

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**AGENDA OF THE SPECIAL BOARD MEETING**  
**October 2, 2024 at 11:00 a.m.**  
**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
2160 41<sup>st</sup> Avenue, Capitola, CA 95010

1. Roll Call

**HOUSING AUTHORITY BOARD OF COMMISSIONERS:**

Chairperson Providence Martinez Alaniz	4 year term expires, February 10, 2027
Vice Chairperson Annette Melendrez	4 year term expires, September 29, 2027
Commissioner Carol Berg	4 year term expires, May 21, 2025
Commissioner Ligaya Eligio	2 year term expires, October 18, 2024
Commissioner Silvia Morales	4 year term September 1, 2027
Commissioner Andy Schiffrin	4 year term expires, March 17, 2027
Commissioner Richard Schmale	2 year term expires, May 12, 2025

2. Consideration of Late Additions and Changes to the Agenda

3. Consent Agenda

A. Minutes of the Regular Meeting held August 28, 2024

Motion to Approve

B. Fiscal Year-End Financials

Receive Report

C. Temporary Loans from Business Activity Fund

Motion to Authorize Year-End Interfund Loans from 41<sup>st</sup> Ave Office Fund

D. Housing Authority Bylaws

Motion to Approve Draft Revision to Agency Bylaws

E. Housing Choice Voucher Administrative Plan Update

Receive Report

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

5. Unfinished Business

6. New Business

A. Sale of 127 – 193 East Front Street, Casa Pajaro

Motion to Approve Recommendation authorizing the Executive Director to: (i) sell the property located at 127 – 193 East Front Street to New Horizons Affordable Housing and Development for \$21,200,000 and enter into all documents necessary to effectuate that sale and to ensure the continued affordability of the project, including but not limited to grant deed, and regulatory agreement; and (ii) provide the Loan to New Horizons and enter into all documents necessary to provide the Loan including but not limited to promissory note, and deed of trust.

B. SB329 – Housing Opportunities Act and Source of Income Discrimination

Motion to Approve Advocacy to Amend SB 329 to Allow a Preference for Recipients of Rental Assistance

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 11:00 a.m. Members present Chairperson Schiffrin, Vice Chairperson Martinez Alaniz, Commissioners Berg, Eligio, Morales and Schmale

**Members Absent**

Commissioner Melendrez (excused)

**Staff Present**

Jennifer Panetta, Tom Graham, and Courtney Byrd of the Housing Authority

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

Secretary Panetta informed the Board that there are no late additions or changes to the agenda but wanted to inform the Board that there is also a Merrill Road Housing Corporation Meeting, a New Horizons Affordable Housing and Development Inc. meeting and a Housing Authority of the County of Santa Cruz Closed Session Item. Secretary Panetta suggested recessing the Housing Authority meeting prior to closed session, conducting the Merrill Road and New Horizons meeting, and then calling the Housing Authority back to order for the Closed Session Item. The Board of Commissioners agreed.

For Agenda Item No. 6B a new matrix was distributed to the Board of Commissioners.

**AGENDA ITEM NO. 3** Consent Agenda

Chairperson Schiffrin asked for a motion to approve the Consent Agenda unless any Board of Commissioners or members of the public would like to pull an item from the agenda or have comments/questions on an item.

Commissioner Berg 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, Morales, Schiffrin and Schmale
- NOES: None
- ABSENT: Commissioner Melendrez
- ABSTAIN: None

Agenda Item 3A. Approved Minutes of the Regular Meeting held June 26, 2024

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, MINUTES OF THE ANNUAL MEETING AUGUST 28, 2024 AT THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, 2160 41<sup>ST</sup> AVENUE, CAPITOLA, CA 95010

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Agenda Item 3B. Approved Cancellation of the Regular Meeting of September 25, 2024 at 11:00 a.m. and the Scheduling of Special Meetings on Wednesday, October 2, 2024 at 11:00 a.m. and Wednesday October 30, 2024 at 11:00 a.m.

Agenda Item 3C. Approved Draft Revision to Agency Bylaws

Agenda Item 3D. Approved Staff Recommendation for Changes to the Agency’s Health, Dental, and Vision Insurance Contribution Levels Effective 1/1/2025

Agenda Item 3E. Received Report Housing Authority Fiscal Year 2023/2024 Agency Goals

**AGENDA ITEM NO. 4** Oral Communications

None

**AGENDA ITEM NO. 5A** Unfinished Business

None

**AGENDA ITEM NO. 6A** Election of Officers

Secretary Panetta reminded the Board that each year at the August Annual Meeting the Board of Commissioners elects or re-elects a Chairperson and Vice Chairperson. Secretary Panetta also reminded the Board that at the December 2023 meeting, the Board of Commissioner updated the Agency Bylaws to implement a new Rotation of Officers. Based on the new rotation, Commissioner Schiffrin has completed his term as Chairperson and is slated to step down. The current Vice Chairperson Martinez Alaniz would be slated to assume the role of Chairperson. Also, based on the new rotation, the next Commissioner in line for the role of Vice Chairperson would be Commissioner Schmale. Secretary Panetta also reminded the Board that any Commissioner can decline to serve as Chairperson or Vice Chairperson either at the point of nomination or anytime while serving their term. Commissioner Schmale declined to serve as Vice Chairperson. Secretary Panetta informed the Board that the next Commissioner in line to serve as Vice Chairperson would be Commissioner Melendrez.

Commissioner Morales nominated Vice Chairperson Martinez Alaniz to serve as Chairperson and Commissioner Melendrez to serve as Vice Chairperson. There were no other nominations for Chairperson or Vice Chairperson.

Commissioner Berg move to close the nominations; Commissioner Eligio seconded the motion and it was passed by the following vote:

AYES: Commissioners Berg, Eligio, Martinez Alaniz, Morales, Schiffrin and Schmale

NOES: None

ABSENT: Commissioner Melendrez

ABSTAIN: None

By acclamation, the Board of Commissioners elected a new Chairperson Martinez Alaniz and Vice Chairperson Melendrez. Vice Chairperson Melendrez can decline to serve at a future meeting. The Board

of Commissioners congratulated Chairperson Martinez Alaniz on her appointment as Chair.

Commissioner Berg made a recommendation to amend the Bylaws to state that the next Commissioner in the rotation is automatically appointed unless they decline to serve. The Board of Commissioners agreed. Staff will take the Board's direction and bring a draft revision of the Bylaws to the next regular Board meeting.

Vice Chairperson Martinez Alaniz took over the meeting as Chairperson. Secretary Panetta thanked Commissioner Schiffrin for serving as Chairperson for four years and before that serving as Vice Chairperson for two years. Secretary Panetta stated that she looks forward to working with Commissioner Martinez Alaniz in her new role as Chairperson.

**AGENDA ITEM NO. 6B** Project-Based Voucher Request for Proposals Process and Scoring Criteria

Secretary Panetta informed the Board that a new proposed Project-Based Voucher (PBV) Request for Proposal Process and Scoring Criteria was distributed to the Board of Commissioners. Secretary Panetta explained to the Board that it is the same matrix that was included in the board packet except for one addition on last page that has an additional bonus point category that was recommended by the PBV Board Sub-committee.

Secretary Panetta informed the Board that over the past three years, the Housing Authority has substantially increased the size of its PBV program. The program has grown with two primary goals in mind; supporting the development of affordable housing in the community and creating new housing opportunities for people who have a Housing Choice Voucher.

Secretary Panetta informed the Board that the Housing Authority has maintained an open Request for Proposal (RFP) to provide interested parties with the opportunity to request PBVs to simulate new affordable housing and/or preserve existing affordable housing. Secretary Panetta reminded the Board that in March of 2024, the Board authorized staff to temporarily close the PBV RFPs due to programmatic and funding constraints. The Board established a sub-committee to work with staff to discuss changes to the PBV RFP Process and Scoring criteria prior to those changes coming before the Board of Commissioners. Secretary Panetta informed the Board that the Proposal Process and Scoring Criteria that is included with the staff report reflects the discussions with the sub-committee. The sub-committee achieved consensus on the majority of the Proposals Process and Scoring Criteria. There were several items of discussion on which the sub-committee did not reach consensus and opted to bring these items to the full Board.

Secretary Panetta informed the Board of the proposed changes to the Proposals Process and Scoring Criteria and highlighted the items that the sub-committee did not achieve consensus on. A discussion followed.

Commissioner Schiffrin made a motion to change the Project Cap to the greater of 15 units or 40%;

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Commissioner Berg seconded the motion and it as passed by the following vote:

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

Commissioner Schiffrin made a motion change the Extent to Which the Project Creates Housing Opportunities for Top Applicants on the Housing Authority’s Existing Housing Choice Voucher (HCV) Waiting List from 30 points to 25 points; Commissioner Eligio seconded the motion and it as passed by the following vote:

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

Commissioner Schiffrin made a motion to add Community Engagement to the Evaluation Factor Scoring Criteria with a score of 5 points; Commissioner Berg seconded the motion and it as passed by the following vote:

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

Commissioner Schiffrin made a motion approve the proposed Project-Based Voucher Request for Proposals Process and Scoring Criteria as amended; Commissioner Morales seconded the motion and it as passed by the following vote:

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

The Board of Commissioners thanked staff for working with the Sub-committee and developing this improved PBV RFP process.

**AGENDA ITEM NO. 6C** Caretaker Unit Program

Deputy Executive Director Graham informed the Board of Commissioners that the Housing Authority is obligated under California Code of Regulations Title 25, Section 42 – Caretaker, to maintain a resident caretaker or other responsible entity at apartment sites of 16 units or greater. Deputy Executive Director Graham informed the Board that previously, the Housing Authority had caretakers where it was required and they were law enforcement officers. When the Housing Authority went through the Streamline Voluntary Conversion, the Housing Authority moved away from this so as to maximize the number of low-income households that were housed and to maximize the number of vouchers the Housing Authority would receive during the conversion. Now that the Housing Authority is done with the conversion, the Housing Authority has to comply with the regulation.

Staff is recommending the Housing Authority enter a partnership agreement with the Santa Cruz County Sheriff's Office to re-establish a law enforcement resident caretaker program similar to the program in place prior to the public housing conversion. A discussion followed.

Commissioner Schiffrin made a motion to Delegate Authority to the Executive Director to enter a partnership agreement with the Santa Cruz County Sheriff's Office to establish law enforcement caretaker units at the required Housing Authority owned and controlled properties and to designate one unit at Natural Bridges Apartments for a participant caretaker; Commissioner Berg seconded the motion and it was passed by the following vote:

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

**AGENDA ITEM NO. 7** Written Correspondence

None.

**AGENDA ITEM NO. 8** Report of Executive Director

Deputy Executive Director Graham updated the Board on the progress of the 415 Natural Bridges Apartments.

Executive Director Panetta informed the Board that the National Association of Housing and Redevelopment Officials (NAHRO) Awards of Merit Program has chosen Housing Authority of the County of Santa Cruz to receive an Award of Merit in the Resident Services category for our New

Horizons Scholarship Program. NAHRO will present the award to agency staff at the National Conference in Orlando in September. The Board of Commissioners congratulated staff on the award.

Executive Director Panetta informed the Board that she will be reaching out to the Development Subcommittee regarding scheduling a meeting.

**AGENDA ITEM NO. 9** Reports from Board Members

Chairperson Martinez Alaniz reported that she has received complaints from people regarding unfair practices related to application and tenant selection of at least one PBV property. Secretary Panetta requested that Chairperson Martinez Alaniz forward these complaints to her or give the people that have complaints her contact information.

Chairperson Martinez Alaniz recessed the Housing Authority Board of Commissioners Meeting at 12: 30 p.m.

Chairperson Martinez Alaniz called the Housing Authority Board of Commissioners meeting back in order at 12:34 p.m. The Board of Commissioners entered Closed Session at 12:35 p.m.

The Board of Commissioners exited closed session at 1:05 p.m.

**AGENDA ITEM NO. 10** Closed Session

A. Executive Director Contract Evaluation and Contract Renewal

**AGENDA ITEM NO. 11** Report on Closed Session

The Board of Commissioners Conducted the Executive Director Employee Evaluation, and Approved the Executive Director Contract and Authorized Board Chair to Execute Contract

**AGENDA ITEM NO. 12** Adjournment

The Board of Commissioners meeting was adjourned at 1:06 p.m.

I hereby certify that these minutes were approved by the Housing Authority of the County of Santa Cruz, on the Second Day of October, 2024.

\_\_\_\_\_  
Chairperson of the Authority

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



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Secretary

## AGENDA ITEM SUMMARY

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**MEETING DATE:** October 2, 2024

**ITEM NUMBER:** 3B

**FROM:** Finance Director

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**SUBJECT:** Fiscal Year-End Financials

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**RECOMMENDATION:** Receive Report

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### BACKGROUND SUMMARY:

The year-to-date financial reports through June 30, 2024, comprise the entire 2023-2024 fiscal year. The total of all revenue, excluding HAP reimbursements and Operating Transfers, is 109% of total budgeted, while HAP is 101% of the amount budgeted. Total expenses, excluding HAP and Operating Transfers, are 100% of the amount budgeted.

The agency as a whole generated a fiscal year surplus of \$2,154,462, which is higher than anticipated primarily due to higher than expected Section 8 admin fee revenue. Other contributors to the surplus include interest income (classified in the "Other Income" budget line item) that far exceeded the conservative budget estimates and a significant Business Activities surplus due to lower than anticipated expenditures. The surplus and deficit positions by programs groups are as follows:

Section 8 Programs	\$1,629,057	Vouchers, Mod Rehab & Mob Rehab SRO
Federal Housing Programs	(54,883)	Casa Pajaro & Tierra Alta Farm Labor Housing, LIPH
Federal Grants	0	Family Self Sufficiency & Shelter Plus Care Grants
Local Programs	(23,171)	Security Deposits, Landlord Incentives, Eligibilities
Business Activities	603,459	Includes 41st Ave Offices & Mission St Warehouse
<b>Agency-Wide Surplus</b>	<b>\$2,154,462</b>	

The following individual programs are generated a year-end deficit:

Casa Pajaro	(\$100,272)	(Maintenance and operations expense exceeds rental income)
Tierra Alta	(\$86,535)	(Maintenance and operations expense exceeds rental income)
County of Santa Cruz	(\$29,410)	(Local programs funds insufficient to cover personnel costs)

**RECOMMENDATION:** Receive Report

# HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

## Budget Comparison - All Funds

### Agency-Wide Summary

Fiscal Year to Date for the Period July 1, 2023 - June 30, 2024 (4th Quarter)

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		2023-2024	
	FY 2023-2024	Annual	Budget
	YTD Actuals	Budget	Utilized
<b>Revenues:</b>			
HAPS / Program	131,166,145	129,699,904	101%
Administrative Fees	10,635,763	9,907,586	107%
Grants / Contracts	1,206,218	997,080	121%
Rental Income	1,735,800	1,963,914	88%
Operating Transfers In	650,901	7,892,703	8%
Other Income	566,512	160,070	354%
<b>Total Revenues:</b>	<b>145,961,339</b>	<b>150,621,257</b>	<b>97%</b>
<b>Expenses:</b>			
Housing Assistance Pmts	131,166,145	129,699,904	101%
Salaries	5,354,829	5,426,679	99%
Employee Benefits	2,202,981	2,460,363	90%
Capital Purchases	733,629	1,050,000	70%
Maintenance	576,473	500,400	115%
General Administrative	2,575,309	2,327,585	111%
Tenant Services	1,070,817	801,575	134%
Operating Transfers Out	113,598	8,105,506	1%
Debt Service	13,096	12,789	102%
<b>Total Expenses:</b>	<b>143,806,877</b>	<b>150,384,801</b>	<b>96%</b>
<b>Surplus (Deficit):</b>	<b>2,154,462</b>	<b>236,456</b>	

# HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

## Budget Comparison - Section 8

Includes Mod Rehab, Mainstream, and Santa Cruz Voucher Program

Fiscal Year to Date for the Period July 1, 2023 - June 30, 2024 (4th Quarter)

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		2023-2024	
	FY 2023-2024	Annual	Budget
	YTD Actuals	Budget	Utilized
<b>Revenues:</b>			
HAPS / Program	130,227,324	128,839,993	101%
Administrative Fees	9,515,963	8,779,008	108%
Grants / Contracts	-	-	0%
Rental Income	-	-	0%
Operating Transfers In	-	-	0%
Other Income	179,368	37,587	477%
<b>Total Revenues:</b>	<b>139,922,655</b>	<b>137,656,589</b>	<b>102%</b>
<b>Expenses:</b>			
Housing Assistance Pmts	130,227,324	128,839,993	101%
Salaries	4,215,864	4,305,294	98%
Employee Benefits	1,881,614	2,099,784	90%
Capital Purchases	-	-	0%
Maintenance	-	-	0%
General Administrative	1,869,357	1,635,366	114%
Tenant Services	99,439	70,000	142%
Operating Transfers Out	-	500,000	0%
Debt Service	-	-	0%
<b>Total Expenses:</b>	<b>138,293,598</b>	<b>137,450,437</b>	<b>101%</b>
<b>Surplus (Deficit):</b>	<b>1,629,057</b>	<b>206,152</b>	

# HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

## Budget Comparison - Federal Housing

Includes LIPH, Casa Pajaro (USDA), and Tierra Alta (USDA)

Fiscal Year to Date for the Period July 1, 2023 - June 30, 2024 (4th Quarter)

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	2023-2024		
	FY 2023-2024	Annual	Budget
	YTD Actuals	Budget	Utilized
<b>Revenues:</b>			
HAPS / Program	-	-	0%
Administrative Fees	-	-	0%
Grants / Contracts	-	-	0%
Rental Income	686,956	948,718	72%
Operating Transfers In	650,901	7,892,703	8%
Other Income	210,282	56,600	372%
<b>Total Revenues:</b>	<b>1,548,138</b>	<b>8,898,021</b>	<b>17%</b>
<b>Expenses:</b>			
Housing Assistance Pmts	-	-	0%
Salaries	244,639	253,126	97%
Employee Benefits	79,473	87,618	91%
Capital Purchases	583,438	721,000	81%
Maintenance	392,299	348,700	113%
General Administrative	170,926	161,336	106%
Tenant Services	5,552	4,800	116%
Operating Transfers Out	113,598	7,355,506	1.5%
Debt Service	13,096	12,789	102%
<b>Total Expenses:</b>	<b>1,603,022</b>	<b>8,944,875</b>	<b>18%</b>
<b>Surplus (Deficit):</b>	<b>(54,883)</b>	<b>(46,854)</b>	

# HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

## Budget Comparison - Federal Grants

Includes Family Self Sufficiency and Shelter Plus Care Grants

Fiscal Year to Date for the Period July 1, 2023 - June 30, 2024 (4th Quarter)

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	2023-2024		
	FY 2023-2024	Annual	Budget
	YTD Actuals	Budget	Utilized
<b>Revenues:</b>			
HAPS / Program	938,821	859,911	109%
Administrative Fees	-	-	0%
Grants / Contracts	215,351	232,540	93%
Rental Income	-	-	0%
Operating Transfers In	-	-	0%
Other Income	-	-	0%
<b>Total Revenues:</b>	<b>1,154,172</b>	<b>1,092,451</b>	<b>106%</b>
<b>Expenses:</b>			
Housing Assistance Pmts	938,821	859,911	109%
Salaries	145,258	151,252	96%
Employee Benefits	47,850	63,859	75%
Capital Purchases	-	-	0%
Maintenance	-	-	0%
General Administrative	1,090	2,194	50%
Tenant Services	21,153	15,235	139%
Operating Transfers Out	-	-	0%
Debt Service	-	-	0%
<b>Total Expenses:</b>	<b>1,154,172</b>	<b>1,092,451</b>	<b>106%</b>
<b>Surplus (Deficit):</b>	<b>0</b>	<b>(0)</b>	

# HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

## Budget Comparison - Local Programs

Includes programs funded by the local jurisdictions

Fiscal Year to Date for the Period July 1, 2023 - June 30, 2024 (4th Quarter)

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	2023-2024		
	FY 2023-2024	Annual	Budget
	YTD Actuals	Budget	Utilized
<b>Revenues:</b>			
HAPS / Program	-	-	0%
Administrative Fees	-	-	0%
Grants / Contracts	990,867	764,540	130%
Rental Income	-	-	0%
Operating Transfers In	-	-	0%
Other Income	25,620	10,550	243%
<b>Total Revenues:</b>	<b>1,016,487</b>	<b>775,090</b>	<b>131%</b>
<b>Expenses:</b>			
Housing Assistance Pmts	-	-	0%
Salaries	56,421	38,587	146%
Employee Benefits	16,485	10,433	158%
Capital Purchases	-	-	0%
Maintenance	-	-	0%
General Administrative	22,078	12,094	183%
Tenant Services	944,673	711,540	133%
Operating Transfers Out	-	-	0%
Debt Service	-	-	0%
<b>Total Expenses:</b>	<b>1,039,657</b>	<b>772,654</b>	<b>135%</b>
<b>Surplus (Deficit):</b>	<b>(23,171)</b>	<b>2,436</b>	

# HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

## Budget Comparison - Business Activities

Includes Business - Type Activities for Mission Street Warehouse, 41st Ave Office,  
and the Management Funds for New Horizons and Merrill Road

Fiscal Year to Date for the Period July 1, 2023 - June 30, 2024 (4th Quarter)

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	2023-2024		
	FY 2023-2024	Annual	Budget
	YTD Actuals	Budget	Utilized
<b>Revenues:</b>			
HAPS / Program	-	-	0%
Administrative Fees	1,119,800	1,128,578	99%
Grants / Contracts	-	-	0%
Rental Income	1,048,844	1,015,196	103%
Operating Transfers In	-	-	0%
Other Income	151,242	55,333	273%
<b>Total Revenues:</b>	<b>2,319,887</b>	<b>2,199,107</b>	<b>105%</b>
<b>Expenses:</b>			
Housing Assistance Pmts	-	-	0%
Salaries	692,647	678,420	102%
Employee Benefits	177,559	198,669	89%
Capital Purchases	150,191	329,000	46%
Maintenance	184,174	151,700	121%
General Administrative	511,857	516,595	99%
Tenant Services	-	-	0%
Operating Transfers Out	-	250,000	0%
Debt Service	-	-	0%
<b>Total Expenses:</b>	<b>1,716,427.81</b>	<b>2,124,384</b>	<b>81%</b>
<b>Surplus (Deficit):</b>	<b>603,459</b>	<b>74,723</b>	



## AGENDA ITEM SUMMARY

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**MEETING DATE:** October 2, 2024

**ITEM NUMBER:** 3C

**FROM:** Finance Director

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**SUBJECT:** Temporary Loans from Business Activity Fund

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**RECOMMENDATION:** Authorize Year-End Interfund Loans from 41<sup>st</sup> Ave Office Fund

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### **BACKGROUND SUMMARY:**

Most of the grants and contracts awarded to the Housing Authority are paid on a cost reimbursement basis. As a result, there are timing differences which can occur between the payment of expenses and the receipt of the grant or contract revenues, resulting in negative cash balances on the grant fund books. These outstanding accounts receivable balances have since been paid by HUD and the respective jurisdictions following the close of the fiscal year. It is customary to report interfund loans between funds in lieu of negative cash balances in the annual financial statements and year-end reports. As a result, temporary interfund cash loans need to be made from the Housing Authority 41<sup>st</sup> Avenue Office Fund as follows:

Fund 681	FSS Coordinator Grant	\$ 14,944.73
Fund 683	Shelter Plus Care Grant	\$ 90,924.35
Fund 852	City of Santa Cruz	\$ 25,551.04
Fund 865	County HOME Grant	<u>\$ 222,863.39</u>
<b>Fund 771</b>	<b>Loan from 41<sup>st</sup> Avenue Office Fund</b>	<b>\$ 354,283.51</b>

These temporary interfund loans will be recorded in the general ledger on June 30, 2024 and reversed on July 1, 2024. The interfund loans are subject to change pending any adjustments during the course of the financial audit.

### **RECOMMENDATION:**

Authorize Year-End Interfund Loans from 41<sup>st</sup> Ave Office Fund

## AGENDA ITEM SUMMARY

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**MEETING DATE:** October 2, 2024

**ITEM NUMBER:** 3D

**FROM:** Executive Director

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**SUBJECT:** Housing Authority Bylaws

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**RECOMMENDATION:** Approve Draft Revision to Agency Bylaws

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### **BACKGROUND SUMMARY:**

As part of the agency's commitment to good governance, it is essential to periodically review and update the Bylaws to ensure they reflect current best practices, legal requirements, and the evolving needs of the agency. In December 2023, the Housing Authority Board of Commissioners updated the Bylaws to reflect a Rotation of Officers. During the August 2024 meeting, at the first such Rotation of Officers, the Board directed staff to update the Bylaws such that Commissioners would be *automatically appointed* according to the pre-defined rotation, rather than conducting a nomination and voting process to approve new officers. The attached draft revision to the Bylaws reflects this change.

**RECOMMENDATION:** Approve Draft Revision to Agency Bylaws

**BYLAWS OF**  
**THE HOUSING AUTHORITY**  
**OF THE COUNTY OF SANTA CRUZ**

**ARTICLE I – THE HOUSING AUTHORITY**

Section 1. Name of Authority. The name of the Authority shall be the “Housing Authority of the County of Santa Cruz”.

Section 2. Seal of Authority. The seal of the Authority shall be in the form of a circle and shall bear the name of the Authority and the year of its organization.

Section 3. Office of Authority. The office of the Authority shall be at 2160 41<sup>st</sup> Avenue, Capitola, California or such other location duly established in the County of Santa Cruz, California.

**ARTICLE II – BOARD OF COMMISSIONERS AND BOARD COMPENSATION**

Section 1. Board of Commissioners. Pursuant to the California Health and Safety Code § 34246, the Authority is governed by a Board of Commissioners. The Board of Commissioners shall be composed of seven (7) members.

Section 2. Compensation. The Authority shall compensate Commissioners for attendance at meetings at a per diem rate allowable under California state law. The current compensation rate is per diem payment for attendance at not more than four (4) meetings of the Authority per month, which shall not exceed fifty dollars (\$50) per day. Compensation shall not be more than the amount paid for similar positions in other local government agencies in the area.

**ARTICLE III - OFFICERS**

Section 1. Officers. The officers of the Authority shall be a Chair, a Vice Chair, and an Executive Secretary, the latter shall be the Executive Director.

Section 2. Chair. The Chair shall preside at all meetings of the Authority Board of Commissioners.

Section 3. Vice Chair. The Vice Chair shall perform the duties of the Chair in the absence or incapacity of the Chair; and in case of the resignation or death of the Chair, the Vice Chair shall perform such duties as are imposed on the Chair until such time as the Authority shall ~~elect~~appoint a new Chair.

Section 4. Secretary. The Secretary shall be the Executive Director of the Authority and is hereinafter referred to as the Executive Director. As Executive Director, they shall have general supervision over the administration of its business and affairs, subject to the direction of the Authority Board of Commissioners. They shall be charged with the administration of Authority programs and management of the housing projects of the Authority.

The Executive Director shall keep the records of the Authority, shall act as recording secretary of the meetings of the Authority Board of Commissioners and record all votes thereof, and shall keep a record of the proceedings of the Authority Board of Commissioners in a journal of proceedings to be kept for such purpose, and shall perform all duties incident to their office. They shall keep in safe custody the seal of the Authority and shall have the power to affix such seal to all instruments authorized to be executed by the Authority.

The Executive Director shall have the care and custody of all funds of the Authority. The Executive Director shall deposit all of the Authority's funds in the name of the Authority in such financial institution(s) as selected in accordance with the procurement policy.

Section 5. Additional Duties. The officers of the Authority shall perform such other duties and functions as may from time to time be required by the Authority or these Bylaws or rules and regulations of the Authority.

Section 6. Election or Appointment. The Chair and Vice Chair shall be ~~elected~~ appointed at the annual meeting of the Authority Board of Commissioners from among the Commissioners of the Authority, and shall hold office for one (1) year or until their successors are ~~elected~~ appointed with a maximum of two (2) consecutive terms for any officer.

Section 7. Vacancies. Should the offices of Chair or Vice Chair become vacant, the Authority Board of Commissioners shall ~~elect~~ appoint a successor from its membership at the next regular meeting, and such ~~election~~ appointment shall be for the unexpired term of said office. The Commissioner next in line for the position based on the rotation of officers in Section 9 shall be automatically appointed, unless they decline the position, in which case it shall continue based on the predefined rotation until a Commissioner accepts the position.

Section 8. Authority Personnel. The Authority may from time to time employ such personnel as it deems necessary to exercise its powers, duties, and functions as prescribed by the California Housing Authorities Law, as amended, and all other laws of the State of California applicable thereto. The selection and compensation of the Executive Director shall be by the Authority Board of Commissioners subject to the laws of the State of California. The selection of individuals to fill personnel positions other than the position of Executive Director shall be by the Executive Director. The Authority Board of Commissioners delegates the authority and responsibility for establishing job descriptions and the compensation applicable to other personnel positions, subject to the Board of

Commissioners adopted budget and the laws of the State of California, to the Executive Director.

Section 9. Officer Rotation Governance. The Board of Commissioners shall ~~vote annually to select the~~ appoint a Chair and Vice Chair annually, according to a predetermined rotation.

At the conclusion of the term for the Chair, the Chair shall step down from the position. The Vice Chair shall automatically assume the role of Chair. Following the promotion of the Vice Chair to the position of Chair, the Board shall ~~select and vote on~~ automatically appoint a new Vice Chair from among the Commissioners, according to the rotation listed below. Commissioners may decline to serve as either Chair or Vice Chair at any time. This includes the option to decline at any point during their tenure, including at the point of ~~nomination~~ appointment. If a Commissioner declines ~~nomination~~ appointment for the Chair or Vice Chair position, the next Commissioner listed in the sequence established below shall be ~~nominated~~ appointed until a Commissioner accepts the position.

Board Officers shall be ~~considered~~ appointed according to the following sequence, which shall repeat in an ongoing rotation:

- Commissioner nominated by the City of Watsonville.
- Commissioner that is a current Authority participant and at least 62-years-old.
- Commissioner nominated by the Community Action Board.
- Commissioner nominated by the County of Santa Cruz (1).
- Commissioner that is a current Authority participant.
- Commissioner nominated by the City of Santa Cruz.
- Commissioner nominated by the County of Santa Cruz (2).

#### **ARTICLE IV – MEETINGS**

Section 1. Annual Meeting. The annual meeting of the Authority shall be held on the fourth Wednesday of August at 11:00 a.m. at the regular meeting place of the Authority.

Section 2. Regular Meetings. Regular meetings of the Authority shall be held on the fourth Wednesday of each month at 11:00 a.m. at the regular meeting place of the Authority or at such time and place as may from time to time be determined by resolution of the Authority Board of Commissioners. In the event a day of regular meeting shall be a legal holiday, said meeting shall be held on the next succeeding business day. Regular meeting agendas shall be posted at least seventy-two (72) hours prior to the regular meeting in a location that is freely accessible to members of the public and on the Authority's internet website.

Section 3. Special Meetings. The Chair of the Board of Commissioners may, when they deem it warranted, and shall, upon the written request of a majority of Commissioners, call a special meeting of the Authority for the purpose of transacting any business

designated in the notice of the special meeting. The written notice for a special meeting shall be delivered to each Commissioner and to each local newspaper of general circulation and radio or television station requesting notice in writing and posted on the Authority's internet website. The notice shall be delivered personally or by any other means and shall be received at least 48 hours before the time of the meeting as specified in the notice. The call and notice for a special meeting shall be posted at least forty-eight hours prior to the special meeting in a location that is freely accessible to members of the public. At such special meetings no business shall be considered other than as designated in the call.

Section 4. Brown Act. All Board of Commissioner meetings shall be noticed and held in compliance with the Ralph M. Brown Act (Government Code §§ 54950 et seq.)

Section 5. Conduct of Meetings. All meetings of the Authority shall be conducted as determined by the Chair, provided, however, that upon the request of any two (2) Board Commissioners, a meeting shall be conducted in accordance with Robert's Rules of Order. The priority of officers to chair any meeting is:

1. Chair
2. Vice-Chair

Section 6. Authority of Board of Commissioners or Staff Participation in Meetings. The Board of Commissioners may appear at meetings from remote locations through teleconferencing, subject to compliance with the Brown Act. All votes taken during a teleconferenced meeting shall be by roll call. Each teleconference location shall be identified in the notice and agenda of the meeting, and each teleconference location shall be accessible to the public, except as otherwise provided under the Brown Act. An agenda shall be posted at all teleconference locations, except as otherwise provided under the Brown Act. The agenda shall provide an opportunity for the members of the public to address the Board of Commissioners directly at each teleconference location, except as otherwise provided under the Brown Act. During a teleconference, at least a quorum of the Commissioners shall participate from locations within the boundaries of the Housing Authority's jurisdiction, except as otherwise provided under the Brown Act.

Staff may duly appear at meetings from remote locations through any use of direct communication, personal intermediaries, or technological devices.

Section 7. Quorum. Four (4) Commissioners shall constitute a quorum for the purpose of conducting the Authority's business and exercising its powers and for all other purposes, but a smaller number of the Board of Commissioners or the Executive Director may adjourn from time to time until a quorum is obtained.

Section 8. Order of Business. At the regular meetings of the Authority, the following shall be the order of business:

1. Roll Call
2. Consideration of Late Additions and Changes to the Agenda
3. Consent Agenda
4. Oral Communication
5. Unfinished business
6. New Business
7. Written Correspondence
8. Report of Executive Director
9. Report from Board Commissioners
10. Closed session (if needed)
11. Report on closed session (if needed)
12. Adjournment

Routine matters which normally require no discussion may be placed on a Consent Agenda. Any Commissioner or member of the public may require any item(s) to be removed from such Consent Agenda for discussion and action. All items remaining on such Consent Agenda will be voted on and passed by a single motion.

Business normally on the Consent Agenda will include Approval of Minutes. The Executive Director shall designate which items shall be placed on the Consent Agenda, subject to direction from the Chair.

Section 9. Resolutions. Approved resolutions shall be entered in the record of the proceedings of the Authority.

Section 10. Manner of Voting. The voting on all questions coming before the Authority shall require approval by a majority of the quorum voting thereon, and the ayes and the noes shall be entered upon the minutes of each meeting.

Section 11. Vacancy. A vacancy shall exist and shall be reported in writing by the Chair of the Commission to the Board of Supervisors, pursuant to Government Code Section 1770 et seq. A Commissioner vacates their seat whenever a Commissioner fails to attend three consecutive regular meetings without good cause entered in the minutes of the Board of Commissioners.

Any notice of resignation shall be submitted in writing to the Chair of the Commission and forwarded by the Chair of the Commission to the Board of Supervisors. Any vacancy caused by the death, incapacitation, or any other circumstance shall be reported in writing by the Chair of the Commission to the Board of Supervisors.

## **ARTICLE V. - COMMUNICATIONS**

Section 1. Website. The Housing Authority shall maintain a website to provide information to the general public regarding activities, meetings and items of interest related to the Authority.

Section 2. Identification of Persons and/or Positions Authorized to Change Website. The Executive Director, and their designee(s), are authorized to approve the initial composition and subsequent changes of substantive content to the Authority website. Changes of substantive content by other persons or positions shall require prior approval by the Executive Director.

## **ARTICLE VI – FINANCIAL PROCEDURES**

Section 1. Line Item Budget. The Board shall approve an annual line item budget detailing the expenditures intended for the upcoming year. Financial actions consistent with the budget are authorized to be performed by the Executive Director in conformance with the warrant procedure.

Section 2. Warrant Procedure. The Authority's warrants (checks) may be issued upon the signature of both the Executive Director or Deputy Executive Director and the Finance Director. Checks shall be stored in a locked cabinet at the Authority Offices. One Authority employee removes checks from the locked cabinet while being observed by a second designated employee who signs off on the number of checks allotted for the check run, and if applicable, the check numbers listed on the checks. The Executive Director and the Finance Director shall review and approve the transactions.

The Finance Director shall keep regular books of accounts showing receipts and expenditures and shall render to the Authority annually (or more frequently when requested by the Authority Board of Commissioners), an account of their transactions and also of the financial condition of the Authority. The Executive Director and the Finance Director shall give such bond for the faithful performance of their duties as the Authority may determine.

Section 3. Procurement and Disposition Policy. Bids, contracts, and property dispositions exceeding the HUD Simplified Acquisition Threshold of \$250,000 shall be presented to the Board for approval. Bids, contracts, and property dispositions under \$250,000 shall follow the procurement and disposition policies adopted from time to time by the Board.

Section 4. Ethics Training. Pursuant to California Government Code Section 53235, all Commissioners are required to receive training in general ethics principles and ethics laws relevant to their public service. Commissioners must complete two (2) hours of such ethics training within one (1) year of their first day of service. Thereafter, each Commissioner shall receive at least two (2) hours of ethics training every two (2) years. The Authority will provide information on available ethics training opportunities to the Board at least once annually.

The Authority must keep records documenting the dates that each Commissioner satisfied their ethics training requirements and the entity that provided the training. Records of



each ethics training activity must be kept on file for at least five (5) years from the date of the activity.

## **ARTICLE VII – SIGNATURES ON INSTRUMENTS**

Section 1. Authority of the Executive Director. The Executive Director is vested with the authority to enter into contracts, releases, MOUs, releases, receipts, and execute all agreements on behalf of the Authority, subject to the approval and limitations set forth by the Board of Commissioners.

Section 2. Delegation of Contractual Authority. The Executive Director may delegate the authority to sign contracts and execute agreements to other Directors as deemed necessary. Such delegation must be in writing, specify the scope and any applicable limitations of the authority being delegated as well as duration.

Section 3. Limitations. The delegation of authority to sign contracts does not extend to transactions that exceed the monetary or other limits established by the Board of Commissioners, nor does it override any specific restrictions imposed by these Bylaws or the Authority's policies and procedures.

## **ARTICLE VIII – RECORDS RETENTION**

Section 1. Record Retention Policy. The Authority Board of Commissioners shall adopt a records retention policy that adheres to the laws of the State of California and the U.S. Department of Housing and Urban Development rules regarding the retention of records.

## **ARTICLE IX – AMENDMENTS**

Section 1. Amendments to Bylaws. The Bylaws of the Authority shall be amended only with the approval of at least four (4) of the Commissioners of the Authority at a duly held meeting of the Authority Board.

## AGENDA ITEM SUMMARY

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**MEETING DATE:** October 2, 2024

**ITEM NUMBER:** 3E

**FROM:** Executive Director

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**SUBJECT:** Housing Choice Voucher Administrative Plan Update

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**RECOMMENDATION:** Receive Report

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### **BACKGROUND SUMMARY:**

The Housing Authority must adopt a written Administrative Plan that establishes local policies for the administration of the Housing Choice Voucher (HCV) program in accordance with Housing and Urban Development (HUD) requirements. The requirements for the Administrative Plan are described in 24 CFR § 982.54 which state the Administrative Plan and any revisions of the plan must be formally adopted by the Housing Authority Board of Commissioners (Board) or “other authorized PHA officials”.

Prior to the Housing Authority’s designation as a Moving to Work (MTW) Agency, changes to the Administrative Plan were typically presented to Board once per year. Staff would present the Board with a version of the Administrative Plan which included track-changes to highlight which text was being removed, edited, or inserted. The Housing Authority’s status as an MTW Agency presented a need to make more frequent changes to the Administrative Plan. These changes are primarily technical corrections related to HUD requirements or minor revisions to ensure the Administrative Plan aligns with the MTW Supplement which was previously approved by the Board and underwent a public comment period.

In October 2023, the Board of Commissioners designated the Executive Director as an “other authorized PHA official” to adopt limited revisions and technical changes to the Administrative Plan. Substantial revisions to the Administrative Plan would continue to require approval from the Board. At this time, the Administrative Plan requires several updates and changes reflecting new HUD requirements (HOTMA), the updated Project Based Voucher (PBV) request for proposals process, and one additional change that would allow PBV tenants to move out of their units with continued assistance prior to completing their one year lease term. These changes do not require Board approval. However, staff are providing the Board with a summary of the changes in order to promote transparency.

## **SUMMARY OF ADMINISTRATIVE PLAN CHANGES:**

### HOTMA (Pages 32-33)

HUD continues to phase in the implementation of the Housing Opportunities Through Modernization Act of 2016 (HOTMA). The 2024 HCV Administrative Plan (Plan), approved by the Board in February 2024, incorporated many of the HOTMA changes. On May 7, 2024, HUD published a final rule outlining *additional* implementation dates. The first of these phased in implementations requires updates to the Plan as follows. Section XIV, previously "The Process for Establishing and Revising Payment Standards," is updated to "The Process for Establishing and Revising Payment Standards and Utility Allowances," and now includes details on how the HACSC establishes and updates utility allowances. The revised section also acknowledges that the HACSC may establish multiple payment standard areas within its FMR area. Finally, Section XXII, regarding HQS Inspections, is updated to incorporate the HACSC policy on the abatement of the HAP and the termination of a family's assistance due to unresolved program non-compliance related to HQS deficiencies. Additionally, HOTMA introduced several new requirements regarding information that PHAs must include in their Administrative Plans about the PBV Program. To comply with these new regulations, Section XVII was updated to cover the agency's policies.

### PBV RFP Process (Pages 38-39)

The Housing Authority has updated the Project Based Voucher section of the Administrative Plan to reflect the new Request for Proposals process recently adopted by the Board. Section XVII clarifies that the PBV RFP may be open continuously or may be open and closed at defined times. Further, it is clarified that proposals will be scored according to the evaluation and scoring criteria as defined by the Board of Commissioners and that the agency may select one or more proposals, or no proposals, for a conditional award of PBVs.

### PBV Moves with Continued Assistance (Page 12)

Section I. has been updated to include a new HCV Waiting List preference for families that are exercising an early right to move from their PBV unit. A family must normally participate in the PBV Program for one year prior to moving with an HCV, however, under some circumstances, including program conversions, emergency transfers resulting from domestic violence, and other good causes, families that terminate their lease in mutual agreement with the owner may be permitted to transfer early with continued assistance.

**RECOMMENDATION:** Receive Report

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**HOUSING CHOICE VOUCHER PROGRAM (SECTION 8)**  
**ADMINISTRATIVE PLAN**



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.

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~~September 1, 2024~~ October 2, 2024

Please note that the electronic copy of this document contains hyperlinks to applicable regulations and other references. An electronic copy of this document is available at: [hacosantacruz.org](http://hacosantacruz.org). 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 with 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.

Following the Streamline Voluntary Conversion of the Low Income Public Housing Program, 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.

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; or
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.

***Asset Limits and Determination of Net Family Assets - (Applicable upon the Housing Authority's HOTMA Compliance Date)***

The Housing Authority is required to deny new admissions to the Housing Choice Voucher or Project Based Voucher program if an applicant's net family assets exceed \$100,000 or if the applicant owns real property suitable for the household to live in.

If the applicant declares present ownership in real property, the Housing Authority must seek third-party verification of the following, as applicable:

1. Whether or not the applicant has the legal right to reside in the property; and
2. Whether or not the applicant has the effective legal authority to sell the property; and
3. Whether or not the property is suitable for occupancy by the applicant as a residence.

The Housing Authority will not consider retirement accounts and non-revocable trusts as part of household assets. Excluded assets can be found at 24 CFR 5.603(b)(3) and (4). The Housing Authority will exercise its discretion to not enforce the asset limitations for annual recertifications.

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 to have 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.

Selection of Families for Project-Based Voucher Units

Project-Based Voucher sites may have separate site-based waiting lists, may have third-party referral units, may utilize the combined Housing Choice Voucher Waiting List, or may employ a mix of these methods. The Housing Authority will consider the establishment of additional site-based waiting lists for new Project-Based Voucher units on a case-by-case basis. For most Project Based Voucher units, families will be selected from the Housing Choice Voucher Waiting List to apply for a PBV unit in the order of their random number sequence (lottery number). Additionally, existing Housing Choice Voucher holders who were recently issued a voucher or are in the process of transferring may lease PBV units at developments that utilize the combined HCV Waiting List.

When a PBV unit becomes available, the Housing Authority will send a letter to the top families in the HCV Waiting List and searching voucher-holders or to households on the PBV site-based waiting list, as applicable. The letter will instruct interested families to contact the owner directly to apply. For PBV units that utilize the combined Housing Choice Voucher waiting list, if outreach to the waiting list does not result in an eligible applicant with the appropriate household size after sixty (60) days of outreach consisting of at least two (2) mailings, and the owner utilizes a site-based waiting list for other PBV units or non-PBV units, the Housing Authority may allow the owner to refer an eligible applicant from that site-based waiting list to the combined HCV waiting list unit. Acceptance of referrals for HCV waiting list units will be considered on a case-by-case basis, subject to approval of the Executive Director.

Specifically designated Project-Based Voucher properties may offer units through a referral process with a third-party agency. Eligible families referred through this method will be placed on a PBV waiting list for designated unit(s) at that property and receive an absolute preference. Such properties are listed in the table below.

<b>PBV Development</b>	<b>Location</b>	<b>Waiting List Conditions</b>
<b>El Centro</b> 44 PBV units – senior housing	1110 Pacific Avenue Santa Cruz	44 units for elderly households – Date of placement on the site-based waiting list
<b>Resetar Residential Hotel</b> 52 PBV units	15 West Lake Avenue Watsonville	44 Standard PBV units - date of placement on the site-based waiting list 8 HUD-VASH PBV units – referrals from the Department of Veterans Affairs



<p><b>St. Stephens Senior Housing</b></p> <p>39 PBV units – senior housing</p>	<p>2510 Soquel Avenue Santa Cruz</p>	<p>29 PBV units for elderly households – lottery number on the site-based waiting list</p> <p>5 HUD-VASH PBV units for elderly households – referrals from the Department of Veterans Affairs</p> <p>5 PBV units for frail elderly households – referrals from Health Projects Center</p>
<p><b>Pippin Orchards Apartments</b></p> <p>31 PBV units</p>	<p>56 Atkinson Lane Watsonville</p>	<p>33 Standard PBV units – lottery number on the site-based waiting list</p>
<p><b>Sunrise Senior Apartments</b></p> <p>48 PBV units – senior housing</p>	<p>580 Westside Blvd. Hollister</p>	<p>43 PBV units for elderly households – Sunrise Senior Apartments will use a site-based waiting list.</p> <p>Applications will be processed based on the date the application is received after the initial lottery is conducted.</p> <p>5 HUD-VASH PBV units for elderly households – referrals from the Department of Veterans Affairs</p>
<p><b>San Andreas</b></p> <p>4 PBV units – farmworker</p>	<p>295 San Andreas Road Watsonville</p>	<p>4 Farmworker PBV units – the Housing Authority may accept referrals of eligible families from Mid-Pen Housing’s waiting list.</p>
<p><b>Villas del Paraiso</b></p> <p>15 PBV units – farmworker</p>	<p>340 Paraiso Drive Watsonville</p>	<p>15 Farmworker PBV units – The Housing Authority may accept referrals of eligible families from Mid Pen Housing’s waiting list.</p>
<p><b>Jardines del Valle</b></p> <p>5 PBV units</p>	<p>76 Murphys Crossing Road Santa Cruz County (unincorporated area)</p>	<p>5 Standard PBV units – The Housing Authority may accept referrals of eligible families from Mid-Pen Housing’s waiting list</p>

<p><b>Pajaro Valley Shelter Services</b></p> <p>4 PBV units</p>	<p>Scattered sites</p>	<p>4 Standard PBV units for formerly homeless families referred by Pajaro Valley Shelter Services</p>
<p><b>Merrill Road Apartments</b></p> <p>15 PBV units</p>	<p>3201 Merrill Road Aptos</p>	<p>15 Standard PBV units – date of placement on site-based waiting list</p>
<p><b>Bienestar Plaza</b></p> <p>40 PBV units</p>	<p>1500 Capitola Road Santa Cruz</p>	<p>25 Standard PBV units – lottery number on the HCV waiting list.</p> <p>10 Permanent Supportive Housing (PSH) units for families eligible for No Place Like Home – referrals from the Continuum of Care’s Coordinated Entry System</p> <p>5 Permanent Supportive Housing (PSH) High Utilizer Preference units with a preference for “high utilizers” who are eligible and prioritized through the Continuum of Care’s Coordinated Entry System as applicants for the High Utilizer Preference.</p>
<p><b>Tabasa Gardens</b></p> <p>37 PBV units</p>	<p>1482 Freedom Blvd Watsonville</p>	<p>21 Standard PBV units – lottery number on the HCV waiting list.</p> <p>6 Permanent Supportive Housing (PSH) units for families eligible for No Place Like Home – referrals from the Continuum of Care’s Coordinated Entry System</p> <p>10 Farmworker units for farmworker families eligible for supportive services – families to be selected from the owner-maintained’ site-based farmworker waiting list, with a preference for farmworker families also on the HCV waiting list.</p>

<p><b>Cedar Street Family Apartments</b></p> <p>8 PBV units</p>	<p>525 Cedar Street Santa Cruz</p>	<p>4 HUD-VASH PBV units - referrals from the Department of Veterans Affairs</p> <p>4 Permanent Supportive Housing (PSH) units - referrals from the Continuum of Care's Coordinated Entry System</p>
<p><b>Cienega Heights</b></p> <p>37 PBV units</p>		<p>32 Standard PBV units – lottery number on the HCV waiting list</p> <p>5 Farmworker units for farmworker families selected from the owner-maintained site-based farmworker waiting list, with a preference for farmworker families also on the HCV waiting list</p>
<p><b>Sparrow Terrace</b></p> <p>43 PBV units</p>	<p>139 &amp; 141 Miles Lane Watsonville</p>	<p>25 Standard PBV units – lottery number on the HCV waiting list</p> <p>12 Farmworker units for farmworker families selected from the owner-maintained site-based farmworker waiting list, with a preference for farmworker families also on the HCV waiting list</p> <p>6 Permanent Supportive Housing (PSH) units for families eligible for No Place Like Home - referred through the Continuum of Care's Coordinated Entry System</p>

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

The 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 the Coordinated Entry System administered by the Continuum of Care (CoC), provides 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 determined by 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.

#### 8. Graduates of the Continuum of Care (CoC) Shelter Plus Care (S+C) 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.

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 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.

## 11. Early Family Right to Move in Project-Based Voucher Units

Prior to a family completing its one-year assistance requirement in PBV units, if the owner and the family agree to mutually terminate the tenancy, the Housing Authority, at its discretion, may agree to -allow the family to transfer with an HCV.

### 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 very low-income (incomes not exceeding 50% of area median income), the Housing Authority retains the right to select 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. The family must submit a Request for Tenancy Approval within the initial voucher term or request an extension. The Housing Authority allows families to submit one Request for Tenancy Approval at a time. One or more extensions of at least an additional 60 days will be considered.



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 Moving to Work (MTW) administrative flexibilities that are not otherwise in conflict with the HUD-VASH Operating Requirements.

#### Family Unification Program (FUP) and Foster Youth to Independence (FYI) (220 vouchers)

Family Unification Program and Foster Youth to Independence (FYI) 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. FYI vouchers are reserved 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 FUP/FYI assistance, applicants will be identified and certified for eligibility by the County Human Services Department (HSD).

FUP/FYI 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/FYI-eligibility determination. HSD will provide written certification to the Housing Authority that a family or a youth qualifies as a FUP/FYI-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 Coordinated Entry System. FUP Youth and FYI vouchers have a HUD imposed 36- month limit on rental assistance, excepting for the provisions under Fostering Stable Housing Opportunities (FSHO).

For youth who first leased a unit with a FUP/FYI 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/FYI 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/FYI 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.

3. FUP/FYI 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.

All FUP/FYI families and youth will be offered the opportunity to join the Family Self Sufficiency program.

FUP/FYI 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/FYI 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.

#### 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/Medi Cruz 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's 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's 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 by 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's will be administered like the regular HCV program. However, EHV's will not be issued based on placement on Housing Authority waiting lists. EHV's 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's, 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.

The Housing Authority will operate EHV in accordance with MTW administrative flexibility that are not otherwise in conflict with the EHV Operating Requirements.

The EHV program sunset on September 30, 2023. As of that date, 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 unless new EHV vouchers are awarded by HUD. Therefore, as EHV program participants leave the program, turnover vouchers will not be issued, and the program will eventually end through attrition.

#### Stability Vouchers (SV) (40 Vouchers)

The Department of Housing and Urban Development (HUD) has awarded the Housing Authority Stability Vouchers (SV) to assist households experiencing or at risk of homelessness, those fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, human trafficking, and veterans and families that include a veteran family member.

Household Eligibility. In accordance with Notice PIH 2022-24, in order to be eligible for a Stability Voucher, a household must meet one of four eligibility criteria:

1. Individuals and families who are currently experiencing homelessness;
2. Individuals and families at risk of homelessness;
3. Individuals and families fleeing, or attempting to flee, domestic violence, dating violence, stalking, sexual assault; and
4. Veterans and families that include a veteran family that meet one of the preceding criteria.

Referrals will be made based on the CoC-approved Coordinated Entry System (CES) prioritization. The County and CoC will work to pair eligible households with appropriate supportive services to help with securing and maintaining housing.

HACSC operates the following Special Purpose Voucher programs in accordance with MTW flexibilities: Mainstream, FUP, VASH, EHV, and Stability. For Stability and VASH Vouchers, we do not apply Waiver 9.h. (Limit Portability for PBV Units (HCV)).

#### **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 186 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. Families with children who have been placed in foster care will keep their voucher size for at least 12 months after the child is removed but may be removed from the household at the next regular re-examination following the 12-month period, or after being provided at least 120 days' notice following the 12 month period. When the child returns from foster placement, the household composition will be upsized at the interim and the payment standard will be updated at that time. The family will not be required to wait until their next re-examination to be upsized or to have their payment standard updated.

Families with military servicepersons on active duty will be downsized at the first transfer or regular re-examination following the departure of the serviceperson or after being provided at least 120 days' notice following the departure of the serviceperson. When military servicepersons on active-duty return, the household composition will be upsized, and the payment standard will be updated at the interim. The family will not be required to wait until their next re-examination to be upsized or to have their payment standard updated.

Foster children, foster adults, live-in aides and family members of live-in aides are considered non-familial household members and are not considered family members, temporary family members, or guests.

#### Definition of a Household

*Household* is a broader term that includes additional people who, with the Housing Authority's consent, may live in an assisted unit, such as foster children, foster adults, and live-in aides.

#### Definition of a Foster Child

A member of the household who meets the definition of a foster child under State law. Generally, a foster child is placed with a family by a government child welfare agency or through a court order.

#### Definition of a Foster Adult

A member of the household who is 18 years of age or older and meets the definition of a foster adult under State law. Generally, a foster adult is a person who is 18 years of age or older, is unable to live independently due to a debilitating physical or mental condition and is placed with a family by an authorized placement agency or by court order.

#### Definition of a Live-in-Aid

A person who resides with one or more elderly, near-elderly, or persons with disabilities who

1. Is determined to be essential for the care and well-being of the persons.
2. Is not obligated for the support of the persons.
3. Would not be living in the unit except to provide the necessary supportive services.

#### 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 any housing authority or to an owner 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.

The Housing Authority, along with all local jurisdictions within the County of Santa Cruz, have provided funding for a risk mitigation program which is available to all landlords and property agents participating in HACSC voucher programs 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:

<b>Number of Household Members Impacting Voucher Size</b>	<b>Voucher Size</b>
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:

<b>Number of Household Members Impacting Voucher Size</b>	<b>Voucher Size</b>
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 live-in-aide and all live-in-aide 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 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, foster child, and foster adults 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 the 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 and Utility Allowances**

### 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. Payment Standards 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)
6. Review of rental units in the open market.

The Housing Authority may establish one or more designated payment standard areas within its FMR area. The Housing Authority has three payment standard areas for the Santa Cruz-Watsonville FMR Area, which are as follows:

South County (95019, 95076, excluding the La Selva Beach neighborhood)

San Lorenzo Valley (95005, 95006, 95007, 95018, 95041)

North County (all other Santa Cruz County ZIP codes, and the La Selva Beach neighborhood)

The Housing Authority established the payment standard areas by evaluating market conditions across geographies of the FMR area and grouped ZIP codes where the typical market rate is similar.

The Housing Authority has a single payment standard area for the San Benito County FMR Area.

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.

Under MTW authority approved by HUD, the Housing Authority utilizes payment standards that fall between 80%-120% FMR.

The Housing Authority does not use Small Area Fair Market Rents.

#### Utility Allowances

Utility Allowances are an estimate of the monthly cost of tenant-paid utilities and are considered part of the gross rent. The Housing Authority maintains a utility allowance schedule for

1. all tenant-paid utilities,
2. the cost of tenant-supplied refrigerators and ranges, and
3. other tenant-paid housing services such as trash collection.

The utility allowance schedule is determined based on the typical cost of utilities and services paid by households that occupy housing of similar size and type in the same locality, patterns of consumption for the community as a whole, and current utility rates.

Per HUD regulations, costs for telephone, cable/satellite television, and internet services are not included in the utility allowance schedule.

The Housing Authority has established a disability utility allowance schedule. In cases where a higher allowance is necessary to accommodate a family member's disability, the Housing Authority may approve an increased amount.

The Housing Authority conducts an annual review of its utility allowances and adjustments are made as necessary.

### **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.

#### Housing Choice Voucher (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 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 buildings, or multiple buildings on contiguous parcels of land. Projects are subject to their own PBV Housing Assistance Payments (HAP) Contract, however, multiple projects that



each consist of a single-family building (one to four units) may be included in one PBV HAP Contract.

Upon HUD Approval, under MTW authority, the Housing Authority will expand the definition of “project” to include non-contiguous scattered sites and may include non-contiguous scattered sites under one PBV HAP Contract.

## 2. Program Cap (Percentage Limitation)

Under MTW authority, the Housing Authority has a Program Cap of 50% of authorized vouchers or total budget authority. The Program Cap is the maximum number of vouchers that the Housing Authority may allocate to the PBV Program. As a result of this MTW authority, there is no increased Program Cap and there are no units excepted from the 50% cap and eligible for the increased Program Cap. Therefore, the Housing Authority does not identify excepted units nor the types and availability of supportive services that qualify for the increased Program Cap Units under the Program Cap supportive services authority.

## 3. Project-Based Voucher Proposal Submission Selection

### Standard Competitive PBV Selection Process

The Housing Authority will use a competitive selection process for any project that it does not own or control.

The Housing Authority will consider many factors including but not limited to, 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 the Evaluation and Scoring Criteria established by the Board of Commissioners.

Prior to project selection, the Housing Authority will score a proposal, or proposals, in accordance with the established Evaluation and Scoring Criteria, and determine that the proposal complies with HUD program regulations and requirements, which may include but is not limited to, a determination that the property is eligible for project-based vouchers, that the proposal complies with the Income-Mixing Requirement and Percentage Limitation, and that the proposal meets the site selection standards.

The Housing Authority may continually maintain an open Request for Proposals (RFP) for project-based vouchers or may offer an RFP that opens and closes at defined times. The Board of Commissioners will establish the Evaluation and Scoring Criteria upon which the associated RFP will be written. Interested parties may submit proposals while the RFP remains open. Open RFPs will remain posted on the Housing Authority website. For any given RFP, the Housing Authority may select one or more projects for a conditional award of PBVs or may select no projects.

## Non-Competitive PBV Selection Process

Under MTW authority approved by HUD, the Housing Authority may award PBVs to projects that it owns or controls without using a competitive selection process.

## Notification of Selection

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. The Housing Authority will provide public notice for selected projects.

### 4. Project Cap (Income-Mixing Requirement)

The Housing Authority, under MTW flexibilities, may project-base up to 100% of the units at a project. The PBV RFP, determines how many PBVs a particular project may be eligible to receive. Due to this MTW flexibility, the Housing Authority does not identify excepted units or the types and availability of supportive services that qualify units as excepted units..

### 5. Site Selection Standards and Policy

#### Standard for Deconcentrating Poverty and Expanding Housing and Economic Opportunities

Proposals selected for project-based assistance 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, at a minimum, consider the following:

- a. Whether the Census Tract in which the proposed PBV development will be located is in a HUD-designated Enterprise Zone, Economic Community or Renewal Community
- b. 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.
- c. If the poverty rate in the area where the proposed PBV development will be located is greater than 20 percent, whether in the past five years there has been an overall decline in the poverty rate.
- d. Whether the census tract in which the proposed PBV development will be located is undergoing significant revitalization.
- e. Whether state, local, or federal dollars have been invested in the area that has assisted in the achievement of the statutory requirement.

- f. 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.
- g. Whether there are meaningful opportunities for educational and economic advancement in the census tract where the proposed PBV development will be located.

#### Site Selection Policy

Owners that submit proposals for PBVs will certify that their project meets the standard of deconcentrating poverty and expanding housing and economic opportunities, civil rights requirements, and the site and neighborhood standards. The Housing Authority will also certify that the project meets the site selection standards.

This promotes the agency's PBV goals by ensuring the owner evaluates their project site for consistency with program requirements.

#### 6. Inspection Policies

The Housing Authority will allow one year to lapse between the initial inspection of an existing housing project and the execution of a HAP Contract for that project

The Housing Authority has not adopted the non-life-threatening deficiencies option or the alternative inspection option for existing housing, and will confirm full compliance with the Housing Quality Standards prior to executing a HAP Contract.

The Housing Authority will perform periodic inspections of PBV units at least biennially.

The Housing Authority may use a verification method other than an on-site inspection for HQS deficiencies, which may include, but is not limited to, photographic evidence submitted by the owner.

#### 7. Additional Requirements for Quality, Architecture, or Design

The Housing Authority may establish additional requirements for quality, architecture, or design of PBV projects on a case-by-case basis.

#### 8. Entering into a HAP Contract Prior to Entering into an Agreement to Enter into a HAP Contract

For new construction or rehabilitation projects, the Housing Authority will not execute a HAP Contract without first executing an Agreement to Enter into a HAP Contract (AHAP). The Housing Authority does not allow construction or rehabilitation to commence prior to execution of an AHAP.

#### 9. Certification of Completion of the Work

Owners must submit evidence of completion of the work to the Housing Authority prior to execution of the HAP Contract for new construction or rehabilitation projects. The Housing Authority must accept the evidence prior to execution of the HAP Contract.

The required evidence may be identified in the AHAP and may include, but is not limited to, a temporary certificate of occupancy, a full certificate of occupancy, an architect or owner's certification that the project was completed in accordance with the AHAP, an architect or owner's certification that the project was completed in accordance with additional design requirements, and an owner's and responsible entity's certification that any mitigating measures identified in the environmental review were addressed. Housing Authority staff will provide the appropriate certifications to the owner for completion and submission.

#### 10. Adding or Substituting Contract Units

Any existing PBV HAP contract may be amended to add or substitute PBV units by mutual agreement of the Housing Authority and the owner on a case-by-case basis, and in accordance with all HUD requirements.

#### 11. Housing Quality Policies

The Housing Authority may establish additional requirements for continued compliance with quality, architecture, or design of PBV housing during the term of the HAP Contract on a case-by-case basis.

The Housing Authority may withhold or abate HAP for PBV units or may remove PBV units from the HAP Contract if the project has HQS deficiencies.

The Housing Authority may on a case by case basis assist families with relocating or finding a new unit if HAP is abated or if a PBV unit is removed from the HAP Contract.

#### 12. Waiting List Policies and Tenant Selection

The Housing Authority's waiting list selection policies for PBV units are identified in Section I of this Administrative Plan.

##### Owner-Maintained Waiting Lists

The Housing Authority may, at their sole discretion, permit owners to maintain a waiting list for one or more PBV projects. Owners must develop and submit a written owner waiting list policy to the Housing Authority for consideration and approval. The submission must include proposed policies and procedures concerning management and selection of applicants from the waiting list, admissions preferences, procedures for removing applicant names from the waiting list, and procedures for closing and re-opening

the waiting list. Owner requests for owner-maintained waiting lists will be reviewed and may be approved on a case-by-case basis.

#### Owner-Maintained Waiting List Oversight Procedures

The Housing Authority may require that the owner provide a copy of its waiting list and details related to families rejected or removed from the waiting list. The owner may be asked to provide information including, but not limited to, family waiting list placement, the applicability of preferences to each family, and the reasons why a family was rejected or removed from the waiting list.

#### Rejections of Units Offered for Good Cause

A family will not be removed from a site-based PBV waiting list (including owner-maintained waiting lists) if the family rejects an offer of a PBV unit for the following reasons:

- a. The family determines that the unit is not accessible to a household member with a disability or otherwise does not meet the member's disability-related needs
- b. The unit has HQS deficiencies
- c. The family is unable to accept the offer due to circumstances beyond the family's control (such as hospitalization, temporary economic hardship, or natural disaster)
- d. The family determines the unit presents a health or safety risk to a household member who is or has been a victim of domestic violence, dating violence, sexual assault, or stalking, as provided in 24 CFR part 5, subpart L
- e. On a case-by-case basis, at the discretion of the Executive Director

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 for tenant-based assistance and may continue to receive PBV offers.

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.

### 13. Tenant Screening

The Housing Authority will only screen PBV applicants for income, citizenship status ....

The Housing Authority will only provide the PBV applicant's current and prior address, and the name and address of the landlord at the applicant's current and prior address, upon request of the PBV owner, if available.

#### 14. Continued Housing Assistance - 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

#### 15. Family Right to Move

Families may move from PBV units with an HCV after receiving PBV assistance for one year.

To request an HCV, the family must submit a request in writing to the Housing Authority. The Housing Authority will give any eligible family priority for the next available HCV. If an HCV is not available upon request, the agency will establish an internal "waiting list" that identifies families waiting to move with continued tenant-based assistance.

#### 16. Units Qualifying for the Excepted Status and Increased Program Cap

Under MTW authority, the Housing Authority has a 50% program cap, and there are no excepted unit or voucher types.

#### 17. Units for Special Populations

Units set aside for elderly and disabled families may continue to be occupied by the same family if the family experiences circumstances beyond its control that led the family to no longer meet the definition of an elderly or disabled family.

#### 18. Rent to Owner

The maximum rent to owner will be established as the lowest of:

- a. 110% of the Fair Market Rent, minus any utility allowance
- b. The applicable payment standard for the unit size
- c. The reasonable rent
- d. The owner-requested rent

## 19. Rent Redetermination

Owners must submit rent increase requests for PBV units in writing to the Housing Authority at least sixty (60) days before the annual anniversary of the HAP Contract.

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 contract year is the period of twelve (12) calendar months preceding each anniversary of the HAP Contract. The initial contract year is calculated from the first day of the first calendar month of the HAP Contract term. All PBV units at a project have the same annual anniversary.

HUD regulations require that the reasonable rent be redetermined for the following reasons:

- a. When PBV units are substituted or added
- b. When there is a ten (10) percent decrease in the published Fair Market Rent
- c. When there is a Housing Authority-approved change in the allocation of responsibility for utilities between the owner and tenant
- d. When the Housing Authority accepts a completed unit after development activity that is conducted after HAP Contract execution
- e. Whenever there is any other change that may substantially affect the reasonable rent

At no time may the rent to the owner exceed the most recently determined reasonable rent.

The adjusted rent to owner amount applies for the period of twelve (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.

## 20. Vacancy Payments

The Housing Authority no longer provides for the provision of vacancy payments in new HAP Contracts.

### For HAP Contracts that Include Vacancy Payments:

Some legacy PBV projects may provide for the provision of vacancy payments. In these instances, vacancy payments may be paid for up to two months and begin on the first calendar month after the move-out month and may equal an amount up to rent to owner for

the applicable unit under the previously assisted lease. Vacancy payments will only be provided retroactively after the unit has been re-occupied.

To request vacancy payments, the owner must provide written notice to the Housing Authority that certifies the previous family has vacated the unit and the date when the family moved out. The owner must also provide written certification that the vacancy is not the owner's fault, that the owner took every reasonable action to minimize the likelihood and length of vacancy, and that the unit was actually vacant for the period in which the vacancy payments have been claimed.

#### 21. Utility Reimbursements

Utility reimbursements will be paid directly to the participant.

#### 22. Small Area Fair Market Rents for the Project Based Voucher Program

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

#### 23. 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.

#### 24. 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.

#### 25. Rent Reasonableness Determinations for PHA-Owned Units

Under MTW authority, the Housing Authority is authorized to conduct Rent Reasonableness determinations for PHA-owned PBV units. Regulations require that the Housing Authority ensures that the contract rent requested by is reasonable, meaning that the rent is not more than rent charged for comparable units in the private unassisted market or the rent is comparable to other assisted or unassisted units in the same premises. Comparable market rents are monitored by the Housing Authority and will be used to determine rent reasonableness. An approved rent to owner may not exceed the most recently determined, or re-determined, reasonable rent amount.

#### 26. Housing Quality Standards Inspections for PHA-Owned Units

Under MTW authority, the Housing Authority is authorized to conduct all HUD-mandated HQS inspections on PHA-owned PBV units, following existing procedures for non-PHA-owned units.

### **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. Annual and Interim Determinations of Family Income**

The Housing Authority will conduct reexaminations for fixed-income households at least every three years, conduct reexaminations for non-fixed income households under MTW flexibility at least every two years, and all other households will have a reexamination conducted annually.

Fixed Income means primary or sole source of income that comes from stable and fixed sources such as Social Security, Social Security Disability Insurance, employment pensions, Veterans Affairs benefits, or similar. Zero income families are not considered to be fixed income; zero income families will have reexaminations conducted annually.

In between reexaminations, the HACSC will conduct interim adjustments to redetermine subsidy when the household experiences a qualifying event. Qualifying events will include:

1. Decreases in income
2. Increases in income (when requested by the household)
3. Changes in household composition

#### 4. 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 reserves the right to conduct reexaminations more frequently either for administrative or financial reasons.

Due to the alternative reexamination schedule, families may request an interim reexamination under the HACSC hardship policy. A hardship may be requested if a 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.

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.

Families must report household income decrease, household composition changes, or a change to contract rent within 14 calendar days from the effective date of the change to be considered "timely." An interim reexamination will be conducted when the Housing Authority becomes aware that the family's adjusted income has decreased.

Timely reporting related to an increase in tenant portion of rent: When a family reports a change in family income or composition that will result in an increase in tenant rent, the family must be provided a minimum of 30 calendar days' notice of the rent increase. The rent increase will be effective on the first of the month following the end of the 30-day notice.

Timely reporting related to a decrease in rent: Families that report changes in family income or composition within 14 calendar days from the effective date of the change that results in a decrease in tenant portion of rent, the decrease will be effective the first day of the month after the date of the actual change leading to the interim reexamination of family income.

#### Determination of Family Income Using Other Means Tested Public Assistance, "Safe Harbor"

The Housing Authority will consider the Low-Income Housing Tax Credit or the Temporary Assistance for Needy Families block grant (Medicaid, SNAP benefits, Earned Income Tax Credit) as an acceptable income verification source to determine a family's income for reexaminations, prior to applying any applicable deductions, based on income determinations made within the previous 12-month period.

#### Consent Form

Applicants and participants must sign and submit the HUD-9886, as applicable, at admission and no later than the next interim or regularly scheduled income reexamination.

### Annual Income Deduction for Unreimbursed Health and Medical Care Expenses, Reasonable Attendant Care, and Auxiliary Apparatus Expenses

Upon approval, the Housing Authority will implement a standard deduction for medical expenses applicable to all elderly and disabled households with medical expenses exceeding a set threshold. This change will not affect a family's eligibility for existing elderly/disabled and dependent deductions as outlined in §5.611(a)(1); (a)(2). Medical expenses will be defined following 24 CFR §5.603, which includes costs incurred for diagnosis, treatment, prevention of disease, or payments impacting any bodily function or structure. This also covers medical and long-term care insurance premiums.

The proposed standard deduction for medical expenses will be \$1,500 for elderly and disabled households with expenses at or above \$1,500. The Housing Authority will periodically adjust the standard deduction amount following HUD's inflation adjustment calculations for the elderly and disabled family deduction.

This policy applies to all tenant-based units and properties with project-based vouchers. Households may request a Medical Expense Hardship exemption to the standard deduction, following the HACSC Medical Expense Hardship Policy. Families seeking a hardship exemption will need to complete a medical expense verification packet and may be required to provide supporting documents, receipts, and/or contact information for healthcare providers to verify their expenses.

### 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 family must inform the Housing Authority in writing within 14 calendar days of the move out. If the reduction in household 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, reduce the voucher size, and adjust the payment standard accordingly at the family's next regular recertification or with at least 30 days' notice of the change, or longer as established by Housing Authority procedures.

If the family wishes to add any new household members (including temporary family members, live-in-aides, foster adults or foster children), the family must request advance permission in writing before any new members move into the unit. All new 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 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. The rules below about who can be added to a household do not apply to children out of the unit due to placement in foster care and military servicepersons who were already living in the household prior to their temporary absence.

When a household member is added, staff must first redetermine the household's subsidy standard, using the current subsidy standards, without including the new household 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 voucher size and payment standard will be updated accordingly.

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
11. A Housing Authority approved live-in-aide
12. A foster adult

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 on 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.

The Housing Authority may conduct an interim redetermination at the family's request for an increase in income. 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.

## **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 with continued rental assistance 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 HQS Inspections**

The Housing Authority conducts HQS inspections at least biennially as required by HUD, and 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 it is determined a unit has HQS deficiencies during the initial inspection, the unit must be re-inspected until the deficiencies have been corrected and the unit is in compliance with the HQS. However, in the case of biennial re-inspections, if a unit is out of compliance due to HQS deficiencies, the Housing Authority may allow the owner to self-certify that the repairs or corrections have been made, but reserves the right to require re-inspections for significant failed items. The Housing Authority does not charge a re-inspection fee to owners.

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 deficiencies must be corrected within twenty-four (24) hours of notification. Life-threatening deficiencies will be reported immediately to the tenant, landlord, and Housing Authority management.

The Housing Authority will not withhold the Housing Assistance Payment (HAP) for HQS deficiencies during the corrective period. However, if the deficiencies are not resolved within the established regulatory correction periods, the Housing Authority may,

1. abate the HAP, with no potential for retroactive payment, if the deficiency is the owner's responsibility, or
2. terminate the family's assistance if the deficiency was caused by the family, any member of the household, or any guest or other person under the family's control.

The Housing Authority assists families with disabilities in locating accessible units by making available a current listing of accessible units known to the Housing Authority. Families may apply for security deposit assistance and if eligible, will be required to adhere to the applicable jurisdictions' security deposit program requirements.

### **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.

## **XXV. Moving to Work – Local Non-Traditional Activities**

As a Moving to Work (MTW) Agency, the Housing Authority has broad regulatory flexibility, including the ability to use federal HAP funds for Local Non-Traditional (LNT) activities.

The Housing Authority 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. Local, non-traditional development activities will be conducted in accordance with the applicable requirements of PIH Notice 2011-45 and the MTW Operations Notice and other approved HUD waivers as applicable to this activity; however, upon HUD approval, the Housing Authority will utilize a Safe Harbor Waiver to exceed the standard 10% HAP budget limit for Local Non-Traditional (LNT) activities, to a maximum of 20% of budget for LNT activities.

The first assisted project will be new construction of twenty (20) units of affordable housing located at 415 Natural Bridges Drive, Santa Cruz CA.

## AGENDA ITEM SUMMARY

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**MEETING DATE:** October 2, 2024

**ITEM NUMBER:** 6A

**FROM:** Executive Director

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**SUBJECT:** Sale of 127 – 193 East Front Street, Casa Pajaro

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**RECOMMENDATION:** Approve Recommendation authorizing the Executive Director to: (i) sell the property located at 127 – 193 East Front Street to New Horizons Affordable Housing and Development for \$21,200,000 and enter into all documents necessary to effectuate that sale and to ensure the continued affordability of the project, including but not limited to grant deed, and regulatory agreement; and (ii) provide the Loan to New Horizons and enter into all documents necessary to provide the Loan including but not limited to promissory note, and deed of trust.

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### **BACKGROUND SUMMARY:**

The Housing Authority of the County of Santa Cruz (Housing Authority) is the current owner of 127 – 193 East Front Street, Casa Pajaro Apartments, APN: 017-262-49 and 017-262-50. Casa Pajaro Apartments is a 34 unit apartment complex, located in the City of Watsonville, which consists of seventeen 2-bedroom units and seventeen 3-bedroom units.

The property received a loan from the United States Department of Agriculture (USDA) which matured in December 2023, and participated in the California Department of Housing and Community Development (HCD), Joe Serna, JR, Farmworker Housing Grant Program, which expired in August 2021. The USDA regulatory agreement remains in effect requiring the property to provide affordable for agriculture farmworker families. In April 2022, the Board of Commissioners approved the property to be restructured to an income-based rent structure.

At the June 26, 2024, Board of Commissioners meeting staff outlined resources and strategies related to available funding resources which included the need to spend MTW Reserves during this calendar year. During this meeting the Board established the Development Sub-Committee to provide guidance to staff on evaluating and assessing acquisition and development opportunities before bringing those opportunities to the Board for consideration. The Development Sub-Committee met on September 6, 2024, in which staff outlined the strategy for the Housing Authority to sell Casa Pajaro to New Horizons Affordable Housing and Development (New Horizons) to own and operate the property.

As part of this strategy, the Housing Authority would provide the necessary amount of MTW funding to New Horizons in the form of a MTW eligible gap financing loan to acquire the property at the appraised



value of \$21,200,000.

Staff have received confirmation from the State of California Department of Housing and Community Development (HCD) and the United States Department of Agriculture (USDA) that the Housing Authority can proceed with the sale of Casa Pajaro Apartments without the need to obtain formal consent or approval from either department. Additionally, staff have developed the proposed approach in consultation with legal counsel. As a result, staff do not anticipate any major obstacles in the ability to close on the acquisition before the end of the year.

This proposed strategy aligns with our existing plan to Project Base the units at Casa Pajaro following the expiration of our regulatory agreement with USDA, keeping the units affordable to low-income farmworker families, and providing the families with the mobility of a portable voucher if they wish to move. The plan to Project Base the units also exempts the acquisition from the MTW local non-traditional (LNT) cap of 10% of MTW funding.

New Horizons was formed to support the Housing Authority with the primary activity of housing supply, which includes but is not limited to owning, maintenance and management of existing properties as well as development of new properties. This sale will further consolidate the ownership of real property under the affiliate New Horizons.

The Housing Authority intends to sell the Property to New Horizons for the appraised value of \$21,200,000 and enter into various documents to effectuate that sale including but not limited to a grant deed and regulatory agreement. The Housing Authority will record a long-term regulatory agreement against the Property in compliance with MTW funding requirements to ensure continued affordability. The Housing Authority will also provide a loan to New Horizons in an amount not to exceed \$21,200,000 for the acquisition (the "Loan").

**RECOMMENDATION:** Approve Recommendation authorizing the Executive Director to: (i) sell the property located at 127 – 193 East Front Street to New Horizons Affordable Housing and Development for \$21,200,000 and enter into all documents necessary to effectuate that sale and to ensure the continued affordability of the project, including but not limited to grant deed, and regulatory agreement; and (ii) provide the Loan to New Horizons and enter into all documents necessary to provide the Loan including but not limited to promissory note, and deed of trust.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

## AGENDA ITEM SUMMARY

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**MEETING DATE:** October 2, 2024

**ITEM NUMBER:** 6B

**FROM:** Executive Director

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**SUBJECT:** SB329 – Housing Opportunities Act and Source of Income Discrimination

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**RECOMMENDATION:** Approve Advocacy to Amend SB 329 to Allow a Preference for Recipients of Rental Assistance

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### **BACKGROUND SUMMARY:**

Under California state law, housing discrimination based on “source of income” has been prohibited for many years. Until recently, “source of income” was defined to mean lawful, verifiable income paid directly to a tenant or paid to a representative of the tenant. This definition excluded rental assistance paid to a landlord on behalf of a tenant, meaning rental assistance did not count as a “source of income”. Therefore, landlords were legally permitted to refuse to rent to Housing Choice Voucher participants solely on those grounds.

In October 2019, SB 329 - the Housing Opportunities Act - was signed into law by Governor Newsom. Effective January 1, 2020, SB 329 redefined “source of income” to include public assistance or housing subsidies paid to an owner on behalf of a tenant. This change meant that voucher holders were protected from discrimination based on their source of income, and they could no longer be denied tenancy due to their participation in the HCV Program.

The full definition for “source of income”, as it relates to housing discrimination, currently reads as, “...*lawful, verifiable income paid directly to a tenant or to a representative of a tenant, or paid to a housing owner or landlord on behalf of a tenant, including federal, state, or local public assistance, and federal, state, or local housing subsidies, including, but not limited to, federal housing assistance vouchers issued under Section 8 of the United States Housing Act of 1937 (42 U.S.C. Sec. 1437f)*” (GOV 12927(i)). [emphasis added]

California law states that it shall be unlawful “[f]or the owner of any housing accommodation to discriminate against or harass any person because of the... source of income... of that person” (GOV 12955(a)).

The intent of SB 329, as stated in the legislation is as follows: “[i]t is the intent of the Legislature in enacting this act to provide a participant in a housing voucher program an opportunity to receive a thorough and fair vetting when they seek housing.” Therefore, the legislation was drafted in acknowledgement of the fact that many households with rental assistance face discrimination in their

housing search, and legislators intended for the bill to eliminate that discrimination and ultimately to promote housing opportunity for households receiving rental assistance.

Unfortunately, the operative language was drafted in such a way that the resulting law also prohibits any preference based on source of income. Therefore, while it is now prohibited to discriminate against households with rental assistance, it is ALSO prohibited to establish a preference that benefits households with rental assistance. As a result, landlords may not prioritize households receiving rental assistance.

Staff believe the way SB 329 was written is problematic and can be improved. Given the difficulties that voucher participants continue to face in the open rental market, it would be ideal for the agency to have the option of applying a preference for voucher participants in properties that it owns and manages. Currently, this can only be accomplished with project-based voucher units, because they utilize the voucher waiting list. However, if a preference for Housing Choice Vouchers were permitted, the Housing Authority, New Horizons, and other landlords could prioritize voucher households in non-PBV units. Such a preference would benefit voucher households and increase voucher success rates, and it would also provide a new mechanism that the Housing Authority could use to increase the viability of affordable housing projects by bringing in market rents while assuring tenants pay a deeply targeted income-based rent, *without the use of our limited supply of project based vouchers*, and could also lead to a strategy of purchasing existing market rate multi-family properties, and using those properties to rent to voucher households upon turnover.

Several other states have anti-Section 8 discrimination laws that protect rental assistance recipients. However, some states apply the protection differently and permit owners to provide a preference for voucher holders. The operative language of those laws either explicitly carves out an exception for such a practice, or specifically prohibits rental assistance discrimination on its own and does not include rental assistance in the definition of “source of income”.

Delaware state law provides the carve out, stating that, “[t]he prohibitions in this chapter against discrimination based on source of income shall not limit the ability of a landlord participating in any government-sponsored rental assistance program, voucher, or certificate system from reserving rental units for tenants who qualify for such governmental program” (Del. Code tit. 6 §4607(k)) [emphasis added]

Hawaii state law clarifies the protection for rental assistance participants on its own, indicating that, “[i]t shall be a discriminatory practice for a landlord to: ... (3) Refuse to engage in a rental transaction with a person because of the person’s participation in a housing assistance program or requirements related to participation in a housing assistance program” (Haw. Rev. Stat. § 368F-2). [emphasis added].

Similarly, Massachusetts state law indicates that “[i]t shall be an unlawful practice: ... (10) For any person furnishing credit, services or rental accommodations to discriminate against any individual who is a recipient of federal, state, or local public assistance, including medical assistance, or who

*is a tenant receiving federal, state, or local housing subsidies, including rental assistance or rental supplements, because the individual is such a recipient, or because of any requirement of such public assistance, rental assistance, or housing subsidy program” (Mass General Laws c. 151B §4). [emphasis added]*

Given that the State of California has taken an approach to include rental assistance in the definition of source of income, rather than to simply prohibit discrimination based on rental assistance, staff believe that an exception to the law, allowing a preference for households with rental assistance, would be the easiest way to modify existing law. Further, staff believe such an amendment aligns with the intent of the original legislation, in that it would result in increasing housing opportunities for households receiving rental assistance. It is important to emphasize that such a change would not require a preference for households with a voucher, but would simply allow it. Finally, any such preference for households with rental assistance would be subject to all existing fair housing requirements. However, a preference for households with rental assistance is unlikely to result in fair housing issues or in a disparate impact to any protected class, as recipients of rental assistance programs statewide are disproportionately more likely to be people of color, women, seniors, persons with disabilities, and other vulnerable populations.

Based on this information, Housing Authority staff propose to engage in advocacy to promote an amendment to SB 329, with an exception like the one in Delaware, that would eliminate the prohibition on preferences for persons receiving rental assistance. With the approval of the Board, this advocacy will begin with the California Association of Housing Authorities (CAHA), followed by outreach to our State Representatives, including State Senator John Laird, and State Assemblymembers Dawn Addis, Robert Rivas, and Gail Pellerin.

**RECOMMENDATION:** Approve Advocacy to Amend SB 329 to Allow a Preference for Recipients of Rental Assistance

## AGENDA ITEM SUMMARY

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**MEETING DATE:** October 2, 2024

**ITEM NUMBER:** 8

**FROM:** Exec. Director; Deputy Exec. Director

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**SUBJECT:** Director's Report – October 2, 2024

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**RECOMMENDATION:** Receive Report

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### **BACKGROUND SUMMARY:**

Please call or e-mail me with questions you might have on any of the Agenda Items for the October 2, 2024 meeting. My phone number is (831) 454-5931 and my email address is [jennyp@hacosantacruz.org](mailto:jennyp@hacosantacruz.org).

**Natural Bridges Apartments** – Construction for the project is substantially completed. The two outstanding items are PG&E and the installation of the biopod. PG&E energized the building with permanent power on September 18th to the main house meter, however PG&E has not delivered and connected the individual unit meters. PG&E has not scheduled or committed to an installation date for the unit meters. The general contractor and staff are actively working with PG&E to finalize energization. With permanent power to the main house meter inspections for common area systems have been initiated.

In reviewing options with the biopod, our Project Manager identified a solution in which the original biopod could still be used and eliminated the need to either modify the existing biopod, or purchase a new biopod. This solution required additional review and approvals with the Department of Public Works (DPW), and the Santa Cruz Regional Transportation Commission (RTC). DPW has approved the plans, and RTC has provided preliminary approval. We are currently working on executing an agreement which includes placing a manhole on RTC property related to stormwater system. General counsel has reviewed the agreement prepared by RTC, and we are pending a final agreement from the RTC. Excavating and site preparation to install the biopod will commence on Thursday, September 26. Upon installation of the biopod the driveway asphalt and striping work will commence.

The installation of the mural is currently on hold due to the artist requirement to obtain a C33 general paint contractor's license in order to comply with prevailing wage requirements. The artist submitted their application and is pending a date from the California State License Board to complete and pass the required test.

**Property Tour** – Staff propose scheduling a Board of Commissioners property tour on Tuesday, October 15<sup>th</sup>. The Housing Authority will arrange for transportation for Commissioners to and from the property sites. The tour may consist of unit entry at properties with a vacant unit, walking the grounds at properties that are fully occupied, and a comprehensive tour of Natural Bridges Apartments. Staff requests feedback on the tour logistics. Staff can schedule a lengthy one-day tour of four to five hours, which would include

both south and north county, or alternatively we can schedule a shorter tour of two to three hours, which would focus on properties in the north county (including Natural Bridges). If the latter is selected, staff can arrange another tour during the first half of 2025 to visit south county properties.