) centers spread across California from Kern County to the Oregon border. The money to operate these centers comes from two sources: rent from the tenants (approximately 30%) and an annual subsidy provided by the State Legislature (approximately 70%). As a result of the Legislature's generous support, and despite steadily rising costs, rents remain extremely reasonable – a three bedroom, furnished apartment, including all utilities, currently rents for $300.00 per month.

A very literal reading of the provision for "passing on" savings to the occupants might lead one to conclude that cash rebates must be given to individual residents based upon metered use. OMS feels that such a rebate system would be unworkable under the circumstances and that there are alternate, equitable methods for assuring that the occupants of our centers benefit from the CARE Program. Further, we believe that such "alternate" methods of spreading the benefits were contemplated by the bill's author and supporters.

It would be nearly impossible for OMS and its Contractors (especially given staffing and budget constraints) to create a program that would pay tenants individually or discount rents on an individual basis to reflect savings in utility bills due to participation in the CARE Program. The

centers are operated on as efficient and "barebones" lines as are possible and any rebate programs would create additional costs that might offset any savings provided by CARE.

We believe that the legislative history of the AB868, as reflected in Legislative staff reports, indicate that the prime motivating force behind granting the CARE discounts was to assure that tenants could remain during extended season periods (when no additional Legislative subsidy is available) without having to pay increased rents, which may be necessary We think that the Senate Floor Analyses of June 30, 2004 is the most succinct about this question: "This bill assists these labor centers in operating beyond their current schedules by allowing migrant farm labor centers to be eligible for the CARE program."

As an alternative to cash rebates, OMS proposes the following method: OMS will fund each of its annual center operating budgets as if the expected CARE discounts would not be received. Actual savings resulting from participation in CARE will be calculated from monthly billings and accounted for separately from other "income". First priority for these funds will be to assure that additional center operating costs (e.g. garbage, water, electricity, and gas) during season extensions are absorbed by the local operating contractors and are not passed along in the form of increased rents, as is often the case. Any utility savings beyond rent stabilization would be used to purchase items or make improvements that benefit occupants of the migrant farm labor centers. A good instance of this use would be the more frequent replacement of worn mattresses or furniture – a thing which recent tight budgets have made difficult.

We believe that our proposal to keep extension period rents from rising and making purchases or improvements to the migrant farm labor centers with any remaining savings is amply supported by the legislative history. (Every statement about the reason for this bill stresses that the purpose was to allow OMS Centers to stay open longer without raising the rent.) Our proposal, along with other services provided to the tenants, constitutes a very real "passing on" of the savings provided by CARE. Absent the acceptance of our proposed method of "passing on" the savings, we don't see how OMS could take advantage of the CARE Program, without a legislative change. In these times of spiraling costs and tightening budgets, being able to take part in the Program will assist in maintaining the quality of services and housing OMS is able to provide to its large family of hardworking migrant farmworkers and their families.

As our operating season is set to begin in March in San Joaquin County and other centers begin opening in April, May, and June, we would greatly appreciate speedy consideration of this matter so that we can finalize plans with our local contractors and begin benefiting our tenants as soon as possible. If you have any questions, you may contact me at (916) 327-0942 or via e-mail at: pdyas@hcd.ca.gov

Thanking you in advance for your help and consideration, I remain

Sincerely,

Pat Dyas, Manager
Office of Migrant Services