

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**AGENDA OF THE REGULAR BOARD MEETING**  
**January 22, 2025 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 December 11, 2024

Motion to Approve

B. Housing Authority Annual Agency Goals – Quarter 2 Report

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

Receive Report

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.*

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, MINUTES OF THE SPECIAL MEETING DECEMBER 11, 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 NO. 1** Roll Call

Chairperson Martinez Alaniz called the meeting to order at 11:03 a.m. Members present Chairperson Martinez Alaniz, Vice Chairperson Melendrez, Commissioners Berg, Eligio, Schiffrin and Schmale

**Members Absent**

Commissioner Morales

**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

Chairperson Martinez Alaniz 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 Schiffrin moved for the approval of the Consent Agenda; Commissioner Berg seconded the motion and it was passed by the following vote:

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

NOES: None

ABSENT: Commissioner Morales

ABSTAIN: Commissioner Schiffrin (From the Minutes of the Special Meeting held October 30, 2024)

Agenda Item 3A. Approved Minutes of the Special Meeting held October 30, 2024

Agenda Item 3B. Received Report Quarterly Financials

**AGENDA ITEM NO. 4** Oral Communications

None.

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

None.

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

Secretary Panetta reminded the Board of Commissioners that the Housing Authority of the County of Santa Cruz (HACSC) is participating in the Move to Work (MTW) demonstration program. Secretary Panetta informed the Board that on an annual basis, housing authorities participating in the MTW program prepare and submit a MTW Supplement to identify waivers currently used and to request additional waivers for the coming year. This supplement is submitted to HUD along with the annual PHA plan and Administrative Plan. Secretary Panetta also informed the Board that at this time, staff are working on preparing a draft PHA 5 Year Plan, Administrative Plan and MTW Supplement to share with the Resident Advisory Board in January. They will then come before the Board of Commissioners at the February meeting for discussion, then before the Board again in March for final approval.

Secretary Panetta informed the Board that the purpose of this staff report is to update the Board on the status of waivers requested as part of the 2024 MTW Supplement, and to describe the new waivers being considered for the upcoming 2025 MTW Supplement. Secretary Panetta summarized the six new waivers being considered and asked for the Board's input. A discussion followed.

**AGENDA ITEM NO. 7** Written Correspondence

None.

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

Deputy Executive Director Graham updated the Board of Commissioners on the Natural Bridges Apartments. Deputy Executive Director Graham informed the Board that staff are currently doing eligibility determination for prospective tenants selected from the Housing Authority waiting list and current active searching voucher holders. The Board of Commissioners and staff thanked Deputy Executive Graham for his leadership on this project.

Executive Director Panetta updated the Board of the Project Based Voucher Request for Proposals (RFP). Staff will keep the Board updated throughout the RFP cycle.

Executive Director Panetta updated the Board on the progress of the request for new legislation to amend SB 329.

Executive Director Panetta informed the Board of the upcoming changes to administration, including President Elect Trump's announcement of Scott Turner as his choice for HUD Secretary.

Executive Director Panetta updated the Board of Commissioners on the 2025 funding outlook. Staff will

continue to monitor voucher and funding utilization, and provide a detailed report at the January meeting.

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

Chairperson Martinez Alaniz and Vice Chairperson Melendrez informed the Board that they attended the NAHRO Commissioners Guide to Monitoring and Oversight training. The Commissioners thanked Staff for their professionalism, engagement, and also for being available and responsive to Commissioners. Staff thanked the Board of Commissioners for their participation and input at the meetings, and also for taking the time to attend NAHRO trainings.

Finance Director Aaron Pomeroy and Development Director Suzi Merriam entered the meeting at 12:08 p.m.

**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 12:10 p.m.

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

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

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

Secretary

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**MEETING DATE:** January 22, 2025

**ITEM NUMBER:** 3B

**FROM:** Executive Director

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**SUBJECT:** Housing Authority Annual Agency Goals – Quarter 2 Report

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**RECOMMENDATION:** Receive Report

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**BACKGROUND SUMMARY:**

Each year, the Housing Authority Board of Commissioners establishes Annual Agency Goals for the upcoming fiscal year. The following goals were established for the period of 7/1/24 – 6/30/25. The target date for completion of all goals is 6/30/25 unless otherwise stated. This report demonstrates the progress on these goals during the second quarter of the fiscal year, from 10/1/24 – 12/31/24. Baseline values reflect the values on 7/1/24, at the beginning of the fiscal year.

**Proposed Housing Authority Agency Goals for 2024 - 2025 Fiscal Year**

1. Expand Housing Choice Voucher Program:

- a. Achieve cumulative voucher utilization rate of 97% for entire HCV program group, including all voucher types.

	Baseline	Q1	Q2	Q3	Q4
HCV Utilization Rate	95.35%	96.03%	96.29%		

- b. Lease Up 100% of all new Stability Vouchers (41 vouchers).

	Baseline	Q1	Q2	Q3	Q4
Stability Vouchers Leased	2	29	39		

- c. Increase total number of households assisted in HCV program group by at least 100 households.

	Baseline	Q1	Q2	Q3	Q4
HCV Households	5,603	5,643	5,658		
Cumulative Increase	n/a	40	55		

- d. Increase number of landlords participating in the HCV program group by 30.

	Baseline	Q1	Q2	Q3	Q4
HCV Landlords	1,949	1,956	1,962		
Cumulative Increase	n/a	7	13		

2. Expand Affordable Housing Supply:

- a. Establish and implement updated Project Based Voucher RFP criteria and process, including parameters for measured PBV growth.

At the August meeting, the Board approved a new Project Based Voucher (PBV) Request for Proposals (RFP) process, along with new scoring criteria. Staff reviewed the criteria with our financial consultant, who provided minor revisions to the financial feasibility section of the application, and who will assist with evaluating the financial feasibility of the projects requesting vouchers. Staff have updated the PBV application, website, and other public facing materials to reflect the new process and 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 are in the process of working with our financial consultants to assist in scoring the financial feasibility criteria. Staff expect to provide conditional award letters by February 3, 2025 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.

- b. Complete construction of 415 Natural Bridges Drive and fully lease all 20 units.

Construction for Natural Bridges Apartments is complete and a temporary certificate of occupancy was received on December 19, 2024. During the electrical engineering punch-list review in mid-December it was determined that the kitchen for each unit did not have adequate single electrical circuitry to accommodate the combination of a stovetop hood vent / microwave. The microwave was rewired to an alternative

available circuit that was initially intended for garbage disposal, and the kitchens have been fully restored. This modification caused a delay in leasing tenants since this modification required drywall and paint patching. During the certified access specialists program punch list review it was determined modifications to the kitchen cabinet for unit 103 are required to ensure accessibility compliance. This unit is currently offline pending counter modification which is expected to be completed by the end of January.

Tenant move-in commenced on January 13, and full occupancy is expected by the end of February. The artist for the mural has successfully met the requirements to obtain their C33 general paint contractor's license and expects the state office to issue the license within the next few weeks. Painting is expected to begin in late January or February.

- c. Optimize financial resources and funding sources, including MTW and New Horizons funds, to acquire property and develop new affordable housing projects.

During the October 2, 2024 meeting, the Board of Commissioners approved the staff recommendation authorizing the sale of Casa Pajaro Apartments from the Housing Authority to New Horizons. This transaction closed prior to the end of the year and the change of ownership has been recorded by the County Recorder. The Housing Authority provided New Horizons with gap financing for the full purchase price at the appraised value of \$21,200,000. The source of these funds consisted of \$10,700,106 in MTW reserves which needed to be spent in CY2024 to avoid HUD recapture at the end of the year. The remaining \$10,499,894 was funded by the MTW set-aside funding which was a unique one-time funding opportunity available to new MTW expansion agencies. Following the award of this MTW set-aside funding, HUD has experienced an unprecedented demand on set-aside and shortfall funds at the national level, so it was prudent to exhaust the balance of these funds to avoid a potential recapture from HUD. Utilizing these two funding sources in this manner also enabled the funds to become defederalized with no deadline for expenditure.

- d. Increase agency capacity to facilitate development activities through issuing a Request for Qualifications for consulting services and/or establishing a Development Director position within the Housing Authority.

In July 2024, the Housing Authority established a new Development Director position and has completed recruitment. The new Development Director, Suzi Merriam, started at the Housing Authority on Monday, October 21. Prior to joining our team as our Development Director, Suzi was the Community Development Director for the



City of Watsonville, which included oversight of four divisions: planning, building, code enforcement, and housing.

- e. Issue a Request for Proposals or other procurement to enter a co-development partnership with existing affordable housing developers to develop new affordable housing and obtain Low Income Housing Tax Credit (LIHTC) experience required to apply for future tax credits for our own projects.

In August 2024, the Housing Authority issued a Request for Qualifications (RFQ) to enter a co-development partnership with existing affordable housing developers to develop new affordable housing and obtain the Low Income Housing Tax Credit (LIHTC) experience required to apply for future tax credits for our own projects. This RFQ has the potential to assist us in identifying new development projects and other related opportunities, while also working with a partner to leverage their LIHTC experience. Several qualified housing developers have contacted the Housing Authority to express interest in entering into a joint development agreement, and two developers have formally submitted proposals which are under review.

The RFQ will be updated to release an addendum to list the 2021 – 2031 Chanticleer Avenue property as a project for interested developers to submit proposals for a joint development partnership.

3. Expand Programs and Services:

- a. Develop and implement two-year plan for expansion of New Horizons Programs and Services.

Youth – Services targeted primarily to school age children and young adults.

Service	Progress Report
Summer Enrichment Activities (New)	Summer enrichment activity program for school age children ages 5 – 17 residing in households receiving Housing Authority assistance. The Housing Authority is currently in the process of negotiating a three-way MOU with County Parks and County Parks Friends. This MOU, set to be executed in Q3, will allocate funding for participant’s program registration fees and related costs for the 2025 summer programs, allowing up to 200 Housing Authority assisted youth to each access up to \$500 of County Parks recreation programming with no cost to the families.
Tutoring	Tutoring program for school age children ages 5 – 17 residing in

Program (New)	households receiving Housing Authority assistance. New Horizons plans to release an RFP for a combination of services that includes the Tutoring Program. This RFP is scheduled to be released in January 2025.
Backpacks and School Supplies (New)	Program to offer backpacks and school supplies to school age children ages 5 – 17 residing in units owned or managed by the Housing Authority. New Horizons has initiated conversations with both the County Office of Education and the United Way with the intent of expanding eligibility for the Stuff the Bus campaign to all school age children living in Housing Authority assisted households. This program is expected to kick off in August 2025 with backpacks and school supplies being distributed for the 2025-2026 school-year.
Scholarship Program	The New Horizons Scholarship program awarded 94 scholarships to Housing Authority program participants for a total of \$96,000 awarded. The Housing Authority hosted an award ceremony in August at Cabrillo College to honor the scholarship recipients. New Horizons will open applications for 2025 scholarships in the Spring.

Families - Services targeted towards both families and individuals that do not fall into either the senior or youth services categories. Additionally, family services include services that may be widely subscribed to by all three groups.

Service	Description
Workforce Development (New)	Program to offer workforce development and employment services such as resume development, job search and career development services to adults in households receiving Housing Authority assistance. New Horizons plans to release an RFP for a combination of services that includes Workforce Development programming. This RFP is scheduled to be released in January 2025.
Financial Workshops and Coaching (New)	Program to offer financial literacy, financial coaching and/or asset building services to adults in households receiving Housing Authority assistance. New Horizons plans to release an RFP for a combination of services that includes Financial Workshops and Coaching programming. This RFP is scheduled to be released in January 2025.
Conflict Resolution Mediation Services	Between October and December of 2024, the Conflict Resolution Center (CRC) received 5 Housing Authority referrals and opened 4 cases. The CRC resolved 4 housing cases through mediation that resolved issues pertaining to notices to vacate and landlord tenant disputes.
Tenant's Rights and	The Housing Authority plans to hold a tenant workshop in April during Fair Housing Month to promote fair housing awareness and educate

Fair Housing Workshops	tenants on fair housing laws. This workshop will be held over zoom to maximize participation and will be marketed to all program participants. Additional workshops will be provided in May during Affordable Housing Month.
Transportation	The Housing Authority is currently partnering with Santa Cruz METRO to offer transit passes to residents of Housing Authority owned and controlled properties. In June of 2024, the Housing Authority renegotiated a more favorable fee structure that reflected subscription numbers. The program is currently providing 33 passes to residents.

Service	Description																																												
Cruzio High Speed Internet	<p>160 Housing Authority owned units now have the option to receive free high speed internet through the Equal Access Program with 125 units being active users. The Housing Authority and Cruzio are continuing to promote the Equal Access Program and to increase adoption rates.</p> <table border="1"> <thead> <tr> <th colspan="4">Connected Properties</th> </tr> <tr> <th><u>Property</u></th> <th><u>Units</u></th> <th><u>Subscribed</u></th> <th><u>Utilization Rate</u></th> </tr> </thead> <tbody> <tr> <td>30th</td> <td>19</td> <td>13</td> <td>68%</td> </tr> <tr> <td>Portola Dr.</td> <td>24</td> <td>13</td> <td>54%</td> </tr> <tr> <td>Crestview</td> <td>16</td> <td>7</td> <td>44%</td> </tr> <tr> <td>Arista Ct.</td> <td>16</td> <td>13</td> <td>81%</td> </tr> <tr> <td>Arista Ln.</td> <td>15</td> <td>13</td> <td>87%</td> </tr> <tr> <td>Casa Pajaro</td> <td>34</td> <td>30</td> <td>88%</td> </tr> <tr> <td>Tierra Alta</td> <td>36</td> <td>36</td> <td>100%</td> </tr> <tr> <td><b>Total</b></td> <td><b>160</b></td> <td><b>125</b></td> <td><b>78.13%</b></td> </tr> </tbody> </table> <p>The Housing Authority has partnered with Cruzio to apply for the California Advanced Services Fund Public Housing Account. Grant applications were submitted in December 2024. If awarded, this would expand free broadband access to an additional 96 households across seven Housing Authority owned sites. If awarded, site work to begin connecting units would begin during Summer 2025 and would provide funding for free broadband access to residents for up to five years.</p> <table border="1"> <thead> <tr> <th colspan="2">Properties Pending Award</th> </tr> <tr> <th><u>Property</u></th> <th><u>Units</u></th> </tr> </thead> <tbody> </tbody> </table>	Connected Properties				<u>Property</u>	<u>Units</u>	<u>Subscribed</u>	<u>Utilization Rate</u>	30th	19	13	68%	Portola Dr.	24	13	54%	Crestview	16	7	44%	Arista Ct.	16	13	81%	Arista Ln.	15	13	87%	Casa Pajaro	34	30	88%	Tierra Alta	36	36	100%	<b>Total</b>	<b>160</b>	<b>125</b>	<b>78.13%</b>	Properties Pending Award		<u>Property</u>	<u>Units</u>
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	Broadway	5
	Grandview	15
	17th	14
	Blackburn	14
	Monte Bello	16
	310 Clifford	16
	308 Clifford	16
	<b>Total</b>	<b>96</b>

Seniors – Services targeted primarily to individuals age 62 and above.

<b>Service</b>	<b>Description</b>
Senior Support Services (New)	Program to offer senior support services such as case management and assistance in access to public benefits, Medicare and in home support services to seniors in Housing Authority owned or managed properties. New Horizons plans to release an RFP for a combination of services that includes the Senior Support Services programming. This RFP is scheduled to be released in January 2025.
Senior Services Fair (New)	The Housing Authority has engaged with a number of local service providers to invite their participation in a Senior Services Fair. The first north county event will be held on February 28 at London Nelson Community Center, with an additional event being held in South County in Summer 2025. The Fairs will allow service providers to connect with seniors and market their service offerings. In addition, the Housing Authority plans to provide light food and refreshments along with activities to engage participants.
Project Silver Bells	Program to provide holiday care packages to senior residents of the Housing Authority owned and managed properties kicked off in September. A total of 150 Packages were assembled and delivered to senior residents in December prior to the holidays.
Additional Activities	<p>The Housing Authority will be hosting a virtual landlord workshop on February 6 via zoom. Presentations will be provided by the California Earthquake Authority, The Conflict Resolution Center of Santa Cruz County and by the law firm Kimball Tirey and St. John. This workshop will be marketed towards all landlords participating in the Housing Choice Voucher program.</p> <p>In November 2024, the Housing Authority partnered with the Community Bike Collective (CBC) to host a bike giveaway event for residents of 2635 Portola Dr. and 951 30th Ave. The CBC, a local</p>

	<p>nonprofit organization, is dedicated to increasing access to biking for all members of the Santa Cruz County community. This event marked the fourth bike giveaway at a Housing Authority site, providing residents of both locations with free refurbished bicycles and helmets</p>
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- b. Implement Year Two of MTW Asset Building Program and Participate in Evaluation of Program Outcomes.

Since the launch of the Savings for YOU program in March 2024, 52 participants have been actively receiving deposits aimed at encouraging savings and building economic mobility. Each participant received an initial deposit of \$120, followed by \$100 monthly deposits for 23 consecutive months, leading to a total of \$2,420 by the program’s end in February 2026. This program, designed to test asset-building initiatives for assisted households, seeks to increase bank account ownership, promote savings growth, and strengthen household stability.

In addition to the direct deposits, the Housing Authority has partnered with Ventures, a local organization specializing in financial education, to provide financial literacy services. These workshops, which began in June 2024 and will run through August 2025, cover topics like budgeting, banking, managing credit and debt, and understanding credit scores. To ensure maximum engagement, staff have initiated robust outreach activities, encouraging participants to take full advantage of these financial literacy opportunities.

Recently, the Housing Authority hosted a site visit from MEF Associates, HUD’s designated evaluator for the program. MEF Associates are assessing the program’s effectiveness for all agencies participating in the Asset Building cohort of the MTW Expansion. The evaluation results are expected to be available in 2026, following completion of the first two years of asset building program activities.

4. Improve Agency and Program Management:

- a. Complete Update and Verification of Continued Interest of Waiting List Applicants, and develop plan for re-opening Waiting List.

Housing Authority staff have discussed various waiting list models with the Board of Commissioners. Additional information will be presented to the Board in Spring 2025.

- b. Implementation of Equity Report Card and Action Plan Goals.

A complete report on the progress towards the 2024 / 2025 Equity Report Card and Action Plan goals will be provided to the Board in June 2025.

**RECOMMENDATION:** Receive report

## AGENDA ITEM SUMMARY

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**MEETING DATE:** January 22, 2025

**ITEM NUMBER:** 6A

**FROM:** Executive Director

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

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**RECOMMENDATION:** Receive Report

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### **BACKGROUND SUMMARY:**

The Housing Authority operates the Section 8 Housing Choice Voucher (HCV) Program, Project Based Voucher Program, and other voucher based special programs within many programmatic and budgetary limitations. The following report summarizes voucher and funding utilization for CY 2024, as well as goals and strategies for CY 2025 and beyond.

Voucher utilization - HUD has established the maximum number of vouchers that any PHA can administer through an Annual Contributions Contract (ACC). Although PHAs occasionally have an opportunity to increase the number of vouchers we may administer through a competitive grant application process, and HUD occasionally issues “fair share” general purpose vouchers based on population size or other factors, for the most part, the number of vouchers we may administer is static. As of the end of 2024, the number of vouchers in our Housing Choice Voucher ACC, including all Housing Choice Voucher funded programs was 5,876. Voucher utilization measures the percentage of available vouchers that are currently in use, or “leased up” with a family receiving rental assistance.

Funding utilization – Historically, HUD establishes a PHA’s HCV budget by using the prior calendar year spending as a baseline. If funding is not sufficient to cover renewal of all vouchers nationally, HUD may “prorate” that baseline funding. Additionally, an inflation factor is applied to each agency’s HCV budget. The inflation factor has historically been based primarily on increases to FMR. Therefore, our annual budget for any given year is our prior year spending (including spending for all MTW eligible activities, such as rental assistance payments and eligible development expenditures), after being reduced by any proration factor, and increased by any inflation factor. If a PHA does not expend the entire budget, the unspent funds will roll over to the following year.

For MTW agencies, there is an additional limit imposed on the funding calculation to ensure the MTW renewal funding does not exceed the funding level that would’ve been provided without the agency’s MTW designation. As a result, each year the HCV renewal funding budget is calculated by HUD based on the lower of either (1) the calculation described above, or (2) HAP Renewal Eligibility Cap, which applies a cumulative RFIF to our pre-MTW HAP expenses to estimate what our spending level would have been as a non-MTW agency. In this way, HUD is preventing development spending from having an undue influence on budget authority for MTW expansion agencies.

The addition of the ‘lower of’ calculation presents a situation in which additional calendar year expenses may not increase the subsequent baseline funding, and the Housing Authority may determine it is more financially advantageous for these funds to be rolled into the following year as MTW reserves. However, when the Housing Authority accumulates MTW reserve balances, it is important to ensure the balance does not exceed the HUD recapture threshold since excess funds are recaptured by HUD.

The agency’s total available funding is the annual budget plus any program reserves from prior years. For CY 2024, the annual HCV budget was \$163,089,408 and the reserve funding was \$1,931,153 for a total available funding of \$165,020,561. Funding utilization, which measures the percentage of annual budget and reserves expended, reached 97% for CY 2024. This leaves year-end CY 2024 HCV reserves of roughly \$3,720,062, which will roll into CY 2025 funding since it is below HUD’s recapture threshold.

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

- Fair Market Rent (FMR) and Payment Standards (PS) – Fair Market Rents (FMRs) are established by HUD based primarily on data from the American Community Survey (ACS) as the 40th percentile of gross rents (rent plus utilities) for typical rental units occupied by recent movers in a local housing market. HUD publishes FMRs in October of each year. Most PHAs must establish payment standards within 90% - 110% of the FMR. Our Housing Authority has the flexibility to establish payment standards anywhere between 80% - 120% FMR, based on our MTW designation. While HUDs FMR methodology has improved in recent years, it remains insufficient. Therefore, our Agency has conducted FMR studies at least every other year which have significantly increased FMRs for our jurisdiction.
- Average Housing Assistance Payment (HAP) – When PHAs increase payment standards, the degree to which they will increase the average Housing Assistance Payment (HAP), and therefore increase the cost of the program, is unknown. Often, when payment standards increase, people move to more expensive units, which add additional program costs. Even without payment standard increases, average subsidy costs tend to increase over time. However, these average HAP increases are impacted by the degree to which landlords increase rents, and by the changes in each individual household’s family composition and income. Small changes in average HAP, when multiplied by thousands of families, have a very large impact on the cost of the program.
- Budget – Although PHAs must establish payment standards in October for the following calendar year, Congress does not usually pass a budget in a timely manner. It is typical for PHAs to receive their final funding information for a calendar year in March or even later (several months into that calendar year). While we know our baseline funding prior to information on final funding, we typically do not know the proration or inflation factors. These unknown factors can make a major impact on our budget, and therefore our strategy. Decisions regarding payment standards and voucher issuance strategies must be made based on projections, and information gleaned from industry analysts, and then adjusted periodically throughout the year.

The Housing Authority has not achieved 100% voucher utilization since May 2013, the time of the federal sequestration. The sequestration was a drastic, unexpected, mid-year funding cut, which triggered a series of events that resulted in significant program attrition. For example, funding cuts result in spending cuts,



which reduce the following year’s baseline budget. Additionally, multiple years of virtually static or even declining FMRs resulted in little to no inflation adjustment as well as payment standards that didn’t keep up with rising rents, and this resulted in reduced success rates which compound reductions in program size and budget, perpetuating a downward spiral in utilization.

Fortunately, over the past five years in particular, we have made significant strides in reversing this downward spiral and have steadily increased voucher utilization. Recent successes of multiple subsequent FMR studies (and the associated increases in payment standard and funding) as well as additions to the project-based voucher program and efforts to increase landlord participation, have resulted in improvements to voucher and funding utilization in recent years. The table below displays voucher utilization information for CY 2024. Over the course of the year, we increased voucher utilization from 94.59% to 96.29%, adding 130 households to the program. **This utilization rate is significantly higher than the national utilization rate of 86% or the statewide utilization rate of 89%, despite operating in one of the most expensive and competitive rental markets in the nation.**

**2024 Voucher Utilization Summary, Preliminary Data**

	ACC	Units Leased	Monthly Voucher Utilization	HAP Expended
<b>January</b>	5,844	5,528	94.59%	\$10,791,147
<b>February</b>	5,844	5,550	94.97%	\$10,918,177
<b>March</b>	5,844	5,561	95.16%	\$11,027,140
<b>April</b>	5,874	5,577	94.94%	\$11,216,339
<b>May</b>	5,874	5,583	95.05%	\$11,445,022
<b>June</b>	5,874	5,602	95.37%	\$11,548,946
<b>July</b>	5,876	5,603	95.35%	\$11,597,495
<b>August</b>	5,876	5,627	95.76%	\$11,744,290
<b>September</b>	5,876	5,643	96.03%	\$11,815,859
<b>October</b>	5,876	5,630	95.81%	\$11,918,442
<b>November</b>	5,876	5,657	96.27%	\$12,015,291
<b>December</b>	5,876	5,658	96.29%	\$12,068,847
<b>Total</b>				\$138,106,995

*\* November and December voucher utilization is expected to increase once pending move ins are fully processed.*

Housing Authority staff are working to analyze various scenarios for 2025 and beyond. Based on forecasts from HUD and industry analysts, we are anticipating a national HAP proration percentage in the mid to upper 90s with a local inflation factor of approximately 3.1%. Unfortunately, this will likely result in renewal funding that is roughly equal to last year’s funding level despite increasing per unit average HAP rates. The renewal funding in 2025, along with the remaining HAP reserves at the end of 2024, will need to be spent almost exclusively on rental assistance payments in order to absorb the flat funding level in the new year, leaving little current year MTW funding available for development. If the national HAP proration is greater than expected by industry analysts, it is possible that the program could experience a funding shortfall in 2025.

The Housing Authority has committed a significant number of Project Based Vouchers which are currently in the affordable housing pipeline, with 170 units expected to be ready for occupancy in 2025. Therefore, staff must leave enough room in the voucher program to absorb the units as they come online with a goal of reaching approximately 97% voucher utilization by the end of CY 2025. At this time, voucher issuance is being directed towards occupancy of PBV units and issuance of special purpose and referral vouchers only, with additional Housing Choice Voucher issuance planning to occur once funding information is known.

Staff will include updated information about leasing and funding utilization in the annual Agency Budget, which goes to the Board in the Spring, and will provide additional information about the national HAP proration in the directors report, once that information is available.

**RECOMMENDATION:** Receive Report

## AGENDA ITEM SUMMARY

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**MEETING DATE:** January 22, 2025

**ITEM NUMBER:** 8

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

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**SUBJECT:** Director's Report – January 22, 2025

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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 January 22, 2025 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 Natural Bridges Apartments is complete and a temporary certificate of occupancy was received on December 19, 2024. During the electrical engineering punch-list review in mid-December it was determined that the kitchen for each unit did not have adequate single electrical circuitry to accommodate the combination of a stovetop hood vent / microwave. The microwave was rewired to an alternative available circuit that was initially intended for garbage disposal, and the kitchens have been fully restored. This modification caused a delay in leasing tenants since this modification required drywall and paint patching. During the certified access specialists program punch list review it was determined modifications to the kitchen cabinet for unit 103 are required to ensure accessibility compliance. This unit is currently offline pending counter modification which is expected to be completed by the end of January.

Tenant move-in commenced on January 13, and full occupancy is expected by the end of February. The artist for the mural has successfully met the requirements to obtain their C33 general paint contractor's license and expects the state office to issue the license within the next few weeks. Painting is expected to begin in late January or February.

**Chanticleer Avenue** - New Horizons executed the option agreement with the sellers to purchase 2021 – 2031 Chanticleer on October 18, 2024. Staff are working with the environmental consultant and County Community Development and Infrastructure, Planning Department, to complete the environmental review in accordance with the National Environmental Policy Act (NEPA). The draft cultural report and letter to the State Historic Preservation Office (SHPO) have been provided to the County for their review. On January 6, 2025, staff release a Request for Qualifications for architectural services to procure an architectural firm to prepare design and construction drawing for entitlements and project construction. On January 15, 2025, staff issued Addendum 2025-1 to the Co-Development Request for Qualifications, to list the property as an opportunity for co-development partnerships.

**Real Estate Activity Updates** – Staff plan to start providing the Board of Commissions with email updates on prospective real estate opportunities that have been reviewed by the Board of Commissioners Development Subcommittee for acquisition but are pending execution of an Option Agreement. This will allow staff to provide a progress report to the Board without disclosing sensitive information that may jeopardize negotiations with the seller(s). These emails will be for information purposes only, and will not request any action by the Board. Emails are expected to be monthly at times when there is an active acquisition pending execution of an Option Agreement. Once Option Agreements are executed, updates on Real Estate Activities will be provided in the Directors Report.

**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.

On January 14, 2025 the Santa Cruz County Board of Supervisors voted to direct the Chair of the Board of Supervisors to send a letter to Assemblymember Pellerin and Senator Laird urging them to propose an amendment to SB329 to expand housing opportunities for participants in the Housing Choice Voucher Program by allowing housing providers to establish a preference for applicants for tenancy who participate in or qualify for rental assistance programs for low-income families. Additionally, Assemblymember Pellerin has confirmed that she will introduce the legislative amendment, and Senator Laird has confirmed that he will sign on as a co-author. To date, discussions with stakeholders, including the Civil Rights Department, have been positive and productive, with no major concerns being raised.

**2025 Community Report** – Enclosed with your Board Packet you will find the Housing Authority of the County of Santa Cruz’s 2025 Community Report, *Beyond Housing: Building Community*. This report reflects the collective efforts, achievements, and aspirations of our Housing Authority as we continue to create pathways for stability, equity, and opportunity in Santa Cruz County. The report will be distributed to elected officials and key community partners and stakeholders, as well as placed on our website and promoted through social media.

**Upcoming Changes in Administration** – President Elect Trump has announced Scott Turner as his choice for HUD Secretary. Scott Turner will be on Capitol Hill this week as he seeks to be confirmed by the Senate on Thursday January 16<sup>th</sup>. NAHRO Staff and members of NAHRO’s Legislative Counsel have shared a transition document with Turner’s team to emphasize key policy and funding priorities, and to identify areas of common ground.



2025 COMMUNITY REPORT

# Beyond Housing: Building Community





## LETTER FROM THE **Executive Director and Board Chair**



Jenny Panetta



Providence Martinez-Alaniz

Dear Neighbors,

For over half a century, the Housing Authority of the County of Santa Cruz has been dedicated to expanding access to safe, stable, and affordable housing. But our role extends beyond that. We strive to be more than a housing provider. We are a safety net, a foundation for growth, and catalyst for equity, economic mobility and improved quality of life.

Santa Cruz County is a place of breathtaking beauty and vibrant culture, yet it also faces an urgent and growing challenge: a severe shortage of affordable housing that leaves too many residents facing homelessness or extreme rent burdens. Once again, our County has been named the most expensive rental market in the nation, a sobering reminder of the growing gap between what our residents earn and what it costs to keep a roof over their heads.

In the face of this challenge, we have not stood still. As a HUD designated Moving to Work (MTW) agency, we have the flexibility to innovate, adapt, and develop solutions tailored to our community's needs. From expanding affordable housing options to supporting our residents with new programs and services; we are committed to making sure that Santa Cruz County is a place where everyone has the opportunity to build a future.

Through decades of changing economic and political landscapes, our Agency has remained steadfast in our mission, united in our purpose, and deeply rooted in our community. Our work centers on two core goals of helping more people and helping people more. We do this through the expansion of our rental assistance programs, building more affordable housing, and going beyond housing to provide new programs and services that build community, foster economic mobility and improve quality of life for all.

We are ready to face the challenges ahead, inspired by the resilience of our community and grounded in the belief that everyone deserves a home.

With hope and solidarity,

*Jenny Panetta*  
Executive Director

*Providence Martinez-Alaniz*  
Board of Commissioners, Chair



# MISSION AND VALUES

## Our Commitment: **COMMUNITY**

At the Housing Authority, our Mission Statement is clear: We are committed to advancing access to affordable housing and a thriving community free from discrimination by providing affordable housing and delivering inclusive services to our diverse community with compassion and kindness. Our mission extends beyond shelter, utilizing housing as a catalyst to promote equity, economic mobility, dignity, stability, improved quality of life, and a place to call home.

## The way we approach this mission is shaped by our **CORE VALUES:**



### INTEGRITY

We uphold the highest standards of honesty and transparency.



### COMPASSION

We approach our work with empathy and kindness.



### COMMUNITY

We focus on fostering connections and collaboration.



### EQUITY

We work to dismantle barriers and provide fair opportunities for all.



### RESPECT

We ensure that every person we serve is treated with dignity.



### SERVICE

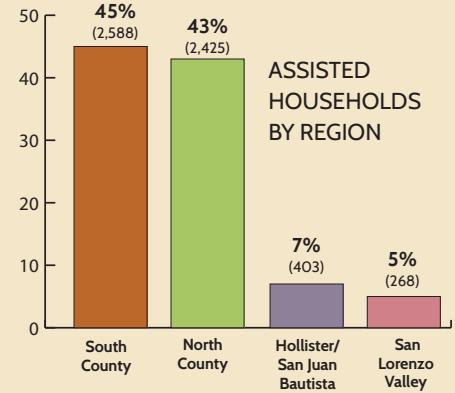
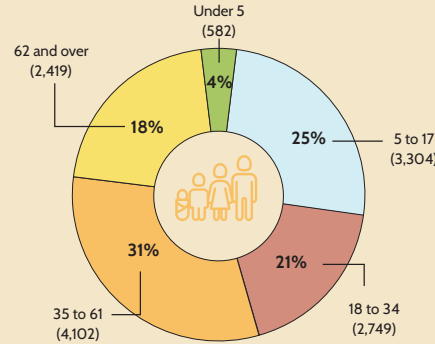
We are committed to excellence through thoughtful high-quality service to each individual.

Together, our Mission and Values drive us to create a brighter future for Santa Cruz County, where every resident has a place to call home.



## WHO WE SERVE

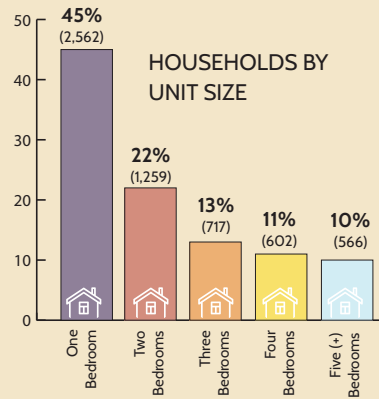
AGE RANGE OF ALL PARTICIPANTS



## OUR FAMILIES AT A GLANCE

Median Household Size	2
Average Household Income	\$27,461
Single Person Households	45% (2,562)
Disabled Households	43% (2,474)
Households w/Seniors (62+)	40% (2,272)
Households w/Minor Children (<18)	38% (2,145)
Homeless at Admission Households	22% (1,252)
Veteran Households	6% (353)

HOUSEHOLDS BY UNIT SIZE





## Building Homes in Santa Cruz County

The Housing Authority proudly opened **Natural Bridges Apartments**, our first new affordable housing project in over 30 years! This milestone represents a significant step for the Housing Authority, as we expand our core services beyond rental assistance to the development of our own pipeline of affordable housing projects in the years to come.

This three-story development features affordable units reserved for households earning up to 50% of the area median income. Units are designed with sustainability in mind, the apartments include solar panels, energy-efficient appliances, & EV charging stations, funded in part by Central Coast Community Energy.

Residents enjoy modern amenities such as bike storage, a third-floor outdoor deck, and proximity to the Santa Cruz Coastal Rail Trail, providing easy access to open space, trails, and beach access. Also featured is a stunning mural by artist Taylor Reinhold. The mural, located on both sides of the retaining wall next to the Rail Trail, reflects the character of Santa Cruz, the transformation of the Housing Authority, and the natural beauty surrounding the apartments. The design incorporates native birds, Natural Bridges State Park, the Pacific Ocean, and the Monarch butterfly migration route.

Natural Bridges Apartments isn't just a place to live – it's a place to call home, fostering connection and offering a comfortable, well-designed environment.

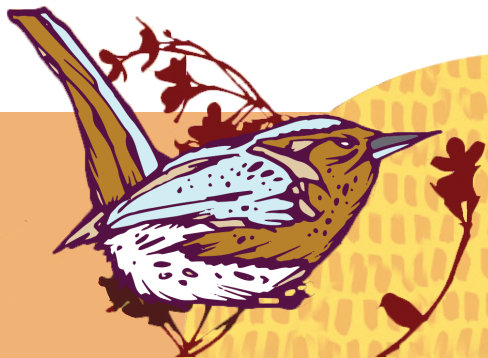
Over \$500M in federal investments supporting the development of nearly 2,000 new affordable homes here in Santa Cruz County!

## Supporting Affordable Housing Development

In addition to building affordable housing of our own, the Housing Authority has been supporting the development of affordable housing county-wide by rapidly expanding our Project Based Voucher (PBV) program. The PBV Program allows the Housing Authority to “project-base” some tenant-based Housing Choice Vouchers and attach them to specific housing units. PBVs support affordable housing development by providing a valuable subsidy to developers that allows them to leverage additional financing. The PBV Program also provides a deep level of rental assistance to families living in the

units, creating truly affordable housing. Currently, the Housing Authority is utilizing 644 PBVs across 33 projects, with another 929 project-based units conditionally awarded to 25 projects under development. These 929 project-based units are supporting the creation of 1,762 new affordable housing units and the preservation of 36 affordable units for low-income families.

This is just the beginning of our vision for Santa Cruz County, where new homes become the foundation for strong families and vibrant communities.





## More Than Housing, Building Community

At the Housing Authority, we build more than homes; we build community. We go beyond housing to foster connections, support neighbors, and ensure that everyone feels valued. That's why the Housing Authority is working on expanding programs and services through our nonprofit affiliate New Horizons Affordable Housing and Development. Over the past year, our community engagement efforts have strengthened partnerships with local organizations to expand support services for residents, developed community-building events that promote equity, and expanded programs that empower families to thrive. The following are just a few examples of the Programs and Services offered through New Horizons Affordable Housing and Development.



The 2024 March to End Homelessness

## Project: Silver Bells

For a second year, our staff came together to spread holiday cheer through Project: Silver Bells. In 2024, more than 150 care packages were thoughtfully prepared and delivered to seniors living in our properties. Each package contained essentials and gifts like socks, food, gift cards, blankets, and playing cards, bringing warmth and joy to their season. This small act of kindness helped ensure that our senior residents felt valued and connected during the holidays, making a meaningful impact in our community.



## Housing Discrimination Forum

As part of Affordable Housing Month in 2024, we hosted the Housing Discrimination Forum with California Rural Legal Assistance and Senior Legal Services. The event provided vital information on tenant rights and how to combat housing discrimination based on gender, race, disability, and more. It was an evening of empowerment, ensuring our community members know their rights and how to protect them.



## New Horizons Scholarship Program

Education is a game changer, and our award-winning New Horizons Scholarship Program is helping community members unlock new opportunities. This year, we awarded nearly \$100,000 in scholarships to over 90 students, many of whom are first-generation college attendees.

Recently recognized with an Award of Merit by the National Association of Housing and Redevelopment Officials (NAHRO), the program's tagline, "Empowering the Leaders of Tomorrow through Education and Housing Support," highlights our ongoing commitment to building pathways to success for those we serve.

Through these efforts, we are using housing as a platform for building community and improving quality of life.

### WHAT IS FSS?

#### A Program Designed for Financial Independence for Families

The Family Self-Sufficiency (FSS) Program is a free, optional program for individuals with a Housing Choice Voucher (Section 8). This program helps participants achieve financial independence while growing a savings account called escrow.

As part of the program, individuals work with an FSS Coordinator who will support them in setting and reaching their educational, career, and personal goals. When their earned income increases, a portion of their rent is saved in an escrow account. Upon completing the FSS program, individuals gain full access to their savings — and can continue to receive rental assistance through the Housing Choice Voucher program.

Learn more about the FSS Program at [hacosantacruz.org/fss](https://hacosantacruz.org/fss).



PARTICIPATE

Sign up for the FSS program and have 1-on-1 support & coaching



SET GOALS

Full time employment  
Higher paying job  
Continuing education



GRADUATE

Complete goals, graduate from the FSS program and receive a check!



Ashley's journey is a testament to the transformative power of the Family Self-Sufficiency (FSS) Program and the resilience of many families in Santa Cruz County. Ashley has spent years advocating for those affected by hemophilia, a cause that became deeply personal after the loss of her infant son. Despite the challenges of fundraising during the COVID-19 pandemic, Ashley raised hundreds of thousands of dollars, all while balancing personal adversity and professional responsibility. However, it was her decision to join the FSS Program that opened new doors for her family's future.

Ashley joined FSS with clear goals: further her education and advance in her career. Ashley earned a Financial Success Certificate from eCornell, which helped her achieve her dream of becoming Director of the Hemophilia Foundation of Northern California. This career growth was supported by the stability she found at home, a stability that the FSS Program helped her build. As she says, "Home is your launching pad into the world," underscoring how housing security is crucial for personal and professional growth in a place like Santa Cruz County.

Beyond her professional achievements, Ashley's story is one of overcoming significant challenges. From experiencing homelessness and poverty to achieving financial independence, she now serves as a role model for her children and her community. Her journey through the FSS Program has been one of self-discovery and perseverance, and she encourages others to believe in themselves, even during tough times. "Self-doubt is a moment, not forever. Be kind to yourself—there is support available," she advises.

For anyone considering the FSS Program, Ashley's message is clear: take the leap. The program offers more than just financial support; it's a network of guidance and encouragement. "The FSS Coordinators help you see what's possible," she shares, emphasizing that the journey to self-sufficiency is about setting realistic goals and taking actionable steps. Her story is proof that with the right support system, families can overcome challenges and build a brighter future.



Landlord  
Appreciation  
Event 2024

## Partners in Creating Homes

We are committed to supporting our landlords and ensuring they thrive alongside our tenants. This year, we hosted a Landlord Appreciation Event to honor the vital contributions of HCV landlords. With awards for the longest tenure, most veterans housed, and more, we celebrated the positive impact our landlord partners have on the community.

To further support landlords, we held workshops on landlord incentive programs, mediation services, and 2024 legislative updates. These sessions provided essential resources to ensure landlords are well-equipped to succeed in the HCV program.

In addition, we offer a range of incentives, including up to \$5,000 in risk mitigation through the Owner Assurance Program and bonuses of \$2,000 for renting to families with certain voucher types. Join our growing community of landlords and see how partnering with us can benefit you at [hacosantacruz.org/landlords](https://hacosantacruz.org/landlords).

## Thank you to our dedicated landlords!

81% of participating landlords have been with the HCV program for more than three years. More and more landlords are participating in the Housing Choice Voucher Program! Landlords cite steady rental income and making a positive community impact as key reasons for their participation.

With 87% of voucher holders sharing that the program helped them avoid or escape homelessness, and 86% noting significant improvements in their quality of life, our collaboration with landlords plays a critical role in ensuring Santa Cruz County remains a place to call home!



Number of  
Partnering  
Landlords:  
**1,960**

### INTERESTED IN JOINING?

Visit [hacosantacruz.org/landlords](https://hacosantacruz.org/landlords), email [landlords@hacosantacruz.org](mailto:landlords@hacosantacruz.org), or call (831) 454-9455 ext. 357 today!

*"HACSC is the best Housing Authority I have dealt with in my 35 years as a landlord!"*



We all  
Deserve  
a Nesting  
Place.

Artwork by Taylor Reinhold



HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

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