

**NEW HORIZONS AFFORDABLE HOUSING AND DEVELOPMENT INC.**  
**AGENDA OF THE BOARD OF DIRECTORS MEETING**  
**March 23, 2022**

**New Horizons Board of Directors Meeting will take place immediately following the  
Housing Authority of the County of Santa Cruz Board of Commissioners Meeting  
HOUSING AUTHORITY OFFICES  
2160 41<sup>st</sup> Avenue, Capitola, CA 95010**

- Due to the shelter-in-place directive, in lieu of attending the meeting in person, members of the public are invited to submit their comments via email to [housing@hacosantacruz.org](mailto:housing@hacosantacruz.org) prior to the meeting or join the Zoom Meeting via this link:

Join Zoom Meeting

<https://us02web.zoom.us/j/89306129245?pwd=ZzFiU1d2UmVSSjJRMk9WTklSU0pCdz09>

Meeting ID: 893 0612 9245

Passcode: 756203

One tap mobile

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Dial by your location

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+1 408 638 0968 US (San Jose)

+1 346 248 7799 US (Houston)

+1 253 215 8782 US (Tacoma)

+1 646 876 9923 US (New York)

+1 301 715 8592 US (Washington DC)

+1 312 626 6799 US (Chicago)

Meeting ID: 893 0612 9245

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1. Roll Call

**NEW HORIZONS BOARD OF DIRECTORS:**

Chairperson Andy Schiffrin	4 year term expires, March 17, 2023
Vice Chairperson Carol Berg	4 year term expires, May 21, 2025
Director Sonja Brunner	4 year term expires, September 1, 2023
Director Ligaya Eligio	2 year term expires, October 18, 2022
Director Rebecca Garcia	4 year term expires, February 10, 2023
Director Annette Melendrez	4 year term expires, September 29, 2023
Director Richard Schmale	2 year term expires, May 12, 2023

2. Consideration of Late Additions and Changes to the Agenda

3. Consent Agenda

A. Minutes of the Meeting held January 26, 2022

Motion to Approve as submitted

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

Discuss New Information Re: HOME Funds and Provide Direction to Staff
7. **Written Correspondence**
8. **Report of Executive Director**
9. **Reports from Board of Directors**  
(Board members may report on meetings attended, if any, or other items of interest.)
10. **Closed Session**
11. **Report on Closed Session**
12. **Adjournment**

\*New Horizons 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.

NEW HORIZONS AFFORDABLE HOUSING AND DEVELOPMENT INC MINUTES OF THE MEETING HELD JANUARY 26, 2022 AT THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, 2160 41<sup>ST</sup> AVENUE, CAPITOLA, CA 95010

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**AGENDA ITEM NO. 1**

Roll Call

Chairperson Schiffrin called the meeting to order at 12:18 p.m. Members present via Zoom meeting Chairperson Schiffrin, Vice Chairperson Berg, Directors Brunner, Eligio, Garcia, Melendrez and Schmale

**Members Absent**

None

**Staff Present**

Jennifer Panetta, Rayne Perez and Courtney Byrd of the Housing Authority

**AGENDA ITEM NO.**

Consideration of Late Additions or Changes to the Agenda

None.

**AGENDA ITEM NO. 3**

Consent Agenda

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

Director Brunner moved for the approval of the Consent Agenda; Director Melendrez seconded the motion and it as passed by the following vote:

AYES: Directors Berg, Brunner, Eligio, Garcia, Melendrez, Schiffrin and Schmale  
NOES: None  
ABSENT: None  
ABSTAIN: None

Agenda Item 3A. Approved the Minutes of the Meeting held August 25, 2021

**AGENDA ITEM NO. 4**

Oral Communications

Due to the shelter-in-place directive, in lieu of attending the meeting in person, members of the public are invited to submit their comments via email to [housing@hacosantacruz.org](mailto:housing@hacosantacruz.org) prior to the meeting or join the Zoom Meeting via this link:

Join Zoom Meeting

<https://us02web.zoom.us/j/82525007384?pwd=RWRBcGNWNjY4RkJXVnVna3Q0eXJnUT09>

Meeting ID: 825 2500 7384

Passcode: 819526

One tap mobile

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NEW HORIZONS AFFORDABLE HOUSING AND DEVELOPMENT INC MINUTES OF THE MEETING HELD JANUARY 26, 2022 AT THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, 2160 41<sup>ST</sup> AVENUE, CAPITOLA, CA 95010

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No emails with comments were submitted and no public members joined the meeting.

**AGENDA ITEM NO. 5** Unfinished Business  
None.

**AGENDA ITEM NO. 6A** Application for HOME Funds

Secretary Panetta informed the Board that before them today with a staff recommendation to approve is Resolution No. 2022-01: Retroactively Approving the Submission of a HOME Investment Partnership Grant Application in the Amount of \$1,491,888 to the City of Santa Cruz for the Development of 415 Natural Bridges and Authorizing Board Chair to Execute Attached Certifications.

Secretary Panetta introduced a new Housing Authority team member Rayne Perez, Principal Management Analyst, who will be giving the staff report.

Principal Management Analyst Perez informed the Board that the City of Santa Cruz receives Community Development Block Grant (CDBG) and Home Investment Partnerships Program (HOME) entitlement funding annually from the U.S. Department of Housing and Urban Development (HUD). HOME Program funds are used to help provide housing for low-income households. In response to the City's recently issued RFP, staff has prepared and submitted to the City, by an extended deadline of January 14<sup>th</sup>, 2022, a HOME grant application in the amount of \$1,491,888 for development of twenty (20) Very Low Income (VLI) units at 415 Natural Bridges. Principal Management Analyst Perez informed the Board there are three certifications that are required to be approved by the Board of Directors. A discussion about the enclosed application and certifications followed.

Director Schmale motion to adopt Resolution No. 2022-01: Retroactively Approving the Submission of a HOME Investment Partnership Grant Application in the Amount of \$1,491,888 to the City of Santa Cruz for the Development of 415 Natural Bridges and Authorizing Board Chair to Execute Attached Certifications.; Director Eligio seconded the motion and it as passed by the following vote:

AYES: Directors Brunner, Eligio, Garcia, Melendrez, Schiffrin and Schmale  
NOES: None  
ABSENT: None  
ABSTAIN: Director Berg

**AGENDA ITEM NO. 7** Written Correspondence  
None.

**AGENDA ITEM NO. 8** Report of Executive Director  
None.

**AGENDA ITEM NO. 9** Reports from Board of Directors  
None.

NEW HORIZONS AFFORDABLE HOUSING AND DEVELOPMENT INC MINUTES OF THE MEETING HELD JANUARY 26, 2022 AT THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, 2160 41<sup>ST</sup> AVENUE, CAPITOLA, CA 95010

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**AGENDA ITEM NO. 10**                      Closed Session  
None.

**AGENDA ITEM NO. 11**                      Report on Closed Session  
None.

**AGENDA ITEM NO. 12**                      Adjournment

The Board of Directors meeting was adjourned at 12:27 p.m.

I hereby certify that these minutes were approved by the Housing Authority of the County of Santa Cruz, on the Twenty Third of March 2022.

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Chairperson of the Authority

ATTEST: \_\_\_\_\_

Secretary

## AGENDA ITEM SUMMARY

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**MEETING DATE:** March 23, 2022

**ITEM NUMBER:** 6A

**FROM:** Executive Director

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**SUBJECT:** Application for HOME Funds

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**RECOMMENDATION:** Discuss New Information Re: HOME Funds and Provide Direction to Staff

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### **BACKGROUND SUMMARY:**

The City of Santa Cruz receives Community Development Block Grant (CDBG) and Home Investment Partnerships Program (HOME) entitlement funding annually from the U.S. Department of Housing and Urban Development (HUD). HOME Program funds are exclusively used to help provide housing for low-income households. Funding assistance can be provided to: (1) help develop or rehabilitate income restricted housing units or (2) support programs that provide financial assistance directly to low-income renters or home buyers enabling them to then access or retain housing. In January 2022, the New Horizons Board authorized staff to submit a HOME Investment Partnership Application in the Amount of \$1,491,888 to the City of Santa Cruz for the Development of 415 Natural Bridges.

Recent meetings with staff from the City of Santa Cruz and with HUD representatives have surfaced issues that warrant discussion and may influence New Horizons' interest in continuing to pursue an award of HOME funds from the City of Santa Cruz.

Initial conversations with City staff suggested that the City would consider providing the HOME funding as a grant, rather than a loan, if the housing had a deed restriction ensuring affordability in perpetuity. More recently, City staff have clarified that they do not wish to award the funds in the form of a grant. City staff indicated concern about setting a precedent, leading others to also request the funds as a grant. Additionally, City staff noted that they can leverage the funds best if they are loans that eventually come back as payments when the projects are doing well financially, enabling additional affordable housing to be built. Receipt of the funds as a loan rather than a grant makes the funds significantly less beneficial to New Horizons, as we have other ways of filling our funding gap without the administrative burden of accepting a HOME loan, including conventional financing or use of New Horizons reserves.

There is substantial staff administrative burden for compliance and administration if HOME funds are accepted. Additionally, there would be a need to follow federal procurement rules when selecting contractors. Given that we have already begun selecting contractors for the project in the absence of this requirement, there is a question about whether New Horizons would already be out of compliance or whether the new procurement rules could be used on a go-forward basis after

receipt of the funds. The level of staff work involved in accepting and administering HOME funds may not be justified for a loan that must be repaid.

Additionally, questions came up from City staff about a potential limitation that would allow the City to only award funds to New Horizons (a) if New Horizons becomes an eligible CHDO or (b) if New Horizons, upon selection as an awardee, then issues an RFP for the project and awards the funds to another developer. Based on a meeting staff held with City, HUD, and Housing Authority staff, it is our shared understanding now that the City *could* award the funds as a loan directly to New Horizons (a developer) absent CHDO status, and that if New Horizons is selected as a development project, it would be as a contractor, not a sub-recipient. In that context, New Horizons would not need to conduct an RFP to select a developer, since they *are* the developer.

HUD raised concerns regarding conflict of interest in considering New Horizons as an applicant, given New Horizons affiliation with the Housing Authority. HUD indicated they would expect a higher level of due diligence from the City in considering the New Horizons project to address “*even the appearance of a conflict of interest.*” In light of this, HUD advised the City to be particularly diligent in establishing consistent and objective development-project selection criteria, and then applying that criterion in their review, scoring, and award of funds.

Both HUD and City staff indicated concerns about awarding funds to a nonprofit that has no employees. HA staff clarified that the HA and New Horizons would enter into a development services agreement, where Housing Authority employees would support New Horizons in completing the development project. Additionally, consultant(s) hired could be employed by New Horizons.

Finally, City staff indicated to HUD and Housing Authority staff that they have not awarded HOME funds to a development project in many years and that current staff lack experience in the technical administration of the program. Housing Authority staff have a concern that given the lack of knowledge of these technical details of the program, it may be harder to avoid compliance issues, and the project may be subject to additional scrutiny from HUD.

In light of the foregoing information, staff recommends that the New Horizons Board consider and discuss the new information and provide direction to staff on next steps.

**RECOMMENDATION:** Discuss New Information Re: HOME Funds and Provide Direction to Staff