

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
AGENDA OF THE REGULAR BOARD MEETING
September 27, 2017

1:00 p.m.

TO BE HELD AT:

HOUSING AUTHORITY OFFICES
2931 Mission Street, Santa Cruz, CA 95060

1. Roll Call
2. Approval of Minutes of Regular Meeting held August 23, 2017
3. Consideration of Late Additions and Changes to the Agenda
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 Commissioners 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
 - A. Landscaping Chemical Use
6. New Business
 - A. **Resolution No. 2017-11** Resolution Retroactively Authorizing the Submittal of a Grant Application, the Execution of a Grant Agreement and Any Amendments Thereto, and Any Other Documents Necessary to Secure a U.S. Department of Housing and Urban Development (HUD) Family Self Sufficiency (FSS) Coordinator Grant
 - B. Contract for Predevelopment Funding for Habitat for Humanity New Construction Project
 - C. Migrant Center 50 Mile Rule
 - D. Fair Market Rents
 - E. Fiscal Year 2016-2017 Financial & Budget Comparison Reports
7. Written Correspondence
8. Report of Executive Director
9. Reports from Board Members
(Board members may report on meetings attended, if any, or other items of interest.)
10. Closed Session
(The Board will recess to discuss those items listed, if any.)

- A. Real Property Discussion
- B. Legal Matter

- 11. Report on Closed Session
- 12. Adjournment

*The Housing Authority 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.

Agendas can be obtained from the Housing Authority of the County of Santa Cruz Administration Department.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, MINUTES OF THE ANNUAL MEETING AUGUST 23, 2017 AT THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, 2931 MISSION STREET, SANTA CRUZ, CA 95060

AGENDA ITEM NO. 1 Roll Call

Chairperson Pomerantz called the meeting to order at 1:06 p.m. Members present on site Commissioners Berg, Eligio, Garcia, Pomerantz, Schiffrin and Schmale (Commissioner Schiffrin was sworn into service before meeting and was welcomed by the Board of Commissioners)
Members present via teleconferencing Commissioner Brunner, 919 Cayuga Street, Unit C, Santa Cruz, CA 95062

Members Absent

None.

Staff Present

Jennifer Panetta and Courtney Byrd of the Housing Authority

AGENDA ITEM NO. 2 Approval of Minutes of Regular Meeting held June 28, 2017

Commissioner Schmale moved for approval of the Minutes of the Regular Meeting of June 28, 2017; Commissioner Garcia seconded the motion and it was passed by the following vote:

AYES: Commissioners Eligio, Garcia, Pomerantz and Schmale
NOES: None
ABSENT: None
ABSTAIN: Commissioners Berg, Brunner and Schiffrin

Commissioner Eligio moved for approval of the Minutes of the Special Meeting of August 9, 2017; Commissioner Brunner seconded the motion and it was passed by the following vote:

AYES: Commissioners Berg, Brunner, Eligio and Pomerantz
NOES: None
ABSENT: None
ABSTAIN: Commissioners Garcia, Schiffrin and Schmale

AGENDA ITEM NO. 3 Consideration of Late Additions or Changes to the Agenda

Secretary Panetta informed the board that staff would like to add to the Agenda **AGENDA ITEM NO. 6G** and **AGENDA ITEM NO. 6H**. These items will be discussed before **AGENDA ITEM NO. 6F**.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, MINUTES OF THE ANNUAL MEETING AUGUST 23, 2017 AT THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, 2931 MISSION STREET, SANTA CRUZ, CA 95060

Commissioner Schiffrin moved to add late additions **Agenda Item No. 6G** and **Agenda Item No. 6H** to the agenda; Commissioner Garcia seconded the motion and it was passed by the following vote:

AYES: Commissioners Berg, Brunner, Eligio, Garcia, Pomerantz, Schiffrin and Schmale
NOES: None
ABSENT: None
ABSTAIN: None

AGENDA ITEM NO. 4 Oral Communications
None.

AGENDA ITEM NO. 6A Election of Officers – Annual Meeting

Chairperson Pomerantz opened the nominations for the position of Chairperson and Vice Chairperson for the Board of Commissioners as the August meeting each year is the Annual Meeting. Commissioner Garcia nominated Commissioner Berg as Chairperson. Commissioner Eligio seconded the nomination. Commissioner Berg nominated Commissioner Pomerantz for Chairperson. Commissioner Pomerantz declined the nomination thanking Commissioner Berg for the nomination. Commissioner Berg accepted the nomination.

Commissioner Pomerantz nominated Commissioner Eligio as Vice Chairperson Commissioner Garcia seconded the nomination. Commissioner Eligio declined the position thanking Commissioner Pomerantz for the nomination. Chairperson Pomerantz nominated Commissioner Brunner as Vice Chairperson. Commissioner Schiffrin seconded the nomination. Commissioner Brunner accepted the nomination. Motion to close nominations made by Commissioner Schiffrin seconded by Commissioner Garcia. The motion to close the nominations for Chairperson and Vice Chairperson were passed by the following vote:

AYES: Commissioners Berg, Brunner, Eligio, Garcia, Pomerantz, Schiffrin and Schmale
NOES: None
ABSENT: None
ABSTAIN: None

The nominations of Commissioner Berg for Chairperson and Commissioner Brunner for Vice Chairperson were passed by the following vote:

AYES: Commissioners Berg, Brunner, Eligio, Garcia, Pomerantz, Schiffrin and Schmale
NOES: None
ABSENT: None
ABSTAIN: None

AGENDA ITEM NO. 6B

Resolutions No. 2017-07: Section 8 Management Assessment Program (SEMAP) Certifications for FY 2016/2017 for the Housing Authority of the County of Santa Cruz

Secretary Panetta explained to the Board that this is the annual self-assessment for the Section 8 program for the Housing Authority of the County of Santa Cruz. According to our internal analysis, we expect the Housing Authority to once again be designated “High Performer.” A discussion followed. The Board thanked staff for their excellent work.

Commissioner Brunner moved to adopt Resolution No. 2017-07; Commissioner Eligio seconded the motion and it was passed by the following vote:

AYES: Commissioners Berg, Brunner, Eligio, Garcia, Pomerantz, Schiffrin and Schmale
NOES: None
ABSENT: None
ABSTAIN: None

AGENDA ITEM NO. 6C

Resolution No. 2017-08: Resolution Authorizing the Submittal of Renewal Grant Application, the Execution of Renewal Grant Agreement and Any Amendments Thereto, and Any Other Documents Necessary to Secure U.S. Department of Housing and Urban Development (HUD) Shelter Plus Care (S+C) Program Grant

Secretary Panetta explained to the board that this grant renewal application is for the Shelter Plus Care (S+C) Program. Partnering with the Homeless Person’s Health Project (HPHP) who work closely with the tenants to help them obtain and keep their housing, the Housing Authority via the S+C Program provides rental assistance for hard-to-house homeless persons with disabilities. A discussion followed.

Commissioner Pomerantz moved to authorize Resolution No. 2017-08; Commissioner Eligio seconded the motion and it was passed by the following vote:

AYES: Commissioners Berg, Brunner, Eligio, Garcia, Pomerantz, Schiffrin and Schmale
NOES: None
ABSENT: None
ABSTAIN: None

AGENDA ITEM NO. 6D **Resolution No. 2017-09:** Resolution Authorizing the Submittal of a Grant Application, the Execution of a Grant Agreement and Any Amendments Thereto, and Any Other Documents Necessary to Secure a U.S. Department of Housing and Urban Development (HUD) Continuum of Care Supportive Housing Program Grant

Secretary Panetta informed the board that this resolution is for the Housing Authority’s six unit apartment building on Brommer Street which the Housing Authority acquired in 1991. The Housing Authority works with Families in Transition (FIT) to provide transitional housing for their clients at this complex. The maximum term of occupancy is 18 months. The current grant application may be up to \$57,067 for one year. A discussion followed.

Commissioner Schiffrin moved to authorize Resolution No. 2017-09; Commissioner Schmale seconded the motion and it was passed by the following vote:

- AYES: Commissioners Brunner, Eligio, Garcia, Pomerantz, Schiffrin and Schmale
- NOES: None
- ABSENT: None
- ABSTAIN: Commissioner Berg

Deputy Executive Director Mark Failor entered the meeting at 1:40 p.m.

AGENDA ITEM NO. 6E Water Meter Installation for Tierra Alta and Buena Vista Migrant Center (Resolution No. 2017-10)

Secretary Panetta explained to the Board that the Housing Authority received a letter from the County of Santa Cruz on August 27, 2015 informing us that all community water systems were required to install connection water meters by October 1, 2017. Secretary Panetta introduced Deputy Executive Director Mark Failor who informed the Board of the steps that were taken to obtain bids for this work. A scope of work was drafted, a Request for Proposal (RFP) package was developed and advertisements in the local newspapers (Santa Cruz Sentinel and Register Pajaronian) were placed. The RFP was also placed on our website. The bids were due August 10, 2017. Earthworks Paving Contractors, Inc. was the only bidder for this project. Their bid was in the amount of \$65,860.00 for 37 meters to be installed at Tierra Alta (TA) and \$149,730.00 for meters to be installed at Buena Vista (BV) Migrant Center. A performance/payment bond from the contractor prior to the job starting is required in the amount of \$2,171.08 for a total cost of \$65,860.00 for TA and \$151,901.08 for BV. Staff recommends the Board approve this bid from Earthworks Paving Contractors, Inc. A discussion followed.

Commissioner Brunner moved to authorize Resolution No. 2017-10; Commissioner Pomerantz seconded the motion and it was passed by the following vote:

AYES: Commissioners Berg, Brunner, Eligio, Garcia, Pomerantz, Schiffrin and Schmale
NOES: None
ABSENT: None
ABSTAIN: None

AGENDA ITEM NO. 6F Landscaping Chemical Use

Secretary Panetta suggested due to time constraints that perhaps the Board of Commissioner would like to defer **AGENDA ITEM NO. 6F** until the next Regular Board Meeting so a longer discussion can occur if needed.

Commissioner Schiffrin made a motion to defer **AGENDA ITEM NO. 6F**; Commissioner Pomerantz seconded the motion and it was passed by the following vote:

AYES: Commissioners Berg, Brunner, Eligio, Garcia, Pomerantz, Schiffrin and Schmale
NOES: None
ABSENT: None
ABSTAIN: None

Deputy Executive Director Failor exited the meeting at 1:50 with thanks from the Board.

AGENDA ITEM NO. 7 Written Correspondence

Secretary Panetta brought the Board's attention to the appointment letter for Commissioner Schiffrin from the County of Santa Cruz Board of Supervisors for an at-large appointment to the Housing Authority Board of Commissioners with an appointment date of June 6, 2017. The Board thanked Commissioner Schiffrin for his service on the Board.

AGENDA ITEM NO. 8 Report of Executive Director

Executive Director Panetta informed the Board that the Board Packets do not include the typical monthly unaudited financial reports. Finance is currently wrapping up fiscal year end activity. These reports will be in the September Regular Meeting packet.

Executive Director Panetta informed the Board that the Housing Authority has committed project based vouchers to the affordable development Pippen Orchards. MidPen Housing will have a "Wall Raising" ceremony Thursday August 31st. An invitation to this ceremony has been sent out to the Commissioners via email.

Executive Director Panetta updated the Board on the Housing Authority Landlord Incentive Program. Staff is currently working with the County to encourage landlords to rent to homeless tenants with rental assistance and case management. Executive Director Panetta has begun meeting with the city managers to discuss the program and request funding from the jurisdictions. Additionally, Julie Conway from the County Planning Department has provided information to the jurisdictions at a recent Homeless Action Partnership executive committee meeting.

Executive Director Panetta updated the Board on the Office of Migrant Services (OMS) 50 mile rule which is a requirement of their migrant farm worker housing program. The residents must reside at least 50 miles away from the Migrant Center for at least 3 months during the off-season in order to be eligible to return. Housing and Community Development (HCD) hosted a discussion last month regarding this rule. Executive Director Panetta has reached out to the CAHA members who were on the discussion panel for feedback. A discussion followed. Commissioner Schiffrin and the Board of Commissioners directed Executive Director Panetta to compose a draft letter to HCD regarding the Housing Authority's feedback on the policy. This draft letter will be presented to the Board for review at the September Regular Meeting.

Executive Director Panetta informed the Board that the Housing Authority held an art contest themed "*when I grow up I'm going to be...*" to highlight the connection between education and housing. The Housing Authority received beautiful works of art from assisted children. The winning entries are now before the Board to view. The winning contestants will receive a gift certificate or gift basket for school/art supplies. These winning posters will also be displayed on the walls of our lobby.

Executive Director informed the Board that this month the 180/2020 collaborative celebrated 5 years since the launch of campaign. In the 5 years they've housed nearly 600 of the hardest to house in our community. Over 85% are still housed. At the event, the Housing Authority was acknowledged and thanked for our partnership.

Executive Director Panetta informed the Board of the possible expansion of the Moving to Work (MTW) program for California Public Housing Agencies.

Executive Director Panetta gave the Board a legislative update.

AGENDA ITEM NO. 9

Reports from Board Members

Commissioner Garcia asked Commissioner Brunner about a YouCaring Fundraising account set up for her. On Commissioner Garcia's direction, Secretary Panetta will send the Board of Commissioners a link to this account if they wish to donate.

The Board of Commissioner entered Closed Session at 2:30 p.m.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, MINUTES OF THE ANNUAL MEETING AUGUST 23, 2017 AT THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, 2931 MISSION STREET, SANTA CRUZ, CA 95060

AGENDA ITEM NO. 10

Closed Session

- A. Real Property
- B. Legal Matter
- C. Personnel

The Board of Commissioner exited Closed Session at 3:28 p.m.

AGENDA ITEM NO.11

Report on Closed Session

- A. Real Property

No action taken.

- B. Legal Matter

The Board approved selection of Atkinson, Andelson, Loya, Ruud & Romo (AALRR) to act as general legal counsel for the Housing Authority and its Board of Commissioners.

- C. Personnel

The Board approved a contract with Jennifer Panetta as Executive Director.

AGENDA ITEM NO. 12

Adjournment

The Board of Commissioners meeting was adjourned at 3:31 p.m.

I hereby certify that these minutes were approved by the Housing Authority of the County of Santa Cruz, on the Twenty Seventh day of September, 2017.

Chairperson of the Authority

ATTEST: _____Secretary

17:mins08

AGENDA ITEM SUMMARY

MEETING DATE: September 27, 2017

ITEM NUMBER: 5A

FROM: Executive Director

SUBJECT: Landscaping Chemical Use

RECOMMENDATION: Discuss

BACKGROUND SUMMARY:

During the June meeting, the Board of Commissioners approved a landscaping contract with Paradise Landscaping. A commissioner had a question about the use of the herbicide known as “round-up” and asked that the following information be provided to the Board.

Round up contains the active ingredient glyphosate, which was added to California’s list of chemicals known to cause cancer on July 7, 2017. At this time, it is unknown what level of exposure poses health risks. The Office of Environmental Health Hazard Assessment (OEHHA) hopes to determine such a level by the end of 2018. Round-up (and other glyphosate based herbicides) are commonly used, are not banned materials, and are sold over the counter for residential and commercial use.

Paradise Landscaping uses round-up for weed control at Housing Authority properties. The use of herbicides plays a significant role in the quality and appearance of the exterior grounds and landscaping at each property. Landscapers rely heavily on the effectiveness of herbicides to save time manually pulling weeds. Without application of herbicides, grass seed will eventually fail over time due to competition of rapidly growing unwanted weed species. Organic alternatives for selective lawn weed abatement are not currently available, and hand pulling weeds within lawns is very timely, costly, and overall ineffective. Weeds in lawn areas can also adversely create divots / potholes within lawns causing unwanted trip hazards as well as some poisonous species which can be an endangerment to the property.

At Housing Authority properties, round-up is only used when needed, and with caution. Paradise Landscaping has an active pesticide application license and they follow the recommended application guidelines of the product. They don’t apply the product when weather conditions are poor as to minimize wash off and wind drift. Prior to application, our tenants are notified in advance and necessary precautions are taken at all times. Paradise Landscaping has a chemical room where all of their chemical products are stored. As staff members use these products, the date and quantity used are recorded. While Paradise Landscaping does not record chemical use specifically on Housing Authority properties, they do submit monthly structural pesticide usage reports to the County Agricultural Commissioner which include the usage of

each chemical type, quantity and application type within the County. All of the tracking and reporting is done in accordance with protocols dictated by applicable local, state, and federal regulations.

If the Housing Authority eliminated the use of glyphosate based herbicides, Paradise Landscaping estimates that cost of landscaping would increase by \$3,249 per month (\$38,988 annually) which represents a 25% increase in total landscaping expenses for HA properties. Even with this increase in costs, and the use of an organic vinegar based solution on weeds, Paradise Landscaping anticipates that without the use of glyphosate based herbicides, the quality and appearance of lawn areas at HA properties would diminish over time.

AGENDA ITEM SUMMARY

MEETING DATE: September 27, 2017

ITEM NUMBER: 6A

FROM: Executive Director

SUBJECT: Resolution No. 2017-11 Resolution Retroactively Authorizing the Submittal of a Grant Application, the Execution of a Grant Agreement and Any Amendments Thereto, and Any Other Documents Necessary to Secure a U.S. Department of Housing and Urban Development (HUD) Family Self Sufficiency (FSS) Coordinator Grant

RECOMMENDATION: Authorize

BACKGROUND SUMMARY:

The Housing Authority of the County of Santa Cruz has administered a Family Self Sufficiency Program (FSS) for participants in the Santa Cruz County Section 8 Housing Choice Voucher (HCV) Program since 1994, and expanded the program to include Low Income Public Housing (LIPH) in 2005.

The FSS program assists families who are transitioning from welfare to work. As a family's earned income increases, the family's monthly rent payment increases proportionately. If the family is enrolled in the FSS program, the Housing Authority places an amount equal to the monthly increase in the family's rent into an escrow savings account for the family. The escrow account is administered by the Housing Authority in compliance with FSS program requirements. As a participant in the FSS program, the family meets with an FSS coordinator and establishes goals for becoming welfare-free and increasing financial self-sufficiency. If the family reaches their goals (as stated in a contract they sign with the Housing Authority), the escrow account funds are disbursed to them. Many families use these funds to pay for education and some have even used the funds for a down-payment on a home.

As FSS participants graduate from the program, the Housing Authority's total minimum program size reduces. However, the Agency has expanded FSS program participation, exceeding the number of required participants, and subsequently increasing the number of FSS coordinators funded by HUD from 1.5 FTE to 2.0 FTE. Currently, the mandatory minimum program size is 51 persons, although we are currently serving 74 persons on the program. More than half of our current program participants have positive balances in their escrow accounts.

HUD allocates funding for FSS coordinator positions to ensure that families participating in the FSS program have sufficient staff support for their efforts to reach their self-sufficiency goals. This year's application is a request for funds to continue the equivalent of 2.0 FTE positions with a possible three percent (3%) funding increase if there is sufficient funding at HUD.

HUD issued the Notification of Funding Availability (NOFA) for this grant after the August Board meeting had already taken place, and the grant application was due to HUD on September 15, 2017. Therefore, this application has already been submitted. If this resolution is not authorized by the Board of Commissioners, the Housing Authority may withdraw the application.

**BEFORE THE HOUSING AUTHORITY OF THE COUNTY
OF SANTA CRUZ, STATE OF CALIFORNIA**

RESOLUTION NO. 2017-11

On the motion of Commissioner
Duly seconded by Commissioner
The following resolution is adopted:

**RESOLUTION RETROACTIVELY AUTHORIZING THE SUBMITTAL OF A
GRANT APPLICATION, THE EXECUTION OF A GRANT AGREEMENT AND
ANY AMENDMENTS THERETO, AND ANY OTHER DOCUMENTS
NECESSARY TO SECURE A U.S. DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT (HUD) HOUSING CHOICE VOUCHER FAMILY SELF
SUFFICIENCY COORDINATOR GRANT**

WHEREAS, the Housing Authority of the County of Santa Cruz (hereinafter referred to as “Applicant”) is a public entity established under the laws of California and empowered to own property, borrow money, and give security for loans; and

WHEREAS, the Department of Housing and Urban Development (HUD) is authorized to make grants under the Housing Choice Voucher and Low Income Public Housing Family Self Sufficiency Programs; and

WHEREAS, the Family Self Sufficiency Program helps assisted families transition from welfare to work; and

WHEREAS, the Housing Authority of the County of Santa Cruz has established a voluntary FSS program for Housing Choice Voucher and Low Income Public Housing tenants;

WHEREAS, HUD has made funding available for a Housing Choice Voucher and Low Income Public Housing Family Self Sufficiency Coordinator; and

WHEREAS, the Applicant is eligible to apply for up to \$144,000 in funding for 2.0 FTE Family Self Sufficiency Coordinators.

NOW, THEREFORE, BE IT RESOLVED THAT

1. The PHA shall be retroactively authorized to submit to HUD an application for a grant for up to \$144,000 for 2.0 FTE Family Self Sufficiency coordinators for the Housing Choice Voucher and Low Income Public Housing programs.
2. If the grant application is approved, Jennifer Panetta, the Executive Director, is hereby authorized to enter into a grant agreement with HUD for the purposes set forth in the grant application and approved by HUD.
3. Jennifer Panetta, the Executive Director, is authorized to execute in the name of the Housing Authority of the County of Santa Cruz, the grant application and the grant agreement, and security and other instruments necessary or required by HUD for the

making and security of the grant, and any amendments thereto.

PASSED AND ADOPTED by the Commissioners of the Housing Authority of the County of Santa Cruz, State of California, this Twentieth day of September, 2017 by the following vote:

AYES:
NOES:
ABSENT:

ATTEST:

Chairperson of the Authority

Secretary of the Authority

AGENDA ITEM SUMMARY

MEETING DATE: September 27, 2017

ITEM NUMBER: 6B

FROM: Executive Director

SUBJECT: Contract for Predevelopment Funding for Habitat for Humanity New Construction Project

RECOMMENDATION: Approve

BACKGROUND SUMMARY:

The Housing Authority of the County of Santa Cruz, under contractual agreement with the County of Santa Cruz, provides information and services related to housing and affordable housing programs and activities. For certain activities, the Housing Authority works in partnership with County of Santa Cruz staff to complement the services provided through the Housing Authority Housing Services Contract.

In January of 2017, the County of Santa Cruz issued a Request for Proposals for disposition of the land they own at 2340 Harper Street in a manner that advances the County's affordable housing objectives. In May of 2017, the County selected Habitat for Humanity Monterey Bay as the developer for the project. As part of the Housing Authority Housing Services Contract, the Housing Authority will enter into an agreement for funding of Habitat for Humanity's predevelopment activities related to the planned 12 unit affordable housing development. This predevelopment loan agreement and promissory note between the Housing Authority and Habitat for Humanity will cover eligible predevelopment costs of up to \$300,000 for activities such as preparation of studies and designs. Amounts paid to the developer by the Housing Authority will be reimbursed by the County through the Housing Services Contract.

At this time the Housing Authority requests board approval to enter into a contract up to \$300,000.00, funded by the County of Santa Cruz Housing Services Contract, with the developer, Habitat for Humanity, for funding of predevelopment costs related to the construction of a 12 unit affordable housing development at 2340 Harper Street.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

AGENDA ITEM SUMMARY

MEETING DATE: September 27, 2017

ITEM NUMBER: 6C

FROM: Executive Director

SUBJECT: Migrant Center 50 Mile Rule

RECOMMENDATION: Approve

BACKGROUND SUMMARY:

As previously discussed, the Office of Migrant Services (OMS) has a requirement in their migrant farmworker housing program that families must reside at least 50 miles away for at least three months during the off-season, in order to be eligible to return. In response to statewide criticism about the harmful impact of the rule on migrant children (who must change schools at least twice per year as a result of the requirement), Housing and Community Development (HCD) hosted a discussion early this summer about the 50 mile rule. Since the panel discussion, there has been a lot of media attention and discussion regarding the rule.

Additionally, this year Assembly Member Anna Caballero introduced legislation (AB1165) that would rescind the 50 mile rule. The proposed bill would “prohibit the department from imposing a requirement upon an individual that the individual reside, either alone or together with his or her immediate family, outside any particular radius of a migrant farm labor center for any period of time to obtain eligibility for admission to that migrant farm labor center.”

This bill, which was intended to eliminate the harmful consequences of the 50 mile rule, was opposed by many farmworker advocates, including California Rural Legal Assistance (CRLA) and California Coalition for Rural Housing (CCRH). Farmworker advocates stated that while the proposed legislation was well intended, it would basically eliminate or fundamentally change the State’s Migrant Housing Program, which since 1965 has provided decent and affordable accommodations for seasonal and migrant farm workers. Without the 50-mile rule, there is nothing to distinguish a migrant worker and migrant housing from a year-round permanent worker and year-round permanent housing for farm workers. Therefore, the housing would no longer be designated for truly migrant farmworker families, the very population it was built to serve. In response to opposition, the bill has been pulled back and will not move forward this year.

Advocates on both sides of the issue have valid points. However, there may be ways to preserve the spirit and the intent of the program, ensuring that it remains available to migrant farmworker households, without perpetuating the unintended consequences of the 50 mile rule.

Last month, the Board of Commissioners requested a letter that could, if approved, be sent on behalf of the Housing Authority Board and staff, regarding the 50 mile rule. A draft letter, including a recommendation for such a “middle ground” approach, is attached for board consideration.



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September 27, 2017

Ben Metcalf, Director
State of California
Department of Housing & Community Development
2020 West El Camino Ave
Sacramento, CA 95833

Re: Housing and Community Development (HCD) Office of Migrant Services (OMS) 50-Mile Rule for Migrant Farmworker Housing Programs

Dear Mr. Metcalf:

The Housing Authority of the County of Santa Cruz operates the 103 unit migrant farmworker housing known as Buena Vista Migrant Center, just outside of Watsonville CA. We wish to thank HCD for the recent panel discussion regarding the 50-mile rule, and for the opportunity to provide feedback on the policy and its impacts.

Opponents of the 50-mile rule say that the requirement is disruptive to the education of children living in the migrant centers, who must change schools twice per year in order for their families to be eligible to return to migrant center housing. Critics argue that this disruption causes migrant farmworker students to fall behind their peers, dramatically reduces the likelihood that the students will graduate from high school, and contributes to an ongoing cycle of generational poverty.

Supporters of the 50-mile rule say that the housing, and the program, were built for seasonal occupancy for migrant farmworker families who must travel long distances from their home base to find agricultural work. They argue that there is a great need for housing for “truly migrant” families, and eliminating the 50-mile rule to allow migrant center families to remain in the community could result in fewer housing choices for these families.

They’re both right.

There is a need for migrant farmworker housing. The state run migrant centers provide this housing to migrant families on a seasonal basis while there is agricultural work in the area. Unfortunately, the requirements of the migrant housing program can often trap households into continuing this cycle of migration, which negatively impacts the education of migrant children, and can create additional barriers that prevent subsequent generations from breaking the cycle as well. This has been an unintended consequence of the 50-mile rule.

Many migrant families, especially families with school aged children, don't want to continue to migrate, and would rather remain in the community. In order to make that transition, these families need affordable year-round housing. Unfortunately, the demand for such affordable housing (including federally funded programs such as USDA Farmworker Housing and Housing Choice Vouchers) far exceeds the supply. Given the absence of affordable year-round housing, families must continue to migrate, moving at least 50-miles away (and uprooting their children) in order to be eligible to return for seasonal housing the following year.

There is no quick or cheap fix for the lack of year-round affordable housing, but changes to the 50-mile rule are budget neutral, meaning that the State could take meaningful action to help mitigate the harmful effects of the 50-mile rule, and improve the educational outcomes of children in migrant families, at absolutely no cost.

The Housing Authority of the County of Santa Cruz recommends that the California Department of Housing and Community Development consider the following changes. Please note the following proposals pertain only to the enforcement of the 50-mile rule. None of the changes proposed below would completely eliminate the rule, or impact any other eligibility criteria, nor would the changes require HCD to extend the 180-day operating season.

1. Continue to enforce the 50-mile rule for new families upon admission into the program, but eliminate the 50-mile requirement for returning families. Families already residing in a migrant center have the first right of return the following year. The existing families have already documented that they are migrant farmworker households. Enforcing the rule for new families entering the program ensures that the units remain designated for migrant farmworker households. However, once housed in the program, families pursuing education or other opportunities would not be required to leave the community when they leave the migrant center at the end of the season.
2. Continue to enforce the 50-mile rule, but eliminate the 50-mile rule only for returning families with school aged children.
3. Continue to enforce the 50-mile rule, but allow contract administrators (or the Office of Migrant Services) to approve waivers to the policy for families with school age children, or for other compelling reasons such as ongoing medical treatments.

The Housing Authority of the County of Santa Cruz shares HCDs goal of providing affordable housing to migrant farmworker families. We believe there are ways to preserve the spirit of the program and ensure the housing remains available to migrant farmworker households without perpetuating the unintended consequences of the 50-mile rule by enforcing the rule with certain conditional exceptions.

Sincerely,

Carol Berg
Chairperson

Jennifer Panetta
Executive Director

AGENDA ITEM SUMMARY

MEETING DATE: September 27, 2017

ITEM NUMBER: 6D

FROM: Executive Director

SUBJECT: Fair Market Rents

RECOMMENDATION: Discuss

BACKGROUND SUMMARY:

Each year, HUD establishes Fair Market Rents (FMRs) which are intended to reflect the gross cost of rent and utilities for decent and safe housing. FMRs are extremely important, as they are used to determine the payment standards for the HCV program, and are also factored into the HCV funding formula. FMRs are also used in a number of other HUD programs, such as to provide initial rents for project based developments, funding for Shelter Plus Care programs, and as a rent ceiling in HOME rental assistance programs.

HUDs formula used to calculate FMRs is extremely complicated, and changes frequently from year to year. Essentially, HUD begins with rent data from the American Community Survey. Typically, they use a rolling 5 year average. For example, 2018 FMRs were calculated using 2011-2015 data. Then, a number of other adjustments are made, including a recent mover factor, and the inclusion of national forecasts. In expensive and competitive rental markets, HUDs data often lags behind.

HUD FMRs for FFY 2018 were published on September 1st. As you can see from the tables below, FMRs for Santa Cruz County decreased, while FMRs for San Benito County increased.

FY 2018 FMRs By Unit Bedrooms, Santa Cruz County					
Year	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2018 FMR	\$1,125	\$1,326	\$1,764	\$2,348	\$2,658
FY 2017 FMR	\$1,160	\$1,375	\$1,828	\$2,425	\$2,723

FY 2018 FMRs By Unit Bedrooms, San Benito County					
Year	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2018 FMR	\$1,269	\$1,277	\$1,699	\$2,471	\$2,992
FY 2017 FMR	\$1,019	\$1,133	\$1,490	\$2,169	\$2,625

Housing authorities have the opportunity to request that HUD re-evaluate their FMRs, by conducting their own FMR studies. As we have discussed, FMRs for Santa Cruz County were already inadequate before this reduction. Therefore, the Housing Authority has contracted with the University of California at Santa Barbara Economic Department to conduct such a study of our area, for a cost of \$22,500.

The FMR study consists of a rent survey, conducted in accordance to HUD requirements. The survey has been sent to approximately 10,000 “recent movers”, renters who have moved within the past year. The recent mover list included all housing types and all neighborhoods, per HUD’s specifications. UCSB researchers have been in close communication with HUD staff on all aspects of the methodology. Based on previous FMR studies, UCSB researcher expect a low response rate. While typically HUD requests a minimum of 200 responses, they have indicated they will consider accepting data with as few as 100 responses. Surveys may be received by late October. However, if the required number of responses are not received, we will consider additional mailings at that time.

Per HUD, PHAs have until January 5, 2018 to provide results of the survey data. Assuming the initial mailing produces enough responses; UCSB expects to complete their analysis in November. The previous year’s FMRs, and payment standards will remain in effect in the meantime.

AGENDA ITEM SUMMARY

MEETING DATE: September 27, 2017

ITEM NUMBER: 6E

FROM: Executive Director

SUBJECT: Fiscal Year 2016-2017 Financial Results & Budget Comparison Reports

RECOMMENDATION: Discussion

BACKGROUND SUMMARY:

Attached are the year-to-date budget comparison reports as of June 30, 2017, which takes us through our entire fiscal year. The June totals include many year-end accruals but exclude non-budgeted GAAP accounting entries such as depreciation, deferred interest, and pension accruals. Housing Assistance Payments (HAP) are shown as a pass-through of revenue with a corresponding offset to expense.

Overall, the fiscal year-end financial results closely mirror our budget for the 12 month period. Total revenues were at 101% of the amount budgeted while total expenses were at 99% of the amount budgeted. The agency as a whole experienced net income of \$1,334,250. Federal Housing Programs, and LIPH in particular, were major contributors with net income of \$764,655. Section 8 was the second largest contributor with net income of \$366,142. Section 8 admin fees were \$80,905 under budget as a result of lower than expected admin fees prorations (81% budgeted vs 79% actual) and lower than expected unit lease up as a result of the tight rental market. Some relief was provided halfway through the fiscal year when HUD increased our per unit admin fee rate by 3.6%.

Employee benefits were significantly under budget as a result of the decision to delay the lump sum payment to CalPERS for our unfunded pension liability until the release of their updated actuarial report which reflects the change in their expected rate of return on investments. In addition, a higher than expected number of employees opted out of health insurance benefits through our "cash in lieu" program.

The net income and loss by program group are as follows:

Section 8 Programs	\$366,142	Vouchers, Mod Rehab & Mob Rehab SRO
Federal Housing Programs	764,655	LIPH and USDA
Federal Grants	(47,386)	Shelter + Care, FSS, Transitional Hsg
State Grants	(15,279)	Migrant Center & MCCs
Local Programs	6,653	Eligibilities, Security Deposits, Tech Asst
Administrative Services	259,464	Includes 41st Ave. & Mission St. rents
	<u>\$1,334,250</u>	

The individual programs which showed a year to date loss are:		
City of Santa Cruz	(\$3,660)	Security deposit program operated at a loss
Family Self Sufficiency (FSS)	(\$45,254)	FSS grant does not cover all expenses
Buena Vista Migrant Center	(\$35,034)	\$33k in CARE reserves used for projects

Line items that substantially exceeded 100% of the "All Funds" budget are:		
Legal Expense	279%	Higher than expected legal fees related to tenant occupancy matters
Other Admin Expense	121%	Jamie Kinney Consulting fees, IT infrastructure needs
Tenant Services	115%	More County contracted services activity than expected
Utilities	122%	Utility rate increases, less conservation than expected

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

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Budget Comparison - All Funds

Fiscal Year Ending June 30, 2017

	Current Month (June 17)	2017 Year To Date Thru June 17		2017 Annual Budget	Budget Remaining	
Revenues						
Administrative Fees	370,552	4,721,643	98%	4,802,548	80,905	2%
Rental Income	219,399	2,629,728	104%	2,536,219	(93,509)	-4%
Grants / Contracts	487,470	2,662,911	113%	2,354,709	(308,202)	-13%
Interest Income	6,073	31,106	134%	23,200	(7,906)	-34%
Incoming Port Admin. Fees	0	1,641	0%	0	(1,641)	0%
Other Income	19,916	224,456	103%	217,842	(6,614)	-3%
HAPS / Program	4,952,630	58,981,919	100%	58,769,720	(212,199)	0%
Operating Transfers In	32,929	369,738	96%	385,393	15,655	4%
Total Revenues:	6,088,969	69,623,143	101%	69,089,631	(533,512)	-1%
Expenses						
Administrative Salaries	476,439	3,281,029	97%	3,377,722	96,693	3%
Admin. Employee Benefits	180,706	1,181,209	71%	1,663,517	482,308	29%
Legal Expense	28,336	55,849	279%	20,000	(35,849)	-179%
Staff Training & Travel	29	16,917	94%	18,000	1,083	6%
Commissioners Travel	0	0	0%	4,500	4,500	100%
Audit Fees	0	29,750	100%	29,743	(7)	0%
Office Rent	17,821	229,029	96%	239,250	10,221	4%
Other Administrative Exp.	78,159	551,740	121%	457,658	(94,082)	-21%
Tenant Services	245,201	1,006,911	115%	878,060	(128,851)	-15%
Utilities	122,705	644,599	122%	527,902	(116,697)	-22%
Maintenance Salaries	2,028	117,088	70%	166,836	49,748	30%
Maint. Employee Benefits	6,408	45,856	85%	54,209	8,353	15%
Other Maintenance	118,212	748,081	93%	805,411	57,330	7%
Insurance	18,353	190,413	93%	203,919	13,506	7%
Outgoing Port Admin. Fees	2,027	21,491	120%	17,983	(3,508)	-20%
Other General	7,598	125,441	88%	142,610	17,169	12%
Capital Purchases	32,000	294,418	34%	865,300	570,882	66%
Debt Service	19,158	229,901	100%	229,901	(0)	0%
Housing Assistance Pmts	4,952,630	58,972,094	100%	58,763,720	(208,374)	0%
Operating Transfers Out	38,159	509,498	119%	427,863	(81,635)	-19%
Post Employment Benefits	(1,317)	37,579	88%	42,838	5,259	12%
Total Expenses:	6,344,656	68,288,893	99%	68,936,942	648,049	1%
Net Income (Loss):	(255,686)	1,334,250		152,689		

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Budget Comparison - Section 8

Fiscal Year Ending June 30, 2017

	Current Month (June 17)	2017 Year To Date Thru June 17		2017 Annual Budget	Budget Remaining	
Revenues						
Administrative Fees	364,510	4,655,063	98%	4,736,586	81,523	2%
Rental Income	0	0	0%	0	0	0%
Grants / Contracts	0	0	0%	136	136	100%
Interest Income	1,169	4,430	209%	2,115	(2,315)	-109%
Incoming Port Fees	0	1,641	0%	0	0	0%
Other Income	1,678	14,702	90%	16,372	1,670	10%
HAPS / Program	4,909,947	58,515,099	100%	58,278,494	(236,605)	0%
Operating Transfers In	0	0	0%	0	0	0%
Total Revenues:	5,277,305	63,190,936	100%	63,033,703	(155,592)	0%
Expenses						
Administrative Salaries	376,496	2,622,190	97%	2,690,459	68,269	3%
Admin. Employee Benefits	145,987	937,763	71%	1,323,301	385,538	29%
Legal Expense	753	9,562	66%	14,416	4,854	34%
Staff Training & Travel	23	13,430	112%	11,957	(1,473)	-12%
Commissioners Travel	0	0	0%	3,405	3,405	100%
Audit Fees	0	22,290	101%	22,140	(150)	-1%
Office Rent	13,790	176,809	97%	181,539	4,730	3%
Other Administrative Exp.	55,537	387,110	135%	287,369	(99,741)	-35%
Tenant Services	0	0	0%	0	0	0%
Utilities	0	0	0%	0	0	0%
Maintenance Salaries	0	0	0%	0	0	0%
Maint. Employee Benefits	0	0	0%	0	0	0%
Other Maintenance	3,557	28,265	84%	33,816	5,551	16%
Insurance	6,262	61,758	91%	67,857	6,099	9%
Outgoing Port Fees	2,027	21,491	120%	17,983	(3,508)	-20%
Other General	0	0	0%	0	0	0%
Capital Purchases	0	0	0%	0	0	0%
Debt Service	0	0	0%	0	0	0%
Housing Assistance Pmts	4,909,947	58,515,099	100%	58,278,494	(236,605)	0%
Operating Transfers Out	0	0	0%	0	0	0%
Post Employment Benefits	(1,019)	29,026	89%	32,713	3,687	11%
Total Expenses:	5,513,360	62,824,794	100%	62,965,449	140,655	0%
Net Income (Loss):	(236,055)	366,142		68,254		

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Budget Comparison - Federal Housing

Fiscal Year Ending June 30, 2017

	Current Month (June 17)	2017 Year To Date Thru June 17		2017 Annual Budget	Budget Remaining	
Revenues						
Administrative Fees	0	0	0%	0	0	0%
Rental Income	171,646	2,044,950	105%	1,941,755	(103,195)	-5%
Grants / Contracts	72,384	642,714	101%	638,804	(3,910)	-1%
Interest Income	2,814	17,652	132%	13,400	(4,252)	-32%
Incoming Port Fees	0	0	0%		0	0%
Other Income	11,109	164,319	103%	159,860	(4,459)	-3%
HAPS / Program	0	0	0%	0	0	0%
Operating Transfers In	30,366	364,393	96%	380,393	16,000	4%
Total Revenues:	288,319	3,234,028	103%	3,134,212	(99,816)	-3%
Expenses						
Administrative Salaries	84,010	573,557	100%	576,156	2,599	0%
Admin. Employee Benefits	30,136	214,160	76%	283,555	69,395	24%
Legal Expense	27,543	45,792	1090%	4,201	(41,591)	-990%
Staff Training & Travel	5	2,917	54%	5,440	2,523	46%
Commissioners Travel	0	0	0%	901	901	100%
Audit Fees	0	5,457	97%	5,646	189	3%
Office Rent	3,276	43,611	92%	47,527	3,916	8%
Other Administrative Exp	8,870	95,857	120%	79,969	(15,888)	-20%
Tenant Services	0	139	56%	250	111	44%
Utilities	68,597	392,724	120%	328,554	(64,170)	-20%
Maintenance Salaries	3,754	75,991	68%	111,835	35,844	32%
Maint. Employee Benefits	3,792	24,701	75%	32,760	8,059	25%
Other Maintenance	92,215	571,082	93%	616,230	45,148	7%
Insurance	9,025	99,662	96%	103,334	3,672	4%
Terminal Leave	0	0	0%	0	0	0%
Outgoing Port Admin. Fees	0	0	0%	0	0	0%
Other General	7,273	121,541	88%	138,500	16,959	12%
Capital Purchases	10,206	27,761	4%	702,850	675,089	96%
Debt Service	2,500	30,001	100%	30,001	0	0%
Housing Assistance Pmts	0	0	0%	0	0	0%
Operating Transfers Out	5,019	137,227	245%	55,950	(81,277)	-145%
Post Employment Benefits	(242)	7,193	90%	7,957	764	10%
Total Expenses:	355,979	2,469,373	79%	3,131,616	662,243	21%
Net Income (Loss):	(67,660)	764,655		2,596		

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Budget Comparison - Federal Grants

Fiscal Year Ending June 30, 2017

	Current Month (June 17)	2017 Year To Date Thru June 17		2017 Annual Budget	Budget Remaining	
Revenues						
Administrative Fees	0	0	0%	0	0	0%
Rental Income	1,503	17,694	93%	19,000	1,306	7%
Grants / Contracts	60,258	542,129	93%	583,727	41,598	7%
Interest Income	14	159	110%	145	(14)	-10%
Incoming Port Fees	0	0	0%	0	0	0%
Other Income	0	1,608	95%	1,700	92	5%
HAPS / Program	42,683	466,820	95%	491,226	24,406	5%
Operating Transfers In	0	0	0%	0	0	0%
Total Revenues:	104,457	1,028,410	94%	1,095,798	67,388	6%
Expenses						
Administrative Salaries	(1,220)	7,982	32%	24,572	16,590	68%
Admin. Employee Benefits	536	4,001	33%	12,036	8,035	67%
Legal Expense	3	34	6%	615	581	94%
Staff Training & Travel	0	50	37%	136	86	63%
Commissioners Travel	0	0	0%	33	33	100%
Audit Fees	0	104	52%	201	97	48%
Office Rent	58	804	50%	1,615	811	50%
Other Administrative Exp.	162	1,993	71%	2,818	825	29%
Tenant Services	29,384	214,092	109%	197,024	(17,068)	-9%
Utilities	555	6,694	71%	9,375	2,681	29%
Maintenance Salaries	58	1,166	68%	1,709	543	32%
Maint. Employee Benefits	58	379	82%	463	84	18%
Other Maintenance	1,057	12,947	66%	19,567	6,620	34%
Insurance	148	1,495	81%	1,853	358	19%
Outgoing Port Admin. Fees	0	0	0%	0	0	0%
Other General	0	0	0%	0	0	0%
Capital Purchases	0	0	0%	17,900	17,900	100%
Debt Service	0	0	0%	0	0	0%
Housing Assistance Pmts	42,683	456,995	94%	485,226	28,231	6%
Operating Transfers Out	30,577	366,926	100%	366,913	(13)	0%
Post Employment Benefits	(4)	133	75%	179	46	25%
Total Expenses:	104,055	1,075,796	94%	1,142,235	66,440	6%
Net Income (Loss):	402	(47,386)		(46,437)		

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Budget Comparison - State Grants

Fiscal Year Ending June 30, 2017

	Current Month (June 17)	2017 Year To Date Thru June 17		2017 Annual Budget	Budget Remaining	
Revenues						
Administrative Fees	300	2,125	61%	3,500	1,375	39%
Rental Income	0	0	0%	0	0	0%
Grants / Contracts	130,105	642,968	178%	360,433	(282,535)	-78%
Interest Income	8	85	57%	150	65	43%
Incoming Port Fees	0	0	0%	0	0	0%
Other Income	2,419	14,455	103%	14,000	(455)	-3%
HAPS / Program	0	0	0%	0	0	0%
Operating Transfers In	0	0	0%	0	0	0%
Total Revenues:	132,831	659,633	174%	378,083	(281,550)	-74%
Expenses						
Administrative Salaries	10,675	25,799	146%	17,671	(8,128)	-46%
Admin. Employee Benefits	860	8,858	77%	11,536	2,678	23%
Legal Expense	0	126	2092%	6	(120)	-1992%
Staff Training & Travel	0	2	45%	4	2	56%
Commissioners Travel	0	0	0%	1	1	100%
Audit Fees	0	1,504	100%	1,506	2	0%
Office Rent	0	33	48%	69	36	52%
Other Administrative Exp.	2,930	37,412	104%	35,823	(1,589)	-4%
Tenant Services	0	0	0%	0	0	0%
Utilities	46,682	187,507	154%	121,871	(65,636)	-54%
Maintenance Salaries	(1,788)	39,804	76%	52,250	12,446	24%
Maint. Employee Benefits	2,553	20,732	101%	20,613	(119)	-1%
Other Maintenance	16,406	64,489	96%	67,066	2,577	4%
Insurance	2,307	21,496	98%	21,965	469	2%
Outgoing Port Admin. Fees	0	0	0%	0	0	0%
Other General	0	0	0%	0	0	0%
Capital Purchases	21,794	266,657	2309%	11,550	(255,107)	-2209%
Debt Service	0	0	0%	0	0	0%
Housing Assistance Pmts	0	0	0%	0	0	0%
Operating Transfers Out	0	0	0%	0	0	0%
Post Employment Benefits	(17)	495	126%	392	(103)	-26%
Protective Services	0	0	0%	0	0	0%
Total Expenses:	102,403	674,913	186%	362,323	(312,590)	-86%
Net Income (Loss):	30,428	(15,279)		15,760		

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

Budget Comparison - Local Programs

Fiscal Year Ending June 30, 2017

	Current Month (June 17)	2017 Year To Date Thru June 17		2017 Annual Budget	Budget Remaining	
Revenues						
Administrative Fees	1,215	10,530	130%	8,130	(2,400)	-30%
Rental Income	0	0	0%	0	0	0%
Grants / Contracts	224,723	835,100	108%	771,609	(63,491)	-8%
Interest Income	31	463	84%	550	87	16%
Incoming Port Fees	0	0	0%	0	0	0%
Other Income	0	0	0%	0	0	0%
HAPS / Program	0	0	0%	0	0	0%
Operating Transfers In	2,563	5,345	0%	0	(5,345)	0%
Total Revenues:	228,532	851,437	109%	780,289	(71,148)	-9%
Expenses						
Administrative Salaries	6,300	32,496	70%	46,180	13,684	30%
Admin. Employee Benefits	2,422	10,421	47%	21,994	11,573	53%
Legal Expense	15	93	45%	208	115	55%
Staff Training & Travel	0	138	104%	133	(5)	-4%
Commissioners Travel	0	0	0%	45	45	100%
Audit Fees	0	380	154%	246	(134)	-54%
Office Rent	279	2,212	89%	2,475	263	11%
Other Administrative Exp.	0	0	0%	3,672	3,672	100%
Tenant Services	215,817	792,679	116%	680,786	(111,893)	-16%
Utilities	0	0	0%	0	0	0%
Maintenance Salaries	0	0	0%	0	0	0%
Maint. Employee Benefits	0	0	0%	0	0	0%
Other Maintenance	34	252	78%	325	73	22%
Insurance	119	455	34%	1,322	867	66%
Outgoing Port Admin. Fees	0	0	0%	0	0	0%
Other General	0	0	0%	0	0	0%
Capital Purchases	0	0	0%	0	0	0%
Debt Service	0	0	0%	0	0	0%
Housing Assistance Pmts	0	0	0%	0	0	0%
Operating Transfers Out	2,563	5,345	0%	0	(5,345)	0%
Post Employment Benefits	(20)	313	64%	493	180	36%
Total Expenses:	227,529	844,784	111%	757,879	(86,905)	-11%
Net Income (Loss):	1,004	6,653		22,410		

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Budget Comparison - Administrative Services

Fiscal Year Ending June 30, 2017

	Current Month (June 17)	2017 Year To Date Thru June 17		2017 Annual Budget	Budget Remaining	
Revenues						
Administrative Fees	4,527	53,924	99%	54,332	408	1%
Rental Income	46,251	567,084	99%	575,464	8,380	1%
Grants / Contracts	0	0	0%	0	0	0%
Interest Income	2,037	8,318	122%	6,840	(1,478)	-22%
Incoming Port Fees	0	0	0%	0	0	0%
Other Income	4,710	29,371	113%	25,910	(3,461)	-13%
HAPS / Program	0	0	0%	0	0	0%
Operating Transfers In	0	0	0%	5,000	5,000	100%
Total Revenues:	57,525	658,699	99%	667,546	8,847	1%
Expenses						
Administrative Salaries	177	19,005	84%	22,684	3,679	16%
Admin. Employee Benefits	766	6,007	54%	11,095	5,088	46%
Legal Expense	22	243	44%	554	311	56%
Staff Training & Travel	1	379	115%	330	(49)	-15%
Commissioners Travel	0	0	0%	115	115	100%
Audit Fees	0	15	0%	4	(11)	0%
Office Rent	418	5,560	92%	6,025	465	8%
Other Administrative Exp.	10,661	29,368	61%	48,007	18,639	39%
Tenant Services	0	0	0%	0	0	0%
Utilities	6,871	57,674	85%	68,102	10,428	15%
Maintenance Salaries	5	127	12%	1,042	915	88%
Maint. Employee Benefits	5	43	12%	373	330	88%
Other Maintenance	4,943	71,046	104%	68,407	(2,639)	-4%
Insurance	493	5,546	73%	7,588	2,042	27%
Outgoing Port Admin. Fees	0	0	0%	0	0	0%
Other General	325	3,900	95%	4,110	210	5%
Capital Purchases	0	0	0%	133,000	133,000	100%
Debt Service	16,658	199,900	100%	199,900	(0)	0%
Housing Assistance Pmts	0	0	0%	0	0	0%
Operating Transfers Out	0	0	0%	5,000	5,000	100%
Post Employment Benefits	(14)	419	38%	1,104	685	62%
Total Expenses:	41,330	399,234	69%	577,440	178,206	31%
Net Income (Loss):	16,195	259,465		90,106		

AGENDA ITEM SUMMARY

MEETING DATE: September 27, 2017

ITEM NUMBER: 8

FROM: Executive Director

SUBJECT: Executive Director's Report – September 27, 2017

RECOMMENDATION: Review

BACKGROUND SUMMARY:

Please call or e-mail me with questions you might have on any of the Agenda Items for the September 27, 2017 meeting. I would be happy to give you additional background or answer any of your questions in advance of the meeting. My direct line is 454-5931 and my email address is jennyp@hacosantacruz.org

Financial Reports: Your packets today include our monthly unaudited financial reports which show revenue and expenses for the months of July and August 2017 and a comparison against our approved budget(s) for FY 2017-18.

NorCal CAHA Conference: Early this month, I attended a conference of the California Association of Housing Authorities (CAHA). The conference was attended by nearly 30 Executive Directors of Northern California housing authorities. Topics discussed included the proposal to allow all California PHAs to choose to participate in the Moving to Work (MTW) designation pilot program, the ways in which existing MTW agencies use this flexibility, as well as FMR studies, inflation factor adjustments, voucher utilization strategies, current HUD priorities, audit results, legal cases, and more.

Program Software Conversion / Update: The Housing Authority is currently preparing to update to the newest version of our housing program software, Tenmast 2+. The IT team is working with management and staff to complete several "test migrations" and data validations to ensure this transfer will go as smoothly as possible. However, the actual software conversion will be a major endeavor, and will be disruptive to staff, and potentially to clients, for several weeks. For this reason, we are timing the software conversion over the December holidays, when many staff take extended time away from the office, and when the demand for customer interactions is lowest, to minimize disruptions. The new version of the software has many improved features, will save staff time, and will also support the development of an applicant web portal and a participant web portal to help us better serve our community.

Website / Facebook: As previously discussed, our website has recently completed some behind the scenes upgrades, including a new hosting location and hosting type (software). For the most part, all of the existing content was simply transferred to the new format, with a few very minor cosmetic upgrades. With the new hosting software, we will have additional capability moving forward, including the ability to create web based forms. Additionally, we have established a Housing Authority “Facebook” page, as Facebook is increasingly one of the ways in which our community wishes to receive communication. The Facebook page will include “recent news” updates that are posted to our website, but most of the information on the Facebook page will simply be links to the corresponding page of our website.

Legislative Update: On Friday, September 8th, Congress approved a package that included a three month continuing resolution to avoid a government shutdown when the FFY ends on September 30th. The CR continues existing levels of funding through December 8th. The House is expected to finish work this month on an omnibus bill, which will serve as the foundation for negotiations with the Senate on a final spending package. Congress still needs to come to an agreement on spending levels. At this point, the Senate version of the THUD bill is significantly better than the House draft, with 3.5 billion more in overall funding. However, even the Senate version still falls below 2017 levels and fails to provide funding for all HAP renewals, with an estimated proration of 98%. The Housing Authority continues to participate in advocacy for HUD funding with statewide and national associations, as well as direct advocacy with our local members of Congress. Finally, Congress has confirmed Pamela Patenaude (former Assistant Secretary for HUDs office of Community Planning and Development) as the new Deputy Secretary of HUD. Additionally, this month the State Legislators passed several housing bills, including SB2 and SB3, which could add billions of dollars for affordable housing development. Governor Brown has until October 15th to sign or veto the bills.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
BUDGET COMPARISON REPORTS**

September 27, 2017

Attached you will find the year to date reports as of August 31, 2017, which takes us 2 months, or 16.7%, into our fiscal year. Many of the Authority's revenue and expenses are received or incurred on an irregular basis (such as bi-monthly utility bills), therefore this narrative will focus on the August year to date numbers.

The total of all revenue, excluding HAP reimbursements, is 15% of total budgeted, while HAP is 16% of the amount budgeted. Total expenses, excluding HAP payments, are 13% of the amount budgeted. This is a result of June expenses received in July being accrued to the prior fiscal year for financial reporting purposes. Staff Training & Travel is the only line item significantly over budget so far this year. This is a result of booking conferences and trainings in advance to take advantage of early bird discounts.

The agency as a whole experienced a net gain of \$450,666 with no individual program groups showing a net loss. The profits by program group are as follows:

Section 8 Programs	\$179,616	Vouchers, Mod Rehab & Mob Rehab SRO
Federal Housing Programs	218,643	LIPH and USDA
Federal Grants	1,639	Shelter + Care, FSS, Transitional Hsg
State Grants	549	Migrant Center & MCCs
Local Programs	3,034	Eligibilities, Security Deposits, Tech Asst
Administrative Services	<u>47,186</u>	Includes 41st Ave. & Mission St. rents
	\$450,666	

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

Budget Comparison - All Funds

Fiscal Year Ending June 30, 2018

	Current Month (Aug 17)	2018 Year To Date Thru Aug 17		2018 Annual Budget	Budget Remaining	
Revenues						
Administrative Fees	382,387	766,255	16%	4,764,236	3,997,981	84%
Rental Income	227,649	447,489	17%	2,604,412	2,156,923	83%
Grants / Contracts	170,467	312,976	12%	2,621,675	2,308,699	88%
Interest Income	1,525	4,956	21%	23,993	19,037	79%
Incoming Port Admin. Fees	0	0	0%	0	0	0%
Other Income	18,968	39,282	18%	218,842	179,560	82%
HAPS / Program	4,986,404	9,985,727	16%	63,701,104	53,715,377	84%
Operating Transfers In	32,114	64,227	10%	647,962	583,735	90%
Total Revenues:	5,819,513	11,620,913	16%	74,582,224	62,961,311	84%
Expenses						
Administrative Salaries	244,686	429,565	12%	3,568,300	3,138,735	88%
Admin. Employee Benefits	97,160	169,220	11%	1,480,087	1,310,867	89%
Legal Expense	6,280	4,711	24%	20,000	15,289	76%
Staff Training & Travel	6,121	7,407	41%	18,000	10,593	59%
Commissioners Travel	0	0	0%	2,500	2,500	100%
Audit Fees	0	0	0%	32,243	32,243	100%
Office Rent	21,179	36,445	15%	239,250	202,805	85%
Other Administrative Exp.	31,832	58,179	11%	508,699	450,520	89%
Tenant Services	46,049	82,195	11%	756,870	674,675	89%
Utilities	36,670	59,278	10%	564,567	505,289	90%
Maintenance Salaries	12,488	21,814	13%	174,313	152,499	87%
Maint. Employee Benefits	4,146	7,247	16%	46,458	39,212	84%
Other Maintenance	73,562	125,415	15%	812,019	686,604	85%
Insurance	14,643	30,653	14%	217,212	186,560	86%
Outgoing Port Admin. Fees	1,862	3,846	20%	19,483	15,637	80%
Other General	11,742	23,694	17%	136,728	113,034	83%
Capital Purchases	(1,717)	4,529	0%	1,507,375	1,502,846	100%
Debt Service	19,158	38,317	17%	220,491	182,174	83%
Housing Assistance Pmts	4,986,404	9,985,727	16%	63,691,104	53,705,377	84%
Operating Transfers Out	37,358	74,715	17%	440,963	366,248	83%
Post Employment Benefits	3,645	7,291	17%	43,773	36,482	83%
Total Expenses:	5,653,269	11,170,247	15%	74,500,436	63,330,189	85%
Net Income (Loss):	166,245	450,666		81,788		

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

Budget Comparison - Section 8

Fiscal Year Ending June 30, 2018

	Current Month (Aug 17)	2018 Year To Date Thru Aug 17		2018 Annual Budget	Budget Remaining	
Revenues						
Administrative Fees	377,119	755,853	16%	4,700,046	3,944,193	84%
Rental Income	0	0	0%	0	0	0%
Grants / Contracts	0	0	0%	136	136	100%
Interest Income	227	671	22%	3,115	2,444	78%
Incoming Port Fees	0	0	0%	0	0	0%
Other Income	705	1,294	8%	16,372	15,078	92%
HAPS / Program	4,946,793	9,904,136	16%	63,255,736	53,351,600	84%
Operating Transfers In	0	0	0%	0	0	0%
Total Revenues:	5,324,843	10,661,954	16%	67,975,405	57,313,450	84%
Expenses						
Administrative Salaries	195,916	343,634	12%	2,778,279	2,434,645	88%
Admin. Employee Benefits	78,007	135,712	12%	1,150,448	1,014,736	88%
Legal Expense	0	(788)	-5%	14,716	15,504	105%
Staff Training & Travel	4,672	5,652	51%	11,078	5,426	49%
Commissioners Travel	0	0	0%	1,905	1,905	100%
Audit Fees	0	0	0%	22,140	22,140	100%
Office Rent	16,167	27,804	16%	179,181	151,377	84%
Other Administrative Exp.	23,651	40,964	14%	285,555	244,590	86%
Tenant Services	0	0	0%	0	0	0%
Utilities	0	0	0%	0	0	0%
Maintenance Salaries	0	0	0%	0	0	0%
Maint. Employee Benefits	0	0	0%	0	0	0%
Other Maintenance	1,668	3,893	12%	33,816	29,923	88%
Insurance	5,038	11,920	16%	73,098	61,178	84%
Outgoing Port Fees	1,862	3,846	20%	19,483	15,637	80%
Other General	0	0	0%	0	0	0%
Capital Purchases	0	0	0%	0	0	0%
Debt Service	0	0	0%	0	0	0%
Housing Assistance Pmts	4,946,793	9,904,136	16%	63,255,736	53,351,600	84%
Operating Transfers Out	0	0	0%	0	0	0%
Post Employment Benefits	2,784	5,565	17%	33,584	28,019	83%
Total Expenses:	5,276,558	10,482,339	15%	67,859,018	57,376,679	85%
Net Income (Loss):	48,285	179,616		116,387		

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

Budget Comparison - Federal Housing

Fiscal Year Ending June 30, 2018

	Current Month (Aug 17)	2018 Year To Date Thru Aug 17		2018 Annual Budget	Budget Remaining	
Revenues						
Administrative Fees	0	0	0%	0	0	0%
Rental Income	176,564	351,218	17%	2,031,210	1,679,992	83%
Grants / Contracts	52,890	103,293	20%	512,951	409,658	80%
Interest Income	1,010	2,871	21%	13,400	10,529	79%
Incoming Port Fees	0	0	0%	0	0	0%
Other Income	16,151	32,546	20%	159,860	127,314	80%
HAPS / Program	0	0	0%	0	0	0%
Operating Transfers In	32,114	64,227	11%	580,062	515,835	89%
Total Revenues:	278,729	554,155	17%	3,297,483	2,743,328	83%
Expenses						
Administrative Salaries	41,480	72,734	13%	569,295	496,561	87%
Admin. Employee Benefits	16,620	28,964	12%	237,027	208,063	88%
Legal Expense	6,280	5,499	131%	4,201	(1,298)	-31%
Staff Training & Travel	1,182	1,430	23%	6,319	4,889	77%
Commissioners Travel	0	0	0%	401	401	100%
Audit Fees	0	0	0%	5,646	5,646	100%
Office Rent	4,090	7,030	14%	49,885	42,855	86%
Other Administrative Exp	3,822	8,178	9%	90,660	82,482	91%
Tenant Services	0	0	0%	250	250	100%
Utilities	21,213	35,545	10%	363,387	327,842	90%
Maintenance Salaries	8,087	14,143	12%	122,745	108,602	88%
Maint. Employee Benefits	2,306	4,027	18%	22,809	18,782	82%
Other Maintenance	57,599	102,730	17%	617,362	514,632	83%
Insurance	7,113	13,856	13%	108,908	95,052	87%
Terminal Leave	0	0	0%	0	0	0%
Outgoing Port Admin. Fees	0	0	0%	0	0	0%
Other General	11,417	23,044	17%	132,400	109,356	83%
Capital Purchases	0	1,862	0%	872,225	870,363	100%
Debt Service	2,500	5,000	24%	20,591	15,591	76%
Housing Assistance Pmts	0	0	0%	0	0	0%
Operating Transfers Out	5,033	10,065	18%	55,950	45,885	82%
Post Employment Benefits	704	1,407	17%	8,493	7,086	83%
Total Expenses:	189,447	335,512	10%	3,288,553	2,953,041	90%
Net Income (Loss):	89,282	218,643		8,930		

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

Budget Comparison - Federal Grants

Fiscal Year Ending June 30, 2018

	Current Month (Aug 17)	2018 Year To Date Thru Aug 17		2018 Annual Budget	Budget Remaining	
Revenues						
Administrative Fees	0	0	0%	0	0	0%
Rental Income	1,295	2,785	13%	20,737	17,952	87%
Grants / Contracts	48,101	92,201	16%	585,073	492,872	84%
Interest Income	14	28	19%	145	117	81%
Incoming Port Fees	0	0	0%	0	0	0%
Other Income	221	308	18%	1,700	1,392	82%
HAPS / Program	39,611	81,591	18%	445,368	363,777	82%
Operating Transfers In	0	0	0%	17,900	17,900	100%
Total Revenues:	89,243	176,913	17%	1,070,923	894,010	83%
Expenses						
Administrative Salaries	687	1,262	1%	129,425	128,163	99%
Admin. Employee Benefits	277	508	1%	64,300	63,792	99%
Legal Expense	0	0	0%	615	615	100%
Staff Training & Travel	19	24	17%	136	112	83%
Commissioners Travel	0	0	0%	33	33	100%
Audit Fees	0	0	0%	2,701	2,701	100%
Office Rent	67	120	7%	1,615	1,495	93%
Other Administrative Exp.	68	143	9%	1,541	1,399	91%
Tenant Services	13,744	24,027	72%	33,334	9,307	28%
Utilities	62	156	2%	9,375	9,219	98%
Maintenance Salaries	124	217	13%	1,709	1,492	87%
Maint. Employee Benefits	35	62	18%	350	289	82%
Other Maintenance	1,388	2,248	11%	19,767	17,519	89%
Insurance	122	244	8%	3,197	2,953	92%
Outgoing Port Admin. Fees	0	0	0%	0	0	0%
Other General	0	0	0%	0	0	0%
Capital Purchases	0	0	0%	17,900	17,900	100%
Debt Service	0	0	0%	0	0	0%
Housing Assistance Pmts	39,611	81,591	19%	435,368	353,777	81%
Operating Transfers Out	32,325	64,650	17%	385,013	320,363	83%
Post Employment Benefits	12	24	16%	155	131	84%
Protective Services	0	0	0%	0	0	0%
Total Expenses:	88,541	175,274	16%	1,106,535	931,261	84%
Net Income (Loss):	702	1,639		(35,612)		

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

Budget Comparison - State Grants

Fiscal Year Ending June 30, 2018

	Current Month (Aug 17)	2018 Year To Date Thru Aug 17		2018 Annual Budget	Budget Remaining	
Revenues						
Administrative Fees	0	0	0%	1,250	1,250	100%
Rental Income	0	0	0%	0	0	0%
Grants / Contracts	30,214	46,725	6%	726,906	680,181	94%
Interest Income	7	14	12%	120	106	88%
Incoming Port Fees	0	0	0%	0	0	0%
Other Income	1	1,355	9%	15,000	13,645	91%
HAPS / Program	0	0	0%	0	0	0%
Operating Transfers In	0	0	0%	0	0	0%
Total Revenues:	30,222	48,094	6%	743,276	695,182	94%
Expenses						
Administrative Salaries	914	1,724	8%	20,925	19,201	92%
Admin. Employee Benefits	325	627	10%	6,512	5,885	90%
Legal Expense	0	0	0%	6	6	100%
Staff Training & Travel	0	0	0%	4	4	100%
Commissioners Travel	0	0	0%	1	1	100%
Audit Fees	0	0	0%	1,506	1,506	100%
Office Rent	0	0	0%	69	69	100%
Other Administrative Exp.	3,105	6,268	9%	70,401	64,133	91%
Tenant Services	0	0	0%	0	0	0%
Utilities	9,781	15,571	12%	130,386	114,815	88%
Maintenance Salaries	4,266	7,436	15%	49,735	42,299	85%
Maint. Employee Benefits	1,803	3,153	14%	23,270	20,117	86%
Other Maintenance	6,265	6,499	10%	62,995	56,496	90%
Insurance	1,859	3,499	14%	24,902	21,403	86%
Outgoing Port Admin. Fees	0	0	0%	0	0	0%
Other General	0	0	0%	218	218	100%
Capital Purchases	(1,717)	2,666	1%	335,250	332,584	99%
Debt Service	0	0	0%	0	0	0%
Housing Assistance Pmts	0	0	0%	0	0	0%
Operating Transfers Out	0	0	0%	0	0	0%
Post Employment Benefits	51	102	10%	1,038	936	90%
Total Expenses:	26,651	47,545	7%	727,219	679,674	93%
Net Income (Loss):	3,572	549		16,057		

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

Budget Comparison - Local Programs

Fiscal Year Ending June 30, 2018

	Current Month (Aug 17)	2018 Year To Date Thru Aug 17		2018 Annual Budget	Budget Remaining	
Revenues						
Administrative Fees	540	945	10%	9,080	8,135	90%
Rental Income	0	0	0%	0	0	0%
Grants / Contracts	39,263	70,757	9%	796,609	725,852	91%
Interest Income	29	59	11%	550	491	89%
Incoming Port Fees	0	0	0%	0	0	0%
Other Income	0	0	0%	0	0	0%
HAPS / Program	0	0	0%	0	0	0%
Operating Transfers In	0	0	0%	0	0	0%
Total Revenues:	39,832	71,761	9%	806,239	734,478	91%
Expenses						
Administrative Salaries	3,915	7,090	15%	48,158	41,068	85%
Admin. Employee Benefits	1,389	2,473	17%	14,961	12,487	83%
Legal Expense	0	0	0%	208	208	100%
Staff Training & Travel	93	114	86%	133	19	14%
Commissioners Travel	0	0	0%	45	45	100%
Audit Fees	0	0	0%	246	246	100%
Office Rent	323	573	23%	2,475	1,902	77%
Other Administrative Exp.	0	(0)	0%	3,739	3,739	100%
Tenant Services	32,305	58,168	8%	723,286	665,118	92%
Utilities	0	0	0%	0	0	0%
Maintenance Salaries	0	0	0%	0	0	0%
Maint. Employee Benefits	0	0	0%	0	0	0%
Other Maintenance	29	61	19%	325	264	81%
Insurance	47	136	32%	420	284	68%
Outgoing Port Admin. Fees	0	0	0%	0	0	0%
Other General	0	0	0%	0	0	0%
Capital Purchases	0	0	0%	0	0	0%
Debt Service	0	0	0%	0	0	0%
Housing Assistance Pmts	0	0	0%	0	0	0%
Operating Transfers Out	0	0	0%	0	0	0%
Post Employment Benefits	53	111	29%	379	268	71%
Total Expenses:	38,155	68,727	9%	794,375	725,648	91%
Net Income (Loss):	1,677	3,034		11,864		

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

Budget Comparison - Administrative Services

Fiscal Year Ending June 30, 2018

	Current Month (Aug 17)	2018 Year To Date Thru Aug 17		2018 Annual Budget	Budget Remaining	
Revenues						
Administrative Fees	4,728	9,457	18%	53,860	44,403	82%
Rental Income	49,790	93,486	17%	552,465	458,980	83%
Grants / Contracts	0	0	0%	0	0	0%
Interest Income	237	1,313	20%	6,663	5,350	80%
Incoming Port Fees	0	0	0%	0	0	0%
Other Income	1,890	3,780	15%	25,910	22,130	85%
HAPS / Program	0	0	0%	0	0	0%
Operating Transfers In	0	0	0%	50,000	50,000	100%
Total Revenues:	56,645	108,036	16%	688,898	580,863	84%
Expenses						
Administrative Salaries	1,774	3,121	14%	22,218	19,097	86%
Admin. Employee Benefits	542	936	14%	6,840	5,904	86%
Legal Expense	0	0	0%	254	254	100%
Staff Training & Travel	154	186	56%	330	144	44%
Commissioners Travel	0	0	0%	115	115	100%
Audit Fees	0	0	0%	4	4	100%
Office Rent	532	919	15%	6,025	5,106	85%
Other Administrative Exp.	1,186	2,626	5%	56,803	54,177	95%
Tenant Services	0	0	0%	0	0	0%
Utilities	5,614	8,006	13%	61,419	53,413	87%
Maintenance Salaries	10	18	15%	125	106	85%
Maint. Employee Benefits	3	5	17%	29	24	83%
Other Maintenance	6,614	9,986	13%	77,754	67,768	87%
Insurance	463	998	15%	6,688	5,689	85%
Outgoing Port Admin. Fees	0	0	0%	0	0	0%
Other General	325	650	16%	4,110	3,460	84%
Capital Purchases	0	0	0%	282,000	282,000	100%
Debt Service	16,658	33,317	17%	199,900	166,583	83%
Housing Assistance Pmts	0	0	0%	0	0	0%
Operating Transfers Out	0	0	0%	0	0	0%
Post Employment Benefits	41	82	66%	124	42	34%
Total Expenses:	33,916	60,850	8%	724,737	663,888	92%
Net Income (Loss):	22,729	47,186		(35,839)		

Amid crisis, local leaders celebrate Watsonville affordable housing success



A rendering depicts the 46-unit Pippin Orchards Apartments, an affordable housing project under construction on a lot that sits on the boundary of Watsonville and county land. (Dahlin Architects — Contributed)

By [Nicholas Ibarra](#), Santa Cruz Sentinel

Posted: 08/31/17, 6:47 PM PDT | Updated: 2 weeks, 5 days ago



Local leaders from Watsonville and Santa Cruz County joined with developers Thursday morning for a ceremonial wall-raising to celebrate the Pippin Orchards affordable housing project, slated for completion in fall 2018. (Nicholas Ibarra — Santa Cruz Sentinel)

AT A GLANCE

Pippin Orchards

What: 46-unit affordable housing development that straddles Watsonville, county border.

Who: Developer MidPen Housing partnered with city of Watsonville, Santa Cruz County.

Where: 56 Atkinson Lane, Watsonville.

Timeline: Construction began Dec. 2016. Expected to open fall 2018.

Cost: \$29 million.

WATSONVILLE >> While state lawmakers debate a package of housing legislation aiming to alleviate the statewide crisis, local leaders met Thursday to celebrate a hard-fought affordable housing success.

Construction is now underway on a 46-unit affordable housing project that straddles the boundary between Watsonville and county land, a rarity leading to a joint investment in the project between both jurisdictions.

Called Pippin Orchards, the \$29-million development sits on a 3.7-acre lot on Atkinson Lane, just a few blocks back from one of Watsonville's major transit corridors, Freedom Boulevard. Developer [MidPen Housing](#) expects to open the complex to residents by fall of 2018.

As an affordable housing project, only individuals and families earning 60 percent or less of the area's median income would be eligible to rent the mostly two-bedroom apartments.

Planned features include a children's playground, computer lab, an open courtyard and a community room complete with a kitchen.

Residents will also be able to take advantage of on-site after school and summer programs, financial capabilities classes, vocational development, case management and health and wellness programs, according to MidPen.

Six units will be reserved for disabled individuals and their families.

On Thursday morning, local leaders met on-site with developers and financiers under a scorching blue sky to celebrate the project and ceremonially raise the complex's first wall.

“I think it’s a great example of smart growth,” said Supervisor Greg Caput, who represents Santa Cruz County’s southern 4th district, addressing a crowd of about 70. “We’re protecting our ag land, which is the best in the world, and we’re also looking out for the people that work those farms.”

Watsonville Mayor Oscar Rios thanked the county for its partnership and called for more development, adding that stringent regulations — such as the county’s long-standing Measure J — have left the city’s hands tied.

“Every place that we have tried to build, and bring jobs, we have had to fight with all of the constraints,” Rios said. “I love this place, and we have to protect it, but at the same time let’s not use the protection for not building what is needed in the city.”

Building on a site that sits between two jurisdictions is rare, and carries with it additional regulatory challenges that had to be ironed out. Who, for example, would respond to a fire at the site — the city or the county? (Answer: The city.)

Plans for Watsonville to annex the site fell through in 2015 when [city staff surprised state regulators by advocating against the annexation](#) due to the difficulty of the process.

The Pippin Orchards project comes as amid statewide housing crisis that is arguably at its worst in Santa Cruz County. Average rental rates in the county far outpaced wage growth, surging from \$2,106 in 2012 to \$2,917 in 2016 according to the Zillow rent index.

State funding to subsidize affordable housing developments dried up in 2010, and, according to county spokesman Jason Hoppin, the Pippin Orchards development is the last to benefit from those funds.

But state lawmakers are meeting this week to discuss a package of legislation aimed at alleviating pressure from squeezed California renters. The three bills would increase funding and ease regulation for low-income housing projects like Pippin Orchards, and one, Senate Bill 3, would place a \$3 billion bond on the 2018 ballot to fund affordable housing.

AT A GLANCE

Pippin Orchards

What: 46-unit affordable housing development that straddles Watsonville, county border.

Who: Developer MidPen Housing partnered with city of Watsonville, Santa Cruz County.

Where: 56 Atkinson Lane, Watsonville.

Timeline: Construction began Dec. 2016. Expected to open fall 2018.

Cost: \$29 million.