

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**AGENDA OF THE REGULAR BOARD MEETING**  
**February 26, 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 Regular Meeting held January 22, 2025

Motion to Approve

B. Quarterly Financials

Receive Report

C. Fall 2024 Project-Based Voucher Request for Proposals

Receive Report

D. Revised Salary Chart

Motion to Adopt Updated Salary Chart

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. Annual PHA Plan, 5-Year PHA Plan, Housing Choice Voucher Administrative Plan, and Moving to Work Supplement to the Annual PHA Plan

Review Draft Annual PHA Plan, 5-Year PHA Plan, Housing Choice Voucher

Administrative Plan, and Moving to Work Supplement to the Annual PHA Plan

B. Rescinding Project-Based Voucher Awards

Motion to Adopt Proposed Criteria for Recission of Project-Based Voucher Awards

C. Gap Financing for Natural Bridges Apartments Project

Motion to Execute Resolution 2025-01 for the allocation of up to \$3.5M of MTW funding for gap financing to close-out the Natural Bridges Apartments project.

D. Resolutions for 2021 Chanticleer Avenue, Santa Cruz County, and the allocation of \$1,240,000 for pre-development expenses

Motion to Execute Resolution 2025-02 to further document the Board of Commissioners decision to authorize the acquisition of 2021 – 2031 Chanticleer Avenue for \$2,900,000, and Resolution 2025-03 for the allocation of \$1,240,000 for pre-development expenses.

E. Funding of Section 115 Trust for Unfunded Pension Liability

Motion to Adopt Resolution No. 2025-04 Authorizing the Funding of up to \$8 Million From the Former Public Housing Reserves to the Section 115 Public Agencies Post-Employment Benefits Trust Administered by Public Agency Retirement Services (PARS)

F. Housing Choice Voucher Waiting List Re-Opening

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
  - A. Potential Litigation
11. Report on Closed Session
12. Adjournment

The Housing Authority complies with the Americans with Disabilities Act. If you are a person with disabilities and you require special assistance in order to participate, please contact the Board secretary at 831-454-9455, ext. 201 at least 72 hours in advance of the meeting in order to make arrangements. Persons with disabilities may request a copy of the agenda in an alternative format.

Spanish language translation is available on an as needed basis. Please make arrangements 72 hours in advance by contacting the Housing Authority at 831-454-9455, ext. 280.

*Agendas can be obtained from the Housing Authority of the County of Santa Cruz Administration Department.*

**AGENDA ITEM NO. 1** Roll Call

Chairperson Martinez Alaniz called the meeting to order at 11:00 a.m. Members present Chairperson Martinez Alaniz, Vice Chairperson Melendrez, Commissioners Berg, Eligio, Morales, Schiffrin and Schmale

**Members Absent**

None.

**Staff Present**

Jennifer Panetta, Tom Graham, Aaron Pomeroy 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 had a question on Agenda Item 3B Housing Authority Annual Agency Goals – Quarter 2 Report. Commissioner Schiffrin asked staff to confirm that on 3a. Summer Enrichment Activities under Youth Services the amount was up to \$500 per student. Staff confirmed that the amount is up to \$500 per student.

Commissioner Schiffrin suggested that staff pursue an electric bike subsidy program that would benefit adults.

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

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

NOES: None

ABSENT: None

ABSTAIN: None

Agenda Item 3A. Approved Minutes of the Special Meeting held December 11, 2024

Agenda Item 3B. Received Report Housing Authority Annual Agency Goals – Quarter 2

**AGENDA ITEM NO. 4** Oral Communications

None.

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

None.

**AGENDA ITEM NO. 6A** Section 8 Housing Choice Voucher Program: Voucher and Funding Utilization

Secretary Panetta introduced Finance Director Pomeroy who informed the Board that 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. Finance Director Pomeroy gave the Board a report summarizing voucher and funding utilization for CY 2024, as well as goals and strategies for CY 2025 and beyond.

Finance Director Pomeroy informed the Board that staff of the Housing Authority work to develop a leasing strategy that makes the best use of the funding the Housing Authority expects to receive, maximizing the number of households assisted, and maximizing the funding utilization, within voucher and funding limitations. There are many factors that influence voucher and funding utilization, including Fair Market Rent, Payment Standards, average Housing Assistance Payment and budget. A discussion followed. The Board of Commissioners thanked staff for their update and their work on goals and strategies.

**AGENDA ITEM NO. 7** Written Correspondence

None.

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

Deputy Executive Director Graham updated the Board on the Natural Bridges Apartments. Tenant move-in commenced on January 13<sup>th</sup> with full occupancy expected by the end of February. Painting on the mural is expected to begin in February. Commissioner Schifffrin asked staff if the tenants moving in already had a voucher. Executive Director Panetta informed the Board that she believes all of the tenants are from the waiting list but will confirm this and report back to the Board. Commissioner Berg suggested doing a time lapse video of the mural. Staff will look into this suggestion. Commissioner Berg also requested that when staff have a timeline of the mural painting to let the Board know so the Board can watch its progress. Staff will take this direction.

Deputy Executive Director Graham updated the Board on the 2021-2031 Chanticleer development. The option agreement with the sellers has been completed and staff is now in the due diligence phase.

Deputy Executive Director Graham updated the Board on other real estate activities.

Executive Director Panetta updated the Board on the SB 329 amendment process.

Executive Director Panetta informed the Board that the 2025 Community Report was enclosed in the Board packet entitled “Beyond Housing: Building Community” and containing images from the mural. Executive Director Panetta informed the Board that this report will be distributed to elected officials and key community partners and stakeholders.

Executive Director Panetta informed the Board of upcoming changes in HUD administration. President Trump has announced that his choice for HUD Secretary is Scott Turner.

Executive Director Panetta informed that Board that the Housing Authority was awarded 20 new VASH vouchers.

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

Chairperson Martinez Alaniz informed the Board that there is a battery plant proposed to be placed off of Green Valley Road close to Housing Authority properties. Chairperson Martinez Alaniz has been concerned regarding air quality since the battery fire at Moss Landing. Commissioner Morales stated that there was no plan to put out the fire in Moss Landing or to protect the community. Commissioner Morales stated that there have been no reports on what was released into the water and the air. A discussion followed.

Chairperson Martinez Alaniz reported to the Board that she was in Bakersfield and she saw at least 100 border patrol vehicles on Highway 5 who were making roadblocks and stopping people. Commissioner Schiffrin asked that this be an agenda item under Closed Session regarding potential litigation and protecting undocumented immigrants. Staff will take this direction and talk to counsel. Commissioner Morales informed the Board of the red cards that can be given out to undocumented immigrants explaining their rights.

**AGENDA ITEM NO. 10**      Closed Session

None.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, MINUTES OF THE REGULAR MEETING JANUARY 22, 2025, 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. 11** Report on Closed Session

None

**AGENDA ITEM NO. 12** Adjournment

The Board of Commissioners meeting was adjourned at 12:03 p.m.

I hereby certify that these minutes were approved by the Housing Authority of the County of Santa Cruz, on the Twenty Sixth Day of February 2025.

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

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

Secretary

## AGENDA ITEM SUMMARY

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**MEETING DATE:** February 26, 2025

**ITEM NUMBER:** 3B

**FROM:** Finance 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 December 31, 2024, take us 6 months, or 50%, into the current fiscal year. The total of all revenue, excluding HAP reimbursements and Operating Transfers, is 55% of total budgeted, while HAP is 49% of the amount budgeted. Total expenses, excluding HAP and Operating Transfers, are 42% 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 significant budget variance in the Operating Transfers In and Operating Transfers Out line items is a result of using \$21.2M of MTW funding to serve as gap financing for New Horizons' acquisition of Casa Pajaro.

The agency as a whole is experiencing a year-to-date surplus of \$1,632,266 primarily due to the Section 8 HCV administrative fee prorations. The surplus and deficit positions by programs groups are as follows:

Section 8 Programs	\$1,349,993	Vouchers, Mod Rehab & Mob Rehab SRO
Federal Housing Programs	2,856	Casa Pajaro & Tierra Alta Farm Labor Housing, LIPH
Federal Grants	0	Family Self Sufficiency & Shelter Plus Care Grants
Local Programs	(23,174)	Security Deposits, Landlord Incentives, Eligibilities
Business Activities	302,591	Includes 41st Ave Offices & Mission St Warehouse
<b>Agency-Wide Surplus</b>	<b>\$1,632,266</b>	

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

Tierra Alta	(\$14,945)	(Pre-PBV rental income insufficient to cover operating costs)
County of Santa Cruz	(\$24,824)	(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 - December 31, 2024 (2nd Quarter)**

		2024-2025	
	FY 2024-2025	Annual	Budget
	YTD Actuals	Budget	Utilized
<b>Revenues:</b>			
HAPS / Program	72,745,088	148,357,496	49%
Administrative Fees	6,114,800	10,393,926	59%
Grants / Contracts	489,445	1,021,188	48%
Rental Income	851,014	2,062,681	41%
Operating Transfers In	21,305,689	8,773,022	243%
Other Income	101,505	160,954	63%
<b>Total Revenues:</b>	<b>101,607,541</b>	<b>170,769,268</b>	<b>59%</b>
<b>Expenses:</b>			
Housing Assistance Pmts	72,745,088	148,357,496	49%
Salaries	2,798,118	6,082,590	46%
Employee Benefits	1,158,091	2,837,174	41%
Capital Purchases	144,652	1,252,035	12%
Maintenance	179,708	579,938	31%
General Administrative	1,314,532	2,670,616	49%
Tenant Services	435,086	794,037	55%
Operating Transfers Out	21,200,000	7,376,812	287%
Debt Service	0	0	0%
<b>Total Expenses:</b>	<b>99,975,275</b>	<b>169,950,698</b>	<b>59%</b>
<b>Surplus (Deficit):</b>	<b>1,632,266</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 - December 31, 2024 (2nd Quarter)

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	2024-2025		
	FY 2024-2025	Annual	Budget
	YTD Actuals	Budget	Utilized
<b>Revenues:</b>			
HAPS / Program	72,171,001	147,179,482	49%
Administrative Fees	5,289,551	9,090,513	58%
Grants / Contracts	-	-	0%
Rental Income	-	-	0%
Operating Transfers In	21,200,000	297,210	7133%
Other Income	24,675	37,821	65%
<b>Total Revenues:</b>	<b>98,685,227</b>	<b>156,605,027</b>	<b>63%</b>
<b>Expenses:</b>			
Housing Assistance Pmts	72,171,001	147,179,482	49%
Salaries	2,040,536	4,823,279	42%
Employee Benefits	956,937	2,433,492	39%
Capital Purchases	-	-	0%
Maintenance	-	-	0%
General Administrative	900,760	1,921,049	47%
Tenant Services	66,000	42,000	157%
Operating Transfers Out	21,200,000	-	0%
Debt Service	-	-	0%
<b>Total Expenses:</b>	<b>97,335,234</b>	<b>156,399,302</b>	<b>62%</b>
<b>Surplus (Deficit):</b>	<b>1,349,993</b>	<b>205,725</b>	

# HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

## Budget Comparison - Federal Housing

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

Fiscal Year to Date for the Period July 1, 2024 - December 31, 2024 (2nd Quarter)

	2024-2025		
	FY 2024-2025	Annual	Budget
	YTD Actuals	Budget	Utilized
<b>Revenues:</b>			
HAPS / Program	-	-	0%
Administrative Fees	-	-	0%
Grants / Contracts	-	-	0%
Rental Income	313,265	1,021,829	31%
Operating Transfers In	105,689	8,475,812	1%
Other Income	65,494	61,000	107%
<b>Total Revenues:</b>	<b>484,449</b>	<b>9,558,641</b>	<b>5%</b>
<b>Expenses:</b>			
Housing Assistance Pmts	-	-	0%
Salaries	118,741	267,632	44%
Employee Benefits	39,633	95,855	41%
Capital Purchases	129,894	1,222,535	11%
Maintenance	122,307	414,288	30%
General Administrative	71,018	175,472	40%
Tenant Services	-	-	0%
Operating Transfers Out	-	7,376,812	0%
Debt Service	-	-	0%
<b>Total Expenses:</b>	<b>481,593</b>	<b>9,552,594</b>	<b>5%</b>
<b>Surplus (Deficit):</b>	<b>2,856</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 - December 31, 2024 (2nd Quarter)

	2024-2025		
	FY 2024-2025	Annual	Budget
	YTD Actuals	Budget	Utilized
<b>Revenues:</b>			
HAPS / Program	574,087	1,178,014	49%
Administrative Fees	-	-	0%
Grants / Contracts	103,531	221,648	47%
Rental Income	-	-	0%
Operating Transfers In	-	-	0%
Other Income	-	-	0%
<b>Total Revenues:</b>	<b>677,618</b>	<b>1,399,662</b>	<b>48%</b>
<b>Expenses:</b>			
Housing Assistance Pmts	574,087	1,178,014	49%
Salaries	79,792	149,196	53%
Employee Benefits	19,471	49,089	40%
Capital Purchases	-	-	0%
Maintenance	-	-	0%
General Administrative	530	1,866	28%
Tenant Services	3,739	21,497	17%
Operating Transfers Out	-	-	0%
Debt Service	-	-	0%
<b>Total Expenses:</b>	<b>677,618</b>	<b>1,399,662</b>	<b>48%</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 - December 31, 2024 (2nd Quarter)**

	2024-2025		
	FY 2024-2025	Annual	Budget
	YTD Actuals	Budget	Utilized
<b>Revenues:</b>			
HAPS / Program	-	-	0%
Administrative Fees	-	-	0%
Grants / Contracts	385,914	799,540	48%
Rental Income	-	-	0%
Operating Transfers In	-	-	0%
Other Income	6,750	15,750	43%
<b>Total Revenues:</b>	<b>392,664</b>	<b>815,290</b>	<b>48%</b>
<b>Expenses:</b>			
Housing Assistance Pmts	-	-	0%
Salaries	31,158	51,068	61%
Employee Benefits	8,666	14,526	60%
Capital Purchases	-	-	0%
Maintenance	-	-	0%
General Administrative	10,667	17,349	61%
Tenant Services	365,347	730,540	50%
Operating Transfers Out	-	-	0%
Debt Service	-	-	0%
<b>Total Expenses:</b>	<b>415,838</b>	<b>813,483</b>	<b>51%</b>
<b>Surplus (Deficit):</b>	<b>(23,174)</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 - December 31, 2024 (2nd Quarter)**

	2024-2025		
	FY 2024-2025	Annual	Budget
	YTD Actuals	Budget	Utilized
<b>Revenues:</b>			
HAPS / Program	-	-	0%
Administrative Fees	825,249	1,303,413	63%
Grants / Contracts	-	-	0%
Rental Income	537,749	1,040,852	52%
Operating Transfers In	-	-	0%
Other Income	4,586	46,383	10%
<b>Total Revenues:</b>	<b>1,367,583</b>	<b>2,390,648</b>	<b>57%</b>
<b>Expenses:</b>			
Housing Assistance Pmts	-	-	0%
Salaries	527,891	791,415	67%
Employee Benefits	133,385	244,212	55%
Capital Purchases	14,758	29,500	50%
Maintenance	57,401	165,650	35%
General Administrative	331,557	554,881	60%
Tenant Services	-	-	0%
Operating Transfers Out	-	-	0%
Debt Service	-	-	0%
<b>Total Expenses:</b>	<b>1,064,992.48</b>	<b>1,785,658</b>	<b>60%</b>
<b>Surplus (Deficit):</b>	<b>302,591</b>	<b>604,990</b>	

## AGENDA ITEM SUMMARY

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**MEETING DATE:** February 26, 2025

**ITEM NUMBER:** 3C

**FROM:** Executive Director

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**SUBJECT:** Fall 2024 Project-Based Voucher Request for Proposals

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**RECOMMENDATION:** Receive Report

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### **BACKGROUND SUMMARY:**

In Summer of 2024, the Housing Authority Board of Commissioners approved a new Project Based Voucher (PBV) Request for Proposals (RFP) process and new scoring criteria. These changes included the establishment of finite RFP cycles that are designed around the timing of Low-Income Housing Tax Credits (LIHTC). On October 15, 2024, Housing Authority staff opened the first PBV RFP following this new model. Proposals for PBVs were accepted between October 15, 2024 to November 18, 2024. This staff report summarizes the new PBV RFP process as well as the outcome of the first RFP cycle.

#### Summary of RFP Review Process

Under the new RFP model, staff determine how many vouchers will be made available for the upcoming round by analyzing voucher and funding availability along with current and future PBV commitments. Staff then issue an RFP utilizing the Scoring Criteria established by the Board of Commissioners with a finite opening and closing date. All applications for PBVs must be submitted during this application period.

Upon receiving an application, staff perform a preliminary review and may ask questions or request additional information. Once the application window has closed, all staff of the RFP review committee individually score each application. Concurrently, financial information about each project is sent to the agency's affordable housing financial consultant, who provides a recommended score for the financial feasibility evaluation factor, as well as a recommendation for how the agency may assess the project's financials to "right-size" the project and determine the number of PBVs that are necessary to ensure feasibility.

Following the individual evaluations, all members of the review committee assemble to discuss and agree on a uniform score for each project. Once all the scores are finalized, each project is ranked based on the score received. Any project that did not pass the minimum threshold score is no longer considered for an award. The agency will then award an appropriate number of vouchers to the highest-ranked project and will continue to award vouchers down the ranking order until the available pool of vouchers

is exhausted.

### Applications Received

During this Fall 2024 PBV RFP cycle, the Housing Authority received two (2) applications for new construction projects and six (6) applications for existing housing projects. The projects are listed below:

<b>Project Name</b>	<b>Project Address</b>	<b>Project Type</b>	<b>PBVs Requested</b>
136 River Street	136 River St, Santa Cruz, CA 95060	New Construction	20
525 Water Street	525 Water St, Santa Cruz, CA 95060	New Construction	3*
Downtown Villas	612 Washington St, Santa Cruz, CA 95060	Existing Housing	3
Lagoon Beach Cooperative	540 13 <sup>th</sup> Ave, Santa Cruz, CA 95062	Existing Housing	15
Nueva Vista	136 Leibbrandt Ave, Santa Cruz, CA 95060	Existing Housing	12
Washington Street Co-op	335 Washington St, Santa Cruz, CA 95060	Existing Housing	7
Vista Meadows	108 E. Park St, Hollister, CA 95023	Existing Housing	14
Plaza Hotel	103 E. Beach St, Watsonville, CA 95076	Existing Housing	15

\*525 Water Street had an existing conditional award of 33 PBVs from a previous RFP and applied for three (3) *additional* vouchers during this Fall 2024 RFP cycle.

### Outcome of Existing Housing Applications

Subsequent to the issuance of the Fall 2024 PBV RFP, HUD provided all public housing authorities (PHAs) nationwide with updated 2025 funding projections for the Housing Choice Voucher and Project-Based Voucher Programs. The updated projections are based on the most recent Senate appropriations bill, which reflect a 97.5% proration of funding. This means that HUD is expecting PHAs to receive less than full funding for all voucher programs, despite increasing costs. As a result of these lower than



anticipated funding projections, Housing Authority staff determined that there is insufficient funding and voucher capacity to add PBVs for existing housing projects in 2025. Therefore, all the existing housing applications were denied and only the new construction projects were considered, due to such projects having no impact on 2025 voucher and funding capacity.

#### Outcome of New Construction Applications

The scoring criteria included a possible 200 points for each proposal, with a minimum threshold of 125 points to be considered for a PBV award. The new construction projects received the following final ranking order and scores:

1. 136 River Street – 160.5 points
2. 525 Water Street – 156.5 points

136 River Street was conditionally awarded the full 20 vouchers that were requested, as the request was determined reasonable relative to the financial conditions of the project and within the PBV cap established in the criteria. The Housing Authority issued a conditional award letter to the owner, who accepted the award and its terms.

Although 525 Water Street did pass the minimum score threshold, the project was not awarded any additional vouchers. Based on the financial conditions of the project, it was determined that additional vouchers were not necessary for the project to ensure feasibility. The 33 PBVs previously conditionally awarded to the project under a previous RFP remain in place. The Housing Authority issued a denial letter to the applicant.

Housing Authority staff will continue to keep the Board updated regarding the timing of future RFP cycles, as well as regarding the availability of funding and vouchers. While the Housing Authority initially anticipated offering two PBV RFP cycles annually, voucher or funding constraints may either reduce the number of vouchers available in a given cycle, or may result in fewer RFP cycles being issued. At this time, Housing Authority staff are not planning any additional PBV RFP cycles until more information is known about funding.

**RECOMMENDATION:** Receive Report

## AGENDA ITEM SUMMARY

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**MEETING DATE:** February 26, 2025

**ITEM NUMBER:** 3D

**FROM:** Executive Director

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**SUBJECT:** Revised Salary Chart

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**RECOMMENDATION:** Adopt Updated Salary Chart

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### **BACKGROUND SUMMARY:**

In an effort to comply with California Code of Regulations, Title 25, Section 42—which requires that at least one caretaker or responsible person be available on-site for all properties with sixteen (16) or more units—the Housing Authority is updating the salary chart to include a new *Resident Caretaker* position.

As previously discussed with the Board of Commissioners, the majority of Resident Caretaker positions will be occupied by an income eligible referral from the Santa Cruz County Sheriff's Office, where a rent credit will be provided in lieu of payment. However, the Housing Authority must update the Salary Schedule to create a Resident Caretaker position so that we may provide payment to a Resident Caretaker in the event that the number of hours worked exceeds the rent credit, or in the event of a Resident Caretaker that is receiving payment rather than a rent credit.

This addition will ensure wages align with the responsibilities outlined in the job description. The *Resident Caretaker* position has been added to Salary Chart Range 9, with an effective date of February 26, 2025.

**RECOMMENDATION:** Adopt Updated Salary Chart

### Salary Range/Step Chart

Effective 2/26/2025

Subject to Approval by the Board of Commissioners

Job Title	Range	Monthly					Hourly				
		Step 1	Step 2	Step 3	Step 4	Step 5	Step 1	Step 2	Step 3	Step 4	Step 5
*	8	3540	3717	3902	4097	4302	20.42	21.44	22.51	23.64	24.82
Resident Caretaker (New)	9	3628	3809	4000	4200	4410	20.93	21.98	23.08	24.23	25.44
Administrative Clerk I	10	3719	3905	4100	4305	4520	21.45	22.53	23.65	24.84	26.08
*	11	3812	4002	4202	4413	4633	21.99	23.09	24.24	25.46	26.73
*	12	3907	4102	4307	4523	4749	22.54	23.67	24.85	26.09	27.40
*	13	4005	4205	4415	4636	4868	23.10	24.26	25.47	26.75	28.08
Administrative Clerk II	14	4105	4310	4526	4752	4989	23.68	24.87	26.11	27.41	28.78
*	15	4207	4418	4639	4871	5114	24.27	25.49	26.76	28.10	29.50
Account Clerk II	16	4313	4528	4755	4992	5242	24.88	26.12	27.43	28.80	30.24
*	17	4420	4641	4873	5117	5373	25.50	26.78	28.12	29.52	31.00
Administrative Clerk III	18	4531	4757	4995	5245	5507	26.14	27.45	28.82	30.26	31.77
Administrative Clerk III - Maintenance											
*	19	4644	4876	5120	5376	5645	26.79	28.13	29.54	31.02	32.57
Maintenance Worker I	20	4760	4998	5248	5511	5786	27.46	28.84	30.28	31.79	33.38
*	21	4879	5123	5379	5648	5931	28.15	29.56	31.04	32.59	34.22
Accounting Technician	22	5001	5251	5514	5790	6079	28.85	30.30	31.81	33.40	35.07
Administrative Clerk IV											
Housing Assistant											
*	23	5126	5383	5652	5934	6231	29.57	31.05	32.61	34.24	35.95
Maintenance Worker II	24	5254	5517	5793	6083	6387	30.31	31.83	33.42	35.09	36.85
Housing Inspector	25	5386	5655	5938	6235	6547	31.07	32.63	34.26	35.97	37.77
Family Self-Sufficiency Coordinator	26	5520	5797	6086	6391	6710	31.85	33.44	35.11	36.87	38.71
Housing Programs Specialist											
*	27	5658	5941	6238	6550	6878	32.65	34.28	35.99	37.79	39.68
Client Services Coordinator	28	5800	6090	6394	6714	7050	33.46	35.13	36.89	38.74	40.67
Leasing Specialist											
Maintenance Worker III											
Property Management Specialist											
*	29	5945	6242	6554	6882	7226	34.30	36.01	37.81	39.70	41.69
Accounting Specialist	30	6094	6398	6718	7054	7407	35.16	36.91	38.76	40.70	42.73
Housing Programs Senior Specialist											
Maintenance Coordinator	31	6246	6558	6886	7230	7592	36.03	37.84	39.73	41.71	43.80
Executive Secretary	32	6402	6722	7058	7411	7782	36.93	38.78	40.72	42.76	44.89
Program Integrity Specialist											
*	33	6562	6890	7235	7596	7976	37.86	39.75	41.74	43.83	46.02
Accountant	34	6726	7062	7416	7786	8176	38.80	40.75	42.78	44.92	47.17
*	35	6894	7239	7601	7981	8380	39.77	41.76	43.85	46.04	48.35
*	36	7067	7420	7791	8181	8590	40.77	42.81	44.95	47.20	49.56
*	37	7243	7606	7986	8385	8804	41.79	43.88	46.07	48.38	50.79
Senior Accountant	38	7424	7796	8185	8595	9024	42.83	44.97	47.22	49.58	52.06
Administrative Services Supervisor	39	7610	7991	8390	8810	9250	43.90	46.10	48.40	50.82	53.37
Housing Programs Supervisor											
Property Management Supervisor											
Administrative Analyst	40	7800	8190	8600	9030	9481	45.00	47.25	49.61	52.10	54.70
*	41	7995	8395	8815	9256	9718	46.13	48.43	50.85	53.40	56.07
*	42	8195	8605	9035	9487	9961	47.28	49.64	52.13	54.73	57.47

Data Analyst	43	8400	8820	9261	9724	10210	48.46	50.88	53.43	56.10	58.91
Facilities Manager											
Senior Administrative Analyst	44	8610	9041	9493	9967	10466	49.67	52.16	54.76	57.50	60.38
*	45	8825	9267	9730	10216	10727	50.92	53.46	56.13	58.94	61.89
*	46	9046	9498	9973	10472	10995	52.19	54.80	57.54	60.41	63.44
Administrative Services Assistant Director	47	9272	9736	10222	10734	11270	53.49	56.17	58.98	61.92	65.02
Housing Programs Assistant Director											
Human Resources Director											
Property Management Assistant Director											
Senior Data Analyst											
*	48	9504	9979	10478	11002	11552	54.83	57.57	60.45	63.47	66.65
Information Technology Coordinator	49	9741	10229	10740	11277	11841	56.20	59.01	61.96	65.06	68.31
Controller	50	9985	10484	11008	11559	12137	57.61	60.49	63.51	66.69	70.02
Principal Management Analyst											
*	51	10235	10746	11284	11848	12440	59.05	62.00	65.10	68.35	71.77
*	52	10491	11015	11566	12144	12751	60.52	63.55	66.73	70.06	73.57
*	53	10753	11290	11855	12448	13070	62.04	65.14	68.39	71.81	75.40
Assistant Finance Director	54	11022	11573	12151	12759	13397	63.59	66.77	70.10	73.61	77.29
*	55	11297	11862	12455	13078	13732	65.18	68.43	71.86	75.45	79.22
*	56	11580	12159	12766	13405	14075	66.81	70.15	73.65	77.34	81.20
Administrative Services Director	57	11869	12463	13086	13740	14427	68.48	71.90	75.49	79.27	83.23
Housing Programs Director											
Property Management & Client Services Director											
*	58	12166	12774	13413	14083	14788	70.19	73.70	77.38	81.25	85.31
Development Director	59	12470	13093	13748	14436	15157	71.94	75.54	79.32	83.28	87.45
Finance Director	60	12782	13421	14092	14796	15536	73.74	77.43	81.30	85.36	89.63
*	61	13101	13756	14444	15166	15925	75.58	79.36	83.33	87.50	91.87
*	62	13429	14100	14805	15545	16323	77.47	81.35	85.41	89.69	94.17
*	63	13764	14453	15175	15934	16731	79.41	83.38	87.55	91.93	96.52
Director of Operations	64	14109	14814	15555	16332	17149	81.40	85.47	89.74	94.23	98.94
*	65	14461	15184	15944	16741	17578	83.43	87.60	91.98	96.58	101.41
*	66	14823	15564	16342	17159	18017	85.52	89.79	94.28	99.00	103.95
*	67	15193	15953	16751	17588	18468	87.65	92.04	96.64	101.47	106.54
*	68	15573	16352	17169	18028	18929	89.85	94.34	99.05	104.01	109.21
*	69	15963	16761	17599	18479	19403	92.09	96.70	101.53	106.61	111.94
Deputy Executive Director	70	16362	17180	18039	18941	19888	94.39	99.11	104.07	109.27	114.74
*	71	16771	17609	18490	19414	20385	96.75	101.59	106.67	112.00	117.60
*	72	17190	18049	18952	19900	20894	99.17	104.13	109.34	114.80	120.55
*	73	17620	18501	19426	20397	21417	101.65	106.73	112.07	117.67	123.56
*	74	18060	18963	19911	20907	21952	104.19	109.40	114.87	120.62	126.65
*	75	18512	19437	20409	21430	22501	106.80	112.14	117.74	123.63	129.81
*	76	18974	19923	20919	21965	23064	109.47	114.94	120.69	126.72	133.06
*	77	19449	20421	21442	22514	23640	112.20	117.82	123.71	129.89	136.39
Executive Director	78	19935	20932	21978	23077	24231	115.01	120.76	126.80	133.14	139.80

Staff employed by the Authority prior to July 1, 1997, receive Longevity Pay equal to an increase of approximately 5% on the date of the tenth anniversary (20,800 hours of paid service) of full-time continuous service as a regular employee of the Authority.

A Bilingual Premium is paid to staff determined eligible by Administration at the following rates:

Level I: \$1.00 per hour at 100% of time in paid status up to 40 hours per week

Level II: \$1.35 per hour at 100% of time in paid status up to 40 hours per week

## AGENDA ITEM SUMMARY

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**MEETING DATE:** February 26, 2025

**ITEM NUMBER:** 6A

**FROM:** Executive Director

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**SUBJECT:** Annual PHA Plan, 5-Year PHA Plan, Housing Choice Voucher Administrative Plan, and Moving to Work Supplement to the Annual PHA Plan

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**RECOMMENDATION:** Review Drafts of the 2025 Annual PHA Plan, 2025 5-Year PHA Plan, 2025 Housing Choice Voucher Administrative Plan, and 2025 Moving to Work Supplement to the Annual PHA Plan

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### **BACKGROUND SUMMARY:**

The Department of Housing and Urban Development (HUD) mandates that all Public Housing Authorities (PHAs) complete and submit an Annual PHA Plan and 5-Year PHA Plan. These plans serve as comprehensive resources for HUD, program participants, and the public at large to access fundamental information about the PHA, including policies, rules, and operational requirements for programs and services.

In October, the Board of Commissioners was presented with a draft of the proposed Housing Authority Agency goals and objectives for the 2025-2030 5-Year PHA Plan. The Board expressed support for the proposed goal and objectives.

In December, the Board of Commissioners was presented with a summary of staff's proposed new Moving to Work (MTW) waivers for Fiscal Year beginning 7/1/2025. The Board expressed support for the proposed waivers to be included in the 2025 MTW Supplement.

In January, the Resident Advisory Board (RAB) convened to review drafts of the 2025 Annual PHA Plan, 5-Year PHA Plan, Housing Choice Voucher Program Administrative Plan (Administrative Plan) and MTW Supplement. The RAB engaged in a constructive discussion, expressing support for all of the proposed changes.

Commencing Friday, February 7, 2025, and continuing weekly until March 26, 2025, required Public Notices have been and will continue to be published in the *Santa Cruz Sentinel*, the *Watsonville Pajaronian*, and the *Hollister Freelance*. These notices inform the public about the opportunity to review the Drafts of the 2025 Annual PHA Plan, 2025 5-Year PHA Plan, 2025 Housing Choice Voucher Administrative Plan, and 2025 MTW Supplement, solicit comments, and

provide details about the public hearings scheduled for the March 27, 2025, meeting of the Board of Commissioners. Additionally, copies of all draft materials, along with information about the March 27, 2025, public hearings, are accessible to the public on the Housing Authority's website under "*Agency Plans.*"

Attached for Board review, discussion, and feedback are the drafts of the Annual and 5-Year PHA plans, the Administrative Plan and the MTW Supplement. These documents are presented for discussion purposes only, so that the Board has sufficient time to thoroughly consider any changes and provide feedback to staff prior to the March board meeting, at which time the Board will conduct a public hearing and staff will request that the Board take action to approve the drafts so they may be submitted to HUD.

The following is a summary of the changes within each of the documents provided for review.

**The Annual PHA Plan**, a mandatory HUD form, provides an overview of basic PHA information. The most significant change included in the updated Annual PHA Plan is an update on the progress on goals set in the previous 5-year plan. Much of the content of this form, including progress towards previous 5-Year Plan goals, are identical to the 5-Year Plan document described below.

**The 5-Year PHA Plan**, a mandatory HUD form, contains information consistent with the Annual PHA Plan. The most significant changes included in this 5-Year PHA Plan include the Housing Authority's updated Mission Statement approved by the Board of Commissioners at the February 2025 meeting, as well as a detailed update on progress towards the goals established in our previous 5-Year PHA Plan, and the establishment of a new set of long-term goals and strategies for the next five years. This new Mission Statement and draft 5-Year Plan goals have been discussed with the Board previously, as described above. The key goals include expanding the Housing Choice Voucher program and affordable housing supply, improving the quality of existing housing, increasing housing choice for assisted families, improving agency management, and promoting economic mobility through resident services and asset building programs.

**The Administrative Plan** is updated annually as part of the overall Annual PHA Plan process. This document, which combines HUD-mandated elements and discretionary PHA policies, is presented in a redline version with "track changes" enabled for visibility of proposed revisions. Outlined below are the key changes to the Administrative Plan:

1. **Waiting List Preferences for Designated Groups on the Housing Choice Voucher Waiting List** (Pages 8, 10, 12):
  - a. The Housing Authority has an established live/work residency preference applicable to the Santa Cruz County and the Hollister/San Juan Bautista Housing

Choice Voucher Waiting Lists. New HUD guidance prohibits residency preferences for the Mainstream program. Therefore, a change has been made to clarify that our existing residency preference does not apply to Mainstream Voucher applicants (page 8).

- b. Many years ago, San Benito County reached out to request a waiting list preference for disabled homeless residents, similar to the Disabled and Medically Vulnerable waiting list preference in the Santa Cruz County program. Staff agreed to work with San Benito County on this preference, and the Board approved a revision to the Administrative Plan that included an intention to develop such a preference. In recent years, there has been no progress made on the establishment of such a preference. Staff remain willing to work with San Benito County if they approach our Agency with a new request. For now, staff have removed language about a potential future preference for San Benito County (page 10).
  - c. When the Housing Authority completed the Streamlined Voluntary Conversion of the former Low Income Public Housing (LIPH) program, all former LIPH waiting list applicants were transferred to the Housing Choice Voucher waiting list. The preference added in this revision to the Administrative Plan clarifies that former LIPH applicants will be prioritized for appropriate-sized former LIPH units (page 12). This change is consistent with guidance received from HUD at the time of the program conversion.
2. **Project Based Voucher Program** (Page 41): New HUD guidance requires the Housing Authority to include a statement of where to obtain information about Project Based Voucher projects with Owner Maintained waiting lists used to select families rather than the Housing Choice Voucher waiting list maintained by the Housing Authority. This information has been added to comply with new Administrative Plan requirements.

**The MTW Supplement to the Annual PHA Plan**, a required HUD form for MTW agencies, outlines all currently implemented and planned MTW waiver(s). At the December Board meeting, staff provided the Board with an overview of the waivers being considered for this year’s MTW Supplement. The staff-recommended regulatory waivers proposed for FY beginning 7/1/2025 were discussed previously with the Board of Commissioners as noted above. These waivers are detailed in the attached Draft MTW Supplement, with a brief overview of each provided below:

1. **Tenant Rent Policies – Initial Rent Burden (1.o.)**

The Housing Choice Voucher program was designed such that families will ideally pay 30% of their income towards housing, which HUD has determined makes the housing “affordable”. Most program families, (65.4%) pay exactly 30% of their income towards

rent, with 34.6% paying more than 30% of their income (17.0% paying more than 40% of their income, and 10.5% paying more than 50% of their income). The program participants with the highest rent burdens are “prorated families” where not all household members are legal residents, and their rental assistance is prorated. Among prorated households, 66% are paying more than 50% of their income towards rent. For all other (non-prorated) households, the most common situation resulting in high rent burdens are when tenants choose a unit that is larger than their voucher size.

Current HUD regulations state that a program participant may not pay more than 40% of their income towards rent at the time of initial move-in. However, there is no maximum rent burden at any other time during program participation. Sometimes (especially for prorated families), the 40% rule from HUD is a significant barrier for families, and prevents them from finding housing, or prevents them from renting the unit of their choice. When this happens, the tenant and the landlord will occasionally circumvent this requirement by setting the rent at an artificially low value at the time of move-in to meet the 40% rule, with the understanding that the landlord will subsequently increase the rent sixty days later, at which point the 40% rule is no longer applicable. In this way, the HUD 40% rule that was intended to protect families from paying high rent burdens is currently acting as a barrier to housing choice, and sometimes resulting in “game playing” by landlords.

The Housing Authority is proposing a waiver 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.

## **2. Housing Quality Standards – Alternative Inspection Schedule (5.d.)**

The Housing Authority is proposing a waiver 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 meet the needs of residents/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.)**

The Housing Authority currently administers a Family Self Sufficiency (FSS) program. In the FSS program, participants establish a self-sufficiency goal, and work with staff to identify and achieve milestones towards that goal. As the family increases their income, their portion of rent will also increase. However, the Housing Authority establishes an escrow account on behalf of the family. As their income increases, any increase in the rent they pay is added to the escrow account. If the family reaches their self-sufficiency goal, they receive all the funds in their escrow account.

The Housing Authority is proposing a waiver to add to 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. In addition to the standard escrow account, which families would continue to receive, the Housing Authority would establish “pay points” establishing specific dollar amounts, 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” would result in an immediate deposit to the escrow account while others would not be calculated and paid until a successful program graduation.

**4. Waive Independent Entity Requirements for PBV**

The Housing Authority is proposing a waiver to eliminate 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. Waive Independent Entity Requirements for HCV**

The Housing Authority is proposing a waiver to eliminate 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. Waive Project Based Voucher Subsidy Standards**

The Housing Authority is proposing a waiver to establish subsidy standards specific to the PBV program in line with typical occupancy standard ranges instead of utilizing the HCV subsidy standards. Current regulations require that Project Based Voucher units utilize the same subsidy standards as the Housing Choice Voucher Program, meaning that the household’s voucher size and unit size must match exactly. However, most site-based housing utilizes occupancy standards with ranges of allowable household sizes for each

unit size. For example, a 2 bedroom unit could have as few as two people (a parent and a child) or as many as 5 people (two persons per bedroom, and HUD allows the living room to be considered as a sleeping area). The use of occupancy ranges are much more flexible. This change would make it easier to fill PBV units (since any household in the appropriate range could be considered) and it would also reduce the number of transfers that are required if a family has one member move out or move in, or gives birth to a child, during their tenancy.

**RECOMMENDATION:** Review Draft Annual PHA Plan, 5-Year PHA Plan, Housing Choice Voucher Administrative Plan, and Moving to Work Supplement to the Annual PHA Plan

**ATTACHMENTS:**

1. Draft 2025 Annual PHA Plan
2. Draft 2025 5-Year PHA Plan
3. Draft 2025 HCV (Section 8) Administrative Plan
4. Draft 2025 MTW Supplement to the Annual PHA Plan

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

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

**Definitions.**

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

A.	PHA Information.																										
A.1	<p> <b>PHA Name:</b> HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  <b>PHA Code:</b> CA072  <b>PHA Type:</b> <input checked="" type="checkbox"/> High Performer  <b>PHA Plan for Fiscal Year Beginning:</b> (MM/YYYY): 07/2025  <b>PHA Inventory</b> (Based on Annual Contributions Contract (ACC) units at time of FY beginning, above)  <b>Number of Public Housing (PH) Units</b> <u>0</u>      <b>Number of Housing Choice Vouchers (HCVs)</b> <u>5893</u>  <b>Total Combined</b> <u>5893</u>  <b>PHA Plan Submission Type:</b> <input checked="" type="checkbox"/> Annual Submission      <input type="checkbox"/> Revised Annual Submission         </p> <p> <b>Availability of Information.</b> In addition to the items listed in this form, PHAs must have the elements listed below readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. Additionally, the PHA must provide information on how the public may reasonably obtain additional information of the PHA policies contained in the standard Annual Plan but excluded from their streamlined submissions. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official website. PHAs are also encouraged to provide each resident council a copy of their PHA Plans.         </p> <p> <input type="checkbox"/> <b>PHA Consortia:</b> (Check box if submitting a Joint PHA Plan and complete table below)         </p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th rowspan="2" style="width: 25%;">Participating PHAs</th> <th rowspan="2" style="width: 10%;">PHA Code</th> <th rowspan="2" style="width: 25%;">Program(s) in the Consortia</th> <th rowspan="2" style="width: 20%;">Program(s) not in the Consortia</th> <th colspan="2" style="width: 20%;">No. of Units in Each Program</th> </tr> <tr> <th style="width: 10%;">PH</th> <th style="width: 10%;">HCV</th> </tr> </thead> <tbody> <tr> <td>Lead PHA:</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> </td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> </td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program		PH	HCV	Lead PHA:																	
Participating PHAs	PHA Code					Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program																			
		PH	HCV																								
Lead PHA:																											

<b>B.</b>	<b>Plan Elements</b>
<b>B.1</b>	<p><b>Revision of Existing PHA Plan Elements.</b></p> <p>(a) Have the following PHA Plan elements been revised by the PHA since its last <b>Annual PHA Plan</b> submission?</p> <p>Y N</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Statement of Housing Needs and Strategy for Addressing Housing Needs.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Financial Resources.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Rent Determination.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Homeownership Programs.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Safety and Crime Prevention.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Pet Policy.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Substantial Deviation.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Significant Amendment/Modification</p> <p>(b) If the PHA answered yes for any element, describe the revisions for each element below:</p> <p>(c) The PHA must submit its Deconcentration Policy for Field Office Review. Not applicable.</p>
<b>B.2</b>	<p><b>New Activities.</b></p> <p>(a) Does the PHA intend to undertake any new activities related to the following in the PHA’s current Fiscal Year?</p> <p>Y N</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Hope VI or Choice Neighborhoods.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Mixed Finance Modernization or Development.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Demolition and/or Disposition.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Conversion of Public Housing to Tenant Based Assistance.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Conversion of Public Housing to Project-Based Rental Assistance or Project-Based Vouchers under RAD.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Project Based Vouchers.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Units with Approved Vacancies for Modernization.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).</p> <p>(b) If any of these activities are planned for the current Fiscal Year, describe the activities. For new demolition activities, describe any public housing development or portion thereof, owned by the PHA for which the PHA has applied or will apply for demolition and/or disposition approval under section 18 of the 1937 Act under the separate demolition/disposition approval process. If using Project-Based Vouchers (PBVs), provide the projected number of project-based units and general locations, and describe how project basing would be consistent with the PHA Plan.</p> <p>The Housing Authority may continually maintain an open and continuous Request for Proposals (RFP) for project based vouchers or may offer an RFP that opens and closes at defined times and will continue to project base units up to the HUD permitted Program Cap, in order to stimulate new affordable housing construction and/or support preservation of existing affordable housing units. HACSC intends to flexibly utilize its funds in accordance with the MTW Operations Notice. Such uses may include, but are not limited to, issuing additional vouchers and leasing units above its MTW-eligible ACC authorized units.</p>
<b>B.3</b>	<p><b>Progress Report.</b></p> <p>Provide a description of the PHA’s progress in meeting its Mission and Goals described in the PHA 5-Year Plan.</p> <p><b>1. Goal: Expand supply of assisted housing</b></p> <p>a. <u>Apply for maximum award of additional rental assistance vouchers when available</u> – The Housing Authority continues to apply for all voucher funding opportunities. The Housing Authority recently applied for an additional 15 HUD VASH vouchers and an additional 60 FUP vouchers; applications are pending HUD approval.</p> <p>b. <u>Increase ACC of tenant-based voucher program by 200 new vouchers</u> – The number of vouchers in our ACC has increased nearly 14% and exceeded our goal by 75%. From July 2020 to December 2024, the number of vouchers grew from 5,095 to 5,893 a net increase of 798. This includes 234 vouchers acquired through the Streamlined Voluntary Conversion, 280 Emergency Housing Vouchers (which are not permanent and will expire as families’ attrition out of the program over time), 90 Mainstream Vouchers, 111 VASH vouchers, 41 Stability Vouchers, and 19 Foster Youth Independence (FYI) vouchers.</p> <p>c. <u>Increase the size of project-based voucher program by 300 vouchers, with at least 150 of those vouchers provided to new affordable housing developments</u> – The Housing Authority has exceeded this stated goal by over 35%. The number of vouchers under contract in our PBV Program has increased from 321 units in July 2020 to 728 units in December 2024, a significant increase of 407 units. With an additional 825 units conditionally approved in the pipeline the Housing Authority is poised to continue this expansion. With the exception of 36 existing units, these represent new developments.</p> <p>d. <u>Complete the development of a minimum of 6 new affordable units on Natural Bridges Drive</u> – The Housing Authority has completed construction of 20 studio units at the site. Units are expected to be ready for occupancy in January 2025.</p> <p>e. <u>For new site based affordable housing, take measures to deconcentrate poverty and expand housing opportunity</u> – The Housing Authority successfully transitioned all public housing to tenant protection vouchers and project-based vouchers, enabling enhanced mobility to high-opportunity areas. The Housing Authority project-based voucher Request for Proposals</p>

prioritizes equitable housing development by awarding additional points to projects located in low-poverty census tracts or highest-/high-opportunity areas.

f. If Section 22 SVC is completed: Consider utilizing revenue from non-profit affiliate to:

- i. Fund at least one full or part time housing development position, either among HA staff or through a consultant. The Housing Authority hired a fulltime development director that was filled in October 2024. The Housing Authority has contracted with an external construction project manager and will continue to build capacity within staff as well as working with external consultants as needed.
- ii. Expand into affordable housing development and/or partnerships with developers. The Housing Authority has secured administrative and funding flexibility through the MTW demonstration program to support the development of affordable housing and issued a Request for Qualifications for co-development partners in August 2024. Staff continue to pursue opportunities to engage in real estate activities including the acquisition, development, disposition, and financing of affordable housing, consistent with strategies approved by the Board of Commissioners.

**2. Goal: Improve quality of assisted housing**

- a. Renovate or modernize existing housing units and complexes as needed – The Housing Authority has overseen 53 complete unit modernizations since 2020, including painting, fixture replacements, and various upgrades.

**3. Goal: Increase assisted housing choices**

- a. Conduct FMR study bi-annually to continually increase voucher payment standards – The Housing Authority conducts FMR studies at least biennially. The FMR study conducted in June 2023 increased FMRs by more than 20% over the previous year's rates and the Housing Authority increased payment standards effective January 1, 2024. A new FMR study is planned for early 2025.
- b. Continue or expand Landlord Incentive Program by allocating up to \$200,000 to the program – The Landlord Incentive Program budget has decreased over time, with approximately \$62,000 available from the jurisdictions, and \$50,000 available from New Horizons Affordable Housing and Development. Although we anticipated a need of up to \$200,000 in funding when the program was initially developed, the programs have been scaled down to match the funding need, based on historical data regarding consumption of funds.
- c. Increase number of landlords participating in Section 8 voucher program by 10% – The Housing Authority does not have data on the number of landlords at the beginning of the 5-year plan period, due to a software conversion and change in reporting. However, the Housing Choice Voucher Program has seen a 5.8% rise in participating landlords during the 2023-2024 calendar years alone, starting 2023 with 1,852 landlords and concluding 2024 with 1,964 landlords participating.

**4. Goal: Improve agency and program management**

- a. Maintain high performer status with a SEMAP score of at least 95% – The Housing Authority has maintained high performer status for SEMAP. However, with MTW designation, SEMAP is no longer applicable.
- b. Achieve and maintain high voucher and funding utilization rates of at least 95% – Voucher utilization rate is 97.1% as of the end of FY 2023-2024.
- c. Implement landlord portal with features including document uploading and electronic signature on contracts – the Housing Authority has implemented the landlord portal through YARDI Rent Café and has implemented DocuSign for executing contracts.
- d. Implement resident portal with features including online annual re-examination forms, document uploading, and online maintenance requests – the Housing Authority has implemented the resident portal through YARDI Rent Café.
- e. Implement applicant portal with features including online access to application status, online application updates – The Housing Authority has implemented the applicant portal through YARDI Rent Café.

If Section 22 SVC is completed:

- f. Conduct a survey of residents and program participants to determine which programs and services are most needed – The Housing Authority conducted a stakeholder survey of 1) HCV/PBV families; 2) Residents of HA owned or controlled properties, and 3) Landlords, and is in the process of using the data to inform service delivery and program development.

**5. Goal: Promote self-sufficiency and asset development of families and individuals.**

a. If Section 22 SVC is completed: Consider utilizing revenue from non-profit affiliate to:

- i. Provide or attract at least two new supportive services to improve tenant employability –
  1. The Housing Authority's collaboration with a local Internet provider has successfully secured free high-speed internet for seven of our properties. This initiative aims to provide digital access to numerous households, aligning with our commitment to bridging the digital divide and supporting families through the Equal Access Santa Cruz program, furthering our goal of promoting self-sufficiency and asset development.
  2. The Housing Authority's ongoing partnership with the Santa Cruz Metropolitan Transit District (METRO) provides free bus passes for residents living in any of the Housing Authority's owned and controlled properties. This initiative removes barriers to mobility, empowering tenants and expanding their employability prospects.
- ii. Provide or attract at least two new supportive services to improve financial literacy – The Housing Authority launched the Saving for YOU Program, a financial empowerment initiative focused on asset building. In collaboration with Ventures, an organization specializing in financial health education and personalized coaching, the program aims to equip participants with tools for long-term financial success. To date, we have conducted multiple workshops, both in-person and online, covering topics such as budgeting, credit, and savings strategies. Additionally, a number of households have chosen to participate in one-on-one coaching sessions, further enhancing their financial skills and knowledge.

**6. Goal: Ensure equal opportunity and affirmatively furthering fair housing**

- a. Take affirmative measures to ensure access to assisted housing for all protected classes or persons least likely to access assistance – The Housing Authority monitors to ensure all protected classes and persons least likely to apply have adequate representation in Housing Authority programs and waiting lists..

	<p>b. <u>Implement measures to deconcentrate poverty and expand housing opportunity, such as regional payment standards, policies that do not limit frequency of transfer, and consideration of poverty rates in assignment of project-based vouchers</u> – The Housing Authority has taken many measures to expand housing opportunity, including bi-annual FMR studies that result in increased payment standards, regional payment standards that allow greater subsidy in more expensive neighborhoods, lengthy voucher search times of 270 days, and unlimited moves and transfers.</p>
<b>B.4.</b>	<p><b>Capital Improvements.</b> Include a reference here to the most recent HUD-approved 5-Year Action Plan in EPIC and the date that it was approved.</p> <p>Not Applicable</p>
<b>B.5</b>	<p><b>Most Recent Fiscal Year Audit.</b></p> <p>(a) Were there any findings in the most recent FY Audit?</p> <p>Y N  <input type="checkbox"/> <input checked="" type="checkbox"/></p> <p>(b) If yes, please describe:</p> <p>The Agency’s auditor, Novogradac &amp; Company LLP, conducted an audit in accordance with Government Auditing Standards. The audit for the fiscal year ending 6/30/24 resulted in no findings.</p>
<b>C.</b>	<p><b>Other Document and/or Certification Requirements.</b></p>
<b>C.1</b>	<p><b>Resident Advisory Board (RAB) Comments.</b></p> <p>(a) Did the RAB(s) have comments to the PHA Plan?</p> <p>Y N  <input type="checkbox"/> <input checked="" type="checkbox"/></p> <p>(b) If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations.</p> <p>Members of the Resident Advisory Board (RAB) raised no questions or concerns other than those related to support regarding the proposed changes to the Annual Agency Plan, 5-Year Agency Plan, Administrative Plan, and the MTW Supplement.</p>
<b>C.2</b>	<p><b>Certification by State or Local Officials.</b></p> <p><a href="#">Form HUD-50077-SL</a>, <i>Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
<b>C.3</b>	<p><b>Civil Rights Certification/Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan.</b></p> <p><a href="#">Form 50077-ST-HCV-HP</a>, <i>PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed</i> must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
<b>C.4</b>	<p><b>Challenged Elements.</b> If any element of the PHA Plan is challenged, a PHA must include such information as an attachment with a description of any challenges to Plan elements, the source of the challenge, and the PHA’s response to the public.</p> <p>(a) Did the public challenge any elements of the Plan?</p> <p>Y N  <input type="checkbox"/> <input type="checkbox"/></p> <p>If yes, include Challenged Elements.</p>

<b>D.</b>	<b>Affirmatively Furthering Fair Housing (AFFH).</b>						
<b>D.1</b>	<p><b>Affirmatively Furthering Fair Housing.</b></p> <p>Provide a statement of the PHA’s strategies and actions to achieve fair housing goals outlined in an accepted Assessment of Fair Housing (AFH) consistent with 24 CFR § 5.154(d)(5). Use the chart provided below. (PHAs should add as many goals as necessary to overcome fair housing issues and contributing factors.) Until such time as the PHA is required to submit an AFH, the PHA is not obligated to complete this chart. The PHA will fulfill, nevertheless, the requirements at 24 CFR § 903.7(o) enacted prior to August 17, 2015. See Instructions for further detail on completing this item.</p> <table border="1" data-bbox="266 459 1537 907"> <tr> <td data-bbox="266 459 1537 499"><b>Fair Housing Goal:</b></td> </tr> <tr> <td data-bbox="266 499 1537 907"> <p><u><i>Describe fair housing strategies and actions to achieve the goal</i></u></p> <p>Not applicable. Per HUD instructions: “Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D.”</p> </td> </tr> </table> <table border="1" data-bbox="266 932 1537 1346"> <tr> <td data-bbox="266 932 1537 972"><b>Fair Housing Goal:</b></td> </tr> <tr> <td data-bbox="266 972 1537 1346"> <p><u><i>Describe fair housing strategies and actions to achieve the goal</i></u></p> <p>Not applicable. Per HUD instructions: “Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D.”</p> </td> </tr> </table> <table border="1" data-bbox="266 1371 1537 1820"> <tr> <td data-bbox="266 1371 1537 1411"><b>Fair Housing Goal:</b></td> </tr> <tr> <td data-bbox="266 1411 1537 1820"> <p><u><i>Describe fair housing strategies and actions to achieve the goal</i></u></p> <p>Not applicable. Per HUD instructions: “Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D.”</p> </td> </tr> </table>	<b>Fair Housing Goal:</b>	<p><u><i>Describe fair housing strategies and actions to achieve the goal</i></u></p> <p>Not applicable. Per HUD instructions: “Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D.”</p>	<b>Fair Housing Goal:</b>	<p><u><i>Describe fair housing strategies and actions to achieve the goal</i></u></p> <p>Not applicable. Per HUD instructions: “Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D.”</p>	<b>Fair Housing Goal:</b>	<p><u><i>Describe fair housing strategies and actions to achieve the goal</i></u></p> <p>Not applicable. Per HUD instructions: “Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D.”</p>
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<b>5-Year PHA Plan (for All PHAs)</b>	<b>U.S. Department of Housing and Urban Development Office of Public and Indian Housing</b>	<b>OMB No. 2577-0226 Expires: 03/31/2024</b>
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**Purpose.** The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA’s operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA’s mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families

**Applicability.** The **Form HUD-50075-5Y** is to be completed once every 5 PHA fiscal years by all PHAs.

**A. PHA Information.**

**A.1 PHA Name:** Housing Authority of the County of Santa Cruz **PHA Code:** CA072

**PHA Plan for Fiscal Year Beginning:** (MM/YYYY): 07/2025  
**The Five-Year Period of the Plan (i.e. 2019-2023):** 2025-2030

**PHA Plan Submission Type:**  5-Year Plan Submission  Revised 5-Year Plan Submission

**Availability of Information.** In addition to the items listed in this form, PHAs must have the elements listed below readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. Additionally, the PHA must provide information on how the public may reasonably obtain additional information on the PHA policies contained in the standard Annual Plan, but excluded from their streamlined submissions. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official websites. PHAs are also encouraged to provide each resident council a copy of their PHA Plans.

PHA Consortia: (Check box if submitting a Joint PHA Plan and complete table below.)

Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program	
				PH	HCV
Lead PHA:					

**B. Plan Elements. Required for all PHAs completing this form.**

**B.1 Mission.** State the PHA’s mission for serving the needs of low-income, very low-income, and extremely low-income families in the PHA’s jurisdiction for the next five years.

“The Housing Authority of the County of Santa Cruz is 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.”



<p><b>B.2</b></p>	<p><b>Goals and Objectives.</b> Identify the PHA’s quantifiable goals and objectives that will enable the PHA to serve the needs of low-income, very low-income, and extremely low-income families for the next five years.</p> <ol style="list-style-type: none"> <li>1. <b><u>Goal: Expand Housing Choice Voucher Program</u></b>        Objectives:       <ol style="list-style-type: none"> <li>a. Achieve and Maintain a Housing Choice Voucher (HCV) utilization rate of 99% for the entire HCV program group</li> <li>b. Increase size of rental assistance programs by at least new 250 vouchers</li> <li>c. Increase total number of households assisted by at least 350 households</li> <li>d. Increase number of landlords participating in the HCV program by at least 100</li> </ol> </li> <li>2. <b><u>Goal: Expand supply of affordable housing</u></b>        Objectives:       <ol style="list-style-type: none"> <li>a. Increase the size of project-based voucher program by at least 500 units under HAP contract, with at least 400 of those units provided to new affordable housing developments</li> <li>b. Establish an affordable housing pipeline, with a minimum of 100 new affordable units constructed and/or entitled, through Housing Authority nonprofit or affiliated entity</li> <li>c. Enter into one or more co-development partnerships with existing affordable housing developers to develop new affordable housing and to obtain Low Income Housing Tax Credit (LIHTC) experience required to apply for future tax credits for Housing Authority projects</li> </ol> </li> <li>3. <b><u>Goal: Improve quality of affordable housing</u></b>        Objectives:       <ol style="list-style-type: none"> <li>a. Install solar photovoltaic panels to provide clean renewable energy at the 6 properties identified through the Solar on Multifamily Affordable Housing Program assessment.</li> <li>b. At applicable properties, convert existing natural gas appliances which includes hot water boilers and cooking ranges to an electric or other green energy source system.</li> </ol> </li> <li>4. <b><u>Goal: Increase housing choices for assisted families:</u></b>        Objectives:       <ol style="list-style-type: none"> <li>a. Conduct FMR study bi-annually to ensure FMRs keep pace with market rents, and to maximize funding</li> <li>b. Offer voucher mobility counseling services to voucher holders, such as workshops on how to search for rental housing, preparation of rental resumes, etc.</li> </ol> </li> <li>5. <b><u>Goal: Improve agency and program management</u></b>        Objectives:       <ol style="list-style-type: none"> <li>a. Survey key stakeholders periodically, including but not limited to landlords and assisted families to identify areas for improvement in programs, services, and operations</li> </ol> </li> <li>6. <b><u>Goal: Utilize housing as a catalyst to promote equity, economic mobility, and improved quality of life</u></b>        Objectives:       <ol style="list-style-type: none"> <li>a) Promote asset development through implementation and evaluation of HUD MTW Asset Building Savings for YOU Program</li> <li>b) Identify strategies and best practices for extending or expanding the Savings for YOU Program beyond the initial cohort</li> <li>c) Implement Board-Approved Resident Services Plan, with multi-generational services available to all tenants of Housing Authority owned or managed properties to improve quality of life.           <ol style="list-style-type: none"> <li>i. Youth – Services targeted primarily to school age children and young adults, including scholarships, summer enrichment activities and tutoring</li> <li>ii. Families – Services including workforce development and financial workshops and coaching</li> <li>iii. Seniors – Services including senior support case management and assistance in access to public benefits</li> </ol> </li> <li>d) Evaluate Resident Services periodically to measure efficiency and impact of existing services offered, to identify emerging needs, and to update Resident Services Plan</li> </ol> </li> </ol>
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**B.3** **Progress Report.** Include a report on the progress the PHA has made in meeting the goals and objectives described in the previous 5-Year Plan.

**1. Goal: Expand supply of assisted housing**

- a. Apply for maximum award of additional rental assistance vouchers when available – The Housing Authority continues to apply for all voucher funding opportunities. The Housing Authority recently applied for an additional 15 HUD VASH vouchers and an additional 60 FUP vouchers; applications are pending HUD approval.
- b. Increase ACC of tenant-based voucher program by 200 new vouchers – The number of vouchers in our ACC has increased nearly 14% and exceeded our goal by 75%. From July 2020 to December 2024, the number of vouchers grew from 5,095 to 5,893 a net increase of 798. This includes 234 vouchers acquired through the Streamlined Voluntary Conversion, 280 Emergency Housing Vouchers (which are not permanent and will expire as families' attrition out of the program over time), 90 Mainstream Vouchers, 111 VASH vouchers, 41 Stability Vouchers, and 19 Foster Youth Independence (FYI) vouchers.
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If Section 22 SVC is completed:

- f. Conduct a survey of residents and program participants to determine which programs and services are most needed – The Housing Authority conducted a stakeholder survey of 1) HCV/PBV families; 2) Residents of HA owned or controlled properties, and 3) Landlords, and is in the process of using the data to inform service delivery and program development.

	<p><b>5. Goal: Promote self-sufficiency and asset development of families and individuals.</b></p> <p>a. <u>If Section 22 SVC is completed: Consider utilizing revenue from non-profit affiliate to:</u></p> <p>i. <u>Provide or attract at least two new supportive services to improve tenant employability</u> –</p> <ol style="list-style-type: none"> <li>1. The Housing Authority's collaboration with a local Internet provider has successfully secured free high-speed internet for seven of our properties. This initiative aims to provide digital access to numerous households, aligning with our commitment to bridging the digital divide and supporting families through the Equal Access Santa Cruz program, furthering our goal of promoting self-sufficiency and asset development.</li> <li>2. The Housing Authority's ongoing partnership with the Santa Cruz Metropolitan Transit District (METRO) provides free bus passes for residents living in any of the Housing Authority's owned and controlled properties. This initiative removes barriers to mobility, empowering tenants and expanding their employability prospects.</li> </ol> <p>ii. <u>Provide or attract at least two new supportive services to improve financial literacy</u> – The Housing Authority launched the Saving for YOU Program, a financial empowerment initiative focused on asset building. In collaboration with Ventures, an organization specializing in financial health education and personalized coaching, the program aims to equip participants with tools for long-term financial success. To date, we have conducted multiple workshops, both in-person and online, covering topics such as budgeting, credit, and savings strategies. Additionally, a number of households have chosen to participate in one-on-one coaching sessions, further enhancing their financial skills and knowledge.</p> <p><b>6. Goal: Ensure equal opportunity and affirmatively furthering fair housing</b></p> <p>a. <u>Take affirmative measures to ensure access to assisted housing for all protected classes or persons least likely to access assistance</u> – The Housing Authority monitors to ensure all protected classes and persons least likely to apply have adequate representation in Housing Authority programs and waiting lists.</p> <p>b. <u>Implement measures to deconcentrate poverty and expand housing opportunity, such as regional payment standards, policies that do not limit frequency of transfer, and consideration of poverty rates in assignment of project-based vouchers</u> – The Housing Authority has taken many measures to expand housing opportunity, including bi-annual FMR studies that result in increased payment standards, regional payment standards that allow greater subsidy in more expensive neighborhoods, lengthy voucher search times of 270 days, and unlimited moves and transfers.</p>
<b>B.4</b>	<p><b>Violence Against Women Act (VAWA) Goals.</b> Provide a statement of the PHA's goals, activities, objectives, policies, or programs that will enable the PHA to serve the needs of child and adult victims of domestic violence, dating violence, sexual assault, or stalking.</p> <p>a. <b>Goals and Objectives:</b> The Housing Authority goal is all applicants, tenants and participants understand their rights to protection through the Violence Against Women Act (VAWA). The objective is for the Housing Authority to provide the educational material to all applicants, tenants and participants. The Housing Authority serves the needs of child and adult victims of domestic violence, dating violence, sexual assault or stalking through education on VAWA protections.</p> <p>b. <b>Activities and Services:</b> The Housing Authority activity that enables the PHA to serve the needs of child and adult victims of domestic violence, dating violence, sexual assault or stalking is to provide all applicants, participants and tenants with the HUD Notice of Occupancy Under VAWA (HUD-5380) and Certification of VAWA (HUD-5382) forms which includes local and national resources for victims. Additional activities include transferring victims through the Housing Authority Emergency Transfer procedure and referring victims to social service and law enforcement agencies with expertise in domestic violence and other VAWA crimes. Housing Authority activities ensure that victims are not denied assistance, evicted, terminated from housing assistance, or retaliated against in any way for being a victim or being affiliated with a victim of domestic violence, dating violence, sexual assault or stalking.</p> <p>c. <b>Policies and Programs:</b> The Housing Authority has established policies and procedures to serve the needs of child and adult victims of domestic violence, dating violence, sexual assault or stalking. These policies and procedures implement VAWA protections. These include Violence Against Women Act (VAWA) Procedures, Violence Against Women Act (VAWA) Emergency Transfer Plan, and Termination and Non-Compliance Policy. The Housing Authority has developed a prevention program, the Emergency Transfer Plan that complies with VAWA. For families renting units owned or managed by the Housing Authority, agency staff also work closely with local law enforcement to address any and all crime-related problems in a proactive manner. Police officers live at several public housing locations and can assist with crime prevention and reporting.</p>
<b>C.</b>	<b>Other Document and/or Certification Requirements.</b>

C.1	<p><b>Significant Amendment or Modification.</b> Provide a statement on the criteria used for determining a significant amendment or modification to the 5-Year Plan.</p> <p><u>Significant Amendment</u> – The Housing Authority defines significant amendment as any change in policy which significantly and substantially alters the Authority's stated mission and the people the Authority serves. This would include admissions preferences, demolition or disposition activities and conversion programs. Discretionary or administrative amendments consonant with the Authority's stated overall mission and basic objectives will not be considered significant amendments.</p> <p><u>Substantial Deviation / Modification</u> –The Housing Authority defines substantial deviation/modification as any change in policy which significantly and substantially alters the Authority's stated mission and the persons the Authority serves. This would include admissions preferences, demolition or disposition activities and conversion programs. Discretionary or administrative amendments consonant with the Authority's stated overall mission and basic objectives will not be considered substantial deviations or modifications.</p>
C.2	<p><b>Resident Advisory Board (RAB) Comments.</b></p> <p>(a) Did the RAB(s) have comments to the 5-Year PHA Plan?</p> <p>Y   N  <input type="checkbox"/> <input checked="" type="checkbox"/></p> <p>(b) If yes, comments must be submitted by the PHA as an attachment to the 5-Year PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations.</p> <p>Members of the Resident Advisory Board (RAB) raised no questions or concerns other than those related to support regarding the proposed changes to the Annual Agency Plan, 5-Year Agency Plan, Administrative Plan, and the MTW Supplement.</p>
C.3	<p><b>Certification by State or Local Officials.</b></p> <p><a href="#">Form HUD-50077-SL</a>, <i>Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
C.4	<p><b>Required Submission for HUD FO Review.</b></p> <p>(a) Did the public challenge any elements of the Plan?</p> <p>Y   N  <input type="checkbox"/> <input type="checkbox"/></p> <p>(b) If yes, include Challenged Elements.</p>
D.	<p><b>Affirmatively Furthering Fair Housing (AFFH).</b></p>

**D.1**

**Affirmatively Furthering Fair Housing.** (Non-qualified PHAs are only required to complete this section on the Annual PHA Plan. All qualified PHAs must complete this section.)

Provide a statement of the PHA's strategies and actions to achieve fair housing goals outlined in an accepted Assessment of Fair Housing (AFH) consistent with 24 CFR § 5.154(d)(5). Use the chart provided below. (PHAs should add as many goals as necessary to overcome fair housing issues and contributing factors.) Until such time as the PHA is required to submit an AFH, the PHA is not obligated to complete this chart. The PHA will fulfill, nevertheless, the requirements at 24 CFR § 903.7(o) enacted prior to August 17, 2015. See Instructions for further detail on completing this item.

**Fair Housing Goal:**

Not applicable. Per HUD instructions: "Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D."

**Fair Housing Goal:**

Not applicable. Per HUD instructions: "Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D."

**Fair Housing Goal:**

Not applicable. Per HUD instructions: "Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D."

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

## **HOUSING CHOICE VOUCHER PROGRAM (SECTION 8) ADMINISTRATIVE PLAN**



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

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**DRAFT**

**February 26, 2025**

Please note that the electronic copy of this document contains hyperlinks to applicable regulations and other references. An electronic copy of this document is available at: [hacosantacruz.org](http://hacosantacruz.org). If you cannot access the electronic copy of this document, copies of the referenced links and regulations will be available upon request.

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

### Selecting Applicants from the Waiting List

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

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

When a waiting list is closed to the general public, the Housing Authority may accept direct referrals for applicants that are eligible for preferences or special programs, as defined below. In all cases, the Housing Authority will endeavor to serve preference or special program eligible applicants already on the waiting list before accepting referrals for new preference or special program eligible applicants.

Additionally, when a waiting list is closed, the Housing Authority will add applicants to the waiting list when required to do so by HUD, including but not limited to instances where eligible households are residing in units newly accepted into the Project-Based Voucher Program.

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

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

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

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

Exceptions for persons with disabilities: Exceptions will be granted for pre-applicants and applicants with disabilities, as defined in 24 CFR 5.403 who were not able to respond within the time frame due to their disability. Exceptions may also be granted for hospitalization of sufficient duration to be the cause of the lack of response.



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

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

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

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

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

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

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

Number of Waiting Lists

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

Medicaid Waiver

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

Selection of Families for Project-Based Voucher Units

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

existing Housing Choice Voucher holders who were recently issued a voucher or are in the process of transferring may lease PBV units at developments that utilize the combined HCV Waiting List.

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

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

<b>PBV Development</b>	<b>Location</b>	<b>Waiting List Conditions</b>
<b>El Centro</b> 44 PBV units – senior housing	1110 Pacific Avenue Santa Cruz	44 units for elderly households – Date of placement on the site-based waiting list
<b>Resetar Residential Hotel</b> 52 PBV units	15 West Lake Avenue Watsonville	44 Standard PBV units - date of placement on the site-based waiting list 8 HUD-VASH PBV units – referrals from the Department of Veterans Affairs
<b>St. Stephens Senior Housing</b> 39 PBV units – senior housing	2510 Soquel Avenue Santa Cruz	29 PBV units for elderly households – lottery number on the site-based waiting list 5 HUD-VASH PBV units for elderly households – referrals from the Department of Veterans Affairs 5 PBV units for frail elderly households – referrals from Health Projects Center

<p><b>Pippin Orchards Apartments</b></p> <p>31 PBV units</p>	<p>56 Atkinson Lane Watsonville</p>	<p>33 Standard PBV units – lottery number on the site-based waiting list</p>
<p><b>Sunrise Senior Apartments</b></p> <p>48 PBV units – senior housing</p>	<p>580 Westside Blvd. Hollister</p>	<p>43 PBV units for elderly households – Sunrise Senior Apartments will use a site-based waiting list.</p> <p>Applications will be processed based on the date the application is received after the initial lottery is conducted.</p> <p>5 HUD-VASH PBV units for elderly households – referrals from the Department of Veterans Affairs</p>
<p><b>San Andreas</b></p> <p>4 PBV units – farmworker</p>	<p>295 San Andreas Road Watsonville</p>	<p>4 Farmworker PBV units – the Housing Authority may accept referrals of eligible families from Mid-Pen Housing’s waiting list.</p>
<p><b>Villas del Paraiso</b></p> <p>15 PBV units – farmworker</p>	<p>340 Paraiso Drive Watsonville</p>	<p>15 Farmworker PBV units – The Housing Authority may accept referrals of eligible families from Mid Pen Housing’s waiting list.</p>
<p><b>Jardines del Valle</b></p> <p>5 PBV units</p>	<p>76 Murphys Crossing Road Santa Cruz County (unincorporated area)</p>	<p>5 Standard PBV units – The Housing Authority may accept referrals of eligible families from Mid-Pen Housing’s waiting list</p>
<p><b>Pajaro Valley Shelter Services</b></p> <p>4 PBV units</p>	<p>Scattered sites</p>	<p>4 Standard PBV units for formerly homeless families referred by Pajaro Valley Shelter Services</p>
<p><b>Merrill Road Apartments</b></p> <p>15 PBV units</p>	<p>3201 Merrill Road Aptos</p>	<p>15 Standard PBV units – date of placement on site-based waiting list</p>

<p><b>Bienestar Plaza</b> 40 PBV units</p>	<p>1500 Capitola Road Santa Cruz</p>	<p>25 Standard PBV units – lottery number on the HCV waiting list.</p> <p>10 Permanent Supportive Housing (PSH) units for families eligible for No Place Like Home – referrals from the Continuum of Care’s Coordinated Entry System</p> <p>5 Permanent Supportive Housing (PSH) High Utilizer Preference units with a preference for “high utilizers” who are eligible and prioritized through the Continuum of Care’s Coordinated Entry System as applicants for the High Utilizer Preference.</p>
<p><b>Tabasa Gardens</b> 37 PBV units</p>	<p>1482 Freedom Blvd Watsonville</p>	<p>21 Standard PBV units – lottery number on the HCV waiting list.</p> <p>6 Permanent Supportive Housing (PSH) units for families eligible for No Place Like Home – referrals from the Continuum of Care’s Coordinated Entry System</p> <p>10 Farmworker units for farmworker families eligible for supportive services – families to be selected from the owner-maintained’ site-based farmworker waiting list, with a preference for farmworker families also on the HCV waiting list.</p>
<p><b>Cedar Street Family Apartments</b> 8 PBV units</p>	<p>525 Cedar Street Santa Cruz</p>	<p>4 HUD-VASH PBV units - referrals from the Department of Veterans Affairs</p> <p>4 Permanent Supportive Housing (PSH) units - referrals from the Continuum of Care’s Coordinated Entry System</p>

<p><b>Cienega Heights</b> 37 PBV units</p>	<p>1515, 1615, 1715 Brewington Avenue, Watsonville</p>	<p>32 Standard PBV units – lottery number on the HCV waiting list</p> <p>5 Farmworker units for farmworker families selected from the owner-maintained site-based farmworker waiting list, with a preference for farmworker families also on the HCV waiting list</p>
<p><b>Sparrow Terrace</b> 43 PBV units</p>	<p>139 &amp; 141 Miles Lane Watsonville</p>	<p>25 Standard PBV units – lottery number on the HCV waiting list</p> <p>12 Farmworker units for farmworker families selected from the owner-maintained site-based farmworker waiting list, with a preference for farmworker families also on the HCV waiting list</p> <p>6 Permanent Supportive Housing (PSH) units for families eligible for No Place Like Home - referred through the Continuum of Care’s Coordinated Entry System</p>

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

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

1. Live/Work Residency Preference:

The Housing Authority has established a partial live/work residency preference, such that 75% of the families selected from the waiting list will be selected by sequence number utilizing a residency preference for applicants who either currently live or work in the jurisdiction of the waiting list, and 25% of the families selected from the waiting list will be selected by sequence number without regard to residency. The residency preference is applicable to the Santa Cruz County Housing Choice Voucher Waiting List (for households with a head of household, spouse or registered domestic partner that lives/works in Santa Cruz County) and the Hollister/San Juan Bautista Housing Choice Voucher Waiting List (for households with a head of household, spouse or registered domestic partner that lives/works in San Benito County.) [It is not applicable to the Mainstream Voucher Program.](#) The residency preference ensures that the majority of the

Housing Choice Vouchers, which have been awarded to the Housing Authority by HUD to serve our jurisdiction, will be made available to those who live or work in the jurisdiction.

2. Disabled and Medically Vulnerable Homeless Persons (DMV):

The Housing Authority has adopted a limited waiting list preference for disabled and medically vulnerable homeless persons. Housing Matters, using the Coordinated Entry System administered by the Continuum of Care (CoC), provides referrals for homeless persons who meet all of the following criteria:

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

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

3. Homeless Families with Minor Children:

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

- a. Homeless as defined by HUD per the HEARTH Act in Federal Register / Vol. 76, No. 233.
- b. Head of household or spouse lives or works in Santa Cruz County
- c. Head of household or spouse has at least one minor child residing with household

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

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

vouchers/funding available. At that time, the homeless family preference voucher would be available for the next eligible family.

~~4. Vulnerable Homeless Persons in San Benito County~~

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

~~5.4. Homeless Families with Minor Children for Brommer Street Supportive Housing Units:~~

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

~~6.5. Disabled Transitioning from Institutions (DTI):~~

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

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

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

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

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

Housing Authority appointments with the client, and assisting the client in finding and maintaining housing.

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

#### 7.6. Mainstream Vouchers:

The Housing Authority has received 240 Mainstream Vouchers.

The Housing Authority has established an admissions preference for Mainstream Vouchers.

Waiting list applicant households that include a household member aged 18-61 who is a person with a disability will be offered a Mainstream Voucher based on lottery or random sequence number. If the Housing Choice Voucher waiting lists do not contain sufficient numbers of eligible households, the Housing Authority may accept referrals for persons eligible for this preference. Persons eligible for the admissions preference include, but are not limited to, those who are transitioning from institutions, at serious risk of institutionalization, homeless or at risk of homelessness.

#### 8.7. Graduates of the Continuum of Care (CoC) Shelter Plus Care (S+C) Program and Family Unification Program (FUP) Youth in Project Based Voucher units:

The Housing Authority has been awarded competitive grants for permanent supportive housing for people experiencing chronic homelessness. A program known as Shelter Plus Care is a partnership between the Housing Authority and the County Health Services Agency to provide wrap-around services from outreach and eligibility to housing stabilizing services.

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

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

#### 9.8. Temporary Measures during Periods of Low Utilization Rate:

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

- a. Lease In-Place Option. This preference will only be applicable to applicants already on the waiting list who currently live in the Housing Authority jurisdiction and reside in a unit that meets HQS standards.



- b. Eviction Prevention. The Housing Authority may accept direct referrals from the Community Action Board of Santa Cruz County (CAB) of families at imminent risk of homelessness due to eviction for economic reasons. The Eviction Prevention preference will be limited to applicants on the HCV waiting list and the preference will be limited to 24 vouchers.

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

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

10. Former Low-Income Public Housing (LIPH) Waiting List Applicants:

Former LIPH waiting list applicants who were transferred to the Housing Choice Voucher waiting list at the time of the Stream-lined Voluntary Conversion of the LIPH program will be given priority for appropriately sized former LIPH units.

Admission of Low-Income Families

Low-income families (up to 80% median household income) may be admitted to the program if they are working families (defined as a family in which the head, spouse or sole member is employed). In addition, low-income families in which the head and spouse or sole member is age 62 or over or is a person with disabilities may be admitted under this section.

Targeting

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

Opening and Closing the Waiting list

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

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

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

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

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

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

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

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

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

#### Selecting Applicants for the Moderate Rehabilitation Program

With the exception of Nuevo Sol, all vacant units under contract will be rented to eligible families referred by the Housing Authority from the Housing Choice Voucher waiting list. Nuevo Sol units will be rented to eligible families referred by Homeless Persons Health Project.

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

All Housing Choice Vouchers are issued with an initial term of at least 60 days, except VASH, Mainstream, Emergency Housing Vouchers, and Stability Vouchers, all of which must be issued for a minimum initial search term of at least 120 days. The family must submit a Request for Tenancy Approval within the initial voucher term or request an extension. The Housing Authority allows families to submit one Request for Tenancy Approval at a time. One or more extensions of at least an additional 60 days will be considered.

Mainstream Voucher extensions must be for at least 90 days, and a first extension approval may not be restricted to certain circumstances or require documentation from applicants. For all special purpose voucher holders and disabled households, written or verbal extension requests are sufficient and no justification for the request is required.

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

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

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

### **III. Special Purpose Programs**

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

#### Veterans Assisted Supportive Housing / VASH (433 vouchers)

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

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

Upon HUD approval, the Housing Authority will operate HUD-VASH in accordance with Moving to Work (MTW) administrative flexibilities that are not otherwise in conflict with the HUD-VASH Operating Requirements.

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

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

reserved for youth, 18-24 years old, who left foster care, or will leave foster care within 90 days, and are homeless or at risk of becoming homeless. To be considered for FUP/FYI assistance, applicants will be identified and certified for eligibility by the County Human Services Department (HSD).

FUP/FYI vouchers are not issued based on placement on the Housing Choice Voucher waiting list. Instead, HSD provides referrals to the Housing Authority based on comprehensive risk assessment and FUP/FYI-eligibility determination. HSD will provide written certification to the Housing Authority that a family or a youth qualifies as a FUP/FYI-eligible family or youth. A family will be certified as eligible if it is determined that (1) the children are at imminent risk of placement in out-of-home care or at risk of having their discharge to the family from out-of-home care delayed (2) the lack of adequate housing is a primary factor in the risk of placement or delay of discharge and (3) the family meets all other eligibility requirements for Section 8 assistance; youth will be certified as eligible by age, foster care history, and homelessness risk. Youth will also be identified through the county Coordinated Entry System. FUP Youth and FYI vouchers have a HUD imposed 36-month limit on rental assistance, except for the provisions under Fostering Stable Housing Opportunities (FSHO).

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

1. FUP/FYI youth who are participating in a Family Self-Sufficiency (FSS) Program under Section 23 of the U.S. Housing Act or an MTW self-sufficiency program.
  - a. If the youth is offered an FSS slot during their first 36 months of FUP assistance, the youth must participate in the FSS program to receive an extension of assistance.
  - b. If the youth is offered an FSS slot after the 36-month mark, the youth may choose to accept the FSS slot or decline the slot and meet the education, workforce development, or employment requirement instead.
2. FUP/FYI youth who were unable to enroll in FSS but engaged in education, workforce development, or employment, or employment activities for at least 9 months of the 12-month period preceding the extension. The youth is considered unable to enroll in FSS if the youth has not been offered an FSS slot during the first 36 months of receiving FUP/FYI assistance.
  - a. The youth must have engaged in at least one of the following activities for not less than 9 months of the 12-month period preceding each extension.
    - i. Education:
      1. The youth was engaged in obtaining a “recognized postsecondary credential” or a “secondary school diploma or its recognized equivalent;” or
      2. The youth was enrolled in an “institution of higher education” a “proprietary institution of higher education,” or a “postsecondary vocational institution” as defined in the Higher Education Act.
    - ii. Workforce Development: The youth was participating in a career pathway, as such term is defined in section 3 of the Workforce Innovation and Opportunity Act (WIOA).

iii. Employment: The youth was employed.

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

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

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

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

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

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

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

Issuance as a Reasonable Accommodation

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

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

#### Disabled Vouchers (138 vouchers)

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

#### Medicaid Waiver Program (27 vouchers)

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

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

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

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

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

Medicaid Waiver vouchers are issued based on placement on the Medicaid Waiver waiting list. Eligible referrals are provided by social service agencies with a current MOU with the Housing Authority to provide referrals and services. Those referrals produce the Medicaid Waiver waiting list.

#### Welfare to Work Program (24 vouchers) (WtW)

HUD has made vouchers available for persons participating in the CalWORKs Welfare to Work Program. The Welfare to Work vouchers are reserved for CalWORKs participants. They are intended to be a key part of the strategy to support the efforts of Santa Cruz County families who are working towards self-sufficiency. Welfare to Work vouchers are not issued based on placement

on the Housing Choice Voucher waiting list. Instead, eligible referrals are provided by the Santa Cruz County Human Services Department (HSD).

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

The Housing Authority will be responsible wholly or in part for

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

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

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

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

#### Emergency Housing Vouchers (EHV) (280 Vouchers)

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

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

The EHV allocation from HUD is accompanied by a one-time service fee to support the efforts of implementing the program. The Housing Authority will use this service fee in accordance with the requirements established in PIH 2021-15, as well as any subsequent HUD guidance. Use of the service fees may include security deposits assistance, owner-related recruitment, incentives, and

retention programs, move-in assistance, and tenant readiness services, or any other allowable use that supports the rapid issuance and utilization of these vouchers.

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

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

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

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

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

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

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

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

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



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

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

#### **IV. Occupancy Policies**

##### Definition of a Family

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

Each family contains a head of household, who must be at least eighteen years old, or if under 18, they must be an emancipated minor. Additionally, each family member must reside in the assisted unit more than 50% of the time (at least 184 days out of the year). Children who are temporarily away from the home because of placement in foster care and military servicepersons on active duty are considered part of the family if they would otherwise be living in the assisted unit. However, they will not be considered for the purposes of determining voucher size while they are out of the unit. Families with children who have been placed in foster care will keep their voucher size for at least 12 months after the child is removed but may be removed from the household at the next regular re-examination following the 12-month period, or after being provided at least 120 days' notice following the 12 month period. When the child returns from foster placement, the household composition will be upsized at the interim and the payment standard will be updated at that time. The family will not be required to wait until their next re-examination to be upsized or to have their payment standard updated.

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

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

##### Definition of a Household

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

### Definition of a Foster Child

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

### Definition of a Foster Adult

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

### Definition of a Live-in-Aid

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

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

### Definition of a Temporary Family Member

A temporary family member is a member of an assisted family that has been approved by the Housing Authority and resides in the assisted unit less than 50% of the time (less than 184 days of the year).

### Temporary Family Members Who Move in and out of the Unit

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

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

Minor children who stay in the household a few days per week (less than 50% of the time and less than 184 days of the year) will not be added to the household. No persons other than minor children will be approved to stay in the household for a few days per week. Instead, other individuals will be considered to be guests (see definition of guest).

### Definition of a Guest

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

### Definition of When a Family Is Continuously Assisted

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

### Standards for Denying Admission or Terminating Assistance

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

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

The Housing Authority has the discretion to consider all relevant factors such as the seriousness of the case, the extent of participation or culpability of individual family members, past history, recency of criminal activity, age at time of criminal/drug or alcohol activity, mitigating factors such as relevant program treatment certifications, character references, circumstances related to the disability of a family member, and the effects of denial or termination of assistance on other family members who were not involved in the action.

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

## **V. Encouraging Participation by Owners Outside Areas of Low-Income and Minority Concentration**

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

### Specific steps include the following:

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

### Actions to explain program requirements including equal opportunity to owners:

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

### Property Agent Incentive Programs

The County of Santa Cruz has provided funding to provide initial lease-up funds for property agents (owners/managers) renting to households either at-risk-of or currently experiencing homelessness. The qualifying special population tenant-based voucher/subsidy programs for this incentive include:

Disabled Medically Vulnerable (DMV), Family Unification Program (FUP), Welfare to Work (WtW), Homeless Families with Minor Children (HFMC), Veterans Affairs Supportive Housing (VASH), Mainstream COVID, Stability Vouchers, and Shelter Plus Care. Additional homelessness designated vouchers may be included upon approval by the County.

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

## **VI. Assisting a Family That Claims Illegal Discrimination**

The Housing Authority assists families that claim illegal discrimination by including discrimination complaint forms in every briefing packet as well as mailing complaint forms to participants upon request; and referring families to the appropriate state and/or federal agency. The Housing

Authority ensures all policies, procedures and staff conduct are consistent with civil rights and fair housing.

Specific steps include the following:

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

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

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

## **VII. Providing Information about a Family to Prospective Owners**

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

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

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

## **VIII. Disapproval of Owners**

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

## IX. Subsidy Standards

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

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

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

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

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

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

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

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

For PBV units, single-person households are also eligible to reside in studio (0BR) units or single-room occupancy (SRO) units.

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

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

1. Only the live-in-aide spouse, registered domestic partner, or birth child may be added to the household.
2. The addition of the live-in-aide’s family members will not be approved if it will cause overcrowding to the existing unit.

3. The live-in-aide's family members, like the live-in aide, are subject to all Housing Authority background checks and screening procedures.
4. The family will not receive a dependent allowance for the live-in aide's child.
5. The income of the live-in aide, live-in aide's spouse, live-in aide's registered domestic partner, or adult children of the live-in aide will not be counted.
6. All adult family members of the live-in aide must sign an agreement confirming that they understand they are not a member of the assisted family.

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

#### Applicant Flexibility on Unit Size Actually Selected for Rental

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

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

#### **X. Family Absence from Dwelling Units**

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

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

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

Persons who may NOT receive the voucher

1. No person may receive the voucher in the case of a family break up unless he/she has been a member of the family living in the household for at least the three consecutive prior years.



Cases where the family has been on the program for less than three years will be forwarded to the Director of the Housing Programs Department for review on a case-by-case basis.

2. Neither a live-in aide nor any family members of a live-in aide may receive the voucher.
3. No temporary family member or guest may receive the voucher.
4. No minor may receive the voucher.

#### Persons who may receive the voucher

1. In the event of family break up, the voucher will automatically go to the head of household's spouse or registered domestic partner if applicable.
2. If the head of household does not have an eligible spouse or registered domestic partner, the Housing Authority has the discretion to determine whether or not any remaining household members may receive the voucher. The Housing Authority may consider the following factors:
  - a. Whether or not the remaining family member is elderly or disabled
  - b. Whether or not the remaining family member has legal dependents that are living in the assisted unit
  - c. Whether or not a family member has been a victim of actual or threatened violence against family members by another member of the household
  - d. Whether or not the remaining family member is employed
  - e. Other relevant factors as determined by the Housing Authority on a case-by-case basis
3. If the family member who receives the voucher and becomes the head of household was also on the waiting list, the Housing Authority shall remove their name from the waiting list.

## **XII. Informal Review Procedures for Applicants**

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

### Notice to Applicant

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

### Informal Review Process

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

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

#### When Informal Review Is Not Required

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

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

### **XIII. Informal Hearing Procedures for Participants**

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

#### When Hearing Is Required

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

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

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

#### When Hearing Is Not Required

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

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

#### Expeditious Hearing Process

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

#### Discovery

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

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

#### Representation of Family, Recording of Hearing

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

the hearing. If the representative is a lawyer, the Housing Authority may arrange to have its lawyer present, too.

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

#### Hearing Officer

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

#### Evidence

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

#### Issuance of Decision

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

#### Effect of Decision

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

1. Concerning a matter for which the Housing Authority is not required to provide an opportunity for an informal hearing under this section, or that otherwise exceeds the authority of the person conducting the hearing.
2. Contrary to HUD regulations or requirements, or otherwise contrary to federal, State, or local law.

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

### **XIV. The Process for Establishing and Revising Payment Standards and Utility Allowances**

#### Payment Standards

Payment Standards are used to calculate the Housing Assistance Payment that the Housing Authority pays to the landlord on the tenant's behalf. The payment standard represents the maximum level of subsidy that may be paid by the Housing Authority. Payment Standards will be

reviewed, and revised, if necessary, at least annually following the publication of the Fair Market Rents (FMR) by HUD. Factors used in this analysis include the following:

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

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

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

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

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

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

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

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

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

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

#### Utility Allowances

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

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

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

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

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

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

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

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

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

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

## **XVI. Policies Regarding Special Housing Types**

### Shared Housing in the Housing Choice Voucher Program

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

### Shared Housing in the Project Based Voucher Program

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

### Eligibility for Shared Housing

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

### Subsidy Standards

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

### Additional Limitations for Shared Housing

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

### Utilities

1. The amount of the Utility Allowance for an assisted individual in Shared Housing is the individual's pro rata portion of the Utility Allowance for the entire unit.
2. Individuals enter Shared Housing arrangements on a voluntary basis and agreements on splitting tenant paid utilities and utility deposits are part of that voluntary, private agreement between or among the individuals occupying the unit. Therefore, it is not mandatory that tenants agree to pay utilities based on the same proration formula the Housing Authority uses.
3. Although, in units with tenant paid utilities, utility payments are made by the tenant and not by the owner, the owner is free to ascertain, before leasing to sharing individuals, that the individuals have reached agreements in splitting tenant paid utilities and utility deposits, with full awareness of the amount of the Housing Authority determined utility allowance for each assisted tenant.

### Other Special Housing Types

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

1. Single-person households will be eligible to use Single Room Occupancy housing.
2. Elderly or disabled participants in the Housing Choice Voucher program will be eligible to use Congregate Housing and Group Home Housing.
3. All participants in the Housing Choice Voucher program will be eligible to use Cooperative Housing, Manufactured Home Housing and Manufactured Home- Space Rent Housing.

4. Any special housing type will be eligible for use if needed as a reasonable accommodation so that the program is readily available to and usable by persons with disabilities.

#### Housing Choice Voucher (Section 8) Homeownership Program

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

#### Family Participation Requirements

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

#### Housing Counseling

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

#### Capacity Test

The Housing Authority meets the Capacity Test set forth in 24CFR 982.625 in the following ways:

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

#### Locating a Unit

1. There are no shopping deadlines imposed on families who are interested in purchasing a home. Because the homeownership option is available only to families currently receiving Section 8 rental assistance, their rental voucher will remain in effect as they search for a unit to purchase. The rental voucher will be converted to a homeownership voucher during the escrow process. If a family wishes to transfer to another unit and is issued a transfer voucher, the usual requirement to locate a unit within regular voucher search term applies, regardless of whether the family chooses to move to another rental unit or wishes to



purchase a home under the homeownership option. Therefore, it is highly recommended that families remain in their current unit while they undertake a search to locate a unit to purchase.

2. If a family cannot locate a unit to purchase, their rental voucher will remain in effect.

#### Down Payment and Financing

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

#### Continuation of Assistance

1. The family must notify the Housing Authority if they receive a Notice of Default.
2. The Housing Authority will not prohibit families from making more than one move during any, one-year period.
3. The Housing Authority will not require that families using the homeownership option be FSS participants; however, a preference will be given to current or past FSS participants.
4. The Housing Authority will not require post-purchase HQS inspections.
5. In the case of a mortgage default, the Housing Authority has the option of granting the family a rental voucher to continue their assistance. Such determinations will be made on a case-by-case basis and will take into consideration the circumstances leading to the default, including but not limited to employment layoffs, a family member becoming disabled, and/or the death or departure of a family member.
6. The ongoing payment of real estate taxes is not a requirement for participation in the homeownership program. It is the responsibility of the homeowner to ensure that their taxes are paid. The lender may, at their discretion, monitor to ensure that taxes are paid.

7. In calculating the housing assistance payment, the Housing Authority will allow a monthly allowance for maintenance expenses, to be adjusted from time to time if needed.
8. In calculating the housing assistance payment, the Housing Authority will allow a monthly allowance as a reserve for major repairs, to be adjusted from time to time if needed.

## **XVII. Project Based Voucher Program**

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

### **1. Project Definition**

The Housing Authority defines a project as a single building, multiple contiguous buildings, or multiple buildings on contiguous parcels of land. Projects are subject to their own PBV Housing Assistance Payments (HAP) Contract, however, multiple projects that each consist of a single-family building (one to four units) may be included in one PBV HAP Contract.

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

### **2. Program Cap (Percentage Limitation)**

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

### **3. Project-Based Voucher Proposal Submission Selection**

#### **Standard Competitive PBV Selection Process**

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

The Housing Authority will consider many factors including but not limited to, site location, project design, project amenities, services to be provided to residents, target population, and any other relevant information in determining the extent to which the PBV proposal furthers the Housing Authority’s mission and whether the public interest is best served by converting tenant-based vouchers into project-based vouchers based on the Evaluation and Scoring Criteria established by the Board of Commissioners.

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

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

#### Non-Competitive PBV Selection Process

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

#### Notification of Selection

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

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

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

#### 5. Site Selection Standards and Policy

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

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

- a. Whether the Census Tract in which the proposed PBV development will be located is in a HUD-designated Enterprise Zone, Economic Community or Renewal Community

- b. Whether a PBV development will be located in a census tract where the concentration of assisted units will be or has decreased as a result of public housing demolition.
- c. If the poverty rate in the area where the proposed PBV development will be located is greater than 20 percent, whether in the past five years there has been an overall decline in the poverty rate.
- d. Whether the census tract in which the proposed PBV development will be located is undergoing significant revitalization.
- e. Whether state, local, or federal dollars have been invested in the area that has assisted in the achievement of the statutory requirement.
- f. Whether new market rate units are being developed in the same census tract where the proposed PBV development will be located and the likelihood that such market rate units will positively impact the poverty rate in the area.
- g. Whether there are meaningful opportunities for educational and economic advancement in the census tract where the proposed PBV development will be located.

#### Site Selection Policy

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

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

#### 6. Inspection Policies

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

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

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

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

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

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

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

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

9. Certification of Completion of the Work

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

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

10. Adding or Substituting Contract Units

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

11. Housing Quality Policies

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

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

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

12. Waiting List Policies and Tenant Selection

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

Owner-Maintained Waiting List Approval

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

#### Owner-Maintained Waiting List Oversight Procedures

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

#### Owner-Maintained Waiting List Policies

The following projects have an owner-maintained waiting list for select PBV units:

- Tabasa Gardens – Farmworker Waiting List (10 PBV units)
- Cienega Heights – Joe Serna Waiting List (5 PBV units)
  - Shared waiting list with Sparrow Terrace
- Sparrow Terrace – Joe Serna Waiting List (12 PBV units)
  - Shared waiting list with Cienega Heights

These owner-maintained waiting lists are used to select families for units that are set aside for households with at least one person who derives, or prior to retirement or disability derived, a substantial portion of his or her income from agricultural employment, rather than the HCV Waiting List maintained by the Housing Authority. The owner-maintained waiting lists have a preference for families that are also on the HCV Waiting List.

[For more information about these waiting lists, please see the respective tenant selection plans for each project, which are on file with the project owner and the Housing Authority.](#)

#### Rejections of Units Offered for Good Cause

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

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

Families on the HCV Waiting List who reject an offer of a PBV unit or who are rejected by the owner will not be penalized. They will retain the same position on the Waiting List for tenant-based assistance and may continue to receive PBV offers.

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

### 13. Tenant Screening

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

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

### 14. Continued Housing Assistance - Overcrowded, Under-Occupied and Accessible Units

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

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

### 15. Family Right to Move

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

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

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

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

## 17. Units for Special Populations

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

## 18. Rent to Owner

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

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

## 19. Rent Redetermination

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

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

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

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

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

The adjusted rent to owner amount applies for the period of twelve (12) calendar months from the annual anniversary of the HAP Contract. The Housing Authority will notify owners in writing specifying the amount of the redetermined rent. The Housing Authority



written notice of the rent adjustment constitutes an amendment of the rent to owner specified in the HAP Contract.

## 20. Vacancy Payments

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

### For HAP Contracts that Include Vacancy Payments:

Some legacy PBV projects may provide for the provision of vacancy payments. In these instances, vacancy payments may be paid for up to two months and begin on the first calendar month after the move-out month and may equal an amount up to rent to owner for the applicable unit under the previously assisted lease. Vacancy payments will only be provided retroactively after the unit has been re-occupied.

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

## 21. Utility Reimbursements

Utility reimbursements will be paid directly to the participant.

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

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

## 23. Project-Basing Special Voucher Types

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

## 24. Conflict of Interest

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

- a. Any present or former member or officer of the Housing Authority;
- b. Any employee of the Housing Authority, or any contractor, subcontractor or agent of the Housing Authority, who formulates policy or who influences decisions with respect to the programs;

- c. Any public official, member of a governing body, or State or local legislator, who exercises functions or responsibilities with respect to the programs; or
- d. Any member of Congress of the United States.

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

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

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

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

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

### **XVIII. Payment by a Family to the Housing Authority**

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

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

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

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

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

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

When interim adjustments are conducted, HACSC will apply payment standards in effect at the time of the effective date of the adjustment for contract rent increases that result in an increase in the tenant portion of rent, or in other situations on a case-by-case basis in accordance with the hardship policy. In all other instances, payment standards will not be updated until the next regular examination. HACSC reserves the right to conduct reexaminations more frequently either for administrative or financial reasons.

Due to the alternative reexamination schedule, families may request an interim reexamination under the HACSC hardship policy. A hardship may be requested if a family has experienced a decrease in income because of changed circumstances, including loss or reduction of employment, death in the family, or reduction in or loss of earnings or other assistance; and/or the family has experienced an increase in expenses, because of changed circumstances, for medical costs, childcare, transportation, education, or similar items.

When the Housing Authority receives written information concerning a change in the family's income or household composition between regularly scheduled reexaminations, the Housing Authority will consult with the family and make any adjustments determined to be appropriate, including but not limited to applying new payment standards. Any change in the family income or household composition that results in an adjustment in the Total Tenant Payment, Tenant Rent, and HAP must be verified.

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

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

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

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

The Housing Authority will consider the Low-Income Housing Tax Credit, or the Temporary Assistance for Needy Families block grant (Medicaid, SNAP benefits, Earned Income Tax Credit)

as an acceptable income verification source to determine a family's income for reexaminations, prior to applying any applicable deductions, based on income determinations made within the previous 12-month period.

#### Consent Form

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

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

Under the HUD-approved MTW Waiver 1.u., the Housing Authority has implemented a standard deduction for medical expenses. This deduction is available to all elderly and disabled households with medical expenses at or above \$1,500.. This policy does not impact a family's eligibility for the elderly/disabled and dependent deductions in accordance with §5.611(a)(1); (a)(2).

The proposed standard deduction for medical expenses will be \$1,500 for elderly and disabled households with expenses at or above \$1,500. The Housing Authority will periodically adjust the \$1,500 standard deduction for medical expenses, adhering to HUD's methodology for inflationary adjustments for elderly/disabled family deductions.

Households with medical expenses at or above the \$1,500 threshold will self-certify that their unreimbursed and anticipated medical expenses surpass the threshold. The self-certification statement will be saved in the household file.

Further verification of expenses is only required for hardship requests, as outlined below and in the Standard Deduction Medical Expense Hardship Policy. The Housing Authority will document whether the standard deduction was applied, or a Medical Expense Hardship was approved. Confidential health information will not be retained in participant files. Such documents will be reviewed, verified, and then destroyed per agency policy.

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

#### Changes to the Head of Household

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

#### Changes to Household Composition

If any household member moves out of the assisted unit, the family must inform the Housing Authority in writing within 14 calendar days of the move out. If the reduction in household members

results in the number of bedrooms in the unit exceeding that which the family is eligible for, the Housing Authority will reduce the subsidy standard, reduce the voucher size, and adjust the payment standard accordingly at the family's next regular recertification or with at least 30 days' notice of the change, or longer as established by Housing Authority procedures.

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

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

When a household member is added, staff must first redetermine the household's subsidy standard, using the current subsidy standards, without including the new household member. Then staff will apply the following rules. Please note that "parent" refers to the birth or adoptive parent, and "child" refers to children by birth, court awarded custody, or (for minor children only) by foster placement. The voucher size and payment standard will be updated accordingly.

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

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

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

#### Changes in Household Income:

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

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

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

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

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

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

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

#### **XXII. Procedural Guidelines and Performance Standards for Conducting Required HQS Inspections**

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

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

In the case of new move-ins, all units must pass inspection before the HAP contract may begin. If it is determined a unit has HQS deficiencies during the initial inspection, the unit must be re-inspected until the deficiencies have been corrected and the unit is in compliance with the HQS. However, in the case of biennial re-inspections, if a unit is out of compliance due to HQS deficiencies, the Housing Authority may allow the owner to self-certify that the repairs or corrections have been made but reserves the right to require re-inspections for significant failed items. The Housing Authority does not charge a re-inspection fee to owners.

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

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

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

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

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

The Housing Authority assists families with disabilities in locating accessible units by making available a current listing of accessible units known to the Housing Authority. The Housing Authority may on a case by case basis assist non-disabled families with relocating or finding a new unit if HAP is abated. Families may apply for security deposit assistance and if eligible, will be required to adhere to the applicable jurisdictions' security deposit program requirements.

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

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

### **XXIV. Voucher Suspension Policy**

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

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

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

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

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



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

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

The Housing Authority intends to use MTW funding to acquire, renovate and/or build affordable units that are not public housing units. Eligible activities may include gap financing or construction costs for development of affordable housing, conducted by the PHA or a PHA-controlled affiliate or by a non-PHA affordable housing developer, including but not limited to development of project-based voucher units, tax credit units, or affordable units funded with any other local, state, or federal funds. Local, non-traditional development activities will be conducted in accordance with the applicable requirements of PIH Notice 2011-45 and the MTW Operations Notice and other approved HUD waivers as applicable to this activity. The first assisted project will be new construction of twenty (20) units of affordable housing located at 415 Natural Bridges Drive, Santa Cruz CA.

**PHA Name: Housing Authority Of The County Of Santa Cruz**

**PHA Code : CA072**

**MTW Supplement for PHA Fiscal Year Beginning: 7/1/2025**

**PHA Program Type:** Combined

**MTW Cohort Number:** Asset Building

**MTW Supplement Submission Type:** Annual Submission

## **B. MTW Supplement Narrative.**

The Housing Authority of the County of Santa Cruz (HACSC) is pleased to submit this Fiscal Year (FY) 2025 Moving to Work (MTW) Supplement component of the Annual PHA Plan. HUD designated HACSC as an MTW Agency in September 2022, through the MTW Asset Building Cohort, to test asset building initiatives to encourage growth of savings accounts and/or aim to build credit for assisted households. HACSC's MTW Plan and Application selected the HUD defined "Opt-Out Savings Account" as the initial MTW asset building activity. HACSC has worked for the past two years with HUD and the evaluation team to develop, implement and evaluate the "Opt-Out Savings Account" initiative. HACSC has also actively participated in the "Community of Practice" with HUD, the evaluation team, and other MTW agencies in the Asset Building Cohort to further develop and implement best practices related to asset building.

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

**Economic Mobility:** Implementation of the Opt-Out Savings Account initiative is the focal point of HACSC initial economic mobility efforts. HACSC plans to use the Opt-Out Savings Account program as the baseline for future economic mobility programs. This initiative will assist HACSC to build and expand upon a network of partnerships with service providers, financial service institutions, and other community-based organizations to promote economic mobility. In the first year, the HACSC partnered with a financial capabilities service organization which has provided individual financial coaching sessions to Opt-Out Savings Program participants. Other activities to support economic mobility include administrative changes to the Housing Choice Voucher program such as alternative income inclusions / exclusions, alternative reexamination schedule, and extension of zero HAP participation from 180 to 360 days. HACSC will continue exploring opportunities to encourage assisted households to seek employment opportunities, increased wages, and build assets.

**Cost Effectiveness:** HACSC is leveraging MTW authority and has implemented a range of waivers to achieve administrative efficiencies and cost effectiveness. These waivers are enabling HACSC to provide more meaningful service to enhance customer service, and to reduce administrative burden for participants and property owners. Program participants benefit from alternative income inclusions / exclusions, alternative reexamination schedule, and self-certification of assets. HACSC conducting certain HQS functions and PBV processes in which third-party assistance was previously required has eliminated administrative time spent coordinating contractors, and support tenants to secure housing. Administrative time savings have allowed HACSC to provide additional resources to our families through the addition of a new Resident Services Coordinator.

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

Additionally, housing choice will be expanded through implementation of an Agency Specific Waiver to adopt an alternative reasonable cost formula to include Hard Construction Cost (HCD) and Total Development Cost (TDC) for development and construction activities under the local non-traditional activities.

HACSC is excited to be participating in the Asset Building Cohort and implementing MTW waivers that achieve HUD's statutory objectives. These activities align with the HACSC mission and our long-term vision for MTW.

Under the MTW Operations Notice, the Housing Authority of the County of Santa Cruz is authorized to flexibly and interchangeably utilize Public Housing Operating Fund, Capital Fund Program and certain Housing Assistance Payments funds for any purpose authorized under Sections 8 and 9 of the US Housing Act of 1937 and for local, non-traditional activities. The agency may utilize this flexibility over the fiscal year to support activities described in the Annual Plan in accordance with the requirements of the Operations Notice. HACSC intends, per Federal Register Notice FR-6284-N-01, to extend the term of FUP-Youth and FYI voucher assistance for up to an additional 24 months for youth participating in the HACSC Family Self-Sufficiency (FSS) program or who otherwise meet the criteria for extension as stipulated in FR-6284-N-01.

Development: Casa Pajaro Apartments is a 34-unit apartment complex, located at 127-193 East Front Street in the City of Watsonville, which consists of seventeen 2-bedroom units and seventeen 3-bedroom units. The Housing Authority is providing a loan with Moving to Work funds to the borrower in the amount of \$21,200,000 in order to facilitate the purchase of the property. The Housing Authority is applying a regulatory agreement and declaration of restrictive covenants in which the Authority agrees to provide an award of Project-Based Vouchers (PBV) for thirty-three of the units and the borrower agrees to accept the PBV Award and enter into a Housing Assistance Payment contract. This project is considered 100% affordable through assistance from the PBV program.

The Housing Authority may utilize a combination of PBVs and LNT authority under waiver 17.c. for Housing Development Programs. The Housing Authority has an Option Agreement to acquire "Chanticleer" at 2021 – 2031 Chanticleer Avenue, Santa Cruz, CA 95602 from the seller. The Housing Authority plans to use MTW funds for the acquisition. At the time of purchase, the Housing Authority will record a regulatory agreement and declaration of restrictive covenants in which the property must be used for the development of affordable housing and for the units to be occupied by low-income households with incomes at or below 80% of the Santa Cruz County area median income level. After acquisition, the project is anticipated to consist of the new construction of an estimated 50 affordable units, with the exact amount and AMI levels to be determined pending a feasibility analysis. The proposed unit mix includes 50% two-bedroom and three-bedroom units, with the remaining 50% of units to include studios and one-bedrooms. The Housing Authority is currently conducting the feasibility analysis to determine the cost and source of funds to support the development and construction of the project. The Housing Authority anticipates MTW funds will also be used to support the development and construction costs of this project utilizing LNT authority and will seek other non-MTW funding such as low-income housing tax credits, HOME, CDBG, and other state and local funding.

**C. The policies that the MTW agency is using or has used (not currently implemented, currently implementing, plan to implement in the submission year, plan to discontinue, previously discontinued).**

<b>1. Tenant Rent Policies</b>	
a. Tiered Rent (PH)	Not Currently Implemented
b. Tiered Rent (HCV)	Not Currently Implemented
c. Stepped Rent (PH)	Not Currently Implemented
d. Stepped Rent (HCV)	Not Currently Implemented
e. Minimum Rent (PH)	Not Currently Implemented
f. Minimum Rent (HCV)	Not Currently Implemented
g. Total Tenant Payment as a Percentage of Gross Income (PH)	Not Currently Implemented
h. Total Tenant Payment as a Percentage of Gross Income (HCV)	Not Currently Implemented
i. Alternative Utility Allowance (PH)	Not Currently Implemented
j. Alternative Utility Allowance (HCV)	Not Currently Implemented
k. Fixed Rents (PH)	Not Currently Implemented
l. Fixed Subsidy (HCV)	Not Currently Implemented
m. Utility Reimbursements (PH)	Not Currently Implemented
n. Utility Reimbursements (HCV)	Not Currently Implemented
o. Initial Rent Burden (HCV)	Plan to Implement in the Submission Year
p. Imputed Income (PH)	Not Currently Implemented
q. Imputed Income (HCV)	Not Currently Implemented
r. Elimination of Deduction(s) (PH)	Not Currently Implemented
s. Elimination of Deduction(s) (HCV)	Not Currently Implemented
t. Standard Deductions (PH)	Not Currently Implemented
u. Standard Deductions (HCV)	Currently Implementing
v. Alternative Income Inclusions/Exclusions (PH)	Not Currently Implemented
w. Alternative Income Inclusions/Exclusions (HCV)	Currently Implementing
<b>2. Payment Standards and Rent Reasonableness</b>	
b. Payment Standards- Fair Market Rents (HCV)	Currently Implementing
c. Rent Reasonableness – Process (HCV)	Not Currently Implemented
d. Rent Reasonableness – Third-Party Requirement (HCV)	Currently Implementing
<b>3. Reexaminations</b>	

a. Alternative Reexamination Schedule for Households (PH)	Not Currently Implemented
b. Alternative Reexamination Schedule for Households (HCV)	Currently Implementing
c. Self-Certification of Assets (PH)	Not Currently Implemented
d. Self-Certification of Assets (HCV)	Currently Implementing
<b>4. Landlord Leasing Incentives</b>	
a. Vacancy Loss (HCV-Tenant-based Assistance)	Not Currently Implemented
b. Damage Claims (HCV-Tenant-based Assistance)	Not Currently Implemented
c. Other Landlord Incentives (HCV- Tenant-based Assistance)	Not Currently Implemented
<b>5. Housing Quality Standards (HQS)</b>	
a. Pre-Qualifying Unit Inspections (HCV)	Not Currently Implemented
b. Reasonable Penalty Payments for Landlords (HCV)	Not Currently Implemented
c. Third-Party Requirement (HCV)	Currently Implementing
d. Alternative Inspection Schedule (HCV)	Plan to Implement in the Submission Year
<b>6. Short-Term Assistance</b>	
a. Short-Term Assistance (PH)	Not Currently Implemented
b. Short-Term Assistance (HCV)	Not Currently Implemented
<b>7. Term-Limited Assistance</b>	
a. Term-Limited Assistance (PH)	Not Currently Implemented
b. Term-Limited Assistance (HCV)	Not Currently Implemented
<b>8. Increase Elderly Age (PH &amp; HCV)</b>	
Increase Elderly Age (PH & HCV)	Not Currently Implemented
<b>9. Project-Based Voucher Program Flexibilities</b>	
a. Increase PBV Program Cap (HCV)	Currently Implementing
b. Increase PBV Project Cap (HCV)	Currently Implementing
c. Elimination of PBV Selection Process for PHA-owned Projects Without Improvement, Development, or Replacement (HCV)	Currently Implementing
d. Alternative PBV Selection Process (HCV)	Not Currently Implemented
e. Alternative PBV Unit Types (Shared Housing and Manufactured Housing) (HCV)	Not Currently Implemented
f. Increase PBV HAP Contract Length (HCV)	Not Currently Implemented
g. Increase PBV Rent to Owner (HCV)	Not Currently Implemented

h. Limit Portability for PBV Units (HCV)	Currently Implementing
<b>10. Family Self-Sufficiency Program with MTW Flexibility</b>	
a.PH Waive Operating a Required FSS Program (PH)	Not Currently Implemented
a. HCV Waive Operating a Required FSS Program (HCV)	Not Currently Implemented
b.PH Alternative Structure for Establishing Program Coordinating Committee (PH)	Not Currently Implemented
b. HCV Alternative Structure for Establishing Program Coordinating Committee (HCV)	Not Currently Implemented
c.PH Alternative Family Selection Procedures (PH)	Not Currently Implemented
c. HCV Alternative Family Selection Procedures (HCV)	Not Currently Implemented
d.PH Modify or Eliminate the Contract of Participation (PH)	Not Currently Implemented
d. HCV Modify or Eliminate the Contract of Participation (HCV)	Not Currently Implemented
e.PH Policies for Addressing Increases in Family Income (PH)	Not Currently Implemented
e. HCV Policies for Addressing Increases in Family Income (HCV)	Plan to Implement in the Submission Year
<b>11. MTW Self-Sufficiency Program</b>	
a. PH Alternative Family Selection Procedures (PH)	Not Currently Implemented
a. HCV Alternative Family Selection Procedures (HCV)	Not Currently Implemented
b. PH Policies for Addressing Increases in Family Income (PH)	Not Currently Implemented
c. HCV Policies for Addressing Increases in Family Income (HCV)	Not Currently Implemented
<b>12. Work Requirement</b>	
a. Work Requirement (PH)	Not Currently Implemented
b. Work Requirement (HCV)	Not Currently Implemented
<b>13. Use of Public Housing as an Incentive for Economic Progress (PH)</b>	
Use of Public Housing as an Incentive for Economic Progress (PH)	Not Currently Implemented
<b>14. Moving on Policy</b>	
a. Waive Initial HQS Inspection Requirement (HCV)	Currently Implementing
b. PH Allow Income Calculations from Partner Agencies (PH)	Not Currently Implemented
c. HCV Allow Income Calculations from Partner Agencies (HCV)	Currently Implementing
d. PH Aligning Tenant Rents and Utility Payments Between Partner Agencies (PH)	Not Currently Implemented
e. HCV Aligning Tenant Rents and Utility Payments Between Partner Agencies (HCV)	Currently Implementing

<b>15. Acquisition without Prior HUD Approval (PH)</b>	
Acquisition without Prior HUD Approval (PH)	Not Currently Implemented
<b>16. Deconcentration of Poverty in Public Housing Policy (PH)</b>	
Deconcentration of Poverty in Public Housing Policy (PH)	Not Currently Implemented
<b>17. Local, Non-Traditional Activities</b>	
a. Rental Subsidy Programs	Not Currently Implemented
b. Service Provision	Not Currently Implemented
c. Housing Development Programs	Currently Implementing



**C. MTW Activities Plan that Housing Authority of The County Of Santa Cruz Plans to Implement in the Submission Year or Is Currently Implementing**

<b>1.o. Tenant Rent Policies – Initial Rent Burden</b>
<b>Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative</b> HACSC will waive the maximum family share at initial occupancy of 40% of the family’s monthly income. HACSC will not allow the family share at initial occupancy to exceed 50% of the family’s monthly income.  Santa Cruz County is currently the most expensive rental market in the nation. HACSC requests this waiver to promote increased housing choice for households, allowing HCV participants more options in their housing search. 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
<b>Which of the MTW statutory objectives does this MTW activity serve?</b> Housing choice
<b>What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.</b> Cost neutral.
<b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b> The MTW activity applies to all assisted households
<b>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.</b> N/A
<b>Does this MTW activity require a hardship policy?</b> N/A
<b>Does the hardship policy apply to more than this MTW activity?</b> No.
<b>Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?</b> N/A
<b>How many hardship requests have been received associated with this activity in the past year?</b> N/A
<b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b> No
<b>Does the MTW activity require an impact analysis?</b>

Yes
<b>Does the impact analysis apply to more than this MTW activity?</b> No
<b>If the MtW agency plans to implement a new maximum income-based rent percentage (higher than 40% of adjusted monthly income), what is that maximum?</b> 50%

**1.u. – Standard Deduction (HCV)****Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative**

The HACSC intends to establish a standard deduction for medical expenses applicable to all elderly and disabled households with medical expenses exceeding an established threshold. The standard deduction for medical expenses and the threshold at which it applies shall both be indicated in the HACSC Section 8 Administrative Plan. Eligible elderly and disabled families who claim medical expenses at or above the established threshold will be required to sign a self-certification.

This MTW activity doesn't impact the family's eligibility to receive the elderly/disabled and dependent deductions in accordance with §5.611(a)(1) – (a)(2).

For purposes of this MTW activity, medical expenses are defined in accordance with 24 CFR §5.603: Health and medical care expenses are any costs incurred in the diagnosis, cure, mitigation, treatment, or prevention of disease or payments for treatments affecting any structure or function of the body. Health and medical care expenses include medical insurance premiums and long-term care premiums that are paid or anticipated during the period for which annual income is computed.

For FY starting 7/1/2024, the proposed standard deduction for medical expenses is \$1,500 for elderly and disabled households with expenses at or above a \$1,500 threshold. HACSC will periodically adjust the amount of the standard medical deduction, adhering to HUD's methodology for calculating inflationary adjustments for the elderly/disabled family deduction, pursuant to a pending HUD Federal Register notice.

The MTW activity applies to all tenant-based units and properties with project-based vouchers.

Households may request a Medical Expense Hardship exemption to the standard deduction in accordance with the HACSC Medical Expense Hardship Policy. Families requesting a hardship exception will be asked to complete a medical expense verification packet, and may be asked to provide supporting documents, receipts, and/or contact information of healthcare providers that can verify the expenses.

Staff currently spend a significant amount of time calculating medical expenses to determine a household's allowable medical expense deduction. By establishing a standard deduction for medical expenses, and by allowing households eligible for the standard deduction to self-certify their medical expenses and applying a standardized deduction, significant staff time will be saved. It's anticipated that savings in staff time previously spent calculating medical expenses can be redirected to direct client services or other programs benefiting the clients served by HACSC.

**Which of the MTW statutory objectives does this MTW activity serve?**

Cost effectiveness

**What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.**

Decreased expenditures

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies only to a subset or subsets of assisted households:

The MTW activity applies to all elderly and disabled households.

**Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households**

The MTW activity applies to new admissions and currently assisted households

**Does the MTW activity apply to all family types or only to selected family types?**

The MTW activity applies only to selected family types: elderly and disabled.

**Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?**

The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers:

The MTW activity applies to all tenant-based units and all properties with project-based vouchers.

**Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.**

The activity was approved by HUD in October 2024 and HACSC is in the process of implementation. Staff training and Yardi setup are scheduled for Spring 2025, with an anticipated effective date of 7/1/2025.

**Does this MTW activity require a hardship policy?**

Yes. The Medical Expense Hardship Policy for this MTW Activity was previously provided and is attached again for reference.

**Does the hardship policy apply to more than this MTW activity?**

No.

**Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?**

No

**How many hardship requests have been received associated with this activity in the past year?**

No hardship were requested in the most recent fiscal year.

**Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

**Does the MTW activity require an impact analysis?**

Yes. The Impact Analysis was previously provided and is attached again.

**Does the impact analysis apply to more than this MTW activity?**

No.

**How much will the single standard deduction be in the Fiscal Year?**

\$1,500 for FY beginning July 1, 2024.

<b>1.w. - Alternative Income Inclusions/Exclusions (HCV)</b>
<p><b>Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative</b></p> <p>Exclude income from asset-building activities. This change benefits clients, increasing self-sufficiency and housing choice as well as saving tenant time. Additionally, it reduces staff time. Decreased staff paperwork increases operational efficiency and cost-effectiveness.</p>
<p><b>Which of the MTW statutory objectives does this MTW activity serve?</b></p> <p>Cost effectiveness; Self-sufficiency; Housing choice</p>
<p><b>What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.</b></p> <p>Increased expenditures</p>
<p><b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b></p> <p>The MTW activity applies to all assisted households</p>
<p><b>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.</b></p> <p>The asset-building activities have been implemented, with deposits effective March 2024.</p>
<p><b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b></p> <p>Yes</p>
<p><b>What is the status of the Safe Harbor Waiver request?</b></p> <p>The safe harbor waiver request was approved in December 2023.</p>
<p><b>Please describe the extent to which the Safe Harbor Waiver is supporting the MTW agency's goal in implementing this MTW activity.</b></p> <p>Income attributable to the asset-building activities our PHA has implemented as part of the MTW Asset Building cohort are excluded. This safe harbor waiver contributes to the success of the asset building program.</p>
<p><b>What inclusions or exclusions will be eliminated, modified, or added?</b></p> <p>Income attributable to the asset-building activities our PHA implements as part of the MtW Asset Building Cohort is excluded.</p>

<b>2.b. - Payment Standards- Fair Market Rents (HCV)</b>
<b>Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.</b> The HACSC shall implement a payment standard between 80% and 120% of Fair Market Rents.
<b>Which of the MTW statutory objectives does this MTW activity serve?</b> Housing choice
<b>What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.</b> Neutral no cost implications)
<b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b> The MTW activity applies to all assisted households.
<b>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation</b> The Housing Authority has established payment standards ranging between 80% and 120% of the Fair Market Rent (FMR). This strategic utilization of payment standards offers flexibility within a reasonable range, aiming to accommodate varying housing market conditions for the benefit of program participants.
<b>Does this MTW activity require a hardship policy?</b> Yes. The Hardship policy was previously provided and is attached again.
<b>Does the hardship policy apply to more than this MTW activity?</b> No
<b>Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?</b> No
<b>How many hardship requests have been received associated with this activity in the past year?</b> No hardships were requested in the most recent fiscal year.
<b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b> No
<b>Does the MTW activity require an impact analysis?</b> Yes. Previously submitted and attached again.
<b>Does the impact analysis apply to more than this MTW activity?</b> No

**Please explain the payment standards by FMR:**

Currently, PHAs are required to establish payment standards between 90% - 120% Fair Market Rents. The proposed waiver would provide HACSC with greater flexibility to establish payment standards that reflect market rates, resulting in greater housing choice for program families.



**2.d. - Rent Reasonableness – Third-Party Requirement (HCV)**

**Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**

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

**Which of the MTW statutory objectives does this MTW activity serve?**

Cost effectiveness; Housing choice

**What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.**

Decreased expenditures

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies only to a subset or subsets of assisted households

**Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?**

New admissions and currently assisted households

**Does the MTW activity apply to all family types or only to selected family types?**

The MTW activity applies to all family types.

**Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?**

The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers.

**Please describe which tenant-based units and/or properties with project-based vouchers participate in the MTW activity.**

Applies only to PBV units owned or controlled by the PHA.

**Based on the Fiscal Year goals listed in the activity’s previous Fiscal Year’s narrative, provide a description about what has been accomplished or changed during the implementation**

The Housing Authority has implemented the waiver, and no longer uses a third party to conduct rent reasonable tests for PBVs at properties owned and/or controlled by the Agency.

**Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

**Please explain or upload a description of the quality assurance method.**

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

An explanation is provided in lieu of an uploaded document.

**Please explain or upload a description of the rent reasonableness determination method.**

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

An explanation is provided in lieu of an uploaded document.

**3.b. - Alternative Reexamination Schedule for Households (HCV)**

**Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**

Reducing the frequency of household certifications allows participants to keep more of their income as their income increases. It also reduces the burden on both participants and Housing Specialists in acquiring, submitting, and processing paperwork. This waiver gives tenants a longer time with stable rent to allow for better financial planning and housing security. Tenants have a greater ability to save for and accomplish life goals such as pursuing education and rent independence or home ownership. To enhance self-sufficiency and increase housing choice, HACSC will not perform an interim reexamination for earned and/or unearned income increases that occur between regularly scheduled reexaminations, regardless of the amount of the increase, unless requested by the family. This waiver, approved by HUD prior to HUD issuing the new HOTMA Final Rule updates to 24 CFR 982.505, supersedes the HOTMA updates which are in conflict with this approved waiver and at odds with the administrative efficiencies created by HACSC's implemented alternative reexamination schedule. Per our existing waiver, HACSC will only apply increases in the payment standard amount outside of regular re-examinations for contract rent increases in which the gross rent would result in an increase in the family share, or in the case of a hardship.

There is no limit to the number of interim reexaminations a family may request per year, without requesting a hardship, for qualifying events.

The activity meets all of the applicable safe harbor requirements in the Operations Notice including (1) Reexaminations must occur at least every three years; (2) The agency must allow at least one interim adjustment per year at the request of the household, if the household gross income has decreased 10% or more; (3) Agency must implement an impact analysis; and (4) Agency must include a hardship policy.

**Which of the MTW statutory objectives does this MTW activity serve?**

Cost effectiveness; Self-sufficiency

**What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.**

Increased expenditures

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies to all assisted households

**Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation**

HACSC has implemented the waiver with no changes to the waiver request as submitted. With HACSC's waiver of certain provisions of 24 CFR Part 982.516(a) and (c), HACSC has introduced an Alternative Reexamination Schedule to streamline reevaluation processes. Under this initiative, MTW households reliant on fixed-income sources undergo reexaminations at least every three years, non-fixed income MTW households every two years, and all other households annually. Fixed income is defined as stable and primary income sources such as Social Security, Disability Insurance, employment pensions, Veterans Affairs benefits, or similar. As this waiver was written and implemented, HACSC conducts interim

adjustments to redetermine subsidy only when the household experiences a qualifying event. Qualifying events are described in the HCV Administrative Plan and include decreases in income, increases in income when requested by the household, changes in household composition, and changes to the contract rent. This waiver, approved by HUD prior to HUD issuing the new HOTMA Final Rule updates to 24 CFR 982.505, supersedes the HOTMA updates which are in conflict with this approved waiver and at odds with the administrative efficiencies created by HACSC's implemented alternative reexamination schedule. Per our existing waiver, HACSC will only apply increases in the payment standard amount outside of regular re-examinations for contract rent increases in which the gross rent would result in an increase in the family share, or in the case of a hardship.

**Does this MTW activity require a hardship policy?**

Yes. The hardship policy was previously provided and is attached again.

**Does the hardship policy apply to more than this MTW activity?**

No

**Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?**

No

**How many hardship requests have been received associated with this activity in the past year?**

No hardships were requested in the most recent fiscal year.

**Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

**Does the MTW activity require an impact analysis?**

Yes. Previously provided and attached again.

**Does the impact analysis apply to more than this MTW activity?**

No

**What is the recertification schedule?**

Other:

The Housing Authority will conduct reexaminations for fixed-income households at least every three years, conduct reexaminations for non-fixed income households under MTW flexibility at least every two years, and all other households will have a reexamination conducted annually. Fixed Income means primary or sole source of income that comes from stable and fixed sources such as Social Security, Social Security Disability Insurance, employment pensions, Veterans Affairs benefits, or similar. Zero income families are not considered to be fixed income; zero income families will have reexaminations conducted annually.

In between reexaminations, the HACSC will conduct any number of interim adjustments to redetermine subsidy when the household experiences a qualifying event. Qualifying events will include decreases in income, without regard to a specified threshold, increases in income (when requested by the household), changes in household composition, and changes to the contract rent. When interim adjustments are conducted, HACSC may apply payment standards and utility allowances in effect at the time of the

effective date of the adjustment. HACSC will reserve the right to conduct reexaminations more frequently either for administrative or financial reasons. HACSC will not perform an interim reexamination for both earned and unearned income increases that occur between regularly scheduled reexaminations, regardless of the amount of the increase, unless requested by the family.

Families may also request an interim reexamination under the HACSC hardship policy. A hardship may be requested if a family has experienced a decrease in income because of changed circumstances, including loss or reduction of employment, death in the family, or reduction in or loss of earnings or other assistance; and/or, the family has experienced an increase in expenses, because of changed circumstances, for medical costs, childcare, transportation, education, or similar items.

**How many interim recertifications per year may a household request?**

2 or more

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

The HACSC will conduct reexaminations for fixed-income families at least every three years and will conduct reexaminations for all remaining (non-fixed-income families) at least every two years. Between reexaminations, the HACSC will conduct interim adjustments to redetermine subsidy when the household experiences a qualifying event. Qualifying events are described in the HCV Administrative Plan and include decreases in income, increases in income (when requested by the household) changes in household composition, and changes to the contract rent. When interim adjustments are conducted, HACSC may apply payment standards and utility allowances in effect at the time of the effective date of the adjustment. HACSC will reserve the right to conduct reexaminations more frequently either for administrative or for financial reasons.

**3.d. - Self-Certification of Assets (HCV)**

**Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**

At reexamination, the agency will allow the self-certification of assets up to \$50,000. Reduced documentation requirements will reduce staff time for processing, thereby increasing operational efficiency and cost effectiveness. Reducing documentation saves time for staff and the majority of tenants whose assets are below a level that makes a difference in qualifying for support.

**Which of the MTW statutory objectives does this MTW activity serve?**

Cost effectiveness

**What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.**

Decreased expenditures

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies to all assisted households

**Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.**

The Housing Authority has implemented this waiver and is allowing households to self-certify assets up to \$50,000. This initiative simplifies the asset verification process, empowering eligible households to self-report assets within the specified threshold.

**Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

**Please state the dollar threshold for the self-certification of assets.**

\$50,000.

**5.c. - Third-Party Requirement (HCV)**

**Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**

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

**Which of the MTW statutory objectives does this MTW activity serve?**

Cost effectiveness; Housing choice

**What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.**

Decreased expenditures

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies only to a subset or subsets of assisted households

**Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?**

New admissions and currently assisted households

**Does the MTW activity apply to all family types or only to selected family types?**

The MTW activity applies to all family types

**Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?**

The MTW activity applies to properties with project-based vouchers owned or controlled by the PHA.

**Please describe which tenant-based units and/or properties with project-based vouchers participate in the MTW activity.**

Applies only to units owned or controlled by the PHA.

**Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.**

The Housing Authority has removed the requirement for third-party inspections on units owned by the Agency. This strategic move is streamlining operations, reducing staff workload, and enhancing cost efficiency by eliminating the need for external inspections.

**Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

**Does this MTW activity require a hardship policy?**

No

**Does this MTW activity require an impact analysis?**

No

**Please explain or upload the description of the quality assurance method:**

HACSC has developed and implemented procedures for the conduct of regularly scheduled quality control of PHA-owned PBV unit inspections, including establishing the sampling size and frequency within the procedures and designating quality control inspector roles and responsibilities. An explanation is provided in lieu of an upload.



<b>5.d. Housing Quality Standards – Alternative Inspection Schedule (HCV)</b>
<b>Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative</b> HACSC proposes to modify the frequency of inspections for both HCV and PBV 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 meet the needs of residents and participants and working with the community to assess and help meet other housing needs. Participants and/or property owners 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 participants and property owners who need to schedule time to open up the unit to our inspectors.
<b>Which of the MTW statutory objectives does this MTW activity serve?</b> Cost Effectiveness
<b>What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.</b> Decreased expenditures
<b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b> The MTW activity applies to all assisted households.
<b>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.</b> N/A
<b>Does this MTW activity require a hardship policy?</b> No
<b>Does the hardship policy apply to more than this MTW activity?</b> No.
<b>Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?</b> N/A
<b>How many hardship requests have been received associated with this activity in the past year?</b> N/A
<b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b> No
<b>Does the MTW activity require an impact analysis?</b> No

**9.a. - Increase PBV Program Cap (HCV)**

**Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**

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

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

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

**Which of the MTW statutory objectives does this MTW activity serve?**

Housing choice

**What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.**

Neutral (no cost implications)

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies to all assisted households

**Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.**

This waiver has been implemented as planned, and HACSC is continuing to spur new affordable housing production with awards of project-based vouchers to projects selected through the RFP process. HACSC has introduced a new PBV Request for Proposals and will continue to expand the PBV portfolio. Before the end of FY 2024-25, HACSC's total commitment of PBVs is anticipated to exceed 30% of our ACC Authorized Units.

<b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b> No
<b>Does this MTW activity require a hardship policy?</b> No
<b>Does this MTW activity require an impact analysis?</b> No
<b>What percentage of total authorized HCV units will be authorized for project-basing?</b> 50.00%

**9.b. - Increase PBV Project Cap (HCV)**

**Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**

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

**Which of the MTW statutory objectives does this MTW activity serve?**

Housing choice

**What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.**

Neutral (no cost implications)

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies to all assisted households

**Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.**

The Housing Authority initially implemented this waiver in FY 2023-24 to allow more than the greater of twenty-five units or 40% of the units at a complex to receive PBV assistance and introduced a new PBV Request for Proposals. The Housing Authority has since reduced the PBV Project Cap back down to the greater of 15 units or 40 percent of the units at the project. The waiver as approved still allows HACSC to award up to 100% of the units at a project.

**Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

**Does this MTW activity require a hardship policy?**

No

**Does this MTW activity require an impact analysis?**

No

**9.c. - Elimination of PBV Selection Process for PHA-owned Projects Without Improvement, Development, or Replacement (HCV)**

**Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**

Under this waiver, the HACSC eliminated the independent third-party selection process and competitive process in the award of PBV's to properties owned or controlled by the agency when the agency is not engaged in an initiative to improve, develop, or replace a public housing property or site. All other PBV selection and approval requirements, including HQS compliance, NEPA review and subsidy layering review are still applicable and must be conducted. The HACSC will comply with the following Safe Harbor requirements (1) A subsidy layering review must be conducted; (2) The agency must complete site selection requirements; (4) The agency is subject to Notice PIH 2013-27 where applicable, or successor; and (5) Property must be owned by a single-asset entity of the agency, see Notice PIH 2017-21. The HACSC has an approved MTW waiver to conduct its own inspections for PHA-owned or controlled units.

**Which of the MTW statutory objectives does this MTW activity serve?**

Cost effectiveness

**What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.**

Decreased expenditures

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies only to a subset or subsets of assisted households

**Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?**

New admissions and currently assisted households

**Does the MTW activity apply to all family types or only to selected family types?**

The MTW activity applies to all family types

**Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?**

The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers

**Please describe which tenant-based units and/or properties with project-based vouchers participate in the MTW activity.**

Applies only to units owned or controlled by the PHA.

**Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation**

The HACSC eliminated the independent third-party selection process and competitive process in the award of PBV's to properties owned or controlled by the agency when the agency is not engaged in an initiative to improve, develop, or replace a public housing property or site.

**Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

**Does this MTW activity require a hardship policy?**

No

**Does this MTW activity require an impact analysis?**

No

**9.h. - Limit Portability for PBV Units (HCV)**

**Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative**

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

**Which of the MTW statutory objectives does this MTW activity serve?**

Cost effectiveness

**What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.**

Decreased expenditures

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies to all assisted households

**Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation**

The Housing Authority has not yet implemented this waiver.

**Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

**Does this MTW activity require a hardship policy?**

No

**Does this MTW activity require an impact analysis?**

No

**10.e. FSS Program With MTW Flexibility Activities – Policies for Addressing Increases in Family Income**

**Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative**

HACSC proposes 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) Specific dollar amounts, to be established annually, payable to a participant's escrow account based on specific achievements such as completion of financial literacy education, completion of vocational training, or maintaining employment for specified periods of time. Some of these incentive payments result in an immediate deposit to the escrow account while others would not be calculated and paid until a successful program graduation.

**Which of the MTW statutory objectives does this MTW activity serve?**

Self Sufficiency

**What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.**

Increased expenditures

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies only to a subset or subsets of assisted households.

**Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households**

New admissions and currently assisted households

**Does the MTW activity apply to all family types or only to selected family types?**

The MTW activity applies only to selected family types.

**Please select the family types subject to this MTW activity:**

Other – another specifically defined target population or populations. Please describe this target population:  
Participants in the FSS Program

**Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?**

The MTW activity applies to all tenant-based units and to all properties with project-based vouchers.

**Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.**

N/A



**Does this MTW activity require a hardship policy?**

No

**Does the hardship policy apply to more than this MTW activity?**

No.

**Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?**

N/A

**How many hardship requests have been received associated with this activity in the past year?**

N/A

**Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

**Does the MTW activity require an impact analysis?**

No

**Does the impact analysis apply to more than this MTW activity?**

N/A

**10.e. - Policies for Addressing Increases in Family Income:**

**How will the MTW agency treat increased earnings for families participating in the FSS Program with MTW flexibility**

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. This would be no change to how it is calculated without MTW flexibility.
- (2) In addition to the standard increases to the escrow account, specific incentive payment amounts, to be established annually, payable to a participant’s escrow account based on specific achievements such as completion of financial literacy education, completion of vocational training, or maintaining employment for specified periods of time. Some of these incentive payments result in an immediate deposit to the escrow account while others would not be calculated and paid until a successful program graduation.

**14.a. - Waive Initial HQS Inspection Requirement (HCV)**

**Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**

HACSC may, at their discretion, waive the initial HQS inspection requirement for PSH residents transitioning into voucher-based assistance who are remaining in their unit. Waiving the initial HQS inspection will decrease costs and increase efficiency, allowing the PSH household to transition to voucher-based assistance seamlessly without the disruption of inspection. Participants retain the right to request inspection at any time.

**Which of the MTW statutory objectives does this MTW activity serve?**

Cost effectiveness; Housing choice

**What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.**

Decreased expenditures

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies only to a subset or subsets of assisted households

**Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?**

Currently assisted households only

**Does the MTW activity apply to all family types or only to selected family types?**

The MTW activity applies only to selected family types

**Please select the family types subject to this MTW activity.**

Other – another specifically defined target population or populations.

**If Other Selected in Previous Question: Please describe this target population in the text box.**

Only residents of Permanent Supportive Housing Programs.

**Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?**

The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers

**Please describe which tenant-based units and/or properties with project-based vouchers participate in the MTW activity.**

Tenant-based Permanent Supportive Housing units from which resident will transition into a tenant-based or project-based voucher unit.

**Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

**Does this MTW activity require a hardship policy?**

No

**Does this MTW activity require an impact analysis?**

No

**Based on the Fiscal Year goals listed in the activity’s previous Fiscal Year’s narrative, provide a description about what has been accomplished or changed during the implementation**

The Housing Authority has implemented this waiver and now allows discretion for PSH residents transitioning to voucher-based assistance and staying in their current unit to potentially bypass the Initial HQS inspection. This streamlined approach aims to enhance efficiency and minimize costs during transitions, while participants retain the option to request an inspection at their convenience.

**14.b.HCV - Allow Income Calculations from Partner Agencies (HCV)**

**Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**

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

**Which of the MTW statutory objectives does this MTW activity serve?**

Cost effectiveness

**What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.**

Decreased expenditures

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies only to a subset or subsets of assisted households

**Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?**

Currently assisted households only

**Does the MTW activity apply to all family types or only to selected family types?**

The MTW activity applies only to selected family types

**Please select the family types subject to this MTW activity.**

Other – another specifically defined target population or populations.

**If Other Selected in Previous Question: Please describe this target population in the text box.**

Only residents of Permanent Supportive Housing Programs transitioning to a voucher.

**Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?**

The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers

**Please describe which tenant-based units and/or properties with project-based vouchers participate in the MTW activity.**

Tenant-based Permanent Supportive Housing units from which resident will transition into a tenant-based or project-based voucher unit.

**Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

**Does this MTW activity require a hardship policy?**

No

**Does this MTW activity require an impact analysis?**

No

**Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation**

The Housing Authority has implemented a waiver allowing the use of partner agency income calculations and documentation, aligning with 24 CFR 5.609 (defining annual income) and within a one-year timeframe. This measure is aimed at streamlining transitions, reducing costs, and simplifying the process for PSH households by eliminating redundant paperwork and easing document verification burdens, especially for vulnerable populations.

**14.c.HCV - Aligning Tenant Rents and Utility Payments Between Partner Agencies (HCV)**

**Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**

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

**Which of the MTW statutory objectives does this MTW activity serve?**

Housing choice

**What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.**

Increased expenditures

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies only to a subset or subsets of assisted households

**Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?**

Currently assisted households only

**Does the MTW activity apply to all family types or only to selected family types?**

The MTW activity applies only to selected family types

**Please select the family types subject to this MTW activity.**

Other – another specifically defined target population or populations.

**If Other Selected in Previous Question: Please describe this target population in the text box.**

Only residents of Permanent Supportive Housing Programs transitioning to a voucher.

**Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?**

The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers

**Please describe which tenant-based units and/or properties with project-based vouchers participate in the MTW activity.**

Tenant-based Permanent Supportive Housing units from which resident will transition into a tenant-based or project-based voucher unit.

**Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

**Does this MTW activity require a hardship policy?**

No

**Does this MTW activity require an impact analysis?**

No

**Based on the Fiscal Year goals listed in the activity’s previous Fiscal Year’s narrative, provide a description about what has been accomplished or changed during the implementation**

The Housing Authority has implemented a waiver enabling the adjustment of subsidies for PSH residents transitioning to voucher-based assistance, aligning with the tenant's previous rent contributions from their PSH program. This measure aims to prevent substantial increases in tenant rent payments during transitions between programs with varying subsidy structures, thereby mitigating the risk of displacement for affected individuals.

**17.c. - Housing Development Programs**

**Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**

HACSC intends to use MTW funding to acquire, renovate and/or build affordable units that are not public housing units. Eligible activities may include gap financing or construction costs for development of affordable housing, conducted by the PHA or a PHA-controlled affiliate or by a non-PHA affordable housing developer, including but not limited to development of project-based voucher units, tax credit units, or affordable units funded with any other local, state, or federal funds. HACSC will not spend more than 10% of its HAP budget on local, non-traditional activities. Families receiving housing or services through local, non-traditional activities must meet the definition of low-income. Local, non-traditional development activities will be conducted in accordance with the applicable requirements of PIH Notice 2011-45 and the MTW Operations Notice. The Agency shall comply with Safe Harbor provisions requiring compliance with Section 30 of the 1937 Housing Act and that any MTW Funding awarded to a third-party provider must be competitively awarded.

**Which of the MTW statutory objectives does this MTW activity serve?**

Housing choice

**What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.**

Increased expenditures

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies to all assisted households

**Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

**Does this MTW activity require a hardship policy?**

No

**Does this MTW activity require an impact analysis?**

No

**Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation**

The Housing Authority has provided \$8 million of LNT funding for the construction of a 20-unit affordable housing development called Natural Bridges in Santa Cruz. That development is helping the Housing Authority reach its goal of providing new affordable housing opportunities to program participants in the community. Construction at Natural Bridges was completed in December 2024, and the process of moving tenants in has commenced. .



**Table 17.c.1**

**Housing Development Programs that the MTW Agency plans to commit Funds to in Fiscal Year**

Name of Development and Address	MTW Role: Acquisition, Rehabilitation or New Construction	Type of MTW Agency Financing: Gap Financing, Tax Credit Partnership or Other	Number of Affordable Units	Total Number of Units	Number of Units by Affordability 80% AMI	Number of Units by Affordability 50% AMI	Number of Units by Affordability 30% AMI	Number of Units by Affordability Other
<u>Chanticleer</u> 2021-2031 Chanticleer Ave Santa Cruz, CA 95062	New Construction	TBD	50	50	0	0	0	N/A
<u>Portola</u> 3501 Portola Avenue Santa Cruz CA 95062	Acquisition	TBD	0	0	0	0	0	0

**Housing Development Programs that the MTW Agency plans to spend funds on in Fiscal Year**

Name of Development and Address	MTW Role: Acquisition, Rehabilitation or New Construction	Type of MTW Agency Financing: Gap Financing, Tax Credit Partnership or Other	Number of Affordable Units	Total Number of Units	Number of Units by Affordability 80% AMI	Number of Units by Affordability 50% AMI	Number of Units by Affordability 30% AMI	Number of Units by Affordability Other
Chanticleer 2021-2031 Chanticleer Ave Santa Cruz, CA 95062	New Construction	TBD	50	50	0	0	0	N/A
<u>Portola</u> 3501 Portola Avenue Santa Cruz CA 95062	Acquisition	TBD	0	0	0	0	0	0

**Table 17.c.2**

**Housing Development Programs that the MTW Agency committed funds to in prior Fiscal Year**

Name of Development and Address	MTW Role: Acquisition, Rehabilitation or New Construction	Type of MTW Agency Financing: Gap Financing, Tax Credit Partnership or Other	Number of Affordable Units	Total Number of Units	Number of Units by Affordability 80% AMI	Number of Units by Affordability 50% AMI	Number of Units by Affordability 30% AMI	Number of Units by Affordability Other
Natural Bridges Apartments 415 Natural Bridges Drive Santa Cruz, CA 95060	New Construction	Gap Financing or Construction	20	20	0	20	0	0
<u>Chanticleer</u> <u>2021-2031 Chanticleer Ave</u> <u>Santa Cruz, CA 95062</u>	Acquisition	TBD	50	50				
<u>Portola</u> <u>3501 Portola Avenue</u> <u>Santa Cruz CA 95062</u>	Acquisition	TBD	0	0	0	0	0	0

**Housing Development Programs that the MTW Agency spent funds on in prior Fiscal Year**

Name of Development and Address	MTW Role: Acquisition, Rehabilitation or New Construction	Type of MTW Agency Financing: Gap Financing, Tax Credit Partnership or Other	Number of Affordable Units	Total Number of Units	Number of Units by Affordability 80% AMI	Number of Units by Affordability 50% AMI	Number of Units by Affordability 30% AMI	Number of Units by Affordability Other
Natural Bridges Apartments 415 Natural Bridges Drive Santa Cruz, CA 95060	New Construction	Gap Financing or Construction	20	20	0	20	0	0
<u>Chanticleer</u> <u>2021-2031 Chanticleer Ave</u> <u>Santa Cruz, CA 95062</u>	Acquisition	TBD	50	50				
<u>Portola</u> <u>3501 Portola Avenue</u> <u>Santa Cruz CA 95062</u>	Acquisition	TBD	0	0	0	0	0	0

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<b>D.</b>	<b>Safe Harbor Waivers.</b>
<b>D.1</b>	<p><b>Will the MTW agency submit a request for approval of a Safe Harbor Waiver this year?</b> No.</p>
<b>E.</b>	<b>Agency-Specific Waiver(s).</b>
<b>E.1</b>	<p><b>Agency-Specific Waiver(s) for HUD Approval:</b> The MTW demonstration program is intended to foster innovation and HUD encourages MTW agencies, in consultation with their residents and stakeholders, to be creative in their approach to solving affordable housing issues facing their local communities. For this reason, flexibilities beyond those provided for in Appendix I may be needed. Agency-Specific Waivers may be requested if an MTW agency wishes to implement additional activities, or waive a statutory and/or regulatory requirement not included in Appendix I.</p> <p>In order to pursue an Agency-Specific Waiver, an MTW agency must include an Agency-Specific Waiver request, an impact analysis, and a hardship policy (as applicable), and respond to all of the mandatory core questions as applicable.</p> <p>For each Agency-Specific Waiver(s) request, please upload supporting documentation, that includes: a) a full description of the activity, including what the agency is proposing to waive (i.e., statute, regulation, and/or Operations Notice), b) how the initiative achieves one or more of the 3 MTW statutory objectives, c) a description of which population groups and household types that will be impacted by this activity, d) any cost implications associated with the activity, e) an implementation timeline for the initiative, f) an impact analysis, g) a description of the hardship policy for the initiative, and h) a copy of all comments received at the public hearing along with the MTW agency's description of how the comments were considered, as a required attachment to the MTW Supplement.</p> <p><b>Will the MTW agency submit a request for approval of an Agency-Specific Waiver this year?</b> Yes, three new Agency-Specific Waiver requests are attached for: E.1.a PBV Independent Entity Requirements E.1.b HCV Independent Entity Requirements for Rent Reasonableness and HQS Inspections E.1.c PBV Subsidy Standards</p>

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<b>E.2</b>	<p><b>Agency-Specific Waiver(s) for which HUD Approval has been received: Does the MTW agency have any approved Agency-Specific Waivers?</b></p> <p>Yes:</p> <p><b>A. <u>Allow use of Tenant Income Certification (TIC) for PBV eligibility determination.</u></b>  <b>Has there been a change in how the waiver is being implemented from when it was originally approved?</b></p> <p style="padding-left: 40px;">Yes.</p> <p><b>If there has been a change, please provide a description of what has changed.</b></p> <p style="padding-left: 40px;">HACSC initially implemented as approved, however we revised the waiver effective 7/1/2024 to: For PBV units that also are subject to the requirements of the Low-Income Housing Tax Credit (LIHTC) Program, HACSC proposes to use the TIC form required under the LIHTC Program as verification of the family’s income and assets. Owners of PBV units that receive LIHTCs must comply with Federal LIHTC regulations, which are similar to HCV regulations regarding verification of income and assets when determining and recertifying income eligibility of residents. The TIC will only be used as verification of income and assets.</p> <p><b>This MTW activity applies to:</b></p> <p style="padding-left: 40px;"><input checked="" type="checkbox"/> Both new admissions and currently assisted households</p>
	<p><b>B. <u>Extend Zero HAP participation from 180 days to 360 days.</u></b>  <b>Has there been a change in how the waiver is being implemented from when it was originally approved?</b></p> <p style="padding-left: 40px;">No.</p>

<b>F.</b>	<b>Public Housing Operating Subsidy Grant Reporting.</b>			
<b>F.1</b>	Total Public Housing Operating subsidy amount authorized, disbursed by 9/30, remaining, and deadline for disbursement, by Federal Fiscal Year for each year the PHA is designated an MTW agency.			
Federal Fiscal Year (FFY)	Total Operating Subsidy Authorized Amount	How Much PHA Disbursed by the 9/30 Reporting Period	Remaining Not Yet Disbursed	Deadline
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	N/A

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<b>G.</b>	<b>MTW Statutory Requirements.</b>	
<b>G.1</b>	<p><b>75% Very Low Income – Local, Non-Traditional.</b>                  HUD will verify compliance with the statutory requirement that at least 75% of the households assisted by the MTW agency are very low-income for MTW public housing units and MTW HCVs through HUD systems. The MTW PHA must provide data for the actual families housed upon admission during the PHA's most recently completed Fiscal Year for its Local, Non-Traditional program households.</p>	
<b>Income Level</b>		<b>Number of Local, Non-Traditional Households Admitted in the Fiscal Year*</b>
80%-50% Area Median Income		0
49%-30% Area Median Income		0
Below 30% Area Median Income		0
Total Local, Non-Traditional Households		<b>0</b>

\*Local, non-traditional income data must be provided in the MTW Supplement form until such time that it can be submitted in IMS-PIC or other HUD system.

<b>G.2</b>	<b>Establishing Reasonable Rent Policy.</b>	
<p><b>Has the MTW agency established a rent reform policy to encourage employment and self-sufficiency?</b>                  Yes</p>		
<b>G.3</b>	<b>Substantially the Same (STS) – Local, Non-Traditional.</b>	
The total number of unit months that families were housed in a local, non-traditional rental subsidy for the prior full calendar year.	0 # of unit months	

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**Number of units developed under the local, non-traditional housing development activity that were available for occupancy during the prior full calendar year:**

PROPERTY NAME/ ADDRESS	0/1 BR	2 BR	3 BR	4 BR	5 BR	6+ BR	TO TA L UNI TS	Popu- lation Type	if 'Populat ion Type' is Other	# of Section 504 Accessibl e (Mobility )**	# of Sectio n 504 Access ible (Heari ng/ Vision )	Was this Property Made Available for Initial Occupancy during the Prior Full Calendar Year?	What was the Total Amount of MTW Funds Invested into the Property?
	0	0	0	0	0	0	0						

<b>G.4</b>	<b>Comparable Mix (by Family Size) – Local, Non-Traditional.</b>
<p>To demonstrate compliance with the statutory requirement to continue serving a 'comparable mix" of families by family size to that which would have been served without MTW, the MTW agency will provide the number of families occupying local, non-traditional units by household size for the most recently completed Fiscal Year in the provided table.</p>	
<b>Family Size:</b>	<b>Occupied Number of Local, Non-Traditional units by Household Size</b>
1 Person	0
2 Person	0
3 Person	0
4 Person	0
5 Person	0
6+ Person	0
<b>Totals</b>	<b>0</b>

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<b>H.</b>	<b>Public Comment</b>
	<p><i><b>PENDING PUBLIC HEARING</b></i> - Attached you will find a copy of all of the comments received and a description of how the agency analyzed the comments, as well as any decisions made based on those comments.</p>
	<p><i><b>PENDING PUBLIC HEARING-</b></i> Please see attached comments for the additional public hearing held for the Agency-Specific Waivers</p>
<b>I.</b>	<b>Evaluations.</b>
	<p>No known evaluations.</p>

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<b>IMPACT ANALYSIS</b>
<b>1.o.</b>
<b>1.o. Tenant Rent Policies – Initial Rent Burden (HCV)</b>
<b>Waiver Description:</b> The agency may waive the maximum family share at initial occupancy of 40% of the family’s monthly income.
<p><b>Describe the MTW activity (including what specifically the agency is proposing to waive), the MTW agency’s goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.</b></p> <p>HACSC will waive the maximum family share at initial occupancy of 40% of the family’s monthly income. HACSC will not allow the family share at initial occupancy to exceed 50% of the family’s monthly income.</p> <p>Santa Cruz County is currently the most expensive rental market in the nation. HACSC requests this waiver to promote increased housing choice for households, allowing HCV participants more options in their housing search. 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.</p>
<p><b>Which of the MTW statutory objectives does this MTW activity serve?</b></p> <p>Housing Choice</p>
<p><b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b></p> <p>The MTW activity applies to all assisted households.</p>
<p><b>Does the MTW activity apply to all family types or only to selected family types?</b></p> <p>The MTW activity applies to all family types.</p>
<p><b>Impact on the agency’s finances (e.g., how much will the activity cost, and any change in the agency’s per family contributions).</b></p> <p>No changes to the agency’s finances. No changes to the agency’s per family contributions.</p>
<p><b>Impact on affordability of housing costs for affected families (e.g. any change in how much affected families will pay towards their housing costs.)</b></p> <p>For families that voluntarily elect to exceed the standard 40% maximum at initial occupancy, their family share may go up to as much as 50% of the family’s monthly income.</p>



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<b>Impact on the agency's waitlist(s) (e.g., any change in the amount of time families are on the waitlist)</b> No change.
<b>Impact on the agency's termination rate of families (e.g., any change in the rate at which families non-voluntarily lose assistance from the agency)</b> No change.
<b>Impact on the agency's current occupancy level in public housing and utilization rate in the HCV program</b> No change.
<b>Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency, and/or housing choice</b> This waiver supports the MTW statutory goal of increasing housing choice.
<b>Impact on the agency's ability to meet the MTW statutory requirements.</b> This waiver positively impacts the agency's ability to meet the MTW statutory requirements.
<b>Impact on the rate of hardship requests and the number granted and denied as a result of this activity.</b> Not applicable, the agency does not anticipate any hardship due to implementation of this waiver.
<b>Across the other factors above, the impact on protected classes (and any associated disparate impact).</b> None.
<b>Implementation timeline.</b> Upon HUD approval of the MTW Supplement.
<b>Description of a hardship policy, if needed. The MTW agency must adopt a written policy for determining when a requirement or provision of an MTW activity constitutes a financial or other hardship for the family. The agency must include this policy as an attachment to its MTW Supplement to the Annual PHA Plan. The agency may use a single hardship policy, as applicable, for multiple MTW waivers or develop different hardship policies for different MTW waivers as it finds appropriate.</b> None, not applicable, there is no hardship policy needed.

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**AGENCY SPECIFIC WAIVER**

**E.1.a**

**Agency Specific Waiver Title:** Independent Entity Requirements for Project Based Vouchers

**Regulations to Waive:** 24 CFR 983.51(h), 983.57(b), 983.103(g), 983.155(b), 983.156(d), 983.212(c), 983.301(g), 983.303(f)

**Describe the MTW activity (including what specifically the agency is proposing to waive), the MTW agency’s goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**

HACSC proposes to waive all Independent Entity requirements in the Project Based Voucher (PBV) Program for PHA-owned units, in order to create administrative efficiencies and reduce agency costs. Independent entity functions include determining rent to owner, rent reasonableness, unit inspections, accepting evidence of completion of the work, project selection, and approving and accepting completion of substantial improvements. The agency already has MTW Authority to waive Independent Entity requirements at PHA-owned properties for Rent Reasonableness (Waiver 2.d.), HQS Inspections (Waiver 5.c.) and Project Selection (Waiver 9.c.).

This waiver request is to waive all remaining Independent Entity functions, empowering HACSC staff to perform all functions previously required to be performed by an Independent Entity. This will streamline and simplify the administrative functions relating to PHA-owned units.

The Independent Entity functions to be waived under this request include:

- (A) determining rent to owner;
- (B) accepting evidence of completion of the work; and
- (C) approving and accepting completion of substantial improvements.

Implementation of this waiver will result in cost effectiveness and decreased expenditures.

**This MTW activity serves the following statutory objectives:**

Cost effectiveness

**Cost Implications**

Decreased expenditures

**Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted household**

The MTW activity applies only to a subset or subsets of assisted households.

**Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?**

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New admissions and currently assisted households
<b>If waiver doesn't apply to all assisted households: Family Types. Does the MTW activity apply to all family types or only to selected family types?</b> The MTW activity applies to all family types
<b>Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?</b> The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers.
<b>Please describe which tenant-based units and/or properties with project-based vouchers participate in the MTW activity.</b> PHA-owned properties with project-based vouchers.
<b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b> No
<b>Does this MTW activity require a Hardship Policy:</b> No
<b>Does the MTW activity require an impact analysis?</b> Yes
<b>Does the impact analysis apply to more than this MTW activity?</b> No
<b>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.</b> N/A
<b>Comments received at the public hearing for the Agency-Specific waiver and the agency's description of how the comments were considered.</b> Pending public hearing March 2025

**Housing Authority of the County of Santa Cruz  
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**IMPACT ANALYSIS**

**E.1.a**

**Agency Specific Waiver Title:** Independent Entity Requirements for Project Based Vouchers

**Describe the MTW activity (including what specifically the agency is proposing to waive), the MTW agency’s goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**

HACSC proposes to waive all Independent Entity requirements in the Project Based Voucher (PBV) Program for PHA-owned units, in order to create administrative efficiencies and reduce agency costs. Independent entity functions include determining rent to owner, rent reasonableness, unit inspections, accepting evidence of completion of the work, project selection, and approving and accepting completion of substantial improvements. The agency already has MTW Authority to waive Independent Entity requirements at PHA-owned properties for Rent Reasonableness (Waiver 2.d.), HQS Inspections (Waiver 5.c.) and Project Selection (Waiver 9.c.).

This waiver request is to waive all remaining Independent Entity functions, empowering HACSC staff to perform all functions previously required to be performed by an Independent Entity. This will streamline and simplify the administrative functions relating to PHA-owned units.

The Independent Entity functions to be waived under this request include:

- (A) determining rent to owner;
- (B) accepting evidence of completion of the work; and
- (C) approving and accepting completion of substantial improvements.

Implementation of this waiver will result in cost effectiveness and decreased expenditures.

**Which of the MTW statutory objectives does this MTW activity serve?**

Cost effectiveness

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies only to a subset or subsets of assisted households.

**Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?**

New admissions and currently assisted households

**Does the MTW activity apply to all family types or only to selected family types?**

All family types.

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**Impact on the agency's finances (e.g., how much will the activity cost, and any change in the agency's per family contributions).**

Positive impact on the agency's finance as there will no longer be a need to pay for independent entity services. No changes to the agency's per family contributions.

**Impact on affordability of housing costs for affected families (e.g. any change in how much affected families will pay towards their housing costs.)**

This MTW activity would not impact housing costs for families.

**Impact on the agency's waitlist(s) (e.g., any change in the amount of time families are on the waitlist)**

This MTW activity would not impact the agency's waitlist.

**Impact on the agency's termination rate of families (e.g., any change in the rate at which families non-voluntarily lose assistance from the agency)**

This MTW activity would not impact the termination rate of families.

**Impact on the agency's current occupancy level in public housing and utilization rate in the HCV program**

This MTW activity would not impact the utilization rate in the HCV Program

**Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency, and/or housing choice**

This MTW activity would support the goal of cost effectiveness through streamlining administrative operations relating to the PBV Program.

**Impact on the agency's ability to meet the MTW statutory requirements**

This MTW activity would positively impact the agency's ability to meet the statutory requirements.

**Impact on the rate of hardship requests and the number granted and denied as a result of this activity.**

This MTW activity does not require a hardship policy.

**Across the other factors above, the impact on protected classes (and any associated disparate impact).**

None

**Implementation timeline.**

Upon approval of the MTW Supplement.

**Description of a hardship policy, if needed.**

This MTW activity does not require a hardship policy.

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<b>AGENCY SPECIFIC WAIVER</b>
<b>E.1.b.</b>
<b>Agency Specific Waiver Title:</b> Independent Entity Requirements in PHA-Owned Units With Housing Choice Voucher Tenants
<b>Regulations to Waive:</b> 24 CFR 982.352(b)(v)(A)(1) & 982.352(b)(v)(A)(3).
<p><b>Describe the MTW activity (including what specifically the agency is proposing to waive), the MTW agency’s goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.</b></p> <p>HACSC proposes to waive certain independent entity requirements in the HCV Program for PHA-owned units in order to create administrative efficiencies and reduce agency costs. Independent entity functions to be waived include:</p> <ul style="list-style-type: none"> <li>(A) Determining rent reasonableness; and</li> <li>(B) Inspecting units for compliance with HQS.</li> </ul> <p>This waiver will empower HACSC staff to perform these two functions previously required to be performed by an Independent Entity. This will streamline and simplify the administrative functions relating to PHA-owned units. Implementation of this waiver will result in cost effectiveness and decreased expenditures.</p>
<p><b>This MTW activity serves the following statutory objectives:</b></p> <p>Cost effectiveness</p>
<p><b>Cost Implications</b></p> <p>Decreased expenditures</p>
<p><b>Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b></p> <p>The MTW activity applies to subset of assisted households</p>
<p><b>If previous question is a subset.</b></p> <p><b>Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?</b></p> <p>New admissions and currently assisted households</p>
<p><b><i>If waiver doesn’t apply to all assisted households:</i></b></p> <p><b>Family Types. Does the MTW activity apply to all family types or only to selected family types?</b></p> <p>The MTW activity applies to all family types</p>
<p><b>If not all assisted households are selected.</b></p> <p><b>For HCV activities:</b></p>

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**Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?**

The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers

**Please describe which tenant-based units and/or properties with project-based vouchers participate in the MTW activity.**

This activity applies to PHA-owned units occupied by tenants utilizing Housing Choice Vouchers.

**Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

**Does the MTW activity require an impact analysis?**

Yes

**Does the impact analysis apply to more than this MTW activity?**

No

**Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.**

N/A

**Comments received at the public hearing for the Agency-Specific waiver and the agency's description of how the comments were considered.**

**PENDING PUBLIC HEARING**

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<b>IMPACT ANALYSIS</b> <b>E.1.b.</b>
<b>Agency Specific Waiver Title:</b> Independent Entity Requirements in PHA-Owned Units With Housing Choice Voucher Tenants
<b>Regulations to Waive:</b> 24 CFR 982.352(b)(v)(A)(1) & 982.352(b)(v)(A)(3).
<p><b>Describe the MTW activity (including what specifically the agency is proposing to waive), the MTW agency’s goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.</b></p> <p>HACSC proposes to waive certain independent entity requirements in the HCV Program for PHA-owned units in order to create administrative efficiencies and reduce agency costs. Independent entity functions to be waived include:</p> <ul style="list-style-type: none"><li>(C) Determining rent reasonableness; and</li><li>(D) Inspecting units for compliance with HQS.</li></ul> <p>This waiver will empower HACSC staff to perform these two functions previously required to be performed by an Independent Entity. This will streamline and simplify the administrative functions relating to PHA-owned units. Implementation of this waiver will result in cost effectiveness and decreased expenditures.</p>
<p><b>Which of the MTW statutory objectives does this MTW activity serve?</b></p> <p>Cost effectiveness.</p>
<p><b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b></p> <p>This MTW activity applies to a subset of assisted households.</p>
<p><b>Does the MTW activity apply to all family types or only to selected family types?</b></p> <p>All family types.</p>
<p><b>Impact on the agency’s finances (e.g., how much will the activity cost, and any change in the agency’s per family contributions).</b></p> <p>This will positively impact the agency’s finances as the agency will no longer need to compensate independent entities.</p>
<p><b>Impact on affordability of housing costs for affected families (e.g. any change in how much affected families will pay towards their housing costs.)</b></p> <p>This MTW activity will not impact housing costs for families.</p>



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**Impact on the agency's waitlist(s) (e.g., any change in the amount of time families are on the waitlist)**

This MTW activity will not impact the agency's waitlist.

**Impact on the agency's termination rate of families (e.g., any change in the rate at which families non-voluntarily lose assistance from the agency)**

This MTW activity will not impact the termination rate of families.

**Impact on the agency's current occupancy level in public housing and utilization rate in the HCV program**

This MTW activity will not impact the utilization rate in the HCV Program.

**Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency, and/or housing choice**

This MTW activity meet the goal of cost-effectiveness.

**Impact on the agency's ability to meet the MTW statutory requirements**

This MTW activity will positively impact the agency's ability to meet the MTW statutory requirements.

**Impact on the rate of hardship requests and the number granted and denied as a result of this activity.**

There is no hardship associated with this waiver.

**Across the other factors above, the impact on protected classes (and any associated disparate impact).**

None.

**Implementation timeline.**

Upon approval of the MTW Supplement.

**Description of a hardship policy, if needed.**

There is no hardship associated with this waiver.

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**AGENCY SPECIFIC WAIVER**

**E.1.c**

**Agency Specific Waiver Title:** Establish Alternative Subsidy Standards Schedule for Project-Based Voucher Units

**Regulation to Waive:** 24 CFR 982.402(b)(3)

**Describe the MTW activity (including what specifically the agency is proposing to waive), the MTW agency’s goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**

HACSC proposes an alternative subsidy standard schedule for all PBV units. In the HCV Program, the subsidy standards determine the voucher size for the family and help to inform the applicable payment standard used in the rent calculation. In the PBV Program they determine the appropriate unit size, but they do not impact the rent calculation as most PBV participants simply pay their TTP regardless of the unit size they occupy or the amount of rent to owner.

Typically, affordable housing utilizes occupancy standards, which are a range. Occupancy standards ensure that units are not overcrowded and that families are not severely over housed, but are also designed to give families more flexibility in the unit types that they are able to rent. This contrasts to subsidy standards, which is a fixed number and is more restrictive. Since the subsidy standards must be consistent for both the HCV and PBV Programs, this creates difficulties in filling PBV units and reduces housing choice for families, since families are only able to occupy the exact PBV unit size as determined by the subsidy standards. However, HCV families may choose to rent a larger or smaller unit than their voucher size.

Additionally, the more restrictive subsidy standards further strains PBV families since if they change their family size and their new family size exceeds or drops below the subsidy standard for the unit size that they occupy, current regulations require them to vacate the PBV unit. Therefore, families that wish to change their family size may be unable to do so for fear of jeopardizing their housing stability.

HACSC proposes to establish an alternative subsidy standards schedule for PBV units that better aligns with occupancy standards of the affordable housing industry. An example of an alternative schedule, which shall be established annually in the HCV Administrative Plan, is below:

Unit Size	Minimum Family Size	Maximum Family Size
1 bedroom	1 person	3 persons
2 bedrooms	2 persons	5 persons
3 bedrooms	3 persons	7 persons

Establishing alternative standards will improve housing choice, improve utilization of PBV unit by expanding the number of eligible families for any given PBV unit, and strengthen housing stability.

**This MTW activity serves the following statutory objectives:**

Housing Choice

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Impact Analysis**

<p><b>Cost Implications</b> Neutral (no cost implications)</p>
<p><b>Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households</b> The MTW activity applies only to a subset or subsets of assisted households</p>
<p><b>If previous question is a subset.</b> <b>Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?</b> New admissions and currently assisted households</p>
<p><b>If waiver doesn't apply to all assisted households:</b> <b>Family Types. Does the MTW activity apply to all family types or only to selected family types?</b> The MTW activity applies to all family types.</p>
<p><b>If not all assisted households are selected.</b> <b>For HCV activities:</b> <b>Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?</b> The MTW activity applies to all properties with project-based vouchers</p>
<p><b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b> No</p>
<p><b>Does this MTW activity require a Hardship Policy:</b> No</p>
<p><b>Does the MTW activity require an impact analysis?</b> Yes</p>
<p><b>Does the impact analysis apply to more than this MTW activity?</b> No</p>
<p><b>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.</b> N/A</p>
<p><b>Comments received at the public hearing for the Agency-Specific waiver and the agency's description of how the comments were considered.</b>  <b style="color: red; text-align: center;">PENDING PUBLIC COMMENT</b></p>

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

**IMPACT ANALYSIS**

**E.1.c**

**Agency Specific Waiver Title:** Establish Alternative Subsidy Standards Schedule for Project Based Voucher Units

**Regulation to Waive:** 24 CFR 982.402(b)(3)

**Describe the MTW activity (including what specifically the agency is proposing to waive), the MTW agency’s goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**

HACSC proposes an alternative subsidy standard schedule for all PBV units. In the HCV Program, the subsidy standards determine the voucher size for the family and help to inform the applicable payment standard used in the rent calculation. In the PBV Program they determine the appropriate unit size, but they do not impact the rent calculation as most PBV participants simply pay their TTP regardless of the unit size they occupy or the amount of rent to owner.

Typically, affordable housing utilizes occupancy standards, which are a range. Occupancy standards ensure that units are not overcrowded and that families are not severely over housed but are also designed to give families more flexibility in the unit types that they are able to rent. This contrasts to subsidy standards, which is a fixed number and is more restrictive. Since the subsidy standards must be consistent for both the HCV and PBV Programs, this creates difficulties in filling PBV units and reduces housing choice for families, since families are only able to occupy the exact PBV unit size as determined by the subsidy standards. However, HCV families may choose to rent a larger or smaller unit than their voucher size.

Additionally, the more restrictive subsidy standards further strains on PBV families since if they change their family size and their new family size exceeds or drops below the subsidy standard for the unit size that they occupy, current regulations require them to vacate the PBV unit. Therefore, families that wish to change their family size may be unable to do so for fear of jeopardizing their housing stability.

HACSC proposes to establish an alternative subsidy standards schedule for PBV units that better aligns with occupancy standards of the affordable housing industry. An example of an alternative schedule, which shall be established annually in the HCV Administrative Plan, is below:

Unit Size	Minimum Family Size	Maximum Family Size
1 bedroom	1 person	3 persons
2 bedrooms	2 persons	5 persons
3 bedrooms	3 persons	7 persons

Establishing alternative standards will improve housing choice, improve utilization of PBV unit by expanding the number of eligible families for any given PBV unit, and strengthen housing stability.

**Which of the MTW statutory objectives does this MTW activity serve?**

Housing Choice

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

<p><b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b></p> <p>The MTW activity applies to a subset or subsets of assisted households.</p>
<p><b>Does the MTW activity apply to all family types or only to selected family types?</b></p> <p>This MTW activity applies to all family types.</p>
<p><b>Impact on the agency's finances (e.g., how much will the activity cost, and any change in the agency's per family contributions).</b></p> <p>No change to agency's finances. No change to agency's per family contributions.</p>
<p><b>Impact on affordability of housing costs for affected families (e.g. any change in how much affected families will pay towards their housing costs.)</b></p> <p>No change in housing costs for families.</p>
<p><b>Impact on the agency's waitlist(s) (e.g., any change in the amount of time families are on the waitlist)</b></p> <p>This MTW activity may reduce the amount of time that families are on the waiting list as this will expand the number of PBV units that a family may be eligible for.</p>
<p><b>Impact on the agency's termination rate of families (e.g., any change in the rate at which families non-voluntarily lose assistance from the agency)</b></p> <p>This MTW activity may reduce the termination rate of families because it will allow families more flexibility to live in PBV units and changing their family size or composition may no longer result in them needing to vacate a PBV unit.</p>
<p><b>Impact on the agency's current occupancy level in public housing and utilization rate in the HCV program</b></p> <p>This MTW activity is anticipated to improve the utilization rate of PBV units by expanding the pool of eligible families.</p>
<p><b>Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency, and/or housing choice</b></p> <p>This MTW activity improves housing choice.</p>
<p><b>Impact on the agency's ability to meet the MTW statutory requirements</b></p> <p>This MTW activity positively impacts the agency's ability to meet the MTW statutory requirements.</p>
<p><b>Impact on the rate of hardship requests and the number granted and denied as a result of this activity.</b></p> <p>The agency anticipates that there will be no hardships associated with this waiver.</p>
<p><b>Across the other factors above, the impact on protected classes (and any associated disparate impact).</b></p> <p>None.</p>

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

**Implementation timeline.**

Upon approval of the MTW Supplement.

**Description of a hardship policy, if needed.**

The agency anticipates that there will be no hardships associated with this waiver.

## AGENDA ITEM SUMMARY

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**MEETING DATE:** February 26, 2025

**ITEM NUMBER:** 6B

**FROM:** Executive Director

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**SUBJECT:** Rescinding Project-Based Voucher Awards

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**RECOMMENDATION:** Adopt Proposed Criteria for Recission of Project-Based Voucher Awards

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### **BACKGROUND SUMMARY:**

The Housing Authority's Project-Based Voucher (PBV) Program has grown tremendously over the last three years. In December 2021, there were 324 units under a Housing Assistance Payments (HAP) Contract, and 379 conditionally awarded, pending an Agreement to Enter Into a Housing Assistance Payments Contract (AHAP) for a total program size of 703 units. As of December 2024, there are 728 units under a HAP Contract, 302 units under AHAP, and a total of 528 units pending an AHAP, for a total program size of 1,558. This represents a 122% increase to the total size of the PBV portfolio over the three-year period.

PBVs are a scarce and valuable resource and are intended to support projects that are able to make demonstrable progress toward initially executing an AHAP, complete construction in a timely manner, and subsequently execute a HAP Contract. In previous discussions with the Board of Commissioners and the Board's PBV Subcommittee, board members have expressed concerns about projects that are not progressing, and have encouraged staff to develop a policy for when the agency may consider rescinding an award of PBVs.

When PBVs are conditionally awarded to projects, the agency designates those vouchers to the PBV Program (effectively setting the vouchers aside) to ensure that they are available when the project leases up. While staff can and do continue to use those vouchers during the period of time between conditional award and PBV occupancy, staff must closely monitor program attrition rates, anticipated occupancy dates, and must limit voucher issuance to ensure that adequate vouchers and funding are available when the units are ready for occupancy. If projects experience significant delays, the conditionally awarded PBVs sit in limbo and continue to limit the Agency's ability to issue HCVs to families on the waiting list for extended periods of time. Additionally, extended delays may push a project into a subsequent funding year, resulting in a concentration of PBV units ready for occupancy in a short period of time, which can cause a funding imbalance by underspending for one year and increase the possibility of a financial shortfall in a subsequent year. Finally, these significant delays impact the number of PBVs that

may be made available to other developers for other projects, some of which may be better positioned to make meaningful progress, complete construction, and be ready for occupancy sooner.

Historically, the agency has not held developers to strict development timelines. More recently, the agency has included in its conditional award letter that projects are *expected*, but not required, to execute an AHAP within 24 months of the original conditional award of PBVs. The AHAP is the official “commitment” of PBVs under HUD metrics and is a major milestone in the lifecycle of a PBV project. Construction cannot begin until the AHAP is executed, and this can only be done after a federal environmental review has been approved and all reasonably anticipated funding has been secured, and a Subsidy Layering Review has been completed. The AHAP is a critical contract because it provides both the developer and the Housing Authority funding assurances; even if the agency were to drop into a shortfall position and lack adequate funding to fulfill the PBV commitment when the project initially leases up, HUD has historically provided additional funding to cover the unfunded AHAP obligation so that the housing authority can honor its commitment to the project. Projects that have been conditionally awarded PBVs but are not under AHAP do not have this protection. Therefore, if the agency were to experience a financial shortfall, HUD may or may not allow the agency to enter into an AHAP or HAP contract.

Historically, from Conditional Award to execution of an AHAP, PBV projects have taken an average of 19 months, with a high of 32 months, and a median of 22 months. There are a handful of projects that have missed the 24-month target, and there is currently no established policy regarding rescission of an award if the 24-month deadline is missed. Of the projects currently in the PBV pipeline that have been conditionally awarded vouchers and have not yet reached AHAP, two projects are at 23 months, and one project is at 43 months.

Most housing authorities do not have established policies regarding the rescission of PBV awards. Of those that do, the rescission policies vary, including conditioning the award of PBVs on the project securing specific funding award(s) or establishing a specific number of months for which the conditional award is valid. After considering a number of options, staff recommend the following requirement for PBV projects, with a policy of rescinding PBV awards to projects that do not meet this requirement:

### **24-Month Deadline to AHAP**

Establish a 24-month deadline for AHAP execution, starting from the date of the initial conditional award. Projects would be eligible to receive a maximum of two six-month extensions which would be granted on a case-by-case basis, for a total of 12 months’ extension. Projects will need to explain the reasons for the delays at each extension request. If, at the end of the second six-month extension, a project is still unable to execute an AHAP, the conditional award would be rescinded, and the developer would be eligible to reapply to a future PBV RFP.



## **Expectations Regarding Groundbreaking and Completion of Construction**

Staff further propose to inform PBV developers that the Housing Authority has an expectation that developers will commence construction within 90 days of completion of the AHAP, and will complete construction within 36 months of the AHAP. Projects that exceed these expectations may request amendments to their AHAP agreements. Staff will consider such requests on a case-by-case basis, and reserve the right to deny requests for extensions for projects that have lost viability and are not progressing.

Upon implementation of such criteria for rescinding PBV awards, staff propose that the policy be enforced gradually, ensuring that developers receive proper notice of the new policy, and providing an opportunity for at least one extension for any project that is nearing or that has exceeded the deadline, allowing developers the opportunity to bring their project into compliance.

Housing Authority staff understand the vital role that the commitment of PBVs play in financing an affordable housing development, and take the commitment of vouchers, as well as the potential rescission of those vouchers extremely seriously. Staff wish to ensure that any policy regarding the rescission of vouchers allows sufficient flexibility to continue to support projects that experience challenges or delays but also wish to develop limitations to that flexibility in order to ensure that such delays do not result in extended periods of time with vouchers going unused, or funding shortfalls for the Housing Authority.

**RECOMMENDATION:** Adopt Proposed Criteria for Recission of Project-Based Voucher Awards

## AGENDA ITEM SUMMARY

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**MEETING DATE:** February 26, 2025

**ITEM NUMBER:** 6C

**FROM:** Deputy Executive Director

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**SUBJECT:** Gap Financing for Natural Bridges Apartments Project

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**RECOMMENDATION:** Execute Resolution 2025-01 for the allocation of up to \$3.5M of MTW funding for gap financing to close-out the Natural Bridges Apartments project.

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### **BACKGROUND SUMMARY:**

In December 2023, the Housing Authority of the County of Santa Cruz provided a loan to New Horizons Affordable Housing and Development Inc. (New Horizons) in the amount of \$8,046,600 to finance the acquisition of the property and construction of Natural Bridges Apartments.

New Horizons completed the construction of the Natural Bridges Apartments which consists of 20 studio apartments and obtained a temporary certificate of occupancy on December 19, 2024. The project is 100% affordable and tenants are supported with assistance through the Project-Based Voucher program. New Horizons is working with the general contractor, engineers and architects on closing out the project and securing the final certificate of occupancy.

New Horizons currently has a financial gap of approximately \$3.5M associated with the total project cost. These costs are associated with property acquisition, change-order requests during construction from either the general contractor or New Horizons to address issues with site conditions, changes in materials, architectural drawing anomalies, and services from engineers, architects and consultants. The final cost of the project was \$580,000 per unit which aligns with New Horizons' initial projections.

Staff are recommending the Board allocate funds in the amount of up to \$3.5M of MTW funding for New Horizons in the form of a loan, and enter into all documents necessary to provide a loan including but not limited to a promissory note and deed of trust. The execution of Resolution 2025-01 will be used to document the Board's decision to allocate these funds for gap financing for the Natural Bridges Apartments project.

**RECOMMENDATION:** Execute Resolution 2025-01 for the allocation of up to \$3.5M of MTW funding for gap financing to close-out the Natural Bridges Apartments project.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

**HOUSING AUTHORITY RESOLUTION NO. 2025-01**

**A RESOLUTION OF THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ AUTHORIZING A LOAN TO FINANCE NEW HORIZONS AFFORDABLE HOUSING AND DEVELOPMENT, INC. ACQUISITION AND DEVELOPMENT OF 415 NATURAL BRIDGES DRIVE**

At a duly constituted meeting of the Board of Commissioners (the "Board") of the Housing Authority of the County of Santa Cruz (the "Authority") held on February 26, 2025, the following resolution was adopted:

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

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

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

WHEREAS, New Horizons acquired vacant real property located at 415 Natural Bridges Drive, from the Authority (the "Property"); and

WHEREAS, New Horizons has developed the Property, into twenty (20) single room occupancy units affordable to very low income households (the "Project"); and

WHEREAS, the Authority desires to provide a loan to New Horizons in gap financing for the Project up to \$3,500,000 (the "Authority Loan");

WHEREAS, to ensure the continued affordability of the Project, the Authority desires to enter into with New Horizons and record against the Property, a long-term regulatory agreement requiring units in the Project to be rented to low-income households in compliance with requirements for the use of HUD Moving To Work (MTW) funds; (the "Regulatory Agreement"); and

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

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

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

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

Section 2: The Board approves borrowing the Authority Loan from the Authority.

Section 3: The Board authorizes the Executive Director of the Authority or, in the absence of the aforementioned, Chairman of the Board of Commissioners, or any other officer acting alone on behalf of the Authority (the "Authorized Officer"), to enter into and execute any and all necessary documents listed in and/or contemplated by this Resolution, including, without limitation, the Conveyance Documents, Regulatory Agreement, and Authority Loan Documents, all in such form as is recommended by Authority special legal counsel, and approved by the Authorized Officer, such approval to be conclusively evidenced by the execution by the Authorized Officer of such documents, and to take any other actions, necessary to enable the transfer of the Property and the making of the Authority Loan, and to do any and all other activities contemplated in this Resolution.

Section 4: This Resolution shall take immediate effect upon adoption.

PASSED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of Santa Cruz, State of California, this Twenty Sixth Day of February, 2025 by the following vote:

AYES:

NOES:

ABSENT:

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

ATTEST:

\_\_\_\_\_  
Secretary of the Authority

## AGENDA ITEM SUMMARY

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**MEETING DATE:** February 26, 2025

**ITEM NUMBER:** 6D

**FROM:** Deputy Executive Director

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**SUBJECT:** Resolutions for 2021 Chanticleer Avenue, Santa Cruz County, and the allocation of \$1,240,000 for pre-development expenses

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**RECOMMENDATION:** Execute Resolution 2025-02 to further document the Board of Commissioners decision to authorize the acquisition of 2021 – 2031 Chanticleer Avenue for \$2,900,000, and Resolution 2025-03 for the allocation of \$1,240,000 for pre-development expenses.

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### **BACKGROUND SUMMARY:**

New Horizons Board of Directors authorized the Secretary to purchase the property located at 2021 – 2031 Chanticleer Avenue on October 2, 2024. The closed session staff report included the following; (i) purchase the property located at 2021 – 2031 Chanticleer Avenue from the current owners Clifford and Lise Bixler for \$2,900,000 and enter into all documents necessary to effectuate that purchase and to ensure the continued affordability of the project, including but not limited to purchase and sale agreement, grant deed, escrow instructions, and regulatory agreement; and (ii) obtain a Loan from the Housing Authority, if necessary, and enter into all documents necessary to provide a Loan including but not limited to promissory note, and deed of trust.

Staff are recommending the Board of Commissioners for the Housing Authority of the County of Santa Cruz further document this approval with the execution of Resolution 2025-02. The resolution will enable staff to provide the necessary supporting documentation to the Department of Housing and Urban Development (HUD) to draw down Moving to Work (MTW) funds to acquire the property upon execution of the Purchase and Sales Agreement. HUD will require the Housing Authority provide documentation to demonstrate the Boards approval of the acquisition, and Resolution 2025-02 will meet this requirement.

Resolution 2025-02 is solely a reaffirmation of the decision made by the New Horizons Board of Directors on October 2, 2024, and does not present any new authority to the Secretary in executing the acquisition of 2021 – 2031 Chanticleer Avenue. Staff anticipate that New Horizons will be ready to fully exercise the option in April 2025, or upon satisfactory completion of all federal environmental review requirements, and proceed with the execution of the Purchase and Sale Agreement to complete the acquisition.

Staff are also recommending the Board allocate funds in the amount of up to \$1,240,000 for New Horizons in the form of a loan, and enter into all documents necessary to provide a loan including but not limited to a promissory note and deed of trust. These funds will be used for a portion of the indirect pre-development costs which include but are not limited to architecture, engineering, insurance, and legal expenses. The execution of Resolution 2025-03 will be used to document the Board's decision to allocate these funds for initial pre-development expenses associated with development project at 2021 – 2031 Chanticleer Avenue.

**RECOMMENDATION:** Execute Resolution 2025-02 to further document the Board of Commissioners decision to authorize the acquisition of 2021 – 2031 Chanticleer Avenue for \$2,900,000, and Resolution 2025-03 for the allocation of \$1,240,000 for pre-development expenses.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

**HOUSING AUTHORITY RESOLUTION NO. 2025-02**

**A RESOLUTION OF THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ AUTHORIZING A LOAN TO FINANCE NEW HORIZONS AFFORDABLE HOUSING AND DEVELOPMENT, INC. ACQUISITION OF PROPERTY LOCATED AT 2021-2031 CHANTICLEER AVENUE (APN: 019-071-03) FROM CLIFFORD BIXLER AND LISE BIXLER**

At a duly constituted meeting of the Board of Commissioners (the "Board") of the Housing Authority of the County of Santa Cruz (the "Authority") held on February 26, 2025, the following resolution was adopted:

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

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

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

WHEREAS, New Horizons seeks to purchase a 1.011-acre real property located at 2021 - 2031 Chanticleer Avenue in the County of Santa Cruz (the "Property"); and

WHEREAS, the property is currently vacant of all structures;

WHEREAS, New Horizons desires to purchase the Property from Clifford Bixler and Lise Bixler, Husband and Wife for up to \$2,900,000; and

WHEREAS, to ensure the continued affordability of the Project, the Authority desires to enter into with New Horizons and record against the Property, a long-term regulatory agreement requiring units in the Project to be rented to low-income households in compliance with requirements for the use of HUD Moving To Work (MTW) funds; (the "Regulatory Agreement"); and

WHEREAS, the Authority desires to provide a loan to New Horizons to facilitate the acquisition of the Property up to \$2,900,000 (the "Authority Loan");

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

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

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

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

Section 2: The Board approves the purchase of the Property from Clifford Bixler and Lise Bixler.

Section 3: The Board approves borrowing the Authority Loan from the Authority.

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

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

PASSED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of Santa Cruz, State of California, this Twenty Sixth Day of February, 2025 by the following vote:

AYES:

NOES:

ABSENT:

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Chairperson of the Authority



ATTEST:

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Secretary of the Authority

**HOUSING AUTHORITY RESOLUTION NO. 2025-03**

**A RESOLUTION OF THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ AUTHORIZING A LOAN TO FINANCE NEW HORIZONS AFFORDABLE HOUSING AND DEVELOPMENT, INC. PRE-DEVELOPMENT COSTS FOR 2021-2031 CHANTICLEER AVENUE**

At a duly constituted meeting of the Board of Commissioners (the "Board") of the Housing Authority of the County of Santa Cruz (the "Authority") held on February 26, 2025, the following resolution was adopted:

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

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

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

WHEREAS, New Horizons seeks to purchase a 1.011-acre real property located at 2021 - 2031 Chanticleer Avenue in the County of Santa Cruz (the "Property"); and

WHEREAS, the property is currently vacant of all structures;

WHEREAS, New Horizons desires to engage in pre-development activities to support the construction of units affordable for very-low, low and moderate income household (the "Project")

WHEREAS, to ensure the continued affordability of the Project, the Authority desires to enter into with New Horizons and record against the Property, a long-term regulatory agreement requiring units in the Project to be rented to low-income households in compliance with requirements for the use of HUD Moving To Work (MTW) funds; (the "Regulatory Agreement"); and

WHEREAS, the Authority desires to provide a loan to New Horizons to facilitate the acquisition of the Property up to \$1,240,000 (the "Authority Loan");

WHEREAS, the Authority desires to enter into any and all documents necessary for the Authority to make the Authority Loan and for New Horizons to borrow the Authority Loan,

including but not limited to a deed of trust and promissory note (collectively, the "Authority Loan Documents"); and

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

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

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

Section 2: The Board approves borrowing the Authority Loan from the Authority.

Section 3: The Board authorizes the Executive Director of the Authority or, in the absence of the aforementioned, Chairman of the Board of Commissioners, or any other officer acting alone on behalf of the Authority (the "Authorized Officer"), to enter into and execute any and all necessary documents listed in and/or contemplated by this Resolution, including, without limitation, the Conveyance Documents, Regulatory Agreement, and Authority Loan Documents, all in such form as is recommended by Authority special legal counsel, and approved by the Authorized Officer, such approval to be conclusively evidenced by the execution by the Authorized Officer of such documents, and to take any other actions, necessary to enable the transfer of the Property and the making of the Authority Loan, and to do any and all other activities contemplated in this Resolution.

Section 4: This Resolution shall take immediate effect upon adoption.

PASSED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of Santa Cruz, State of California, this Twenty Sixth Day of February, 2025 by the following vote:

AYES:

NOES:

ABSENT:

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Chairperson of the Authority

ATTEST:

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Secretary of the Authority

## AGENDA ITEM SUMMARY

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**MEETING DATE:** February 26, 2025

**ITEM NUMBER:** 6E

**FROM:** Finance Director

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**SUBJECT:** Funding of Section 115 Trust for Unfunded Pension Liability

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**RECOMMENDATION:** Adopt Resolution No. 2025-04 Authorizing the Funding of up to \$8 Million From the Former Public Housing Reserves to the Section 115 Public Agencies Post-Employment Benefits Trust Administered by Public Agency Retirement Services (PARS)

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### **BACKGROUND SUMMARY:**

In 2015, the Government Accounting Standards Board (GASB) required implementation of Statement No. 68, Accounting and Financial Reporting for Pensions. GASB 68 requires governmental employers that sponsor Defined Benefit plans like those offered through CalPERS to recognize a net pension liability, also known as an unfunded accrued pension liability, on their balance sheet. The unfunded pension liability is the difference between the Agency's total pension balance owed (the actuarial accrued liability) and the actual plan assets. The Housing Authority's total unfunded pension liability as of the most recent CalPERS valuation is over \$12 million.

The Housing Authority established a Section 115 Trust through the Public Agency Retirement Services (PARS) to address its unfunded pension liability. The Section 115 Trust provides a dedicated funding mechanism for future pension obligations while offering investment flexibility and local control over fund management. This provides the Housing Authority with an alternative to sending additional funds directly to CalPERS, an option that has a very modest short-term impact on reducing the minimum annual contributions required due to the additional funds being amortized over multiple decades. Funds placed in the irrevocable supplemental pension Section 115 Trust are restricted in use solely for pension obligations but offer the following beneficial features:

- Pension Volatility Risk Mitigation – contributions from the trust may be transferred to CalPERS at the Housing Authority's discretion to offset fluctuations in the required annual contributions (up to two years of pension expenses can be drawn from the trust).
- Investment flexibility with Section 115 Trust compared to HUD imposed restrictions on federal funds.

- Oversight and local control of investment management, risk tolerance, portfolio allocation, and monitoring of investment performance.
- Increased flexibility on use of trust assets (i.e., trust assets may be accessed any time as long as the assets are used to fund the Housing Authority's pension).
- Accumulated funds and investment earnings partially offset Net Pension Liability reportable in the Financial Statements under GASB 68.

Staff recommends authorizing up to \$8 million from the Housing Authority's former Public Housing reserves be used to fund the Section 115 Trust to address the unfunded pension liability. The purpose of funding the trust at this time with a significant investment is twofold:

1. **Mitigation of Funds Being Repurposed:** Allocating these reserves funds to the Section 115 Trust ensures the funds remain within the agency's control and are dedicated to addressing the unfunded pension liability.
2. **Budgetary Flexibility:** By allocating funds to the trust, the Housing Authority can proactively mitigate the impact of annual pension obligations. This will allow the agency to use trust funds to cover one or more years of the agency's annual pension expense rather than relying on future HUD funding each year, which can in turn free up the funds that would otherwise be used towards that years pension obligations on any other MTW eligible expense.

The action requested today will authorize the Executive Director to fund the Housing Authority's Section 115 Pension Trust using up to \$8 million of former Public Housing reserves and will authorize the Executive Director to negotiate and execute the documents to fund the trust.

**RECOMMENDATION:** Adopt Resolution No. 2025-04 Authorizing the Funding of up to \$8 Million From the Former Public Housing Reserves to the Section 115 Public Agencies Post-Employment Benefits Trust Administered by Public Agency Retirement Services (PARS)

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

**BEFORE THE HOUSING AUTHORITY OF THE COUNTY  
OF SANTA CRUZ, STATE OF CALIFORNIA**

**RESOLUTION NO. 2025-04**

On the motion of Commissioner  
Duly seconded by Commissioner

The Following Resolution is Adopted:

**RESOLUTION OF THE BOARD OF COMMISSIONERS  
OF THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
AUTHORIZING FUNDING OF UP TO \$8 MILLION FROM THE FORMER PUBLIC  
HOUSING RESERVES TO THE SECTION 115 PUBLIC AGENCIES POST-  
EMPLOYMENT BENEFITS TRUST ADMINISTERED BY PUBLIC AGENCY  
RETIREMENT SERVICES (PARS)**

WHEREAS, the Housing Authority has previously established a Section 115 Trust administered by Public Agency Retirement Services (PARS) to pre-fund pension obligations; and

WHEREAS PARS has made available the PARS Public Agencies Post-Employment Benefits Trust (the “Program”) for the purpose of pre-funding pension obligations; and

WHEREAS the Housing Authority of the County of Santa Cruz (“Authority”) is eligible to participate in the Program, a tax-exempt trust performing an essential governmental function within the meaning of Section 115 of the Internal Revenue Code, as amended, and the Regulations issued there under, and is a tax-exempt trust under the relevant statutory provisions of the State of California; and

WHEREAS, the Housing Authority’s current unfunded pension liability exceeds \$12 million; and

WHEREAS, the Housing Authority has identified up to \$8 million from former Public Housing Reserves as available sources for funding the trust to address the Housing Authority’s unfunded CalPERS pension obligations ; and

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Board of Commissioners authorizes the allocation of up to \$8 million from former Public Housing reserves to the Section 115 Pension Trust.
2. The Board of Commissioners appoints the Executive Director as the Housing Authority’s Plan Administrator for the Trust.
3. The Plan Administrator is authorized to execute all necessary documents and actions to implement this funding allocation

PASSED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of Santa Cruz, State of California, this Twenty Sixth Day of February, 2025 by the following vote:

AYES:  
NOES:  
ABSENT:

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Chairperson of the Authority

ATTEST:

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Secretary of the Authority



## AGENDA ITEM SUMMARY

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**MEETING DATE:** February 26, 2025

**ITEM NUMBER:** 6F

**FROM:** Executive Director

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**SUBJECT:** Housing Choice Voucher Waiting List Re-Opening

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**RECOMMENDATION:** Receive Report

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### **BACKGROUND SUMMARY:**

#### **Waiting List Data Refresh**

On July 19, 2024, the Housing Authority initiated an update to the Housing Choice Voucher (HCV) Waiting List. Prior to the update, there were 9,808 families on the Santa Cruz Waiting List and 8,002 families on the Hollister/San Juan Bautista Waiting List, with the majority of families (7,867) on both waiting lists. All families received a letter instructing them to update their information and confirm their continued interest in the HCV Program. Families were given 30 days to respond, with the option to respond through the online RentCafe platform or by filling out a physical form and submitting by email, regular mail, or by dropping a form off at our office. Applicants were informed that if they did not respond to confirm their continued interest, their HCV waiting list application would be cancelled.

Currently, there are 1,897 applicants on the Santa Cruz list and 1,204 applicants on the San Benito County list, with 815 applicants on both. All families that contact the Agency within one year of their cancellation date will automatically be reinstated to their original positions, with reinstatements beyond one year considered on a case-by-case basis as a reasonable accommodation for persons with disabilities and for other mitigating circumstances. Therefore, the number of applicants on the waiting list may increase modestly in the coming months.

As a result of this waiting list update, the Housing Authority now has current, detailed application information for applicants on the waiting list. However, given the size of our current waiting list, staff will need to re-open the waiting list this year.

#### **Waiting List Opening Approaches for Consideration**

At the October Board of Commissioners meeting, staff provided the Board of Commissioners with information about various waiting list policies and practices utilized by public housing authorities nationally. Two primary approaches were presented for consideration and discussion.

1. Standard Waiting List Model (Infrequent Waiting List Openings of a Finite Duration)

By far, the most common model of waiting list administration of housing authorities nationally involves infrequent waiting list openings of a finite duration. Housing authorities open waiting lists for periods that range from a few days to a few weeks. Some housing authorities will accept all applications received during this period onto their waiting lists. Other housing authorities will add a finite number of applicants. In most instances, housing authorities will sequence the applications with a random lottery, with selections made from the list according to lottery along with any established preferences.

Depending on the number of applications received and the volume of vouchers issued, there may be many years in between waiting list openings. With this method, while families added to the waiting list will eventually receive an opportunity for assistance, any families that did not apply during this brief window will have no opportunity to apply for assistance until the next waiting list opening. Further, this waiting list model can often result in a stale waiting list with insufficient applicants for some specific program types or unit types which can result in difficulty in leasing up special program vouchers or PBV units for designated populations.

2. Alternative Waiting List Model (Continuously Open Waiting or Interest List)

A small number of housing authorities have developed an approach to waiting list administration that allows for a continuously open waiting list or interest list. For example, San Diego Housing Authority offers a continuously open waiting list, and does not conduct required annual updates of all applicants. As a result, their waiting list has become extremely large, with nearly 100,000 applicants. Both San Mateo and Santa Clara housing authorities use an approach where they keep a continually open *interest list* as opposed to a *waiting list*. An interest list allows applicants a continuous opportunity to wait for assistance, without all of HUD's requirements for waiting list administration such a fixed sequence for selection. With this model, both San Mateo and Santa Clara conduct lotteries as needed. In order to avoid the interest list getting too long and to ensure the list is current, both Santa Clara and San Mateo require applicants to update their application at least annually, and will cancel the applications of those who do not update their record.

At the October meeting, staff proposed utilizing a model similar to that of Santa Clara and San Mateo, with a continually open interest list, but with an additional mechanism to avoid situations of large deviations in wait time. Staff proposed to announce the creation of an Interest List that remains open indefinitely, allowing families to add their name at any time. Periodically, the agency would conduct a lottery based on applicable preferences, selecting a certain number of applicants from the Interest List to be assigned random lottery numbers and placed on the HCV Waiting List. At least annually, Interest List applicants would be required to update their household information and reaffirm their interest in the HCV Program.

### **Feedback from HUD's Office of Fair Housing**

Following the discussion with the Board of Commissioners, staff reached out to HUD's Office of Fair Housing and Equal Opportunity (FHEO) to discuss the proposed continuously open waiting list model. HUD staff posed numerous questions and shared concerns about how the continuously open waiting list model, alone or in conjunction with other policies and practices, could undermine civil rights obligations, including the obligation to affirmatively further fair housing. Although Housing Authority staff fundamentally disagree with the concerns raised by FHEO, and although HUD has subsequently rescinded the affirmatively furthering fair housing requirements, staff believe that the implementation of an alternative or continuously open methodology would result in significant additional scrutiny by HUD. Beyond this scrutiny, staff also share the concerns raised by the Board of Commissioners about the continuously open model, including concerns regarding the level of complexity, administrative burden, and a potential for a perceived lack of transparency.

### **Updated Staff Proposal**

Based on the complexity of the continuously open waiting list model, along with concerns about this model from HUD and from the Board of Commissioners, staff recommend moving forward utilizing a standard, traditional waiting list opening of a finite duration. Specifically, staff propose the following approach:

- The waiting list opening will be widely promoted throughout the community using multiple platforms, with an emphasis on outreach to under-represented populations or populations least likely to apply.
- The list will be open for a finite period of time, between two to three weeks.
- During the application window, staff will accept all applications received. Staff will not limit or cap the number of applications we will accept during the waiting list opening.
- After the application period closes and duplicate applications have been removed, staff will conduct a random lottery.
- Applicants will be encouraged to utilize the online portal to submit an application, but paper applications will also be accepted.

The agency has a goal of announcing the waiting list re-opening in April, with an official opening date approximately two weeks thereafter in May during Affordable Housing Month.

Given that the majority of applicants apply for both the Santa Cruz and San Benito County waiting lists, staff further propose to consolidate these separate waiting lists into a single list. The existing 75% Santa Cruz County Live / Work preference would remain in place, with an additional San Benito County Live / Work limited waiting list preference equal to the total number of San Benito County tenant based vouchers (296 vouchers). In this way, when San Benito County vouchers are available, applicants who live or work in San Benito County will receive preference for those specific vouchers. However, for all remaining vouchers, the existing 75% Santa Cruz County Live / Work preference would be utilized.

Staff will completely exhaust and deplete the existing Housing Choice Voucher waiting list before using the new list.

Moving forward, staff propose to conduct regular updates of the waiting list at least every two years, to ensure we have current and accurate data for applicant households, and to remove inactive or nonresponsive applicants, with the goal of re-opening our waiting list more frequently (every two – three years).

**RECOMMENDATION:** Receive Report

## AGENDA ITEM SUMMARY

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**MEETING DATE:** February 26, 2025

**ITEM NUMBER:** 8

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

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**SUBJECT:** Director's Report – February 26, 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 February 26, 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 (TCO) was received on December 19, 2024. The TCO expires on March 19, 2025, and staff are working with the general contractor to secure the final certificate of occupancy in advance of TCO expiration. Final accessibility modifications to unit 103 are being made, which consists of reinstalling the kitchen countertop. Tenant move-in continues with only three units vacant, of which two units are scheduled to be occupied by end of February. The tenant for unit 103 has already been selected and will sign a lease shortly after the modifications are complete. The artist for the mural has committed to start painting on the second week of March. Staff have outreached to videographers on the potential to document the painting through a timelapse video and we are pending quotes to estimate the cost.

At the January meeting, the Board inquired whether the Natural Bridges residents were new program admissions from our waiting list, or transfers that already had a voucher and were moving to a new unit. Staff have confirmed that the majority of New Horizons residents are new program admissions from our waiting list, with just two residents that previously had a voucher and were transferring to a new unit.

**Chanticleer Avenue** - New Horizons executed the option agreement with the sellers to purchase 2021 – 2031 Chanticleer on October 18, 2024. The initial escrow deposit of \$50,000 has been released to the sellers. The first extension of the initial term of the option was executed on February 10, 2025. This no-cost, 60-day extension offers New Horizons the ability to further engage in the due diligence and to finalize the Environmental Policy Act (NEPA) review. New Horizons may exercise a second option extension for an additional 120-days which includes an escrow deposit of \$70,000. Based on the current progression of the NEPA review, staff anticipate that New Horizons will be ready to fully exercise the option in April 2025 and proceed with the execution of the Purchase and Sale Agreement to complete the acquisition.

On February 7, 2025, the Request for Qualifications for architectural services closed, and staff have completed the review and scoring of the proposals. The staff recommendation for contract award will be

presented at the March Board meeting. Addendum 2025-1 to the Co-Development Request for Qualifications, to list the property as an opportunity for co-development partnerships remains open.

**AB282 Update** – On January 22, 2025 Assemblymember Pellerin introduced AB 282 Discrimination: Housing: Source of Income, with Senator Laird as a Principal Co-author. The bill, if passed, would clarify that the prioritization of applicants for tenancy who participate in or qualify for government sponsored rental assistance or subsidy programs, vouchers, or certificates, shall not constitute discrimination based on source of income. Housing Authority staff have worked with Assemblymember Pellerin’s office to draft printed materials describing and supporting the proposed bill. A date has not yet been scheduled for the bill to be heard in committee. Housing Authority staff have expressed willingness to testify to support the bill, as well as conducting outreach to other stakeholders who may also be willing to testify.

**Potential Battery Storage Facility** – At the January meeting, Board members expressed interest and concern about the proposal for a battery storage facility outside of Watsonville, after a similar facility had experienced a fire. Board members inquired about the status of this proposal and its proximity to any Housing Authority properties. New Leaf Energy submitted an application on December 17, 2024, for a battery energy storage system at 90 Minto Rd, Watsonville, CA 95076, in unincorporated Santa Cruz County, adjacent to a PG&E substation. The applicant states that the project will help achieve energy demands by storing clean energy in the batteries and releasing it during peak demand periods, which will help to eliminate rolling blackouts, help eliminate public safety power shutoffs, and help disaster preparedness, response, and recovery. A project manager for New Leaf Energy stated that the facility could power up to 200,000 homes for four hours and that it is safer than the facility in Moss Landing due to differences in the battery chemistry.

The application is still in the preliminary stages and requires various reviews, such as a geologic hazards review, and biotic report review. The project is discretionary, requires a CEQA review, and requires a Conditional Use and a Conditional Site Development permit, both of which need Board of Supervisors approval. The nearest Housing Authority-owned properties are at 50 Arista Ct and 55 Arista Ln. The properties are approximately 1.45 miles from the proposed site as-the-crow-flies, and approximately 2.2 miles from the proposed site via publicly accessible street.

At the January 27<sup>th</sup> Board of Supervisors meeting, the Board of Supervisors joined other regional leaders in calling for an independent investigation of the case of the recent Moss Landing fire and indicated that the fire had highlighted existing concerns and raised new concerns about the potential for such a facility outside of Watsonville. Supervisor Hernandez stated that it would be at least 18 – 24 months before any decision would be made about the proposed project.

**Changes in HUD Administration** – On Wednesday, February 5<sup>th</sup>, Scott Turner was confirmed as Secretary of Housing and Urban Development. On Thursday February 13<sup>th</sup>, Secretary Turner announced a new Department of Government Efficiency (DOGE) task force specifically focused on identifying fraud, waste and abuse within the Department. It has been reported that the administration has asked HUD staffers to justify hundreds of contracts across the agency, and Secretary Turner has announced that the new task force has already identified \$260 million in savings through this effort. It has also been reported that the administration plans to make significant cuts in HUD staffing levels. Some reports suggest a goal of 50%

staffing reductions at HUD, with some offices including the office of Fair Housing and Equal Opportunity (FHEO) and Policy Data and Research (PD&R) experiencing much larger cuts than other offices.

During Trump's first term, he repeatedly proposed significant cuts to HUD programs, although Congress maintained or increased HUD funding during that period. The current Continuing Resolution (CR) extends prior year funding through March 14, 2025, after which time Congress must either pass an appropriations act, or pass another CR to further delay a budget deal. Industry analysts are currently anticipating a full year CR, which would extend 2024 funding through 2025, which would be roughly equivalent to the funding levels we had heard anticipated for the coming year, which would have involved a 97.5% proration with a slight inflation factor. Still, a full year CR is better than the funding levels currently included in the House draft funding bill, which would have result in significantly deeper funding cuts. Staff will continue to update the Board as new information becomes available.