

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**AGENDA OF THE ANNUAL BOARD MEETING**  
**August 27, 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, 2029
Commissioner Ligaya Eligio	2 year term expires, October 18, 2026
Commissioner Silvia Morales	4 year term September 1, 2027
Commissioner Andy Schifffrin	4 year term expires, March 17, 2027
Commissioner Richard Schmale	2 year term expires, May 12, 2027

2. Consideration of Late Additions and Changes to the Agenda

3. Consent Agenda

A. Minutes of the Regular Meeting held June 25, 2025

Motion to Approve

B. Housing Authority Annual Agency Goals – Final Report

Receive Report

C. New Horizons Programs and Services FY 24/25 Report and FY 25/26 Recommendations

Receive staff report on FY 24/25 activities and outcomes of the New Horizons Programs and Services; Motion to Approve recommended adjustments to FY 25/26 Programs and Services Plan.

D. California Advanced Services (CASF) Broadband Public Housing Grant Award

Receive Report

E. Housing Authority Project Based Voucher Program – FY 2025 Quarter 4 Report

Receive Report

F. Personnel Policies – Tuition Reimbursement Program

Motion to Approve Revision to Personnel Policies to Establish Employee Educational Assistance and Tuition Reimbursement Program

G. Agency Share of Health, Dental, and Vision Insurance Premiums for CY2026

Motion to Approve Staff Recommendation for Changes to the Agency's Health, Dental, and Vision Insurance Contribution Levels Effective 1/1/2026

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. Request for Housing Authority Endorsement of the City of Santa Cruz Workforce Housing Affordability Act of 2025

Motion to Approve Request to Endorse the Santa Cruz Workforce Housing Affordability Act of 2025 (Measure C)

B. Election of Officers

Receive Report

C. Financing for the purchase of 3501-3513 Portola Drive

Motion to Adopt Resolution 2025-08 and authorize the Executive Director to provide a loan of \$6,730,000, which may be forgivable, to New Horizons for the purchase of 3501-3513 Portola Drive and enter into all documents necessary to effectuate the loan

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. Executive Director Evaluation and Contract Renewal

Conduct Executive Director Employee Evaluation, Motion to Approve Executive Director Contract and Authorize Board Chair to Execute Contract

11. Report on Closed Session

12. Adjournment

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

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

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

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, MINUTES OF THE REGULAR MEETING JUNE 25 , 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. 1**      Roll Call

Chairperson Martinez Alaniz called the meeting to order 11:00 a.m. Members present Chairperson Martinez Alaniz, Vice Chairperson Melendrez, Commissioners Berg, Eligio, Schiffrin and Schmale (Commissioner Morales entered the meeting at 11:03 a.m.)

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

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

NOES:           None

ABSENT:        Commissioner Morales

ABSTAIN:       None

Agenda Item 3A. Approved Minutes of the Regular Meeting held May 28, 2025

Agenda Item 3B. Approved Cancellation of the July 23, 2025 Meeting

**AGENDA ITEM NO. 4**      Oral Communications

None.

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

None.

**AGENDA ITEM NO. 6A**      Housing Authority Annual Agency Goals

Secretary Panetta reminded the Board that the Housing Authority Board of Commissioners establishes annual performance goals each year. Secretary Panetta noted that the goals for the current year build upon the progress made on the previous year's objectives and stated that the final report on the FY 2024/2025 agency goals will be presented to the Board at the August meeting.

Secretary Panetta presented staff's proposed changes to the Housing Authority Agency Goals for the upcoming FY 2025/2026. Secretary Panetta advised the Board that the draft goals are now before the Board for consideration. A discussion followed.

The Board directed staff to amend the Housing Authority Agency Goals by revising the wording in Goal 1.a. new wording below.

1. Housing Choice Voucher Program:
  - a. Balance utilization rate to allow future absorption of Emergency Housing Voucher (EHV) households and Project Based Voucher (PBV) units that become available for occupancy.

The Board directed staff to amend the Housing Authority Agency Goals by adding a new Goal 2.e.

2. Affordable Housing Supply:
  - e. Support efforts to increase funding for affordable housing development in Santa Cruz County.

The Board directed staff to amend the Housing Authority Agency Goals by adding a new Goal 3.c.

3. Expand Programs and Services:
  - c. Develop programs and services plans for subsequent years.

The Board directed staff to amend the Housing Authority Agency Goals by revising the wording in Goal 4.b. new wording below.

4. Improve Agency and Program Management:
  - b. Expand training and professional development opportunities for staff to promote diversity and representation at supervisorial and management levels within the Agency:

Staff will take the Board of Commissioner's direction and will amend the Housing Authority Agency Goals.

Commissioner Schiffirin moved to Adopt the Established Housing Authority Agency Goals for 2025 - 2026 FY as amended; Commissioner Melendrez seconded the motion and it was passed by the following vote:

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, MINUTES OF THE REGULAR MEETING JUNE 25, 2025, AT THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, 2160 41<sup>ST</sup> AVENUE, CAPITOLA, CA 95010

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

**AGENDA ITEM NO. 7** Written Correspondence  
None.

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

Executive Director Panetta provided the Board of Commissioner's with an update on the President's proposed budget.

Deputy Executive Director Graham updated the Board on the Chanticleer Avenue property.

Deputy Executive Director Graham updated the Board on the Portola Drive property.

Deputy Executive Director Graham updated the Board on the River Street partnership.

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

Chairperson Martinez Alaniz reported that she attended the PSWRC NAHRO Conference held in Fresno from May 28–30, 2025. She provided a summary of the event and noted that she was inspired by the dedication and passion of the attendees toward housing initiatives and the programs they are developing to help the homeless. Executive Director Panetta expressed appreciation to Chairperson Martinez Alaniz for representing the Board at the conference.

**AGENDA ITEM NO. 10** Closed Session  
None.

**AGENDA ITEM NO. 11** Report on Closed Session  
None.

**AGENDA ITEM NO. 12** Adjournment

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

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

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

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

Secretary of the Authority

## AGENDA ITEM SUMMARY

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**MEETING DATE:** August 27, 2025

**ITEM NUMBER:** 3B

**FROM:** Executive Director

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**SUBJECT:** Housing Authority Annual Agency Goals – Final Report

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**RECOMMENDATION:** Receive Report

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### BACKGROUND SUMMARY:

Each year, the Housing Authority Board of Commissioners establishes Annual Agency Goals for the upcoming fiscal year. The following goals were established for the period of 7/1/24 – 6/30/25. The target date for completion of all goals was 6/30/25 unless otherwise stated. This final report demonstrates the progress on these goals during the fiscal year.

### Housing Authority Agency Goals for 2024 - 2025 Fiscal Year

#### 1. Expand Housing Choice Voucher Program:

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

	Baseline	Q1	Q2	Q3	Q4
HCV Utilization Rate	95.35%	96.03%	96.29%	98.27%	99.04%

**Goal met.** The Housing Authority exceeded the goal of increasing HCV program utilization to 97%, bringing utilization up from 95.35% to 99.04%. HACSC's voucher utilization rate remains *significantly* higher than the national rate of 85.96% and the statewide rate of 88.71%.

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

	Baseline	Q1	Q2	Q3	Q4
Stability Vouchers Leased	2	29	39	41	41



**Goal met.** All 41 Stability Vouchers awarded to the Housing Authority have been issued, with all 41 Stability Vouchers being “leased up” to a household receiving rental assistance.

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

	Baseline	Q1	Q2	Q3	Q4
HCV Households	5,603	5,643	5,658	5,759	5,856
Cumulative Increase	n/a	40	55	156	253

**Goal met.** The Housing Authority has exceeded the goal of increasing the HCV program group by 100 families, with a cumulative increase of over 250 families during the fiscal year.

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

	Baseline	Q1	Q2	Q3	Q4
HCV Landlords	1,949	1,956	1,962	1,955	1,948
Cumulative Increase	n/a	7	13	6	-1

**Goal not met.** The Housing Authority did not meet the goal of adding 30 new landlords to the voucher program. In fact, over the course of the fiscal year, there was a reduction of the number of landlords participating in the program by one landlord. While the number of program participants has increased significantly, the agency is not seeing corresponding increases in the pool of available landlords, despite increased levels of outreach and engagement and despite landlord incentive programs. Staff attribute this to the expansion of the PBV program, which means that fewer of the agency’s vouchers are being used in the private rental market with private landlords.

## 2. Expand Affordable Housing Supply:

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

**Goal met.** At the August 2024 meeting, the Board approved a new Project Based Voucher (PBV) Request for Proposals (RFP) process, along with new scoring criteria. The new process involves inviting applications for a finite number of PBVs during periodic RFP openings, based on voucher and funding availability. Additionally, the process includes the review of a financial consultant, who assists with evaluating the financial feasibility of the projects requesting vouchers, and assists in determinations

about “right-sizing” the PBV requests to ensure that no project is awarded more vouchers than what is needed for the project to be viable. This new RFP process was initiated on October 15, 2024. Based on the first RFP cycle, the new process and scoring criteria has been effective in achieving the goal of establishing parameters for measured PBV growth.

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

**Goal met.** Construction for Natural Bridges Apartments is complete, the final certificate of occupancy has been issued and the project is 100% leased.

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

**Goal met.** During the October 2, 2024 meeting, the Board of Commissioners approved the staff recommendation authorizing the sale of Casa Pajaro Apartments from the Housing Authority to New Horizons. This transaction closed prior to the end of the year and the change of ownership has been recorded by the County Recorder. The Housing Authority provided New Horizons with gap financing for the full purchase price at the appraised value of \$21,200,000. The source of these funds consisted of \$10,700,106 in MTW reserves which needed to be spent in CY2024 to avoid HUD recapture at the end of the year. The remaining \$10,499,894 was funded by the MTW set-aside funding which was a unique one-time funding opportunity available to new MTW expansion agencies. Following the award of this MTW set-aside funding, HUD has experienced an unprecedented demand on set-aside and shortfall funds at the national level, so it was prudent to exhaust the balance of these funds to avoid a potential recapture from HUD. Utilizing these two funding sources in this manner also enabled the funds to become defederalized with no deadline for expenditure. During the February 25, 2025 meeting, the Board of Commissioners approved the staff recommendation to adopt several resolutions for fund allocations. This proactive strategy provides staff with options to mitigate federal funding uncertainty in which these allocations can be expended quickly to minimize the potential for recapture of funds.

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

**Goal met.** In July 2024, the Housing Authority established a new Development Director position and has completed recruitment. The new Development Director, Suzi Merriam, started at the Housing Authority on Monday, October 21.

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

**Goal met.** In August 2024, the Housing Authority and New Horizons issued a Request for Qualifications (RFQ) to enter a co-development partnership with existing affordable housing developers to develop new affordable housing and obtain the Low Income Housing Tax Credit (LIHTC) experience required to apply for future tax credits for our own projects. This RFQ has the potential to assist us in identifying new development projects and other related opportunities, while also working with a partner to leverage their LIHTC experience. New Horizons has selected For the Future (FTF) Housing to enter a co-development partnership agreement to provide development capital to support 136 River Street project. The project successfully received a 4% tax credit through the California Tax Credit Advisory Committee which will provide approximately \$22M in capital to support the development costs and ensure New Horizons will obtain tax credit experience through the partnership. The RFQ has been updated to include an addendum to list the 2021 – 2031 Chanticleer Avenue property as a project for interested developers to submit proposals for a joint development partnership.

### 3. Expand Programs and Services:

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

**Goal met:** See Agenda item 3C for more information about implementation of the two-year New Horizons Programs and Services Plan.

- b. Implement Year Two of MTW Asset Building Program and Participate in Evaluation of Program Outcomes.

**Goal met:** Since the launch of the Savings for YOU program in March 2024, 52 participants have been actively receiving deposits aimed at encouraging savings and building economic mobility. Each participant received an initial deposit of \$120, followed by \$100 monthly deposits for 23 consecutive months, leading to a total of \$2,420 by the program's end in February 2026. This program seeks to increase bank account ownership, promote savings growth, and strengthen household stability. In addition to the direct deposits, the Housing Authority has partnered with Ventures, a local organization specializing in financial education, to provide financial literacy services. These workshops covered topics like budgeting, banking, managing credit and debt, and understanding credit scores. The Housing Authority is participating in

the national evaluation of the MTW Asset Building Cohort. This evaluation will measure program outcomes across participating PHAs, including the Savings for YOU program. As of summer 2025, all Opt-Out Savings sites, including Santa Cruz County, have fully implemented programs. The study team has completed the first round of interviews with staff and residents, with a second round scheduled for spring 2026. Evaluation results are expected in late 2026 following the completion of the program's two-year asset-building period.

4. Improve Agency and Program Management:

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

**Goal met.** Housing Authority staff have completed the update and verification of continued interest of existing waiting lists. Additionally, staff have discussed various waiting list models with the Board of Commissioners. Staff are planning to utilize a standard waiting list opening approach by opening the list for a finite duration, and conducting a random lottery to sequence the list.

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

**Goal met.** The 2025 Equity Report card, presented to the Board in June 2025, included a complete report on progress towards the 2024 goals, and outlined additional goals for the coming fiscal year.

**RECOMMENDATION:** Receive report

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

## AGENDA ITEM SUMMARY

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**MEETING DATE:** August 27, 2025

**ITEM NUMBER:** 3C

**FROM:** Executive Director

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**SUBJECT:** New Horizons Programs and Services FY 24/25 Report and FY 25/26 Recommendations

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**RECOMMENDATION:** Receive staff report on FY 24/25 activities and outcomes of the New Horizons Programs and Services; approve recommended adjustments to FY 25/26 Programs and Services Plan.

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### BACKGROUND SUMMARY:

The Housing Authority and New Horizons Affordable Housing and Development (New Horizons) are entering the fourth year of offering services for residents of New Horizons and other Housing Authority owned or controlled properties (HA properties), and for participants in the Housing Choice Voucher (HCV) program.

The New Horizons Programs and Services are designed to achieve the following goals, as established by the Board of Directors:

**Goal 1:** Improve the quality of life for residents of HA properties and HCV participants.

**Goal 2:** Provide multi-generation services available to all tenants, young and old, to enhance economic mobility and to offer future opportunities of employment, education, and financial literacy.

**Goal 3:** Increase engagement between the Housing Authority and residents / HCV participants which may include in-person events, newsletters, and other forums.

**Goal 4:** Develop and maintain partnerships with providers that assist in achieving the above stated goals.

In addition to the above goals, the Board directed staff to utilize up to 15% of New Horizons' previous year's surplus to fund these programs and services, with up to 10% available for housing-related services, and up to 10% available for services that are not directly housing-related.

In June 2024, the Board approved a two-year programs and services plan outlining a comprehensive suite of services tailored to three specific client groups: youth, families, and

seniors. Included in this plan were several new services to be implemented over the two-year period, with the goal of completing the implementation of the programs and services plan by June 2026.

This report marks the midpoint of the two-year implementation plan of the approved portfolio of programs and services. It provides a brief summary of each program, provides information on the results of the programs that have been implemented, and presents proposed minor adjustments related to program delivery and budget allocations for select initiatives for the coming year. Programs are primarily organized by target population (youth, families, and seniors), with an additional category relating to outreach and engagement.

### **Youth Services**

<b>Fully Implemented Programs and Services</b>	
<b>Service</b>	<b>Status &amp; Recommendations</b>
<b>Scholarship Program (Non-Housing):</b> Provides scholarships of at least \$1,000 to college-bound high school seniors, continuing college students, and returning students enrolled full or part time at a university, community college, or technical school.	<b>Status:</b> In July 2025, 98 participants were awarded scholarships and celebrated in August at an awards ceremony held at Cabrillo College. Among the scholars were 52 first-generation college students, 38 parents (including 34 single parents), and 2 veterans.  <b>Recommendations:</b> No recommended changes.
<b>Summer Enrichment Activities (Non-Housing):</b> Summer enrichment program for school-aged children (ages 5–17) in households receiving Housing Authority assistance. The program was established through a three-way Memorandum of Understanding (MOU) with County Park Friends and the Santa Cruz County Parks Department. Assisted households receive a grant of up to \$500 towards recreational programs offered through the County of Santa Cruz Parks and Recreation.	<b>Status:</b> Pilot program launched in Spring 2025. In its first year, the program provided \$24,449 in funding, supporting 105 youth across 60 households. The program provided 20+ hours of activity per participant for over 2,100+ hours of total programming.  <b>Recommendations:</b> No recommended changes.

<p><b>Backpacks and School Supplies (Non-Housing):</b> This initiative provides backpacks and essential school supplies to K–12 students in Housing Authority properties.</p>	<p><b>Status:</b> New Horizons has partnered with United Way and the Santa Cruz County Office of Education for this year’s Stuff The Bus program. With a \$5,000 contribution, eligibility for the program has been expanded to include all children in Housing Authority properties. While children in HA properties may receive their backpacks directly from the COE, the Housing Authority distributed backpacks and school supplies to 68 participants who elected to receive their backpacks from the Housing Authority.</p> <p><b>Recommendations:</b> No recommended changes.</p>
<p><b>Planned for Implementation in 2025/2026</b></p>	
<p><b>Tutoring Program (Non-Housing):</b> New Horizons will offer free, high-quality tutoring aimed at supporting academic achievement and student success. Tutoring services will be offered across core subject areas, including reading, math, writing, science, and social studies. Services will be delivered primarily online, with in-person support available as needed, and will be offered in both English and Spanish. The program is planned for launch in Fall 2025 as a pilot focused on K–12 students living in Housing Authority properties.</p>	<p><b>Status:</b> New Horizons has entered into a contract with StudentNest, selected through the recent Services RFP, to provide academic tutoring services for the 2025–2026 school year.</p> <p><b>Recommendations:</b> Due to an anticipated high program demand, staff are recommending an increase in the program budget from \$20,000 to \$40,000.</p>

## General Program Population and Family Services

Fully Implemented Programs and Services	
Service	Status & Recommendations
<p><b>Conflict Resolution Mediation Services (Housing):</b> Program offering free mediation services to households participating in Housing Authority programs, and to the landlords renting to Housing Authority participants, offered through contract with the Conflict Resolution Center of Santa Cruz County.</p>	<p><b>Status:</b> The Housing Authority partners with the Conflict Resolution Center to offer mediation services to both landlords and tenants participating in Housing Authority programs. During FY 24/25, the program received 26 referrals involving 27 tenants and 20 landlords. Common reasons for referral included notices to vacate, landlord/tenant disputes, back-due rent or utility payments, tenant/tenant conflicts, rent increases, and general requests for tenant/landlord resources. Of the 26 cases, 15 were successfully resolved through mediation, and 11 were addressed by providing additional resources or information.</p> <p><b>Recommendations:</b> Staff recommend an increase from \$10,000 to \$12,000.</p>
<p><b>Security Deposit Gap Assistance (Housing):</b> Security deposit assistance program for residents of Housing Authority properties. Assistance may also be made available to other program participants on a case-by-case basis in unique situations. Program designed to supplement similar programs offered by local jurisdictions, which at times face funding shortfalls or interruptions.</p>	<p><b>Status:</b> In FY 24/25, New Horizons provided a total of \$24,462 in security deposit assistance, helping 9 households secure stable housing.</p> <p><b>Recommendations:</b> No recommended changes.</p>



<p><b>Loss Mitigation Funds (Housing):</b>  Owner Assurance Program that offers financial assistance of up to \$5,000 to landlords for tenant-caused damages exceeding the security deposit. The Housing Authority has active contracts with the County of Santa Cruz and the cities of Capitola, Santa Cruz, Scotts Valley and Watsonville to partner on the funding for this program, with the first \$2,500 of funding for each claim coming from the jurisdictions, and the remainder being funded through New Horizons.</p>	<p><b>Status:</b> In FY 2024/25, the program processed 17 claims, resulting in a total of \$37,151 in payments funded through New Horizons. These payments were combined with an additional \$42,500 from participating jurisdictions to provide a total of \$79,651 in landlord assistance.</p> <p><b>Recommendations:</b> No recommended changes.</p>
<p><b>Santa Cruz METRO Eco Passes (Non-Housing):</b>  Program offering free METRO EcoPasses to residents living in Housing Authority properties.</p>	<p><b>Status:</b> In FY 24/25, the program expanded, with a total of 29 active passes distributed, an increase of 18 from the previous year. Total program costs for the year reached \$21,120.</p> <p><b>Recommendations:</b> Staff recommends raising the program budget to \$25,000 to allow additional growth.</p>

**Internet Access Assistance (Non-Housing):**

Cruzio partnership which provides free broadband internet access to residents living in Housing Authority–owned and controlled properties. As of FY 24/25, the program is active at seven out of our existing 20 sites, with 124 out of 160 eligible units currently connected.

<b>Connected Properties</b>			
<b><u>Property</u></b>	<b><u>Units</u></b>	<b><u>Subscribed</u></b>	<b><u>Utilization Rate</u></b>
30th	19	12	63%
Portola Dr.	24	12	50%
Crestview	16	9	56%
Arista Ct.	16	10	81%
Arista Ln.	15	14	93%
Casa Pajaro	34	31	91%
Tierra Alta	36	36	100%
<b>Total</b>	<b>160</b>	<b>124</b>	<b>75.5%</b>

**Status:** During FY 24/25, the Housing Authority and Cruzio jointly submitted applications to the California Advanced Services Fund (CASF) Public Housing Account grant program. Awards were announced in July, with all 14 applications approved, totaling \$653,800 in funding for 7 sites.

**Recommendations:** The CASF grant will further expand the program by 96 units at 7 properties, resulting in a total of 256 units and 14 properties connected across the portfolio.

### Planned for Implementation in 2025/2026

**Workforce Development (Non-Housing):**

Service which will provide workshops and one-on-one career counseling to help participants explore careers, build job readiness skills, and secure employment.

**Status:** New Horizons has executed a contract with Advanced Employment Group to deliver Workforce Development workshops for Housing Authority program participants. The program is scheduled to launch in Fall 2025 and is designed to provide both group-based learning and individualized support. In addition to workshop participation, attendees will have access to one-on-one career counseling tailored to their employment goals. These services will include career exploration, résumé development, job readiness training, and job placement assistance, among other personalized supports intended to promote long-term economic mobility.

**Recommendations:** No recommended changes.

<p><b>Financial Workshops &amp; Coaching (Non-Housing):</b></p> <p>Service designed to equip participants with essential financial knowledge and tools. A recent Request for Proposals (RFP) for financial workshops and coaching did not result in a contract award. However, the Housing Authority remains committed to offering financial education opportunities. Staff are currently exploring a partnership with a financial institution that has a proven track record in delivering financial literacy workshops and asset-building strategies.</p>	<p><b>Status:</b> The new approach, utilizing a partnership with a local financial institution, is anticipated to reduce program delivery costs.</p> <p><b>Recommendations:</b> In light of this shift, staff recommend reducing the financial education program budget from \$40,000 to \$20,000.</p>
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### Senior Services

Fully Implemented Programs and Services	
Service	Status & Recommendations
<p><b>Project: Silver Bells (Non-Housing):</b></p> <p>Project Silver Bells is a seasonal initiative that provides holiday care packages and greeting cards to senior residents living in Housing Authority properties. The packages are thoughtfully assembled and personally delivered by Housing Authority staff, fostering community connection and holiday cheer.</p>	<p><b>Status:</b> In FY 24/25, the program successfully delivered 137 care packages to residents. Total program costs were \$4,689 with an additional \$3,150 contributed through cash or credit donations.</p> <p><b>Recommendations:</b> No recommended changes.</p>
<p><b>Senior Services Fair (Non-Housing):</b></p> <p>This program hosts small-scale senior service events that connect residents with local providers offering senior-focused benefits and services. These events serve as an opportunity for community partners to share resources and engage directly with seniors.</p>	<p><b>Status:</b> The first Senior Fair was held on February 28 at the London Nelson Center in Santa Cruz. A second fair is currently scheduled for October 3 at the Watsonville Civic Plaza Community Room.</p> <p><b>Recommendations:</b> No recommended changes.</p>

Planned for Implementation in 2025/2026	
<p><b>Senior Support Services (Non-Housing):</b>  Senior Support Services Program intended to provide critical assistance including case management, access to public benefits, Medicare support, and in-home services for seniors residing in Housing Authority properties or HCV participants experiencing extreme hardship.</p>	<p><b>Status:</b> The initial Services RFP did not yield any proposals that included senior-specific support services. However, the Housing Authority remains committed to addressing the needs of senior residents. A revised RFP will be issued with a focused approach to engage organizations that specialize in serving the senior population.</p> <p><b>Recommendations:</b> No recommended changes.</p>

### **Community Outreach and Engagement**

In addition to completing the implementation of the above programs and services, New Horizons proposes to conduct an updated stakeholder survey in FY 25/26 to evaluate satisfaction with current offerings, assess utilization, and identify any unmet service needs. This survey will gather feedback from residents of Housing Authority properties, Housing Choice Voucher participants, and participating landlords and property owners. Based on prior survey costs, staff recommends allocating \$90,000 to retain a qualified survey research contractor.

New Horizons will also continue the following outreach and engagement efforts:

- **Agency Publications** (Annual Community Report and Participant Newsletter) – Ongoing communications featuring program updates, community resources, and major initiatives such as new developments and resident services.
- **Tenant Workshops** – Workshops covering fair housing, tenant rights, and other relevant topics, delivered in collaboration with legal and advocacy partners. Note that the budget for FY 25/26 has been increased by an additional \$4,000 to support an increased frequency of workshops.
- **Landlord Workshops** – Informational sessions for current and prospective landlords, highlighting policy updates, management practices, and engagement opportunities.
- **Bike Giveaway** – A partnership with the Community Bike Collective to distribute refurbished bikes to participants.
- **Youth Art Contest** – Support for participant submissions to NAHRO’s “What Home Means to Me” contest, celebrating creative expression and housing advocacy among youth.

## NEW HORIZONS PROGRAMS AND SERVICES BUDGET:

The tables below provide an update on FY 24/25 actual expenses compared to the approved FY 24/25 budget for New Horizons Programs and Services along with recommendations for changes in FY 25/26. Estimated costs for new or expanded activities may shift slightly as implementation plans are finalized. Surplus funding from the previous year's programs and services budget is available if some activities exceed their proposed budget or if emerging needs are identified. This information will be shared with the Board through quarterly updates over the coming year.

	FY 24/25 Actuals	FY 24/25 Budget	FY 25/26 Budget
<b><i>Youth</i></b>			
Backpacks & School Supplies	\$ -	\$ 5,000	\$ 5,000
Scholarship Program	\$ 97,000	\$ 100,000	\$ 100,000
Summer Enrichment Activities	\$ 24,499	\$ 40,000	\$ 40,000
Tutoring Program	\$ -	\$ 20,000	\$ 40,000
	<b>\$ 121,499</b>	<b>\$ 165,000</b>	<b>\$ 185,000</b>
<b><i>General Program Population &amp; Families</i></b>			
Conflict Resolution Mediation Services	\$ 12,000	\$ 10,000	\$ 12,000
Financial Workshops & Coaching	\$ -	\$ 40,000	\$ 20,000
Internet Access Assistance	\$ 17,081	\$ 30,000	\$ 45,000
Loss Mitigation Funds	\$ 37,151	\$ 50,000	\$ 50,000
Santa Cruz METRO EcoPasses	\$ 21,120	\$ 10,560	\$ 25,000
Security Deposit Gap Assistance	\$ 24,462	\$ 50,000	\$ 50,000
Workforce Development	\$ -	\$ 40,000	\$ 40,000
	<b>\$ 111,814</b>	<b>\$ 230,560</b>	<b>\$ 242,000</b>
<b><i>Seniors</i></b>			
Project: Silver Bells	\$ 4,689	\$ 5,000	\$ 5,000
Senior Resource Fairs	\$ 1,182	\$ 6,000	\$ 6,000
Senior Support Services	\$ -	\$ 40,000	\$ 40,000
	<b>\$ 5,871</b>	<b>\$ 51,000</b>	<b>\$ 51,000</b>
<b><i>Outreach &amp; Engagement</i></b>			
Agency Publications	\$ 5,476	\$ 15,000	\$ 8,000
Landlord Workshops	\$ 2,200	\$ 3,000	\$ 3,000
Stakeholder Survey (New)	\$ -	\$ -	\$ 90,000
Tenant Workshops	\$ 1,278	\$ 3,000	\$ 7,000
	<b>\$ 8,954</b>	<b>\$ 21,000</b>	<b>\$ 108,000</b>
Reserve for Unforeseen & Emerging Priorities	\$ -	\$ 142,028	\$ 26,588
<b>GRAND TOTAL PROGRAMS &amp; SERVICES</b>	<b>\$ 248,148</b>	<b>\$ 609,588</b>	<b>\$ 612,588</b>

As directed by the Board, up to 10% of the prior year's New Horizons surplus may be used for housing-related services, and up to 10% may be used for non-housing-related services. This allocation was established to help ensure that New Horizons programs remain balanced and consistent with the organization's mission. In FY 24/25, actual expenditures fell well below both of these thresholds, with housing-related services accounting for 1.87% of the prior year's surplus, and non-housing-related services accounting for 4.24%. Based on the proposed FY 25/26 budget, actual expenses are expected to remain within the 10% caps. Given the maturing structure of the New Horizons programs and services model, staff recommend sunseting the "housing" and "non-housing" specific 10% cap requirements moving forward, while retaining the overall cap of limiting the total programs and services budget to 15% of the previous year New Horizons surplus. Eliminating this constraint will provide increased flexibility to align future budget allocations with evolving community needs and strategic priorities.

**RECOMMENDATION:** Receive staff report on FY 24/25 activities and outcomes of the New Horizons Programs and Services; approve recommended adjustments to FY 25/26 Programs and Services Plan.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

## AGENDA ITEM SUMMARY

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**MEETING DATE:** August 27, 2025

**ITEM NUMBER:** 3D

**FROM:** Executive Director

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**SUBJECT:** California Advanced Services (CASF) Broadband Public Housing Grant Award

---

**RECOMMENDATION:** Receive Report

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### **BACKGROUND SUMMARY:**

A resident needs survey conducted in 2021 identified free or low-cost high-speed internet as the highest service need priority among residents and voucher holders across all programs. This need was reaffirmed in the 2024 Stakeholder Survey Report, with 60% of residents living in Housing Authority properties expressing interest in free or reduced-cost internet service. In response, Housing Authority staff have committed to closing the digital divide by working to ensure all residents in Housing Authority-owned or controlled properties have access to free high-speed internet.

In February 2022, the County of Santa Cruz Board of Supervisors approved a \$500,000 grant award to Cruzio Internet (Cruzio) through the Equal Access Santa Cruz (EASC) program, aimed at expanding broadband access in underserved and unserved areas of the county. Through a partnership with Cruzio, New Horizons utilized EASC grant funds to install broadband infrastructure and partially subsidize monthly service costs for residents. New Horizons contributes the remaining monthly subscription costs, enabling free high-speed internet access at seven Housing Authority sites, serving a total of 160 units.

Following the full allocation of EASC grant funds, Housing Authority staff collaborated with Cruzio to pursue additional funding aimed at expanding free high-speed internet access to the remaining eligible sites. In December 2024, applications were submitted to the CASF Broadband Public Housing Account, administered by the California Public Utilities Commission (CPUC), for seven additional Housing Authority properties. These sites were selected based on their feasibility for Cruzio's fixed wireless service, which requires a clear line-of-sight to Cruzio's network infrastructure. In July 2025, the California Public Utilities Commission (CPUC) awarded all 14 grant applications submitted by New Horizons, totaling \$653,800 in funding. These funds will provide free high-speed internet service for a period of five years to an additional 96 housing units in 7 additional properties. All awarded properties are expected to be connected and offering service within the next 12 months.

A summary table of awarded sites and corresponding grant amounts is provided below.

<b>Property</b>	<b>Units</b>	<b>Grants Awarded</b>
17th	14	\$ 90,500.00
308 Clifford	16	\$ 90,700.00
310-314 Clifford	16	\$ 90,700.00
Blackburn	14	\$ 104,400.00
Broadway	5	\$ 77,250.00
Grandview	15	\$ 90,350.00
Montebello	16	\$ 109,900.00
<b>Total</b>	<b>96</b>	<b>\$ 653,800.00</b>

**RECOMMENDATION:** Receive Report



## AGENDA ITEM SUMMARY

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**MEETING DATE:** August 27, 2025

**ITEM NUMBER:** 3E

**FROM:** Executive Director

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**SUBJECT:** Housing Authority Project Based Voucher Program – FY 2025 Quarter 4 Report

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**RECOMMENDATION:** Receive Report

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### BACKGROUND SUMMARY:

The Board of Commissioners directed staff to provide quarterly reports on the Project-Based Voucher (PBV) Program, including information about the number of projects in various stages of the PBV pipeline, as well as projects that are completed and under a Housing Assistance Payments (HAP) Contract. The FY2025 fourth quarter report is attached. The report includes key milestones, deadlines, and details about each project.

The report on PBV projects is separated into three key phases, with a separate table for each phase.

1. **Conditional Award of Vouchers:** The first table includes a list of projects that have been conditionally awarded vouchers. These projects have not yet executed an Agreement to Enter into a HAP Contract (AHAP). This section includes the original date of conditional award, the deadline for execution of the AHAP, and any extensions to the AHAP deadline that the project has requested or received pursuant to the Housing Authority's PBV rescission policy. The report also includes the status of the environmental review (ER) and subsidy layering review (SLR), which must be completed prior to execution of the AHAP.
2. **Projects under an AHAP:** The second table lists projects for which an Agreement to Enter into a HAP Contract (AHAP) is in place and the project is either actively under construction or construction is on hold. The report on projects under an AHAP includes the date of conditional award and, from the AHAP itself, the date of AHAP execution, date of commencement of work, and anticipated date for completion of the work, as reflected in the AHAP. The report will include the date(s) of any AHAP amendments previously executed to extend the deadline for completion of the work.
3. **Projects Under a HAP Contract:** The final table lists completed projects, for which a HAP Contract is in place. These projects are either stably occupied or in the process of initial lease-up. The report on projects under HAP includes the date the HAP Contract was entered into, and the term of the HAP Contract.

**RECOMMENDATION:** Receive Report

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

**1. Projects with Conditional Awards (Not Under an AHAP)**

<b>Project Number</b>	<b>Project Name</b>	<b>Address</b>	<b>Original Conditional Award Date</b>	<b>Total Number of Units</b>	<b>Number of PBVs</b>	<b>Deadline to Execute AHAP</b>	<b>AHAP Deadline Extension Request #1</b>	<b>AHAP Deadline Extension Request #2</b>	<b>Environmental Review Status</b>	<b>Subsidy Layering Review (SLR) Status</b>
1	831 Water Street	831 Water Street, Santa Cruz CA 95060	6/29/2021	140	64	6/29/2023	Approved - <b>FINAL DEADLINE 09/26/2025</b>	Ineligible	Clearance received 1/7/2025	Certification received 04/29/2025
2	West of Fairview	Mimosa Street & Union Road, Hollister CA 95023	3/3/2023	100	40	3/2/2025	Approved – 09/26/2025	Approved - <b>FINAL DEADLINE 03/26/2026</b>	Clearance received 4/8/2024	Pending submission
3	Baler Place	340 Bridgevale Dr, Hollister, CA 92117	2/7/2024	54	25	2/6/2026	N/A	N/A	In progress	Pending submission
4	Capitola Manor	1098 38th Ave, Capitola, CA 95010	2/9/2024	52	25	2/8/2026	N/A	N/A	Clearance received 09/03/2024	Pending submission
5	Beverly Gardens	4408 & 4444 Scotts Valley Drive, Scotts Valley, CA 95066	3/26/2024	25	24	3/26/2026	N/A	N/A	In progress	Pending submission
6	Pinnacle Pass	75 Mount Hermon Rd, Scotts Valley, CA 95066	4/30/2024	40	25	4/30/2026	N/A	N/A	Clearance received 07/31/2025	Pending submission

7	Banana Belt Apartments	917, 919, 923 Water Street, Santa Cruz, CA 95062	5/23/2024	60	25	5/23/2026	N/A	N/A	Clearance received 04/25/2025	Pending submission
8	150 Felker Street	150 Felker St, Santa Cruz, CA 95060	8/14/2024	44	24	8/14/2026	N/A	N/A	In progress	Pending submission
9	525 Water Street	525 Water Street, Santa Cruz, CA 95060	8/14/2024	90	33	8/14/2026	N/A	N/A	In progress	Pending submission
10	41st & Soquel	2755 & 1831 41st Ave, Soquel, CA 95073	8/14/2024	289	91	8/14/2026	N/A	N/A	Clearance received 09/30/2024	Pending submission
11	Watsonville Metro	475 Rodriguez St, Watsonville, CA 95076	8/14/2024	61	20	8/14/2026	N/A	N/A	In progress	Pending submission
12	136 River Street	136 River Street, Santa Cruz, CA 95060	1/16/2025	51	20	1/16/2027	N/A	N/A	In progress	Pending submission
<b>TOTAL</b>				1,006	416					

## 2. Projects Under an AHAP

Project Number	Project Name	Address	Total Number of Units	Number of PBVs	AHAP Effective Date	Expectation for Construction Commencement	Expectation for Construction Completion	Construction Status
1	Park Haven Plaza	2840 Park Avenue, Soquel CA 95073	36	35	10/18/2022	10/23/2022	03/01/2025	Inactive due to funding gap
2	Veterans Village	8705 Hwy 9, Ben Lomond, CA 95005 CA	20	15	12/21/2022	06/01/2024	10/25/2025	Inactive due to funding gap
3	Pacific Station North	902, 912, and 920 Pacific Avenue and 423 Front Street, Santa Cruz, CA 95060	128	51	02/20/2024	05/20/2024	12/31/2026	Active
4	Harvey West Studios	119 Coral Street, Santa Cruz, CA 95060	121	60 PBV 20 Shelter+Care	05/15/2024	05/01/2026	11/16/2026	Active
5	The Bluffs at 44th	4401 Capitola Road, Capitola CA 95010	36	25	03/05/2025	04/01/2024	05/02/2026	Active
6	Downtown Library	119 Lincoln St, Santa Cruz, CA 95060	124	31	04/23/2025	07/22/2025	03/03/2029	Active
7	Westside Village	850 Almar Ave, Santa Cruz, CA 95060	38	25	06/17/2025	09/15/2025	06/16/2028	Active
8	4575 Scotts Valley Apartments	4575 Scotts Valley Drive, Scotts Valley, CA 95066	100	40	07/24/2025	10/22/2025	07/23/2028	Active
<b>TOTAL</b>			603	262 PBV 20 Shelter+Care				

### 3. Projects Under a HAP Contract

Project Number	Project Name	Address	Total Number of Units	Number of PBVs	HAP Contract Effective Date	HAP Contract Expiration Date
1	El Centro	1110 Pacific Ave, Santa Cruz, CA 95060	45	44	11/1/2014	10/31/2029
2	Emerald Hill Apartments	101 & 102 Civic Center Drive, Scotts Valley, CA 95066	46	7	12/1/2014	11/30/2029
3	San Andreas	295 San Andreas Road, Watsonville, CA 95076	43	5	1/1/2015	12/31/2029
4	Resetar Residential Hotel	15 W. Lake Ave, Watsonville, CA 95076	78	52	6/23/2015	5/31/2030
5	St. Stephens Senior Housing	2510 Soquel Avenue, Santa Cruz, CA 95062	40	39	5/24/2017	4/30/2032
6	Pippin Orchards Apartments	56 Atkinson Lane, Watsonville, CA 95076	41	31	11/15/2018	10/31/2033
7	Water Street Apartments	708 Water St, Santa Cruz, CA 95060	41	33	9/19/2019	8/31/2034
8	Sunrise Senior Apartments	580 Westside Blvd, Hollister, CA 95023	49	48	12/11/2019	12/11/2034
9	Pajaro Valley Shelter Services	110 Kearney Street, 112 Kearney Street, 561 Rodriguez Street & 62 Arista Lane, Watsonville, CA 95076	4	4	6/17/2020	5/31/2035
10	La Playa	216 Leibrandt Ave, Santa Cruz, CA 95060	8	2	5/1/2018	4/30/2038
11	Sycamore Commons	125 Sycamore St, Santa Cruz, CA 95060	60	13	5/1/2018	4/30/2038
12	Woodland Senior Apartments	3050 Dover Dr, Santa Cruz, CA 95065	68	27	3/16/2020	2/29/2040
13	Jardines Del Valle	76 Murphy's Crossing Rd, Watsonville, CA 95076	18	5	3/18/2020	2/29/2040
14	Villas Del Paraiso	340A Pariso Drive, Watsonville, CA 95076	51	15	3/18/2020	2/29/2040
15	Merrill Road Apartments	3201 Merrill Rd, Aptos, CA 95003	15	15	7/1/2023	6/30/2043
16	Bienestar Plaza	1520 - 1550 Capitola Rd, Santa Cruz, CA 95062	65	40	11/13/2023	10/31/2043
17	Tabasa Gardens	1482 Freedom Blvd, Watsonville, CA 95076	53	37	3/26/2024	2/29/2044

18	Cedar Street Family Apartments	538 Cedar Street, Santa Cruz CA 95060	65	8	4/22/2024	3/31/2044
19	LIPH PBVs	Various	234	220	5/1/2024	4/30/2044
20	Pacific Station South	818 Pacific Ave, Santa Cruz, CA 95060	70	47	11/13/2024	11/30/2044
21	Cienega Heights	1515, 1615, 1715 Brewington Ave, Watsonville, CA 95076	80	37	11/18/2024	11/30/2044
22	Sparrow Terrace	139 and 141 Miles Lane, Watsonville CA 95076	72	43	12/20/2024	12/31/2044
23	Natural Bridges Apartments	415 Natural Bridges Drive, Santa Cruz CA 95060	20	20	1/7/2025	1/31/2045
24	Tierra Alta	101 - 114 Tierra Alta Drive, Watsonville, CA 95076	36	33	2/1/2025	2/28/2045
25	Jessie Street	316 Jessie Street, Santa Cruz CA 95060	50	48	3/28/2025	3/31/2045
<b>TOTAL</b>			1,352	873		

## AGENDA ITEM SUMMARY

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**MEETING DATE:** August 27, 2025

**ITEM NUMBER:** 3F

**FROM:** Executive Director

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**SUBJECT:** Personnel Policies – Tuition Reimbursement Program

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**RECOMMENDATION:** Approve Revision to Personnel Policies to Establish Employee Educational Assistance and Tuition Reimbursement Program

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### **BACKGROUND SUMMARY:**

The Housing Authority invited employees to participate in an employee-led engagement committee, known as *The Grove*, with the purpose of fostering dialogue around employee development and promoting equity across the agency. The initial discussion topic selected by the committee was *Employee Development*.

Following this discussion, participating staff compiled a list of recommendations for management's consideration to enhance professional growth opportunities within the organization. Among these recommendations was the implementation of a Tuition Reimbursement Program, designed to support employees in pursuing educational opportunities aligned with their professional development goals.

In response, the management team reviewed the recommendation and expressed strong support for initiatives that foster employee growth. As a result, a new Employee Educational Assistance & Tuition Reimbursement Program has been drafted and incorporated into the Agency's Personnel Policies for the Board's consideration.

The program provides for partial or full reimbursement of eligible expenses (including registration, tuition, and books) up to \$3,000 per employee per calendar year for education or training that supports the employee's professional growth and is aligned with the employee's occupational area or has demonstrated value to the Housing Authority.

Staff propose to add the following text to the Personnel Policies, outlining terms of the program.

### **Employee Educational Assistance & Tuition Reimbursement**

If sufficient funds are available, Housing Authority staff are eligible to participate in a tuition reimbursement program for a total or partial reimbursement of eligible expenses, up to \$3,000 reimbursed per employee per calendar year, provided the Executive Director or designee determines that the education and/or training is:

1. Aligned with the employee's occupational area, or has demonstrated value to the Housing Authority and is
2. Obtained through an accredited education institution or certificate program.

#### Application for Educational Assistance/Tuition Reimbursement Procedure

Employees interested in participating in the program must submit a completed application for Educational Assistance/Tuition Reimbursement to the Administrative Services Director at the time of enrollment into a course or program.

#### Reimbursement and Restrictions

Reimbursement, if approved, shall be made when the employee completes the course or training and receives a passing grade of C or better or passing certification, as appropriate. Reimbursement will be restricted to registration fees for tuition costs and books listed in the course description as required to complete the class or course.

**RECOMMENDATION:** Approve Revision to Personnel Policies to Establish Employee Educational Assistance and Tuition Reimbursement Program

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ



## AGENDA ITEM SUMMARY

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**MEETING DATE:** August 27, 2025

**ITEM NUMBER:** 3G

**FROM:** Executive Director

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**SUBJECT:** Agency Share of Health, Dental, and Vision Insurance Premiums for CY2026

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**RECOMMENDATION:** Approve Staff Recommendation for Changes to the Agency's Health, Dental, and Vision Insurance Contribution Levels Effective 1/1/2026

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### BACKGROUND SUMMARY:

The Housing Authority's health insurance plans for staff are provided through CalPERS. CalPERS announces the rates for each of the health insurance plans for the coming calendar year prior to the open enrollment period which begins in September. The open enrollment period allows for staff to modify their health plan selections without being limited to a "qualifying event." The agency contributes towards the cost of the health insurance plans offered through CalPERS as part of the total compensation package provided to staff. Management assesses the extent to which the cost of the health insurance premiums is shared between employer and employee on an annual basis once the new rates are announced. It is ideal for this cost-sharing structure to be re-benchmarked prior to the open enrollment period to ensure staff can make informed decisions on their health plan selection for the coming year.

The premiums for CalPERS health insurance plans in our region are set to increase at a total basic weighted average of 7.76%. Approximately 49% of all participating staff are enrolled in the Kaiser Permanente medical plan which will experience a premium increase of 5.05%. The average 7.76% increase makes the monthly employee share increase by \$160, \$210, and \$273 for single, two party, and family coverage, respectively. Management proposes to increase the agency's contribution towards health insurance by these same amounts in order to offset the cost of the premium increases to staff. Under this proposal effective 1/1/2026, the agency's monthly health insurance contribution levels would be: \$1,121 (Single), \$2,241 (Two Party), \$2,914 (Family), and \$1,006 (Cash in Lieu for employees who are covered by their spouse's insurance). A summary of the current employee share of premiums and the proposed share of premiums for the coming year are shown in the attached table along with a summary of the proposed changes to the agency contribution level.

The estimated cost to implement these changes is \$150,852 on an annual basis with an increased \$49,824 impact in the current FY2025-26 budget year.

### BACKGROUND SUMMARY:

Approve Staff Recommendation for Changes to the Agency's Health, Dental, and Vision Insurance Contribution Levels Effective 1/1/2026

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

Health Plan	2025 Health Plan Monthly Premiums	2026 Health Plan Monthly Premiums	Increase in Monthly Premium 2025 to 2026	2025 Employee Share of Monthly Premium	2026 Employee Share of Monthly Premium	Change in Employee Share of Premium
<b>Single</b>						
PERS Select/Gold (PPO)	1,013.70	1,120.58	106.88	52.70	0.00	(52.70)
UnitedHealthcare Harmony (HMO)	1,005.02	1,133.09	128.07	44.02	12.09	(31.93)
Blue Shield Trio (HMO)	1,134.79	1,166.58	31.79	173.79	45.58	(128.21)
Kaiser Permanente (HMO)	1,112.90	1,168.86	55.96	151.90	47.86	(104.04)
Blue Shield Access+ (HMO)	1,170.17	1,301.95	131.78	209.17	180.95	(28.22)
UnitedHealthcare Alliance (HMO)	1,184.58	1,290.06	105.48	223.58	169.06	(54.52)
Anthem Select (HMO)	1,256.65	1,336.29	79.64	295.65	215.29	(80.36)
PERS Choice/Platinum (PPO)	1,476.10	1,670.14	194.04	515.10	549.14	34.04
Anthem Traditional (HMO)	1,500.40	1,612.08	111.68	539.40	491.08	(48.32)
<b>2 Party</b>						
PERS Select/Gold (PPO)	2,027.40	2,241.16	213.76	107.40	111.16	3.76
UnitedHealthcare Harmony (HMO)	2,010.04	2,266.18	256.14	90.04	136.18	46.14
Blue Shield Trio (HMO)	2,269.58	2,333.16	63.58	349.58	203.16	(146.42)
Kaiser Permanente (HMO)	2,225.80	2,337.72	111.92	305.80	207.72	(98.08)
Blue Shield Access+ (HMO)	2,340.34	2,603.90	263.56	420.34	473.90	53.56
UnitedHealthcare Alliance (HMO)	2,369.16	2,580.12	210.96	449.16	450.12	0.96
Anthem Select (HMO)	2,513.30	2,672.58	159.28	593.30	542.58	(50.72)
PERS Choice/Platinum (PPO)	2,952.20	3,340.28	388.08	1,032.20	1,210.28	178.08
Anthem Traditional (HMO)	3,000.80	3,224.16	223.36	1,080.80	1,094.16	13.36
<b>Family</b>						
PERS Select/Gold (PPO)	2,635.62	2,913.51	277.89	141.62	146.51	4.89
UnitedHealthcare Harmony (HMO)	2,613.05	2,946.03	332.98	119.05	179.03	59.98
Blue Shield Trio (HMO)	2,950.45	3,033.11	82.66	456.45	266.11	(190.34)
Kaiser Permanente (HMO)	2,893.54	3,039.04	145.50	399.54	272.04	(127.50)
Blue Shield Access+ (HMO)	3,042.44	3,385.07	342.63	548.44	618.07	69.63
UnitedHealthcare Alliance (HMO)	3,079.91	3,354.16	274.25	585.91	587.16	1.25
Anthem Select (HMO)	3,267.29	3,474.35	207.06	773.29	707.35	(65.94)
PERS Choice/Platinum (PPO)	3,837.86	4,342.36	504.50	1,343.86	1,575.36	231.50
Anthem Traditional (HMO)	3,901.04	4,191.41	290.37	1,407.04	1,424.41	17.37

HA Monthly Contribution	2025	2026	2026 Increase
Single	Up to \$961	Up to \$1,121	\$160
2 Party	Up to \$1,920	Up to \$2,241	\$210
Family	Up to \$2,494	Up to \$2,914	\$273
Cash in Lieu	\$846	\$1,006	\$160

## AGENDA ITEM SUMMARY

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**MEETING DATE:** August 27, 2025

**ITEM NUMBER:** 6A

**FROM:** Executive Director

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**SUBJECT:** Request for Housing Authority Endorsement of the City of Santa Cruz Workforce Housing Affordability Act of 2025

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**RECOMMENDATION:** Approve Request to Endorse the Santa Cruz Workforce Housing Affordability Act of 2025 (Measure C)

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### BACKGROUND SUMMARY:

The Housing Authority has received a request from the campaign for the *Workforce Housing Affordability Act of 2025 (Measure C)*, to endorse their ballot measure on the November 4, 2025 ballot. The ballot measure would implement a parcel tax and property transfer tax to help fund affordable housing projects. The ballot measure is being opposed by the Santa Cruz County Association of Realtors, who have introduced a similarly named, competing ballot measure titled the *Workforce Housing and Climate Protection Act (Measure B)*. This ballot measure would also implement parcel tax and property tax, but generates less funding for affordable housing.

A representative from the *Santa Cruz Workforce Housing Affordability Act of 2025 (Measure C)* will be present at the Board meeting and will be provided 5–10 minutes to present their measure and respond to questions. The Santa Cruz County Association of Realtors has been invited to attend the meeting and present to the Board, but have declined the invitation.

As a public agency, the Housing Authority may take a position on a ballot measure, provided that the position is taken at an open and public meeting where other perspectives can be offered and provided that no public funds are expended to support or oppose a position regarding the ballot measure.

Historically, the Housing Authority has maintained a position of neutrality on local ballot measures, with a few noteworthy exceptions that directly relate to affordable housing and/or that align with the Housing Authority's mission and impact families assisted through Housing Authority programs. These exceptions include an affordable housing bond measure (Measure H) in 2018. Taking positions on ballot measures is not without risk, as many community members may have strong feelings about any ballot measure. As such, taking any position on any ballot measure is likely to upset some community members and partners, including landlords. However, staff recommend endorsing the City of Santa Cruz Workforce Housing Affordability Act of 2025, as it would result in a significant and ongoing source of local funds for affordable housing, and as such it aligns with the Housing Authority's mission as well as our specific goals related to supporting the development of new affordable housing, and supporting efforts to increase funding for affordable housing development in Santa Cruz County.

**ATTACHMENTS:**

1. Letter from Santa Cruz Workforce Housing Affordability Act of 2025 (Measure C)
2. Full text of the Santa Cruz Workforce Housing Affordability Act of 2025 (Measure C)
3. City Attorney Impartial Analysis of the Santa Cruz Workforce Housing Affordability Act of 2025 (Measure C)
4. Campaign Materials from Santa Cruz Workforce Housing Affordability Act of 2025 (Measure C)
5. Arguments against the Santa Cruz Workforce Housing Affordability Act of 2025 (Measure C)

**RECOMMENDATION:** Approve Request to Endorse the City of Santa Cruz Workforce Housing Affordability At of 2025

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ



**HOUSING**  
SANTA CRUZ COUNTY

PO Box 1460, Santa Cruz, CA 95061  
[www.housingsantacruzcounty.com](http://www.housingsantacruzcounty.com)

August 10<sup>th</sup>, 2025

Dear Jenny and Board of Commissioners,

I am writing on behalf of the Workforce Housing Affordability Act Campaign to respectfully request the Housing Authority's endorsement of the **Workforce Housing Affordability Act (WHAA)**, a local ballot measure designed to create more affordable housing for workers, seniors, veterans, and families in the City of Santa Cruz.

The WHAA would generate dedicated, long-term funding for affordable housing through a modest parcel tax and real estate transfer tax on high-value property sales. These resources would directly support the development, preservation, and accessibility of housing that our community urgently needs.

Your endorsement would send a powerful message that the Housing Authority stands with the many residents, workers, and partners committed to ensuring that everyone has a safe, stable, and affordable place to call home. Together, we can make a meaningful difference in addressing the housing crisis that impacts so many in our community.

Thank you for considering this request and for your ongoing leadership in advancing housing opportunities for all.

Sincerely,  
Elaine Johnson  
Campaign Manager

## **INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS**

The City Attorney has prepared the following ballot title and summary of the chief purpose and point of the proposed measure:

### **NOTICE OF INTENT TO CIRCULATE PETITION**

Notice is hereby given by the persons whose names appear hereon of their intention to circulate a petition within the City of Santa Cruz for the purpose of enacting an ordinance adopting City of Santa Cruz Municipal Code Chapter 3.34, the “The City of Santa Cruz Workforce Housing Affordability Act of 2025.” A statement of the reasons of the proposed action as contemplated in the petition is as follows:

/s [name and address]

/s [name and address]

/s [name and address]

### **FULL TEXT OF THE PROPOSED INITIATIVE**

#### **THE CITY OF SANTA CRUZ WORKFORCE HOUSING AFFORDABILITY ACT OF 2025**

##### **SEC. 1. Title.**

This Act shall be known and may be cited as "The City of Santa Cruz Workforce Housing Affordability Act of 2025" (the “Affordable Housing Act” or “Act”).

## SEC. 2. Findings and Declarations.

The People of the City of Santa Cruz hereby find and declare the following:

1. The People of the City of Santa Cruz (the "City") recognize the existence of a housing crisis in the City and the entire County of Santa Cruz (the "County"), where the extremely high costs of home ownership and the increasing cost of rental housing throughout the County have resulted in housing insecurity and a persistently high number of individuals living without any housing in the City and the County; and
2. The existence of this housing and homelessness crisis compels the community to seek approval by voters of a revenue measure to aid in the acquisition, development and/or improvement of real property in order to provide affordable housing, including housing for lower income working individuals and families, essential workers, disadvantaged veterans, seniors, low- and moderate-income households, persons with disabilities, homeless individuals and families; and supportive housing for individuals suffering from mental health challenges or substance use disorders; and
3. Even though some affordable housing is currently being built, the number of units available for these populations does not satisfy the existing demand within the City; and
4. The new affordable or supportive housing units that would be made available through a revenue measure, including through proceeds of possible future bonded indebtedness secured by the revenue measure, are intended to be developed where possible within the City consistent with the Housing Element, and the City will seek to leverage the tax resources acquired through this revenue measure to attract both private funding, non-profit funding and matching funds from both state and federal sources to provide additional affordable housing; and
5. The People recognize that the City of Santa Cruz is making progress addressing the homelessness crisis and the need for ongoing sustainable funding to support these efforts, in partnership with the County of Santa Cruz, by providing affordable and supportive housing; and
6. The People view affordable housing as a critical need, without which lower income persons and families are unlikely to achieve any level of stability or the ability to remain in the community; and
7. The People find that creating and improving housing for lower income individuals, families, essential workers and otherwise economically vulnerable persons living in the City is consistent with the City's vision to promote a healthy, safe and more affordable community, the City's mission to deliver quality, data driven services that strengthen our community and enhance opportunity, and the City's affordable housing goals; and
8. The People find that dedicating the proceeds of the revenue measure directly to the development of affordable housing supports a community where lower income working families and households can live close to places of employment and promotes environmental sustainability by reducing overall vehicle miles traveled; and
9. The People find that it is in the public interest, serves a public purpose and is necessary that the funds of the City shall be expended for the purposes described herein, and the Council is authorized to direct expenditure of funds of the City for said purposes; and
10. Article XXXIV of the California Constitution provides that no low-rent housing project shall be developed, constructed, or acquired in any manner by any state public body until a majority of the qualified electors of the city or county in which it is proposed to develop, construct, or acquire the

project, voting upon such issue, approve such project by voting in favor thereof at an election to be held for that purpose, or at any general or special election; and

11. The People now wish to submit a revenue measure to the qualified electors of the City at the November 4, 2025 election for the purpose of generating revenues, including through possible future bonded indebtedness secured by the revenue measure, to be spent on increasing the availability of affordable housing and the prevention of homelessness within the City.

### SEC. 3. Purpose and Intent.

In enacting the CITY OF SANTA CRUZ WORKFORCE HOUSING AFFORDABILITY ACT OF 2025, it is the purpose and intent of the people of the City of Santa Cruz:

1. To provide necessary funding for a range of affordable housing developments serving the City's lower income and vulnerable populations.
2. To increase the supply of affordable housing in response to the affordable housing crisis facing the City.
3. To increase access to state and federal funding for affordable housing by providing additional City funds to leverage these outside funding sources and improve the competitiveness of City developments.
4. To obtain sufficient affordable housing funds to allow the City to support a variety of affordable housing initiatives.
5. To provide an additional and significant funding source to stimulate housing for the City's disadvantaged and economically vulnerable residents.
6. To increase the amount of City funds available for affordable housing without placing an undue burden on the City's property taxpayers.

SEC. 4. Title 3 "Revenue and Finance" of the City of Santa Cruz Municipal Code is hereby amended by adding Chapter 3.34, to be titled "Workforce Housing Affordability Act of 2025" to read as follows:

#### "Chapter 3.34

### WORKFORCE HOUSING AFFORDABILITY ACT OF 2025

#### Part 1: EXPENDITURES

#### 3.34.010 DEFINITIONS.

- (a) "Act" shall mean the City of Santa Cruz Workforce Housing Affordability Act of 2025.
- (b) "Affordable and Workforce Housing" shall mean housing that is affordable for extremely low, very low, low and moderate income households as defined by the Section 24.16.015.
- (c) "Affordable Housing Fund" shall mean the fund established by Section 3.34.030 of this Act.
- (d) "Affordable Housing Trust Fund" or "AHTF" shall mean the City of Santa Cruz Affordable Housing Trust Fund established by City Council Resolution No. NS-26410, as may have been for thereafter may be amended by City Council resolution.



(e) “AHTF Guidelines” shall mean the City of Santa Cruz Affordable Housing Trust Fund Administrative Guidelines, Department of Economic Development, Housing Division adopted by the City Council on October 28, 2003 by Resolution No. NS-26410; as revised by the City Council on April 25, 26 (adding Section 5.4.i) by Resolution No. NS-27214; as revised on May 2, 2014 updating organization change to Economic Development; as revised July 28, 2020 as directed by the City Council on June 23, 2020 and for consistency with State Local Housing Trust Fund (“LHTF”) Program application, and as may thereafter be amended by City Council resolution.

(f) “Area Median Income” shall mean the area median income for Santa Cruz County as published and periodically updated by the state of California pursuant to California Code of Regulations, Title 25, Section 6932, or successor provision.

(g) “Housing to Reduce/Prevent Homelessness Fund” shall mean the fund established by Section 3.34.040 of this Act.

(h) “Oversight, Accountability, and Administration Fund” shall mean the fund established by Section 3.34.050 of this Act.

(i) "Proceeds of the tax revenue measure" shall mean all revenue derived from the taxes imposed by this Act net of the cost of collection.

#### 3.34.020 ACCOUNTABILITY – CITIZENS’ OVERSIGHT COMMITTEE.

(a) Pursuant to Sections 50075.1 and 50075.3 of the California Government Code, the specific purposes of the tax and the requirement that the tax proceeds be applied to such purposes and the establishment of a special fund for the tax proceeds are as set forth in Section 3.34.030-050. So long as the tax is collected hereunder, commencing no later than July 1, 2026, and annually thereafter, the Director of Finance is hereby authorized and directed to cause to be prepared and filed with the council an annual report that shows the amount of tax collected and expended and the status of any projects funded with the tax proceeds. For the purposes of this section, the Director of Finance is authorized to retain such consultants, accountants or agents as may be necessary or convenient to accomplish the foregoing.

(b) A three-member Financial Oversight Committee shall be established, composed of the Director of Finance, the Chief Executive Officer of a local bank, credit union or other local financial institution to be appointed by the City Council, and a public member to be appointed by the City Council to ensure that expenditures of the tax proceeds of the Act are in accordance with the terms of the Act..

#### 3.34.030 AFFORDABLE HOUSING FUND.

(a) The fund. There is hereby established the Affordable and Workforce Housing Fund.

(b) Revenue. For each fiscal year eighty-seven percent (87%) of the proceeds of the revenue tax measure shall be appropriated, together with interest that accrues thereon, for the purposes specified in Section (c) of this Section.

(c) Eligible uses. Moneys in the Affordable and Workforce Housing Fund shall be deposited into and shall be expended in accordance with the City’s Affordable Housing Trust Fund including the following:

1. Construction of new affordable units, including tiny homes, social housing;
2. Preservation of existing affordable housing;
3. Affordable housing project planning, project development and support;
4. Assistance with multifamily rehabilitation programs;
5. Conversion of market rate units to affordable housing;
6. Construction, conversion or rehabilitation of income-restricted accessory dwelling units;
7. Gap financing for acquisition and rehabilitation of potential limited equity cooperatives;
8. First time homebuyer down payment assistance loans;
9. Predevelopment loans/grants to assist nonprofit and for-profit developers with project feasibility studies, site acquisition and design studies for potential affordable housing projects;
10. Payment of debt service or ground-lease payments for projects authorized by this section;
11. Santa Cruz City residents and workers, and veterans shall have priority for obtaining housing units, to the extent allowed by law;
12. Funds from the measure may be allocated to developments that provide housing units to households at a variety of low and moderate-income levels;
13. Funds from the measure may be allocated to either rental or for-sale housing developments.

(d) Restrictions on uses:

1. Eminent domain actions are prohibited.
2. All affordable housing shall be deed restricted for a minimum of 55 years for rental units and 45 years for for-sale housing.
3. To the extent feasible, the funds from the measure shall be allocated only for developments where other funding sources provide the majority of the construction financing.
4. Funds from the measure shall not be used to replace existing deed-restricted affordable housing unless they are replaced on a two-to-one basis and existing residents receive relocation assistance and have a right of first refusal.
5. Santa Cruz City residents, workers and veterans shall have priority for obtaining housing units, to the extent allowable by law.

### 3.34.040 HOUSING TO PREVENT/REDUCE HOMELESSNESS FUND.

- (a) The Fund. There is hereby established the Housing to Prevent/Reduce Homelessness Fund.
- (b) Revenue. For each fiscal year ten percent (10%) of the proceeds of the revenue measure shall be appropriated, together with interest that accrues thereon, for the purposes specified in Section (c) of this Section.
- (c) Eligible uses. Moneys in the Housing To Prevent/Reduce Homelessness Fund shall be used for the purpose of assisting persons who became homeless while living in the City of Santa Cruz without housing, or those at immediate risk of losing housing, including adults, children, and youth, and persons with mental health issues, to secure permanent supportive housing. To that end, uses under this section shall be limited to:
  1. Construction, acquisition, rehabilitation, lease and preservation of permanent supportive housing. For purposes of this Section, “permanent supportive housing” means housing that provides a rental subsidy and onsite supportive services for adults, families, and youth living in the City of Santa Cruz without any housing;

2. Construction, acquisition, rehabilitation, lease, or preservation of buildings and facilities that provide supportive housing for adults, families and youth living in the City of Santa Cruz without any housing, including short-term residential shelter, navigation centers and shelters;
3. Programs providing for (1) payments of up two months of rent arrearages paid directly to property owners for purposes of assisting lower-income tenants who are at risk of losing their housing , and/or (2) payments for security deposits and/or last month's rent paid directly to property owners to support immediate rehousing of displaced qualifying lower-income tenants;
4. Payment of debt service or lease payments for projects authorized by this section; and
5. Provision of emergency shelter.

(d) Restrictions on uses:

1. Eminent domain actions are prohibited.
2. Santa Cruz City residents, workers and veterans shall have priority for obtaining housing units, to the extent allowable by law.

3.34.050 OVERSIGHT, ACCOUNTABILITY AND ADMINISTRATION FUND.

(a) The fund. There is hereby established the Oversight, Accountability, and Administration Fund.

(b) Revenue. Revenue. For each fiscal year three percent (3%) of the proceeds of the revenue tax measure shall be appropriated, together with interest that accrues thereon, for the purposes specified in Section (c) of this Section.

(c) Eligible uses. Moneys in the Oversight, Accountability and Administration Funds shall be used for the following purposes:

1. Payment of the administrative expenses of implementing the Act;
2. Payment for City oversight of the expenditures described in the Act;
3. Payment for City expenses providing support Financial Oversight Committee; and
4. Payment for professional services rendered in support of implementing the Act.

(d) Transfer to Program Funds. To the extent that at the end of each two (2) year budget period any unspent and unencumbered or undesignated funds remain in the Oversight, Accountability, and Administration Fund, the remaining funds shall be transferred to the Affordable and Workforce Housing Fund and the Housing to Prevent/Reduce Homelessness Fund in the same proportion as those funds are allocated pursuant to Sections 3.34.030 and 3.34.040, above.

Part 2: PARCEL TAX

3.34.060 PARCEL TAX IMPOSED.

(a) Definitions. For purposes of this Part only, the following terms shall be defined as set forth below:

1. "Building" shall mean any structure having a roof supported by columns or by walls and designed for the shelter or housing of any person, chattel or property of any kind. The word "Building" includes the word "structure."

2. "City" shall mean the City of Santa Cruz, California.
3. "Occupancy" shall be as defined by Section 24.22.574.
4. "Owner" shall mean the Person having title to real estate as shown on the most current official assessment role of the Santa Cruz County Assessor.
5. "Parcel" shall mean a unit of real estate in the City of Santa Cruz as shown on the most current official assessment role of the Santa Cruz County Assessor.
6. "Person" shall mean an individual, firm, partnership, joint venture, association, social club, fraternal organization, joint stock company, corporation, estate, trust, business trust, receiver, trustee, syndicate, or any other group or combination acting as a unit.
7. "Possessory Interest" as it applies to property owned by any agency of the government of the United States, the State of California, or any political subdivision thereof, shall mean possession of, claim to, or right to the possession of, land or Improvements and shall include any exclusive right to the use of such land or Improvements.

(b) Tax Rates. For each year during which the Act is in effect, beginning in fiscal year 2026-2027, there is hereby imposed a tax on all Owners of parcels in the City for the privilege of using municipal services and the availability of such services. The tax imposed by this Section shall be assessed on the Owner or the Owner's parcel unless the Owner is by law exempt from taxation, in which case, the tax imposed shall be assessed to the holder of any Possessory Interest in such Parcel, unless such holder is also by law exempt from taxation. The tax is imposed as of July 1 of each year on the person who owned the parcel on that date. The tax shall be collected at the same time, by the same officials, and pursuant to the same procedures as the one percent (1%) ad valorem property tax imposed pursuant to Article XIII A of the California Constitution. The tax hereby imposed shall be set at the annual rate of ninety-six dollars (\$96) per Parcel, which shall not be increased during the twenty (20) year term of this measure. An Owner of residential rental property shall be prohibited from passing any portion of the tax imposed by this section onto their tenant or tenants.

### 3.34.070 EXEMPTIONS.

(a) Low-income household exemption. The following is exempt from this tax: an Owner of a Single-Family Residential Unit (1) who resides in such unit and (2) whose combined family income, from all sources for the previous year, is at or below the income level qualifying as sixty percent (60%) of area median income for a Family of such size under Section 8 of the United States Housing Act of 1937 (42 U.S.C.A. Sections 1437 et. seq.), or successor legislation, for such year. The Director of Finance shall set forth procedures for annual applications from Owners for the exemption, which may require information such as federal income tax returns and W-2 forms of owner occupants eligible for the exemption, or procedures for an alternative process.

(b) Senior household exemption. The following is exempt from this tax: an Owner of a Single-Family Residential Unit (1) who resides in such unit, (2) who is sixty-five (65) years of age or older and (3) whose combined family income, from all sources for the previous year, is at or below the income level qualifying as eighty percent (80%) of area median income for a Family of such size under Section 8 of the United States Housing Act of 1937 (42 U.S.C.A. Sections 1437 et. seq.), or successor legislation, for such year. The Director of Finance shall set forth procedures for annual applications from Owners for the exemption, which may require information such as federal income tax returns and W-2 forms of owner occupants eligible for the exemption, or procedures for an alternative process.

(c) Exemption for 100% affordable housing projects. Rental housing for senior, disabled, and low-income households that are exempt from ad valorem property tax pursuant to California Revenue and Taxation Code Sections 214(f), (g) and (h) are exempt from this tax.

(d) Real property owned by religious organizations, schools or other entities that are exempt from property taxes under California law are exempt from this tax. To qualify for this exemption, each religious organization, school or entity seeking such exemption shall submit such information required to determine eligibility for such exemption.

### 3.34.090 DUTIES OF THE DIRECTOR OF FINANCE; NOTICE OF DECISIONS.

It shall be the duty of the Director of Finance to collect and receive all taxes imposed by this Act. The Director of Finance is charged with the enforcement of this Act and may adopt rules and regulations relating to such enforcement.

### 3.34.100 EXAMINATION OF BOOKS, RECORDS, WITNESSES; PENALTIES.

The Director of Finance or their designee is hereby authorized to examine assessment rolls, property tax records, records of the Santa Cruz County Recorder and any other records of the County of Santa Cruz deemed necessary in order to determine ownership of Parcels and computation of the tax imposed by this Act. The Director of Finance or the Director of Finance's designee is hereby authorized to examine the books, papers and records of any person subject to the tax imposed by this Act, including any person who claims an exemption, for the purpose of verifying the accuracy of any petition, claim or return filed and to ascertain the tax due. The Director of Finance, or the Director of Finance's designee is hereby authorized to examine any person, under oath, for the purpose of verifying the accuracy of any petition, claim or return filed or to ascertain the tax due under this Act and for this purpose may compel the production of books, papers and records, whether as parties or witnesses, whenever the Director of Finance believes such persons have knowledge of such matters. The refusal of such examination by any person subject to the tax shall be deemed a violation of this Act and of the Santa Cruz Municipal Code and subject to any and all remedies specified therein.

### 3.34.110 COLLECTION OF TAX; INTEREST AND PENALTIES.

The tax shall be delinquent if the City does not receive it on or before the delinquency date set forth in the notice mailed to the Owner's address as shown on the most current assessment roll of the Santa Cruz County Tax Collector; and the tax shall be collected in such a manner as the City Council may decide. The City may place delinquencies on a subsequent tax bill. A one-time penalty in the amount of twenty-five percent (25%) of the tax due per fiscal year, is hereby imposed by this Act on all taxpayers who fail to timely pay the tax provided by this Act. In addition, the City Council may assess interest at the rate of one percent (1%) per month on the unpaid tax and the penalty thereon.

Every penalty imposed and such interest as accrues under the provisions of this Act shall become a part of the tax herein required to be paid.

The City may authorize the County of Santa Cruz to collect the taxes imposed by this Act in conjunction with and at the same time and in the same manner as the County collects property taxes for the City. If the City elects to authorize the County of Santa Cruz to collect the tax, penalties and interest shall be those applicable to the nonpayment of property taxes.

### 3.34.120 COLLECTION OF UNPAID TAXES.

The amount of any tax, penalty, and interest imposed under the provisions of this Act shall be deemed a debt to the City. Any person owing money under the provisions of this Act shall be liable to an action brought in the name of the City for the recovery for such amount.

### 3.34.130 REFUND OF TAX, PENALTY, OR INTEREST PAID MORE THAN ONCE, OR ERRONEOUSLY OR ILLEGALLY COLLECTED.

Whenever the amount of any tax, penalty, or interest imposed by this Act has been paid more than once or has been erroneously or illegally collected or received by the City, it may be refunded provided a verified written claim for refund, stating the specific ground upon which such claim is founded, is received by the Director of Finance within one (1) year of the date of payment. The claim shall be filed by the person who paid the tax or such person's guardian, conservator, or the executor of their estate. No representative claim may be filed on behalf of a taxpayers or a class of taxpayers. The claim shall be reviewed by the Director of Finance and shall be made on forms provided by the Director of Finance. If the claim is approved by the Director of Finance, the excess amount collected or paid may be refunded or may be credited against any amounts then due and payable from the person from whom it was collected or by whom paid, and the balance may be refunded to such person, or such person's administrators or executors. Filing a claim shall be a condition precedent to legal action against the City for a refund of the tax.

### 3.34.140 REGULATIONS.

The City Manager is hereby authorized to promulgate such regulations as he or she shall deem necessary in order to implement the provisions of this Act.”

## Part 3:

### REAL PROPERTY TRANSFER TAX

### 3.34.150 PURPOSE

This Part is adopted pursuant to the authority contained in Part 6.7 (commencing with Section 11901) of Division 2 of the Revenue and Taxation Code of the State of California, and pursuant to the authority of Article IV of the Charter of the City of Santa Cruz and other authority held as a chartered city. The tax imposed hereunder is for the purpose of raising revenue to support implementation of the City of Santa Cruz Workforce Housing Affordability Act of 2025, as set forth in Part 1, above, and is in addition to the tax imposed by Chapter 3.32 – Real Property Transfer Tax.

### 3.34.160 TAX IMPOSED.

(a) Commencing July 1, 2026, there is hereby imposed a tax on each deed, instrument, or writing, or any other document or change in control and ownership of legal entities, by which any lands, interests in lands, tenements, or other interests in real property located in the City of Santa Cruz is or are granted, assigned, transferred, or otherwise conveyed to or vested in the purchaser or purchasers, or any other person or persons, by his or her or their direction. The amount of the tax shall be based on the value of consideration or property conveyed (including the value of any lien or encumbrance remaining thereon at the time of sale), and shall be calculated at the following rates:

- (1) Nothing herein shall be construed as creating any new tax on the value of consideration for property paid that is less than one million eight-hundred thousand dollars (\$1,800,00.00).
- (2) The rate of the tax shall be one-half of one percent (0.5%) (five dollars (\$5.00) for each one thousand dollars (\$1,000.00) or fractional part thereof) for the value of consideration for property paid in excess of one million eight-hundred thousand dollars \$1,800,000 but less than two million five-hundred thousand dollars (\$2,500,000.00).
- (3) The rate of the tax shall be one percent (1%) (ten dollars (\$10.00) for each one thousand dollars (\$1,000.00) or fractional part thereof) for the value of the consideration for property conveyed in excess of two million five-hundred thousand dollars (\$2,500,000) but less than three million five-hundred thousand dollars (\$3,500,000).
- (4) The rate of the tax shall be one and one-half percent (1.50%) (fifteen dollars (\$15.00) for each one thousand dollars (\$1,000.00) or fractional part thereof) for the value of the consideration for property conveyed in excess of three million five-hundred thousand dollars (\$3,500,000) but less than four million five-hundred thousand dollars (\$4,500,000).
- (5) The rate of the tax shall be two percent (2.00%) (twenty dollars (\$20.00) for each one thousand dollars (\$1,000.00) or fractional part thereof) for the value of the consideration for property conveyed in excess of four million five-hundred thousand dollars (\$4,500,000) provided, however, that the maximum amount of tax paid on any taxable transaction shall not exceed two hundred thousand dollars (\$200,000).
- (b) Except as otherwise set forth herein, this tax shall apply regardless of the method by which the transfer is accomplished or the relationship of the parties to the transfer.
- (c) Commencing July 1, 2027, and annually thereafter during the life of the Act, the tax thresholds for consideration of the value of property conveyed as established by subsections (a)(1)-(5), above, shall be adjusted annually by the change in percentage of the cost of living for the prior year, measured from the most recent prior quarterly report for California Consumer Price Index for All Urban Consumers (CPI-U) for All Items as published by the California Department of Industrial Relations (“CPI-U”), and the cap established by subsection (a)(5) shall be adjusted by the change in CPI-U, or three percent (3%), whichever is less.

### 3.34.170 DEFINITIONS.

As used in this Part:

“Change in control and ownership of legal entities” means any direct or indirect acquisition or transfer of ownership interest or control in a legal entity that constitutes a change in ownership or transfer of the real property of the entity under California Revenue and Taxation Code Section 64.

“Person” and “persons” mean any natural person, receiver, administrator, executor, assignee, trustee in bankruptcy, trust, estate, firm, co-partnership, joint venture, club, company, joint stock company, business trust, limited liability company, municipal corporation, political subdivision of the State of California, domestic or foreign corporation, association, syndicate, society, or any group of individuals acting as a unit, whether mutual, cooperative, fraternal, nonprofit, or otherwise, and the United States or any instrumentality thereof, and any natural person, who as an individual or with a spouse owns fifty-one percent (51%) or more of the capital stock of a corporation obligated to file a declaration and pay tax pursuant to this Part; and in addition, is a person with the power to control the fiscal decision-making process by which the corporation allocates funds to creditors in preference to its tax obligations under the provisions of this Part. A person as defined herein, who is also an officer or director of a corporation obligated to file declarations and pay tax pursuant to this Part, shall be

presumed to be a person with the power to control the fiscal decision-making process. Whenever the term “person” is used in any clause prescribing and imposing a penalty, the term as applied to association shall mean the owners or part owners thereof, and as applied to corporations, the officers thereof.

“Real property” and “realty” mean real property as defined by and under the laws of the State of California.

#### 3.34.180 PERSON ON WHOM TAX IMPOSED.

Any persons who make a transfer which is subject to the tax imposed under Section 3.34.160, and any persons to whom such a transfer is made, shall be jointly and severally liable for payment of the tax imposed under Section 3.34.160.

#### 3.34.190 EXCEPTION: INSTRUMENT TO SECURE DEBT

Pursuant to Cal. Revenue & Taxation Code section 11921, any tax imposed pursuant to this Part shall not apply to any instrument in writing given to secure a debt. Nothing in this Part shall be deemed to exclude the amount of any such indebtedness from being included in the value of consideration in connection with any conveyance which is not made solely to secure an obligation or a debt.

#### 3.34.200 EXCEPTION: INSTRUMENTS OF THE UNITED STATES, STATE, TERRITORY OR POLITICAL SUBDIVISIONS, ETC.

Pursuant to Cal. Revenue & Taxation Code section 11922, any deed, instrument, or writing to which the United States or any agency or instrumentality thereof, any state or territory, or political subdivision thereof, is a party shall be exempt from any tax imposed pursuant to this Part when the exempt agency is acquiring title.

#### 3.34.210 EXCEPTION: CONVEYANCES UNDER REORGANIZATION OR ADJUSTMENT PLANS.

Pursuant to Cal. Revenue & Taxation Code section 11923, any tax imposed pursuant to this Part shall not apply to the making, delivering, or filing of conveyances to make effective any plan of reorganization or adjustment that is any of the following:

- (a) Confirmed under the Federal Bankruptcy Code, as amended.
- (b) Approved in an equity receivership proceeding in a court involving a railroad corporation, as defined in Section 101 of Title 11 of the United States Code, as amended.
- (c) Approved in an equity receivership proceeding in a court involving a corporation, as defined in Section 101 of Title 11 of the United States Code, as amended.
- (d) Whereby a mere change in identity, form, or place of organization is effected.

Subsections (a) to (d), inclusive, of this section shall only apply if the making, delivery, or filing of instruments of transfer or conveyance occurs within five (5) years from the date of such confirmation, approval, or change.

#### 3.34.220 EXCEPTION: ORDERS OF THE SECURITIES AND EXCHANGE COMMISSION.

Pursuant to Cal. Revenue & Taxation Code section 11924 any tax imposed pursuant to this Part shall not apply to the making or delivery of conveyances to make effective any order of the Securities and Exchange Commission, as defined in subdivision (a) of Section 1083 of the Internal Revenue Code of 1954; but only if:



(a) The order of the Securities and Exchange Commission in obedience to which such conveyance is made is necessary or appropriate to effectuate the provisions of Section 79k of Title 15 of the United States Code, relating to the Public Utility Holding Company Act of 1935;

(b) Such order specifies the property which is ordered to be conveyed; and

(c) Such conveyance is made in obedience to such order.

**3.34.230 EXCEPTION: TRANSFER OF CERTAIN PARTNERSHIP PROPERTY.**

(a) Pursuant to Cal. Revenue & Taxation Code section 11925, in the case of any realty held by a partnership or other entity treated as a partnership for federal income tax purposes, no levy shall be imposed pursuant to this Part by reason of any transfer of an interest in the partnership or other entity or otherwise, if both of the following occur:

(1) The partnership or other entity treated as a partnership is considered a continuing partnership within the meaning of Section 708 of the Internal Revenue Code of 1986.

(2) The continuing partnership or other entity treated as a partnership continues to hold the realty concerned.

(b) If there is a termination of any partnership or other entity treated as a partnership for federal income tax purposes, within the meaning of Section 708 of the Internal Revenue Code of 1986, for purposes of this Part, the partnership or other entity shall be treated as having executed an instrument whereby there was conveyed, for fair market value (including the value of any lien or encumbrance remaining thereon), all realty held by the partnership or other entity at the time of the termination.

(c) Not more than one (1) tax shall be imposed pursuant to this Part by reason of a termination described in subsection (b) of this section, and any transfer pursuant thereto, with respect to the realty held by a partnership or other entity treated as a partnership at the time of the termination.

(d) No levy shall be imposed pursuant to this Part by reason of any transfer between an individual or individuals and a legal entity or between legal entities that results solely in a change in the method of holding title to the realty and in which proportional ownership interests in the realty, whether represented by stock, membership interest, partnership interest, co-tenancy interest, or otherwise, directly or indirectly, remain the same immediately after the transfer.

**3.34.240 EXCEPTION: DEED IN LIEU OF FORECLOSURE.**

Pursuant to Cal. Revenue & Taxation Code section 11926, any tax imposed pursuant to this Part shall not apply with respect to any deed, instrument, or writing to a beneficiary or mortgagee, which is taken from the mortgagor or trustor as a result of or in lieu of foreclosure; provided, that such tax shall apply to the extent that the consideration exceeds the unpaid debt, including accrued interest and cost of foreclosure. Consideration, unpaid debt amount, and identification of grantee as beneficiary or mortgagee shall be noted on said deed, instrument, or writing or stated in an affidavit or declaration under penalty of perjury for tax purposes.

**3.34.250 EXCEPTION: TRANSFER OF RESTRICTED AFFORDABLE UNITS.**

Any tax imposed pursuant to this Part shall not apply to transfers of real property where said real property is encumbered by a recorded and enforceable covenant executed in favor of the City restricting the ownership and occupancy of said real property, for a period of no less than thirty (30) years following the date of transfer, to

“persons and families of low or moderate income” as defined in California Health and Safety Code Section 50093.

#### 3.34.252 EXCEPTION: MARITAL PROPERTY

(a) Pursuant to Cal. Revenue & Taxation Code section 11927, any tax imposed pursuant to this Part shall not apply with respect to any deed, instrument, or other writing which purports to transfer, divide, or allocate community, quasi-community, or quasi-marital property assets between spouses for the purpose of effecting a division of community, quasi-community, or quasi-marital property which is required by a judgment decreeing a dissolution of the marriage or legal separation, by a judgment of nullity, or by any other judgment or order rendered pursuant to the Family Code, or by a written agreement between the spouses, executed in contemplation of any such judgment or order, whether or not the written agreement is incorporated as part of any of those judgments or orders.

(b) In order to qualify for the exemption provided in subdivision (a), the deed, instrument, or other writing shall include a written recital, signed by either spouse, stating that the deed, instrument, or other writing is entitled to the exemption.

#### 3.34.254 EXCEPTION: CONVEYANCE BY GOVERNMENTAL ENTITY AND RECONVEYANCE TO EXEMPT PUBLIC AGENCY.

Pursuant to Cal. Revenue & Taxation Code section 11928, any tax imposed pursuant to this Part shall not apply with respect to any deed, instrument, or other writing by which realty is conveyed by the State of California, any political subdivision thereof, or agency or instrumentality of either thereof, pursuant to an agreement whereby the purchaser agrees to immediately reconvey the realty to the exempt agency.

#### 3.34.256 CERTAIN CONVEYANCES BY GOVERNMENTAL ENTITY TO NONPROFIT CORPORATION.

Pursuant to Cal. Revenue & Taxation Code section 11929, any tax imposed pursuant to this Part shall not apply with respect to any deed, instrument, or other writing by which the State of California, any political subdivision thereof, or agency or instrumentality of either thereof, conveys to a nonprofit corporation realty the acquisition, construction, or improvement of which was financed or refinanced by obligations issued by the nonprofit corporation on behalf of a governmental unit, within the meaning of Section 1.103–[1 \(b\)](#) of Title 26 of the Code of Federal Regulations.

#### 3.34.258 TRANSFER BY INTER VIVOS GIFT OR BY DEATH.

Pursuant to Cal. Revenue & Taxation Code section 11930, any tax imposed pursuant to this Part shall not apply to any deed, instrument, or other writing which purports to grant, assign, transfer, convey, divide, allocate, or vest lands, tenements, or realty, or any interest therein, if by reason of such inter vivos gift or by reason of the death of any person, such lands, tenements, realty, or interests therein are transferred outright to, or in trust for the benefit of, any person or entity.

#### 3.34.260 ADMINISTRATION OF TAX.

The Director of Finance (hereinafter referred to in this Part as “Tax Administrator”) shall collect the tax imposed under this Part and shall otherwise administer this Part. The Tax Administrator may make such rules and regulations, not inconsistent with this Part, as he or she may deem reasonably necessary or desirable to administer this Part, as well as necessary forms and receipts.

### 3.34.270 DUE DATES, DELINQUENCIES, PENALTIES, INTEREST, ADMINISTRATIVE CHARGES, AND LIEN RELEASE RECORDATION FEES.

The tax imposed under this Part is due and payable at the time the deed, instrument, or writing effecting a transfer subject to the tax is delivered, and is delinquent if unpaid ninety (90) days later. In cases where a transfer is effected but not recorded with the County Recorder within ninety (90) days of the date on which the deed, instrument, or writing was delivered, all statutes of limitations regarding liability for the tax imposed by this Part shall be tolled until the City has actual knowledge of the transfer, at which time the tax on the unrecorded transfer shall relate back to the date on which the deed, instrument, or writing was delivered. Penalties and interest shall be deemed to have begun accruing on the date the deed, instrument, or writing was delivered, and shall be the joint and several liability of the persons referred to in Section 3.34.090. If the tax is not paid prior to becoming delinquent, a delinquency penalty of ten percent (10%) of the amount of the tax due shall accrue. In the event only a portion of the tax is unpaid prior to becoming delinquent, the penalty shall only accrue as to the unpaid portion. An additional penalty of fifteen percent (15%) of the amount of tax due shall accrue if the tax remains unpaid on the ninetieth day following the date of the original delinquency. Interest shall accrue at the rate of one percent (1%) per month or fraction thereof, on the amount of the tax, inclusive of penalties, from the date the tax becomes delinquent to the date of payment. Interest and penalties shall become part of the tax. An administrative charge and a release of lien filing fee equal to the amount charged by the Santa Cruz Santa Cruz County Recorder's Office shall be added to the amount owed for each property approved for a tax lien by the City Council.

### 3.34.280 DECLARATION MAY BE REQUIRED.

The tax imposed by this Part shall be paid to the Tax Administrator by the persons referred to in Section 3.34.090. The Tax Administrator shall have the authority as part of any rules and regulations promulgated by them as authorized herein to require that the payment shall be accompanied by a declaration of the amount of tax due signed by the person paying the tax or by their duly authorized agent. The declaration shall include a statement that the value of the consideration on which the tax due was computed includes all indebtedness secured by liens, deeds of trust, or other encumbrances remaining or placed on the property transferred at the time of transfer, and also includes all special assessments on the property which a purchaser or transferee agrees to pay or which remains a lien on the property at the time of transfer. The declaration shall identify the deed, instrument, or writing effecting the transfer for which the tax is being paid. The Tax Administrator may require delivery to them of a copy of such deed, instrument, or writing whenever he or she deems such to be reasonably necessary to adequately identify such writing or to administer the provisions of this Part. The Tax Administrator may rely on the declaration as to the amount of the tax due; provided, that he or she has no reason to believe that the full amount of the tax due is not shown on the declaration.

Whenever the Tax Administrator has reason to believe that the full amount of tax due is not shown on the declaration or has not been paid, they may, by notice served upon any person liable for the tax, require them to furnish a true copy of their records relevant to the value of the consideration or fair market value of the property transferred. Such notice may be served at any time within three (3) years after recordation of the deed, instrument, or writing which transfers such property.

### 3.34.290 DETERMINATION OF DEFICIENCY.

If on the basis of such information as the Tax Administrator receives pursuant to Section 3.34.190, or on the basis of such other relevant information that comes into the Tax Administrator's possession, they it is determined

that the amount of tax due as set forth in the declaration, or as paid, is insufficient, the Tax Administrator may re-compute the tax due on the basis of such information.

If the declaration referenced in Section 3.34.190 is not submitted, the Tax Administrator may make an estimate of the value of the consideration for the property conveyed and determine the amount of tax to be paid on the basis of any information in the Tax Administrator's possession or that may come into their possession.

One (1) or more deficiency determinations may be made of the amount due with respect to any transfer.

#### 3.34.300 NOTICE OF DETERMINATION.

The Tax Administrator shall give written notice to a person liable for payment of the tax imposed under this Part of the determination made under Section 3.34.200. Such notice shall be given within three (3) years after the recordation of the deed, instrument, or writing effecting the transfer on which the tax deficiency determination was made.

#### 3.34.310 MANNER OF GIVING NOTICE.

Any notice required to be given by the Tax Administrator under this Part may be served personally or by mail. If service is made by mail, it shall be made by depositing the notice in the United States mail, in a sealed envelope with postage paid, addressed to the person on whom it is to be served at the address as it appears in the records of the City or as ascertained by the Tax Administrator. The service is complete at the time of the deposit of the notice in the United States mail, without extension of time for any reason.

#### 3.34.320 PETITION FOR REDETERMINATION.

Any person against whom a determination is made under this Part or any person directly interested may petition the Tax Administrator for a redetermination within sixty (60) days after service upon the person of notice thereof. If a petition for redetermination is not filed in writing with the Tax Administrator, City of Santa Cruz, 809 Center Street, Santa Cruz, California 95060, within the sixty (60) day period, the determination becomes final at the expiration of the period.

#### 3.34.330 CONSIDERATION OF PETITION – HEARING.

If a petition for redetermination is filed within the sixty (60) day period, the Tax Administrator shall reconsider the determination and, if the person has so requested in their petition, shall grant the person an oral hearing, and shall give them ten (10) days' notice of the time and place of the hearing. The Tax Administrator may designate one (1) or more deputies for the purpose of conducting hearings and may continue a hearing from time to time as may be necessary.

#### 3.34.340 DETERMINATION OF PETITION.

The Tax Administrator may decrease or increase the amount of the determination before it becomes final, but the amount may be increased only if a claim for the increase is asserted by the Tax Administrator at or before the hearing.

#### 3.34.350 FINALITY OF DETERMINATION.

The order or decision of the Tax Administrator upon a petition for redetermination becomes final thirty (30) days after service of notice thereof upon the petitioner or at the time of hearing of redetermination. There is no appeal of the Tax Administrator's decision on a petition for redetermination to the City Manager or City Council. Writs

challenging the Tax Administrator's decision must be filed with the appropriate court within ninety (90) days of the final date of such redetermination. (California Code of Civil Procedure Section 1094.6.)

#### 3.34.360 TAX A DEBT.

The amount of any tax, penalty, and interest imposed under the provisions of this Part shall be deemed a debt owed to the City. Any person owing money to the City under the provisions of this Part shall be liable in an action brought in the name of the City for the recovery of such amount. In such action a reasonable attorney's fee shall be awarded the prevailing plaintiff. The provisions of this section shall not be deemed a limitation upon the right of the City to bring any other action, whether criminal, legal, or equitable, based upon the failure to pay the tax, penalty, or interest imposed by this Part or the failure to comply with any of the provisions hereof.

#### 3.34.370 REFUNDS.

Whenever the amount of any tax, penalty, or interest has been overpaid, or paid more than once, or has been erroneously collected or received by the City under this Part, it may be refunded as provided in this section; provided, that a written claim stating under penalty of perjury the specific grounds on which the refund is claimed is filed with the Tax Administrator within one (1) year of the date of payment. The claim shall be submitted on forms furnished by the Tax Administrator. The Tax Administrator may make such refund if satisfied that the claimant is entitled to the refund under the provisions of this Part. No refund shall be paid under the provisions of this section unless the claimant establishes their right thereto by written records showing entitlement thereto.

#### 3.34.380 TAX A LIEN.

The amount of tax, penalty, and interest imposed under the provisions of this Part is assessed against the property upon the transfer of which the tax is imposed, and if not paid when due, such tax shall constitute an assessment against such property and shall be a lien on the property for the amount thereof, which lien shall continue until the amount thereof including all penalties and interest are paid, or until it is discharged of record. Any person owing money to the City under the provisions of this Part shall be liable to an action brought in the name of the City for the recovery of such amount.

#### 3.34.390 NOTICE OF HEARING ON LIEN.

The Tax Administrator shall file with the City Manager a written notice of those persons on whom the City will file liens. Upon the receipt of such notice, the City Manager shall present the same to the City Council, and the City Council shall forthwith, by resolution, fix a time and place for a public hearing on such notice.

The Tax Administrator shall cause a copy of such resolution and notice to be served upon the persons referred to in this section not less than ten (10) days prior to the time fixed for such hearing. Such service shall be made by mailing a copy of the resolution and notice to the transferor and transferee of property at their last known address. Service shall be deemed complete at the time of deposit in the United States mail.

#### 3.34.400 COLLECTION OF DELINQUENT TAXES BY SPECIAL TAX ROLL ASSESSMENT.

If the City Council authorizes the imposition of a lien following the hearing described in Section 3.34.300, any delinquent tax charges which remain unpaid by the transferor or transferee shall constitute a special assessment against said property, and shall be collected at such time as is established by the County Assessor for inclusion in the next property tax assessment.

The Tax Administrator shall turn over to the County Assessor for inclusion in the next property tax assessment the total sum of unpaid delinquent charges consisting of the delinquent transfer taxes, penalties, and interest at the rate of twelve percent (12%) per annum from the date of recordation to the date of lien.

Thereafter, said assessment may be collected at the same time and in the same manner as ordinary municipal taxes are collected, and shall be subject to the same penalties and the same procedure of sale as provided for delinquent, ordinary, municipal taxes. The assessment lien previously imposed upon the property is paramount to all other liens except for those of State, county, and municipal taxes with which it shall be upon parity. The lien shall continue until the assessment and all interest and charges due and payable thereon are paid. All taxes applicable to the levy, collection, and enforcement of municipal taxes shall be applicable to said special assessments.

#### Part 4:

### LABOR STANDARDS

#### 3.34.410 LOCAL HIRING

Any construction contract awarded for any project receiving funding or financing from revenue from the Affordable Housing Act shall include language approved in advance by the City requiring the contractor, and any subcontractors, to comply with City of Santa Cruz Municipal Code Chapter 3.10, requiring the contractor and all subcontractors to make good faith efforts to hire qualified individuals who are local residents, as workers on City public works projects valued greater than the limit for formal bidding, unless otherwise prohibited by applicable laws and regulations.

#### 3.34.420 PREVAILING WAGES

Any project receiving funding or financing from revenue from the Affordable Housing Act shall be deemed a public work in accordance with Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the California Labor Code, and any construction contract awarded thereunder shall include language approved in advance by the City requiring the contractor, and all subcontractors, to pay prevailing wages in accordance with Article 2 of said Chapter (commencing with Labor Code Section 1770).

#### 3.34.430 APPRENTICESHIP

Any construction contract awarded for any project receiving funding or financing from revenue from the Affordable Housing Act shall include language approved in advance by the City requiring the contractor, and all subcontractors, to comply with Labor Code Sections 1777.5 and 1777.6 governing employment and payment of apprentices.”

### SEC. 5. Compliance with Article XXXIV of the California Constitution.

To the extent the expenditure of any monies from the Affordable Housing Act results in, or contributes to, the development, construction, or acquisition of low rent housing projects in the City of Santa Cruz by public agencies, that development, construction, or acquisition is hereby deemed authorized by the People of Santa Cruz, having been duly approved by a majority of qualified electors of the City of Santa Cruz, and with such authorization constituting the approval required by Article XXXIV of the California Constitution. The development, construction, and/or acquisition of low rent housing units authorized by this section shall be in addition to any other authorization of the development, construction, and/or acquisition of such housing by the voters of the City of Santa Cruz before or after adoption of this section. This Section in no way restricts or limits the City's authority to develop or assist in the development of housing that is not subject to Article XXXIV. This Section shall be interpreted to maximize affordable housing production and acquisition. As used in this Section 5, the terms "public entity," "develop," "construct," "acquire," and "low rent housing projects" shall be

interpreted in accordance with Article XXXIV of the California Constitution, California Health and Safety Code Section 37000 et seq., and any successor legislation thereto.

#### SEC. 6. Savings Clause.

If any provision, sentence, clause, Section or part of this Act is found to be unconstitutional, illegal or invalid, such unconstitutionality, illegality, or invalidity shall affect only such provision, sentence, clause, Section or part of this Act and shall not affect or Act any of the remaining provisions, sentences, clauses, Sections or parts of this ordinance. It is hereby declared to be the intention of the city, that the City would have adopted this Act had such unconstitutional, illegal or invalid provision, sentence, clause Section or part thereof not been included herein.

If any tax or surcharge imposed by this Act is found to be unconstitutional, illegal or invalid, the amounts, services, programs and personnel required to be funded from such taxes and surcharges shall be reduced proportionately by any revenues lost due to such unconstitutionality, illegality or invalidity.

#### SEC. 7. Amendment.

By approving this ordinance, the voters authorize the City Council to amend this Act without subsequent voter approval, provided such amendment does not increase the amount of tax paid by any taxpayer in excess of the rate set forth in this ordinance, change the allowed uses for the tax revenues or extend the expiration of the ordinance enacted hereby in accordance with Section 8, below.

#### SEC. 8. Expiration Date.

A. The taxes imposed by this ordinance shall expire after fiscal year 2046-2047, unless sooner rescinded on the effective date of any ballot measure rescinding or repealing this chapter.

#### SEC 9. Challenge to Tax.

Any action to challenge the taxes imposed by this ordinance shall be brought pursuant to Government Code section 50077.5 and Code of Civil Procedure section 860 et seq.

#### SEC. 10. Severability.

If any provision of this Act, or part of this Act, or the application of any provision or part to any person or circumstances, is for any reason held to be invalid, the remaining provisions, or applications of provisions, shall not be affected, but shall remain in full force and effect, and to this end the provisions of this measure are severable. If a court were to find in a final, unreviewable judgment that the exclusion of one or more entities or activities from the applicability of the Act renders the Act unconstitutional, those exceptions should be severed and the Act should be made applicable to the entities or activities formerly exempt from the Act. It is the intent of the voters that this Act would have been enacted regardless of whether any invalid provision had been included or any invalid application had been made.

#### SEC. 11. Conflicting Initiatives.

If this measure is approved by the voters and another measure that conflicts with or is substantially similar to this measure but garners fewer votes than this measure, then this measure will take effect and the other measure will not. If this measure is approved by the voters at the same election but superseded by law by any other conflicting measure approved by voters at the same or a subsequent election, and the conflicting ballot measure is later held invalid, this measure shall be self-executing and given full force and effect.

SEC. 12. Liberal Construction.

This Act shall be liberally construed to effectuate its purposes.

SEC. 13. Effective Date.

This Act shall take effect upon the certification of the results of the election at which it was adopted.

SEC. 14. No Additional Real Property Transfer Taxes.

The City Council shall be precluded from ordering a placed on the ballot to increase the rate of real property transfer tax imposed by Part 3, for so long as this Act is in effect. Nothing contained herein shall be construed to prohibit a citizen-sponsored ballot measure from qualifying to be placed before the voters, except that it is hereby declared that the tax rates specified herein for the Real Property Transfer Tax shall not be increased by any citizen-sponsored ballot measure except by a majority vote of at least two-thirds of the votes cast for such increase.



## **BALLOT TITLE AND SUMMARY**

[Insert CABTS]

### **NOTICE TO THE PUBLIC**

THIS PETITION MAY BE CIRCULATED BY A PAID SIGNATURE GATHERER OR A VOLUNTEER.

YOU HAVE THE RIGHT TO ASK.

**All signers must be registered to vote in the City of Santa Cruz.**

Official Use Only

ALL SIGNERS MUST BE REGISTERED TO VOTE IN THE CITY OF SANTA CRUZ	1	Print Your Name	Residence Address Only	
		Sign as Registered to Vote	City, State Zip	
	2	Print Your Name	Residence Address Only	
		Sign as Registered to Vote	City, State Zip	
	3	Print Your Name	Residence Address Only	
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### DECLARATION OF CIRCULATOR

(to be completed after above signatures have been obtained)

I, \_\_\_\_\_, am 18 years of age or older. My residence address is  
\_\_\_\_\_  
(address, city, state, zip). I circulated

this section of the petition and witnessed each of the appended signatures being written.

Each signature on this petition is, to the best of my information and belief, the genuine  
signature of the person whose name it

purports to be. All signatures on this document were obtained between the dates of \_\_\_\_\_ and \_\_\_\_\_.  
(month/day/year) (month/day/year)

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on \_\_\_\_\_, \_\_\_\_\_, at \_\_\_\_\_.  
(month/day) (year) (place of signing)

\_\_\_\_\_  
(complete signature indicating full name of  
circulator)



## CITY OF SANTA CRUZ

### CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE C

#### “THE CITY OF SANTA CRUZ WORKFORCE HOUSING AFFORDABILITY ACT OF 2025”

Nonprofit “Housing Santa Cruz County” and local affordable housing advocates have qualified Measure C for the ballot which, if approved by voters *with more votes than competing Measure B*, would defeat Measure B and add “The City of Santa Cruz Workforce Housing Affordability Act of 2025” to the Santa Cruz Municipal Code authorizing two new special taxes, a parcel tax and a real property transfer tax, to expire after twenty years. Revenue from both taxes would be restricted to the purposes specified in the measure, including the following:

- 87% for affordable housing programs and projects;
- 10% for programs and facilities to address and prevent homelessness; and
- a maximum of 3% for community oversight, accountability and administrative expenses.

The \$96 parcel tax would be imposed annually upon all non-exempt real property in the City, with exemptions for qualifying low-income households, low-income senior households, affordable housing projects, schools, religious institutions and other entities that are exempt from property taxes.

The real property transfer tax would only be levied on the value of property transferred or sold in excess of \$1.8 million, as follows: 0.5% tax (\$5/\$1,000) on the price paid in excess of \$1.8 million but less than \$2.5 million; 1% tax (\$10/\$1,000) on the price paid in excess of \$2.5 million but less than \$3.5 million; a 1.5% tax (\$15/\$1,000) on the price paid in excess of \$3.5 million but less than \$4.5 million; and a 2% tax (\$20/\$1,000) on the price paid in excess of \$4.5 million, subject to a cap of \$200,000. No tax would be imposed on the price paid for property transferred that is under \$1.8 million (e.g., tax on \$2 million sale would be \$1,000 (\$2,000,000 - \$1,800,000 = \$200,000 x 0.5%)).

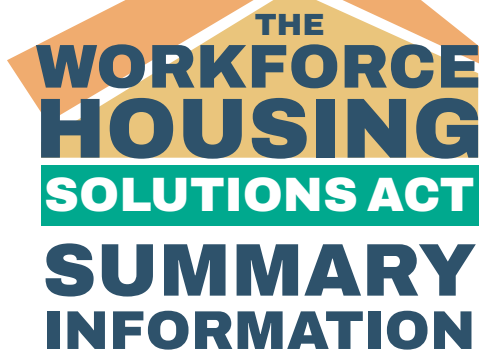
These thresholds would be increased annually by the change in CPI for the prior year. Thus, for example, if the CPI for Fiscal Year 2026-2027 is 3%, then commencing July 1, 2027, the exemption threshold for the tax would increase to \$1,854,000. The \$200,000 transfer tax cap would be adjusted annually by CPI up to 3%.

A variety of real property transactions would be exempt from the tax including, but not limited to transfers: by inter-vivos gift or inheritance; from a public agency to a non-profit corporation; to or from exempt public entities; of marital property; of restricted affordable units; of certain partnership property; made as part of bankruptcy proceedings; and deeds in lieu of foreclosure.

Both taxes imposed by Measure C would expire after the 2046-2047 fiscal year, and the City Council would be prohibited from placing a measure on the ballot to increase the transfer tax rate or extend the tax while it is in effect.

As a citizen-led special tax measure, passage requires simple majority (50% +1) of voters who cast ballots to pass. A “yes” vote is a vote to approve the taxes; a “no” vote is a vote to reject the taxes.

s/ANTHONY P. CONDOTTI  
City Attorney



# THE WORKFORCE HOUSING SOLUTIONS ACT SUMMARY INFORMATION

This measure would authorize a parcel tax and a real property transfer tax in the City of Santa Cruz for a period of 20 years. Use of revenues would be restricted to:

- 87% for affordable housing projects
- 10% to address & prevent homelessness
- Maximum of 3% for administration

Uses could only be changed by a vote of the people.

## PROPOSED PARCEL TAX

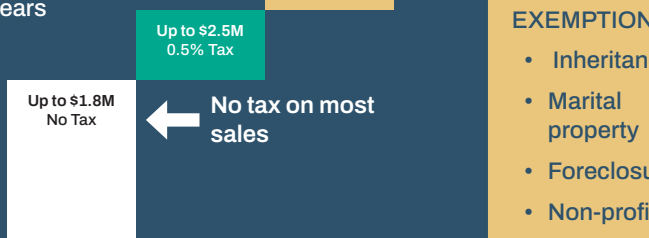
- \$8 per month on each parcel in the City of Santa Cruz
- Fixed amount provides steady support for affordable housing
- Tax may not be passed on to renters
- Tax ends in 20 years

### EXEMPTIONS:

- Low-income households
- Senior households
- Affordable housing projects
- Schools
- Religious institutions

## PROPOSED REAL PROPERTY TRANSFER TAX

- The tax would only apply to property sales priced above \$1.8 million
- The tax rate is tiered, with higher rates for higher-priced sales
- Tax tiers will be adjusted for inflation
- Tax ends in 20 years



### EXEMPTIONS:

- Inheritance
- Marital property
- Foreclosure
- Non-profit



## KEY HIGHLIGHTS

- The Workforce Housing Solutions Act will raise approximately \$5 million annually in the City of Santa Cruz to increase the supply of workforce housing
- Preference for City residents, workers and veterans
- Funding to prevent evictions, preserve senior housing, and establish alternatives to shelters
- Innovative hybrid revenue measure that includes a modest parcel tax and a larger real estate transfer tax for high-end real estate sales
- Strengthens the local economy and reduces commuting
- Qualifies the City for more state and federal housing funds

**Learn More:**

**[www.workforcehousingnow.net](http://www.workforcehousingnow.net)**



## How to Sign the Petition

To qualify for a vote on this local tax measure, we need about 4000 City of Santa Cruz voters to sign in person on our official paper petitions.

To add your signature, please contact us via any of the methods below:

**[sign@workforcehousingnow.net](mailto:sign@workforcehousingnow.net)**  
call or text “I want to sign” to **(831)713-4040**  
visit **[www.workforcehousingnow.net/petition-form](http://www.workforcehousingnow.net/petition-form)**

**Yes on Affordable Housing FPFC # 1477413**

## **ARGUMENT AGAINST MEASURE C**

Vote NO on Measure C, the so-called Workforce Housing Affordability Act—because it’s not just bad policy, it’s bad process.

We all agree Santa Cruz faces a housing crisis. But this flawed measure is built on a foundation of legal loopholes, political gamesmanship, and a deliberate effort to avoid transparency and accountability.

This tax scheme—crafted by Mayor Fred Keeley and the City Council—was never truly a grassroots effort. City officials used taxpayer dollars to run polls, develop messaging, and coordinate with a political advocacy group, which then “sponsored” the initiative to make it appear citizen-led. Why? So it could pass with a simple majority vote instead of the legally required two-thirds.

Mayor Keeley admitted it himself in public meetings: the City was “handing off” the measure and helping a group to “move forward” with it using city-funded resources. This isn’t leadership—it’s a backroom workaround designed to bypass voter safeguards.

And if it passes, lawsuits are likely. Legal challenges will drag Santa Cruz into costly court battles—diverting funds away from real housing solutions and toward defending a scheme that shouldn't have made it to the ballot this way.

We support affordable housing—but we oppose manipulation of the democratic process and the endless firehose of taxpayer dollars this will flood into the City’s coffers. Voters deserve better than political sleight of hand.

If it’s worth doing, it’s worth doing the right way—with transparency, integrity, and the two-thirds vote our Constitution requires.

Vote NO on Measure C, the Workforce Housing Affordability Act.

s/ Victor Gomez, Government Affairs Director - Santa Cruz County Association of REALTORS

## AGENDA ITEM SUMMARY

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**MEETING DATE:** August 27, 2025

**ITEM NUMBER:** 6B

**FROM:** Executive Director

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**SUBJECT:** Election of Officers

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**RECOMMENDATION:** Receive Report

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### BACKGROUND SUMMARY:

Each August, the Board of Commissioners elects or re-elects a Chairperson and Vice-Chairperson for the next twelve months. In December 2023, the Board of Commissioners updated the Agency Bylaws to implement a Rotation of Officers.

The Bylaws state the following:

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

In October of 2024, the Board of Commissioners further updated the bylaws to state that appointments according to the rotation automatically occur at the conclusion of the term for the Chair.

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

*At the conclusion of the term for the Chair, the Chair shall step down from the position. The Vice Chair shall automatically assume the role of Chair. Following the promotion of the Vice Chair to the position of Chair, the Board shall automatically appoint a new Vice Chair from among the Commissioners, according to the rotation listed below.*

*Commissioners may decline to serve as either Chair or Vice Chair at any time. This includes the option to decline at any point during their tenure, including at the point of appointment. If a Commissioner declines appointment for the Chair or Vice Chair position, the next Commissioner listed in the sequence established below shall be appointed until a Commissioner accepts the position.*

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

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

The current Chairperson and Vice-Chairperson of the Housing Authority of the County of Santa Cruz have completed the first year of their term, and shall be automatically re-appointed for a second year, unless the Chairperson or Vice-Chairperson exercises their right to decline reappointment.

**RECOMMENDATION:** Receive Report

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

## AGENDA ITEM SUMMARY

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**MEETING DATE:** August 27, 2025

**ITEM NUMBER:** 6C

**FROM:** Development Director

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**SUBJECT:** Financing for the purchase of 3501-3513 Portola Drive

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**RECOMMENDATION:** Adopt Resolution 2025-08 and authorize the Executive Director to provide a loan of \$6,730,000, which may be forgivable, to New Horizons for the purchase of 3501-3513 Portola Drive and enter into all documents necessary to effectuate the loan

---

### **BACKGROUND SUMMARY:**

New Horizons Affordable Housing and Development Inc. entered an Option Agreement to purchase the property located at 3501-3513 Portola Drive for \$6,730,000. The maximum option period with extensions is 300 days which expires on January 6, 2026. The Option Agreement established terms and conditions for New Horizons to conduct due diligence and environmental site assessments (ESA). Upon satisfactory achievement of the terms and conditions the seller and buyer may elect to enter a Purchase and Sales Agreement to execute the transaction.

At the time of the Purchase and Sales Agreement, the Housing Authority will enter into all documents necessary to effectuate the loan with New Horizons which may include a regulatory agreement, promissory note, and deed of trust.

Staff recommend the Board allocate funds in the amount of \$6,730,000 of Moving to Work (MTW) funding for New Horizons in the form of a loan, which may be forgivable, and authorize the Executive Director to enter into all documents necessary to provide a loan including but not limited to a promissory note and deed of trust. The adoption of Resolution 2025-08 will be used to document the Board's decision to allocate these funds for the purchase of 3501-3513 Portola Drive.

**RECOMMENDATION:** Adopt Resolution 2025-08 and authorize the Executive Director to provide a loan of \$6,730,000, which may be forgivable, to New Horizons for the purchase of 3501-3513 Portola Drive and enter into all documents necessary to effectuate the loan

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

## HOUSING AUTHORITY RESOLUTION NO. 2025-08

### 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 3501-3513 PORTOLA 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 August 27, 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 is acquiring real property located at 3501-3513 Portola Drive, from the Authority (the "Property"); and

WHEREAS, New Horizons intends to develop the Property, into affordable housing (the "Project"); and

WHEREAS, the Authority desires to provide a loan, which may be forgivable, to New Horizons in financing for the purchase of the Property up to \$6,730,000 (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, which may be forgivable, 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, which may be forgivable, 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 forgivable 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 Seventh day of August, 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:** August 27, 2025

**ITEM NUMBER:** 8

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

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**SUBJECT:** Director's Report – August 27, 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 August 27, 2025 meeting. My phone number is (831) 454-5931 and my email address is [jennyp@hacosantacruz.org](mailto:jennyp@hacosantacruz.org).

**Federal Appropriations Update** – Both the House and Senate have now released their draft FY 2026 Transportation-HUD (THUD) appropriations bills, and the differences in funding for the Housing Choice Voucher (HCV) program are significant. The House bill proposes cuts to funding for the voucher program, with a level of funding that would likely result in about a 90% proration nationally, far below what is needed to maintain funding for all current participants. It also reduces voucher administrative fees by nearly \$800 million from current levels, with an estimated 57% administrative fee proration.

By contrast, the Senate bill provides \$33.974 billion for HCV renewals, about \$1.83 billion more than the House, and funds administrative fees at \$2.906 billion, roughly \$931 million above the House proposal. The Senate also includes \$400 million for set-asides to help agencies address financial shortfalls, and additional funding for new Family Unification and VASH vouchers. It also contains policy provisions that would temporarily allow agencies to exceed their ACC cap to transition Emergency Housing Voucher participants into the regular HCV program, and it broadens waiver authority to help facilitate those transitions, although it does not direct additional funding for this purpose. While the Senate bill is significantly better than the House bill, it still falls short of providing a level of funding that would support funding for all current participants, with a projected HAP proration of 93%. Therefore, the passage of either of these bills in their current form would almost certainly result in a significant funding shortfall in 2026. Staff estimate the need for *at least level funding* to avoid a shortfall in 2026, given the rising costs of the program along with the need to absorb EHV households into the HCV program.

The appropriations process now moves into its next phase. Both chambers are on recess through August, and when they return in September they will need to work toward reconciling these two very different proposals before the start of the new federal fiscal year on October 1. If no agreement is reached in time, Congress will likely need to pass a short-term continuing resolution to keep programs operating at current funding levels while negotiations continue. Industry analysts warn that multiple continuing resolutions, and potentially a government shutdown, may result in an extended period of funding uncertainty. In the meantime, staff are participating in legislative and funding advocacy through industry groups such as the

California Association of Housing Authorities (CAHA) and the National Association of Housing and Redevelopment Officials (NAHRO).

**ROAD to Housing Bill** – A bipartisan group in Congress has introduced the “ROAD to Housing” bill, a legislative package aimed at addressing the nation’s affordable housing challenges. The bill proposes to expand the Moving to Work (MTW) demonstration program to additional public housing agencies nationwide, alongside other housing policy changes. While many in the industry, including NAHRO and the MTW Collaborative, welcomes the bipartisan attention and support the overall goal of increasing housing opportunities, some provisions in the bill have raised concerns. As written, the bill would impose new constraints on MTW agencies, limiting the local flexibility that has been the hallmark of the program since its creation nearly 30 years ago, and imposing new federal oversight that runs counter to MTW’s original purpose. The bill is still in the early stages of the legislative process, and additional changes are likely as it moves through committee consideration and negotiations. Staff will continue to keep the Board informed as the bill progresses.

**AB 282 Source of Income Discrimination** – At the March 2025 meeting, the Board of Commissioners directed staff to endorse AB 282, which would allow housing providers to establish a preference for recipients of rental assistance. Additionally, the Board directed staff to send a letter of support for the bill, along with engaging in additional advocacy to support the bill. Since that time, AB 282 has passed through both the Assembly Housing and Judiciary Committees, with Housing Authority staff in attendance at both meetings to provide expert witness testimony in support of the bill. The bill passed a full vote of the State Assembly, and moved to the State Senate, where it began the Hearing Process once again. On the Senate side, the bill was referred to the Senate Judiciary Committee, where a hearing took place in July. Prior to the Senate Judiciary Committee hearing, the San Diego Housing Commission (which acts as the Housing Authority for the City of San Diego) issued a letter of opposition to the bill. San Diego expressed concerns that the bill would reduce housing opportunities for households that do not have a voucher. Housing Authority staff joined members of CAHA’s Board and Legislative committee in multiple meetings with San Diego Housing Commission to attempt to address their concerns, but we were unable to do so. San Diego’s opposition had the potential to stop the bill. The Chair of the Senate Judiciary Committee informed Asm. Pellerin that unless they could address San Diego’s concerns sufficiently to result in them withdrawing their opposition, that the bill would not pass through the Committee. Negotiations between CAHA and San Diego resulted in an amendment to the bill, that limited the use of preferences for recipients of rental assistance as follows, such that it shall not constitute discrimination based on source of income:

*“For a local jurisdiction, public housing authority or affiliate, public agency, or limited or general partnership in which a public housing authority is a partner, to establish policies or preferences in favor of an applicant or tenant who qualifies for or participates in federal, state, or local housing subsidy programs, including, but not limited to, federal housing assistance vouchers issued under Section 8 of the United States Housing Act of 1937.”*

As a result of this amendment, San Diego withdrew their opposition and the bill passed through the Senate Judiciary Committee. Although the amendment limits the bill’s usefulness, even in its current form Public Housing Authorities (PHAs) and their affiliates would be able to utilize voucher preferences. Therefore, this would still be an effective tool to expand housing opportunities for voucher families in our community,

while allowing our nonprofit affiliate to maximize rental revenue and ensure viability of new projects while limiting the use of Project Based Vouchers.

During August recess, the National Housing Law Project, which had supported the bill in its original form, expressed concern about the amendment. Asm. Pellerin's staff are considering making this a two-year bill, to allow for more time in fine tuning the bills language. Staff will continue to keep the Board informed of the progress of the bill.

**New Horizons Scholarship Program** – The New Horizons Scholarship Program provides scholarships of at least \$1,000 to college-bound high school seniors, continuing college students, and returning students enrolled full or part time at a university, community college, or technical school. In July 2025, 98 participants were awarded scholarships and celebrated in August at an awards ceremony held at Cabrillo College. Among the scholars were 52 first-generation college students, 38 parents (including 34 single parents), and 2 veterans. The scholarship ceremony was well attended, with nearly 175 students and family members attending the event. The ceremony included remarks from Congressman Jimmy Panetta (Congressional representative, 19<sup>th</sup> District), Yvette Brooks (CEO United Way of Santa Cruz County), Cassandra Rios (3-time New Horizons scholarship awardee), and Dr. Hortencia Jimenez (Hartnell College professor and letter of recommendation writer). A selection of photos from the event are provided below.



**NAHRO Awards of Merit and Awards of Excellence** – The National Association of Housing and Redevelopment Officials (NAHRO) Awards of Merit Program provides national recognition to highlight best practices and innovative activities performed by member agencies in the following categories: Resident and Client Services, Community Revitalization, Administrative Innovation, and Affordable Housing. Last year, the Housing Authority of the County of Santa Cruz received our first-ever Award of Merit for our New Horizons Scholarship Program. This year, we are pleased to announce we have received three Community Innovation Awards, for 1) the Housing Discrimination Forum, 2) Housing Mediation Program, and 3) Project Silver Bells. Additionally, the Housing Discrimination Forum has been nominated

for an Award of Excellence. Final awards will be announced and distributed at the Annual Conference in Phoenix in late September.

**Chanticleer Avenue** - New Horizons closed on 2021 Chanticleer Avenue on August 19, 2025, and has full ownership of the property. Staff are coordinating with the owners of 2030 17<sup>th</sup> Avenue and the execution of the Purchase and Sales Agreement is imminent. Staff are working with the architect, 10 Over, to draft conceptual plans which will now incorporate 2030 17<sup>th</sup> Avenue in the project design.

**Portola Drive** – The first option to extend the Option Agreement for Portola Drive concludes on September 8, 2025, and New Horizons has a final option to extend the agreement for another 120 days through January 6, 2026. Staff are coordinating with our environmental consultant on the Phase II Environmental Site Assessment, and the consultant is preparing the final report for review. This report will assist with outlining a cost estimate for potential environmental remediation. Staff are reviewing the proposals submitted in response to the relocation consultant Request for Proposals to assist with coordinating the existing tenants.

**River Street** – Staff continue to coordinate with For the Future Housing (FTF) on a co-development partnership opportunity to develop 136 River Street, Santa Cruz. The staff notified the Board that a resolution and agreement would be presented at the June meeting, however this was postponed allowing FTF to finalize other funding sources. The project successfully received a 4% tax credit through the California Tax Credit Advisory Committee (CTAC) which will provide approximately \$22M in capital to support development costs. The CTAC award ensures that New Horizons will obtain the desired tax credit experience through a partnership on the River Street project. Staff are reviewing the updated financial statements and expect to bring an action item to the Board for consideration at the September meeting.

**Natural Bridges Mural Video** – Housing Authority staff have been working with filmmaker Michael Daniel on a short film to document the making of the mural at Natural Bridges Apartments, including information about the significance of the mural for the project and for our Agency. The short film is now complete and will be previewed for the Board of Commissioners at the August meeting prior to placing the film on our website and promoting it on social media. Additionally, the film *A Nesting Place* was accepted into the Santa Cruz Film Festival, which will take place in October.





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# Dealmakers and Rising Stars



**Rising Stars Have Different Origin Stories and Different Motivations, but Shared Passion**

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**Historic Rehabilitation Award Winners Show Value of Persistence, Creativity in HTC Developments**

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# Focus On: Santa Cruz, California

TERESA GARCIA, EDITORIAL AND DIGITAL MARKETING DIRECTOR, NOVOGRADAC

Santa Cruz, California, is the most expensive place to rent in the United States—a distinction that may surprise those unfamiliar with the small coastal community of 260,000 residents, just south of the San Francisco Bay Area. However, local officials and affordable housing providers are all too aware of their community’s dire and growing affordable housing needs.

“Santa Cruz County is without a doubt one of the most challenging rental markets in the nation—we are consistently ranked in the top 10 least affordable rental markets nationally,” said Jennifer Panetta, executive director for the Housing Authority of the County of Santa Cruz.

According to the National Low Income Housing Coalition (NLIHC) annual “Out of Reach” report, the Santa Cruz-Watsonville, California, Metropolitan Statistical Area (MSA) has steadily climbed the rankings of most expensive rental housing jurisdictions in the United States over the past several years, often ranked side-by-side with nearby San Francisco and the Silicon Valley. However, the Santa Cruz MSA has edged out its neighboring jurisdictions and has taken the number one spot for the past two years.

What may be even more concerning than the MSA’s rank on this list is how quickly and drastically the housing wage disparity has widened. The NLIHC found that a full-time worker in 2017 needed an hourly wage of \$35.15 to afford a two-bedroom home at fair market rents in Santa Cruz County, with rent affordability defined as spending no more than 30% of household income on rent. In 2024, a full-time worker needed to earn \$77.96 per hour to afford the same rental home, a 122% increase in the hourly wage needed.

SANTA CRUZ-WATSONVILLE, CA MSA RANK ON LIST OF MOST EXPENSIVE JURISDICTIONS IN THE U.S.		HOUSING WAGE FOR TWO-BEDROOM AT FAIR MARKET RENT
2017	7	\$35.15
2018	6	\$37.79
2019	3	\$46.90
2020	3	\$48.44
2021	3	\$58.10
2022	2	\$60.35
2023	1	\$63.33
2024	1	\$77.96

Source: National Low Income Housing Coalition “Out of Reach” reports from 2017-2024

“If we look at U.S. Census data, we estimate that approximately 25,000 households in our county are income-eligible for federal rental assistance. ... Then, if you compare that to the resources that are available, we have only 5,800 vouchers and a couple thousand affordable housing units in the community, so the disparity between the need and the resources that are available is profound,” said Panetta.

Pressure on the Santa Cruz housing market has only increased. “Things really skyrocketed in COVID from a rent perspective in Santa Cruz County—because of this flexibility with work hybrid roles, it put more pressure with people being OK living across the hill in Santa Cruz

and still commuting into the Silicon Valley,” said Joanna Carman, senior vice president and co-head of housing development for MidPen Housing, a Northern California affordable housing developer with 20 properties completed and in development in Santa Cruz.

## Development Challenges

Meeting the demand for affordable housing is not easy. Suzanne Isé, a principal planner for the County of Santa Cruz, said affordable housing development in Santa Cruz faces many of the same challenges as other California coastal areas, like Santa Barbara, San Mateo and Marin County.

“The land costs have been high for a very long time because these are desirable, very picturesque coastal tourist destination communities,” said Isé. “But at the same time, we’re not like major metro areas, so we don’t have the economic heft or the funding heft of a Bay Area or L.A. County or San Diego County. So, these are off-the-beaten-path market areas, but where costs have historically been high for many decades, and also you often have a lot of environmental constraints like coastal zones, mountains, landslides, earthquakes, sensitive habitats. You name it, we’ve got it all.”

Isé said that the dissolution of redevelopment agencies in California after 2012 has left a sizable gap in affordable housing resources that still has not been filled. “One sort of niche financing challenge that we’ve seen a lot of our developers face is there’s no longer as much of a straightforward source for like bridge financing,” said Isé, who explained that it can be more difficult to attain a construction bridge loan in Santa Cruz than in larger markets like the Bay Area, where regional housing trusts have more funds available.

## A Returning Developer

One new—or rather, returning—affordable housing developer on the scene is the Housing Authority of

the County of Santa Cruz, which completed its first affordable housing development in 30 years, thanks to a fortuitous opportunity that allowed the housing authority to reposition all of its 234 public housing units (mostly scattered-site townhomes) in 2021 to vouchers through the U.S. Department of Housing and Urban Development’s (HUD’s) streamlined voluntary conversion program.

Under the streamlined voluntary conversion, the housing authority transferred ownership of its public housing units to its nonprofit affiliate New Horizons Affordable Housing and Development and HUD provided 234 new vouchers. Panetta said the vouchers became a significant revenue resource that has allowed the housing authority to engage in two new activities: providing resident services and building affordable housing.

The housing authority’s new development is Natural Bridges Apartments, 20 apartments for households earning up to 50% of the area median income.

“We had a big celebration for our grand opening,” said Panetta. “It’s a small 20-unit project on the west side of Santa Cruz. We like to say it’s a small project but a huge milestone for our agency because it marks our re-emergence into affordable housing development, and that’s an area of growth for us.”

Much of the funding for Natural Bridges came from the housing authority’s recent HUD Moving to Work (MTW) designation, which provides valuable administrative and funding flexibility.

“With the administrative flexibility, we’re able to increase the number of project-based vouchers that we can commit to affordable housing developments and those project-based vouchers really help those projects pencil out,” said Panetta. “But MTW status also comes with funding flexibility so we can use some of that funding for development as well.”



The housing authority already has two additional developments in the pipeline, which Panetta hopes will include low-income housing tax credit (LIHTC) financing. “We’re actively looking for partnerships with experienced developers so that we can earn tax credit experience in order to apply for tax credits on our own,” said Panetta.

### The LIHTC is a Game-Changing Resource

“The only thing really that gets projects off the ground in recent years has been the tax credit program, primarily the 9% credit,” said Isé, who added that securing a 9% LIHTC allocation has historically been difficult in Santa Cruz County.

Santa Cruz developers compete against developers in four other counties for the Central Coast Region geographic set-aside under the California Tax Credit Allocation Committee’s (CTCAC’s) qualified allocation plan, a set-aside that’s worth only 5.2% of California’s federal and state LIHTC ceiling. In addition to the limited pool of credits, Isé stated another challenge is that public transit options in Santa Cruz are less extensive compared to other counties, making it tough for developers in Santa Cruz county to earn points for transit-oriented development on their LIHTC applications, or in other state funding programs, such as Affordable Housing and Sustainable Communities or the Infill Infrastructure Grant.

“It’s more common than not that projects in this county have to apply in two, three or four rounds within our region before they’re successfully awarded tax credits, versus my experience over the hill in Silicon Valley,” said Isé.

However, in 2020 Santa Cruz lost about 1,000 homes during the CZU Lightning Complex fires, a federally declared disaster that made the county eligible for additional tax credits. In 2021 CTCAC awarded six developments in Santa Cruz County with disaster area 9% federal LIHTCs, funding 391 low-income apartments.

“That was a huge windfall for our county because normally we wouldn’t see that many awards in one round in our county,” said Isé.

Three of the six Santa Cruz developments awarded 2020 disaster credits were developed by MidPen Housing, including Bienestar Plaza, completed in 2024 through a partnership with the county and two healthcare providers. Bienestar Plaza offers 57 apartments along with a 20,000-square-foot community health center and dental clinic.

Sparrow Terrace, MidPen’s second development with disaster credits, was also completed in 2024 and includes 72 affordable rental homes, with set-asides for 35 farmworker families and six formerly homeless individuals. The most recent development by MidPen, Cienega Heights, opened in May. Cienega Heights, located in the unincorporated area of the county, has 80 apartments, including 39 for agricultural workers. There were 2,300 applicants for its 42 project-based vouchers, reflecting typical demand in the area.

“We just had that grand opening and one of the women, a resident we met that day, had lost her home in the [2022] flooding,” said Carman. “She now has a safe place to live, thanks to the 2020 disaster credits, which are helping us meet the immense need for affordable homes in the region.”

Carman’s anecdote illustrates a common approach for affordable housing providers in Santa Cruz: making use of every available resource to help meet overwhelming demand. It’s an approach that’s paying off in measurable ways.

According to the Point-in-Time 2024 count, there was a 36% year-over-year decrease in the overall count of individuals experiencing homelessness in the City of Santa Cruz. “Even though homelessness is increasing nationally and increasing at a state level, we’ve seen some reductions in homelessness at the local level,

and you can see that as a reflection of some of our programs and services,” said Panetta. “Nearly 1,000 of our 5,800 vouchers are targeted toward people experiencing homelessness.”

## Reason for Optimism

“When I look at the next couple of years, I’m kind of excited about all of the housing that’s in the pipeline right now that’s going to be ready for occupancy in the next two years,” said Panetta. “There are currently 20 affordable housing projects in the pipeline that we are supportive with project-based vouchers, representing over 1,500 affordable units that will be coming online. It still barely scratches the surface of the need, but it’s more significant progress than I’ve seen in many, many years.”

Isé has also noticed a significant uptick in interest from developers outside the county. “Just over the past year or two, some of the developers have told me that the reason [for their interest] is that Santa Cruz is one of the only counties in the state of California right now where the 9% [LIHTC] rents are high enough to make these projects pencil,” said Isé.

Isé said some market-rate developers have said that if their plans for their for-sale, market-rate developments in Santa Cruz fall through, that their backup strategy is to build the same development with 9% LIHTCs.

“I feel like we really have all the pieces of the puzzle together and I think that is generating some of this interest from more players out of town, as well as the same folks who have been doing the hard work here for many decades,” said Isé. “We have some really reliable affordable housing development partners that we’ve been working with for 40-plus years, like MidPen Housing, Eden Housing, our housing authority. It’s nice to see a broad range because any one organization is only going to have so much capacity to do projects at any given time, so I think we’re at a good time and a good place with these things coming together.”

Panetta agrees. “We are relentless optimists here in Santa Cruz County,” said Panetta. “No matter what happens, we’re committed to doing everything that we can with the opportunities and resources that are available to us.” ♦

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teresa.garcia@novoco.com  
925.949.4232  
ADVERTISING INQUIRIES  
Christianna Cohen  
christianna.cohen@novoco.com  
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