

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
AGENDA OF THE REGULAR BOARD MEETING
April 24, 2019
11:30 a.m.
TO BE HELD AT:
HOUSING AUTHORITY OFFICES
2160 41st Avenue, Capitola, CA 95010

1. Roll Call
2. Consideration of Late Additions and Changes to the Agenda
3. Consent Agenda
 - A. Minutes of the Special Meeting held March 20, 2019

Motion to Approve as Submitted
 - B. Low Income Public Housing Exterior Paint Color

Receive Report
 - C. Siding Repair Project for Agency Owned Housing

Motion to Authorize Executive Director to Enter Contract with Cisco Home Restoration and Construction for Siding Repair for Agency Owned Housing
 - D. 2018-2019 Salary Chart

Motion to Adopt Revised Salary Range/Step Chart Retroactive to 7/1/18
 - E. County of Santa Cruz Housing Services Contract

Motion to Approve Housing Services Work Plan for 2019-2020
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. Draft Agency Budget for FY 2019-2020

Discuss Draft Agency Budget for FY 2019-2020
 - B. Funding of Section 115 Pension Trust

Motion to Authorize the LIPH program's proportionate share of the agency's total unfunded pension liability to be drawn from LIPH reserves and deposited into the Section 115 pension prefunding trust

C. Project Based Voucher RFP Criteria

Discuss Criteria used to Determine the Commitment of Project Based Vouchers (PBVs)

D. Moving to Work Demonstration Program

Discuss Potential Letter of Intent to Participate in Cohort 2 of the MTW Demonstration Program

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 MARCH 20, 2019 AT THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, 2160 41ST AVENUE, CAPITOLA, CA 95010

AGENDA ITEM NO. 1 Roll Call

Vice Chairperson Schiffrin called the meeting to order at 11:43 a.m. Members present Commissioners Berg, Eligio, Schiffrin and Schmale (Chairperson Brunner entered the meeting at 11:45 and took over the gavel)

Members Absent

Commissioners Garcia and Pomerantz (excused)

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
None.

AGENDA ITEM NO. 3 Consent Agenda

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

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

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

Agenda Item 3A. Approval of Minutes of the Regular Meeting held February 27, 2019

AGENDA ITEM NO. 4 Oral Communications
None.

AGENDA ITEM NO. 5 Unfinished Business
None.

AGENDA ITEM NO. 6A Audited Financial Statements for Fiscal Year Ending June 30, 2018

Secretary Panetta introduced Finance Director Pomeroy and the Agency's auditor Kim Dolan of Harn & Dolan, CPA who informed the Board that the audits for the Housing Authority of the County of Santa Cruz, the Migrant Farm Labor Housing and the Brommer Street Transitional Housing that were enclosed in this month's Board packet were issued with an unqualified (clean) opinion for each report. There were no audit findings. Ms. Dolan explained to the Board the steps she takes when completing the audits. A discussion followed. Secretary Panetta and the Board of Commissioners congratulated

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Finance Director Pomeroy and Finance Staff for the excellent audit findings. They also thanked Ms. Dolan for her presentation.

Commissioner Schiffrin moved to accept the Audited Financial Statements for fiscal year ending June 30, 2018 for the Housing Authority of the County of Santa Cruz, the Migrant Farm Labor Housing and the Brommer Street Transitional Housing; Commissioner Eligio seconded the motion and it was passed by the following vote:

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

Finance Director Pomeroy exited the meeting at 11:56 with thanks from the Board.

AGENDA ITEM NO. 6B Public Hearing, Review and Consideration of Draft Agency Plan for the Housing Authority of the County of Santa Cruz

Chairperson Brunner opened the meeting up to Public Comment.

The Public Hearing began at 11:58 p.m.

Public Hearing Comments:

No Public Comment.

End of Public Comment.

The Public Hearing closed at 11:58 p.m.

Secretary Panetta reminded the Board that during the February meeting of the Board of Commissioners the draft changes to the plans were reviewed and discussed. Additional changes were suggested by the Board, which are reflected in the attached documents, highlighted in yellow. Secretary Panetta asked the Board of Commissioners if they had any further questions regarding the Housing Authority Agency Plan. A discussion followed. The Commissioners thanked staff for incorporating Board feedback into the Agency Plan.

Commissioner Schiffrin moved to adopt Resolution No. 2019-02; Commissioner Berg seconded the motion and it was passed by the following vote:

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

ABSTAIN: None

AGENDA ITEM NO. 6C Contract for Exterior Painting of Low Income Public Housing Sites

Secretary Panetta explained to the Board that every five to eight years it is necessary to repaint the exterior of our low income public housing complexes and office buildings. The last exterior paint job was completed in 2011. There are a total of 20 apartment complexes and one commercial office building that is being considered for painting this year. The Housing Authority placed a public notice in the local newspapers to advertise the painting project. The painting project was also placed on the Housing Authority website. Sealed bids were due February 23, 2019 at 10:00 AM.

The Housing Authority received a total of 11 bids; however, one bid was received after the 10:00 AM deadline and was not considered. Of the 10 bids considered, Housing Authority staff reviewed the two lowest bid packages for accuracy and completeness and conducted reference checks. After reviewing the bids and references, Housing Authority staff recommends that we accept the bid from D&T Painting and enter into a contract with this vendor. Commissioner Brunner asked how colors are selected for public housing sites. During the discussion, several Board members agreed that the appearance of public housing sites impacts the image and reputation of the Agency.

Commissioner Schiffrin moved to approve bid and authorize executive director to execute contract with D & T painting and added direction that staff bring back further information regarding how paint color is selected on the April Regular Meeting consent agenda; Commissioner Berg seconded the motion and it was passed by the following vote:

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

AGENDA ITEM NO. 7 Written Correspondence

Secretary Panetta brought the Board's attention to an anonymous letter to the Board of Commissioners from a concerned citizen regarding a Section 8 voucher holder who has an extra bedroom that is not being used. There is no way to follow up to collect more information, as no names were mentioned and letter is unsigned.

AGENDA ITEM NO. 8 Report of Executive Director

Executive Director Panetta gave the Board a legislative update.

Executive Director Panetta informed the Board that as discussed at last month's meeting, the Housing Authority applied for the HEAP/CESH grants that are available for funding landlord bonuses, minor

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unit repairs, and other move in assistance primarily for homeless voucher holders. The funding was announced March 18th and the Housing Authority was awarded \$320,015.

Executive Director Panetta informed the Board that Community Development Block Grants (CDBG) are intended to support the development of viable urban communities by providing decent housing and a suitable living environment and through expanding economic opportunities, principally, for persons of low- and moderate-income. These grants, issued by the California Department of Housing and Community Development, are available only to cities and counties. While a Public Housing Authority may be a sub-recipient, a PHA may not directly apply for CDBG funds.

Executive Director Panetta went over the chart included in this month's packet regarding a list of special voucher types, including the number of vouchers of each type, and the current utilization of each voucher type. A discussion followed. The Board requested that Staff provide information on a quarterly basis with a summary of voucher utilization by program, including vouchers in use and vouchers that have been issued but are not yet in use.

AGENDA ITEM NO. 9 Reports from Board Members
None.

AGENDA ITEM NO. 10 Closed Session
None.

AGENDA ITEM NO.11 Report on Closed Session
None.

AGENDA ITEM NO. 12 Adjournment

Commissioner Schiffrin moved to adjourn the meeting; Commissioner Schmale seconded the motion and it was passed by the following vote:

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

The Board of Commissioners meeting was adjourned at 12:50 p.m.

I hereby certify that these minutes were approved by the Housing Authority of the County of Santa Cruz, on the Twenty Fourth day of April, 2019.

Chairperson of the Authority

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ATTEST: _____

Secretary

AGENDA ITEM SUMMARY

MEETING DATE: April 24, 2019

ITEM NUMBER: 3B

FROM: Executive Director

SUBJECT: Low Income Public Housing Exterior Paint Color

RECOMMENDATION: Receive Report

BACKGROUND SUMMARY:

The Housing Authority Board of Commissioners approved a contract for exterior painting at Low Income Public Housing sites at the March 2019 meeting. During the discussion, one commissioner asked how paint colors were selected, and expressed a desire to avoid having the units look like “government housing”. Other commissioners agreed that the appearance of public housing sites impact the Agency’s overall image.

Paint colors were selected based on a variety of factors such as the style of building, type of construction, colors of the surrounding properties, any special landscaping / building features at the site, as well as information regarding which colors are less likely to fade and / or show dirt. Standard “stock” colors were also selected that could be easily matched so that if spot painting was needed it would be achievable, as standard stock colors tend not to be reformulated by paint companies as frequently.

Staff is not aware of any complaints from residents or from the public about our paint colors. Although paint color choices are very subjective, staff believe that our paint colors blend in well with the surrounding neighborhoods, and staff feel that the appearance and condition of our housing stock reflect well on our Agency.

Please see a listing of the paint colors for each site:

Project	Paint Color
1223 Broadway Avenue Santa Cruz, CA 95062	BODY: KM 3989-2 Serengeti Safari GUTTERS & FASCIAS: KM3863-3 Jillene Green WINDOW & DOOR TRIM: KM #14 Frost ENTRY DOOR: KM3863-3 Jillene Green OTHER DOORS: KM 3989-2 Serengeti Safari
301 La Fonda Avenue Santa Cruz, CA 95062	BODY: KM 3942-2 Tropical Tan GUTTERS & FASCIAS: KM 3902-3 Port Alice WINDOW & DOOR TRIM: KM #14 Frost ENTRY DOOR: KM 3902-3 Port Alice OTHER DOORS: KM 3942-2 Tropical Tan

Project	Paint Color
81-87 Grandview Avenue Santa Cruz, CA 95060	BODY: KM #HL4202-1 Frank Lloyd White GUTTERS & FASCIAS: KM #HL4271-3 Grant Drab WINDOW & DOOR TRIM: KM #14 Frost ENTRY DOOR: KM #74 Seattle Red
951 30th Avenue Santa Cruz, CA 95062	BODY: KM 3941-2 Cork Bark GUTTERS & FASCIAS: KM 4127-3 Vegas Redrocks WINDOW & DOOR TRIM: KM #14 Frost ENTRY DOOR: KM 4127-3 Vegas Redrocks OTHER DOORS: KM 3941-2 Cork Bark
1900-1920 Courtyard Dr. Capitola, CA 95010	BODY: KM #231 Spanish Sand GUTTERS/FASCIAS, DOORS: KM #HL4289-3 Veranda Green GUTTERS/FASCIAS, DOORS: KM #HL4265-3 Scatman Blue WINDOW & DOOR TRIM: KM#14 Frost
2635 Portola Drive Santa Cruz, CA 95062	BODY: KM 3941-2 Cork Bark GUTTERS & FASCIAS: KM 3902-3 Port Alice WINDOW & DOOR TRIM: KM #14 Frost ENTRY DOOR: KM 3902-3 Port Alice OTHER DOORS: KM 3941-2 Cork Bark
2350 17th Avenue Santa Cruz, CA 95062	BODY: KM 3941-2 Cork Bark GUTTERS & FASCIAS: KM 3807-3 The Blues WINDOW & DOOR TRIM: KM #14 Frost ENTRY DOOR: KM 3807-3 The Blues OTHER DOORS: KM 3941-2 Cork Bark
925-935 Brommer Santa Cruz, CA 95062	BODY: KM #186 Keystone TRIM: KM #214 Peppertree DOORS Riviera (blue) #156
160 Blackburn Avenue Watsonville, CA 95076	BODY: KM 3973-2 Westover Hills GUTTERS & FASCIAS: KM 4127-3 Vegas Redrocks WINDOW & DOOR TRIM: KM #14 Frost ENTRY DOOR: KM 4127-3 Vegas Redrocks OTHER DOORS: KM 3973-2 Westover Hills
100-146 Seneca Court Watsonville, CA 95076	BODY 1: KM #171 Sand Pebble GUTTERS/FASCIAS 1: KM #3902-3 Port Alice BODY 2: KM #412 Cargo GUTTERS/FASCIAS 2: KM ##212 Saltillo BODY 3: KM #196 Villita GUTTERS/FASCIAS 3: KM #3895-3 Springs Eve DOORS: KM #212 Saltillo WINDOW & DOOR TRIM: KM#26 Oyster

Project	Paint Color
225-239 Crestview Dr Watsonville, CA 95076	BODY: KM 3941-2 Cork Bark GUTTERS & FASCIAS: KM 4127-3 Vegas Redrocks WINDOW & DOOR TRIM: KM #14 Frost ENTRY DOOR: KM 4127-3 Vegas Redrocks OTHER DOORS: KM 3941-2 Cork Bark
179-195 Montebello Drive 320-326 Clifford Avenue Watsonville, CA 95076	BODY: KM 3942-2 Tropical Tan GUTTERS & FASCIAS: KM 4127-3 Vegas Redrocks WINDOW & DOOR TRIM: KM #14 Frost ENTRY DOOR: KM 4127-3 Vegas Redrocks OTHER DOORS: KM 3942-2 Tropical Tan
310A-314H Clifford Ave Watsonville, CA 95076	BODY: KM #196 Villita GUTTERS & FASCIAS #1: KM GUTTERS & FASCIAS #2: KM WINDOW & DOOR TRIM: KM #14 Frost ENTRY DOOR #1: KM#212 Saltillo
100-114 Tierra Alta Drive Watsonville, CA 95076	BODY: KM #196 Villita WINDOW & DOOR TRIM: KM #14 Frost DOORS: KM #212 Saltillo GUTTERS & FASCIAS: KM 3895 Spring's Eve (green)
124-193 East Front Street Watsonville, CA 95076	BODY #1 (Lower walls): KM 3974-3 Highland Grass BODY #2 (Upper walls): KM 3972-2 Earth Stone TRIM: KM #14 Frost ENTRY DOORS: KM#212 Saltillo BELLY BAND #1: KM #3902-3 Port Alice BELLY BAND #2: KM #3806-2 Federalist
3201 Merrill Rd #1-15 Aptos CA 95003	BODY/FENCE: KM #196 Villita TRIM (windows/doors): CUSTOM 18-0692-c818 DOORS: KM#212 Saltillo ACCENT: KM #407 Carbon PORCH SOFFITS: Same as TRIM
308 Clifford Ave. Watsonville CA 95076	BODY #1 (Lower walls): KM 3974-3 Highland Grass BODY #2 (Upper walls): KM 3972-2 Earth Stone TRIM/ENTRY DOORS: KM #14 Frost BELLY BAND #1: KM #3902-3 Port Alice BELLY BAND #2: KM #3806-2 Federalist
50 Arista Ct. Watsonville CA 95076	BODY: KM 3932-2 Zanzibar GUTTERS & FASCIAS: KM 3807-3 The Blues WINDOW & DOOR TRIM: KM 3807-3 The Blues ENTRY DOORS: KM #14 Frost OTHER DOORS:

Project	Paint Color
55 Arista Ln. Watsonville CA 95076	BODY: KM 3942-2 Tropical tan GUTTERS & FASCIAS: KM 3895 Spring's Eve (green) WINDOW & DOOR TRIM: KM 3895 Spring's Eve ENTRY DOORS: KM #14 Frost OTHER DOORS:

RECOMMENDATION: Receive Report

AGENDA ITEM SUMMARY

MEETING DATE: April 24, 2019

ITEM NUMBER: 3C

FROM: Executive Director

SUBJECT: Siding Repair Project for Agency Owned Housing

RECOMMENDATION: Authorize Executive Director to Enter Contract with Cisco Home Restoration and Construction for Siding Repair for Agency Owned Housing

BACKGROUND SUMMARY:

Last month, the Board of Commissioners authorized approval of a contract to paint the exterior of all Agency owned housing. Prior to painting, we need to repair any exterior wood that is damaged due to dry rot, termites or that has just failed. A scope of work was developed by staff and the siding repair project was advertised in the local newspapers and placed on our web page. Due to the lack of interest in the project, the bid deadline was extended. At the end of the extended deadline, we received two bids for the project from Kohman Construction and Cisco's Home Restoration and Construction. It should be noted that both contractors have done work before for the Housing Authority.

The low bidder was Kohman Construction. After reviewing Kohman's bid and talking to the contractor, it was determined that he was unable to do the job. Kohman Construction is a sole proprietor and did not have the manpower to complete the job due to the size of the job, the time frame in which the job needed to be completed and location of work on the buildings. (Many of our building are two story buildings, thus a contractor needs to be able to work under those conditions.) After discussing the details of the project with Kohman, it was agreed by both parties that he was not qualified to conduct the job.

A second bid was submitted by Cisco's Home Restoration and Construction. After discussing the construction project with Cisco's, Housing Authority staff determined that the contractor had the expertise, manpower and ability to do the job. Based on this information, we entered into a limited contract with Cisco's Home Restoration and Construction. After walking a few sites with the contractor and them starting work, it has been determined that the cost of the siding repair project for all the sites will exceed \$100,000 and therefore requires Board approval. Staff estimates that the total cost of work needed will be approximately \$450,000 to \$500,000 or \$1,384 to \$1,538 per unit. The last time we did this extensive type of wood repair/dry rot repair was over 10 years ago. It should also be noted that this type of construction project is difficult to price out, due to hidden damage that cannot be identified until the work is underway, and complexities in the field.

Prior to any work being performed, staff will walk the sites with the contractor and identify as many locations as are possible of damaged wood. Staff will continue to monitor the job until it

is completed and will field verify what work was done prior to contractor being paid.

Due to the complexities of this siding project, we requested specific unit pricing from the contractors. Listed below was the unit pricing received at bid deadline:

		Cisco's	Kohman
		Bid Price	Bid Price
LIPH	Cost per sheet T-111 (4x8)	\$ 450.00	\$ 350.00
	Cost per sheet T-111 (4x9)		\$ 370.00
	Hourly Billing Rate	\$ 95.00	\$ 65.00
	% Mark-up on Materials	20%	5%

USDA	Cost per sheet T-111 (4x8)	\$ 750.00	\$ 350.00
	Cost per sheet T-111 (4x9)		\$ 370.00
	Hourly Billing Rate	\$ 150.00	\$ 65.00
	% Mark-up on Materials	20%	5%

RECOMMENDATION: Authorize Executive Director to Enter Contract with Cisco Home Restoration and Construction for Siding Repair for Agency Owned Housing

AGENDA ITEM SUMMARY

MEETING DATE: April 24, 2019

ITEM NUMBER: 3D

FROM: Executive Director

SUBJECT: 2018-2019 Salary Chart

RECOMMENDATION: Adopt Revised Salary Range/Step Chart Retroactive to 7/1/18.

BACKGROUND SUMMARY:

On 9/26/18, The Board approved a 3% COLA adjustment to staff salaries to take effect retroactive to 7/1/18. However, the Board did not view or explicitly adopt the new salary schedule reflecting the 3% COLA. Our agency has been advised that the law requires a Housing Authority Board to specifically approve each salary schedule.

Additionally, three new or modified positions are being added to the agency between 7/1/18 and 7/1/19, the anticipated effective date of the agency's next salary schedule: Administrative Services Supervisor, Administrative Services Director, and Property Management Assistant Director. Our agency bylaws currently require the Board to approve all positions and salaries; these three positions have therefore been added to the attached salary chart at the salary range levels recommended by our external salary comparability consultant.

RECOMMENDATION: Adopt the revised Salary Range/Step Chart retroactive to 7/1/18.

Migrant Center Manager											
Executive Secretary	52	4595	4824	5067	5320	5585	26.51	27.83	29.23	30.69	32.22
Housing Program Specialist Supervisor											
Housing Resource Specialist Supervisor											
Program Integrity Specialist											
Senior Accounting Technician											
*	53	4710	4945	5192	5452	5724	27.17	28.53	29.95	31.46	33.02
*	54	4828	5069	5322	5588	5868	27.85	29.24	30.70	32.24	33.86
Administrative Services Supervisor	55	4949	5195	5456	5729	6015	28.55	29.97	31.48	33.05	34.70
*	56	5072	5326	5592	5872	6165	29.26	30.72	32.26	33.88	35.57
Maintenance Coordinator	57	5199	5458	5731	6018	6318	29.99	31.49	33.06	34.72	36.45
*	58	5329	5595	5876	6168	6477	30.75	32.28	33.90	35.59	37.37
*	59	5461	5734	6022	6324	6640	31.51	33.08	34.74	36.48	38.31
Accountant	60	5599	5879	6174	6483	6806	32.30	33.92	35.62	37.40	39.26
Administrative Analyst	61	5738	6025	6327	6643	6975	33.10	34.76	36.50	38.33	40.24
Facilities Manager	62	5883	6175	6484	6809	7150	33.94	35.63	37.41	39.28	41.25
*	63	6029	6331	6647	6979	7329	34.78	36.52	38.35	40.26	42.28
Computer Tech. Support Analyst	64	6181	6490	6813	7154	7513	35.66	37.44	39.30	41.27	43.34
Senior Accountant											
Senior Administrative Analyst	65	6334	6650	6984	7332	7700	36.54	38.37	40.29	42.30	44.42
*	66	6493	6818	7159	7516	7893	37.46	39.34	41.30	43.36	45.54
*	67	6654	6988	7336	7704	8089	38.39	40.31	42.32	44.44	46.67
Property Management Assistant Director	68	6822	7163	7522	7897	8293	39.36	41.32	43.39	45.56	47.84
Controller	69	6991	7341	7709	8095	8500	40.33	42.35	44.48	46.70	49.04
Human Resources Manager/Director											
Principal Administrative Analyst											
Information Technology Coordinator	70	7166	7525	7902	8296	8711	41.34	43.41	45.59	47.86	50.25
*	71	7347	7713	8098	8504	8928	42.38	44.50	46.72	49.06	51.51
*	72	7531	7907	8302	8718	9153	43.45	45.62	47.90	50.29	52.81
*	73	7718	8104	8509	8934	9380	44.53	46.75	49.09	51.54	54.12
Administrative Services Director	74	7911	8305	8721	9157	9616	45.64	47.92	50.32	52.83	55.48
Eligibility & Occupancy Director											
Property Management Director											
*	75	8109	8514	8939	9387	9857	46.78	49.12	51.57	54.16	56.87
*	76	8311	8727	9164	9621	10103	47.95	50.35	52.87	55.51	58.29
*	77	8520	8945	9393	9862	10355	49.15	51.60	54.19	56.90	59.74

Finance Director	78	8732	9169	9628	10109	10614	50.38	52.90	55.55	58.32	61.23
*	79	8952	9398	9869	10362	10880	51.64	54.22	56.94	59.78	62.77
*	80	9175	9632	10114	10621	11151	52.93	55.57	58.35	61.27	64.33
*	81	9403	9873	10367	10885	11430	54.25	56.96	59.81	62.80	65.94
*	82	9639	10121	10628	11158	11717	55.61	58.39	61.32	64.38	67.60
*	83	9880	10375	10892	11437	12010	57.00	59.85	62.84	65.98	69.29
*	84	10126	10633	11165	11722	12310	58.42	61.35	64.42	67.63	71.02
*	85	10380	10898	11444	12015	12617	59.88	62.87	66.02	69.32	72.79
Deputy Executive Director	86	10641	11173	11731	12317	12933	61.39	64.46	67.68	71.06	74.61
*	87	10907	11451	12024	12624	13256	62.92	66.06	69.37	72.83	76.48
*	88	11178	11737	12324	12940	13586	64.49	67.71	71.10	74.65	78.38
*	89	11458	12031	12631	13263	13927	66.11	69.41	72.87	76.52	80.35
*	90	11744	12331	12947	13595	14274	67.75	71.14	74.70	78.43	82.35
*	91	12037	12640	13270	13935	14631	69.44	72.92	76.56	80.39	84.41
*	92	12338	12956	13602	14283	14997	71.18	74.75	78.48	82.40	86.52
Executive Director	93	12647	13279	13943	14640	15374	72.97	76.61	80.44	84.46	88.69

NOTES:

1) Empty Ranges are unfilled and reserved for future board action.

2) \$164,200 maximum annually paid from PH or HCV funds toward Executive Director salary.

AGENDA ITEM SUMMARY

MEETING DATE: April 24, 2019

ITEM NUMBER: 3E

FROM: Executive Director

SUBJECT: County of Santa Cruz Housing Services Contract

RECOMMENDATION: Approve Housing Services Work Plan for 2019-2020

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. The original Housing Services contract expired on June 30, 2018, and has been extended for an additional four year period ending June 30, 2022.

Each year, the County develops an annual work plan, comprising of activities that will be funded through this grant. The annual work plan is first approved by the Housing Authority Board of Commissioners, prior to consideration by the Board of Supervisors. Attached for your review is a proposed work plan for the coming 2019-2020 fiscal year, along with a memo from the County Planning Department describing the activities in the work plan.

RECOMMENDATION: Approve Housing Services Work Plan for 2019-2020

MEMORANDUM

Date: April 15, 2019
 To: Jennifer Panetta, Executive Director
 From: Porcila Wilson, Housing Specialist *pw*
 Re: Fiscal Year 2019-20 Annual Work Plan
 CC: Julie Conway, Housing Program Manager

I'm writing today to thank you for the on-going partnership with the County to implement the Housing Services Contract. The County and the Housing Authority entered into a multi-year contract in 2011 using Affordable Housing Bond funds through the former Redevelopment Agency. The contract was extended an additional four years in 2018. 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.

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 each year. The proposed FY 2019-20 Annual Work Plan (Attachment 1) continues efforts that have been fulfilled through the Housing Services contract and those activities are described below.

a) County HAP Activities \$80,609

The County and the four cities jointly provide funding for the activities of the Homeless Action Partnership (HAP) through a population-based share of costs. Since 2008 the County has tapped redevelopment housing funds for its share of costs for HAP activities, apart from emergency shelter, which is not an eligible cost. It is expected that this is final year the Housing Services Contract will provide funds for this activity.

b) All-In Landlord Partnership Incentive Program \$53,540

The *All-In* Landlord Partnership is a program of the HAP initiated by the Housing Authority and the County to address a key strategy identified in the *All-In* homeless strategic plan that would improve access to existing housing units by increasing the number of landlords willing to accept rental subsidy. Last year the program was expanded to provide a guarantee to landlords countywide who rent to tenants with rent subsidy through the Housing Authority. Funds are set aside by each jurisdiction on a population-based share of costs similar to the HAP funding and are tapped only in the event that a landlord covered by the program experiences losses.

c) All-In Landlord Partnership Spruce up Program \$13,385

The Landlord Partnership piloted a program this year in partnership with Habitat for Humanity Monterey Bay through which a group of volunteers helped a landlord make a unit available to a

homeless family with subsidy. The effort is intended to get units into use that are not rentable because they don't pass the Housing Authority's Housing Quality Standards. The HAP, the Housing Authority and the homeless service agencies would all like to continue to the Program the County funding makes funds available for units in the County that would be eligible for the assistance.

d) Measure J Homebuyer Education \$6,000

The County partners with the Watsonville Law Center to provide homebuyer education for first time homebuyers participating in County programs including loan programs funded by the CalHome and HOME Programs and buyers of deed restricted affordable units through the Measure J Program. The Housing Services Contract provides funding for Homebuyer Education for Measure J buyers.

e) HOME TBRA Admin Fees \$22,500

The County has State HOME funding to operate a Tenant Based Rental Assistance (TBRA) Program that provides funding for short term rental assistance and rental deposits through Families in Transition, the Housing Authority and the Community Action Board. The programs come with a significant administrative burden to the program operators that are not reimbursed by the Program. The County provides a small amount of administrative funding to address this.

f) Senior Network Services \$7,000

Senior Network Services has been providing vital housing search support for low income seniors in Santa Cruz County since 1985. The County funding provides match required to draw down Title 3B under the federal Older Americans Act.

g) Housing Program Support \$20,000

This funding is available for emerging programs that will increase housing access and/or affordability. The County can participate in County-wide programs by funding on a share proportional to the population. The Housing Opportunity Alerts program in which affordable housing projects inform the Housing Authority that their waiting lists will be opened is one such program under consideration for the coming year that could be funded out of this allotment.

h) Housing Implementation Fee \$150,000

The Housing Section under the Planning Department is administered by a staff of four who oversee single family programs, funding of multi-family development, participate in development of County Housing policy and serve as the Lead Agency for the homeless Continuum of Care.

i) Housing Authority Administration Fee \$20,000

The Housing Authority charges the contract its actual costs for administration of activities under the Housing Services Contract. An allowance of up to \$20,000 is included for the FY 2019-20 Work Plan.

COUNTY OF SANTA CRUZ
Housing Authority of the County of Santa Cruz
Housing Services Contract
Contract No. CT13907
Year 9 FY 19-20

Menu of Activities		FY 19-20 Year 9	Activity Description
1	County HAP activities	80,609	Required County match for Homeless Action Partnership Activities
2	<i>All In</i> Landlord Partnership Landlord Incentive Program	53,540	Landlord Incentive Program working to expand the pool of landlords accepting tenant based rental subsidy
3	<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
5	Measure J Homebuyer Education	6,000	Measure J Homebuyer Education through Watsonville Law Center
6	HOME TBRA Admin Fees for Program Operators	22,500	Consistent with other HUD programs administrative fees.
7	Senior Network Services	7,000	Housing support for seniors at risk of homelessness
8	Housing Program Support	20,000	Emerging eligible housing expenses
9	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
10	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		373,034	

AGENDA ITEM SUMMARY

MEETING DATE: April 24, 2019

ITEM NUMBER: 6A

FROM: Executive Director

SUBJECT: Draft Agency Budget for FY 2019-2020

RECOMMENDATION: Discuss Draft Agency Budget for FY 2019-2020

BACKGROUND SUMMARY:

The recent release of HUD’s CY2019 Section 8 HAP funding letter establishes an unprecedented 20% renewal funding inflation factor. This is a direct result of the agency’s decision to conduct an independent Fair Market Rent (FMR) survey in lieu of using FMRs calculated by HUD. The 20% inflation factor is applied to actual HAP spending from CY2018 to determine funding levels for calendar year 2019. The resulting \$14.5 million increase in HAP renewal funding will allow the agency to provide housing assistance to more families in our community as we work toward achieving full lease up.

By the start of the new fiscal year, the Section 8 program group is expected to be leased up at 92% with 4,667 households in the various voucher programs. The agency budget reflects a goal to reach 96% lease up by the end of the fiscal year by assisting 4,858 households, an increase of almost 200 households overall. The addition of new Project Based Voucher (PBV) developments at Water Street in Santa Cruz and Line Street in Hollister, combined with our residency and lease-in-place preferences will help to improve our lease up rates and maximize the use of the additional HAP funds noted above. These are crucial aspects of the agency’s lease up strategy since calendar year 2020 HAP funding is based on the actual calendar year 2019 HAP spending.

The quarterly lease up goals and corresponding HAP are listed in the table below:

	Sep-19	Dec-19	Mar-20	Jun-20
Units	4,763	4,813	4,843	4,858
HAP	6,518,233	6,697,482	6,850,781	6,984,110

Section 8 admin fees provide the majority of the agency’s administrative funding. A monthly per unit admin fee is earned for every family that is housed. Each year, Congress establishes the admin fee proration level which reduces the full per unit admin fee funding that HUD has historically used as the benchmark level of funding for housing authorities to efficiently operate a voucher program. The proposed budget was prepared using a blended admin fee proration level of 82% for CY2019 and an estimated 77% for CY2020 based on industry forecasts. Please refer to the chart on page 5 for historical admin fee proration levels. Even slight changes to the admin fee proration level can have a significant impact on the agency’s ability to cover the administrative costs of operating the voucher programs.

CalPERS continues to phase in a lower assumed rate of return (referred to as the “discount rate”) on their \$350 billion pension investment portfolio from 7.5% to 7.0%. Although the change in the discount rate will continue to be phased in over the next couple of years, the impact on our minimum annual employer pension contributions and our total unfunded pension liability will be significant. The Board of Commissioners adopted a resolution to establish a Section 115 Trust as a supplemental fund to offset these future pension costs.

Budgeted salary figures reflect full staffing levels, annual step increases where applicable, and include a 2.5% Cost of Living Adjustment (COLA), effective at the beginning of the fiscal year. The agency values the hard work and dedication of its staff and recognizes the importance of keeping compensation in line with local/regional inflationary trends. Please see page 13 for a salary schedule which includes the proposed 2.5% COLA.

Earlier this month the agency paid the final installment of the 15 year commercial loan on the authority owned Mission Street building. The recent leasing of the remainder of the available space at Mission Street will contribute to a budgeted surplus of almost \$250,000 for the Business Activities program group.

The proposed budget balances conservative assumptions about funding levels with ambitious goals regarding increases to the number of families assisted by our program, in alignment with our mission and our values. The budget also reflects these values in other ways, including increases in LIPH landscaping costs to avoid the use of glyphosate based herbicides, increases in program overhead to mitigate the costs associated with the office move that made our agency more accessible to our community, and investment in software improvements that will modernize our processes and improve the experience of our clients and landlords, as well as the efficiency of our staff.

Following the budget presentation, Commissioners are encouraged to pose questions and concerns as staff will return to the Board of Commissioners with a recommendation to adopt the budget at the May meeting.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

AGENDA ITEM SUMMARY

MEETING DATE: April 24, 2019

ITEM NUMBER: 6B

FROM: Executive Director

SUBJECT: Funding of Section 115 Pension Trust

RECOMMENDATION: Authorize the LIPH program's proportionate share of the agency's total unfunded pension liability to be drawn from LIPH reserves and deposited into the Section 115 pension prefunding trust

BACKGROUND SUMMARY:

Defined benefit pension plans, like those offered through CalPERS, generate an unfunded pension liability when the plan's total pension liability (based on actuarial assumptions) exceeds the actual plan assets. The Housing Authority's total unfunded pension liability is \$7.2 million as of the most recent CalPERS actuarial valuation.

In the December 2017 meeting, the Board approved the establishment of a Section 115 pension prefunding trust to address the unfunded pension liability and the corresponding annual increases to the agency's minimum required pension contributions. Funds placed in the Section 115 pension trust remain separate from the CalPERS pension plan assets. At a future time of the agency's choosing, such as during a period of prolonged budget deficits, funds from the Section 115 trust can be applied to the annual required pension contributions. In this way, the Section 115 trust serves as a budgetary stabilization tool to address fluctuations in funding and pension costs.

Staff proposes an initial lump sum contribution to the Section 115 trust equal to the Low Income Public Housing (LIPH) program's proportionate share of the total unfunded pension liability. This would equate to about \$1 million of the roughly \$7 million of LIPH reserves. By HUD's general parameters, the LIPH program currently has excess reserves that could be subject to future recapture. Placing the program's share of the unfunded pension liability into the irrevocable Section 115 trust would obligate that portion of LIPH's reserves, protecting them from being recaptured by HUD.

The action requested today will authorize the LIPH program's proportionate share of the agency's total unfunded pension liability to be drawn from LIPH reserves and deposited into the Section 115 pension prefunding trust.

AGENDA ITEM SUMMARY

MEETING DATE: April 24, 2019

ITEM NUMBER: 6C

FROM: Executive Director

SUBJECT: Project Based Voucher RFP Criteria

RECOMMENDATION: Discuss Criteria used to Determine the Commitment of Project Based Vouchers (PBVs)

BACKGROUND SUMMARY:

In recent years, the Housing Authority has sought to expand the Project Based Voucher (PBV) program in order to support the development of affordable housing and to increase the number of units exclusively available to voucher holders. The Housing Authority maintains an open Request for Proposals (RFP) to provide interested parties with the opportunity to request PBVs to support existing housing or to help finance new affordable developments. The current scoring criteria (listed below) was most recently updated in March 2017 after discussion with the Board.

Project Based Voucher (PBV) Scoring Criteria

- The extent to which the proposal would either create new affordable housing opportunities where no such affordable housing currently exists (25 points), or would retain currently affordable housing that was at imminent risk of losing its affordability requirements (20 points), or would result in substantial improvements to existing housing (15 points).
- The extent to which the project based units would create new housing opportunities available to the top applicants on the Section 8 Housing Choice Voucher waiting list (15 points).
- The extent to which the project based units would create or retain housing opportunities designated for hard to house populations, such as mentally ill, chronically homeless, veterans, or other special populations through restrictions based on funding source, or preferences established by the property owner, and the extent to which services for these special populations are provided on site or in the immediate area for occupants of the property. (10 points)
- The extent to which project basing the units would further the goal of de-concentrating poverty and expanding housing opportunities for lower income households into higher income and / or higher opportunity areas. (10 points)
- The extent to which project basing the units would support or complement other local activities (such as the redevelopment of a public housing site, the HOME program, CDBG activities, etc.) (10 points)

- Site location (10 points)
- Management and owner experience (10 points)
- Design and amenities (5 points)
- Project feasibility and readiness (5 points)

Before officially selecting any project based voucher proposal, the HACSC will determine that the proposal complies with HUD program regulations and requirements, including a determination that the property is eligible for project based vouchers, that the proposal complies with the cap on the number of project based units per building, and that the proposal meets HUD's site selection standards.

While the Housing Authority Board has been very supportive of using the Project Based Voucher Program to help support the development of new affordable housing, questions have arisen recently about the commitment of PBVs at existing units, especially existing units that already have affordability requirements. Below is additional information about the use of PBVs at existing affordable units.

Housing at Risk of Losing Affordability Status – In some instances, existing affordable housing may be at risk of losing affordability requirements, or may not be financially sustainable with the current subsidy or funding structure. One recent example is a farmworker housing development owned by MidPen Housing. This development has major capital investment needs, with an aging septic system in need of extensive repair. The site has no ongoing operating subsidy, and inadequate reserves to meet capital needs. In fact, the property is projected to maintain positive cash flow for the next seven years and run negative thereafter. The additional revenue from PBVs would ensure adequate funding to meet capital and long-term cash flow needs, ensuring the sustainability of the development. If housing is at *imminent* risk of losing affordability status, the development can get a high point value on the first criteria (almost as much as proposals for new developments). However, if the risk is less imminent, like in the example above, partial points may be awarded.

Substantial Improvements to Existing Housing – In other instances, existing housing may be in poor condition, and need extensive improvements or rehabilitation. Recently, Mercy Housing has used the commitment of PBVs to secure 4% tax credits and a mortgage to support extensive rehabilitation of existing affordable housing units in Santa Cruz. Additionally, Abode has used the commitment of PBVs not just to make improvements to existing units, but to hire case managers and a security guard at a property in Watsonville that was experiencing a high number of police calls and a significant number of complaints from neighbors.

In addition to the potential for PBVs to help retain and improve existing affordable housing as described above, there are other benefits of committing PBVs to existing units that are worth consideration.

- Deeper Level of Subsidy – “Affordable housing” is not necessarily affordable to all

members of our community. Typically, affordable housing is structured with a prescribed income mix, such that many units are available only to households at 50%, 60% or even as high as 80% median income. These income requirements result in affordable housing being out of reach for our most vulnerable households. Over 75% of families in the voucher program are extremely low income families, at less than 30% median income. However, the combination of existing affordability restrictions with a project based voucher allows all low-income families in the voucher program access to “affordable” units.

- Housing Exclusively Available to Voucher Holders – The commitment of PBVs to units, including already existing affordable units, increases the supply of units that are exclusively available to voucher families. Families with a voucher have an extremely difficult time finding landlords who will accept their voucher, so a supply of units exclusively available to voucher holders is an important resource for our families and for our Agency.
- Supportive Housing for Special Populations – Since existing developments do not score as high on the first criteria, most applications for PBVs for existing units include units that will be set aside for special populations upon turnover. The Housing Authority may negotiate with the owner or developer to ensure that the units set aside reflect the needs and priorities of the Agency and community. For example, HACSC is promoting additional project based VASH vouchers for homeless veterans, since participants in this program have the most difficulty in leasing up. Additionally, HACSC has been in discussion with MidPen about a preference for the proposed project based units at the existing farmworker housing site described above, potentially to benefit residents of seasonal farmworker housing (such as Buena Vista Migrant Center residents) who would like to secure permanent farmworker housing so they may stay in the community year-round.
- Increasing HCV Lease Up and Utilization – Finally, the commitment of project based vouchers to existing units supports the Agency’s voucher and funding utilization goals, by very quickly adding to the number of families we assist. Our Agency has received an unprecedented 20% increase to the funding of the voucher program, and the utilization of these funds will greatly benefit the additional families served, will benefit the Agency by increasing administrative fee revenue, and will benefit the community by significantly increasing our baseline funding which is renewable on an annual basis. Essentially, funds that we spend now will continue to benefit the community in perpetuity, but funds that we are not able to spend may be lost. Therefore, strategies that help to increase our lease-up goals *quickly*, such as the commitment of PBVs at existing units, are critical to the viability of the Section 8 program and to the Agency’s ability to serve low-income families.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

AGENDA ITEM SUMMARY

MEETING DATE: April 24, 2019

ITEM NUMBER: 6D

FROM: Executive Director

SUBJECT: Moving to Work Demonstration Program

RECOMMENDATION: Discuss Potential Letter of Intent to Participate in Cohort 2 of the MTW Demonstration Program

BACKGROUND SUMMARY:

HUD has established a demonstration program called Moving To Work (MTW). The goal of the demonstration program is to allow a small group of PHAs to design and test innovative, locally designed housing and self-sufficiency strategies for low-income families by permitting PHAs to use funding from the Section 8 and Low Income Housing Program more flexibly and by allowing certain exemptions from existing program rules. The MTW Demonstration Program was originally authorized 1996. Since this time, 39 PHAs (including 6 in the state of California) have been selected as MTW agencies. In 2016, Congress authorized HUD to expand the MTW Demonstration Program by an additional 100 PHAs over seven years.

MTW agencies will be added to in four cohorts as follows:

1. Cohort 1: Overall impact of MTW flexibility – In the first cohort, the overall effects of MTW flexibility on a PHA and the residents it serves will be evaluated. Cohort 1 is available only to small PHA's with a combined total of less than 1,000 vouchers and public housing units. (HACSC is therefore ineligible for Cohort 1.)
2. Cohort 2: Rent reform – In the second cohort, different rent reform models that may or may not be income based, to include tiered rents, and/or stepped-up rents, will be evaluated. **HUD has issued a request for letters of interest from PHAs interested in participating in Cohort 2 of the MTW demonstration.**
3. Cohort 3: Work requirements – In this cohort, work requirements for residents/participants who are at least 18 years old, non-elderly and non-disabled will be evaluated.
4. Cohort 4: Landlord incentives – This cohort will evaluate how to improve landlord participation in the HCV program through incentives such as participation payments, vacancy payments, alternate inspection schedules and other methods.

At this time, staff is considering submitting a letter of interest to participate in the MTW program under Cohort 2. PHAs that participate in Cohort 2 must test an alternate rent structure for a sample of non-elderly non-disabled participants. Alternate rent structures include the following:

1. Income based tiered rents – In this rent structure, households are grouped into tiers by income. Within each tier, rents are fixed. Any income increase within a tier does not affect the household's rent contribution. Tiers are re-evaluated every 3 years at a triennial re-examination. However, families may request a hardship exemption if they experience a significant income decrease within the three year period.
2. Non-income based stepped rents (5% steps) – In this rent structure, households begin at a level of rent that is roughly 30% of their income. Each year, their rent increases by a schedule based on 5% FMR regardless of income, and their subsidy gradually decreases. When families reach the top step of the schedule, they are no longer eligible to continue receiving assistance. However, families may request a hardship exemption if they experience a significant income decrease.
3. Non-income based stepped rents (3% steps) – This scenario is similar to the above scenario, except that rents go up more gradually, and the top end of the rent schedule allows families to continue receiving a shallow rental subsidy for an unlimited period of time. Like the other rent structures, families may request a hardship exemption if they experience a significant income decrease.
4. PHA proposed rent structure – HUD will allow PHA's to develop their own unique rent structure, but only if that PHA has at least 4,000 non-elderly non-disabled households in the program, to ensure an adequate sample size for evaluation. HACSC is therefore not eligible to propose our own rent structure.

Ideally, HACSC would choose to participate in Cohort 4 to test landlord incentive strategies. However, all cohorts will be very competitive. Staff believe that the administrative and funding flexibility available to MTW agencies would allow our agency to provide rental assistance to more families, and would open other possibilities including additional self sufficiency services. Therefore, in an effort to keep our options open, without committing to any level of participation, staff plan to recommend Board approval of a letter of intent at the May meeting.

RECOMMENDATION: Discuss Potential Letter of Intent to Participate in Cohort 2 of the MTW Demonstration Program

AGENDA ITEM SUMMARY

MEETING DATE: April 24, 2019

ITEM NUMBER: 8

FROM: Executive Director

SUBJECT: Executive Director's Report – April 24, 2019

RECOMMENDATION: Receive Report

BACKGROUND SUMMARY:

Please call or e-mail me with questions you might have on any of the Agenda Items for the April 24, 2019 meeting. I would be happy to give you additional background or answer any of your questions in advance of the meeting. My direct phone number is (831) 454-5931 and my email address is jennyp@hacosantacruz.org.

Software Conversion: Staff continues to prepare for a software conversion scheduled to take place July 1, 2019. During the month of June, as the final transfer of data takes place and staff conducts intensive data validation and training, routine processes such as annual re-examinations will be postponed. During this period, only critical transactions, such as new move-ins, will take place. Once we are live in the new system, the waiting list processes, intake eligibility, and annual re-examinations will take place online. We expect that during the first year using online portals, many program participants will need technical assistance from our program information call center, and/or appointments to conduct transactions on the portal here at our offices. Over time, we expect that the majority of applicants, participants and landlords will conduct most routine business through these portals, which will result in improvements in access, transparency and convenience for our constituents, and improvements in efficiency for our staff.

FMR Study: In 2017, HACSC conducted our first ever FMR Study, in response to a 5% *decrease* in the HUD published FMRs. The study resulted in a modest 4% increase in FMRs. While pleased with this result, staff still felt that the FMRs produced by the initial study were below market rents. Therefore, staff commissioned an additional study last year, which resulted in a 24% increase in FMRs. The FMR study we submitted last year will remain valid for 2 years. Therefore, staff will not commission an FMR study in 2019. Our current FMR study will remain in effect, and HUD will apply an inflation factor to these rates to determine FMRs for 2020. However, the study will expire the following year. Therefore, staff will commission a new study in Spring of 2020 to establish the 2021 FMRs. If we do not conduct a new study at that time, the 2021 FMRs will be “re-set” based on HUD’s standard methodology.

Quarterly Updates for January – March 2019

- Landlord Incentive Program – There have been no claims paid in the Landlord Incentive Program for any jurisdiction during the previous quarter. Two claims were submitted, but they were denied, as they were related to tenants who had long since moved out of their units. To be eligible for reimbursement, landlords must submit claims within three months of the end of tenancy.

- PBV Activity
 - Pippen Apartments – Pippen apartments in Watsonville hosted a grand opening celebration earlier this month (see article from Register Pajaronian under FYI). MidPen acknowledged the impact of the PBVs committed to the development. Out of 46 units at Pippen Apartments, 31 are assisted through the PBV program including 6 units for disabled households and 2 units for disabled formerly homeless or foster youth or young adults.
 - Sunrise Senior Apartments – Sunrise is a 48 unit affordable senior housing development under construction in Hollister. All of the units will be assisted with PBVs, and 5 of the PBVs will be designated for VASH households. HACSC opened a site based waiting list for Sunrise Apartments earlier this quarter. The units are expected to be ready for occupancy in August.
 - Water Street Apartments – Water Street is a 50 unit affordable development under construction in Santa Cruz. Thirty-three of the units will be assisted with PBVs including 8 units set aside for persons with disabilities. This coming quarter, HACSC will be reaching out to top applicants on the waiting list to offer voucher holders the opportunity to apply for these units. The units are expected to be ready for occupancy in July or August.
 - Jardines del Valle and Villas del Paraiso – Jardines del Valle and Villas del Paraiso are existing affordable farmworker housing units owned and managed by MidPen. They have been conditionally approved for up to 11 units of PBV at Jardines and up to 23 at Paraiso. This quarter, these units completed their required environmental review.
 - Additional PBV Opportunities – HACSC has also been in conversation both MidPen and Eden Housing regarding the potential for PBVs at additional planned or proposed developments in Watsonville and in the unincorporated area of the County. Finally, MidPen is also working towards adding additional units at Jesse Street Apartments in Santa Cruz, some of which may be project based. The Housing Authority has been approached by the owner of two existing properties in Watsonville, but at this time the properties do not look like a good fit for the program.

- Lease Up – Lease up information by voucher type was provided at the March meeting. I will begin providing updates in the next quarter. The information in the quarterly report will summarize the number of vouchers utilized, as well as the number of vouchers issued (but not yet utilized) by voucher type.

City shows off Pippin Orchards



Officials from the City of Watsonville and Santa Cruz County attended a ribbon-cutting ceremony for Pippin Orchards apartments. residents started moving in in August. (Todd Guild/Register-Pajaronian)

By: TODD GUILD - Updated: 1 week ago

Posted Apr 5, 2019

Thousands apply for 46 units, highlighting housing crisis

WATSONVILLE — When the Pippin Orchard Apartment complex at 56 Atkinson Lane was ready for occupancy in the fall, nearly 2,500 families applied, hoping to snag one of the 46 units.

That is clear evidence that more affordable housing units are needed throughout the county, said MidPen Housing Chief Real Estate Development Officer Jan Lindenthal.

“That’s an acceptance rate of less than two percent,” Lindenthal told a large crowd gathered Friday at the complex’s ribbon-cutting ceremony. “That means it’s harder to get into affordable housing here than it is to get into Yale, Harvard or Brown. That’s insane.”

Dozens of city and county officials, along with Pippin residents, took shelter under a series of tents to avoid a rainstorm that doused the area during the entirety of the ceremony.

Pippin Orchards provides three one-bedroom, 29 two-bedroom, and 14 three-bedroom apartment homes for individuals and families earning up to 60 percent of area median income, which is \$66,960 for a four-person household.

Rents range from \$628 to \$1741 depending on how many bedrooms, number of residents and income level.

Six of the apartments are reserved for people with disabilities and their families, and two have been set-aside for young adults ages 18–24 who have experienced homelessness.

According to Lindenthal, 67 percent of the residents live or work in the Pajaro Valley. A total of five families were homeless before they moved in.

The complex includes a computer room for residents, and a small classroom for after-school activities – complete with an onsite teacher – for the 32 children who live there. There is also a small playground.

MidPen Property Management Corp. will provide professional property management onsite.

When the project was first planned, about half of the units sat in Watsonville city limits, while the others were located in unincorporated county land.

But the county’s piece was annexed into city boundaries, which several speakers at the ribbon-cutting ceremony attributed to a collaboration between jurisdictions.

The Santa Cruz Local Agency Formation Commission approved Watsonville's annexation request in August.

“This project is a testament to the power of community partnerships and perseverance,” Watsonville City Manager Matt Huffaker said.

A lack of affordable housing, Huffaker said, poses a “major threat to the quality of life in our county.”

The project is the culmination of more than a decade of work, officials said Friday.

“After years of envisioning and planning, we’re thrilled to celebrate the grand opening of Pippin Orchards Apartments which provides high quality housing that our valued workforce can afford,” said Watsonville Mayor Francisco Estrada.

Financing for the \$29.1 million development was provided by the City of Watsonville, the County of Santa Cruz, the Housing Authority of the County of Santa Cruz, the California Tax Credit Allocation Committee and MUFJ Union Bank.