

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**AGENDA OF THE REGULAR BOARD MEETING**  
**March 25, 2026 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 expires, September 1, 2027
Commissioner Andy Schiffrin	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 February 25, 2026

Motion to Approve

B. Proposed Cancellation of the Regular Meeting of April 22, 2026 and the Scheduling of a Special Meeting on April 29, 2026

Motion to Approve the Cancellation of the Regular Meeting of Wednesday April 22, 2026 at 11:00 a.m. and the Scheduling of a Special Meeting on Wednesday, April 29, 2026 at 11:00 a.m.

C. Audited Housing Authority Financial Statements for Fiscal Year Ending June 30, 2025

Motion to Approve the Housing Authority Agency-Wide Audited Financial Statements for Fiscal Year Ending June 30, 2025

D. Request for Housing Authority Endorsement of Senate Bill 1078 (SB 1078)

Motion to Approve Request to Submit Letter of Support for Senate Bill 1078 (SB 1078)

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. Public Hearing, Review and Consideration of Draft 2025 Annual PHA Plan, 5 Year PHA Plan, Housing Choice Voucher Administrative Plan, and MTW Supplement for the Housing Authority of the County of Santa Cruz

Motion to Approve Drafts of the 2026 Annual PHA Plan, Housing Choice Voucher Program Administrative Plan, and Moving to Work Supplement to the PHA Plan. Adopt Resolution No. 2026-01: Authorizing Execution of PHA Certification of Compliance with PHA Plans and Related Regulations; Board Resolution to Accompany the Annual PHA Plan for the Housing Authority of the County of Santa Cruz. Adopt Resolution No. 2026-01: Authorizing Execution of MTW Certifications of Compliance with Regulations; Board Resolution to Accompany the MTW Supplement to the Annual PHA Plan for the Housing Authority of the County of Santa Cruz.

7. Written Correspondence

8. Director's Report

9. Reports from Board Members

(Board members may report on meetings attended, if any, or other items of interest.)

10. Closed Session

A. Potential Litigation

11. Report on Closed Session

12. Adjournment

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

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

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

**AGENDA ITEM NO. 1** Roll Call

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

**Members Absent**

None.

**Staff Present**

Jennifer Panetta, Tom Graham 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 Berg 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, Morales, Schiffrin and Schmale  
NOES: None  
ABSENT: None  
ABSTAIN: None

Agenda Item 3A. Approved Minutes of the Regular Meeting of January 28, 2026

Agenda Item 3B. Received Report Fiscal Year 2026 Second Quarter Financials

Agenda Item 3C. Adopted Updated Salary Chart

**AGENDA ITEM NO. 4** Oral Communications

None.

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

None.

**AGENDA ITEM NO. 6A** Annual PHA Plan, Housing Choice Voucher (HCV) Administrative Plan, and Moving to Work Supplement to the Annual PHA Plan

Secretary Panetta presented the Draft Annual Agency Plan for the Housing Authority of the County of Santa Cruz, along with the Housing Choice Voucher Administrative Plan and the MTW Supplement, for Board review. Copies of the draft plans were provided to the Resident Advisory Board (RAB) for feedback. Secretary Panetta noted that the draft plans are available for public review and comment on the Housing Authority's website.

Public hearings to discuss these plans will be held at the March 25, 2026 Regular Board Meeting. Notice of the meeting is being published in the *Santa Cruz Sentinel*, *Pajaronian*, and *Hollister Freelance*. Secretary Panetta reviewed with the Board the proposed changes to the Agency Plan, HCV Administrative Plan, and MTW Supplement included in the current Board packet. Staff emphasized that the materials were presented for discussion and feedback only, and that the draft plans will return to the Board at the March meeting for consideration and approval. A discussion followed.

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

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

Deputy Director Graham gave the Board an update on the 2021 Chanticleer Development. Deputy Director Graham informed the Board that staff have worked with counsel to draft the terms of the Memorandum of Understanding (MOU) with MidPen Housing to establish the framework for a Joint Development Agreement (JDA) to enter a partnership to co-develop 2021 Chanticleer. Staff expect to present the JDA to the Board for approval at the April or May meeting.

Deputy Director Graham reminded the Board that at the previous meeting, staff had informed the Board of plans to pursue the use of Faircloth Authority through the Restore Rebuild Initiative to provide rental subsidy for the 2021 Chanticleer development. Deputy Director Graham stated that staff will continue to keep the Board informed as this process moves forward.

Executive Director Panetta provided the Board with an update regarding participants in the Emergency Housing Voucher (EHV) program.

Executive Director Panetta informed the Board that the U.S. Department of Housing and Urban Development (HUD) has recently published a proposed rule change regarding immigration status requirements for participation in federally funded rental assistance programs, including the Housing Choice Voucher Program. Executive Director Panetta informed the Board that this was published after the

Board packets were sent out. Executive Director Panetta noted that additional information will be forthcoming and will be shared with the Board at next month's meeting.

Executive Director Panetta informed the Board that she and Deputy Director Graham delivered a presentation to the Board of Supervisors regarding the Housing Authority of the County of Santa Cruz. She further reported that two news articles were published by local media outlets covering information about funding, EHV's and other information from that presentation. Copies of these articles were distributed to the Board of Commissioners.

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

Chairperson Martinez Alaniz reported that she has been attending several City Council and Board of Supervisors meetings regarding the proposed battery plant planned for Minto Road in Watsonville. She stated that there have been no updates to the proposal and that the project is continuing to move forward as planned. The neighborhood is circulating a petition against this plant. Chairperson Martinez Alaniz reported that the Board Supervisor for this area is in agreement with going forward with the plant as proposed.

Chairperson Martinez Alaniz also informed the Board that she and members of her family have recently experienced health issues and apologized for missing prior meetings. She further shared that a family member recently passed away. The Board of Commissioners expressed their condolences and stated they were glad to hear that she and her family are doing better.

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

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

**AGENDA ITEM NO. 12**      Adjournment

The Board of Commissioners meeting was adjourned at 12:10 p.m.

I hereby certify that these minutes were approved by the Housing Authority of the County of Santa Cruz, on the Twenty Fifth Day of March 2026.

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

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, MINUTES OF THE REGULAR MEETING HELD FEBRUARY 25, 2026, AT THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, 2160 41<sup>ST</sup> AVENUE, CAPITOLA, CA 95010

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

Secretary of the Authority

## AGENDA ITEM SUMMARY

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**MEETING DATE:** March 25, 2026

**ITEM NUMBER:** 3B

**FROM:** Executive Director

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**SUBJECT:** Proposed Cancellation of the Regular Meeting of April 22, 2026 and the Scheduling of a Special Meeting on April 29, 2026

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**RECOMMENDATION:** Approve the Cancellation of the Regular Meeting of Wednesday April 22, 2026 at 11:00 a.m. and the Scheduling of a Special Meeting on Wednesday, April 29, 2026 at 11:00 a.m.

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**BACKGROUND SUMMARY:**

Due to a scheduling conflict, staff recommends canceling the Regular Meeting scheduled for April 22, 2026. To accommodate pending business, staff proposes holding a Special Meeting on Wednesday, April 29, 2026, at 11:00 a.m.

**RECOMMENDATION:** Approve the Cancellation of the Regular Meeting of Wednesday April 22, 2026 at 11:00 a.m. and the Scheduling of a Special Meeting on Wednesday, April 29, 2026 at 11:00 a.m.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

## AGENDA ITEM SUMMARY

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**MEETING DATE:** March 25, 2026

**ITEM NUMBER:** 3C

**FROM:** Deputy Executive Director

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**SUBJECT:** Audited Housing Authority Financial Statements for Fiscal Year Ending June 30, 2025

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**RECOMMENDATION:** Approve the Housing Authority Agency-Wide Audited Financial Statements for Fiscal Year Ending June 30, 2025

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### **BACKGROUND SUMMARY:**

The financial statements for the fiscal year ending June 30, 2025 were prepared by the Housing Authority of the County of Santa Cruz in the format prescribed by the requirements of the Government Accounting Standards Board (GASB).

The agency's auditor, Novogradac & Company LLP, has issued an unmodified (clean) opinion on the financial statements after conducting an audit in accordance with Government Auditing Standards. A summary of the auditors' results can be found on page 58 of the report. No material weaknesses or significant deficiencies were identified regarding internal controls over financial reporting and federal awards. There were no findings relating to the financial statements and no findings or questioned costs relating to the federal awards. The auditor opined that the financial statements present fairly, in all material respects, the financial position of the agency as of June 30, 2025.

Upon approval by the Board of Commissioners, the audit report will be submitted to the appropriate regulatory bodies and will be available on the Housing Authority's website for review by other interested parties.

**RECOMMENDATION:** Approve the Agency-Wide Audited Financial Statements for Fiscal Year Ending June 30, 2025

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**JUNE 30, 2025**

**WITH  
REPORT OF INDEPENDENT AUDITORS**

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
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JUNE 30, 2025**

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CERTIFIED PUBLIC ACCOUNTANTS

## REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners  
Housing Authority of the County of Santa Cruz:

### ***Opinion***

We have audited the accompanying financial statements of the Housing Authority of the County of Santa Cruz (the "Authority") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the accompanying table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2025, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required pension and other post-employment benefit information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Matters (continued)**

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements. The accompanying financial data schedule is also not a required part of the financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

The schedule of expenditures of federal awards and the financial data schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and financial data schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2026 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



March 9, 2026  
Toms River, New Jersey

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

The Housing Authority of the County of Santa Cruz (the "Authority") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis ("MD&A") is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 14 of the Audit Report).

**FINANCIAL CONTACT**

The individual to be contacted regarding this report is the Finance Director of the Authority, at (831)454-9455. Specific requests may be submitted to the Finance Director, Housing Authority of the County of Santa Cruz, 2160 41<sup>st</sup> Avenue, Capitola, California, 95010.

**FINANCIAL HIGHLIGHTS**

- The Authority's net position increased by \$30.4 million or 55.8% during fiscal year ended June 30, 2025. Net Position was \$85.0 million in 2025 and \$54.5 million in 2024, respectively.
- Operating revenues increased by approximately \$31.9 million or 20.8% from \$153.5 million in 2024 to \$185.4 million in 2025. The increase in operating revenues is attributed mainly to the Authority being awarded a Moving to Work Demonstration grant during FY25 in the amount of \$150.3 million.
- Operating expenses for all Authority programs increased by approximately \$19.2 million or 14.0%. Total operating expenses were \$157.1 million in 2025 and \$137.8 million in 2024.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**USING THIS ANNUAL REPORT**

The Report includes three major sections, the MD&A, Financial Statements, and Other Required Supplementary Information:

**MD&A**  
~ Management's Discussion  
and Analysis ~

**Financial Statements**  
~ Authority-wide Financial Statements – pages 14 - 18  
~ Notes to Financial Statements (expanded/restructured) – pages 19 - 50

**Other Required Supplementary Information**  
~ Required Supplementary Information pages 56 - 80  
(other than MD&A)

**Authority-Wide Financial Statements**

The Authority-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into a total for the entire Authority.

These Statements include a Statement of Net Position which is similar to a Balance Sheet. The statement is presented in the format where assets plus deferred outflows of resources, minus liabilities plus deferred inflows of resources, equal, "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**Authority-Wide Financial Statements (continued)**

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly equity) is reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of Net Position consists of resources, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of resources that do not meet the definition of "Net Investment in Capital Assets" or "Restricted Net Position".

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Net Position (similar to an Income Statement). This Statement includes operating revenues, such as rental income, operating expenses, such as administrative, utilities, and maintenance, and depreciation, and non-operating revenue and expenses, such as grant revenue, investment income and interest expense. The focus of the Statement of Revenues, Expenses and Changes in Net Position is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

**Financial Statements**

Traditional users of governmental financial statements will find the Financial Statements presentation more familiar.

Many of the grants maintained by the Authority are required by the Department of Housing and Urban Development ("HUD"). Others are segregated to enhance accountability and control.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**The Authority's Programs**

Section 8 Housing Choice Vouchers Program

Under the Housing Choice Voucher Program, commonly referred to as Section 8 tenant-based assistance, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent between 30% and 40% of household income. HUD provides the Authority with two separate funding amounts; one for housing assistance payments and the other for administrative expenses to operate the program.

Business Activities

Represents a variety of activities and accumulated unrestricted reserves with miscellaneous revenues and expenses that are not related to specific funds or projects. This includes the Housing Authority owned office buildings. These funds collect rents in the form of an occupancy expense that is tracked and allocated to programs based on payroll dollars. The occupancy expense comprises the interest portion of debt service, taxes, insurance and the cost of repairs, building services, utilities and either the principal portion of debt service or depreciation.

Moving to Work Demonstration Program

The purpose of this Moving to Work Demonstration Program is to give the Authority and HUD the flexibility to design and test various approaches for providing and administering housing assistance that: reduce cost and achieve greater cost effectiveness; give incentives to families to obtain employment and become economically self-sufficient; and increase housing choices for low-income families to obtain employment and become economically self-sufficient, and increase housing choices for low-income families.

Other Funds

In addition to the funds described above, the Authority also maintains the following programs.

Section 8 Moderate Rehabilitation  
Rehabilitation Program - SRO  
Mainstream Voucher  
Continuum of Care  
\*HOME Investment Partnerships

Section 8 Moderate  
USDA Farm Labor Housing  
Emergency Housing Voucher  
Other State and Local Programs  
FSS Escrow Forfeitures

\*The HOME program is a sub-recipient grants from local jurisdictions

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**AUTHORITY-WIDE STATEMENT**

The following table reflects the condensed Statements of Net Position compared to prior year.

**TABLE 1**

**STATEMENTS OF NET POSITION**

	2025	2024	Increase (Decrease)	Percent Variance
<b>Assets:</b>				
Cash & other current assets	\$ 67,199,606	\$ 42,982,705	\$ 24,216,901	56.34%
Capital assets, net	28,236,720	23,418,220	4,818,500	20.58%
Other assets	6,513,120	5,833,425	679,695	11.65%
Deferred outflows of resources	3,781,576	4,991,517	(1,209,941)	-24.24%
Total assets and deferred outflows of resources	<u>105,731,022</u>	<u>77,225,867</u>	<u>28,505,155</u>	36.91%
<b>Liabilities:</b>				
Current liabilities	2,440,940	3,135,676	(694,736)	-22.16%
Noncurrent liabilities	16,619,347	17,144,638	(525,291)	-3.06%
Deferred inflows of resources	1,693,527	2,408,214	(714,687)	-29.68%
Total liabilities and deferred inflows of resources	<u>20,753,814</u>	<u>22,688,528</u>	<u>(1,934,714)</u>	-8.53%
<b>Net position:</b>				
Invested in capital assets	24,992,525	20,211,637	4,780,888	23.65%
Restricted net position	4,299,393	3,030,333	1,269,060	41.88%
Unrestricted net position	<u>55,685,290</u>	<u>31,295,369</u>	<u>24,389,921</u>	77.93%
Total net position	<u>\$ 84,977,208</u>	<u>\$ 54,537,339</u>	<u>\$ 30,439,869</u>	55.81%

**Major Factors Affecting the Statements of Net Position:**

- During 2025, total net position increased by \$30.4 million, primarily due to an increase in unrestricted net position in the amount of \$24.4 million, invested in capital assets in the amount of \$4.8 million, and in restricted net position in the amount \$1.3 million.
- Cash and other current assets increased \$24.2 million from FY 2024 to FY 2025, primarily due to the Authority increasing its cash position by \$23.8 million.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**AUTHORITY-WIDE STATEMENT (continued)**

- Other assets increase \$680 thousand from FY 2024 to FY 2025, primarily due to the Authority amortizing annually the lease receivable and right-of-use asset and a decrease in restricted cash.
- Current liabilities decreased \$695 thousand from \$3.1 million in FY 2024 to \$2.4 million in FY 2025. The decrease is primarily due to a decrease in accounts payable related to construction progress in the Authority's blended component units in the prior year.

**TABLE 2**

**CHANGE IN NET POSITION**

	2025	2024	Increase (Decrease)	Percent Variance
Operating revenue & expense				
Operating revenue	\$ 185,379,926	\$ 153,481,680	\$ 31,898,246	20.78%
Operating expenses	157,081,638	137,845,813	19,235,825	13.95%
Operating gain	28,298,288	15,635,867	12,662,421	80.98%
Non-operating revenues & expenses	2,141,581	1,276,977	864,604	67.71%
Increase in net position	30,439,869	16,912,844	13,527,025	79.98%
Net position, beginning of year	54,537,339	37,624,495	16,912,844	44.95%
Net position, end of year	\$ 84,977,208	\$ 54,537,339	\$ 30,439,869	55.81%

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**AUTHORITY-WIDE STATEMENT (continued)**

**TABLE 3 REVENUES BY SOURCE**

	2025	2024	Increase (Decrease)	Percent Variance
Operating revenue				
Tenant revenue	\$ 3,157,085	\$ 3,093,807	\$ 63,278	2.05%
HUD and Other Governmental grants	181,488,451	149,758,089	31,730,362	21.19%
Other income	734,390	629,784	104,606	16.61%
Total operating revenue	<u>185,379,926</u>	<u>153,481,680</u>	<u>31,898,246</u>	<u>20.78%</u>
Non-operating revenues				
Investment income	2,198,323	1,336,262	862,061	64.51%
Total non-operating revenues	<u>2,198,323</u>	<u>1,336,262</u>	<u>862,061</u>	<u>64.51%</u>
Total revenues	<u>\$187,578,249</u>	<u>\$ 154,817,942</u>	<u>\$ 32,760,307</u>	<u>21.16%</u>

Total Revenue increased by approximately \$32.8 million or 21.2% in 2025 in comparison to 2024. This is primarily attributed to the following:

- An increase of \$31.7 million in HUD and Other Governmental grants from \$149.8 million in 2024 to \$181.5 million in 2025. The increase in operating grants was primarily due to the Authority entering into a Moving to Work Demonstration annual contributions contract which resulted in additional grant income in the amount of \$25.9 million.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**AUTHORITY-WIDE STATEMENT (continued)**

**TABLE 4  
OPERATING EXPENSES**

	2025	2024	Increase (Decrease)	Percent Variance
Administrative	\$ 10,970,311	\$ 6,757,887	\$ 4,212,424	62.33%
Tenant services	1,143,390	1,394,148	(250,758)	-17.99%
Utilities	689,205	478,842	210,363	43.93%
Maintenance	1,519,491	1,358,293	161,198	11.87%
General expense	847,684	1,250,747	(403,063)	-32.23%
Depreciation and amortization	909,186	614,068	295,118	48.06%
Housing assistance payments	141,002,371	109,895,794	31,106,577	28.31%
<b>Total expenses</b>	<b>\$ 157,081,638</b>	<b>\$ 121,749,779</b>	<b>\$ 35,331,859</b>	<b>29.02%</b>

Operating expenses increased by 29.0% during 2025 in comparison to 2024.

Major factors affecting expenses is as follows:

- Administrative expense increased by \$4.2 million primarily due to an increase in administrative salaries and employee benefits expense related to the Authority's pension and OPEB plans during 2025.
- Housing assistance payments expense increased \$31.1 million primarily due to the Authority entering into a Moving to Work Demonstration annual contributions contract, increasing its unit months leased by approximately 61 from 2024 to 2025.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

As of June 30, 2025, the Authority had \$28.2 million invested in a variety of capital assets as reflected in the following schedule, which represents a net increase over the previous fiscal year (additions, deductions and depreciation) of \$4.8 million or 20.6%.

	2025	2024	Increase (Decrease)	Percent Variance
Land	\$ 8,130,533	\$ 8,130,533	\$ -	0.00%
Buildings	30,893,090	18,713,755	12,179,335	65.08%
Equipment	449,514	345,657	103,857	30.05%
Construction in progress	947,647	9,662,379	(8,714,732)	-90.19%
	<u>40,420,784</u>	<u>36,852,324</u>	<u>3,568,460</u>	<u>9.68%</u>
Less: accumulated depreciation	<u>(12,184,064)</u>	<u>(13,434,104)</u>	<u>1,250,040</u>	<u>-9.30%</u>
Capital assets, net	<u>\$ 28,236,720</u>	<u>\$ 23,418,220</u>	<u>\$ 4,818,500</u>	<u>20.58%</u>

This year's major additions are primarily capital expenditures related to modernizing the Authority's housing developments.

Depreciation expense for the year ended June 30, 2025 amounted to \$751 thousand.

The Authority had capital purchases of \$5.6 million for the year ended June 30, 2025.

**DEBT ADMINISTRATION**

As of the year-ended June 30, 2025, the Authority had \$3.1 million in debt (bonds, notes, etc.) outstanding, compared to \$3.1 million in fiscal year-ended 2024, representing a \$53 thousand decrease, or 1.7%. A more detailed presentation of the Authority's debt, summarized below, can be found in Note 10 to the basic financial statements.

	2025	2024	Increase (Decrease)	Percent Variance
State of California HCD Loan (Brommer)	\$ -	\$ 18,557	\$ (18,557)	-100.00%
State of California HCD Loan (Merrill Road Associates)	1,195,167	1,195,167	-	0.00%
State of California HCD Loan (Merrill Road Associates)	300,000	300,000	-	0.00%
Affordable Housing Preservation Revolving Loan	1,654,392	1,582,674	71,718	4.53%
	<u>3,149,559</u>	<u>3,096,398</u>	<u>53,161</u>	<u>1.72%</u>

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs.

**OTHER MATTERS**

The following events are expected to have a significant effect on the financial position of the Authority.

- (1) In recent years, the Section 8 Housing Choice Vouchers Program has received a flat fee for administrative expenses determined by HUD based on program size, historical lease up numbers, and available appropriations. As of January 1, 2009, HUD changed the method for calculating administrative fees for the Voucher Program back to a per unit leased fee. The rates are published by HUD, and subject to pro-rations based on available funding levels. These admin fee proration levels have a significant impact on the Authority's primary source of funding for administrative expenses in the largest program area.

## **FINANCIAL STATEMENTS**

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2025**

ASSETS

Current assets:	
Cash and cash equivalents	\$ 65,257,025
Tenant security deposits	317,093
Accounts receivable, net	451,360
Prepaid expenses	767,291
Current portion of lease receivable	<u>406,837</u>
Total current assets	<u>67,199,606</u>
Non-current assets:	
Restricted cash	4,576,807
Notes receivable	61,504
Capital assets, net	28,236,720
Lease receivable, net of current portion	1,482,849
Right-of-use asset - leases	<u>391,960</u>
Total non-current assets	<u>34,749,840</u>
Total assets	<u>101,949,446</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan	3,591,933
OPEB Plan	<u>189,643</u>
Total deferred outflows of resources	<u>3,781,576</u>
Total assets and deferred outflows of resources	<u>\$ 105,731,022</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**STATEMENT OF NET POSITION (continued)**  
**AS OF JUNE 30, 2025**

**LIABILITIES**

Current liabilities:	
Accounts payable	\$ 575,037
Accrued expenses	354,831
Accrued compensated absences, current portion	149,128
Tenant security deposits	321,647
Accrued interest payable, current	379,113
Current portion of lease liability	185,492
Unearned revenue	<u>475,692</u>
Total current liabilities	<u>2,440,940</u>
Non-current liabilities:	
Accrued compensated absences, net of current portion	649,503
Long-term portion of loans and notes payable	3,149,559
Accrued pension liability	11,377,349
Accrued OPEB liability	289,845
Lease liability, net of current portion	301,104
Accrued interest payable, noncurrent	649,495
Other non-current liabilities	<u>202,492</u>
Total non-current liabilities	<u>16,619,347</u>
Total liabilities	<u>19,060,287</u>

**DEFERRED INFLOWS OF RESOURCES**

Pension plan	187,211
OPEB plan	104,369
Leased asset	<u>1,401,947</u>
Total deferred inflows of resources	<u>1,693,527</u>

**NET POSITION**

Net position:	
Net investment in capital assets	24,992,525
Restricted	4,299,393
Unrestricted	<u>55,685,290</u>
Total net position	<u>84,977,208</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 105,731,022</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2025**

Operating revenues:	
Tenant revenue	\$ 3,157,085
HUD operating grants	180,277,727
Other government grants	1,210,724
Fraud recovery revenue	25,425
Other revenues	<u>708,965</u>
Total operating revenues	<u>185,379,926</u>
Operating expenses:	
Administrative	10,970,311
Tenant services	1,143,390
Utilities	689,205
Ordinary repairs and maintenance	1,519,491
Protective services	3,805
Insurance	523,902
General	319,977
Housing assistance payments	141,002,371
Depreciation and amortization	<u>909,186</u>
Total operating expenses	<u>157,081,638</u>
Operating income	<u>28,298,288</u>
Non-operating revenues (expenses):	
Investment income	2,198,323
Interest expense	<u>(56,742)</u>
Net non-operating revenues	<u>2,141,581</u>
Change in net position	30,439,869
Net position, beginning of year	<u>54,537,339</u>
Net position, end of year	<u>\$ 84,977,208</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2025**

Cash Flows from Operating Activities:	
Cash received from tenants and other	\$ 3,951,339
Cash received from grantors	181,568,088
Cash paid to suppliers and vendors	(146,055,329)
Cash paid to employees	<u>(10,880,313)</u>
Net cash provided by operating activities	<u>28,583,785</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	(5,569,621)
Principal payments on lease	(173,614)
Proceeds from loans and notes payable	71,718
Principal payments on loans and notes payable	(18,557)
Interest paid on loans and notes payable	<u>(12,332)</u>
Net cash used in capital and related financing activities	<u>(5,702,406)</u>
Cash Flows from Investing Activities:	
Interest received on investments	<u>2,212,442</u>
Net cash provided by investing activities	<u>2,212,442</u>
Net increase in cash, cash equivalents, and restricted cash	25,093,821
Cash, cash equivalents, and restricted cash, beginning of year	<u>45,057,104</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 70,150,925</u>
Reconciliation of cash, cash equivalents, and restricted cash to the Statement of Net Position is as follows:	
Cash and cash equivalents	\$ 65,257,025
Tenant security deposits	317,093
Restricted cash	<u>4,576,807</u>
Cash, cash equivalents, and restricted cash	<u>\$ 70,150,925</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
STATEMENT OF CASH FLOWS (continued)  
FOR THE YEAR ENDED JUNE 30, 2025**

Reconciliation of operating income to net cash provided by  
operating activities:

Operating income	\$ 28,298,288
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	909,186
Bad debts	32,792
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Accounts receivable, net	147,397
Prepaid expenses	(518,174)
Lease receivable	363,026
Deferred outflows of resources	1,209,941
Accounts payable	(1,295,263)
Accrued compensated absences	131,818
Accrued expenses	89,998
Tenant security deposits	45,435
Unearned revenue	(9,299)
Deferred inflows of resources	(714,687)
Accrued pension liability	(99,679)
Accrued OPEB liability	(4,548)
Other non-current liabilities	<u>(2,446)</u>
Net cash provided by operating activities	<u>\$ 28,583,785</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

The Housing Authority of the County of Santa Cruz (the "Authority") is a governmental, public corporation, established in 1969, by a resolution of the Santa Cruz County Board of Supervisors. The Authority is governed by a seven member Board of Commissioners. At-large commissioners are appointed for terms of four years and tenant commissioners are appointed for terms of two years by the Santa Cruz County Board of Supervisors. The Authority is responsible for operating certain low-rent housing programs in the County of Santa Cruz under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

**B. Basis of Accounting / Financial Statements Presentation**

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The programs of the Authority are organized as separate accounting entities. Each program is accounted for by a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position (program equity), revenues, and expenses. The individual programs account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The programs of the Authority are combined and considered an enterprise fund. An enterprise fund is used to account for activities that are operated in a manner similar to those found in the private sector.

The Authority's enterprise fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Authority's financial statements are prepared in accordance with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended ("GASB 34"). GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of the Required Supplementary Information.

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions* ("GASB 33"), grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

On January 30, 2008, HUD issued PIH Notice 2008-9 which requires that unused housing assistance payments ("HAP") under proprietary fund reporting should be reported as restricted net position, with the associated cash and investments also being reported as restricted. Any unused administrative fees should be reported as unrestricted net position, with the associated assets being reported on the financial data schedule as unrestricted.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Basis of Accounting / Financial Statements Presentation (continued)**

Both administrative fee and HAP revenue continue to be recognized under the guidelines set forth in GASB 33. Accordingly, both the time and purpose restrictions as defined by GASB 33 are met when these funds are available and measurable, not when these funds are expended. The Section 8 Housing Choice Vouchers program is no longer a cost reimbursement grant; therefore, the Authority recognizes unspent administrative fee and HAP revenue in the reporting period as revenue for financial statement reporting.

In accordance with 2 CFR 200.305(b)(9), any investment income earned up to \$500 on these funds may be retained by the Authority. Amounts in excess of \$500 must be remitted annually to the Department of Health and Human Services, Payment Management System.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. The principal operating revenues of the Authority's funds are rent and maintenance charges to residents, operating grants and subsidies, and administration fees earned.

Operating expenses for proprietary funds include the administrative costs of providing services to residents and the housing assistance payments to residents. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Effective July 1, 2024, the Authority adopted GASB 101, Compensated Absences ("GASB 101"). GASB 101 establishes a more unified model for recognizing and measuring compensated absences, leading to more consistent and comparable financial reporting among government organizations. Key changes resulting from GASB 101 include updating the recognition and measurement of the liability, streamlining the approach and reporting process for consistency, and enhancing disclosures related to the leave types, measurement methods, and key assumptions. For the year ended June 30, 2025, the adoption of GASB 101 did not have a material effect on the financial statements of the Authority.

**C. Reporting Entity**

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statements No. 14 and No. 34*, the Authority's financial statements include those of the Authority and any component units. Component units are legally separate organizations whose majority of officials are appointed by the primary government or the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the primary government. An organization has a financial benefit or burden relationship with the primary government if any one of the following conditions exist:

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Reporting Entity (continued)**

1. The primary government (Authority) is legally entitled to or can otherwise access the organization's resources.
2. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
3. The primary government is obligated in some manner for the debt of the organization.

Based on the above criteria, the financial statements include the following blended component units:

**Blended Component Units:**

Merrill Road Associates, A California Limited Partnership

Merrill Road Associates (the "Partnership") was formed as a limited partnership on September 19, 1995, for the purpose of developing and operating a 15-unit affordable housing complex located in the unincorporated area in Santa Cruz County known as Aptos, California. The Partnership qualified for federal low-income tax credits under Section 42 of the Internal Revenue Code. Such projects are regulated under terms of a regulatory agreement including rent charges, operating methods and other matters.

The managing general partner of the Partnership is Merrill Road Housing Corporation. The officers and directors of Merrill Road Housing Corporation are the same as the members of the Authority's Board of Commissioners.

As of September 30, 2011, Edison Housing Investment withdrew as the Limited Partner of the Partnership. Upon their withdrawal, the Authority was admitted as the new, and sole, Limited Partner. The Partnership has hired and executed a management agreement with the Authority to manage the property. Since the governing body of the Partnership is essentially the same as that of the Authority and since a financial benefit or burden relationship exists between Merrill Road Associates and the Authority, the Partnership has been included in the Authority's financial statements as a blended component unit.

New Horizons Affordable Housing and Development, Inc.

New Horizons Affordable Housing and Development, Inc. (the "Corporation") is a California nonprofit public benefit corporation. The Corporation was created as an instrumentality of the Authority, to aid in the Authority's mission of acquiring, providing, developing, financing, rehabilitating, owning, and operating decent, safe and sanitary housing affordable to persons and households of low- income; lessening the burdens of government by assisting the Authority in development, ownership, and management of housing targeted to low-income households; assisting the Authority in the administration of affordable housing programs and the provision of related services to low-income households who are seeking or receiving such affordable housing programs; providing benefits, services, or incentives to landlords, owners, or property managers who rent to low-income households; working to eliminate housing discrimination and prejudice; promoting social welfare through community-based activities and services targeted for low-income households; and carrying out such other activities as the board of directors of this Corporation determines will benefit and support the Authority and its programs. Since the governing body of the Corporation is essentially the same as that of the Authority, and since a financial benefit or burden relationship exists between the Corporation and the Authority, the Corporation has been included in the Authority's financial statements as a blended component unit.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Reporting Entity (continued)**

Separate audited financial statements are issued for the aforementioned component units and may be obtained by writing the Finance Director at the Housing Authority of the County of Santa Cruz, 41<sup>st</sup> Avenue, Capitola, CA 95010.

**D. Description of Programs**

The Authority maintains its accounting records by program. A summary of the significant programs operated by the Authority is as follows:

Section 8 Housing Choice Vouchers Program

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rent on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating household.

Mainstream Vouchers Program

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families whose head of household has a disability. The program provides payments covering the difference between the maximum rent on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating household.

Section 8 Moderate Rehabilitation Program - Single Room Occupancy

Provides for the rehabilitation of housing units, which then must be rented to low-income individuals for a contracted period of time. Both for profit and not-for-profit developers may participate in this program. Under this program, developers must obtain their own rehabilitation financing and HUD subsidizes rents once the units are occupied in such amounts sufficient to cover the developers' debt service payments on the financing.

Moving to Work Demonstration Program

The purpose of this Moving to Work Demonstration Program is to give the Authority and HUD the flexibility to design and test various approaches for providing and administering housing assistance that: reduce cost and achieve greater cost effectiveness; give incentives to families to obtain employment and become economically self-sufficient; and increase housing choices for low-income families to obtain employment and become economically self-sufficient, and increase housing choices for low-income families.

Continuum of Care Program

The Continuum of Care Program is designed to promote community-wide commitment to the goal of ending homelessness; provide funding for efforts by nonprofit providers, and State and local governments to quickly re-house homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness; promote access to and effect utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Description of Programs (continued)**

Business Activities

The Authority owns non-federal housing units and various interests in low income housing tax credit partnerships. Revenues earned from these activities are recorded in the Business Activities fund.

State and Local Programs

Periodically, the Authority administers various grants from the State of California and/or the County of Santa Cruz. These activities as well as the Authority's internal service funds are reported in this fund.

PIH Family Self Sufficiency Program

The purpose of the Family Self-Sufficiency Program is to promote the development of local strategies to coordinate the use of assistance under the Section 8 Housing Choice Vouchers and Public Housing programs with public and private resources to enable participating families to increase earned income and financial literacy, reduce or eliminate the need for welfare assistance, and make progress toward economic independence and self-sufficiency.

Home Investment Partnership Program

The purpose of the Home Investment Partnership Program is to expand the supply of affordable housing, particularly rental housing, for low and very low income Americans; to strengthen the abilities of State and local governments to design and implement strategies for achieving adequate supplies of decent, affordable housing; and to extend and strengthen partnerships among all levels of government and the private sector, including for-profit and nonprofit organizations, in the production and operation of affordable housing.

Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation

To aid very low income families in obtaining decent, safe and sanitary rental housing.

Rural Rental Assistance Program

The United States Department of Agriculture ("USDA") provides homeownership opportunities to rural Americans, and home renovation and repair programs. USDA also provides financing to elderly, disabled, or low income rural residents in multi-unit housing complexes to ensure that they are able to make rent payments.

Emergency Housing Vouchers

The purpose of Emergency Housing Vouchers is to assist individuals and families who are experiencing homelessness; at risk of experiencing homelessness; fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking; or were recently homeless and for whom providing rental assistance will prevent the family's homelessness or having high risk of housing instability.

FSS Forfeiture Program

During the year ended June 30, 2025, the Authority was awarded FSS forfeiture funding as part of the FSS Program. These funds are to be used to support participants in good standing, to train FSS program coordinators or other eligible activities.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Use of Management Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, accrued expenses and other liabilities, depreciable lives of properties and equipment, and contingencies. Actual results could differ significantly from these estimates.

**F. Cash and Cash Equivalents**

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit or any other federally insured investment.

HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

For the statement of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase. It is the Authority's policy to maintain collateralization in accordance with HUD requirements.

**G. Accounts Receivable, Net**

Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due and vacated units. An allowance for doubtful accounts is established to provide for accounts, which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts. Also included in accounts receivable are those amounts that tenants owe the Authority as payment for committing fraud or misrepresentation. These charges usually consist of retroactive rent and other amounts that may be determined by a formal written agreement or by a court order.

The Authority recognizes a receivable from HUD and other governmental agencies for amounts billed but not received and for amounts unbilled, but earned as of year-end.

**H. Allowance for Doubtful Accounts**

The Authority periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. If it is determined that an account or accounts may be uncollectable, the Authority prepares an analysis of such accounts and records an appropriate allowance against such amounts.

**I. Prepaid Expenses**

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Notes Receivable**

The Authority has utilized development funds in accordance with HUD guidelines to assist low and moderate income first-time homebuyers with the purchase of a home through the issuance of mortgage notes. When preparing financial statements in accordance with GAAP, management is required to make estimates as to the collectability of such mortgage notes. When estimating collectability, management analyzes the value of the underlying mortgaged property, the property's ability to generate positive cash flow, and current economic trends and conditions. Management utilizes these estimates and judgments in connection with establishing an allowance for uncollectable amounts during an accounting period.

**K. Lease Receivable**

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the lease agreement or implicitly determined by the Authority.

**L. Right-of-Use Assets and Liabilities**

Lessees are required to recognize a lease liability and an intangible right-of-use lease asset. The lease liability is the present value of future payments expected to be made over the course of the lease, and the right-of-use lease assets are measured as the initial amount of lease liability, plus any payments made to the lessor at or before the time of commencement of the lease and minus any lease incentives received from the lessor.

The Authority uses its risk-free rate at the commencement date in determining the present value of lease payments. Amortization of the right-of-use asset is recognized on a straight-line basis over the lease term.

**M. Capital Assets, Net**

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position. Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

- Buildings 25 - 30 Years
- Site improvements 10 - 19 Years
- Furniture and equipment 5 - 10 Years

The Authority has established a capitalization threshold of \$5,000.

**N. Impairment of Long Lived Assets**

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that the impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. During the year ended June 30, 2025, there were no impairment losses incurred.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**O. Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until that time.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

**P. Taxes**

The Authority is exempt from Federal Income and California Franchise Taxes.

**Q. Inter-Program Receivables and Payables**

Inter-program receivables and payables are all classified as either current assets or current liabilities, and are the result of the use of a concentrated account depository as the common paymaster for most of the programs of the Authority. Cash settlements are made monthly. All inter-program balances are reconciled, and inter-program receivables and payables balances net to zero. In accordance with GASB 34, inter-program receivables and payables are eliminated for financial statement purposes. Detail balances by program are found in the Financial Data Schedule of this report.

**R. Accounts Payable and Accrued Liabilities**

The Authority recognizes a liability for goods and services received but not paid for as of year-end. It also recognizes a liability for wages and fringe benefits related to services performed at year-end but not yet paid to employees or taxing authorities.

**S. Unearned Revenue**

The Authority's unearned revenue primarily consist of the prepayment of rent by residents and the receipt of HUD and other grant funding applicable to future periods prior to incurring the corresponding expense.

**T. Accrued Compensated Absences**

Compensated absences are those absences for which employees will be paid in accordance with the Authority's Personnel Policy. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such event takes place.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**U. Pension Plan**

The Authority participates in a cost-sharing multi-employer defined benefit retirement plan ("the Plan") that is administered by the California Public Employees Retirement System ("CalPERS"). Contributions to CalPERS are made on a current basis as required by the Plan and are charged to expenditures. The Authority used actuarial reports supplied by CalPERS for the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources and expenses related to the Plan. The valuation date of the latest actuarial report was June 30, 2023.

**V. Other Post Employment Benefits ("OPEB")**

The Authority provides a defined benefit health care program to its retired employees and their dependents. The Authority has established a trust account to administer the funding of the OPEB plan. The OPEB trust fund is presented as a fiduciary fund of the Authority. The Authority used actuarial valuation reports supplied by OPEB consultants for the purpose of measuring the net OPEB liability, deferred outflows and inflows of resources, and expenses related to the plan in accordance with GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pension*. The valuation date of the latest actuarial report was June 30, 2023.

**W. Net Position Classifications**

Net position is displayed in three components:

Net investment in capital assets - Consists of resources including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

**X. Use of Restricted Assets**

When both restricted and unrestricted resources are available for a particular restricted use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as needed.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Y. Operating Revenues and Expenses**

The Authority defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. The Authority receives annual operating subsidies from HUD, subject to limitations prescribed by HUD. Operating subsidies from HUD are recorded when received and are accounted for as revenue. Other contributions from HUD that are for development and modernization of capital assets are reflected separately in the accompanying financial statements as capital grants. Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues and expenses as non-operating.

**Z. Regulated Leases**

The Authority is a lessor of residential dwelling units under regulated leases as defined by GASB 87 and as such recognizes rental revenue in accordance with the terms of the lease contract. The leases which are twelve months in length are regulated by HUD as to rent, unit size, household composition and tenant income. For the year ended June 30, 2025, rental revenue earned under the aforementioned leases totaled \$2,965,049.

**AA. Budgets and Budgetary Accounting**

The Authority adopts annual, appropriated operating budgets for all its programs receiving federal expenditure awards and are used as a management tool throughout the accounting cycle. All budgets are prepared on a HUD basis, which differs with accounting principles generally accepted in the United States of America. All appropriations lapse at HUD's program year end or at the end of grant periods.

**BB. Economic Dependency**

The Section 8 Housing Choice Vouchers and Public and Indian Housing programs of the Authority are economically dependent on operating grants and subsidies from HUD. The programs operate at a loss prior to receiving the grants.

**CC. Risk Management**

The Authority is exposed to various risks related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs and there have been no significant reductions in insurance coverage. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, the amount of the loss can be reasonably estimated, and said amount exceeds insurance coverage. Settlement amounts have not exceeded insurance coverage for the last three years.

**NOTE 2. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH**

As of June 30, 2025, the Authority had funds on deposit in checking, savings and money market accounts. The carrying amount of the primary government's cash and cash equivalents (including restricted cash) was \$70,150,925, and the bank balances were \$70,380,473.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 2. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH (continued)**

<u>Cash Category</u>	<u>Amount</u>
Unrestricted	\$ 65,257,025
Tenant security deposits	317,093
Restricted	4,576,807
Total cash, cash equivalents, and restricted cash	\$ 70,150,925

Of the Authority's bank balances, \$500,000 was covered by federal depository insurance and the remaining \$69,880,473 was collateralized with the pledging financial institution as of June 30, 2025.

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2025, the Authority's bank balances were not exposed to custodial credit risk.

Investments in State Investment Pool

The Authority is a voluntary participant in the Local Agency Investment Fund ("LAIF") that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. Each government agency may invest up to \$30,000,000 in each account in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest or principal. The full faith and credit of the State of California secure investments in LAIF.

At June 30, 2025, an account was maintained in the name of the Authority for \$2,116,850. The total cost value of investment in LAIF was \$2,116,850. The total fair value of investments in LAIF was \$2,096,285. For the year ended June 30, 2025, the Authority recognized an unrealized loss of \$20,565. The loss was based on a fair value adjustment factor of 0.996316042 that was calculated by the State of California Treasurer's Office.

LAIF is a part of the State of California Pooled Money Investment Account (PMIA). At June 30, 2025, the fair value of the PMIA, including accrued interest, was \$179,918,091,940.

The PMIA portfolio had securities in the form of structured notes totaling \$2,900 million and asset-backed securities totaling \$1,670,585 million. The PMIA has policies, goals and objectives for the portfolio to make certain that the goals of safety, liquidity, and yield are not jeopardized. These policies are formulated by investment staff and reviewed by both the PMIA and LAIF Advisory Boards on an annual basis.

During 2002, California Government code was added to the LAIF's enabling legislation stating that "the right of a city, county...special district...to withdraw its deposited money from the LAIF upon demand may not be altered, impaired, or denied in any way by any state official or state agency based upon the State's failure to adopt a State Budget by July 1 of each new fiscal year." In addition, it has been determined that the State of California cannot declare bankruptcy under Federal regulations. This allows other government code stating that "money placed with the state treasurer for deposit in the LAIF shall not be subject to ...transfer or loan...or impound or seizure by any state official or state agency" to stand.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 3. ACCOUNTS RECEIVABLE, NET**

Accounts receivable, net consists of the following as of June 30, 2025:

<u>Description</u>	<u>Amount</u>
Accounts receivable - HUD	\$ 109,448
Accounts receivable - PHA Projects	53,948
Accounts receivable - other government	92,480
Accounts receivable - tenants, net	23,484
Accounts receivable - miscellaneous, net	<u>172,000</u>
Total accounts receivable, net	<u>\$ 451,360</u>

Accounts Receivable - HUD

As of June 30, 2025, Accounts receivable - HUD consisted of amounts due to the Authority for amounts expended under grant agreements that have not yet been reimbursed. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - PHA Projects

Accounts receivable - PHA Projects represents amounts owed to the Authority by other Public Housing Authorities for administrative fees and Port-in HAP expense under the portability provisions of the Section 8 Housing Choice Vouchers program. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - Other Government

Accounts receivable - other government represents amounts owed to the Authority by other federal agencies and state and local governments. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - Tenants, Net

Tenant accounts receivable represents amounts owed to the Authority by tenants for outstanding rent. The balance is shown net of an allowance for doubtful accounts of \$61,102.

Accounts Receivable - Miscellaneous, Net

Accounts receivable - miscellaneous consists of amounts owed from managed properties and other miscellaneous sources from normal ongoing operations. The balance is shown net of an allowance for doubtful accounts of \$5,670.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 4. CAPITAL ASSETS, NET**

The following is a summary of the Authority's changes in capital assets for the year ended June 30, 2025:

Description	June 30, 2024	Additions	Dispositions	Transfers	June 30, 2025
<u>Non-depreciable capital assets:</u>					
Land	\$ 8,130,533	\$ -	\$ -	\$ -	\$ 8,130,533
Construction in progress	<u>9,662,379</u>	<u>391,424</u>	-	<u>(9,106,156)</u>	<u>947,647</u>
Total	<u>17,792,912</u>	<u>391,424</u>	-	<u>(9,106,156)</u>	<u>9,078,180</u>
<u>Depreciable capital assets:</u>					
Buildings	18,713,755	5,074,340	-	7,104,995	30,893,090
Furniture and equipment	<u>345,657</u>	<u>103,857</u>	-	-	<u>449,514</u>
Total	<u>19,059,412</u>	<u>5,178,197</u>	-	<u>7,104,995</u>	<u>31,342,604</u>
Less: accumulated depreciation	<u>13,434,104</u>	<u>751,121</u>	-	<u>(2,001,161)</u>	<u>12,184,064</u>
Net capital assets	<u>\$ 23,418,220</u>	<u>\$ 4,818,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,236,720</u>

Depreciation expense for the year ended June 30, 2025, amounted to \$751,121.

**NOTE 5. RESTRICTED DEPOSITS**

Restricted deposits consist of the following as of June 30, 2025:

<u>Cash Category</u>	<u>Amount</u>
Section 8 Housing Choice Vouchers housing assistance payment reserves	\$ 2,289,584
USDA project replacement	1,928
Merrill Road Associates replacement and operating reserves	199,347
Brommer Street replacement reserve	20,105
Emergency housing voucher reserves	76,974
FSS escrow forfeitures	134,037
Affordable housing preservation reserves	1,654,392
Family self-sufficiency escrows	200,440
Tenant security deposits	<u>317,093</u>
Total restricted deposits	<u>\$ 4,893,900</u>

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers Program for future housing assistance payments.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 5. RESTRICTED DEPOSITS (continued)**

The amounts held for the replacement and operating reserves of the USDA, Brommer Street, and Merrill Road Associates properties are restricted for repairs and replacement of buildings and equipment and operating deficits and cannot be disbursed without the prior written approval of either the USDA, Rural Economic and Community Development Department or the State of California, Department of Housing and Community Development.

Emergency housing vouchers reserves are restricted for use only in the Emergency Housing Vouchers program for future program expenditures.

FSS escrows forfeitures are used to fund eligible expenses of FSS participants in good standing.

Affordable housing preservation reserves are restricted for the purchase of at risk properties, which will then be re-sold to low income families. The funds from the sale of the properties will go back into the program to help preserve additional units in the future.

Family Self Sufficiency ("FSS") program escrows represent amounts held by the Authority on behalf of FSS program participants. Upon graduation from the program, the participant is due amounts deposited plus interest earned.

Tenant security deposits represent amounts held by the Authority on behalf of tenants. Upon termination, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the unit.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 6. NOTES RECEIVABLE**

Outstanding notes receivable consisted of the following as of June 30, 2025:

<u>Description</u>	<u>Amount</u>
Loans have been made by the Authority to moderate and lower income, first-time homebuyers, qualified to purchase homes in the Arroyo Verde housing development. These loans are secured by deeds of trust. Payment on the loans are deferred until the property is sold or transferred, the borrower defaults on the note, or the first and second liens are refinanced. Interest on each loan is based on the appreciation of the property at the time of the payoff.	\$ 19,504
The Authority entered into a preservation loan agreement with a borrower on June 11, 2024 in the amount of \$42,000. The loan does not accrue interest and is secured by a deed of trust on the property. Payment on the loans are deferred until the property is sold or transferred, the borrower defaults on the note, or the first and second liens are refinanced.	<u>42,000</u>
Total notes receivable	\$ <u>61,504</u>

**NOTE 7. LEASE RECEIVABLE**

On February 4, 2019, the Authority entered into a lease agreement (the “commercial lease”) as a lessor to rent office space. The term of the commercial lease was for ten years, commencing on August 1, 2019 and terminating on July 31, 2029. The commercial lease was amended on October 1, 2021. An initial lease receivable was recorded in the amount of \$3,106,337. As of June 30, 2025, the value of the lease receivable was \$1,889,686. At commencement of the commercial lease, base rent in the amount of \$30,073 was due on the first of each month. Beginning January 1, 2022, an additional \$418 was due on the first of each month, due to under payment of rent during 2020 and 2021. The implicit interest rate on the commercial lease was 3%. The value of the deferred inflows of resources as of June 30, 2025 was \$1,401,947. For the year ended June 30, 2025, the Authority recognized lease revenue of \$349,728 and interest revenue in the amount of \$61,702.

Annual lease payments for principal and interest for the next five years is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2026	\$ 406,837	\$ 50,253	\$ 457,090
2027	422,335	37,797	460,132
2028	460,563	24,637	485,200
2029	476,923	10,565	487,488
2030	<u>123,028</u>	<u>232</u>	<u>123,260</u>
	<u>\$ 1,889,686</u>	<u>\$ 123,484</u>	<u>\$ 2,013,170</u>

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 8. RIGHT-OF-USE ASSETS AND LIABILITIES**

On October 30, 2017, the Authority entered into a lease agreement (the “administrative lease”) as a lessee to rent administrative office space. The term of the administrative lease was for ten years, commencing on January 1, 2018 and terminating on December 31, 2027. At commencement of the administrative lease, base rent in the amount of \$9,796 was due on the first of each month, and the lease had an implicit interest rate of 3%. As of June 30, 2025, the value of the right-of-use asset was \$1,089,267, which is shown net of accumulated amortization in the amount of \$816,951. Amortization expense for the year ended June 30, 2025 totaled \$108,927. Rent and interest expense for the year ended June 30, 2025 amounted to \$137,785 and \$8,939, respectively.

The lease liability as of June 30, 2025 was \$360,236.

On November 29, 2023, the Authority entered into a lease agreement (the “office lease”) as a lessee to rent office space. The term of the office lease was for three years, commencing on January 1, 2018 and terminating on February 15, 2024. At commencement of the office lease, base rent in the amount of \$3,087 was due on the first of each month, and the lease had an implicit interest rate of 3%. As of June 30, 2025, the value of the right-of-use asset was \$184,856, which is shown net of accumulated amortization in the amount of \$65,212. Amortization expense for the year ended June 30, 2025 totaled \$49,138. Rent and interest expense for the year ended June 30, 2025 amounted to \$47,707 and \$5,243, respectively.

The lease liability as of June 30, 2025 was \$126,360.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 8. RIGHT-OF-USE ASSETS AND LIABILITIES (continued)**

The following is a summary of the Authority's changes in right-of-use asset for the year ended June 30, 2025:

Description	June 30, 2024	Additions	Dispositions	June 30, 2025
Right-of-use asset	\$ 1,274,123	\$ -	\$ -	\$ 1,274,123
Less: accumulated amortization	<u>724,098</u>	<u>158,065</u>	<u>-</u>	<u>882,163</u>
Net right-of-use asset	<u>\$ 550,025</u>	<u>\$ (158,065)</u>	<u>\$ -</u>	<u>\$ 391,960</u>

Annual lease payments for principal and interest for the next three years is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2026	\$ 185,492	\$ 14,182	\$ 199,674
2027	197,983	11,710	209,693
2028	<u>103,121</u>	<u>1,063</u>	<u>104,184</u>
	<u>\$ 486,596</u>	<u>\$ 26,955</u>	<u>\$ 513,551</u>

**NOTE 9. COMPENSATED ABSENCES**

It is the Authority's policy to permit employees to accumulate earned but unused vacation leave, which will be paid to employees upon separation from the Authority's service or used in future periods. The Authority permits employees to accumulate earned but unused sick leave. This leave will either be used in future periods or paid to employees upon separation from the Authority in the amount of 50%, after five years of service; 75%, after ten years of service; and 100%, after fifteen years of service, of the value of the unused sick leave. Accrued vacation and vested sick leave have been valued by the Authority; allocated to all the programs, including Merrill Road Associates; and recorded as "Compensated Absences". As of June 30, 2025, accrued vacation and vested sick leave were valued at \$798,631. Of this amount, \$649,503 is considered by management to be a long-term liability.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 10. LOANS AND NOTES PAYABLE**

Debt activity for the year ended June 30, 2025 consisted of the following:

Description	June 30, 2024	Advances	Principal Reductions	June 30, 2025
Loans and notes payable	\$ <u>3,096,398</u>	\$ <u>71,718</u>	\$ <u>(18,557)</u>	\$ <u>3,149,559</u>

Loans and notes payable consisted of the following as of June 30, 2025:

<u>Description</u>	<u>Amount</u>
The Authority entered into a loan with the California Department of Housing and Community Development dated October 31, 2001. This \$210,000 note carries a simple interest rate of 3% per annum and is secured by the underlying property. The payment of principal and interest on this note is deferred until November 30, 2056; or until the project generates surplus cash, to the extent of 80% of surplus cash generated, paid first to outstanding interest, then to principal. The loan was paid in full as of June 30, 2025.	\$ -
On September 15, 1995, the Partnership, entered into a promissory note with the State of California, Department of Housing and Community Development, Rental Housing Construction Program ("RHCP"). The note, for \$1,195,167, is secured by a deed of trust on the property owned by the Partnership, bears simple interest at a rate of 3% per annum, and is due 40 years from the anniversary of the Initial Assisted Unit Date, or September 1, 2036. Payments are due annually on this loan only to the extent of surplus cash earned by the project.	1,195,167
In September 1996, the Partnership received a \$300,000 loan from the Santa Cruz County Redevelopment Agency ("RDA"). This loan is unsecured, bears simple interest at a rate of 8% per annum, and was intended to be forgiven if the Authority exercised the option to purchase the property after 20 years and maintained the units according to the RHCP loan provisions for an additional 20 years. The option to purchase was exercised in 2011. No forgiveness has occurred on this loan to date, and since it is assumed that the loan will be forgiven at some future date due to the Authority exercising the option to purchase, no interest has accrued on this loan.	300,000

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 10. LOANS AND NOTES PAYABLE (continued)**

<u>Description</u>	<u>Amount</u>
<p>The Authority entered into an affordable housing preservation loan with the County of Santa Cruz (the "County") on July 3, 2018. The Authority administers this loan on behalf of the County. The County transferred an initial balance of \$1,500,000, which is held by the Authority on behalf of the County. The County identifies potential affordable housing units at risk of losing affordability covenants through foreclosure and that are suitable for preservation through this program. The funds are designed to be used to purchase at risk properties which will then be re-sold to another low income family in order to preserve the affordability covenants. The funds from the sale of the property would go back into the program to help preserve additional units in the future. As a result, there is no maturity date or interest rate associated with the use of the funds. Any interest that is earned during the year from the funds being on deposit in the bank account is credited to the liability account since the funds belong to the County. To date, the funds have not yet been used to preserve any at-risk affordable properties. For the year ended June 30, 2025, the Authority earned \$71,718 of interest on loan proceeds which have been added to the principal amount of the loan.</p>	<p><u>1,654,392</u></p>
<p>Total loans and notes payable</p>	<p><u>\$ 3,149,559</u></p>

Annual debt service for principal and interest over the next five years and in five-year increments thereafter is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ -	\$ -	\$ -
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031-2035	1,954,392	1,434,200	3,388,592
2036-2040	<u>1,195,167</u>	<u>-</u>	<u>1,195,167</u>
	<u>\$ 3,149,559</u>	<u>\$ 1,434,200</u>	<u>\$ 4,583,759</u>

Accrued interest on these notes and loans totaled \$1,028,608 as of June 30, 2025.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 11. OTHER LIABILITIES**

As of June 30, 2025, other liabilities consisted of the following activity for the year then ended:

<u>Description</u>	<u>Balances at June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances at June 30, 2025</u>	<u>Amounts due within one Year</u>
Accrued compensated absences	\$ 666,813	\$ 149,129	\$ (17,311)	\$ 798,631	\$ 149,128
Accrued interest payable	984,198	56,742	(12,332)	1,028,608	379,113
Loans and notes payable	3,096,398	71,718	(18,557)	3,149,559	-
FSS Escrow	204,938	-	(2,446)	202,492	-
Accrued pension liability	11,477,028	737,102	(836,781)	11,377,349	-
Accrued OPEB liability	294,393	54,229	(58,777)	289,845	-
Lease liability	<u>660,210</u>	<u>-</u>	<u>(173,614)</u>	<u>486,596</u>	<u>185,492</u>
Total	<u>\$ 17,383,978</u>	<u>\$ 1,068,920</u>	<u>\$ (1,119,818)</u>	<u>\$ 17,333,080</u>	<u>\$ 713,733</u>

**NOTE 12. RESTRICTED NET POSITION**

Restricted net position consists of the following as of June 30, 2025:

<u>Cash Category</u>	<u>Amount</u>
Section 8 Housing Choice Vouchers housing assistance payment reserves	\$ 2,289,584
USDA project replacement	1,928
Merrill Road Associates replacement and operating reserves	199,347
Affordable housing preservation reserves	1,654,392
EFF FSS escrow reserves	134,037
Brommer Street replacement reserve	<u>20,105</u>
Total restricted net position	<u>\$ 4,299,393</u>

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers program for future housing assistance payments.

The amounts held for the replacement and operating reserves of the USDA, Brommer Street, and Merrill Road Associates properties are restricted for repairs and replacement of buildings and equipment and operating deficits, and cannot be disbursed without the prior written approval of either the USDA, Rural Economic and Community Development Department or the State of California, Department of Housing and Community Development.

Affordable housing preservation reserves are restricted for the purchase of at risk properties, which will then be re-sold to low income families. The funds from the sale of the properties will go back into the program to help preserve additional units in the future.

EFF FSS reserves are restricted for use only in the EFF FSS program for future program expenditures.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 13. COMMITMENTS AND CONTINGENCIES**

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD.

As of June 30, 2025, the Authority estimates that no material liabilities will result from such audits.

**NOTE 14. PENSION PLAN**

**A. Plan Description**

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS. A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes and membership information, is listed in the June 30, 2021 Annual Actuarial Valuation Report. This report is a publicly available valuation report that can be obtained at CalPERS' website under "Forms and Publications". All qualified permanent and probationary employees are eligible to participate in the Authority's cost-sharing multiple-employer defined benefit pension plans administered by CalPERS. Benefit provisions under the plans are established by State statute and the Authority's resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

The Authority's plan is made up of 4 tiers. Tier 1, 3% at 60 covers all employees hired before March 5, 2006. Tier 2, 2% at 55 covers all employees hired between March 5, 2006 and July 29, 2012. Tier 3, 2% at 60 covers all employees hired between July 29, 2012 and January 1, 2013. Tier 4, 2% at 62 covers all employees hired after January 1, 2013. The fourth tier is the result of State legislation AB 340, the Public Employees' Pension Reform Act. The number of employees across all four tiers as of the June 30, 2023 valuation date was 29 active and 1 retired.

**B. Funding Policy**

The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. Employer contribution rates may change if plan contracts are amended. The contribution requirements of plan members and the Authority are established and may be amended by PERS.

Participants in the Authority's first tier are required to contribute 8% of their annual covered salary, participants in the second and third tiers contribute 7%, while participants in the fourth tier contribute 7.75% during the fiscal year ended June 30, 2025.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 14. PENSION PLAN (continued)**

**B. Funding Policy (continued)**

Employer rates are as follows:

	<u>1st Tier</u>	<u>2nd Tier</u>	<u>3rd Tier</u>	<u>4th Tier</u>
2024/2025	18.320 %	13.310 %	10.150 %	7.870 %
2025/2026	18.390 %	13.380 %	10.190 %	7.960 %
2026/2027 (projected)	18.400 %	13.400 %	10.200 %	8.000 %
2027/2028 (projected)	18.400 %	13.400 %	10.200 %	8.000 %
2028/2029 (projected)	18.400 %	13.400 %	10.200 %	8.000 %
2029/2030 (projected)	18.400 %	13.400 %	10.200 %	8.000 %
2030/2031 (projected)	18.400 %	13.400 %	10.200 %	8.000 %

In addition, CalPERS requires employer contributions toward the Authority's unfunded liability and side fund as a dollar amount paid either in 12 monthly payments or as a lump sum at the beginning of the year. The Authority has historically chosen to pay the lump sum at the beginning of each fiscal year. The dollar amounts of these contributions are projected by CalPERS to be as follows:

	<u>1st Tier</u>	<u>2nd Tier</u>	<u>3rd Tier</u>	<u>4th Tier</u>
2024/2025	\$ 859,103	\$ 52,219	\$ 4,726	\$ 12,723
2025/2026	\$ 996,533	\$ 65,480	\$ 5,790	\$ 15,506
2026/2027 (projected)	\$ 1,095,000	\$ 72,000	\$ 5,900	\$ 16,000
2027/2028 (projected)	\$ 1,206,000	\$ 77,000	\$ 6,000	\$ 16,000
2028/2029 (projected)	\$ 1,417,000	\$ 91,000	\$ 6,100	\$ 16,000
2029/2030 (projected)	\$ 1,552,000	\$ 93,000	\$ 6,100	\$ 16,000
2030/2031 (projected)	\$ 1,712,000	\$ 94,000	\$ 6,100	\$ 16,000

The amounts contributed to the pension plan for the fiscal year ended June 30, 2025 are as follows:

	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Total</u>
Tier 1	\$ 1,157,475	\$ 142,433	\$ 1,299,908
Tier 2	125,429	39,392	164,821
Tier 3	42,609	26,232	68,841
Tier 4	<u>252,043</u>	<u>236,077</u>	<u>488,120</u>
Total required contributions made	1,577,556	444,134	2,021,690
Miscellaneous employee contributions	-	-	-
Total payments made to CalPERS	<u>\$ 1,577,556</u>	<u>\$ 444,134</u>	<u>\$ 2,021,690</u>

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 14. PENSION PLAN (continued)**

**C. Actuarial Methods and Assumptions**

The collective total pension liability for the June 30, 2024 measurement period was determined using the annual funding valuation as of June 30, 2023, with updated procedures used to roll forward the total pension liability to June 30, 2023. The collective total pension liability was based on the following assumptions:

Discount rate	6.90%
Inflation	2.30%
Salary increase	Varies by entry age and service
Mortality rate tables	Derived using CalPERS membership data for all funds
Post retirement benefits	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies

The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

**D. Discount Rate**

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

**E. Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 14. PENSION PLAN (continued)**

**E. Long-Term Expected Rate of Return (continued)**

The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return Year 1 - 10 (a)
Global equity - cap-weighted	30.00%	4.54%
Global equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	<u>-5.00%</u>	-0.59%
	<u>100.00%</u>	

a. An expected inflation of 2.30% is used for this period.

**F. Net Pension Liability**

The following table shows the changes in net pension liability recognized over the measurement period for the Miscellaneous Risk Pool:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2023	\$ <u>22,693,312,153</u>	\$ <u>17,692,895,076</u>	\$ <u>5,000,417,077</u>
Changes for the year:			
Service cost	575,513,506	-	575,513,506
Interest	1,572,218,769	-	1,572,218,769
Change of benefit terms	26,381	-	26,381
Differences between expected and actual experience	372,554,607	-	372,554,607
Net plan to plan resource movement	-	(739,517)	739,517
Contributions - employer	-	734,440,850	(734,440,850)
Contributions - employee	-	272,618,965	(272,618,965)
Net investment income	-	1,692,085,230	(1,692,085,230)
Benefit payments, including refunds of employee contributions	(1,135,741,266)	(1,135,741,266)	-
Administrative expense	<u>-</u>	<u>(14,281,500)</u>	<u>14,281,500</u>
Net changes	<u>1,384,571,997</u>	<u>1,548,382,762</u>	<u>(163,810,765)</u>
Balance at June 30, 2024	\$ <u>24,077,884,150</u>	\$ <u>19,241,277,838</u>	\$ <u>4,836,606,312</u>

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 14. PENSION PLAN (continued)**

**F. Net Pension Liability (continued)**

Participating employers' allocations for the components of net position liability were calculated by BDO USA, LLP and a report issued December 20, 2024. Based on this report, the Authority's proportionate shares of the risk pool's total pension liability, fiduciary net position, and net pension liability were as follows:

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance as of June 30, 2025	\$ <u>47,416,262</u>	\$ <u>36,038,913</u>	\$ <u>11,377,349</u>
Percentage of the pool	<u>0.001957 %</u>	<u>0.001873 %</u>	<u>0.251540 %</u>

**G. Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate**

The following presents the Authority's proportionate share of the net pension liability, calculated using the discount rate of 6.90%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate:

	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
Risk pool's net pension liability	\$ <u>8,085,685,401</u>	\$ <u>4,836,606,312</u>	\$ <u>2,162,135,974</u>
Authority's net pension liability	\$ <u>17,736,771</u>	\$ <u>11,377,349</u>	\$ <u>6,142,608</u>

**H. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, Deferred Inflows of Resources Related to Pensions**

The Authority has recorded pension expense, deferred outflows of resources and deferred inflows of resources based on the GASB 68 Accounting Report and the Schedules of Employer Allocations for Components of Net Pension Liability and Schedule of Collective Pension Amounts prepared by CalPERS. The measurement date of these reports and schedules was June 30, 2024. For the year ended June 30, 2025, the Authority recognized pension expense of \$737,102. As of June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Authority's pension plan from the following sources:

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 14. PENSION PLAN (continued)**

**H. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, Deferred Inflows of Resources Related to Pensions (continued)**

**Risk Pool's Portion**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 124,310,820	\$ -
Differences between expected and actual experience	418,168,975	16,316,662
Net differences between actual and projected earnings on pension plan investments	<u>278,437,522</u>	<u>-</u>
Total	<u>\$ 820,917,317</u>	<u>\$ 16,316,662</u>

**H. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, Deferred Inflows of Resources Related to Pensions (continued)**

**Authority's Portion**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 292,421	\$ -
Changes in employer's proportion	83,299	6,361
Differences between expected and actual experience	983,676	38,382
Net differences between actual and projected earnings on pension plan investments	654,980	-
Net differences between employer's contributions and the employer's proportionate share of contributions	-	142,468
Contribution subsequent to the measurement date	<u>1,577,557</u>	<u>-</u>
Total	<u>\$ 3,591,933</u>	<u>\$ 187,211</u>

Amounts reported as deferred outflows and deferred inflows of resources, other than the contributions made after the measurement date, will be recognized in future pension expense as follows:

Years ending June 30:	<u>Amount</u>
2026	\$ 658,261
2027	1,444,194
2028	14,694
2029	<u>(289,984)</u>
	<u>\$ 1,827,165</u>

The amounts reported as deferred outflows of resources related to pensions, contributions made after the measurement date of June 30, 2024, should have the effect of reducing net pension liability during the next actuarial measurement period.

See also the Required Supplementary Information section of this report. This section includes schedules that present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 15. OTHER POST EMPLOYMENT BENEFITS**

**A. OPEB Plan Description**

The Authority provides post-retirement pre-Medicare healthcare benefits for retirees. These benefits are provided for those retirees, as well as their surviving spouses, who are enrolled in a medical plan at the time of retirement and file an application for monthly retirement benefits through CalPERS at the time of separation. The Authority will contribute the minimum employer contribution required by CalPERS. Coverage may be continued for the retiree's and surviving spouse's lifetime. No dental, vision, or other post-retirement benefits are provided to retired employees or surviving spouses. The OPEB plan may be amended by action of the Authority. The plan does not issue a stand alone financial report.

**B. Benefits**

The Authority has contracted with CalPERS to provide medical benefits to qualified retirees and their surviving spouses. The Authority makes actual payments of \$157 per month in 2024 and \$157 per month in 2025, per eligible retiree, to the healthcare benefit provider. The OPEB plan minimum payments are expected to increase on an annual basis. Eligible retirees pay the remaining monthly balance due for insurance. Active employees make no payments toward OPEB until retirement.

**C. Eligibility**

Eligibility for retiree medical benefits is extended to those retirees, as well as their surviving spouses, who are enrolled in a medical plan at the time of retirement and file an application for monthly retirement benefits through CalPERS at the time of separation. Further eligibility requires the employee to retire after age 50 and with at least 5 years of service. As of June 30, 2024, 16 employees were eligible and receiving these benefits. The Authority had another 60 employees who are eligible for the program, but are not receiving benefits due to the fact that they are not retired from the Authority as of June 30, 2025.

**D. Contributions**

The Authority has established a trust account with CalPERS to administer the funding of the projected benefits of the OPEB plan. Monthly, the Authority makes healthcare premium payments for its current retirees to its CalPERS medical benefit provider. These monthly payments are limited to the monthly amounts noted in the section above titled "Benefits". The retiree contributes any amount exceeding these established plan limits. The Authority then makes deposits into their CalPERS trust account for the difference between the actuarially determined annual OPEB cost and the out-of-pocket payments made to CalPERS health.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 15. OTHER POST EMPLOYMENT BENEFITS (continued)**

**D. Contributions (continued)**

The contributions were as follows:

	<u>Balances at</u> <u>June 30, 2025</u>
Contributions made to CalPERS trust	\$ -
Payments made to CalPERS for retiree premiums	<u>29,608</u>
Total	<u>\$ 29,608</u>

**E. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB**

	<u>Total OPEB</u> <u>Liability</u>	<u>Plan Fiduciary</u> <u>Net Position</u>	<u>Net OPEB</u> <u>Liability</u>
Balance at June 30, 2024	\$ <u>1,251,468</u>	\$ <u>957,075</u>	\$ <u>294,393</u>
Changes for the year:			
Service cost	57,842	-	57,842
Interest	74,132	-	74,132
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contributions - employer	-	31,857	(31,857)
Net investment income	-	104,977	(104,977)
Benefit payments	(31,857)	(31,857)	-
Administrative expense	-	(312)	312
Net changes	<u>100,117</u>	<u>104,665</u>	<u>(4,548)</u>
Balance at June 30, 2025	\$ <u>1,351,585</u>	\$ <u>1,061,740</u>	\$ <u>289,845</u>

**F. Sensitivity of the Net OPEB Liability (Asset) Due to Changes in the Discount Rate**

The following table represents the net OPEB liability, calculated using the current discount rate of 6.00%, as well as what it would be if it were calculated using a discount rate that is one percentage point lower (5.00%) or one percentage point higher (7.00%) than the current rate:

	<u>1% Decrease</u> <u>(5.00%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(6.00%)</u>	<u>1% Increase</u> <u>(7.00%)</u>
Net OPEB liability (asset)	\$ <u>555,403</u>	\$ <u>289,845</u>	\$ <u>83,671</u>

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 15. OTHER POST EMPLOYMENT BENEFITS (continued)**

**F. Sensitivity of the Net OPEB Liability (Asset) Due to Changes in the Discount Rate (continued)**

The following presents the net OPEB liability of the plan as of June 30, 2024 calculated using the healthcare cost trend rate of 4%, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or higher than the current rate:

	1% Decrease (3.00%)	Current Trend Rate (4.00%)	1% Increase (5.00%)
Net OPEB liability	\$ <u>71,091</u>	\$ <u>289,845</u>	\$ <u>571,895</u>

The components of the annual OPEB expense are as follows:

Service Cost	\$ 57,842
Interest	74,132
Expected investment return	(57,415)
Administrative expenses	312
Recognition of difference between actual and expected experience	(13,721)
Recognition of changes in assumptions	17,935
Recognition of differences between projected and actual earnings on investments	<u>4,752</u>
<b>Total OPEB expense for the year ended June 30, 2025</b>	<b>\$ <u>83,837</u></b>

**G. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB**

As of June 30, 2025, the Authority recognized an OPEB expense of \$83,837. At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 125,236	\$ -
Differences between expected and actual experience	20,747	104,369
Net differences between actual and projected earnings on OPEB plan investments	14,052	-
Contribution subsequent to the measurement date	<u>29,608</u>	<u>-</u>
<b>Total</b>	<b>\$ <u>189,643</u></b>	<b>\$ <u>104,369</u></b>

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
NOTES TO FINANCIAL STATEMENTS (continued)  
JUNE 30, 2025**

**NOTE 15. OTHER POST EMPLOYMENT BENEFITS (continued)**

**G. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB (continued)**

The deferred outflow and deferred inflows of resources, other than the employer contributions noted above, will be recognized in future pension expense as follows:

Years ending June 30:	Recognized Deferred Outflows/Inflows of <u>Resources</u>
2026	\$ 5,211
2027	36,155
2028	(5,158)
2029	(5,300)
2030	4,214
Thereafter	<u>20,544</u>
Total	<u>\$ 55,666</u>

**H. Actuarial Assumptions**

The following are the assumptions as of the measurement date of June 30, 2024:

**Actuarial Methods and Assumptions**

Inflation	2.75%
Payroll growth	3.25%
Investment rate of return	6.00% per year
Healthcare cost trend rates	The PEMHCA premiums are assumed to increase 4% per year
Discount rate	6.00%
Measurement date	June 30, 2024
Mortality	Rates taken from the 2021 CalPERS valuation

The long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The asset class percentages are taken from the current composition of the CERBT trust, and the expected yields are taken from a recent CalPERS publication for the Pension Fund (except for the estimated yield for commodities, which is taken from other sources):

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 15. OTHER POST EMPLOYMENT BENEFITS (continued)**

**H. Actuarial Assumptions (continued)**

Asset Class	Assumed Asset Allocation	Real Return Year 1 - 10 (a)
Global equity - cap-weighted	30.00%	4.54%
Global equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	<u>-5.00%</u>	-0.59%
	<u>100.00%</u>	

Using these figures, an expected inflation rate of 2.3% was used for this period. The figures are based on the 2021-2022 asset liability management study. The discount rate has been set equal to the long-term expected rate of return on investment of 6.0%. The cash flows of the OPEB plan were projected to future years, assuming that the Authority will contribute an amount so that the assets always exceed expected benefits to retirees. Under that projection, the plan assets are projected to be adequate to pay all benefits to retirees in all future years, so the discount rate has been set equal to the long-term expected rate of return on investments, 6.0%.

**NOTE 16. CONDENSED FINANCIAL INFORMATION FOR THE BLENDED COMPONENT UNITS**

	Merrill Road Associates	New Horizons Affordable Housing and Development Inc.	Total Blended Component Units
<b>Assets:</b>			
Current assets	\$ 1,100,740	\$ 23,640,559	\$ 24,741,299
Capital assets, net	1,868,340	22,094,214	23,962,554
Other non-current assets	<u>199,347</u>	<u>20,105</u>	<u>219,452</u>
Total assets	<u>3,168,427</u>	<u>45,754,878</u>	<u>48,923,305</u>
<b>Liabilities:</b>			
Current	424,546	479,440	903,986
Non-current	<u>2,979,374</u>	<u>29,875,663</u>	<u>32,855,037</u>
Total liabilities	<u>3,403,920</u>	<u>30,355,103</u>	<u>33,759,023</u>
<b>Net Position:</b>			
Net investment in capital assets	(331,099)	(7,352,386)	(7,683,485)
Restricted	199,347	20,105	219,452
Unrestricted	<u>(103,741)</u>	<u>22,732,056</u>	<u>22,628,315</u>
Net position	<u>\$ (235,493)</u>	<u>\$ 15,399,775</u>	<u>\$ 15,164,282</u>

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2025**

**NOTE 16. CONDENSED FINANCIAL INFORMATION FOR THE BLENDED COMPONENT UNITS (continued)**

	Merrill Road Associates	New Horizons Affordable Housing and Development Inc.	Total Blended Component Units
Operating revenues:			
Tenant revenue	\$ 887,791	\$ 10,859,252	\$ 11,747,043
Government grants	-	550,000	550,000
Other revenues	-	178,537	178,537
Total operating revenues	<u>887,791</u>	<u>11,587,789</u>	<u>12,475,580</u>
Operating expenses:			
Administrative	81,788	2,293,270	2,375,058
Tenant services	-	-	-
Maintenance and utilities	120,844	1,618,526	1,739,370
Taxes and Insurance	19,274	335,441	354,715
Depreciation	76,280	386,726	463,006
Total operating expenses	<u>298,186</u>	<u>4,633,963</u>	<u>4,932,149</u>
Other income (expense)			
Interest income	42,791	1,348,200	1,390,991
Interest expense	(43,437)	(426,843)	(470,280)
Net other (expense) revenue	<u>(646)</u>	<u>921,357</u>	<u>920,711</u>
Special item - transfer of capital assets	-	(20,941,796)	(20,941,796)
Change in net position	<u>\$ 588,959</u>	<u>\$ (13,066,613)</u>	<u>\$ (12,477,654)</u>

**NOTE 17. SUBSEQUENT EVENTS**

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through March 9, 2026 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Commissioners  
Housing Authority of the County of Santa Cruz:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the County of Santa Cruz (the "Authority") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated March 9, 2026.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Novogradec & Company LLP*

March 9, 2026  
Toms River, New Jersey

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Commissioners  
Housing Authority of the County of Santa Cruz:

***Opinion on Each Major Federal Program***

We have audited Housing Authority of the County of Santa Cruz's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2025. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on Internal Control Over Compliance***

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

***Report on Internal Control over Compliance (continued)***

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

***Purpose of this Report***

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Novogradec & Company LLP*

March 9, 2026  
Toms River, New Jersey

**SUPPLEMENTARY INFORMATION**

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025**

<u>Federal Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>Grant Expenditures</u>
U.S. Department of Housing and Urban Development:		
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	\$ 13,891,283
Mainstream Vouchers	14.879	4,572,175
Emergency Housing Vouchers	14.EHV	<u>7,380,788</u>
Total Housing Voucher Cluster		25,844,246
Section 8 Project-Based Rental Assistance (PBRA) Cluster		
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	123,302
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	<u>190,808</u>
Total Section 8 Project-Based Rental Assistance (PBRA) Cluster		314,110
Moving to Work Demonstration Program	14.881	132,676,226
Economic Development Initiative	14.251	550,000
Continuum of Care Program	14.267	1,118,462
Family Self Sufficiency Program	14.896	<u>189,493</u>
Subtotal United States Department of Housing and Urban Development - Direct Awards		<u>160,692,537</u>
U.S. Department of Housing and Urban Development - Pass Through Programs:		
County of Santa Cruz; HOME Investment Partnership Program	14.239	<u>230,461</u>
Subtotal Pass Through Programs - County of Santa Cruz		<u>230,461</u>
Total Expenditures of Federal Awards		\$ <u>160,922,998</u>

See Notes to Schedule of Expenditures of Federal Awards.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3. INDIRECT COST RATE**

The Authority has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2025**

I. Summary of Auditors' Results

Financial Statement Section

- |    |   |               |
|----|---|---------------|
| 1. | Type of auditors' report issued:                    | Unmodified    |
| 2. | Internal control over financial reporting           |               |
|    | a. Material weakness(es) identified?                | No            |
|    | b. Significant deficiency(ies) identified?          | None Reported |
| 3. | Noncompliance material to the financial statements? | No            |

Federal Awards Section

- |    |  |               |
|----|--|---------------|
| 1. | Internal control over compliance:  |               |
|    | a. Material weakness(es) identified?   | No            |
|    | b. Significant deficiency(ies) identified?   | None Reported |
| 2. | Type of auditors' report on compliance for major programs:   | Unmodified    |
| 3. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No            |

4. Identification of major programs:

<u>AL Number</u>	<u>Name of Federal Program</u>
14.881	Moving to Work Demonstration Program

- |    |  |             |
|----|--|-------------|
| 5. | Dollar threshold used to distinguish between Type A and Type B Programs: | \$3,000,000 |
| 6. | Auditee qualified as low-risk Auditee?                                   | No          |

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2025**

II. Financial Statement Findings

There were no findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

III. Federal Award Findings and Questioned Costs

There were no findings or questioned costs relating to federal awards.

IV. Schedule of Prior Year Audit Findings

There were no prior year findings.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
REQUIRED SUPPLEMENTARY PENSION INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2025**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY FOR CALPERS DEFINED BENEFIT RETIREMENT PLAN**

<u>Measurement Date</u>	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability ("NPL")</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>NPL/Payroll Ratio</u>
PERF C Public Agency Cost Sharing Plan:						
06/30/2015	31,771,217,402	24,907,305,871	6,863,911,531	78.40 %		
06/30/2016	33,358,627,624	24,705,532,291	8,653,095,333	74.06 %		
06/30/2017	37,161,348,332	27,244,095,376	9,917,252,956	73.31 %		
06/30/2018	38,944,855,364	29,308,589,559	9,636,265,805	75.26 %		
06/30/2019	41,426,453,489	31,179,414,067	10,247,039,422	75.26 %		
06/30/2020	43,702,930,887	32,822,501,335	10,880,429,552	75.10 %		
06/30/2021	46,174,942,264	40,766,653,876	5,408,288,388	88.29 %		
06/30/2022	49,525,975,138	37,975,170,163	11,550,804,975	76.68 %		
06/30/2023	52,441,984,274	39,966,633,692	12,475,350,582	76.21 %		
06/30/2024	55,320,956,562	43,193,516,203	12,127,440,359	78.08 %		
Miscellaneous Risk Pool in Total:						
06/30/2015	13,639,503,084	10,896,036,068	2,743,467,016	79.89 %		
06/30/2016	14,397,353,530	10,923,476,287	3,473,877,243	75.87 %		
06/30/2017	16,016,547,402	12,074,499,781	3,942,047,621	75.39 %		
06/30/2018	16,891,153,209	13,122,440,092	3,768,713,117	77.69 %		
06/30/2019	17,984,188,264	13,979,687,268	4,004,500,996	77.73 %		
06/30/2021	18,920,437,526	14,702,361,183	4,218,076,343	77.71 %		
06/30/2022	19,964,594,105	18,065,791,524	1,898,802,581	90.49 %		
06/30/2023	21,449,898,398	16,770,671,339	4,679,227,059	78.19 %		
06/30/2024	22,693,312,153	17,692,895,076	5,000,417,077	77.97 %		
06/30/2025	24,077,884,150	19,241,278,049	4,836,606,101	79.91 %		

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
REQUIRED SUPPLEMENTARY PENSION INFORMATION (continued)  
FOR THE YEAR ENDED JUNE 30, 2025**

<u>Measurement Date</u>	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability ("NPL")</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>NPL/Payroll Ratio</u>
Authority's Proportionate Share of the Miscellaneous Risk Pool (\$):						
06/30/2015	27,567,183	22,128,324	5,438,859	80.27 %	3,460,606	157.16 %
06/30/2016	28,826,381	22,106,931	6,719,450	76.69 %	3,328,404	201.88 %
06/30/2017	32,223,692	24,745,480	7,478,212	76.79 %	3,326,175	224.83 %
06/30/2018	33,554,276	26,235,694	7,318,582	78.19 %	3,567,491	205.15 %
06/30/2019	35,367,705	27,289,748	8,077,957	77.16 %	3,754,306	215.17 %
06/30/2020	36,030,280	27,113,310	8,916,970	75.25 %	3,866,637	230.61 %
06/30/2021	37,983,848	28,155,613	9,828,235	74.13 %	3,985,360	246.61 %
06/30/2022	40,652,803	34,268,824	6,383,979	84.30 %	4,099,698	155.72 %
06/30/2024	44,610,513	33,133,485	11,477,028	74.27 %	4,493,690	255.40 %
06/30/2025	47,416,262	36,038,913	11,377,349	76.01 %	5,764,041	197.38 %

Authority's Proportionate Share of the Miscellaneous Risk Pool (%):

06/30/2015	0.20130 %	0.20309 %	0.194202 %
06/30/2016	0.20022 %	0.20238 %	0.193428 %
06/30/2017	0.20119 %	0.20494 %	0.189704 %
06/30/2018	0.19865 %	0.19993 %	0.194193 %
06/30/2019	0.19967 %	0.19521 %	0.201722 %
06/30/2020	0.19588 %	0.19193 %	0.209650 %
06/30/2021	0.19541 %	0.18951 %	0.251540 %
06/30/2022	0.19550 %	0.18695 %	0.38245 %
06/30/2024	0.22952 %	0.18727 %	0.41679 %
06/30/2025	0.19557 %	0.18580 %	0.38137 %

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
REQUIRED SUPPLEMENTARY PENSION INFORMATION (continued)  
FOR THE YEAR ENDED JUNE 30, 2025**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR CALPERS**

Fiscal Year <u>Ended</u>	Actuarially Determined Contributions <u>("ADC")</u>	Contribution in relation to ADC	Contribution Deficiency <u>(Excess)</u>	Covered Employee <u>Payroll</u>	Contributions to Payroll <u>Ratio</u>
06/30/2016	965,609	965,609	-	3,328,404	29.01 %
06/30/2017	620,373	620,373	-	3,326,175	18.65 %
06/30/2018	691,803	691,803	-	3,567,491	19.39 %
06/30/2019	822,772	822,772	-	3,754,306	21.92 %
06/30/2020	951,081	951,081	-	3,866,637	24.60 %
06/30/2021	1,083,614	1,083,614	-	3,985,360	27.19 %
06/30/2022	1,175,621	1,175,621	-	4,099,698	28.68 %
06/30/2023	1,275,956	1,275,956	-	4,493,690	28.39 %
06/30/2024	1,352,178	1,352,178	-	5,251,386	25.75 %
06/30/2025	1,577,557	1,577,557	-	5,764,041	27.37 %

See report of independent auditors

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
REQUIRED SUPPLEMENTARY OPEB INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2025**

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS\*\*\***

Total OPEB Liability:	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Service cost	\$ 45,176	\$ 46,644	\$ 48,160	\$ 67,619	\$ 69,817	\$ 37,652	\$ 38,876	\$ 57,842
Interest	81,826	88,177	94,421	108,642	117,143	67,291	72,195	74,132
Change of benefit terms	-	-	-	-	(821,966)	-	-	-
Differences between expected and actual experience	-	-	41,489	-	(92,766)	-	(66,347)	-
Changes of assumptions	-	-	74,185	-	-	-	111,649	-
Benefit paid to retirees	<u>(19,682)</u>	<u>(38,920)</u>	<u>(38,573)</u>	<u>(40,393)</u>	<u>(50,558)</u>	<u>(27,800)</u>	<u>(31,192)</u>	<u>(31,857)</u>
Net change in total OPEB liability	<u>107,320</u>	<u>95,901</u>	<u>219,682</u>	<u>135,868</u>	<u>(778,330)</u>	<u>77,143</u>	<u>125,181</u>	<u>100,117</u>
Plan fiduciary net position - beginning	<u>1,268,703</u>	<u>1,375,023</u>	<u>1,471,924</u>	<u>1,691,606</u>	<u>1,827,474</u>	<u>1,049,144</u>	<u>1,126,287</u>	<u>1,251,468</u>
Plan fiduciary net position - ending	<u>\$ 1,376,023</u>	<u>\$ 1,471,924</u>	<u>\$ 1,691,606</u>	<u>\$ 1,827,474</u>	<u>\$ 1,049,144</u>	<u>\$ 1,126,287</u>	<u>\$ 1,251,468</u>	<u>\$ 1,351,585</u>
Plan Fiduciary Net Position:								
Employer contributions	\$ 42,275	\$ 99,103	\$ 102,591	\$ 121,837	\$ 149,870	\$ 27,800	\$ 31,192	\$ 31,857
Net investment income	39,593	35,088	33,119	22,387	202,638	(139,041)	57,760	104,977
Benefit paid to retirees	(19,682)	(38,920)	(38,573)	(40,393)	(50,558)	(27,800)	(31,192)	(31,857)
Administrative expense	<u>(194)</u>	<u>(236)</u>	<u>(115)</u>	<u>(310)</u>	<u>(279)</u>	<u>(263)</u>	<u>(261)</u>	<u>(312)</u>
Net change in plan fiduciary net position	61,992	95,035	97,022	103,521	301,671	(139,304)	57,499	104,665
Plan fiduciary net position - beginning	<u>379,639</u>	<u>441,631</u>	<u>536,666</u>	<u>633,688</u>	<u>737,209</u>	<u>1,038,880</u>	<u>899,576</u>	<u>957,075</u>
Plan fiduciary net position - ending	<u>\$ 441,631</u>	<u>\$ 536,666</u>	<u>\$ 633,688</u>	<u>\$ 737,209</u>	<u>\$ 1,038,880</u>	<u>\$ 899,576</u>	<u>\$ 957,075</u>	<u>\$ 1,061,740</u>
Authority's net OPEB liability	<u>\$ 934,392</u>	<u>\$ 935,258</u>	<u>\$ 1,057,918</u>	<u>\$ 1,090,265</u>	<u>\$ 87,407</u>	<u>\$ 226,711</u>	<u>\$ 294,393</u>	<u>\$ 289,845</u>
Plan fiduciary net position as a percentage of the total OPEB liability	32.09 %	36.46 %	37.46 %	40.34 %	99.10 %	79.87 %	76.48 %	78.56 %
Covered payroll	<u>\$ 3,326,175</u>	<u>\$ 3,567,491</u>	<u>\$ 3,754,306</u>	<u>\$ 3,866,638</u>	<u>\$ 3,985,360</u>	<u>\$ 4,099,698</u>	<u>\$ 4,493,690</u>	<u>\$ 5,251,386</u>
Authority's net OPEB liability (asset) as a percentage of its covered-employee payroll	28.09 %	26.22 %	28.18 %	28.20 %	2.19 %	5.53 %	6.55 %	5.52 %

\*\*\* This schedule is required to present ten years of information. The information above is presented for the years currently available. A full ten-year trend will be built as the information becomes available in the future.

See report of independent auditors

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
REQUIRED SUPPLEMENTARY OPEB INFORMATION (continued)  
FOR THE YEAR ENDED JUNE 30, 2025**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OPEB**

Fiscal Year <u>Ended</u>	Actuarially Determined Contributions <u>("ADC")</u>	Contribution in relation to ADC	Contribution Deficiency <u>(Excess)</u>	Covered Employee Payroll	Contributions to Payroll <u>Ratio</u>
06/30/2018	80,541	81,541	-	3,567,491.00	2.26 %
06/30/2019	85,000	85,000	-	3,754,306.00	2.26 %
06/30/2020	104,000	104,000	-	3,866,638.00	2.69 %
06/30/2021	123,000	123,000	-	4,099,698.00	3.09 %
06/30/2022	27,800	27,800	-	4,099,698.00	0.01 %
06/30/2023	31,192	31,192	-	4,099,698.00	0.01 %
06/30/2024	31,857	31,857	-	4,493,690.00	0.01 %
06/30/2025	29,608	29,608	-	5,764,041.00	0.01 %

\*\*\* This schedule is required to present ten years of information. The information above is presented for the years currently available. A full ten-year trend will be built as the information becomes available in the future.

**HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ  
NOTES TO THE REQUIRED SUPPLEMENTARY PENSION AND OPEB INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2025**

- The Schedule of Proportionate Share of Net Pension Liability presents the Authority's portion of CalPERS Miscellaneous Risk Pool NPL as a dollar value as well as a percentage. The funded ratio represents the Authority's proportionate share of the Plan's Fiduciary Net Position as a percentage of the Authority's proportionate share of the Total Pension Liability. GASB 68 requires this schedule to include ten-year trend analysis. The trend analysis is intended to aid the reader in determining the financial health of the pension plan. The schedule contains all currently known information and will be built prospectively as the information becomes available, until the ten year requirement has been met. The Miscellaneous Risk Pool information is provided by CalPERS in its "GASB 68 Accounting Report for the measurement date of June 30, 2023. The Authority's proportionate share is calculated using information provided by CalPERS in its "Schedule of Employer Allocations for Components of Net Pension Liability and Schedule of Collective Pension Amounts, June 30, 2024.
- The Schedule of Employer Contributions to CalPERS presents information regarding the Authority's required contributions to CalPERS, the amounts actually contributed, and any excess or deficiency to the contributions required. This schedule reports only employer required contributions. See also footnote 15 to the Basic Financial Statements for the contributions, both employer and employee, for the current fiscal year. GASB 68 requires this schedule to include ten-year trend analysis. The trend analysis is intended to aid the reader in determining the financial health of the pension plan. The schedule contains all currently known information and will be built prospectively as the information becomes available, until the ten year requirement has been met.
- The Schedule of Changes in the Net OPEB Liability and Related Ratios present the changes in the Authority's Total OPEB Liability (TOL) and Fiduciary Net Position (FNP) of the plan. GASB 75 requires this schedule to include ten-year trend analysis. The trend analysis is intended to aid the reader in determining the financial health of the pension plan. The schedule contains all currently known information and will be built prospectively as the information becomes available, until the ten year requirement has been met. See also footnote 16 to the Financial Statements.
- The Schedule of Employer Contributions to OPEB presents information regarding the Authority's required contributions to their OPEB plan, the amounts actually contributed, and any excess or deficiency to the contributions required. This schedule reports only employer required contributions. See also footnote 16 to the Basic Financial Statements for the contributions, both employer and employee, for the current fiscal year. GASB 75 requires this schedule to include ten-year trend analysis. The trend analysis is intended to aid the reader in determining the financial health of the pension plan. The schedule contains all currently known information and will be built prospectively as the information becomes available, until the ten year requirement has been met.
- There were no changes to the benefit terms that applied to the Authority's plans.
- There were no changes to the assumptions applied to the Authority's plans, except as follows for the OPEB plan. The assumed rates for retirement, turnover, and mortality changed from the 2017 GASB OPEB Assumptions Model rates to the 2021 CalPERS pension valuation rates.

Housing Authority of the County of Santa Cruz (CA072)

Capitola, CA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 06/30/2025

	Project Total	14 879 Mainstream Vouchers	14.HCV MTW Demonstration Program for HCV program	14.239 HOME Investment Partnerships Program	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.896 PIH Family Self-Sufficiency Program	14.EFA FSS Escrow Forfeiture Account
111 Cash - Unrestricted	\$7,579,900	\$980,041	\$0	\$0	\$163,858	\$0	\$2,339
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0
113 Cash - Other Restricted	\$0	\$3,956	\$0	\$0	\$0	\$0	\$134,037
114 Cash - Tenant Security Deposits	\$0	\$0	\$0	\$0	\$0	\$0	\$0
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
100 Total Cash	\$7,579,900	\$983,997	\$0	\$0	\$163,858	\$0	\$136,376
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0
122 Accounts Receivable - HUD Other Projects	\$0	\$0	\$0	\$0	\$1,272	\$17,378	\$0
124 Accounts Receivable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0
125 Accounts Receivable - Miscellaneous	\$0	\$182	\$0	\$0	\$0	\$0	\$0
126 Accounts Receivable - Tenants	\$0	\$0	\$0	\$0	\$0	\$0	\$0
126.1 Allowance for Doubtful Accounts - Tenants	\$0	\$0	\$0	\$0	\$0	\$0	\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128 Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0	\$0	\$0
129 Accrued Interest Receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$182	\$0	\$0	\$1,272	\$17,378	\$0
131 Investments - Unrestricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0
132 Investments - Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0
142 Prepaid Expenses and Other Assets	\$0	\$1,113	\$0	\$0	\$56	\$0	\$0
143 Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0
143.1 Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0
144 Inter Program Due From	\$0	\$0	\$0	\$0	\$0	\$0	\$0
145 Assets Held for Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0
150 Total Current Assets	\$7,579,900	\$985,292	\$0	\$0	\$165,166	\$17,378	\$136,376
161 Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0
162 Buildings	\$0	\$0	\$0	\$0	\$0	\$0	\$0
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$0	\$0	\$0	\$0	\$0
164 Furniture, Equipment & Machinery - Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0
165 Leasehold Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0
166 Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
167 Construction in Progress	\$0	\$0	\$0	\$0	\$0	\$0	\$0
168 Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0	\$0	\$0	\$0	\$0	\$0
173 Grants Receivable - Non Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0
174 Other Assets	\$0	\$2,697	\$0	\$0	\$0	\$0	\$0
176 Investments in Joint Ventures	\$0	\$0	\$0	\$0	\$0	\$0	\$0
180 Total Non-Current Assets	\$0	\$2,697	\$0	\$0	\$0	\$0	\$0
200 Deferred Outflow of Resources	\$354,080	\$54,604	\$0	\$0	\$3,212	\$0	\$0
290 Total Assets and Deferred Outflow of Resources	\$7,933,980	\$1,042,593	\$0	\$0	\$168,398	\$17,378	\$136,376

Housing Authority of the County of Santa Cruz (CA072)

Capitola, CA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 06/30/2025

	Project Total	14.879 Mainstream Vouchers	14.HCV MTW Demonstration Program for HCV program	14.239 HOME Investment Partnerships Program	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.896 PIH Family Self-Sufficiency Program	14.EFA FSS Escrow Forfeiture Account
311 Bank Overdraft	\$0	\$0	\$0	\$0	\$0	\$0	\$0
312 Accounts Payable <= 90 Days	\$0	\$0	\$0	\$0	\$0	\$0	\$0
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0	\$0	\$0	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$0	\$4,905	\$0	\$0	\$0	\$5,171	\$0
322 Accrued Compensated Absences - Current Portion	\$0	\$2,099	\$0	\$0	\$78	\$0	\$0
324 Accrued Contingency Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0
325 Accrued Interest Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0
331 Accounts Payable - HUD PHA Programs	\$143,569	\$120	\$0	\$0	\$0	\$0	\$0
332 Account Payable - PHA Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0
333 Accounts Payable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0
341 Tenant Security Deposits	\$0	\$0	\$0	\$0	\$0	\$0	\$0
342 Unearned Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0
345 Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
346 Accrued Liabilities - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
347 Inter Program - Due To	\$0	\$0	\$0	\$84	\$0	\$12,207	\$0
348 Loan Liability - Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0
310 Total Current Liabilities	\$143,569	\$7,124	\$0	\$84	\$78	\$17,378	\$0
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0
353 Non-current Liabilities - Other	\$0	\$3,957	\$0	\$0	\$0	\$0	\$0
354 Accrued Compensated Absences - Non Current	\$0	\$13,027	\$0	\$0	\$494	\$0	\$0
355 Loan Liability - Non Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0
356 FASB 5 Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
357 Accrued Pension and OPEB Liabilities	\$1,379,852	\$153,965	\$0	\$0	\$9,168	\$0	\$0
350 Total Non-Current Liabilities	\$1,379,852	\$170,949	\$0	\$0	\$9,662	\$0	\$0
300 Total Liabilities	\$1,523,421	\$178,073	\$0	\$84	\$9,740	\$17,378	\$0
400 Deferred Inflow of Resources	\$91,861	\$709	\$0	\$0	\$1,271	\$0	\$0
508.4 Net Investment in Capital Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.4 Restricted Net Position	\$0	\$0	\$0	\$0	\$0	\$0	\$134,037
512.4 Unrestricted Net Position	\$6,318,698	\$863,811	\$0	-\$84	\$157,387	\$0	\$2,339
513 Total Equity - Net Assets / Position	\$6,318,698	\$863,811	\$0	-\$84	\$157,387	\$0	\$136,376
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$7,933,980	\$1,042,593	\$0	\$0	\$168,398	\$17,378	\$136,376

Housing Authority of the County of Santa Cruz (CA072)

Capitola, CA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 06/30/2025

	14.267 Continuum of Care Program	14.881 Moving to Work Demonstration Program	1 Business Activities	2 State/Local	6.2 Component Unit - Blended	10.427 Rural Rental Assistance Payments	14.871 Housing Choice Vouchers
111 Cash - Unrestricted	\$0	\$1,969,944	\$27,958,811	\$658,283	\$23,909,209	\$88,668	\$408,504
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0	\$1,654,392	\$141,212	\$0	\$0
113 Cash - Other Restricted	\$0	\$189,832	\$0	\$0	\$78,240	\$1,928	\$2,296,236
114 Cash - Tenant Security Deposits	\$0	\$0	\$11,455	\$0	\$277,234	\$28,404	\$0
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
100 Total Cash	\$0	\$2,159,776	\$27,970,266	\$2,310,675	\$24,405,895	\$119,000	\$2,704,740
121 Accounts Receivable - PHA Projects	\$0	\$53,948	\$0	\$0	\$0	\$0	\$0
122 Accounts Receivable - HUD Other Projects	\$90,798	\$0	\$0	\$0	\$0	\$0	\$0
124 Accounts Receivable - Other Government	\$0	\$0	\$0	\$92,480	\$0	\$0	\$0
125 Accounts Receivable - Miscellaneous	\$0	\$142,045	\$0	\$6,634	\$3,814	\$0	\$20,852
126 Accounts Receivable - Tenants	\$0	\$0	\$0	\$0	\$81,755	\$2,831	\$0
126.1 Allowance for Doubtful Accounts - Tenants	\$0	\$0	\$0	\$0	-\$61,102	\$0	\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	-\$5,384	\$0	\$0	\$0	\$0	-\$286
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128 Fraud Recovery	\$0	\$256,755	\$0	\$0	\$0	\$0	\$0
128.1 Allowance for Doubtful Accounts - Fraud	\$0	-\$256,755	\$0	\$0	\$0	\$0	\$0
129 Accrued Interest Receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$90,798	\$190,609	\$0	\$99,114	\$24,467	\$2,831	\$20,566
131 Investments - Unrestricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0
132 Investments - Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0
142 Prepaid Expenses and Other Assets	\$0	\$28,072	\$186,073	\$0	\$519,192	\$32,720	\$0
143 Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0
143.1 Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0
144 Inter Program Due From	\$0	\$0	\$164,703	\$0	\$11,197	\$0	\$0
145 Assets Held for Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0
150 Total Current Assets	\$90,798	\$2,378,457	\$28,321,042	\$2,409,789	\$24,960,751	\$154,551	\$2,725,306
161 Land	\$0	\$0	\$1,912,500	\$0	\$6,218,033	\$0	\$0
162 Buildings	\$0	\$0	\$6,379,824	\$0	\$20,236,142	\$4,177,625	\$0
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$0	\$0	\$45,570	\$0	\$0
164 Furniture, Equipment & Machinery - Administration	\$0	\$0	\$403,944	\$0	\$0	\$0	\$0
165 Leasehold Improvements	\$0	\$0	\$99,499	\$0	\$0	\$0	\$0
166 Accumulated Depreciation	\$0	\$0	-\$5,419,280	\$0	-\$2,830,041	-\$3,934,743	\$0
167 Construction in Progress	\$0	\$0	\$0	\$0	\$292,850	\$654,797	\$0
168 Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$3,376,487	\$0	\$23,962,554	\$897,679	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$30,170,376	\$42,000	\$0	\$0	\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0	\$0	\$0	\$0	\$0	\$0
173 Grants Receivable - Non Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0
174 Other Assets	\$0	\$0	\$2,909,924	\$0	\$0	\$0	\$0
176 Investments in Joint Ventures	\$0	\$0	\$0	\$0	\$0	\$0	\$0
180 Total Non-Current Assets	\$0	\$0	\$36,456,787	\$42,000	\$23,962,554	\$897,679	\$0
200 Deferred Outflow of Resources	\$0	\$2,675,151	\$229,787	\$0	\$0	\$78,702	\$300,111
290 Total Assets and Deferred Outflow of Resources	\$90,798	\$5,053,608	\$65,007,616	\$2,451,789	\$48,923,305	\$1,130,932	\$3,025,417

Housing Authority of the County of Santa Cruz (CA072)

Capitola, CA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 06/30/2025

	14.267 Continuum of Care Program	14.881 Moving to Work Demonstration Program	1 Business Activities	2 State/Local	6.2 Component Unit - Blended	10.427 Rural Rental Assistance Payments	14.871 Housing Choice Vouchers
311 Bank Overdraft	\$0	\$0	\$0	\$0	\$0	\$0	\$0
312 Accounts Payable <= 90 Days	\$3,646	\$0	\$136,741	\$17,500	\$225,562	\$40,272	\$0
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0	\$0	\$0	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$45	\$180,100	\$155,418	\$340	\$2,151	\$4,354	\$14,841
322 Accrued Compensated Absences - Current Portion	\$0	\$68,443	\$59,612	\$1,255	\$2,157	\$6,157	\$6,368
324 Accrued Contingency Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0
325 Accrued Interest Payable	\$0	\$0	\$0	\$0	\$379,113	\$0	\$0
331 Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
332 Account Payable - PHA Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0
333 Accounts Payable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0
341 Tenant Security Deposits	\$0	\$0	\$11,455	\$0	\$280,518	\$29,674	\$0
342 Unearned Revenue	\$0	\$57	\$0	\$398,963	\$1,685	\$3	\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$185,492	\$0	\$0	\$0	\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0
345 Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
346 Accrued Liabilities - Other	\$0	\$4	\$0	\$0	\$800	\$0	\$0
347 Inter Program - Due To	\$87,107	\$11,197	\$14,423	\$38,882	\$12,000	\$0	\$0
348 Loan Liability - Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0
310 Total Current Liabilities	\$90,798	\$239,801	\$563,141	\$456,940	\$903,986	\$80,460	\$21,209
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$301,104	\$1,654,392	\$31,646,039	\$0	\$0
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0
353 Non-current Liabilities - Other	\$0	\$189,832	\$0	\$0	\$1,202,327	\$0	\$6,712
354 Accrued Compensated Absences - Non Current	\$0	\$440,201	\$118,468	\$2,866	\$6,671	\$12,270	\$37,839
355 Loan Liability - Non Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0
356 FASB 5 Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
357 Accrued Pension and OPEB Liabilities	\$0	\$8,054,998	\$814,473	\$0	\$0	\$233,476	\$843,489
350 Total Non-Current Liabilities	\$0	\$8,685,031	\$1,234,045	\$1,657,258	\$32,855,037	\$245,746	\$888,040
300 Total Liabilities	\$90,798	\$8,924,832	\$1,797,186	\$2,114,198	\$33,759,023	\$326,206	\$909,249
400 Deferred Inflow of Resources	\$0	\$119,276	\$1,575,800	\$0	\$0	\$20,219	\$16,993
508.4 Net Investment in Capital Assets	\$0	\$0	\$3,281,851	-\$1,654,392	-\$7,683,485	\$897,679	\$0
511.4 Restricted Net Position	\$0	\$0	\$0	\$1,654,392	\$219,452	\$1,928	\$2,289,584
512.4 Unrestricted Net Position	\$0	-\$3,990,500	\$58,352,779	\$337,591	\$22,628,315	-\$115,100	-\$190,409
513 Total Equity - Net Assets / Position	\$0	-\$3,990,500	\$61,634,630	\$337,591	\$15,164,282	\$784,507	\$2,099,175
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$90,798	\$5,053,608	\$65,007,616	\$2,451,789	\$48,923,305	\$1,130,932	\$3,025,417

Housing Authority of the County of Santa Cruz (CA072)

Capitola, CA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 06/30/2025

	14.EHV Emergency Housing Voucher	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	ELJM	Total
111 Cash - Unrestricted	\$685,821	\$853,647	\$0	\$65,257,025
112 Cash - Restricted - Modernization and Development		\$0	\$0	\$1,795,604
113 Cash - Other Restricted	\$76,974	\$0	\$0	\$2,781,203
114 Cash - Tenant Security Deposits		\$0	\$0	\$317,093
115 Cash - Restricted for Payment of Current Liabilities		\$0	\$0	\$0
100 Total Cash	\$762,795	\$853,647	\$0	\$70,160,925
121 Accounts Receivable - PHA Projects		\$0	\$0	\$53,948
122 Accounts Receivable - HUD Other Projects		\$0	\$0	\$109,448
124 Accounts Receivable - Other Government		\$0	\$0	\$92,480
125 Accounts Receivable - Miscellaneous	\$4,143	\$0	\$0	\$177,870
126 Accounts Receivable - Tenants		\$0	\$0	\$84,586
126.1 Allowance for Doubtful Accounts - Tenants		\$0	\$0	-\$61,102
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	-\$5,670
127 Notes, Loans, & Mortgages Receivable - Current		\$0	\$0	\$0
128 Fraud Recovery		\$0	\$0	\$256,755
128.1 Allowance for Doubtful Accounts - Fraud		\$0	\$0	-\$256,755
129 Accrued Interest Receivable		\$0	\$0	\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$4,143	\$0	\$0	\$451,360
131 Investments - Unrestricted		\$0	\$0	\$0
132 Investments - Restricted		\$0	\$0	\$0
135 Investments - Restricted for Payment of Current Liability		\$0	\$0	\$0
142 Prepaid Expenses and Other Assets		\$65	\$0	\$767,291
143 Inventories		\$0	\$0	\$0
143.1 Allowance for Obsolete Inventories		\$0	\$0	\$0
144 Inter Program Due From		\$0	-\$175,900	\$0
145 Assets Held for Sale		\$0	\$0	\$0
150 Total Current Assets	\$766,938	\$853,712	-\$175,900	\$71,369,576
161 Land		\$0	\$0	\$8,130,533
162 Buildings		\$0	\$0	\$30,793,591
163 Furniture, Equipment & Machinery - Dwellings		\$0	\$0	\$45,570
164 Furniture, Equipment & Machinery - Administration		\$0	\$0	\$403,944
165 Leasehold Improvements		\$0	\$0	\$99,499
166 Accumulated Depreciation		\$0	\$0	-\$12,184,064
167 Construction in Progress		\$0	\$0	\$947,647
168 Infrastructure		\$0	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$0	\$28,236,720
171 Notes, Loans and Mortgages Receivable - Non-Current		\$0	-\$30,150,872	\$61,504
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due		\$0	\$0	\$0
173 Grants Receivable - Non Current		\$0	\$0	\$0
174 Other Assets		\$0	-\$630,975	\$2,281,646
176 Investments in Joint Ventures		\$0	\$0	\$0
180 Total Non-Current Assets	\$0	\$0	-\$30,781,847	\$30,579,870
200 Deferred Outflow of Resources	\$212,763	\$11,481	-\$138,315	\$3,781,576
290 Total Assets and Deferred Outflow of Resources	\$979,701	\$865,193	-\$31,096,062	\$105,731,022

Housing Authority of the County of Santa Cruz (CA072)

Capitola, CA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 06/30/2025

	14.EHV Emergency Housing Voucher	14.856 Lower Income Housing Assistance Program, Section 8 Moderate	ELIM	Total
311 Bank Overdraft		\$0	\$0	\$0
312 Accounts Payable <= 90 Days		\$0	\$0	\$423,721
313 Accounts Payable >90 Days Past Due		\$0	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$6,702	\$0	\$0	\$354,027
322 Accrued Compensated Absences - Current Portion	\$2,867	\$92	\$0	\$149,128
324 Accrued Contingency Liability		\$0	\$0	\$0
325 Accrued Interest Payable		\$0	\$0	\$379,113
331 Accounts Payable - HUD PHA Programs	\$302	\$7,325	\$0	\$151,316
332 Account Payable - PHA Projects		\$0	\$0	\$0
333 Accounts Payable - Other Government		\$0	\$0	\$0
341 Tenant Security Deposits		\$0	\$0	\$321,647
342 Unearned Revenue	\$74,984	\$0	\$0	\$475,692
344 Current Portion of Long-term Debt - Operating Borrowings		\$0	\$0	\$185,492
344 Current Portion of Long-term Debt - Operating Borrowings		\$0	\$0	\$0
345 Other Current Liabilities		\$0	\$0	\$0
346 Accrued Liabilities - Other		\$0	\$0	\$804
347 Inter Program - Due To		\$0	-\$175,900	\$0
348 Loan Liability - Current		\$0	\$0	\$0
310 Total Current Liabilities	\$84,855	\$7,417	-\$175,900	\$2,440,940
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$0	-\$30,150,872	\$3,450,663
352 Long-term Debt, Net of Current - Operating Borrowings		\$0	\$0	\$0
353 Non-current Liabilities - Other	\$1,991	\$0	-\$552,832	\$851,987
354 Accrued Compensated Absences - Non Current	\$17,038	\$629	\$0	\$649,503
355 Loan Liability - Non Current		\$0	\$0	\$0
356 FASB 5 Liabilities		\$0	\$0	\$0
357 Accrued Pension and OPEB Liabilities	\$223,823	\$32,093	-\$78,143	\$11,667,194
350 Total Non-Current Liabilities	\$242,852	\$32,722	-\$30,781,847	\$16,619,347
300 Total Liabilities	\$327,707	\$40,139	-\$30,957,747	\$19,060,287
400 Deferred Inflow of Resources		\$5,713	-\$138,315	\$1,693,527
508.4 Net Investment in Capital Assets		\$0	\$30,150,872	\$24,992,525
511.4 Restricted Net Position	\$0	\$0	\$0	\$4,299,393
512.4 Unrestricted Net Position	\$651,994	\$819,341	-\$30,150,872	\$55,685,290
513 Total Equity - Net Assets / Position	\$651,994	\$819,341	\$0	\$84,977,208
800 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$979,701	\$865,193	-\$31,096,062	\$105,731,022

Housing Authority of the County of Santa Cruz (CA072)

Capitola, CA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2025

	Project Total	14.879 Mainstream Vouchers	14.HCV MTW Demonstration Program for HCV program	14.239 HOME Investment Partnerships Program	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.896 PIH Family Self-Sufficiency Program	14.EFA FSS Escrow Forfeiture Account
70300 Net Tenant Rental Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
70400 Tenant Revenue - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$0	\$4,531,011	\$150,337,816	\$0	\$123,302	\$189,493	\$0
70610 Capital Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0
70710 Management Fee							
70720 Asset Management Fee							
70730 Book Keeping Fee							
70740 Front Line Service Fee							
70750 Other Fees							
70700 Total Fee Revenue							
70800 Other Government Grants	\$0	\$0	\$0	\$230,461	\$0	\$0	\$0
71100 Investment Income - Unrestricted	\$0	\$19,628	\$0	\$0	\$3,004	\$0	\$0
71200 Mortgage Interest Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0
71310 Cost of Sale of Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
71400 Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$0	\$0
71500 Other Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$35,193
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
72000 Investment Income - Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$2,339
70000 Total Revenue	\$0	\$4,550,639	\$150,337,816	\$230,461	\$126,306	\$189,493	\$37,532
91100 Administrative Salaries	\$0	\$117,729	\$0	\$24,043	\$3,519	\$0	\$0
91200 Auditing Fees	\$0	\$740	\$0	\$274	\$29	\$0	\$0
91300 Management Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0
91310 Book-keeping Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0
91400 Advertising and Marketing	\$0	\$0	\$0	\$0	\$0	\$0	\$0
91500 Employee Benefit contributions - Administrative	\$0	\$70,843	\$0	\$7,088	\$2,087	\$1,864	\$0
91600 Office Expenses	\$0	\$13,154	\$0	\$2,811	\$398	\$0	\$0
91700 Legal Expense	\$0	\$356	\$0	\$58	\$8	\$0	\$0
91800 Travel	\$0	\$798	\$0	\$110	\$17	\$0	\$0
91810 Allocated Overhead	\$0	\$11,898	\$0	\$2,495	\$367	\$0	\$0
91900 Other	\$0	\$11,986	\$0	\$2,462	\$296	\$0	\$0
91000 Total Operating - Administrative	\$0	\$227,504	\$0	\$39,341	\$6,721	\$1,864	\$0
92000 Asset Management Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0
92100 Tenant Services - Salaries	\$0	\$0	\$0	\$0	\$0	\$147,837	\$0
92200 Relocation Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0	\$0	\$0	\$39,073	\$0
92400 Tenant Services - Other	\$0	\$0	\$0	\$223,789	\$0	\$719	\$0
92500 Total Tenant Services	\$0	\$0	\$0	\$223,789	\$0	\$187,629	\$0
93100 Water	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93200 Electricity	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93300 Gas	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93400 Fuel	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93500 Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93600 Sewer	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93800 Other Utilities Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93000 Total Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Housing Authority of the County of Santa Cruz (CA072)

Capitola, CA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2025

	Project Total	14.879 Mainstream Vouchers	14.HCV MTW Demonstration Program for HCV program	14.239 HOME Investment Partnerships Program	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.896 PIH Family Self-Sufficiency Program	14.EFA FSS Escrow Forfeiture Account
94100 Ordinary Maintenance and Operations - Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0
94200 Ordinary Maintenance and Operations - Materials and Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
94300 Ordinary Maintenance and Operations Contracts	\$0	\$0	\$0	\$0	\$0	\$0	\$0
94500 Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
94000 Total Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
95100 Protective Services - Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0
95200 Protective Services - Other Contract Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
95300 Protective Services - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
95500 Employee Benefit Contributions - Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96120 Liability Insurance	\$0	\$2,362	\$0	\$163	\$125	\$0	\$0
96130 Workman's Compensation	\$0	\$581	\$0	\$126	\$17	\$0	\$0
96140 All Other Insurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96100 Total Insurance Premiums	\$0	\$2,943	\$0	\$289	\$142	\$0	\$0
96200 Other General Expenses	\$0	\$3,421	\$0	\$0	\$0	\$0	\$0
96210 Compensated Absences	\$0	\$2,154	\$0	\$0	\$67	\$0	\$0
96300 Payments in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96400 Bad debt - Tenant Rents	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96500 Bad debt - Mortgages	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96600 Bad debt - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96800 Severance Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96000 Total Other General Expenses	\$0	\$5,575	\$0	\$0	\$67	\$0	\$0
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$0	\$236,022	\$0	\$263,419	\$6,930	\$189,493	\$0
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$4,314,617	\$150,337,816	-\$32,858	\$119,376	\$0	\$37,532
97100 Extraordinary Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
97200 Casualty Losses - Non-capitalized	\$0	\$0	\$0	\$0	\$0	\$0	\$0
97300 Housing Assistance Payments	\$0	\$4,336,153	\$0	\$0	\$102,366	\$0	\$0
97350 HAP Portability-In	\$0	\$0	\$0	\$0	\$0	\$0	\$0
97400 Depreciation Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0
97500 Fraud Losses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0
90000 Total Expenses	\$0	\$4,572,175	\$0	\$263,419	\$109,296	\$189,493	\$0

Housing Authority of the County of Santa Cruz (CA072)

Capitola, CA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2025

	Project Total	14.879 Mainstream Vouchers	14.HCV MTW Demonstration Program for HCV program	14.239 HOME Investment Partnerships Program	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.896 PIH Family Self-Sufficiency Program	14.EFA FSS Escrow Forfeiture Account
10010 Operating Transfer In	\$0	\$0	\$0	\$32,958	\$0	\$0	\$0
10020 Operating transfer Out	\$0	\$0	-\$150,337,816	\$0	\$0	\$0	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10050 Proceeds from Notes, Loans and Bonds							
10060 Proceeds from Property Sales							
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10080 Special Items (Net Gain/Loss)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10091 Inter Project Excess Cash Transfer In	\$0						
10092 Inter Project Excess Cash Transfer Out	\$0						
10093 Transfers between Program and Project - In	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10094 Transfers between Project and Program - Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	-\$150,337,816	\$32,958	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	-\$21,536	\$0	\$0	\$17,010	\$0	\$37,532
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$6,318,698	\$885,347	\$0	-\$84	\$140,377	\$0	\$98,844
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11050 Changes in Compensated Absence Balance							
11060 Changes in Contingent Liability Balance							
11070 Changes in Unrecognized Pension Transition Liability							
11080 Changes in Special Term/Severance Benefits Liability							
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents							
11100 Changes in Allowance for Doubtful Accounts - Other							
11170 Administrative Fee Equity							
11180 Housing Assistance Payments Equity							
11190 Unit Months Available			0	0	132	0	0
11210 Number of Unit Months Leased	0	2880	0	0	126	0	0

Housing Authority of the County of Santa Cruz (CA072)

Capitola, CA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2025

	14.267 Continuum of Care Program	14.881 Moving to Work Demonstration Program	1 Business Activities	2 State/Local	6.2 Component Unit - Blended	10.427 Rural Rental Assistance Payments	14.871 Housing Choice Vouchers
70300 Net Tenant Rental Revenue	\$0	\$0	\$30,663	\$0	\$11,744,617	\$945,091	\$0
70400 Tenant Revenue - Other	\$0	\$0	\$0	\$0	\$170,741	\$21,295	\$0
70500 Total Tenant Revenue	\$0	\$0	\$30,663	\$0	\$11,915,358	\$966,386	\$0
70600 HUD PHA Operating Grants	\$1,118,462	\$0	\$0	\$0	\$0	\$0	\$16,173,524
70610 Capital Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0
70710 Management Fee							
70720 Asset Management Fee							
70730 Book Keeping Fee							
70740 Front Line Service Fee							
70750 Other Fees			\$0				
70700 Total Fee Revenue							
70800 Other Government Grants	\$0	\$0	\$0	\$430,263	\$550,000		\$0
71100 Investment Income - Unrestricted	\$0	\$86,652	\$180,766	\$13,027	\$1,381,534	\$12,360	\$1,244
71200 Mortgage Interest Income	\$0	\$0	\$434,007	\$0	\$0	\$0	\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0
71310 Cost of Sale of Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
71400 Fraud Recovery	\$0	\$25,425	\$0	\$0	\$0	\$0	\$0
71500 Other Revenue	\$0	\$252,587	\$3,016,432	\$12,250	\$2,000	\$0	\$0
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
72000 Investment Income - Restricted	\$0	\$0	\$0	\$0	\$9,457	\$480,180	\$0
70000 Total Revenue	\$1,118,462	\$364,884	\$3,643,868	\$455,540	\$13,858,349	\$1,458,926	\$16,174,768
91100 Administrative Salaries	\$51	\$3,832,347	\$2,822,324	\$32,260	\$32,984	\$157,112	\$315,516
91200 Auditing Fees	\$3	\$30,976	\$5,128	\$145	\$15,908	\$1,384	\$0
91300 Management Fee	\$0	\$0	\$0	\$0	\$1,994,704	\$0	\$0
91310 Book-keeping Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0
91400 Advertising and Marketing	\$0	\$9,960	\$10,984	\$0	\$841	\$0	\$0
91500 Employee Benefit contributions - Administrative	\$16	\$2,369,435	\$1,125,601	\$8,443	\$10,133	\$67,918	\$189,927
91600 Office Expenses	\$3	\$447,724	\$762,063	\$3,659	\$89,757	\$22,496	\$35,137
91700 Legal Expense	\$120	\$35,817	\$22,115	\$88	\$30,365	\$8,021	\$980
91800 Travel	\$31	\$30,143	\$42,230	\$181	\$1,238	\$1,176	\$1,881
91810 Allocated Overhead	\$4	\$395,343	\$3,497,470	\$3,306	\$0	\$19,524	\$31,792
91900 Other	\$2	\$420,053	\$630,306	\$2,178	\$132,866	\$16,599	\$25,559
91000 Total Operating - Administrative	\$230	\$7,571,798	\$1,923,281	\$50,260	\$2,318,796	\$294,230	\$600,792
92000 Asset Management Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0
92100 Tenant Services - Salaries	\$0	\$0	\$0	\$0	\$0	\$0	\$0
92200 Relocation Costs	\$0	\$0	\$0	\$0	\$1,301	\$0	\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
92400 Tenant Services - Other	\$16,751	\$0	\$0	\$402,461	\$153,123	\$2,316	\$148,000
92500 Total Tenant Services	\$16,751	\$0	\$0	\$402,461	\$154,424	\$2,316	\$148,000
93100 Water	\$0	\$0	\$4,460	\$0	\$249,105	\$101,191	\$0
93200 Electricity	\$0	\$0	\$48,780	\$0	\$61,414	\$10,814	\$0
93300 Gas	\$0	\$0	\$8,112	\$0	\$11,072	\$3,995	\$0
93400 Fuel	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93500 Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93600 Sewer	\$0	\$0	\$5,217	\$0	\$197,749	\$53,865	\$0
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93800 Other Utilities Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93000 Total Utilities	\$0	\$0	\$66,549	\$0	\$519,340	\$169,865	\$0

Housing Authority of the County of Santa Cruz (CA072)

Capitola, CA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2025

	14.267 Continuum of Care Program	14.881 Moving to Work Demonstration Program	1 Business Activities	2 State/Local	6.2 Component Unit - Blended	10.427 Rural Rental Assistance Payments	14.871 Housing Choice Vouchers
94100 Ordinary Maintenance and Operations - Labor	\$0	\$0	\$179,063	\$0	\$11,780	\$33,965	\$0
94200 Ordinary Maintenance and Operations - Materials and Other	\$0	\$0	\$2,199	\$0	\$56,235	\$14,800	\$0
94300 Ordinary Maintenance and Operations Contracts	\$0	\$0	\$80,946	\$0	\$977,959	\$158,601	\$0
94500 Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$69,277	\$0	\$4,563	\$13,245	\$0
94000 Total Maintenance	\$0	\$0	\$331,485	\$0	\$1,050,537	\$220,611	\$0
95100 Protective Services - Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0
95200 Protective Services - Other Contract Costs	\$0	\$0	\$0	\$0	\$3,805	\$0	\$0
95300 Protective Services - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
95500 Employee Benefit Contributions - Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$3,805	\$0	\$0
96110 Property Insurance	\$0	\$0	\$21,797	\$0	\$241,537	\$26,356	\$0
96120 Liability Insurance	\$0	\$72,792	\$50,559	\$205	\$30,828	\$3,463	\$1,999
96130 Workmen's Compensation	\$0	\$19,278	\$33,619	\$210	\$1,718	\$6,585	\$1,557
96140 All Other Insurance	\$0	\$0	\$2,669	\$0	\$47,437	\$3,225	\$0
96100 Total Insurance Premiums	\$0	\$92,070	\$108,644	\$415	\$321,520	\$39,649	\$3,556
96200 Other General Expenses	\$0	\$82,582	\$7,626	\$0	\$58,524	\$5,385	\$6,524
96210 Compensated Absences	\$0	\$43,833	\$92,921	\$857	\$857	-\$12,941	\$997
96300 Payments in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96400 Bad debt - Tenant Rents	\$0	\$0	\$0	\$0	\$33,117	-\$325	\$0
96500 Bad debt - Mortgages	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96600 Bad debt - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96800 Severance Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96000 Total Other General Expenses	\$0	\$126,415	\$100,547	\$857	\$92,498	-\$7,871	\$7,521
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$20,468	\$0	\$470,281	\$0	\$0
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$20,468	\$0	\$470,281	\$0	\$0
96900 Total Operating Expenses	\$16,981	\$7,790,263	\$2,550,974	\$454,013	\$4,931,201	\$718,800	\$759,889
97000 Excess of Operating Revenue over Operating Expenses	\$1,101,481	-\$7,425,619	\$1,092,894	\$1,527	\$8,927,148	\$740,126	\$15,414,899
97100 Extraordinary Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
97200 Casualty Losses - Non-capitalized	\$0	\$0	\$0	\$0	\$0	\$0	\$0
97300 Housing Assistance Payments	\$1,101,481	\$124,644,772	\$0	\$0	\$0	\$0	\$13,131,414
97350 HAP Portability-In	\$0	\$241,171	\$0	\$0	\$0	\$0	\$0
97400 Depreciation Expense	\$0	\$0	\$392,430	\$0	\$463,006	\$53,749	\$0
97500 Fraud Losses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0
90000 Total Expenses	\$1,118,462	\$132,676,226	\$2,943,404	\$454,013	\$5,394,207	\$772,549	\$13,891,283

Housing Authority of the County of Santa Cruz (CA072)

Capitola, CA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2025

	14,267 Continuum of Care Program	14,881 Moving to Work Demonstration Program	1 Business Activities	2 State/Local	6.2 Component Unit - Blended	10,427 Rural Rental Assistance Payments	14,871 Housing Choice Vouchers
10010 Operating Transfer In	\$0	\$190,337,816	\$22,391,306	\$0	\$0	\$0	\$0
10020 Operating transfer Out	\$0		\$0	-\$32,958	\$0	-\$22,391,306	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10050 Proceeds from Notes, Loans and Bonds							
10060 Proceeds from Property Sales							
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10080 Special Items (Net Gain/Loss)	\$0	\$0	\$0	\$0	-\$20,941,796	\$20,941,796	\$0
10091 Inter Project Excess Cash Transfer In							
10092 Inter Project Excess Cash Transfer Out							
10093 Transfers between Program and Project - In	\$0	\$0	\$21,200,000	\$0	\$0	\$0	\$0
10094 Transfers between Project and Program - Out	\$0	-\$21,200,000	\$0	\$0	\$0	\$0	\$0
10100 Total Other financing Sources (Uses)	\$0	\$129,137,816	\$43,591,306	-\$32,958	-\$20,941,796	-\$1,449,510	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	-\$3,173,746	\$44,291,770	-\$31,431	-\$12,477,654	-\$763,133	\$2,283,485
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$0	-\$816,754	\$17,342,860	\$369,022	\$27,641,936	\$1,547,640	-\$184,310
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11050 Changes in Compensated Absence Balance							
11060 Changes in Contingent Liability Balance							
11070 Changes in Unrecognized Pension Transition Liability							
11080 Changes in Special Term/Severance Benefits Liability							
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents							
11100 Changes in Allowance for Doubtful Accounts - Other							
11170 Administrative Fee Equity							-\$190,409
11180 Housing Assistance Payments Equity							\$2,289,504
11190 Unit Months Available	527	56958	12	0	3325	583	8555
11210 Number of Unit Months Leased	527	56591	12	0	3296	583	6430

Housing Authority of the County of Santa Cruz (CA072)

Capitola, CA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2025

	14.EHV Emergency Housing Voucher	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	ELIM	Total
70300 Net Tenant Rental Revenue		\$0	-\$9,755,322	\$2,965,049
70400 Tenant Revenue - Other		\$0	\$0	\$192,036
70500 Total Tenant Revenue	\$0	\$0	-\$9,755,322	\$3,157,085
70600 HUD PHA Operating Grants	\$7,613,311	\$190,808	\$0	\$180,277,727
70610 Capital Grants		\$0	\$0	\$0
70710 Management Fee		\$0	\$0	\$0
70720 Asset Management Fee		\$0	\$0	\$0
70730 Book Keeping Fee		\$0	\$0	\$0
70740 Front Line Service Fee		\$0	\$0	\$0
70750 Other Fees		\$0	\$0	\$0
70700 Total Fee Revenue		\$0	\$0	\$0
70800 Other Government Grants		\$0	\$0	\$1,210,724
71100 Investment Income - Unrestricted	\$12,024	\$16,107	\$0	\$1,706,346
71200 Mortgage Interest Income		\$0	-\$434,006	\$1
71300 Proceeds from Disposition of Assets Held for Sale		\$0	\$0	\$0
71310 Cost of Sale of Assets		\$0	\$0	\$0
71400 Fraud Recovery		\$0	\$0	\$25,425
71500 Other Revenue		\$0	-\$2,611,497	\$708,965
71600 Gain or Loss on Sale of Capital Assets		\$0	\$0	\$0
72000 Investment Income - Restricted		\$0	\$0	\$481,878
70000 Total Revenue	\$7,625,335	\$206,915	-\$12,800,825	\$187,578,249
91100 Administrative Salaries	\$171,121	\$4,017	-\$1,731,102	\$5,781,921
91200 Auditing Fees	\$1,312	\$52	\$0	\$59,951
91300 Management Fee		\$0	-\$1,994,704	\$0
91310 Book-keeping Fee		\$0	\$0	\$0
91400 Advertising and Marketing		\$0	-\$10,984	\$10,801
91500 Employee Benefit contributions - Administrative	\$102,945	\$2,382	-\$659,171	\$3,299,511
91600 Office Expenses	\$19,148	\$454	-\$1,045,056	\$361,748
91700 Legal Expense	\$512	\$10	-\$18,223	\$80,227
91800 Travel	\$1,249	\$20	-\$34,724	\$44,350
91810 Allocated Overhead	\$17,318	\$419	\$3,623,165	\$608,161
91900 Other	\$13,998	\$338	-\$529,002	\$727,641
91000 Total Operating - Administrative	\$327,603	\$7,692	-\$2,399,801	\$10,970,311
92000 Asset Management Fee		\$0	\$0	\$0
92100 Tenant Services - Salaries		\$0	\$0	\$147,837
92200 Relocation Costs		\$0	\$0	\$1,301
92300 Employee Benefit Contributions - Tenant Services		\$0	\$0	\$39,073
92400 Tenant Services - Other	\$8,000	\$0	\$0	\$955,179
92500 Total Tenant Services	\$8,000	\$0	\$0	\$1,143,390
93100 Water		\$0	-\$4,460	\$350,296
93200 Electricity		\$0	-\$48,760	\$72,228
93300 Gas		\$0	-\$8,112	\$15,067
93400 Fuel		\$0	\$0	\$0
93500 Labor		\$0	\$0	\$0
93600 Sewer		\$0	-\$5,217	\$251,614
93700 Employee Benefit Contributions - Utilities		\$0	\$0	\$0
93800 Other Utilities Expense		\$0	\$0	\$0
93000 Total Utilities	\$0	\$0	-\$66,549	\$689,205

Housing Authority of the County of Santa Cruz (CA072)

Capitola, CA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2025

	14.EHV Emergency Housing Voucher	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor		\$0	\$0	\$224,808
94200 Ordinary Maintenance and Operations - Materials and Other		\$0	-\$2,196	\$71,038
94300 Ordinary Maintenance and Operations Contracts		\$0	-\$80,946	\$1,136,560
94500 Employee Benefit Contributions - Ordinary Maintenance		\$0	\$0	\$87,065
94000 Total Maintenance	\$0	\$0	-\$83,142	\$1,519,491
95100 Protective Services - Labor		\$0	\$0	\$0
95200 Protective Services - Other Contract Costs		\$0	\$0	\$3,805
95300 Protective Services - Other		\$0	\$0	\$0
95500 Employee Benefit Contributions - Protective Services		\$0	\$0	\$0
95000 Total Protective Services	\$0	\$0	\$0	\$3,805
96110 Property Insurance		\$0	-\$7,271	\$282,419
96120 Liability Insurance	\$3,673	\$146	-\$38,351	\$127,984
96130 Workmen's Compensation	\$842	\$19	-\$4,384	\$60,188
96140 All Other Insurance		\$0	\$0	\$53,331
96100 Total Insurance Premiums	\$4,515	\$165	-\$50,006	\$523,902
96200 Other General Expenses	\$5,245	\$0	-\$12,000	\$157,317
96210 Compensated Absences	\$1,136	-\$13	\$0	\$129,868
96300 Payments in Lieu of Taxes		\$0	\$0	\$0
96400 Bad debt - Tenant Rents		\$0	\$0	\$32,792
96500 Bad debt - Mortgages		\$0	\$0	\$0
96600 Bad debt - Other		\$0	\$0	\$0
96800 Severance Expense		\$0	\$0	\$0
96000 Total Other General Expenses	\$6,381	-\$13	-\$12,000	\$319,977
96710 Interest of Mortgage (or Bonds) Payable		\$0	-\$434,006	\$58,743
96720 Interest on Notes Payable (Short and Long Term)		\$0	\$0	\$0
96730 Amortization of Bond Issue Costs		\$0	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	-\$434,006	\$58,743
96900 Total Operating Expenses	\$346,498	\$7,844	-\$3,045,504	\$15,228,824
97000 Excess of Operating Revenue over Operating Expenses	\$7,278,836	\$199,071	-\$9,755,321	\$172,351,425
97100 Extraordinary Maintenance		\$0	\$0	\$0
97200 Casualty Losses - Non-capitalized		\$0	\$0	\$0
97300 Housing Assistance Payments	\$7,034,289	\$166,047	-\$9,755,322	\$140,761,200
97350 HAP Portability-In		\$0	\$0	\$241,171
97400 Depreciation Expense		\$0	\$0	\$909,185
97500 Fraud Losses		\$0	\$0	\$0
97600 Capital Outlays - Governmental Funds		\$0		
97700 Debt Principal Payment - Governmental Funds		\$0		
97800 Dwelling Units Rent Expense		\$0	\$0	\$0
90000 Total Expenses	\$7,380,788	\$173,891	-\$12,800,826	\$157,138,380

Housing Authority of the County of Santa Cruz (CA072)

Capitola, CA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2025

	14.EHV Emergency Housing Voucher	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	ELIM	Total
10010 Operating Transfer In		\$0	-\$172,762,080	\$0
10020 Operating transfer Out		\$0	\$172,762,080	\$0
10030 Operating Transfers from/to Primary Government		\$0	\$0	\$0
10040 Operating Transfers from/to Component Unit		\$0	\$0	\$0
10050 Proceeds from Notes, Loans and Bonds		\$0		
10060 Proceeds from Property Sales		\$0		
10070 Extraordinary Items, Net Gain/Loss		\$0	\$0	\$0
10080 Special Items (Net Gain/Loss)		\$0	\$0	\$0
10081 Inter Project Excess Cash Transfer In		\$0	\$0	\$0
10092 Inter Project Excess Cash Transfer Out		\$0	\$0	\$0
10093 Transfers between Program and Project - In		\$0	-\$21,200,000	\$0
10094 Transfers between Project and Program - Out		\$0	\$21,200,000	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$244,547	\$33,024	\$1	\$30,439,869
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$407,447	\$786,317	\$0	\$54,537,340
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		\$0	\$0	\$0
11050 Changes in Compensated Absence Balance		\$0		
11060 Changes in Contingent Liability Balance		\$0		
11070 Changes in Unrecognized Pension Transition Liability		\$0		
11080 Changes in Special Term/Severance Benefits Liability		\$0		
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents		\$0		
11100 Changes in Allowance for Doubtful Accounts - Other		\$0		
11170 Administrative Fee Equity		\$0		-\$190,409
11180 Housing Assistance Payments Equity		\$0		\$2,289,584
11190 Unit Months Available	3270	156	0	75408
11210 Number of Unit Months Leased	3259	152	0	73115

## AGENDA ITEM SUMMARY

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**MEETING DATE:** March 25, 2026

**ITEM NUMBER:** 3D

**FROM:** Executive Director

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**SUBJECT:** Request for Housing Authority Endorsement of Senate Bill 1078 (SB 1078)

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**RECOMMENDATION:** Approve Request to Submit Letter of Support for Senate Bill 1078 (SB 1078)

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### **BACKGROUND SUMMARY:**

The Housing Authority has received a request from the County of Santa Cruz to provide a letter of support for Senate Bill 1078. SB 1078 would authorize the County of Santa Cruz, through action by the Board of Supervisors and with voter approval, to levy a countywide transactions and use tax of up to 0.5% above the current statutory cap of 2% on local sales taxes. The bill does not itself impose a tax. Any additional tax would require approval by voters.

The County has stated that this legislation is intended to provide local fiscal flexibility in response to increasing financial pressures, including anticipated reductions in federal and state funding for healthcare and safety-net programs. These changes are expected to increase demand for services such as healthcare, food assistance, and housing support. Santa Cruz County and local service providers rely on a combination of federal, state, and local funding sources to support essential community services, including healthcare access, emergency response, housing programs, and food assistance. Potential reductions in federal funding, combined with rising costs and increased demand, create significant fiscal uncertainty for maintaining these services.

If ultimately approved by voters, a local funding measure enabled by SB 1078 could help stabilize essential services that support low-income families assisted by the Housing Authority, and contribute to housing stability, including healthcare, food assistance, and homelessness prevention programs. These systems are interconnected and play a critical role in helping individuals and families remain housed. Maintaining a strong local safety net supports the Housing Authority's efforts to assist low-income households and promote long-term housing stability. For these reasons, SB 1078 is aligned with the Housing Authority's mission, and may benefit the families we serve. Staff recommend approving the County of Santa Cruz request to submit a letter of support for SB 1078.

### **ATTACHMENTS:**

1. County of Santa Cruz request letter
2. Senate Bill 1078 (bill text)

**RECOMMENDATION:** Approve Request to Submit Letter of Support for Senate Bill 1078 (SB 1078)



# COUNTY OF SANTA CRUZ

701 Ocean Street, Suite 520, Santa Cruz, CA 95060-4073  
(831) 454-2100 | [www.santacruzcountyca.gov](http://www.santacruzcountyca.gov)  
Nicole D. Coburn, County Executive Officer

**Date:** March 16, 2026

**To:** Board of Commissioners, Housing Authority of the County of Santa Cruz

**From:** Nicole D. Coburn, County Executive Officer

**Subject:** Support for Senate Bill 1078

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Dear Chair and Commissioners,

On behalf of the County of Santa Cruz, I am writing to request that the Housing Authority consider agendaing a discussion and letter of support for Senate Bill (SB) 1078.

SB 1078 would authorize the County of Santa Cruz Board of Supervisors to ask voters to consider a countywide transactions and use tax of up to 0.5% above California's current statutory cap on local sales taxes. The bill itself does not raise taxes. Any future measure would require voter approval.

This legislation would provide the County with an important tool to maintain local fiscal flexibility as we navigate increasing financial pressures. Recent and anticipated federal and state policy changes, including those associated with H.R. 1, are expected to significantly reduce funding for healthcare and safety-net programs. These shifts are projected to increase the number of uninsured residents, increase demand for food and housing support, and place additional strain on local systems of care.

Under current law, some jurisdictions within Santa Cruz County are already at or near the statutory cap on local sales taxes. Without an exemption from the Legislature, the County may not have the ability to place a local funding measure before voters, even if community need continues to grow. SB 1078 would provide that pathway, similar to exemptions granted to other counties facing comparable challenges.

If authorized by voters, a local funding measure could help stabilize essential services such as healthcare access, food assistance, and housing stability

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efforts that prevent homelessness. These systems work together to support community well-being.

We see a strong connection between SB 1078 and the Housing Authority's mission to create and preserve affordable housing opportunities and support residents in achieving stability. Access to healthcare, food, and supportive services plays a critical role in helping individuals and families remain housed. Maintaining a strong local safety net helps prevent displacement and supports long-term housing stability.

Thank you for your partnership and your continued leadership in supporting residents across our community.

Sincerely,  
Nicole D. Coburn  
County Executive Officer  
County of Santa Cruz

**Introduced by Senator Laird**  
(Coauthors: Assembly Members Addis and Pellerin)

February 13, 2026

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An act to add and repeal Chapter 3.85 (commencing with Section 7294.7) of Part 1.7 of Division 2 of the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1078, as introduced, Laird. Transactions and use taxes: County of Santa Cruz.

Existing law authorizes various local governmental entities, subject to certain limitations and approval requirements, to levy a transactions and use tax for general or specific purposes, in accordance with the procedures and requirements set forth in the Transactions and Use Tax Law, including a requirement that the combined rate of all taxes that may be imposed in accordance with that law in any county not exceed 2%.

This bill would authorize, until December 31, 2030, the County of Santa Cruz, by an ordinance adopted by the Santa Cruz County Board of Supervisors, to levy a tax pursuant to the Transactions and Use Tax Law at a rate not to exceed 0.5% for general and special purposes, subject to voter approval, as specified. The bill would authorize those taxes to exceed the 2% limit described above.

This bill would make legislative findings and declarations as to the necessity of a special statute for the County of Santa Cruz.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Chapter 3.85 (commencing with Section 7294.7)  
2 is added to Part 1.7 of Division 2 of the Revenue and Taxation  
3 Code, to read:

4  
5 CHAPTER 3.85. COUNTY OF SANTA CRUZ TRANSACTIONS AND  
6 USE TAX  
7

8 7294.7. (a) Notwithstanding any other law, the County of  
9 Santa Cruz may impose a transactions and use tax for general or  
10 specific purposes to support countywide programs at a rate of no  
11 more than 0.5 percent that would, in combination with all taxes  
12 imposed in accordance with the Transactions and Use Tax Law  
13 (Part 1.6 (commencing with Section 7251)), exceed the limit  
14 established in Section 7251.1, if all of the following requirements  
15 are met:

16 (1) The Santa Cruz County Board of Supervisors adopts an  
17 ordinance proposing the transactions and use tax by any applicable  
18 voting approval requirement.

19 (2) The ordinance proposing the transactions and use tax is  
20 submitted to the electorate and is approved by the voters voting  
21 on the ordinance by the applicable voting approval requirement  
22 in accordance with Article XIII C of the California Constitution.

23 (3) The transactions and use tax conforms to the Transactions  
24 and Use Tax Law (Part 1.6 (commencing with Section 7251)),  
25 other than Section 7251.1.

26 (b) Notwithstanding Section 7251.1, a transactions and use tax  
27 rate imposed pursuant to subdivision (a) shall not be considered  
28 for purposes of the combined rate limitation established by Section  
29 7251.1.

30 (c) If, as of December 31, 2030, an ordinance proposing a  
31 transactions and use tax has not been approved in the County of  
32 Santa Cruz as authorized by subdivision (a), this chapter shall be  
33 repealed.

34 SEC. 2. The Legislature finds and declares that a special statute  
35 is necessary and that a general statute cannot be made applicable

1 within the meaning of Section 16 of Article IV of the California  
2 Constitution because of the unique fiscal pressures being  
3 experienced in the County of Santa Cruz in providing essential  
4 programs.

5 SEC. 3. This act is an urgency statute necessary for the  
6 immediate preservation of the public peace, health, or safety within  
7 the meaning of Article IV of the California Constitution and shall  
8 go into immediate effect. The facts constituting the necessity are:

9 To provide an immediate opportunity for the voters of the County  
10 of Santa Cruz to consider a local tax measure to offset reductions  
11 to social safety net services, it is necessary that this act take effect  
12 immediately.

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## AGENDA ITEM SUMMARY

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**MEETING DATE:** March 25, 2026

**ITEM NUMBER:** 6A

**FROM:** Executive Director

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**SUBJECT:** Public Hearing, Review and Consideration of Draft 2025 Annual PHA Plan, 5 Year PHA Plan, Housing Choice Voucher Administrative Plan, and MTW Supplement for the Housing Authority of the County of Santa Cruz

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**RECOMMENDATION:** Approve Drafts of the 2026 Annual PHA Plan, Housing Choice Voucher Program Administrative Plan, and Moving to Work Supplement to the PHA Plan. Adopt Resolution No. 2026-01: Authorizing Execution of PHA Certification of Compliance with PHA Plans and Related Regulations; Board Resolution to Accompany the Annual PHA Plan for the Housing Authority of the County of Santa Cruz. Adopt Resolution No. 2026-01: Authorizing Execution of MTW Certifications of Compliance with Regulations; Board Resolution to Accompany the MTW Supplement to the Annual PHA Plan for the Housing Authority of the County of Santa Cruz.

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### **BACKGROUND SUMMARY:**

The Housing Authority of the County of Santa Cruz has prepared the Annual PHA Plan, Housing Choice Voucher (HCV) Administrative Plan, and MTW Supplement to the PHA Plan as mandated by HUD. This comprehensive set of plans serves as a resource for HUD, participants engaged in PHA programs, and the public. In February 2026, the Board of Commissioners reviewed the draft plans and engaged in constructive discussion. A description of each document and summary of the proposed changes is provided below.

**The Annual PHA Plan**, a mandatory HUD form, provides an overview of basic PHA information and details progress toward the goals established in the most recent 5-year plan (July 1, 2025 – June 30, 2030).

**The HCV Administrative Plan** is a document required by HUD, which includes HUD-mandated elements and discretionary PHA policies that are specific to the Housing Choice Voucher (HCV) program. The Administrative Plan is presented in a redline version with “track changes” enabled for visibility of proposed revisions. These changes reflect updates based on MTW approved waivers, as well as updates reflecting new monitoring and oversight of Project Based Voucher (PBV) projects.

### **Summary of Administrative Plan Updates:**

Staff are proposing targeted updates to the Administrative Plan to align with approved MTW waivers, and strengthen oversight, clarify owner responsibilities, and improve consistency in the administration and lease-up of Project-Based Voucher (PBV) units.

1. **Voucher Family Rent Contribution and Minimum Rent (p 35)**: Reflects the MTW waiver allowing households to select a unit with a family share of rent up to 50% of household income at the time of move-in. The revision also clarifies the existing minimum rent of \$0.

2. PBV Inspections (p 42): Clarification of inspection timing and possible inspection fees associated with new construction and rehabilitation projects.
3. PBV Execution of AHAP (p 43): Defines requirements and timing for AHAP execution prior to construction or rehabilitation.
4. PBV Owner Reporting, Documentation, Unit and Tenant Selection, Marketing, and Lease Up (p 49): Specifies expectations for:
  - a. Timely owner reporting and submission of project documentation upon request by the Housing Authority
  - b. Limits on the number of accessible units to which PBVs may be attached within a project
  - c. Requirements for Housing Authority-approved MOUs for PBV units with third-party referrals or supportive services, excluding VASH.
  - d. Requirement to use Housing Authority-approved tenant selection, marketing, and lease-up materials and procedures
  - e. Agency authority to establish lease-up guidelines for initial occupancy and turnover
5. PBV Conditional Award Letters and Conditions of Award (p 50): Describes the conditional nature of PBV awards and the process for Housing Authority confirmation.
6. Compliance Agreements and Remedies for Non-Compliance (p 50): Provides for the Agency to require the use of compliance agreements and identifies corrective actions the Housing Authority may take in response to owner non-compliance, consistent with program requirements.

**The MTW Supplement to the Annual PHA Plan** is a form that all HUD MTW Expansion Agencies are required to complete on an annual basis. This form outlines the status of all currently approved MTW waivers, along with a list of new waivers that the Housing Authority is seeking approval for. This MTW Supplement includes a request for six new waivers, which are summarized below.

**Summary of MTW Supplement to the Annual PHA Plan Updates:**

1. Activity 6.b. Short Term Assistance (p 22) – This waiver allows the creation of a short-term housing assistance program, providing at least 3 but not more than 36 months, and including supportive services, in its HCV program. This waiver could be implemented to support households transitioning out of the Emergency Housing Voucher (EHV) Program.
2. Activity 9.e. Project Based Voucher Program Flexibilities – Alternative PBV Unit Types (Shared Housing and Manufactured Housing)(p 27) – This waiver allows PBV assistance in shared housing units and/or in manufactured housing.
3. Activity 17.a Local, Non-Traditional Activities – Shallow Rental Subsidy Programs (p 35) – This waiver would allow the creation of programs that use MTW Funding to support a shallow rental subsidy administered through a third-party entity (potential New Horizons). The third party entity would manage intake and administration of the program, potentially including: supportive housing programs and services to help homeless individuals and families reach independence; supportive living; shallow subsidies; homeless/transitional housing programs; or programs that address special needs populations. This waiver could be implemented to assist households transitioning out of the EHV Program into non-HCV units such as LIHTC.

4. Agency Specific Waiver: Align PBV Rent Increase (p 44) – This waiver would allow HACSC to develop a local process to align PBV rent increases for all properties on the same annual anniversary date, thereby reducing the administrative burden of processing such changes throughout the year.
5. Agency Specific Waiver: Direct Referral Program (p 55) – This waiver would allow HACSC to create a direct referral program for certain special needs populations, including populations identified by other funding sources such as No Place Like Home, and Homekey+, which includes criteria for persons with specific disabilities. This activity would allow HACSC to make PBVs available to developers using these funding sources and would also allow vouchers to be used to provide housing and supportive services to vulnerable populations.
6. Agency Specific Waiver: MTW Value Voucher (p 59) – This waiver, would allow the implementation of a new lower-cost subsidy “MTW value voucher” targeted to households transitioning out of the EHV program into privately assisted housing developments where the rental costs are lower than current HUD published FMRs, but still not affordable to very-low and extremely low-income households. These would generally be units in LIHTC, Section 236, and certain state funded developments, for example, where rents are generally set at or below 60% of AMI. This waiver meets the MTW statutory objective of Housing Choice.

### **Public Comment Period and Public Hearings**

The Annual PHA Plan, HCV Administrative Plan, and the MTW Supplement to the Annual PHA Plan have completed the public review period. Commencing Friday, February 6, 2026, and continuing weekly through March 20, 2026, public notices have been published in the Santa Cruz Sentinel, the Watsonville Pajaronian, and the Hollister Freelance. These notices informed the public about the opportunity to review the Drafts of the 2026 Agency Plan, Administrative Plan, and MTW Supplement, solicit comments, and provide details about the public hearings scheduled for the March 25, 2026, meeting of the Board of Commissioners. Additionally, copies of all draft materials, along with information about the March 25, 2026, public hearings, are accessible to the public on the Housing Authority’s website under “Agency Plans.” The Resident Advisory Board (RAB) reviewed drafts of the 2026 Annual PHA Plan, Housing Choice Voucher Program Administrative Plan (Administrative Plan) and Moving to Work (MTW) Supplement. Neither the RAB, nor members of the public have provided comments on the draft plans to date. At the March Board meeting, two public hearings will be conducted; one hearing for the Annual PHA Plan, HCV Administrative Plan, and the MTW Supplement to the Annual PHA Plan, and a second hearing specifically on MTW Agency Specific Waivers. Once the Board has received and considered any feedback provided during the public hearings, the Board will direct staff on any necessary modifications, vote to approve the plan documents, and the Chairperson shall then be authorized to execute resolutions authorizing submission of the Plan documents to HUD.

**RECOMMENDATION: Approve Drafts** of the 2026 Annual PHA Plan, Housing Choice Voucher Program Administrative Plan, and Moving to Work Supplement to the PHA Plan. **Adopt Resolution No. 2026-01**: Authorizing Execution of PHA Certification of Compliance with PHA Plans and Related Regulations; Board Resolution to Accompany the Annual PHA Plan for the Housing Authority of the County of Santa Cruz. **Adopt Resolution No. 2026-01**: Authorizing Execution of MTW Certifications of Compliance with Regulations; Board Resolution to Accompany the MTW Supplement to the Annual PHA Plan for the Housing Authority of the County of Santa Cruz.

<b>Streamlined Annual PHA Plan</b> <i>(High Performer PHAs)</i>	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires: 09/30/2027
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**Purpose.** The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services. They also inform HUD, families served by the PHA, and members of the public of the PHA's mission, goals, and objectives for serving the needs of low-, very low-, and extremely low- income families.

**Applicability.** The Form HUD-50075-HP is to be completed annually by **High Performing PHAs**. PHAs that meet the definition of a Standard PHA, Troubled PHA, HCV-Only PHA, Small PHA, or Qualified PHA do not need to submit this form. PHAs with zero public housing units must continue to comply with the PHA Plan requirements until they closeout their Section 9 programs (ACC termination).

**Definitions.**

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

<b>A.</b>	<b>PHA Information.</b>
<b>A.1</b>	<p> <b>PHA Name:</b> Housing Authority of the County of Santa Cruz      <b>PHA Code:</b> CA072  <b>PHA Plan for Fiscal Year Beginning:</b> (MM/YYYY): <u>07/01/2026</u>  <b>PHA Inventory</b> (Based on Annual Contributions Contract (ACC) units at time of FY beginning, above)  <b>Number of Public Housing (PH) Units</b> <u>0</u>      <b>Number of Housing Choice Vouchers (HCVs)</b> <u>5965</u>  <b>Total Combined</b> <u>5965</u>  <b>PHA Plan Submission Type:</b> <input checked="" type="checkbox"/> Annual Submission      <input type="checkbox"/> Revised Annual Submission         </p> <p> <b>Public Availability of Information.</b> In addition to the items listed in this form, PHAs must have the elements listed below readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. Additionally, the PHA must provide information on how the public may reasonably obtain additional information of the PHA policies contained in the standard Annual Plan but excluded from their streamlined submissions. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA and should make documents available electronically for public inspection upon request. PHAs are strongly encouraged to post complete PHA Plans on their official websites and to provide each resident council with a copy of their PHA Plans.         </p> <p>           The Housing Authority of the County of Santa Cruz (HACSC) makes its Annual Plan, MTW Supplement to the Annual Plan, Section 8 Administrative Plan, and all required Plan Elements available for public review and inspection. These documents may be accessed electronically at <a href="https://hacosantacruz.org/general-information/agency-plans/">https://hacosantacruz.org/general-information/agency-plans/</a> or reviewed in person at HACSC's public lobby, located at 2160 41st Avenue, Capitola, California. The public lobby is open Monday through Thursday, from 8:00 a.m. to 4:30 p.m., excluding published holidays. Information related to the public hearing and proposed PHA Plan is available at the same locations. Copies may be provided upon reasonable request.         </p>

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

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

**B. Plan Elements**

**B.1 Revision of Existing PHA Plan Elements.**

(a) Have the following PHA Plan elements been revised by the PHA since its last **Annual PHA Plan** submission?

Y N

- Statement of Housing Needs and Strategy for Addressing Housing Needs.
- Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.
- Financial Resources.
- Rent Determination.
- Homeownership Program.
- Safety and Crime Prevention.
- Pet Policy.
- Substantial Deviation.
- Significant Amendment.

(b) If the PHA answered yes for any element, describe the revisions for each element below:

Statement of Housing Needs and Strategy for Addressing Housing Needs. - Updated to include most recent data

Financial Resources. - Updated to include most recent information

(c) The PHA must submit its Deconcentration Policy for Field Office Review.

Not applicable per 24 CFR 903.7(b)(1) - the Housing Authority has no public housing units.

**B.2 New Activities.**

(a) Does the PHA intend to undertake any new activities related to the following in the PHA's applicable Fiscal Year?

Y N

- Choice Neighborhoods Grants.
- Modernization or Development.
- Demolition and/or Disposition.
- Conversion of Public Housing to Tenant Based Assistance.
- Conversion of Public Housing to Project-Based Rental Assistance or Project-Based Vouchers under RAD.
- Homeownership Program under Section 32, 9 or 8(Y)
- Project Based Vouchers.
- Units with Approved Vacancies for Modernization.
- Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).

(b) If any of these activities are planned for the applicable Fiscal Year, describe the activities. For new demolition activities, describe any public housing development or portion thereof, owned by the PHA for which the PHA has applied or will apply for demolition and/or disposition approval under section 18 of the 1937 Act under the separate demolition/disposition approval process. If using Project-Based Vouchers (PBVs), provide the projected number of project-based units and general locations, and describe how project basing would be consistent with the PHA Plan.

Modernization or Development / Conversion of Public Housing to Project-Based Vouchers under RAD – The Housing Authority intends to construct a new affordable housing building project using the Restore-Rebuild Program at 2021 Chanticleer Avenue, Santa Cruz, CA 95062. The Housing Authority intends to initiate the Restore-Rebuild process in early 2026.

Given that the Restore-Rebuild Program constructs public housing and immediately converts to PBV or PBRA through RAD, the agency also intends to convert public housing. The agency does not have any existing public housing units in its portfolio, and therefore the RAD Program is only applicable to this new construction project.

The project is planned to be approximately 60 units and is intended to be general purpose housing with no specific set asides. It is estimated that 25% of units will be 2BRs, 25% of units will be 3BRs, and the remaining 50% of units will be distributed between 1BRs and studios.

The agency plans to convert to PBVs. Families will be selected in accordance with waiting list policies as established in the HCV Administrative Plan.

The agency is not currently under a voluntary compliance agreement, consent order, consent decree, or final judicial ruling or administrative ruling or decision.

The agency will comply with Section 5.2 of PIH Notice 2016-17.

Project-Based Vouchers – The Housing Authority may issue a Request for Proposals (RFP) for PBVs that opens or closes at a defined time or may issue a rolling RFP. The Housing Authority may also issue awards of PBVs non-competitively to projects that it owns or manages through MTW authority under waiver 9.c.

The agency may award PBVs up to the Program Cap anywhere in its jurisdiction, to support the construction of new affordable housing and/or to preserve existing affordable housing.

Any RFP or noncompetitive award will comply with PBV goals, civil rights requirements, HQS, and deconcentration standards.

**B.3 Progress Report.**

Provide a description of the PHA's progress in meeting its Mission and Goals described in the PHA 5-Year Plan.

The information below reflects progress for year one of the 5-Year Plan (July 1, 2025 – June 30, 2030). For each goal and objective, baseline data reflects conditions as of July 1, 2025 (the start of the 5-Year Plan period), and progress is measured by comparing current year one data to that baseline.

**1. Goal: Expand Housing Choice Voucher Program**

- a. Achieve and Maintain a Housing Choice Voucher (HCV) utilization rate of 99% for the entire HCV program group. – The Housing Authority's HCV program utilization was 99.04% at the beginning of the 5 Year Plan. During year one, the utilization rate decreased to 98.29%. This decrease is attributable to an increase in the total number of vouchers effective July 1, 2025, following the award of 52 additional Family Unification Program (FUP) vouchers, as well as efforts to decrease utilization due to funding limitations.
- b. Increase size of rental assistance programs by at least 250 new vouchers – The Housing Authority's ACC was 5,913 at the beginning of the 5 Year Plan. During year one, we increased the total ACC to 5,965 (an increase of 52 vouchers). This increase is attributable to the award of 52 Family Unification Program vouchers effective July 1, 2025. The Housing Authority will continue to seek out and apply for new vouchers when available.
- c. Increase total number of households assisted by at least 350 households – The Housing Authority was assisting 5,877 households at the beginning of the 5 Year Plan. During year one, we decreased the number of participating households to 5,863 (a decrease of 14 households). Progress toward increasing the total number of households assisted during the reporting period has been affected by ongoing uncertainty regarding HUD funding levels, resulting in a need to deviate from our original goal by reducing voucher utilization to a level supported by current funding.
- d. Increase number of landlords participating in the HCV program by at least 100 – The Housing Authority Housing Choice Voucher (HCV) program had 1,948 participating landlords at the beginning of the 5 Year Plan. During year one, the number of participating landlords decreased to 1,926, representing a net decrease of 22 landlords. While the Housing Authority continues ongoing outreach and engagement efforts to support landlord participation, the decrease in participating landlords is a result of the increase in the number and percentage of vouchers being concentrated into Project Based Voucher (PBV) projects.

**2. Goal: Expand supply of affordable housing**

- a. Increase the size of project-based voucher program by at least 500 units under HAP contract, with at least 400 of those units provided to new affordable housing developments – The Housing Authority administered 873 Project-Based Voucher (PBV) units under Housing Assistance Payments (HAP) contracts at the beginning of the 5 Year Plan. During year one, two PBV projects executed HAP contracts adding 56 PBV units (31 units to existing housing and 25 units in new affordable developments), thereby increasing the total number of PBV units under HAP to 929 units. In addition, the Housing Authority has a pipeline of nine (9) PBV new affordable housing projects totaling 345 PBV units that have been awarded and are expected to execute HAP contracts and come online during the Five-Year Plan period subject to project readiness, funding availability, and HUD approval.

- b. Establish an affordable housing pipeline, with a minimum of 100 new affordable units constructed and/or entitled, through Housing Authority nonprofit or affiliated entity – The Housing Authority through its nonprofit affiliate, New Horizons Affordable Housing and Development Inc. has acquired 2021 Chanticleer Avenue, in the unincorporated area of Santa Cruz County. New Horizons is actively working on predevelopment activities which includes preparing architectural drawings, and the project is estimated to provide between 55 to 62 units. The Housing Authority continues to search for additional acquisition and development opportunities.
- c. Enter into one or more co-development partnerships with existing affordable housing developers to develop new affordable housing and to obtain Low Income Housing Tax Credit (LIHTC) experience required to apply for future tax credits for Housing Authority projects – During year one, the Housing Authority and its nonprofit affiliate, New Horizons Affordable Housing and Development Inc. identified a co-development opportunity for the development of 2021 Chanticleer. New Horizons selected MidPen Housing as the development partner for the project. The Housing Authority is currently working with MidPen Housing to define the terms and conditions of a joint development agreement in advance of execution. The Co-Development RFQ remains open, and the Housing Authority will continue to pursue additional LIHTC projects to obtain the experience needed for future tax credit applications.

**3. Goal: Improve quality of affordable housing**

- a. Install solar photovoltaic panels to provide clean renewable energy at the 6 properties identified through the Solar on Multifamily Affordable Housing Program assessment – In February 2025, New Horizons entered into a contract with GRID Alternatives for the design and installation of solar photovoltaic systems at six New Horizons properties, with a total project cost of \$1,212,622. As of December 2025, solar panels have been installed at two of the six sites, and the remaining four sites are currently in plan review and permitting with local jurisdictions. All installations are anticipated to be completed by the fourth quarter of FY 2025/26. The project is funded through the Solar on Multifamily Affordable Housing (SOMAH) program, with reimbursement of \$927,627.77, approximately 76% of total project costs, expected in Q2 of FY 2026/27 following project completion. The remaining \$284,944.42 will be funded by New Horizons.
- b. At applicable properties, convert existing natural gas appliances which includes hot water boilers and cooking ranges to an electric or other green energy source system – The Housing Authority plans to release a Request for Proposals (RFP) for Energy Efficiency and Electrification Services in Q3 of FY 2025/26 for the six sites receiving solar photovoltaic (PV) systems through the SOMAH program. Staff are working with consultants from the Association for Energy Affordability to develop the project scope and identify funding sources, including opportunities through the Low-Income Weatherization Program (LIWP), the Multifamily Energy Savings Program (MFES), and PG&E. All solar PV systems have been upsized to accommodate the increased electrical loads associated with full electrification of existing gas systems. In addition to gas system electrification, the scope of work includes energy-efficient lighting upgrades and water-saving measures. Construction on these upgrades is anticipated to begin in Q4 of FY 2025/26, concurrent with the completion of the solar PV installations.

**4. Goal: Increase housing choices for assisted families:**

- a. Conduct FMR study bi-annually to ensure FMRs keep pace with market rents, and to maximize funding – The Housing Authority conducts FMR studies at least biennially. A new FMR study is planned for early 2026 to inform the October 2026 FMRs.
- b. Offer voucher mobility counseling services to voucher holders, such as workshops on how to search for rental housing, preparation of rental resumes, etc. – The Housing Authority continues to support increased housing choice for assisted families through the Family Self-Sufficiency (FSS) program. FSS Coordinators provide individualized voucher mobility counseling to FSS participants, including guidance on how to search for rental housing, preparation of rental resumes, and related housing navigation topics. Agency-wide, these topics are discussed in the online Briefing Video and Briefing Packet materials provided to all new voucher recipients.

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

- a. Survey key stakeholders periodically, including but not limited to landlords and assisted families to identify areas for improvement in programs, services, and operations – The Housing Authority issued a Request for Proposals for Survey Research Services in December 2025. The selected consultant will design, administer, and analyze a biennial stakeholder survey assessing program needs, client satisfaction, and program administration. The survey will target Housing Choice Voucher participants, residents of Housing Authority–owned or controlled properties, and participating property owners and managers. Survey results are expected in 2026 and will inform program, service, and operational improvements.

**6. Goal: Utilize housing as a catalyst to promote equity, economic mobility, and improved quality of life**

- a. Promote asset development through implementation and evaluation of HUD MTW Asset Building Savings for YOU Program – The Housing Authority launched a two-year MTW pilot program, Savings for YOU, in Spring 2024 to promote asset building among extremely low-income households. The program was structured as an opt-out demonstration and provided monthly savings contributions paired with financial coaching and workshops. A total of 53 households participated in the pilot. Through the end of 2025, \$117,660 has been distributed to participants, with total direct-deposited payments at program completion estimated at \$128,260.
- b. Identify strategies and best practices for extending or expanding the Savings for YOU Program beyond the initial cohort – The Housing Authority is partnering with ABT Global to analyze program outcomes and develop recommendations on best practices, scalability, and potential pathways for extending or expanding the Savings for YOU model beyond the initial cohort.
- c. Implement Board-Approved Resident Services Plan, with multi-generational services available to all tenants of Housing Authority owned or managed properties to improve quality of life – During the reporting period, the Housing Authority delivered and advanced a range of resident services serving youth, families, and seniors, including educational enrichment and academic support, workforce development and financial education, and senior-focused activities connecting residents to community resources and public benefits. Key programs include:

**Youth** – Services targeted primarily to school age children and young adults, including scholarships, summer enrichment activities and tutoring

Scholarship Program – The Housing Authority awards annual scholarships of at least \$1,000 to current participants pursuing higher education.

Summer Enrichment Activities – Recreational and enrichment grants of up to \$500 are offered to children ages 5–17 through a collaborative partnership with County Park Friends and Santa Cruz County Parks.

Tutoring Program – The Tutoring Program provides free academic support for K–12 students across core subject areas in both English and Spanish, offered through online and limited in-person formats.

Backpacks and School Supplies Program – This initiative will provide K–12 students with backpacks and essential school supplies to support a strong start to the academic year and reduce financial barriers for families.

**Families** – Services including workforce development and financial workshops and coaching  
Workforce Development Program – Workshops and one-on-one career counseling to support career exploration, job readiness, and employment placement are being provided under contract with Advanced Employment Group, a regional workforce development organization.

**Seniors** – Services including senior support case management and assistance in access to public benefits

Project Silver Bells – This seasonal initiative provides holiday care packages and greeting cards to senior residents living in Housing Authority owner and managed properties.

Senior Services Fairs – Events connecting senior residents with local service providers offering benefits and senior-focused resources are being implemented on a countywide basis.

- d. Evaluate Resident Services periodically to measure efficiency and impact of existing services offered, to identify emerging needs, and to update Resident Services Plan – The Housing Authority issued a Request for Proposals for Survey Research Services in December 2025, to support the periodic collection of feedback related to Resident Services. The selected consultant will design, administer, and analyze a biennial stakeholder survey to assess resident needs, satisfaction with services, and the effectiveness of service delivery and program administration. Results are anticipated in 2026 and will be used to inform improvements to Resident Services programs and operations.

<b>B.4</b>	<p><b>Capital Improvements.</b> Include a reference here to the most recent HUD-approved 5-Year Action Plan in EPIC and the date that it was approved.</p> <p>n/a</p>
<b>B.5</b>	<p><b>Most Recent Fiscal Year Audit.</b></p> <p>(a) Were there any findings in the most recent FY Audit?</p> <p>Y    N</p> <p><input type="checkbox"/>   <input checked="" type="checkbox"/></p> <p>(b) If yes, please describe:</p>
<b>C.</b>	<p><b>Other Document and/or Certification Requirements.</b></p>
<b>C.1</b>	<p><b>Resident Advisory Board (RAB) Comments.</b></p> <p>(a) Did the RAB(s) have comments to the PHA Plan?</p> <p>Y    N</p> <p><input type="checkbox"/>   <input type="checkbox"/></p> <p>(b) If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations.</p>

<p><b>C.2</b></p>	<p><b>Certification by State or Local Officials.</b></p> <p>Form HUD-50077-SL, <i>Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
<p><b>C.3</b></p>	<p><b>Civil Rights Certification/Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan.</b></p> <p>Form 50077-ST-HCV-HP, <i>PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed</i> must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
<p><b>C.4</b></p>	<p><b>Challenged Elements.</b> If any element of the PHA Plan is challenged, a PHA must include such information as an attachment with a description of any challenges to Plan elements, the source of the challenge, and the PHA’s response to the public.</p> <p>(a) Did the public challenge any elements of the Plan?</p> <p>Y      N</p> <p><input type="checkbox"/>    <input type="checkbox"/></p> <p>(b) If yes, include Challenged Elements.</p>

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

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



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

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**April 1, 2026**

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

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

### Selecting Applicants from the Waiting List

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

When a waiting list is open, the Housing Authority accepts pre-applications from all interested persons and places their name on the waiting list in accordance with that waiting list's policy, either by lottery or date of placement. Lottery refers to a randomized selection method in which a generated number sequence is used to determine placement on the waiting list, rather than the date of application.

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

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

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

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

Applicants will be cancelled from the waiting list if:

1. They do not respond to required written correspondence within the given time period;
2. Mail sent to their last reported address is returned as undeliverable by the post office;
3. The head of household is already assisted under the Housing Choice Voucher or Project-Based Voucher Programs
4. They decline assistance when selected for a Housing Choice Voucher

Exceptions for persons with disabilities: Exceptions will be granted for applicants with disabilities, as defined in 24 CFR 5.403 who were not able to respond within the time frame due to their

disability. Exceptions may also be granted for hospitalization of sufficient duration to be the cause of the lack of response.

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

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

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

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

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

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

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

**Number of Waiting Lists**

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

Upon re-opening of the HCV Waiting List, the Housing Authority will add all new pre-applicants to a combined waiting list that serves Santa Cruz County and the Cities of Hollister and San Juan Bautista for the HCV, PBV, and Moderate Rehabilitation Programs. However, existing applicants will continue to be selected for assistance from the currently established separate waiting lists prior to or concurrently with applicants from the newly combined waiting list, subject to any established preferences.

**Medicaid Waiver**

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

Selection of Families for Project-Based Voucher Units

Project-Based Voucher sites may have separate site-based waiting lists, may have third-party referral units, may utilize the combined Housing Choice Voucher Waiting List, or may employ a mix of these methods. The Housing Authority will consider the establishment of additional site-based waiting lists for new Project-Based Voucher units on a case-by-case basis. For most Project Based Voucher units, families will be selected from the Housing Choice Voucher Waiting List to apply for a PBV unit in the order of their lottery number. Existing Housing Choice Voucher holders who were recently issued a voucher or are in the process of transferring may lease PBV units at developments that utilize the combined HCV Waiting List. Additionally, existing HCV holders that qualify for preference #12 below, *Imminent Risk of Losing Rental Assistance Due to Funding Constraints or Program Changes*, are eligible to transfer into PBV units at projects that use a site-based waiting list.

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

Additionally, the Housing Authority maintains a Farmworker PBV Waiting List. This is a multi-property site-based waiting list and families may be selected from this waiting list for PBV units that are set aside for farm workers. When a unit becomes available, outreach letters are sent to top applicants based on date of placement on this waiting list. Designated Project-Based Voucher properties may offer units through a referral process with a third-party agency. Eligible families referred through this method will be placed on a PBV waiting list for designated unit(s) at that property and receive an absolute preference. Such properties are listed in the table below.

If a property with PBVs is not listed in the table below, it is because all units utilize the combined Housing Choice Voucher Waiting List.

PBV Development	Location	Waiting List Conditions
<p><b>El Centro</b> 44 PBV units – senior housing</p>	<p>1110 Pacific Avenue Santa Cruz</p>	<p>44 units for elderly households – Date of placement on the site-based waiting list and any applicable preferences</p>

<p><b>Resetar Residential Hotel</b></p> <p>52 PBV units</p>	<p>15 West Lake Avenue Watsonville</p>	<p>44 Standard PBV units - date of placement on the site-based waiting list and any applicable preferences</p> <p>8 HUD-VASH PBV units – referrals from the Department of Veterans Affairs</p>
<p><b>St. Stephens Senior Housing</b></p> <p>39 PBV units – senior housing</p>	<p>2510 Soquel Avenue Santa Cruz</p>	<p>29 PBV units for elderly households – lottery number on the site-based waiting list and any applicable preferences. Upon exhaustion of the site-based waiting list, units will be occupied by families selected from the HCV Waiting List or among searching voucher holders.</p> <p>5 HUD-VASH PBV units for elderly households – referrals from the Department of Veterans Affairs</p> <p>5 PBV units for frail elderly households – referrals from Health Projects Center</p>
<p><b>Pippin Orchards Apartments</b></p> <p>31 PBV units</p>	<p>56 Atkinson Lane Watsonville</p>	<p>33 Standard PBV units – lottery number on the site-based waiting list and any applicable preferences.</p>
<p><b>Sunrise Senior Apartments</b></p> <p>48 PBV units – senior housing</p>	<p>580 Westside Blvd. Hollister</p>	<p>43 PBV units for elderly households – Sunrise Senior Apartments will use a site-based waiting list and any applicable preferences.</p> <p>Applications will be processed based on the date the application is received after the initial lottery is conducted.</p> <p>5 HUD-VASH PBV units for elderly households – referrals from the Department of Veterans Affairs</p>

<p><b>San Andreas</b></p> <p>4 PBV units – farmworker housing</p>	<p>295 San Andreas Road Watsonville</p>	<p>4 Farmworker PBV units – Families will be selected from the Housing Authority Farmworker PBV Waiting List and any applicable preferences will be applied.</p>
<p><b>Villas del Paraiso</b></p> <p>15 PBV units – farmworker housing</p>	<p>340 Paraiso Drive Watsonville</p>	<p>15 Farmworker PBV units – Families will be selected from the Housing Authority Farmworker PBV Waiting List and any applicable preferences will be applied.</p>
<p><b>Jardines del Valle</b></p> <p>5 PBV units</p>	<p>76 Murphys Crossing Road Santa Cruz County (unincorporated area)</p>	<p>5 Standard PBV units – Families will be selected from the Housing Authority Farmworker PBV Waiting List and any applicable preferences will be applied.</p>
<p><b>Pajaro Valley Shelter Services</b></p> <p>4 PBV units</p>	<p>Scattered sites</p>	<p>4 Standard PBV units for formerly homeless families referred by Pajaro Valley Shelter Services</p>
<p><b>Merrill Road Apartments</b></p> <p>15 PBV units</p>	<p>3201 Merrill Road Aptos</p>	<p>15 Standard PBV units – date of placement on site-based waiting list and any applicable preferences applied.</p>
<p><b>Bienestar Plaza</b></p> <p>40 PBV units</p>	<p>1500 Capitola Road Santa Cruz</p>	<p>25 Standard PBV units – lottery number on the HCV Waiting List and any applicable preferences.</p> <p>15 Permanent Supportive Housing (PSH) units for households referred by the Continuum of Care’s Coordinated Entry System</p>

<p><b>Tabasa Gardens</b></p> <p>37 PBV units</p>	<p>1482 Freedom Blvd Watsonville</p>	<p>21 Standard PBV units – lottery number on the HCV Waiting List and any applicable preferences.</p> <p>6 Permanent Supportive Housing (PSH) units for households referred by the Continuum of Care’s Coordinated Entry System</p> <p>10 Farmworker units for farmworker families– families to be selected from the owner-maintained’ site-based farmworker waiting list, with a preference for farmworker families also on the HCV waiting list. Families may also be selected from the Housing Authority Farmworker PBV Waiting List.</p>
<p><b>Cedar Street Family Apartments</b></p> <p>8 PBV units</p>	<p>525 Cedar Street Santa Cruz</p>	<p>4 HUD-VASH PBV units - referrals from the Department of Veterans Affairs and any applicable preferences.</p> <p>4 Permanent Supportive Housing (PSH) units - referrals from the Continuum of Care’s Coordinated Entry System</p>
<p><b>Cienega Heights</b></p> <p>37 PBV units</p>	<p>1515, 1615, 1715 Brewington Avenue, Watsonville</p>	<p>32 Standard PBV units – lottery number on the HCV waiting list and any applicable preferences.</p> <p>5 Farmworker units for farmworker families selected from the owner-maintained site-based farmworker waiting list, with a preference for farmworker families also on the HCV waiting list. Upon exhaustion of the owner-maintained waiting list, Families may be selected from the Housing Authority Farmworker PBV Waiting List</p>

<p><b>Sparrow Terrace</b> 43 PBV units</p>	<p>139 &amp; 141 Miles Lane Watsonville</p>	<p>25 Standard PBV units – lottery number on the HCV waiting list and any applicable preferences.</p> <p>12 Farmworker units for farmworker families selected from the owner-maintained site-based farmworker waiting list, with a preference for farmworker families also on the HCV waiting list. Upon exhaustion of the owner-maintained waiting list, Families may be selected from the Housing Authority Farmworker PBV Waiting List.</p> <p>6 Permanent Supportive Housing (PSH) units for families - referred through the Continuum of Care’s Coordinated Entry System</p>
<p><b>Jessie Street</b> 48 PBV units</p>	<p>314 Jessie Street Santa Cruz</p>	<p>13 Standard PBVs – lottery number on the HCV Waiting List and any applicable preferences.</p> <p>13 units for families - referred through the Continuum of Care’s Coordinated Entry System</p> <p>19 HUD-VASH units – families referred by the Department of Veterans Affairs</p> <p>3 units for veterans ineligible for VASH – families selected first by lottery number on the HCV Waiting List and any applicable preferences will be applied. If no eligible households can be identified on the HCV waiting list, households will be referred by the Department of Veterans Affairs</p>

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

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

1. Live/Work Residency Preference:

The Housing Authority has established a partial live/work residency preference, such that 75% of regular admission families selected from the waiting list will be selected by waiting list preference and lottery number utilizing a residency preference for applicants who either currently live or work, or have been hired to work, in the jurisdiction of the waiting list, and 25% of the regular admission families selected from the waiting list will be selected by waiting list preference and lottery number without regard to residency.

The residency preference is applicable to the Santa Cruz County Housing Choice Voucher Waiting List for households with a head of household, spouse or registered domestic partner that lives/works, or has been hired to work in Santa Cruz County and the Hollister/San Juan Bautista Housing Choice Voucher Waiting List (for households with a head of household, spouse or registered domestic partner that lives/works or has been hired to work in San Benito County.) It is not applicable to the Family Unification Program, Foster to Youth Independence, or Mainstream Voucher Program. The residency preference ensures that the majority of the Housing Choice Vouchers, which have been awarded to the Housing Authority by HUD to serve our jurisdiction, will be made available to those who live or work in the jurisdiction. When issuing vouchers for programs in which applicants are selected from the Housing Choice Voucher waiting list based on lottery number, the Housing Authority will apply the live/work residency preference first. Applicants will then be screened for program-specific eligibility requirements, including any additional preferences applicable to the program. For referral-based programs or preferences, including those administered through partner agencies, referral requirements will govern eligibility, and such programs may require that the referred household meet residency criteria as specified in the applicable referral documentation.

Upon the re-opening of the combined Santa Cruz County-Hollister-San Juan Bautista Housing Choice Voucher Waiting List, the residency preference as it relates to pre-applicants on that combined waiting list will function as follows:

- When selecting pre-applicants for Hollister/San Juan Bautista vouchers, the San Benito County residency preference will be applied
- When selecting pre-applicants for all other voucher types to which a residency preference is applicable, the Santa Cruz County residency preference will be applied

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

The Housing Authority has adopted a limited waiting list preference for disabled and medically vulnerable homeless persons. The Continuum of Care (CoC), utilizing the Coordinated Entry System administered by the County of Santa Cruz Human Services Department (HSD), provides referrals for homeless persons who meet all of the following criteria:

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

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

3. Homeless Families with Minor Children (HFMC):

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

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

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

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

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

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

5. Disabled Transitioning from Institutions (DTI):

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

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

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

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

Referral Agency / Supportive Services – Qualifying individuals must be referred by a service provider agency that has entered into a memorandum of understanding (MOU) with the Housing Authority. The following service provider agencies have MOUs with the Housing Authority: Central Coast Center for Independent Living (CCCIL), Coastline Supportive Living, County Mental Health, Housing Choices Coalition, San Andreas Regional Center (SARC). The service provider will document and certify the eligibility criteria above (disability status and transition from qualifying institution). The service provider must also certify that the individual is ready to transition out of an institutional environment and must have a case management plan to assist the individual with the transition. Additionally, the service provider must assist the individual with all aspects of the Housing Choice Voucher program, including completing applications, obtaining documentation of income, attending Housing Authority appointments with the client, and assisting the client in finding and maintaining housing.

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

6. Mainstream Vouchers:

The Housing Authority has received 240 Mainstream Vouchers.

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

Waiting list applicant households that include a household member aged 18-61 who is a person with a disability will be offered a Mainstream Voucher based on lottery and any applicable preferences. Persons eligible for Mainstream Vouchers include, but are not limited to, those who are transitioning from institutions, at serious risk of institutionalization, homeless or at risk of homelessness.

7. Graduates of the Continuum of Care (CoC) Shelter Plus Care (S+C) Program, Family Unification Program (FUP) Youth, and Foster Youth to Independence in Project Based Voucher units:

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

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

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

8. Temporary Measures during Periods of Low Utilization Rate:

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

- a. Lease In-Place Option. This preference will only be applicable to applicants already on the waiting list who currently live in the Housing Authority jurisdiction and reside in a unit that meets HQS standards.
- b. Eviction Prevention. The Housing Authority may accept direct referrals from the Community Action Board of Santa Cruz County (CAB) of families at imminent risk of homelessness due to eviction for economic reasons. The Eviction Prevention preference will be limited to applicants on the HCV waiting list and the preference will be limited to 24 vouchers.

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

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

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

Former LIPH waiting list applicants who were transferred to the Housing Choice Voucher Waiting List at the time of the Streamlined Voluntary Conversion of the LIPH Program will be given priority for appropriately sized former LIPH units.

11. Graduation to the HCV Program

The Housing Authority may “graduate” families from special purpose vouchers to a regular HCV by prioritizing the family for the next available HCV.

12. Imminent Risk of Losing Rental Assistance Due to Funding Constraints or Program Changes

At the sole discretion of the Executive Director, families currently participating in any Housing Authority administered voucher program that are at risk of losing rental assistance due to funding constraints or changes in program or eligibility requirements will be issued the next available HCV, PBV, or special purpose voucher for which the household is eligible. This waiting list preference is applicable to all Housing Authority administered waiting lists. If there are more families at risk of losing assistance than there are HCVs or special purpose vouchers available, families will be provided assistance in this order:

1. For Households that Had an Active Housing Choice Voucher or Other Special Purpose Voucher and Were Transferred to the Impacted Special Purpose Voucher Program
  - a. Date of HCV or special purpose voucher issuance. If more than one household has the same date of voucher issuance, date of placement or lottery number on the HCV Waiting List will be used as a tiebreaker.
2. For Households on the HCV Waiting List Prior to Issuance of the Special Purpose Voucher
  - a. Date of placement or lottery number on the HCV Waiting List
3. For Households NOT on the HCV Waiting List Prior to Issuance of the Special Purpose Voucher
  - a. Date of admission. If more than one household has the same date of admission, voucher issuance will be used as a tiebreaker, followed by referral date as an additional tiebreaker when necessary.

### Admission of Low-Income Families

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

### Targeting

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

### Opening and Closing the Waiting list

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

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

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

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

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

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

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

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

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

#### Selecting Applicants for the Moderate Rehabilitation Program

Vacant units under contract will be rented to eligible families referred either by the Housing Authority from the Housing Choice Voucher waiting list or through Homeless Persons Health Project as applicable.

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

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

extensions of at least an additional 60 days will be considered, subject to voucher and funding availability.

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

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

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

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

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

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

#### Veterans Assisted Supportive Housing / VASH (442 vouchers)

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

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

#### Family Unification Program (FUP) and Foster Youth to Independence (FYI) (259 vouchers)

Family Unification Program and Foster Youth to Independence (FYI) vouchers have been made available by HUD for this program. The Family Unification Program (FUP) vouchers are reserved

for families for which lack of adequate housing is a primary factor in the imminent placement of their a child or children in out-of-home care or in the delay of discharge of a child or children to the family from out-of-home care and for youth, 18-24 years old, who left foster care, or will leave foster care within 90 days, and are homeless or at risk of becoming homeless. FYI vouchers are reserved for youth, 18-24 years old, who left foster care, or will leave foster care within 90 days, and are homeless or at risk of becoming homeless. To be considered for FUP/FYI assistance, applicants will be identified and certified for eligibility by the County Human Services Department (HSD).

HSD provides referrals to the Housing Authority based on comprehensive risk assessment and FUP/FYI-eligibility determination. HSD will provide written certification to the Housing Authority that a family or a youth qualifies as a FUP/FYI-eligible family or youth. A family will be certified as eligible if it is determined that (1) the children are at imminent risk of placement in out-of-home care or at risk of having their discharge to the family from out-of-home care delayed (2) the lack of adequate housing is a primary factor in the risk of placement or delay of discharge and (3) the family meets all other eligibility requirements for Section 8 assistance; youth will be certified as eligible by age, foster care history, and homelessness risk. Youth will also be identified through the county Coordinated Entry System. FUP Youth and FYI vouchers have a HUD imposed 36- month limit on rental assistance, except for the provisions under Fostering Stable Housing Opportunities (FSHO).

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

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

- ii. Workforce Development: The youth was participating in a career pathway, as such term is defined in section 3 of the Workforce Innovation and Opportunity Act (WIOA).
  - iii. Employment: The youth was employed.
3. FUP/FYI youth who meet one of the statutory exceptions:
- a. Are responsible for the care of a dependent child under the age of 6 or for the care of an incapacitated person;
  - b. Are regularly and actively participating in a drug addiction or alcohol treatment and rehabilitation program; or
  - c. Are incapable of complying with the requirement to participate in an FSS program or engage in education, workforce development, or employment activities, as applicable, due to a documented medical condition.

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

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

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

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

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

FUP/FYI recipients who have been stably housed for 2 years may "graduate" into the regular voucher program if they are in good standing with the program and there are vouchers/funding

available. At that time, the FUP/FYI assistance would be available for the next eligible family referred to the Housing Authority by the Human Services Department.

#### Issuance as a Reasonable Accommodation

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

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

#### Disabled Vouchers (138 vouchers)

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

#### Medicaid Waiver Program (27 vouchers)

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

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

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

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

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

Medicaid Waiver vouchers are issued based on placement on the Medicaid Waiver waiting list. Eligible referrals are provided by social service agencies with a current MOU with the Housing Authority to provide referrals and services. Those referrals produce the Medicaid Waiver waiting list. Social service agencies with a current MOU with the Housing Authority are as follows: Dignity Health and Medical Foundation, Housing Choice Coalition, Health Project Center, Santa Cruz County Health Services Agency, Santa Cruz County Human Services Department.

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

HUD has made vouchers available for persons participating in the CalWORKs Welfare to Work Program. The Welfare to Work vouchers are reserved for CalWORKs participants. They are intended to be a key part of the strategy to support the efforts of Santa Cruz County families who are working towards self-sufficiency. Welfare to Work vouchers are not issued based on placement on the Housing Choice Voucher waiting list. Instead, eligible referrals are provided by the Santa Cruz County Human Services Department (HSD).

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

The Housing Authority will be responsible wholly or in part for

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

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

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

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

### Emergency Housing Vouchers (EHV)

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

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

The EHV allocation from HUD is accompanied by a one-time service fee to support the efforts of implementing the program. The Housing Authority will use this service fee in accordance with the requirements established in PIH 2021-15, as well as any subsequent HUD guidance. Use of the service fees may include security deposits assistance, owner-related recruitment, incentives, and retention programs, move-in assistance, and tenant readiness services, or any other allowable use that supports the rapid issuance and utilization of these vouchers.

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

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

The Housing Authority may "graduate" EHV households into the regular HCV program, or any applicable HCV preference or voucher type, in order to maximize utilization and provide assistance to the maximum number of homeless applicants. Families will be graduated in order of date of admission to the EHV Program, subject to any other applicable waiting list preferences.

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

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

#### Stability Vouchers (SV) (41 Vouchers)

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

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

1. Individuals and families who are currently experiencing homelessness;

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

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

HACSC operates the following Special Purpose Voucher programs in accordance with MTW flexibilities: Mainstream, FUP, VASH, EHV, and Stability.

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

##### Definition of a Family

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

Each family contains a head of household, who must be at least eighteen years old, or if under 18, they must be an emancipated minor. Each family member must reside in the assisted unit more than 50% of the time (at least 184 days out of the year). Children who are temporarily away from the home because of placement in foster care and military servicepersons on active duty are considered part of the family if they would otherwise be living in the assisted unit.

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

##### Definition of a Household

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

##### Definition of a Foster Child

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

##### Definition of a Foster Adult

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

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

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

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

#### Definition of a Temporary Family Member

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

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

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

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

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

#### Definition of a Guest

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

#### Definition of When a Family Is Continuously Assisted

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

#### Standards for Denying Admission or Terminating Assistance

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

1. If the family violates any family obligations under the program as outlined under obligations of participant
2. If any member of the family has ever been evicted from federally assisted housing in the last 5 years.
3. If a housing authority has ever terminated assistance under the voucher program for any member of the family
4. If any member of the family commits drug-related criminal activity, or violent criminal activity, including conviction for manufacturing or producing Methamphetamine.

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

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

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

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

To expand the number of rental property owners participating in the Housing Choice Voucher Program, the Housing Authority mails promotional material to property management agencies on

an as-needed basis and conducts landlord briefings on an at-least annual basis. The Housing Authority encourages property owners throughout the jurisdiction, including in areas of lower poverty rates, to accept Housing Choice Vouchers. The Housing Authority collaborates in community-wide outreach to encourage landlords in all areas to accept housing assistance tenants.

Specific steps include the following:

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

Actions to explain program requirements including equal opportunity to owners:

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

Property Agent Incentive Programs

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

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

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

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

The Housing Authority assists families that claim illegal discrimination by including discrimination complaint forms in every briefing packet as well as mailing complaint forms to participants upon request; and referring families to the appropriate state and/or federal agency. The Housing Authority ensures all policies, procedures and staff conduct are consistent with civil rights and fair housing.

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

Assistance to be given to Housing Choice Voucher holders in the exercise of their rights under Federal, State and/or Local Law: Housing Authority staff who are Spanish speaking will assist

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

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

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

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

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

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

## **VIII. Disapproval of Owners**

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

## **IX. Subsidy Standards**

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

1. The Housing Authority will review each household composition to determine voucher size. An unborn child will not be counted as a person, unless the pregnant woman is the only person in the household, in which case the family will be treated as a two-person household.

Temporary household members, guests, and family members of live-in aides, (as defined above) will not be counted for the purpose of determining voucher size.

Children who are temporarily absent from the home due to placement in foster care and military servicepersons on active duty are considered part of the family if they would otherwise be living in the assisted unit; however, they will not be counted for purposes of determining voucher size while they are absent from the unit under the following conditions.

- a. Families with children placed in foster care will retain their voucher size for a minimum of twelve (12) months following the child's removal. After the twelve-month period, the child may be removed from the household at the next regular re-examination or after the family has been provided at least one hundred twenty (120) days' written notice. When the child returns from foster care placement, the household composition will be updated at an interim re-examination, and the voucher size and payment standard will be adjusted at that time. The family will not be required to wait until the next regular re-examination.
- b. Families with military servicepersons on active duty will be downsized at the first transfer or regular re-examination following the serviceperson's departure or after the family has been provided at least one hundred twenty (120) days' written notice. When the serviceperson returns from active duty, the household composition will be updated at an interim re-examination, and the voucher size and payment standard will be adjusted at that time without requiring the family to wait for the next regular re-examination.

On a case-by-case basis, the Housing Authority may allow minor children to be added to the household if adult household members are identified as stand-by guardians under the Childcare Safety Plan.

2. One bedroom will be allocated to the head of household and their spouse or registered domestic partner or significant other. One bedroom will be allocated to every two approved household members, regardless of gender, age, or familial status.
3. A household member must be a resident of the unit at least 51% of the time (at least 184 days of the year) to be counted as part of the household for the purposes of determining voucher size.

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

#### Subsidy Standards for the HCV Program

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

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

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

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

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

#### Subsidy Standards for the PBV Program

For the PBV Program, the following subsidy standards apply to all families of like size, regardless of composition.

<b>Number of Bedrooms in Unit</b>	<b>Minimum Occupancy (Number of Persons)</b>	<b>Maximum Occupancy (Number of Persons)</b>
SRO	1	1
0 (Studio)	1	2
1	1	3
2	2	5
3	4	7
4	5	9

## Enhanced Vouchers

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

## Exceptions and Live-in-Aides

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

1. Only the live-in-aide spouse, registered domestic partner, or birth child may be added to the household.
2. The addition of the live-in-aide's family members will not be approved if it will cause overcrowding to the existing unit.
3. The live-in-aide's family members, like the live-in aide, are subject to all Housing Authority background checks and screening procedures.
4. The family will not receive a dependent allowance for the live-in aide's child.
5. The income of the live-in aide, live-in aide's spouse, live-in aide's registered domestic partner, or adult children of the live-in aide will not be counted.
6. All adult family members of the live-in aide must sign an agreement confirming that they understand they are not a member of the assisted family.

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

For families in PBV units, if family has a live-in-aide, the addition of the live-in-aide and all family members of the live-in-aide may exceed the maximum occupancy, provided that the live-in-aide and their family members have their own bedroom and they would not cause overcrowding in the unit.

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

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

The family may select a larger sized unit provided their portion of the rent does not exceed 50% of their adjusted monthly income at move-in. A family may select a smaller sized unit provided there is no HQS violation based on overcrowding. However, the payment standard used to determine the level of rental assistance will be based on the smaller of the payment standard for the voucher size or the payment standard for the unit size. Families electing to reside in a larger unit will pay a larger share of rent. Similarly, families electing to reside in a smaller unit will receive a smaller payment standard and will not benefit financially from choosing a smaller unit.

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

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

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

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

Persons who may NOT receive the voucher

1. No person may receive the voucher in the case of a family break up unless he/she has been a member of the family living in the household for at least the three consecutive prior years. Cases where the family has been on the program for less than three years will be forwarded to the Director of the Housing Programs Department for review on a case-by-case basis.
2. Neither a live-in aide nor any family members of a live-in aide may receive the voucher.
3. No temporary family member or guest may receive the voucher.
4. No minor may receive the voucher.

Persons who may receive the voucher

1. In the event of family break up, the voucher will automatically go to the head of household's spouse or registered domestic partner if applicable.
2. If the head of household does not have an eligible spouse or registered domestic partner, the Housing Authority has the discretion to determine whether or not any remaining household members may receive the voucher. The Housing Authority may consider the following factors:

- a. Whether or not the remaining family member is elderly or disabled
  - b. Whether or not the remaining family member has legal dependents that are living in the assisted unit
  - c. Whether or not a family member has been a victim of actual or threatened violence against family members by another member of the household
  - d. Whether or not the remaining family member is employed
  - e. Other relevant factors as determined by the Housing Authority on a case-by-case basis
3. If the family member who receives the voucher and becomes the head of household was also on the waiting list, the Housing Authority shall remove their name from the waiting list.

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

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

### Notice to Applicant

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

### Informal Review Process

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

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

### When Informal Review Is Not Required

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

1. Discretionary administrative determinations by the Housing Authority.
2. General policy issues or class grievances.
3. A determination of the family unit size under the Housing Authority subsidy standards.
4. A Housing Authority determination not to approve an extension or suspension of a voucher term.
5. A Housing Authority determination not to grant approval of the tenancy.

6. A Housing Authority determination that a unit selected by the applicant is not in compliance with HQS.
7. A Housing Authority determination that the unit is not in accordance with HQS because of the family size or composition.

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

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

#### When Hearing Is Required

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

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

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

#### When Hearing Is Not Required

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

1. Discretionary administrative determinations by the Housing Authority.
2. General policy issues or class grievances.
3. Establishment of the Housing Authority schedule of utility allowances for families in the program.
4. Housing Authority determination not to approve an extension or suspension of a voucher term.

5. Housing Authority determination not to approve a unit or tenancy.
6. Housing Authority determination that an assisted unit is not in compliance with HQS. (However, the Housing Authority must provide the opportunity for an informal hearing for a decision to terminate assistance for a breach of the HQS caused by the family.)
7. Housing Authority determination that the unit is not in accordance with HQS because of the family size.
8. Housing Authority determination to exercise or not to exercise any right or remedy against the owner under a HAP contract.

#### Expeditious Hearing Process

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

#### Discovery

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

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

#### Representation of Family, Recording of Hearing

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

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

#### Hearing Officer

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

#### Evidence

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

#### Issuance of Decision

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

#### Effect of Decision

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

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

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

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

#### Payment Standards

Payment Standards are used to calculate the Housing Assistance Payment that the Housing Authority pays to the landlord on the tenant's behalf. The payment standard represents the maximum level of subsidy that may be paid by the Housing Authority. Payment Standards will be reviewed, and revised, if necessary, at least annually following the publication of the Fair Market Rents (FMR) by HUD. Factors used in this analysis include the following:

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

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

South County (95019, 95076, excluding the La Selva Beach neighborhood)  
San Lorenzo Valley (95005, 95006, 95007, 95018, 95041)  
North County (all other Santa Cruz County ZIP codes, and the La Selva Beach neighborhood)

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

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

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

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

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

#### Utility Allowances

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

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

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

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

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

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

#### [Voucher Family Rent Contributions](#)

[At initial occupancy, a family's share of the gross rent may not exceed fifty percent \(50%\) of the family's adjusted monthly income.](#)

#### [Minimum Rents](#)

The minimum rent is \$0.

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

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

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

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

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

### Shared Housing in the Housing Choice Voucher Program

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

### Shared Housing in the Project Based Voucher Program

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

### Eligibility for Shared Housing

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

### Subsidy Standards

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

#### Additional Limitations for Shared Housing

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

#### Utilities

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

#### Other Special Housing Types

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

1. Single-person households will be eligible to use Single Room Occupancy housing.
2. Elderly or disabled participants in the Housing Choice Voucher program will be eligible to use Congregate Housing and Group Home Housing.
3. All participants in the Housing Choice Voucher program will be eligible to use Cooperative Housing, Manufactured Home Housing and Manufactured Home- Space Rent Housing.
4. Any special housing type will be eligible for use if needed as a reasonable accommodation so that the program is readily available to and usable by persons with disabilities.

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

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

### Family Participation Requirements

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

### Housing Counseling

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

### Capacity Test

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

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

### Locating a Unit

1. There are no shopping deadlines imposed on families who are interested in purchasing a home. Because the homeownership option is available only to families currently receiving Section 8 rental assistance, their rental voucher will remain in effect as they search for a unit to purchase. The rental voucher will be converted to a homeownership voucher during the escrow process. If a family wishes to transfer to another unit and is issued a transfer voucher, the usual requirement to locate a unit within regular voucher search term applies, regardless of whether the family chooses to move to another rental unit or wishes to purchase a home under the homeownership option. Therefore, it is highly recommended that families remain in their current unit while they undertake a search to locate a unit to purchase.
2. If a family cannot locate a unit to purchase, their rental voucher will remain in effect.

### Down Payment and Financing

1. Cash down payment and equity requirements shall be the same as those required under Section D, "Capacity Test", subsection 1.

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

#### Continuation of Assistance

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

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

The Project-Based Voucher (PBV) program is a rental assistance program where the assistance is attached to the unit rather than to the family occupying the unit. The PBV Program allows PHAs

that already administer a tenant-based voucher program to use a limited number of its authorized vouchers and attach funding to specific units rather than using it for tenant-based assistance.

### 1. Project Definition

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

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

### 2. Program Cap (Percentage Limitation)

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

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

#### Standard Competitive PBV Selection Process

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

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

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

The Housing Authority may continually maintain an open Request for Proposals (RFP) for project-based vouchers or may offer an RFP that opens and closes at defined times. The

Board of Commissioners will establish the Evaluation and Scoring Criteria upon which the associated RFP will be written. Interested parties may submit proposals while the RFP remains open. Open RFPs will remain posted on the Housing Authority website. For any given RFP, the Housing Authority may select one or more projects for a conditional award of PBVs or may select no projects.

#### Non-Competitive PBV Selection Process

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

#### Notification of Selection

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

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

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

#### 5. Site Selection Standards and Policy

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

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

- a. Whether the Census Tract in which the proposed PBV development will be located is in a HUD-designated Enterprise Zone, Economic Community or Renewal Community
- b. Whether a PBV development will be located in a census tract where the concentration of assisted units will be or has decreased as a result of public housing demolition.
- c. If the poverty rate in the area where the proposed PBV development will be located is greater than 20 percent, whether in the past five years there has been an overall decline in the poverty rate.
- d. Whether the census tract in which the proposed PBV development will be located is undergoing significant revitalization.

- e. Whether state, local, or federal dollars have been invested in the area that has assisted in the achievement of the statutory requirement.
- f. Whether new market rate units are being developed in the same census tract where the proposed PBV development will be located and the likelihood that such market rate units will positively impact the poverty rate in the area.
- g. Whether there are meaningful opportunities for educational and economic advancement in the census tract where the proposed PBV development will be located.

### Site Selection Policy

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

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

## 6. Inspection Policies

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

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

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

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

[For new construction or rehabilitation projects, the Housing Authority will not schedule inspections prior to the project receiving a certificate of occupancy covering all PBV units and all common areas that may be accessible by PBV residents.](#)

[For new construction or rehabilitation projects, the Housing Authority may charge the owner an administrative fee if all proposed PBV units do not pass the initial inspection and a re-inspection is required.](#)

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

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

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

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

Execution of an AHAP is required within 24 months of the original conditional award of PBVs. Owners may request up to two six-month extensions, which may be approved on a case-by-case basis. Each extension must be requested separately.

The Housing Authority will only execute an AHAP if the owner provides final working drawings and specifications, as approved by the permitting jurisdiction. "Final" means the complete set of drawings and specifications for which a building permit will be or has been issued.

9. Certification of Completion of the Work

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

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

10. Rehabilitated Housing Developed After PBV HAP Contract Execution

Upon implementation of the applicable regulations by HUD, and on a case-by-case basis, the Housing Authority may consider entering into a PBV HAP Contract for rehabilitated housing that allows for development activity after HAP Contract execution.

The timing of the initial inspection will be determined upon implementation of the applicable regulations by HUD.

The form and manner of owner notifications of changes in the status of contract units will be determined upon implementation of the applicable regulations by HUD.

Any period of compliance of development activity that has not been completed by the deadline will be determined upon implementation of the applicable regulations by HUD.

11. Adding or Substituting Contract Units

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

## 12. Housing Quality Policies

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

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

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

## 13. Waiting List Policies and Tenant Selection

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

### Owner-Maintained Waiting List Approval

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

### Owner-Maintained Waiting List Oversight Procedures

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

### Owner-Maintained Waiting List Policies

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

- Tabasa Gardens – Farmworker Waiting List (10 PBV units)
- Cienega Heights – Joe Serna Waiting List (5 PBV units)

- Shared waiting list with Sparrow Terrace
- Sparrow Terrace – Joe Serna Waiting List (12 PBV units)
  - Shared waiting list with Cienega Heights

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

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

#### Rejections of Units Offered for Good Cause

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

- a. The family determines that the unit is not accessible to a household member with a disability or otherwise does not meet the member's disability-related needs
- b. The unit has HQS deficiencies
- c. The family is unable to accept the offer due to circumstances beyond the family's control (such as hospitalization, temporary economic hardship, or natural disaster)
- d. The family determines the unit presents a health or safety risk to a household member who is or has been a victim of domestic violence, dating violence, sexual assault, or stalking, as provided in 24 CFR part 5, subpart L
- e. The family chooses to not apply as a result of the family size/composition not meeting the occupancy standards/subsidy standards, provided that there is another unit at the property for which they would qualify based on unit size and voucher/unit type
- f. On a case-by-case basis, at the discretion of the Executive Director

For the Farmworker PBV Waiting List only, families may reject one (1) PBV unit offer for a reason other than good cause (as identified above) and remain on the waiting list.

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

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

#### 14. Tenant Screening & Information to the Owner

The Housing Authority will screen PBV applicants for income, citizenship status, certain criminal convictions, and other factors necessary to determine program eligibility.

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

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

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

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

#### 16. Family Right to Move

If HCVs are available, families may move from PBV units with an HCV after receiving PBV assistance for one year.

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

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

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

#### 18. Units for Special Populations

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

#### 19. Rent to Owner

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

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

## 20. Rent Redetermination

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

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

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

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

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

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

## 21. Vacancy Payments

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

### For HAP Contracts that Include Vacancy Payments:

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

To request vacancy payments, the owner must provide written notice to the Housing Authority that certifies the previous family has vacated the unit and the date when the

family moved out. The owner must also provide written certification that the vacancy is not the owner's fault, that the owner took every reasonable action to minimize the likelihood and length of vacancy, and that the unit was actually vacant for the period in which the vacancy payments have been claimed.

## 22. Utility Reimbursements

Utility reimbursements will be paid directly to the participant.

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

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

## 24. Project-Basing Special Voucher Types

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

## 25. Conflict of Interest

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

- a. Any present or former member or officer of the Housing Authority;
- b. Any employee of the Housing Authority, or any contractor, subcontractor or agent of the Housing Authority, who formulates policy or who influences decisions with respect to the programs;
- c. Any public official, member of a governing body, or State or local legislator, who exercises functions or responsibilities with respect to the programs; or
- d. Any member of Congress of the United States.

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

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

Under MTW authority, the Housing Authority is authorized to conduct Rent Reasonableness determinations for PHA-owned PBV units. Regulations require that the Housing Authority ensures that the contract rent requested by is reasonable, meaning that the rent is not more than rent charged for comparable units in the private unassisted market, or the rent is comparable to other assisted or unassisted units in the same premises.

Comparable market rents are monitored by the Housing Authority and will be used to determine rent reasonableness. An approved rent to the owner may not exceed the most recently determined, or re-determined, reasonable rent amount.

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

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

#### 28. Progress Reports and Documentation Upon Request

The owner must provide progress reports and any other relevant project information or document the Housing Authority requests within a timely manner and by established deadlines.

#### 29. Accessible Unit Limits

The Housing Authority may place a limit on the number of accessible units that an owner can attach its awarded PBVs to at a given project.

Due to HUD requirements related to occupancy of accessible units, this limit helps to keep PBV units distributed in a way that supports both households with disabilities and the broader eligible population.

#### 30. Referral Memoranda of Understanding

For third-party referral PBV units (except VASH units) or for units with the provision of third-party supportive services, the owner must execute a Housing Authority-approved memorandum of understanding with the referring agency and/or supportive services provider. The Housing Authority will not process any applicants for third-party referral-based PBV units until such documents are approved and executed.

#### 31. Tenant Selection Plan, Marketing Plan, and Lease-Up Materials

Owners must establish a tenant selection plan and marketing plan prior to lease-up of the PBV units. The tenant selection plan and marketing plan must be approved by the Housing Authority. The Housing Authority may also require the owner to create other lease-up materials, such as a marketing flyer.

The owner must follow the provisions of the Housing Authority-approved tenant selection plan and marketing plan.

All outreach and application materials must be provided in both English and Spanish and must be accessible to persons with disabilities.

#### 32. Lease-Up Guidelines

The Housing Authority may establish guidelines related to the lease-up of the PBV units at initial occupancy and upon turnover. Owners must follow these guidelines.

Guidelines may include, but are not limited to, the method and manner by which PBV units are offered to PBV applicants, the application format that must be made available to PBV applicants, the method and manner by which lease-up is coordinated between the owner and the Housing Authority, and the method and manner by which approved PBV applicants are referred to the Housing Authority.

### 33. Conditional Award Letter – Conditions of Award and Reservation of Rights

Projects that are selected for PBVs will be provided with a conditional award letter, which will outline all conditions of award and the Housing Authority’s reservation of rights.

The full award of the PBVs is conditioned upon compliance with all conditions of award.

The Housing Authority may update the conditions of award to the agency’s most recent set of conditions and reservation of rights if the conditional award letter is revised. Revisions to the conditional award letter may be done in cases including, but not limited to, the owner’s request, changes in the voucher mix of awarded PBVs, changes to the owner entity for partnership purposes, extensions to the deadline by which the project must execute an AHAP, or changes to the term of the initial PBV commitment.

The owner must sign the conditional award letter to accept the conditions of award and the reservation of rights. The award of PBVs is not official until the conditional award letter is signed by the owner and returned to the Housing Authority by the established deadline.

### 34. Compliance Agreement

At the discretion of the Housing Authority, prior to or at the occupancy planning/lease-up stage, the owner must enter into a Housing Authority-approved compliance agreement.

### 35. Remedies for Non-Compliance

a. The Housing Authority may take any of the following rights or remedies if the owner does not comply with one or more conditions of award, the tenant selection plan, lease-up guidelines, or any other provision of this Administrative Plan:

- a. Reducing the number of PBVs awarded
- b. Rescinding the award of PBVs
- c. Removing PBVs from the HAP Contract upon turnover
- d. Cancelling the HAP Contract

e. Requiring documentation of policies, processes, and evidence of compliance with requirements

f. Applying monetary damages and/or charging administrative fees

Prior to taking corrective action, the Housing Authority will issue a notification of noncompliance to the owner, and will provide the owner with an opportunity to come into compliance. The Housing Authority may require the owner to take action by a time prescribed in the notice.

The Housing Authority's exercise or non-exercise of any remedy for non-compliance is not a waiver of the right to exercise that remedy or any other remedy at any time.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Consent Form

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

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

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

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

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

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

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

#### Changes to the Head of Household

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

#### Changes to Household Composition

If any household member moves out of the assisted unit, the family must inform the Housing Authority in writing within 14 calendar days of the move out. If the reduction in household members results in the number of bedrooms in the unit exceeding that which the family is eligible for, the Housing Authority will reduce the subsidy standard, reduce the voucher size, and adjust the payment standard accordingly at the family's next regular recertification or with at least 30 days' notice of the change, or longer as established by Housing Authority procedures.

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

The Housing Authority will apply the following criteria when determining who may move into an assisted unit. Children who are temporarily away from the home because of placement in foster care and military servicepersons on active duty are considered part of the family (even if they are not currently living in the household) if they would otherwise be living in the assisted unit. Therefore, when children return from foster placement, or when military servicepersons return from

active duty, they may return to the household (see Subsidy Standard section for information about effects on voucher size). The rules below about who can be added to a household do not apply to children out of the unit due to placement in foster care and military servicepersons who were already living in the household prior to their temporary absence.

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

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

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

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

#### Changes in Household Income:

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

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

#### Income Calculation Errors

If a household receives less housing assistance than they are eligible for due to a Housing Authority error, the Housing Authority will correct the error and reimburse or credit the family for the difference through an adjustment in the housing assistance payment system or issue a reimbursement check if a system adjustment is not feasible

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

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

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

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

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

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

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

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

In the case of new move-ins, all units must pass inspection before the HAP contract may begin. If it is determined a unit has HQS deficiencies during the initial inspection, the unit must be re-inspected until the deficiencies have been corrected and the unit is in compliance with the HQS.

However, in the case of biennial re-inspections, if a unit is out of compliance due to HQS deficiencies, the Housing Authority may allow the owner to self-certify that the repairs or corrections have been made but reserves the right to require re-inspections for significant failed items. The Housing Authority does not charge a re-inspection fee to owners.

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

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

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

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

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

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

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

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

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

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

purpose vouchers, new special purpose vouchers will be issued first, before general purpose vouchers.

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

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

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

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

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

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

The Housing Authority intends to use MTW funding to acquire, renovate and/or build affordable units that are not public housing units. Eligible activities may include gap financing or construction costs for development of affordable housing, conducted by the PHA or a PHA-controlled affiliate or by a non-PHA affordable housing developer, including but not limited to development of project-based voucher units, tax credit units, or affordable units funded with any other local, state, or federal funds. Local, non-traditional development activities will be conducted in accordance with the applicable requirements of PIH Notice 2011-45 and the MTW Operations Notice and other

approved HUD waivers as applicable to this activity. The first assisted project was new construction of twenty (20) units of affordable housing located at 415 Natural Bridges Drive, Santa Cruz CA, occupied in Spring 2025.

The second assisted project is the acquisition of “Chanticleer” at 2021 – 2031 Chanticleer Avenue, Santa Cruz, CA 95602, and subsequent construction of new affordable housing. The Housing Authority has authorized a pre-development loan to support the project using LNT funding. In addition, the Housing Authority may utilize LNT authority to purchase an adjacent property, 2030 17<sup>th</sup> Avenue, to accommodate better access and additional housing units.

**For Public Comment**

**Housing Authority of the County of Santa Cruz**  
**Moving to Work (MTW) Supplement to the PHA Annual Plan**  
*Inclusive of all Agency Specific Waivers*  
For Fiscal Year Beginning 7/1/2026

# PHA Name : Housing Authority of The County of Santa Cruz

PHA Code : CA072

MTW Supplement for PHA Fiscal Year Beginning : (MM/DD/YYYY): [07/01/2026](#) ~~7/1/2025~~

PHA Program Type: Combined

MTW Cohort Number: Asset Building

MTW Supplement Submission Type: Annual Submission

## B. MTW Supplement Narrative.

The Housing Authority of the County of Santa Cruz (HACSC) is pleased to submit this Fiscal Year (FY) ~~2026~~ ~~2025~~ Moving to Work (MTW) Supplement ~~component of~~ ~~to~~ the Annual PHA Plan. HUD designated HACSC as an MTW Agency in September 2022, through the MTW Asset Building Cohort, to test asset building initiatives to encourage growth of savings accounts and/or aim to build credit for assisted households. HACSC's MTW Plan and Application selected the HUD defined "Opt-Out Savings Account" as the initial MTW asset building activity. HACSC has worked for the past ~~two~~ ~~three~~ years with HUD and the evaluation team to develop, implement and evaluate the "Opt-Out Savings Account" initiative. HACSC has also actively participated in the "Community of Practice" with HUD, the evaluation team, and other MTW agencies in the Asset Building Cohort to further develop and implement best practices related to asset building. [The final deposits into the participants' savings accounts will be made in February, 2026.](#)

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

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

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

**Housing Choice:** HACSC's approach to improving housing choice includes providing housing stability to program participants that are already housed through waivers such as alternative income inclusions / exclusions, alternative reexamination schedule, and Moving On policies to align tenant rent and utility payments between partner agencies. The strategy to promote housing choice and to increase the supply of affordable housing is being achieved through our increase to the PBV program cap and PBV project cap. ~~The ability to expand~~ [Expansion of](#) the PBV program ~~is has~~ already provided [hundreds of new affordable](#) housing opportunities to program participants and continues to support the development of hundreds of new affordable housing units within our community. Additionally, housing choice will be expanded through implementation of ~~an the~~ Agency Specific Waiver [Alternative Total Development Cost \(TDC\) Calculation Methodology to adopt an alternative reasonable cost formula to include Hard Construction Cost \(HCD\) and Total Development Cost \(TDC\)](#) for development and construction activities under the local non-traditional activities.

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

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

The Housing Authority may utilize LNT authority under waiver 17.c. for Housing Development Programs. [The Housing Authority invested a total of \\$10.87 million in MTW funds to support both the development and early operations of the Natural Bridges property. This investment occurred in two phases. First, an \\$8.05 million Development Loan, originated in December 2023, provided the core funding needed for construction and initial project start-up. Then in 2025, the Housing Authority supplied an additional \\$2.82 million through two operating loans, which supported the property as it moved into occupancy, covered early operating needs, and helped the project stabilize financially. Together, these two financing events make up the full amount of MTW funds invested in the project. This funding helped Natural Bridges to be completed, opened to residents, and positioned for long-term success as affordable housing in the community.](#)

The Housing Authority ~~purchased~~ ~~has an Option Agreement to acquire~~ “Chanticleer” at 2021 – 2031 Chanticleer Avenue, Santa Cruz, CA 95602 ~~from the seller. The Housing Authority plans to use~~ utilizing MTW funds. ~~for the acquisition. At the time of purchase, t~~he Housing Authority ~~will~~ recorded a regulatory agreement and declaration of restrictive covenants in which the property must be used for the development of affordable housing and for the units to be occupied by low-income households with incomes at or below 80% of the Santa Cruz County area median income level. The Housing Authority has authorized a pre-development loan to support the project using LNT funding. In addition, the Housing Authority may utilize LNT authority to purchase an adjacent property, 2030 17<sup>th</sup> Avenue, to accommodate better access and additional housing units for the 2021 Chanticleer project. A regulatory agreement and declaration of restrictive covenants will be recorded for this parcel. After acquisition, the project is anticipated to consist of the new construction of an estimated 50-60 affordable units, with the exact amount and AMI levels to be determined pending a feasibility analysis. The proposed unit mix includes 50% two-bedroom and three-bedroom units, with the remaining 50% of units to include studios and/or one-bedrooms. The Housing Authority is currently conducting the feasibility analysis to determine the cost and source of funds to support the development and construction of the project. The Housing Authority anticipates MTW funds will also be used to support the development and construction costs of this project utilizing LNT authority and will seek other non-MTW funding such as low-income housing tax credits, HOME, CDBG, and other state and local funding.

**C. The policies that the MTW agency is using or has used (currently implement, plan to implement in the submission year, plan to discontinue, previously discontinued).**

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

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

<b>10. Family Self-Sufficiency Program with MTW Flexibility</b>	
a. PH Waive Operating a Required FSS Program	Not Currently Implemented
a. HCV Waive Operating a Required FSS Program	Not Currently Implemented
b. PH Alternative Structure for Establishing Program Coordinating Committee	Not Currently Implemented
b. HCV Alternative Structure for Establishing Program Coordinating Committee	Not Currently Implemented
c. PH Alternative Family Selection Procedures (PH)	Not Currently Implemented
c. HCV Alternative Family Selection Procedures (HCV)	Not Currently Implemented
d. PH Modify or Eliminate the Contract of Participation (PH)	Not Currently Implemented
d. HCV Modify or Eliminate the Contract of Participation (HCV)	Currently Implementing <del>Plan to Implement in the Submission Year</del>
e. PH Policies for Addressing Increases in Family Income (PH)	Not Currently Implemented
e. HCV Policies for Addressing Increases in Family Income (HCV)	Currently Implementing <del>Plan to Implement in the Submission Year</del>
<b>11. MTW Self-Sufficiency Program</b>	
a. PH Alternative Family Selection Procedures (PH)	Not Currently Implemented
a. HCV Alternative Family Selection Procedures (HCV)	Not Currently Implemented
b. PH Policies for Addressing Increases in Family Income (PH)	Not Currently Implemented
b. HCV Policies for Addressing Increases in Family Income (HCV)	Not Currently Implemented
<b>12. Work Requirement</b>	
a. Work Requirement (PH)	Not Currently Implemented
b. Work Requirement (HCV)	Not Currently Implemented
<b>13. Use of Public Housing as an Incentive for Economic Progress (PH)</b>	
Use of Public Housing as an Incentive for Economic Progress (PH)	Not Currently Implemented
<b>14. Moving on Policy</b>	
a. Waive Initial HQS Inspection Requirement (HCV)	Currently Implementing
b. PH Allow Income Calculations from Partner Agencies (PH)	Not Currently Implemented
b. HCV Allow Income Calculations from Partner Agencies (HCV)	Currently Implementing
c. PH Aligning Tenant Rents and Utility Payments Between Partner Agencies	Not Currently Implemented
c. HCV Aligning Tenant Rents and Utility Payments Between Partner Agencies	Currently Implementing
<b>15. Acquisition without Prior HUD Approval (PH)</b>	
Acquisition without Prior HUD Approval (PH)	Not Currently Implemented
<b>16. Deconcentration of Poverty in Public Housing Policy (PH)</b>	
Deconcentration of Poverty in Public Housing Policy (PH)	Not Currently Implemented

<b>17. Local, Non-Traditional Activities</b>	
a. Rental Subsidy Programs	<a href="#">Plan to Implement in the Submission Year</a> <del>Not Currently Implemented</del>
b. Service Provision	Not Currently Implemented
c. Housing Development Programs	Currently Implementing

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

<b>1.o. - Initial Rent Burden (HCV)</b>
<b>Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative</b> HACSC will waive the maximum family share at initial occupancy of 40% of the family's monthly income. HACSC will not allow the family share at initial occupancy to exceed 50% of the family's monthly income. Santa Cruz County is currently the most expensive rental market in the nation. HACSC requests this waiver to promote increased housing choice for households, allowing HCV participants more options in their housing search. Implementation of this activity allows participants to look for housing that may be more costly than otherwise permitted under HUD regulations, but it also gives participants the option to live in lower poverty neighborhoods with access to better schools and employment opportunities
<b>Which of the MTW statutory objectives does this MTW activity serve?</b> Housing choice
<b>What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.</b> Neutral (no cost implications)
<b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b> The MTW activity applies to all assisted households
<b>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.</b> <a href="#">This waiver has been implemented.</a> <del>N/A</del>
<b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b> No
<b>Does the MTW activity require an impact analysis?</b> Yes This document is attached.
<b>Does the impact analysis apply to more than this MTW activity?</b> No

**1.u. - Standard Deductions (HCV)**

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

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

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

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

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

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

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

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

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

Cost effectiveness

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

Decreased expenditures

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

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

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

New admissions and currently assisted households

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

The MTW activity applies only to selected family types

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

Other – another specifically defined target population or populations.

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

Elderly and disabled

<p><b>Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?</b></p> <p>The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers</p>
<p><b>Please describe which tenant-based units and/or properties with project-based vouchers participate in the MTW activity.</b></p> <p>The MTW activity applies to all tenant-based units and all properties with project-based vouchers.</p>
<p><b>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.</b></p> <p>The activity was approved by HUD in October 2024 and HACSC <a href="#">has implemented the waiver as proposed</a>. <del>is in the process of implementation. Staff training and Yardi setup are scheduled for Spring 2025, with an anticipated effective date of 7/1/2025.</del></p>
<p><b>Does this MTW activity require a hardship policy?</b></p> <p>Yes</p> <p>This document is attached.</p>
<p><b>Does the hardship policy apply to more than this MTW activity?</b></p> <p>No</p>
<p><b>Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?</b></p> <p>No</p>
<p><b>How many hardship requests have been received associated with this activity in the past year?</b></p> <p><a href="#">One</a>. <del>No hardship were requested in the most recent fiscal year.</del></p>
<p><b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b></p> <p>No</p>
<p><b>Does the MTW activity require an impact analysis?</b></p> <p>Yes</p> <p>This document is attached.</p>
<p><b>Does the impact analysis apply to more than this MTW activity?</b></p> <p>No</p>
<p><b>How much will the single standard deduction be in the Fiscal Year?</b></p> <p>\$1,500</p>

**1.w. - Alternative Income Inclusions/Exclusions (HCV)**

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

Exclude income from asset-building activities. This change benefits clients, increasing self-sufficiency and housing choice as well as saving tenant time. Additionally, it reduces staff time. Decreased staff paperwork increases operational efficiency and cost-effectiveness.

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

Cost effectiveness; Self-sufficiency; Housing choice

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

Increased expenditures

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

The MTW activity applies to all assisted households

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

The asset-building activities have been implemented, with deposits effective March 2024. [The final deposits for the two-year pilot program will be made in February 2026, after which this activity will be discontinued.](#)

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

Yes

**What is the status of the Safe Harbor Waiver request?**

The waiver was previously approved.

**Please describe the extent to which the Safe Harbor Waiver is supporting the MTW agency's goal in implementing this MTW activity.**

Income attributable to the asset-building activities our PHA has implemented as part of the MTW Asset Building cohort are excluded. This safe harbor waiver contributes to the success of the asset building program.

**What inclusions or exclusions will be eliminated, modified, or added?**

Income attributable to the asset-building activities our PHA implements as part of the MtW Asset Building Cohort is excluded.

<b>2.b. - Payment Standards- Fair Market Rents (HCV)</b>
<p><b>Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative</b></p> <p>The HACSC shall implement a payment standard between 80% and 120% of Fair Market Rents.</p>
<p><b>Which of the MTW statutory objectives does this MTW activity serve?</b></p> <p>Housing choice</p>
<p><b>What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.</b></p> <p>Neutral (no cost implications)</p>
<p><b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b></p> <p>The MTW activity applies to all assisted households</p>
<p><b>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.</b></p> <p>The Housing Authority has established payment standards ranging between 80% and 120% of the Fair Market Rent (FMR). This strategic utilization of payment standards offers flexibility within a reasonable range, aiming to accommodate varying housing market conditions for the benefit of program participants.</p>
<p><b>Does this MTW activity require a hardship policy?</b></p> <p>Yes</p> <p>This document is attached.</p>
<p><b>Does the hardship policy apply to more than this MTW activity?</b></p> <p>No</p>
<p><b>Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?</b></p> <p>No</p>
<p><b>How many hardship requests have been received associated with this activity in the past year?</b></p> <p>No hardship were requested in the most recent fiscal year.</p>
<p><b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b></p> <p>No</p>
<p><b>Does the MTW activity require an impact analysis?</b></p> <p>Yes</p> <p>This document is attached.</p>
<p><b>Does the impact analysis apply to more than this MTW activity?</b></p> <p>No</p>
<p><b>Please explain the payment standards by FMR:</b></p> <p>Currently, PHAs are required to establish payment standards between 90% - 120% Fair Market Rents. The proposed waiver would provide HACSC with greater flexibility to establish payment standards that reflect market rates, resulting in greater housing choice for program families.</p>

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

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

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

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

Cost effectiveness; Housing choice

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

Decreased expenditures

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

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

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

New admissions and currently assisted households

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

The MTW activity applies to all family types

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

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

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

Applies only to units owned or controlled by the PHA.

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

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

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

No

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

The HACSC has developed and implemented procedures for the conduct of regularly scheduled quality control of PHA-owned rent reasonableness assessments, including establishing the sampling size and frequency within the procedures and designating quality control roles and responsibilities. An explanation is provided in lieu of an uploaded document. No document is attached.

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

Reasonable rent is currently determined using information produced by Affordable Housing.com, a national rent reasonableness system, via the AffordableHousing.Com database. The AffordableHousing.com database meets HUD regulatory requirements for rent comparisons based on comparable unassisted units, including information about each unit's location, size, type, age, quality/condition, utilities and amenities. HACSC may institute a change to which database is used for Rent Reasonableness determinations but will always utilize a national rent reasonableness system that meets HUD regulatory requirements. An explanation is provided in lieu of an uploaded document. No document is attached.

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

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

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

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

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

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

Cost effectiveness; Self-sufficiency

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

Increased expenditures

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

The MTW activity applies to all assisted households

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

~~HACSC has implemented the waiver with no changes to the waiver request as submitted.~~ With HACSC's waiver of certain provisions of 24 CFR Part 982.516(a) and (c), HACSC has introduced an Alternative Reexamination Schedule to streamline reevaluation processes. Under this initiative, MTW households reliant on fixed-income sources have been undergoing reexaminations at least every three years, non-fixed income MTW households every two years, and all other households annually. Fixed income is defined as stable and primary income sources such as Social Security, Disability Insurance, employment pensions, Veterans Affairs benefits, or similar. As this waiver was written and implemented, HACSC conducts interim adjustments to redetermine subsidy only when the household experiences a qualifying event. Qualifying events are described in the HCV Administrative Plan and include decreases in income, increases in income when requested by the household, changes in household composition, and changes to the contract rent. This waiver, approved by HUD prior to HUD issuing the new HOTMA Final Rule updates to 24 CFR 982.505, supersedes the HOTMA updates which are in conflict with this approved waiver and at odds with the administrative efficiencies created by HACSC's implemented alternative reexamination schedule. Effective 7/1/2026, HACSC intends to utilize the full flexibility of this waiver to establish a policy of conducting re-examinations triennials (at least every three years) for all households. However, HACSC reserves the right to and conduct reexaminations as more frequently as needed for cost savings measures, for the even distribution of workload for staff, or may establish any other ~~or may place any family on an alternative reexamination schedule of up to~~ as long as all families are recertified at least every three years. Per our existing waiver, HACSC will only apply increases in the payment standard amount outside of regular re-examinations for contract rent increases in which the gross rent would result in an increase in the family share, or in the case of a hardship.

<p><b>Does this MTW activity require a hardship policy?</b></p> <p>Yes</p> <p>This document is attached.</p>
<p><b>Does the hardship policy apply to more than this MTW activity?</b></p> <p>No</p>
<p><b>Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?</b></p> <p>No</p>
<p><b>How many hardship requests have been received associated with this activity in the past year?</b></p> <p>No hardships were requested in the most recent fiscal year.</p>
<p><b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b></p> <p>No</p>
<p><b>Does the MTW activity require an impact analysis?</b></p> <p>Yes</p> <p>The document is attached.</p>
<p><b>Does the impact analysis apply to more than this MTW activity?</b></p> <p>No</p>
<p><b>What is the recertification schedule?</b></p> <p>Other</p> <p>The Housing Authority will conduct reexaminations <a href="#">at least every three years, but may conduct reexaminations more frequently as needed for cost savings measures, for the even distribution of workload for staff, or may establish any other alternative reexamination schedule as long as all families are recertified at least every three years.</a> <del>as often as needed for cost savings measures and may place any household on a reexamination schedule of up to three years. for fixed-income households at least every three years, conduct reexaminations for non-fixed income households under MTW flexibility at least every two years, and all other households will have a reexamination conducted annually. Fixed Income means primary or sole source of income that comes from stable and fixed sources such as Social Security, Social Security Disability Insurance, employment pensions, Veterans Affairs benefits, or similar. Zero income families are not considered to be fixed income; zero income families will have reexaminations conducted annually.</del></p> <p>In between reexaminations, the HACSC will conduct any number of interim adjustments to redetermine subsidy when the household experiences a qualifying event. Qualifying events will include decreases in income, without regard to a specified threshold, increases in income (when requested by the household), changes in household composition, and changes to the contract rent. When interim adjustments are conducted, HACSC may apply payment standards and utility allowances in effect at the time of the effective date of the adjustment. HACSC will reserve the right to conduct reexaminations more frequently either for administrative or financial reasons. HACSC will not perform an interim reexamination for both earned and unearned income increases that occur between regularly scheduled reexaminations, regardless of the amount of the increase, unless requested by the family.</p> <p>Families may also request an interim reexamination under the HACSC hardship policy. A hardship may be requested if a family has experienced a decrease in income because of changed circumstances, including loss or reduction of employment, death in the family, or reduction in or loss of earnings or other assistance; and/or, the family has experienced an increase in expenses, because of changed circumstances, for medical costs, childcare, transportation, education, or similar items.</p>
<p><b>How many interim recertifications per year may a household request?</b></p> <p>2 or more</p>
<p><b>Please describe briefly how the MTW agency plans to address changes in family/household circumstances under the alternative reexamination schedule.</b></p> <p>The HACSC will conduct reexaminations <a href="#">at least every three years, but may conduct reexaminations more frequently as needed for cost savings measures, for the even distribution of workload for staff, or may establish any other alternative reexamination schedule as long as all families are recertified at least every three years.</a> <del>as often as needed for cost savings measures and may place any household on a reexamination schedule of up to three years. for fixed-income families at least every three years and will conduct reexaminations for all remaining (non-fixed income families) at least every two years.</del> Between reexaminations, the HACSC will conduct interim adjustments to redetermine subsidy when the</p>

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

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

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

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

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

Cost effectiveness

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

Decreased expenditures

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

The MTW activity applies to all assisted households

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

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

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

No

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

\$50,000.

<b>5.c. - Third-Party Requirement (HCV)</b>
<p><b>Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative</b></p> <p>HACSC eliminated the requirement for third-party inspections on units at properties the PHA owns, manages, and/or controls, which will save staff time, increase operational efficiency, and increase cost effectiveness. Additionally, it may increase housing choice for tenants through a faster inspection process. With third-party inspections, delays are beyond HACSC's control. HACSC has certified HQS Inspectors on staff and plans to utilize them for PHA-owned unit inspections. This will increase efficiency and reduce staff time. This change will allow HACSC to operate more efficiently and strategically to serve its mission and focus on innovative programs and services to tenants. <a href="#">HACSC will comply with all waiver safe harbors.</a></p>
<p><b>Which of the MTW statutory objectives does this MTW activity serve?</b></p> <p>Cost effectiveness; Housing choice</p>
<p><b>What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.</b></p> <p>Decreased expenditures</p>
<p><b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b></p> <p>The MTW activity applies only to a subset or subsets of assisted households</p>
<p><b>Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?</b></p> <p>New admissions and currently assisted households</p>
<p><b>Does the MTW activity apply to all family types or only to selected family types?</b></p> <p>The MTW activity applies to all family types</p>
<p><b>Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?</b></p> <p>The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers</p>
<p><b>Please describe which tenant-based units and/or properties with project-based vouchers participate in the MTW activity.</b></p> <p>Applies only to units owned or controlled by the PHA.</p>
<p><b>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.</b></p> <p>The Housing Authority has removed the requirement for third-party inspections on all units, both PBV and HCV, owned or controlled by the Agency. This strategic move is streamlining operations, reducing staff workload, and enhancing cost efficiency by eliminating the need for external inspections.</p>
<p><b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b></p> <p>No</p>
<p><b>Please explain or upload the description of the quality assurance method:</b></p> <p>HACSC has developed and implemented procedures for the conduct of regularly scheduled quality control of PHA-owned PBV and HCV unit inspections, including establishing the sampling size and frequency within the procedures and designating quality control inspector roles and responsibilities.</p> <p>An explanation is provided in lieu of an upload. No document is attached.</p>
<p><b>Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?</b></p> <p>The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers</p>

**5.d. - Alternative Inspection Schedule (HCV)**

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

HACSC proposes to modify the frequency of inspections for both HCV and PBV Units, to be conducted every three years instead of every two years. This change will result in the ability to reallocate staff time to better meet the needs of residents and participants and working with the community to assess and help meet other housing needs. Participants and/or property owners will continue to be able to request an inspection at any time. This change does not allow any alteration of the Housing Quality Standards, nor does it prohibit the Housing Authority from requiring an inspection at any time for health, safety and accessibility issues. This change will save staff time thus allowing staff to devote more time to supporting participants and the housing issues in the larger community and reduce the burden on participants and property owners who need to schedule time to open up the unit to our inspectors.

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

Cost effectiveness

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

Decreased expenditures

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

The MTW activity applies to all assisted households

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

[The waiver is in the process of being implemented.](#) ~~N/A~~

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

No

**6.b. - Short-Term Assistance (HCV)**

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

HACSC proposes to create a short-term housing assistance program with supportive services in its HCV program. The term of assistance will not be shorter than 3 months. The term of assistance will not be longer than 36 months. The short-term housing assistance program will include supportive services in one or more buildings (which may be in collaboration with local community-based organization and government agencies). Subject to voucher and funding availability, successful participants of the short-term housing assistance program will be given the option of transferring into the Housing Choice Voucher program. Under no circumstances will participants be required to participate in supportive services that are targeted to persons with disabilities in general, or persons with any specific disability. HACSC will not require participation in supportive services as a condition for housing subsidy for elderly and disabled families. If HACSC requires participation in supportive services as a condition for housing subsidy, an impact analysis will be developed and adopted in accordance with MTW guidance prior to the implementation of the activity. If HACSC requires participation in supportive services as a condition for housing subsidy, a hardship policy will be developed and adopted in accordance with MTW guidance prior to the implementation of the activity.

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

Self-sufficiency; Housing choice

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

Increased expenditures

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

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

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

Currently assisted households and new admissions.

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

The MTW activity applies only to selected family types

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

Other – another specifically defined target population or populations.

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

All households eligible for the waiting list preference 'Imminent Risk of Losing Rental Assistance Due to Funding Constraints or Program Changes' which is an existing preference included in the HACSC Section 8 Administrative Plan.

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

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

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

The activity applies to all tenant-based and all project-based units.

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

N/A

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

No

[No document is attached.](#)

**[Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?](#)**

[No](#)

**[Does the MTW activity require an impact analysis?](#)**

[No](#)

[No document is attached.](#)

**[What is the term of assistance?](#)**

[Up to 36 months](#)

**[How is the tenant contribution established for this program?](#)**

[Standard HCV calculation methods](#)

**[How many households do you expect to serve in this program in the Fiscal Year?](#)**

[50](#)

**[How do you fulfill the obligation to offer participants in this program the opportunity to transition to the HCV or public housing \(as applicable\) program subject to availability?](#)**

[All households eligible for the waiting list preference 'Imminent Risk of Losing Rental Assistance Due to Funding Constraints or Program Changes' which is an existing preference included in the HACSC Section 8 Administrative Plan.](#)

**[Please list any partner organizations and briefly note the services that each provides.](#)**

[The Continuum of Care \(CoC\) is collaborating with HACSC to identify strategies ensuring supportive services are available. The CoC has multiple agencies under contract for provision of supportive services.](#)

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

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

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

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

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

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

Housing choice

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

Neutral (no cost implications)

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

The MTW activity applies to all assisted households

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

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

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

No

**What percentage of total authorized HCV units will be authorized for project-basing?**

50.00%

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

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

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

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

Housing choice

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

Neutral (no cost implications)

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

The MTW activity applies to all assisted households

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

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

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

No

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

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

Under this waiver, the HACSC eliminated the independent third-party selection process and competitive process in the award of PBV's to properties owned or controlled by the agency when the agency is not engaged in an initiative to improve, develop, or replace a public housing property or site. All other PBV selection and approval requirements, including HQS compliance, NEPA review and subsidy layering review are still applicable and must be conducted. The HACSC will comply with the following Safe Harbor requirements (1) A subsidy layering review must be conducted; (2) The agency must complete site selection requirements; (3) HQS inspections must be performed by an independent entity according to 24 CFR 983.59(b) or 24 CFR 983.103(f), unless MTW waiver 5.c. or an Agency-Specific Waiver is implemented; (4) The agency is subject to Notice PIH 2013-27 where applicable, or successor; and (5) Property must be owned by a single-asset entity of the agency, see Notice PIH 2017-21. The HACSC has an approved MTW waiver to conduct its own inspections for PHA-owned or controlled units.

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

Cost effectiveness

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

Decreased expenditures

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

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

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

New admissions and currently assisted households

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

The MTW activity applies to all family types

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

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

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

Applies only to units owned or controlled by the PHA.

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

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

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

No

**9.e. - Alternative PBV Unit Types (Shared Housing and Manufactured Housing) (HCV)**

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

HACSC proposes to attach and pay PBV assistance for shared housing units and/or manufactured housing, in accordance with Safe Harbor provisions:

- i. PBV units must comply with HQS.
- ii. PBV units must comply deconcentration and desegregation requirements under 24 CFR part 903.
- iii. A subsidy layering review must be conducted.
- iv. Shared housing units may not be owner occupied.

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

Housing choice

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

Neutral (no cost implications)

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

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

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

New admissions and currently assisted households

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

The MTW activity applies to all family types

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

The MTW activity applies to all properties with project-based vouchers

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

N/A

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

No

**How many shared housing units does the MTW agency anticipate assisting in the Fiscal Year?**

30

**How many shared housing units did the MTW agency assist in the most recently completed PHA Fiscal Year?**

0

**How many manufactured housing units does the MTW agency anticipate assisting in the Fiscal Year?**

0

**How many manufactured housing units did the MTW agency assist in the most recently completed PHA Fiscal Year?**

0

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

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

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

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

Cost effectiveness

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

Decreased expenditures

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

The MTW activity applies to all assisted households

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

The Housing Authority has not yet implemented this waiver.

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

No

<b>10.d.HCV - Modify or Eliminate the Contract of Participation (HCV)</b>
<p><b>Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative</b></p> <p>The agency is authorized to modify the terms of or eliminate the FSS Contract of Participation (HUD-52650), in lieu of a local form. The agency may modify the terms of the Contract of Participation to align with adjustments made to its MTW FSS Program using MTW flexibility. Further, the agency may discontinue use of the Contract of Participation and instead employ a locally-developed agreement that codifies the terms of participation. The proposed activity will meet all of the applicable safe harbor requirements in the Operations Notice.</p>
<p><b>Which of the MTW statutory objectives does this MTW activity serve?</b></p> <p>Self-sufficiency</p>
<p><b>What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.</b></p> <p>Increased expenditures</p>
<p><b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b></p> <p>The MTW activity applies only to a subset or subsets of assisted households</p>
<p><b>Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?</b></p> <p>New admissions and currently assisted households</p>
<p><b>Does the MTW activity apply to all family types or only to selected family types?</b></p> <p>The MTW activity applies only to selected family types</p>
<p><b>Please select the family types subject to this MTW activity.</b></p> <p>Other – another specifically defined target population or populations.</p>
<p><b>If Other Selected in Previous Question: Please describe this target population in the text box.</b></p> <p>Participants in the FSS Program</p>
<p><b>Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?</b></p> <p>The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers</p>
<p><b>Please describe which tenant-based units and/or properties with project-based vouchers participate in the MTW activity.</b></p> <p>The MTW activity applies to all tenant-based units and to all properties with project-based vouchers</p>
<p><b>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.</b></p> <p><a href="#">The waiver is in the process of being implemented.</a> <del>N/A</del></p>
<p><b>Does this MTW activity require a hardship policy?</b></p> <p>No</p> <p>No document is attached.</p>
<p><b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b></p> <p>No</p>
<p><b>Does the MTW activity require an impact analysis?</b></p> <p>No</p> <p>No document is attached.</p>

**10.e.HCV - Policies for Addressing Increases in Family Income (HCV)**

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

HACSC proposes to increase the FSS Program incentives for income growth, resident participation, education and training outcomes. These new incentives could motivate and support residents to realize a higher degree of economic independence. HACSC proposes two parts to the escrow payment: (1) The existing monthly deposit to a participant's escrow account when they have increased earned income that results in a Total Tenant Payment (TTP) over the baseline set when they join FSS. (2) Specific dollar amounts, to be established annually, payable to a participant's escrow account based on specific achievements such as completion of financial literacy education, completion of vocational training, or maintaining employment for specified periods of time. Some of these incentive payments result in an immediate deposit to the escrow account while others would not be calculated and paid until a successful program graduation.

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

Self-sufficiency

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

Increased expenditures

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

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

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

New admissions and currently assisted households

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

The MTW activity applies only to selected family types

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

Other – another specifically defined target population or populations.

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

Participants in the FSS Program

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

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

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

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

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

[The waiver is in the process of being implemented.](#) ~~N/A~~

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

No

No document is attached.

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

No

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

No

No document is attached.

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

HACSC proposes two parts to the escrow payment:

(1) The existing monthly deposit to a participant's escrow account when they have increased earned income that results in a Total Tenant Payment (TTP) over the baseline set when they join FSS. This would be no change to how it is calculated without MTW flexibility.

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

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

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

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

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

Cost effectiveness; Housing choice

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

Decreased expenditures

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

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

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

Currently assisted households only

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

The MTW activity applies only to selected family types

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

Other – another specifically defined target population or populations.

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

Only residents of Permanent Supportive Housing Programs.

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

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

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

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

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

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

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

No

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

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

HACSC may, at their discretion, utilize the income calculations and documentation from partner agencies for PSH households transitioning to voucher-based assistance, provided that income calculations must be determined in accordance with 24 CFR 5.609 and that any income calculations accepted from partner agencies must have been calculated within the past year. Utilizing the income calculations and documentation from partner agencies will decrease costs and increase efficiency, allowing the PSH household to transition to voucher-based assistance quickly and seamlessly without completing redundant paperwork and procuring verification documents, which can be extremely challenging for vulnerable populations. The Agency shall comply with all Safe Harbor provisions including 14.b.iv: Screenings for lifetime sex offender status and convictions of drug-related criminal activity for manufacture or production of methamphetamine on the premises of federally assisted housing must continue and are not waivable.

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

Cost effectiveness

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

Decreased expenditures

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

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

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

Currently assisted households only

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

The MTW activity applies only to selected family types

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

Other – another specifically defined target population or populations.

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

Only residents of Permanent Supportive Housing Programs transitioning to a voucher.

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

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

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

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

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

The Housing Authority has implemented a waiver allowing the use of partner agency income calculations and documentation, aligning with 24 CFR 5.609 (defining annual income) and within a one-year timeframe. This measure is aimed at streamlining transitions, reducing costs, and simplifying the process for PSH households by eliminating redundant paperwork and easing document verification burdens, especially for vulnerable populations.

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

No

**14.c.HCV - Aligning Tenant Rents and Utility Payments Between Partner Agencies (HCV)**

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

HACSC may, at their discretion, adjust the subsidy for PSH residents transitioning into voucher-based assistance to align the tenant's portion of rent with the PSH program they are transitioning from. If a PSH tenant is transitioning from a program with a different subsidy structure, the transition could result in a significant increase in the tenant's contribution of rent, potentially resulting in displacement from their current unit. Having the flexibility to align the voucher subsidy with the subsidy from the PSH program will avoid increases in tenant rent burden and the potential for displacement.

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

Housing choice

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

Increased expenditures

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

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

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

Currently assisted households only

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

The MTW activity applies only to selected family types

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

Other – another specifically defined target population or populations.

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

Only residents of Permanent Supportive Housing Programs transitioning to a voucher.

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

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

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

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

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

The Housing Authority has implemented a waiver enabling the adjustment of subsidies for PSH residents transitioning to voucher-based assistance, aligning with the tenant's previous rent contributions from their PSH program. This measure aims to prevent substantial increases in tenant rent payments during transitions between programs with varying subsidy structures, thereby mitigating the risk of displacement for affected individuals.

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

No

## 17.a. - Rental Subsidy Programs

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

HACSC proposes to establish a program that uses MTW Funding to provide a rental subsidy to a third-party entity such as the Housing Authority's nonprofit organization or another qualified service provider (other than a landlord or tenant). The program administrator would manage intake and administration of the subsidy program to implement activities, which may include: supportive housing programs and services to help homeless individuals and families reach independence; supportive living; rental assistance; shallow subsidies; homeless/transitional housing programs; or programs that address special needs populations.

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

Self-sufficiency; Housing choice

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

Increased expenditures

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

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

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

Currently assisted households only

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

The MTW activity applies only to selected family types

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

Other – another specifically defined target population or populations.

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

All households eligible for the waiting list preference 'Imminent Risk of Losing Rental Assistance Due to Funding Constraints or Program Changes' which is an existing preference included in the HACSC Section 8 Administrative Plan.

### Does the MTW activity apply to all public housing developments?

The MTW activity applies to all developments

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

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

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

The activity applies to LIHTC units or other income- or rent-restricted units with "affordable" rents that exceed 30% of tenants' income.

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

N/A

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

No

### Does the MTW activity apply to all LNT units/properties?

The MTW activity applies to specific units/properties

**Describe which LNT units/properties participate in the MTW activity?**

The activity applies to LIHTC units or other income- or rent-restricted units with “affordable” rents that exceed 30% of tenants’ income.

**17.c. - Housing Development Programs**

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

HACSC intends to use MTW funding to acquire, renovate and/or build affordable units that are not public housing units. Eligible activities may include gap financing or construction costs for development of affordable housing, conducted by the PHA or a PHA-controlled affiliate or by a non-PHA affordable housing developer, including but not limited to development of tax credit units, or affordable units funded with any other local, state, or federal funds. HACSC will not spend more than 10% of its HAP budget on local, non-traditional activities. Families receiving housing or services through local, non-traditional activities must meet the definition of low-income. Local, non-traditional development activities will be conducted in accordance with the applicable requirements of PIH Notice 2011-45 and the MTW Operations Notice. The Agency shall comply with Safe Harbor provisions requiring compliance with Section 30 of the 1937 Housing Act and that any MTW Funding awarded to a third-party provider must be competitively awarded.

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

Housing choice

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

Increased expenditures

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

The MTW activity applies to all assisted households

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

The Housing Authority has provided \$8.9 million of LNT funding for the construction of a 20-unit affordable housing development called Natural Bridges in Santa Cruz. ~~That development is helping the Housing Authority reach its goal of providing new affordable housing opportunities to program participants in the community.~~ Construction at Natural Bridges was completed in ~~December 2024,~~ December 2024 and leased up in January, 2025. ~~the process of moving tenants in has commenced.~~ The Housing Authority used \$2.9 million of LNT funds to purchase a 1-acre property at 2021 Chanticleer Avenue for the development of 50-60 affordable units and provided a \$4.8 million loan utilizing LNT funds to support pre-development expenses for the project. These activities are helping the Housing Authority reach its goal of providing new affordable housing opportunities to program participants in the community.

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

No

**Table 17.c.1 - Housing Development Programs that the MTW Agency plans to commit Funds to in Fiscal Year**

Name of Development and Address	MTW Role: Acquisition, Rehabilitation, New Construction?	Type of MTW Agency Financing: Gap Financing, Tax Credit Partnership, Other	Number of Affordable Units	Total Number of Units	Number of Units by Affordability - 80% of AMI	Number of Units by Affordability - 50% of AMI	Number of Units by Affordability - 30% of AMI	Number of Units by Affordability - Other
Chanticleer	New Construction	TBD	560.00	560.00	0.00	0.00	0.00	0.00
<u>Chanticleer</u>	<u>Predevelopment</u>	<u>TBD</u>	<u>60.00</u>	<u>50.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<del>Portola</del>	<del>Acquisition</del>	<del>TBD</del>	<del>0.00</del>	<del>0.00</del>	<del>0.00</del>	<del>0.00</del>	<del>0.00</del>	<del>0.00</del>

**Housing Development Programs that the MTW Agency plans to spend funds on in the Fiscal Year**

Name of Development and Address	MTW Role: Acquisition, Rehabilitation, New Construction?	Type of MTW Agency Financing: Gap Financing, Tax Credit Partnership, Other	Number of Affordable Units	Total Number of Units	Number of Units by Affordability - 80% of AMI	Number of Units by Affordability - 50% of AMI	Number of Units by Affordability - 30% of AMI	Number of Units by Affordability - Other
Chanticleer	New Construction	TBD	<del>56</del> 0.00	<del>56</del> 0.00	0.00	0.00	0.00	0.00
<a href="#">Chanticleer</a>	<a href="#">Predevelopment</a>	<a href="#">TBD</a>	<a href="#">60.00</a>	<a href="#">60.00</a>	<a href="#">0.00</a>	<a href="#">0.00</a>	<a href="#">0.00</a>	<a href="#">0.00</a>
<del>Portola</del>	<del>Acquisition</del>	<del>TBD</del>	<del>0.00</del>	<del>0.00</del>	<del>0.00</del>	<del>0.00</del>	<del>0.00</del>	<del>0.00</del>

Table 17.c.2 - Housing Development Programs that the MTW Agency committed funds to in prior Fiscal Year

Name of Development and Address	MTW Role: Acquisition, Rehabilitation, New Construction?	Type of MTW Agency Financing: Gap Financing, Tax Credit Partnership, Other	Number of Affordable Units	Total Number of Units	Number of Units by Affordability - 80% of AMI	Number of Units by Affordability - 50% of AMI	Number of Units by Affordability - 30% of AMI	Number of Units by Affordability - Other
Natural Bridges Apartments	New Construction	Gap Financing or Construction	20.00	20.00	0.00	20.00	0.00	0.00
Chanticleer	<a href="#">Acquisition/Predevelopment</a>	TBD	50.00	50.00	0.00	0.00	0.00	0.00
<del>Portola</del>	<del>Acquisition</del>	<del>TBD</del>	<del>0.00</del>	<del>0.00</del>	<del>0.00</del>	<del>0.00</del>	<del>0.00</del>	<del>0.00</del>

Housing Development Programs that the MTW Agency spent funds on in prior Fiscal Year

Name of Development and Address	MTW Role: Acquisition, Rehabilitation, New Construction?	Type of MTW Agency Financing: Gap Financing, Tax Credit Partnership, Other	Number of Affordable Units	Total Number of Units	Number of Units by Affordability - 80% of AMI	Number of Units by Affordability - 50% of AMI	Number of Units by Affordability - 30% of AMI	Number of Units by Affordability - Other
Natural Bridges Apartments	New Construction	Gap Financing or Construction	20.00	20.00	0.00	20.00	0.00	0.00
Chanticleer	<a href="#">Predevelopment</a> <del>Acquisition</del>	<a href="#">Gap Financing</a> <del>TBD</del>	<del>56</del> 0.00	<del>56</del> 0.00	0.00	0.00	0.00	0.00
<del>Portola</del>	<del>Acquisition</del>	<del>TBD</del>	<del>0.00</del>	<del>0.00</del>	<del>0.00</del>	<del>0.00</del>	<del>0.00</del>	<del>0.00</del>

<b>D.</b>	<b>Safe Harbor Waivers.</b>
<b>D.1</b>	<p><b>Will the MTW agency submit request for approval of a Safe Harbor Waiver this year?</b></p> <p><del>No</del> <del>Yes, the Safe Harbor Waiver request(s) for 1h, 1w is (are) attached.</del></p>

<b>E.</b>	<b>Agency-Specific Waiver(s).</b>																
<b>E.1</b>	<p><b>Agency-Specific Waiver(s) for HUD Approval:</b></p> <p>The MTW demonstration program is intended to foster innovation and HUD encourages MTW agencies, in consultation with their residents and stakeholders, to be creative in their approach to solving affordable housing issues facing their local communities. For this reason, flexibilities beyond those provided for in Appendix I may be needed. Agency-Specific Waivers may be requested if an MTW agency wishes to implement additional activities, or waive a statutory and/or regulatory requirement not included in Appendix I.</p> <p>In order to pursue an Agency-Specific Waiver, an MTW agency must include an Agency-Specific Waiver request, an impact analysis, and a hardship policy (as applicable), and respond to all of the mandatory core questions as applicable.</p> <p>For each Agency-Specific Waiver(s) request, please upload supporting documentation, that includes: a) a full description of the activity, including what the agency is proposing to waive (i.e., statute, regulation, and/or Operations Notice), b) how the initiative achieves one or more of the 3 MTW statutory objectives, c) a description of which population groups and household types that will be impacted by this activity, d) any cost implications associated with the activity, e) an implementation timeline for the initiative, f) an impact analysis, g) a description of the hardship policy for the initiative, and h) a copy of all comments received at the public hearing along with the MTW agency's description of how the comments were considered, as a required attachment to the MTW Supplement.</p> <p><b>Will the MTW agency submit a request for approval of an Agency-Specific Waiver this year?</b> Yes</p> <table border="1" data-bbox="212 1241 1523 1948"> <thead> <tr> <th data-bbox="212 1241 873 1283">Title</th> <th data-bbox="873 1241 1523 1283">Supporting Documents Attached</th> </tr> </thead> <tbody> <tr> <td data-bbox="212 1283 873 1381"><a href="#">Align Rent Redetermination Dates for PHA-Owned or Managed PBV Properties</a></td> <td data-bbox="873 1283 1523 1381"><u>2</u></td> </tr> <tr> <td data-bbox="212 1381 873 1480"><a href="#">Impose Limit on PBV to HCV Conversion</a></td> <td data-bbox="873 1381 1523 1480"><u>3</u></td> </tr> <tr> <td data-bbox="212 1480 873 1579"><a href="#">Direct Referral Program</a></td> <td data-bbox="873 1480 1523 1579"><u>2</u></td> </tr> <tr> <td data-bbox="212 1579 873 1677"><a href="#">MTW Value Voucher</a></td> <td data-bbox="873 1579 1523 1677"><u>2</u></td> </tr> <tr> <td data-bbox="212 1677 873 1776"><del>Independent Entity Requirements for Project-Based Vouchers</del></td> <td data-bbox="873 1677 1523 1776"></td> </tr> <tr> <td data-bbox="212 1776 873 1875"><del>Alternative Development Cost Limits</del></td> <td data-bbox="873 1776 1523 1875"></td> </tr> <tr> <td data-bbox="212 1875 873 1948"><del>PBV Subsidy Standards for PBV Units</del></td> <td data-bbox="873 1875 1523 1948"></td> </tr> </tbody> </table>	Title	Supporting Documents Attached	<a href="#">Align Rent Redetermination Dates for PHA-Owned or Managed PBV Properties</a>	<u>2</u>	<a href="#">Impose Limit on PBV to HCV Conversion</a>	<u>3</u>	<a href="#">Direct Referral Program</a>	<u>2</u>	<a href="#">MTW Value Voucher</a>	<u>2</u>	<del>Independent Entity Requirements for Project-Based Vouchers</del>		<del>Alternative Development Cost Limits</del>		<del>PBV Subsidy Standards for PBV Units</del>	
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<del>Alternative Development Cost Limits</del>																	
<del>PBV Subsidy Standards for PBV Units</del>																	

E. 2

**Agency-Specific Waiver(s) for which HUD Approval has been Received:**

**Does the MTW agency have any approved Agency-Specific Waivers?**

Yes

Title	Has there been any change in how the waiver is being implemented from when it was originally approved?	Please provide a description of what has changed.
<a href="#">PBV Subsidy Standards</a>	<a href="#">No</a>	
<a href="#">Independent Entity Requirements for Project-Based Vouchers</a>	<a href="#">No</a>	
<a href="#">Alternative Total Development Cost (TDC) Calculation Methodology</a>	<a href="#">No</a>	
Extend Zero HAP to 360 Days	No	
Use of TIC for PBV Eligibility	Yes	<p>HACSC initially implemented as approved, however we revised the waiver effective 7/1/2024 to: For PBV units that also are subject to the requirements of the Low-Income Housing Tax Credit (LIHTC) Program, HACSC proposes to use the TIC form required under the LIHTC Program as verification of the family's income and assets.</p> <p>Owners of PBV units that receive LIHTCs must comply with Federal LIHTC regulations, which are similar to HCV regulations regarding verification of income and assets when determining and recertifying income eligibility of residents. The TIC will only be used as verification of income and assets.</p>

<b>F.</b>	<b>Public Housing Operating Subsidy Grant Reporting.</b>
<b>F.1</b>	Total Public Housing Operating subsidy amount authorized, disbursed by 9/30, remaining, and deadline for disbursement, by Federal Fiscal Year for each year the PHA is designated an MTW agency.

<b>Federal Fiscal Year (FFY)</b>	<b>Total Operating Subsidy Authorized Amount</b>	<b>How Much PHA Disbursed by the 9/30 Reporting Period</b>	<b>Remaining Not Yet Disbursed</b>	<b>Deadline</b>
	\$0	\$0	\$0	
	\$0	\$0	\$0	
	\$0	\$0	\$0	
	\$0	\$0	\$0	
	\$0	\$0	\$0	

<b>G.</b>	<b>MTW Statutory Requirements.</b>	
<b>G.1</b>	<b>75% Very Low Income – Local, Non-Traditional.</b> HUD will verify compliance with the statutory requirement that at least 75% of the households assisted by the MTW agency are very low-income for MTW public housing units and MTW HCVs through HUD systems. The MTW PHA must provide data for the actual families housed upon admission during the PHA's most recently completed Fiscal Year for its Local, Non-Traditional program households.	
	<b>Income Level</b>	<b>Number of Local, Non-Traditional Households Admitted in the Fiscal Year*</b>
	80%-50% Area Median Income	0
	49%-30% Area Median Income	0
	Below 30% Area Median Income	<u>200</u>
	Total Local, Non-Traditional Households	<u>200</u>

\*Local, non-traditional income data must be provided in the MTW Supplement form until such time that it can be submitted in IMS-PIC or other HUD system.

<b>G.2</b>	<b>Establishing Reasonable Rent Policy.</b>
<b>Has the MTW agency established a rent reform policy to encourage employment and self-sufficiency?</b> Yes	

<b>G.3</b>	<b>Substantially the Same (STS) – Local, Non-Traditional.</b>
The total number of unit months that families were housed in a local, non-traditional rental subsidy for the prior full calendar year.	0 # of unit months
The total number of unit months that families were housed in a local, non-traditional housing development program for the prior full calendar year.	<u>233</u> # of unit months

**Number of units developed under the local, non-traditional housing development activity that were available for occupancy during the prior full calendar year:**

PROPERTY NAME/ ADDRESS	0/1 BR	2 BR	3 BR	4 BR	5 BR	6+ BR	TOTAL UNITS	POPULATION TYPE*	if 'Population Type' is Other	# of Section 504 Accessible (Mobility)**	# of Section 504 Accessible (Hearing/ Vision)	Was this Property Made Available for Initial Occupancy during the Prior Full Calendar Year?	What was the Total Amount of MTW Funds Invested into the Property?
Natural Bridges 415 Natural Bridges Dr, Santa Cruz, CA 95060	<u>20.00</u> <del>0.00</del>	0.00	0.00	0.00	0.00	0.00	<u>20.00</u> <del>0.00</del>	General		<u>1.00</u> <del>0.00</del>	<u>1.00</u> <del>0.00</del>	Yes	\$10.87 Million <del>0.00</del>
Totals	<u>20.00</u>	0	0	0	0	0	0	General		<u>1.00</u>	<u>1.00</u>	Yes	\$10.87 Million

G.4	Comparable Mix (by Family Size) – Local, Non-Traditional.
<p>To demonstrate compliance with the statutory requirement to continue serving a 'comparable mix" of families by family size to that which would have been served without MTW, the MTW agency will provide the number of families occupying local, non-traditional units by household size for the most recently completed Fiscal Year in the provided table.</p>	
Family Size:	Occupied Number of Local, Non-Traditional units by Household Size
1 Person	<del>200</del>
2 Person	0
3 Person	0
4 Person	0
5 Person	0
6+ Person	0
Totals	0

H.	Public Comment
<p>Attached you will find a copy of all of the comments received and a description of how the agency analyzed the comments, as well as any decisions made based on those comments. <a href="#">(PENDING PUBLIC COMMENT)</a></p>	
<p>Please see attached for an additional public hearing held for Agency-Specific Waiver(s) and/or Safe Harbor Waiver(s) <a href="#">(PENDING PUBLIC COMMENT)</a></p>	

I.	Evaluations.
<p>No known evaluations.</p>	

## E.1 Agency-Specific Waiver

**Waiver Title: Align Rent Redetermination Dates for PHA-Owned or Managed PBV Properties**

### Regulations to Waive:

983.302(b)(1) An owner may receive an increase in the rent to owner during the term of a HAP contract. Any such increase will go into effect at the annual anniversary of the HAP contract.

983.302(e)(2) The annual anniversary of the HAP contract is the first day of the first calendar month after the end of the preceding contract year. The adjusted rent to owner amount applies for the period of 12 calendar months from the annual anniversary of the HAP contract.

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

HACSC proposes waiving certain provisions of 24 CFR 983.302 to permit alignment of the rent redetermination dates of all PHA-owned/managed PBV units. With numerous properties having different PBV HAP contract anniversary dates, the annual process for redetermining rents for every property is administratively burdensome. HACSC proposes to put all PBV HAP contracts for PHA-owned properties on the same annual cycle for rent redetermination. HACSC proposes aligning all PBV HAP contracts for PHA-owned/managed PBV units to have rent redeterminations effective March 1<sup>st</sup> of every year, rather than on the annual anniversary of the HAP contract. By aligning the rent redeterminations to occur on the same annual date, HACSC anticipates reduced administrative burden and associated staffing costs.

### This MTW activity serves the following statutory objectives:

Cost effectiveness.

### Cost Implications

Decreased costs.

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

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

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

New admissions and currently assisted households

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

The MTW activity applies only to selected family types

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

Other – another specifically defined target population or populations.

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

Only residents of PHA-owned or managed PBV units.

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

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

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

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

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

N/A

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

No

**Does this MTW activity require a Hardship Policy:**

No

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

Yes

This document is attached.

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

No

**Comments received at the public hearing for the Agency-Specific waiver and the agency's description of how the comments were considered.**

**Pending public hearing March 2026.**

<b>Impact Analysis</b>
<b>For Waiver Type: Agency Specific</b>
<b>Waiver Title: Align Rent Redetermination Dates for PHA-Owned or Managed PBV Properties</b>
<p><b>Regulations to Waive:</b></p> <p>983.302(b)(1) An owner may receive an increase in the rent to owner during the term of a HAP contract. Any such increase will go into effect at the annual anniversary of the HAP contract.</p> <p>983.302(e)(2) The annual anniversary of the HAP contract is the first day of the first calendar month after the end of the preceding contract year. The adjusted rent to owner amount applies for the period of 12 calendar months from the annual anniversary of the HAP contract.</p>
<p><b>Describe the MTW activity (including what specifically the agency is proposing to waive), the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.</b></p> <p>HACSC proposes waiving certain provisions of 24 CFR 983.302 to permit alignment of the rent redetermination dates of all PHA-owned/managed PBV units. With numerous properties having different PBV HAP contract anniversary dates, the annual process for redetermining rents for every property is administratively burdensome. HACSC proposes to put all PBV HAP contracts for PHA-owned properties on the same annual cycle for rent redetermination. HACSC proposes aligning all PBV HAP contracts for PHA-owned/managed PBV units to have rent redeterminations effective March 1<sup>st</sup> of every year, rather than on the annual anniversary of the HAP contract. By aligning the rent redeterminations to occur on the same annual date, HACSC anticipates reduced administrative burden and associated staffing costs.</p>
<p><b>This MTW activity serves the following statutory objectives:</b></p> <p>Cost effectiveness.</p>
<p><b>Cost Implications</b></p> <p>Decreased costs.</p>
<p><b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b></p> <p>The MTW activity applies only to a subset or subsets of assisted households</p>
<p><b>Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?</b></p> <p>New admissions and currently assisted households</p>
<p><b>Does the MTW activity apply to all family types or only to selected family types?</b></p> <p>The MTW activity applies only to selected family types</p>
<p><b>Please select the family types subject to this MTW activity.</b></p> <p>Other – another specifically defined target population or populations.</p>
<p><b>If Other Selected in Previous Question: Please describe this target population in the text box.</b></p> <p>Only residents of PHA-owned or managed PBV units.</p>
<p><b>Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?</b></p> <p>The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers</p>
<p><b>Please describe which tenant-based units and/or properties with project-based vouchers participate in the MTW activity.</b></p> <p>Applies only to PBV units owned or controlled by the PHA.</p>

<p><b>Impact on the agency's finances (e.g., how much will the activity cost, and any change in the agency's per family contributions).</b></p> <p>The activity is anticipated to result in modest staff savings, and no change in the agency's per family contributions.</p>
<p><b>Impact on affordability of housing costs for affected families (e.g. any change in how much affected families will pay towards their housing costs.)</b></p> <p>No impact is anticipated.</p>
<p><b>Impact on the agency's waitlist(s) (e.g., any change in the amount of time families are on the waitlist)</b></p> <p>No impact is anticipated.</p>
<p><b>Impact on the agency's termination rate of families (e.g., any change in the rate at which families non-voluntarily lose assistance from the agency)</b></p> <p>No impact is anticipated.</p>
<p><b>Impact on the agency's current occupancy level in public housing and utilization rate in the HCV program</b></p> <p>No impact is anticipated.</p>
<p><b>Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency, and/or housing choice</b></p> <p>This waiver is anticipated to meet the MTW statutory goal of cost effectiveness.</p>
<p><b>Impact on the agency's ability to meet the MTW statutory requirements</b></p> <p>This waiver is anticipated to enhance the agency's ability to meet the MTW statutory goal of cost effectiveness.</p>
<p><b>Impact on the rate of hardship requests and the number granted and denied as a result of this activity.</b></p> <p>No impact is anticipated.</p>
<p><b>Across the other factors above, the impact on protected classes (and any associated disparate impact).</b></p> <p>No impact is anticipated.</p>
<p><b>Implementation timeline.</b></p> <p>7/1/2026 or upon HUD approval.</p>
<p><b>Description of a hardship policy, if needed.</b></p> <p>The agency does not anticipate a need for a hardship policy for this proposed waiver.</p>

## E.1 Agency-Specific Waiver

### Waiver Title: Impose Limit on PBV to HCV Conversions

**Regulations to Waive: 24 CFR 983.261(b) Family Right to Move. *Continued Assistance.*** If the family has elected to terminate the lease in accordance with 24 CFR 983.261(a), the PHA must offer the family the opportunity for continued tenant-based rental assistance. The PHA must specify in the Administrative Plan whether it will offer families assistance under the voucher program or other comparable tenant-based rental assistance. If voucher assistance is offered to the family and the search term expires, the PHA must issue the voucher to the next eligible family.

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

This MTW activity limits the number of PBV to HCV conversions to a subset of the number of HCVs it plans to issue each year. Due to the significant demand for affordable rental housing in Santa Cruz County and because HACSC continues to assist persons off a closed Section 8 waiting list that many years old, this will allow the agency to exhaust its waiting list sooner. Agency management will determine the percentage of HCV issuances to allocate to PBV transfers, based on the size of the waiting list and volume of vouchers planned for issuance. Agency staff plan to keep PBV transfers limited to between 25% to 50% of total voucher issuances. Exceptions to this waiver activity include VAWA and reasonable accommodations. At the sole discretion of the Executive Director, hardship exceptions may also be made for households for whom their current location of housing prevents access to gainful employment, causes financial hardship, limits access to medical care or other good cause. Households requesting to move when an HCV is not available will be placed on the PBV Transfer Waiting List.

### This MTW activity serves the following statutory objectives:

Cost effectiveness.

### Cost Implications

Neutral (no cost implications)

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

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

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

New admissions and currently assisted households

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

The MTW activity applies to all family types.

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

The MTW activity applies to all properties with project-based vouchers

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

No

### Does this MTW activity require a Hardship Policy:

Yes

This document is attached.

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

Yes

This document is attached

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

No

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

N/A

**Comments received at the public hearing for the Agency-Specific waiver and the agency's description of how the comments were considered.**

**Pending public hearing March 2026.**

<b>Impact Analysis</b>
<b>For Waiver Type: Agency Specific</b>
<b>Waiver Title: Impose Limit on PBV to HCV Conversions</b>
<b>Regulations to Waive: 24 CFR 983.261(b) Family Right to Move. <i>Continued Assistance.</i></b> If the family has elected to terminate the lease in accordance with 24 CFR 983.261(a), the PHA must offer the family the opportunity for continued tenant-based rental assistance. The PHA must specify in the Administrative Plan whether it will offer families assistance under the voucher program or other comparable tenant-based rental assistance. If voucher assistance is offered to the family and the search term expires, the PHA must issue the voucher to the next eligible family.
<b>Describe the MTW activity (including what specifically the agency is proposing to waive), the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.</b>  This MTW activity limits the number of PBV to HCV conversions to a subset of the number of HCVs it plans to issue each year. Due to the significant demand for affordable rental housing in Santa Cruz County and because HACSC continues to assist persons off a closed Section 8 waiting list that many years old, this will allow the agency to exhaust its waiting list sooner. Agency management will determine the percentage of HCV issuances to allocate to PBV transfers, based on the size of the waiting list and volume of vouchers planned for issuance. Agency staff plan to keep PBV transfers limited to between 25% to 50% of total voucher issuances. Exceptions to this waiver activity include VAWA and reasonable accommodations . At the sole discretion of the Executive Director, hardship exceptions may also be made for households for whom their current location of housing prevents access to gainful employment, causes financial hardship, limits access to medical care or other good cause. Households requesting to move when an HCV is not available will be placed on the PBV Transfer Waiting List.
<b>This MTW activity serves the following statutory objectives:</b>  Cost effectiveness.
<b>Cost Implications</b>  Neutral (no cost implications)
<b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b>  The MTW activity applies only to a subset or subsets of assisted households
<b>Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?</b>  New admissions and currently assisted households
<b>Does the MTW activity apply to all family types or only to selected family types?</b>  The MTW activity applies to all family types.
<b>Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?</b>  The MTW activity applies to all properties with project-based vouchers
<b>Impact on the agency's finances (e.g., how much will the activity cost, and any change in the agency's per family contributions).</b>  The activity is anticipated to reduce expenses.
<b>Impact on affordability of housing costs for affected families (e.g. any change in how much affected families will pay towards their housing costs.)</b>  <b>No impact is anticipated.</b>

<p><b>Impact on the agency’s waitlist(s) (e.g., any change in the amount of time families are on the waitlist)</b></p> <p>It’s anticipated that this activity will result in longer waits for families on the PBV Transfer Waiting List but will be offset by shorter waiting time for families on the HCV Waiting List.</p>
<p><b>Impact on the agency’s termination rate of families (e.g., any change in the rate at which families non-voluntarily lose assistance from the agency)</b></p> <p>No impact is anticipated.</p>
<p><b>Impact on the agency’s current occupancy level in public housing and utilization rate in the HCV program</b></p> <p>No impact is anticipated.</p>
<p><b>Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency, and/or housing choice</b></p> <p>This waiver is anticipated to meet the MTW statutory goal of cost effectiveness.</p>
<p><b>Impact on the agency’s ability to meet the MTW statutory requirements</b></p> <p>This waiver is anticipated to enhance the agency’s ability to meet the MTW statutory goal of cost effectiveness.</p>
<p><b>Impact on the rate of hardship requests and the number granted and denied as a result of this activity.</b></p> <p>No impact is anticipated.</p>
<p><b>Across the other factors above, the impact on protected classes (and any associated disparate impact).</b></p> <p>No impact is anticipated.</p>
<p><b>Implementation timeline.</b></p> <p>7/1/2026 or upon HUD approval.</p>
<p><b>Hardship Policy if Required</b></p> <p><b>Hardship Situations</b></p> <p>Hardship situations to be considered include, but are not limited to, the circumstances listed. Exceptions will be made on a case-by-case basis.</p> <p>The family has experienced a decrease in income because of changed circumstances, including loss or reduction of employment, death in the family, or reduction in or loss of earnings or other assistance;</p> <p>The family has experienced an increase in expenses, because of changed circumstances, for medical costs, child care, transportation, education, or similar items; or</p> <p>Such other situations and factors determined by the agency to be appropriate.</p> <p><b>Process for Agency Review and Determination</b></p> <p>Households may request a hardship if, when they requested an HCV to move from a PBV unit, they were informed that an HCV is not available and the agency instead offered to place them on the PBV Transfer List.</p> <p>When a resident requests a hardship exemption from this MTW activity the agency will take the following actions:</p> <p>Determine whether a hardship exists within a reasonable time after the family request, typically within 30 days.</p> <p>If the request does not meet the hardship standards, and is denied, HACSC will place the tenant on the PBV Transfer List.</p> <p>If the request does meet the hardship standards, the agency will provide an exemption from the MTW activity by issuing an HCV for an approved hardship.</p> <p><b>Tenant Notification of Hardship Provisions</b></p> <p>HACSC will notify residents of the hardship policy at intake, will review its hardship policy with residents at recertification, and will consider if a resident qualifies for a hardship exemption when assistance is to be terminated due to an MTW activity.</p> <p><b>Grievance Procedure</b></p>

If an initial request for hardship is not approved, the tenant may request a second level review by notifying the agency in writing that they would like to appeal the denial. Appeals will be reviewed by and subject to the approval of the agency Executive Director.

**Reasonable Accommodations**

The agency will follow its existing Reasonable Accommodations process for any persons with handicaps requesting a reasonable accommodation.

**Record Keeping**

The agency has established record keeping policies for hardship requests and determinations.

<b>Hardship Policy</b>
<b>For Waiver Type: Agency Specific Waiver</b>
<b>Waiver Title: Impose Limit on PBV to HCV Conversions</b>
<p><b>Description of Activity</b></p> <p>This MTW activity limits the number of PBV to HCV conversions to a subset of the number of HCVs it plans to issue each year. Due to the significant demand for affordable rental housing in Santa Cruz County and because HACSC continues to assist persons off a closed Section 8 waiting list that many years old, this will allow the agency to exhaust its waiting list sooner. Agency management will determine the percentage of HCV issuances to allocate to PBV transfers, based on the size of the waiting list and volume of vouchers planned for issuance. Agency staff plan to keep PBV transfers limited to between 25% to 50% of total voucher issuances. Exceptions to this waiver activity include VAWA and reasonable accommodations. At the sole discretion of the Executive Director, hardship exceptions may also be made for households for whom their current location of housing prevents access to gainful employment, causes financial hardship, limits access to medical care or other good cause. Households requesting to move when an HCV is not available will be placed on the PBV Transfer Waiting List.</p>
<p><b>Hardship Situations</b></p> <p>Hardship situations to be considered include, but are not limited to, the circumstances listed. Exceptions will be made on a case-by-case basis.</p> <p>The family has experienced a decrease in income because of changed circumstances, including loss or reduction of employment, death in the family, or reduction in or loss of earnings or other assistance;</p> <p>The family has experienced an increase in expenses, because of changed circumstances, for medical costs, child care, transportation, education, or similar items; or</p> <p>Such other situations and factors determined by the agency to be appropriate.</p>
<p><b>Process for Agency Review and Determination</b></p> <p>Households may request a hardship if, when they requested an HCV to move from a PBV unit, they were informed that an HCV is not available and the agency instead offered to place them on the PBV Transfer List.</p> <p>When a resident requests a hardship exemption from this MTW activity the agency will take the following actions:</p> <ul style="list-style-type: none"> <li>Determine whether a hardship exists within a reasonable time after the family request, typically within 30 days.</li> </ul> <p>If the request does not meet the hardship standards, and is denied, HACSC will place the tenant on the PBV Transfer List.</p> <p>If the request does meet the hardship standards, the agency will provide an exemption from the MTW activity by issuing an HCV for an approved hardship.</p>
<p><b>Tenant Notification of Hardship Provisions</b></p> <p>HACSC will notify residents of the hardship policy at intake, will review its hardship policy with residents at recertification, and will consider if a resident qualifies for a hardship exemption when assistance is to be terminated due to an MTW activity.</p>
<p><b>Grievance Procedure</b></p> <p>If an initial request for hardship is not approved, the tenant may request a second level review by notifying the agency in writing that they would like to appeal the denial. Appeals will be reviewed by and subject to the approval of the agency Executive Director.</p>
<p><b>Reasonable Accommodations</b></p> <p>The agency will follow its existing Reasonable Accommodations process for any persons with handicaps requesting a reasonable accommodation.</p>

**Record Keeping**

The agency has established record keeping policies for hardship requests and determinations.

## E.1 Agency-Specific Waiver

**Waiver Title: Direct Referral Program**

### Regulations to Waive:

24 CFR 982.207(b)(3) **Preference for person with disabilities.** The PHA may adopt a preference for admission of families that include a person with disabilities. However, the PHA may not adopt a preference for admission of persons with a specific disability.

24 CFR 983.251(d)(1) **Preference for services offered.** The prohibition on granting preferences to persons with a specific disability at 24 CFR 982.207(b)(3) continues to apply.

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

When PBV properties with Permanent Supportive Housing (PSH) units are developed, State funding is often included in the capital stack. State funding, including programs such as CA Housing and Community Development (HCD)'s No Place Like Home (NPLH), have narrower eligibility requirements than the HCV/PBV programs. In order to ensure that such PBV units developed in partnership with the State, utilizing funds that are for provision of supportive services to targeted special needs populations, can be prioritized for the eligible population, HACSC proposes to allow the Continuum of Care (CoC) to provide direct referrals for PSH PBV units from the Coordinated Entry System, with the understanding that they will refer households in accordance with the requirements of other applicable funding sources, which may target specific populations i.e. No Place Like Home (NPLH) which requires a Serious Mental Illness (SMI) diagnosis. Implementation of this waiver is anticipated to increase housing choice by stimulating housing production, and by increasing the number of units for certain special needs populations who may not be best served through the traditional waiting list process.

### This MTW activity serves the following statutory objectives:

Housing Choice

### Cost Implications

Neutral

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

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

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

New admissions

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

The MTW activity applies only to selected family types

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

Other – another specifically defined target population or populations.

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

Only special needs populations (SNPs) eligible for a special needs program such as No Place Like Home (NPLH) in which the funding for supportive services at a PBV unit is tied to eligibility for the special needs program.

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

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

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

Applies only to PBV units developed with federal or state development funds targeting special populations including but not limited to veterans, seniors, people with specific disabilities, farmworkers, and those experiencing homelessness, through programs such as California HCD's Homekey, No Place Like Home (NPLH) and Housing & Disability Advocacy Program (HDAP).

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

N/A

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

No

**Does this MTW activity require a Hardship Policy:**

No

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

Yes

This document is attached

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

No

**Comments received at the public hearing for the Agency-Specific waiver and the agency's description of how the comments were considered.**

**Pending public hearing March 2026.**

<b>Impact Analysis</b>
<b>For Waiver Type: Agency Specific Waiver (ASW)</b>
<b>Waiver Title:</b> Direct Referral Program
<p><b>Regulations to Waive:</b></p> <p>24 CFR 982.207(b)(3) <b>Preference for person with disabilities.</b> The PHA may adopt a preference for admission of families that include a person with disabilities. However, the PHA may not adopt a preference for admission of persons with a specific disability.</p> <p>24 CFR 983.251(d)(1) <b>Preference for services offered.</b> The prohibition on granting preferences to persons with a specific disability at 24 CFR 982.207(b)(3) continues to apply.</p>
<p><b>Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative</b></p> <p>When PBV properties with Permanent Supportive Housing (PSH) units are developed, State funding is often included in the capital stack. State funding, including programs such as CA Housing and Community Development (HCD)'s No Place Like Home (NPLH), have narrower eligibility requirements than the HCV/PBV programs. In order to ensure that such PBV units developed in partnership with the State, utilizing funds that are for provision of supportive services to targeted special needs populations, can be prioritized for the eligible population, HACSC proposes to allow the Continuum of Care (CoC) to provide direct referrals for PSH PBV units from the Coordinated Entry System, with the understanding that they will refer households in accordance with the requirements of other applicable funding sources, which may target specific populations i.e. No Place Like Home (NPLH) which requires a Serious Mental Illness (SMI) diagnosis. Implementation of this waiver is anticipated to increase housing choice by stimulating housing production, and by increasing the number of units for certain special needs populations who may not be best served through the traditional waiting list process.</p>
<p><b>This MTW activity serves the following statutory objectives:</b></p> <p>Housing Choice</p>
<p><b>Cost Implications</b></p> <p>Neutral</p>
<p><b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b></p> <p>The MTW activity applies only to a subset or subsets of assisted households</p>
<p><b>Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?</b></p> <p>New admissions</p>
<p><b>Does the MTW activity apply to all family types or only to selected family types?</b></p> <p>The MTW activity applies only to selected family types</p>
<p><b>Please select the family types subject to this MTW activity.</b></p> <p>Other – another specifically defined target population or populations.</p>
<p><b>If Other Selected in Previous Question: Please describe this target population in the text box.</b></p> <p>Only special needs populations (SNPs) eligible for a special needs program such as No Place Like Home (NPLH) in which the funding for supportive services at a PBV unit is tied to eligibility for the special needs program.</p>

<p><b>Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?</b></p> <p>The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers</p>
<p><b>Please describe which tenant-based units and/or properties with project-based vouchers participate in the MTW activity.</b></p> <p>Applies only to PBV units developed with federal or state development funds targeting special populations including but not limited to veterans, seniors, people with specific disabilities, farmworkers, and those experiencing homelessness, through programs such as California HCD's Homekey, No Place Like Home (NPLH) and Housing &amp; Disability Advocacy Program (HDAP).</p>
<p><b>Impact on the agency's finances (e.g., how much will the activity cost, and any change in the agency's per family contributions).</b></p> <p>No impact is anticipated.</p>
<p><b>Impact on affordability of housing costs for affected families (e.g. any change in how much affected families will pay towards their housing costs.)</b></p> <p>No impact is anticipated.</p>
<p><b>Impact on the agency's waitlist(s) (e.g., any change in the amount of time families are on the waitlist)</b></p> <p>No impact is anticipated.</p>
<p><b>Impact on the agency's termination rate of families (e.g., any change in the rate at which families non-voluntarily lose assistance from the agency)</b></p> <p>No impact is anticipated.</p>
<p><b>Impact on the agency's current occupancy level in public housing and utilization rate in the HCV program</b></p> <p>No impact is anticipated.</p>
<p><b>Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency, and/or housing choice</b></p> <p>This waiver is anticipated to meet the MTW statutory goal of increased housing choice.</p>
<p><b>Impact on the agency's ability to meet the MTW statutory requirements</b></p> <p>This waiver is anticipated to enhance the agency's ability to meet the MTW statutory goal of increased housing choice.</p>
<p><b>Impact on the rate of hardship requests and the number granted and denied as a result of this activity.</b></p> <p>No impact is anticipated.</p>
<p><b>Across the other factors above, the impact on protected classes (and any associated disparate impact).</b></p> <p>No disparate impact is anticipated. The proposed waiver may provide more PBV opportunities for vulnerable populations, and specific populations served under the targeted state programs and funding sources.</p>
<p><b>Implementation timeline.</b></p> <p>July 1, 2026 or upon HUD approval.</p>
<p><b>Description of a hardship policy, if needed.</b></p> <p>The agency does not anticipate a need for a hardship policy for this proposed waiver.</p>

## E.1 Agency-Specific Waiver

**Waiver Title:** MTW Value Voucher

### Regulations to Waive:

[982.1 \(a\) \(3\)](#) Subsidy in the HCV program is based on a local “payment standard” that reflects the cost to lease a unit in the local housing market. If the rent is less than the payment standard, the family generally pays 30 percent of adjusted monthly income for rent. If the rent is more than the payment standard, the family pays a larger share of the rent.

[982.505 How to calculate housing assistance payment](#)

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

HACSC proposes an "MTW value voucher" which will provide a lower cost subsidy than a conventional voucher. The value voucher may be targeted to specific populations, including but not limited to households currently receiving rental assistance who are at risk of losing that rental assistance as a result of funding constraints or program changes. Participants will seek units in privately assisted housing developments where the rental costs are lower than current HUD published FMRs but still not affordable to very-low and extremely low-income households. The proposed activity applies to LIHTC units or other income- or rent-restricted units with “affordable” rents that exceed the tenant rent share. For these units, the rent reasonableness determination process will consist of verification of the regulated rent amount, which will always be at or below the Payment Standard. The value voucher would make up the difference between the rent and tenant rent share.

### This MTW activity serves the following statutory objectives:

Housing Choice  
Cost Effectiveness

### Cost Implications

Decreased costs.

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

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

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

New admissions and currently assisted households

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

The MTW activity applies only to selected family types

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

Other – another specifically defined target population or populations.

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

All households eligible for the waiting list preference ‘Imminent Risk of Losing Rental Assistance Due to Funding Constraints or Program Changes’ which is an existing preference included in the HACSC Section 8 Administrative Plan.

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

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

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

The proposed activity applies to LIHTC units or other income- or rent-restricted units with “affordable” rents that exceed

the family's tenant rent share.

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

No

**Does this MTW activity require a Hardship Policy:**

No

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

Yes

This document is attached

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

No

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

N/A

**Comments received at the public hearing for the Agency-Specific waiver and the agency's description of how the comments were considered.**

**Pending public hearing March 2026**

<b>Impact Analysis</b>
<b>For Waiver Type: Agency Specific Waiver (ASW)</b>
<b>Waiver Title:</b> MTW Value Voucher
<b>Regulations to Waive:</b> <a href="#">982.1 (a) (3)</a> Subsidy in the HCV program is based on a local “payment standard” that reflects the cost to lease a unit in the local housing market. If the rent is less than the payment standard, the family generally pays 30 percent of adjusted monthly income for rent. If the rent is more than the payment standard, the family pays a larger share of the rent. <a href="#">982.505 How to calculate housing assistance payment</a>
<b>Describe the MTW activity, the MTW agency’s goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.</b>  HACSC proposes an "MTW value voucher" which will provide a lower cost subsidy than a conventional voucher. The value voucher may be targeted to specific populations, including but not limited to households currently receiving rental assistance who are at risk of losing that rental assistance as a result of funding constraints or program changes. Participants will seek units in privately assisted housing developments where the rental costs are lower than current HUD published FMRs but still not affordable to very-low and extremely low-income households. The proposed activity applies to LIHTC units or other income- or rent-restricted units with “affordable” rents that exceed the tenant rent share. For these units, the rent reasonableness determination process will consist of verification of the regulated rent amount, which will always be at or below the Payment Standard. The value voucher would make up the difference between the rent and tenant rent share.
<b>This MTW activity serves the following statutory objectives:</b>  Housing Choice Cost Effectiveness
<b>Cost Implications</b>  Decreased costs.
<b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b>  The MTW activity applies only to a subset or subsets of assisted households
<b>Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?</b>  New admissions and currently assisted households
<b>Does the MTW activity apply to all family types or only to selected family types?</b>  The MTW activity applies only to selected family types
<b>Please select the family types subject to this MTW activity.</b>  Other – another specifically defined target population or populations.
<b>If Other Selected in Previous Question: Please describe this target population in the text box.</b>  All households eligible for the waiting list preference 'Imminent Risk of Losing Rental Assistance Due to Funding Constraints or Program Changes' which is an existing preference included in the HACSC Section 8 Administrative Plan.
<b>Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?</b>  The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers

<p><b>Please describe which tenant-based units and/or properties with project-based vouchers participate in the MTW activity.</b></p> <p>The proposed activity applies to LIHTC units or other income- or rent-restricted units with “affordable” rents that exceed 30% of tenants’ income.</p>
<p><b>Impact on the agency’s finances (e.g., how much will the activity cost, and any change in the agency’s per family contributions).</b></p> <p>The activity is anticipated to reduce costs relative to a HAP payment for an HCV.</p>
<p><b>Impact on affordability of housing costs for affected families (e.g. any change in how much affected families will pay towards their housing costs.)</b></p> <p>The activity is intended to hold rents for participants at 30% of their income. Absent this activity, households transferring into the proposed unit types would experience rent burdens above 30% of their income.</p>
<p><b>Impact on the agency’s waitlist(s) (e.g., any change in the amount of time families are on the waitlist)</b></p> <p>The activity is anticipated to reduce the amount of time families are on the waitlist by providing greater housing choices and viable pathways for these households who are eligible for this program - and at the top of the waitlist - to find and secure permanent housing. The faster these households can be assisted into eligible units, the faster the remaining households on the WL can be assisted. Absent this activity, the time on the waitlist is anticipated to be lengthy.</p>
<p><b>Impact on the agency’s termination rate of families (e.g., any change in the rate at which families non-voluntarily lose assistance from the agency)</b></p> <p>No impact is anticipated.</p>
<p><b>Impact on the agency’s current occupancy level in public housing and utilization rate in the HCV program</b></p> <p>No impact is anticipated.</p>
<p><b>Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency, and/or housing choice</b></p> <p>This activity fulfills the MTW statutory goals of cost effectiveness and housing choice.</p>
<p><b>Impact on the agency’s ability to meet the MTW statutory requirements</b></p> <p>This activity enhances the agency’s ability to meet MTW statutory requirements by providing enhanced housing choice and increasing cost effectiveness.</p>
<p><b>Impact on the rate of hardship requests and the number granted and denied as a result of this activity.</b></p> <p>No impact is anticipated.</p>
<p><b>Across the other factors above, the impact on protected classes (and any associated disparate impact).</b></p> <p>No impact is anticipated.</p>
<p><b>Implementation timeline.</b></p> <p>7/1/2026 or upon HUD approval.</p>
<p><b>Description of a hardship policy, if needed.</b></p> <p>The agency does not anticipate a need for a hardship policy for this proposed waiver.</p>

## AGENDA ITEM SUMMARY

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**MEETING DATE:** March 25, 2026

**ITEM NUMBER:** 8

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

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**SUBJECT:** Director's Report – March 25, 2026

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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 March 25, 2026 meeting. My phone number is (831) 454-5931 and my email address is [jennyp@hacosantacruz.org](mailto:jennyp@hacosantacruz.org).

**Chanticleer** – Staff have presented the draft Joint Development Agreement (JDA) for their review and feedback. Staff will continue to work outside General Counsel on any revisions and edits to the draft JDA. Staff expect to present the JDA to the Board for approval at the April or May meeting. Staff continue to work on the NEPA for 2031 17<sup>th</sup> Avenue which is expected to be completed in late March or early April. Staff are preparing to notify the surrounding neighbors of a community meeting to provide information on the project and to address any community questions. The community meeting is expected to be held in March. The entitlement application is expected to be submitted in the Summer 2026. The Notice of Anticipated RAD Rents (NARR) was submitted to HUD to initiate the review process to use 61 units of Faircloth Authority through the Restore Rebuild Initiative to rental assistance through RAD.

**2026 FMR Study** – The Housing Authority is currently working with Applied Survey Research to conduct a new Fair Market Rent (FMR) study. Data collection for the study is underway. Results are due to HUD by June 1, 2026 so that they can be considered for the 2027 FMRs which are published on September 1, 2026.

**Senior Resource Fair** – On February 28, staff hosted the second annual North County Senior Resource Fair at the London Nelson Community Center. The event was very well attended, with approximately 160 seniors and 12 community organizations participating. The fair provided an opportunity for residents and community members to connect with a range of local service providers offering information and assistance related to nutrition, transportation, health services, legal resources, and other supports for older adults. Participating organizations included Teen Kitchen Project, Lift Line, Meals on Wheels, County of Santa Cruz Public Health, Santa Cruz METRO, Senior Network Services, Village Santa Cruz County, Vista Center for the Blind and Visually Impaired, Senior Legal Services, Santa Cruz County Regional Transportation Commission, and Nueva Vista Community Resources. The event allowed seniors to learn about available resources, ask questions directly of service providers, and strengthen connections with

community organizations that support aging residents. Staff were pleased with the strong turnout and the engagement of both attendees and participating partners and appreciated the collaboration of the many organizations that helped make the event a success. Staff plan to host the second annual South County Senior Resource Fair in the fall.

**Emergency Housing Vouchers (EHVs)** – The Emergency Housing Voucher (EHV) Program was created under the American Rescue Plan (ARP) Act of 2021 to help individuals and families who are homeless, at risk of homelessness, fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking, or who are recently homeless and for whom rental assistance will prevent homelessness or housing instability. The funding originally appropriated by Congress was anticipated by HUD to last through September 30, 2030, with a requirement to use the funds by September 30, 2035. As the board has discussed in recent months, the costs of the EHV program have exceeded HUD’s original projections, and the amount appropriated in the ARP Act is expected to be depleted at the end of 2026. Staff have contacted all families on the EHV program to inform them of the situation regarding funding, as well as steps the Agency is taking in an effort to connect all EHV families with other affordable housing programs. The table below provides an update of the number of families in the EHV program, including how many are leased up, how many are searching for a unit with their voucher, and how many have exited the program by reason for program exit.

EHV Participation Status	10/31/25	12/31/25	1/30/25	2/28/25
Baseline EHV Participants as of 10/1/25	272	272	272	272
Currently Housed in EHV Program				
In Jurisdiction	256	247	241	240
Billable Port – Out of Jurisdiction	3	3	4	4
Total Housed in EHV Program	259	250	245	244
Out of Unit Searching with EHV				
In Jurisdiction	6	6	8	7
Billable Port – Out of Jurisdiction	2	2	3	3
Total Searching in EHV Program	8	8	11	10
Program Exits				
Expired Voucher	3	3	3	3
Deceased	1	3	3	3
Program Violation	1	2	2	2
Transfer to PBV	0	6	8	10
Total Program Exits	5	14	16	18
Current EHV Program Participants	267	258	256	254

In addition to the 18 program exits reflected in the table above, there are 3 families in the process of moving into vacant units at existing PBV properties. Two new PBV properties, which each represent housing opportunities for EHV households, will be ready for occupancy in the summer of 2026. Staff are currently beginning the process of outreach to EHV families about these PBV opportunities.

## Legislative and Funding Updates

### Funding

Congress has now approved the FY 2026 Transportation, Housing and Urban Development (THUD) appropriations bill. The final legislation provides a slight overall increase in HUD funding compared to FY 2025. HUD has 60 days from enactment of the budget to notify Public Housing Authorities of our individual agency funding levels. Industry groups are currently offering mixed projections regarding Housing Assistance Payment (HAP) proration. HUD staff have provided updated planning spreadsheets (the “Two-Year Tool”) to reflect an *estimated* 99.2% HAP proration. With a 99.2% proration of funding, it is likely that we will be able to provide continued rental assistance to EHV families while avoiding a financial shortfall in the Housing Choice Voucher (HCV) program in 2026. We will continue to monitor federal guidance and industry analysis as additional details become available and will assess the implications for our agency once HUD releases final funding allocations. Staff will keep the Board updated as information becomes available.

### Proposed Rule Regarding Work Requirements and Time Limits

On March 2, 2026 HUD published a proposed rule that would allow housing agencies and owners of federally subsidized housing to impose work requirements and time limits on certain forms of rental assistance, including Housing Choice Vouchers and project-based rental assistance. If implemented, the proposal would allow housing providers to terminate assistance for households that do not meet new work requirements. Housing Authorities would have the discretion to establish work requirements up to 40 hours per week, as well as time limits on rental assistance, which could be as short as two years. The proposal includes exemptions for disabled and elderly households. While housing authorities would not be required to impose work requirements or time limits, many housing policy organizations have raised concerns that the rule could result in the loss of housing assistance for many households who still cannot afford market rents.

### Senate Passes 21<sup>st</sup> Century ROAD to Housing Act.

The U.S. Senate recently passed the 21st Century ROAD to Housing Act (“Renewing Opportunity in the American Dream”), a major bipartisan housing bill intended to increase housing supply and modernize federal housing programs. Key provisions affecting housing authorities include expanding the Rental Assistance Demonstration (RAD) program, which would allow more public housing properties to convert to long-term project-based assistance and could also include an expansion of redevelopment efforts such as Restore-Rebuild (Faircloth-to-RAD). The bill also includes changes aimed at streamlining voucher program administration, such as removing duplicative inspection requirements and increasing investment in affordable housing development through HOME and CDBG.

While housing authority industry groups support the bill, some concerns have been raised about a proposed section affecting the Moving to Work (MTW) program that would add reporting requirements and limit program flexibility of existing MTW agencies. The bill will now move to conference negotiations between the House and Senate. Housing Authority industry groups are asking for minor changes during conference negotiations, including exempting affordable housing from the Build America Buy America (BABA) requirements, and removal of the MTW section of the bill.

Federal Advocacy Update – Housing Choice Voucher Renewal Funding

During the NAHRO Legislative Conference in Washington, D.C. last week, staff participated in productive discussions with staff from the offices of Senator Alex Padilla and Senator Adam Schiff as part of the California Association of Housing Authorities (CAHA) Legislative Committee. These conversations included challenges with the Housing Choice Voucher (HCV) funding, particularly the methodology HUD uses to calculate Renewal Funding Inflation Factors (RFIFs).

RFIFs are the annual inflation adjustments HUD applies to each housing authority’s prior-year voucher expenditures to determine renewal funding needed to maintain the same number of vouchers under lease. However, many housing authorities, particularly in high-cost states such as California, are experiencing RFIF adjustments that are significantly below actual cost increases. When RFIFs underestimate inflation, renewal funding does not keep pace with rising rents, which can force housing authorities to reduce the number of families served even though the program is technically described by HUD as being “fully funded.”

Following these discussions, staff are working with (CAHA) to advocate for technical language in the FY2027 federal appropriations process to improve the RFIF methodology and increase transparency in how voucher renewal funding is calculated. If adopted, the changes would result in a more equitable distribution of funding and would amplify the funding impact of our FMR study. Staff will continue working with CAHA and national partners as Congress begins developing FY2027 appropriations legislation.