

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
AGENDA OF THE SPECIAL BOARD MEETING
March 29, 2023

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
2160 41st Avenue, Capitola, CA 95010

1. Roll Call

HOUSING AUTHORITY BOARD OF COMMISSIONERS:

Chairperson Andy Schiffrin	4 year term expires, March 17, 2027
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	4 year term expires, February 10, 2027
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 Regular Meeting held February 22, 2023

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. Public Hearing, Review and Consideration of Draft Agency Plan, Administrative Plan and MTW Supplement for the Housing Authority of the County of Santa Cruz

Motion to Adopt Resolution No. 2023-03: Authorizing Execution of PHA Certification of Compliance with PHA Plans and Related Regulations; Board Resolution to Accompany the Annual PHA Plan for the Housing Authority of the County of Santa Cruz.

Motion to Adopt Resolution No. 2023-04: Authorizing Execution of MTW Certifications of Compliance with Regulations; Board Resolution to Accompany the MTW Supplement to the Annual PHA Plan for the Housing Authority of the County of Santa Cruz.

B. Audited Financial Statements for Fiscal Year Ending June 30, 2022

Motion to Approve the Agency-Wide Audited Financial Statements for Fiscal Year Ending June 30, 2022

C. Revision to Bylaws Regarding Housing Authority Board of Commissioners Meeting Day

Motion to Approve Temporary Revision to Housing Authority Bylaws to Reflect Board of Commissioner Meetings on the Third Wednesday of the Month instead of the Fourth Wednesday

7. Written Correspondence
8. Director's Report
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 11:30 a.m. Members present via Zoom meeting Chairperson Schiffrin, Vice-Chairperson Berg, Commissioners Eligio, Martinez Alaniz, Melendrez, Morales and Schmale

Members Absent

None.

Staff Present

Jennifer Panetta, Aaron Pomeroy and 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 Melendrez moved for the approval of the Consent Agenda; Commissioner Martinez Alaniz 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. Approved Minutes of the Regular Meeting January 25, 2023

Agenda Item 3B. Received Report Quarterly Financial Report

Agenda Item 3C. Received Report Tenant Protection Resources

Agenda Item 3D. Approved Staff Proposal on the Eligibility and Application Requirements for the New Horizons Scholarship Program

Chairperson Schiffrin asked Secretary Panetta to keep the Board of Commissioners updated on Agenda Item 3D, the New Horizons Scholarship Program. Secretary Panetta informed the Board that she will be updating the Board of Commissioners on the progress and outcomes of this program.

Chairperson Schiffrin thanked Secretary Panetta for the report on Tenant Protection Resources and stated that more information from staff would be helpful once staff reach all of the partner agencies. Executive Director Panetta informed the Board that staff are preparing an update on tenant protection resources for the website, and may include proposed services in the New Horizons Client Services year two proposal. Staff will keep the board updated on this.

Finance Director Pomeroy exited the meeting.

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: Jan 25, 2023 11:30 AM Pacific Time (US and Canada)

Join Zoom Meeting

<https://us02web.zoom.us/j/89965176019?pwd=aXVqN0xUSnRiZWZsa2d3SmZrdzRLdz09>

Meeting ID: 899 6517 6019

Passcode: 900016

One tap mobile

+16699006833,,89965176019#,,,,*900016# US (San Jose)

+14086380968,,89965176019#,,,,*900016# US (San Jose)

Dial by your location

+1 669 900 6833 US (San Jose)

+1 408 638 0968 US (San Jose)

Meeting ID: 899 6517 6019

Passcode: 900016

Find your local number: <https://us02web.zoom.us/u/kb4kaOVOB>

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. 5

Unfinished Business

None.

AGENDA ITEM NO. 6A

Agency Annual Plan, Administrative Plan and MTW Supplement

Secretary Panetta brought before the Board for review the Draft Annual Agency Plan for the Housing Authority of the County of Santa Cruz and the Draft MTW Supplement. A copy of these draft plans were provided to the Resident Advisory Board (RAB) for questions and feedback. Secretary Panetta noted that the Draft Annual Agency Plan and the MTW Supplement are available for public review and comment on the Housing Authority website. The public hearings, for the discussion of said Agency Plan and MTW Supplement, will take place at the March 29, 2023 Special Meeting. This meeting date is being publicized in a Public Notice in the Santa Cruz Sentinel, Pajaronian and the Hollister Freelance. Secretary Panetta and the Board went through the changes to the Agency Plan that was included in this month's Board

Packet and the Draft MTW Supplement. A discussion followed. The Board thanked staff for their work on the Annual PHA Plan and the MTW Supplement.

AGENDA ITEM NO. 6B Project Based Voucher RFP Evaluation Criteria Framework

Secretary Panetta reminded the Board that 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 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.

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. Under the MTW Waivers, if approved by HUD, the existing Program Cap, Project Caps, and associated exception categories would no longer be applicable. The Board of Commissioners had expressed support for the PBV MTW waivers but proposed updating the PBV RFP criteria prior to the implementation of those waivers.

Staff presented the Board with a proposed framework for a revised PBV evaluation criteria to address concerns the Board had raised at the previous meeting. If the Board feels staff is moving in the right direction with this revised PBV evaluation criteria, staff can develop the framework into a new set of criteria for the Board's review. A discussion followed.

The board expressed general support for the framework outlined by staff. However, the Board did have questions and express some concern about the requirement to reach AHAP within two years. The Board suggested Secretary Panetta reach out to affordable housing developers to get informal feedback on timing issues to ensure the proposed requirement would not result in unintended consequences. Staff will reach out to developers and return at the April meeting with a proposed set of criteria.

AGENDA ITEM NO. 7 Written Correspondence

The Board of Commissioners congratulated Commissioner Martinez Alaniz on her reappointment to the Housing Authority Board of Commissioners and thanked her for serving another term.

AGENDA ITEM NO. 8 Report of Executive Director

Executive Director Panetta reminded the Board of the next Board of Commissioners meeting date, time and location. This will be the first in person meeting in three years due to the shelter in place order.

Deputy Executive Director Graham informed the Board of the HUD awards that the Housing Authority

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, MINUTES OF THE REGULAR MEETING FEBRUARY 22, 2023, AT THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, 2160 41ST AVENUE, CAPITOLA, CA 95010

of the County of Santa Cruz received. The Board of Commissioners congratulated staff.

Executive Director Panetta informed the Board of the HUD release of the Affirmatively Furthering Fair Housing Proposed Rule.

Deputy Executive Director Graham updated the Board on the 415 Natural Bridges development.

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 12:37 p.m.

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

Chairperson of the Authority

ATTEST: _____

Secretary

AGENDA ITEM SUMMARY

MEETING DATE: March 29, 2023

ITEM NUMBER: 6A

FROM: Executive Director

SUBJECT: Public Hearing, Review and Consideration of Draft Agency Plan, Administrative Plan and MTW Supplement for the Housing Authority of the County of Santa Cruz

RECOMMENDATION: **Adopt Resolution No. 2023-03:** Authorizing Execution of PHA Certification of Compliance with PHA Plans and Related Regulations; Board Resolution to Accompany the Annual PHA Plan for the Housing Authority of the County of Santa Cruz.

Adopt Resolution No. 2023-04: Authorizing Execution of MTW Certifications of Compliance with Regulations; Board Resolution to Accompany the MTW Supplement to the Annual PHA Plan for the Housing Authority of the County of Santa Cruz.

BACKGROUND SUMMARY:

An Annual Agency Plan has been prepared for the Housing Authority of the County of Santa Cruz, as required by HUD. The purpose of the Agency Plan is to provide a resource by which HUD, participants in PHA programs, and other members of the public may locate basic information about the PHA, as well as discretionary PHA policies, rules and requirements concerning operations, programs, and services. This year there is also an MTW Supplement to the Annual Agency Plan.

Last month, the Board of Commissioners reviewed and discussed a draft of the Agency Plan and related documents. The current draft reflects one change each to the Agency Plan, Housing Choice Voucher Administrative Plan, and MTW Supplement.

Agency Plan

The Agency Plan contains a checkbox asking whether there were any findings in the most recent FY audit. Our most recent FY audit does not reflect any financial findings but does reflect program findings. Therefore, the box has been marked “Yes”. This audit will be presented to the Board at the March meeting after the Agency Plan agenda item. Please see page 5 of the Agency Plan, and Agenda Item 6B for more information.

Housing Choice Voucher Administrative Plan

Staff have made one minor addition to the Housing Choice Voucher Administrative Plan, adding HUD’s existing definition of “life-threatening deficiencies” for clarity and transparency. The addition can be found on page 44 of attached draft, and is excerpted below.

The following items will be considered life-threatening fails in Housing Quality Standards inspections:

1. Gas (natural or liquid petroleum) leak or fumes
2. Electrical hazards that could result in shock or fire
3. Inoperable or missing smoke detectors
4. Inoperable or missing carbon monoxide detectors
5. Gas/oil fired water heater or heating, ventilation, or cooling system with missing, damaged, improper, or misaligned chimney or venting
6. Lack of alternative means of exist in case of fire or blocked egress
7. Conditions that present the imminent possibility of injury
8. Absence of a functioning toilet in the unit

Life-threatening fails must be corrected within twenty-four hours. Life-threatening fails will be reported immediately to the tenant, landlord, and Housing Authority management.

MTW Supplement

Finally, staff have also added one proposed new MTW local non-traditional activity to the draft MTW supplement. The Housing Authority proposes to update the MTW supplement to allow us to potentially use MTW funding to acquire, renovate and/or build affordable units. Eligible uses for this MTW activity may include gap financing or construction costs for development of affordable housing, conducted by the PHA or a PHA-controlled affiliate or by a non-PHA affordable housing developer, including but not limited to development of project-based voucher units, tax credit units, or affordable units funded with any other local, state, or federal funds. Per MTW requirements, HACSC must not spend more than 10% of its HAP budget on local, non-traditional activities and families receiving housing or services through local, non-traditional activities must meet the definition of low-income. These proposed changes are reflected on pages 54 and 68 of the attached draft.

It is important to note that MTW designation is budget neutral. Our original funding projections suggested that with the planned growth of the PBV program, our budget would not allow full voucher utilization as well as potential use of MTW funds for development. However, recent projections have been more favorable, based on the possibility of a significant inflation factor adjustment next year. Therefore, although there is no certainty that we would have sufficient MTW funds for development activity in the coming year, staff propose to include the activity in the MTW supplement for maximum flexibility. In an ideal situation, it is possible that a larger inflation factor adjustment could allow the use of MTW funds to support Natural Bridges Apartments.

A copy of the draft Agency Plan, the draft Section 8 Housing Choice Voucher Program Administrative Plan, and the draft Moving to Work Supplement and associated documents, is available to the public on the Housing Authority website. Beginning on February 9, 2023 and running weekly through March 28, 2023, a notice informing the public of the opportunity to review the plans, soliciting comments, and stating the time, date and place of two public hearings to consider the plans, is being published in English and Spanish in the Santa Cruz Sentinel, the Watsonville Pajaronian, and the Hollister Freelance. Changes proposed by staff have been added to the online versions available on the Agency website for public comment. As of the date of this report, staff have not received any public comments on the draft documents. The two in-person public hearings will be held back to back on March 29, 2023; the first will be a general public hearing on the Agency Plan, Administrative Plan and related documents, and the second will be

an MTW Agency and Safe Harbor Waiver hearing.

The plans will not be considered complete until after the Board of Commissioners receives all public comment on the Plans, the Board makes any modifications they deem appropriate, and the Chairperson is authorized to execute (1) a resolution authorizing Execution of PHA Certifications of Compliance with PHA Plan and Related Regulations for Standard and Streamlined PHA Plans and (2) a resolution authorizing submission of the MTW Supplement and making required certifications and agreements with HUD in connection with the submission of the MTW Supplement and implementation thereof.

These resolutions and certifications are now recommended to be adopted by the Board.

RECOMMENDATION: **Adopt Resolution No. 2023-03:** Authorizing Execution of PHA Certification of Compliance with PHA Plans and Related Regulations; Board Resolution to Accompany the Annual PHA Plan for the Housing Authority of the County of Santa Cruz.

Adopt Resolution No. 2023-04: Authorizing Execution of MTW Certifications of Compliance with Regulations; Board Resolution to Accompany the MTW Supplement to the Annual PHA Plan for the Housing Authority of the County of Santa Cruz.

Streamlined Annual PHA Plan (High Performer PHAs)	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires 03/31/2024
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Purpose. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, including changes to these policies, and informs HUD, families served by the PHA, and members of the public of the PHA's mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families

Applicability. The Form HUD-50075-HP is to be completed annually by **High Performing PHAs**. PHAs that meet the definition of a Standard PHA, Troubled PHA, HCV-Only PHA, Small PHA, or Qualified PHA do not need to submit this form.

Definitions.

- (1) **High-Performer PHA** – A PHA that owns or manages more than 550 combined public housing units and housing choice vouchers and was designated as a high performer on both the most recent Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) assessments.
- (2) **Small PHA** - A PHA that is not designated as PHAS or SEMAP troubled, and that owns or manages less than 250 public housing units and any number of vouchers where the total combined units exceed 550.
- (3) **Housing Choice Voucher (HCV) Only PHA** - A PHA that administers more than 550 HCVs, was not designated as troubled in its most recent SEMAP assessment and does not own or manage public housing.
- (4) **Standard PHA** - A PHA that owns or manages 250 or more public housing units and any number of vouchers where the total combined units exceed 550, and that was designated as a standard performer in the most recent PHAS or SEMAP assessments.
- (5) **Troubled PHA** - A PHA that achieves an overall PHAS or SEMAP score of less than 60 percent.
- (6) **Qualified PHA** - A PHA with 550 or fewer public housing dwelling units and/or housing choice vouchers combined and is not PHAS or SEMAP troubled.

A.	PHA Information.														
A. 1	<p>PHA Name: HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ</p> <p>PHA Code: CA072</p> <p>PHA Type: <input checked="" type="checkbox"/> High Performer</p> <p>PHA Plan for Fiscal Year Beginning: 07/01/2023</p> <p>PHA Inventory (Based on Annual Contributions Contract (ACC) units at time of FY beginning, above)</p> <p>Number of Public Housing (PH) Units: 0</p> <p>Number of Housing Choice Vouchers (HCVs) 5,781</p> <p>Total Combined 5,781</p> <p>PHA Plan Submission Type: <input checked="" type="checkbox"/> Annual Submission <input type="checkbox"/> Revised Annual Submission</p> <p>Availability of Information. In addition to the items listed in this form, PHAs must have the elements listed below readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. Additionally, the PHA must provide information on how the public may reasonably obtain additional information of the PHA policies contained in the standard Annual Plan but excluded from their streamlined submissions. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official website. PHAs are also encouraged to provide each resident council a copy of their PHA Plans.</p> <p><input type="checkbox"/> PHA Consortia: (Check box if submitting a Joint PHA Plan and complete table below)</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th rowspan="2" style="width: 20%;">Participating PHAs</th> <th rowspan="2" style="width: 10%;">PHA Code</th> <th rowspan="2" style="width: 20%;">Program(s) in the Consortia</th> <th rowspan="2" style="width: 20%;">Program(s) not in the Consortia</th> <th colspan="2" style="width: 30%;">No. of Units in Each Program</th> </tr> <tr> <th style="width: 15%;">PH</th> <th style="width: 15%;">HCV</th> </tr> </thead> <tbody> <tr> <td>Lead PHA:</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program		PH	HCV	Lead PHA:					
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		PH	HCV												
Lead PHA:															

B.	Plan Elements
B.1	<p>Revision of Existing PHA Plan Elements.</p> <p>(a) Have the following PHA Plan elements been revised by the PHA since its last Annual PHA Plan submission? Y N</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Statement of Housing Needs and Strategy for Addressing Housing Needs. <input type="checkbox"/> <input checked="" type="checkbox"/> Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions. <input type="checkbox"/> <input checked="" type="checkbox"/> Financial Resources. <input type="checkbox"/> <input checked="" type="checkbox"/> Rent Determination. <input type="checkbox"/> <input checked="" type="checkbox"/> Homeownership Programs. <input type="checkbox"/> <input checked="" type="checkbox"/> Safety and Crime Prevention. <input type="checkbox"/> <input checked="" type="checkbox"/> Pet Policy. <input type="checkbox"/> <input checked="" type="checkbox"/> Substantial Deviation. <input type="checkbox"/> <input checked="" type="checkbox"/> Significant Amendment/Modification</p> <p>(b) If the PHA answered yes for any element, describe the revisions for each element below: (c) The PHA must submit its Deconcentration Policy for Field Office Review.</p>
B.2	<p>New Activities.</p> <p>(a) Does the PHA intend to undertake any new activities related to the following in the PHA’s current Fiscal Year? Y N</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Hope VI or Choice Neighborhoods. <input type="checkbox"/> <input checked="" type="checkbox"/> Mixed Finance Modernization or Development. <input type="checkbox"/> <input checked="" type="checkbox"/> Demolition and/or Disposition. <input type="checkbox"/> <input checked="" type="checkbox"/> Conversion of Public Housing to Tenant Based Assistance. <input type="checkbox"/> <input checked="" type="checkbox"/> Conversion of Public Housing to Project-Based Rental Assistance or Project-Based Vouchers under RAD. <input checked="" type="checkbox"/> <input type="checkbox"/> Project Based Vouchers. <input type="checkbox"/> <input checked="" type="checkbox"/> Units with Approved Vacancies for Modernization. <input type="checkbox"/> <input checked="" type="checkbox"/> Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).</p> <p>(b) If any of these activities are planned for the current Fiscal Year, describe the activities. For new demolition activities, describe any public housing development or portion thereof, owned by the PHA for which the PHA has applied or will apply for demolition and/or disposition approval under section 18 of the 1937 Act under the separate demolition/disposition approval process. If using Project-Based Vouchers (PBVs), provide the projected number of project-based units and general locations, and describe how project basing would be consistent with the PHA Plan.</p> <p>The Housing Authority maintains an open and continuous Request for Proposals (RFP) for Project Based Vouchers and will continue to project base units up to the HUD permitted Program Cap, in order to stimulate new affordable housing construction and/or support preservation of existing affordable housing units. The Housing Authority plans to project-base 234 former LIPH housing units. Upon HUD approval of the MTW Supplement, the Housing Authority may utilize a HUD waiver to move above the current Program Cap and will continue to utilize the PBV program to stimulate new affordable housing construction to the maximum extent possible.</p>
B.3	<p>Progress Report.</p> <p>Provide a description of the PHA’s progress in meeting its Mission and Goals described in the PHA 5-Year Plan.</p> <p>1. Goal: Expand supply of assisted housing</p> <p>a. <u>Apply for maximum award of additional rental assistance vouchers when available</u> – the Housing Authority applied for and was awarded 50 additional HUD-VASH vouchers, and 32 general purpose vouchers in the previous year.</p> <p>b. <u>Increase ACC of voucher program by new 200 vouchers</u> – The number of vouchers in our ACC has increased from 5,095 in July 2020 to 5,781 in January 2023, an increase of 686 vouchers. This includes 234 vouchers acquired through the Streamlined Voluntary Conversion, 268 Emergency Housing Vouchers (which are not</p>

permanent and will expire as families attrition out of the program over time), 90 Mainstream Vouchers, 62 VASH vouchers and 32 general purpose vouchers.

- c. Increase the size of project-based voucher program by 300 vouchers, with at least 150 of those vouchers provided to new affordable housing developments – The number of vouchers under a Housing Assistance Payment contract in our PBV program has increased from 321 units in July 2020 to 328 units in January 2023. Additionally, the Housing Authority has 620 units in the PBV pipeline that have been conditionally approved. All of these units represent new affordable housing developments, and the majority are expected to be completed within the timeframe of this 5-year plan.
- d. Complete the development of a minimum of 6 new affordable units on Natural Bridges Drive – The Housing Authority is in the process of developing 20 SRO units at the site. Construction is expected to begin in Spring 2023 with occupancy in Spring 2024.
- e. For new site based affordable housing, take measures to deconcentrate poverty and expand housing opportunity – The Housing Authority has developed a PBV scoring criteria that provides additional points for sites located in low poverty census tracts. Additionally, the Housing Authority converted all public housing to tenant protection vouchers; vouchers offer mobility options to areas of opportunity.
- f. If Section 22 SVC is completed: Consider using revenue from nonprofit affiliate to:
 - i. Fund at least one full or part time housing development position, either among HA staff or through a consultant – The Housing Authority has contracted with an external construction project manager to assist with the development of Natural Bridges.

2. Goal: Improve quality of assisted housing

- a. Renovate or modernize existing housing units and complexes as needed – the Housing Authority renovates existing housing as needs are identified through annual inspections. – Since July 1, 2020, the Housing Authority has modernized a total of 26 former LIPH units. That consisted of new flooring, paint, counter tops, LED light fixtures, low-flow water plumbing fixtures and new energy efficient appliances. In addition to the 26 units that were modernized, the Housing Authority replaced appliance that were over 10 years old with new energy star rated refrigerators and stoves; in total, approximately 170 of each.

3. Goal: Increase assisted housing choices

- a. Conduct FMR study bi-annually to continually increase voucher payment standards – the Housing Authority completed an FMR study in June 2020 and again in June 2022. Both studies have been approved by HUD and used to determine increased FMRs, Payment Standards, and funding levels for Santa Cruz County.
- b. Continue or expand Landlord Incentive Program by allocating up to \$200,000 to the program – The Housing Authority has increased the budget of the Landlord Incentive Program to \$200,000 utilizing funds from our nonprofit affiliate New Horizons Affordable Housing and Development.
- c. Increase number of landlords participating in Section 8 voucher program by 10% - The number of landlords participating in the Section 8 voucher program as of 7/1/2020 was 1,764. As of February 2023, there are 1,857 landlords participating, representing an increase of 5.3%.
- d. If Section 22 SVC is completed: Consider utilizing revenue from non-profit affiliate to: Provide housing counseling and/or information services to at least 50 non-assisted households, such as affordable housing waiting list alerts – The Housing Authority has established a waiting list notification service called Affordable Housing Alerts. Currently a total of 1,486 individuals subscribe to receive waiting list alerts.

4. Goal: Improve agency and program management

- a. Maintain high performer status with a SEMAP score of at least 95% - The Housing Authority has maintained high performer status for SEMAP. Effective 1/1/2023, we are no longer subject to further SEMAP audits and this goal will no longer be applicable.
- b. Achieve and maintain high voucher and funding utilization rates of at least 95% - The Housing Authority has achieved 100% utilization of Emergency Housing Vouchers (EHVs). Our total voucher utilization rate is currently 93% as of December 2022, with a goal of achieving a total 95% utilization rate by July 2023.
- c. Implement landlord portal with features including document uploading and electronic signature on contracts – the Housing Authority has implemented the landlord portal through YARDI Rent Café and has implemented DocuSign for executing contracts.
- d. Implement resident portal with features including online annual re-examination forms, document uploading, and online maintenance requests – the Housing Authority has implemented the resident portal through YARDI Rent Café.
- e. Implement applicant portal with features including online access to application status, online application updates – The Housing Authority is currently working on preparing for implementation of a Yardi Rent Café applicant portal.

	<p><u>If Section 22 SVC is completed:</u></p> <p><u>f. Conduct a survey of residents and program participants to determine which programs and services are most needed.</u> The Housing Authority has conducted a Resident Needs Assessment to collect information about programs and services that assisted families are interested in. The results of the survey have been used to develop a New Horizons Resident Services program. The Housing Authority has established a new position of Director of Property Management and Client Services to help support the expansion of a resident services program.</p> <p>5. Goal: Promote self-sufficiency and asset development of families and individuals</p> <p>a. <u>If Section 22 SVC is completed: Consider utilizing revenue from non-profit affiliate to:</u></p> <p>i. <u>Provide or attract at least two supportive services to improve tenant employability:</u> The Housing Authority has partnered with Cruzio to provide free high-speed internet to residents of HA owned or controlled properties. Additionally, the Housing Authority has partnered with Metro to provide free bus passes to residents of HA owned or controlled properties.</p> <p>ii. <u>Provide or attract at least two new supportive services to improve financial literacy</u> – The Housing Authority has been selected to participate in the asset building cohort of the MTW Demonstration program. The Agency will work with HUD and HUD evaluators to develop an asset building program, including the development of new partnerships and services for participants.</p> <p>6. Goal: Utilize housing as a platform to improve quality of life</p> <p>a. <u>If Section 22 SVC is completed: Consider utilizing revenue from non-profit affiliate to:</u></p> <p>i. <u>Provide or attract at least two new supportive services to increase independence for elderly and disabled</u></p> <p>ii. <u>Provide or attract at least two new supportive services to increase health and wellness of residents</u></p> <p>iii. <u>Provide or attract at least two new supportive services to increase food security of residents</u></p> <p>iv. <u>Provide or attract at least two new supportive services to improve educational attainment of residents, such as promoting book rich environments.</u></p> <p>The Housing Authority has conducted a Resident Needs Assessment to collect information about programs and services that assisted families are interested in. The results of the survey have been used to develop a New Horizons Resident Services program. The Housing Authority has established a new position of Director of Property Management and Client Services to help support the expansion of a resident services program. In addition to the high-speed internet and bus pass services named above, the year one Resident Services Plan includes assisting residents with connecting to existing programs and services such as public benefits and food banks, and establishing a scholarship program.</p> <p>7. Goal: Ensure equal opportunity and affirmatively furthering fair housing</p> <p>a. <u>Take affirmative measures to ensure access to assisted housing for all protected classes or persons least likely to access assistance</u> – The Housing Authority monitors to ensure all protected classes and persons least likely to apply have adequate representation in Housing Authority programs and waiting lists. The Housing Authority is awaiting further guidance from HUD regarding updates to affirmatively furthering fair housing requirements. Additionally, the Housing Authority has established a goal of developing an Equity Report Card, which will be presented to the Board of Commissioners in Spring 2023.</p> <p>b. <u>Implement measures to deconcentrate poverty and expand housing opportunity, such as regional payment standards, policies that do not limit frequency of transfer, and consideration of poverty rates in assignment of project-based vouchers</u> – The Housing Authority has taken many measures to expand housing opportunity, including bi-annual FMR studies that result in increased payment standards, regional payment standards that allow greater subsidy in more expensive neighborhoods, lengthy voucher search times, unlimited moves and transfers, and incentives for PBV units in low poverty areas including higher scores on PBV proposals in low poverty areas, and higher caps on the number of PBVs per project in low poverty areas.</p>
<p>B.4</p>	<p>Capital Improvements. Include a reference here to the most recent HUD-approved 5-Year Action Plan in EPIC and the date that it was approved.</p> <p>Not Applicable</p>

<p>B.5</p>	<p>Most Recent Fiscal Year Audit.</p> <p>(a) Were there any findings in the most recent FY Audit?</p> <p>Y N <input checked="" type="checkbox"/> <input type="checkbox"/></p> <p>(b) If yes, please describe: The Agency’s auditor, Novogradac & Company LLP, has issued an unmodified (clean) opinion on the financial statements after conducting an audit in accordance with Government Auditing Standards, with no financial audit findings. On the program side, two findings were identified related to incomplete program files. One finding noted a missing annual re-examination and 5 missing required documents. The other finding noted one failed inspection where the HAP had not been abated after 30 days, with no written extension present in the file. The Housing Authority accepts these findings and has accepted the recommendation of the auditor to implement a corrective action plan. Following the expiration of the COVID-19 HUD regulatory waivers, the Authority experienced a large backlog of reexaminations along with higher than usual rates of staff turnover and other staff capacity challenges related to the pandemic. Authority management has developed and implemented a plan to rapidly work through the backlog, bringing the program into compliance. Current HUD SEMAP data reflects that 96% of reexaminations have been completed in a timely manner, which is enough to provide full points for this SEMAP indicator. Authority management will continue to monitor and strive towards 100% timely recertifications by the end of the fiscal year.</p>
<p>C. Other Document and/or Certification Requirements.</p>	
<p>C.1</p>	<p>Resident Advisory Board (RAB) Comments.</p> <p>(a) Did the RAB(s) have comments to the PHA Plan?</p> <p>Y N <input type="checkbox"/> <input checked="" type="checkbox"/></p> <p>(b) If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations.</p> <p>Resident Advisory Board members met to discuss the proposed Agency Plan, Administrative Plan, MTW Supplement and related materials, and were supportive of the proposed changes.</p>
<p>C.2</p>	<p>Certification by State or Local Officials.</p> <p>Form HUD-50077-SL, <i>Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
<p>C.3</p>	<p>Civil Rights Certification/Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan.</p> <p>Form 50077-ST-HCV-HP, <i>PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed</i> must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>

<p>C.4</p>	<p>Challenged Elements. If any element of the PHA Plan is challenged, a PHA must include such information as an attachment with a description of any challenges to Plan elements, the source of the challenge, and the PHA’s response to the public.</p> <p>(a) Did the public challenge any elements of the Plan? Y N <input type="checkbox"/> <input type="checkbox"/></p> <p>If yes, include Challenged Elements.</p>									
<p>D.</p>	<p>Affirmatively Furthering Fair Housing (AFFH).</p>									
<p>D.1</p>	<p>Affirmatively Furthering Fair Housing.</p> <p>Provide a statement of the PHA’s strategies and actions to achieve fair housing goals outlined in an accepted Assessment of Fair Housing (AFH) consistent with 24 CFR § 5.154(d)(5). Use the chart provided below. (PHAs should add as many goals as necessary to overcome fair housing issues and contributing factors.) Until such time as the PHA is required to submit an AFH, the PHA is not obligated to complete this chart. The PHA will fulfill, nevertheless, the requirements at 24 CFR § 903.7(o) enacted prior to August 17, 2015. See Instructions for further detail on completing this item.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 5px;">Fair Housing Goal:</td> </tr> <tr style="background-color: #f2f2f2;"> <td style="padding: 5px;"><i><u>Describe fair housing strategies and actions to achieve the goal</u></i></td> </tr> <tr> <td style="padding: 5px;">Not applicable. Per HUD instructions: “Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D.”</td> </tr> </table> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td style="padding: 5px;">Fair Housing Goal:</td> </tr> <tr style="background-color: #f2f2f2;"> <td style="padding: 5px;"><i><u>Describe fair housing strategies and actions to achieve the goal</u></i></td> </tr> <tr> <td style="padding: 5px;">Not applicable. Per HUD instructions: “Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D.”</td> </tr> </table> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td style="padding: 5px;">Fair Housing Goal:</td> </tr> <tr style="background-color: #f2f2f2;"> <td style="padding: 5px;"><i><u>Describe fair housing strategies and actions to achieve the goal</u></i></td> </tr> <tr> <td style="padding: 5px;">Not applicable. Per HUD instructions: “Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D.”</td> </tr> </table>	Fair Housing Goal:	<i><u>Describe fair housing strategies and actions to achieve the goal</u></i>	Not applicable. Per HUD instructions: “Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D.”	Fair Housing Goal:	<i><u>Describe fair housing strategies and actions to achieve the goal</u></i>	Not applicable. Per HUD instructions: “Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D.”	Fair Housing Goal:	<i><u>Describe fair housing strategies and actions to achieve the goal</u></i>	Not applicable. Per HUD instructions: “Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D.”
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ADMINISTRATIVE PLAN

Section 8 Housing Choice Voucher Program

Housing Authority of the County of Santa Cruz



The Administrative Plan contains those policies of the Housing Authority of the County of Santa Cruz that have been adopted by the Board of Commissioners, as required by [24CFR 982.54](#), governing the establishment and administration of a waiting list, the issuance of Section 8 Housing Choice Vouchers, and overall program administration. The Housing Authority reserves the right to amend the Administrative Plan.

Draft January 2023

Please note that the electronic copy of this document contains hyperlinks to applicable HUD regulations and other references. An electronic copy of this document is available at the following website: <http://www.hacosantacruz.org/agency.htm>. If you cannot access the electronic copy of this document, copies of the referenced links and regulations will be available upon request.

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I. Selecting Applicants from the Waiting List, Targeting, Preferences, Closing and Opening Waiting List

Selecting Applicants from the Waiting List

All program admissions, except for special programs (described in Section III), and special admissions, must come from the applicable waiting list. Special admissions, defined by Housing and Urban Development (HUD) in 24 [CFR 982.203](#) consist of HUD awards that are targeted for families living in specified units. Such HUD awards may include families displaced because of demolition or disposition of a public housing unit, families residing in a multifamily rental housing project when HUD sells, forecloses, or demolishes the project, or other circumstances as determined by HUD.

When a waiting list is open, the Housing Authority accepts pre-applications from all interested persons and places their name on the waiting list in accordance to that waiting list's policy (either random number sequence or lottery).

When a waiting list is closed to the general public, the Housing Authority may accept direct referrals for applicants that are eligible for preferences or special programs, as defined below. In all cases, the Housing Authority will endeavor to serve preference or special program eligible applicants already on the waiting list before accepting referrals for new preference or special program eligible applicants. Additionally, while a waiting list is closed, the Housing Authority will add applicants to the waiting list when required to do so by HUD, including but not limited to instances where eligible households are residing in units newly accepted into the Project-Based Voucher Program.

Upon the close-out of the Consolidated Annual Contributions Contract (CACC) with HUD for Low Income Public Housing, any remaining active applicants on the Low-Income Public Housing Waiting List will be contacted and provided with an opportunity to be added to the end of the Santa Cruz County Housing Choice Voucher Waiting List. Such applicants would receive preference for the former Public Housing units as units become available. ~~Additionally, any over-income families residing in Public Housing upon conversion may be added to the waiting list and admitted to the Housing Choice Voucher program if they become income eligible within two years of the conversion. These will be considered special admissions.~~

Except as otherwise stated, applicants are selected based on random number sequence or lottery. As applicants approach the top of a waiting list, full applications are issued. Those applicants, who have submitted a complete application and are certified eligible for Housing Choice Voucher assistance, are issued vouchers based on the date that eligibility was determined, in accordance with income targeting requirements.

All households who complete a pre-application to place their name on the waiting list are informed in writing of their responsibility to report any change in address promptly.

Pre-applications (those on the waiting list) will be cancelled from the waiting list if

1. they do not respond to required written correspondence within the given time period; and
2. mail sent to their last reported address is returned by the post office.

Exceptions for persons with disabilities: Exceptions will be granted for pre-applicants and applicants with disabilities, as defined in [24 CFR 5.403](#) who were not able to respond within the time frame due to

their disability. Exceptions may also be granted for hospitalization of sufficient duration to be the cause of the lack of response.

The Housing Authority will consider requests for reinstatement on the waiting list. The Housing Authority will consider the date of most recent contact, the length of time between cancellation and reinstatement request, disability status, homelessness or lack of access to mail, and other factors.

The Housing Authority may conduct voucher issuance briefings remotely via telephone or video conferencing.

Number of Waiting Lists

The Housing Authority maintains a combined waiting list for the Santa Cruz County Housing Choice Voucher Program (HCV), the Moderate Rehabilitation Program, and for some units of the Project-Based Voucher Program that do not have site-based waiting lists. (See exceptions for Special Programs in Section III.) Additionally, the Housing Authority maintains a separate waiting list for the Housing Choice Voucher Program for the Cities of Hollister and San Juan Bautista. [Should a household \(a\) come up on both waiting lists at the same time or \(b\) is housed in the program and comes up on the waiting list, the household is entitled to only one voucher. At no time shall a household be permitted more than one active voucher.](#)

Medicaid Waiver

The Housing Authority has established a waiting list for applicants who are eligible for a Medicaid Waiver and are referred by agencies with an active memorandum of understanding (MOU) with the Housing Authority. Available vouchers are issued based on date of placement on the waiting list.

Site-Based Waiting Lists for Project Based Developments

Project-Based Voucher sites may have separate site-based waiting lists, as listed below. The Housing Authority will consider the establishment of additional site-based waiting lists for new Project-Based Voucher contracts on a case-by-case basis. Units in all other Project Based Voucher developments are offered based on placement on the Housing Choice Voucher waiting list. Existing Housing Choice Voucher holders may transfer into a Project-Based Unit in developments that utilize a combined waiting list. Such voucher holders will be given preference over waiting list applicants.

PBV Development	Location	Waiting List Conditions
<u>El Centro</u> 44 PBV units – senior housing	1110 Pacific Avenue Santa Cruz	44 units - Date of placement on the waiting list
<u>Resetar Residential Hotel</u> 53 PBV units	15 West Lake Avenue Watsonville	45 PBV units - date of placement on the waiting list 8 HUD VASH PBV units - referrals from Veterans Administration

PBV Development	Location	Waiting List Conditions
<u>St. Stephens Senior Housing</u> 39 PBV units – senior housing	2510 Soquel Avenue Santa Cruz	29 PBV units - lottery number on the waiting list 5 HUD VASH PBV units - referrals from Veterans Administration 5 PBV units for frail elderly – referrals from Health Projects Center
<u>Pippin Orchards Apartments</u> 31 PBV units	56 Atkinson Lane Watsonville	23-25 PBV units- lottery number on the HCV waiting list 6 PBV units for persons with disabilities who will most benefit from supportive services – referrals from Housing Choices Coalition 2 PBV units for homeless young adults with disabilities—referrals from Encompass Community Services
<u>Sunrise Senior Apartments</u> 48 PBV units – senior housing	580 Westside Blvd. Hollister	43 PBV units - Sunrise Senior Apartments will use a site-based waiting list. Applications received in the first two weeks of opening will be randomized in a lottery. Subsequent applications will be processed based on date the application is received. 5 HUD VASH PBV units - referrals from Veterans Administration
<u>Water Street Apartments</u> 33 PBV units	708 Water Street Santa Cruz (City)	25 PBV units - lottery number on the HCV waiting list 8 PBV units for persons with disabilities who will most benefit from supportive services – referrals from Housing Choices Coalition
<u>San Andreas</u> 4 PBV units – farmworker housing	295 San Andreas Road Watsonville	4 PBV units- the Housing Authority may accept referrals of eligible families from Mid-Pen Housing’s waiting list.
<u>Villas del Paraiso</u> 14 PBV units – farmworker housing	340 Paraiso Drive Watsonville	14 PBV units - The Housing Authority may accept referrals of eligible families from Mid Pen Housing’s waiting list.
<u>Jardines del Valle</u> 5 PBV units	76 Murphy’s Crossing Road Santa Cruz County (unincorporated area)	5 PBV units - The Housing Authority may accept referrals of eligible families from Mid-Pen Housing’s waiting list
<u>Pajaro Valley Shelter Services</u> 4 PBV units	Scattered sites	4 units for formerly homeless families referred by Pajaro Valley Shelter Services

Waiting List Preferences for Designated Groups on the Housing Choice Voucher Waiting List

Waiting list preferences are described below. All preferences are verified. These preferences will not have the purpose or effect of delaying or otherwise denying admission to the program based on the race, color, ethnic origin, gender, gender identity, sexual orientation, religion, disability, or age of any member of an applicant family. Unless otherwise stated, waiting list preferences apply to the Santa Cruz County Housing Choice Voucher Waiting List. All preferences adopted by the Housing Authority are based on local housing needs and priorities as determined by the Housing Authority. With the exception of these waiting list preferences, all other applicants on the Housing Choice Voucher waiting lists will be assisted by lottery or random number sequence.

1. Live/Work Residency Preference

The Housing Authority has established a partial live/work residency preference, such that at least 75% of the families selected from the waiting list will either currently live or work in the jurisdiction of the waiting list. The residency preference is applicable to the Santa Cruz County Housing Choice Voucher Waiting List (for households with a head of household, spouse or registered domestic partner that lives/works in Santa Cruz County) and the Hollister/San Juan Bautista Housing Choice Voucher Waiting List (for households with a head of household, spouse or registered domestic partner that lives/works in San Benito County.) The residency preference ensures that the majority of the Housing Choice Vouchers, which have been awarded to the Housing Authority by HUD to serve our jurisdiction, will be made available to those who live or work in the jurisdiction.

2. Disabled and Medically Vulnerable Homeless Persons (DMV)

The Housing Authority has adopted a limited waiting list preference for disabled and medically vulnerable homeless persons. Housing Matters, ~~using fusing prioritization through Smart Path,~~ the Coordinated Entry System ~~for persons experiencing homelessness, administered by the Continuum of Care (CoC), (as administered by the County Human Services Department, Housing for Health Division)~~ provides s-referrals for homeless persons who meet all of the following criteria:

- a) Disabled as defined by HUD at 24CFR 5.403.
- b) Medically vulnerable as ~~defined~~ determined by ~~a Homeless Action Partnership approved Vulnerability Index.~~ Continuum of Care prioritization policies.
- c) Homeless as defined by HUD per the HEARTH Act in Federal Register / Vol. 76, No. 233.
- d) Have established a case management plan with a provider of housing supportive services within Santa Cruz County.

A maximum of 150 households may be assisted by this preference program at any given time. The Housing Authority may continue to accept referrals for persons eligible for this preference while the waiting list is closed. DMV voucher holders who have been stably housed for 2 years may “graduate” into the regular voucher program if they are in good standing with the program and there are vouchers/funding available. At that time, the DMV voucher would be available for the next eligible family referred to the Housing Authority.

3. Homeless Families with Minor Children

The Housing Authority has adopted a limited waiting list preference for homeless families with minor children. The preference is for applicants already on the Santa Cruz County Section 8 waiting list who meet the following criteria:

- a) Homeless as defined by HUD per the HEARTH Act in Federal Register / Vol. 76, No. 233.
- b) Head of household or spouse lives or works in Santa Cruz County

- c) Head of household or spouse has at least one minor child residing with household

The Housing Authority will identify potentially eligible families who are already on the Santa Cruz County Section 8 waiting list. Eligible families will be referred to the Human Services Department (HSD) of the County of Santa Cruz. HSD will provide an appropriate level of case management to the homeless family, including assistance with the voucher eligibility application and paperwork and rental search assistance. Although the homeless family is not required to accept case management, HSD will offer case management for at least one year.

A maximum of 40 households may be assisted by this preference program at any given time. If there are no eligible homeless families that can be identified on the Santa Cruz County Housing Choice Voucher waiting list, or that respond to Housing Authority requests for application, the Housing Authority may accept referrals for persons eligible for this preference. Homeless family preference voucher holders who have been stably housed for 2 years may “graduate” into the regular voucher program if they are in good standing with the program and there are vouchers/funding available. At that time, the homeless family preference voucher would be available for the next eligible family.

4. Vulnerable Homeless Persons in San Benito County

The Housing Authority is working with San Benito County to develop a limited waiting list preference for persons who are experiencing homelessness or at risk of homelessness and have other vulnerability factors. This preference may be implemented following the establishment of a formal agreement with San Benito County and/or a lead service agency identified by San Benito County. The preference will be limited to 24 households, with a maximum of 2 new households per month.

5. Homeless Families with Minor Children for Brommer Street Supportive Housing Units

The Housing Authority has adopted a limited waiting list preference for homeless families with minor children for residency of six supportive housing units at the Brommer Street Supportive Housing Program. The Housing Authority will accept direct referrals of homeless families with minor children from the County of Santa Cruz Human Services Department (HSD) in accordance with the MOU.

6. Disabled Transitioning from Institutions (DTI)

The Housing Authority has adopted a limited waiting list preference for disabled persons transitioning from institutions into community-based settings, and persons at serious risk of institutionalization for persons who meet the following criteria:

- a) Disabled as defined by HUD at [24CFR 5.403](#).
- b) Transitioning Individuals must either be currently living in, or at serious risk of being admitted to, a qualified institution at the time of referral to the Housing Authority or must have been living in a qualified institution no more than 90 days prior to the referral to the Housing Authority.

On a case-by-case basis, the Housing Authority may issue a DTI voucher to an individual who is at imminent risk of death or who will not be able to receive lifesaving medical care without housing. Such cases will be approved by the Executive Director.

Qualifying institutions include intermediate care facilities, licensed residential facilities, and specialized institutions that care for the intellectually disabled, developmentally disabled, physically disabled or mentally ill. This definition does not include board and care facilities (such as adult homes, adult day care, and adult congregate living).

Referral Agency / Supportive Services – Qualifying individuals must be referred by a service provider agency that has entered into a memorandum of understanding (MOU) with the Housing Authority. The service provider will document and certify the eligibility criteria above (disability status and transition from qualifying institution). The service provider must also certify that the individual is ready to transition out of an institutional environment and must have a case management plan to assist the individual with the transition. Additionally, the service provider must assist the individual with all aspects of the Housing Choice Voucher program, including completing applications, obtaining documentation of income, attending Housing Authority appointments with the client, and assisting the client in finding and maintaining housing.

A maximum of 12 households may be assisted by this preference program at any given time. The Housing Authority may continue to accept referrals for persons who would be eligible for this preference while the waiting list is closed. DTI voucher holders who have been stably housed for 2 years may “graduate” into the regular voucher program if they are in good standing with the program and there are vouchers/funding available. At that time, the DTI voucher would be available for the next eligible family referred to the Housing Authority.

7. Mainstream Vouchers

The Housing Authority has received 240 Mainstream Vouchers. These Mainstream Vouchers are available to waiting list applicants that meet the following eligibility criteria:

The Household must include a family member between the age of 18 and 62 who is a person with a disability.

Assistance will be offered to applicants eligible for the program based on lottery or random sequence number. If the Housing Choice Voucher waiting lists do not contain sufficient numbers of eligible households, the Housing Authority may accept referrals for persons eligible for this preference. Eligible persons include those who are transitioning from institutions, at serious risk of institutionalization, homeless or at risk of homelessness.

~~The temporary Mainstream Voucher preference, established in 2021 for Housing Authority has established a temporary Mainstream Voucher preference of up to 75 vouchers for non-elderly persons with disabilities who were at high-risk of severe COVID-19 disease and were staying in time-limited shelters in Santa Cruz County. -has been ended as all of those shelters have been closed. Referrals will be provided by the Human Services Department (HSD) Housing for Health Division using the SCC COVID-19 shelter and Smart Path data. HSD will provide the applicants with supportive services and housing navigation assistance. The COVID-19 Mainstream Voucher preference will automatically expire 180 days after the Governor lifts the state of emergency for California. Once the temporary waiting list preference expires, all Mainstream Vouchers will be available to eligible waiting list applicants.~~

~~Additionally, to the extent that any homeless targeted referral voucher programs become fully utilized during the COVID-19 pandemic, the Housing Authority may issue Mainstream Vouchers to Mainstream eligible homeless persons referred for other voucher programs to avoid a delay in their housing placement. This temporary authority will automatically expire 180 days after the Governor lifts the state of emergency for California.~~

8. Graduates of the Continuum of Care (CoC) Shelter Plus Care- (S+C), ~~Youth Homeless Demonstration Program (YHDP) Permanent Supportive Housing (PSH) Programs,-) Program~~ and Family Unification Program (FUP) Youth in Project Based Voucher units.

The Housing Authority has been awarded competitive grants for permanent supportive housing for people experiencing chronic homelessness. A program known as Shelter Plus Care_- is a partnership between the Housing Authority and the County Health Services Agency to provide wrap-around services from outreach and eligibility to housing stabilizing services. ~~A program known as New Roots is a partnership between the Housing Authority and Encompass Community Services to provide supportive services and housing to homeless youth ages 18-24 with disabilities.~~

S+C recipients who have been stably housed for 2 years may “graduate” into the regular voucher program if they are in good standing with the program and there are vouchers/funding available. At that time, the S+C assistance would be available for the next eligible family referred to the Housing Authority by the Health Services Agency.

~~The Housing Authority may graduate Youth Homeless Demonstration Project participants when these four conditions apply: 1.) The young adult has been stably housed for two or more years. 2.) The Case Manager agrees that the young adult has sufficiently benefitted from supportive services. 3.) The young adult is in good standing with the Housing Authority. 4.) There are vouchers/funding available. The Housing Authority may transfer the young adult to regular HCV so “younger” youth can have access to the permanent supportive housing.~~

The Housing Authority provides a preference within the HCV voucher program for Family Unification Program Youth in Project Based Voucher units, wherein they may graduate into the regular HCV voucher program when they have reached the maximum period of assistance under FUP and are in good standing with the program.

9. Admission of Low-Income Families

Low-income families (up to 80% median household income) may be admitted to the program if they are working families (defined as a family in which the head, spouse or sole member is employed). In addition, low-income families in which the head and spouse or sole member is age 62 or over or is a person with disabilities may be admitted under this section. Such low- income families will not be admitted ahead of non-low-income families but will be placed on the waiting list according to the random number sequence lottery of their application.

10. Temporary Measures during Periods of Low Utilization Rate

During times of low voucher or funding utilization (under 97%), the Housing Authority may utilize the following measures:

- a) Lease In-Place Option. This preference will only be applicable to applicants already on the waiting list who currently live in the Housing Authority jurisdiction, reside in a unit that meets HQS standards, with a landlord who is willing to accept a voucher.
- b) Eviction Prevention. The Housing Authority may accept direct referrals from the Community Action Board of Santa Cruz County (CAB) of families at imminent risk of homelessness due to eviction for economic reasons. The Eviction Prevention preference will be limited to applicants on the HCV waiting list, and the preference will be limited to 24 vouchers.

Targeting

Notwithstanding the above, if necessary to meet the HUD MTW statutory requirement that 75% of newly admitted families in any fiscal year be families who are ~~extremely~~very low-income (incomes not exceeding ~~30~~50% of area median income), the Housing Authority retains the right to select ~~extremely~~very low-income families ahead of other eligible families on an as-needed basis to ensure the HUD MTW income targeting requirement is met. This measure will only be taken if it appears the goal will not otherwise be met. To ensure this goal is met, the Housing Authority will monitor incomes of newly admitted families.

Opening and Closing the Waiting list

When the Housing Authority opens a waiting list, the opening will be announced publicly on our website, on our waiting list phone line, in our lobby, in local newspapers of general circulation, and other appropriate media such as email and/or social media sites. The Housing Authority will affirmatively further fair housing by conducting strategic outreach through diverse community partners to inform the public when the waiting list opens.

The Housing Authority may accept applications by mail, via internet, by FAX and by other methods that encourage equal access and opportunity to apply for all persons, including those with disabilities.

The Housing Authority reserves the right to open and close waiting lists at any time.

Changes to Head of Household or Family Members While on the Waiting List

While on the waiting list, the head of household may be changed to another family member under the following circumstances:

1. If the family splits into two or more families, the family containing the head of household retains placement on the waiting list.
2. If the head of household dies, another member can become the head of household if they provide verification of the death, and if they have the legal capacity to enter into a lease.
3. If the head of household no longer has the legal capacity to enter into a lease, another member can become the head of household if they provide verification of the incapacitation and if they have the legal capacity to enter into a lease.
4. If the head of household engages in criminal activity directly related to domestic violence, dating violence, sexual assault or stalking (known as Violence Against Women Act crimes – VAWA) against a household member or affiliated individual, another member of the household can become the head of household if they provide verification of VAWA. When a family break-up results from the occurrence of domestic violence, the PHA must ensure that the victim retains assistance. (See 24 CFR 982.315(a).)

The Housing Authority may consider additional exceptions on a case-by-case basis.

The “applicant family” is defined as those persons who were included in the full initial application for assistance and who meet the HUD definition of “family”.

Any household members whom the applicant family wishes to add after the initial eligibility determination must meet the criteria listed in Section XVIII of this Plan. Changes to family members will not be processed while applicants are on the waiting list. All changes will be processed at the time of the initial eligibility determination or thereafter.

Selecting Applicants for the Moderate Rehabilitation Program

All vacant units under contract will be rented to eligible families referred by the Housing Authority from the Housing Choice Voucher waiting list.

II. Issuing or Denying Housing Choice Vouchers, Term of the Housing Choice Voucher, and Extensions or Suspensions of the Term

All Housing Choice Vouchers are issued with an initial term of at least 60 days. One or more extensions of at least an additional 60 days will be considered. ~~Extensions may be granted~~

- ~~1. If voucher holders provide proof that despite a diligent effort, they could not find a unit suitable to their needs; or~~
- ~~2. In special cases only, such as a large family, a “special needs” family, hospitalization or drug rehabilitation, death in the family, etc.~~

The Housing Authority will provide written notice to the family when granting an extension. The number and duration of extensions may depend on a number of factors including market conditions and availability of vouchers / funding.

The Housing Authority will grant additional extensions on an individual case basis as a Reasonable Accommodation for Housing Choice Voucher holders with disabilities. Third party verification of disability and need for extension is required. The extension may be granted after the Housing Authority has received such verification from a doctor, other health care professional or a social worker with medical or professional knowledge of the person’s disability. If acceptable verification is not received within 60 days of the Housing Authority’s request, the extension may be denied.

See Section IV Occupancy Standards (Standards for denying admissions or terminating assistance) for information about denying assistance for applicants.

III. Special Purpose Programs

Over time, HUD has awarded the Housing Authority with funding for specific voucher types to serve specific populations. In some instances, these special programs offer vouchers to eligible persons from the Housing Choice Voucher (HCV) waiting list. In other instances, vouchers are issued based on referrals from service providers. All special voucher programs are listed and described below. If special program vouchers are project based, the unique eligibility criteria described below will be preserved.

Veterans Assisted Supportive Housing / VASH (433 vouchers)

The Department of Housing and Urban Development (HUD) and the Veterans Administration (VA) have partnered to create a program for homeless veterans. This program combines HUD Housing Choice Voucher rental assistance with the Department of Veterans Affairs case management and clinical services provided at its medical centers and in the community. Funding for this program is limited to housing authorities that partner with “eligible Veterans Affairs Medical Centers (VAMCs) or other entities as designated by the VA.”

VASH vouchers are not issued based on placement on Housing Authority waiting lists. Instead, referrals for eligible homeless veterans are provided by the Veterans Administration. The Housing Authority will administer the VASH program in accordance with HUD VASH rules and regulations, which may differ from the Housing Choice Voucher Program.

Upon HUD approval, the Housing Authority will operate HUD-VASH in accordance with MtW administrative flexibilities that are not otherwise in conflict with the HUD-VASH Operating Requirements.

Family Unification Program / FUP (218 vouchers)

Family Unification vouchers have been made available by HUD for this program. The Family Unification Program (FUP) vouchers are reserved for families for which lack of adequate housing is a primary factor in the imminent placement of their a child or children in out-of-home care or in the delay of discharge of a child or children to the family from out-of-home care, and for youth, 18-24 years old, who left foster care, or will leave foster care within 90 days, and are homeless or at risk of becoming homeless. To be considered for Family Unification assistance, families will be identified through the County Human Services Department (HSD).

Family Unification vouchers are not issued based on placement on the Housing Choice Voucher waiting list. Instead, HSD provides referrals to the Housing Authority based on comprehensive risk assessment and FUP-eligibility determination. HSD will provide written certification to the Housing Authority that a family or a youth qualifies as a FUP-eligible family or youth. A family will be certified as eligible if it is determined that (1) the children are at imminent risk of placement in out-of-home care or at risk of having their discharge to the family from out-of-home care delayed (2) the lack of adequate housing is a primary factor in the risk of placement or delay of discharge and (3) the family meets all other eligibility requirements for Section 8 assistance; youth will be certified as eligible by age, foster care history, and homelessness risk. Youth will also be identified through the county Ceordinated Entry System. ~~The Santa Cruz County Consortium of Care (CoC), titled Homeless Action Partnership, launched the Coordinated Entry System, titled Smart Path to Housing and Health. The Smart Path lead agency is the County HSD. They will use it to assist in identifying youth who were previously on a child welfare caseload and may be eligible for FUP.~~ FUP Youth vouchers have a HUD imposed 36- month limit on rental assistance, excepting for the provisions under Fostering Stable Housing Opportunities (FSHO). Under HACSC's existing FUP-FSS demonstration program, FUP Youth voucher holders who enter into a HUD Family Self- Sufficiency contract may have their FUP Youth rental assistance extended for the life of the FSS contract up to five years, with the possibility of an extension up to two years.

Youth who first leased a unit with a FUP voucher after December 27, 2020 the provisions of Fostering Stable Housing Opportunities (FSHO) apply. FSHO provides a 24-month extension of voucher assistance for:

1. FUP youth who are participating in a Family Self-Sufficiency (FSS) Program under Section 23 of the U.S. Housing Act or an MTW self-sufficiency program.
 - a) If the youth is offered an FSS slot during their first 36 months of FUP assistance, the youth must participate in the FSS program to receive an extension of assistance.
 - b) If the youth is offered an FSS slot after the 36-month mark, the youth may choose to accept the FSS slot or decline the slot and meet the education, workforce development, or employment requirement instead.
2. FUP youth who were unable to enroll in FSS but engaged in education, workforce development, or employment, or employment activities for at least 9 months of the 12-month period preceding the extension. The youth is considered unable to enroll in FSS if the youth has not been offered an FSS slot during the first 36 months of receiving FUP/FYI assistance.
 - a) The youth must have engaged in at least one of the following activities for not less than 9 months of the 12-month period preceding each extension.
 - i. Education:

1. The youth was engaged in obtaining a “recognized postsecondary credential” or a “secondary school diploma or its recognized equivalent;” or
2. The youth was enrolled in an “institution of higher education” a “proprietary institution of higher education,” or a “postsecondary vocational institution” as defined in the Higher Education Act.
- ii. Workforce Development: The youth was participating in a career pathway, as such term is defined in section 3 of the Workforce Innovation and Opportunity Act (WIOA).
- iii. Employment: The youth was employed.

4.3.FUP youth who meet one of the statutory exceptions:

- a) Are responsible for the care of a dependent child under the age of 6 or for the care of an incapacitated person;
- b) Are regularly and actively participating in a drug addiction or alcohol treatment and rehabilitation program; or
- c) Are incapable of complying with the requirement to participate in an FSS program or engage in education, workforce development, or employment activities, as applicable, due to a documented medical condition.

Responsibilities for administering the Family Unification Program are as follows: The Housing Authority will be responsible wholly or in part for

1. accepting referrals from HSD;
2. sorting the HCV waiting list to identify applicants who may qualify;
3. certifying HCV voucher eligibility and issuing vouchers providing orientation to the Section 8 Housing Choice Voucher Program;
4. offering training to HSD and other HSD-subcontract agencies on HCV procedures;
5. convening regular meetings with HSD and the Consortium of Care (CoC) Homeless Action Partnership; and
6. approving rental agreements for FUP and processing HAP contracts.

The Human Services Department will be responsible wholly or in part for

1. seeking and identifying eligible families and making referrals to the Housing Authority;
2. certifying special program eligibility;
3. assisting in identifying and securing housing appropriate to the family’s size and needs;
4. offering training on HSD referral procedures to the Housing Authority and HSD- subcontractors; and
5. providing case management and some or all of the following supportive services:
 - a) child welfare and family reunification services
 - b) vocational training and educational assistance
 - c) childcare assistance
 - d) health, mental health, and substance abuse services
 - e) renter education
 - f) job search and placement assistance.

~~Once a family has been certified as eligible and accepted into the Family Unification Program, they will attend an orientation session provided by the Housing Authority, during which Section 8 procedures and regulations will be explained in detail.~~ All FUP families and youth will be offered the opportunity to join the Family Self Sufficiency program.

The HSD will be responsible for case management for the FUP Youth Family Self-Sufficiency (FSS) for the first 18 months from the start of the FSS Contract. Case Management is intended to assist the youth fulfill their FSS plan toward independence and self-sufficiency. HSD will be responsible for a Transitional Independent Living Plan developed with each FUP-Youth as well as providing basic life skills, counseling, providing assurances to property owners, job preparation, and educational advancement opportunities.

FUP recipients who have been stably housed for 2 years may “graduate” into the regular voucher program if they are in good standing with the program and there are vouchers/funding available. At that time, the FUP assistance would be available for the next eligible family referred to the Housing Authority by the Human Services Department.

Issuance as a Reasonable Accommodation

A Housing Choice Voucher may be issued as a reasonable accommodation to persons with disabilities who live in a unit owned or managed by the Housing Authority if

1. A doctor, other health care professional or a social worker with medical or professional knowledge of the person’s disability has verified the disability related housing need, and
2. there is not an acceptable unit available for the family in the Housing Authority owned or managed program, or the length of the wait for a vacancy of an acceptable unit is determined to be unreasonably long (at least one year).

Disabled Vouchers (138 vouchers)

HUD has made available vouchers for disabled applicants on the Housing Choice Voucher waiting list. These vouchers are issued to eligible applicants based on their waiting list preference status and random number sequence or lottery.

Medicaid Waiver Program (27 vouchers)

HUD has made available vouchers for persons participating in the Medicaid Home and Community Based Waiver Program. The Medicaid waiver vouchers are reserved for disabled persons, also covered under a waiver of Section 1915(c) of the Social Security Act, who are Medicaid-eligible at risk of being placed in intermediate care facilities. The voucher would allow them to be cared for in their homes and communities. These individuals are thereby assisted in preserving their independence and ties to family and friends at a cost no higher than that of institutional care.

Responsibilities for administering the Medicaid Waiver Program are as follows: The Housing Authority will be responsible wholly or in part for

1. certifying voucher eligibility
2. providing orientation with regards to the Section 8 Housing Choice Voucher Program
3. approving rental agreements

The local agencies administering 1915c waiver programs will be responsible wholly or in part for

1. seeking and identifying eligible individuals/families
2. certifying special program eligibility
3. assisting in identifying and securing housing appropriate to the household’s needs
4. providing case management

Medicaid Waiver vouchers are issued based on placement on the Medicaid Waiver waiting list. Eligible referrals are provided by social service agencies with a current MOU with the Housing Authority to provide referrals and services. Those referrals produce the Medicaid Waiver waiting list. ~~Once an individual and/or family has been certified as eligible and accepted into the Medicaid Waiver Program, they, or their designated representative, will attend an orientation session provided by the Housing Authority, during which Section 8 procedures and regulations will be explained in detail.~~

Welfare to Work Program (24 vouchers) (WtW)

HUD has made vouchers available for persons participating in the CalWORKs Welfare to Work Program. The Welfare to Work vouchers are reserved for CalWORKs participants. They are intended to be a key part of the strategy to support the efforts of Santa Cruz County families who are working towards self-sufficiency. Welfare to Work vouchers are not issued based on placement on the Housing Choice Voucher waiting list. Instead, eligible referrals are provided by the Santa Cruz County Human Services Department (HSD).

Responsibilities for administering the Welfare to Work vouchers are as follows:

The Housing Authority will be responsible wholly or in part for

1. certifying voucher eligibility;
2. providing orientation with regards to the Section 8 Housing Choice Voucher Program; and
3. approving rental agreements.

The Human Services Department will be responsible wholly or in part for

1. screening and refer CalWORKs participants;
2. assisting CalWORKS participants who receive vouchers with housing-related issues and work with Housing Authority staff to resolve those issues;
3. supporting housing stability for eligible CalWORKs participants who receive vouchers by providing them with comprehensive services including individual assistance in the areas of vocational training and assessment, job search and upgrade, on-the-job training, transportation assistance, child care, participation in MediCal/MediCruz as appropriate, counseling services for substance abuse, domestic violence and mental health issues and other supportive services; and
4. coordinating participant involvement in programs offered through the Small Business Development Center, Career Centers, and Cabrillo Student Resource Support Network.

If the Human Services Department informs the Housing Authority that a Welfare to Work voucher holder has graduated from the program, the Housing Authority may absorb that program participant into the regular Housing Choice Voucher program if a voucher is available and if the program participant is in good standing, and if the participant has been stably housed for two or more years. At that time, the Welfare to Work voucher would be available for the next eligible family referred by the Human Services Department.

Emergency Housing Vouchers (EHV) (280 Vouchers)

The Department of Housing and Urban Development (HUD) has awarded the Housing Authority Emergency Housing Vouchers (EHV) to continue relief from the Covid-19 pandemic impacts.

Eligibility for these EHV is limited to individuals and families who are (1) homeless; (2) at risk of homelessness; (3) fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking or human trafficking; or (4) recently homeless and for whom providing rental assistance will prevent the family’s homelessness or having high risk of housing instability. EHV are tenant-based rental assistance under section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)).

The EHV allocation from HUD is accompanied with a one-time service fee to support the efforts of implementing the program. The Housing Authority will use this service fee in accordance with the requirements established in PIH 2021-15, as well as any subsequent HUD guidance. Use of the service fees may include security deposits assistance, owner-related recruitment, incentives, and retention programs, move-in assistance, and tenant readiness services, or any other allowable use that supports the rapid issuance and utilization of these vouchers.

In most respects, EHV will be administered like the regular HCV program. However, EHV will not be issued based on placement on Housing Authority waiting lists. EHV will be issued based on referrals from the County Continuum of Care (CoC) in accordance with an MOU with the County Human Services Department (HSD), who act as the lead agency for the CoC. Additionally, criteria for admission into the voucher program will be more flexible for EHV, in accordance with PIH 2021-15. Based on HUD’s waiver of 24CFR982.552 and 982.553, the Housing Authority will only deny admission for the EHV program based on criminal history in the following circumstances:

1. If any member of the household has ever been convicted of a drug-related criminal activity for manufacture or production of methamphetamine on the premises of federally assisted housing; or
2. If any member of the household is subject to a lifetime registration requirement under a State sex offender registration program to EHV applicants.

The Housing Authority may “graduate” EHV households into the regular HCV program, or any applicable HCV preference or voucher type, in order to maximize utilization and provide assistance to the maximum number of homeless applicants.

[Upon HUD approval, the Housing Authority will operate EHV in accordance with MTW administrative flexibilities that are not otherwise in conflict with the EHV Operating Requirements.](#)

The EHV program will begin to sunset on September 30, 2023. At that time, all households housed through the EHV program will continue to receive rental assistance for as long as they remain eligible and as long as HUD funding allows. However, new EHV vouchers may not be issued after this date. Therefore, as EHV program participants leave the program, turnover vouchers will not be issued, and the program will eventually end through attrition.

IV. Occupancy Policies

Definition of a Family

A family is a person or group of people related by blood, marriage, adoption or affinity that live together in a stable family relationship. Furthermore, the Housing Authority has adopted HUD’s definition of “family” as defined in [24 CFR 5.403](#). This definition of family includes single individuals, [single persons who are youth](#), as well as groups of people residing together, regardless of actual or perceived sexual orientation, gender identity, or marital status.

Each family contains a head of household, who must be at least eighteen years old, or if under 18, they must be an emancipated minor. Additionally, each family member must reside in the assisted unit at least 51% of the time (at least 184 days out of the year). Children who are temporarily away from the home because of placement in foster care and military servicepersons on active-duty are considered part of the family if they would otherwise be living in the assisted unit. However, they will not be considered for the purposes of determining voucher size while they are out of the unit. Households with children who have been placed in foster care will keep their voucher size for at least 12 months after the child is removed. However, at the annual review following 12 months after removal (the second annual reexamination after removal) the household will be downsized. When the child returns from foster placement, the household will be upsized at the interim and the payment standard will be updated at that time. The household will not be required to wait until their next annual re-examination to be upsized or to have their payment standard updated.

Households with military servicepersons on active duty will be downsized at the first transfer or annual review following the departure of the serviceperson. When military servicepersons on active-duty return, the household will be upsized, and the payment standard will be updated at the interim. The household will not be required to wait until their next annual re-examination to be upsized or to have their payment standard updated.

Live-in aides and family members of live-in aides are not family members, temporary family members, or guests.

Definition of a Temporary Family Member

A temporary family member is a member of an assisted family that has been approved by the Housing Authority and resides in the assisted unit less than 51% of the time (less than 184 days of the year).

Temporary Family Members Who Move in and out of the Unit

The income of a temporary family member is counted towards household income while the temporary family member resides in the assisted unit. Therefore, temporary family members who move into the unit for a period of time will be added to the household with an interim while they are living in the unit. Later, they will be removed from the household when they move out of the unit. Temporary family members are not considered for purposes of determining voucher size, even if their income is counted. Additionally, temporary family members are not eligible to receive the voucher in the event that the family breaks up.

Temporary Minor Family Members Who Stay in the Unit a Few Days Per Week

Minor children who stay in the household a few days per week (less than 51% of the time and less than 184 days of the year) will not be added to the household. No persons other than minor children will be approved to stay in the household for a few days per week. Instead, other individuals will be considered to be guests (see definition of guest).

Definition of a Guest

A guest is a person temporarily staying in the assisted unit with the consent of the family and landlord to the extent allowable by the lease. No guest may stay in the assisted unit for more than 30 cumulative days during any twelve-month period.

Definition of When a Family Is Continuously Assisted

Low-income families are eligible for Section 8 assistance if they are continuously assisted under the 1937 Housing Act. For the purposes of determining eligibility, a 120-day break in assistance is considered “continuity of assistance.”

Standards for Denying Admission or Terminating Assistance

The Housing Authority may deny assistance to an applicant or terminate assistance for a participant for the following reasons:

1. If the family violates any family obligations under the program as outlined under obligations of participant
2. If any member of the family has ever been evicted from public housing
3. If a housing authority has ever terminated assistance under the voucher program for any member of the family
4. If any member of the family commits drug-related criminal activity, or violent criminal activity, including conviction for manufacturing or producing Methamphetamine
5. If any member of the family commits fraud, bribery, or any other corrupt or criminal act in connection with any federal housing program
6. If the family currently owes rent or other amounts to the Housing Authority or another housing authority in connection with Section 8 or public housing assistance under the 1937 Act
7. If the family has not reimbursed any housing authority for amounts paid to an owner under a Housing Assistance Payments (HAP) contract for rent, damages to the unit, or other amounts owed by the family under the lease
8. If the family breaches an agreement with the Housing Authority to pay amounts owed to a housing authority, or amounts paid to an owner by a housing authority
9. If the family has engaged in or threatened abusive or violent behavior toward Housing Authority personnel
10. If any member of the household is subject to a lifetime sex offender registration requirement under a State sex offender program
11. If there is reasonable cause to believe that a household member’s abuse or pattern of abuse of alcohol may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents.
12. If the Housing Authority determines that any household member is currently engaged in illegal use of a drug, or if a pattern of illegal drug use by a household member interferes with the health, safety, or right to peaceful enjoyment of the premises by other residents.
13. If the Housing Authority determines that any family member has violated the family’s obligation not to engage in any drug-related or violent criminal activity.
14. For a variety of criminal or drug-related activities as permitted under HUD regulations.
15. The Housing Authority will deny admission or terminate assistance for applicants or participants in violation of current applicable HUD rules and regulations or Housing Authority policy.
16. The Housing Authority will deny admission for applicants that do not meet the current applicable HUD eligibility requirements.

The Housing Authority may deny admission or terminate tenancy for criminal activity or drug or alcohol abuse in accordance with HUD regulations. The Housing Authority has the discretion to consider all factors in the case, including the seriousness of the case, the extent of participation or culpability of individual family members, past history, recency of criminal activity, age at time of criminal/drug or alcohol activity, mitigating factors such as treatment and character references, and the effects of denial or termination of assistance on other family members who were not involved in the action.

The Housing Authority will ensure an otherwise qualified applicant will not be denied admission or have assistance terminated solely on the basis that the applicant/participant has been a victim of domestic violence, dating violence, sexual assault or stalking (VAWA crimes). The Housing Authority has policies and procedure that will ensure notification of applicants and participants of their VAWA rights and responsibilities.

[V. Encouraging Participation by Owners Outside Areas of Low-Income and Minority Concentration](#)

To expand the number of rental property owners participating in the Housing Choice Voucher Program, the Housing Authority mails promotional material to property management agencies on an as-needed basis and conducts landlord briefings on an at-least annual basis. The Housing Authority encourages property owners throughout the jurisdiction, including in areas of lower poverty rates, to accept Housing Choice Vouchers. The Housing Authority collaborates in community-wide outreach to encourage landlords in all areas to accept housing assistance tenants.

Specific steps include the following:

Actions to encourage participation by owners of units outside low-income areas The Housing Authority of the County of Santa Cruz contacts owners of units throughout the County and endeavors to make personal or phone contact with as many owners of rental units as possible especially in the areas of higher income and opportunity.

Actions to explain program requirements including equal opportunity to owners

The Housing Authority of the County of Santa Cruz works closely with real estate professionals. Personal appearances and speeches are made to civic and other organizations and groups to explain the programs to owners and applicants. Brochures are published and available to owners.

Property Agent Incentive Programs

The County of Santa Cruz has provided funding to provide initial lease-up funds for property agents (owners/managers) renting to households either at-risk-of or currently experiencing homelessness. The qualifying special population tenant-based voucher/subsidy programs for this incentive include: Disabled Medically Vulnerable (DMV), Family Unification Program (FUP), Welfare to Work (WtW), Homeless Families with Minor Children (HFMC), Veterans Affairs Supportive Housing (VASH), Mainstream COVID, Stability Vouchers, and Shelter Plus Care. Additional homelessness designated vouchers may be included upon approval by the County.

All local jurisdictions within the County of Santa Cruz have provided funding for a risk mitigation fund which is available to property agents within the County of Santa Cruz regardless of voucher type utilized by the tenant.

[VI. Assisting a Family That Claims Illegal Discrimination](#)

The Housing Authority assists families that claim illegal discrimination by including discrimination complaint forms in every briefing packet as well as mailing complaint forms to participants upon request; and referring families to the appropriate state and/or federal agency. The Housing Authority ensures all policies, procedures and staff conduct are consistent with civil rights and fair housing.

Specific steps include the following:

Services to be provided if families allege that they have encountered discrimination after finding a unit: The Housing Authority of the County of Santa Cruz will make available the necessary informational forms and will assist where feasible with filing of any discrimination allegations. Applicants will be reminded of their civil rights and will be referred to appropriate local, state or federal agency for further action.

Assistance to be given to Housing Choice Voucher holders in the exercise of their rights under Federal, State and/or Local Law: Housing Authority staff who are Spanish speaking will assist Spanish speaking Housing Choice Voucher holders in exercising their rights. Program participants speaking languages other than English and Spanish will be accommodated as needed. The Housing Authority staff are familiar with the policies and procedures in the written Language Assistance Plan for serving Limited English Proficiency individuals. The Housing Authority arranges translations in Spanish and functions as a completely bilingual Spanish-English agency. The Housing Authority arranges translation and interpretation services as needed for those who do not speak English or Spanish.

Information on local, State and Federal Fair Housing laws and use of HUD Form-903 are provided as follows: The Fair Housing laws are outlined at the applicant's briefing, and the HUD Fair Housing forms and brochures are included in the Briefing Packets and given to all Housing Choice Voucher holders. Fair Housing posters are located in interview areas.

VII. Providing Information about a Family to Prospective Owners

The Housing Authority complies with HUD regulations governing the provision of information to owners. The Housing Authority will provide prospective owners the following information about the family by the prospective owner:

1. The family's current and prior address (as shown in Housing Authority records)
2. The name and address (if known to the Housing Authority) of the landlord at the family's current and prior address

The Housing Authority will not provide any additional information about the family to the prospective owner. Owners are encouraged to do their own tenant screening.

VIII. Disapproval of Owners

The Housing Authority may disapprove a prospective owner for violation of a HAP contract; violation of housing quality standards; or fraud, bribery, or corruption in connection with one of the Housing Authority programs. If a jurisdiction reports to the Housing Authority that an owner has a history of renting units that fail to meet state or local housing codes, the Housing Authority may disapprove an owner for that reason. The Housing Authority may also disapprove an owner for other reasons as allowed by HUD regulation.

IX. Subsidy Standards

Prior to issuing the Housing Choice Voucher or processing a change in household composition or a transfer, the appropriate voucher size for the family will be determined by applying the following criteria. Payment standards are based on the lower of either voucher size or unit size.

1. The Housing Authority will review each household composition to determine voucher size. An unborn child will not be counted as a person, unless the pregnant woman is the only person in the household. A family that consists of a pregnant woman only will be treated as a two-person family for the purposes of determining family unit size. Temporary household members, guests, and family members of live-in aides, (as defined above) will not be counted for the purpose of determining voucher size. However, children who are temporarily away from the home because of placement in foster care and military servicepersons on active duty are considered part of the family (even if they are not currently living in the household) if they would otherwise be living in the assisted unit. Therefore, when children return from foster placement, or when military servicepersons return from active duty, they may return to the household. On a case-by-case basis, the Housing Authority may allow minor children to be added to the household if adult household members are identified as stand-by guardians under the Childcare Safety Plan.
2. One bedroom will be allocated to the head of household and their spouse or registered domestic partner or significant other. One bedroom will be allocated to every two approved household members, regardless of gender, age, or familial status.
3. A household member must be a resident of the unit at least 51% of the time (at least 184 days of the year) to be counted as part of the household for the purposes of determining voucher size.

The subsidy standards are as follows. For the purpose of the tables below, the number of household members includes only those persons that are included when considering voucher size.

A family with a head of household AND spouse or registered domestic partner or significant other/domestic partner will be allocated the following:

Number of Household Members Impacting Voucher	Voucher Size
2	1
3	2
4	2
5	3
6	3
7	4
8	4
9	5
10	5

A family with a head of household and NO spouse or registered domestic partner or significant other/domestic partner will be allocated the following:

Number of Household Members Impacting Voucher Size	Voucher Size
1	1
2	2
3	2
4	3

5	3
6	4
7	4
8	5
9	5
10	6

When the Housing Authority determines that there is an adequate supply of studio (0 BR) units for rent, the agency may issue studio instead of one-bedroom vouchers to single- person families.

HUD may award the Housing Authority with Enhanced Vouchers to provide continued assistance to families adversely impacted by the termination of an affordable housing contract. The Housing Authority will use Enhanced Voucher assistance to meet HUD requirements. In implementing those requirements, the Housing Authority will determine if the bedroom size of the family’s unit exceeds the number of bedrooms for which the family qualifies under the subsidy standards, which is an over-housed family, unless the family qualifies for reasonable accommodation. The Housing Authority will notify the family and the project owner. When the Housing Authority notifies the family of the availability of an appropriately sized unit, the family must move to the unit in a reasonable time not to exceed 30 days in order to retain the Enhanced Voucher. The Housing Authority may grant an exception to this timeframe when the family requests it due to an extreme hardship. Hardship exceptions to the 30-day limit may be granted for a death in the family or serious illness.

Exceptions to the subsidy standards may be made as a reasonable accommodation for persons with disabilities. All requests must be reviewed and approved in advance by the Reasonable Accommodations (RA) staff. If the voucher holder is approved for a Live-in aide through RA staff, they are provided with a separate bedroom. A LIA and all LIA family members will be only allotted one bedroom. Household members of the live-in aide may share a bedroom with the live-in aide under the following conditions:

1. Only the live-in aide’s spouse, registered domestic partner, or birth child may be added to the household.
2. The addition of the live-in aide’s family members will not be approved if it will cause overcrowding to the existing unit.
3. The live-in aide’s family members, like the live-in aide, are subject to all Housing Authority background checks and screening procedures.
4. The family will not receive a dependent allowance for the live-in aide’s child.
5. The income of the live-in aide, live in aide’s spouse, live-in aide’s registered domestic partner, or adult children of the live- in aide will not be counted.
6. All adult family members of the live-in aide must sign an agreement confirming that they understand they are not a member of the assisted family.

The live-in aide and the household members of the live-in aide are not considered family members, temporary family members, or guests. The Housing Authority may consider other unusual family circumstances when determining the voucher size to be assigned to a family. Neither the live-in aide nor any members of the live-in aide family have rights to the voucher, should the voucher household break up.

Applicant Flexibility on Unit Size Actually Selected for Rental

It is emphasized that the unit size listed on the applicant's Housing Choice Voucher does not preclude the family from selecting either a smaller or larger sized unit.

The family may select a larger sized unit provided their portion of the rent does not exceed 40% of their adjusted monthly income at move-in. A family may select a smaller sized unit provided there is no HQS violation based on overcrowding. However, the payment standard used to determine the level of rental assistance will be based on the smaller of the payment standard for the voucher size or the payment standard for the unit size. Families electing to reside in a larger unit will pay a larger share of rent. Similarly, families electing to reside in a smaller unit will receive a smaller payment standard and will not benefit financially from choosing a smaller unit.

X. Family Absence from Dwelling Units

Families are permitted to be absent from their unit for up to thirty days without Housing Authority approval and continue to receive a HAP. With prior notice, longer absences, up to 180 days, may be permitted for documented cases of hospitalization, nursing home stays, and drug treatment, and other unusual circumstances to be determined on a case-by-case basis. During this time, the HAP will continue, and the tenant must continue to pay their portion. The HAP will not be paid for long absences for reasons other than those listed above. The contract, and therefore the lease, will automatically terminate after a 180-day absence as required by regulation.

XI. How to Determine Who Remains in the Program If a Family Breaks Up

The following guidelines determine who may continue to receive Housing Choice Voucher assistance if the household breaks up, due to the head of household no longer having the legal capacity to enter into a lease or if the head of household leaves or dies, or due to Violence Against Women Act crimes. In the event of this kind of family breakup, the following clauses are effective:

Persons who may NOT receive the voucher

1. No person may receive the voucher in the case of a family break up unless he/she has been a member of the family living in the household for at least the three consecutive prior years. Cases where the family has been on the program for less than three years will be forwarded to the Director of the Housing Programs Department for review on a case-by-case basis.
2. Neither a live-in aide nor any family members of a live-in aide may receive the voucher.
3. No temporary family member or guest may receive the voucher.
4. No minor may receive the voucher.

Persons who may receive the voucher

1. In the event of family break up, the voucher will automatically go to the head of household's spouse or registered domestic partner if applicable.
2. If the head of household does not have an eligible spouse or registered domestic partner, the Housing Authority has the discretion to determine whether or not any remaining household members may receive the voucher. The Housing Authority may consider the following factors:
 - a) Whether or not the remaining family member is elderly or disabled
 - b) Whether or not the remaining family member has legal dependents that are living in the assisted unit

- c) Whether or not a family member has been a victim of actual or threatened violence against family members by another member of the household
 - d) Whether or not the remaining family member is employed
 - e) Other relevant factors as determined by the Housing Authority on a case-by-case basis
3. If the family member who receives the voucher and becomes the head of household was also on the waiting list, the Housing Authority shall remove their name from the waiting list.

XII. Informal Review Procedures for Applicants

Informal reviews for applicants will be conducted in compliance with HUD regulations. Once applicants have been notified of their right to an informal review, they have 15 calendar days to request a review in writing.

Notice to Applicant

The Housing Authority must give an applicant for admission prompt notice of a decision denying admission to the applicant. The notice must contain a brief statement of the reasons for the Housing Authority decision and a copy of the criminal record if that is a reason for denial. The notice must also state that the applicant may request an informal review of the decision and must describe how to obtain the informal review.

Informal Review Process

The Housing Authority must give an applicant an opportunity for an informal review of the Housing Authority decision denying assistance to the applicant. The review will be conducted by the Review Committee, designated by the Executive Director, who will appoint staff other than a person who made or approved the decision under review or a subordinate of this person.

At the informal review, the applicant must be given an opportunity to present written or oral objections to the Housing Authority decision. The Housing Authority must notify the applicant of its final decision after the informal review, including a brief statement of the reasons for the final decision.

When Informal Review Is Not Required

The Housing Authority is not required to provide an applicant the opportunity for an informal review for any of the following:

1. Discretionary administrative determinations by the Housing Authority.
2. General policy issues or class grievances.
3. A determination of the family unit size under the Housing Authority subsidy standards.
4. A Housing Authority determination not to approve an extension or suspension of a voucher term.
5. A Housing Authority determination not to grant approval of the tenancy.
6. A Housing Authority determination that a unit selected by the applicant is not in compliance with HQS.
7. A Housing Authority determination that the unit is not in accordance with HQS because of the family size or composition.

XIII. Informal Hearing Procedures for Participants

Informal hearings for participants will be conducted in compliance with HUD regulations. Once participants have been notified of their right to an informal hearing, they have 15 calendar days to request a hearing in writing. The Housing Authority may conduct hearing remotely via telephone or video conferencing.

When Hearing Is Required

The Housing Authority must give a participant family an opportunity for an informal hearing to consider whether the following Housing Authority decisions relating to the individual circumstances of a participant family are in accordance with the law, HUD regulations and Housing Authority policies:

1. A determination of the family's annual or adjusted income and the use of such income to compute the housing assistance payment.
2. A determination of the appropriate utility allowance (if any) for tenant-paid utilities from the Housing Authority utility allowance schedule.
3. A determination of the family unit size under the Housing Authority subsidy standards.
4. A determination that a family is residing in a unit with a larger number of bedrooms than appropriate for the family unit size under the Housing Authority subsidy standards, or the Housing Authority determination to deny the family's request for an exception from the standards.
5. A determination to terminate assistance for a participant family because of the family's action or failure to act
6. A determination to terminate assistance because the participant family has been absent from the assisted unit for longer than the maximum period permitted under Housing Authority policy and HUD rules.

In the cases described above, the Housing Authority must give the opportunity for an informal hearing before the Housing Authority terminates housing assistance payments for the family under an outstanding HAP contract.

When Hearing Is Not Required

The Housing Authority is not required to provide a participant family an opportunity for an informal hearing for any of the following:

1. Discretionary administrative determinations by the Housing Authority.
2. General policy issues or class grievances.
3. Establishment of the Housing Authority schedule of utility allowances for families in the program.
4. Housing Authority determination not to approve an extension or suspension of a voucher term.
5. Housing Authority determination not to approve a unit or tenancy.
6. Housing Authority determination that an assisted unit is not in compliance with HQS. (However, the Housing Authority must provide the opportunity for an informal hearing for a decision to terminate assistance for a breach of the HQS caused by the family.)
7. Housing Authority determination that the unit is not in accordance with HQS because of the family size.
8. Housing Authority determination to exercise or not to exercise any right or remedy against the owner under a HAP contract.

Expeditious Hearing Process

Where a hearing for a participant family is required under this section, the Housing Authority must proceed with the hearing in a reasonably expeditious manner upon the request of the family.

Discovery

By family: The family must be given the opportunity to examine before the hearing any Housing Authority documents that are directly relevant to the hearing. The family must be allowed to copy any such document at the family's expense. If the Housing Authority does not make the document available for examination on request of the family, the Housing Authority may not rely on the document at the hearing. The Housing Authority will redact, or block-out, information on a VAWA crime victim's location or the name or location of any service provider agencies used by the victim.

By Housing Authority: The Housing Authority will request an opportunity to examine at Housing Authority offices before the hearing any family documents that are directly relevant to the hearing. The Housing Authority must be allowed to copy any such document at the Housing Authority's expense. If the family does not make the document available for examination on request of the Housing Authority, the Housing Authority has the right to accept or deny the document at the hearing or to postpone the hearing until the document can be adequately reviewed. The term "documents" includes records and regulations.

Representation of Family, Recording of Hearing

At its own expense, the family may be represented by a lawyer or other representative. The name and title of such representative must be submitted to the Housing Authority at least 5 days prior to the hearing. If the representative is a lawyer, the Housing Authority may arrange to have its lawyer present, too.

Either the family or the Housing Authority may elect to record the hearing at its own expense. If either party wishes to record the hearing, it must notify the other in writing at least 5 days prior to the hearing; however, the Housing Authority will record all hearings recorded by the family without providing specific prior notification.

Hearing Officer

The hearing may be conducted by any person or persons designated by the Executive Director, other than a person who made or approved the decision under review or a subordinate of this person. The person who conducts the hearing may regulate the conduct of the hearing in accordance with the Housing Authority hearing procedures.

Evidence

The Housing Authority and the family must be given the opportunity to present evidence and may question any witnesses. Evidence may be considered without regard to admissibility under the rules of evidence applicable to judicial proceedings.

Issuance of Decision

The person who conducts the hearing must issue a written decision, briefly stating the reasons for the decision. Factual determinations relating to the individual circumstances of the family shall be based on a preponderance of the evidence presented at the hearing. A copy of the hearing decision shall be furnished promptly to the family.

Effect of Decision

The Housing Authority is not bound by a hearing decision under the following two conditions:

1. Concerning a matter for which the Housing Authority is not required to provide an opportunity for an informal hearing under this section, or that otherwise exceeds the authority of the person conducting the hearing.

2. Contrary to HUD regulations or requirements, or otherwise contrary to federal, State, or local law.

Any appeal of a hearing officer's decision on these grounds will be considered by the Executive Director, whose decision will be final. If the Housing Authority determines that it is not bound by a hearing decision or that such a decision is contrary to HUD regulations or requirements, the Housing Authority must promptly notify the family of the determination, and of the reasons for the determination.

XIV. The Process for Establishing and Revising Payment Standards

Payment Standards are used to calculate the Housing Assistance Payment that the Housing Authority pays to the landlord on the tenant's behalf. The payment standard represents the maximum level of subsidy that may be paid by the Housing Authority. The Payment Standard will be reviewed, and revised, if necessary, at least annually following the publication of the Fair Market Rents (FMR) by HUD. Factors used in this analysis include the following:

1. Comparison of Payment Standard to Fair Market Rent
2. Average amount participants in the voucher program pay in rent.
3. Rent reasonableness data
4. Local vacancy rate data
5. Analysis of the expected voucher program funding level (HAP funding including the inflation factor adjustment)

At the time of annual payment standard review, and to the extent funds are available, an exception payment standard may be considered as a reasonable accommodation on a case-by-case basis to expand housing opportunities for persons with disabilities. If HUD decreases the FMR, which would reduce the basic range of the payment standard, the Housing Authority will hold harmless families by not decreasing the subsidy received by the family. The Housing Authority may establish one or more separate payment standards within the basic range for designated parts of an FMR area.

Upon HUD Approval of the Housing Authority's MTW Supplement, the Housing Authority may utilize payment standards that fall between 80%-120% FMR.

XV. The Method for Determining That Rent to Owner Is a Reasonable Rent

A determination must be made that rent to owner in the Section 8 Housing Choice Voucher Program is reasonable based on current rents for comparable unassisted units:

1. at the time of initial leasing,
2. if there is any increase in the rent to owner,
3. at the HAP contract anniversary if there is a 10% decrease in the FMR in effect 60 days before the HAP contract anniversary, and
4. if directed by HUD.

Reasonable rent is determined using information produced by Affordable Housing.com, a national rent reasonableness system, via the AffordableHousing.Com database. The AffordableHousing.com database meets HUD regulatory requirements for rent comparisons based on comparable unassisted units, including information about each unit's location, size, type, age, quality/condition, utilities, maintenance (including special services) and amenities.

XVI. Policies Regarding Special Housing Types

Shared Housing in the Housing Choice Voucher Program

1. Shared Housing is when a unit is occupied by two or more families. The unit must consist of shared common living space, as well as separate private space for each assisted family. Therefore, zero- and one-bedroom units may not be rented for shared housing. Under the lease, the assisted family must have cooking and bathroom facilities available to them. All areas (the entire unit) must be inspected initially and annually.
2. The shared housing program is designed to provide additional choices in living arrangements for assisted families. The Housing Authority of the County of Santa Cruz will permit only the use of “individual lease shared housing,” wherein the Housing Authority enters into a separate HAP contract for each assisted family residing in the dwelling.
3. Single room occupancy units, zero-bedroom efficiency units, Independent Group Residences, congregate housing units and manufactured homes for which assistance is provided under the Space Rental Assistance Program may not be used for Shared Housing.

Shared Housing in the Project Based Voucher Program

Shared Housing is not allowable in the Project Based Voucher Program per HUD Regulations

Eligibility for Shared Housing

Under certain conditions (such as changes in the housing market or incidences of fraud) the Housing Authority may limit shared housing to families who are either elderly or disabled and who have a zero- or one-bedroom voucher. Such decisions will be made at the discretion of the Executive Director.

Subsidy Standards

For Shared Housing, the living room/common living area will not be considered when determining voucher size or overcrowding.

Additional Limitations for Shared Housing

1. The owner/landlord may reside in the unit but cannot be a parent, child, grandparent, grandchild, sister or brother, aunt, uncle, cousin, stepparent, step-grandparent, or significant other to any member of the assisted household. Relation by adoption is included in this definition.
2. A married couple or registered domestic partners cannot split themselves into two households and live in shared housing.
3. An existing household currently living together (whether they are assisted, on the waiting list, etc.) cannot split themselves into two or more households as a way to avoid counting the other family member’s income and live in shared housing.
4. Shared Housing is not intended to allow assisted families to live with household members that they would normally live with, while avoiding counting the other household member(s) income.

Utilities

1. The amount of the Utility Allowance for an assisted individual in Shared Housing is the individual’s pro rata portion of the Utility Allowance for the entire unit.
2. Individuals enter Shared Housing arrangements on a voluntary basis and agreements on splitting tenant paid utilities and utility deposits are part of that voluntary, private agreement between or among

the individuals occupying the unit. Therefore, it is not mandatory that tenants agree to pay utilities based on the same proration formula the Housing Authority uses.

3. Although, in units with tenant paid utilities, utility payments are made by the tenant and not by the owner, the owner is free to ascertain, before leasing to sharing individuals, that the individuals have reached agreements in splitting tenant paid utilities and utility deposits, with full awareness of the amount of the Housing Authority determined utility allowance for each assisted tenant.

Other Special Housing Types

The following conditions will be used to determine who will be eligible to use each special housing type.

1. Single-person households will be eligible to use Single Room Occupancy housing.
2. Elderly or disabled participants in the Housing Choice Voucher program will be eligible to use Congregate Housing and Group Home Housing.
3. All participants in the Housing Choice Voucher program will be eligible to use Cooperative Housing, Manufactured Home Housing and Manufactured Home- Space Rent Housing.
4. Any special housing type will be eligible for use if needed as a reasonable accommodation so that the program is readily available to and usable by persons with disabilities.

Section 8 Homeownership Program

The Housing Authority of the County of Santa Cruz has elected to offer the homeownership option that is available in the Section 8 Housing Choice Voucher program. The purpose of this program is to allow eligible families to purchase a home using the Housing Choice Voucher.

Family Participation Requirements

1. A preference will be given for current or past FSS (Family Self Sufficiency) participants.
2. This program shall be open only to those families who have been assisted under the Section 8 Housing Choice Voucher program for one year and are in good standing as participants in the Housing Choice Voucher program.
3. There is no limit on the number of vouchers that may be used for the Homeownership Program.
4. There will be no additional local eligibility requirements except those imposed by the regulations.
5. CFR 982.627(d) (2) gives the Housing Authority the discretion to determine whether and to what extent interruptions are considered to break the continuity of employment during the year. The Housing Authority of the County of Santa Cruz will consider a household member to be continuously employed if their gross annual wages totaled at least the minimum wage times 30 hours per week.

Housing Counseling

1. Pre-homeownership counseling is mandatory for all participants in the Homeownership program and will include those items required by regulation. ([24CFR 982.630](#))
2. If a family purchases a home using Section 8 homeownership assistance and later sells that home to purchase another, the pre-homeownership counseling requirements will not be imposed again for the second purchase.

Capacity Test

The Housing Authority meets the Capacity Test set forth in [24CFR 982.625](#) in the following ways:

1. The Housing Authority has established a minimum down payment requirement of at least three percent of the purchase price. At least one percent must come from the family's personal resources.
2. The Housing Authority requires that financing for purchase of a home under the Homeownership program must comply with generally accepted private sector underwriting standards. In particular, no adjustable-rate mortgages or balloon payment will be permitted.

Locating a Unit

1. There are no shopping deadlines imposed on families who are interested in purchasing a home. Because the homeownership option is available only to families currently receiving Section 8 rental assistance, their rental voucher will remain in effect as they search for a unit to purchase. The rental voucher will be converted to a homeownership voucher during the escrow process. If a family wishes to transfer to another unit and is issued a transfer voucher, the usual requirement to locate a unit within regular voucher search term applies, regardless of whether the family chooses to move to another rental unit or wishes to purchase a home under the homeownership option. Therefore, it is highly recommended that families remain in their current unit while they undertake a search to locate a unit to purchase.
2. If a family cannot locate a unit to purchase, their rental voucher will remain in effect.

Down Payment and Financing

1. Cash down payment and equity requirements shall be the same as those required under Section D, "Capacity Test", subsection 1.
2. Prospective purchasers must demonstrate that they have adequate cash reserves to pay for the required home inspection in addition to the down payment.
3. The home inspection must be conducted by a home inspector certified through the American Society of Home Inspectors or other comparable certification to be approved by the Housing Authority on a case-by-case basis.
4. For the purposes of calculating the housing assistance payment, "Home-ownership expenses" shall be defined as those homeownership expenses listed in [24CFR 982.635](#), and shall include homeownership association dues.
5. The first mortgage lender shall be responsible for determining whether the family can afford the financing being offered. The Housing Authority will not be responsible for determining the affordability of the financing.
6. Lenders participating in the program must be approved by the Housing Authority.
7. Adjustable-rate mortgages and balloon payments will not be permitted in the Homeownership program.
8. The Housing Authority must approve any refinancing or additional debt recorded against the property. The Housing Authority will record a notice against the property requiring such prior approval. In order to approve refinancing or additional debt, the Housing Authority will determine whether the family's income is sufficient to pay any additional debt service.
9. Assistant payments will be made directly to the purchaser or lender, depending on the lender's requirements.

Continuation of Assistance

1. The family must notify the Housing Authority if they receive a Notice of Default.
2. The Housing Authority will not prohibit families from making more than one move during any one-year period

3. The Housing Authority will not require that families using the homeownership option be FSS participants; however, a preference will be given to current or past FSS participants.
4. The Housing Authority will not require post-purchase HQS inspections.
5. In the case of a mortgage default, the Housing Authority has the option of granting the family a rental voucher to continue their assistance. Such determinations will be made on a case-by-case basis and will take into consideration the circumstances leading to the default, including but not limited to employment layoffs, a family member becoming disabled, and/or the death or departure of a family member.
6. The ongoing payment of real estate taxes is not a requirement for participation in the homeownership program. It is the responsibility of the homeowner to ensure that their taxes are paid. The lender may, at their discretion, monitor to ensure that taxes are paid.
7. In calculating the housing assistance payment, the Housing Authority will allow a monthly allowance for maintenance expenses, to be adjusted from time to time if needed.
8. In calculating the housing assistance payment, the Housing Authority will allow a monthly allowance as a reserve for major repairs, to be adjusted from time to time if needed.

[XVII. Project Based Voucher Program](#)

The Project-Based Voucher (PBV) program is a rental assistance program where the assistance is attached to the unit rather than to the family occupying the unit. The PBV program allows PHAs that already administer a tenant-based voucher program to use a limited number of its program authorized vouchers and attach funding to specific units rather than using it for tenant-based assistance.

1. Project Definition

The Housing Authority defines a project as a single building, multiple contiguous building, or multiple buildings on contiguous parcels of land, with the exception of single-family scattered sites.

2. Project-Basing Special Voucher Types

The Housing Authority may choose to make PBVs available from any special population designated voucher or waiting list preference permitted under HUD regulations.

3. Project-Based Vouchers Per Complex (Income-Mixing Requirements or Project Cap)

The Housing Authority follows HUD's Income Mixing (Project Cap) requirements. Unless units are designated as Excepted Units per HUD regulations, the limitation on the number of PBVs in a project is the greater of twenty-five (25) units or twenty-five percent (25%) of the units in a project.

For units in projects that are in a census tract with a poverty rate of twenty percent (20%) or less, the limitation on the number of PBVs in a project is the greater of twenty-five (25) units or forty percent (40%) of the units in a project.

The following units are excluded from the 25 percent or 25-unit Project Cap:

- a) Units exclusively serving elderly families (aged 62+);
- b) Units housing households eligible for supportive services. Services must be continually available to all families receiving PBV assistance in the project.

[Upon HUD Approval of the Housing Authority's MTW Supplement, the Housing Authority may, at their discretion, raise the PBV cap within a project to support units in excess of the 25 percent or 25-unit Project Cap in accordance with the MTW waiver approved by HUD.](#)

4. Services offered in PBV Supportive Services Excepted Units

In order for the supportive services exception to apply to a unit, the project must make supportive services continuously available to all eligible families in the project, and the family must be eligible for one or more of the services. The family may, but is not required to, participate in the services. Types of supportive services available to assist families in the project-based voucher program may include education, employment, health-related, transportation, personal assistance, housekeeping, money management, and other services designed to help the eligible family live in the community as independently as possible. These services will be continuously available to all residents at project-based voucher assisted projects. Services will be designed to help the families in the project achieve self-sufficiency or live in the community as independently as possible.

5. Small Area Fair Market Rents for Project Based Voucher Programs

The Housing Authority does not use Small Area Fair Market Rents in Project-Based Voucher programs.

6. Open Request for PBV Proposal

The Housing Authority will continually maintain an open request for proposals (RFP) for project-based vouchers. Interested parties may submit proposals at any time during the year. The RFP will remain posted on the Housing Authority website.

7. Conflict of Interest

Neither the Housing Authority nor any of its contractors or subcontractors may enter into any contract or arrangement in connection with the HCV or PBV program in which any of the following classes of persons has any interest, direct or indirect, during tenure or for one year thereafter:

- a) Any present or former member or officer of the Housing Authority;
- b) Any employee of the Housing Authority, or any contractor, subcontractor or agent of the Housing Authority, who formulates policy or who influences decisions with respect to the programs;
- c) Any public official, member of a governing body, or State or local legislator, who exercises functions or responsibilities with respect to the programs; or
- d) Any member of Congress of the United States.

Any member of the classes described in (a) through (d) of this section must disclose their interest or prospective interest to the Housing Authority when responding to the RFP for project-based vouchers. In some cases, the PHA may request a waiver from HUD to consider allowing such a conflict. The conflict-of-interest must be disclosed to HUD, and the prohibition under this section may only be waived by the HUD field office for good cause.

8. Project-Based Voucher Selection

a) Standard Competitive PBV Selection Process

The Housing Authority will consider many factors including site location, project design, project amenities, services to be provided to residents, target population, and any other relevant information in determining the extent to which the PBV proposal furthers the Housing Authority's mission and whether the public interest is best served by converting tenant-based vouchers into project-based vouchers based on scoring criteria established by the PHA Board of Commissioners.

Prior to award of Project Based Vouchers, the Housing Authority will score all proposals to determine that the proposal complies with HUD program regulations and requirements, including a determination that the property is eligible for project-based vouchers, that the proposal complies with the cap on the number and percentage of project-based units per project, and that the proposal meets site selection standards.

Project-based assistance for housing at any selected site must be consistent with the goal of deconcentrating poverty and expanding housing and economic opportunities. When determining the extent to which a site meets this standard, the Housing Authority will consider the following:

1. Whether a PBV development will be located in a census tract where the concentration of assisted units will be or has decreased as a result of public housing demolition.
2. Whether the project is located in a census tract with a poverty rate of twenty percent (20%) or less.
3. If the poverty rate in the area where the proposed PBV development will be located is greater than 20 percent, the PHA should consider whether in the past five years there has been an overall decline in the poverty rate.
4. Whether the census tract in which the proposed PBV development will be located is undergoing significant revitalization.
5. Whether state, local, or federal dollars have been invested in the area that has assisted in the achievement of the statutory requirement.
6. Whether new market rate units are being developed in the same census tract where the proposed PBV development will be located and the likelihood that such market rate units will positively impact the poverty rate in the area.
7. Whether there are meaningful opportunities for educational and economic advancement in the census tract where the proposed PBV development will be located.

Designated Housing Authority staff will review all proposals received before selecting units. They will determine whether proposals are responsive to and in compliance with the information requested in the RFP. Housing Authority staff will assure that the project meets PBV goals, civil rights requirements, and HQS site standards. All units (whether existing, rehabilitated or newly constructed) shall be inspected for HQS before the family moves in. The Housing Authority may not execute the HAP contract until the units fully comply with HQS. The Housing Authority may, at its discretion, select one or more of the proposal(s) submitted, or none of the proposals submitted.

In the event that a proposal is selected, the Housing Authority will notify the party that submitted the selected proposal and will maintain a list of conditionally approved projects on the Housing Authority website. The Housing Authority will make documentation available regarding the basis for the selection of any project-based voucher proposal to any interested persons.

b) Non-Competitive PBV Selection Process

- i) The Housing Authority may provide PBV assistance to a project in which the Housing Authority improve, develop, or replace units in a public housing property or property that it controls or has an ownership interest or over which the Housing Authority has control, in without using a competitive process, but only in cases in which the Housing Authority is engaged in an initiative to improve, develop, or replace a public housing property or site.-

The Housing Authority has recently converted 234 units of public housing property currently owned by affiliated nonprofit New Horizons. The Housing Authority may apply project-based vouchers to these units without using a competitive process.

- ii) Any existing PBV HAP contract may be amended to add units by mutual agreement of the Housing Authority and the owner without competitive selection in order to increase housing opportunities for existing voucher holders and special populations. The amendment is subject to all PBV requirements.

c) Competitive Selection Process for PBV Award to PHA-Owned Units

If the Housing Authority wishes to project-base units at a property in which it has an ownership interest, [and the proposed project does not meet the Non-Competitive Selection Process criteria](#), the proposal in question will be scored by designated Housing Authority staff. If chosen to receive PBV, the selection will be forwarded to the HUD field office or a HUD-approved independent entity for review. The HUD field office, or designee, will review the proposal to determine if the Housing Authority-owned units were appropriately selected, based on the selection procedure specified in the Administrative Plan.

If housing is selected for PBV where the Housing Authority has an ownership interest, an independent entity approved by HUD must:

1. Determine initial rent to owner based on an appraisal by a third party;
2. Determine reasonable rent based on a comparability analysis for other than initial rents;
3. Furnish a copy of the rent determination to the HUD field office; and
4. Complete all HQS inspections and provide a copy of the HQS inspections to the Housing Authority and to the HUD field office.

The Housing Authority shall only compensate the independent entity from ongoing administrative fee income. The Housing Authority shall not charge the family any fee for the appraisal or for other services provided by the independent entity.

[Upon HUD Approval of the Housing Authority's MTW Supplement, the Housing Authority will utilize a HUD waiver to:](#)

- [1. eliminate the independent third-party review process in the award of PBV's to properties owned or controlled by the Housing Authority](#)
- ~~1.~~[2.eliminate the third-party rent reasonableness process at properties that the Housing Authority owns, manages, or controls, such that rent reasonableness would be conducted by Housing Authority staff; and](#)
- ~~2.~~[3.eliminate third-party inspections of properties owned, managed, or controlled by the Housing Authority such that inspections would be conducted by Housing Authority staff.](#)

9. Waiting List and Tenant Selection

For most Project Based Voucher sites, families will be offered assistance through the Project- Based Voucher (PBV) Program in the order of their random number sequence or lottery number of their application on the Housing Choice Voucher waiting list. Additionally, existing Housing Choice Voucher holders who are in the process of transferring may lease project-based units at developments that utilize the regular HCV waiting list. Some complexes have site-based waiting lists, as described in the Waiting List section above. When a Project-Based unit becomes available, the Housing

Authority will send a letter to the top families in the HCV Waiting List or PBV site based waiting list, as applicable. The letter will instruct interested families to contact the owner directly.

Owners may refer families to the HCV waiting list if the waiting list is open, and such referrals will be placed on the list. While the owner is not allowed to choose their own tenant and have that tenant move up the waiting list ahead of other applicants, the owner may apply their own tenant selection criteria and preferences, provided that they remain in compliance with fair housing law.

Families on the HCV waiting list who reject an offer of a PBV unit or who are rejected by the owner will not be penalized. They will retain the same position on the waiting list that they would have had if they had not been offered PBV assistance.

[Upon approval of the Authority's MTW Supplement, the Housing Authority will allow moves from PBV units with an HCV after 12 months for all families who have come from the HCV waiting list. However, for families who did not come from the HCV waiting list \(including households originating from a site-based waiting list or referral-based households\), the Housing Authority will require households to reside in the PBV unit for 24 months before being eligible to transfer with an HCV. Exceptions may be made on a case-by-case basis for good cause.](#)

10. Overcrowded, Under Occupied and Accessible Units

If a family is determined to be in a wrong-sized unit (a unit that is too large or too small) or in an accessible unit with features that the household does not require, the Housing Authority may offer the family some type of continued housing assistance. The Housing Authority may offer the family

- a) Another PBV unit in the same building or another building
- b) A tenant-based voucher

11. Rent Redetermination

The Housing Authority will accept owner requests for rent changes in PBV units when owner submits at least 60 days before the HAP Contract anniversary date. The annual anniversary of the HAP contract is the first day of the first calendar month after the end of the preceding contract year. The adjusted rent to owner amount applies for the period of 12 calendar months from the annual anniversary of the HAP contract. The Housing Authority will notify owners in writing specifying the amount of the redetermined rent. The Housing Authority written notice of the rent adjustment constitutes an amendment of the rent to owner specified in the HAP contract.

XVIII. Payment by a Family to the Housing Authority

A program participant who owes the Housing Authority money may not transfer to a new unit or port out to a new jurisdiction until the money is repaid or satisfactory arrangements have been made to repay the debt. Additionally, waiting list applicants who owe money to the Housing Authority may not be issued a voucher until the money is repaid or until satisfactory arrangements have been made to repay the debt.

XIX. Interim Redeterminations of Family Income and Composition

When the Housing Authority receives written information concerning a change in the family's income or household composition between regularly scheduled reexaminations, the Housing Authority will

consult with the family and make any adjustments determined to be appropriate. Any change in the family income or household composition that results in an adjustment in the Total Tenant Payment, Tenant Rent and HAP must be verified.

Changes to the Head of Household

Changes to the head of household will be allowed in the case of a family break up (see Section XI above) or if the head of household no longer has the legal capacity to enter into a lease, another member can become the head of household if they provide verification of the incapacitation, and if they have the legal capacity to enter into a lease. The Housing Authority may consider additional exceptions on a case-by-case basis.

Changes to Household Composition

If any household member moves out of the assisted unit, the household must inform the Housing Authority in writing within 14 calendar days of the move out. If the reduction in family members results in the number of bedrooms in the unit exceeding that which the family is eligible for, the Housing Authority will reduce the subsidy standard and reduce the payment standard accordingly at the family's next annual recertification.

If the household wishes to add any new members (including temporary family members), the household must request advance permission in writing before any new members move into the unit. All new household members (including temporary household members) will be subject to all Housing Authority eligibility and screening criteria including a criminal background check.

The Housing Authority will apply the following criteria when determining who may move into an assisted unit. However, children who are temporarily away from the home because of placement in foster care and military servicepersons on active duty are considered part of the household (even if they are not currently living in the household) if they would otherwise be living in the assisted unit. Therefore, when children return from foster placement, or when military servicepersons return from active duty, they may return to the household. The rules below about who can be added to a household do not apply to foster children and military servicepersons who were already living in the household prior to their temporary absence.

When a family member is added, staff must first redetermine the family subsidy standard, using the new subsidy standards, without this new family member. Then staff will apply the following rules. Please note that "parent" refers to the birth or adoptive parent, and "child" refers to children by birth, court awarded custody, or (for minor children only) by foster placement.

The following individuals may be added to the household and may increase the family's voucher size:

1. The spouse, registered domestic partner, or significant other of the head of household
2. The parent of the head of household
3. The parent of the head of household's spouse / registered domestic partner
4. The child of the head of household, including adult child
5. The child of the head of household's spouse / registered domestic partner, including adult child
6. The minor birth child of any existing household member
7. The grandparent or great-grandparent of the head of household
8. The grandparent or great-grandparent of the head of household's spouse / registered domestic partner
9. The grandchild or great-grandchild of the head of household
10. The grandchild or great-grandchild of the head of household's spouse / registered domestic partner

The Housing Authority may allow minor children to be added to the household if adult household members are identified as stand-by guardians under the Childcare Safety Plan. No other adults or child(ren) may move into the assisted unit, other than those specifically identified above.

Changes in Household Income:

Families must notify the Housing Authority in writing within 14 days of a decrease in income. Decreases in Total Tenant Payment are to be made effective the first of the month after the change was reported and after the change has occurred. However, no decrease adjustment in TTP is to be processed until all facts have been verified.

Families must notify the Housing Authority in writing within 14 days of an increase in income, and the Housing Authority may conduct an interim redetermination. This interim redetermination may serve as the family's next annual reexamination. The sole exception to this is annual increases to fixed income sources like Social Security, which will be verified and processed at the next regular annual reexamination.

Alternate Reexamination Schedule

Upon HUD Approval of the Housing Authority's MTW Supplement, the Housing Authority will utilize a HUD waiver to conduct reexaminations for fixed-income families at least every three years and conduct reexaminations for all remaining families at least every two years.

In between reexaminations, the HACSC will conduct interim adjustments to redetermine subsidy when the household experiences a qualifying event. Qualifying events will include decreases in income, increases in income (when requested by the household), changes in household composition, and changes to the contract rent. When interim adjustments are conducted, HACSC may apply payment standards and utility allowances in effect at the time of the effective date of the adjustment. HACSC will reserve the right to conduct reexaminations more frequently either for administrative or financial reasons. Additional details regarding the implementation of alternate reexamination schedules, qualifying events for interim adjustments and application of new payment standards will be available on the Housing Authority website and will be communicated to all impacted tenants at the time of their certification.

XX. Restrictions, If Any, on the Number of Moves by a Participant Family

There are no restrictions on the number of moves by a participant HCV family other than those required by HUD regulation. In the case of a participant who wishes to port to a higher cost area, such requests will only be denied in cases of insufficient funding, per [24CFR 982.314](#). In such cases, families will be informed of the potential for insufficient funding at the time they request to port their voucher. Additionally, the Housing Authority will keep the request to port open for consideration and will notify the family as soon as funding becomes available.

Program participants must be in good standing in order to be eligible to transfer their assistance to another rental unit. A program participant who owes the Housing Authority or their landlord money as a result of program or lease violations may not transfer to a new unit or port out to a new jurisdiction until the money is repaid or satisfactory arrangements have been made to repay the debt. The Housing Authority may postpone the transfer for up to 21 days, while the security deposit is reconciled and while the Housing Authority consults with the tenant and landlord and collects appropriate documentation. Length of tenancy will be considered. After this time, the Housing Authority will either issue a transfer packet or begin the process of termination of assistance.

XXI. Approval by the Board of Commissioners or Other Authorized Officials to Charge the Administrative Fee Reserve

Expenditures from the Administrative Fee Reserve account will be made in accordance with all applicable federal requirements and in accordance with the Procurement Policy. The Board of Commissioners approves expenditures during the budget approval process.

XXII. Procedural Guidelines and Performance Standards for Conducting Required HOS Inspections

The Housing Authority conducts HQS inspections at least biennially as required by HUD. The agency has implemented a system of quality control inspections and regular training to ensure that inspections are performed accurately and consistently. The Housing Authority may use Remote Video Inspections (RVI). RVI is a HQS inspection performed remotely with a “proxy” inspector and with the Housing Authority inspector remotely directing the inspection.

If the inspector’s determination of the number of bedrooms in a unit differs from the number of bedrooms on the Request for Tenancy Approval, the owner may be required to supply verification from the planning/building department on the approved number of bedrooms.

In the case of new move-ins, all units must pass inspection before the HAP contract may begin. If a unit initially fails the inspection, it must be re-inspected until it passes. However, in the case of biennial re-inspections, if a unit fails the inspection, the Housing Authority may allow the owner to self-certify that the repairs or corrections have been made. The Housing Authority reserves the right to require re-inspections for significant fail items.

The following items will be considered life-threatening fails in Housing Quality Standards inspections:

1. Gas (natural or liquid petroleum) leak or fumes
2. Electrical hazards that could result in shock or fire
3. Inoperable or missing smoke detectors
4. Inoperable or missing carbon monoxide detectors
5. Gas/oil fired water heater or heating, ventilation, or cooling system with missing, damaged, improper, or misaligned chimney or venting
6. Lack of alternative means of exit in case of fire or blocked egress
7. Conditions that present the imminent possibility of injury
8. Absence of a functioning toilet in the unit

Life-threatening fails must be corrected within twenty-four hours. Life-threatening fails will be reported immediately to the tenant, landlord, and Housing Authority management.

XXIII. Screening of Applicants for Family Behavior or Suitability for Tenancy

The Housing Authority performs those screenings that are required by HUD regulation. Owners are encouraged to do their own screening of tenants.

XXIV. Voucher Suspension Policy

If the Housing Authority stops issuing vouchers for a period of time due to over-leasing or funding shortfalls, when the Agency is ready to resume the issuance of vouchers, staff will review the utilization of special purpose vouchers. If the Agency is serving less than the allocation of special purpose vouchers, new special purpose vouchers will be issued first, before general purpose vouchers.

Prior to delaying or suspending the assistance of any applicants or participants (families under contract), the Housing Authority will first take any and all administrative steps available to remedy the situation. If the Housing Authority determines that there is insufficient funding to enter into additional HAP contracts, and / or insufficient funding for the HAP contracts that are already in place, the Housing Authority will suspend vouchers in the following way.

1. Applicants who have been issued general purpose vouchers but have not yet leased a unit will have their vouchers suspended until such time as funding becomes available.
2. If funding is still insufficient, applicants who have been issued a special purpose voucher but have not yet leased a unit will have their vouchers suspended until such time as funding becomes available.
3. If funding is still insufficient, the Housing Authority will freeze voucher transfer requests of participants.
4. If funding is still insufficient, the Housing Authority will suspend the contracts of existing, general purpose, program participants beginning with the families most recently admitted to the program.
5. If funding is still insufficient, special purpose voucher holders who are under contract would be the last voucher holders to suspend, beginning with families most recently admitted to the program.

When funding becomes available, assistance will be restored in the following order:

1. Recently admitted special purpose voucher families who had their contracts suspended (#5 above) will have their assistance restored first.
2. Recently admitted general purpose voucher families who had their contracts suspended (#4 above) will have their assistance restored next.
3. Participants who have a voucher and requested a transfer (#3 above).
4. Applicants who had been issued a special purpose voucher but had not yet leased a unit (#2 above) will have their vouchers restored next.
5. Applicants who had been issued a general-purpose voucher but had not yet leased up (# 1 above) will have their assistance restored last.

NOTE FROM THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

The Housing Authority of the County of Santa Cruz (HACSC) will be submitting form HUD-50075-MTW electronically through the Moving to Work (MTW) portal to HUD upon approval of its Board of Commissioners after a public process. Please find the original form HUD-50075-MTW on HUD's website at:

https://www.hud.gov/program_offices/public_indian_housing/programs/ph/mtw/expansion/mtwsupplement. This document contains the information in the HUD form, but in an easier to read format, including larger print in a format that will be accessible to persons with disabilities when posted online. Most of the instructions and questions in the document are copied directly from the form HUD-50075-MTW (01/2021).

EXPLANATORY NOTE TO PUBLIC REVIEWERS OF THE PROPOSED MOVING TO WORK SUPPLEMENT FILLABLE FORM

The Moving to Work (MTW) Supplement collects information about policies implemented by MTW expansion agencies. MTW agencies use it to communicate their plans with residents and community stakeholders through required public comment processes, and HUD uses the information collected to monitor and evaluate the MTW demonstration program. MTW agencies will submit the MTW Supplement to HUD annually, and amend as needed. HUD plans to make the MTW Supplement into a fillable form so as to reduce respondent burden and make the information collected more useful to HUD. When the MTW Supplement is available through the fillable form, it will include skip patterns¹ that prompt the user to populate only the sections relevant to what they are currently implementing. It will also include screening questions that will ask which waivers and associated activities they are currently implementing, plan to implement in the upcoming year, or will be discontinued in the submission year. The MTW Agency will be able to print the information from the MTW Supplement in a reader-friendly format in order to inform the public of its plans for the upcoming year. The purposes of the MTW Supplement are two-fold: it reports to HUD what is happening at the local level in a way that the Department can monitor and evaluate; and, more importantly, it informs the public about what the agency is planning and gives the public the ability to provide comment.

The MTW Supplement asks for information about each of the MTW Waivers and associated activities that are made possible by the MTW Operations Notice, Safe Harbor Waivers and Agency-Specific Waivers, and a few other types of information. MTW agencies will fill in information/data through a fillable form and the information collected will be stored in a database so that it can be analyzed by HUD. The approved forms will be posted to the MTW website for viewing by the public. For instance, it will be simple to find out how many MTW agencies and which MTW agencies are implementing each type of activity. It will also simplify reporting for the MTW agency since information will carry over year-to-year in the fillable form so that information that does not change from year to year will be pre-populated, thereby reducing respondent burden.

This document lists the sections of the MTW Supplement and then presents the proposed questions to be included in the MTW Supplement for MTW agencies to answer annually. Throughout the online

¹ A skip pattern is a question or series of questions associated with a conditional response.

version, there will be a dropdown menu option that makes it clear as to which activities an agency is permitted to do within the safe harbors of the MTW Operations Notice, Appendix I, MTW Waivers.

Sections of the MTW Supplement:

- A. PHA Information
- B. Narrative
- C. MTW Waivers and Associated MTW Activities
- D. Safe Harbor Waivers
- E. Agency-Specific Waivers
- F. Public Housing Operating Subsidy Grant Reporting
- G. MTW Statutory Requirements
- H. Evaluations
- I. MTW Certifications of Compliance

Information to be Collected for MTW Activities

There are many MTW activities, subject to limitations as outlined in the MTW Operations Notice, that an MTW agency may implement. Each MTW agency will likely only engage in a subset of these MTW activities. The MTW Supplement will first ask MTW agencies to identify which MTW activities they are proposing to implement and which of those MTW activities they are already implementing. MTW agencies will subsequently be asked to provide information only about the MTW activities they are proposing to implement or are already implementing. This feature will reduce respondent burden. MTW waivers have associated MTW activities. MTW agencies are also able to combine MTW activities into their own initiatives.

MTW agencies will be asked for specific information about each MTW activity they are proposing to implement or are already implementing. There are six types of questions that could be asked about each MTW activity. The exact mix of questions will depend partly upon the MTW activity and partly upon the requirements for that MTW activity listed in the MTW Operations Notice. The six types of questions are:

- (1) Core—questions applicable to most MTW activities
- (2) Custom—questions specific to an individual MTW activity
- (3) Safe Harbor Waiver—questions asked when the MTW activity requires a Safe Harbor Waiver
- (4) Hardship Policy—questions asked when the MTW Operations Notice requires a hardship policy for the MTW activity
- (5) Impact Analysis—questions asked when the MTW Operations Notice requires an impact analysis for the MTW activity
- (6) Agency-Specific Waiver—questions asked when the MTW activity requires an Agency-Specific Waiver

Questions

The questions are presented below by type, beginning with the core questions. In the final online version of the MTW Supplement, the relevant questions from each type will be asked together in relation to each MTW activity the MTW agency is proposing to implement or is already implementing. The final online version of the MTW Supplement will be set up to allow for different versions of the same MTW activity—for instance, a different minimum rent for the non-elderly/non-disabled than for the

elderly/disabled. The final online version of the MTW Supplement will also be able to autofill items with information from previous years. This feature will reduce respondent burden.

Table 1, at the end of this document, lists the MTW activities and indicates which types of questions need to be asked about each one.

MTW SUPPLEMENT TO THE ANNUAL PHA PLAN

U.S. Department of Housing and Urban Development Office of Public and Indian Housing

OMB. No. 2577-0226

Expires: 03/31/2024

Purpose. The Moving to Work (MTW) Supplement to the Annual PHA Plan informs HUD, families served by the PHA, and members of the public, about the MTW Waivers and associated activities that the MTW agency seeks to implement in the coming Fiscal Year and updates the status of MTW activities that have been previously approved. It also provides information about Safe Harbor Waivers, Agency-Specific Waivers, compliance with MTW statutory requirements, and evaluations. The MTW Supplement does not replace the PHA Plan. MTW agencies must continue to submit the applicable PHA Plan. MTW agencies that are not required to submit annual PHA Plans under the Housing and Economic Recovery Act of 2008 (HERA) must submit the MTW Supplement annually, in addition to holding public hearings, obtaining board approval, and consulting with Resident Advisory Boards (RABs) and tenant associations, as applicable, on planned MTW activities.

Applicability. Form HUD-50075-MTW is to be completed annually by all MTW agencies brought onto the MTW Demonstration Program pursuant to Section 239 of the Fiscal Year 2016 Appropriations Act, P.L. 114-113 (2016 MTW Expansion Statute) or legacy MTW agencies that chose to follow the requirements of the MTW Operations Notice.

Definitions. All terms used in this MTW Supplement are consistent with the definitions stated in the MTW Operations Notice, including:

- (1) **Local, Non-Traditional Activities (LNT)** – Those MTW activities that use MTW funding flexibility outside of the Housing Choice Voucher (HCV) and public housing programs established in Sections 8 and 9 of the U.S. Housing Act of 1937.
- (2) **Safe Harbors** – The additional parameters or requirements, beyond those specified in the MTW activity description itself found in the MTW Operations Notice, following each activity description, that the MTW agency must follow in implementing MTW activities.
- (3) **Substantially the Same Requirement** – A statutory MTW requirement that MTW agencies must continue to assist substantially the same total number of eligible low-income families as would have been served absent the MTW demonstration.

A. PHA INFORMATION

A.1 PHA Name: Housing Authority of the County of Santa Cruz

PHA Code: CA072

MTW Supplement for PHA Fiscal Year Beginning (MM/DD/YYYY): 07/01/2023

PHA Program Type: Public Housing (PH) only
 Housing Choice Voucher (HCV) only
 Combined

MTW Cohort Number: 4 (Asset Building)

MTW Supplement Submission Type:
 Annual Submission
 Amended Annual Submission

B. NARRATIVE

B.1 MTW Supplemental Narrative.

The narrative provides the MTW agency with an opportunity to explain to the public, including the families that it serves, its MTW plans for the fiscal year and its short and long-term goals.

The MTW agency should provide a description of how it seeks to further the three MTW statutory objectives during the coming Fiscal Year. Those three MTW statutory objectives are: (1) to reduce cost and achieve greater cost effectiveness in federal expenditures; (2) to give incentives to families with children whose heads of household are either working, seeking work, or are participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient; and (3) to increase housing choices for low-income families.

The Housing Authority of the County of Santa Cruz (HACSC) is pleased to submit this Fiscal Year (FY) 2023 Moving to Work (MTW) Supplement component of the Annual PHA Plan. HUD designated HACSC as an MTW Agency in September 2022, through the MTW Asset Building Cohort, to test asset building initiatives to encourage growth of savings accounts and/or aim to build credit for assisted households. HACSC's MTW Plan and Application selected the HUD defined "Opt-Out Savings Account" as the initial MTW asset building activity. HACSC looks forward to working with HUD and the evaluation team to develop and implement asset building activities and to better understand perspectives and experiences of assisted households participating in the "Opt-Out Savings Account" initiative through the program evaluation process. Additionally, HACSC will actively participate in the "Community of Practice" with HUD, the evaluation team, and other MTW agencies in the Asset Building Cohort to further develop and implement best practices related to asset building.

This supplement identifies the MTW waivers and activities that HACSC will implement to achieve the three MTW statutory objectives which are outlined in more detail below in the sections of Economic Mobility, Cost Effectiveness, and Housing Choice.

Economic Mobility: Implementation of the Opt-Out Savings Account initiative will be the focal point of HACSC initial economic mobility efforts. HACSC plans to use the Opt-Out Savings Account program as the baseline for future economic mobility programs. This initiative will assist HACSC to build and expand upon a network of partnerships with service providers, financial service institutions, and other community-based organizations to promote economic mobility. Other activities to support economic mobility include administrative changes to the Housing Choice Voucher program such as alternative income inclusions / exclusions, alternative reexamination schedule, and extension of zero HAP participation from 180 to 365 days. HACSC anticipates these initiatives will reduce or eliminate regressive aspects of the program and will encourage assisted households to seek employment opportunities, increased wages, and build assets.

Cost Effectiveness: HACSC will leverage MTW authority to implement a range of waivers to achieve administrative efficiencies and cost effectiveness. These waivers will enable HACSC to provide more meaningful service to enhance customer service, and to reduce administrative burden for participants and property owners. Program participants will benefit from alternative income inclusions / exclusions, alternative reexamination schedule, and self-certification of assets. HACSC experience and expertise to conduct certain HQS functions and PBV processes in which third-party assistance is required will eliminate administrative time spent coordinating contractors, and support tenants to secure housing.

Housing Choice: HACSC's approach to improving housing choice includes providing housing stability to program participants that are already housed through waivers such as alternative income inclusions / exclusions, alternative reexamination schedule, and Moving On policies to align tenant rent and utility payments between partner agencies. The strategy to promote housing choice and to increase the supply of affordable housing will be achieved by increasing the PBV program cap and PBV project cap. The ability to expand the PBV program will provide new housing opportunities to program participants and will support the development of new units within our community.

HACSC is excited to have the opportunity to participate in the Asset Building Cohort and to implement MTW waivers that will achieve HUD's statutory objectives. These activities align with the agency mission and our long-term vision for MTW.

Under the MTW Operations Notice, the Housing Authority of the County of Santa Cruz is authorized to flexibly and interchangeably utilize Public Housing Operating Fund, Capital Fund Program and certain Housing Assistance Payments funds for any purpose authorized under Sections 8 and 9 of the US Housing Act of 1937 and for local, non-traditional activities. The agency may utilize this flexibility over the fiscal year to support activities described in the Annual Plan in accordance with the requirements of the Operations Notice

C. MTW Waivers and Associated Activities

NOTE: MTW agencies are reminded that all MTW Waivers and associated activities must be implemented in accordance with the MTW Operations Notice and within its safe harbors unless a Safe Harbor or Agency-Specific Waiver approval is provided by HUD, in which case, the activity utilizing the Safe Harbor or Agency-Specific Waiver must be implemented in accordance with the terms of the approval.

Screener:

For all MTW Waivers and Activities in Section C, the screening question listed below will be presented in the fillable form. This will allow the form to only display those waivers that input where is required.

Each waiver and activity will be listed with the following choices. If “Not Currently Implemented” is selected, the agency will not be shown any further questions for the activity.

- Currently Implementing
- Plan to Implement in the Submission Year
- Will be Discontinued in the Submission Year
- Was Discontinued in a previous Submission Year
- Not Currently Implemented

Core Questions:

The following core questions apply to all of the MTW Waivers and associated activities listed in the MTW Operations Notice. The core questions collect basic information about any MTW activity proposed or implemented by MTW agencies.

- Narrative. Describe the MTW activity, the MTW agency’s goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.
- MTW Statutory Objectives. Which of the MTW statutory objectives does this MTW activity serve?
- Cost implications. What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.
- Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?
- Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?
- Family Types. Does the MTW activity apply to all family types or only to selected family types?
- Location. Depending on if responses are being provided for a public housing (PH) or HCV activity, the agency will either see questions applicable to PH or HCV.
- Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?
- Does this MTW activity require a hardship policy?
- Does the MTW activity require an impact analysis?

As this is the first year of MTW for HACSC, questions pertaining to last year’s performance of the activity will be answered with “0”, “N/A” or “none.”

Custom Questions:

Custom questions are tailored to each MTW activity. In what follows, the MTW activities are listed with their custom questions. The final online version of the MTW Supplement will be set up so that if an MTW activity is the same in the HCV and/or public housing programs, the MTW agency fills in the information for public housing, then the information is auto populated for the HCV program. MTW agencies are asked to fill in answers only to questions that are relevant to the MTW activities they propose to implement or are already implementing.

As this is the first year of MTW for HACSC, questions pertaining to last year’s performance of the activity will be answered with “0”, “N/A” or “none.”

1. Tenant Rent Policies	
b. Tiered Rent (HCV)	Not Currently Implemented
d. Stepped Rent (HCV)	Not Currently Implemented
f. Minimum Rent (HCV)	Not Currently Implemented
h. Total Tenant Payment as a Percentage of Gross Income (HCV)	Not Currently Implemented
j. Alternative Utility Allowance (HCV)	Not Currently Implemented
l. Fixed Subsidy (HCV)	Not Currently Implemented
n. Utility Reimbursements (HCV)	Not Currently Implemented
o. Initial Rent Burden (HCV)	Not Currently Implemented
q. Impute Income (HCV)	Not Currently Implemented
s. Elimination of Deduction(s) (HCV)	Not Currently Implemented
u. Elimination of Deductions (HCV)	Not Currently Implemented
w. Alternative Income Inclusions/Exclusions (HCV)	Plan to Implement in the Submission Year

2. Payment Standards and Rent Reasonableness	
a. Payment Standards – Small Area Fair Market Rents (FMR) (HCV)	Not Currently Implemented
b. Payment Standards – Fair Market Rents (HCV)	Plan to Implement in the Submission Year
c. Rent Reasonableness – Process (HCV)	Not Currently Implemented
d. Rent Reasonableness – Third Party Requirement	Plan to Implement in the Submission Year

3. Reexaminations	
b. Alternative Reexamination Schedule for Households (HCV)	Plan to Implement in the Submission Year
d. Self-certification of Assets (HCV)	Plan to Implement in the Submission Year

4. Landlord Leasing Incentives	
a. Vacancy Loss (HCV-Tenant-Based Assistance)	Not Currently Implemented
b. Damage Claims (HCV-Tenant-Based Assistance)	Not Currently Implemented
c. Other Landlord Incentives (HCV-Tenant-Based Assistance)	Not Currently Implemented

5. Housing Quality Standards (HQS)	
a. Pre-Qualifying Unit Inspections (HCV)	Not Currently Implemented
b. Reasonable Penalty Payments for Landlords (HCV)	Not Currently Implemented
c. Third-Party Requirement (HCV)	Plan to Implement in the Submission Year
d. Alternative Inspection Schedule (HCV)	Not Currently Implemented

6. Short-Term Assistance	
b. Short-Term Assistance (HCV)	Not Currently Implemented

7. Term-Limited Assistance	
b. Term-Limited Assistance (HCV)	Not Currently Implemented

8. Increase Elderly Age (PH & HCV)	
a. Increase Elderly Age (HCV)	Not Currently Implemented

9. Project-Based Voucher Program Flexibilities	
a. Increase PBV Program Cap (HCV)	Plan to Implement in the Submission Year
b. Increase PBV Project Cap (HCV)	Plan to Implement in the Submission Year
c. Elimination of PBV Selection Process for PHA-Owned Projects without Improvement, Development, or Replacement (HCV)	Plan to Implement in the Submission Year
d. Alternative PBV Selection Process (HCV)	Not Currently Implemented
e. Alternative PBV Unit Types (Shared Housing and Manufactured Housing) (HCV)	Not Currently Implemented
f. Increase PBV HAP Contract Length (HCV)	Not Currently Implemented
g. Increase PBV Rent to Owner (HCV)	Not Currently Implemented
h. Limit Portability for PBV Units (HCV)	Plan to Implement in the Submission Year

10. Family Self-Sufficiency Program with MTW Flexibility	
a. HCV Waive Operating a Required FSS Program (HCV)	Not Currently Implemented
b. HCV Alternative Structure for Establishing Program Coordinating Committee (HCV)	Not Currently Implemented

10. Family Self-Sufficiency Program with MTW Flexibility	
c. HCV Alternative Family Selection Procedures (HCV)	Not Currently Implemented
d. HCV Modify or Eliminate the Contract of Participation (HCV)	Not Currently Implemented
e. HCV Policies for Addressing Increases in Family Income (HCV)	Not Currently Implemented

11. MTW Self-Sufficiency Program	
a. HCV Alternative Family Selection Procedures (HCV)	Not Currently Implemented
b. HCV Policies for Addressing Increases in Family Income (HCV)	Not Currently Implemented

12. Work Requirement	
b. Work Requirement (HCV)	Not Currently Implemented

13. Use of Public Housing as an Incentive for Economic Progress (PH)	Not applicable
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14. Moving On Policy	
a. Waive Initial HQS Inspection Requirement (HCV)	Plan to Implement in the Submission Year
b. HCV Allow Income Calculations from Partner Agencies (HCV)	Plan to Implement in the Submission Year
c. HCV Aligning Tenant Rents and Utility Payments Between Partner Agencies (HCV)	Plan to Implement in the Submission Year

15. Acquisition without Prior HUD Approval (PH)	Not applicable
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16. Deconcentration of Poverty in Public Housing Policy (PH)	Not applicable
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17. Local, Non-Traditional Activities	
a. Rental Subsidy Program	Not Currently Implemented
b. Service Provision	Not Currently Implemented
c. Housing Development Programs	Plan to Implement in the Submission Year

Core and Custom Question Answers for Activities Plan to Implement in Submission Year:

1.w. Tenant Rent Policies – Alternative Income Exclusions (HCV)
Exclude income from asset-building activities. This change benefits clients, increasing self-sufficiency and housing choice as well as saving tenant time. Additionally, it reduces staff time. Decreased staff paperwork increases operational efficiency and cost-effectiveness.
Custom Question: What inclusions or exclusions will be eliminated, modified, or added? 1. Income attributable to the asset-building activities our PHA implements as part of the MtW Asset Building Cohort will be excluded.
This MTW activity serves the following statutory objectives: <input checked="" type="checkbox"/> Cost effectiveness <input checked="" type="checkbox"/> Self-sufficiency <input checked="" type="checkbox"/> Housing Choice
This MTW activity has the following cost implications: <input checked="" type="checkbox"/> Increased expenditures
A MTW activity may apply to all assisted households or only to a subset or subsets of assisted households by having a different policy by household status/family types/sites. This MTW activity applies: <input checked="" type="checkbox"/> to all assisted households
This MTW activity requires a Safe Harbor Waiver to include elderly or disabled.
This MTW activity does not require a hardship policy.
This MTW activity does not require an impact analysis.

2.b. Payment Standards – Fair Market Rents
The HACSC shall implement a payment standard between 80% and 120% of Fair Market Rents.
Custom Question: Please explain the payment standards by FMR. Currently, PHAs are required to establish payment standards between 90% - 120% Fair Market Rents. The proposed waiver would provide HACSC with greater flexibility to establish payment standards that reflect market rates, resulting in greater housing choice for program families.
This MTW activity serves the following statutory objectives: <input type="checkbox"/> Cost effectiveness <input type="checkbox"/> Self-sufficiency <input checked="" type="checkbox"/> Housing Choice
This MTW activity has the following cost implications: <input type="checkbox"/> Cost Neutral
A MTW activity may apply to all assisted households or only to a subset or subsets of assisted households by having a different policy by household status/family types/sites. This MTW activity applies: <input checked="" type="checkbox"/> to all assisted households
This MTW activity does not require a Safe Harbor Waiver.
This MTW activity does require a hardship policy.
This MTW activity does require an impact analysis.

2.d. Payment Standards and Rent Reasonableness. Third Party Requirement (HCV)

HACSC will no longer require a third party to conduct rent reasonableness tests at properties that HACSC owns, manages, or controls. HACSC will follow the rent reasonableness process used for all other HCV properties and conduct the test using a database consisting of comparable units or properties. Requiring approval from a third party increases costs and creates potential delays in the availability of needed housing units. Conducting these rent reasonableness tests in-house will achieve greater cost-effectiveness in federal expenditures, improve administrative efficiencies, eliminate confusion for staff and participants, and improve the response time for conducting rent reasonableness analyses. The agency will meet all safe harbor requirements of the Operations Notice including (1) The agency shall establish and make available a quality assurance method to ensure impartiality; (2) The agency shall make available the method used to determine that rents charged by owners to voucher participants are reasonable when compared to similar unassisted units in the market area; and (3) At the Department’s request, the agency must obtain the services of a third-party.

Custom Question: Please explain or upload a description of the quality assurance method.

The HACSC shall develop and implement procedures for the conduct of regularly scheduled quality control of PHA-owned rent reasonableness assessments, including establishing the sampling size and frequency within the procedures and designating quality control roles and responsibilities.

Custom Question: Describe Rent Reasonableness Determination Method:

Reasonable rent is currently determined using information produced by Affordable Housing.com, a national rent reasonableness system, via the AffordableHousing.Com database. The AffordableHousing.com database meets HUD regulatory requirements for rent comparisons based on comparable unassisted units, including information about each unit’s location, size, type, age, quality/condition, utilities and amenities. HACSC may institute a change to which database is used for Rent Reasonableness determinations but will always utilize a national rent reasonableness system that meets HUD regulatory requirements.

This MTW activity serves the following statutory objectives:

- Cost effectiveness
- Housing Choice

This MTW activity has the following cost implications:

- Decreased expenditures

A MTW activity may apply to all assisted households or only to a subset or subsets of assisted households by having a different policy by household status/family types/sites. This MTW activity applies:

- The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers. The description of which tenant-based units and/or properties with project-based vouchers that will participate in this MTW activity is: **Applies only to units owned or controlled by the PHA.**

This MTW activity does not require a Safe Harbor Waiver.

This MTW activity does not require a hardship policy.

This MTW activity does not require an impact analysis

3.b. Reexaminations. Alternative Reexamination Schedule for Households (HCV)

Reducing the frequency of household certifications allows participants to keep more of their income as their income increases. It also reduces the burden on both participants and Housing Specialists in acquiring, submitting, and processing paperwork. This change gives tenants a longer time with stable rent to allow for better financial planning and housing security. Tenants will have a greater ability to save for and accomplish life goals such as pursuing education and rent independence or home ownership. The activity as proposed meets all of the applicable safe harbor requirements in the Operations Notice including (1) Reexaminations must occur at least every three years; (2) The agency must allow at least one interim adjustment per year at the request of the household, if the household gross income has decreased 10% or more; (3) Agency must implement an impact analysis; and (4) Agency must include a hardship policy.

What is the recertification schedule?

Other [If checked]: At least every three years for fixed-income families and at least every two years for all remaining families.

How many interim recertifications per year may a household request?

2 or more

Narrative: Please describe briefly how the MTW agency plans to address changes in family/household circumstances under the alternative reexamination schedule.

The HACSC will conduct reexaminations for fixed-income families at least every three years and will conduct reexaminations for all remaining (non-fixed-income families) at least every two years.

Between reexaminations, the HACSC will conduct interim adjustments to redetermine subsidy when the household experiences a qualifying event. Qualifying events will be described in the HCV Administrative Plan and will include decreases in income, increases in income (when requested by the household) changes in household composition, and changes to the contract rent. When interim adjustments are conducted, HACSC may apply payment standards and utility allowances in effect at the time of the effective date of the adjustment.

HACSC will reserve the right to conduct reexaminations more frequently either for administrative or for financial reasons.

This MTW activity serves the following statutory objectives:

Cost effectiveness

Self-sufficiency

This MTW activity has the following cost implications:

Increased expenditures

Decreased expenditures

Cost effectiveness

A MTW activity may apply to all assisted households or only to a subset or subsets of assisted households by having a different policy by household status/family types/sites. This MTW activity applies:

to all assisted households

There is no Safe Harbor Waiver requested for this activity.

This MTW activity does require a hardship policy.

This MTW activity does require an impact analysis.

3.d. Reexaminations. Self-Certification of Assets (HCV)
At reexamination, the agency will allow the self-certification of assets up to \$50,000. Reduced documentation requirements will reduce staff time for processing, thereby increasing operational efficiency and cost effectiveness. Reducing documentation saves time for staff and the majority of tenants whose assets are below a level that makes a difference in qualifying for support.
Custom Question: Please state the dollar threshold for the self-certification of assets. Threshold: \$50,000
This MTW activity serves the following statutory objectives: <input checked="" type="checkbox"/> Cost effectiveness
This MTW activity has the following cost implications: <input checked="" type="checkbox"/> Decreased expenditures
A MTW activity may apply to all assisted households or only to a subset or subsets of assisted households by having a different policy by household status/family types/sites. This MTW activity applies: <input checked="" type="checkbox"/> to all assisted households
This MTW activity does not require a Safe Harbor Waiver.
This MTW activity does not require a hardship policy.
This MTW activity does not require an impact analysis.

5c. Housing Quality Standards. Third Party Requirement (HCV)

HACSC shall eliminate the requirement for third -party inspections of PHA-owned units, which will save staff time, increase operational efficiency, and increase cost effectiveness. Additionally, it may increase housing choice for tenants through a faster inspection process. With third-party inspections, delays are beyond HACSC’s control. HACSC has certified HQS Inspectors on staff and plans to utilize them for PHA-owned unit inspections. This will increase efficiency and reduce staff time. This change will allow HACSC to operate more efficiently and strategically to serve its mission and focus on innovative programs and services to tenants.

Custom Question: Please explain or upload a description of the quality assurance method.

The HACSC shall develop and implement procedures for the conduct of regularly scheduled quality control of PHA-owned unit inspections, including establishing the sampling size and frequency within the procedures and designating quality control inspector roles and responsibilities.

MtW Statutory Objectives. This MTW activity serves the following statutory objectives:

- Cost effectiveness
- Housing Choice

Cost Implications. This MTW activity has the following cost implications:

- Decreased expenditures

A MTW activity may apply to all assisted households or only to a subset or subsets of assisted households by having a different policy by household status/family types/sites. This MTW activity applies:

- The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers. The description of which tenant-based units and/or properties with project-based vouchers that will participate in this MTW activity is: **Applies only to units owned or controlled by the PHA.**

This MTW activity does not require a Safe Harbor Waiver.

This MTW activity does not require a hardship policy.

This MTW activity does not require an impact analysis.

9.a. Project-Based Voucher Program Flexibilities (PBV). Increase PBV Program Cap (HCV)

The HACSC proposes to project-base the lower of fifty percent (50%) of the total authorized units or fifty percent (50%) of annual budget authority of its vouchers to attach the funding to specific affordable units through the Project Based Voucher program.

The Project-Based Voucher (PBV) program allows a Housing Authority to use up to twenty percent (20%) percent of its vouchers to attach the funding to specific affordable units. PHAs may project base an additional ten percent (10%) of vouchers that are excepted from this cap, for units designated for homeless, veterans, supportive services, or in a low poverty census tract.

Benefits to Development: Project basing gives developers a guarantee of a future source of stable income for a development, which can be integral to the financing package that makes constructing or rehabilitating affordable housing possible. In markets facing a housing shortage, this is one of the only tools housing authorities have to spur the construction of new, quality, affordable units. Many families with tenant-based vouchers struggle to find a unit in the private rental market due to an extreme scarcity of rental housing and property owner reluctance to participate in the voucher program. Scarcity of rental units leads to tenant-based vouchers often expiring before a household can secure a unit, and results in loss of voucher assistance. Committing vouchers to affordable properties through the PBV program ensures those units will be available exclusively to voucher households. Since the PBV program promotes construction of affordable housing in high opportunity low poverty neighborhoods, increasing the PBV cap allows more low-income households, often including children, to benefit from good neighborhoods that are likely to have better schools, parks, healthcare, jobs, transportation, and other assets that improve outcomes for low-income families. Families are not required to stay in PBV units and may move into any unit of their choosing in the private market using a tenant-based voucher at the end of their initial lease term, freeing up the PBV unit for the next eligible household waiting for assistance.

What percentage of total authorized HCV units will be authorized for project-basing? 50%

MtW Statutory Objectives. This MTW activity serves the following statutory objectives:

Housing Choice

Cost Implications. This MTW activity has the following cost implications:

Neutral

This MTW activity does not require a Safe Harbor Waiver.

This MTW activity does not require a hardship policy.

This MTW activity does not require an impact analysis.

9.b. Project-Based Voucher Program Flexibilities (PBV). Increase PBV Project Cap (HCV)

Allows more than the greater of twenty-five units or 25% of the units at a complex to receive Project-Based Voucher assistance. Under current regulations, “excepted” units that are for the elderly or those providing supportive services are already exempt from this cap. This activity would allow units that may not be serving the excepted populations to go above the cap up to 100% of the units at a project. This will increase housing choice and contribute to the development of additional affordable housing production available to households eligible for the Section 8 Program. The HACSC will continue to be subject to Notice PIH 2013-27 where applicable, or successor notices.

This MTW activity serves the following statutory objectives:

Housing Choice

This MTW activity has the following cost implications:

Neutral

A MTW activity may apply to all assisted households or only to a subset or subsets of assisted households by having a different policy by household status/family types/sites. This MTW activity applies:

to all assisted households

This MTW activity does not require a Safe Harbor Waiver.

This MTW activity does not require a hardship policy.

This MTW activity does not require an impact analysis.

9.c Project-Based Voucher Program Flexibilities (PBV). Elimination of PBV Selection Process for PHA-owned Projects without Improvement, Development, or Replacement

The HACSC will eliminate the independent third-party selection process in the award of PBV's to properties owned or controlled by the agency. All other PBV selection and approval requirements, including HQS compliance, NEPA review and subsidy layering review are still applicable and must be conducted. The HACSC will comply with all Safe Harbor requirements including (1) A subsidy layering review must be conducted; (2) The agency must complete site selection requirements; (3) HQS inspections must be performed by an independent entity according to 24 CFR 983.59(b) or 24 CFR 983.103(f); (4) The agency is subject to Notice PIH 2013-27 where applicable, or successor; and (5) Property must be owned by a single-asset entity of the agency, see Notice PIH 2017-21.

This MTW activity serves the following statutory objectives:

Cost effectiveness

This MTW activity has the following cost implications:

Decreased expenditures

A MTW activity may apply to all assisted households or only to a subset or subsets of assisted households by having a different policy by household status/family types/sites. This MTW activity applies:

to all assisted households

A MTW activity can apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households. This MTW activity applies to:

New admissions and currently assisted households

A MTW activity can apply to all family types or only selected family types. This MTW activity applies to:

all family types

An MTW activity can apply to a tenant-based and or project-based voucher.

The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers: **Applies only to units owned or controlled by the PHA.**

This MTW activity does not require a Safe Harbor Waiver.

This MTW activity does not require a hardship policy.

This MTW activity does not require an impact analysis.

9.h Project-Based Voucher Program Flexibilities (PBV). Limit Portability for PBV Units (HCV)

HACSC will limit moves from PBV units using a Housing Choice Voucher for 24 months after PBV move-in for applicants coming from site-based waiting lists or from non waiting list referral programs. PBV Residents coming from the HCV waiting list will continue to have portability with a Housing Choice Voucher after 12 months. This change ensures that households electing to move into a PBV unit cannot convert to an HCV after only one year, effectively bypassing the HCV waitlist. Additionally, it decreases the administrative burden for staff after initial intake. HACSC will comply with all safe harbor requirements including (1) Portability under this activity must not be restricted for more than 24 months; (2) The agency must have a clear and uniform policy in place to address how move requests are received and how they are approved/denied for PBV households; and (3) Participants must still retain the ability to request a tenant-based voucher for reasonable accommodation according to existing rules.

This MTW activity serves the following statutory objectives:

Cost effectiveness

This MTW activity has the following cost implications:

Decreased expenditures

A MTW activity may apply to all assisted households or only to a subset or subsets of assisted households by having a different policy by household status/family types/sites. This MTW activity applies:

to all assisted households

A MTW activity can apply only to new unit admissions, only to currently assisted households, or to both new admissions and currently assisted households. This MTW activity applies to:

New admissions and currently assisted households

A MTW activity can apply to all family types or only selected family types. This MTW activity applies to:

all family types

14.a. Moving on Policy – Waive Initial HQS Inspection Requirement (HCV)
HACSC may, at their discretion, waive the initial HQS inspection requirement for PSH residents transitioning into voucher-based assistance who are remaining in their unit. Waiving the initial HQS inspection will decrease costs and increase efficiency, allowing the PSH household to transition to voucher-based assistance seamlessly without the disruption of inspection. Participants retain the right to request inspection at any time.
This MTW activity serves the following statutory objectives: <input checked="" type="checkbox"/> Cost effectiveness <input checked="" type="checkbox"/> Housing Choice
This MTW activity has the following cost implications: <input checked="" type="checkbox"/> Decreased expenditures
A MTW activity may apply to all assisted households or only to a subset or subsets of assisted households by having a different policy by household status/family types/sites. This MTW activity applies: <input checked="" type="checkbox"/> only to a subset or subsets of assisted households Only residents of Permanent Supportive Housing Programs transitioning to a voucher.
A MTW activity can apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households. This MTW activity applies to: <input checked="" type="checkbox"/> Currently assisted households only
A MTW activity can apply to all family types or only selected family types. This MTW activity applies to: <input checked="" type="checkbox"/> Other – another specifically defined target population or populations. The description of this population is: Only residents of Permanent Supportive Housing Programs.
An MTW activity can apply to a tenant-based and or project-based voucher. <input checked="" type="checkbox"/> The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers. The description of which tenant-based units and/or properties with project-based vouchers that will participate in this MTW activity is: Tenant-based Permanent Supportive Housing units from which resident will transition into a tenant-based or project-based voucher unit.
This MTW activity does not require a Safe Harbor Waiver.
This MTW activity does not require a hardship policy.
This MTW activity does not require an impact analysis.

14.b. Moving on Policy – Allow Income Calculations from Partner Agencies (HCV)

HACSC may, at their discretion, utilize the income calculations and documentation from partner agencies for PSH households transitioning to voucher based assistance, provided that income calculations must be determined in accordance with 24 CFR 5.609 and that any income calculations accepted from partner agencies must have been calculated within the past year. Utilizing the income calculations and documentation from partner agencies will decrease costs and increase efficiency, allowing the PSH household to transition to voucher-based assistance quickly and seamlessly without completing redundant paperwork and procuring verification documents, which can be extremely challenging for vulnerable populations.

This MTW activity serves the following statutory objectives:

Cost effectiveness

This MTW activity has the following cost implications:

Decreased expenditures

A MTW activity may apply to all assisted households or only to a subset or subsets of assisted households by having a different policy by household status/family types/sites. This MTW activity applies:

only to a subset or subsets of assisted households **Only residents of Permanent Supportive Housing Programs transitioning to a voucher.**

A MTW activity can apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households. This MTW activity applies to:

Currently assisted households only

A MTW activity can apply to all family types or only selected family types. This MTW activity applies to:

Other – another specifically defined target population or populations. The description of this population is: **Only residents of Permanent Supportive Housing Programs transitioning to a voucher.**

An MTW activity can apply to a tenant-based and or project-based voucher.

The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers. The description of which tenant-based units and/or properties with project-based vouchers that will participate in this MTW activity is: **Tenant-based Permanent Supportive Housing units from which resident will transition into a tenant-based or project-based voucher unit.**

This MTW activity does not require a Safe Harbor Waiver.

This MTW activity does not require a hardship policy.

This MTW activity does not require an impact analysis.

14.c Moving on Policy – Aligning Tenant Rents and Utility Payments between Partner Agencies

HACSC may, at their discretion, adjust the subsidy for PSH residents transitioning into voucher-based assistance to align the tenant's portion of rent with the PSH program they are transitioning from. If a PSH tenant is transitioning from a program with a different subsidy structure, the transition could result in a significant increase in the tenant's contribution of rent, potentially resulting in displacement from their current unit. Having the flexibility to align the voucher subsidy with the subsidy from the PSH program will avoid increases in tenant rent burden and the potential for displacement.

This MTW activity serves the following statutory objectives:

Housing Choice

This MTW activity has the following cost implications:

Increased expenditures

A MTW activity may apply to all assisted households or only to a subset or subsets of assisted households by having a different policy by household status/family types/sites. This MTW activity applies:

only to a subset or subsets of assisted households: **Only residents of Permanent Supportive Housing Programs transitioning to a voucher.**

A MTW activity can apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households. This MTW activity applies to:

Currently assisted households only

A MTW activity can apply to all family types or only selected family types. This MTW activity applies to:

Other – another specifically defined target population or populations. The description of this population is: **Only residents of Permanent Supportive Housing Programs transitioning to a voucher.**

An MTW activity can apply to a tenant-based and or project-based voucher.

The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers. The description of which tenant-based units and/or properties with project-based vouchers that will participate in this MTW activity is: **Tenant-based Permanent Supportive Housing units from which resident will transition into a tenant-based or project-based voucher unit.**

This MTW activity does not require a Safe Harbor Waiver.

This MTW activity does not require a hardship policy.

This MTW activity does not require an impact analysis.

17.c. Local, Non-Traditional Activities – Housing Development Programs

HACSC intends to use MTW funding to acquire, renovate and/or build affordable units that are not public housing units. Eligible activities may include gap financing or construction costs for development of affordable housing, conducted by the PHA or a PHA-controlled affiliate or by a non-PHA affordable housing developer, including but not limited to development of project-based voucher units, tax credit units, or affordable units funded with any other local, state, or federal funds. HACSC will not spend more than 10% of its HAP budget on local, non-traditional activities and families receiving housing or services through local, non-traditional activities must meet the definition of low-income. Local, non-traditional development activities will be conducted in accordance with the applicable requirements of PIH Notice 2011-45 and the MTW Operations Notice.

Custom Question: Housing Development Programs that HACSC plans to spend Funds to in Fiscal Year 2023 / 2024

Question	415 Natural Bridges Drive, Santa Cruz CA 95060
MTW Role: Acquisition, Rehabilitation, New Construction?	New Construction
Type of MTW Agency Financing: Gap Financing, Tax Credit Partnership, Other	Gap Financing or Construction
Number of Affordable Units	20
Total Number of Units	20
Number of Units by Affordability	
<ul style="list-style-type: none"> • Other: 50% of AMI 	20

This MTW activity serves the following statutory objectives:

Housing Choice

This MTW activity has the following cost implications:

Increased expenditures

A MTW activity may apply to all assisted households or only to a subset or subsets of assisted households by having a different policy by household status/family types/sites. This MTW activity applies:

To all assisted households

There is no Safe Harbor Waiver requested for this activity.

This MTW activity does not require a hardship policy.

This MTW activity does not require an impact analysis.

D. SAFE HARBOR WAIVERS

D.1. Safe Harbor Waivers seeking HUD Approval:

The MTW Operations Notice describes a simplified process for MTW agencies to implement MTW activities outside of the safe harbors described in Appendix I. For each Safe Harbor Waiver request, a document that includes the following information must be provided: (a) the name and number of the MTW Waiver and associated activity for which the MTW agency is seeking to expand the safe harbor, (b) the specific safe harbor and its implementing regulation, (c) the proposed MTW activity the MTW agency wishes to implement via this Safe Harbor Waiver, (d) a description of the local issue and why such an expansion is needed to implement the MTW activity, (e) an impact analysis, (f) a description of the hardship policy for the MTW activity, if applicable, and (g) a copy of all comments received at the public hearing along with the MTW agency's description of how the comments were considered, as a required attachment to the MTW Supplement.

Will the MTW agency submit request for approval of a Safe Harbor Waiver this year? **The HACSC will submit one request for approval of a Safe Harbor Waiver.**

No Yes

1.w.
1.w. Tenant Rent Policies – Alternative Income Exclusions (HCV)
The specific safe harbor and its implementing regulation: The safe harbor for the Alternative Income Exclusion (HCV) waiver states that an agency must exempt elderly and disabled individuals from this rent determination policy. The relevant implementing regulation is the definition for Annual Income located at 24CFR5.609.
The proposed MTW activity the MTW agency wishes to implement via this Safe Harbor Waiver: The HACSC intends to apply this waiver to all households instead of excluding elderly and disabled households, which is outside of Safe Harbor.
A description of the local issue and why such an expansion is needed to implement the MTW activity: The waiver being requested would allow the HACSC to exclude income from MTW asset building activities for the purpose of determining adjusted annual income used for calculating rental subsidy. This waiver <i>benefits</i> households by reducing their contribution to rent through the exclusion of certain income. The HACSC does not wish to prevent any eligible elderly and disabled households who may receive asset-building and/or guaranteed income from the benefit of having those incomes excluded. An impact analysis is required for this activity. The proposed waiver will benefit households. No household will be adversely impacted by the proposed waiver.
A description of the hardship policy for the MTW activity, if applicable: No hardship policy is needed for this MTW activity, as the waiver being requested benefits households by reducing their contribution to rent through the exclusion of certain income.
A copy of all comments received at the public hearing along with the MTW agency's description of how the comments were considered.

E. Agency Specific Waivers

E.1. Agency-Specific Waivers for HUD Approval:

The MTW demonstration program is intended to foster innovation and HUD encourages MTW agencies, in consultation with their residents and stakeholders, to be creative in their approach to solving affordable housing issues facing their local communities. For this reason, flexibilities beyond those provided for in Appendix I may be needed. Agency-Specific Waivers may be requested if an MTW agency wishes to implement additional activities, or waive a statutory and/or regulatory requirement not included in Appendix I.

In order to pursue an Agency-Specific Waiver, an MTW agency must include an Agency-Specific Waiver request, an impact analysis, and a hardship policy (as applicable), and respond to all of the mandatory core questions as applicable.

For each Agency-Specific Waiver(s) request, please upload supporting documentation, that includes: a) a full description of the activity, including what the agency is proposing to waive (i.e., statute, regulation, and/or Operations Notice), b) how the initiative achieves one or more of the 3 MTW statutory objectives, c) a description of which population groups and household types that will be impacted by this activity, d) any cost implications associated with the activity, e) an implementation timeline for the initiative, f) an impact analysis, g) a description of the hardship policy for the initiative, and h) a copy of all comments received at the public hearing along with the MTW agency's description of how the comments were considered, as a required attachment to the MTW Supplement.

Will the MTW agency submit a request for approval of an Agency-Specific Waiver this year?

No [If no, skip to E.2] Yes [If yes, please provide a title and upload required information in a-h above for each Agency-Specific Waiver request]

The Housing Authority of the County of Santa Cruz is requesting the following two (2) Agency-Specific Waivers:

- 1. 24 CFR 982.455 Automatic termination of HAP contract. Extend zero HAP participation from 180 days to 365 days.**
- 2. 24 CFR 982.516 and 982 Subpart E, and 983 as necessary to implement use of tenant income certification (TIC) for PBV eligibility determination at initial lease-up.**

Agency-Specific Waiver
1. 24 CFR 982.455 Automatic termination of HAP contract. Extend zero HAP participation from 180 days to 365 days.
Waive: 24 CFR 982.455 Automatic termination of HAP contract. The HAP contract terminates automatically 180 calendar days after the last housing assistance payment to the owner.
This activity waives certain provisions of 24 CFR 982.455(a) and extends the length of time a household may stay on the HCV program after the last housing assistance payment (HAP) was made to the owner to 365 days. This activity will impact all household types in the HCV program. This extension of time gives incentives to families with children, and to all participants, to become economically self-sufficient without losing their housing assistance after only 180 days without a HAP payment. The additional time on the HCV program offers the household protection against changes in their income and provides encouragement to the household that they can continue maintaining their current income level after successfully doing so for a full year.
This MTW activity serves the following statutory objectives: <input checked="" type="checkbox"/> Cost effectiveness <input checked="" type="checkbox"/> Self-sufficiency
This initiative achieves one or more of the 3 MTW above statutory objectives by: This activity promotes the MTW statutory goals of self-sufficiency and cost effectiveness. The extension of time gives incentives to families with children, and to all participants, to become economically self-sufficient without losing their housing assistance after only 180 days without a HAP payment. The additional time on the HCV program offers the household protection against changes in their income and provides encouragement to the household that they can continue maintaining their current income level after successfully doing so for a full year.
A MTW activity may apply to all assisted households or only to a subset or subsets of assisted households by having a different policy by household status/family types/sites. This MTW activity applies: <input checked="" type="checkbox"/> to all assisted households
A MTW activity can apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households. This MTW activity applies to: <input checked="" type="checkbox"/> Currently assisted households only
A MTW activity can apply to all family types or only selected family types. This MTW activity applies to: <input checked="" type="checkbox"/> all family types
An MTW activity can apply to a tenant-based and or project-based voucher. <input checked="" type="checkbox"/> The MTW activity applies to all properties with project-based vouchers.
This MTW activity has the following cost implications: <input checked="" type="checkbox"/> Neutral
The implementation timeline for the initiative is: Upon approval of MTW Supplement, approval of revised Administrative Plan and training of staff.
This MTW activity does require an impact analysis.
Hardship: No households will be adversely affected by this MTW activity. The proposed activity allows families whose incomes have increased to the point that their rent is affordable without subsidy and who are no longer receiving any rental subsidy to have additional time before the automatic termination of their contract.
Comments received at the public hearing for the Agency-Specific waiver and the agency's description of how the comments were considered will be inserted after public hearing.

Agency-Specific Waiver
2. 24 CFR 982.516 and 982 Subpart E and 983 - Allow use of Tenant Income Certification (TIC) for PBV eligibility determination.
Waive: certain provisions of 24 CFR 982.516 and 982 Subpart E, and 983 as necessary to implement
For PBV units that also use LIHTC, HACSC proposes to use the TIC form required under the LIHTC Program as verification of the income and assets.
<p>Owners of PBV units that receive tax credits must comply with Federal LIHTC regulations which are similar to HCV regulations regarding verification of income and assets when determining and recertifying income eligibility of residents. Therefore, at initial eligibility and reexamination for each tenant residing in PBV units that also has LIHTC, the owner and HACSC are duplicating efforts in the verification process. This causes unnecessary delays in processing new tenants and creates redundant demands on clients to submit the same documentation to both the owner and HACSC.</p> <p>The TIC form used by the LIHTC Program requires the client’s statement of income and assets, the client’s signature, and the property owner’s certification that they verified the data provided by the client and is therefore reliable documentation of the client’s income/asset profile.</p>
This MTW activity serves the following statutory objectives:
<input checked="" type="checkbox"/> Cost effectiveness
This activity corresponds with the HUD goal of increasing cost effectiveness by simplifying the calculation process.
A MTW activity may apply to all assisted households or only to a subset or subsets of assisted households by having a different policy by household status/family types/sites. This MTW activity applies:
<input checked="" type="checkbox"/> only to a subset or subsets of assisted households: PBV Only
If previous questions is subset.
A MTW activity can apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households. This MTW activity applies to:
<input checked="" type="checkbox"/> New admissions (i.e., applicants) only - PBV Only
If above questions is subset.
A MTW activity can apply to all family types or only selected family types. This MTW activity applies to:
<input checked="" type="checkbox"/> only to selected family types
Please select the family types subject to this MTW activity:
<input checked="" type="checkbox"/> Other – another specifically defined target population or populations. The description of this population is: PBV only.
If above questions is subset.
An MTW activity can apply to a tenant-based and or project-based voucher.
<input checked="" type="checkbox"/> The MTW activity applies to all properties with project-based vouchers.
This MTW activity has the following cost implications:
<input checked="" type="checkbox"/> Decreased expenditures
The implementation timeline for the initiative is:

Upon approval of MTW Supplement, Agency and Administrative Plan, and training of staff.
This MTW activity does require an impact analysis.
Hardship Policy: No households will be adversely affected by this MTW activity. The proposed activity will benefit tenants of LIHTC units to streamline the eligibility determine and reexamination process and will eliminate redundant demands on tenants to submit the same paperwork to both the owner and HACSC.
Comments received at the public hearing for the Agency-Specific waiver and the agency's description of how the comments were considered will be inserted after public hearing.

E.2. Agency-Specific Waiver(s) for which HUD Approval has been Received:

For each previously approved Agency-Specific Waiver(s), a set of questions will populate.

Does the MTW agency have any approved Agency-Specific Waivers?

Yes No [If no, question set concludes]

F. PUBLIC HOUSING OPERATING SUBSIDY GRANT REPORTING

Not applicable as the Housing Authority of the County of Santa Cruz does not have Public Housing.

G. MTW STATUTORY REQUIREMENTS

G.1. 75% Very Low Income – Local, Non-Traditional.

Not applicable as the Housing Authority of the County of Santa Cruz does not have a local, non-traditional MTW activity.

G.2. Establishing Reasonable Rent Policy.

Has the MTW agency established a rent reform policy to encourage employment and self-sufficiency?

Yes No

[If Yes]: please describe the MTW agency’s plans for its future rent reform activity and the implementation timeline.

The HACSC is implementing an alternative reexamination schedule which encourages full employment and self-sufficiency by allowing families to retain income increases between biennial or triennial reexaminations. This will be implemented once the MtW Supplement, Agency and Administrative Plans are approved, and staff is trained.

G.3. Substantially the Same (STS) – Local, Non-Traditional

Not applicable as the Housing Authority of the County of Santa Cruz has not yet implemented a local, non-traditional MTW activity.

G.4. Comparable Mix (by Family Size) – Local, Non-Traditional

Not applicable as the Housing Authority of the County of Santa Cruz has not yet implemented a local, non-traditional MTW activity.

G.5. Housing Quality Standards

Certification is included in MTW Certifications of Compliance for HCV and local, non-traditional program.

H. PUBLIC COMMENTS

H.1.

Please provide copy of all comments received by the public, Resident Advisory Board, and tenant associations.

Response pending.

Please attach a narrative describing the MTW agency's analysis of the comments and any decisions made based on these comments.

Response pending.

If applicable, was an additional public hearing held for an Agency-Specific Waiver and/or Safe Harbor waiver? Yes No

If yes, please attach the comments received along with the MTW agency's description of how comments were considered.

Response pending.

I. EVALUATIONS

I.1. Please list any ongoing and completed evaluations of the MTW agency's MTW policies, that the PHA is aware of, including the information requested in the table below.

Does the PHA have an agency-sponsored evaluation? Yes No

J. MTW CERTIFICATION OF COMPLIANCE

The MTW agency must execute the MTW Certifications of Compliance form and submit as part of the MTW Supplement submission to HUD.

Please see form HUD-50075-MTW for the certification form that will be executed prior to MTW Supplement submission.

**Housing Authority of the County of Santa Cruz
Impact Analysis: Activity 2b**

Waiver Number: 2.b.
Waiver Description: Payment Standards – Fair Market Rents
Describe the MTW activity (including what specifically the agency is proposing to waive), the MTW agency’s goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.
HACSC proposes to waive the requirement to establish Payment Standards between 90% - 110% of FMRs. Instead, HACSC proposes to establish Payment Standards between 80% - 120% of FMRs in order to provide the agency with more flexibility to establish Payment Standards that better reflect actual market rents.
Which of the MTW statutory objectives does this MTW activity serve?
<input type="checkbox"/> Cost effectiveness. <input type="checkbox"/> Self-sufficiency. <input checked="" type="checkbox"/> Housing Choice
Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?
The proposed waiver applies to all assisted households.
Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?
The proposed waiver applies to both new admissions and currently assisted households.
Does the MTW activity apply to all family types or only to selected family types?
The proposed waiver applies to all family types.
Please select the family types subject to this MTW activity.
The proposed waiver applies to all family types.
Impact on the agency’s finances (e.g., how much will the activity cost, and any change in the agency’s per family contributions).
The proposed waiver is cost neutral. The cost of any particular payment standard will be analyzed prior to establishment and implementation.
Impact on affordability of housing costs for affected families (e.g. any change in how much affected families will pay towards their housing costs.)
The proposed waiver would allow HACSC to establish Payment Standards that better reflect market rents with the goal of increasing housing choice and reducing rent burden for families.
Impact on the agency’s waitlist(s) (e.g., any change in the amount of time families are on the waitlist);
The proposed waiver will not impact HACSCs waiting list.

**Housing Authority of the County of Santa Cruz
Impact Analysis: Activity 2b**

<p>Impact on the agency’s termination rate of families (e.g., any change in the rate at which families non-voluntarily lose assistance from the agency);</p>
<p>The proposed waiver will not impact HACSCs termination rate.</p>
<p>Impact on the agency’s current occupancy level in public housing and utilization rate in the HCV program</p>
<p>The proposed waiver could potentially improve the utilization rate of HCV program.</p>
<p>Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency, and/or housing choice</p>
<p>The proposed waiver will support housing choice by providing the agency with greater flexibility to establish Payment Standards that reflect market rents.</p>
<p>Impact on the agency’s ability to meet the MTW statutory requirements;</p>
<p>The proposed waiver will not impact HACSCs ability to meet statutory requirements.</p>
<p>Impact on the rate of hardship requests and the number granted and denied as a result of this activity.</p>
<p>HACSC does not anticipate hardship requests related to this waiver.</p>
<p>Across the other factors above, the impact on protected classes (and any associated disparate impact).</p>
<p>HACSC does not anticipate any impact on protected classes as a result of this waiver.</p>
<p>Implementation timeline.</p>
<p>HACSC will implement this initiative upon approval of the MtW Supplement, Agency and Administrative Plan, with an anticipated operation period beginning 7/1/2023.</p>
<p>Description of a hardship policy, if needed. The MTW agency must adopt a written policy for determining when a requirement or provision of an MTW activity constitutes a financial or other hardship for the family. The agency must include this policy as an attachment to its MTW Supplement to the Annual PHA Plan. The agency may use a single hardship policy, as applicable, for multiple MTW waivers or develop different hardship policies for different MTW waivers as it finds appropriate.</p>
<p>HACSC has prepared “Hardship Policy Activity 2.b. – Payment Standards” for this activity which is included with the MTW Supplement submission.</p>

Housing Authority of the County of Santa Cruz
Hardship Policy
Activity 2.b. – Payment Standards – Fair Market Rents

Under MTW Activity 2.b., the Housing Authority of the County of Santa Cruz (HACSC) will establish payment standards for the Housing Choice Voucher (HCV) program that are between 80% and 120% of the Fair Market Rent (FMR) for each applicable bedroom size. Without this MTW flexibility, payment standards must be established between 90% and 110% of the applicable FMR.

By establishing more flexible payment standards, HACSC projects that overall program participants will benefit and that additional housing opportunities will be affordable to HCV participants including housing units in higher opportunity areas, i.e. areas with lower poverty rates and greater access to jobs, education, services and other amenities. An additional projected benefit is that housing cost burdens may decrease for some households living in units for which the payment standard increases.

The MTW Operations Notice requires that HACSC implement a hardship policy for MTW activity 2.b. HACSC will review this hardship policy during its intake and recertification process. While it is highly unlikely that any household's assistance will be terminated as a result of this activity, if this situation arises, HACSC will consider if a household qualifies for a hardship exemption at the time of potential termination of assistance that is due to this activity.

HUD requires that the hardship policy address the following potential situations:

The family has experienced a decrease in income because of changed circumstances, including loss or reduction of employment, death in the family, or reduction in or loss of earnings or other assistance.

Activity 2.b. will not result in decreases to household income and, therefore, will not create a hardship in this situation. However, households who experience income decreases can request an interim recertification in accordance with HACSC's existing Administrative Plan policies.

The family has experienced an increase in expenses, because of changed circumstances, for medical costs, childcare, transportation, education, or similar items.

If HACSC reduces payment standards below 90% of FMR pursuant to Activity 2.b., some existing HCV participants may experience an increase in total tenant payment (TTP) compared to their TTP prior to implementation of the reduced payment standards. To eliminate any hardship caused by this activity, HACSC will not apply the lower payment standard to families who have already leased units under the higher standard until they move to a new unit. HACSC does not expect any hardship requests as a result of this waiver and no secondary level of review will be required.

**Housing Authority of the County of Santa Cruz
Impact Analysis: Activity 3b**

Waiver Number: 3.b.
Waiver Description: Alternative Reexamination Schedule for Households (HCV)
Describe the MTW activity (including what specifically the agency is proposing to waive), the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.
<p>HACSC proposes to waive 24CFR982.516(a)1, which requires that PHAs conduct reexaminations of family income and composition at least annually. HACSC proposes to conduct reexaminations of fixed income households at least every three years, and to conduct reexaminations of all other (non-fixed income households) at least every two years.</p> <p>Reducing the frequency of household certifications allows participants to keep more of their increases in income for a longer period of time. It also reduces the burden on both participants and Housing Specialists in acquiring, submitting, and processing paperwork. This change gives tenants a longer time with stable rent to allow for better financial planning and housing security. The paperwork burden on voucher holders will lessen if they do not have to submit income and employment changes annually. Tenants will have a greater ability to meet all basic needs as well as saving for the future. Reducing the frequency of reexaminations will also significantly reduce the staff time spent conducting these reexaminations, freeing up staff time to focus on asset building activities and other activities that align with our mission. The activity as proposed meets all of the applicable safe harbor requirements in the Operations Notice including (1) Reexaminations must occur at least every three years; (2) The agency must allow at least one interim adjustment per year at the request of the household, if the household gross income has decreased 10% or more; (3) Agency must implement an impact analysis; and (4) Agency must include a hardship policy.</p>
Which of the MTW statutory objectives does this MTW activity serve?
<input checked="" type="checkbox"/> Cost effectiveness. <input checked="" type="checkbox"/> Self-sufficiency. <input checked="" type="checkbox"/> Housing Choice
Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?
All assisted households.
Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?
New admissions and currently assisted households.
Does the MTW activity apply to all family types or only to selected family types?
All family types.
Please select the family types subject to this MTW activity.

**Housing Authority of the County of Santa Cruz
Impact Analysis: Activity 3b**

All family types.
Impact on the agency's finances (e.g., how much will the activity cost, and any change in the agency's per family contributions).
<p>The proposed alternate reexamination schedule will impact agency finances. Specifically, the agency will experience cost savings through a reduction in the staff cost of conducting reexaminations and will experience increased costs through anticipated increases in the average subsidy payment (HAP) received by program families whose reexaminations are performed less frequently.</p> <p>It is estimated that the proposed reexamination schedule will result in approximately 3,000 fewer reexaminations over the course of a year. This represents a 27% decrease in the workload of the Housing Programs Department, representing a potential savings of approximately \$500,000. While this savings is significant, it is likely to be more than offset by increases in average HAP payments to families.</p> <p>It is much more difficult to estimate the potential increase in subsidy (HAP) associated with the proposed policy. HAP is inversely related to household income, meaning that when incomes go up, HAP goes down, and vice versa. In HACSC's programs, 38% of households have Social Security, SSI, and pensions as their only form of income. These households experience COLA increases every year, including large increases in recent years due to high inflation. For the remaining (non-fixed income) families, the cost of the proposed policy will be directly related to the average increase in household income, and the extent to which those increases are more or less than any increases in payment standard. Staff is currently in the process of evaluating various factors to estimate the potential increase in HAP related to the proposed policy. HACSC will closely monitor increases in HAP and may conduct annual reexaminations more frequently if needed.</p>
Impact on affordability of housing costs for affected families (e.g. any change in how much affected families will pay towards their housing costs.)
<p>The proposed policy will benefit families. Fixed income families will benefit because their portion of rent will not increase due to the modest COLAs they receive in between triennial reexaminations. Non-fixed income families will also benefit, and will retain all of the increased income associated from additional wages for up to two years before their next reexamination is conducted and their portion of rent is redetermined.</p>
Impact on the agency's waitlist(s) (e.g., any change in the amount of time families are on the waitlist);
HACSC does not expect any impact to the amount of time families wait on the waiting list.

**Housing Authority of the County of Santa Cruz
Impact Analysis: Activity 3b**

Impact on the agency’s termination rate of families (e.g., any change in the rate at which families non-voluntarily lose assistance from the agency);
HACSC does not expect any impact to the agency’s termination rate of families.
Impact on the agency’s current occupancy level in public housing and utilization rate in the HCV program
HACSC does not expect any impact to the agency’s utilization rate.
Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency, and/or housing choice
The proposed policy will help meet the statutory goal of cost effectiveness by reducing HACSC workload and staffing costs and will help meet both the self-sufficiency and housing choice goals by allowing families to retain more of their income increases between reexaminations, removing disincentives for increasing income, and possibly resulting in families being able to save money, build assets, and resulting in more potential housing choices.
Impact on the agency’s ability to meet the MTW statutory requirements;
The proposed policy will not impact HACSC’s ability to meet statutory requirements.
Impact on the rate of hardship requests and the number granted and denied as a result of this activity.
HACSC does not expect any hardship requests as a result of this waiver.
Across the other factors above, the impact on protected classes (and any associated disparate impact).
The proposed policy is not expected to have any negative or disparate impact on any protected classes. The policy will benefit households.
Implementation timeline.
HACSC will implement this initiative upon approval of the MtW Supplement, Agency and Administrative Plan, with an anticipated operation period beginning 7/1/2023.
Description of a hardship policy, if needed. The MTW agency must adopt a written policy for determining when a requirement or provision of an MTW activity constitutes a financial or other hardship for the family. The agency must include this policy as an attachment to its MTW Supplement to the Annual PHA Plan. The agency may use a single hardship policy, as applicable, for multiple MTW waivers or develop different hardship policies for different MTW waivers as it finds appropriate.
HACSC has prepared Hardship Policy MTW Activity 3.b. - Alternative Reexamination Schedule for this activity which is included with the MTW Supplement submission.

Housing Authority of the County of Santa Cruz
Hardship Policy
MTW Activity 3.b. - Alternative Reexamination Schedule

Under MTW Activity 3.b., the Housing Authority of the County of Santa Cruz (HACSC) will implement an alternative reexamination schedule that will reduce the frequency of reexaminations to at least once every three years for families with fixed incomes and to at least once every two years for all other families.

Reducing the frequency of household certifications allows participants to keep more of their income as their income increases. It also reduces the burden on both participants and Housing Specialists in acquiring, submitting, and processing paperwork. This change gives tenants a longer time with stable rent to allow for better financial planning and housing security.

The MTW Operations Notice requires that HACSC implement a hardship policy for MTW Activity 3.b. HACSC will review this hardship policy during its intake and recertification process. While it is highly unlikely that any household's assistance will be terminated as a result of this activity, if this situation arises, HACSC will consider if a household qualifies for a hardship exemption at the time of potential termination of assistance that is due to this activity.

HUD requires that the hardship policy address the following potential hardship situations:

The family has experienced a decrease in income because of changed circumstances, including loss or reduction of employment, death in the family, or reduction in or loss of earnings or other assistance; and/or,

The family has experienced an increase in expenses, because of changed circumstances, for medical costs, childcare, transportation, education, or similar items.

To address these hardships, in between regular reexaminations, the HACSC will conduct interim adjustments to redetermine subsidy when the family experiences a qualifying event upon request of the household. Qualifying events are described in the HCV Administrative Plan, and include decreases in income, changes in household composition, changes to the contract rent, changes in expenses and other situations as applicable. When interim adjustments are conducted, HACSC may apply payment standards and utility allowances in effect at the time of the effective date of the adjustment. The HACSC will not conduct interim adjustments for increases in income unless they are associated with a change in household composition or at the request of the assisted family.

The interim policy will meet or exceed the safe harbor requirement of the Ops Notice and will not limit the number of interims that a family may receive.

The proposed MTW Activity will benefit families, postponing increases in their portion rent due to increased income, but continuing to process other eligible changes including household composition changes and decreases in rent due to decreased income. Therefore, HACSC does not expect any hardship requests as a result of this waiver. However, HACSC will conduct additional reexaminations upon request by the family, and no secondary level of review will be required.

**Housing Authority of the County of Santa Cruz
Impact Analysis**

Agency-Specific Waiver
Waiver Description: 24 CFR 982.455 Automatic termination of HAP contract. Extend zero HAP participation from 180 days to 365 days.
Describe the MTW activity (including what specifically the agency is proposing to waive), the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.
This activity waives certain provisions of 24 CFR 982.455(a) and extends the length of time a household may stay on the HCV program after the last housing assistance payment (HAP) was made to the owner to 365 days. This activity will impact all household types in the HCV program. This extension of time gives incentives to families with children, and to all participants, to become economically self-sufficient without losing their housing assistance after only 180 days without a HAP payment. The additional time on the HCV program offers the household protection against changes in their income and provides encouragement to the household that they can continue maintaining their current income level after successfully doing so for a full year.
Which of the MTW statutory objectives does this MTW activity serve?
<input checked="" type="checkbox"/> Cost effectiveness. <input checked="" type="checkbox"/> Self-sufficiency. <input type="checkbox"/> Housing Choice
Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?
The waiver applies only to currently assisted households.
Does the MTW activity apply to all family types or only to selected family types?
This waiver applies to all family types
Please select the family types subject to this MTW activity.
All family types.
Impact on the agency's finances (e.g. how much will the activity cost, and any change in the agency's per family contributions.)
HACSC anticipates that this proposed waiver is cost neutral and will not impact agency costs.
Impact on affordability of housing costs for affected families (e.g. any change in how much affected families will pay towards their housing costs.)
HACSC anticipates that this proposed waiver will not affect how much affected families will pay towards housing costs. The proposed waiver is directly specifically to households whose incomes have increased to the point where they are not receiving any subsidy whatsoever. The increase in time before automatic termination of the HAP contracts provides an additional safety net in case the family experiences a decrease in income and needs to resume receiving rental assistance.
Impact on the agency's waitlist(s) (e.g., any change in the amount of time families are on the waitlist.)
HACSC anticipates that this proposed waiver will not impact the amount of time families wait on the waiting list.

**Housing Authority of the County of Santa Cruz
Impact Analysis**

Impact on the agency’s termination rate of families (e.g., any change in the rate at which families non-voluntarily lose assistance from the agency.)
HACSC anticipates that this proposed waiver may prevent some families from being terminated from the program in the case of decreases in income.
Impact on the agency’s current occupancy level in public housing and utilization rate in the HCV program.
HACSC anticipates that to the extent this proposed waiver prevents families from being terminated, it would not result in reductions to the utilization rate of the HCV program.
Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency, and/or housing choice.
This proposed waiver will support the MTW statutory goal of self-sufficiency by providing incentives to families with children, and to all participants, to become economically self-sufficient without losing their housing assistance after only 180 days without a HAP payment. The additional time on the HCV program offers the household protection against changes in their income and provides encouragement to the household that they can continue maintaining their current income level after successfully doing so for a full year.
Impact on the agency’s ability to meet the MTW statutory requirements.
HACSC does not anticipate that this waiver would result in any change in the Agency’s ability to meet the MTW statutory requirements.
Impact on the rate of hardship requests and the number granted and denied as a result of this activity.
Given that this waiver would benefit the impacted families, the HACSC does not anticipate any hardship requests resulting from this waiver.
Across the other factors above, the impact on protected classes (and any associated disparate impact.)
HACSC does not anticipate that this waiver would result in any disparate impact to any protected class.
Implementation timeline.
HACSC will implement this initiative upon approval of the MtW Supplement, Agency and Administrative Plan, with an anticipated operation period beginning 7/1/2023.
Description of a hardship policy, if needed. The MTW agency must adopt a written policy for determining when a requirement or provision of an MTW activity constitutes a financial or other hardship for the family. The agency must include this policy as an attachment to its MTW Supplement to the Annual PHA Plan. The agency may use a single hardship policy, as applicable, for multiple MTW waivers or develop different hardship policies for different MTW waivers as it finds appropriate.
Not applicable. Given that this waiver would benefit the impacted families, the HACSC does not anticipate any hardship requests resulting from this waiver.

**Housing Authority of the County of Santa Cruz
Impact Analysis**

Agency-Specific Waiver
Waiver Description: 24 CFR 982. 516 and 982 Subpart E and 983 - Allow use of Tenant Income Certification (TIC) for PBV eligibility determination at Initial Lease-up and Reexamination.
Describe the MTW activity (including what specifically the agency is proposing to waive), the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.
This activity waives certain provisions of 24 CFR 982.516 and 982 Subpart E, and 983 as necessary to determine and recertify income eligibility for residents of LIHTC units receiving PBV assistance. Owners of PBV units that receive LIHTC will provide a copy of the TIC form to determine PBV initial eligibility and reexamination for continued occupancy. This activity will impact all household types in the HCV program that reside in PBV units in which the owner receives LIHTC. This activity will enhance coordination with owners of LIHTC units in the PBV program that will result in reduced time to lease vacant PBV units and will decrease the administrative burden associated to eliminate the need for tenants to submit duplicative verification documents.
Which of the MTW statutory objectives does this MTW activity serve?
<input checked="" type="checkbox"/> Cost effectiveness. <input type="checkbox"/> Self-sufficiency. <input type="checkbox"/> Housing Choice
Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?
The waiver applies only to new and currently assisted households in PBV units with LIHTC.
Does the MTW activity apply to all family types or only to selected family types?
This waiver applies to all family types
Please select the family types subject to this MTW activity.
All family types.
Impact on the agency's finances (e.g., how much will the activity cost, and any change in the agency's per family contributions).
HACSC anticipates that this proposed waiver is cost neutral and will not impact agency costs.
Impact on affordability of housing costs for affected families (e.g. any change in how much affected families will pay towards their housing costs.)
HACSC anticipates that this proposed waiver will not affect how much affected families will pay towards housing costs.
Impact on the agency's waitlist(s) (e.g., any change in the amount of time families are on the waitlist);
HACSC anticipates that this proposed waiver will not impact the amount of time families wait on the waiting list.
Impact on the agency's termination rate of families (e.g., any change in the rate at which families non-voluntarily lose assistance from the agency);

**Housing Authority of the County of Santa Cruz
Impact Analysis**

HACSC anticipates that this proposed waiver will not impact the agency’s termination rate of families.
Impact on the agency’s current occupancy level in public housing and utilization rate in the HCV program
HACSC anticipates that this proposed waiver will not impact the agency’s current utilization rate in the HCV program.
Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency, and/or housing choice
This proposed waiver will support the MTW statutory goal of cost effectiveness self-by providing enhancing the coordination between PBV owners with LIHTC, prospective tenants and residents of these units, and HACSC. This waiver will provide efficiency to obtain the necessary verification of income and assets needed at initial eligibility and continued occupancy.
Impact on the agency’s ability to meet the MTW statutory requirements;
HACSC does not anticipate that this waiver would result in any change in the Agency’s ability to meet the MTW statutory requirements.
Impact on the rate of hardship requests and the number granted and denied as a result of this activity.
Given that this waiver would benefit the impacted families, the HACSC does not anticipate any hardship requests resulting from this waiver.
Across the other factors above, the impact on protected classes (and any associated disparate impact).
HACSC does not anticipate that this waiver would result in any disparate impact to any protected class.
Implementation timeline.
HACSC will implement this initiative upon approval of the MtW Supplement, Agency and Administrative Plan, with an anticipated operation period beginning 7/1/2023.
Description of a hardship policy, if needed. The MTW agency must adopt a written policy for determining when a requirement or provision of an MTW activity constitutes a financial or other hardship for the family. The agency must include this policy as an attachment to its MTW Supplement to the Annual PHA Plan. The agency may use a single hardship policy, as applicable, for multiple MTW waivers or develop different hardship policies for different MTW waivers as it finds appropriate.
Not applicable. Given that this waiver would benefit the impacted families, the HACSC does not anticipate any hardship requests resulting from this waiver.

**Certifications of Compliance with
PHA Plan and Related Regulations
(Standard, Troubled, HCV-Only, and
High Performer PHAs)**

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 3/31/2024

**PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations
including PHA Plan Elements that Have Changed**

Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairperson or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the ___ 5-Year and/or ___ X_ Annual PHA Plan, hereinafter referred to as "the Plan", of which this document is a part, and make the following certification and agreements with the Department of Housing and Urban Development (HUD) for the PHA fiscal year beginning July 1, 2023 in connection with the submission of the Plan and implementation thereof:

1. The Plan is consistent with the applicable comprehensive housing affordability strategy (or any plan incorporating such strategy) for the jurisdiction in which the PHA is located (24 CFR § 91.2).
2. The Plan contains a certification by the appropriate State or local officials that the Plan is consistent with the applicable Consolidated Plan, which includes a certification that requires the preparation of an Analysis of Impediments (AI) to Fair Housing Choice, or Assessment of Fair Housing (AFH) when applicable, for the PHA's jurisdiction and a description of the manner in which the PHA Plan is consistent with the applicable Consolidated Plan (24 CFR §§ 91.2, 91.225, 91.325, and 91.425).
3. The PHA has established a Resident Advisory Board or Boards, the membership of which represents the residents assisted by the PHA, consulted with this Resident Advisory Board or Boards in developing the Plan, including any changes or revisions to the policies and programs identified in the Plan before they were implemented, and considered the recommendations of the RAB (24 CFR 903.13). The PHA has included in the Plan submission a copy of the recommendations made by the Resident Advisory Board or Boards and a description of the manner in which the Plan addresses these recommendations.
4. The PHA provides assurance as part of this certification that:
 - (i) The Resident Advisory Board had an opportunity to review and comment on the changes to the policies and programs before implementation by the PHA;
 - (ii) The changes were duly approved by the PHA Board of Directors (or similar governing body); and
 - (iii) The revised policies and programs are available for review and inspection, at the principal office of the PHA during normal business hours.
5. The PHA made the proposed Plan and all information relevant to the public hearing available for public inspection at least 45 days before the hearing, published a notice that a hearing would be held and conducted a hearing to discuss the Plan and invited public comment.
6. The PHA certifies that it will carry out the public housing program of the agency in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4), the Fair Housing Act (42 U.S.C. 3601-19), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), title II of the Americans with Disabilities Act (42 U.S.C. 12101 et seq.), and other applicable civil rights requirements and that it will affirmatively further fair housing in the administration of the program. In addition, if it administers a Housing Choice Voucher Program, the PHA certifies that it will administer the program in conformity with the Fair Housing Act, title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, title II of the Americans with Disabilities Act, and other applicable civil rights requirements, and that it will affirmatively further fair housing in the administration of the program.
7. The PHA will affirmatively further fair housing, which means that it will take meaningful actions to further the goals identified in the Assessment of Fair Housing (AFH) conducted in accordance with the requirements of 24 CFR § 5.150 through 5.180, that it will take no action that is materially inconsistent with its obligation to affirmatively further fair housing, and that it will address fair housing issues and contributing factors in its programs, in accordance with 24 CFR § 903.7(o)(3). The PHA will fulfill the requirements at 24 CFR § 903.7(o) and 24 CFR § 903.15(d). Until such time as the PHA is required to submit an AFH, the PHA will fulfill the requirements at 24 CFR § 903.7(o) promulgated prior to August 17, 2015, which means that it examines its programs or proposed programs; identifies any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; and maintains records reflecting these analyses and actions.
8. For PHA Plans that include a policy for site-based waiting lists:
 - The PHA regularly submits required data to HUD's 50058 PIC/IMS Module in an accurate, complete and timely manner (as specified in PIH Notice 2011-65);

- The system of site-based waiting lists provides for full disclosure to each applicant in the selection of the development in which to reside, including basic information about available sites; and an estimate of the period of time the applicant would likely have to wait to be admitted to units of different sizes and types at each site;
 - Adoption of a site-based waiting list would not violate any court order or settlement agreement or be inconsistent with a pending complaint brought by HUD;
 - The PHA shall take reasonable measures to assure that such a waiting list is consistent with affirmatively furthering fair housing; and
 - The PHA provides for review of its site-based waiting list policy to determine if it is consistent with civil rights laws and certifications, as specified in 24 CFR 903.7(o)(1).
9. The PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.
 10. In accordance with 24 CFR § 5.105(a)(2), HUD's Equal Access Rule, the PHA will not make a determination of eligibility for housing based on sexual orientation, gender identify, or marital status and will make no inquiries concerning the gender identification or sexual orientation of an applicant for or occupant of HUD-assisted housing.
 11. The PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.
 12. The PHA will comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low-or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.
 13. The PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.
 14. The PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).
 15. The PHA will provide the responsible entity or HUD any documentation that the responsible entity or HUD needs to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58 or Part 50, respectively.
 16. With respect to public housing the PHA will comply with Davis-Bacon or HUD determined wage rate requirements under Section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
 17. The PHA will keep records in accordance with 2 CFR 200.333 and facilitate an effective audit to determine compliance with program requirements.
 18. The PHA will comply with the Lead-Based Paint Poisoning Prevention Act, the Residential Lead-Based Paint Hazard Reduction Act of 1992, and 24 CFR Part 35.
 19. The PHA will comply with the policies, guidelines, and requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Financial Assistance, including but not limited to submitting the assurances required under 24 CFR §§ 1.5, 3.115, 8.50, and 107.25 by submitting an SF-424, including the required assurances in SF-424B or D, as applicable.
 20. The PHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and will utilize covered grant funds only for activities that are approvable under the regulations and included in its Plan.
 21. All attachments to the Plan have been and will continue to be available at all times and all locations that the PHA Plan is available for public inspection. All required supporting documents have been made available for public inspection along with the Plan and additional requirements at the primary business office of the PHA and at all other times and locations identified by the PHA in its PHA Plan and will continue to be made available at least at the primary business office of the PHA.
 22. The PHA certifies that it is in compliance with applicable Federal statutory and regulatory requirements, including the Declaration of Trust(s).

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
 PHA Name

CA072
 PHA Number/HA Code

Annual PHA Plan for Fiscal Year 2023
 5-Year PHA Plan for Fiscal Years 20____ - 20____

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).

Name of Executive Director		Name Board Chairman	
JENNIFER PANETTA		ANDREW SCHIFFRIN	
Signature	Date	Signature	Date

The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality. This information is collected to ensure compliance with PHA Plan, Civil Rights, and related laws and regulations including PHA plan elements that have changed.

Public reporting burden for this information collection is estimated to average 0.16 hours per year per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

MTW CERTIFICATIONS OF COMPLIANCE**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF PUBLIC AND INDIAN HOUSING****Certifications of Compliance with Regulations:
Board Resolution to Accompany the MTW Supplement to the Annual PHA Plan**

Acting on behalf of the Board of Commissioners of the Moving to Work Public Housing Agency (MTW PHA) listed below, as its Chairperson or other authorized MTW PHA official if there is no Board of Commissioners, I approve the submission of the MTW Supplement to the Annual PHA Plan for the MTW PHA Fiscal Year beginning (_____), hereinafter referred to as "the MTW Supplement", of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the MTW Supplement and implementation thereof:

- (1) The PHA made the proposed MTW Supplement and all information relevant to the public hearing available for public inspection at least 45 days before the hearing, published a notice that a hearing would be held and conducted a hearing to discuss the MTW Supplement and invited public comment.
- (2) The MTW PHA took into consideration public and resident comments (including those of its Resident Advisory Board(s) or tenant associations, as applicable) before approval of the MTW Supplement by the Board of Commissioners or Board of Directors in order to incorporate any public comments into the annual MTW Supplement.
- (3) The MTW PHA certifies that the Board of Directors has reviewed and approved the budget for the Capital Fund Program grants contained in the Capital Fund Program Annual Statement/Performance and Evaluation Report, form HUD-50075.1 (or successor form as required by HUD).
- (4) The MTW PHA will carry out the MTW Supplement in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4), the Fair Housing Act (42 U.S.C. 3601-19), section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and title II of the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) all regulations implementing these authorities; and other applicable Federal, State, and local civil rights laws.
- (5) The MTW Supplement is consistent with the applicable comprehensive housing affordability strategy (or any plan incorporating such strategy) for the jurisdiction in which the PHA is located.
- (6) The MTW Supplement contains a certification by the appropriate state or local officials that the Plan is consistent with the applicable Consolidated Plan, which includes a certification that requires the preparation of an Analysis of Impediments to Fair Housing Choice, for the MTW PHA's jurisdiction and a description of the manner in which the MTW Supplement is consistent with the applicable Consolidated Plan.
- (7) The MTW PHA will affirmatively further fair housing, which means that it will: (i) take meaningful actions to further the goals identified by the Assessment of Fair Housing (AFH) conducted in accordance with the requirements of 24 CFR 5.150-5.180 and 903.15; (ii) take no action that is materially inconsistent with its obligation to affirmatively further fair housing; and (iii) address fair housing issues and contributing factors in its programs, in accordance with 24 CFR 903.7(o)(3) and 903.15(d). Note: Until the PHA is required to submit an AFH, and that AFH has been accepted by HUD, the PHA must follow the certification requirements of 24 CFR 903.7(o) in effect prior to August 17, 2015. Under these requirements, the PHA will be considered in compliance with the certification requirements of 24 CFR 903.7(o)(1)-(3) and 903.15(d) if it: (i) examines its programs or proposed programs; (ii) identifies any impediments to fair housing choice within those programs; (iii) addresses those impediments in a reasonable fashion in view of the resources available; (iv) works with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; and (v) maintains records reflecting these analyses and actions.
- (8) The MTW PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975 and HUD's implementing regulations at 24 C.F.R. Part 146.
- (9) In accordance with 24 CFR 5.105(a)(2), HUD's Equal Access Rule, the MTW PHA will not make a determination of eligibility for housing based on sexual orientation, gender identity, or marital status and will make no inquiries concerning the gender identification or sexual orientation of an applicant for or occupant of HUD-assisted housing.
- (10) The MTW PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.
- (11) The MTW PHA will comply with the requirements of section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low- or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.
- (12) The MTW PHA will comply with requirements with regard to a drug free workplace required by 24 CFR Part 24, Subpart F.
- (13) The MTW PHA will comply with requirements with regard to compliance with restrictions on lobbying required by 24 CFR Part 87, together with disclosure forms if required by this Part, and with restrictions on payments to influence Federal Transactions, in accordance with the Byrd Amendment.
- (14) The MTW PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.

- (15) The MTW PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).
- (16) The MTW PHA will provide HUD or the responsible entity any documentation needed to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58. Regardless of who acts as the responsible entity, the MTW PHA will maintain documentation that verifies compliance with environmental requirements pursuant to 24 Part 58 and 24 CFR Part 50 and will make this documentation available to HUD upon its request.
- (17) With respect to public housing and applicable local, non-traditional development the MTW PHA will comply with Davis-Bacon or HUD determined wage rate requirements under section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
- (18) The MTW PHA will keep records in accordance with 2 CFR 200.333-200.337 and facilitate an effective audit to determine compliance with program requirements.
- (19) The MTW PHA will comply with the Lead-Based Paint Poisoning Prevention Act and 24 CFR Part 35.
- (20) The MTW PHA will comply with the policies, guidelines, and requirements of 2 CFR Part 200.
- (21) The MTW PHA must fulfill its responsibilities to comply with and ensure enforcement of housing quality standards as required in PIH Notice 2011-45, or successor notice, for any local, non-traditional program units. The MTW PHA must fulfill its responsibilities to comply with and ensure enforcement of Housing Quality Standards, as defined in 24 CFR Part 982, for any Housing Choice Voucher units under administration.
- (22) The MTW PHA will undertake only activities and programs covered by the Moving to Work Operations Notice in a manner consistent with its MTW Supplement and will utilize covered grant funds only for activities that are approvable under the Moving to Work Operations Notice and included in its MTW Supplement. MTW Waivers activities being implemented by the agency must fall within the safe harbors outlined in Appendix I of the Moving to Work Operations Notice and/or HUD approved Agency-Specific or Safe Harbor Waivers.
- (23) All attachments to the MTW Supplement have been and will continue to be available at all times and all locations that the MTW Supplement is available for public inspection. All required supporting documents have been made available for public inspection along with the MTW Supplement and additional requirements at the primary business office of the PHA and at all other times and locations identified by the MTW PHA in its MTW Supplement and will continue to be made available at least at the primary business office of the MTW PHA.

MTW PHA NAME

MTW PHA NUMBER/HA CODE

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).

NAME OF AUTHORIZED OFFICIAL

TITLE

SIGNATURE

DATE

** Must be signed by either the Chairperson or Secretary of the Board of the MTW PHA's legislative body. This certification cannot be signed by an employee unless authorized by the MTW PHA Board to do so. If this document is not signed by the Chairperson or Secretary, documentation such as the by-laws or authorizing board resolution must accompany this certification.*

AGENDA ITEM SUMMARY

MEETING DATE: March 29, 2023

ITEM NUMBER: 6B

FROM: Executive Director

SUBJECT: Audited Financial Statements for Fiscal Year Ending June 30, 2022

RECOMMENDATION: Approve the Agency-Wide Audited Financial Statements for Fiscal Year Ending June 30, 2022

BACKGROUND SUMMARY:

The financial statements for the fiscal year ending June 30, 2022 were prepared by the Housing Authority of the County of Santa Cruz in the format prescribed by the requirements of the Government Accounting Standards Board (GASB).

The Agency's auditor, Novogradac & Company LLP, has issued an unmodified (clean) opinion on the financial statements after conducting an audit in accordance with Government Auditing Standards. A summary of the auditors' results can be found on page 56 of the report. There were no findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards. The auditor opined that the financial statements present fairly, in all material respects, the financial position of the agency as of June 30, 2022.

On the program side of the audit, there were two findings and questioned costs related to federal awards. All program internal control over compliance findings must be categorized in one of two possible categories: material weakness, or significant deficiency. A material weakness in internal control over compliance is a deficiency such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency with a type of compliance requirement of a federal program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The two findings observed in Housing Authority tenant program files are classified into the least severe of the two categories of deficiencies related to internal control over compliance. However, the findings observed in tenant files are *not* a reflection of deficiency in internal controls. Instead, the findings are the result of the backlog of annual re-examinations and other challenges associated with the expiration of HUD COVID waivers (which took place at the mid-point of the audit period), as well as higher than usual rates of staff turnover and staff capacity challenges. Staff have provided the Board with information about the backlog of annual re-examinations, and have established an agency goal of getting caught up with re-examinations by the end of this fiscal year. Staff have made sustained progress towards

this goal, with current HUD SEMAP data reflecting 97% of re-examinations being completed in a timely manner.

The details of the findings, along with the Authority response, can be found on pages 57-58 of the audit report.

Upon approval by the Board of Commissioners, the audit report will be submitted to the appropriate regulatory bodies and will be available on the Housing Authority's website for review by other interested parties.

RECOMMENDATION:

Approve the Audited Financial Statements for Fiscal Year Ending June 30, 2022 for the Housing Authority of the County of Santa Cruz.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2022

**WITH
REPORT OF INDEPENDENT AUDITORS**

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
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JUNE 30, 2022

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REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners of the
Housing Authority of the County of Santa Cruz:

Opinion

We have audited the accompanying financial statements of the Housing Authority of the County of Santa Cruz (the "Authority") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the accompanying table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Authority as of June 30, 2022, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required pension and other post-employment benefit information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matters (continued)

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements. The accompanying financial data schedule is also not a required part of the financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

The schedule of expenditures of federal awards and the financial data schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and financial data schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Authority adopted accounting standards changes related to accounting for and disclosing certain leasing arrangements. Our opinion is not modified with respect to this matter.



February 9, 2023
Toms River, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

The Housing Authority of the County of Santa Cruz (the “Authority”) management’s discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority’s financial activity, (c) identify changes in the Authority’s financial position (its ability to address the next and subsequent year challenges), and (d) identify individual fund issues or concerns.

Since the Management’s Discussion and Analysis (“MD&A”) is designed to focus on the current year’s activities, resulting changes and currently known facts, please read it in conjunction with the Authority’s financial statements (beginning on page 14 of the Audit Report).

FINANCIAL CONTACT

The individual to be contacted regarding this report is the Finance Director of the Authority, at (831)454-9455. Specific requests may be submitted to the Finance Director, Housing Authority of the County of Santa Cruz, 2160 41st Avenue, Capitola, California, 95010.

FINANCIAL HIGHLIGHTS

- The Authority’s net position increased by \$8.8 million or 39.45% during fiscal year ended June 30, 2022. Net Position was \$31.2 million in 2022 and \$22.3 million in 2021, respectively.
- Operating revenues increased by approximately \$13.3 million or 12.6% from \$106.2 million in 2021 to \$119.6 million in 2022. The increase in operating revenues is attributed mainly to the Authority receiving \$18.2 million more of grant income in the Section 8 Housing Choice Vouchers program in FY 2022 than in FY 2021.
- Operating expenses for all Authority programs increased by approximately \$8.9 million or 8.8%. Total operating expenses were \$110.7 million in 2022 and \$101.8 million in 2021.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

USING THIS ANNUAL REPORT

The Report includes three major sections, the MD&A, Financial Statements, and Other Required Supplementary Information:

MD&A

~ Management’s Discussion
and Analysis ~

Financial Statements

~ Authority-wide Financial Statements – pages 14 - 18
~ Notes to Financial Statements (expanded/restructured) – pages 19 - 48

Other Required Supplementary Information

~ Required Supplementary Information pages 54 - 75
(other than MD&A)

Authority-Wide Financial Statements

The Authority-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into a total for the entire Authority.

These Statements include a Statement of Net Position which is similar to a Balance Sheet. The statement is presented in the format where assets plus deferred outflows of resources, minus liabilities plus deferred inflows of resources, equal, “Net Position”, formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as “Current” (convertible into cash within one year), and “Non-current”.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Authority-Wide Financial Statements (continued)

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly equity) is reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of Net Position consists of resources, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of resources that do not meet the definition of "Net Investment in Capital Assets" or "Restricted Net Position".

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Net Position (similar to an Income Statement). This Statement includes operating revenues, such as rental income, operating expenses, such as administrative, utilities, and maintenance, and depreciation, and non-operating revenue and expenses, such as grant revenue, investment income and interest expense. The focus of the Statement of Revenues, Expenses and Changes in Net Position is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

Financial Statements

Traditional users of governmental financial statements will find the Financial Statements presentation more familiar.

Many of the grants maintained by the Authority are required by the Department of Housing and Urban Development ("HUD"). Others are segregated to enhance accountability and control.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

The Authority's Programs

Section 8 Housing Choice Vouchers Program

Under the Housing Choice Voucher Program, commonly referred to as Section 8 tenant-based assistance, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent between 30% and 40% of household income. HUD provides the Authority with two separate funding amounts; one for housing assistance payments and the other for administrative expenses to operate the program.

Business Activities

Represents a variety of activities and accumulated unrestricted reserves with miscellaneous revenues and expenses that are not related to specific funds or projects. This includes the Housing Authority owned office buildings. These funds collect rents in the form of an occupancy expense that is tracked and allocated to programs based on payroll dollars. The occupancy expense comprises the interest portion of debt service, taxes, insurance and the cost of repairs, building services, utilities and either the principal portion of debt service or depreciation.

Emergency Housing Vouchers - The purpose of Emergency Housing Vouchers is to assist individuals and families who are experiencing homelessness; at risk of experiencing homelessness; fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking; or were recently homeless and for whom providing rental assistance will prevent the family's homelessness or having high risk of housing instability.

Other Funds

In addition to the funds described above, the Authority also maintains the following programs.

Section 8 Moderate Rehabilitation	Shelter Plus Care Housing
Section 8 Moderate Rehabilitation Program - SRO	USDA Farm Labor Housing
Mainstream Voucher	Emergency Housing Voucher
Continuum of Care	Other State and Local Programs
*HOME Investment Partnerships	*Community Development Block Grant (CDBG)

*The HOME and CDBG are sub-recipient grants from local jurisdictions

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

AUTHORITY-WIDE STATEMENT

The following table reflects the condensed Statements of Net Position compared to prior year.

**TABLE 1
STATEMENTS OF NET POSITION**

	2022	2021	Increase (Decrease)	Percent Variance
Assets:				
Cash & other current assets	\$ 25,828,072	\$ 18,387,014	\$ 7,441,058	40.47%
Capital assets, net	13,957,313	13,943,572	13,741	0.10%
Other assets	8,550,530	4,760,974	3,789,556	79.60%
Deferred outflows of resources	2,116,770	2,418,888	(302,118)	-12.49%
Total assets and deferred outflows of resources	<u>50,452,685</u>	<u>39,510,448</u>	<u>10,942,237</u>	27.69%
Liabilities:				
Current liabilities	1,583,627	1,605,727	(22,100)	-1.38%
Noncurrent liabilities	10,502,447	15,062,495	(4,560,048)	-30.27%
Deferred inflows of resources	7,371,429	501,917	6,869,512	1368.65%
Total liabilities and deferred inflows of resources	<u>19,457,503</u>	<u>17,170,139</u>	<u>2,287,364</u>	13.32%
Net position:				
Invested in capital assets	10,723,255	10,711,262	11,993	0.11%
Restricted net position	4,773,477	3,929,647	843,830	21.47%
Unrestricted net position	15,498,450	7,699,400	7,799,050	101.29%
Total net position	<u>\$ 30,995,182</u>	<u>\$ 22,340,309</u>	<u>\$ 8,654,873</u>	38.74%

Major Factors Affecting the Statements of Net Position:

- During 2022, total net position increased by \$8.6 million, primarily due to an increase in unrestricted net position in the amount of \$7.8 million and an increase in restricted net position in the amount \$.8 million.
- Cash and other current assets increased \$7.4 million from FY 2021 to FY 2022, primarily due to the Authority increasing its cash position by \$7.9 million.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

AUTHORITY-WIDE STATEMENT (continued)

- Other assets increased \$3.8 million from FY 2021 to FY 2022, primarily due to the Authority recognizing a lease receivable and right-of-use asset upon the adoption of GASB 87 in the amounts of \$2,913,869 and \$599,097, respectively.
- Current liabilities decreased \$.02 million from \$1.6 million in FY 2021 to \$1.5 million in FY 2022. The decrease is primarily due to decreases in the current portion of accrued compensated absences and accounts payable – HUD PHA programs in the amounts of \$67,244 and \$63,026, respectively.

TABLE 2

CHANGE IN NET POSITION

	2022	2021	Increase (Decrease)	Percent Variance
Operating revenue & expense				
Operating revenue	\$ 119,399,345	\$ 106,228,569	\$ 13,170,776	12.40%
Operating expenses	110,734,607	101,823,812	8,910,795	8.75%
Operating gain	8,664,738	4,404,757	4,259,981	96.71%
Non-operating revenues & expenses	(24,349)	(34,106)	9,757	-28.61%
Increase in net position	8,640,389	4,370,651	4,269,738	97.69%
Net position, beginning of year (as originally reported)	22,340,309	17,969,658	4,370,651	24.32%
Prior Period Adjustment - adoption of GASB 87	14,484	0.00	14,484.00	100.00%
Net position, beginning of year (as restated)	22,354,793	17,969,658	4,385,135	24.40%
Net position, end of year (restated)	\$ 30,995,182	\$ 22,340,309	\$ 8,654,873	38.74%

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

AUTHORITY-WIDE STATEMENT (continued)

TABLE 3 REVENUES BY SOURCE

	2022	2021	Increase (Decrease)	Percent Variance
Operating revenue				
Tenant revenue	\$ 2,782,070	\$ 2,803,810	\$ (21,740)	-0.78%
HUD and Other Governmental grants	115,662,290	102,925,054	12,737,236	12.38%
Other income	954,985	499,705	455,280	91.11%
Total operating revenue	<u>119,399,345</u>	<u>106,228,569</u>	<u>13,170,776</u>	<u>12.40%</u>
Non-operating revenues				
Investment income	114,890	31,809	83,081	261.19%
Total non-operating revenues	<u>114,890</u>	<u>31,809</u>	<u>83,081</u>	<u>261.19%</u>
 Total revenues	 <u>\$119,514,235</u>	 <u>\$ 106,260,378</u>	 <u>\$ 13,253,857</u>	 <u>12.47%</u>

Total Revenue increased by approximately \$13.2 million or 12.40% in 2022 in comparison to 2021. This is primarily attributed to the following:

- An increase of \$12.7 million in HUD and Other Governmental grants from \$102.9 million in 2021 to \$115.8 million in 2022. The increase in operating grants was primarily due to the Authority receiving more Section 8 Housing Choice Vouchers funding in the amount of \$18,213,666, which was partially offset by a decrease in Section 8 Housing Choice Vouchers – CARES Act funding in the amount of \$6,905,578, during FY 2022.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

AUTHORITY-WIDE STATEMENT (continued)

TABLE 4

OPERATING EXPENSES

	2022	2021	Increase (Decrease)	Percent Variance
Administrative	\$ 6,461,505	\$ 7,265,413	\$ (803,908)	-11.06%
Tenant services	744,178	858,807	(114,629)	-13.35%
Utilities	613,443	667,699	(54,256)	-8.13%
Maintenance	1,225,429	1,320,232	(94,803)	-7.18%
General expense	904,265	910,792	(6,527)	-0.72%
Depreciation and amortization	580,451	593,800	(13,349)	-2.25%
Housing assistance payments	100,205,336	90,207,069	9,998,267	11.08%
Total expenses	\$ 110,734,607	\$ 101,823,812	\$ 8,910,795	8.75%

Operating expenses increased by 8.75% during 2022 in comparison to 2021.

Major factors affecting expenses is as follows:

- Administrative expense decreased by \$.8 million primarily due to a reduction in employee benefits expense related to the Authority's pension and OPEB plans during 2022.
- Tenant services expense decreased by \$.1 million primarily due to a reduction in tenant service related expenditures in the Authority's State and Local Programs during 2022.
- Housing assistance payments expense increased \$10.0 million primarily due to the Authority increasing its unit months leased by approximately 806 from 2021 to 2022.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2022, the Authority had \$14.0 million invested in a variety of capital assets as reflected in the following schedule, which represents a net increase over the previous fiscal year (additions, deductions and depreciation) of \$.01 million or .10%.

	2022	2021	Increase (Decrease)	Percent Variance
Land	\$ 8,130,533	\$ 8,130,533	\$ -	0.00%
Buildings	17,793,337	17,547,684	245,653	1.40%
Equipment	269,933	265,626	4,307	1.62%
Construction in progress	284,600	64,946	219,654	338.21%
	<u>26,478,403</u>	<u>26,008,789</u>	<u>469,614</u>	<u>1.81%</u>
Less: accumulated depreciation	<u>(12,521,090)</u>	<u>(12,065,217)</u>	<u>(455,873)</u>	<u>3.78%</u>
Capital assets, net	<u>\$ 13,957,313</u>	<u>\$ 13,943,572</u>	<u>\$ 13,741</u>	<u>0.10%</u>

This year's major additions are primarily capital expenditures related to modernizing the Authority's housing developments.

Depreciation expense for the year ended June 30, 2022 amounted to \$.47 million.

The Authority had capital purchases of \$.49 million for the year ended June 30, 2022.

DEBT ADMINISTRATION

As of the year-ended June 30, 2022, the Authority had \$3,234,058 in debt (bonds, notes, etc.) outstanding, compared to \$3,232,310 in fiscal year-ended 2021, representing a \$1,748 increase, or .05%. A more detailed presentation of the Authority's debt, summarized below, can be found in Note 11 to the basic financial statements.

	2022	2021	Increase (Decrease)	Percent Variance
USDA Farm Worker Housing	\$ 14,497	\$ 17,115	\$ (2,618)	-15.30%
State of California HCD Loan (Brommer)	210,000	210,000	-	0.00%
State of California HCD Loan (Merrill Road Associates)	1,195,167	1,195,167	-	0.00%
State of California HCD Loan (Merrill Road Associates)	300,000	300,000	-	0.00%
Affordable Housing Preservation Revolving Loan	1,514,394	1,510,028	4,366	0.29%
	<u>3,234,058</u>	<u>3,232,310</u>	<u>1,748</u>	<u>0.05%</u>

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs.

OTHER MATTERS

The following events are expected to have a significant effect on the financial position of the Authority.

- (1) In recent years, the Section 8 Housing Choice Vouchers Program has received a flat fee for administrative expenses determined by HUD based on program size, historical lease up numbers, and available appropriations. As of January 1, 2009, HUD changed the method for calculating administrative fees for the Voucher Program back to a per unit leased fee. The rates are published by HUD, and subject to pro-rations based on available funding levels. These admin fee proration levels have a significant impact on the Authority's primary source of funding for administrative expenses in the largest program area.

FINANCIAL STATEMENTS

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
STATEMENT OF NET POSITION
AS OF JUNE 30, 2022**

ASSETS

Current assets:	
Cash and cash equivalents	\$ 24,709,821
Tenant security deposits	258,678
Accounts receivable, net	308,101
Prepaid expenses	212,143
Current portion of lease receivable	<u>339,329</u>
Total current assets	<u>25,828,072</u>
Non-current assets:	
Restricted cash	5,357,389
Notes receivable	19,504
Capital assets, net	13,957,313
Lease receivable, net of current portion	2,574,540
Right-of-use asset - leases	<u>599,097</u>
Total non-current assets	<u>22,507,843</u>
Total assets	<u>48,335,915</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension plan	2,002,213
OPEB Plan	<u>114,557</u>
Total deferred outflows of resources	<u>2,116,770</u>
Total assets and deferred outflows of resources	<u>\$ 50,452,685</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
STATEMENT OF NET POSITION (continued)
AS OF JUNE 30, 2022

LIABILITIES

Current liabilities:	
Accounts payable	\$ 259,643
Accrued expenses	262,848
Accrued compensated absences, current portion	62,002
Tenant security deposits	258,678
Current portion of loans and notes payable	8,210
Current portion of lease liability	114,056
Unearned revenue	<u>618,190</u>
Total current liabilities	<u>1,583,627</u>
Non-current liabilities:	
Accrued compensated absences, net of current portion	474,041
Long-term portion of loans and notes payable	3,225,848
Accrued pension liability	4,776,331
Accrued OPEB liability	10,264
Lease liability, net of current portion	611,359
Other non-current liabilities	<u>1,404,604</u>
Total non-current liabilities	<u>10,502,447</u>
Total liabilities	<u>12,086,074</u>

DEFERRED INFLOWS OF RESOURCES

Pension plan	4,570,779
OPEB plan	197,791
Leased asset	<u>2,602,859</u>
Total deferred inflows of resources	<u>7,371,429</u>

NET POSITION

Net position:	
Net investment in capital assets	10,723,255
Restricted	4,773,477
Unrestricted	<u>15,498,450</u>
Total net position	<u>30,995,182</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 50,452,685</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

Operating revenues:	
Tenant revenue	\$ 2,782,070
HUD operating grants	115,046,614
Other government grants	615,676
Fraud recovery revenue	45,172
Other revenues	<u>909,813</u>
Total operating revenues	<u>119,399,345</u>
Operating expenses:	
Administrative	6,461,505
Tenant services	744,178
Utilities	613,443
Ordinary repairs and maintenance	1,225,429
Insurance	398,197
General	506,068
Housing assistance payments	100,205,336
Amortization	108,927
Depreciation	<u>471,524</u>
Total operating expenses	<u>110,734,607</u>
Operating income	<u>8,664,738</u>
Non-operating revenues (expenses):	
Investment income	114,890
Interest expense	(73,299)
Extraordinary maintenance	<u>(14,866)</u>
Net non-operating revenues	<u>26,725</u>
Income before special items	8,691,463
Special items - transfer of capital assets	<u>(51,074)</u>
Change in net position	8,640,389
Net position, beginning of year (as originally reported)	22,340,309
Prior period adjustment - adoption of GASB 87	<u>14,484</u>
Net position, beginning of year (as restated)	<u>22,354,793</u>
Net position, end of year	<u>\$ 30,995,182</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

Cash Flows from Operating Activities:	
Cash received from tenants and other	\$ 3,741,138
Cash received from grantors	116,091,339
Cash paid to suppliers and vendors	(104,937,143)
Cash paid to employees	<u>(6,444,706)</u>
Net cash provided by operating activities	<u>8,450,628</u>
Cash Flows from Non Capital Related Financing Activities:	
Special items - transfer of ownership of capital assets	(51,074)
Extraordinary maintenance	<u>(14,866)</u>
Net cash used in non capital related financing activities	<u>(65,940)</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	(485,265)
Principal payments on lease	(106,844)
Interest earned on debt proceeds	4,366
Principal payments on loans and notes payable	(2,618)
Interest paid on loans and notes payable	<u>(73,299)</u>
Net cash used in capital and related financing activities	<u>(663,660)</u>
Cash Flows from Investing Activities:	
Proceeds on collection of lease receivable	192,468
Interest received on investments	<u>114,890</u>
Net cash provided by investing activities	<u>307,358</u>
Net increase in cash, cash equivalents, and restricted cash	8,028,386
Cash, cash equivalents, and restricted cash, beginning of year	<u>22,297,502</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 30,325,888</u>
Reconciliation of cash, cash equivalents, and restricted cash to the Statement of Net Position is as follows:	
Cash and cash equivalents	\$ 24,709,821
Tenant security deposits	258,678
Restricted cash	<u>5,357,389</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 30,325,888</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED JUNE 30, 2022**

Reconciliation of operating income to net cash provided by operating activities:

Operating income	\$	8,664,738
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		471,524
Amortization on right-of-use asset		108,927
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable, net		296,658
Prepaid expenses		14,080
Deferred outflows of resources		299,979
Accounts payable		(167,629)
Accrued compensated absences		(194,557)
Accrued expenses		1,933
Tenant security deposits		4,882
Unearned revenue		131,592
Other current liabilities		(38,704)
Deferred inflows of resources		3,904,033
Accrued pension liability		(4,066,780)
Accrued OPEB liability		(1,080,001)
Other non-current liabilities		<u>99,953</u>
Net cash provided by operating activities	\$	<u><u>8,450,628</u></u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Housing Authority of the County of Santa Cruz (the "Authority") is a governmental, public corporation, established in 1969, by a resolution of the Santa Cruz County Board of Supervisors. The Authority is governed by a seven member Board of Commissioners. At-large commissioners are appointed for terms of four years and tenant commissioners are appointed for terms of two years by the Santa Cruz County Board of Supervisors. The Authority is responsible for operating certain low-rent housing programs in the County of Santa Cruz under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

B. Basis of Accounting / Financial Statements Presentation

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The programs of the Authority are organized as separate accounting entities. Each program is accounted for by a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position (program equity), revenues, and expenses. The individual programs account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The programs of the Authority are combined and considered an enterprise fund. An enterprise fund is used to account for activities that are operated in a manner similar to those found in the private sector.

The Authority's enterprise fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Authority's financial statements are prepared in accordance with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended ("GASB 34"). GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of the Required Supplementary Information.

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions* ("GASB 33"), grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

On January 30, 2008, HUD issued PIH Notice 2008-9 which requires that unused housing assistance payments ("HAP") under proprietary fund reporting should be reported as restricted net position, with the associated cash and investments also being reported as restricted. Any unused administrative fees should be reported as unrestricted net position, with the associated assets being reported on the financial data schedule as unrestricted.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting / Financial Statements Presentation (continued)

Both administrative fee and HAP revenue continue to be recognized under the guidelines set forth in GASB 33. Accordingly, both the time and purpose restrictions as defined by GASB 33 are met when these funds are available and measurable, not when these funds are expended. The Section 8 Housing Choice Vouchers program is no longer a cost reimbursement grant; therefore, the Authority recognizes unspent administrative fee and HAP revenue in the reporting period as revenue for financial statement reporting.

In accordance with 2 CFR 200.305(b)(9), any investment income earned up to \$500 on these funds may be retained by the Authority. Amounts in excess of \$500 must be remitted annually to the Department of Health and Human Services, Payment Management System.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. The principal operating revenues of the Authority's funds are rent and maintenance charges to residents, operating grants and subsidies from HUD, and administration fees earned.

Operating expenses for proprietary funds include the administrative costs of providing services to residents and the housing assistance payments to residents. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

On July 1, 2021, the Authority adopted Statement No. 87 of the Government Accounting Standards Board, *Leases* ("GASB 87"). GASB 87 increases the transparency and comparability among governmental organizations by requiring the recognition of lease assets and lease liabilities on the statement of net position by lessees and the disclosure of key information about leasing arrangements. Necessary adjustments were recognized through a cumulative effect adjustment.

As a result of the adoption of GASB 87, on July 1, 2021 a lease payable of \$832,259 and a right-of-use asset of \$708,024, which is shown net of accumulated amortization of \$381,243, were recognized.

Additionally, on July 1, 2021 a lease receivable in the amount of \$3,106,337 and deferred inflows of resources of \$2,967,618 were recognized.

The cumulative effect adjustment recording the right-of-use assets, lease receivable, lease payable, and deferred inflows of resources amounted to \$14,484, and was recorded as an adjustment to unrestricted net position at June 30, 2021.

C. Reporting Entity

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statements No. 14 and No. 34*, the Authority's financial statements include those of the Authority and any component units. Component units are legally separate organizations whose majority of officials are appointed by the primary government or the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the primary government. An organization has a financial benefit or burden relationship with the primary government if any one of the following conditions exist:

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

1. The primary government (Authority) is legally entitled to or can otherwise access the organization's resources.
2. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
3. The primary government is obligated in some manner for the debt of the organization.

Based on the above criteria, the financial statements include the following blended component units:

Blended Component Units:

Merrill Road Associates, A California Limited Partnership

Merrill Road Associates (the "Partnership") was formed as a limited partnership on September 19, 1995, for the purpose of developing and operating a 15-unit affordable housing complex located in the unincorporated area in Santa Cruz County known as Aptos, California. The Partnership qualified for federal low-income tax credits under Section 42 of the Internal Revenue Code. Such projects are regulated under terms of a regulatory agreement including rent charges, operating methods and other matters.

The managing general partner of the Partnership is Merrill Road Housing Corporation. The officers and directors of Merrill Road Housing Corporation are the same as the members of the Authority's Board of Commissioners.

As of September 30, 2011, Edison Housing Investment withdrew as the Limited Partner of the Partnership. Upon their withdrawal, the Authority was admitted as the new, and sole, Limited Partner. The Partnership has hired and executed a management agreement with the Authority to manage the property. Since the governing body of the Partnership is essentially the same as that of the Authority and since a financial benefit or burden relationship exists between Merrill Road Associates and the Authority, the Partnership has been included in the Authority's financial statements as a blended component unit.

New Horizons Affordable Housing and Development, Inc.

New Horizons Affordable Housing and Development, Inc. (the "Corporation") is a California nonprofit public benefit corporation. The Corporation was created as an instrumentality of the Authority, to aid in the Authority's mission of acquiring, providing, developing, financing, rehabilitating, owning, and operating decent, safe and sanitary housing affordable to persons and households of low- income; lessening the burdens of government by assisting the Authority in development, ownership, and management of housing targeted to low-income households; assisting the Authority in the administration of affordable housing programs and the provision of related services to low-income households who are seeking or receiving such affordable housing programs; providing benefits, services, or incentives to landlords, owners, or property managers who rent to low-income households; working to eliminate housing discrimination and prejudice; promoting social welfare through community-based activities and services targeted for low-income households; and carrying out such other activities as the board of directors of this Corporation determines will benefit and support the Authority and its programs. Since the governing body of the Corporation is essentially the same as that of the Authority, and since a financial benefit or burden relationship exists between the Corporation and the Authority, the Corporation has been included in the Authority's financial statements as a blended component unit.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

Separate audited financial statements are issued for the aforementioned component units and may be obtained by writing the Finance Director at the Housing Authority of the County of Santa Cruz, 41st Avenue, Capitola, CA 95010.

D. Description of Programs

The Authority maintains its accounting records by program. A summary of the significant programs operated by the Authority is as follows:

Public and Indian Housing Program

The Public and Indian Housing Program is designed to provide low-cost housing within the County. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program. The Authority is in the process of converting its Public and Indian Housing units to project based vouchers through HUD's Rental Assistance Demonstration Program.

Section 8 Housing Choice Vouchers Program

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rent on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating household.

Mainstream Vouchers Program

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families whose head of household has a disability. The program provides payments covering the difference between the maximum rent on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating household.

Section 8 Moderate Rehabilitation Program - Single Room Occupancy

Provides for the rehabilitation of housing units, which then must be rented to low-income individuals for a contracted period of time. Both for profit and not-for-profit developers may participate in this program. Under this program, developers must obtain their own rehabilitation financing and HUD subsidizes rents once the units are occupied in such amounts sufficient to cover the developers' debt service payments on the financing.

Public Housing Capital Fund Program

The purpose of the Public Housing Capital Fund Program is to provide another source of funding to cover the cost of physical and management improvements and rehabilitation on existing low-income housing and improving the central office facilities. Funding for this program is provided by grants from HUD.

Continuum of Care Program

The Continuum of Care Program is designed to promote community-wide commitment to the goal of ending homelessness; provide funding for efforts by nonprofit providers, and State and local governments to quickly re-house homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness; promote access to and effect utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs (continued)

Business Activities

The Authority owns non-federal housing units and various interests in low income housing tax credit partnerships. Revenues earned from these activities are recorded in the Business Activities fund.

State and Local Programs

Periodically, the Authority administers various grants from the State of California and/or the County of Santa Cruz. These activities as well as the Authority's internal service funds are reported in this fund.

PIH Family Self Sufficiency Program

The purpose of the Family Self-Sufficiency Program is to promote the development of local strategies to coordinate the use of assistance under the Section 8 Housing Choice Vouchers and Public Housing programs with public and private resources to enable participating families to increase earned income and financial literacy, reduce or eliminate the need for welfare assistance, and make progress toward economic independence and self-sufficiency.

Home Investment Partnership Program

The purpose of the Home Investment Partnership Program is to expand the supply of affordable housing, particularly rental housing, for low and very low income Americans; to strengthen the abilities of State and local governments to design and implement strategies for achieving adequate supplies of decent, affordable housing; and to extend and strengthen partnerships among all levels of government and the private sector, including for-profit and nonprofit organizations, in the production and operation of affordable housing.

Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation

To aid very low income families in obtaining decent, safe and sanitary rental housing.

Rural Rental Assistance Program

The United States Department of Agriculture ("USDA") provides homeownership opportunities to rural Americans, and home renovation and repair programs. USDA also provides financing to elderly, disabled, or low income rural residents in multi-unit housing complexes to ensure that they are able to make rent payments.

Emergency Housing Vouchers

The purpose of Emergency Housing Vouchers is to assist individuals and families who are experiencing homelessness; at risk of experiencing homelessness; fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking; or were recently homeless and for whom providing rental assistance will prevent the family's homelessness or having high risk of housing instability.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Use of Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, accrued expenses and other liabilities, depreciable lives of properties and equipment, and contingencies. Actual results could differ significantly from these estimates.

F. Cash and Cash Equivalents

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit or any other federally insured investment.

HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

For the statement of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase. It is the Authority's policy to maintain collateralization in accordance with HUD requirements.

G. Accounts Receivable, Net

Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due and vacated units. An allowance for doubtful accounts is established to provide for accounts, which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts. Also included in accounts receivable are those amounts that tenants owe the Authority as payment for committing fraud or misrepresentation. These charges usually consist of retroactive rent and other amounts that may be determined by a formal written agreement or by a court order.

The Authority recognizes a receivable from HUD and other governmental agencies for amounts billed but not received and for amounts unbilled, but earned as of year-end.

H. Allowance for Doubtful Accounts

The Authority periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. If it is determined that an account or accounts may be uncollectable, the Authority prepares an analysis of such accounts and records an appropriate allowance against such amounts.

I. Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Notes Receivable

The Authority has utilized development funds in accordance with HUD guidelines to assist low and moderate income first-time homebuyers with the purchase of a home through the issuance of mortgage notes. When preparing financial statements in accordance with GAAP, management is required to make estimates as to the collectability of such mortgage notes. When estimating collectability, management analyzes the value of the underlying mortgaged property, the property's ability to generate positive cash flow, and current economic trends and conditions. Management utilizes these estimates and judgments in connection with establishing an allowance for uncollectable amounts during an accounting period.

K. Lease Receivable

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the lease agreement or implicitly determined by the Authority.

L. Right-of-Use Assets and Liabilities

Lessees are required to recognize a lease liability and an intangible right-of-use lease asset. The lease liability is the present value of future payments expected to be made over the course of the lease, and the right-of-use lease assets are measured as the initial amount of lease liability, plus any payments made to the lessor at or before the time of commencement of the lease and minus any lease incentives received from the lessor.

The Authority uses its risk-free rate at the commencement date in determining the present value of lease payments. Amortization of the right-of-use asset is recognized on a straight-line basis over the lease term.

M. Capital Assets, Net

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position. Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

- | | |
|---------------------------|---------------|
| • Buildings | 25 - 30 Years |
| • Site improvements | 10 - 19 Years |
| • Furniture and equipment | 5 - 10 Years |

The Authority has established a capitalization threshold of \$5,000.

N. Impairment of Long Lived Assets

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that the impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. During the year ended June 30, 2022, there were no impairment losses incurred.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until that time.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

P. Taxes

The Authority is exempt from Federal Income and California Franchise Taxes.

Q. Inter-Program Receivables and Payables

Inter-program receivables and payables are all classified as either current assets or current liabilities, and are the result of the use of a concentrated account depository as the common paymaster for most of the programs of the Authority. Cash settlements are made monthly. All inter-program balances are reconciled, and inter-program receivables and payables balances net to zero. In accordance with GASB 34, inter-program receivables and payables are eliminated for financial statement purposes. Detail balances by program are found in the Financial Data Schedule of this report.

R. Accounts Payable and Accrued Liabilities

The Authority recognizes a liability for goods and services received but not paid for as of year-end. It also recognizes a liability for wages and fringe benefits related to services performed at year-end but not yet paid to employees or taxing authorities.

S. Unearned Revenue

The Authority's unearned revenue primarily consist of the prepayment of rent by residents and the receipt of HUD and other grant funding applicable to future periods prior to incurring the corresponding expense.

T. Accrued Compensated Absences

Compensated absences are those absences for which employees will be paid in accordance with the Authority's Personnel Policy. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such event takes place.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

U. Pension Plan

The Authority participates in a cost-sharing multi-employer defined benefit retirement plan ("the Plan") that is administered by the California Public Employees Retirement System ("CalPERS"). Contributions to CalPERS are made on a current basis as required by the Plan and are charged to expenditures. The Authority used actuarial reports supplied by CalPERS for the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources and expenses related to the Plan. The valuation date of the latest actuarial report was June 30, 2021.

V. Other Post Employment Benefits ("OPEB")

The Authority provides a defined benefit health care program to its retired employees and their dependents. The Authority has established a trust account to administer the funding of the OPEB plan. The OPEB trust fund is presented as a fiduciary fund of the Authority. The Authority used actuarial valuation reports supplied by OPEB consultants for the purpose of measuring the net OPEB liability, deferred outflows and inflows of resources, and expenses related to the plan in accordance with GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pension*. The valuation date of the latest actuarial report was June 30, 2021.

W. Equity Classifications

Equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of resources including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

X. Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. The Authority receives annual operating subsidies from HUD, subject to limitations prescribed by HUD. Operating subsidies from HUD are recorded when received and are accounted for as revenue. Other contributions from HUD that are for development and modernization of capital assets are reflected separately in the accompanying financial statements as capital grants. Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues and expenses as non-operating.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Y. Regulated Leases

The Authority is a lessor of residential dwelling units under regulated leases as defined by GASB 87 and as such recognizes rental revenue in accordance with the terms of the lease contract. The leases which are twelve months in length are regulated by HUD as to rent, unit size, household composition and tenant income. For the year ended June 30, 2022, rental revenue earned under the aforementioned leases totaled \$2,588,642.

Z. Budgets and Budgetary Accounting

The Authority adopts annual, appropriated operating budgets for all its programs receiving federal expenditure awards and are used as a management tool throughout the accounting cycle. All budgets are prepared on a HUD basis, which differs with accounting principles generally accepted in the United States of America. All appropriations lapse at HUD's program year end or at the end of grant periods.

AA. Economic Dependency

The Section 8 Housing Choice Vouchers and Public and Indian Housing programs of the Authority are economically dependent on operating grants and subsidies from HUD. The programs operate at a loss prior to receiving the grants.

BB. Risk Management

The Authority is exposed to various risks related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs and there have been no significant reductions in insurance coverage. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, the amount of the loss can be reasonably estimated, and said amount exceeds insurance coverage. Settlement amounts have not exceeded insurance coverage for the last three years.

NOTE 2. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

As of June 30, 2022, the Authority had funds on deposit in checking, savings and money market accounts. The carrying amount of the primary government's cash and cash equivalents (including restricted cash) was \$30,325,888, and the bank balances were \$30,598,587.

<u>Cash Category</u>	<u>Amount</u>
Unrestricted	\$ 24,709,821
Tenant security deposits	258,678
Restricted	5,357,389
Total cash, cash equivalents, and restricted cash	\$ 30,325,888

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022**

NOTE 2. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH (continued)

Of the Authority's bank balances, \$500,000 was covered by federal depository insurance and the remaining \$30,098,587 was collateralized with the pledging financial institution as of June 30, 2022.

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2022, the Authority's bank balances were not exposed to custodial credit risk.

Investments in State Investment Pool

The Authority is a voluntary participant in the Local Agency Investment Fund ("LAIF") that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. Each government agency may invest up to \$30,000,000 in each account in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest or principal. The full faith and credit of the State of California secure investments in LAIF.

At June 30, 2022, an account was maintained in the name of the Authority for \$1,915,120. The total cost value of investment in LAIF was \$1,915,120. The total fair value of investments in LAIF was \$1,890,464. The fair value total includes an unrealized loss of \$24,656. The loss was based on a fair value adjustment factor of 0.987125414 that was calculated by the State of California Treasurer's Office.

LAIF is a part of the State of California Pooled Money Investment Account (PMIA). At June 30, 2022, the fair value of the PMIA, including accrued interest, was \$231,867,874,452.

The PMIA portfolio had securities in the form of structured notes totaling \$1,725 million and asset-backed securities totaling \$1,675.408 million. The PMIA has policies, goals and objectives for the portfolio to make certain that the goals of safety, liquidity, and yield are not jeopardized. These policies are formulated by investment staff and reviewed by both the PMIA and LAIF Advisory Boards on an annual basis.

During 2002, California Government code was added to the LAIF's enabling legislation stating that "the right of a city, county...special district...to withdraw its deposited money from the LAIF upon demand may not be altered, impaired, or denied in any way by any state official or state agency based upon the State's failure to adopt a State Budget by July 1 of each new fiscal year." In addition, it has been determined that the State of California cannot declare bankruptcy under Federal regulations. This allows other government code stating that "money placed with the state treasurer for deposit in the LAIF shall not be subject to ...transfer or loan...or impound or seizure by any state official or state agency" to stand.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following as of June 30, 2022:

<u>Description</u>	<u>Amount</u>
Accounts receivable - HUD	\$ 93,261
Accounts receivable - other government	53,005
Accounts receivable - tenants, net	36,039
Accounts receivable - miscellaneous	<u>125,796</u>
Total accounts receivable, net	<u>\$ 308,101</u>

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 3. ACCOUNTS RECEIVABLE, NET (continued)

Accounts Receivable - HUD

As of June 30, 2022, Accounts receivable - HUD consisted of amounts due to the Authority for amounts expended under grant agreements that have not yet been reimbursed. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - Other Government

Accounts receivable - other government represents amounts owed to the Authority by other federal agencies and state and local governments. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - Tenants, Net

Tenant accounts receivable represents amounts owed to the Authority by tenants for outstanding rent. The balance is shown net of an allowance for doubtful accounts of \$29,112.

Accounts Receivable - Miscellaneous

Accounts receivable - miscellaneous consists of amounts owed from managed properties and other miscellaneous sources from normal ongoing operations. The balance is shown net of an allowance for doubtful accounts of \$18,295.

NOTE 4. CAPITAL ASSETS, NET

The following is a summary of the Authority's changes in capital assets for the year ended June 30, 2022:

Description	June 30, 2021	Additions	Dispositions	June 30, 2022
<u>Non-depreciable capital assets:</u>				
Land	\$ 8,130,533	\$ -	\$ -	\$ 8,130,533
Construction in progress	64,946	219,654	-	284,600
Total	<u>8,195,479</u>	<u>219,654</u>	<u>-</u>	<u>8,415,133</u>
<u>Depreciable capital assets:</u>				
Buildings	17,547,684	245,653	-	17,793,337
Furniture and equipment	265,626	19,958	(15,650)	269,934
Total	<u>17,813,310</u>	<u>265,611</u>	<u>(15,650)</u>	<u>18,063,271</u>
Less: accumulated depreciation	<u>12,065,217</u>	<u>471,524</u>	<u>(15,650)</u>	<u>12,521,091</u>
Net capital assets	<u>\$ 13,943,572</u>	<u>\$ 13,741</u>	<u>\$ -</u>	<u>\$ 13,957,313</u>

Depreciation expense for the fiscal year ended June 30, 2022, amounted to \$471,524.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022**

NOTE 5. RESTRICTED DEPOSITS

Restricted deposits consist of the following as of June 30, 2022:

<u>Cash Category</u>	<u>Amount</u>
Section 8 Housing Choice Vouchers housing assistance payment reserves	\$ 278,565
USDA project replacement	1,677,234
Merrill Road Associates replacement and operating reserves	297,453
Emergency housing voucher reserves	1,153,775
Brommer Street replacement reserve	11,484
Affordable housing preservation reserves	1,514,394
Family self-sufficiency escrows	424,484
Tenant security deposits	<u>258,678</u>
 Total restricted deposits	 \$ <u>5,616,067</u>

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers program for future housing assistance payments.

Replacement and operating reserves of the USDA, Brommer Street and Merrill Road Associates properties cannot be disbursed without the prior written approval of either the USDA, Rural Economic and Community Development Department or the State of California, Department of Housing and Community Development.

Affordable housing preservation reserves are restricted for the purchase of at risk properties, which will then be re-sold to low income families. The funds from the sale of the properties will go back into the program to help preserve additional units in the future.

Emergency housing vouchers reserves are restricted for use only in the Emergency Housing Vouchers program for future program expenditures.

Family Self Sufficiency ("FSS") program escrows represent amounts held by the Authority on behalf of FSS program participants. Upon graduation from the program, the participant is due amounts deposited plus interest earned.

Tenant security deposits represent amounts held by the Authority on behalf of tenants. Upon termination, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the unit.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022**

NOTE 6. NOTES RECEIVABLE

Outstanding notes receivable consisted of the following as of June 30, 2022:

<u>Description</u>	<u>Amount</u>
Loans have been made by the Authority to moderate and lower income, first-time homebuyers, qualified to purchase homes in the Arroyo Verde housing development. These loans are secured by deeds of trust. Payment on the loans are deferred until the property is sold or transferred, the borrower defaults on the note, or the first and second liens are refinanced. Interest on each loan is based on the appreciation of the property at the time of the payoff.	\$ <u>19,504</u>

NOTE 7. LEASE RECEIVABLE

On February 4, 2019, the Authority entered into a lease agreement (the “commercial lease”) as a lessor to rent office space. The term of the commercial lease was for ten years, commencing on August 1, 2019 and terminating on July 31, 2029. The commercial lease was amended on October 1, 2021. An initial lease receivable was recorded in the amount of \$3,106,337. As of June 30, 2022, the value of the lease receivable was \$2,913,869. At commencement of the commercial lease, base rent in the amount of \$30,073 was due on the first of each month. Beginning January 1, 2022, an additional \$418 was due on the first of each month, due to under payment of rent during 2020 and 2021. The implicit interest rate on the commercial lease was 3%. The value of the deferred inflows of resources as of June 30, 2022 was \$2,602,859. For the year ended June 30, 2022, the Authority recognized lease revenue of \$380,112.

Annual lease payments for principal and interest for the next five years and thereafter is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2023	\$ 339,329	\$ 82,811	\$ 422,140
2024	352,310	72,418	424,728
2025	363,025	61,702	424,727
2026	406,837	50,253	457,090
2027	422,335	37,797	460,132
Thereafter	<u>1,030,033</u>	<u>35,434</u>	<u>1,065,467</u>
	<u>\$ 2,913,869</u>	<u>\$ 340,415</u>	<u>\$ 3,254,284</u>

NOTE 8. RIGHT-OF-USE ASSETS AND LIABILITIES

On October 30, 2017, the Authority entered into a lease agreement (the “administrative lease”) as a lessee to rent administrative office space. The term of the administrative lease was for ten years, commencing on January 1, 2018 and terminating on December 31, 2027. At commencement of the administrative lease, base rent in the amount of \$9,796 was due on the first of each month, and the lease had an implicit interest rate of 3%. During the year, an initial right-of-use asset was recorded in the amount of \$1,089,267, net of accumulated amortization in the amount of \$490,170. As of June 30, 2022, the value of the right-of-use asset was \$599,097. Amortization expense for the year ended June 30, 2022 totaled \$108,927. Rent and interest expense for the year ended June 30, 2022 amounted to \$106,844 and \$23,521, respectively.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 8. RIGHT-OF-USE ASSETS AND LIABILITIES (continued)

The following is a summary of the Authority's changes in right-of-use asset for the year ended June 30, 2022:

Description	June 30, 2021	Additions	Dispositions	June 30, 2022
Right-of-use asset	\$ 1,089,267	\$ -	\$ -	\$ 1,089,267
Less: accumulated amortization	<u>381,243</u>	<u>108,927</u>	<u>-</u>	<u>490,170</u>
Net right-of-use asset	<u>\$ 708,024</u>	<u>\$ (108,927)</u>	<u>\$ -</u>	<u>\$ 599,097</u>

Amortization expense for the fiscal year ended June 30, 2022, amounted to \$108,927.

The lease liability as of June 30, 2022 was \$725,415.

Annual lease payments for principal and interest for the next five years and thereafter is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2023	\$ 114,056	\$ 20,217	\$ 134,273
2024	121,609	16,693	138,302
2025	129,514	12,937	142,451
2026	137,785	8,939	146,724
2027	146,438	4,688	151,126
Thereafter	<u>76,013</u>	<u>666</u>	<u>76,679</u>
	<u>\$ 725,415</u>	<u>\$ 64,140</u>	<u>\$ 789,555</u>

NOTE 9. COMPENSATED ABSENCES

It is the Authority's policy to permit employees to accumulate earned but unused vacation leave, which will be paid to employees upon separation from the Authority's service or used in future periods. The Authority permits employees to accumulate earned but unused sick leave. This leave will either be used in future periods or paid to employees upon separation from the Authority in the amount of 50%, after five years of service; 75%, after ten years of service; and 100%, after fifteen years of service, of the value of the unused sick leave. Accrued vacation and vested sick leave have been valued by the Authority; allocated to all the programs, including Merrill Road Associates; and recorded as "Compensated Absences". As of June 30, 2022, accrued vacation and vested sick leave were valued at \$536,043. Of this amount, \$474,041 is considered by management to be a long-term liability.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 10. LOANS AND NOTES PAYABLE

Debt activity for the year ended June 30, 2022 consisted of the following:

Description	June 30, 2021	Advances	Principal Reductions	June 30, 2022
Loans and notes payable	\$ <u>3,232,310</u>	\$ <u>4,366</u>	\$ <u>(2,618)</u>	\$ <u>3,234,058</u>

Loans and notes payable consisted of the following as of June 30, 2022:

Description	Amount
The Authority entered into a loan with the U.S. Department of Agriculture in the amount of \$110,000, which accrues interest at 1% per annum and require monthly payments of \$886. The loan matures on December 15, 2031, and is secured by real property.	\$ 14,497
The Authority entered into a loan with the California Department of Housing and Community Development dated October 31, 2001. This \$210,000 note carries a simple interest rate of 3% per annum and is secured by the underlying property. The payment of principal and interest on this note is deferred until November 30, 2056; or until the project generates surplus cash, to the extent of 80% of surplus cash generated, paid first to outstanding interest, then to principal.	210,000
On September 15, 1995, the Partnership, entered into a promissory note with the State of California, Department of Housing and Community Development, Rental Housing Construction Program ("RHCP"). The note, for \$1,195,167, is secured by a deed of trust on the property owned by the Partnership, bears simple interest at a rate of 3% per annum, and is due 40 years from the anniversary of the Initial Assisted Unit Date, or September 1, 2036. Payments are due annually on this loan only to the extent of surplus cash earned by the project.	1,195,167
In September 1996, the Partnership received a \$300,000 loan from the Santa Cruz County Redevelopment Agency ("RDA"). This loan is unsecured, bears simple interest at a rate of 8% per annum, and was intended to be forgiven if the Authority exercised the option to purchase the property after 20 years and maintained the units according to the RHCP loan provisions for an additional 20 years. The option to purchase was exercised in 2011. No forgiveness has occurred on this loan to date, and since it is assumed that the loan will be forgiven at some future date due to the Authority exercising the option to purchase, no interest has accrued on this loan.	300,000

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 10. LOANS AND NOTES PAYABLE (continued)

<u>Description</u>	<u>Amount</u>
<p>The Authority entered into an affordable housing preservation loan with the County of Santa Cruz (the "County") on July 3, 2018. The Authority administers this loan on behalf of the County. The County transferred an initial balance of \$1,500,000, which is held by the Authority on behalf of the County. The County identifies potential affordable housing units at risk of losing affordability covenants through foreclosure and that are suitable for preservation through this program. The funds are designed to be used to purchase at risk properties which will then be re-sold to another low income family in order to preserve the affordability covenants. The funds from the sale of the property would go back into the program to help preserve additional units in the future. As a result, there is no maturity date or interest rate associated with the use of the funds. Any interest that is earned during the year from the funds being on deposit in the bank account is credited to the liability account since the funds belong to the County. To date, the funds have not yet been used to preserve any at-risk affordable properties. During the year ended June 30, 2022, the Authority earned \$4,366 of interest on loan proceeds which have been added to the principal amount of the loan.</p>	<u>1,514,394</u>
Total loans and notes payable	3,234,058
Less: current portion	<u>8,210</u>
Loans and notes payable, excluding current portion	<u>\$ 3,225,848</u>

Annual debt service for principal and interest over the next five years and in five-year increments thereafter is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 8,210	\$ 100	\$ 8,310
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028-2032	-	-	-
2033-2037	1,810,028	-	1,810,028
2038-2042	1,205,820	1,434,200	2,640,020
2043-2047	-	-	-
2048-2052	-	-	-
2053-2057	<u>210,000</u>	<u>346,500</u>	<u>556,500</u>
	<u>\$ 3,234,058</u>	<u>\$ 1,780,800</u>	<u>\$ 5,014,858</u>

Accrued interest on these notes and loans totaled \$980,120 as of June 30, 2022.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 11. OTHER LIABILITIES

As of June 30, 2022, other liabilities totaled \$1,404,604, and consisted of the following activity for the year then ended:

<u>Description</u>	<u>Balances at June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances at June 30, 2022</u>
Accrued interest payable	\$ 974,727	\$ 5,393	\$ -	\$ 980,120
Other liabilities	37,904	-	(37,904)	-
FSS Escrow	<u>329,924</u>	<u>94,560</u>	<u>-</u>	<u>424,484</u>
Total	<u>\$ 1,342,555</u>	<u>\$ 99,953</u>	<u>\$ (37,904)</u>	<u>\$ 1,404,604</u>

NOTE 12. RESTRICTED NET POSITION

Restricted net position consists of the following as of June 30, 2022:

<u>Cash Category</u>	<u>Amount</u>
Section 8 Housing Choice Vouchers housing assistance payment reserves	\$ 278,565
USDA project replacement	1,677,234
Merrill Road Associates replacement and operating reserves	297,453
Emergency housing voucher reserves	994,347
Housing preservation loan reserves	1,514,394
Brommer Street replacement reserve	<u>11,484</u>
Total restricted net position	<u>\$ 4,773,477</u>

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers program for future housing assistance payments.

The amounts held for the replacement and operating reserves of the USDA, Brommer Street, and Merrill Road Associates properties are restricted for repairs and replacement of buildings and equipment and operating deficits, and cannot be disbursed without the prior written approval of either the USDA, Rural Economic and Community Development Department or the State of California, Department of Housing and Community Development.

Emergency housing vouchers reserves are restricted for use only in the Emergency Housing Vouchers program for future program expenditures.

Affordable housing preservation reserves are restricted for the purchase of at risk properties, which will then be re-sold to low income families. The funds from the sale of the properties will go back into the program to help preserve additional units in the future.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022**

NOTE 13. COMMITMENTS AND CONTINGENCIES

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD.

As of June 30, 2022, the Authority estimates that no material liabilities will result from such audits.

NOTE 14. PENSION PLAN

A. Plan Description

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS. A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes and membership information, is listed in the June 30, 2021 Annual Actuarial Valuation Report. This report is a publicly available valuation report that can be obtained at CalPERS' website under "Forms and Publications". All qualified permanent and probationary employees are eligible to participate in the Authority's cost-sharing multiple-employer defined benefit pension plans administered by CalPERS. Benefit provisions under the plans are established by State statute and the Authority's resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

The Authority's plan is made up of 4 tiers. Tier 1, 3% at 60 covers all employees hired before March 5, 2006. Tier 2, 2% at 55 covers all employees hired between March 5, 2006 and July 29, 2012. Tier 3, 2% at 60 covers all employees hired between July 29, 2012 and January 1, 2013. Tier 4, 2% at 62 covers all employees hired after January 1, 2013. The fourth tier is the result of State legislation AB 340, the Public Employees' Pension Reform Act. The number of employees across all four tiers as of the June 30, 2020 valuation date was 56 active and 40 retired.

B. Funding Policy

The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. Employer contribution rates may change if plan contracts are amended. The contribution requirements of plan members and the Authority are established and may be amended by PERS.

Participants in the Authority's first tier are required to contribute 8% of their annual covered salary, participants in the second and third tiers contribute 7%, while participants in the fourth tier contribute 6.75% during the fiscal year ended June 30, 2022. Employer rates are as follows:

	<u>1st Tier</u>	<u>2nd Tier</u>	<u>3rd Tier</u>	<u>4th Tier</u>
2021/2022	16.150 %	11.600 %	8.650 %	7.590 %
2022/2023	16.170 %	11.610 %	8.630 %	7.470 %
2023/2024	18.240 %	13.260 %	10.100 %	7.680 %
2024/2025 (projected)	18.200 %	13.300 %	10.100 %	7.700 %

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 14. PENSION PLAN (continued)

B. Funding Policy (continued)

In addition, CalPERS requires employer contributions toward the Authority's unfunded liability and side fund as a dollar amount paid either in 12 monthly payments or as a lump sum at the beginning of the year. The Authority has historically chosen to pay the lump sum at the beginning of each fiscal year. The dollar amounts of these contributions are projected by CalPERS to be as follows:

	<u>1st Tier</u>		<u>2nd Tier</u>		<u>3rd Tier</u>		<u>4th Tier</u>
2021/2022	\$ 643,225	\$	36,667	\$	8,819	\$	16,952
2022/2023	\$ 743,024	\$	42,238	\$	9,093	\$	595
2023/2024	\$ 711,905	\$	38,721	\$	-	\$	-
2024/2025 (projected)	\$ 700,000	\$	35,000	\$	-	\$	-

The amounts contributed to the pension plan for the fiscal year ended June 30, 2022 are as follows:

	<u>Employer Contributions</u>		<u>Employee Contributions</u>		<u>Total</u>
Tier 1	\$ 908,687	\$	142,098	\$	1,050,785
Tier 2	114,290		47,577		161,867
Tier 3	32,726		19,584		52,310
Tier 4	<u>119,919</u>		<u>92,070</u>		<u>211,989</u>
Total required contributions made	1,175,622		301,329		1,476,951
Miscellaneous employee contributions	-		-		-
Total payments made to CalPERS	<u>\$ 1,175,622</u>	\$	<u>301,329</u>	\$	<u>1,476,951</u>

C. Actuarial Methods and Assumptions

The collective total pension liability for the June 30, 2021 measurement period was determined using the annual funding valuation as of June 30, 2020, with updated procedures used to roll forward the total pension liability to June 30, 2021. The collective total pension liability was based on the following assumptions:

Discount rate	7.15%
Inflation	2.50%
Salary increase	Varies by entry age and service
Mortality rate tables	Derived using CalPERS membership data for all funds
Post retirement benefits	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.5% thereafter

Actuarial assumptions were based upon the experience study for the period 1997-2015.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 14. PENSION PLAN (continued)

D. Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

E. Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return Year 1 - 10 (a)	Real Return Years 11+ (b)
Public Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	(0.92)%
	<u>100.00%</u>		

- a. An expected inflation of 2.0% is used for this period.
- b. An expected inflation of 2.92% is used for this period.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 14. PENSION PLAN (continued)

F. Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period for the Miscellaneous Risk Pool:

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at June 30, 2021	\$ <u>18,920,437,526</u>	\$ <u>14,702,361,183</u>	\$ <u>4,218,076,343</u>
Changes for the year:			
Service cost	447,031,540	-	447,031,540
Interest	1,348,026,935	-	1,348,026,935
Change of benefit terms	979,215	-	979,215
Differences between expected and actual experience	169,063,216	-	169,063,216
Net plan to plan resource movement	-	50,338,379	(50,338,379)
Contributions - employer	-	710,555,982	(710,555,982)
Contributions - employee	-	197,606,838	(197,606,838)
Net investment income	-	3,340,988,811	(3,340,988,811)
Benefit payments, including refunds of employee contributions	(920,944,327)	(920,944,327)	-
Administrative expense	<u>-</u>	<u>(15,115,342)</u>	<u>15,115,342</u>
Net changes	<u>1,044,156,579</u>	<u>3,363,430,341</u>	<u>(2,319,273,762)</u>
Balance at June 30, 2022	\$ <u>19,964,594,105</u>	\$ <u>18,065,791,524</u>	\$ <u>1,898,802,581</u>

Participating employers' allocations for the components of net position liability were calculated by BDO USA, LLP and a report issued December 17, 2021. Based on this report, the Authority's proportionate shares of the risk pool's total pension liability, fiduciary net position, and net pension liability were as follows:

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance as of June 30, 2022	\$ <u>39,012,813</u>	\$ <u>34,236,482</u>	\$ <u>4,776,331</u>
Percentage of the pool	<u>0.001954 %</u>	<u>0.088320 %</u>	<u>0.251540 %</u>

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022**

NOTE 14. PENSION PLAN (continued)

G. Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability, calculated using the discount rate of 7.15%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Risk pool's net pension liability	\$ <u>4,534,845,933</u>	\$ <u>1,898,802,581</u>	\$ <u>(280,294,125)</u>
Authority's net pension liability	\$ <u>9,927,228</u>	\$ <u>4,776,331</u>	\$ <u>518,158</u>

H. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, Deferred Inflows of Resources Related to Pensions

The Authority has recorded pension expense, deferred outflows of resources and deferred inflows of resources based on the GASB 68 Accounting Report and the Schedules of Employer Allocations for Components of Net Pension Liability and Schedule of Collective Pension Amounts prepared by CalPERS. The measurement date of these reports and schedules was June 30, 2021. For the year ended June 30, 2022, the Authority recognized pension expense of \$1,175,621. As of June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Authority's pension plan from the following sources:

Risk Pool's Portion

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 212,930,330	\$ -
Net differences between actual and projected earnings on pension plan investments	<u>-</u>	<u>(1,657,554,246)</u>
Total	<u>\$ 212,930,330</u>	<u>\$ (1,657,554,246)</u>

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 14. PENSION PLAN (continued)

H. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, Deferred Inflows of Resources Related to Pensions (continued)

Authority's Portion

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in employer's proportion	\$ 290,978	\$ -
Differences between expected and actual experience	535,614	-
Net differences between actual and projected earnings on pension plan investments	-	4,167,345
Net differences between employer's contributions and the employer's proportionate share of contributions	-	403,434
Contribution subsequent to the measurement date	<u>1,175,621</u>	<u>-</u>
Total	<u>\$ 2,002,213</u>	<u>\$ 4,570,779</u>

Amounts reported as deferred outflows and deferred inflows of resources, other than the contributions made after the measurement date, will be recognized in future pension expense as follows:

Years ending June 30:	<u>Amount</u>
2023	\$ (802,203)
2024	(847,259)
2025	(944,634)
2026	<u>(1,150,091)</u>
	<u>\$ (3,744,187)</u>

The amounts reported as deferred outflows of resources related to pensions, contributions made after the measurement date of June 30, 2021, should have the effect of reducing net pension liability during the next actuarial measurement period.

See also the Required Supplementary Information section of this report. This section includes schedules that present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 15. OTHER POST EMPLOYMENT BENEFITS

A. OPEB Plan Description

The Authority provides post-retirement pre-Medicare healthcare benefits for retirees. These benefits are provided for those retirees, as well as their surviving spouses, who are enrolled in a medical plan at the time of retirement and file an application for monthly retirement benefits through CalPERS at the time of separation. The Authority will contribute the minimum employer contribution required by CalPERS. Coverage may be continued for the retiree's and surviving spouse's lifetime. No dental, vision, or other post-retirement benefits are provided to retired employees or surviving spouses. The OPEB plan may be amended by action of the Authority. The plan does not issue a stand alone financial report.

B. Benefits

The Authority has contracted with CalPERS to provide medical benefits to qualified retirees and their surviving spouses. The Authority makes actual payments of \$143 per month in 2021 and \$149 per month in 2022, per eligible retiree, to the healthcare benefit provider. The OPEB plan minimum payments are expected to increase on an annual basis. Eligible retirees pay the remaining monthly balance due for insurance. Active employees make no payments toward OPEB until retirement.

C. Eligibility

The Authority has contracted with CalPERS to provide medical benefits to qualified retirees and their surviving spouses. The Authority makes actual payments of \$143 per month in 2021 and \$149 per month in 2022, per eligible retiree, to the healthcare benefit provider. The OPEB plan minimum payments are expected to increase on an annual basis. Eligible retirees pay the remaining monthly balance due for insurance. Active employees make no payments toward OPEB until retirement.

Eligibility for retiree medical benefits are extended to those retirees, as well as their surviving spouses, who are enrolled in a medical plan at the time of retirement and file an application for monthly retirement benefits through CalPERS at the time of separation. Further eligibility requires the employee to retire after age 50 and with at least 5 years of service. As of June 30, 2021, 14 employees were eligible and receiving these benefits. The Authority had another 55 employees who are eligible for the program, but are not receiving benefits due to the fact that they are not retired from the Authority as of June 30, 2021.

D. Contributions

The Authority has established a trust account with CalPERS to administer the funding of the projected benefits of the OPEB plan. Monthly, the Authority makes healthcare premium payments for its current retirees to its CalPERS medical benefit provider. These monthly payments are limited to the monthly amounts noted in the section above titled "Benefits". The retiree contributes any amount exceeding these established plan limits. The Authority then makes deposits into their CalPERS trust account for the difference between the actuarially determined annual OPEB cost and the out-of-pocket payments made to CalPERS health.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (continued)

D. Contributions (continued)

The contributions were as follows:

	Balances at <u>June 30, 2022</u>	Balances at <u>June 30, 2021</u>
Contributions made to CalPERS trust	\$ -	\$ 99,312
Payments made to CalPERS for retiree premiums	<u>27,800</u>	<u>23,688</u>
Total	<u>\$ 27,800</u>	<u>\$ 123,000</u>

E. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

	Total OPEB <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net OPEB <u>Liability</u>
Balance at June 30, 2021	\$ <u>1,827,474</u>	\$ <u>737,209</u>	\$ <u>1,090,265</u>
Changes for the year:			
Service cost	69,817	-	69,817
Interest	117,143	-	117,143
Differences between expected and actual experience	(92,766)	-	(92,766)
Benefit changes	(821,966)	-	(821,966)
Employer contributions	-	149,870	(149,870)
Net investment income	-	202,638	(202,638)
Benefit payments	(50,558)	(50,558)	-
Administrative expense	<u>-</u>	<u>(279)</u>	<u>279</u>
Net changes	<u>(778,330)</u>	<u>301,671</u>	<u>(1,080,001)</u>
Balance at June 30, 2022	<u>\$ 1,049,144</u>	<u>\$ 1,038,880</u>	<u>\$ 10,264</u>

F. Sensitivity of the Net OPEB Liability (Asset) Due to Changes in the Discount Rate

The following table represents the net OPEB liability, calculated using the current discount rate of 6.50%, as well as what it would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
Net OPEB liability (asset)	<u>\$ 207,444</u>	<u>\$ 10,264</u>	<u>\$ (144,756)</u>

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (continued)

F. Sensitivity of the Net OPEB Liability (Asset) Due to Changes in the Discount Rate (continued)

The following presents the net OPEB liability of the plan as of June 30, 2020 calculated using the healthcare cost trend rate of 5%, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or higher than the current rate:

	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
Net OPEB liability	\$ <u>(147,731)</u>	\$ <u>10,264</u>	\$ <u>211,078</u>

The components of the annual OPEB expense are as follows:

Service Cost	\$ 69,817
Interest	117,143
Expected investment return	(47,910)
Administrative expenses	279
Change in NOL due to changes in benefits	(821,966)
Recognition of difference between actual and expected experience	(6,737)
Recognition of changes in assumptions	6,182
Recognition of differences between projected and actual earnings on investments	<u>(31,096)</u>
Total OPEB expense for the year ended June 30, 2022	\$ <u>(714,288)</u>

The difference between the OPEB expense and the actual contributions made are subsidized premiums. Recent changes to the accounting rules require that actuarial valuations dated after March 2015 must incorporate "age-specific claim costs", which recognize that the true cost of health care increases with age. The amount of subsidized premiums allocated to the fiscal year ended June 30, 2022 was \$26,870.

G. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

As of June 30, 2022, the Authority recognized an OPEB liability of \$10,264. At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Changes in Assumptions	\$ 55,639	\$ -
Differences between expected and actual experience	31,118	82,572
Net differences between actual and projected earnings on OPEB plan investments	-	115,219
Contribution subsequent to the measurement date	<u>27,800</u>	<u>-</u>
Total	\$ <u>114,557</u>	\$ <u>197,791</u>

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022**

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (continued)

G. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB (continued)

The deferred outflow and deferred inflows of resources, other than the employer contributions noted above, will be recognized in future pension expense as follows:

Years ending June 30:	Recognized Deferred Outflows/Inflows of <u>Resources</u>
2023	\$ (28,668)
2024	(27,389)
2025	(27,744)
2026	(31,499)
2027	(555)
Thereafter	<u>4,821</u>
Total	<u>\$ (111,034)</u>

The amount reported as deferred outflows of resources related to employer contributions made July 2021 through June 2022, should have the effect of reducing net pension liability during the next actuarial measurement period. This amount does not include the estimated implicit rate subsidy of \$26,870.

H. Actuarial Assumptions

The following are the assumptions as of the measurement date of June 30, 2021:

Actuarial Methods and Assumptions

Inflation	2.75%
Payroll growth	3.25%
Investment rate of return	6.50% per year
Healthcare cost trend rates	CalPERS medical premiums are assumed to increase 5% per year
PEMHCA minimum benefits	4% increase per year
Discount rate	6.50%
Measurement date	June 30, 2021
Mortality	Rates taken from the 2017 CalPERS valuation

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (continued)

H. Actuarial Assumptions (continued)

The long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The asset class percentages are taken from the current composition of the CERBT trust, and the expected yields are taken from a recent CalPERS publication for the Pension Fund (except for the estimated yield for commodities, which is taken from other sources):

<u>Asset Class</u>	<u>% of Fund</u>	<u>Real Return Next 10 Years</u>
Global Equity	59.00%	4.80%
Fixed Income	25.00%	1.00%
Treasure securities	5.00%	0.45%
Real Estate Trusts	8.00%	4.50%
Commodities	3.00%	3.00%

Using these figures, the weighted-average real rate of return is estimated to be 3.82%. Adding estimated inflation of 2.75%, we obtain 6.57% as an estimate of the expected rate of return, which is rounded to: 6.50%.

The discount rate has been set equal to the long-term expected rate of return on investment of 6.5%. The cash flows of the OPEB plan were projected to future years, assuming that the Authority will contribute an amount so that the assets always exceed expected benefits to retirees. Under that projection, the plan assets are projected to be adequate to pay all benefits to retirees in all future years, so the discount rate has been set equal to the long-term expected rate of return on investments, 6.5%.

Change of assumption: All actuarial assumptions are unchanged from the July 1, 2017 valuation, except as follows. The assumed rates of retirement, turnover and mortality have been changed from the 2014 GASB OPEB Assumptions Model rates to the 2017 CalPERS pension valuation rates. The effect of this change was to increase the APVPBP by \$119,293.

NOTE 16. CONDENSED FINANCIAL INFORMATION FOR THE BLENDED COMPONENT UNITS

	Merrill Road Associates	New Horizons Affordable Housing and Development Inc.	Total Blended Component Units
Assets:			
Current assets	\$ 43,669	\$ 9,215,233	\$ 9,258,902
Capital assets, net	2,012,693	6,929,242	8,941,935
Other non-current assets	297,453	11,484	308,937
Total assets	<u>2,353,815</u>	<u>16,155,959</u>	<u>18,509,774</u>
Liabilities:			
Current	34,546	286,930	321,476
Non-current	3,253,066	472,662	3,725,728
Total liabilities	<u>3,287,612</u>	<u>759,592</u>	<u>4,047,204</u>
Net Position:			
Net investment in capital assets	(186,746)	6,519,242	6,332,496
Restricted	297,453	11,484	308,937
Unrestricted	<u>(1,044,504)</u>	<u>8,865,641</u>	<u>7,821,137</u>
Net position	<u>\$ (933,797)</u>	<u>\$ 15,396,367</u>	<u>\$ 14,462,570</u>

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 16 CONDENSED FINANCIAL INFORMATION FOR THE BLENDED COMPONENT UNITS (continued)

	Merrill Road Associates	New Horizons Affordable Housing and Development Inc.	Total Blended Component Units
Operating revenues:			
Tenant revenue	\$ 186,157	\$ 8,175,496	\$ 8,361,653
Other revenues	<u>-</u>	<u>160,260</u>	<u>160,260</u>
Total operating revenues	<u>186,157</u>	<u>8,335,756</u>	<u>8,521,913</u>
Operating expenses:			
Administrative	73,311	948,436	1,021,747
Tenant services	-	58,073	58,073
Maintenance and utilities	95,427	943,618	1,039,045
Insurance	9,785	167,350	177,135
General expenses	2,594	80,523	83,117
Depreciation	<u>68,363</u>	<u>145,271</u>	<u>213,634</u>
Total operating expenses	<u>249,480</u>	<u>2,343,271</u>	<u>2,592,751</u>
Other income (expense)			
Interest income	583	6,569	7,152
Interest expense	<u>(43,438)</u>	<u>(6,300)</u>	<u>(49,738)</u>
Net other expense	<u>(42,855)</u>	<u>269</u>	<u>(42,586)</u>
Net (loss) income	<u>\$ (106,178)</u>	<u>\$ 5,992,754</u>	<u>\$ 5,886,576</u>

NOTE 17. SUBSEQUENT EVENTS

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through February 9, 2023 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Commissioners of the
Housing Authority of the County of Santa Cruz:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the County of Santa Cruz (the "Authority") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated February 9, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Novogradac & Company LLP

February 9, 2023
Toms River, New Jersey

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Commissioners of the
Housing Authority of the County of Santa Cruz:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Housing Authority of the County of Santa Cruz's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2022. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards require the auditor to perform limited procedures on the Authority's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 to be significant deficiencies.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Authority's Response to the Internal Control over Compliance Findings

Government Auditing Standards require the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Novogradac & Company LLP

February 9, 2023
Toms River, New Jersey

SUPPLEMENTARY INFORMATION

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Federal Grantor/Program Title</u>	<u>Federal ALN Number</u>	<u>Grant Expenditures</u>
U.S. Department of Housing and Urban Development:		
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	\$ 107,021,184
Mainstream Vouchers	14.879	3,152,317
Emergency Housing Vouchers	14.EHV	<u>1,701,261</u>
Total Housing Voucher Cluster		111,874,762
Section 8 Project-Based Rental Assistance (PBRA) Cluster		
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	114,383
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	<u>365,909</u>
Total Section 8 Project-Based Rental Assistance (PBRA) Cluster		480,292
Continuum of Care Program	14.267	835,149
Home Investment Partnership Program	14.239	3,800
Family Self Sufficiency Program	14.896	<u>148,629</u>
Subtotal United States Department of Housing and Urban Development		<u>113,342,632</u>
U.S. Department of Agriculture:		
Farm Labor Housing Loans and Grants	10.427	<u>48,330</u>
Total U.S. Department of Agriculture		<u>48,330</u>
Total Expenditures of Federal Awards		<u>\$ 113,390,962</u>

See Notes to Schedule of Expenditures of Federal Awards.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. INDIRECT COST RATE

The Authority has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

I. Summary of Auditors' Results

Financial Statement Section

- | | | |
|----|---|---------------|
| 1. | Type of auditors' report issued: | Unmodified |
| 2. | Internal control over financial reporting | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified? | None Reported |
| 3. | Noncompliance material to the financial statements? | No |

Federal Awards Section

- | | | |
|----|--|------------|
| 1. | Internal control over compliance: | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified? | Yes |
| 2. | Type of auditors' report on compliance for major programs: | |
| | 14.871 Section 8 Housing Choice Vouchers | Unmodified |
| | 14.879 Mainstream Vouchers | Unmodified |
| | 14.EHV Emergency Housing Vouchers | Unmodified |
| 3. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes |

4. Identification of major programs:

<u>ALN Number</u>	<u>Name of Federal Program</u>
	Housing Voucher Cluster:
14.871	Section 8 Housing Choice Vouchers
14.879	Mainstream Vouchers
14.EHV	Emergency Housing Vouchers

- | | | |
|----|--|-------------|
| 5. | Dollar threshold used to distinguish between Type A and Type B Programs: | \$3,000,000 |
| 6. | Auditee qualified as low-risk Auditee? | Yes |

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED JUNE 30, 2022**

II. Financial Statement Findings

There were no findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

III. Federal Award Findings and Questioned Costs

Finding 2022-001:

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program Titles: Section 8 Housing Choice Vouchers and Mainstream Vouchers Programs
Federal Catalog Numbers: 14.871 and 14.879
Noncompliance – E. Eligibility – Tenant Files
Non Compliance Material to the Financial Statements: No
Significant Deficiency in Internal Control over Compliance for Eligibility

Criteria: Tenant Files. The PHA must do the following: As a condition of admission or continued occupancy, require the tenant and other family member to provide necessary information, documentation, and releases for the PHA to verify income eligibility (24 CFR sections 5.230, 5.609, and 982.516). These files are required to be maintained and available for examination at the time of audit.

Condition: Based upon inspection of the Authority's files and on discussion with management, there were documents that were unavailable for examination at the time of audit.

Context: There are approximately 5,068 units. Of a sample size of fifty-nine (59) tenant files, the following was noted:

- HUD 9887 Form was missing in 4 files
- Annual HUD 50058 recertification form and verification of income and assets was missing in 1 file
- Lead based paint disclosure form was missing in 1 file

Our sample size is statistically valid.

Known Questioned Costs: \$59,947

Cause: There is a significant deficiency in compliance for the eligibility type of compliance related to the maintenance of tenant files. The Authority has not properly maintained tenant files in compliance with program requirements following the expiration of HUD waivers as a result of insufficient staffing.

Effect: The Section 8 Housing Choice Vouchers and Mainstream Vouchers Programs are in non-compliance with the eligibility type of compliance related to the maintenance of tenant files.

Recommendation: We recommend the Authority design and implement a corrective action plan that will assure compliance with the Uniform Guidance and the compliance supplement.

Authority Response: The Authority accepts the recommendation of the auditor. Following the expiration of the COVID-19 HUD regulatory waivers, the Authority experienced a large backlog of reexaminations along with higher than usual rates of staff turnover and other staff capacity challenges related to the pandemic. Authority management has developed and implemented a plan to rapidly work through the backlog, bringing the program into compliance. Current HUD SEMAP data reflects that 96% of reexaminations have been completed in a timely manner, which is high enough to provide full points for this SEMAP indicator. Authority management will continue to monitor and strive towards 100% timely recertifications by the end of this fiscal year.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED JUNE 30, 2022**

III. Federal Award Findings and Questioned Costs (continued)

Finding 2022-002:

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program Titles: Section 8 Housing Choice Vouchers Programs

Federal Catalog Numbers: 14.871

Noncompliance – N. Special Tests and Provisions - Housing Quality Standards

Non Compliance Material to the Financial Statements: No

Significant Deficiency in Internal Control over Compliance for Special Tests and Provisions

Criteria: Housing Quality Standards Inspections. The PHA must inspect the unit leased to a family at least annually to determine if the unit meets the Housing Quality Standards (HQS) and the PHA must conduct quality control re-inspections. The PHA must prepare a unit inspection report (24 CFR sections 982.158(d) and 982.405(b)). For units that fail inspection the PHA must correct all life threatening HQS deficiencies within 24 hours and all other deficiencies within 30 days.

Condition: Based upon inspection of the Authority's files and on discussion with management, there was a failed inspection that did not pass reinspection within 30 days without penalty.

Context: There are approximately 5,068 units. Of a sample size of twenty-five (25) failed inspections, one failed inspection did not pass reinspection within 30 days. HAP was not abated nor was the tenant evicted.

Our sample size is statistically valid.

Known Questioned Costs: \$10,276

Cause: There is a significant deficiency in internal controls over the compliance for the special tests and provisions type of compliance related to HQS inspections. The Authority has not properly performed HQS inspections in compliance with program requirements following the expiration of HUD waivers as a result of insufficient staffing .

Effect: The Section 8 Housing Choice Vouchers Program is in non-compliance with the special tests and provisions type of compliance related to HQS inspections.

Recommendation: We recommend the Authority design and implement a corrective action plan that will assure compliance with the Uniform Guidance and the compliance supplement.

Authority Response: The Authority accepts the recommendation of the auditor. Following the expiration of the COVID-19 HUD regulatory waivers, the Authority experienced higher than usual rates of staff turnover and other staff capacity challenges related to the pandemic. Authority management is in the process of updating procedures and practices related to inspections and HAP abatement.

IV. Schedule of Prior Year Audit Findings

None.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
REQUIRED SUPPLEMENTARY PENSION INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022**

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY FOR CALPERS DEFINED BENEFIT RETIREMENT PLAN***

<u>Measurement Date</u>	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability ("NPL")</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>NPL/Payroll Ratio</u>
PERF C Public Agency Cost Sharing Plan:						
06/30/2014	30,829,966,631	24,607,502,515	6,222,464,116	79.82 %		
06/30/2015	31,771,217,402	24,907,305,871	6,863,911,531	78.40 %		
06/30/2016	33,358,627,624	24,705,532,291	8,653,095,333	74.06 %		
06/30/2017	37,161,348,332	27,244,095,376	9,917,252,956	73.31 %		
06/30/2018	38,944,855,364	29,308,589,559	9,636,265,805	75.26 %		
06/30/2019	41,426,453,489	31,179,414,067	10,247,039,422	75.26 %		
06/30/2020	43,702,930,887	32,822,501,335	10,880,429,552	75.10 %		
06/30/2021	46,174,942,264	40,766,653,876	5,408,288,388	88.29 %		
Miscellaneous Risk Pool in Total:						
06/30/2013	12,374,543,647	9,097,875,216	3,276,668,431	73.52 %		
06/30/2014	13,110,948,452	10,639,461,174	2,471,487,278	81.15 %		
06/30/2015	13,639,503,084	10,896,036,068	2,743,467,016	79.89 %		
06/30/2016	14,397,353,530	10,923,476,287	3,473,877,243	75.87 %		
06/30/2017	16,016,547,402	12,074,499,781	3,942,047,621	75.39 %		
06/30/2018	16,891,153,209	13,122,440,092	3,768,713,117	77.69 %		
06/30/2019	17,984,188,264	13,979,687,268	4,004,500,996	77.73 %		
06/30/2021	18,920,437,526	14,702,361,183	4,218,076,343	77.71 %		
06/30/2022	19,964,594,105	18,065,791,524	1,898,802,581	90.49 %		

*** This schedule is required to present ten years of information. The information above is presented for the years currently available. A full ten-year trend will be built as the information becomes available in the future.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
REQUIRED SUPPLEMENTARY PENSION INFORMATION (continued)
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Measurement Date</u>	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability ("NPL")</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>NPL/Payroll Ratio</u>
Authority's Proportionate Share of the Miscellaneous Risk Pool (\$):						
06/30/2013	24,885,431	16,887,565	7,997,866	67.86 %	3,495,580	228.80 %
06/30/2014	26,368,790	19,694,701	6,674,089	74.69 %	3,420,738	195.11 %
06/30/2015	27,456,183	22,128,324	5,327,859	80.60 %	3,460,606	153.96 %
06/30/2016	28,826,381	22,106,931	6,719,450	76.69 %	3,328,404	201.88 %
06/30/2017	32,223,692	24,745,480	7,478,212	76.79 %	3,326,175	224.83 %
06/30/2018	33,554,276	26,235,694	7,318,582	78.19 %	3,567,491	205.15 %
06/30/2019	35,367,705	27,289,748	8,077,957	77.16 %	3,754,306	215.17 %
06/30/2020	36,030,280	27,113,310	8,916,970	75.25 %	3,866,637	230.61 %
06/30/2021	37,983,848	28,155,613	9,828,235	74.13 %	3,985,360	246.61 %

Authority's Proportionate Share of the Miscellaneous Risk Pool (%):

06/30/2013	0.20110 %	0.18562 %	0.244085 %
06/30/2014	0.20110 %	0.18511 %	0.270043 %
06/30/2015	0.20130 %	0.20309 %	0.194202 %
06/30/2016	0.20022 %	0.20238 %	0.193428 %
06/30/2017	0.20119 %	0.20494 %	0.189704 %
06/30/2018	0.19865 %	0.19993 %	0.194193 %
06/30/2019	0.19967 %	0.19521 %	0.201722 %
06/30/2020	0.19588 %	0.19193 %	0.209650 %
06/30/2021	0.19541 %	0.18951 %	0.251540 %

*** This schedule is required to present ten years of information. The information above is presented for the years currently available. A full ten-year trend will be built as the information becomes available in the future.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
REQUIRED SUPPLEMENTARY PENSION INFORMATION (continued)
FOR THE YEAR ENDED JUNE 30, 2022**

SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR CALPERS***

Fiscal Year Ended	Actuarially Determined Contributions ("ADC")	Contribution in relation to ADC	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions to Payroll Ratio
06/30/2014	804,089	804,089	-	3,430,738	23.44 %
06/30/2015	838,251	2,523,285	(1,685,034)	3,460,606	72.91 %
06/30/2016	965,609	965,609	-	3,328,404	29.01 %
06/30/2017	620,373	620,373	-	3,326,175	18.65 %
06/30/2018	691,803	691,803	-	3,567,491	19.39 %
06/30/2019	822,772	822,772	-	3,754,306	21.92 %
06/30/2020	951,081	951,081	-	3,866,637	24.60 %
06/30/2021	1,083,614	1,083,614	-	3,985,360	27.19 %
06/30/2022	1,175,621	1,175,621	-	4,099,698	28.68 %

*** This schedule is required to present ten years of information. The information above is presented for the years currently available. A full ten-year trend will be built as the information becomes available in the future.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
REQUIRED SUPPLEMENTARY OPEB INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022**

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS***

	June 30, <u>2017</u>	June 30, <u>2018</u>	June 30, <u>2019</u>	June 30, <u>2020</u>	June 30, <u>2021</u>
Total OPEB Liability:					
Service cost	\$ 45,176	\$ 46,644	\$ 48,160	\$ 67,619	\$ 69,817
Interest	81,826	88,177	94,421	108,642	117,143
Change of benefit terms	-	-	-	-	(821,966)
Differences between expected and actual experience	-	-	41,489	-	(92,766)
Changes of assumptions	-	-	74,185	-	-
Benefit paid to retirees	<u>(19,682)</u>	<u>(38,920)</u>	<u>(38,573)</u>	<u>(40,393)</u>	<u>(50,558)</u>
Net change in total OPEB liability	<u>107,320</u>	<u>95,901</u>	<u>219,682</u>	<u>135,868</u>	<u>(778,330)</u>
Plan fiduciary net position - beginning	<u>1,268,703</u>	<u>1,376,023</u>	<u>1,471,924</u>	<u>1,691,606</u>	<u>1,827,474</u>
Plan fiduciary net position - ending	<u>\$1,376,023</u>	<u>\$1,471,924</u>	<u>\$1,691,606</u>	<u>\$1,827,474</u>	<u>\$1,049,144</u>
Plan Fiduciary Net Position:					
Employer contributions	\$ 42,275	\$ 99,103	\$ 102,591	\$ 121,837	\$ 149,870
Net investment income	39,593	35,088	33,119	22,387	202,638
Benefit paid to retirees	(19,682)	(38,920)	(38,573)	(40,393)	(50,558)
Administrative expense	<u>(194)</u>	<u>(236)</u>	<u>(115)</u>	<u>(310)</u>	<u>(279)</u>
Net change in plan fiduciary net position	61,992	95,035	97,022	103,521	301,671
Plan fiduciary net position - beginning	<u>379,639</u>	<u>441,631</u>	<u>536,666</u>	<u>633,688</u>	<u>737,209</u>
Plan fiduciary net position - ending	<u>\$ 441,631</u>	<u>\$ 536,666</u>	<u>\$ 633,688</u>	<u>\$ 737,209</u>	<u>\$1,038,880</u>
Authority's net OPEB liability	<u>\$ 934,392</u>	<u>\$ 935,258</u>	<u>\$ 1,057,918</u>	<u>\$ 1,090,265</u>	<u>\$ 10,264</u>
Plan fiduciary net position as a percentage of the total OPEB liability	32.09 %	36.46 %	37.46 %	40.34 %	99.10 %
Covered payroll	<u>\$3,326,175</u>	<u>\$3,567,491</u>	<u>\$3,754,306</u>	<u>\$3,866,638</u>	<u>\$3,985,360</u>
Authority's net OPEB liability (asset) as a percentage of its covered-employee payroll	28.09 %	26.22 %	28.18 %	28.20 %	0.26 %

*** This schedule is required to present ten years of information. The information above is presented for the years currently available. A full ten-year trend will be built as the information becomes available in the future.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
 REQUIRED SUPPLEMENTARY OPEB INFORMATION (continued)
 FOR THE YEAR ENDED JUNE 30, 2022**

SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OPEB

Fiscal Year <u>Ended</u>	Actuarially Determined Contributions <u>("ADC")</u>	Contribution in relation to ADC	Contribution Deficiency <u>(Excess)</u>	Covered Employee <u>Payroll</u>	Contributions to Payroll <u>Ratio</u>
06/30/2018	80,541	81,541	-	3,567,491.00	2.26 %
06/30/2019	85,000	85,000	-	3,754,306.00	2.26 %
06/30/2020	104,000	104,000	-	3,866,638.00	2.69 %
06/30/2021	123,000	123,000	-	3,985,360.00	3.09 %
06/30/2022	27,800	27,800	-	4,099,698.00	0.01 %

*** This schedule is required to present ten years of information. The information above is presented for the years currently available. A full ten-year trend will be built as the information becomes available in the future.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
NOTES TO THE REQUIRED SUPPLEMENTARY PENSION AND OPEB INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

- The Schedule of Proportionate Share of Net Pension Liability presents the Authority's portion of CalPERS Miscellaneous Risk Pool NPL as a dollar value as well as a percentage. The funded ratio represents the Authority's proportionate share of the Plan's Fiduciary Net Position as a percentage of the Authority's proportionate share of the Total Pension Liability. GASB 68 requires this schedule to include ten-year trend analysis. The trend analysis is intended to aid the reader in determining the financial health of the pension plan. The schedule contains all currently known information and will be built prospectively as the information becomes available, until the ten year requirement has been met. The Miscellaneous Risk Pool information is provided by CalPERS in its "GASB 68 Accounting Report for the measurement date of June 30, 2021. The Authority's proportionate share is calculated using information provided by CalPERS in its "Schedule of Employer Allocations for Components of Net Pension Liability and Schedule of Collective Pension Amounts, June 30, 2021.
- The Schedule of Employer Contributions to CalPERS presents information regarding the Authority's required contributions to CalPERS, the amounts actually contributed, and any excess or deficiency to the contributions required. This schedule reports only employer required contributions. See also footnote 15 to the Basic Financial Statements for the contributions, both employer and employee, for the current fiscal year. GASB 68 requires this schedule to include ten-year trend analysis. The trend analysis is intended to aid the reader in determining the financial health of the pension plan. The schedule contains all currently known information and will be built prospectively as the information becomes available, until the ten year requirement has been met.
- The Schedule of Changes in the Net OPEB Liability and Related Ratios present the changes in the Authority's Total OPEB Liability (TOL) and Fiduciary Net Position (FNP) of the plan. GASB 75 requires this schedule to include ten-year trend analysis. The trend analysis is intended to aid the reader in determining the financial health of the pension plan. The schedule contains all currently known information and will be built prospectively as the information becomes available, until the ten year requirement has been met. See also footnote 16 to the Financial Statements.
- The Schedule of Employer Contributions to OPEB presents information regarding the Authority's required contributions to their OPEB plan, the amounts actually contributed, and any excess or deficiency to the contributions required. This schedule reports only employer required contributions. See also footnote 16 to the Basic Financial Statements for the contributions, both employer and employee, for the current fiscal year. GASB 75 requires this schedule to include ten-year trend analysis. The trend analysis is intended to aid the reader in determining the financial health of the pension plan. The schedule contains all currently known information and will be built prospectively as the information becomes available, until the ten year requirement has been met.
- There were no changes to the benefit terms that applied to the Authority's plans.
- There were no changes to the assumptions applied to the Authority's plans, except as follows for the OPEB plan. The assumed rates for retirement, turnover, and mortality changed from the 2014 GASB OPEB Assumptions Model rates to the 2017 CalPERS pension valuation rates.

Housing Authority of the County of Santa Cruz

Financial Data Schedule (FDS)

June 30, 2022

Line Item #	Account Description	PROJECTS	10-427 Rural Rental Assistance	14-267 Continuum of Care Program	14-249 Section 8 MOD-Rehab Single Room Occupancy	14. EHV Emergency Housing Voucher	14.856 Lower Income Housing Assistance Program
	ASSETS:						
	CURRENT ASSETS:						
	Cash:						
111	Cash - unrestricted	\$ 7,281,603	\$ 141,269	\$ -	\$ 119,892	\$ 232,220	\$ 799,457
112	Cash - restricted - modernization and development	-	1,677,234	-	-	-	-
113	Cash - other restricted	-	-	-	-	1,153,775	-
114	Cash - tenant security deposits	-	48,955	-	-	-	-
115	Cash - restricted for payment of current liabilities	-	-	-	-	-	-
100	Total cash	7,281,603	1,867,458	-	119,892	1,385,995	799,457
	Accounts and notes receivables:						
121	Accounts receivable - PHA projects	-	-	-	-	-	-
122	Accounts receivable - HUD other projects	-	-	75,891	-	-	-
124	Accounts receivable - other government	-	4,332	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	2,233	-
126	Accounts receivable - tenants	15,652	9,366	-	-	-	-
126.1	Allowance for doubtful accounts - tenants	(15,652)	(4,062)	-	-	-	-
126.2	Notes, loans, & mortgages receivable - current	-	-	-	-	-	-
127	Fraud recovery	-	-	-	-	-	-
128	Allowance for doubtful accounts - fraud	-	-	-	-	-	-
128.1	Accrued interest receivable	-	-	-	-	-	-
129	Total receivables, net of allowances for doubtful accounts	-	9,656	75,891	-	2,233	-
120	Total current investments	-	-	-	-	-	-
131	Investments - unrestricted	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-	-
142	Prepaid expenses and other assets	-	-	-	-	-	-
143	Inventories	-	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-	-
144	Interprogram - due from	-	-	-	-	-	-
145	Assets held for sale	-	-	-	-	-	-
150	TOTAL CURRENT ASSETS	7,281,603	1,877,094	75,891	119,892	1,388,228	799,457
	NONCURRENT ASSETS:						
	Fixed assets:						
161	Land	-	124,076	-	-	-	-
162	Buildings	-	6,050,251	-	-	-	-
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	-	-	-	-	-
165	Leasehold improvements	-	-	-	-	-	-
166	Accumulated depreciation	-	(5,767,910)	-	-	-	-
167	Construction in Progress	-	13,756	-	-	-	-
168	Infrastructure	-	-	-	-	-	-
160	Total fixed assets, net of accumulated depreciation	-	420,153	-	-	-	-
	Other non-current assets:						
171	Notes, loans and mortgages receivable - non-current	-	-	-	-	-	-
172	Notes, loans and mortgages receivable-non-current - past due	-	-	-	-	-	-
173	Grants receivable - non-current	-	-	-	-	36,446	-
174	Other assets	-	4,657	-	-	-	-
176	Investment in joint ventures	-	-	-	-	-	-
180	TOTAL NONCURRENT ASSETS	-	424,790	-	-	36,446	-
200	Deferred Outflow of Resources	354,080	87,270	-	1,980	-	7,864
290	TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ 7,635,683	\$ 2,369,154	\$ 75,891	\$ 121,872	\$ 1,424,674	\$ 807,321

Housing Authority of the County of Santa Cruz

Financial Data Schedule (FDS)

June 30, 2022

Line Item #	Account Description	PROJECTS	10-427 Rural Rental Assistance	14-267 Continuum of Care Program	14-249 Section 8 MOD- Rehab Single Room Occupancy	14. EHV Emergency Housing Voucher	14.856 Lower Income Housing Assistance Program
	LIABILITIES AND EQUITY:						
	Liabilities:						
	Current Liabilities:						
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable - 90 days		36,462	13,568			
313	Accounts payable > 90 days past due						
321	Accrued wage/payroll taxes payable		7,091	38	157	1,149	434
322	Accrued compensated absences - current portion		3,529		51	1,460	88
324	Accrued contingency liability						
325	Accrued interest payable						
331	Accounts payable - HUD PHA programs				1,214	2,430	40,136
332	Accounts payable - PHA projects						
333	Accounts payable - other government		5,436				
341	Tenant security deposits		48,955				
342	Unearned revenue		1,122				
343	Current portion of L-T debt - capital projects		8,210			159,428	
344	Current portion of L-T debt - operating borrowings						
345	Other current liabilities						
346	Accrued liabilities - other						
347	Interprogram - due to			62,285			
310	TOTAL CURRENT LIABILITIES		110,803	75,891	1,422	164,467	40,658
	NONCURRENT LIABILITIES:						
351	Long-term debt, net or current - capital projects/mortgage		6,287				
352	Long-term debt, net of current - operating borrowings						
353	Non-current liabilities- other						
354	Accrued compensated absences - noncurrent		16,210		434	12,380	749
355	Loan Liability - Non Current						
356	FASB 5 Liabilities						
357	Accrued pension and OPEB liabilities	1,379,852	180,166		4,491		21,556
350	TOTAL NONCURRENT LIABILITIES	1,379,852	202,663		4,925	12,380	22,305
300	TOTAL LIABILITIES	1,379,852	313,468	75,891	6,347	176,847	62,963
400	Deferred Inflow of Resources	91,861	218,316		4,261	32,353	12,393
	EQUITY:						
508.4	Net Investment in Capital Assets		405,656				
511.4	Restricted Net Position		1,677,234			994,347	
512.4	Unrestricted Net Position	6,163,970	(225,520)		111,264	221,127	731,965
513	TOTAL EQUITY	6,163,970	1,857,370		111,264	1,215,474	731,965
600	TOTAL LIABILITIES, DEFERRED INFLOWS AND EQUITY	\$ 7,635,683	\$ 2,389,154	\$ 75,891	\$ 121,872	\$ 1,424,674	\$ 807,321

Housing Authority of the County of Santa Cruz

Financial Data Schedule (FDS)
June 30, 2022

Line Item #	Account Description	14.MSC Mainstream CARES Act Funding	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.870 ROSS	14.218 Community Development Block Grants/Entitlement Grants	I Business Activities
	ASSETS:							
	CURRENT ASSETS:							
111	Cash - unrestricted	\$ -	\$ 504,946	\$ 3,499,087	\$ -	\$ -	\$ -	\$ 2,428,564
112	Cash - restricted - modernization and development	-	-	-	-	-	-	-
113	Cash - other restricted	-	-	703,049	-	-	-	-
114	Cash - tenant security deposits	-	-	-	-	-	-	-
115	Cash - restricted for payment of current liabilities	-	-	4,202,136	-	-	-	11,455
100	Total cash	\$ -	\$ 504,946	\$ 4,202,136	\$ -	\$ -	\$ -	\$ 2,440,019
	Accounts and notes receivables:							
121	Accounts receivable - PHA projects	-	-	-	-	-	-	-
122	Accounts receivable - HUD other projects	-	-	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	945	135,048	-	-	-	-
126	Accounts receivable- tenants	-	-	-	-	-	-	-
126.1	Allowance for doubtful accounts - tenants	-	-	(18,295)	-	-	-	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-
127	Notes, loans, & mortgages receivable- current	-	-	-	-	-	-	-
128	Fraud recovery	-	-	332,108	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	(332,108)	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-	-
120	Total receivables, net of allowances for doubtful accounts	-	945	116,753	-	-	-	-
	Current investments							
131	Investments - unrestricted	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-	-	-
142	Prepaid expenses and other assets	-	-	-	-	-	-	108,745
143	Inventories	-	-	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-	-	-
144	Interprogram - due from	-	-	-	-	-	-	449,056
145	Assets held for sale	-	-	-	-	-	-	-
150	TOTAL CURRENT ASSETS	-	\$ 505,891	\$ 4,318,889	-	-	-	\$ 2,997,820
	NONCURRENT ASSETS:							
	Fixed assets:							
161	Land	-	-	-	-	-	-	2,573,019
162	Buildings	-	-	-	-	-	-	6,235,233
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-	-	243,733
164	Furniture, equipment & machinery - administration	-	-	-	-	-	-	28,012
165	Leasehold improvements	-	-	-	-	-	-	(4,755,635)
166	Accumulated depreciation	-	-	-	-	-	-	270,864
167	Construction in Progress	-	-	-	-	-	-	-
168	Infrastructure	-	-	-	-	-	-	-
160	Total fixed assets, net of accumulated depreciation	-	-	-	-	-	-	4,595,226
	Other non-current assets:							
171	Notes, loans and mortgages receivable - non-current	-	-	-	-	-	-	923,776
172	Notes, loans and mortgages receivable-non-current - past due	-	-	-	-	-	-	-
173	Grants receivable - non-current	-	-	-	-	-	-	-
174	Other assets	-	8,007	15,167	-	-	-	3,899,888
176	Investment in joint ventures	-	-	-	-	-	-	-
180	TOTAL NONCURRENT ASSETS	-	8,007	15,167	-	-	-	9,418,890
200	Deferred Outflow of Resources	-	22,309	1,565,395	-	-	-	80,011
290	TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ -	\$ 536,207	\$ 5,899,451	\$ -	\$ -	\$ -	\$ 12,496,721

Housing Authority of the County of Santa Cruz

Financial Data Schedule (FDS)
June 30, 2022

Line Item #	Account Description	14.MSC Mainstream CARES Act Funding	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.HCC HCY CARES Act Funding	14.870 ROSS	14.218 Community Development Block Grants/Entitlement Grants	I Business Activities
	LIABILITIES AND EQUITY:							
	Liabilities:							
	Current Liabilities:							
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable ≤ 90 days	-	-	-	-	-	-	73,758
313	Accounts payable > 90 days past due	-	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	3,329	136,071	-	-	-	106,010
322	Accrued compensated absences - current portion	-	1,153	45,210	-	-	-	9,604
324	Accrued contingency liability	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-	-
331	Accounts payable - HUD/PHA programs	-	259	353	-	-	-	-
332	Accounts payable - PHA projects	-	-	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	-	-	-
341	Tenant security deposits	-	-	-	-	-	-	11,455
342	Unearned revenue	-	-	64	-	-	-	-
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-	-
346	Accrued liabilities - other	-	-	-	-	-	-	-
347	Interprogram - due to	-	-	14,484	-	-	-	354,114
310	TOTAL CURRENT LIABILITIES	-	4,741	196,182	-	-	-	554,941
	NONCURRENT LIABILITIES:							
351	Long-term debt, net of current - capital projects/mortgage	-	-	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-	-
353	Non-current liabilities- other	-	-	424,484	-	-	-	725,415
354	Accrued compensated absences - noncurrent	-	9,778	394,075	-	-	-	33,851
355	Loan Liability - Non Current	-	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	27,918	3,491,790	-	-	-	-
350	TOTAL NONCURRENT LIABILITIES	-	37,696	4,310,349	-	-	-	759,266
300	TOTAL LIABILITIES	-	42,437	4,506,531	-	-	-	1,314,207
400	Deferred Inflow of Resources	-	86,511	3,648,880	-	-	-	3,278,993
	EQUITY:							
508.4	Net Investment in Capital Assets	-	-	-	-	-	-	4,595,226
511.4	Restricted Net Position	-	-	278,565	-	-	-	-
512.4	Unrestricted Net Position	-	407,259	(2,534,525)	-	-	-	3,308,295
513	TOTAL EQUITY	-	407,259	(2,255,960)	-	-	-	7,903,521
600	TOTAL LIABILITIES, DEFERRED INFLOWS AND EQUITY	\$ -	\$ 536,207	\$ 5,899,451	\$ -	\$ -	\$ -	\$ 12,496,721

Housing Authority of the County of Santa Cruz

Financial Data Schedule (FDS)

June 30, 2022

Line Item #	Account Description	2 State Local	14,239 HOME Investment Partnership Program	14,896 PIH Family Self-Sufficiency	6.2 Component United Blended	Elimination	TOTAL
	ASSETS:						
	CURRENT ASSETS:						
	Cash:						
111	Cash - unrestricted	\$	794,229	\$	8,908,554	\$	24,709,821
112	Cash - restricted - modernization and development		1,514,394		211,828		3,403,456
113	Cash - other restricted				97,109		1,953,933
114	Cash - tenant security deposits				198,268		258,678
115	Cash - restricted for payment of current liabilities						
100	Total cash	2,308,623			9,415,759		30,323,888
	Accounts and notes receivables:						
121	Accounts receivable - PHA projects						
122	Accounts receivable - HUD other projects			17,370			93,261
124	Accounts receivable - other government		48,673				55,005
125	Accounts receivable - miscellaneous		2,400		3,465		144,091
126	Accounts receivable - tenants		158		45,578		70,754
126.1	Allowance for doubtful accounts - tenants	(158)			(14,843)		(34,715)
126.2	Allowance for doubtful accounts - other						(18,295)
127	Notes, loans, & mortgages receivable- current						
128	Fraud recovery						332,108
128.1	Allowance for doubtful accounts - fraud						(332,108)
129	Accrued interest receivable						
120	Total receivables, net of allowances for doubtful accounts	51,073		17,370	34,200		308,101
	Current investments						
131	Investments - unrestricted						
132	Investments - restricted						
135	Investments - restricted for payment of current liability						
142	Prepaid expenses and other assets				103,398		212,143
143	Inventories						
143.1	Allowance for obsolete inventories						
144	Interprogram - due from				14,484	(463,540)	
145	Assets held for sale						
150	TOTAL CURRENT ASSETS	2,359,696		17,370	9,567,841	(463,540)	30,846,132
	NONCURRENT ASSETS:						
	Fixed assets:						
161	Land				5,433,438		8,130,533
162	Buildings				5,479,841		17,765,325
163	Furniture, equipment & machinery - dwellings				26,200		26,200
164	Furniture, equipment & machinery - administration						243,733
165	Leasehold improvements						28,012
166	Accumulated depreciation				(1,997,545)		(12,521,090)
167	Construction in Progress						284,600
168	Infrastructure						
160	Total fixed assets, net of accumulated depreciation				8,941,934		13,957,313
	Other non-current assets:						
171	Notes, loans and mortgages receivable - non-current					(904,272)	19,504
172	Notes, loans and mortgages receivable-non-current - past due						
173	Grants receivable - non-current						
174	Other assets					(451,179)	3,512,966
176	Investment in joint ventures						
180	TOTAL NONCURRENT ASSETS				8,941,934	(1,355,451)	17,489,783
200	Deferred Outflow of Resources					(2,139)	2,116,770
290	TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$	2,359,696	\$	18,509,775	\$	50,452,685

Housing Authority of the County of Santa Cruz

Financial Data Schedule (FDS)

June 30, 2022

Line Item #	Account Description	2 State Local	14,239 HOME Investment Partnership Program	14,896 PIH Family Self-Sufficiency	6.2 Component United Blended	Elimination	TOTAL
LIABILITIES AND EQUITY:							
Liabilities:							
Current Liabilities:							
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable - 90 days	344	-	-	85,425	-	209,557
313	Accounts payable > 90 days past due	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	607	-	5,367	1,795	-	262,048
322	Accrued compensated absences - current portion	-	-	-	907	-	62,002
324	Accrued contingency liability	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-
331	Accounts payable - HUD PHA programs	-	-	-	-	-	44,392
332	Accounts payable - PHA projects	-	-	-	-	-	-
333	Accounts payable - other government	-	-	-	258	-	5,694
341	Tenant security deposits	-	-	-	198,208	-	258,678
342	Unearned revenue	435,603	-	-	21,973	-	618,190
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-
346	Accrued liabilities - other	-	-	-	-	-	-
347	Interprogram - due to	8,520	-	12,050	800	-	800
310	TOTAL CURRENT LIABILITIES	445,074	84	17,370	321,476	(463,540)	1,469,571
NONCURRENT LIABILITIES:							
351	Long-term debt, net of current - capital projects/mortgage	1,514,394	-	-	2,609,439	(904,272)	3,225,848
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	1,112,121	(132,001)	2,130,019
354	Accrued compensated absences - noncurrent	2,395	-	-	4,169	-	474,041
355	Loan Liability - Non Current	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-	-	(319,178)	4,786,595
350	TOTAL NONCURRENT LIABILITIES	1,516,789	-	-	3,725,729	(1,355,451)	10,616,503
300	TOTAL LIABILITIES	1,961,863	84	17,370	4,047,205	(1,818,991)	12,086,074
400	Deferred Inflow of Resources	-	-	-	-	(2,139)	7,371,429
EQUITY:							
508.4	Net Investment in Capital Assets	(1,514,394)	-	-	6,332,495	904,272	10,723,255
511.4	Restricted Net Position	1,514,394	-	-	308,937	-	4,773,477
512.4	Unrestricted Net Position	397,833	(84)	-	7,821,138	(904,272)	15,498,450
513	TOTAL EQUITY	397,833	(84)	-	14,462,570	-	30,995,182
600	TOTAL LIABILITIES, DEFERRED INFLOWS AND EQUITY	\$ 2,359,696	\$ -	\$ 17,370	\$ 18,509,775	\$ (1,821,130)	\$ 50,452,685

Housing Authority of the County of Santa Cruz

Financial Data Schedule (FDS)

June 30, 2022

Line Item #	Account Description	OPERATING	CAPITAL	10-427 Rural Rental Assistance	14,267 Continuum of Care Program	14,249 Section 8 MOD-Rehab Single Room Occupancy	14. EHV Emergency Housing Voucher	14.856 Lower Income Housing Assistance Program
	REVENUE:							
70300	Net tenant rental revenue	\$ -	\$ -	\$ 674,448	\$ -	\$ -	\$ -	\$ -
70400	Tenant revenue - other	-	-	30,767	-	-	-	-
70500	Total tenant revenue	-	-	705,215	-	-	-	-
	HUD PHA grants				835,149	114,383	2,808,287	365,909
70600	Capital grants	-	-	-	-	-	-	-
70710	Management fee	-	-	-	-	-	-	-
70720	Asset management fee	-	-	-	-	-	-	-
70730	Book keeping fee	-	-	-	-	-	-	-
70750	Other fees	-	-	-	-	-	-	-
70800	Other government grants	-	-	48,330	-	-	-	-
71100	Investment income - unrestricted	10,803	-	346	-	179	848	1,246
71200	Mortgage interest income	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-
71301	Cost of sale of assets	-	-	-	-	-	-	-
71400	Fraud recovery	-	-	-	-	-	-	-
71500	Other revenue	472,000	-	-	-	-	-	-
71600	Gain or loss on sale of fixed assets	-	-	-	-	-	-	-
72000	Investment income - restricted	-	-	4,874	-	-	-	-
70000	TOTAL REVENUE	482,803	-	758,765	835,149	114,562	2,809,135	367,155
	EXPENSES:							
	Administrative							
91100	Administrative salaries	-	-	153,106	1,019	3,394	21,437	9,355
91200	Auditing fees	3,087	-	1,785	12	36	-	117
91300	Outside management fees	-	-	-	-	-	-	-
91310	Book-keeping fee	-	-	-	-	-	-	-
91400	Advertising and marketing	-	-	616	-	-	-	-
91500	Employee benefit contributions- administrative	-	-	39,048	762	1,340	8,704	3,728
91600	Office expenses	-	-	26,420	108	520	1,685	1,455
91700	Legal expenses	46,406	-	5,903	5	21	131	57
91800	Travel	-	-	347	-	-	-	1
91810	Allocated overhead	-	-	23,673	156	460	1,751	1,267
91900	Other	-	-	13,105	393	280	2,495	867
	Total administrative	49,493	-	264,003	2,435	6,051	36,203	16,847
92000	Asset Management Fee	-	-	-	-	-	-	-
	Tenant services							
92100	Tenant services - salaries	-	-	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-	-	-
92300	Employee benefit contributions- tenant services	-	-	-	-	-	-	-
92400	Tenant services - other	-	-	-	78,599	-	311,322	-
	Total tenant services	-	-	-	78,599	-	311,322	-

Housing Authority of the County of Santa Cruz

Financial Data Schedule (FDS)

June 30, 2022

Line Item #	Account Description	OPERATING	CAPITAL	10-427 Rural Rental Assistance	14,267 Continuum of Care Program	14,249 Section 8 MOD- Rehab Single Room Occupancy	14. EHV Emergency Housing Voucher	14.856 Lower Income Housing Assistance Program
	Utilities							
93100	Water			21,514				
93200	Electricity			17,042				
93300	Gas			2,644				
93400	Fuel							
93500	Labor							
93600	Sewer			88,094				
93700	Employee benefit contributions- utilities							
290	Other utilities expense							
	Total utilities			129,294				
	Ordinary maintenance & operation							
94100	Ordinary maintenance and operations - labor			25,553				
94200	Ordinary maintenance and operations - materials & other			15,395				
94300	Ordinary maintenance and operations - contract costs			202,337				
94500	Employee benefit contributions- ordinary maintenance			7,939				
	Total ordinary maintenance			251,224				
	Protective services							
95100	Protective services - labor							
95200	Protective services - other contract costs							
95300	Protective services - other							
95500	Employee benefit contributions- protective services							
	Total protective services							
	General expenses							
96110	Property Insurance			24,652				
96120	Liability Insurance			3,989		108		
96130	Workmen's Compensation			8,298		42		
96140	All Other Insurance			14,494				
96200	Other general expenses			193				
96210	Compensated absences			16,955		375		
96300	Payments in lieu of taxes							
96400	Bad debt - tenant rents			3,957				
96500	Bad debt- mortgages							
96600	Bad debt - other							
96700	Interest expense							
96710	Interest of Mortgage (or Bonds) Payable			40				
96720	Interest on Notes Payable (Short and Long Term)							
96730	Amortization of Bond Issue Costs							
96800	Severance expense			72,578		525		
	Total general expenses	(5,602)		181			18,446	668
96900	TOTAL OPERATING EXPENSES	43,891		717,099	81,235	6,576	365,973	17,516
97000	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	438,912		41,666	753,914	107,986	2,443,162	349,639
97100	Extraordinary maintenance							
97200	Casualty losses - non capitalized							
97300	Housing assistance payments				753,914	96,127	1,335,288	316,167
97350	HAP Portability - in							
97400	Depreciation expense			52,668				
97500	Fraud losses							
97800	Dwelling units rent expense							
90000	TOTAL EXPENSES	43,891		769,767	835,149	102,703	1,701,261	333,683

Housing Authority of the County of Santa Cruz

Financial Data Schedule (FDS)

June 30, 2022

Line Item #	Account Description	OPERATING	CAPITAL	10-427 Rural Rental Assistance	14,267 Continuum of Care Program	14,249 Section 8 MOD-Rehab Single Room Occupancy	14. EHV Emergency Housing Voucher	14.856 Lower Income Housing Assistance Program
OTHER FINANCING SOURCES (USES)								
10010	Operating transfers in	50,122	-	-	621	-	-	-
10020	Operating transfers out	-	-	-	-	-	-	-
10030	Operating transfers from/to primary government	-	-	-	-	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-	-	-	-
10080	Special items (net gain/loss)	-	-	-	(16,726)	-	-	-
10091	Inter Project excess cash transfer in	-	-	-	-	-	-	-
10092	Inter Project excess cash transfer out	-	-	-	-	-	-	-
10093	Transfers between program and project in	-	-	-	-	-	-	-
10094	Transfers between program and project out	-	-	-	-	-	-	-
10100	TOTAL OTHER FINANCING SOURCES (USES)	50,122	-	-	(16,105)	-	-	-
10000	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	489,034	-	(11,002)	(16,105)	11,859	1,107,874	33,472
MEMO ACCOUNT INFORMATION:								
11020	Required annual debt principal payments	157,629	-	-	-	-	-	-
11030	Beginning equity	5,674,936	-	1,868,372	16,105	99,405	107,600	698,493
11040	Prior period adjustments and equity transfers	-	-	-	-	-	-	-
11170	Administrative fee equity	-	-	-	-	-	-	-
11180	Housing assistance payments equity	-	-	-	-	-	-	-
11190	Unit months available	-	-	839	445	132	3,228	360
11210	Number of unit months leased	-	-	836	445	132	669	350
11620	Building Purchases - C/P	-	-	-	-	-	-	-

Housing Authority of the County of Santa Cruz

Financial Data Schedule (FDS)

June 30, 2022

Line Item #	Account Description	14.MSC Mainstream CARES Act Funding	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.870 ROSS	14.218 Community Development Block Grants/Entitlement Grants	1 Business Activities
	REVENUE:							
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,508
70400	Tenant revenue - other	-	-	-	-	-	-	-
70500	Total tenant revenue	-	-	-	-	-	-	23,508
70600	HUD PHA grants	-	2,822,788	107,951,469	-	-	-	-
70610	Capital grants	-	-	-	-	-	-	-
70710	Management fee	-	-	-	-	-	-	-
70720	Asset management fee	-	-	-	-	-	-	-
70730	Book keeping fee	-	-	-	-	-	-	-
70750	Other fees	-	-	-	-	-	-	-
70800	Other government grants	-	-	-	-	-	-	-
71100	Investment income - unrestricted	-	897	4,966	-	-	-	74,721
71200	Mortgage interest income	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	7,583
71301	Cost of sale of assets	-	-	-	-	-	-	-
71400	Fraud recovery	-	-	45,172	-	-	-	-
71500	Other revenue	-	-	37,767	-	-	-	1,833,981
71600	Gain or loss on sale of fixed assets	-	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-	-	-
70000	TOTAL REVENUE	-	2,823,685	108,039,374	-	-	-	1,939,793
	EXPENSES:							
	Administrative							
91100	Administrative salaries	-	73,539	2,928,837	-	-	-	1,841,750
91200	Auditing fees	-	698	30,684	-	-	2,270	-
91300	Outside management fees	-	-	-	-	-	-	-
91310	Book-keeping fee	-	-	-	-	-	-	-
91400	Advertising and marketing	-	-	146	-	-	-	12,914
91500	Employee benefit contributions- administrative	-	29,380	1,180,443	-	-	-	528,647
91600	Office expenses	-	11,004	443,327	-	-	-	616,577
91700	Legal expenses	-	440	35,474	-	-	-	25,211
91800	Travel	-	8	831	-	-	-	584
91810	Allocated overhead	-	9,929	400,211	-	-	-	(2,675,881)
91900	Other	-	6,792	381,009	-	-	-	324,051
	Total administrative	-	131,790	5,400,962	-	-	-	676,123
92000	Asset Management Fee	-	-	-	-	-	-	-
	Tenant services							
92100	Tenant services - salaries	-	-	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-	-	-
92300	Employee benefit contributions- tenant services	-	-	-	-	-	-	-
92400	Tenant services - other	-	-	-	-	-	-	-
	Total tenant services	-	-	-	-	-	-	-

Housing Authority of the County of Santa Cruz

Financial Data Schedule (FDS)

June 30, 2022

Line Item #	Account Description	14.MSC Mainstream CARES Act Funding	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.870 ROSS	14,218 Community Development Block Grants/Entitlement Grants	1 Business Activities
	Utilities							
93100	Water	-	-	-	-	-	-	3,568
93200	Electricity	-	-	-	-	-	-	33,845
93300	Gas	-	-	-	-	-	-	6,419
93400	Fuel	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-
93600	Sewer	-	-	-	-	-	-	5,651
93700	Employee benefit contributions- utilities	-	-	-	-	-	-	-
290	Other utilities expense	-	-	-	-	-	-	-
	Total utilities	-	-	-	-	-	-	49,483
	Ordinary maintenance & operation							
94100	Ordinary maintenance and operations - labor	-	-	-	-	-	-	90,380
94200	Ordinary maintenance and operations - materials & other	-	8	336	-	-	-	1,734
94300	Ordinary maintenance and operations - contract costs	-	-	-	-	-	-	94,548
94500	Employee benefit contributions- ordinary maintenance	-	-	-	-	-	-	28,080
	Total ordinary maintenance	-	8	336	-	-	-	214,742
	Protective services							
95100	Protective services - labor	-	-	-	-	-	-	-
95200	Protective services- other contract costs	-	-	-	-	-	-	-
95300	Protective services - other	-	-	-	-	-	-	-
95500	Employee benefit contributions- protective services	-	-	-	-	-	-	-
	Total protective services	-	-	-	-	-	-	-
	General expenses							
96110	Property Insurance	-	-	-	-	-	-	15,163
96120	Liability Insurance	-	1,732	63,031	-	-	-	46,039
96130	Workmen's Compensation	-	969	38,971	-	-	-	28,692
96140	All Other Insurance	-	-	-	-	-	-	-
96200	Other general expenses	-	524	24,834	-	-	-	7,166
96210	Compensated absences	-	9,815	328,047	-	-	-	26,540
96300	Payments in lieu of taxes	-	-	-	-	-	-	-
96400	Bad debt - tenant rents	-	-	-	-	-	-	(73)
96500	Bad debt- mortgages	-	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-	-
96700	Interest expense	-	-	-	-	-	-	-
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	23,521
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	108,927
96800	Severance expense	-	-	-	-	-	-	-
	Total general expenses	-	13,040	454,883	-	-	-	255,975
	TOTAL OPERATING EXPENSES	-	144,838	5,856,181	-	-	-	1,196,323
96900		-	2,678,847	102,183,193	-	-	-	743,470
97000		-	-	-	-	-	-	-
	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	-	-	-	-	-	-	-
97100	Extraordinary maintenance	-	-	-	-	-	-	-
97200	Casualty losses - non capitalized	-	-	-	-	-	-	-
97300	Housing assistance payments	-	3,007,479	101,157,449	-	-	-	-
97350	HAP Portability - in	-	-	7,554	-	-	-	-
97400	Depreciation expense	-	-	-	-	-	-	206,222
97500	Fraud losses	-	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-	-
	TOTAL EXPENSES	-	3,152,317	107,021,184	-	-	-	1,401,545

Housing Authority of the County of Santa Cruz

Financial Data Schedule (FDS)

June 30, 2022

Line Item #	Account Description	14.MSC Mainstream CARES Act Funding	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.870 ROSS	14.218 Community Development Block Grants/Entitlement Grants	1 Business Activities
OTHER FINANCING SOURCES (USES)								
10010	Operating transfers in	-	-	-	-	-	-	-
10020	Operating transfers out	-	-	(34,926)	-	-	-	(50,743)
10030	Operating transfers from/to primary government	-	-	-	-	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-	-	-	-
10080	Special items (net gain/loss)	-	-	-	-	-	-	16,726
10091	Inter Project excess cash transfer in	-	-	-	-	-	-	-
10092	Inter Project excess cash transfer out	-	-	-	-	-	-	-
10093	Transfers between program and project in	-	-	-	-	-	-	-
10094	Transfers between program and project out	-	-	-	-	-	-	-
10100	TOTAL OTHER FINANCING SOURCES (USES)	-	-	(34,926)	-	-	-	(34,017)
10000	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	-	(328,632)	983,264	-	-	-	504,231
MEMO ACCOUNT INFORMATION:								
11020	Required annual debt principal payments	-	-	-	-	-	-	-
11030	Beginning equity	-	735,891	(3,229,224)	-	-	-	7,384,806
11040	Prior period adjustments and equity transfers	-	-	-	-	-	-	14,484
11170	Administrative fee equity	-	-	-	-	-	-	-
11180	Housing assistance payments equity	-	-	-	-	-	-	-
11190	Unit months available	-	2,880	61,938	-	-	-	12
11210	Number of unit months leased	-	1,770	59,044	-	-	-	12
11620	Building Purchases - CFP	-	-	-	-	-	-	-

Housing Authority of the County of Santa Cruz

Financial Data Schedule (FDS)

June 30, 2022

Line Item #	Account Description	2 State Local	14,239 HOME Investment Partnership Program	14,896 PIH Family Self-Sufficiency	6.2 Component United Blended	Elimination	TOTAL
REVENUE:							
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ 8,359,328	\$ (6,468,642)	\$ 2,588,642
70400	Tenant revenue - other	76	-	-	162,585	-	193,428
70500	Total tenant revenue	76	-	-	8,521,913	(6,468,642)	2,792,070
70600	HUD PHA grants	-	-	148,629	-	-	115,046,614
70610	Capital grants	-	-	-	-	-	-
70710	Management fee	-	-	-	-	-	-
70720	Asset management fee	-	-	-	-	-	-
70730	Book keeping fee	-	-	-	-	-	-
70750	Other fees	-	-	-	-	-	-
70800	Other government grants	563,546	3,800	-	-	-	615,676
71100	Investment income - unrestricted	1,267	-	-	6,656	-	101,929
71200	Mortgage interest income	-	-	-	-	-	7,583
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-
71301	Cost of sale of assets	-	-	-	-	-	-
71400	Fraud recovery	-	-	-	-	-	45,172
71500	Other revenue	19,926	-	-	-	(1,453,861)	909,813
71600	Gain or loss on sale of fixed assets	-	-	-	-	-	-
72000	Investment income - restricted	8	-	-	496	-	5,378
70000	TOTAL REVENUE	584,823	3,800	148,629	8,529,065	(7,922,503)	119,514,235
EXPENSES:							
Administrative							
91100	Administrative salaries	41,150	-	-	25,318	(1,439,420)	3,659,485
91200	Auditing fees	310	-	-	9,500	-	48,499
91300	Outside management fees	31,583	-	-	871,538	(903,120)	1
91310	Book-keeping fee	-	-	-	-	-	-
91400	Advertising and marketing	-	-	-	110	(12,913)	873
91500	Employee benefit contributions- administrative	17,332	-	-	11,243	(468,632)	1,351,995
91600	Office expenses	5,098	-	-	7,946	(875,014)	239,126
91700	Legal expenses	1,006	-	-	40,664	(22,106)	133,212
91800	Travel	317	-	-	941	(459)	2,570
91810	Allocated overhead	2,553	-	-	54,487	2,751,657	515,776
91900	Other	1,142	-	-	509,968	(274,653)	509,968
	Total administrative	100,491	-	-	1,021,747	(1,244,660)	6,461,505
92000	Asset Management Fee	-	-	-	-	-	-
Tenant services							
92100	Tenant services - salaries	-	-	124,254	-	-	124,254
92200	Relocation costs	-	-	-	3,855	-	3,855
92300	Employee benefit contributions- tenant services	-	-	57,825	-	-	57,825
92400	Tenant services - other	110,305	3,800	-	54,218	-	58,244
	Total tenant services	110,305	3,800	182,079	58,073	-	744,178

Housing Authority of the County of Santa Cruz

Financial Data Schedule (FDS)

June 30, 2022

Line Item #	Account Description	2 State Local	14,239 HOME Investment Partnership Program	14,896 PIH Family Self-Sufficiency	6.2 Component United Blended	Elimination	TOTAL
	Utilities						
93100	Water	1,755	-	-	166,409	-	189,678
93200	Electricity	39,388	-	-	41,576	(3,568)	98,006
93300	Gas	28,390	-	-	9,195	(6,419)	40,229
93400	Fuel	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-
93600	Sewer	106,944	-	-	89,624	(4,783)	285,530
93700	Employee benefit contributions- utilities	-	-	-	-	-	-
290	Other utilities expense	-	-	-	306,804	(48,615)	613,443
	Total utilities	176,477	-	-	-	-	-
	Ordinary maintenance & operation						
94100	Ordinary maintenance and operations - labor	31,955	-	-	6,566	-	154,454
94200	Ordinary maintenance and operations - materials & other	8,065	-	-	54,547	(1,662)	78,426
94300	Ordinary maintenance and operations - contract costs	67,488	-	-	669,088	(93,143)	940,318
94500	Employee benefit contributions- ordinary maintenance	14,172	-	-	2,040	-	52,231
	Total ordinary maintenance	121,680	-	-	732,241	(94,805)	1,225,429
	Protective services						
95100	Protective services - labor	-	-	-	-	-	-
95200	Protective services- other contract costs	-	-	-	-	-	-
95300	Protective services - other	-	-	-	-	-	-
95500	Employee benefit contributions- protective services	-	-	-	-	-	-
	Total protective services	-	-	-	-	-	-
	General expenses						
96110	Property Insurance	18,833	-	-	155,054	(4,781)	208,921
96120	Liability Insurance	2,386	-	-	20,601	(40,029)	98,301
96130	Workmen's Compensation	4,016	1,476	-	1,480	(8,405)	75,988
96140	All Other Insurance	493	-	-	-	-	14,987
96200	Other general expenses	-	-	-	80,257	(12,566)	100,408
96210	Compensated absences	4,226	-	-	2,554	-	406,914
96300	Payments in lieu of taxes	-	-	-	-	-	-
96400	Bad debt - tenant rents	158	-	-	306	-	(1,254)
96500	Bad debt- mortgages	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-
96700	Interest expense	-	-	-	-	-	-
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	49,738	-	73,299
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	108,927
96800	Severance expense	-	-	-	-	-	-
	Total general expenses	30,112	1,476	-	309,990	(65,781)	1,086,491
96900	TOTAL OPERATING EXPENSES	539,065	3,800	183,555	2,428,855	(1,453,861)	10,131,046
97000	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	45,758	-	(34,926)	-	-	109,383,189
97100	Extraordinary maintenance	14,866	-	-	-	-	14,866
97200	Casualty losses - non capitalized	-	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	(6,468,642)	100,197,782
97350	HAP Portability - in	-	-	-	-	-	7,554
97400	Depreciation expense	-	-	-	213,634	-	471,524
97500	Fraud losses	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-
99000	TOTAL EXPENSES	553,931	3,800	183,555	2,642,489	(7,922,503)	110,822,772

Housing Authority of the County of Santa Cruz							
Financial Data Schedule (FDS)							
June 30, 2022							
Line Item #	Account Description	2 State Local	14,239 HOME Investment Partnership Program	14,896 PIH Family Self-Sufficiency	6.2 Component United Blended	Elimination	TOTAL
OTHER FINANCING SOURCES (USES)							
10010	Operating transfers in	-	-	34,926	-	(85,669)	-
10020	Operating transfers out	-	-	-	-	85,669	-
10030	Operating transfers from/to primary government	-	-	-	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-	-	-
10080	Special items (net gain/loss)	(51,074)	-	-	-	-	(51,074)
10091	Inter Project excess cash transfer in	-	-	-	-	-	-
10092	Inter Project excess cash transfer out	-	-	-	-	-	-
10093	Transfers between program and project in	-	-	-	-	-	-
10094	Transfers between program and project out	-	-	-	-	-	-
10100	TOTAL OTHER FINANCING SOURCES (USES)	(51,074)	-	34,926	-	-	(51,074)
10000	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(20,182)	-	-	5,886,576	-	8,640,389
MEMO ACCOUNT INFORMATION:							
11020	Required annual debt principal payments	-	-	-	-	-	157,629
11030	Beginning equity	418,015	(84)	-	8,575,994	-	22,340,309
11040	Prior period adjustments and equity transfers	-	-	-	-	-	14,484
11170	Administrative fee equity	-	-	-	-	-	-
11180	Housing assistance payments equity	-	-	-	-	-	-
11190	Unit months available	-	-	-	3,066	-	72,900
11210	Number of unit months leased	-	-	-	3,064	-	66,322
11620	Building Purchases - CFP	-	-	-	-	-	-

AGENDA ITEM SUMMARY

MEETING DATE: March 29, 2023

ITEM NUMBER: 6C

FROM: Executive Director

SUBJECT: Revision to Bylaws Regarding Housing Authority Board of Commissioners Meeting Day

RECOMMENDATION: Approve Temporary Revision to Housing Authority Bylaws to Reflect Board of Commissioner Meetings on the Third Wednesday of the Month instead of the Fourth Wednesday

BACKGROUND SUMMARY:

Housing Authority Board Chair Schiffrin has been appointed to the Santa Cruz County Planning Commission for a six month term. Unfortunately, the County Planning Commission meetings occur on the fourth Wednesday of each month. In order to attend both meetings, Commissioner Schiffrin has proposed a temporary change to the bylaws changing the regular meeting day from the fourth Wednesday of the month to the third Wednesday of the month. The change would be temporary, and the bylaws would be revised again after Commissioner Schiffrins term on the Planning Commission expires. Staff recommends changing the Bylaws as proposed, and would like to receive direction from the Board about this change.

RECOMMENDATION: : Approve Temporary Revision to Housing Authority Bylaws to Reflect Board of Commissioner Meetings on the Third Wednesday of the Month instead of the Fourth Wednesday



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: Board of Supervisors: Administration
(831) 454-2200

Subject: At-Large Reappointment to the Housing Authority Board of Commissioners

Meeting Date: February 28, 2023

Recommended Action(s):

- 1) Accept nomination of Andy Schiffrin for reappointment to the Housing Authority Board of Commissioners as an at-large representative, in accordance with Resolution No. 389-69, for a term to expire March 17, 2027; and
- 2) Return for consideration of final appointment on March 14, 2023.

Executive Summary

Accept nomination to fill an at-large representative for the Housing Authority Board of Commissioners for a term to expire March 17, 2027.

Background

Andy Schiffrin has been nominated to serve as the at-large representative. Final appointment will occur on March 14, 2023.

Submitted by:

Zach Friend, Chair, Board of Supervisors

Attachments:

Letter of Housing Authority Board - Reappointment of Andy Schiffrin

APPOINTED
3/14/23

AGENDA ITEM SUMMARY

MEETING DATE: March 29, 2023

ITEM NUMBER: 8

FROM: Exec. Director; Deputy Exec. Director

SUBJECT: Director's Report – March 29, 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 March 29, 2023 meeting. My phone number is (831) 454-5931 and my email address is jennyp@hacosantacruz.org.

Emergency Housing Voucher County Press Release – As previously reported to the Board, the Housing Authority has just reached 100% utilization of Emergency Housing Vouchers, through collaboration with the County Housing For Health Department, Abode, Housing Matters, and other community partners. To celebrate this milestone, the County of Santa Cruz issued a press release, which has been attached for your review.

National Association of Housing and Redevelopment Officials (NAHRO) Legislative Conference – This month, NAHRO is hosting their first in-person national legislative conference since the pandemic. The conference will be held March 21 – 24, in Washington DC. After two days of workshops and panel discussions on topics ranging from new HUD regulatory requirements and HUD priorities to NAHRO legislative priorities and advocacy, NAHRO delegates will spend the third day of the conference on Capital Hill conducting advocacy meetings with members of congress and congressional staff. As a member of the California Association of Housing Authorities (CAHA) Legislative Committee, as well as Secretary of NAHROs Pacific Southwest Regional Council (PSWRC), Executive Director Panetta has been invited to attend legislative advocacy meetings with HUD officials, congressional staff for Senators Feinstein and Padilla, congressional staff from members of committees including Appropriations and Ways and Means, as well as meeting with Congressman Panetta.

Congressional Community Project Funding (CPF) – New Horizons Affordable Housing and Development has submitted an application for funding through the Congressional Community Project Funding process. The funding opportunity was announced in early March, with applications due just one week later. Staff submitted an application for \$1.5M for real property acquisition for Natural Bridges.

Natural Bridges Update – The Housing Authority and New Horizons have completed the transfer of ownership of the property which includes recording all associated documents. The City Planning Department approved the final submission of the construction drawings, and the plans were sent to the City's third-party vendor for final printing. New Horizons has executed the contract with Bogard for general

contracting services and is actively engaged with Bogard to mobilize the site to commence construction. Additionally, New Horizons is coordinating other site work which includes conducting the bird nesting survey for tree removal and securing a contractor to remove the trees.

Due to the series of rains storms this year Bogard recommends construction start on April 17. Bogard suspects the site has absorbed a significant amount of water from these storms, and with additional rain forecasted for this week and next, the site may present challenges to grade and excavate. Delaying construction to April 17 should allow the site to dry out, provide more predictable weather for construction, and will allow us to forgo obtaining a winter grading permit from the City. While construction could begin sooner, Bogard suggested that beginning before the site adequately dries out may result in significant change orders and could increase costs.

Staff recognizes the delays in construction are not exclusively due to weather, and that our first construction project in over thirty years has resulted in staff being overly optimistic in our estimated timelines on the logistics of pre-development activities and an eagerness to start site work. New Horizons is planning to celebrate the groundbreaking on this project with an onsite event in May in conjunction with Affordable Housing Month, and a formal invitation is forthcoming.

Legislative Update – President Biden has unveiled his FY2024 budget request, with a proposed expansion of the Low Income Housing Tax Credit program, along with increases for rental assistance programs and program administration. Overall, the budget proposes a \$1.1 billion increase in discretionary budget authority for HUD, with proposals for new general purpose vouchers, funding for mobility services, and increases to administrative fees. The proposed budget also includes rule changes promoting increased flexibility for PHAs, allowing the pre-inspection of units, less frequent re-examinations, and the ability for HUD to redistribute vouchers from PHAs with low voucher utilization to PHAs with high voucher utilization, as they have done recently with EHV's. The President's budget marks the beginning of of the FY2024 budget process, with committees in both houses of congress expected to provide more modest proposals.



FOR IMMEDIATE RELEASE
MEDIA CONTACT
Jason Hoppin, 831-454-3401
Jason.Hoppin@santacruzcounty.us

KEY SUCCESS ACHIEVED: COUNTYWIDE REHOUSING EFFORT SECURED HOUSING FOR 295 FORMERLY HOMELESS HOUSEHOLDS

Santa Cruz County Achieves 100% Utilization of Emergency Housing Vouchers, Provided by U.S. Dept. of Housing and Urban Development in Response to COVID-19 Pandemic

SANTA CRUZ COUNTY, CA – The Housing Authority of the County of Santa Cruz and Housing for Health Partnership today announced 295 formerly homeless households – representing more than 425 people – have secured housing using Emergency Housing Vouchers (EHV) through the countywide [Rehousing Wave](#) program.

During the COVID-19 pandemic, the Department of Housing and Urban Development (HUD) allocated Emergency Housing Vouchers to communities in need for low-income households, particularly those experiencing or at risk of experiencing homelessness.

Begun Oct. 1, 2021, the Rehousing Wave transitioned highly vulnerable adults and families from “Project Roomkey” and other COVID-era shelters to permanent housing utilizing the EHV program. To date, the Housing Authority in partnership with the County and community-based service providers has utilized over 100 percent of HUD EHVs distributed to the Housing Authority to help address homelessness during the pandemic. The Housing Authority of the County of Santa Cruz ranks #1 in EHV utilization out of all California Housing Authorities and #10 nationwide out of all Housing Authorities, an accomplishment that can be attributed to strong collaboration between the Housing Authority, County, and community partners.

“It is truly significant and gratifying to participate in a collaborative effort to help hundreds of formerly homeless individuals and families secure much-needed housing in Santa Cruz County’s tight rental market,” said Robert Ratner, Director of the Housing for Health Division of the County of Santa Cruz. “The effort highlights the benefits of bringing together funding, public agencies, service providers, and property owners to help ensure more County residents have healthy and safe homes. I especially appreciate the property owners and service providers that helped make this possible.”

According to the Housing Authority of Santa Cruz County, the 295 households that secured housing through the Emergency Housing Voucher program were assisted by

188 property owners/agents that provided a mix of multi-family and single-family housing units located throughout the county. Demographic data for the households, which represent over 425 people, include 44% with children under 18 years old, 47% over the age of 60 or reporting a disability, and 48% Hispanic/Latino.

“The need for more affordable housing resources in the community is tremendous,” said Jenny Panetta, Executive Director of the Housing Authority of the County of Santa Cruz. “The Housing Authority has over 10,000 households on our waiting list for a Housing Choice Voucher. We’re proud of our collaboration with the Housing for Health Partnership and service providers involved in the EHV program. I’m confident that we will continue to build off this success and secure additional resources for the community.”

According to a July 2022 report from the National Low Income Housing Coalition, Santa Cruz–Watsonville Metro Area is the most expensive rental market in the United States for average renters in the region. Because Santa Cruz County has been successful in utilizing Emergency Housing Vouchers despite challenges in the local housing market, HUD has already allocated the Housing Authority of the County of Santa Cruz eleven additional EHV’s due to underutilization of the EHV program in other communities, and more EHV’s may be available later in the year.

The Rehousing Wave effort included support and incentives for property owners, services to help households find and keep housing, flexible funding to help with move-in expenses, and strong collaborative work across public agencies and service provider organizations. The Owner Incentive Program run by the Housing Authority played a significant role in securing housing. Abode Services also provides additional support for participating landlords.

For more on the Owner Incentives from the Housing Authority, visit [Owner Incentives | Housing Authority of the County of Santa Cruz \(hacosantacruz.org\)](https://www.hacosantacruz.org/owner-incentives).

For more on Abode’s housing supports for owners, visit [Housing Services/Landlords – Abode Services](https://www.abodeservices.org/housing-services-landlords).

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The Housing for Health Partnership is a collaboration of the County and each city within Santa Cruz County, along with local homelessness service providers. It acts as the federally-designated continuum of care for Santa Cruz County and helps allocate State and federal funding to address homelessness. The County of Santa Cruz serves as lead agency for the H4H Partnership.

The Housing Authority of the County of Santa Cruz provides affordable housing and rental assistance to over 5,000 low-income individuals and families in our community each year through a variety of local, state, and federal programs.