

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**AGENDA OF THE SPECIAL BOARD MEETING**  
**December 11, 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, 2026
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 Special Meeting held October 30, 2024

Motion to Approve

B. Quarterly Financials

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. Moving to Work (MTW) Supplement to the Annual PHA Plan

Discuss New Waivers for Inclusion in 2025 MTW Supplement

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

Vice Chairperson Melendrez called the meeting to order at 11:04 a.m. Members present Vice Chairperson Melendrez, Commissioners Berg, Eligio, Morales and Schmale

**Members Absent**

Commissioners Schiffrin (excused)

Chairperson Martinez Alaniz entered the meeting at 11:13 a.m.

**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  
None.

**AGENDA ITEM NO. 3** Consent Agenda

Vice Chairperson Melendrez 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 Morales seconded the motion and it was passed by the following vote:

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

Agenda Item 3A. Approved Minutes of the Special Meeting held October 2, 2024

Agenda Item 3B. Approved Minutes of the Special Meeting held October 15, 2024

Agenda Item 3C. Approved the Special Meeting on December 11, 2024

Agenda Item 3D. Received Housing Authority Annual Agency Goals – Quarter 1 Report

Agenda Item 3E. Delegated Authority to the Executive Director to Execute Separate Contracts with K&D  
Landscaping and Paradise Landscape for Landscaping Services

Agenda Item 3F. Approved Update to Code of Conduct Conflict of Interest Statement

**AGENDA ITEM NO. 4** Oral Communications

None.

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

None.

**AGENDA ITEM NO. 6A** SB329 – Housing Opportunities Act and Source of Income Discrimination

Secretary Panetta reminded the Board that at the October 2, 2024 Board of Commissioners meeting, staff shared information regarding the limitations of the Housing Opportunities Act (SB 329). The Board authorized staff to engage in advocacy to propose an amendment to SB 329, and further directed staff to provide the Board with an update on this advocacy and specific proposed language. Secretary Panetta informed the Board that staff is proposing the following language be added to the Housing Opportunities Act:

*“The prohibitions in this chapter against discrimination based on source of income do not restrict a landlord or housing provider from prioritizing applicants for tenancy who qualify for or participate in government-sponsored rental assistance or subsidy programs, vouchers, or certificate systems.”*

Secretary Panetta informed the Board that staff discussed this proposed amendment with CAHA Legislative Committee and the group expressed support for the proposed amendment and indicated that CAHA would endorse such legislation if introduced. Staff will reach out to Assemblymember Pellerin and Senator Laird following the election, as well as to the County Board of Supervisors by late November to request that they provide a letter of support for the proposed amendment, with a goal of introducing legislation prior to the deadline in mid-February. Staff will continue to keep the Board informed of the status of this advocacy. A discussion followed.

Chairperson Martinez Alaniz entered the meeting and took over running the meeting from Vice Chairperson Melendrez.

**AGENDA ITEM NO. 6B** Housing Choice Voucher Waiting List

Secretary Panetta updated the Board on the waiting list data refresh. Secretary Panetta informed the Board that as a result of this waiting list refresh, the Housing Authority now has current, detailed application information for applicants on the waiting list. Secretary Panetta informed the Board that given the size of the current waiting list, staff will need to re-open the waiting list in the coming months. Staff have evaluated various waiting list policies and practices of public housing authorities nationally. Two primary approaches are presented to the Board for consideration and discussion. One is Infrequent Waiting List Openings of a Finite Duration and the other is Continuously Open Waiting or Interest List. Secretary Panetta informed the Board of the difference between each model. A discussion followed. The Board

expressed interest in a continuously open waiting list, but also expressed concerns related to the administrative burden and complexity of the model. Staff will keep the Board updated as we continue to consider a new waiting list model.

**AGENDA ITEM NO. 6C** Housing Authority 5-Year PHA Plan - Agency Goals and Objectives

Secretary Panetta informed the Board that HUD requires all Public Housing Agencies (PHA's) to develop and implement a 5-Year PHA Plan. Secretary Panetta informed the Board that the Housing Authority will be preparing a draft 5-Year PHA Plan in the coming months. A draft 5-Year PHA plan will be presented to the Board at the February 2025 meeting for discussion, and then again at the March 2025 meeting for a public hearing and for Board approval in order to submit the Plan to HUD by the deadline of April 17, 2025. Secretary Panetta informed the Board that at this time, staff seeks feedback from the Board of Commissioners on the establishment of Goals and Objectives for the 2025 – 2030 period. Secretary Panetta explained the draft goals and objectives that have been developed to align with the Agency's updated Mission Statement and Core Values with major underlying goals of expanding the size and utilization of rental assistance programs, expanding the supply of affordable housing, and providing additional programs and services. A discussion followed. The Board of Commissioners thanked staff for the Agency Goals and Objectives and expressed support for the draft goals.

**AGENDA ITEM NO. 7** Written Correspondence

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

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

Deputy Executive Director Graham updated the Board on the Natural Bridges Apartments, informing the Board that the project is in its final stages of construction and should be ready for occupancy soon.

Executive Director Panetta reminded the Board that at the August meeting, the Board approved a new Project Based Voucher Request for Proposals (RFP) process. The new RFP was publicly released on October 15, 2024, with applications due on November 18, 2024. Secretary Panetta informed the Board that staff will keep the Board updated throughout the RFP cycle and will inform the Board of the outcome of the RFP after the awards are made.

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

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, MINUTES OF THE SPECIAL MEETING OCTOBER 30, 2024 AT THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, 2160 41<sup>ST</sup> AVENUE, CAPITOLA, CA 95010

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Chairperson Martinez Alaniz informed the Board of Commissioners that in Watsonville there was a new housing development approved by the city council.

Commissioner Melendrez informed the Board that one of her clients was close to being approved for one of the Natural Bridges studios.

**AGENDA ITEM NO. 10** Closed Session

None.

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

None.

**AGENDA ITEM NO. 12** Adjournment

The Board of Commissioners meeting was adjourned at 12:25 p.m.

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

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

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

Secretary

## AGENDA ITEM SUMMARY

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**MEETING DATE:** December 11, 2024

**ITEM NUMBER:** 3B

**FROM:** Executive Director

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**SUBJECT:** Quarterly Financials

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**RECOMMENDATION:** Receive Report

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### BACKGROUND SUMMARY:

The year-to-date financial reports, as of September 30, 2024, take us 3 months, or 25%, into the current fiscal year. The total of all revenue, excluding HAP reimbursements and Operating Transfers, is 27% of total budgeted, while HAP is 24% of the amount budgeted. Total expenses, excluding HAP and Operating Transfers, are 21% of the amount budgeted. Total non-HAP expenses are currently under budget because most capital expenditures and the final Low-Income Public Housing expenses are scheduled for later in the budget year.

The agency as a whole is experiencing a year-to-date surplus of \$816,179 primarily due to the Section 8 administrative fee prorations. The surplus and deficit positions by programs groups are as follows:

Section 8 Programs	\$656,815	Vouchers, Mod Rehab & Mob Rehab SRO
Federal Housing Programs	8,410	Casa Pajaro & Tierra Alta Farm Labor Housing, LIPH
Federal Grants	0	Family Self Sufficiency & Shelter Plus Care Grants
Local Programs	(13,713)	Security Deposits, Landlord Incentives, Eligibilities
Business Activities	164,668	Includes 41st Ave Offices & Mission St Warehouse
<b>Agency-Wide Surplus</b>	<b>\$816,179</b>	

The following individual programs are experiencing a year-to-date deficit:

Tierra Alta	(6,971)	(Rental income insufficient to cover operating costs)
County of Santa Cruz	(13,695)	(TBRA grant 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, 2024 - September 30, 2024 (1st Quarter)**

	<b>2024-2025</b>		
	<b>FY 2024-2025</b>	<b>Annual</b>	<b>Budget</b>
	<b>YTD Actuals</b>	<b>Budget</b>	<b>Utilized</b>
<b>Revenues:</b>			
HAPS / Program	34,934,122	148,357,496	24%
Administrative Fees	2,970,645	10,393,926	29%
Grants / Contracts	218,673	1,021,188	21%
Rental Income	422,553	2,062,681	20%
Operating Transfers In	73,598	8,773,022	1%
Other Income	43,274	160,954	27%
<b>Total Revenues:</b>	<b>38,662,865</b>	<b>170,769,268</b>	<b>23%</b>
<b>Expenses:</b>			
Housing Assistance Pmts	34,934,122	148,357,496	24%
Salaries	1,343,249	6,082,590	22%
Employee Benefits	569,305	2,837,174	20%
Capital Purchases	79,873	1,252,035	6%
Maintenance	84,403	579,938	15%
General Administrative	638,612	2,670,616	24%
Tenant Services	197,122	794,037	25%
Operating Transfers Out	0	7,376,812	0%
Debt Service	0	0	0%
<b>Total Expenses:</b>	<b>37,846,686</b>	<b>169,950,698</b>	<b>22%</b>
<b>Surplus (Deficit):</b>	<b>816,179</b>	<b>818,569</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, 2024 - September 30, 2024 (1st Quarter)**

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	<b>2024-2025</b>		
	<b>FY 2024-2025</b>	<b>Annual</b>	<b>Budget</b>
	<b>YTD Actuals</b>	<b>Budget</b>	<b>Utilized</b>
<b>Revenues:</b>			
HAPS / Program	34,643,680	147,179,482	24%
Administrative Fees	2,603,990	9,090,513	29%
Grants / Contracts	-	-	0%
Rental Income	-	-	0%
Operating Transfers In	-	297,210	0%
Other Income	19,097	37,821	50%
<b>Total Revenues:</b>	<b>37,266,767</b>	<b>156,605,027</b>	<b>24%</b>
<b>Expenses:</b>			
Housing Assistance Pmts	34,643,680	147,179,482	24%
Salaries	1,014,071	4,823,279	21%
Employee Benefits	474,925	2,433,492	20%
Capital Purchases	-	-	0%
Maintenance	-	-	0%
General Administrative	447,276	1,921,049	23%
Tenant Services	30,000	42,000	71%
Operating Transfers Out	-	-	0%
Debt Service	-	-	0%
<b>Total Expenses:</b>	<b>36,609,953</b>	<b>156,399,302</b>	<b>23%</b>
<b>Surplus (Deficit):</b>	<b>656,815</b>	<b>205,725</b>	

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**Budget Comparison - Federal Housing**  
**Includes LIPH, Casa Pajaro, and Tierra Alta**  
**Fiscal Year to Date for the Period July 1, 2024 - September 30, 2024 (1st Quarter)**

	<b>2024-2025</b>		
	<b>FY 2024-2025</b>	<b>Annual</b>	<b>Budget</b>
	<b>YTD Actuals</b>	<b>Budget</b>	<b>Utilized</b>
<b>Revenues:</b>			
HAPS / Program	-	-	0%
Administrative Fees	-	-	0%
Grants / Contracts	-	-	0%
Rental Income	169,021	1,021,829	17%
Operating Transfers In	73,598	8,475,812	1%
Other Income	17,041	61,000	28%
<b>Total Revenues:</b>	<b>259,661</b>	<b>9,558,641</b>	<b>3%</b>
<b>Expenses:</b>			
Housing Assistance Pmts	-	-	0%
Salaries	60,384	267,632	23%
Employee Benefits	19,713	95,855	21%
Capital Purchases	79,873	1,222,535	7%
Maintenance	57,625	414,288	14%
General Administrative	33,656	175,472	19%
Tenant Services	-	-	0%
Operating Transfers Out	-	7,376,812	0%
Debt Service	-	-	0%
<b>Total Expenses:</b>	<b>251,251</b>	<b>9,552,594</b>	<b>3%</b>
<b>Surplus (Deficit):</b>	<b>8,410</b>	<b>6,047</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, 2024 - September 30, 2024 (1st Quarter)**

	<b>2024-2025</b>		
	<b>FY 2024-2025</b>	<b>Annual</b>	<b>Budget</b>
	<b>YTD Actuals</b>	<b>Budget</b>	<b>Utilized</b>
<b>Revenues:</b>			
HAPS / Program	290,442	1,178,014	25%
Administrative Fees	-	-	0%
Grants / Contracts	47,810	221,648	22%
Rental Income	-	-	0%
Operating Transfers In	-	-	0%
Other Income	-	-	0%
<b>Total Revenues:</b>	<b>338,252</b>	<b>1,399,662</b>	<b>24%</b>
<b>Expenses:</b>			
Housing Assistance Pmts	290,442	1,178,014	25%
Salaries	37,932	149,196	25%
Employee Benefits	9,551	49,089	19%
Capital Purchases	-	-	0%
Maintenance	-	-	0%
General Administrative	326	1,866	17%
Tenant Services	-	21,497	0%
Operating Transfers Out	-	-	0%
Debt Service	-	-	0%
<b>Total Expenses:</b>	<b>338,252</b>	<b>1,399,662</b>	<b>24%</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, 2024 - September 30, 2024 (1st Quarter)**

	<b>2024-2025</b>		
	<b>FY 2024-2025</b>	<b>Annual</b>	<b>Budget</b>
	<b>YTD Actuals</b>	<b>Budget</b>	<b>Utilized</b>
<b>Revenues:</b>			
HAPS / Program	-	-	0%
Administrative Fees	-	-	0%
Grants / Contracts	170,863	799,540	21%
Rental Income	-	-	0%
Operating Transfers In	-	-	0%
Other Income	2,550	15,750	16%
<b>Total Revenues:</b>	<b>173,413</b>	<b>815,290</b>	<b>21%</b>
<b>Expenses:</b>			
Housing Assistance Pmts	-	-	0%
Salaries	12,329	51,068	24%
Employee Benefits	3,255	14,526	22%
Capital Purchases	-	-	0%
Maintenance	-	-	0%
General Administrative	4,420	17,349	25%
Tenant Services	167,122	730,540	23%
Operating Transfers Out	-	-	0%
Debt Service	-	-	0%
<b>Total Expenses:</b>	<b>187,126</b>	<b>813,483</b>	<b>23%</b>
<b>Surplus (Deficit):</b>	<b>(13,713)</b>	<b>1,807</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, 2024 - September 30, 2024 (1st Quarter)

	2024-2025		
	FY 2024-2025	Annual	Budget
	YTD Actuals	Budget	Utilized
<b>Revenues:</b>			
HAPS / Program	-	-	0%
Administrative Fees	366,655	1,303,413	28%
Grants / Contracts	-	-	0%
Rental Income	253,532	1,040,852	24%
Operating Transfers In	-	-	0%
Other Income	4,586	46,383	10%
<b>Total Revenues:</b>	<b>624,773</b>	<b>2,390,648</b>	<b>26%</b>
<b>Expenses:</b>			
Housing Assistance Pmts	-	-	0%
Salaries	218,532	791,415	28%
Employee Benefits	61,861	244,212	25%
Capital Purchases	-	29,500	0%
Maintenance	26,777	165,650	16%
General Administrative	152,933	554,881	28%
Tenant Services	-	-	0%
Operating Transfers Out	-	-	0%
Debt Service	-	-	0%
<b>Total Expenses:</b>	<b>460,105</b>	<b>1,785,658</b>	<b>26%</b>
<b>Surplus (Deficit):</b>	<b>164,668</b>	<b>604,990</b>	

## AGENDA ITEM SUMMARY

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**MEETING DATE:** December 11, 2024

**ITEM NUMBER:** 6A

**FROM:** Executive Director

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**SUBJECT:** Moving to Work (MTW) Supplement to the Annual PHA Plan

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**RECOMMENDATION:** Discuss New Waivers for Inclusion in 2025 MTW Supplement

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**BACKGROUND SUMMARY:** The Housing Authority of the County of Santa Cruz (HACSC) is participating in the Moving To Work (MTW) demonstration program. On an annual basis, housing authorities participating in the MTW program prepare and submit an MTW Supplement along with the annual PHA Plan and Administrative Plan, to identify MTW regulatory waivers currently in use, and to request any additional MTW regulatory waivers for the coming year. The MTW waivers are required to align with at least one of the three key statutory objectives outlined by HUD: Economic Mobility, Cost-Effectiveness, and Housing Choice.

At this time, staff are working to prepare a draft PHA 5 Year Plan, Administrative Plan, and MTW Supplement to share with the Resident Advisory Board in January, and then with the Board of Commissioners in February for review and in March for approval. The purpose of this staff report is to update the Board regarding the status of regulatory waivers requested as part of the 2024 MTW Supplement, and to describe to the Board new regulatory waivers being considered for inclusion in the upcoming 2025 MTW Supplement prior to sharing the draft with the Resident Advisory Board, and to receive any feedback from the Board about the potential new waivers.

**Previously Submitted Waivers Pending Approval** – There are two outstanding waivers submitted to HUD in previous MTW Supplements that HUD has not yet approved or denied.

**2024 MTW Supplement: Standardized Proration for Mixed Families** – When an assisted household includes both eligible citizens as well as individuals who do not have eligible immigration status, HUD requires housing authorities to prorate the rental assistance received by the family. This proration results in very high rent burdens for prorated families. This proposed waiver would establish a fixed deduction of \$150 per ineligible non-citizen. This standardized proration of assistance would significantly reduce rent burden for prorated families.

*Status: HUD has indicated that a decision has been reached and the outcome is currently in the concurrence process.*

**2023 MTW Supplement: Alternative Total Development Cost** – HACSC has requested permission to adopt an alternative reasonable cost formula to include Hard Construction Cost (HCC) and Total Development Cost (TDC) for development and construction activities under the local non-traditional activities.

*Status: Initially submitted August 2023. HUD provided comments in Spring 2024, and staff resubmitted this waiver via email to HUD Field Office and MTW Office in May 2024. HUD subsequently requested that this waiver be rescinded in order to prevent delays in approval of the 2024 MTW Supplement. Staff has rescinded the waiver in the Housing Information Portal but has been anticipating comments back from HUD on the materials submitted in May 2024. Staff plan to either resubmit the waiver formally as part of the 2025 Supplement or as an Amendment to the 2024 MTW Supplement, pending guidance from HUD on required public process.*

**New regulatory waivers proposed for consideration for the 2025 MTW Supplement:**

1. Tenant Rent Policies – Initial Rent Burden (1.o.) - HACSC is considering a proposal to allow HCV participants, at their option, to lease units in which their portion of rent could exceed the 40% maximum rent burden, allowing HCV participants more options in their housing search. Instead, at the time tenancy is approved and the HAP contract is executed, the maximum initial rent burden would not be permitted to exceed 50% of monthly adjusted income. Implementation of this activity allows participants to look for housing that may be more costly than otherwise permitted under HUD regulations, but it also gives participants the option to live in lower poverty neighborhoods with access to better schools and employment opportunities. Finally, since this HUD requirement is only applicable at the time of move-in, increasing the threshold would reduce “game-playing” by landlords who will often agree to a reduced rent *temporarily* to meet the 40% threshold, only to immediately increase the rent to their desired value effective 60 days following move-in.
2. Housing Quality Standards – Alternative Inspection Schedule (5.d.) - HACSC is considering a proposal to modify the frequency of inspections for HCV Units, to be conducted every three years instead of every two years. This change will result in the ability to reallocate staff time to better meeting the needs of resident/participants and working with the community to assess and help meet other housing needs. Tenants and/or landlords will continue to be able to request an inspection at any time. This change does not allow any alteration of the Housing Quality Standards, nor does it prohibit the Housing Authority from requiring an inspection at any time for health, safety and accessibility issues. This change will save staff time thus allowing staff to devote more time to supporting participants and the housing issues in the larger community, and reduce the burden on tenants and landlords who need to schedule time to open up the unit to our inspectors.
3. FSS Program with MTW Flexibility – Policies for Addressing Increases in Family Income – (10.e.) - HACSC is considering a proposal to increase the FSS Program incentives for income growth, resident participation, education and training outcomes. These new incentives could motivate and support residents to realize a higher degree of economic independence. HACSC proposes two parts to the escrow payment: (1) The existing monthly deposit to a participant’s escrow account when they have increased earned income that results in a Total Tenant Payment (TTP) over the baseline set when they join FSS. (2)

Additionally, the Housing Authority would propose adding specific dollar amounts, to be established annually, payable to a participant's escrow account based on specific achievements such as completion of financial capabilities education, completion of vocational training, or maintaining employment for specified periods of time. Some of these "pay points" result in an immediate deposit to the escrow account while others would not be calculated and paid until a successful program graduation.

4. Agency Specific Waiver (ASW) - Waive Independent Entity Requirements for PBV - HACSC is considering a proposal to waive all independent entity requirements in the PBV Program for PHA-owned units in order to create administrative efficiencies. Independent entity functions waived will include determining rent to owner, rent reasonableness, unit inspections, and certification of work completion.
5. Agency Specific Waiver (ASW) – Waive Independent Entity Requirements for HCV - HACSC is considering a proposal to waive the independent entity requirements for rent reasonableness, housing quality inspections, and rent negotiations in tenant-based PHA-owned units in order to create administrative efficiencies.
6. Agency Specific Waiver (ASW) – Waive Project Based Voucher Subsidy Standards - HACSC is considering a proposal to establish subsidy standards specific to the PBV program in line with typical occupancy standard ranges instead of utilizing the HCV subsidy standards. HACSC would publish the PBV subsidy standards in the Administrative Plan and review the PBV subsidy standards annually and make adjustments, if necessary. This waiver would allow more flexibility in identifying households with a household size that is suitable for the unit.

The Housing Choice Voucher Administrative Plan and Agency Annual Plan will be updated by staff to align with proposed MTW activities. In January, the Resident Advisory Board (RAB) will convene to review and provide feedback on the 2025 Proposed MTW Supplement, the draft of the 2025 Agency Plan, the 5-Year Plan, and the Administrative Plan.

Following this, staff will integrate input from the Board of Commissioners and the RAB regarding the Proposed MTW Supplement into a draft of the 2025 Annual Agency Plan and MTW Supplement. A public notice will be posted for a 45-day period to invite public comments on the Draft Annual Plan and MTW Supplement ahead of one or more public hearings. The hearing(s) will coincide with the March 2025 Board of Commissioners meeting, where staff will request approval of the draft Annual PHA Plan and MTW Supplement. Additionally, staff will execute the MTW Certifications of Compliance form for submission to HUD as part of the MTW Supplement.

After the public comment period and the hearing(s), staff will prepare a supplementary narrative detailing the public review process, summarizing received comments, explaining how comments were considered, and outlining any decisions made based on them. This narrative, along with the 2024 MTW Supplement and Certifications of Compliance, will be submitted to HUD.



Staff aims to submit the final versions of the 2025 MTW Supplement, Agency Plan, 5-Year Plan and Administrative Plan to HUD in April 2025, with the MTW Activities commencing on July 1, 2025.

**RECOMMENDATION:** Discuss New Waivers for Inclusion in 2025 MTW Supplement

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

## AGENDA ITEM SUMMARY

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**MEETING DATE:** December 11, 2024

**ITEM NUMBER:** 8

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

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**SUBJECT:** Director's Report – December 11, 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 December 11, 2024 meeting. My phone number is (831) 454-5931 and my email address is [jennyp@hacosantacruz.org](mailto:jennyp@hacosantacruz.org).

**Natural Bridges Apartments** – The General Contractor is working on a few outstanding items towards project completion. Interior and exterior punch list review have been completed. Landscaping is complete and the interior and exterior of the building have been washed. The Certified Access Specialist (CASp) consultant for New Horizons identified several modifications needed in order to fully comply with equal access requirements on the first floor. These modifications include changes to the floor tiles in the first-floor units, and a countertop for additional kitchen cabinetry. The project is expected to receive a 30-day Temporary Certificate of Occupancy (TCO) around December 11. The mural artist is still in the process of obtaining their C33 general paint contractor's license, and we are aiming to have the mural painted in December and/or January. Eligibility determination for prospective tenants is ongoing for applicants selected from the Housing Authority waiting list and active searching voucher holders. Tenancy and move-ins are expected to occur during the month of December, shortly after receipt of the TCO.

**Project Based Vouchers Request for Proposals (RFP)** – At the August meeting, the Board approved a new Project Based Voucher (PBV) Request for Proposals (RFP) process, along with new scoring criteria. The new RFP was publicly released on October 15, 2024, with applications due on November 18, 2024. During the application period, staff received eight (8) PBV applications for a mix of new and existing housing. Staff have begun to review applications, and will work with our financial consultants to assist in scoring the financial feasibility criteria. Staff expect to provide conditional award letters by February 3, 2024 in advance of the Low Income Housing Tax Credit application deadline. Staff will keep the Board updated throughout the RFP cycle, and will inform the Board of the outcome of the RFP, after awards are made.

**SB 329 Amendment Update** – At the October Board meeting, staff shared information regarding limitations of the Housing Opportunities Act (SB 329), which prohibits landlords from discriminating against prospective tenants on the basis of participation in rental assistance programs, but which also prohibits landlords from establishing a preference that *benefits* participants in rental assistance programs.

The Board authorized staff to engage in advocacy to propose an amendment to SB 329, and further directed staff to keep the Board updated on this advocacy.

Housing Authority staff have reached out to staff in both Assemblymember Pellerin and State Senator Laird's offices to request that they introduce legislation with an amendment to SB 329. Senator Laird's office requires that stakeholders requesting legislation complete a form with background information. That form was submitted on November 25, 2024. Housing Authority staff have also reached out to staff from HCD's Housing Committee to discuss the proposed bill and solicit feedback. A meeting is scheduled with staff from Assemblymember Pellerin's office and HCD's Housing Committee on December 6, 2024. Additionally, Housing Authority staff have reached out to Board of Supervisors Chair Justin Cummings to request a letter of support from the Board of Supervisors on November 19, 2024.

**Upcoming Changes in Administration** – President Elect Trump has announced Scott Turner as his choice for HUD Secretary. Scott Turner is best known for his 9-year career as a professional football player, where he played as defensive back for the Washington Redskins, San Diego Chargers and Denver Broncos. Since retiring from the NFL, Turner began getting involved in politics, unsuccessfully running for a California Senate seat in 2006. A few years later he was elected to the Texas House of Representatives where he served two terms from 2013 to 2017. During Trump's first term, Turner led the White House Opportunity and Revitalization Council, and worked closely with Trump's first HUD Secretary, Ben Carson.

Housing Authority staff have reviewed the HUD Chapter of Project 2025, which is a political plan developed by a conservative think tank called the Heritage Foundation. Although President Elect Trump has indicated that he was not involved in the development of Project 2025, the HUD Chapter is credited as being authored by former Secretary Ben Carson, and it could be an indication of what the Trump Administration has planned for HUD. Below is a brief overview of the HUD Chapter of Project 2025.

Overall strategy for HUD: Limit the scope of HUD through devolution of some HUD functions to states and localities. Project 2025 suggests that housing assistance and federal housing policy should be limited, temporary, and in service of "upward mobility" and "economic self-sufficiency". Project 2025 states that housing is not a right, nor is it the government's responsibility to ensure that people have adequate housing.

Mechanism: Transfer authority from career civil servants to political appointees, then "transfer Department functions to separate federal agencies, states, and localities."

Specific Policy Recommendations: The following specific policy recommendations are included in Project 2025.

- Prohibit noncitizens, including mixed-status families, from living in all federally assisted housing (this change was introduced through proposed regulations in 2019 during Trump's first term)
- Repeal Affirmatively Furthering Fair Housing regulations
- Establish work requirements for rental assistance program participants
- Implement maximum term limits for rental assistance program participants
- End "Housing First" policies and prioritize addressing mental health and substance abuse issues "before jumping to permanent interventions in homelessness"

Housing Authority staff have spoken to community stakeholders and neighboring housing authorities to discuss concerns related to specific policy recommendations included in Project 2025, especially the prohibition of admission for noncitizens. Housing Authority staff is currently developing content to add to our website to include a statement of solidarity with immigrant families, along with immigration related resources including a list of immigration attorneys and agencies, and information to help families to know their rights.

**2025 Funding Outlook** – HUD staff have populated funding projection tools with PHA Renewal Funding Inflation Factors (RFIFs) for 2025. The RFIF for Santa Cruz County is anticipated to be 3.1%, which is similar to the increase we experienced in our FMRs in this past (non-FMR study) year. HUD staff have indicated that they have updated the RFIF formula to align more closely with FMR increases, which is consistent with the change that our agency, along with NAHRO and other industry groups, has been advocating for over the past year. This has the potential to benefit our agency in future years in which we experience large FMR increases. This is encouraging news, as we are preparing to conduct our next FMR study in the coming months. The upcoming study would inform 2026 FMRs and RFIFs. However, in response to increasing national costs of administering the Housing Choice Voucher program, HUD has announced an anticipated national HAP proration of 97.5% for 2025, based on the current draft of the 2025 Senate Appropriations bill. This proration would offset the RFIF of 3.1%, leading to flat funding for 2025. The current House version of the 2025 Appropriations bill is significantly worse, with a national HAP proration of 88.6%. To make matters worse, industry analysts are warning of the potential for a series of continuing resolutions which may delay a final Appropriations Act until well into 2025, resulting in a lengthy period of uncertainty, and providing little time to change course based on final funding levels once they are approved. At this time, staff are not anticipating a funding shortfall in 2025 based on the 97.5% proration estimate. However, if a deeper proration is enacted, it is possible that our program could experience a shortfall in 2025. Staff continue to monitor voucher and funding utilization, and will provide a more detailed analysis in the January meeting.