

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
AGENDA OF THE REGULAR BOARD MEETING
January 25, 2023
HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
2160 41st 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 prior to the meeting or join the Zoom Meeting via this link:

Topic: Housing Authority of the County of Santa Cruz Board of Commissioners Meeting
Time: Jan 25, 2023 11:30 AM Pacific Time (US and Canada)

Join Zoom Meeting

<https://us02web.zoom.us/j/84835514379?pwd=T3VDY09sZTJ5Y2w4Zjh3VmpPcVZCUT09>

Meeting ID: 848 3551 4379

Passcode: 112738

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1. Roll Call

HOUSING AUTHORITY BOARD OF COMMISSIONERS:

Chairperson Andy Schiffrin	4 year term expires, March 17, 2023
Vice Chairperson Carol Berg	4 year term expires, May 21, 2025
Commissioner Ligaya Eligio	2 year term expires, October 18, 2024
Commissioner Providence Martinez Alaniz	Expires February 10, 2023
Commissioner Annette Melendrez	4 year term expires, September 29, 2023
Commissioner Silvia Morales	Expires September 1, 2023
Commissioner 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 Annual Meeting held December 14, 2022

Motion to Approve as Submitted

B. Board of Commissioners Meeting Format

Motion to Adopt Resolution No. 2023-01 Authorizing the Housing Authority Board of Commissioners to Continue the Use of Remote Board Meetings Pursuant to Assembly Bill 361

C. Agency Goals - Quarterly Update

Receive Report

D. New Horizon Programs and Services – Quarterly Update

Receive Report

E. Section 8 Housing Choice Voucher Program: Voucher and Funding Utilization

Receive Report

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. Request to Allow Lifetime Registered Sex Offenders in Shelter Plus Care Program

Approve Recommendation to Update Shelter Plus Care Policy Documents to Allow Consideration of Lifetime Registered Sex Offenders

B. Housing Authority Board of Commissioners Meeting Format, Meeting Time and Special Meeting Date in March

Approve Revision to Housing Authority Bylaws Reflecting an 11am Meeting Time, Cancel Regular March Meeting Scheduled for March 22, 2023, and Schedule Special March Meeting on March 29, 2023

C. Project Based Voucher RFP Evaluation Criteria

Discussion of Evaluation Criteria Used to Determine the Commitment of Project Based Vouchers (PBVs)

D. Sale of 415 Natural Bridges Drive

Approve Recommendation for the Executive Director to: (i) sell the property located at 415 Natural Bridges Drive to New Horizons for 1,530,000 and enter into all documents necessary to effectuate that sale and to ensure the continued affordability of the project, including but not limited to purchase and sale agreement, grant deed, escrow instructions, and regulatory agreement; (ii) assign certain predevelopment contracts to New Horizons and enter into all documents necessary to effectuate that assignment including but not limited to an assignment agreement; and (iii) provide the Loan to New Horizons and enter into all documents necessary to provide the Loan including but not limited to promissory note, and deed of trust.

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
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.

AGENDA ITEM NO. 1

Roll Call

Chairperson Schiffrin called the meeting to order at 11:31 a.m. Members present via Zoom meeting Chairperson Schiffrin, Vice-Chairperson Berg, Commissioners Eligio, Martinez Alaniz, Melendrez, Morales and Schmale (Commissioner Martinez Alaniz and Commissioner Morales were sworn into office before the meeting was called to order.)

The Housing Authority of the Board of Commissioners and staff welcomed Commissioner Martinez Alaniz and Commissioner Morales. The new commissioners, current commissioners and staff in attendance introduced themselves and gave a brief bio.

Members Absent

None.

Staff Present

Jennifer Panetta, Aaron Pomeroy, Tom Graham 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 Schiffrin asked for a motion to approve the Consent Agenda.

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

AYES: Commissioners Berg, Eligio, Martinez Alaniz, Melendrez, Morales, Schiffrin and Schmale
NOES: None
ABSENT: None
ABSTAIN: None

- Agenda Item 3A. Adopted Resolution No. 2022-20 Authorizing the Housing Authority Board of Commissioners to Continue the Use of Remote Board Meetings Pursuant to Assembly Bill 361
- Agenda Item 3B. Approved Recommendation for the Executive Director to Execute a Contract for General Counsel Legal Services with Goldfarb & Lipman LLP
- Agenda Item 3C. Approved Minutes of the Regular October 26, 2022 Meeting
- Agenda Item 3D. Received Report Quarterly Financials

Finance Director Pomeroy exited the meeting at 11: 44 a.m.

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 prior to the meeting or join the Zoom Meeting via this link:

Topic: Housing Authority of the County of Santa Cruz Board of Commissioners Meeting

Time: Dec 14, 2022 11:30 AM Pacific Time (US and Canada)

Join Zoom Meeting

<https://us02web.zoom.us/j/85246250606?pwd=K3dTcE8xODZuRXFjYnBqQkdRMVNGdz09>

Meeting ID: 852 4625 0606

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+16699006833,,85246250606#,,,,*449009# US (San Jose)

Dial by your location

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+1 408 638 0968 US (San Jose)

Meeting ID: 852 4625 0606

Passcode: 449009

Find your local number: <https://us02web.zoom.us/j/85246250606>

No emails with comments were submitted. Chairperson Schiffirin asked if there were members of the public in attendance who would like to comment on items not on the agenda. No members of the public are in attendance.

AGENDA ITEM NO. 6A Moving to Work (MTW) Supplement to the Annual PHA Plan

Secretary Panetta reminded the Board that in September 2022, HUD designated the Housing Authority of the County of Santa Cruz (HACSC) as a Moving To Work (MTW) Agency through the MTW Asset Building Cohort, to test asset building initiatives designed to encourage the growth of savings accounts for assisted households and improve economic mobility. At the October meeting, the HACSC Board of Commissioners authorized execution of the MTW Annual Contributions Contract (ACC) which, once fully executed by HUD, will formalize our admission into the MTW demonstration program.

Secretary Panetta informed the Board that with the MTW Annual Contributions Contract submitted to HUD for execution, the next step in MTW implementation is the development of an MTW Supplement to our Annual PHA Plan, a draft of which is attached for review the Board's review.

HACSC's MTW Application proposed to utilize the HUD defined "Opt-Out Savings Account" as the

initial MTW asset building activity. Secretary Panetta informed the Board that it is important to note that the asset building program to be developed is not included in the MTW Supplement. Instead, staff at HACSC will work with HUD and the HUD-designated evaluation team to develop a proposed Opt Out Savings Account program, which will be presented to the Board for consideration at a future date prior to adoption and implementation.

Secretary Panetta informed the Board that the attached draft supplement has fifteen regulatory waivers that the HACSC is recommending requesting from HUD. Secretary Panetta went through the Overview of Proposed MTW Waivers table with the Board of Commissioners. The regulatory waivers include waivers promoting economic mobility, cost effectiveness and housing choice.

Secretary Panetta informed the Board on the next steps in this process. Including the Board of Commissioners comments, Resident Advisory Board comments and a public hearing. A discussion followed.

Members of the Board of Commissioners expressed some concern about increasing the PBV project cap to 100%. The Board agreed that it would be advantageous to proceed with requesting the waiver to allow the agency to go up to 100% PBVs at a given project, but suggested that we should be cautious about doing so. The Board noted the potential for developers to overly rely on PBVs for their projects. Staff agreed with the concerns raised by the Board, and suggested that the PBV scoring criteria should be updated prior to the implementation of any waivers, to ensure that the Board's goals and priorities are reflected in the tool that is used to consider PBV applications. Staff agreed to bring the PBV criteria to the Board for review at the January meeting.

AGENDA ITEM NO. 7

Written Correspondence

Secretary Panetta congratulated Commissioner Eligio on her reappointment to the Housing Authority Board of Commissioners and thanked her for serving another term.

Secretary Panetta congratulated Commissioner Martinez Alaniz and Commissioner Morales for their appointments and stated she is looking forward to working with them on the Housing Authority Board of Commissioners. The Board joined Secretary Panetta in the congratulations of Commissioner Eligio, Martinez Alaniz and Morales.

AGENDA ITEM NO. 8

Report of Executive Director

Executive Director Panetta informed the Board that the Santa Cruz County EHV is at the brink of 100% utilization where statewide is 50% and nationally is 57%. The Board of Commissioners congratulated staff and community partners.

Executive Director Panetta informed the Board of new bonuses for landlords renting to families with special purpose vouchers.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, MINUTES OF SPECIAL MEETING
DECEMBER 14, 2022, AT THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ,
2160 41ST AVENUE, CAPITOLA, CA 95010

Executive Director Panetta informed the Board of the Pippen Phase II groundbreaking. Executive Director Panetta attended and saw former Commissioner Rebecca Garcia.

Executive Director Panetta updated the Natural Bridges development.

Executive Director Panetta updated the Board of the continued Management Staff changes.

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

The Board of Commissioners meeting was adjourned at 1:14 p.m.

I hereby certify that these minutes were approved by the Housing Authority of the County of Santa Cruz, on the Twenty Fifth of January, 2023

Chairperson of the Authority

ATTEST: _____

Secretary

AGENDA ITEM SUMMARY

MEETING DATE: January 25, 2023

ITEM NUMBER: 3B

FROM: Executive Director

SUBJECT: Board of Commissioners Meeting Format

RECOMMENDATION: Adopt Resolution No. 2023-01 Authorizing the Housing Authority Board of Commissioners to Continue the Use of Remote Board Meetings Pursuant to Assembly Bill 361

BACKGROUND SUMMARY:

On September 16, 2021, California Governor Gavin Newsom signed AB 361 into law, amending the Ralph M. Brown Act to include new authorization for remote meetings, including remote public comment, for all local agencies. The new authorization, which largely extends the provisions of the Governor's Executive Order N-29-20 (signed March 17, 2020) and Executive Order N-35-20 (signed March 21, 2020), is effective until January 1, 2024.

Given the continuing COVID-19 state of emergency, AB 361 was introduced to establish clear rules for teleconference meetings during such emergencies, effective immediately and until January 1, 2024. Effective September 16, 2021, new Government Code section 54953(e)(1) allows local agencies to continue to meet via teleconference without complying with the Brown Act's traditional agenda posting, physical access and quorum requirements for teleconferencing, but only during a state of emergency proclaimed by the Governor (in accordance with Government Code section 8625) in which (1) state or local health officials have imposed or recommended measures to promote social distancing, or (2) the legislative body has determined (or is meeting to determine) by majority vote that meeting in person would present imminent risk to the health or safety of the attendees.

This new authority requires local agencies to verify every 30 days that the exemption from traditional teleconference requirements is still necessary. Specifically, the legislative body must redetermine that either i) the state of emergency continues to directly impact the ability of the members to meet safely in person, or ii) state or local officials continue to impose or recommend measures to promote social distancing.

Currently, the Governor's March 4, 2020 proclamation of State of Emergency is still in effect. The California Department of Public Health continues to recommend that all individuals wear masks in indoor public settings. Additionally, the Santa Cruz County Health Officer currently recommends that face coverings be worn in public indoor settings for all individuals in the County.

RECOMMENDATION Adopt Resolution No. 2023-01 Authorizing the Housing Authority Board of Commissioners to Continue the Use of Remote Board Meetings Pursuant to Assembly Bill 361

RESOLUTION NO. 2023-01

On the motion of Commissioner

Duly seconded by Commissioner

The Following Resolution is Adopted:

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ REAFFIRMING THAT THE PROCLAMATION OF A STATE OF EMERGENCY BY THE GOVERNOR OF CALIFORNIA ISSUED ON MARCH 4, 2020 RELATING TO THE COVID-19 VIRUS REMAINS IN EFFECT AND LOCAL OFFICIALS CONTINUE TO RECOMMEND SOCIAL DISTANCING MEASURES TO MITIGATE THE SPREAD OF THE COVID-19 VIRUS AND RE-AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE LEGISLATIVE BODY OF THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ PURSUANT TO BROWN ACT PROVISIONS.

WHEREAS, the Housing Authority of the County of Santa Cruz (“HACSC”) is committed to preserving and nurturing public access and participation in meetings of the Board of Commissioners; and

WHEREAS, all meetings of the HACSC’s legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code §54950 *et seq.*) (“Brown Act”), so that any member of the public may attend, participate, and watch the HACSC’s legislative bodies conduct their business; and

WHEREAS, the Brown Act, Government Code section 54953(e), makes provision for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, it is further required that state or local officials have imposed or recommended measures to promote social distancing; and

WHEREAS, the Board of Commissioners previously adopted a Resolution, Number 2022-20 on December 14, 2022 finding that the requisite conditions exist for the legislative body of the HACSC to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, as a condition of extending the use of the provisions found in section 54953(e), the Board of Commissioners must reconsider the circumstances of the state of emergency that exists, and the Board of Commissioners has done so; and

WHEREAS, the State of Emergency proclaimed by the Governor of California on March 4, 2020, due to the outbreak and spread of the COVID-19 virus remains in effect and active in order to be able to prepare, respond, and implement measures to mitigate the spread of the COVID-19 virus; and

WHEREAS, local officials within the State of California and the County of Santa Cruz continue to recommend social distancing measures to mitigate the spread of the COVID-19 virus; and

WHEREAS, as a consequence of the proclaimed state of emergency pursuant to the COVID-19 virus which continues to remain in effect, and local officials continuing to recommend social distancing measures to mitigate the spread of the COVID-19 virus, the Board of Commissioners does hereby find that the legislative bodies of the HACSC shall continue to conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and that such legislative bodies shall comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953; and

WHEREAS, the meetings of the HACSC's legislative bodies continue to be open to the public, in accordance with the law.

NOW, THEREFORE, THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Reaffirmation of Governor's Proclamation of a State of Emergency. The Board hereby finds that the Governor of the State of California's Proclamation of State of Emergency pursuant to the COVID-19 virus, effective as of its issuance date of March 4, 2020, continues to remain in effect.

Section 3. Reaffirmation of Local Officials Recommendation of Social Distancing Measures. The Board hereby finds that local officials within the State of California and the County of Santa Cruz continue to recommend social distancing measures to mitigate the spread of the COVID-19 virus.

Section 4. Remote Teleconference Meetings. The Executive Director of the HACSC and legislative bodies of the HACSC are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, continuing to conduct open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective for thirty (30) days or until such time the Board of Commissioners adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the legislative bodies of the HACSC may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

PASSED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of Santa Cruz, this Twenty Fifth of January 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Chairperson of the Authority

ATTEST:

Secretary of the Authority

MEETING DATE: January 25, 2023

ITEM NUMBER: 3C

FROM: Executive Director

SUBJECT: Agency Goals - Quarterly Update

RECOMMENDATION: Receive Report

BACKGROUND SUMMARY:

Each year, the Housing Authority Board of Commissioners establishes annual performance goals for the Agency. The following goals were established for the period of 7/1/2022 – 6/30/2023. The target date for completion of all goals is 6/30/23 unless otherwise stated. This report demonstrates the progress on these goals during the first half of the fiscal year, from 7/1/22 – 12/31/22. Baseline values reflect the values on 7/1/22, at the beginning of the fiscal year.

1. Expand Housing Choice Voucher Program:

- a. Achieve/Maintain voucher utilization rates of at least 95% for HCV program overall

	Baseline	Q1	Q2	Q3	Q4
HCV Utilization Rate	92.3%	92.5%	93.2%		

- b. Achieve 95% utilization rate for new Emergency Housing Vouchers

	Baseline	Q1	Q2	Q3	Q4
EHV Utilization Rate	63.9%	78.4%	98.9%		

- c. Increase total number of households assisted by at least 80 households

	Baseline	Q1	Q2	Q3	Q4
HCV Households	5,023	5,043	5,097		
Cumulative Increase	N/A	+20	+74		

- d. Increase number of landlords participating in the HCV program by at least 50

	Baseline	Q1	Q2	Q3	Q4
HCV Landlords*	N/A	1,755	1,764		
Cumulative Increase	N/A	N/A	9		

* Previous report showed a baseline of 2,307 landlords. Upon data validation, staff discovered that the report being used was not accurately filtering out duplicates. New data has been provided for quarters 1 and 2 to provide a like comparison and a true count of program landlords. A similar report from 7/1/22 is not available. An equivalent goal prorated over 3 quarters is 37.5.

2. Expand Affordable Housing Supply:

- a. Project Based Vouchers approved for at least 125 additional units, with a priority for, and at least 50% of these units available to, top HCV applicants

In the first quarter of this fiscal year, the Housing Authority conditionally awarded 30 vouchers, with 67% of the units available to top HCV applicants:

- Natural Bridges Studio Apartments
20 PBVs awarded for general purpose vouchers (waiting list applicants)
City of Santa Cruz
- 831 Water Street
10 additional VASH PBV vouchers awarded for homeless veterans referred through the Veterans Administration
City of Santa Cruz

In the second quarter of this fiscal year, the Housing Authority has not conditionally awarded Project Based Vouchers. However, in late December, the Housing Authority received two applications for PBVs, both of which are pending review and scoring, with 100% of the 53 requested PBVs targeted for top HCV applicants:

- Hollister West of Fairview Apartments
22 general purpose PBVs requested for top HCV applicants
City of Hollister
- Downtown Library
31 general purpose PBVs requested for top HCV applicants
City of Santa Cruz

- b. Begin construction of Natural Bridges Drive in Spring 2023, with expected occupancy in Spring 2024

New Horizons has completed Phase II of the RFQ process to select a general contractor for construction services. The contract award recommendation is included in this month's New Horizon Board meeting. Upon approval from the Board, New Horizons will proceed to execute a construction contract with the selected general contractor.

The Housing Authority is in the process of submitting the third set of construction drawings for review by the City of Santa Cruz. This submission addresses one outstanding issue related to storm water management which required a revision to the calculation of a total area of disturbance caused by the project. At the time of preparing

this update the Housing Authority had submitted updated versions of the SRO Management Plan and Affordable Development Agreement and expects these documents to be finalized by Friday, January 20. The change of property ownership (included in this month's Board meeting) must be completed prior to the execution of the Affordable Development Agreement. For the building permit to be issued these documents must be finalized and approved by the city, and the impact fees estimated at \$85,825.60 must be paid to the City. The Housing Authority is exploring the option of obtaining a grading permit as we work through the final logistics for securing the building permit. This would allow us to begin excavation and grading work as originally scheduled to avoid delaying the start of construction. This excavation and grading work is estimated to take approximately one month to complete, by which time we expect the building permit will have been obtained.

HUD is scheduled to provide the Authority to Use Grant Funds related to the PBV awards on January 25, which is required for execution of the AHAP. The execution of the AHAP and Board approval of the general contractor will enable New Horizons to proceed with grading and any other site work.

The Housing Authority expects to break ground on construction within a matter of days, with occupancy in Spring 2024.

- c. Examine Housing Authority / New Horizons role in affordable housing supply, and provide recommendations to Board on strategies for future projects and initiatives

Housing Authority staff plan to present information and recommendations to the Board in Spring 2023.

3. Improve Quality of Housing Stock:

- a. Modernize at least 20 Housing Authority owned or controlled units upon turn-over, which includes refinishing cabinets, painting, installing new flooring, replacing appliances, and installing new exhaust fans.

Since July 2022, the Housing Authority has had a total of 14 units turn over. Upon turn-over the Housing Authority assesses the unit to determine what repairs and modernization work is needed before leasing the unit to a new tenant. During this period 3 units received full modernization and 2 are in the process of being modernized with completion expected during the 3rd quarter of FY23. Full modernization work involves full unit painting, replacements of lighting fixtures, electrical outlets, light switches, thermostats, bathroom fans, blinds, doors if damaged or missing, range hoods, bathroom and kitchen sinks, faucets, angle stops, supply lines, flooring. Some units required appliance replacements of stoves and refrigerators. There were also 6 units that received some level of repairs, cleaning and/or modernization and 3 unit with completion expected

during the 3rd quarter of FY23. These units typically receive new flooring, a full unit repaint, general maintenance and cleaning. The Housing Authority is experiencing a lower turn-over rate than initially forecasted, and if this trend continues the Housing Authority may assess for opportunities to conduct certain modernization work while units are occupied, such as replacing appliances and flooring. This work can typically be completed quickly with nominal disturbance to residents.

4. Increase Programs and Services:

- a. Implement New Horizons Programs and Services year one activities

See agenda item 3D.

- b. Conduct resident satisfaction survey

See agenda item 3D.

- c. Develop proposal for expanded programs and services in year two based on experience with year one implementation and results of resident satisfaction survey

Housing Authority staff plan to present information and recommendations to the Board in Housing 2023 for consideration in the 2023/2024 New Horizons budget.

- d. If approved for MTW designation, develop and implement asset building program

The Housing Authority has been approved for MTW designation and has executed an updated Annual Contributions Contract (ACC) effective 1/1/23 formalizing our admission into the MTW program. Additionally, staff have drafted the MTW Supplement to the Agency Plan, which will be included in the Agency Plan public notification and hearing process over the coming weeks. The MTW Supplement is scheduled to be presented for Board approval at the March regular meeting, after which it will be submitted to HUD for approval. Concurrently, Housing Authority staff will be working with HUD, HUD evaluators, and local partners to develop an asset building program. Staff have not yet received information from HUD about program requirements. Once program requirements are known, staff will present a draft program model to the Board for review and consideration.

5. Improve Agency and Program Management:

- a. Increase the percentage of timely annual re-examinations to 95% as measured by HUDs Section Eight Management Assessment Program (SEMAP)

	Baseline	Q1	Q2	Q3	Q4
Percentage of timely ARs reflected in HUD SEMAP	87%	92%	96%		

- b. Begin development of waiting list applicant portal, with anticipated waiting list portal launch by 12/31/23.

Housing Authority staff have participated in demonstration of Yardi Voyager Applicant Portal and are working with Yardi to confirm details regarding portal functionality. HA staff are currently cleaning up waiting list records and working to transfer them into the Yardi waiting list module that feeds into the Applicant Portal. Upon completion of data cleanup and transfer, staff will develop a plan and timeline to pilot test the Applicant Portal with one of the smaller waiting lists. When the portal is ready to test, applicants on one of the smaller waiting lists will be contacted to verify their continued interest and instructed on registration for the new online waiting list portal. The results of the pilot test will inform any needed changes to our implementation approach before advancing to the Housing Choice Voucher waiting lists.

- c. Retain SEMAP High Performer Designation

The Section Eight Management Assessment Program (SEMAP) measures the performance of Housing Authorities in their administration of the Housing Choice Voucher Program, using 14 indicators, including data from HUDs online system as well as a file review. SEMAP designation is determined at the end of each Fiscal Year. For the past two years, we have been exempted from SEMAP due to COVID waivers, and have retained our High Performer designation. This year, we had expected to be subject to SEMAP once again. However, MTW agencies are exempt from participation in SEMAP. HUD is in the process of developing a new assessment system for MTW agencies. Until that time, this agency goal is no longer applicable.

- d. Develop Equity Report Card and Action Plan

Housing Authority staff plan to present information and recommendations to the Board in Spring 2023.

- e. Develop and launch Employee Recognition Program

Housing Authority management have developed a “Qualities of Excellence” Employee Recognition program outline, with a goal of gaining input from staff on the top five qualities of excellence by the end of November. Once qualities of excellence have been determined by staff, these qualities will be the basis for staff recognition. Staff will have the opportunity to recognize and acknowledge colleagues who demonstrate those qualities of excellence throughout the agency, with quarterly recognition and awards, beginning in January.

RECOMMENDATION: Receive report

AGENDA ITEM SUMMARY

MEETING DATE: January 25, 2023

ITEM NUMBER: 3D

FROM: Executive Director

SUBJECT: New Horizon Programs and Services – Quarterly Update

RECOMMENDATION: Receive Report

BACKGROUND SUMMARY:

In June 2022, the New Horizons Board of Directors approved the recommendation for the Housing Authority and New Horizons Affordable Housing and Development (New Horizons), collectively referred to as the Housing Authority, to develop and implement a resident services program. Since some activities are broader than conventional resident services programs, the Housing Authority will refer to these activities as New Horizon Programs and Services.

The New Horizons Board approved the following initial activities for the current fiscal year:

- Internet Services
- New Horizon Publications
- Loss Mitigation Fund
- Security Deposit Gap Assistance
- Affordable Housing Alerts
- Transportation Services
- Scholarship Program
- Resident Survey

The Housing Authority committed to providing the Board quarterly updates on the implementation and status of the program activities. This second quarterly update provides details on each activity and the status on implementation.

PROGRAM SERVICES UPDATE:

Internet Service: New Horizons is assisting in bridging the digital divide by providing residents of Housing Authority owned or controlled properties with access to free high speed internet services and connecting participants of tenant based rental assistance programs with information about low-cost internet services. A key partnership is Cruzio

Internet (Cruzio), a fixed wireless internet service provider. Cruzio has installed exterior antenna equipment at the following sites and is working towards connecting each residential unit with internet access. Cruzio is reporting supply chain issues with obtaining hardware which is causing delays with connecting each residential unit. Once the residential units have access established, the residents will have the opportunity to participate in the Equal Access Santa Cruz program offered through Cruzio free of charge. At that time, the residents will receive free high speed internet access, and New Horizons will pay the \$15 monthly fee on behalf of each of the connected households.

HA Owned and Managed Properties with Exterior Antenna Equipment Installed

Property	City	Unit Count	Access Status	Active Users
Arista Court	Watsonville	16	Unit installs scheduled February	N/A
Arista Lane	Watsonville	15	Unit installs scheduled mid-February	N/A
Casa Pajaro	Watsonville	34	Connected	28
Crestview	Watsonville	16	Connected	8
Portola	Santa Cruz	24	Unit installs scheduled March	N/A
Total		105		36

The Housing Authority and Cruzio are evaluating strategies to increase the number of active users at the connected properties. Although some residents may access internet service through another provider, the Housing Authority wants to ensure that residents are fully aware of the program and maximize the number of households receiving free high speed internet.

Cruzio is working to explore options for the remaining 10 properties which includes 147 residential units.

Information on low-cost internet options for low-income families is currently available on the Housing Authority website, including Comcast Internet Essentials, the AT&T Affordable Connectivity Program, and HUD’s Everyone On Low Cost Internet service locator. Housing Authority staff plans to disseminate the information to all participants in tenant based rental assistance programs in 2023, through methods including Housing Authority email blasts, New Horizons Publications, flyers in our lobby, social media, and other appropriate channels.

New Horizons Publications: The Housing Authority is currently reviewing and updating the materials provided in the Move-In Packets and expects the materials to be completed in early 2023. Residents will also start to receive our Newsletter with property information and community resources in the Spring of 2023. The Housing Authority continues to

engage with community partners and organizations that can provide services to residents and program participants. These partnerships, and the services available to residents and program participants, will be highlighted in the New Horizons newsletters.

Loss Mitigation Funds: The New Horizons Loss Mitigation program is an existing program that is fully established and implemented. New Horizons continues to provide loss mitigation funds to landlords participating in the HCV, Section 8 program. Landlords may file a claim for up to \$5,000 for loss or damages. The first \$2,500 of each claim is paid by the local jurisdictions. New Horizons pays any amount in excess of \$2,500 up to the \$5,000 program cap. During the first two quarters of FY23 there were 13 claims disbursed, for a total of \$30,636.02. The goals of this program are to improve landlord satisfaction and to retain units available to participants.

Security Deposit Gap Assistance: The New Horizons Security Deposit Gap Assistance program is an existing program that is fully established and implemented. This program continues to be available to new residents of New Horizon properties, if and when jurisdictional security deposit funding has been depleted. Currently, jurisdictional funding is available countywide for security deposit assistance. Therefore, during the first two quarters of FY23 there were no funds disbursed for this program.

Waiting List Alert System: In August 2022 the Housing Authority launched the Affordable Housing Alerts (AHA) system. As of January 2023, there were 1,486 registrants that have signed up for alerts. The Housing Authority has sent multiple notices of housing opportunities, including notification of open waitlists at Lincoln Square Apartments, Pacifica Apartments, and Sunrise Senior Apartments.

Transportation Services: On December 16, 2022, the Board of Directors for the Santa Cruz METRO, a public transportation agency, approved the recommendation to enter a contract with the Housing Authority for the EcoPass Pilot Program. The EcoPass Pilot provides the Housing Authority with a discounted rate of 90% off the regular fare. As part of the program the Housing Authority has agreed to cover the rider portion of the pass cost to provide free bus transportation passes to residents at Housing Authority owned and controlled properties. The program is estimated to assist 980 individual residents with an approximate annual cost of \$61,198. The Housing Authority has executed the contract for program and is awaiting the returned signed contract from METRO to proceed with issuing bus transportation passes to residents. The Housing Authority will work with the METRO to preparing marketing and outreach materials and expects the program to be available to all residents in February.

Scholarship: The Housing Authority has developed the preliminary framework for the scholarship program which includes the scholarship eligibility requirements, application process and evaluation committee. The scholarship program will be available to all residents and program participants. The Housing Authority will present the final program recommendation to the Board for approval during the February 2023 meeting, to be implemented in April 2023.

Biennial Resident Satisfaction Survey: The Housing Authority plans to conduct a resident satisfaction survey in the second half of 2023. The resident survey may cover topics ranging from resident satisfaction with the conditions of their unit, to resident satisfaction with property management, as well as use of and satisfaction with new resident programs and services such as internet access, METRO passes, and newsletters.

Bike Giveaway Event: In addition to the services included in the proposed Resident Services Plan, the Housing Authority has been exploring new community partnerships. The Housing Authority partnered with the Community Bike Collaborative (CBC), a nonprofit organization based in Watsonville, CA to provide free bikes to residents at 308, 310, and 314 Clifford Avenue. This event was not included in our initial list of activities, but when the CBC expressed interest in working with the Housing Authority, we were excited by the partnership. The event was held on Sunday, December 18, 2022, at the Clifford Avenue property. CBC provided new and used bikes which included different sizes and styles. For the used bikes, CBC fully restored the bikes to ensure they were safe and operational. A total of 27 bikes were distributed to residents along with free helmets, protective gear, and apparel. The Housing Authority plans to continue the partnership with the CBC to conduct additional giveaway events at other property locations in 2023. Below are pictures from the event.



The Housing Authority is excited with the direction of New Horizons Programs and Services and the opportunity to provide support to our residents and program participants in areas beyond housing and rental assistance. Currently, the pace of the implementation of new programs and services is impacted by staffing capacity. The designation as a MTW agency will support these activities and will provide opportunities to promote economic mobility through program services. Additionally, the Housing Authority is currently recruiting for a Director of Property Management and Client Services which will provide additional capacity to coordinate and implement the existing services, and will work to identify and develop new services for clients.

RECOMMENDATION: Receive Report

AGENDA ITEM SUMMARY

MEETING DATE: January 25, 2023

ITEM NUMBER: 3E

FROM: Executive Director

SUBJECT: Section 8 Housing Choice Voucher Program: Voucher and Funding Utilization

RECOMMENDATION: Receive Report

BACKGROUND SUMMARY:

The Housing Authority operates the Section 8 Housing Choice Voucher (HCV) Program, Project Based Voucher Program, and other voucher based special programs within many programmatic and budgetary limitations. The following report summarizes voucher and funding utilization for CY 2022, as well as goals and strategies for CY 2023 and beyond.

Voucher utilization - HUD has established the maximum number of vouchers that any PHA can administer through an Annual Contributions Contract (ACC). Although PHAs occasionally have an opportunity to increase the number of vouchers we may administer through a competitive grant application process, or occasionally issues “fair share” general purpose vouchers based on population size or other factors, for the most part, the number of vouchers we may administer is static. As of the end of 2022, the number of vouchers in our Housing Choice Voucher ACC, including all Housing Choice Voucher funded programs (such as HCV, PBV, VASH, and EHV) was 5,472. Voucher utilization measures the percentage of available vouchers that are currently in use, or “leased up” with a family receiving rental assistance.

Funding utilization – HUD establishes a PHA’s HCV budget by using the prior calendar year spending as a baseline. If funding is not sufficient to cover renewal of all vouchers nationally, HUD may “prorate” that baseline funding. Additionally, an inflation factor is applied to each agency’s HCV budget. The inflation factor is loosely based on increases to FMR. Therefore, our annual budget for any given year is our prior year spending, after being reduced by any proration factor, and increased by any inflation factor. If a PHA does not expend the entire budget, the unspent funds will roll over to the following year. Therefore, our total available funding is our annual budget plus any program reserves. For CY 2022, our annual budget was \$101,366,225 and our reserve funding was \$8,841,479 for a total available funding of \$110,207,704. Funding utilization measures the percentage of annual budget expended.

Housing Authority staff work to develop a leasing strategy that makes the best use of the funding we expect to receive, maximizing the number of households assisted, and maximizing the funding utilization, within voucher and funding limitations. There are many factors that influence voucher and funding utilization, including a great deal of uncertainty and volatility among the following.

- Budget – PHAs establish payment standards in October for the following calendar year, but congress does not usually pass a budget in a timely manner. It is typical for PHAs to receive their final funding information for a calendar year in March (several months into that calendar year). While we know our baseline funding, we do not necessarily know the proration or inflation factors, which can make a major impact on our budget, and therefore our strategy. Decisions are made based on projections, and information gleaned from industry analysts.

- Fair Market Rent (FMR) – Most PHAs must establish payment standards within 90% - 110% of the FMR. This year, with our MTW status, we expect to receive a waiver that would allow us to establish payment standards within 80% - 120% FMR, which would give us additional flexibility. While HUDs FMR methodology has improved in recent years, it remains insufficient. Therefore, our Agency has elected to conduct FMR studies at least every other year which has significantly improved FMRs for our jurisdiction.
- Average Housing Assistance Payment (HAP) – When PHAs increase payment standards, the degree to which they will increase the average Housing Assistance Payment (HAP), and therefore increase the cost of the program, is unknown. Often, when payment standards increase, people move to more expensive units, which add additional program costs. Even without payment standard increases, average subsidy costs tend to increase over time. However, these average HAP increases are impacted by the degree to which landlords increase rents, and by the changes in each individual household’s family composition and income. Small changes in average HAP, when multiplied by thousands of families, have a very large impact on the cost of the program.

The Housing Authority has not achieved full voucher utilization since May 2013, the time of the federal sequestration. The sequestration was a drastic, unexpected, mid-year funding cut, which triggered a series of events that resulted in significant program attrition. For example, funding cuts result in spending cuts, which reduce the following year’s baseline budget. Additionally, multiple years of virtually static or even declining FMRs resulted in little to no inflation adjustment as well as payment standards that didn’t keep up with rising rents, and this resulted in reduced success rates which compound reductions in program size and budget, perpetuating a downward spiral in utilization.

Fortunately, recent successes of multiple subsequent FMR studies (and the associated increases in payment standard and funding) as well as additions to the project-based voucher program and efforts to increase landlord participation, have resulted in improvements to voucher and funding utilization in recent years. In 2022, we increased the size of the program by 23 vouchers, increased the number of families assisted by 137 families, and increased our budget by \$3,443,247.

2022 Voucher and Funding Utilization Summary, Preliminary Data

	ACC	Units Leased	Monthly Voucher Utilization	HAP Expended	Utilization of Available Funding
January	5,449	4,958	91.0%	\$8,558,200	93.2%
February	5,449	4,955	91.0%	\$8,576,584	93.4%
March	5,449	4,969	91.2%	\$8,687,846	94.6%
April	5,449	4,989	91.6%	\$8,774,646	95.5%
May	5,449	4,989	91.6%	\$8,781,659	95.6%
June	5,449	5,028	92.3%	\$8,866,713	96.5%
July	5,449	5,040	92.5%	\$8,909,422	97.0%
August	5,449	5,059	92.8%	\$8,919,559	97.1%
September	5,449	5,065	93.0%	\$8,928,114	97.2%
October	5,472	5,077	92.8%	\$8,954,230	97.5%
November	5,472	5,088	93.0%	\$8,954,681	97.5%
December	5,472	5,097	93.2%	\$8,929,463	97.2%
Total				\$105,253,726	95.5%

Housing Authority staff are working to analyze various scenarios for 2023 and beyond. Based on forecasts from HUD and industry analysts, we are anticipating a national HAP proration of 99%, and a local inflation factor of approximately 9.1%. The Housing Authority has committed a significant number of Project Based Vouchers which are currently in the affordable housing pipeline, with many of those units expected to be ready for occupancy in 2024. Therefore, staff must leave enough room in the voucher program to absorb the units as they come online. At this point, while we do not have final funding information for 2023, we expect that our funding for this coming calendar year will be sufficient and will allow us to increase our reserves to allow for more growth in 2024. Even with a healthy reserve balance, it is possible that the voucher program could experience a funding shortfall in 2024. This will depend on a number of factors including our ability to achieve our leasing goals, the size of the increases to average HAP, the cost of any MTW waivers that are implemented, and the FMRs to be issued in October 2023 which will impact 2024 funding.

Staff will include updated information about leasing and funding utilization in the annual Agency Budget, which goes to the Board in the Spring.

RECOMMENDATION: Receive Report

AGENDA ITEM SUMMARY

MEETING DATE: January 25, 2023

ITEM NUMBER: 6A

FROM: Executive Director

SUBJECT: Request to Allow Lifetime Registered Sex Offenders in Shelter Plus Care Program

RECOMMENDATION: Approve Recommendation to Update Shelter Plus Care Policy Documents to Allow Consideration of Lifetime Registered Sex Offenders

BACKGROUND SUMMARY:

The Department of Housing and Urban Development (HUD) has prohibited Lifetime Registered Sex Offenders (RSOs) from admission into any Public and Indian Housing (PIH) federal housing or rental assistance program since 2001. This prohibition is applicable to the Housing Choice Voucher Program, the Project Based Voucher Program, Moderate Rehabilitation Program, and Low-Income Public Housing. However, the ban on admission for RSOs is not applicable to the Shelter Plus Care Program, which is funded through the office of Community Planning and Development.

The Shelter Plus Care (S+C) Program provides rental assistance and supportive services to chronically homeless individuals and families with disabilities including but not limited to serious mental illness and chronic problems with alcohol and/or drugs. The S+C Program is administered in partnership with the County of Santa Cruz and the Homeless Persons Health Project (HPHP).

When the Housing Authority established our S+C program in 2003, the Housing Authority did not establish a policy to deny admission of RSOs, and several RSOs were admitted into the program. In 2009, HUD issued additional guidance on RSOs. While the notice stopped short of an absolute prohibition on admission of RSOs in S+C, the stated purpose of the notice was to “strongly encourage the establishment of standards and processes with a zero-tolerance approach to prevent lifetime sex offenders from receiving federal housing assistance.” In response to this guidance, the Housing Authority began to prohibit RSOs from admission into the S+C program, in alignment with the requirements for the other federal rental assistance programs we administer.

There are currently 4 known RSOs in Housing Authority programs; 2 RSOs in the Housing Choice Voucher Program that were admitted prior to the prohibition in 2001, and 2 RSOs in the S+C program that were admitted prior to the 2009 guidance. Housing Authority staff conduct annual background checks on known RSOs in the program to ensure the households have not reoffended. To date, no RSOs in HA programs have reoffended during their participation in our federal rental assistance programs.

On December 29, 2022 the Housing Authority received a request from the Housing for Health Division of the County of Santa Cruz Human Services Department (attached). The County has

requested a modification of policies for admission into the S+C Program. Specifically, the County has requested a narrowly tailored exception, allowing RSOs individual consideration based on their personal histories, current needs, and evidence of personal change over time. The County has committed to ensuring that any RSOs admitted to the program will find housing in a location that complies with state law and that such individuals will receive ongoing supportive services.

In the request, County staff emphasize that the office of Community Planning and Development (CPD) allows the admission of RSOs in the S+C program, and admission of RSOs is consistent with the Housing First approach recommended by CPD and adopted within our community. Further, County staff cite research showing that incidences of homelessness may increase the likelihood that RSOs will reoffend.

Housing Authority staff have reached out to CPD and confirmed that such a change to our admission criteria is allowable. Additionally, we have reached out to staff at the Homeless Persons Health Project, who indicated support for the request, noting RSO clients that have been successfully housed in the S+C program for 17 years.

Given that it is not only permissible but also consistent with the best practices of the Housing First approach to consider admission of RSOs into the S+C program, along with the County's commitment to ensuring compliance with residency requirements and supportive services as well as the research suggesting that RSOs who experience homelessness are more likely to reoffend, staff believe that it is in the public interest to approve the County's request to allow a narrowly tailored exception, such that RSOs may receive individual consideration for admission into the S+C program.

RECOMMENDATION: Approve Recommendation to Update Shelter Plus Care Policy Documents to Allow Consideration of Lifetime Registered Sex Offenders



County of Santa Cruz

HUMAN SERVICES DEPARTMENT

Housing for Health Division

Robert Ratner, Director

1000 Emeline Avenue Santa Cruz, CA 95060

(831) 454-4130 FAX: (831) 454-4642

December 29, 2022

Jenny Panetta
Executive Director
Housing Authority of the County of Santa Cruz
2160 41st Avenue
Capitola, CA 95010

RE: Eligibility for Shelter Plus Care Continuum of Care (CoC) rental assistance support

Dear Ms. Panetta:

Thank you and your staff for your ongoing partnership with our division and the local Housing and Urban Development Department (HUD) Continuum of Care (CoC), locally known as the Housing for Health Partnership. Per your guidance, I'm writing to formally request that the Housing Authority Board of Commissioners consider a modification to existing policies for participants in the HUD CoC funded Shelter Plus Care consolidated program.

This HUD Community Planning and Development (CPD) division oversees the CoC program and has provided guidance and incentives for local CoC board to implement "housing first" principles in all CoC funded programs. This includes reducing barriers to participation for individuals with criminal histories. The 2022 point-in-time count of persons experiencing homelessness in Santa Cruz County estimates that more than 1/3 of people experiencing homelessness in the County have criminal backgrounds. Addressing homelessness will require changes to current practices that limit access to housing and other benefits for those with criminal histories.

Unlike Housing Authority specific regulations, HUD Emergency Solutions Grant (ESG) and CoC Program Interim Rules do not require recipients to disqualify individuals or families based on criminal history, including sex offenders. Several research studies and findings from two separate reports issued by the California Sex Offender Management Board indicate that the implementation of residency restrictions shows a strong correlation with increased rates of homelessness among registered sex offenders. The evidence also shows that homelessness increases the risk that a sex offender may reoffend.

Our division manages the HUD-required coordinated entry system for matching and prioritizing households to CoC funded projects including the Shelter Plus Care program. Our staff recently completed a review of the next prioritized disabled households with long histories of homelessness eligible for Shelter Plus Care and within this group were five households that did

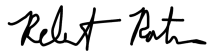
not qualify for Emergency Housing Vouchers (EHVs) because of their lifetime sex offender registration requirements.

I'm writing to request that the Board of Commissioners consider a narrowly tailored exception to current policies that automatically deny registered sex offenders from consideration for Housing Authority rental assistance programs. Instead of an automatic denial for potential recipients in the Shelter Plus Care program, I'd like to request that each applicant receive an opportunity for individualized consideration based on their personal histories, current needs, and evidence of personal change over time. The CoC program allows for this flexibility if approved at the local level.

If the Housing Authority considers these individuals for Shelter Plus Care eligibility, our internal team and service providers would work with local law enforcement agencies and legal counsel to ensure that housing secured by registered sex offenders complies with state law and case law related to applicable residency restrictions. Participants in Shelter Plus Care will also receive ongoing supportive services.

Thank you for considering this request.

Sincerely,

A handwritten signature in black ink that reads "Robert Ratner". The signature is written in a cursive, slightly slanted style.

Robert Ratner, MPH, MD
County of Santa Cruz
Director, Housing for Health Division, Human Services Department

AGENDA ITEM SUMMARY

MEETING DATE:

ITEM NUMBER: 6B

FROM: Executive Director

SUBJECT: Housing Authority Board of Commissioners Meeting Format, Meeting Time and Special Meeting Date in March

RECOMMENDATION: Approve Revision to Housing Authority Bylaws Reflecting an 11am Meeting Time, Cancel Regular March Meeting Scheduled for March 22, 2023, and Schedule Special March Meeting on March 29, 2023

BACKGROUND SUMMARY:

Meeting Format

The Housing Authority Board of Commissioner meetings have taken place remotely via Zoom since March 2020 allowed through emergency exceptions to Brown Act requirements, first through Executive Order N-35-20, and more recently through AB 361.

AB 361 was introduced to establish clear rules for teleconference meetings during an emergency proclaimed by the Governor in which (1) state or local health officials have imposed or recommended measures to promote social distancing, or (2) the legislative body has determined (or is meeting to determine) by majority vote that meeting in person would present imminent risk to the health or safety of the attendees. Governor Newsom has announced that the COVID-19 State of Emergency will end on February 28, 2023. Therefore, beginning with the March meeting of the Housing Authority Board of Commissioners, we will no longer be exempt from Brown Act requirements and will resume in-person Board meetings.

Meeting Time

Commissioner Schiffrin has proposed changing the regular meeting time from 11:30am to 11am. Staff has no objection to changing the meeting time, and would like to receive direction from the Board about this proposed change. Meeting times are established in the Agency Bylaws, which state:

Section 1. Annual Meeting. The annual meeting of the Authority shall be held on the fourth Wednesday of August at 11:30 a.m. at the regular meeting place of the Authority.

Section 2. Regular Meetings. Regular meetings of the Authority shall be held on the fourth Wednesday of each month at 11:30 a.m. at the regular meeting place of the Authority or at such time and place as may from time to time be determined by resolution of the Authority Board of Commissioners. In the event a day of regular meeting shall be a legal holiday, said meeting shall be held on the next succeeding business day.

If the Board wishes to amend the Bylaws, staff propose to revise these sections as follows:

Section 1. Annual Meeting. The annual meeting of the Authority shall be held on the fourth Wednesday of August at ~~11:30 a.m.~~ 11am at the regular meeting place of the Authority.

Section 2. Regular Meetings. Regular meetings of the Authority shall be held on the fourth Wednesday of each month at ~~11:30 a.m.~~ 11am at the regular meeting place of the Authority or at such time and place as may from time to time be determined by resolution of the Authority Board of Commissioners. In the event a day of regular meeting shall be a legal holiday, said meeting shall be held on the next succeeding business day.

Cancellation of Regular March Meeting Scheduled for March 22, 2023, and Scheduling Special March Meeting on March 29, 2023

The March Board meeting is scheduled for March 22, 2023. Unfortunately, this meeting time conflicts with the National Association of Housing and Redevelopment Officials (NAHRO) annual legislative conference. Staff propose to reschedule the March board meeting for the following Wednesday, on March 29, 2023.

RECOMMENDATION: Approve Revision to Housing Authority Bylaws Reflecting an 11am Meeting Time, Cancel Regular March Meeting Scheduled for March 22, 2023, and Schedule Special March Meeting on March 29, 2023

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

AGENDA ITEM SUMMARY

MEETING DATE: January 25, 2023

ITEM NUMBER: 6C

FROM: Executive Director

SUBJECT: Project Based Voucher RFP Evaluation Criteria

RECOMMENDATION: Discussion of Evaluation 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 help finance new affordable developments or to support existing housing at risk of losing its affordability designation or in need of substantial rehabilitation. The Board of Commissioners establishes the evaluation criteria consistent with agency goals and priorities, and PHA staff score the applications received based on those criteria. The PBV evaluation criteria was most recently updated in April 2022.

HUD has established a PBV Program Cap that limits the number of vouchers any PHA may project base. Generally, a PHA may project base up to 20% of total voucher allocation, with up to an additional 10% that is excepted from this cap for specific units or populations including homeless veterans, units that provide supportive housing, or projects located in a census tract with a poverty rate of 20 percent or less.

In addition to the PBV Program Cap limiting the total size of a PHAs PBV program, HUD has also established a PBV Project Cap, limiting the number of PBVs that may be used at any given project. The PBV Project Cap prohibits projects from having more than the greater of 25 units or 25% of the total units with PBV assistance. There are exceptions to this cap, allowing projects to exceed 25 units or 25% either for senior housing, or for housing providing supportive services. Projects that meet these exemption criteria can project base up to 100% of their units. Projects located in a census tract with a poverty rate of 20% or lower may project base up to 40% of the total units at the project.

In September 2022, HUD designated this the Housing Authority of the County of Santa Cruz (HACSC) as a Moving to Work (MTW) Agency through the MTW Asset Building Cohort. The

Housing Authority is in the process of developing the MTW Supplement to the Agency Plan, in which we will request administrative waivers available to MTW agencies. Two of the waivers that staff are pursuing will support the Agency's goal of utilizing PBV vouchers to support the development of new affordable housing:

- Project Based Voucher Program Flexibility; Increase PBV Program Cap – The Housing Authority proposes to increase our PBV Program Cap to 50% of our voucher allocation. *This waiver is consistent with current legislation proposing to allow all PHAs (not just MTW PHAs) to increase their program cap to 50%.*
- Project Based Voucher Program Flexibility; Increase PBV Project Cap – The Housing Authority proposes to increase our PBV Project cap to 100% of units in a project. *Projects that utilize the Project Cap exemptions, such as senior and supportive service projects, can already project base up to 100% of units. However, supportive service projects are often referral based and available only to specific populations. This waiver would allow a greater number of PBVs to be available to top applicants from the HCV waiting list.* At the December meeting, members of the Board of Commissioners expressed some concern about increasing the PBV project cap to 100%, suggesting that some projects may overly rely on PBVs to meet financing needs, and suggesting limiting the increase to 35%. Staff responded with the recommendation that for the purposes of the HUD waiver, it would be advantageous to request a waiver allowing us to increase the cap to 100% to maximize our local flexibility. However, staff also agreed with the concern about over-committing vouchers, and suggested that even if we can PBV up to 100% of units in a project, it doesn't mean we should. Staff suggested that the PBV scoring criteria should be reconsidered prior to implementation of any new PBV waivers, and that the scoring criteria could provide guidance and set limitations about under what circumstances we wish to exceed the current 25 unit or 25% cap.

Summary of Primary Concerns and Priorities

- Although the number of PBVs we may issue is likely to increase, PBVs are still a limited resource, and staff wishes to ensure that we do not issue more PBVs than a project needs.
- The commitment of PBVs does not add to our supply of vouchers. Instead, any vouchers that we Project Base come out of our pool of Housing Choice Vouchers. Removing vouchers from the HCV program can increase wait times and reduce housing opportunities for the thousands of applicants that are waiting on the HCV waiting list. For this reason, it has been a high priority of staff, and of the Board, to maximize the number of PBVs that are available to HCV waiting list applicants, as this accomplishes the goal of stimulating new development without removing the pool of vouchers available for HCV applicants.

The existing PBV scoring criteria is attached for review. The criteria addresses related concerns and priorities in the following way:

- Criteria 2: The Extent to Which the Project Creates Housing Opportunities for Top Applicants on the Housing Authority's Existing Housing Choice Voucher (HCV) Waiting List. Applications are scored based on the percentage of PBVs that would be designated for top waiting list applicants, such that projects with all PBVs available to waiting list applicants receive full points for this criteria, and projects with less than 100% of PBVs available for waiting list applicants get a score that is prorated according to the percentage of PBVs available to waiting list applicants. This criteria incentivizes projects to maximize the number of units available for top waiting list applicants.
- Criteria 6: Leveraging of Other Sources of Funding – Applications are scored based on the number of other funding sources, and whether those funding sources are anticipated or secured. Projects with five or more leveraged sources of funds receive the maximum points. This criteria incentivizes projects to maximize the number of funding sources used to finance the project, discouraging projects from overly relying on PBVs.

Additionally, the current scoring criteria requires projects that use the supportive services exception to request vouchers above the regular 25 units or 25% cap to provide a supplement to their application, providing additional information about special populations served and supportive services provided. Vouchers requested above the standard cap are subject to being scored based on the resident / supportive services provision experience, quality of the proposed resident / supportive services plan, and conditional commitment letters from service providers.

The existing scoring criteria for units in excess of the 25 unit or 25% cap is based on current HUD limits and exceptions which will no longer be applicable if the requested waivers are granted. If the existing criteria is not updated, only projects for seniors or other special populations will be eligible for units above 25 units or 25%, and only projects in census tracts with a poverty rate at 20% or less would be eligible for up to 25 units or 40%, which limits our ability to maximize the number of PBVs that are available to waiting list applicants.

Staff recommends that any revisions to the scoring criteria preserve the two most fundamental goals that the Board has established for PBV expansion; 1) use of PBVs to stimulate the development of new affordable housing, and 2) maximizing the number of PBVs available to top HCV applicants. Specifically, staff recommends allowing and incentivizing projects that commit 100% of requested PBVs (up to 100% of units at the project) for top waiting list applicants.

At this time, staff requests feedback from the Board, so that staff can better understand the Board's goals and priorities with PBV expansion in order to draft a proposed revision to the existing criteria prior to the implementation of any new PBV waivers later this summer.

RECOMMENDATION: Discussion of Evaluation Criteria Used to Determine the Commitment of Project Based Vouchers (PBVs)

**Housing Authority of the County of Santa Cruz
Project Based Voucher Application Scoring Criteria**

Directions to Applicants

Please provide a completed HACSC Project Based Voucher Application form with project information and proposal clearly addressing each of the scoring criteria listed below.

Scoring Criteria

HACSC will consider the following criteria. The scoring criteria includes 200 base points. Extra bonus points are possible. **The minimum threshold score for PBV consideration is 150 points.**

Summary of Evaluation Factors and Maximum Points Available

Evaluation Factor		Maximum Points
1	Project Type	50
2	Extent to Which Project Creates Housing Opportunities for Top Applicants on HACSC’s HCV Waiting List	30
3	Deconcentration of Poverty / Creation of Economic Opportunities	25
4	Location Amenities	25
5	Management and Owner Experience	25
6	Leveraging of Other Sources of Funding	10
7	Design Features	10
8	Project Feasibility and Readiness	25
Total Base Points		200
9	Bonus Points	15
Total Possible Points		215

1. **Project Type.** The Housing Authority prioritizes first those proposals which would create new affordable housing opportunities where no such affordable housing currently exists, second those which would retain currently affordable housing that was at imminent risk of losing its affordability requirements, and last those which would result in substantial improvements to existing housing.

Project Type	Points
New affordable housing	50
Retains currently affordable housing at imminent risk of losing affordability requirements: Applicants must document how the property is at imminent risk of losing affordability requirements and how PBVs are critical in retaining the affordability of the units.	30
Substantial improvements to existing housing*: Applicants must document what substantial improvements are needed, and how PBVs are critical in funding or financing such improvements.	15
<i>*“Substantial improvement” means any reconstruction, rehabilitation, addition or other improvement to a structure, the total cost of which equals or exceeds 50 percent of the market value of the structure before the start of construction of the improvement.</i>	

**Housing Authority of the County of Santa Cruz
Project Based Voucher Application Scoring Criteria**

2. **The Extent to Which the Project Creates Housing Opportunities for Top Applicants on the Housing Authority’s Existing Housing Choice Voucher (HCV) Waiting List.** The Housing Authority prioritizes projects which create new housing opportunities available to top applicants on the Housing Authority’s existing Housing Choice Voucher waiting list based on their date of placement or lottery number, without additional eligibility requirements.

The Extent to Which the Project Creates Housing Opportunities for Top Applicants on the Housing Authority’s Existing HCV Waiting List	Points
100% of PBV Units for top applicants on HCV Waiting List. These projects will not include units excepted from the project cap.	30
Less than 100% PBV units for top HCV waiting list applicants receives a percentage of maximum points equivalent to the percentage of PBV units for top applicants on HCV Waiting List, i.e. 80% for HCV = 80% of maximum points = 24 20% for HCV = 20% of maximum points = 6 0% for HCV = 0 points	0-29

3. **Deconcentration of poverty.** Project-basing assistance for housing must be consistent with the goal of deconcentrating poverty and expanding housing and economic opportunities for lower income households. Include copies of census data.

Deconcentration of Poverty	Points
Located in census tract where the poverty rate is less than 20%	25
Located in census tract where the poverty rate is 20 percent or greater, include a narrative addressing the following regarding the location: <ul style="list-style-type: none"> • Whether it is undergoing significant revitalization • Whether it had state, local or federal dollars invested that has assisted in the achievement of deconcentrating poverty and expanding opportunity • Whether new market rate units are being developed and the likelihood that such market rate units will positively impact the poverty rate • If the poverty rate is greater than 20%, whether there has been an overall decline in the poverty rate in the past five years • Whether there is meaningful opportunity for education and economic advancement. Include the percentages of poverty in the census tract, city, and county. 	0 to 15

**Housing Authority of the County of Santa Cruz
Project Based Voucher Application Scoring Criteria**

4. Location Amenities.

Location Amenities	Points
Project is in a Location with a Walk Score of 85% or Higher	2.5
Project with 2+ bedroom units for families includes a playground, toddler play area, childcare facility, or similar child-focused space(s).	2.5
Project includes space/programs to enhance health and wellness of residents such as Fitness/Sports/Recreation facilities or there is a partnership with local fitness center(s) where residents get discounted monthly gym fees, yoga/classes, etc.	2.5
Project integrates space and programming to enhance living skills or job readiness skills of residents of the project or community residents (e.g. a computer room, resident-run café or other social entrepreneur business).	2.5
Provides Public-Use Amenity: Project provides the neighborhood with public-use amenity (e.g. a public easement onto open space or community garden, a pocket park, public plaza, etc.).	2.5
Transit: The proposed project is located with a public transit corridor, or the project is using a van or dial-a-ride service. If located within a public transit corridor, the project site must be within ¼ mile of a bus stop with at least hourly service as demonstrated by a Metro bus schedule for the route.	2.5
Groceries: The proposed project is located within ½ mile of groceries and other essential shopping needs. Grocery is defined as a full-service store or market that provides fresh food staples: fresh meats, poultry, dairy products, and produce. [Convenience stores and mini marts are not considered full-service stores or markets.]	2.5
Health and Social Services/ Schools: The project is located within one mile of a health or social service facility that is operated to serve the target population(s); or, the proposed project is a family project and is located within one mile of the services above, or within ½ mile of a public elementary, middle school, or high school.	2.5
Recreation: The proposed project is located within ¼ mile of a park, library, recreational facility, or a community center accessible to the general public and appropriate for the targeted population(s).	2.5
Project incorporates outdoor sculpture, murals, or other special architectural features that enhance the neighborhood aesthetic.	2.5

**Housing Authority of the County of Santa Cruz
Project Based Voucher Application Scoring Criteria**

5. Management and owner experience.

Property Development Experience: Track Record of Successful Affordable Housing Developments	Points
Broad experience (5+ affordable developments)	9
Some experience (3-4 affordable developments)	5
Minimal experience (1-2 affordable developments)	2
No prior experience	0
Property Management Experience: Number of Affordable Units Managed in Prior 5 Years	Points
Broad experience (201+ affordable rental units)	8
Good experience (101-200 affordable rental units)	5
Fair experience (51-100 affordable rental units)	2
Minimal experience (Under 50 affordable rental units)	0
Project Based Voucher Experience: Number of PBV Units Managed in Prior 5 Years	Points
Broad experience (201+ PBV rental units)	8
Good experience (151-200 PBV rental units)	5
Fair experience (50 to 150 PBV rental units)	2
Minimal experience (Under 50 PBV rental units)	0

6. **Leveraging of Other Sources of Funding.** The Housing Authority prioritizes projects which leverage other sources of funding and awards points based on the extent to which project-basing the units leverages those other sources of funding. Secured sources of funding will receive full points; anticipated sources of funding will receive half points.

Percent of Permanent Sources from Other than PBV	Points
Five or more leveraged sources of funds	10
Four leveraged sources of funds	8
Three leveraged sources of funds	6
Two leveraged sources of funds	4
One leveraged sources of funds	2
Zero leveraged sources of funds	0

**Housing Authority of the County of Santa Cruz
Project Based Voucher Application Scoring Criteria**

7. Design Features

Design Feature	Points
The applicant certifies that the project will be developed in accordance with the minimum requirements of any one of the following programs: Leadership in Energy & Environmental Design (LEED); Green Communities; Passive House Institute US (PHIUS); Passive House; Living Building Challenge; National Green Building Standard ICC / ASRAE – 700 silver or higher rating; or the GreenPoint Rated Program.	10

8. Project feasibility and readiness.

Project Feasibility and Readiness	Points
Jurisdictional approval for the project / full entitlement along with site control.	25
Documented site control demonstrated by a deed or lease	20
Documented future site control demonstrated by a sale agreement.	15
No documentation demonstrating present or future site control	0

9. Bonus Points.

Bonus Points	Points
<ol style="list-style-type: none"> 1. Mainstream Vouchers 2. FUP Youth Vouchers 3. Projects with five (5) or more 2+ Bedroom units which include a proposal for at least five units of the any of the following voucher types: <ul style="list-style-type: none"> • Family Unification Program • Homeless Families with Minor Children <p>Subject to HUD notification of new Special purpose vouchers, applicants may request to project base those vouchers on a case-by-case basis.</p> <p><i>These Bonus Points are subject to the availability of the vouchers.</i></p> <p>The Housing Authority reserves the right to award additional Bonus Points, at their sole discretion, for projects which will utilize otherwise underutilized or unawarded vouchers at risk of loss to HUD (10 Bonus points)</p>	5

**Housing Authority of the County of Santa Cruz
Project Based Voucher Application Scoring Criteria**

Bonus Points (Continued)	Points
Project completion will achieve local policy objectives as demonstrated by reference to specific local Housing Elements or Strategic Initiatives <i>and</i> there is a unique, limited federal, State or local funding initiative opportunity associated with this application (i.e. Homekey, No Place Like Home, etc.)	10

Proposals may be submitted at any time. All proposals will be scored according to the evaluation criteria listed above. While the Housing Authority will consider applications for PBVs on an ongoing basis, there is no guarantee that any proposal will be selected as a result of the RFP. The Housing Authority reserves the right to change scoring criteria and issue a new RFP at any time. Conditional award of project-based vouchers will be subject to availability of vouchers and funding.

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 percentage or number of project-based units per project, and that the proposal meets HUD’s site selection standards.

Outcome and Notification

HACSC will notify all parties in writing within two months of proposal submission. When a proposal is selected, the Housing Authority will post this on the Housing Authority website in the next update of the Administrative Plan. The Housing Authority will make documentation available regarding the basis for the selection of any project-based voucher proposal to any interested persons.

For additional information, please contact the HACSC’s Principal Management Analyst at (831) 454-9455 Ext 258.

Changes After Conditional Approval of an Award:

If the Housing Authority conditionally approves an award of Project Based Vouchers based upon an application received and scored, then any significant changes to the proposal, including but not limited to changes in financial structure, ownership, unit mix, or population, will nullify the conditional approval and the applicant must submit an amended proposal.

**Housing Authority of the County of Santa Cruz
Project Based Voucher Application Scoring Criteria**

SUPPLEMENTAL SECTION FOR SUPPORTIVE SERVICES OR OTHER SPECIAL POPULATION UNITS

Projects requesting units above the regular program cap (excepted units) for supportive services or other special populations must complete an additional **Supplementary Supportive Services Application** responsive to questions relating to the experience of the Supportive Services team, and the quality of the proposed Supportive Services Plan. The score of this section is not added to the score of the PBV Application. This section of the application is scored separately to determine if available excepted units for supportive services may be awarded.

Supportive Services or Other Special Population Units

Applicants for projects proposing supportive services excepted units, where Supportive Services will be provided at the project, must complete a **Supplementary Supportive Services Application** and will be scored in accordance with the following Supplementary Supportive Services criteria in the RFP selection process.

Special Populations. Special populations are defined as groups of individuals or households including vulnerable or at-risk populations. Special Needs Populations include frail and non-frail elderly; persons with physical, mental or behavioral disabilities; persons with HIV/AIDS; persons experiencing homelessness; farmworkers; and veterans. The Housing Authority may, at their sole discretion, consider other special population groups not listed herein, based on local needs, local priorities, or funding opportunities.

Supportive Housing Unit. When a project includes excepted Supportive Services Units, the supportive services must be available to all PBV-assisted households in the project, not just the excepted units exceeding the project cap. For these households, the provision of on-site and off-site supportive housing services such as case management, health services, independent living skills, or other such assistance is offered in order to help the household remain successfully housed. For households placed in supportive housing units, participation in supportive services and programs will be encouraged but shall be voluntary and the household shall not be required to receive supportive services as a condition of tenancy.

Summary of Supplemental Supportive Services Evaluation Factors and Maximum Points Available

Evaluation Factor		Maximum Points
1	Resident/Supportive Services Provision Experience	15
2	Quality of Proposed Resident/Supportive Services Plan	20
3	Conditional commitment letters from service providers have been obtained.	5
Total Possible Points		40

A minimum threshold score of 30 is required for approval of a project requesting excepted Supportive Services units.

**Housing Authority of the County of Santa Cruz
Project Based Voucher Application Scoring Criteria**

Services Experience. The applicant or the applicant’s service provider must demonstrate experience successfully providing supportive services for affordable housing developments with similar populations as those being proposed. At a minimum, the applicant or applicant’s service provider must have successfully provided services, for a period of at least 24 months, for one affordable multifamily development containing at least 15 dwelling units.

Resident/Supportive Services Provision Experience: Number of Affordable Projects Managed for 12+ Months within the last 5 years	Points
Broad experience (5+ projects)	15
Some experience (3-4 projects)	10
Minimal experience (1-2 projects)	5
No experience	0

Resident/Supportive Services – Proposed Services Plan

For projects proposing units for special populations, HACSC is assessing the applicant’s approach to services provision. In addition to scoring the applicant on experience with provision of supportive services, the applicant will be rated on the overall quality of the supportive services plan and the extent to which conditional commitments or letters of intent for services provision have been obtained for the project.

Resident Services / Supportive Services	Points
<p>One-Page Narrative “Proposed Resident/Supportive Services Plan” Clearly Describes All of the Following:</p> <ol style="list-style-type: none"> 1. The target population(s) to be served and their anticipated service needs. 2. Description of the supportive services and other services to be provided, enhancing resident well-being and increased opportunity. 3. Description of how proposed services align with HACSC’s Administrative Plan. 4. Description of proposed staffing model. 5. Description of lead/significant service provider(s) and services to be provided by each. 6. Communications plan between the service provider and property management regarding the status and needs of residents. 7. Services Budget including income and expenses describing how services will be funded. 8. Description of existing developments the developer and service provider(s) have collaborated on. 	20
Conditional commitments or letters of intent from lead/significant service provider(s) have been obtained for the project.	5

AGENDA ITEM SUMMARY

MEETING DATE: January 25, 2023

ITEM NUMBER: 6D

FROM: Executive Director

SUBJECT: Sale of 415 Natural Bridges Drive

RECOMMENDATION: Approve Recommendation for the Executive Director to: (i) sell the property located at 415 Natural Bridges Drive to New Horizons for 1,530,000 and enter into all documents necessary to effectuate that sale and to ensure the continued affordability of the project, including but not limited to purchase and sale agreement, grant deed, escrow instructions, and regulatory agreement; (ii) assign certain predevelopment contracts to New Horizons and enter into all documents necessary to effectuate that assignment including but not limited to an assignment agreement; and (iii) provide the Loan to New Horizons and enter into all documents necessary to provide the Loan including but not limited to promissory note, and deed of trust.

BACKGROUND SUMMARY:

The Housing Authority is the current owner of 415 Natural Bridge Drive, APN: 003-011-06, located in the westside of Santa Cruz. The property lot is approximately 0.35 acres and is in an undeveloped state with no buildings or structures. The Property is located within the coastal zone, approximately 0.60 miles north of the Pacific Ocean and the neighborhood is characterized by a mix of office, industrial, residential, and open space uses. The Housing Authority owns an adjacent commercial property to the west, 2929 Mission St, which is currently leased to a fitness health club.

In April 2022, the Housing Authority secured entitlements for 415 Natural Bridges Drive from the City of Santa Cruz for 20 Single Room Occupancy (SRO) units, of which 100% of the units will be affordable for very low-income households at 50% area median income. The project received variances which include use of SRO units, reduced side yard setback, reduced parking and increased height. These variances were approved since the project is consistent with the City General Plan goals and the Housing Element related to the development of affordable housing.

The Housing Authority purchased the property in November 2013 with the goal of developing affordable housing on the site. In October 2022, the Housing Authority obtained a professional appraisal from Pacific Appraisers who determined an “as-is” market value of \$1,530,000 for the property.

New Horizons Affordable Housing and Development, Inc. ("New Horizons") is a California nonprofit public benefit 501c3 exempt corporation, established by the Housing Authority to help support the Housing Authority's mission of developing affordable housing. The sale of this property aligns with the mission of the Housing Authority and the guiding principles of New Horizons. The Housing Authority intends to sell the Property to New Horizons for the appraised value of \$1,530,000 and enter into various documents to effectuate that sale including but not limited to a purchase and sale agreement, grant deed, and escrow instructions. The Housing Authority also intends to assign to New Horizons certain of the contracts it entered into regarding predevelopment activities for the project. The Housing Authority has also engaged in certain

predevelopment activities related to the development of the project on the property and has entered into contracts to facilitate those activities.

The Housing Authority will record a long-term regulatory agreement against the Property for a period of fifty-five years to ensure continued affordability. The City will also require the recordation of an affordability restriction against the project as a requirement of their conditions of approval.

The Housing Authority will also provide a loan to New Horizons in an amount not to exceed \$7.5M to assist in the acquisition and construction of the project (the "Loan"). The Loan will be evidenced by a promissory note and secured by a deed of trust and will be repaid from surplus cash from the project.

RECOMMENDATION: Approve Recommendation for the Executive Director to: (i) sell the property located at 415 Natural Bridges Drive to New Horizons for 1,530,000 and enter into all documents necessary to effectuate that sale and to ensure the continued affordability of the project, including but not limited to purchase and sale agreement, grant deed, escrow instructions, and regulatory agreement; (ii) assign certain predevelopment contracts to New Horizons and enter into all documents necessary to effectuate that assignment including but not limited to an assignment agreement; and (iii) provide the Loan to New Horizons and enter into all documents necessary to provide the Loan including but not limited to promissory note, and deed of trust.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

HOUSING AUTHORITY RESOLUTION NO. 2023-02

A RESOLUTION OF THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ AUTHORIZING TRANSFER OF PROPERTY LOCATED AT 415 NATURAL BRIDGES DRIVE TO NEW HORIZONS AFFORDABLE HOUSING AND DEVELOPMENT, INC. AND FINANCING OF THE DEVELOPMENT OF THE PROPERTY INTO AFFORDABLE HOUSING

At a duly constituted meeting of the Board of Commissioners (the "Board") of the Housing Authority of the County of Santa Cruz (the "Authority") held on January 25, 2023, the following resolutions were adopted:

WHEREAS, in this Resolution, when it states that the Authority shall act, the Board is authorizing such action on behalf of the Authority and deems such action to be in the best interests of the Authority;

WHEREAS, the Authority is a duly formed housing authority of the State of California, and is vested with the responsibilities set forth in Division 24, Part 2, Article 4 (Sections 34310-34334) of the California Health and Safety Code (the "California Housing Authority Law"), which includes providing low and moderate income housing within its jurisdiction;

WHEREAS, the Authority owns certain vacant real property located at 415 Natural Bridges Drive in the City of Santa Cruz (the "Property");

WHEREAS, the Authority has secured entitlements to develop the Property into twenty (20) single room occupancy units affordable to very low income households, and attendant site improvements (the "Project");

WHEREAS, the Authority has performed predevelopment activities and entered into predevelopment contracts (the "Predevelopment Contracts") in furtherance of the Project;

WHEREAS, the Authority obtained an appraisal of the Property which indicated an appraised value of approximately \$1,530,000;

WHEREAS, the Authority formed New Horizons Affordable Housing and Development, Inc. ("New Horizons"), a California nonprofit public benefit 501c3 exempt corporation to help support the Authority's mission of developing and operating affordable housing within its jurisdiction;

WHEREAS, the Authority desires to sell the Property to New Horizons for approximately \$1,530,000 in accordance with the California Housing Authority Law so that New Horizons may construct and operate the Project, and desires to assign to New Horizons the Predevelopment Contracts to facilitate New Horizons' development of the Project;

WHEREAS, the Authority desires to enter into any and all documents necessary for the Authority to convey the Property to New Horizons and assign the Predevelopment Contracts,

including but not limited to a purchase and sale agreement, grant deeds, escrow instructions, and assignment agreement (collectively, the "Conveyance Documents");

WHEREAS, to ensure the continued affordability of the Project, the Authority desires to enter into with New Horizons and record against the Property, a long-term regulatory agreement requiring units in the Project to be rented to low-income households for a period of fifty-five (55) years (the "Regulatory Agreement");

WHEREAS, the Authority desires to provide a loan to New Horizons to facilitate the development of the Project in an amount not to exceed \$7,500,000 (the "Authority Loan");

WHEREAS, the Authority desires to enter into any and all documents necessary for the Authority to make the Authority Loan and for New Horizons to borrow the Authority Loan, including but not limited to a deed of trust and promissory note (collectively, the "Authority Loan Documents"); and

WHEREAS, by staff report (the "Staff Report") accompanying this Resolution the Authority has been provided with additional information upon which the actions set forth in this Resolution are based.

NOW, THEREFORE, THE BOARD OF THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ DOES RESOLVE AS FOLLOWS:

Section 1: The Board finds and determines that the above recitals are true and correct and have served, together with the Staff Report, as a basis in part, for the actions of the Board set forth below.

Section 2: The Board approves the sale of the Property to New Horizons and the assignment of the Predevelopment Contracts to New Horizons.

Section 3: The Board approves making the Authority Loan to New Horizons.

Section 4: The Board authorizes the Executive Director of the Authority or, in the absence of the aforementioned, Chairman of the Board of Commissioners, or any other officer acting alone on behalf of the Authority (the "Authorized Officer"), to enter into and execute any and all necessary documents listed in and/or contemplated by this Resolution, including, without limitation, the Conveyance Documents, Regulatory Agreement, and Authority Loan Documents, all in such form as is recommended by Authority special legal counsel, and approved by the Authorized Officer, such approval to be conclusively evidenced by the execution by the Authorized Officer of such documents, and to take any other actions, necessary to enable the transfer of the Property and the making of the Authority Loan, and to do any and all other activities contemplated in this Resolution.

Section 5: This Resolution shall take immediate effect upon adoption.

PASSED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of Santa Cruz, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

I, Jennifer Panetta, Secretary of the Board of Commissioners of the Housing Authority of the County of Santa Cruz, hereby verify the forgoing to be a full, true and correct copy of the record of the action taken by the Board of Commissioners, by vote of the members present, as the same appears in the Official Minutes of said Board at its meeting of January 25, 2023

By: _____

Date: _____

AGENDA ITEM SUMMARY

MEETING DATE: January 25, 2023

ITEM NUMBER: 8

FROM: Executive Director

SUBJECT: Executive Director's Report – January 25, 2023

RECOMMENDATION: Receive Report

BACKGROUND SUMMARY:

Please call or e-mail me with questions you might have on any of the Agenda Items for the January 25, 2023 meeting. My phone number is (831) 454-5931 and my email address is jennyp@hacosantacruz.org.

Impact of Recent Storms – A series of atmospheric river storm events has caused flooding, landslides, power outages, and evacuation orders throughout the Santa Cruz County. During these storm events the Housing Authority has monitored evacuation orders and consulted with government offices on storm responses. On Wednesday, January 4, residents of Blackburn (14 units) and Casa Parajo (34 units) were ordered to evacuate. The Housing Authority attempted to contact each resident by telephone and email to notify them of the evacuation order and to provide resources related to temporary shelters and transportation. The Housing Authority also posted this information on the agency website. On Thursday, January 5, the evacuation order was lifted, and residents could return home. On Monday, January 9 these two properties were required to evacuate again in addition to Arista Court (16 units) and Arista Lane (15 units). The evacuation order was lifted on Tuesday, January 10 and residents could return home.

The Property Management team has surveyed our properties and identified minor issues at some sites which include clogged storm drains, leaking storage room, clogged gutters, replacements to gutters and downspouts, and two residential units experienced leaks through roof seals or siding which may have caused damage to sheetrock.

The Housing Authority does anticipate that some HCV, Section 8, program participants may have been displaced due to flooding or other property damage. At the time of preparing this update only a few program participants or owners had contacted the Housing Authority to notify us of issues. We anticipate the need to conduct HQS inspections to verify the safety of units and in some cases we may need to issue transfer vouchers for participants to relocate. Our goal is to work with both participants and owners to minimize displacement and to ensure participants maintain stable housing.

The Housing Authority will continue to monitor these storms, evacuation orders, and address any property or program issues over the coming days.

Emergency Housing Vouchers – In July 2021, HACSC received 269 Emergency Housing Vouchers (EHVs) designated to serve individuals and families experiencing homelessness, as referred through the County of Santa Cruz Continuum of Care. As discussed in the December Board meeting, the Housing Authority is among a small number of PHAs nationally that have achieved 100% utilization of their EHV vouchers. HUD has begun to redistribute EHV, rescinding EHV from communities where no vouchers have been utilized, and providing additional vouchers to communities with high utilization. Recently, the Housing Authority has been informed by HUD that we will be receiving *at least* an additional 11 EHV early this year, bringing our number to at least 280. Additional EHV re-distribution on a larger scale is expected later in the calendar year and our PHA is well positioned to continue to receive additional vouchers.

In the December board meeting, a question came up about where EHV voucher households are residing. The table below shows the distribution of EHV households currently leased up by zip code. City level data is not available, as zip code and jurisdictional boundaries do not align. Please note this data includes 295 EHV households, greater than the 280 awarded to our agency. The Housing Choice Voucher Administrative Plan includes a provision allow our agency to transfer any excess number of EHV voucher families leased up to other homeless targeted voucher programs to prevent over-leasing.

Zip Code (Area)	Number of EHV Households
95003 (Aptos)	9
95005 (Ben Lomond)	11
95006 (Boulder Creek)	4
95007 (Brookdale)	10
95010 (Capitola)	6
95018 (Felton)	4
95019 (Freedom)	18
95023 (Hollister)	4
95045 (San Juan Bautista)	1
95060 (Santa Cruz)	56
95062 (Santa Cruz)	29
95065 (Santa Cruz)	9
95066 (Scotts Valley)	5
95073 (Soquel)	9
95076 (Watsonville)	120
Total	295

Agency Annual Plan – The Housing Authority is in the process of updating our Annual Agency Plan, Housing Choice Voucher Administrative Plan, and MTW Supplement to the Plan. Board members discussed an early draft of the MTW Supplement in December. A draft update to the Agency Plan and Administrative Plan has been developed to align with the MTW Supplement. Staff will receive feedback on the Plan and attachments from the Resident Advisory Board in January. After receiving RAB comments, a draft will be made available to the public for a 45 day public comment period, culminating in a public hearing to coincide with the date of our March Board meeting. The Board of Commissioners will be presented with an updated draft for discussion at the February meeting, and a final draft for approval at the March meeting.

Natural Bridges Update – New Horizons has completed Phase II of the RFQ process to select a general contractor for construction services. The contract award recommendation is included in this month’s New Horizon Board meeting. Upon approval from the Board, New Horizons will proceed to execute a construction contract with the selected general contractor.

The Housing Authority is in the process of submitting the third set of construction drawings for review by the City of Santa Cruz. This submission addresses one outstanding issue related to storm water management which required a revision to the calculation of a total area of disturbance caused by the project. At the time of preparing this update the Housing Authority had submitted updated versions of the SRO Management Plan and Affordable Development Agreement and expects these documents to be finalized by Friday, January 20. The change of property ownership (included in this month’s Board meeting) must be completed prior to the execution of the Affordable Development Agreement. For the building permit to be issued these documents must be finalized and approved by the city, and the impact fees estimated at \$85,825.60 must be paid to the City. The Housing Authority is exploring the option of obtaining a grading permit as we work through the final logistics for securing the building permit. This would allow us to begin excavation and grading work as originally scheduled to avoid delaying the start of construction. This excavation and grading work is estimated to take approximately one month to complete, by which time we expect the building permit will have been obtained.

HUD is scheduled to provide the Authority to Use Grant Funds related to the PBV awards on January 25, which is required for execution of the AHAP. The execution of the AHAP and Board approval of the general contractor will enable New Horizons to proceed with grading and any other site work.

The Housing Authority expects to break ground on construction within a matter of days, with occupancy in Spring 2024.

Legislative Update – In late December, Congress averted a government shutdown by passing a 2023 omnibus spending package. Through the omnibus package, HUD received an increase of \$6.5 billion. HUD programs received modest funding increases, despite the higher allocation, with inflation accounting for much of the increase. Section 8 Administrative Fees received a boost, increasing funding for the operation of the housing voucher program by \$367 million, representing a 91% proration. The bill includes \$130 million for new incremental vouchers (\$50 million for general-purpose vouchers, \$50 million for HUD-VASH, and \$30 million for Family Unification Program (FUP) vouchers), which will provide assistance to an estimated 11,700 additional families nationally. The omnibus bill includes language stating that HUD must notify PHAs of their annual budgets by the later of March 1, 2023 or 60 days after enactment, though HUD may extend this timeline with written notice given to the Congressional appropriation committees.