

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
AGENDA OF THE REGULAR BOARD MEETING
May 23, 2018
11:30 a.m.
TO BE HELD AT:
HOUSING AUTHORITY OFFICES
2931 Mission Street, Santa Cruz, CA 95060

1. Roll Call
2. Consideration of Late Additions and Changes to the Agenda
3. Consent Agenda
 - A. Approval of Minutes of Special Meeting held April 30, 2018
 - B. 415 Natural Bridges Drive Santa Cruz – Vacant lot
 - C. Accept Letter to Congressman Panetta regarding Proposed Rent Reform Legislation
 - D. Application for Mainstream Voucher Program
 - E. Application for Family Unification Program
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
6. New Business
 - A. File Reviews
 - B. Draft Agency Budget for FY 2018-2019
 - C. County of Santa Cruz Housing Services Contract
 - D. Low Income Public Housing Utility Consumption
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.)

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 SPECIAL MEETING APRIL 30, 2018 AT THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, 2931 MISSION STREET, SANTA CRUZ, CA 95060

AGENDA ITEM NO. 1 Roll Call

Chairperson Berg called the meeting to order at 11:35 a.m. Members present Commissioners Berg, Brunner, Eligio, Garcia, Schiffrin and Schmale

Members Absent

Commissioner Pomerantz

Staff Present

Jennifer Panetta, Aaron Pomeroy and Courtney Byrd of the Housing Authority

AGENDA ITEM NO. 2 Consideration of Late Additions or Changes to the Agenda

Secretary Panetta informed the Board that there are no changes to this agenda but the agenda items regarding the file review process and the Low Income Public Housing (LIPH) utilities study have been postponed until the May Regular meeting.

AGENDA ITEM NO. 3 Consent Agenda

Chairperson Berg asked for a motion to approve the Consent Agenda.

Commissioner Garcia moved for approval of the Consent Agenda; Commissioner Schiffrin seconded the motion and it was passed by the following vote:

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

Agenda Item 3A. Approved Minutes of the Regular Meeting held March 28, 2018

AGENDA ITEM NO. 4 Oral Communications

None.

AGENDA ITEM NO. 5 Unfinished Business

None.

AGENDA ITEM NO. 6A Review of Draft Agency Budget for FY 2018-2019

Secretary Panetta introduced Finance Director Aaron Pomeroy who presented the Commissioners with the Draft Agency Budget for FY 2018-2019. As a whole, it generates a net surplus of \$23,491 compared to \$81,788 for the prior budget year. This budget was prepared using a 77 % pro-ration level for HUD's Section 8 administrative fee rates which is the same proration level used for the current budget year. A discussion followed. This budget will be brought before the Board at the May 23, 2018 Regular Meeting

for further discussion and Board approval. Secretary Panetta and the Commissioners thanked Finance Director Pomeroy and his staff for their work on the FY 2018-2019 budget.

Finance Director Pomeroy exited the meeting at 12:31 p.m.

AGENDA ITEM NO. 6B Disaster Relief Funding for Levee Repairs at Buena Vista Migrant Center

Secretary Panetta reminded the Board of the atmospheric river that occurred in February 2017 that compromised the integrity of the levees at the Buena Vista Migrant Center waste water facilities. Shortly thereafter, the Federal Emergency Management Agency announced that federal disaster assistance was available to the State of California for local recovery efforts in areas affected by the severe winter storms. The Housing Authority applied for disaster assistance funding to address the levee damage. This is before the Board of Commissioners to adopt the resolution authorizing designated staff to act as agents on behalf of the Housing Authority for matters related to disaster relief assistance through California's Office of Emergency Services. A discussion followed.

Commissioner Garcia moved to adopt Resolution No. 2018-05; Commissioner Schmale seconded the motion and it was passed by the following vote:

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

AGENDA ITEM 6C Waiting List Opening – Best Practices

Secretary Panetta informed the Board that as a result of the major waiting list refresh conducted in 2017, as well as a high volume of vouchers issued in the past year, our waiting lists have been reduced significantly. It is likely that the Housing Authority will need to open some or all of our waiting lists within the next year. Staff has been reviewing the waiting list practices of other agencies, to begin to develop a set of recommendations regarding how we will open our lists. The Board discussed best practices for opening the waiting list including notification, waiting list opening period, method of application, acceptance of finite vs. unlimited applicants, sequence of the list and opening the LIPH lists by bedroom size.

AGENDA ITEM NO. 7 Written Correspondence
None.

AGENDA ITEM NO. 8 Report of Executive Director

Executive Director Panetta informed the Board that the monthly financials are not currently available as the Finance Department has been focused on completing the draft budget. Next month's packet will

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, MINUTES OF THE SPECIAL MEETING APRIL 30, 2018 AT THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, 2931 MISSION STREET, SANTA CRUZ, CA 95060

include monthly financial reports through April 2018.

Executive Director Panetta updated the Board on both the opening of the Buena Vista Migrant Center and 50-mile rule legislation.

Executive Director Panetta informed the Board that she recently attended a presentation of the results of the Farmworker Housing Study of the Pajaro and Salinas Valleys. When the report is finalized, Executive Director Panetta will send the Board a copy.

Executive Director Panetta informed the Board that she has been in touch with the Vice Chancellor of UCSC regarding providing the Housing Authority with an annual FMR study. The Board directed Executive Director Panetta to write a letter to the county and 4 cities to see if they would be interested in contributing to the FMR study if it was broken down by jurisdictions.

Executive Director Panetta informed the Board that the Homeless Action Partnership and the Homeless Services Center have launched Smart Path, a new coordinated assessment and referral system.

Executive Director Panetta gave the Board a legislative update based on the information she received at the annual NAHRO legislative conference in Washington DC. The Board of Commissioners directed Executive Director Panetta to draft a letter to Congressman Jimmy Panetta providing feedback on the proposed legislation regarding rent reform.

AGENDA ITEM NO. 9 Reports from Board Members

Commissioner Garcia informed the Board that she was a speaker at an event sponsored by Affordable Housing Santa Cruz County. There are five community meetings on a draft proposal for a \$250 million dollar housing bond. The Board discussed this bond.

AGENDA ITEM NO. 10 Closed Session

None.

AGENDA ITEM NO.11 Report on Closed Session

None.

AGENDA ITEM NO. 12 Adjournment

The Board of Commissioners meeting was adjourned at 2:05p.m.

I hereby certify that these minutes were approved by the Housing Authority of the County of Santa Cruz, on the Twenty Third day of May, 2018.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, MINUTES OF THE SPECIAL MEETING APRIL 30, 2018 AT THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, 2931 MISSION STREET, SANTA CRUZ, CA 95060

Chairperson of the Authority

ATTEST: _____

Secretary

18:mins04

AGENDA ITEM SUMMARY

MEETING DATE: May 23, 2018

ITEM NUMBER: 3B

FROM: Executive Director

SUBJECT: 415 Natural Bridges Drive Santa Cruz – Vacant lot

RECOMMENDATION: Receive Information for Future Discussion

BACKGROUND SUMMARY:

In November of 2013, the Housing Authority purchased 415 Natural Bridges Drive, Santa Cruz for \$630,000. The property contained a very old and poorly maintained single family home. In July of 2015, the home was razed due to its being inhabitable. The property is directly adjacent to, and backs up against, the back parking lot of the Housing Authority Mission Street office building which the Housing Authority owns. See attached map.

The property (415 Natural Bridges Drive) is zoned RL Multi Res Low and the General Plan Designation is LM – Low Med Res (10.1 to 20 units per acre). The site is listed as 12,153 sqft. Based on the current zoning designation, the City of Santa Cruz Building Department informed Housing Authority staff that 3-6 units (depending on size of units) could be built on the property. HA staff also reached out to Carol Berg of the City of Santa Cruz, who is involved in the administration of the density bonus allowance for the City. Ms. Berg indicated that we could possibly obtain an additional 2 units if the project was developed with a low-income rental restriction. Based on the current zoning and possible density bonus, it may be possible to develop up to 8 units on the site.

HA staff is also collecting information regarding the feasibility of doing a minor land division to expand the lot size of the Natural Bridges property. This could potentially be accomplished by taking a portion of land from the Mission Street office building parking lot that butts up to 415 Natural Bridges. HA staff will be seeking input from a local land use planner and architect to see what opportunities exist if the Natural Bridges lot was expanded and what impact that would have on the Mission Street office building.

At this time, this information is provided by request of the Board, for informational purposes only. HA staff will provide further information to the Board about the potential for development of the lot on Natural Bridges later this summer, as we begin a conversation about the role of our Agency in affordable housing development.

RECOMMENDATION: Receive Information for Future Discussion

PCS

BURKETT ST

Fairfield Inn

PUMP TRACK (LEASED PROPERTY)

MISSION ST

Moore Cr

Office Buildings

Housing Authority Office

Wrigley Business Park

415 Natural Bridges Dr

Lake

UCSC Property

NATURAL BRID





2931 Mission Street | Santa Cruz, California 95060 | Tel: 831.454.9455 | Fax: 831.469.3712 | www.hacosantacruz.org
Also serving Hollister and San Juan Bautista | Tel: 831.637.0487

May 23, 2018

Congressman Jimmy Panetta
228 Cannon House Office Building
Washington, DC 20515

Re: Making Affordable Housing Work Act of 2018

Dear Congressman Panetta:

The Housing Authority of the County of Santa Cruz wishes to share the following feedback about the draft rent reform legislation known as the Making Affordable Housing Work Act of 2018. The Act includes some proposed policy directions and rent reform initiatives for the Section 8 Housing Choice Voucher and Low Income Public Housing Programs, including increased tenant contributions (from 30% to 35% of income) for non-exempt families, mandatory minimum rents, potential work requirements, and a reduction in the frequency of income certifications from annually to triennially.

The Housing Authority welcomes conversation about reforms for federal housing programs, but we are concerned about program reforms that increase rent contributions for the low-income families that we serve. Many families in rental assistance programs already struggle to pay their existing portions of rent, but the proposed increases to tenant rent would disproportionately impact the most vulnerable families on our programs, the majority of whom have incomes below the poverty level. In the Section 8 Housing Choice Voucher Program, most families would not be eligible for work requirements (as they are elderly or disabled) and three quarters of non-elderly, non-disabled households are *already* working. Some of the proposed program reforms, such as eliminating the child care deduction, could work against the purported goal of supporting work. Finally, while the decrease in annual income re-examinations would be a welcome reduction in administrative burden for housing authorities, most other proposed changes add unnecessary levels of complexity and increase the administrative burden at a time when we are also experiencing decreases in administrative funding.

We strongly urge Congress to reject the current proposal to reduce housing benefits by imposing rent increases and work requirements. Instead, we encourage Congress to enact proven solutions to help struggling families earn more and get ahead, such as renewed investment in the Family Self Sufficiency Program. Finally, if program and rent reforms are introduced, we encourage Congress to provide housing authorities with the discretion to make local choices about which reforms would be helpful in addressing local needs and priorities, rather than imposing a “one size fits all” approach that all agencies would be mandated to conform to.

Thank you,

Jennifer Panetta, Executive Director

AGENDA ITEM SUMMARY

MEETING DATE: May 23, 2018

ITEM NUMBER: 3D

FROM: Executive Director

SUBJECT: Application for Mainstream Voucher Program

RECOMMENDATION: Adopt Resolution No. 2018-06: Resolution Authorizing Submission of an Application to the U.S. Department of Housing and Urban Development (HUD) and Authorizing Execution of an Annual Contributions Contract (ACC) for up to 179 Vouchers Under the Housing Choice Voucher Program to Provide Rental Assistance for Families with Non-elderly Persons with Disabilities (Mainstream Voucher Program)

BACKGROUND SUMMARY:

The Department of Housing and Urban Development (HUD) has made funding available for new Section 811 Housing Choice Vouchers (known as Mainstream Vouchers) to assist non-elderly persons with disabilities, through both the Omnibus Appropriations Act of 2017 and of 2018. The Notification of Funding Availability (NOFA) seeks Public Housing Authorities (PHA) that focus funds on assisting non-elderly persons with disabilities who are transitioning out of institutions, at serious risk of institutionalization, homeless, or at risk of becoming homeless. In addition, HUD seeks PHAs that formalize partnerships with State Medicaid Agencies and various health and human service partner agencies or organizations.

The last NOFA for the Mainstream Voucher Program was issued in 2005. The voucher recipients for this NOFA are any household that includes one or more non-elderly persons with disabilities, instead of only those families with a head, co-head, or spouse that is a person with disabilities.

The Housing Authority of the County of Santa Cruz has been funded for this program in the past and currently has waiting list preferences for both Medicaid Waiver and for Disabled and Transitioning from Institutions (DTI), to assist persons with disabilities gain and maintain housing in the community. Both the Medicaid Waiver and DTI rely on strong, established partnerships with health and human service agencies. This application is for up to 179 vouchers.

RECOMMENDATION: Adopt Resolution No. 2018-06: Resolution Authorizing Submission of an Application to HUD and Authorizing Execution of an ACC for up to 179 Vouchers Under the HCV Program to Provide Rental Assistance for Families with Non-elderly Persons with Disabilities (Mainstream Voucher Program)

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

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

RESOLUTION NO. 2018-06

On the motion of Commissioner
Duly seconded by Commissioner
The Following Resolution is Adopted:

**RESOLUTION AUTHORIZING SUBMISSION OF AN APPLICATION TO THE U.S.
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) AND
AUTHORIZING EXECUTION OF AN ANNUAL CONTRIBUTIONS CONTRACT (ACC)
FOR UP TO 179 VOUCHERS UNDER THE HOUSING CHOICE VOUCHER PROGRAM
TO PROVIDE RENTAL ASSISTANCE TO DISABLED FAMILIES UNDER THE
MAINSTREAM VOUCHER PROGRAM**

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) has issued the Notice of Funding Opportunity (NOFA) FR-6100-N-43 for 2017 Mainstream Voucher Program for Public Housing Authorities to apply for vouchers to assist non-elderly persons with disabilities; and

WHEREAS, there is an urgent need in the County for more vouchers of every kind; and

WHEREAS, there is an urgent need in the County for more units to specifically assist persons with disabilities; and

WHEREAS, the Housing Authority of the County of Santa Cruz is the designated Public Housing Agency (PHA) for said County.

NOW, THEREFORE, BE IT RESOLVED that the Executive Director of the Housing Authority of the County of Santa Cruz is authorized to submit an application to HUD for up to 179 mainstream program vouchers.

PASSED AND ADOPTED by the Commissioners of the Housing Authority of the County of Santa Cruz, State of California, this Twenty Eighth of May 23, 2018 by the following vote:

AYES:

NOES:

ABSENT:

Chairperson of the Authority

ATTEST:

Secretary of the Authority

AGENDA ITEM SUMMARY

MEETING DATE: May 23, 2018

ITEM NUMBER: 3E

FROM: Executive Director

SUBJECT: Application for Family Unification Program

RECOMMENDATION: Adopt Resolution No. 2018-07: Resolution Authorizing Submission of an Application to the U.S. Department of Housing and Urban Development (HUD) and Authorizing Execution of an Annual Contributions Contract (ACC) for up to 100 Vouchers Under the Housing Choice Voucher (HCV) Program to Provide Rental Assistance for Families and Youth Under the Family Unification Program (FUP)

BACKGROUND SUMMARY:

The Department of Housing and Urban Development (HUD) has made funding available for fiscal years 2017 and 2018 for the Family Unification Program (FUP). FUP is a program under which housing assistance is provided under the Housing Choice Voucher (HCV) program in partnership with the Public Child Welfare Agency.

The voucher recipients for this Notice of Funding Availability (NOFA) are families for whom the lack of adequate housing is a primary factor in the imminent placement of the family's child or children in out-of-home care; or the delay of discharge to the family from out-of-home care; and Youth, at least 18 and not more than 24 years of age, who left foster care or will leave foster care within 90 days, and are homeless or at risk of homelessness.

The NOFA establishes a maximum award threshold based on current PHA HCV program size. The Housing Authority of the County of Santa Cruz meets the maximum threshold of 2,000 or more HCVs and can apply for the maximum of 100 FUP vouchers. The Housing Authority has 123 FUP vouchers in partnership with the County of Santa Cruz Human Services Department, Family and Children's Services Division. This application is for up to 100 additional vouchers.

RECOMMENDATION: Adopt Resolution No. 2018-07: Resolution Authorizing Submission of an Application to the U.S. Department of Housing and Urban Development (HUD) and Authorizing Execution of an Annual Contributions Contract (ACC) for up to 100 Vouchers Under the Housing Choice Voucher Program to Provide Rental Assistance for Families and Youth with the Family Unification Program.

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

RESOLUTION NO. 2018-07

On the motion of Commissioner
Duly seconded by Commissioner
The Following Resolution is Adopted:

**RESOLUTION AUTHORIZING SUBMISSION OF AN APPLICATION TO THE U.S.
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) AND
AUTHORIZING EXECUTION OF AN ANNUAL CONTRIBUTIONS CONTRACT
(ACC) FOR UP TO 100 VOUCHERS UNDER THE HOUSING CHOICE VOUCHER
PROGRAM TO PROVIDE RENTAL ASSISTANCE TO FAMILIES AND YOUTH
UNDER THE FAMILY UNIFICATION PROGRAM (FUP)**

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) has issued the Notice of Funding Opportunity (NOFA) FR-6100-N-41 for Fiscal Years 2017 and 2018 Family Unification Program for Public Housing Authorities to apply in partnership with Public Child Welfare Agencies for vouchers to assist families for whom the lack of adequate housing is primary factor in immanent placement of the family's child or children in out-of-home care; and youth between 18 -24 years old, who left foster care or will leave within 90- days and homeless or at risk of becoming homeless; and

WHEREAS, there is an urgent need in the County for more vouchers of every kind; and

WHEREAS, the Housing Authority of the County of Santa Cruz is the designated Public Housing Agency (PHA) for said County.

NOW, THEREFORE, BE IT RESOLVED that the Executive Director of the Housing Authority of the County of Santa Cruz is authorized to submit an application to HUD for up to 100 vouchers under the Family Unification Program.

PASSED AND ADOPTED by the Commissioners of the Housing Authority of the County of Santa Cruz, State of California, this Twenty Eighth of May 23, 2018 by the following vote:

AYES:

NOES:

ABSENT:

Chairperson of the Authority

ATTEST:

Secretary of the Authority

AGENDA ITEM SUMMARY

MEETING DATE: May 23, 2018

ITEM NUMBER: 6A

FROM: Executive Director

SUBJECT: File Review Process

RECOMMENDATION: Adopt Proposed Changes to the File Review Process

BACKGROUND SUMMARY:

The Housing Authority administers publicly funded housing and rental assistance programs. As responsible stewards of public funds, we are obligated to make efforts to detect and prevent fraud, waste, and abuse in our programs and to ensure the integrity of our programs. If staff determine that there is enough evidence to suggest that program violations or fraud have occurred, we set up a “file review appointment”. At the meeting we present information we have about potential program violations, we ask additional questions, and we provide an opportunity for participants to comment, respond, or explain why the facts we presented are incorrect or have been misunderstood.

In May 2017 California Rural Legal Assistance (CRLA) expressed concerns about the Housing Authority’s file review process. The primary concerns expressed by CRLA included the appointment letter, which required attendance at a meeting and did not state the purpose of the meeting, as well as interviewing techniques that CRLA stated were threatening and intimidating, and that coerced voucher holders to relinquish their rental assistance to avoid owing the Housing Authority money for assistance overpaid on their behalf.

In response to these concerns, the Housing Authority made changes to the file review process in May 2017, including recording the interviews, and no longer accepting a decision at the meeting from participants who wanted to relinquish assistance. This way, anyone who wanted to voluntarily terminate their assistance would be required to send us a letter rather than making such an important decision during a stressful situation. Additionally, the Housing Authority agreed that appointment letters would state the purpose of the meeting.

During the public comment period for the Administrative Plan, CRLA expressed continued concern about the file review process. The file review process is not included in the Administrative Plan, so the Board instructed staff to bring the item back during a subsequent meeting.

Since the March Board meeting, Housing Authority staff has listened in on many hours of file review recordings, reviewed the appointment letter, and has met with CRLA to further discuss their concerns and to receive feedback on proposed changes. Based on this information and these discussions, Housing Authority staff propose the following changes to the file review process.

File Review Process - Proposed Changes

1. Appointment Letter – Housing Authority staff acknowledge that appointment letters sent since May 2017 have not consistently included a reason for the meeting, as they should have. The letter has been updated so that if a staff member omits the “reason” parameter from this automated letter, the system will generate an error message in red font. Additionally, a department director will review all file review appointment letters until we have confidence that the letters consistently include a reason for the appointment. The wording in the letter will also be modified. The sentence “Failure to attend is grounds for termination.” will be removed from the letter.
2. Consent to Record – While appointments have been recorded since May 2017 with the consent of the program participant, the conversation resulting in verbal consent had been occurring prior the beginning of the recording. Staff proposes that future appointments will begin with the following script.

Before recording:

Hello, my name is _____. Before we begin, I would like to get your permission to record this interview. This interview has been scheduled to discuss _____. During this interview, you will be asked personal questions. It is important to provide true and complete statements. You should be aware that you can be held legally responsible for giving us false information. The information contained in this recording could be used against you should we pursue termination from the program. Do I have your permission to record this interview?

If yes, press record and repeat to get consent on tape.

My name is _____. I am here with _____. This interview has been scheduled to discuss _____. During this interview, you will be asked personal questions. It is important to provide true and complete statements. You should be aware that you can be held legally responsible for giving us false information. The information contained in this recording could be used against you should we pursue termination from the program. Can you confirm that you have authorized the Housing Authority of the County of Santa Cruz to record this interview?

If they decline to have the interview recorded.

My name is _____. I am here with _____. _____ has declined to have the interview recorded.

3. Staff Conducting Appointments – The Housing Authority proposes to temporarily assign all file review appointments to supervisory level staff in the Eligibility Department.

4. Interviewing Parameters – The Housing Authority proposes to make the following changes to the file review meetings.
 - a. Housing Authority staff will not state intent to terminate assistance during a file review appointment. This decision is made at some point after the meeting.
 - b. Housing Authority staff will not bring up the possibility of any tenant relinquishing their rental assistance. If a tenant makes this suggestion, staff will explain that we cannot accept this decision during the course of the meeting, and that the tenant should fully consider the impact of this decision and inform the Housing Authority in writing if they want to voluntarily terminate assistance. Staff will verbally explain that any tenant voluntarily giving up assistance is waiving their right to a hearing to appeal the termination.
 - c. If a program participant does inform the Housing Authority, in writing, that they wish to relinquish their assistance, staff will send the participant a letter in response to this request. The letter will state that any participant voluntarily giving up assistance is waiving their right to a hearing to appeal the termination. Additionally, the letter will include a grace period, during which the participant may change their mind and rescind their voluntary relinquishment of assistance.

Based on conversations with CRLA, Housing Authority staff believes that the items proposed above represent meaningful changes to the file review process, that adequately address all of CRLA's concerns except one. CRLA has expressed the opinion that file review appointments should be optional, rather than mandatory. However, Housing Authority staff feels that requiring attendance at file review appointments is a reasonable, necessary, and effective way to collect information. The Housing Authority has an obligation to detect and prevent fraud, waste, abuse in our programs, and we have the discretion to determine how we collect that information, which can include requiring attendance at an in person meeting. In-person interviews are widely considered to be a best practice when investigating possible program violations or fraud, and are a helpful tool in our efforts to maintain integrity within our publicly funded programs.

Finally, staff wishes to thank CRLA for raising concerns about the file review process initially in May 2017, and again in March of this year, as well as for a productive dialogue over the past few months regarding proposed changes to the process.

RECOMMENDATION:

Adopt Staff Proposed Changes to the File Review Process

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ



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May 15, 2018

Executive Secretary, Administration Department
Housing Authority of the County of Santa Cruz
Board of Commissioners
2931 Mission Street
Santa Cruz, CA 95060

Re: File Review Process

Dear Board of Commissioners:

Thank you for the opportunity to address you concerning the file review process used by the Housing Authority to investigate fraud, waste, and abuse in Housing Authority programs.

We first raised concerns about the process in May, 2017 in the form of letters to the Executive Director supported by sworn declarations from our clients. I have enclosed copies of the correspondence to and from Ms. Panetta, including the client declarations we obtained a year ago.

Following our correspondence about the file review process, the Housing Authority changed some of its practices relative to file reviews. Specifically, the Housing Authority began tape recording the meetings and stopped allowing tenants to give up their vouchers in the course of a file review meeting. While we generally applauded these changes, we were concerned that tape recording these mandatory meetings without the tenant's express permission could result in unintentional self-incrimination. We also found, unfortunately, that many of the changes promised were not implemented in practice. I have enclosed a declaration describing a recent file review meeting to demonstrate some of the issues still remaining.

We have worked with Ms. Panetta to address some of the remaining issues and are very appreciative of her willingness to improve this process. Ms. Panetta has shared with us her proposal for changes and we find most very helpful. That said, we remain concerned about some aspects of the process.

1) The mandatory character of the file review meeting.

We would submit that the Housing Authority lacks the power to require attendance at such a meeting. To the extent that the Housing Authority requires information, it is free to request it from a program participant. But to require a low-income person to travel to the Housing Authority's offices for an in-person appearance for the purpose of discussing the Housing Authority's suspicions that they have violated a program rule or committed a crime makes no sense, particularly given the time it takes to travel there



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and the impact it might have on work or child care obligations. And this is especially true because program participants have the right to remain completely silent at such a meeting. We think that file review should be offered to program participants when there are fraud, waste, or abuse concerns, but not required. Further, we do not think the Housing Authority has the right to terminate someone from the program for failing to appear at a file review meeting.

2) The script seeking permission for tape recording:

The script is a big improvement to the current situation in which there is no record that a tenant gave permission to be recorded. We think it could be improved as follows (edits in bold):

*Hello, my name is _____. Before we begin, I would like to get your permission to record this interview. **You do not have to agree to recording.** This interview has been scheduled to discuss _____ . During this interview, you will be asked personal questions. It is important to provide true and complete statements. You should be aware that you can be held legally responsible for giving us false information. The information contained in this recording could be used against you should we pursue termination from the program **now or in the future.** Do I have your permission to record this interview?*

3) Interviewing parameters:

We generally agree with these but have the additional suggestion that any discussion of voluntary relinquishment of a voucher include notice that relinquishment of the voucher will result in a waiver of hearing rights and the following language, “voluntary relinquishment will not necessarily relieve a tenant of potential criminal charges or charges for overpaid subsidy.”

While all of these proposed changes to the file review process are improvements, we continue to believe that file review is unnecessary. Because no one can be legally obligated to attend a file review meeting or to allow for tape recording or to say a single word in response to issues raised in the meeting, we fail to see the purpose of it, particularly given the risk of abuse and the potential violations of due process that may occur. We continue to take the position that, when the Housing Authority believes there has been a program violation or crime committed, it should skip this file review process and send a termination notice to the program participant which explains the grounds for termination and outlines the participant’s due process rights.

Thank you very much for your consideration of these points. We will be present at the Board meeting to discuss this further and answer any questions you may have.

Sincerely,

Gretchen Regenhardt
Lilliana Garcia
Attorneys at Law



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May 8, 2017

Ms. Jenny Panetta, Executive Director
Housing Authority of the County of Santa Cruz
2931 Mission Street
Santa Cruz, CA. 95060

Dear Ms. Panetta:

I am writing to ask you to take immediate steps to investigate and to cease the Housing Authority's practice of demanding that Section 8 voucher holders voluntarily relinquish their vouchers when the Housing Authority believes that there might have been program violations by a voucher holder.

We are informed that it is the policy and practice of the Housing Authority to require some voucher holders to participate in meetings with its Program Integrity Specialist when the Housing Authority believes that these Section 8 voucher holders might have violated a rule of the Section 8 program. The voucher holders are not notified in advance of the issues to be discussed in the required meeting and the Program Integrity Specialist then confronts the individual with alleged program violations. The voucher holders are instructed that they will lose their vouchers and could face criminal prosecution or fines because they have violated Section 8 program rules and that it will be better for them to voluntarily relinquish their vouchers. These voucher holders are not provided with prior written notice of the alleged program violations or their rights to contest proposed terminations from the Section 8 program, nor are they provided with written notice during or following the meeting. These policies and practices intimidate the voucher holders into relinquishing their vouchers on a purportedly voluntary basis.

This practice is unlawful. Section 8 voucher holders are entitled to written notice of the grounds for termination of a voucher and the opportunity to contest a threatened termination in accordance with their lease, the Housing Authority Administrative Plan, the applicable authorizing state and implementing regulations and due process of law. See, e.g., 24 CFR §982.552, Housing Authority of the County of Santa Cruz Section 8 Housing Choice Voucher Administrative Plan, pp.21-22. The Housing Authority is obligated to provide written notice of the grounds for termination, an opportunity to review and copy any relevant documents, an opportunity for the voucher holder to present any documents in support of his/her position, the chance to present and to cross-examine witnesses, to be represented, to record the hearing, and to be heard by a hearing officer who was not involved in any decision to terminate the voucher holder. (24 CFR §9882.555(c),(d),(e) and the Housing Authority of the County of Santa Cruz Section 8 Housing Choice Voucher Administrative Plan, pp. 21-23.



CALIFORNIA RURAL LEGAL ASSISTANCE, INC.

FIGHTING FOR JUSTICE, CHANGING LIVES

We presently represent three voucher holders who were threatened and coerced into signing a statement voluntarily relinquishing his or her Section 8 voucher, even though each denied having violated any Section 8 program rule. The Housing Authority agreed to reinstate the vouchers thereafter but only when the voucher holder or CRLA made a demand for their reinstatement. We believe that there are many other voucher holders who have been improperly terminated from the program under similar circumstances who, due to fear, fail to request reinstatement, or who are denied reinstatement when they request it. The policies and practices must be reversed, in writing, with notice to the affected voucher holders and no action can be taken to retaliate against any voucher holder seeking representation or complaining about these practices.

Please advise us immediately of the action you plan to take to address this issue. We expect to hear from you within 10 days of the date of this letter that the Housing Authority of the County of Santa Cruz will cease and desist from this unlawful practice. We will advise our clients of all available legal remedies.

Thank you for your attention to this matter.

Sincerely,

Gretchen Regenhardt
Attorney at Law



May 16, 2017

Gretchen Regenhardt
California Rural Legal Assistance (CRLA)
21 Carr Street
Watsonville CA 95076

Re: Letter dated May 8, 2017

Dear Gretchen:

We are in receipt of your letter, where you ask the Housing Authority to take immediate steps to stop the practice of “demanding that Section 8 voucher holders voluntarily relinquish their vouchers”.

The Housing Authority does not have such a practice. Here is an overview our process:

Prior to issuing a termination letter, we fully investigate the case and gather data regarding the alleged program violation(s). We see where the information and facts leads us. We do not make judgements until the evidence is gathered. Once we determine that there is enough evidence to support that a program violation occurred, we set up a file review appointment (FRA) with the program participant. When the FRA letter is drafted, we state the purpose of the meeting. Additionally, some participants contact us for additional information prior to the meeting.

At the meeting we present the facts as we know them and ask the participant to comment, respond or explain why the facts are incorrect or misinterpreted. At the conclusion of the FRA appointment, if we find that our information is incorrect or has been misunderstood, we close the case and send a letter to the participant reminding them of their ongoing family obligations.

If at the conclusion of the FRA appointment, we find that our facts and conclusions are correct, we tell the participant that they have a few options: Option 1 - is that we are going to issue them a termination letter based on the information we just presented. We also discuss what is in a termination letter and the informal hearing process. Option 2 – is that they can give up their assistance and forgo their rights to an informal hearing.

Previously, if a participant chose to give up their assistance during this meeting, we would present them with a form they could use to document this decision. However, in order to ensure that participants take the time to fully consider the implication of this decision, we have changed this practice. We no longer allow participants to give up assistance during this meeting. Instead, we ask them to let us know in writing after they have had a chance to think about it. We let them know that if they give up their voucher, they are giving up their rights to an informal hearing and they will be terminated from the program. At no time do we “threaten” or “coerce” them into signing any document or statement.

As you know, our mission is to promote access to housing. We do not pursue termination cases lightly and we are careful to review all the facts of the case prior to making the decision to terminate. As part of our process, we set up a meeting to review the case with the participant to ensure that we are interpreting the information correctly.

In cases where the participant has voluntarily given up their assistance and then later changes their mind, we will grant them the opportunity for an informal hearing. Additionally, we will allow an informal hearing even after the participant has missed a deadline.

Again, just to reiterate, we have NEVER “threatened” or “coerced” a participant into giving up their assistance or appeal rights. To the contrary, we have recently changed our practice so that participants do not rush to a decision during a stressful situation, and we require that participants take time to think through the decision and inform us in writing sometime thereafter.

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Panetta', is positioned to the right of the word 'Sincerely,'.

Jennifer Panetta
Executive Director



CALIFORNIA RURAL LEGAL ASSISTANCE, INC.

FIGHTING FOR JUSTICE, CHANGING LIVES

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Madera Stockton
Marysville Vista
Modesto Watsonville



June 2, 2017

Jennifer Panetta
Executive Director
Housing Authority of the County of Santa Cruz
2931 Mission Street
Santa Cruz, CA 95060

Re: File Review for Housing Choice Voucher Holders

Dear Ms. Panetta:

Thank you for your letter of May 16, 2017 which addresses concerns we raised about an apparent practice at the Housing Authority of requiring Section 8 voucher holders to attend a "file review" appointment where they are confronted with allegations that they have violated a program rule and that their voucher is at risk. We asserted that the participants are then coerced into giving up their vouchers.

Your letter describes the file review process and you deny that any coercion takes place but agreed that Housing Choice Voucher participants will no longer be offered the option of relinquishing their vouchers during the file review appointment. Thank you. This is an improvement.

We remain concerned that there is no legitimate purpose for the file review appointment and that it operates to frighten voucher holders into giving up their due process rights. Where the Housing Authority believes it has grounds to terminate a voucher, a letter outlining the violations and the Housing Authority's intention to terminate the voucher could include the option of relinquishment as part of its description of the participant's appeal rights.

Prior to sending our first letter, we had heard from many clients about problems at the file review appointments. We had made similar complaints about coercion repeatedly which were denied point blank. In every case, the Housing Authority allowed the voucher to be reinstated and I am not aware of any in which the voucher was subsequently terminated. Three of our clients signed Declarations describing their treatment at the file review because they were so shaken by what had happened to them. I am enclosing them and I hope that they will prompt you to investigate your procedures further and reconsider the need for any kind of file review appointment to address alleged program violations.



CALIFORNIA RURAL LEGAL ASSISTANCE, INC.

FIGHTING FOR JUSTICE, CHANGING LIVES

Thank you for your consideration.

Sincerely,

CALIFORNIA RURAL LEGAL ASSISTANCE, INC.
Gretchen Regenhardt
Attorney at Law

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[REDACTED]

I, [REDACTED], declare as follows:

1. I am an adult resident of Santa Cruz County and am competent to testify in this matter. If called, I would testify as follows.
2. I am a single mother of three children. I earn very little money at my job and rely on my Section 8 voucher to pay the rent for myself and my children. With my Section 8 voucher, I receive a subsidy based on my household income that makes my rent affordable.
3. In October, 2016, I had an appointment at the Housing Authority of the County of Santa Cruz (“Housing Authority”) with [REDACTED]. Although the appointment was supposed to be about my bank statements, [REDACTED] immediately began questioning me about my kids and whether their fathers were involved in their lives. She then asked me if I had called my landlady, [REDACTED] and told her that I was going to kick out my boyfriend. I told [REDACTED] I had not said that, but [REDACTED] would not listen. She immediately began accusing me that my boyfriend lived with me and that I was going to lose my voucher because that was against the rules. She told me that people like me shouldn’t get this kind of help and that we give the Housing Authority a bad name. I started crying and trying to explain the true facts. [REDACTED] would not listen. She talked over me and told me that I was guilty of fraud and that I would have to pay back all the help I had received from the Housing Authority. I was devastated and scared.
4. When I went into the appointment, I saw that [REDACTED] had a blank piece of paper and a pen. [REDACTED] told me I had only two choices: to sign the paper to voluntarily give up my voucher or I was going to go to jail. She said if I didn’t sign, she could make sure I paid everything

back and did my time in jail. When I tried to explain, she said all I was doing was lie to her about everything. I felt so intimidated that I was forced to sign the paper.

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5. After I signed the paper, I was so upset. I need the Section 8 voucher in order to provide for my family. I went to California Rural Legal Assistance and they wrote to the Housing Authority on my behalf to withdraw the voluntary relinquishment of my voucher. The Housing Authority did allow me to withdraw and I still have my voucher today but I was still very frightened.

6. Since I met with [REDACTED], I have not received any notice that I have violated any Housing Authority rules or regulations or violated the Section 8 program. I still worry about what might happen. In the time leading up to these events, my boyfriend was not living with me and I was not violating Housing Authority rules. I did not lie to anyone about any of this or commit any fraud. I did not voluntarily agree to give up my Section 8 voucher. I need the voucher in order to provide for my children.

I declare it to be true under penalty of perjury under the laws of the State of California.

Executed this 6 day of April, 2017 at Watsonville, California.

[REDACTED]

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[REDACTED]

I, [REDACTED], declare as follows:

1. I am an adult resident of Santa Cruz County and am competent to testify in this matter. If called, I would testify as follows.
2. I am a single mother of ten children: three minors and four adults currently live with me, along with five grandchildren. I rely on my Section 8 voucher to pay the rent for myself and my family. With my Section 8 voucher, I receive a subsidy based on my household income that makes my rent affordable.
3. In March, 2017, I had an appointment at the Housing Authority of the County of Santa Cruz ("Housing Authority") with [REDACTED] [REDACTED] requested that all adults of the household attend the meeting, but there was no specific reason given for the appointment. At the beginning of the meeting, [REDACTED] asked some preliminary questions, including who lived in the household and about the household income. [REDACTED] proceeded into a conversation about my older son, [REDACTED], and stated that he had been seen on the premises, but she did not tell me how she knew he had been there. She reminded me that [REDACTED] was not allowed on the premises because he was previously removed from the household when our family lived in Hollister. I then revealed to [REDACTED] what had happened to my son, [REDACTED], who was killed on December 23, 2015, and confided in her that I had allowed [REDACTED] to be with our family during this difficult time. [REDACTED] repeated over and over again that I was going to lose my Section 8 voucher. I tried explaining to her that [REDACTED] needed support and as his mother, I felt obligated to give him support and help him grieve. She did not care.

4. [REDACTED] insisted that there was nothing to be done, and my assistance would be terminated.

1 I immediately thought about my daughter, [REDACTED], who is currently on the Section 8
2 waiting list (she applied in 2009), and worried about what would happen to her position in
3 line. [REDACTED] then placed a blank piece of paper and a pen in front of me, and she asked me
4 to write a statement saying that I was voluntarily relinquishing my voucher. She said I
5 didn't have to state a reason why I was deciding to do this. I still wanted to know about my
6 daughter. [REDACTED] said, "If we terminate your housing, she will be automatically removed
7 from the list." I asked, "How does that affect her when I am the head of household?" Her
8 response was that my daughter "knowingly" allowed my son to visit. [REDACTED] also said that
9 if I voluntarily withdrew my voucher, [REDACTED] could possibly add me as a household member
10 once she got hers. My daughter turned to me and said that she would add me and her
11 brothers and sisters to her household. I felt helpless. It felt like my heart had sunk to my
12 feet. But I felt that giving up my voucher was the only way to ensure that my daughter
13 would not lose her place in line. I thought about my other children and their livelihood, and
14 that's why I decided to give up my voucher.

17 5. After I signed the paper, [REDACTED] told me my landlord would be notified of my decision. The
18 same day that my landlord received the Housing Authority's letter, he served us with a 60-
19 day eviction notice. My 14-year-old daughter realized what was happening and broke
20 down in tears, and asked me "Why is this happening to us?" I was devastated. I decided to
21 call [REDACTED] and try to undo the relinquishment. I told her I wanted to speak to her supervisor,
22 and she transferred me to his voicemail. The supervisor returned my call and told me that
23 he did not believe what had happened in my meeting with [REDACTED]. He didn't believe that
24 [REDACTED] had given me the option to relinquish my voucher. He also told me that it wasn't
25 true that [REDACTED] would lose her place in line if I was terminated. He then told me I could
26 withdraw my voluntary relinquishment by faxing a written statement to the Housing
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1 Authority. I faxed this statement on March 21, 2017 and my voucher was reinstated. Even
2 though I continue to receive assistance, I still feel manipulated and taken advantage of by
3 the Housing Authority. It saddens me to remember the lack of empathy that [REDACTED] showed
4 me.

- 5 6. Since I met with [REDACTED] I have not received any notice that I have violated any Housing
6 Authority rules or regulations or violated the Section 8 program. I am still worried that I
7 will receive one. I feel very insecure and scared. Since my meeting with [REDACTED] I have
8 continued to abide by all Housing Authority rules and standards, and have provided all
9 required information in compliance with the Section 8 voucher program.

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11 I declare the foregoing to be true under penalty of perjury under the laws of the State of California.
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14 Executed this 19 day of March, 2017 at Watsonville, California.
15 [REDACTED]
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[REDACTED]

I, [REDACTED], declare as follows:

1. I am an adult resident of Santa Cruz County and am competent to testify in this matter. If called, I would testify as follows.
2. I am a single father of three children. I am the sole caregiver for my children and I also care for my elderly mother who is in poor health and lives with us.
3. After an incident of domestic violence against me by my wife, the Section 8 voucher previously held by my wife was given to me. With the Section 8 voucher, in May, 2013, I was able to rent a decent house for my family that we could afford.
4. On or about July 2, 2016, I was low on funds. I borrowed \$492.00 from a friend who runs a machine shop. He gave me the money in the form of a check. I repaid the money in cash payments of \$50.00 or \$100.00 as I was able.
5. On August 19 2016, I again borrowed money from the same friend who agreed to lend me money because I had repaid promptly and shown myself to be reliable
6. On September 24, 2016 I again ran short of funds and again asked my friend for a loan of \$500.00. Because I had repaid the previous loans promptly, he again agreed to lend me money. I again repaid that loan in small payments as I was able.
7. On December, 17, 2016, I got one last loan from my friend, [REDACTED]. I began repaying with a small cash payment and then [REDACTED] offered to allow me to repay the money by doing odd jobs for him. I did that and repaid the loan completely.
8. Every year, I am required to recertify my household's eligibility for Section 8. I meet with staff from the Housing Authority of the County of Santa Cruz ("Housing Authority") to do

1 this. At this year's annual recertification for Section 8, I reported this "work" for loan
2 repayment arrangement. The Housing Authority staff person took note of it.

3 9. On March 7, 2017, a woman named [REDACTED] who works at the Housing Authority
4 came to my house with an employee of the County of Santa Cruz. She asked me questions
5 about my unreported "work." I did not understand. I haven't been able to work for about
6 a year time because I am caring for my children, ages 14, 7, and 7 months and my elderly
7 mother who is very ill with diabetes and high blood pressure. I did not know what [REDACTED]
8 was talking about.

9 10. On or about March 8, 2017, [REDACTED] called me in to the offices of the Housing
10 Authority and questioned me again about my "work". She told me that I was going to be
11 terminated from the Section 8 program for fraud because I had worked and had income
12 that I didn't report to the Housing Authority. My mother was with me at this meeting and,
13 when she heard this, she got very upset and started to cry. I was also very upset. I asked
14 [REDACTED] what I had done wrong and begged for her to give me another chance. I was crying.

15 11. [REDACTED] demanded that I sign a voluntary relinquishment of my Section 8 voucher or face
16 termination from the program and possible prosecution for fraud. I was terrified. I asked
17 [REDACTED] to allow me to leave and return in a day or two to sign because I was too upset right
18 then. [REDACTED] refused, and demanded that I sign the agreement to give up my voucher
19 immediately. I couldn't sign anything because my hands were shaking so much. [REDACTED]
20 offered to "help" me to sign the document giving up my voucher. I didn't understand what
21 was going on and I was afraid and under a lot of pressure. [REDACTED] helped guide my hand
22 to sign the document.

23 12. On March 10, 2017, I got a call from the Housing Authority. They told me that I could
24 withdraw my voluntary relinquishment of the voucher and that I would receive a letter
25 terminating my voucher in the mail.
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13. I have since learned that [REDACTED] contacted a County worker to report that I had committed fraud. Apparently [REDACTED] also questioned [REDACTED] and my ex-wife, who was only recently released from County Jail after a 7-month sentence for battering me.

14. I have not worked for about a year. The funds I received from [REDACTED] were loans and I repaid them all. I have not lied to anyone about any of this or committed any fraud. I did not voluntarily agree to give up my Section 8 voucher. I need the voucher in order to provide for my children and my mother.

15. Since my voucher was restored to me, I have not received any kind of termination notice. I continue to abide by all of the rules of the Section 8 program.

The foregoing has been translated into Spanish for my review. I declare it to be true under penalty of perjury under the laws of the State of California.

Executed this 9 day of May, 2017 at Watsonville, California.

[REDACTED]

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[REDACTED]

I, [REDACTED], declare as follows:

I am an adult resident of Santa Cruz County and am competent to testify in this matter. If called, I would testify as follows.

1. I am a single mother of four children. I am the sole caregiver for my children
2. I have had a Housing Choice Voucher for approximately 9 years and rely on it to house my family in decent, safe and affordable housing.
3. I received a letter dated March 16, 2018 from the Housing Authority of the County of Santa Cruz setting a mandatory appointment for me at the Housing Authority offices. The letter I received did not explain why I needed to meet with Housing Authority staff and I had no idea what the meeting was about. A copy of the letter is attached.
4. I attended the “file review” meeting at the Housing Authority of the County of Santa Cruz on April 11, 2018. I live in Watsonville and it is a hardship for me to travel to the Housing Authority offices. I had to miss work for the travel and the appointment. Afterwards, I was too upset to go back to work that day.
5. When I arrived for the file review meeting, I was greeted by a Housing Authority representative. She informed me that the meeting would be recorded. She gave me no option to refuse to be recorded.
6. First the representative asked me a lot of questions about my job, rate of pay, the names of the fathers of my children and how often I had contact with them. She wanted to know if I have opened child support cases against the fathers of my children. She then told me that I had violated Section 8 program rules by having my sister live with me and that she was an unauthorized occupant. My sister does not live with me.

- 1 7. The representative informed me that she had information from government agencies that my
2 sister had used my address, claiming it as hers. She also asked me how often my sister is at my
3 house, how often her children were there, and wanted to know if the police had been to my
4 house.
- 5 8. I told the representative that my sister did not live with me. I explained that my sister's children
6 often come over after school and that my sister visits occasionally but does not live with me. I
7 told the representative that, when mail comes to my house addressed to my sister, I return it
8 because my sister doesn't live there and it's been explained to me that others shouldn't even
9 receive mail at my house.
- 10 9. I offered that the representative was free to go to my house to see for herself that no one lives
11 there except me and my children. She declined. She said it was too late for that and the Housing
12 Authority would be terminating me from the Section 8 program. I asked the representative if I
13 could take legal action against my sister because it was not true that she lived with me. the
14 representative said that would have nothing to do with the Housing Authority.
- 15 10. The representative told me that I had two choices as a result of this program violation. She said
16 she would be sending me a notice of termination of my Section 8 and I could appeal that but, if I
17 lost, I would owe the Housing Authority a lot of money. She said my other option was to
18 voluntarily give up my voucher, in which case I wouldn't have to pay anything back. I told the
19 representative that I can't give up my voucher. I need it to provide an affordable home for my
20 family. The representative told me that a termination notice will go out this week.
11. When our meeting was almost over, the representative started questioning me about my brother
who has a criminal record. She wanted to know how often he visits and whether he gets mail at
my place. I explained that I don't accept mail for anyone except me and my children. I see my

1 brother for short periods of time once or twice a month.

2 12. This whole process made me very upset. I need my voucher in order to provide for my children.

3 I have not done anything wrong. Even though I work full-time, I can't afford housing in Santa
4 Cruz County. The representative made me feel very intimidated and hopeless like there was
5 nothing I could do to save my voucher. I was afraid I would end up owing lots of money that I
6 have no ability to repay and that my children and I would be homeless.

7 13. Since the file review meeting, I have not received any termination notice. In fact, I now
8 understand that no action will be taken against me. I continue to abide by all of the rules of the
9 Section 8 program.

10 I declare the foregoing to be true and correct under penalty of perjury under the laws of the State of
11 California.

12 Executed this 8th day of at Watsonville, California.



AGENDA ITEM SUMMARY

MEETING DATE: May 23, 2018

ITEM NUMBER: 6B

FROM: Executive Director

SUBJECT: Draft Agency Budget for FY 2018-2019

RECOMMENDATION: Approve the Draft Agency Budget for FY 2018-2019

BACKGROUND SUMMARY:

At the April 30th meeting, Housing Authority staff presented the draft agency budget for FY 2018-19. Due to the combination of increased pension costs, office relocation expenditures and other factors, the agency-wide budget projected a modest surplus of only \$23,491. Therefore, a decision regarding a staff COLA will be deferred until the Fall, when we have greater certainty regarding the Section 8 administrative fee proration level, and can evaluate our progress towards lease up goals. At that time, we will also have more information to assess how actual income and expenses are tracking compared to projections during the new fiscal year.

Based on commissioner feedback during the last meeting, future budgets will include formatting changes, including projected current year figures (based on year to date information) for revenues, expenses and surplus or deficit totals. Additionally, the budget will include a column indicating the percentage change from the current budget to the proposed budget for each line item.

RECOMMENDATION:

Approve the Draft Agency Budget for FY 2018-2019.

AGENDA ITEM SUMMARY

MEETING DATE: May 23, 2018

ITEM NUMBER: 6C

FROM: Executive Director

SUBJECT: County of Santa Cruz Housing Services Contract

RECOMMENDATION: Authorize Execution of Amendment to County of Santa Cruz Housing Services Contract, Approve Housing Services Work Plan for 2018/2019, Approve Establishment an Affordable Housing Preservation Revolving Loan Fund.

BACKGROUND SUMMARY:

In 2011, the Housing Authority of the County of Santa Cruz entered into a multi-year contract with the County of Santa Cruz to provide information and services related to housing and affordable housing programs and activities. Each year, the County develops an annual work plan, comprising of activities that will be funded through this grant. The annual work plan is approved by the Board of Supervisors.

The current Housing Services contract expires on June 30, 2018, with approximately 3.1 million dollars left in the contract. At this time, the County is proposing to extend the term of the contract for an additional 4 years, establish an annual work plan for the upcoming 2018/19 fiscal year, including the establishment of a new affordable housing preservation revolving loan fund.

Attached for your review is a letter from the County Planning Director Kathy Malloy, along with a copy of the proposed amendment, the proposed annual work plan for 2018/2019, and an agreement to establish and administer an affordable housing preservation fund for the County of Santa Cruz.

RECOMMENDATION: Authorize Execution of Amendment to County of Santa Cruz Housing Services Contract, Approve Housing Services Work Plan for 2018/2019, Approve Establishment an Affordable Housing Preservation Revolving Loan Fund.



COUNTY OF SANTA CRUZ

PLANNING DEPARTMENT

701 OCEAN STREET, 4TH FLOOR, SANTA CRUZ, CA 95060
(831) 454-2580 FAX: (831) 454-2131 TDD: (831) 454-2123

KATHLEEN MOLLOY, PLANNING DIRECTOR

May 16, 2018

Ms. Jenny Panetta
Executive Director
Housing Authority of the County of Santa Cruz
2931 Mission Street
Santa Cruz, CA 95060

RE: Housing Services Contract

Dear Jenny,

I'm writing today to thank you for the on-going partnership with the County to implement the Housing Services Contract and to ask you to consider extending the partnership for an additional four years. The County and the Housing Authority entered into a multi-year contract in 2011 using Affordable Housing Bond funds through the former Redevelopment Agency. Redevelopment housing funds must be spent preserving, rehabilitating, or building affordable housing and administrative costs necessary to support those efforts. The Housing Services Contract has enabled the County to undertake a wide range of housing activities that would otherwise have been difficult to accomplish due to lack of funding.

The Contract expires at the end of this fiscal year. The Contract has held a total of \$6,734,212 of which approximately \$3.1 Million dollars remains. At this time, the County is proposing to extend the Housing Services Contract, provide an Annual Work Plan, and create an on-going Affordable Housing Preservation Revolving Loan Fund.

AMENDMENT

This year the County is proposing that the Housing Authority enter into an amendment of the contract (Attachment 1: Amendment No. 3 to CT 13907) which would extend the contract for up to an additional four years. The amendment also clarifies and updates the County's indemnification and insurance requirements.

ANNUAL WORK PLAN

Implementation of the Housing Services Contract has occurred through an Annual Work Plan that is agreed to by the County and the Housing Authority. The proposed Annual Work Plan continues efforts that have been fulfilled through the Housing Services contract and those activities are identified in Attachment 2. The Work Plan will be proposed to the Board of Supervisors at its June 12, 2018 meeting.

AFFORDABLE HOUSING PROGRAM REVOLVING LOAN FUND

The most significant activity proposed in this year's Annual Work Plan is the establishment of an Affordable Housing Preservation Program Revolving Loan Fund (RLF). The County has prioritized the preservation of deed restricted affordable units since 1990 when it established the Affordable Housing Preservation Program (AHPP), primarily utilizing redevelopment funds to intervene in bank foreclosures either through short term loans to borrowers or acquisition of units. There are approximately 1,000 affordable units in which the County has an interest that is attained through the Measure J or the First Time Homebuyer Programs or through investment in the development of home-ownership projects.

Since 2011 when redevelopment was eliminated, the County and the Housing Authority have collaborated to preserve affordable units utilizing the Housing Services contract. Each Annual Work Plan has included funds for the AHPP and over the course of the Contract \$1.67 Million has been used to purchase and preserve affordability restrictions for five homes. Proceeds of the sale of these homes have been deposited into the County's Low and Moderate-Income Housing Asset Fund. In order to create a sustainable source of funds for the AHPP the County is requesting that a Revolving Loan Fund be established and administered by the Housing Authority. The Housing Authority's RLF would utilize funds to purchase at-risk homes and, upon sale, proceeds would be deposited back into the RLF to be available for future preservation activities. The Revolving Loan Fund Agreement is included as Attachment 3. There are no other housing funds available to preserve affordable housing unit restrictions.

Again, thank you for your on-going efforts towards the provision of affordable housing, I look forward to our continued partnership.

Sincerely,


Kathy Molloy
Planning Director

Attachments: 1. Amendment No. 3 to Contract No. CT 13907
2. Annual Work Plan
3. Revolving Loan Fund Agreement

AMENDMENT NO. 3 TO INDEPENDENT CONTRACTOR AGREEMENT

The parties hereto agree to amend that certain Agreement dated June 22, 2011, by and between the COUNTY OF SANTA CRUZ and THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, as subsequently amended by Amendment No. 1 and Amendment No. 2, as follows:

1. The total expenditures as set forth in Section 2 of the Agreement shall not exceed _____.
2. Exhibit A to the Agreement shall be revised as follows:
 - a. Delete Paragraph 4, Administration of Affordable Housing Preservation Program.
 - b. Add at the end of Paragraph 5, the following: “CONTRACTOR shall require, as a condition of any third party contract to implement COUNTY affordable housing activities, that any such third party contractor indemnify the COUNTY to the same extent as the CONTRACTOR under Section 6 of this Agreement and name the COUNTY as an additional insured under its policies of insurance, and such contract shall designate the COUNTY as a third party beneficiary with rights of enforcement. Third party contracts shall be subject to the review and approval of the COUNTY.”
3. Section 4 of the Agreement is hereby replaced, in its entirety, as follows:

“4. **TERM**. The term of this Contract shall be June 22, 2011 through June 30, 2022.”
4. Section 6 of the Agreement is hereby replaced, in its entirety, as follows:

“6. **INDEMNIFICATION FOR DAMAGES, TAXES AND CONTRIBUTIONS.**

To the fullest extent permitted by applicable law, CONTRACTOR shall exonerate, indemnify, defend, and hold harmless COUNTY (which for the purpose of paragraphs 6 and 7 shall include, without limitation, its officers, agents, employees and volunteers) from and against:

A. Any and all claims, demands, losses, damages, defense costs, or liability of any kind or nature which COUNTY may sustain or incur or which may be imposed upon it as a result of, arising out of, or in any manner connected with the CONTRACTOR'S performance under the terms of this Contract, excepting any liability arising out of the sole negligence of the COUNTY. Such indemnification includes any damage to the person(s), or property(ies) of CONTRACTOR and third persons.

B. Any and all Federal, State and Local taxes, charges, fees, or contributions required to be paid with respect to CONTRACTOR and CONTRACTOR'S officers, employees and agents engaged in the performance of this Contract (including, without limitation, unemployment insurance, social security and payroll tax withholding)."

6. Section 7 of the Agreement is hereby replaced, in its entirety, as follows:

"7. **INSURANCE.** CONTRACTOR, at its sole cost and expense, for the full term of this Contract (and any extensions thereof), shall obtain and maintain, at minimum, compliance with all of the following insurance coverage(s) and requirements. Such insurance coverage shall be primary coverage as respects COUNTY and any insurance or self-insurance maintained by COUNTY shall be considered in excess of CONTRACTOR'S insurance coverage and shall not contribute to it. If CONTRACTOR normally carries insurance in an amount greater than the minimum amount required by the COUNTY for this Contract, that greater amount shall become the minimum required

amount of insurance for purposes of this Contract. Therefore, CONTRACTOR hereby acknowledges and agrees that any and all insurances carried by it shall be deemed liability coverage for any and all actions it performs in connection with this Contract. Insurance is to be obtained from insurers reasonably acceptable to the COUNTY.

If CONTRACTOR utilizes one or more subcontractors in the performance of this Contract, CONTRACTOR shall obtain and maintain Contractor's Protective Liability insurance as to each subcontractor or otherwise provide evidence of insurance coverage from each subcontractor equivalent to that required of CONTRACTOR in this contract, unless CONTRACTOR and COUNTY both initial here ____ / ____.

A. Types of Insurance and Minimum Limits

(1) Worker's Compensation in the minimum statutorily required coverage amounts. This insurance coverage shall be required unless the CONTRACTOR has no employees and certifies to this fact by initialing here _____.

(2) Automobile Liability Insurance for each of CONTRACTOR'S vehicles used in the performance of this Contract, including owned, non-owned (e.g. owned by CONTRACTOR'S employees), leased or hired vehicles, in the minimum amount of \$500,000 combined single limit per occurrence for bodily injury and property damage. This insurance coverage is required unless the CONTRACTOR does not drive a vehicle in conjunction with any part of the performance of this Contract and CONTRACTOR and COUNTY both certify to this fact by initialing here ____ / ____.

(3) Comprehensive or Commercial General Liability Insurance coverage at least as broad as the most recent ISO Form CG 00 01 with a minimum limit of \$1,000,000 per occurrence, and \$2,000,000 in the aggregate, including coverage for: (a)

products and completed operations, (b) bodily and personal injury, (c) broad form property damage, (d) contractual liability, and (e) cross-liability.

(4) Professional Liability Insurance in the minimum amount of \$ _____

combined single limit, if, and only if, this Subparagraph is initialed by CONTRACTOR and COUNTY

____ / ____ .

B. Other Insurance Provisions

(1) If any insurance coverage required in this Contract is provided on a “Claims Made” rather than “Occurrence” form, CONTRACTOR agrees that the retroactive date thereof shall be no later than the date first written above (in the first paragraph on page 1), and that it shall maintain the required coverage for a period of three (3) years after the expiration of this Contract (hereinafter “post Contract coverage”) and any extensions thereof. CONTRACTOR may maintain the required post Contract coverage by renewal or purchase of prior acts or tail coverage. This provision is contingent upon post Contract coverage being both available and reasonably affordable in relation to the coverage provided during the term of this Contract. For purposes of interpreting this requirement, a cost not exceeding 100% of the last annual policy premium during the term of this Contract in order to purchase prior acts or tail coverage for post Contract coverage shall be deemed to be reasonable.

(2) All policies of Comprehensive or Commercial General Liability Insurance shall be endorsed to cover the County of Santa Cruz, its officials, employees, agents and volunteers as additional insureds with respect to liability arising out of the work

or operations and activities performed by or on behalf of CONTRACTOR, including materials, parts or equipment furnished in connection with such work or operations. Endorsements shall be at least as broad as ISO Form CG 20 10 11 85, or both CG 20 10 10 01 and CG 20 37 10 01, covering both ongoing operations and products and completed operations.

(3) All required policies shall be endorsed to contain the following clause:

“This insurance shall not be canceled until after thirty (30) days’ prior written notice (10 days for nonpayment of premium) has been given to:

Santa Cruz County
Planning Department
Attn: Fiscal
701 Ocean Street, 4th Floor
Santa Cruz, CA 95060

Should CONTRACTOR fail to obtain such an endorsement to any policy required hereunder, CONTRACTOR shall be responsible to provide at least thirty (30) days’ notice (10 days for nonpayment of premium) of cancellation of such policy to the COUNTY as a material term of this Contract.

(4) CONTRACTOR agrees to provide its insurance broker(s) with a full copy of these insurance provisions and provide COUNTY on or before the effective date of this Contract with Certificates of Insurance and endorsements for all required coverages. However, failure to obtain the required documents prior to the work beginning shall not

waive the CONTRACTOR’s obligation to provide them. All Certificates of Insurance and endorsements shall be delivered or sent to:

Santa Cruz County
Planning Department
Attn: Fiscal
701 Ocean Street, 4th Floor
Santa Cruz, CA 95060

(5) CONTRACTOR hereby grants to COUNTY a waiver of any right of subrogation which any insurer of said CONTRACTOR may acquire against the COUNTY by virtue of the payment of any loss under such insurance. CONTRACTOR agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the COUNTY has received a waiver of subrogation endorsement from the insurer.”

All other provisions of said Agreement shall remain the same.

Dated: _____, 2018

COUNTY OF SANTA CRUZ

By: _____
PLANNING DEPARTMENT

CONTRACTOR

By: _____

Address: _____

Telephone: _____

Approved as to form:

County Counsel

COUNTY OF SANTA CRUZ
Housing Authority of the County of Santa Cruz
Housing Services Contract
Contract No. CT13907
Year 8 FY 18-19

Menu of Activities		FY 18-19 Year 8	Activity Description
1	Affordable Housing Preservation Program	1,500,000	Acquisition and related expenses for units at risk of loss of affordability covenants
2	County HAP activities	111,658	Required County match for Homeless Action Partnership Activities
3	<i>All In</i> Landlord Partnership Landlord Incentive Program	50,000	Landlord Incentive Program working to expand the pool of landlords accepting tenant based rental subsidy
4	<i>All In</i> Landlord Partnership Partnership Spruce-up Pilot Funding	13,385	Funding for minor repairs to rental units to enable them to meet HUD's Housing Quality Standards
6	Measure J Homebuyer Education	6,000	Measure J Homebuyer Education through Watsonville Law Center
7	HOME TBRA Admin Fees for Program Operators	22,500	Consistent with other HUD programs administrative fees.
8	Affordable Housing Program Analysis	15,000	Allowance set aside for consultant assistance with analysis of aspects of the Affordable Housing Program.
9	Senior Network Services	7,000	Housing support for seniors at risk of homelessness
10	Housing Program Support	15,000	Emerging eligible housing expenses
11	Housing Program Implementation Fee	150,000	Support for staffing to implement County housing programs including disposition of 2340 Harper Street, development of 17th and Capitola Road and other affordable housing activities
12	HACO Admin Fee	20,000	Not to Exceed amount for administrative expenses, based on time and actual expenses for implementation of Year 8 activities
TOTAL		1,910,543	

REVOLVING LOAN FUND AGREEMENT

THIS REVOLVING LOAN FUND AGREEMENT (“**Agreement**”) is made and entered into as of June __, 2018 (“**Effective Date**”), by and between the HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, a public body, corporate and politic (“**Housing Authority**”) and the COUNTY OF SANTA CRUZ, a political subdivision of the state of California (the “**County**”).

R E C I T A L S:

A. County and Housing Authority are parties to that certain Independent Contractor Agreement dated June 22, 2011, pursuant to which Housing Authority agreed to administer various affordable housing programs for County’s Planning Department, utilizing County housing funds (the “**Independent Contractor Agreement**”).

B. On an annual basis, County and Housing Authority prepare and attach to the Independent Contractor Agreement a work plan that sets forth the work to be completed during the subject fiscal year. The annual work plan has consistently included administration of County’s Affordable Housing Preservation Program (the “**Program**”), the primary purpose of which is to prevent the loss of affordable housing covenants through foreclosure.

C. County and Housing Authority have determined that the Program could be better administered through the establishment of a revolving loan fund in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000) (the “**RL Fund**”) set aside specifically for implementing the Program. The work plan for fiscal year 2018-2019 includes the establishment of the RL Fund.

D. County and Housing Authority now wish to set forth the specific terms and conditions pertaining to Housing Authority’s use of the RL Fund to administer the Program.

A G R E E M E N T:

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by this reference, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

1. Establishment of RL Fund. Within five (5) days after the Effective Date, Housing Authority will establish a separate account for the RL Fund and shall deposit in said account the full initial balance of the RL Fund of One Million Five Hundred Thousand Dollars (\$1,500,000). Funds within the RL Fund shall accrue interest at the same rate as other funds held in regular Housing Authority financial accounts.

2. Notice by County; Preservation Plan. Upon County’s discovery of an affordable housing unit at risk of losing its affordability covenants through foreclosure and that is suitable for the Program, County shall provide written notice to Housing Authority of

County's proposed plan, including a schedule of each task, for preserving the unit's affordability restrictions (the "**Preservation Plan**"). A Preservation Plan may include, without limitation, Housing Authority's provision of a bridge or down payment assistance loan to enable the direct purchase of the unit by an income-qualified household (an "**Eligible Household**") at an affordable sales price, or Housing Authority's acquisition of the unit for, if necessary, rehabilitation, and resale to an Eligible Household at an affordable sales price.

3. County Obligations.

3.1 Legal Actions to Prevent Sale. County shall be responsible for filing any legal action necessary to postpone a foreclosure or other sale or action (including a deed in lieu of foreclosure) that would result in the loss of affordability covenants on an affordable unit.

3.2 Selection and Verification of Eligible Households. County shall be responsible to select all Eligible Households pursuant to a selection process established by County, and to thereafter verify the income of such Eligible Households, all in compliance with applicable laws, including applicable fair housing requirements.

3.3 Condition of Title. County shall be responsible for working with the applicable title company to ensure title to each unit acquired by or sold to an Eligible Household is in a condition satisfactory to the Eligible Household.

3.4 Affordable Housing Documents. County shall be responsible for preparing any affordable housing documents required by County to preserve the housing unit as an affordable housing unit (collectively, "**Affordable Housing Documents**").

4. Housing Authority Obligations.

4.1 Expenditure of Funds; Acquiring and Selling Units. Housing Authority shall be responsible to expend funds from the RL Fund, as necessary to complete each of Housing Authority's tasks set forth in the Preservation Plan, including, without limitation, the acquisition of fee title to a unit. Upon acquisition of a unit, Housing Authority shall take commercially reasonable action to secure the unit against unauthorized entry and/or vandalism, and shall ensure that the unit is covered by Housing Authority's property insurance. Housing Authority shall take all action and execute documents necessary to sell the unit to the Eligible Household selected and verified by County.

4.2 Execution of Affordable Housing Documents. In connection with any sale to or acquisition by an Eligible Household, Housing Authority shall arrange for execution by the Eligible Household of all Affordable Housing Documents.

4.3 Deposit of Sale Proceeds; Accounting. Upon the sale or acquisition of a unit to an Eligible Household, Housing Authority shall deposit all net proceeds of the sale into the RL Fund. As used in this Section 4.3, the term "net proceeds of the sale" shall mean the actual sale proceeds received by Housing Authority, less all costs incurred by Housing Authority staff, including staff costs at the rates set forth in the current County-

approved Housing Authority fee schedule, in implementing the Preservation Plan. Within thirty (30) days after any sale or acquisition of an affordable unit to an Eligible Household, Housing Authority shall provide a written accounting of the RL Fund, including the detailed costs associated with the implementation of the Preservation Plan.

5. Term; Return of Funds. This Agreement shall continue until such time as County and Housing Authority mutually determine that insufficient funds remain in the RL Fund to effectively implement the Program. Within ten (10) business days after the termination of this Agreement, all funds remaining in the RL Fund shall be delivered to County.

6. Insurance. During the term of this Agreement, Housing Authority shall procure and maintain the following policies of insurance:

6.1 Types of Insurance and Minimum Limits.

(a) Worker's Compensation in the minimum statutorily required coverage amounts.

(b) Automobile Liability Insurance for each of Housing Authority's vehicles used in the performance of this Agreement, including owned, non-owned (e.g., owned by Housing Authority's employees), leased or hired vehicles, in the minimum amount of Five Hundred Thousand Dollars (\$500,000) combined single limit per occurrence for bodily injury and property damage. This insurance coverage shall not be required if vehicle use by Housing Authority is not a material part of performance of this Agreement and Housing Authority and County both certify to this fact by initialing here ____/____.

(c) Comprehensive or Commercial General Liability Insurance coverage in the minimum amount of Two Million Dollars (\$2,000,000) combined single limit, including coverage for: (a) bodily injury, (b) personal injury, (c) broad form property damage, (d) contractual liability, and (e) cross-liability.

(d) Insurance against fire, extended coverage, vandalism, and malicious mischief, and such other evils, hazards, and risks as now are or may be included in the standard "all risk" form in general use in Santa Cruz County, California, with the standard form fire insurance coverage in an amount equal to the full actual replacement cost of any improvements to be owned by Housing Authority as the same may change from time to time. County shall be a loss payee under such policy or policies and such insurance shall contain a replacement cost endorsement.

6.2 Other Insurance Provisions.

(a) If any insurance coverage required by this Agreement is provided on a "Claims Made" rather than "Occurrence" form, Housing Authority agrees to maintain the required coverage for a period of three (3) years after the expiration or termination of this Agreement (hereinafter, "post agreement coverage") and any

extensions thereof. Housing Authority may maintain the required post agreement coverage by renewal or purchase of prior acts or tail coverage.

(b) All required Automobile and Comprehensive or Commercial General Liability Insurance shall be endorsed to contain the following clause:

(c) "The County of Santa Cruz, its officials, officers, members, employees, agents, representatives and volunteers are added as additional insureds as respects the operations and activities of, or on behalf of, the named insureds performed under agreement with the County of Santa Cruz."

(d) All required insurance policies shall be endorsed to contain the following clause:

"This insurance shall not be canceled until after thirty (30) days prior written notice has been given to:

County of Santa Cruz
Planning Director
701 Ocean Street, Room 418
Santa Cruz, CA 95060."

(e) Housing Authority agrees to provide its insurance broker(s) with a full copy of these insurance provisions and provide County on or before the Effective Date of this Agreement with Certificates of Insurance for all required coverages. All Certificates of Insurance shall be delivered or sent to:

County of Santa Cruz
Planning Director
701 Ocean Street, Room 418
Santa Cruz, CA 95060."

Housing Authority agrees that the provisions of this Section shall not be construed as limiting in any way the extent to which Housing Authority may be held responsible for the payment of damages to any persons or property resulting from Housing Authority's activities or the activities of any person or persons for which Housing Authority is otherwise responsible.

6.3 Failure to Procure Insurance. If Housing Authority fails to procure and maintain the above-required insurance despite its availability, then County, in addition to any other remedy which County may have hereunder for Housing Authority's failure to procure, maintain, and/or pay for the insurance required herein, may (but without any obligation to do so) at any time or from time to time, after thirty (30) days written notice to Housing Authority, procure such insurance and pay the premiums therefor, in which event Housing Authority shall immediately repay County all sums so paid by County together with interest thereon at the maximum legal rate.

7. Default Remedies. Failure by County or Housing Authority to perform any action or covenant required by this Agreement within the time periods provided herein following notice and failure to cure as described hereafter, constitutes a “**Default**” under this Agreement. A party claiming a Default shall give written notice of Default to the other party specifying the Default complained of. Except as otherwise expressly provided in this Agreement, the claimant shall not institute any proceeding against the other party, and the other party shall not be in Default if such party cures such default within thirty (30) days from receipt of such notice, or if the nature of such default is that it cannot reasonably be expected to be cured within such thirty (30) day period, if such party, with due diligence, commences to cure, correct or remedy such failure or delay within thirty (30) days from receipt of such notice, and completes such cure, correction or remedy with diligence.

8. Institution of Legal Actions. In addition to any other rights or remedies and subject to the restrictions otherwise set forth in this Agreement, either party may institute an action at law or equity to seek specific performance of the terms of this Agreement, or to cure, correct or remedy any Default, or to obtain any other remedy consistent with the purpose of this Agreement, but in no event shall either party be entitled to damages of any kind from the other party.

9. Indemnification.

9.1 By County.

(a) County shall indemnify and hold Housing Authority and its officers, agents, employees and independent contractors free and harmless from any claim or liability whatsoever, based or asserted upon any act or omission of County, its officers, agents, employees, volunteers subcontractors, or independent contractors, for property damage, bodily injury or death, or any other element of damage of any kind or nature arising out of the performance of this Agreement to the extent that such liability is imposed on Housing Authority by the provisions of California Government Code Section 895.2 or other applicable law, and County shall defend at its expense, including attorney fees, Housing Authority and its officers, agents, employees and independent contractors in any legal action or claim of any kind based upon such alleged acts or omissions.

(b) Notwithstanding the foregoing, County shall indemnify and hold Housing Authority and its officers, agents, employees and independent contractors free and harmless from any claim or liability whatsoever related to the condition of the title of any such housing unit acquired by Housing Authority pursuant to this Agreement, the condition of the unit itself, and/or the condition of the land that the unit is situated on, including, without limitation, any defects in any of the foregoing conditions (any such condition, a “Defective Condition”), and County shall (i) defend at its expense, including attorney fees, Housing Authority and its officers, agents, employees and independent contractors in any legal action or claim of any kind based upon any such Defective Condition, and (ii) accept all responsibility for any such Defective Condition, provided Housing Authority would otherwise have

such responsibility as a result of Housing Authority's acquisition of the unit and/or ownership of fee title of the unit.

9.2 By Housing Authority. Housing Authority shall indemnify and hold County and its officers, agents, employees and independent contractors free and harmless from any claim or liability whatsoever, based or asserted upon any act or omission of Housing Authority, its officers, agents, employees, volunteers, subcontractors, or independent contractors, for property damage, bodily injury or death, or any other element of damage of any kind or nature arising out of the performance of this Agreement to the extent that such liability is imposed on County by the provisions of California Government Code Section 895.2 or other applicable law, and Housing Authority shall defend at its expense, including attorney fees, County, its officers, agents, employees and independent contractors in any legal action or claim of any kind based upon such alleged acts or omissions.

10. Attorney's Fees. In the event of any action between County and Housing Authority seeking enforcement of any of the terms and conditions to this Agreement, the prevailing party in such action shall be awarded, in addition to injunctive or other relief, its reasonable attorney's fees.

11. Interpretation. This Agreement shall be construed according to its fair meaning, as if prepared by both parties hereto.

12. Governing Law. This Agreement shall be governed by the internal laws of the State of California and any question arising hereunder shall be construed or determined according to such law. The Superior Court of the State of California in and for the County of Santa Cruz, or such other appropriate court in such county, shall have exclusive jurisdiction of any litigation between the parties concerning this Agreement.

13. Time is of Essence. Time is of the essence of this Agreement and of each and every term and provision hereof.

14. Waiver. A waiver of a provision hereof, or modification of any provision herein contained, shall be effective only if said waiver or modification is in writing, and signed by both County and Housing Authority. No waiver of any breach or default by any party hereto shall be considered to be a waiver of any breach or default unless expressly provided herein or in the waiver.

15. Counterparts. This Agreement may be executed in counterparts, each of which, when this Agreement has been signed by both of the parties hereto, shall be deemed an original, and such counterparts shall constitute one and the same instrument.

16. County Approvals and Actions. County shall maintain authority of this Agreement and the authority to implement this Agreement through the County's Planning Director. The Planning Director shall have the authority to make approvals, issue interpretations, waive provisions, negotiate and enter into amendments to this Implementation Agreement and/or negotiate and enter into implementing agreements or documents on behalf of County so long as such actions do not materially or substantially change the business

terms of this Agreement, or materially or substantially add to the costs incurred or to be incurred by County as specified herein.

17. No Third Party Beneficiaries. Notwithstanding any other provision of this Agreement to the contrary, nothing in this Agreement is intended to create any third party beneficiaries to this Agreement, and no person or entity other than County and Housing Authority, and the permitted successors and assigns of either of them, shall be authorized to enforce the provisions of this Agreement.

[End of Agreement – Signature page follows]

IN WITNESS WHEREOF, County and Housing Authority have executed this Agreement as of the date set forth above.

“Housing Authority”

Housing Authority of the County of Santa Cruz,
a politic body, corporate and politic

By: _____

Jenny Panetta

Its: Executive Director

Date: June __, 2018

“County”

COUNTY OF SANTA CRUZ, a political
subdivision of the State of California

By: _____

Kathleen Molloy

Its: Planning Director

Date: June __, 2018

APPROVED AS TO FORM:
RUTAN & TUCKER, LLP

By: _____

Allison LeMoine-Bui

Special Counsel to County

INDEPENDENT CONTRACTOR AGREEMENT

This Contract is entered into this 1st day of June 22, 2011, by and between the COUNTY OF SANTA CRUZ, hereinafter called COUNTY, and HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, hereinafter called CONTRACTOR. The parties agree as follows:

1. **DUTIES.** CONTRACTOR agrees to exercise special skill to administer various affordable housing programs for the County of Santa Cruz Planning Department as described in **Exhibit A-Scope of Services.**

2. **COMPENSATION.** In consideration for CONTRACTOR accomplishing said result, COUNTY agrees to pay CONTRACTOR as follows: Payment not to exceed \$997,116 per year for a total of \$4,985,580 as described in **Exhibit B-Compensation.**

3. **IMPLEMENTATION FEE.** The Housing Authority of the County of Santa Cruz will transmit funds to pay an Implementation Fee of **\$249,279** to the County of Santa Cruz after receiving a written request from County, with the Implementation Fee to be used by the County of Santa Cruz to ensure that County staff and resources are available to provide the needed assistance to implement the purpose of this Agreement.

4. **TERM.** The term of this Contract shall be: June 22, 2011 through June 22, 2016.

5. **EARLY TERMINATION.** Either party hereto may terminate this Contract at any time by giving thirty (30) days written notice to the other party.

6. **INDEMNIFICATION FOR DAMAGES, TAXES AND CONTRIBUTIONS.** CONTRACTOR shall exonerate, indemnify, defend, and hold harmless COUNTY (which for the purpose of paragraphs 5 and 6 shall include, without limitation, its officers, agents, employees and volunteers) from and against:

A. Any and all claims, demands, losses, damages, defense costs, or liability of any kind or nature which COUNTY may sustain or incur or which may be imposed upon it for injury to or death of persons, or damage to property as a result of, arising out of, or in any manner connected with the CONTRACTOR'S performance under the terms of this Contract, excepting any liability arising out of the sole negligence of the COUNTY. Such indemnification includes any damage to the person(s), or property(ies) of CONTRACTOR and third persons.

B. Any and all Federal, State and Local taxes, charges, fees, or contributions required to be paid with respect to CONTRACTOR and CONTRACTOR'S officers, employees and agents engaged in the performance of this Contract (including, without limitation, unemployment insurance, social security and payroll tax withholding).

7. **INSURANCE.** CONTRACTOR, at its sole cost and expense, for the full term of this Contract (and any extensions thereof), shall obtain and maintain, at minimum, compliance with all of the following insurance coverage(s) and requirements. Such insurance coverage shall be primary coverage as respects COUNTY and any insurance or self-insurance maintained by COUNTY shall be considered in excess of CONTRACTOR'S insurance coverage and shall not contribute to it. If CONTRACTOR normally carries insurance in an amount greater than the minimum amount required by the COUNTY for

this Contract, that greater amount shall become the minimum required amount of insurance for purposes of this Contract. Therefore, CONTRACTOR hereby acknowledges and agrees that any and all insurances carried by it shall be deemed liability coverage for any and all actions it performs in connection with this Contract.

If CONTRACTOR utilizes one or more subcontractors in the performance of this Contract, CONTRACTOR shall obtain and maintain Independent Contractor's Insurance as to each subcontractor or otherwise provide evidence of insurance coverage from each subcontractor equivalent to that required of CONTRACTOR in this contract, unless CONTRACTOR and COUNTY both initial here ____ / ____.

A. Types of Insurance and Minimum Limits

(1) Worker's Compensation in the minimum statutorily required coverage amounts. This insurance coverage shall be required unless the CONTRACTOR has no employees and certifies to this fact by initialing here _____.

(2) Automobile Liability Insurance for each of CONTRACTOR'S vehicles used in the performance of this Contract, including owned, non-owned (e.g. owned by CONTRACTOR'S employees), leased or hired vehicles, in the minimum amount of \$500,000 combined single limit per occurrence for bodily injury and property damage. This insurance coverage is required unless the CONTRACTOR does not drive a vehicle in conjunction with any part of the performance of this Contract and CONTRACTOR and COUNTY both certify to this fact by initialing here ____ / ____.

(3) Comprehensive or Commercial General Liability Insurance coverage in the minimum amount of \$1,000,000 combined single limit, including coverage for: (a) bodily injury, (b) personal injury, (c) broad form property damage, (d) contractual liability, and (e) cross-liability.

(4) Professional Liability Insurance in the minimum amount of \$ _____ combined single limit, if, and only if, this Subparagraph is initialed by CONTRACTOR and COUNTY ____ / ____.

B. Other Insurance Provisions

(1) If any insurance coverage required in this Contract is provided on a "Claims Made" rather than "Occurrence" form, CONTRACTOR agrees to maintain the required coverage for a period of three (3) years after the expiration of this Contract (hereinafter "post Contract coverage") and any extensions thereof. CONTRACTOR may maintain the required post Contract coverage by renewal or purchase of prior acts or tail coverage. This provision is contingent upon post Contract coverage being both available and reasonably affordable in relation to the coverage provided during the term of this Contract. For purposes of interpreting this requirement, a cost not exceeding 100% of the last annual policy premium during the term of this Contract in order to purchase prior acts or tail coverage for post Contract coverage shall be deemed to be reasonable.

(2) All required Automobile and Comprehensive or Commercial General Liability Insurance shall be endorsed to contain the following clause:

"The County of Santa Cruz, its officials, employees, agents and volunteers are added as an additional insured as respects the operations and activities of, and on behalf of, the named insured's performance under its/his/her/their contract with the County of Santa Cruz."

(3) All required insurance policies shall be endorsed to contain the following clause: "This insurance shall not be canceled until after thirty (30) days prior written notice has been given to:

**Santa Cruz County Planning Department
Fiscal
701 Ocean Street, 4th Floor
Santa Cruz, CA 95060**

(4) CONTRACTOR agrees to provide its insurance broker(s) with a full copy of these insurance provisions and provide COUNTY on or before the effective date of this Contract with Certificates of Insurance for all required coverages. All Certificates of Insurance shall be delivered or sent to:

**Santa Cruz County Planning Department
Fiscal
701 Ocean Street, 4th Floor
Santa Cruz, CA 95060**

8. **EQUAL EMPLOYMENT OPPORTUNITY.** During and in relation to the performance of this Contract, CONTRACTOR agrees as follows:

A. The CONTRACTOR shall not discriminate against any employee or applicant for employment because of race, color, religion, national origin, ancestry, physical or mental disability, medical condition (cancer related), marital status, sexual orientation, age (over 18), veteran status, gender, pregnancy, or any other non-merit factor unrelated to job duties. Such action shall include, but not be limited to, the following: recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, selection for training (including apprenticeship), employment, upgrading, demotion, or transfer. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notice setting forth the provisions of this non-discrimination clause.

B. If this Contract provides compensation in excess of \$50,000 to CONTRACTOR and if CONTRACTOR employs fifteen (15) or more employees, the following requirements shall apply:

(1) The CONTRACTOR shall, in all solicitations or advertisements for employees placed by or on behalf of the CONTRACTOR, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, ancestry, physical or mental disability, medical condition (cancer related), marital status, sexual orientation, age (over 18), veteran status, gender, pregnancy, or any other non-merit factor unrelated to job duties. Such action shall include, but not be limited to, the following: recruitment; advertising, layoff or termination, rates of pay or other forms of compensation, selection for training (including apprenticeship), employment, upgrading, demotion, or transfer. In addition, the CONTRACTOR shall make a good faith effort to consider Minority/Women/Disabled Owned Business Enterprises in CONTRACTOR'S solicitation of goods and services. Definitions for Minority/Women/Disabled Business Enterprises are available from the COUNTY General Services Purchasing Division.

(2) In the event of the CONTRACTOR'S non-compliance with the non-discrimination clauses of this Contract or with any of the said rules, regulations, or orders said CONTRACTOR may be declared ineligible for further contracts with the COUNTY.

(3) The CONTRACTOR shall cause the foregoing provisions of subparagraphs 7B(1) and 7B(2) to be inserted in all subcontracts for any work covered under this Contract by a subcontractor compensated more than \$50,000 and employing more than fifteen (15) employees, provided that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

9. **INDEPENDENT CONTRACTOR STATUS.** CONTRACTOR and COUNTY have reviewed and considered the principal test and secondary factors below and agree that CONTRACTOR is

an independent contractor and not an employee of COUNTY. CONTRACTOR is responsible for all insurance (workers compensation, unemployment, etc.) and all payroll related taxes. CONTRACTOR is not entitled to any employee benefits. COUNTY agrees that CONTRACTOR shall have the right to control the manner and means of accomplishing the result contracted for herein.

PRINCIPAL TEST: The CONTRACTOR rather than COUNTY has the right to control the manner and means of accomplishing the result contracted for.

SECONDARY FACTORS: (a) The extent of control which, by agreement, COUNTY may exercise over the details of the work is slight rather than substantial; (b) CONTRACTOR is engaged in a distinct occupation or business; (c) In the locality, the work to be done by CONTRACTOR is usually done by a specialist without supervision, rather than under the direction of an employer; (d) The skill required in the particular occupation is substantial rather than slight; (e) The CONTRACTOR rather than the COUNTY supplies the instrumentalities, tools and work place; (f) The length of time for which CONTRACTOR is engaged is of limited duration rather than indefinite; (g) The method of payment of CONTRACTOR is by the job rather than by the time; (h) The work is part of a special or permissive activity, program, or project, rather than part of the regular business of COUNTY; (i) CONTRACTOR and COUNTY believe they are creating an independent contractor relationship rather than an employer-employee relationship; and (j) The COUNTY conducts public business.

It is recognized that it is not necessary that all secondary factors support creation of an independent contractor relationship, but rather that overall there are significant secondary factors that indicate that CONTRACTOR is an independent contractor.

By their signatures on this Contract, each of the undersigned certifies that it is his or her considered judgment that the CONTRACTOR engaged under this Contract is in fact an independent contractor.

10. **NONASSIGNMENT.** CONTRACTOR shall not assign the Contract without the prior written consent of the COUNTY.

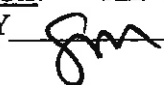
11. **ACKNOWLEDGMENT.** CONTRACTOR shall acknowledge in all reports and literature that the Santa Cruz County Board of Supervisors has provided funding to the CONTRACTOR.

12. **RETENTION AND AUDIT OF RECORDS.** CONTRACTOR shall retain records pertinent to this Contract for a period of not less than five (5) years after final payment under this Contract or until a final audit report is accepted by COUNTY, whichever occurs first. CONTRACTOR hereby agrees to be subject to the examination and audit by the Santa Cruz County Auditor-Controller, the Auditor General of the State of California, or the designee of either for a period of five (5) years after final payment under this Contract.

13. **PRESENTATION OF CLAIMS.** Presentation and processing of any or all claims arising out of or related to this Contract shall be made in accordance with the provisions contained in Chapter 1.05 of the Santa Cruz County Code, which by this reference is incorporated herein.

14. **ATTACHMENTS.** This Contract includes the following attachments:

Exhibit A-Scope of Services
Exhibit B-Compensation

15. **LIVING WAGE.** This Contract is covered under Living Wage provisions if this section is initialed by COUNTY 

If Item # 14 above is initiated by the COUNTY, then this Contract is subject to the provisions of Santa Cruz County Code Chapter 2.122, which requires payment of a living wage to covered employees (per County Code Chapter 2.122.050, non-profit contractors are exempt from the living wage rate requirement of this chapter, but are not exempt from, and must adhere to, the "non-wage" related requirements of County Code Chapter 2.122.100, 2.122.130, and 2.122.140, as well as all other applicable portions of County Code Chapter 2.122). Non-compliance with these Living Wage provisions during the term of the Contract will be considered a material breach, and may result in termination of the Contract and/or pursuit of other legal or administrative remedies.

CONTRACTOR agrees to comply with Santa Cruz County Code section 2.122.140, if applicable.

16. **NON-PROFIT CONTRACTOR MISCELLANEOUS REQUIREMENTS.** The following requirements shall be met, in addition to any other requirements of this Contract:

A. **WEB LINKS** – If a non-profit CONTRACTOR has an organizational web site, it shall be a requirement of this Contract to provide links to the HelpSCC (www.helpscc.org), Santa Cruz County Government (www.co.santa-cruz.ca.us), and Workforce Santa Cruz County (www.workforcescc.com) web sites.

17. **MONITORING PROGRAM FOR 501(c)(3) NONPROFIT AGENCIES.** Each of the following requirements shall be met, in addition to any other requirements of this Contract.

A. Within 180 days of the end of each of the CONTRACTOR'S fiscal years occurring during the term of this Contract, the CONTRACTOR shall provide the Contract Administrator with two copies of Financial Statements relating to the entirety of the CONTRACTOR'S operations. Financial statements normally include: (1) a Statement of Financial Position or Balance Sheet; (2) a Statement of Activities or Statement of Revenues and Expenses; (3) a Cash Flow Statement; and (4) a Statement of Functional Expenses. The Contract Administrator will forward one copy of the financial statements to the Auditor-Controller.

(1) For the purposes of this paragraph, "CONTRACTOR'S fiscal year" shall be that period the CONTRACTOR utilizes for its annual budget cycle.

(2) The Contract Administrator with concurrence of the County Auditor-Controller may agree to extend the deadline for the Financial Statements required by this paragraph.

B. In the sole discretion of the County, the requirements of this paragraph may be exempted where the Contract Administrator and the County Auditor-Controller ascertain that such reporting is not essential, and both certify to its inapplicability by initialing here _____ (Aud); _____ (CA).

C. The CONTRACTOR shall make a good faith effort to provide the Contract Administrator with timely notice of any event or circumstance that materially impairs the CONTRACTOR'S financial position or substantially interferes with the CONTRACTOR'S ability to offer the services it has agreed to provide as set forth in this Contract. The Contract Administrator shall notify the Auditor-Controller of any impairment upon being notified by the contractor.

D. For audit authority of the Auditor-Controller refer to the paragraph on "Retention and Audit of Records."

18. MISCELLANEOUS. This written Contract, along with any attachments, is the full and complete integration of the parties' agreement forming the basis for this Contract. The parties agree that this written Contract supersedes any previous written or oral agreements between the parties, and any modifications to this Contract must be made in a written document signed by all parties. Any arbitration, mediation, or litigation arising out of this Contract shall occur only in the County of Santa Cruz, notwithstanding the fact that one of the contracting parties may reside outside of the County of Santa Cruz.

IN WITNESS WHEREOF, the parties hereto have set their hands the day and year first above written.

**1. HOUSING AUTHORITY OF THE
COUNTY OF SANTA CRUZ**

By: 
SIGNED

Ken Cole
PRINTED

**3. COUNTY OF SANTA CRUZ
PLANNING DEPARTMENT**

By: 
SIGNED

Susan Mauriello
PRINTED

Company Name: Housing Authority of the County of Santa Cruz

Address: 2931 Mission Street

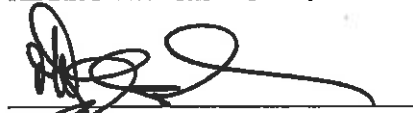
Santa Cruz, CA 95060-5709

Telephone: (831) 454-9455

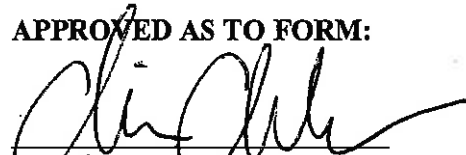
Fax: (831) 469-3712

Email: kcole@hacosantacruz.org

2. APPROVED AS TO INSURANCE:


Risk Management

4. APPROVED AS TO FORM:


Asst. County Counsel

DISTRIBUTION:

- Planning Dept
- Auditor-Controller
- Risk Management
- Contractor

Document1

Exhibit A – Scope of Services

The Housing Authority (CONTRACTOR) will carry out various affordable housing projects, programs and activities on behalf the COUNTY. The Executive Director of the Housing Authority of the County of Santa Cruz and the Planning Director of the County of Santa Cruz will develop an Annual Work Plan that will prioritize housing activities for the year including the scope of work and budget. Funds provided under this Agreement will be transferred to CONTRACTOR from COUNTY quarterly or as needed to carry out the selected activities of each Annual Work Plan. The Annual Work Plans will define roles and responsibilities for CONTRACTOR and COUNTY for carrying out the Annual Work Plans. The types of affordable housing projects, programs and activities that may be included within Annual Work Plans include but are not limited to the following purposes:

1. Measure J Program

The County's Measure J Program implements Santa Cruz County Code Chapter 17.10 through the Ordinance and Affordable Housing Guidelines. Administration includes compliance monitoring of the Measure J program requirements, reporting to the Board of Supervisors and amending the Ordinance and Guidelines as needed.

2. Housing Rehabilitation and Mobile Home Change Out Program

COUNTY provides low interest deferred loans to qualifying households for health and safety improvements in order to preserve the quality of the County's housing stock. Administration of the Program in accordance with COUNTY policies will fulfill all responsibilities to the State Department of Housing and Community Development CalHome Program or any other funding source.

3. Administration of Mortgage Assistance Programs

COUNTY provides mortgage assistance through several funding sources such as the redevelopment low and moderate income housing fund, the State HOME Program and CalHome Program. Implementation of the programs includes providing loans in accordance with COUNTY policies and program requirements. COUNTY may target mortgage assistance to one or more projects including but not limited to Swan Lake Gardens, Pacific Family Mobile Home Park, Canterbury Park and Corralitos Creek Townhomes.

4. Administration of Affordable Housing Preservation Program

COUNTY Affordable Housing Preservation Program preserves affordable housing units at risk of being removed from the County's portfolio of affordable units. This is done through any combination of workout counseling, secured loans to homeowners at risk of foreclosure, or purchase of units that are then leased or resold as affordable units. At the direction of COUNTY, CONTRACTOR will implement the lending and acquisition aspect of the Program and administer a re-use account for this activity where sales proceeds can be used to preserve additional units.

5. Third Party Contracting on Behalf of County Affordable Housing Activities

Implementation of COUNTY affordable housing activities at times requires contracting with third party specialists. Under the terms of this Agreement, and with prior approval of COUNTY, CONTRACTOR may from time to time enter into third party contracts including, but not limited to, contracts for appraisal, design or legal services.

6. Administration of Other County Affordable Housing Activities

COUNTY affordable housing activities include implementation of affordable housing projects and grant administration. Implementation of affordable housing projects can include negotiation of project structuring, approval of legal documents, assistance with project development through the entitlement approval process. Grant administration can include grant writing, reporting and coordination.

Exhibit B -- Compensation

Total Expenditures under this contract are not to exceed \$4,895,580 over a five year period, beginning in Fiscal Year 2011-12. Each Annual Work Plan will identify the cost of planned activities for the coming year and establish the budget for that year's Work Plan. The budgets will address the timing of disbursement of an Implementation Fee to be used to cover the costs of COUNTY contributions to ensuring that the affordable housing projects, programs and activities addressed by the Work Plans are successfully implemented, and will identify sufficient funds to cover administrative expenses of CONTRACTOR.

The COUNTY Implementation Fee will not exceed \$249,279; any portion of or all of which may be included in one or more of the Annual Work Plans, at the COUNTY's discretion.

AGENDA ITEM SUMMARY

MEETING DATE: May 23, 2018

ITEM NUMBER: 6D

FROM: Executive Director

SUBJECT: Low Income Public Housing Utility Consumption

RECOMMENDATION: Discussion

BACKGROUND SUMMARY:

During the Board's review of the 2016-2017 audited financials, the Board had questions regarding utility costs and consumption at our Low Income Public Housing Properties. Below are tables summarizing information about LIPH utility costs, and utility consumption. Although consumption of most utilities is generally trending down, rates continue to increase, leading to increased costs.

LIPH Utility Costs

Utility	2015-2016	2016-2017	% change
Water	\$83,211	\$102,061	23%
Tenant Water	\$60,956	\$63,622	4%
Common Water	\$22,255	\$38,439	73%
Electricity	\$36,766	\$40,285	10%
Gas	\$6,602	\$7,676	16%
Sewer	\$98,520	\$102,715	4%

LIPH Utility Consumption

Utility	2012-13	2013-14	2014-15	2015-16	2016-17
Water* (unit = 748 gallons)	17,628	18,589	14,902	11,903	16,245
Electricity (kwh)	147,883	146,494	151,648	143,725	142,700
Gas (therms)	7,448	6,500	5,921	5,782	5,495

*Water consumption information includes both tenant water and common water.

Water – LIPH units are individually metered to track water usage of each unit and to bill tenants for their water usage. All LIPH units have low flow toilets, and water saving devices on the shower heads and sinks. Every year we work with our landscaping company to ensure that our irrigation is operating as efficiently as possible. When we re-landscape a site we try to use as many drought tolerant plants as possible. Water rates have been increasing. The City of Santa Cruz has implemented a water rate increase of 10% per year for five years starting in 2014. For 2017-2018, the City of Watsonville has implemented at 14% water rate increase.

Please note that water rationing was not in effect for 2016-2017. Once water rationing was no longer in effect, water consumption increased. In 2015-2016 our LIPH sites used 11,903 units of water versus 16,245 units in 2016-2017. This represents a 36% increase in overall water usage. It should be noted that the 73% increase in common water expense from 2015-2016 to 2016-2017 was due to price increases from the various water departments combined with an increase in landscaping irrigation usage. During the drought, Stage 3 water restrictions were in place, and we severely cut back on watering our landscaping at all of our sites. Once the water restrictions were lifted, we resumed watering our landscaping.

Electricity – As units turn over or as we make repairs we are retro fitting all of the interior light fixtures with LED fixtures. Recently, we retrofitted all of the exterior lights at one of our LIPH complexes and found the lighting to be acceptable by the tenants and HA staff. In the coming months, we will be looking to retrofit all of our LIPH complexes with new LED lighting. There is a program that is sponsored by PG&E that allows for the retro fitting of old light fixtures to LED and allowing a portion of the expense to be amortized over a period of time interest free. We will be looking to see if we qualify for this program when we do our exterior lighting upgrades. We only purchase and install energy efficient appliances in all of our units. During our last contract negotiations with our laundry vendor, we upgraded all of our machines to all be energy efficient.

Solar – HA staff is exploring the feasibility of installing solar on our LIPH buildings. The primary challenge is that by doing so, the HA would have to take over all of the PG&E electrical accounts and bill back the tenants. We have experience with this process with our individual water meters, and subsequent water billing, and have found this to be a very time consuming process. Many tenants are slow in paying their water bills, pay only a portion of the amount due, or dispute the billing. This reconciling of water billing accounts is very laborious. Based on this experience, we anticipate that billing tenants for electricity usage would also be similarly challenging and labor intensive. HA staff will continue to investigate this matter to evaluate practices at other LIPH and affordable housing sites look for ways to make solar energy work for our sites.

Tankless Water Heaters – Previously, tankless water heaters were not able to be installed in our LIPH units due to the construction requirements for them. An example of this was that they require a ¾ inch gas line, currently all of our LIPH units are plumbed with ½ inch gas lines. Recently, a new tankless water heater has been brought to market that might allow us to replace old water heaters when they are in need of replacement. It is estimated that tenants might be able to save between \$70 and \$100 per year on their gas bill if tankless water heaters were installed. We are currently working with a plumbing contractor on this matter.

Gas – Currently, the only gas that is used at our LIPH sites is for heating, cooking, hot water and our laundry dryers. The gas expense shown above is only used in the operation of our laundry rooms. Each laundry room has a gas water heater and gas dryers. We have 11 laundry rooms in total. When a heater fails or needs to be replaced in a LIPH unit, we purchase the most energy efficient model we can.

Sewer - Sewer rates are based on water usage/pricing which is set by the individual jurisdictions. There are several sites in Watsonville where the sewer bill is included in their water bill because the units have individual water meters.

Additional Information - All of our sites have newer dual pane white vinyl windows, and all of our units are insulated and have weather stripping around the doors. In the coming months, we will be conducting an energy audit at all of our sites as required by HUD. This energy survey will look for opportunities for further conservation within our units and complexes. They will make suggestions in areas of lighting, appliances, weatherization, etc. Once that report is completed we will evaluate their suggestions and implement the items we can.

RECOMMENDATION: Discussion.

AGENDA ITEM SUMMARY

MEETING DATE: May 23, 2018

ITEM NUMBER: 8

FROM: Executive Director

SUBJECT: Executive Director's Report – May 23, 2018

RECOMMENDATION: Discussion

BACKGROUND SUMMARY:

Please call or e-mail me with questions you might have on any of the Agenda Items for the May 23, 2018 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 through April 2018 and a comparison against our approved budget(s) for FY 2017-18.

FMR Study: The Housing Authority has begun working with Applied Survey Research to conduct an updated FMR study with the goal of submitting the study in time for HUD's early July deadline. The study will cost approximately \$25,000, and will be conducted utilizing telephone surveys. Letters have been sent to affordable housing developers as well as to the jurisdictions to invite interested parties to share in the cost of the study.

Office Move: The tenant improvements at the two office buildings are going well. The contractor anticipates being completed with their work by June 12, 2018 (on schedule per original contract). Once this work is completed, we will have the office cubes installed. At this point, we are planning a move date of Wednesday, July 11, 2018. The office would be closed on that Wednesday, Thursday and Friday, and we would plan to reopen on July 16th. Movers have been scheduled here at our Mission Street office on Wednesday, July 11th and expect to start moving our office furniture and belongings over to the new buildings. Staff is very excited about the move as it will decrease the commute time for a vast majority of our employees. Our new central office location will also be of great benefit to most of our clients, allowing us to be more easily accessible to the community we serve.

Watsonville Dropbox and Briefings: In an effort to improve Agency access to South County residents while we searched for a mid-County location, the Housing Authority established a Watsonville Document Dropbox in the Watsonville Library, and began conducting voucher briefings in Watsonville on a monthly basis. Over time, these efforts have become challenging. While the Housing Authority dropbox at the library has adequate signage, library patrons sometimes confuse the library's book dropbox with the Housing Authority document dropbox, and vice versa. Additionally, community members have been directing Housing Authority questions to library staff. Watsonville briefings have also been challenging. On multiple occasions, the audio/visual equipment has not been available or operational, making the presentation difficult. Additionally, when we do not conduct briefings onsite, we do not have access to copy machines which are occasionally needed. Finally we have had several instances of individuals showing up at the wrong location. Based on these experiences, we propose to discontinue use of the Watsonville dropbox and Watsonville briefing presentations once we have moved to our mid-County office location.

Landlord Survey: The Housing Authority has recently sent a letter to all landlords participating in the voucher program, to thank them for participation, to highlight landlord benefits of the program, and to solicit feedback through a landlord survey. The landlord survey will provide information we can use to further improve landlord's experience with the voucher program. I will share the results of the landlord survey with the Board when they are available.

NAHRO Commissioner Training Opportunity: The National Association of Housing and Redevelopment Officials (NAHRO) is holding its summer conference in San Francisco, from July 27-29. During the conference, two PHA commissioner training opportunities will be available, including sessions on Commissioner Fundamentals, and Commissioners Guide to Monitoring & Oversight. I would encourage any Commissioner who is interested and available to consider attending. Information about the conference, including commissioner training, is available here <http://www.nahro.org/summerconference>. Please contact Courtney Byrd if you are interested in attending.

Legislative Update: After a disappointing draft budget from the Trump Administration proposing deep cuts, the House Appropriations T-HUD subcommittee recently released its draft 2019 appropriations bill, proposing level funding in most areas (including Low Income Public Housing, Family Self Sufficiency, and administrative fees) with slight increases to other areas, including a proposed 2.6% increase for the HCV program and a 1% increase for homeless assistance grants. The Senate's T-HUD committee is expected to release their proposed 2019 appropriations bill in early June. Historically, the Senate versions of these proposed appropriations bills are more favorable for housing programs than the House versions.

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

May 23, 2018

Attached you will find the year to date reports as of April 30, 2018, which takes us 10 months, or 83%, into our fiscal year. The total of all revenue, excluding HAP reimbursements, is 78% of total budgeted, while HAP is 80% of the amount budgeted. Total expenses, excluding HAP payments, are 74% of the amount budgeted.

The agency as a whole is experiencing a year-to-date surplus of \$461,825 due mainly to capital expenditures being well under budget. The surplus and deficit by program group are as follows:

Section 8 Programs	\$155,874	Vouchers, Mod Rehab & Mob Rehab SRO
Federal Housing Programs	321,332	LIPH and USDA
Federal Grants	(28,770)	Shelter + Care, FSS, Transitional Hsg
State Grants	8,407	Migrant Center & MCCs
Local Programs	6,272	Eligibilities, Security Deposits, Tech Asst
Administrative Services	<u>(1,291)</u>	Includes 41st Ave. & Mission St. rents
	<u>\$461,825</u>	

The individual programs which show a year to date loss are:

41st Ave Office Building	(\$83,523)	(41st Ave related construction costs)
FSS	(\$38,710)	(Calendar year 2017 grant funds fully expended)
City of Santa Cruz	(\$609)	(Administrative salary expenses exceed contract funds)
County Home Grant	(\$716)	(Administrative salary expenses exceed contract funds)

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

Budget Comparison - All Funds

April 2018

Fiscal Year Ending June 30, 2018

	2017-2018	2017-2018		
	Year	Annual	Budget	Budget
	to Date	Budget	Utilized	Remaining
Revenues:				
HAPS / Program	50,703,606	63,701,104	80%	20%
Administrative Fees	3,779,867	4,764,236	79%	21%
Grants / Contracts	1,946,917	2,621,675	74%	26%
Rental Income	2,180,612	2,604,412	84%	16%
Operating Transfers In	359,193	647,962	55%	45%
Other Income	217,063	242,835	89%	11%
Total Revenues:	59,187,258	74,582,224	79%	21%
Expenses:				
Housing Assistance Pmts	50,703,606	63,691,104	80%	20%
Salaries	2,858,747	3,742,613	76%	24%
Employee Benefits	1,137,534	1,570,319	72%	28%
Capital Purchases	688,867	1,507,375	46%	54%
Maintenance	1,285,332	1,376,586	93%	7%
General Administrative	980,032	1,194,115	82%	18%
Tenant Services	377,189	756,870	50%	50%
Operating Transfers Out	510,416	440,963	116%	-16%
Debt Service	183,710	220,491	83%	17%
Total Expenses:	58,725,433	74,500,436	79%	21%
Net Income (Loss):	461,825	81,788		

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

Budget Comparison - Section 8

April 2018

Fiscal Year Ending June 30, 2018

	2017-2018	2017-2018		
	Year	Annual	Budget	Budget
	to Date	Budget	Utilized	Remaining
Revenues:				
HAPS / Program	50,284,830	63,255,736	79%	21%
Administrative Fees	3,726,645	4,700,046	79%	21%
Grants / Contracts	-	136	0%	100%
Rental Income	-	-	0%	0%
Operating Transfers In	-	-	0%	0%
Other Income	13,067	19,487	67%	33%
Total Revenues:	54,024,542	67,975,405	79%	21%
Expenses:				
Housing Assistance Pmts	50,284,830	63,255,736	79%	21%
Salaries	2,132,286	2,778,279	77%	23%
Employee Benefits	846,690	1,184,032	72%	28%
Capital Purchases	-	-	0%	0%
Maintenance	27,576	33,816	82%	18%
General Administrative	577,288	607,155	95%	5%
Tenant Services	-	-	0%	0%
Operating Transfers Out	-	-	0%	0%
Debt Service	-	-	0%	0%
Total Expenses:	53,868,668	67,859,018	79%	21%
Net Income (Loss):	155,874	116,387		

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

Budget Comparison - Federal Housing

April 2018

Fiscal Year Ending June 30, 2018

	2017-2018	2017-2018		
	Year	Annual	Budget	Budget
	to Date	Budget	Utilized	Remaining
Revenues:				
HAPS / Program	-	-	0%	0%
Administrative Fees	-	-	0%	0%
Grants / Contracts	517,906	512,951	101%	-1%
Rental Income	1,762,133	2,031,210	87%	13%
Operating Transfers In	353,249	580,062	61%	39%
Other Income	158,374	173,260	91%	9%
Total Revenues:	2,791,661	3,297,483	85%	15%
Expenses:				
Housing Assistance Pmts	-	-	0%	0%
Salaries	522,643	692,039	76%	24%
Employee Benefits	200,880	268,328	75%	25%
Capital Purchases	349,999	872,225	40%	60%
Maintenance	924,204	980,749	94%	6%
General Administrative	306,328	398,420	77%	23%
Tenant Services	39	250	16%	84%
Operating Transfers Out	149,109	55,950	267%	-167%
Debt Service	17,126	20,591	83%	17%
Total Expenses:	2,470,329	3,288,553	75%	25%
Net Income (Loss):	321,332	8,930		

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

Budget Comparison - Federal Grants

April 2018

Fiscal Year Ending June 30, 2018

	2017-2018	2017-2018		
	Year	Annual	Budget	Budget
	to Date	Budget	Utilized	Remaining
Revenues:				
HAPS / Program	418,776	445,368	94%	6%
Administrative Fees	-	-	0%	0%
Grants / Contracts	494,638	585,073	85%	15%
Rental Income	18,492	20,737	89%	11%
Operating Transfers In	-	17,900	0%	100%
Other Income	1,077	1,845	58%	42%
Total Revenues:	932,983	1,070,923	87%	13%
Expenses:				
Housing Assistance Pmts	418,776	435,368	96%	4%
Salaries	100,842	131,134	77%	23%
Employee Benefits	51,299	64,806	79%	21%
Capital Purchases	-	17,900	0%	100%
Maintenance	18,905	29,142	65%	35%
General Administrative	4,903	9,838	50%	50%
Tenant Services	11,666	33,334	35%	65%
Operating Transfers Out	355,362	385,013	92%	8%
Debt Service	-	-	0%	0%
Total Expenses:	961,753	1,106,535	87%	13%
Net Income (Loss):	(28,770)	(35,612)		

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

Budget Comparison - State Grants

April 2018

Fiscal Year Ending June 30, 2018

	2017-2018	2017-2018		
	Year	Annual	Budget	Budget
	to Date	Budget	Utilized	Remaining
Revenues:				
HAPS / Program	-	-	0%	0%
Administrative Fees	875	1,250	70%	30%
Grants / Contracts	518,794	726,906	71%	29%
Rental Income	-	-	0%	0%
Operating Transfers In	-	-	0%	0%
Other Income	8,977	15,120	59%	41%
Total Revenues:	528,647	743,276	71%	29%
Expenses:				
Housing Assistance Pmts	-	-	0%	0%
Salaries	53,370	70,660	76%	24%
Employee Benefits	22,149	30,820	72%	28%
Capital Purchases	174,783	335,250	52%	48%
Maintenance	216,579	193,381	112%	-12%
General Administrative	53,358	97,107	55%	45%
Tenant Services	-	-	0%	0%
Operating Transfers Out	-	-	0%	0%
Debt Service	-	-	0%	0%
Total Expenses:	520,240	727,219	72%	28%
Net Income (Loss):	8,407	16,057		

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

Budget Comparison - Local Programs

April 2018

Fiscal Year Ending June 30, 2018

	2017-2018	2017-2018		
	Year	Annual	Budget	Budget
	to Date	Budget	Utilized	Remaining
Revenues:				
HAPS / Program	-	-	0%	0%
Administrative Fees	5,063	9,080	56%	44%
Grants / Contracts	415,579	796,609	52%	48%
Rental Income	-	-	0%	0%
Operating Transfers In	5,944	-	0%	0%
Other Income	308	550	56%	44%
Total Revenues:	426,894	806,239	53%	47%
Expenses:				
Housing Assistance Pmts	-	-	0%	0%
Salaries	31,680	48,158	66%	34%
Employee Benefits	10,410	15,340	68%	32%
Capital Purchases	-	-	0%	0%
Maintenance	249	325	77%	23%
General Administrative	6,854	7,266	94%	6%
Tenant Services	365,484	723,286	51%	49%
Operating Transfers Out	5,944	-	0%	0%
Debt Service	-	-	0%	0%
Total Expenses:	420,622	794,375	53%	47%
Net Income (Loss):	6,272	11,864		

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

Budget Comparison - Administrative Services

April 2018

Fiscal Year Ending June 30, 2018

	2017-2018	2017-2018		
	Year	Annual	Budget	Budget
	to Date	Budget	Utilized	Remaining
Revenues:				
HAPS / Program	-	-	0%	0%
Administrative Fees	47,284	53,860	88%	12%
Grants / Contracts	-	-	0%	0%
Rental Income	399,987	552,465	72%	28%
Operating Transfers In	-	50,000	0%	100%
Other Income	35,259	32,573	108%	-8%
Total Revenues:	482,530	688,898	70%	30%
Expenses:				
Housing Assistance Pmts	-	-	0%	0%
Salaries	17,925	22,343	80%	20%
Employee Benefits	6,105	6,993	87%	13%
Capital Purchases	164,086	282,000	58%	42%
Maintenance	97,820	139,173	70%	30%
General Administrative	31,302	74,328	42%	58%
Tenant Services	-	-	0%	0%
Operating Transfers Out	-	-	0%	0%
Debt Service	166,584	199,900	83%	17%
Total Expenses:	483,821	724,737	67%	33%
Net Income (Loss):	(1,291)	(35,839)		

Pajaro Valley farmworker families need housing, report says



Two young girls play on the walkway at the Buena Vista Migrant Center in Watsonville in August 2017. Under the state's '50 mile rule,' families must move more than 50 miles away from the subsidized centers for three months out of the year to be eligible to return. (Dan Coyro - Santa Cruz Sentinel file)

By [Jondi Gumz](#), Santa Cruz Sentinel

Posted: 05/14/18, 7:40 PM PDT | Updated: 6 hrs ago

Farmworker Housing Action Plan

Goal: Produce 5,300 permanent affordable [farmworker housing](#) units in Salinas and Pajaro Valley region during the next five years.

Prioritize farmworker families: Consider modular housing; include child care.

Seasonal workers: Repurpose buildings; use motels and relax maximum 30-day stay rule; consider mobile housing.

Strategies: Create public-private partnerships, map potential sites, modify zoning when needed; create city-county agreements for contiguous unincorporated county land to connect to city infrastructure; enable contiguous property owners with suitable sites to create new lot lines for larger projects; encourage land trusts to build farmworker housing on land leased from the trust.

Regulatory reform: Allow employers to fund housing; designate ombudsman to shepherd applications through approval process; charge fees based on square footage to reduce fees for small units.

Source: [Regional farmworker housing action plan](#)

SANTA CRUZ >> Farmworker families employed in the \$5 billion-a-year ag sector in the Salinas and Pajaro valleys are doubling and tripling up to keep their housing costs affordable, according to a report that is spurring stakeholders in Santa Cruz and Monterey counties to meet Wednesday in Salinas to discuss solutions.

The majority of local farmworkers are not migrant, but live in the area year-round, according to the [500-page report](#), supported by funding from both counties and based on a survey of 400 farmworkers and interviews with 65 employers.

Only 20 percent were “follow the crop” migrants, leading to a recommendation to prioritize permanent year-round housing for farmworker families.

About 75 percent of farmworkers were married, many with children born in the U.S. Most had completed only primary grades.

Median rent paid was \$185 per person, with dozens reporting issues such as mold, insufficient heat or bathroom malfunctions. Median income was \$25,000.

About 89 percent rent, averaging seven people per dwelling compared to less than three people per dwelling in Santa Cruz County. Most lived with more than five people per bathroom as owners or renters sublease space in the living room or garage; one in five rented rooms without kitchens.

To reduce crowding to county averages, the report calculated more than 3,500 farmworker housing units are needed.

INDUSTRY AT RISK

“It’s almost a crisis,” said Tom Broz, president of the [Santa Cruz County Farm Bureau](#) and an [organic farmer](#) for 23 years in Watsonville where he provides his employees with housing. “The industry is at risk here.”

Agriculture is “the No. 1 economic engine in county,” Broz said. “The berry industry depends on a labor force that is year-round ... Raspberries, blackberries, strawberries — not one is mechanized.”

Berries accounted for two-thirds of Santa Cruz County's 2016 crop value.

"If a farmer wants housing on his farm, there's definitely a lot of hurdles," Broz said. "How can we streamline that?"

He would like [advocates discussing a bond of up to \\$250 million](#) on the Nov. 6 [ballot for affordable housing](#) to earmark funds specifically for farmworker housing.

The shift away from migrant farm work did not surprise Carolyn O'Donnell of the [California Strawberry Commission](#) in Watsonville.

"We have a very long growing season," she said, noting people coming to work in the fields tend to stay.

Migrant farmworkers have particular challenges with housing. State-subsidized housing for farmworkers such as the Buena Vista Migrant Center in Watsonville requires that [residents move more than 50 miles away](#) for three months of the year to be eligible to live there. The report recommends investigating mobile homes for seasonal migrant workers.

COUNTING WORKERS

Accurate figures for farmworkers are not readily available because of the way government agencies collect data, the report's authors at the California Institute for Rural Studies found.

Government agencies collect data on ag workers on grower payrolls, which peaked at 80,714 in Monterey and Santa Cruz counties in 2016, but a monthly federal survey does not collect data on contract labor, which has been growing.

Most farm labor contractors are based in Monterey County, which had 92 companies register and 40,468 farm labor contract employees last year. The study found many companies also registered in Santa Cruz County and some registered out of state.

The findings and more than 50 draft recommendations were aired last month in Salinas, with feedback resulting in a 12-page action plan to be discussed by subcommittee members Wednesday.

COLLABORATION

Jennifer Coile, a city of Salinas planner, is project manager for the [farmworker housing study and action plan](#), is feeling positive.

"People are very optimistic about the forum and the plan to work together and collaborate and move ahead," she said, noting a recommendation to identify farmworker housing sites that could involve planners in the city of Watsonville and unincorporated Santa Cruz County.

Suzi Merriam, Watsonville's community development director, said much discussion has focused on building housing on agricultural parcels, and obstacles in Watsonville include land availability, land costs and construction costs.

"We look forward to working with the affordable housing folks at the County of Santa Cruz as well as local farm owners on finding solutions both inside and outside the city limits," she said.

Jondi Gumz is an award-winning reporter covering Santa Cruz County business, housing and transportation. Reach the author at jgumz@santacruzsentinel.com or follow Jondi on Twitter: [@jondigumz](https://twitter.com/jondigumz).