

MERRILL ROAD HOUSING CORPORATION
AGENDA OF THE BOARD OF DIRECTORS MEETING
June 24, 2026

**Merrill Road Board of Directors Meeting will take place immediately following the
Housing Authority of the County of Santa Cruz Board of Commissioners Meeting**
HOUSING AUTHORITY OFFICES
2160 41st Avenue, Capitola, CA 95010

1. Roll Call

MERRILL ROAD BOARD OF DIRECTORS:

Chairperson Providence Martinez Alaniz	4 year term expires, February 10, 2027
Vice Chairperson Annette Melendrez	4 year term expires, September 29, 2027
Director Ligaya Eligio	2 year term expires, October 18, 2026
Director Carol Berg	4 year term expires, May 21, 2029
Director Silvia Morales	Expires September 1, 2027
Director Andy Schiffrin	4 year term expires, March 17, 2027
Director Richard Schmale	2 year term expires, May 12, 2027

2. Consideration of Late Additions and Changes to the Agenda

3. Consent Agenda

A. Minutes of the March 25, 2026 Meeting

Motion to Approve as submitted

B. FY 2026-27 Budget for Merrill Road Apartments

Motion to Approve Operating Budget and Schedule of Rental Income for Merrill Road Apartments for FY 2026-27

4. Oral Communications (All oral communications must be directed to an item not listed on this agenda and must be within the jurisdiction of the Board. Presentations must not exceed three minutes in length. The Board will not take action or respond immediately to any Oral Communication presented, but may choose to follow up at a later time or schedule item for a subsequent agenda. The Board may limit the total amount of time allowed for oral communication). Anyone addressing the Board of Directors is asked to complete a card and leave it with the Board secretary so that their names may be accurately recorded in the Minutes.

5. Unfinished Business

6. New Business

7. Adjournment

*Merrill Road complies with the Americans with Disabilities Act. If you are a person with disabilities and you require special assistance in order to participate, please contact the Board secretary at 831-454-9455, ext. 201 at least 72 hours in advance of the meeting in order to make arrangements. Persons with disabilities may request a copy of the agenda in an alternative format. Spanish language translation is available on an as needed basis. Please make arrangements 72 hours in advance by contacting the Housing Authority at 831-454-9455, ext. 280.

AGENDA ITEM SUMMARY

MEETING DATE: June 24, 2026

ITEM NUMBER: 3B

FROM: Deputy Executive Director

SUBJECT: FY 2026-27 Budget for Merrill Road Apartments

RECOMMENDATION: Approve Operating Budget and Schedule of Rental Income for Merrill Road Apartments for FY 2026-27

BACKGROUND SUMMARY:

The fiscal year 2026-2027 operating budget and schedule of rental income for Merrill Road Apartments were approved by the State of California Department of Housing and Community Development (HCD) per the terms of the Regulatory Agreement. Following Merrill Road's conversion to Project Based Vouchers on July 1, 2023, the development now generates substantial operating income which is being used to pay down its debt obligations to the State and Housing Authority. The proposed fiscal year 2026-2027 budget projects a surplus of \$654,207.

	Projected FY25-26 Actuals	Approved FY 25-26 Budget	Proposed FY 26-27 Budget	Increase / (Decrease) From FY 25-26 Budget
Revenues	\$919,406	\$874,726	\$896,958	\$22,323
Operating Expenses	\$254,041	\$233,829	\$242,751	\$8,922
Net Operating Income	\$665,365	\$640,897	\$654,207	\$13,310

RECOMMENDATION: Approve Operating Budget and Schedule of Rental Income for Merrill Road Apartments for FY 2026-27

Approved Cash Flow

4/16/25

Reporting Period: 7/1/2026 to 6/30/2027

Date Prepared: 3/17/26

Project Name: Merrill Road Apartments
 Project County: Santa Cruz
 Approved By: Tracy Ozborn

1. HCD/CalHFA #: 91-RHCP-087
 2. HCD/CalHFA #:
 3. HCD/CalHFA #:
 4. HCD/CalHFA #: John Fleisher

Date Revised:
 Assisted Units: 15
 Total Units: 15
 Proration %: 100.00%

Line #	HCD/CalHFA use only		Assisted Units		Non-Assisted Units		Commercial		Total Project	
	Account Name	Acct. Code	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
			Proposed Budget	Approved Budget <input checked="" type="checkbox"/>	Proposed Budget	Approved Budget <input checked="" type="checkbox"/>	Proposed Budget	Approved Budget <input checked="" type="checkbox"/>	Proposed Budget	Approved Budget <input checked="" type="checkbox"/>
Rent Revenue:										
1	Rent Revenue - Gross Potential	5120	176,904	176,904	0	0			176,904	176,904
2	Tenant Assistance Payments	5121	716,352	716,352	0	0			716,352	716,352
3	Rent Revenue - Stores and Commercial	5140					0	0	0	0
4	Garage and Parking Spaces	5170	0	0	0	0	0	0	0	0
5	Flexible Subsidy Revenue	5180	0	0	0	0	0	0	0	0
6	Miscellaneous Rent Revenue	5190	0	0	0	0	0	0	0	0
7	Total Rent Revenue	5100T	893,256	893,256	0	0	0	0	893,256	893,256
Vacancies:										
8	Vacancy %		3.00%	3%	0.00%	0%	0.00%	0%	3.00%	3.00%
9	Apartments	5220	26,798	26,798	0	0			26,798	26,798
10	Stores and Commercial	5240					0	0	0	0
11	Rental Concessions	5250	0	0	0	0	0	0	0	0
12	Garage and Parking Spaces	5270	0	0	0	0	0	0	0	0
13	Miscellaneous Vacancies	5290	0	0	0	0	0	0	0	0
14	Total Vacancies	5200T	26,798	26,798	0	0	0	0	26,798	26,798
15	Net Rental Revenues (Rent Revenue Less Vacancies)	5152N	866,458	866,458	0	0	0	0	866,458	866,458
16	Supportive Services Revenue:	5390	0	0	0	0	0	0	0	0
Total Financial Revenue:										
17	Financial Revenue (don't incl. Reserve Acct. Interest)	5410	30,000	30,000	0	0	0	0	30,000	30,000
18	Revenue from Investments- Miscellaneous	5490	0	0	0	0	0	0	0	0
19	Total Financial Revenue	5400T	30,000	30,000	0	0	0	0	30,000	30,000
Other Revenue:										
20	Laundry and Vending Revenue	5910	0	0	0	0	0	0	0	0
21	Tenant Charges	5920	500	500	0	0	0	0	500	500
22	Misc. Revenue (don't include Reserve Withdrawals)	5990	0	0	0	0	0	0	0	0
23	Total Other Revenue	5900T	500	500	0	0	0	0	500	500
24	Total Revenue	5000T	896,958	896,958	0	0	0	0	896,958	896,958
25	Total Cost of Operations before Depreciation	6000T	242,751	242,751	0	0	0	0	242,751	242,751
26	Profit (Loss) before Depreciation	5060T	654,207	654,207	0	0	0	0	654,207	654,207
Financial Expenses including mandatory debt service:										
27	1st Mortgage (P&I)	6820	0	0	0	0	0	0	0	0
28	2nd Mortgage (P&I)	6825	0	0	0	0	0	0	0	0
29	3rd Mortgage (P&I)	6825	0	0	0	0	0	0	0	0
30	HCD Req. Payments & CalHFA Servicing/Monitoring Fee	6825	0	0	0	0	0	0	0	0
31	Lease Payment	6890	0	0	0	0	0	0	0	0
32	Miscellaneous Financial Expenses	6890	0	0	0	0	0	0	0	0
33	Total Financial Expenses	6800T	0	0	0	0	0	0	0	0
Reserves Deposits:										
34	Replacement Reserve - Deposit	1320	0	0	0	0	0	0	0	0
35	Operating Reserve - Deposit	1330	0	0	0	0	0	0	0	0
36	Transition Reserve - Deposit	1330	0	0	0	0	0	0	0	0
37	Other Reserves	1330	0	0	0	0	0	0	0	0
38	Other Reserves	1330	0	0	0	0	0	0	0	0
39	Total Reserves Deposits	1300T	0	0	0	0	0	0	0	0
40	Project Cash Flow		654,207	654,207	0	0	0	0	654,207	654,207
Additions to Cash Flow:										
41	Borrower Contribution		0	0	0	0	0	0	0	0
42	Other (specify)		0	0	0	0	0	0	0	0
43	Other (specify)		0	0	0	0	0	0	0	0
44	Other (specify)		0	0	0	0	0	0	0	0
45	Total Additional Revenue		0	0	0	0	0	0	0	0
Use of Cash Flow (final approval with Annual Report):										
46	Deferred Developer Fee Payments		0	0	0	0	0	0	0	0
47	Asset Management Fee/Partnership Costs	7190	0	0	0	0	0	0	0	0
48	Borrower Distributions		0	0	0	0	0	0	0	0
49	Residual Receipt Loan Payments		0	0	0	0	0	0	0	0
50	HCD Interest Payments		0	0	0	0	0	0	0	0
51	Other (specify)		0	0	0	0	0	0	0	0
52	Total Use of Cash Flow		0	0	0	0	0	0	0	0

> This is the approved budget based on unverified revenue. Use of cash flow will be determined in accordance with the project's HCD loan documents and the Department's review of the corresponding year project audit.
 > Please note, Department guidance for tax credit projects calls for minimum operating reserve (OR) account balances of at least three (3) months approved operating expenses, mandatory debt service, and replacement reserve (RR) deposits. For non-tax credit projects, Department guidance calls for minimum OR account balances of four (4) months approved operating expenses, mandatory debt service, and RR deposits. Department guidance calls for minimum RR account balances of at least \$1,000 / unit. If the project's OR or RR accounts are deficient at audit review, project may be required to make reserve deposits from project cashflow prior to receiving asset management fees, deferred developer fees, and / or borrower distributions.

Approved Cost of Operations

4/16/25

Reporting Period: 7/1/2026 to 6/30/2027

Date Prepared: 3/17/26

1. HCD/CalHFA #: 91-RHCP-087
 2. HCD/CalHFA #:
 3. HCD/CalHFA #:
 4. HCD/CalHFA #: John Fleisher

Date Revised:
 Assisted Units: 15
 Total Units: 15
 Phone #: 831-454-5942

Project Name: Merrill Road Apartments
 Project County: Santa Cruz
 Approved By: Tracy Ozborn

Line #	HCD/CalHFA use only		Total Proposed Budget		Total Approved Budget		HCD/CalHFA Rep notes
	Account Name	Account Code	(A)	(B)	(C)	(D)	
			Annual Budget	Per Unit Per Month	Annual Budget <input checked="" type="checkbox"/>	Per Unit Per Month	
Administrative Expenses:							
1	Conventions and Meetings	6203	0	0.00	0	0.00	
2	Management Consultants	6204	0	0.00	0	0.00	
3	Advertising and Marketing	6210	0	0.00	0	0.00	
4	Other Renting Expenses	6250	0	0.00	0	0.00	
5	Office Salaries	6310	0	0.00	0	0.00	
6	Office Expenses	6311	220	1.22	220	1.22	
7	Office or Model Apartment Rent	6312	0	0.00	0	0.00	
8	Management Fee (do not include GP Management Fee)	6320	14,580	81.00	14,580	81.00	ok
9	Manager or Superintendent Salaries	6330	37,508	208.38	37,508	208.38	
10	Administrative Rent Free Unit	6331	0	0.00	0	0.00	
11	Legal Expense - Project	6340	1,500	8.33	1,500	8.33	
12	Audit Expense	6350	8,000	44.44	8,000	44.44	
13	Bookkeeping Fees/ Accounting Services	6351	2,340	13.00	2,340	13.00	ok
14	Bad Debts	6370	0	0.00	0	0.00	
15	Misc. Administrative Expenses	6390	371	2.06	371	2.06	
16	Total Administrative Expenses	6263T	64,519	358.44	64,519	358.44	
Utilities Expenses:							
17	Electricity	6450	966	5.37	966	5.37	
18	Water	6451	19,506	108.37	19,506	108.37	
19	Gas	6452	0	0.00	0	0.00	
20	Sewer	6453	14,545	80.81	14,545	80.81	
21	Total Utilities Expenses	6400T	35,017	194.54	35,017	194.54	
Operating and Maintenance Expenses:							
22	Payroll	6510	26,766	148.70	26,766	148.70	
23	Supplies	6515	6,779	37.66	6,779	37.66	
24	Contracts	6520	38,420	213.44	38,420	213.44	
25	Operating and Maintenance Rent Free Unit	6521	0	0.00	0	0.00	
26	Garbage and Trash Removal	6525	35,235	195.75	35,235	195.75	
27	Security Payroll/Contracts	6530	773	4.29	773	4.29	
28	Security Rent Free Unit	6531	0	0.00	0	0.00	
29	Heating/Cooling Repairs and Maintenance	6546	500	2.78	500	2.78	
30	Snow Removal	6548	0	0.00	0	0.00	
31	Vehicle and Maintenance Equip. Operation and Repairs	6570	0	0.00	0	0.00	
32	Lease Expense	6580	0	0.00	0	0.00	
33	Misc. Operating & Maintenance Expenses	6590	450	2.50	450	2.50	
34	Total Operating and Maintenance Expenses	6500T	108,923	605.13	108,923	605.13	
Taxes and Insurance:							
35	Real Estate Taxes	6710	0	0.00	0	0.00	
36	Payroll Taxes (Project's Share)	6711	0	0.00	0	0.00	
37	Property & Liability Insurance (Hazard)	6720	15,000	83.33	15,000	83.33	
38	Fidelity Bond Insurance	6721	0	0.00	0	0.00	
39	Worker's Compensation	6722	2,500	13.89	2,500	13.89	
40	Health Insurance and Other Employee Benefits	6723	15,592	86.62	15,592	86.62	
41	Miscellaneous Taxes, Licenses, Permits and Insurance	6790	1,200	6.67	1,200	6.67	
42	Total Taxes and Insurance	6700T	34,292	190.51	34,292	190.51	
Supportive Services Costs:							
43	Staff Supervisors Salaries	6990	0	0.00	0	0.00	
44	On-site Service Coordinator Salaries and Benefits		0	0.00	0	0.00	
45	On-site Other Supportive Services Staff Salaries		0	0.00	0	0.00	
46	Supportive Services Administrative Overhead	0.0%	0	0.00	0	0.00	
47	Other Supportive Services Costs	6990	0	0.00	0	0.00	
48	Total Supportive Services Costs	6900T	0	0.00	0	0.00	
49	Total Cost of Operations	6000T	242,751	1,348.62	242,751	1,348.62	

Approved Proration of Cost of Operations

4/16/25

Reporting Period: 7/1/2026 to 6/30/2027

Date Prepared: 3/17/26

1. HCD/CalHFA #: 91-RHCP-087

Date Revised:

Project Name: Merrill Road Apartments

2. HCD/CalHFA #:

Assisted Units: 15

Project County: Santa Cruz

3. HCD/CalHFA #:

Total Units: 15

Approved By: Tracy Ozbourn

4. HCD/CalHFA #: John Fleisher

Phone #: 831-454-5942

Line #	HCD/CalHFA use only		Prorated Proposed Budget				Prorated Approved Budget			
	Account Name	Account Codes	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
			Proration Percentage	Assisted Units	Non-Assisted Units	Commercial	Proration Percentage <input checked="" type="checkbox"/>	Assisted Units	Non-Assisted Units	Commercial
Administrative Expenses:										
1	Conventions and Meetings	6203	100.00%	0	0	0	100.00%	0	0	0
2	Management Consultants	6204	100.00%	0	0	0	100.00%	0	0	0
3	Advertising and Marketing	6210	100.00%	0	0	0	100.00%	0	0	0
4	Other Renting Expenses	6250	100.00%	0	0	0	100.00%	0	0	0
5	Office Salaries	6310	100.00%	0	0	0	100.00%	0	0	0
6	Office Expenses	6311	100.00%	220	0	0	100.00%	220	0	0
7	Office or Model Apartment Rent	6312	100.00%	0	0	0	100.00%	0	0	0
8	Management Fee (do not include GP Management Fee)	6320	100.00%	14,580	0	0	100.00%	14,580	0	0
9	Manager or Superintendent Salaries	6330	100.00%	37,508	0	0	100.00%	37,508	0	0
10	Administrative Rent Free Unit	6331	100.00%	0	0	0	100.00%	0	0	0
11	Legal Expense - Project	6340	100.00%	1,500	0	0	100.00%	1,500	0	0
12	Audit Expense	6350	100.00%	8,000	0	0	100.00%	8,000	0	0
13	Bookkeeping Fees/ Accounting Services	6351	100.00%	2,340	0	0	100.00%	2,340	0	0
14	Bad Debts	6370	100.00%	0	0	0	100.00%	0	0	0
15	Misc. Administrative Expenses	6390	100.00%	371	0	0	100.00%	371	0	0
16	Total Administrative Expenses	6263T		64,519	0	0		64,519	0	0
Utilities:										
17	Electricity	6450	100.00%	966	0	0	100.00%	966	0	0
18	Water	6451	100.00%	19,506	0	0	100.00%	19,506	0	0
19	Gas	6452	100.00%	0	0	0	100.00%	0	0	0
20	Sewer	6453	100.00%	14,545	0	0	100.00%	14,545	0	0
21	Total Utilities Expenses	6400T		35,017	0	0		35,017	0	0
Operating and Maintenance Expenses:										
22	Payroll	6510	100.00%	26,766	0	0	100.00%	26,766	0	0
23	Supplies	6515	100.00%	6,779	0	0	100.00%	6,779	0	0
24	Contracts	6520	100.00%	38,420	0	0	100.00%	38,420	0	0
25	Operating and Maintenance Rent Free Unit	6521	100.00%	0	0	0	100.00%	0	0	0
26	Garbage and Trash Removal	6525	100.00%	35,235	0	0	100.00%	35,235	0	0
27	Security Payroll/Contracts	6530	100.00%	773	0	0	100.00%	773	0	0
28	Security Rent Free Unit	6531	100.00%	0	0	0	100.00%	0	0	0
29	Heating/Cooling Repairs and Maintenance	6546	100.00%	500	0	0	100.00%	500	0	0
30	Snow Removal	6548	100.00%	0	0	0	100.00%	0	0	0
31	Vehicle and Maintenance Equip. Operation and Repairs	6570	100.00%	0	0	0	100.00%	0	0	0
32	Lease Expense	6580	100.00%	0	0	0	100.00%	0	0	0
33	Misc. Operating & Maintenance Expenses	6590	100.00%	450	0	0	100.00%	450	0	0
34	Total Operating and Maintenance Expenses	6500T		108,923	0	0		108,923	0	0
Taxes and Insurance:										
35	Real Estate Taxes	6710	100.00%	0	0	0	100.00%	0	0	0
36	Payroll Taxes (Project's Share)	6711	100.00%	0	0	0	100.00%	0	0	0
37	Property & Liability Insurance (Hazard)	6720	100.00%	15,000	0	0	100.00%	15,000	0	0
38	Fidelity Bond Insurance	6721	100.00%	0	0	0	100.00%	0	0	0
39	Worker's Compensation	6722	100.00%	2,500	0	0	100.00%	2,500	0	0
40	Health Insurance and Other Employee Benefits	6723	100.00%	15,592	0	0	100.00%	15,592	0	0
41	Miscellaneous Taxes, Licenses, Permits and Insurance	6790	100.00%	1,200	0	0	100.00%	1,200	0	0
42	Total Taxes and Insurance	6700T		34,292	0	0		34,292	0	0
Supportive Services Costs:										
43	Staff Supervisors Salaries	6990	100.00%	0	0	0	100.00%	0	0	0
44	On-site Service Coordinator Salaries and Benefits		100.00%	0	0	0	100.00%	0	0	0
45	On-site Other Supportive Services Staff Salaries		100.00%	0	0	0	100.00%	0	0	0
46	Supportive Services Administrative Overhead		100.00%	0	0	0	100.00%	0	0	0
47	Other Supportive Services Costs	6990	100.00%	0	0	0	100.00%	0	0	0
48	Total Supportive Services Costs	6900T		0	0	0		0	0	0
49	Total Cost of Operations	6000T		242,751	0	0		242,751	0	0