

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
AGENDA OF THE REGULAR BOARD MEETING
May 27, 2026 at 11:00 a.m.
HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
2160 41st 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 March 25, 2026

Motion to Approve

B. Housing Authority Project Based Voucher Program – FY 2026 Quarter 3 Report

Receive Report

C. Housing Authority Annual Agency Goals – FY 2026 Quarter 3 Report

Receive Report

D. FY 2026 Quarter 3 Financial Report

Receive Report

4. Oral Communications (All oral communications must be directed to an item not listed on this agenda and must be within the jurisdiction of the Board. Presentations must not exceed three minutes in length. The Board will not take action or respond immediately to any Oral Communication presented, but may choose to follow up at a later time or schedule item for a subsequent agenda. The Board may limit the total amount of time allowed for oral communication). Anyone addressing the Board of Commissioners is asked to complete a card and leave it with the Board secretary so that their names may be accurately recorded in the Minutes.

5. Unfinished Business

6. New Business

7. Written Correspondence

8. Director's Report

9. Reports from Board Members
(Board members may report on meetings attended, if any, or other items of interest.)
10. Closed Session
11. Report on Closed Session
12. Adjournment

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

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

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

AGENDA ITEM NO. 1 Roll Call

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, Courtney Byrd and Kate Calderon 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 Melendrez moved for the approval of the Consent Agenda; Commissioner Schiffrin 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 February 25, 2026
- Agenda Item 3B. Approved 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.
- Agenda Item 3C. Approved the Housing Authority Agency-Wide Audited Financial Statements for Fiscal Year Ending June 30, 2025
- Agenda Item 3D. Approved Request to Submit Letter of Support for Senate Bill 1078 (SB 1078)

Deputy County Executive Officer for the County of Santa Cruz Sven Stafford thanked the Board of Commissioners for their support of Senate Bill 1078 (SB 1078).

AGENDA ITEM NO. 4 Oral Communications

None.

Chairperson Martinez Alaniz recessed the Housing Authority Meeting at 11:04 a.m.

Chairperson Martinez Alaniz reconvened the meeting at 11:12 a.m.

AGENDA ITEM NO. 5A Unfinished Business

None.

AGENDA ITEM NO. 6A Public Hearing, Review and Consideration of Draft 2026 PHA Plan, Housing Choice Voucher Administrative Plan, and MTW Supplement for the Housing Authority of the County of Santa Cruz

Secretary Panetta reminded the Board that in February 2026, staff reviewed the draft 2026 Annual PHA Plan, Administrative Plan, and MTW Supplement to the PHA Plan with the Resident Advisory Board (RAB). The RAB supported the draft documents as presented. Also in February 2026, the Board of Commissioners reviewed and engaged in a discussion of the prepared drafts of the 2026 Annual PHA Plan, 2026 Housing Choice Voucher (HCV) Program Administrative Plan and the MTW Supplement to the PHA Annual Plan.

Secretary Panetta informed the Board of Commissioners that copies of the draft 2026 Annual Plan, HCV Administrative Plan, and MTW Supplement, have been made available to the public through the Housing Authority's website. Secretary Panetta informed the Board that notices inviting public review and comment on these plans have been continuously published every Friday beginning February 6, 2026 through March 20, 2026 in both English and Spanish, in the Santa Cruz Sentinel, the Watsonville Pajaronian, and the Hollister Freelance. Secretary Panetta informed the Board that staff have not received any public comments on the posted documents. The Board of Commissioners thanked staff for all their work on these plans.

Chairperson Martinez Alaniz *opened* the Public Hearing for the draft 2026 Annual PHA Plan, Housing Choice Voucher Administrative Plan, and MTW Supplement for the Housing Authority of the County of Santa Cruz at 11:15 a.m.

Public Hearing Comments:

No Public in attendance with comments.

Chairperson Martinez Alaniz *closed* the Public Hearing for the draft 2026 Annual PHA Plan, Housing

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, MINUTES OF THE REGULAR MEETING HELD MARCH 25, 2026, AT THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, 2160 41ST AVENUE, CAPITOLA, CA 95010

Choice Voucher Administrative Plan, and MTW Supplement for the Housing Authority of the County of Santa Cruz at 11:15 a.m.

Chairperson Martinez Alaniz *opened* the Public Hearing for the Agency Specific Waivers at 11:15 a.m.

Public Hearing Comments:

No Public in attendance with comments.

Chairperson Martinez Alaniz *closed* the Public Hearing for the Agency Specific Waivers at 11:16 a.m.

End of Public Comments.

Commissioner Schffrin moved for the approval of the 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.; Commissioner Berg 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 NO. 7 Written Correspondence
None.

AGENDA ITEM NO. 8 Report of Executive Director

Deputy Executive Director Graham updated the Board of Commissioners on the 2021 Chanticleer Development. He also informed the Board that there has been an updated date on the community meeting which will now expect to be held in July. Commissioner Schiffrin requested that both the MOU and JDA be shared with the Board. Staff will take the Boards direction.

Executive Director Panetta informed the Board that the Housing Authority is currently working with Applied Survey Research on the 2026 FMR study.

Executive Director Panetta informed the Board that on February 28, staff hosted the second annual Santa Cruz Senior Resource Fair where approximately 160 seniors attended.

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

Executive Director Panetta provided the Board with a legislative and funding update, including discussion of a proposed rule concerning work requirements and time limits for Housing Choice Vouchers and project-based rental assistance. Commissioner Schiffrin recommended that Executive Director Panetta draft a letter on behalf of the Board expressing opposition to the proposed rule. Chairperson Martinez Alaniz stated that she is in favor of the proposed work requirements and time limits rule. The Board engaged in discussion about the proposed rule.

Commissioner Schiffrin moved to direct Staff to Write a Letter in Opposition of the Proposed Rule; Commissioner Berg seconded the motion and it was passed by the following vote:

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

Executive Director Panetta reported to the Board that she attended the NAHRO conference in Washington, D.C., where she met with Senators Alex Padilla and Adam Schiff, as well as members of their staff.

AGENDA ITEM NO. 9 Reports from Board Members

Commissioner Schiffrin informed staff that staff from Supervisor Justin Cummings office had received complaints from the Tenant Sanctuary Program regarding the treatment of Housing Choice Voucher (HCV) participants, including concerns about both landlords and Housing Authority staff. Staff will reach out for more information about these concerns.

Chairperson Martinez Alaniz thanked the Board and staff for the beautiful flowers.

The Board of Commissioners entered Closed Session at 11:56 a.m.

AGENDA ITEM NO. 10 Closed Session

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, MINUTES OF THE REGULAR MEETING HELD MARCH 25, 2026, AT THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ, 2160 41ST AVENUE, CAPITOLA, CA 95010

A. Potential Litigation

AGENDA ITEM NO. 11 Report on Closed Session

No action taken.

AGENDA ITEM NO. 12 Adjournment

The Board of Commissioners meeting was adjourned at 12:30 p.m.

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

Chairperson of the Authority

ATTEST: _____

Secretary of the Authority

AGENDA ITEM SUMMARY

MEETING DATE: May 27, 2026

ITEM NUMBER: 3B

FROM: Executive Director

SUBJECT: Housing Authority Project Based Voucher Program – FY 2026 Quarter 3 Report

RECOMMENDATION: Receive Report

BACKGROUND SUMMARY:

The Board of Commissioners directed staff to provide quarterly reports on the Project-Based Voucher (PBV) Program, including information about the number of projects in various stages of the PBV pipeline, as well as projects that are completed and under a Housing Assistance Payments (HAP) Contract. The FY2026 third quarter report is attached. The report includes key milestones, deadlines, and details about each project.

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

1. **Conditional Award of Vouchers:** The first table includes a list of projects that have been conditionally awarded vouchers. This includes new construction projects that have not yet executed an Agreement to Enter into a HAP Contract (AHAP) or existing housing projects that have not yet executed a HAP Contract. This section includes the original date of conditional award, the deadline for execution of the AHAP, and any extensions to the AHAP deadline that the project has requested or received pursuant to the Housing Authority's PBV rescission policy. The report will also include the status of the environmental review (ER) and subsidy layering review (SLR), which must be completed prior to execution of the AHAP. Existing housing projects do not need to complete ER or SLR requirements.
2. **Projects under an AHAP:** The second table lists projects for which an AHAP has been executed. This table includes the AHAP effective date, the expected construction completion date, and the required construction completion date based on deadline provided in the AHAP. This table also notes whether construction is active or on hold. The required construction completion date will account for any amendments to the AHAP that extended this date.
3. **Projects Under a HAP Contract:** The final table lists completed projects, for which a HAP Contract is in place. These projects are either stably occupied or in the process

of initial lease-up. The report on projects under HAP includes the HAP Contract effective date and expiration date.

RECOMMENDATION: Receive Report

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

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

| Project Number | Project Name | Address | Original Conditional Award Date | Total Number of Units | Number of PBVs | Deadline to Execute AHAP | AHAP Deadline Extension Request #1 | AHAP Deadline Extension Request #2 | Environmental Review Status | Subsidy Layering Review (SLR) Status | Building Permit Status |
|-----------------------|------------------------|--|--|------------------------------|-----------------------|---------------------------------|---|---|------------------------------------|---|----------------------------------|
| 1 | Baler Place | 340 Bridgevale Dr, Hollister, CA 92117 | 2/7/2024 | 54 | 25 | 2/6/2026 | Approved through 08/06/2026 | N/A | Clearance received – 12/29/2025 | Pending submission | Anticipated May 2026 |
| 2 | Capitola Manor | 1098 38th Ave, Capitola, CA 95010 | 2/9/2024 | 52 | 25 | 2/8/2026 | Approved through 08/08/2026 | N/A | Clearance received - 09/03/2024 | Pending submission | Submitted for approval Dec. 2025 |
| 3 | Pinnacle Pass | 75 Mount Hermon Rd, Scotts Valley, CA 95066 | 4/30/2024 | 40 | 25 | 4/30/2026 | Approved through 10/30/2026 | N/A | Clearance received - 07/31/2025 | Pending submission | Anticipated May 2026 |
| 4 | Banana Belt Apartments | 917, 919, 923 Water Street, Santa Cruz, CA 95062 | 5/23/2024 | 60 | 25 | 5/23/2026 | N/A | N/A | Clearance received – 04/25/2025 | SLR certification received – 03/06/2026 | Received |
| 5 | 150 Felker Street | 150 Felker St, Santa Cruz, CA 95060 | 8/14/2024 | 44 | 24 | 8/14/2026 | N/A | N/A | Clearance received - 05/06/2025 | Pending submission | Pending receipt |
| 6 | 525 Water Street | 525 Water Street, Santa Cruz, CA 95060 | 8/14/2024 | 90 | 33 | 8/14/2026 | N/A | N/A | Clearance received – 11/17/2025 | Certification received – 11/07/2025 | Anticipated April 2026 |
| 7 | 41st & Soquel | 2755 & 1831 41st Ave, Soquel, CA 95073 | 8/14/2024 | 289 | 91 | 8/14/2026 | N/A | N/A | Clearance received – 09/30/2024 | Certification received – 03/10/2026 | Anticipated May 2026 |
| 8 | Watsonville Metro | 475 Rodriguez St, | 8/14/2024 | 61 | 20 | 8/14/2026 | N/A | N/A | In progress | Pending submission | Pending receipt |

| | | | | | | | | | | |
|--------------|--|--------------------------|--|-----|-----|--|--|--|--|--|
| | | Watsonville, CA 95076 | | | | | | | | |
| TOTAL | | | | 690 | 268 | | | | | |

2. Projects Under an AHAP

| Project Number | Project Name | Address | Total Number of Units | Number of PBVs | AHAP Effective Date | Expected Completion Date | Construction Completion Requirement | Construction Status |
|-----------------------|-----------------------|---|------------------------------|----------------------------------|----------------------------|---------------------------------|---|-----------------------------|
| 1 | Park Haven Plaza | 2840 Park Avenue, Soquel CA 95073 | 36 | 35 | 10/18/2022 | 11/30/2026 | 08/31/2026 (owner has requested an extension that is pending review) | Inactive due to funding gap |
| 2 | Veterans Village | 8705 Hwy 9, Ben Lomond, CA 95005 CA | 20 | 15 | 12/21/2022 | 12/31/2027 | 12/31/2027 | Active |
| 3 | Pacific Station North | 902, 912, and 920 Pacific Avenue and 423 Front Street, Santa Cruz, CA 95060 | 128 | 51 | 02/20/2024 | 06/01/2026 | 12/31/2026 | Active |
| 4 | Harvey West Studios | 119 Coral Street, Santa Cruz, CA 95060 | 121 | 60 (and 20 Shelter Plus Care) | 05/15/2024 | 07/15/2026 | 11/16/2026 | Active |
| 5 | Downtown Library | 119 Lincoln St, Santa Cruz, CA 95060 | 124 | 31 | 04/23/2025 | 02/17/2028 | 03/03/2029 | Active |
| 6 | Westside Village | 850 Almar Ave, Santa Cruz, CA 95060 | 38 | 25 | 06/17/2025 | 12/01/2026 | 06/16/2028 | Active |

| | | | | | | | | |
|--------------|--------------------------|--|-----|--------------------------------------|------------|------------|------------|--------|
| 7 | 4575 Scotts Valley Drive | 4575 Scotts Valley Drive, Scotts Valley, CA 95066 | 100 | 40 | 07/24/2025 | 08/01/2027 | 07/23/2028 | Active |
| 8 | 831 Water Street | 831 Water Street, Santa Cruz CA 95060 | 140 | 64 | 10/30/2025 | 05/17/2028 | 10/29/2028 | Active |
| 9 | Beverly Gardens | 4408 & 4444 Scotts Valley Drive, Scotts Valley, CA 95066 | 25 | 24 | 12/15/2025 | 06/01/2027 | 12/14/2028 | Active |
| 10 | 136 River Street | 136 River Street, Santa Cruz, CA 95060 | 51 | 20 | 02/27/2026 | 01/01/2028 | 02/26/2029 | Active |
| TOTAL | | | 783 | 365 (and 20 Shelter Plus Care units) | | | | |

3. Projects Under a HAP Contract

| Project Number | Project Name | Address | Total Number of Units | Number of PBVs | HAP Contract Effective Date | HAP Contract Expiration Date |
|----------------|-----------------------------|---|-----------------------|----------------|-----------------------------|------------------------------|
| 1 | El Centro | 1110 Pacific Ave, Santa Cruz, CA 95060 | 45 | 44 | 11/1/2014 | 10/31/2029 |
| 2 | Emerald Hill Apartments | 101 & 102 Civic Center Drive, Scotts Valley, CA 95066 | 46 | 7 | 12/1/2014 | 11/30/2029 |
| 3 | San Andreas | 295 San Andreas Road, Watsonville, CA 95076 | 43 | 5 | 1/1/2015 | 12/31/2029 |
| 4 | Resetar Residential Hotel | 15 W. Lake Ave, Watsonville, CA 95076 | 78 | 52 | 6/23/2015 | 5/31/2030 |
| 5 | St. Stephens Senior Housing | 2510 Soquel Avenue, Santa Cruz, CA 95062 | 40 | 39 | 5/24/2017 | 4/30/2032 |
| 6 | Pippin Orchards Apartments | 56 Atkinson Lane, Watsonville, CA 95076 | 41 | 31 | 11/15/2018 | 10/31/2033 |

| | | | | | | |
|----|--------------------------------|---|-----|-----|------------|------------|
| 7 | Water Street Apartments | 708 Water St, Santa Cruz, CA 95060 | 41 | 33 | 9/19/2019 | 8/31/2034 |
| 8 | Sunrise Senior Apartments | 580 Westside Blvd, Hollister, CA 95023 | 49 | 48 | 12/11/2019 | 12/11/2034 |
| 9 | Pajaro Valley Shelter Services | 110 Kearney Street, 112 Kearney Street, 561 Rodriguez Street, 62 Arista Lane, Watsonville, CA 95076 | 4 | 4 | 6/17/2020 | 5/31/2035 |
| 10 | La Playa | 216 Leibrandt Ave, Santa Cruz, CA 95060 | 8 | 2 | 5/1/2018 | 4/30/2038 |
| 11 | Sycamore Commons | 125 Sycamore St, Santa Cruz, CA 95060 | 60 | 13 | 5/1/2018 | 4/30/2038 |
| 12 | Woodland Senior Apartments | 3050 Dover Dr, Santa Cruz, CA 95065 | 68 | 27 | 3/16/2020 | 2/29/2040 |
| 13 | Jardines Del Valle | 76 Murphy's Crossing Rd, Watsonville, CA 95076 | 18 | 5 | 3/18/2020 | 2/29/2040 |
| 14 | Villas Del Paraiso | 340A Pariso Drive, Watsonville, CA 95076 | 51 | 15 | 3/18/2020 | 2/29/2040 |
| 15 | Merrill Road Apartments | 3201 Merrill Rd, Aptos, CA 95003 | 15 | 15 | 7/1/2023 | 6/30/2043 |
| 16 | Bienestar Plaza | 1520 - 1550 Capitola Rd, Santa Cruz, CA 95062 | 65 | 40 | 11/13/2023 | 10/31/2043 |
| 17 | Tabasa Gardens | 1482 Freedom Blvd, Watsonville, CA 95076 | 53 | 37 | 3/26/2024 | 2/29/2044 |
| 18 | Cedar Street Family Apartments | 538 Cedar Street, Santa Cruz CA 95060 | 65 | 8 | 4/22/2024 | 3/31/2044 |
| 19 | LIPH PBVs | Various | 234 | 222 | 5/1/2024 | 4/30/2044 |
| 20 | Pacific Station South | 818 Pacific Ave, Santa Cruz, CA 95060 | 70 | 47 | 11/13/2024 | 11/30/2044 |
| 21 | Cienega Heights | 1515, 1615, 1715 Brewington Ave, Watsonville, CA 95076 | 80 | 37 | 11/18/2024 | 11/30/2044 |
| 22 | Sparrow Terrace | 139 and 141 Miles Lane, Watsonville CA 95076 | 72 | 43 | 12/20/2024 | 12/31/2044 |
| 23 | Natural Bridges Apartments | 415 Natural Bridges Drive, Santa Cruz CA 95060 | 20 | 20 | 1/7/2025 | 1/31/2045 |
| 24 | Tierra Alta | 101 - 114 Tierra Alta Drive, Watsonville, CA 95076 | 36 | 33 | 2/1/2025 | 2/28/2045 |
| 25 | Jessie Street | 316 Jessie Street, Santa Cruz CA 95060 | 50 | 48 | 3/28/2025 | 3/31/2045 |
| 26 | Bluffs at 44 th | 4401 Capitola Rd, Capitola, CA 95010 | 36 | 25 | 11/24/2025 | 11/30/2045 |

| | | | | | | |
|--------------|-------------|---|-------|-----|------------|------------|
| 27 | Casa Pajaro | 127 - 193 East Front St, Watsonville, CA 95076 | 34 | 32 | 02/01/2026 | 02/28/2046 |
| TOTAL | | | 1,422 | 932 | | |

AGENDA ITEM SUMMARY

MEETING DATE: May 27, 2026

ITEM NUMBER: 3C

FROM: Executive Director

SUBJECT: Housing Authority Annual Agency Goals – FY 2026 Quarter 3 Report

RECOMMENDATION: Receive Report

BACKGROUND SUMMARY:

Each year, the Housing Authority Board of Commissioners establishes Annual Agency Goals for the upcoming fiscal year. Below are Agency Goals established by the Board for the 2025 - 2026 fiscal year. Housing Authority staff will provide the Board with an update on progress towards these goals on a quarterly basis, with a final report provided at the August 2026 meeting. This report demonstrates the progress on these goals during the first three quarters.

Approved Housing Authority Agency Goals for 2025 - 2026 Fiscal Year

1. Housing Choice Voucher Program:

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

The Housing Authority is actively working to attrition down the Housing Choice Voucher (HCV) Program in order to reduce the likelihood of experiencing a financial shortfall in 2026 or 2027, as well as to make room in the HCV Program for PBVs that will be ready for occupancy this fiscal year, and to absorb as many EHVs as possible before funding for that program ends in December 2026. To attrition the program, the Housing Authority has stopped issuing new vouchers to families on the HCV Waiting List, has stopped accepting HCV referrals for special purpose programs, and has temporarily suspended issuing HCV transfer vouchers to PBV participants. Utilization has been managed within a narrow range over the past three quarters, remaining between 98% - 99%. This trend reflects the Agency's efforts to balance utilization by maintaining a high level of leasing while preserving capacity to support upcoming PBV unit occupancy and continued EHV lease-up. At this time, the Agency is on track to absorb all EHV vouchers at the end of the calendar year and honor all PBV commitments, with no financial shortfall in 2026.

- b. Reduce the size of the Emergency Housing Voucher (EHV) program by at least 130 households, through attrition and by transferring those households to other rental assistance programs with more stable funding.**

At the time that the above goal was established, Agency staff had developed a goal of transferring a minimum of 130 EHV households to the HCV program *early in the fiscal year*, and using remaining EHV funding to continue assisting the remaining EHV households until EHV funding was depleted. Since that time, HUD has made changes to the formula for EHV renewal funding and will not allow agencies to keep their EHV reserves for future years. As a result, our strategy for EHV has shifted, with a goal of connecting as many EHV families as possible to the PBV program and then providing an HCV for all remaining EHV households *at the end of 2026*, to the extent funding allows.

The table below details information about how many EHV households are housed, how many are searching, and how many have exited the program (by type of program exit). Since October 1st there have been 29 exits from the EHV program, 17 of which were transfers to the PBV program. More information about EHV projections is provided in the Directors Report.

| EHV Participation Status | Oct 25 | Dec 25 | Mar 26 | Apr 26 | May 26 |
|---|--------|--------|--------|--------|--------|
| Baseline EHV Participants as of 10/1/25 | 272 | 272 | 272 | 272 | 272 |
| Currently Housed in EHV Program | | | | | |
| In Jurisdiction | 256 | 247 | 239 | 235 | 232 |
| Billable Port – Out of Jurisdiction | 3 | 3 | 4 | 4 | 4 |
| Total Housed in EHV Program | 259 | 250 | 243 | 239 | 236 |
| Out of Unit Searching with EHV | | | | | |
| In Jurisdiction | 6 | 6 | 6 | 6 | 4 |
| Billable Port – Out of Jurisdiction | 2 | 2 | 3 | 3 | 3 |
| Total Searching in EHV Program | 8 | 8 | 9 | 9 | 7 |
| Program Exits | | | | | |
| Expired Voucher | 3 | 3 | 5 | 6 | 7 |
| Deceased | 1 | 3 | 3 | 3 | 3 |
| Program Violation | 1 | 2 | 2 | 2 | 2 |
| Transfer to PBV | 0 | 6 | 10 | 13 | 17 |
| Total Program Exits | 5 | 14 | 20 | 24 | 29 |
| Current EHV Program Participants | 267 | 258 | 252 | 248 | 243 |

- c. **Reduce the size of the Housing Choice Voucher (HCV) program group to approximately 5,754 households by the end of the FY.**

| | Baseline | Q1 | Q2 | Q3 | Q4 |
|-------------------|----------|-------|-------|-------|----|
| HCV Households | 5,879 | 5,852 | 5,841 | 5,880 | |
| Cumulative change | n/a | -27 | -38 | +1 | |

The Housing Authority continues to actively manage program size through attrition, making room for occupancy of new PBV units and EHV households. As noted in Goal 1b, since the time the above goal was developed, HUD made a change to their EHV renewal funding formula that shifted our strategy. As a result of this shift in strategy, as well as lower than expected overall program attrition, program size has remained approximately level, with attrition being offset by the addition of PBV units.

2. Affordable Housing Supply:

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

The Housing Authority completed two significant acquisitions which included 2021 Chanticleer Avenue and 2030 17th Avenue. MTW funds were used for the purchase of 2021 Chanticleer. New Horizons funds were used for the purchase of 2030 17th Avenue to ensure the acquisition could be completed in a timely manner. Staff initiated the application process to use Faircloth Authority, through the Restore Rebuild Initiative, by submitting a Notice of Anticipated RAD Rents to HUD. The Restore Rebuild Initiative provides the Housing Authority with the opportunity to leverage our remaining Faircloth Authority to secure ongoing operating funds to provide Rental Assistance Demonstration program funding for 60 units at Chanticleer. MTW funding was allocated as gap financing for Natural Bridges to close out remaining development costs for this project. MTW funds were provided to New Horizons in the form of a loan to fully support Chanticleer pre-development expenses which include architecture services, legal, and due diligence. The Housing Authority successfully allocated funds to avoid HUD recapture of reserves and to maximize our baseline calculation for 2026.

- b. **Establish a total of two partnerships on LIHTC projects, to acquire the LIHTC experience points that are required in order to apply for tax credits for our own future projects.**

Staff have identified one development opportunity to support the agency’s goal to gain LIHTC experience. New Horizons has selected MidPen Housing as a development partner for the 2021 Chanticleer project. Staff are currently engaged with MidPen Housing to outline the terms and conditions of the joint development agreement and

will present the partnership recommendation to the Board prior to execution. The Co-Development RFQ remains open for proposals from developers, and staff will continue to work with potential development partners on securing a second project that will provide the necessary LIHTC experience to apply for future tax credits for our own projects.

- c. Execute purchase and sale agreement for 2021 Chanticleer to acquire property, enter a co-development agreement with a development partner in association with submitting a LIHTC application, and submit the entitlement application to the county.**

New Horizons acquired 2021 Chanticleer on August 19, 2025, and 2030 17th Avenue on October 10, 2025. Staff have selected MidPen Housing as co-development partner to provide the necessary LIHTC experience to secure a tax credit award for the project. Staff, with support from the architect 10 Over Studio, presented schematic building design options to the Board at the December 2025 meeting. Staff continue to work with the architects and MidPen Housing on finalizing the project schedule associated with the timing to submit the LIHTC application and entitlements to the County.

- d. Complete environmental review for 3501 Portola, and if cleared execute purchase and sale agreement to acquire property, enter a co-development agreement with a development partner in association with submitting a LIHTC application, and enter a contract with an architecture firm to prepare preliminary schematic plans for a project description.**

The environmental review for 3501 Portola Drive has been completed. At its meeting on September 24, 2025, the Board of Commissioners directed staff to terminate escrow for the property, citing the substantial estimated cost of environmental remediation required to make the site suitable for housing development.

- e. Support efforts to increase funding for affordable housing development in Santa Cruz County.**

The Housing Authority Board of Commissioners voted to endorse the Santa Cruz Workforce Housing Affordability Act of 2025 (Measure C), which was approved by voters in November 2025. The ballot measure implements a parcel tax and property transfer tax to help fund affordable housing projects, resulting in a significant and ongoing source of local funds for affordable housing. The measure aligns with the Housing Authority's mission as well as its specific goals related to supporting the development of new affordable housing and increasing funding for affordable housing development in Santa Cruz County.

3. Expand Programs and Services:

- a. Complete year two implementation of two-year plan for expansion of New Horizons Programs and Services.**

Youth Services

| Fully Implemented Programs and Services | |
|---|---|
| Service | Q3 Status |
| <p>Scholarship Program: Provides scholarships of at least \$1,000 to college-bound high school seniors, college students, and returning students enrolled full or part time at a university, community college, or technical school.</p> | <p>Status: Annual scholarship program begins accepting applications April 1 through May 31. The award ceremony is being planned for August 11 at Cabrillo College.</p> |
| <p>Summer Enrichment Activities: Summer enrichment program for school-aged children (ages 5–17) in households receiving Housing Authority assistance. The program was established through a three-way Memorandum of Understanding (MOU) with County Park Friends and the Santa Cruz County Parks Department. Assisted households receive a grant of up to \$500 towards recreational programs offered through the County of Santa Cruz Parks and Recreation.</p> | <p>Status: During Q2, staff executed an extension of the three-way MOU in preparation for the 2026 program cycle. The annual program launched in January with scholarship applications being accepted from February 1st through March 17th. Recreational program enrollment will begin in May.</p> |
| <p>Tutoring Program: New Horizons offers free, high-quality tutoring aimed at supporting academic achievement and student success. Tutoring services are offered across core subject areas, including reading, math, writing, science, and social studies. Services will be delivered primarily online, with in-person support available as needed, and will be offered in both English and Spanish. The program was launched in Fall 2025 as a pilot focused on K–12 students living in Housing Authority properties.</p> | <p>Status: The Tutoring Program launched in August 2025. During Q3, eligibility was expanded from students in owned communities to all Housing Authority participants in grades K–12. To date, 17 students have enrolled; several are currently receiving tutoring services, with additional participants expected to begin services shortly. Staff will continue to promote the program to all eligible participants.</p> |
| <p>Backpacks and School Supplies: This initiative provides backpacks and essential school supplies to K–12 students in Housing Authority properties.</p> | <p>Status: The program remains on track to launch in June, ahead of the 2026–27 school year. During Q3, staff continued planning and explored opportunities to expand eligibility to include all Housing Authority program participants.</p> |

General Program Population and Family Services

| Fully Implemented Programs and Services | |
|---|--|
| Service | Status & Recommendations |
| <p>Conflict Resolution Mediation Services: Program offering free mediation services to households participating in Housing Authority programs, and to the landlords renting to Housing Authority participants, offered through contract with the Conflict Resolution Center of Santa Cruz County.</p> | <p>Status: During Q3, the program received 8 referrals for mediation services involving landlord–tenant and tenant-to-tenant disputes. Three cases were successfully resolved through mediation, Three were resolved after providing additional resources/information and two case remains ongoing.</p> |
| <p>Security Deposit Gap Assistance: Security deposit assistance program for residents of Housing Authority properties. Assistance may also be made available to other program participants on a case-by-case basis. Program designed to supplement similar programs offered by local jurisdictions, which at times face funding shortfalls or interruptions.</p> | <p>Status: During Q3, New Horizons provided a total of \$2,402 in security deposit assistance, helping 2 households secure stable housing. Cumulatively, the program has assisted 8 households and provided \$16,202 in deposit assistance this year to date.</p> |
| <p>Loss Mitigation Funds: Owner Assurance Program that offers financial assistance of up to \$5,000 to landlords for tenant-caused damages exceeding the security deposit. The Housing Authority has active contracts with the County of Santa Cruz and the cities of Capitola, Santa Cruz, Scotts Valley and Watsonville to partner on the funding for this program, with the first \$2,500 of funding for each claim coming from the jurisdictions, and the remainder being funded through New Horizons.</p> | <p>Status: During Q3, the program processed two claims, resulting in \$5,320 in payments from New Horizons. These were supplemented by an additional \$3,017 in contributions from participating jurisdictions, providing a combined total of \$8,337 in landlord assistance. Cumulatively, the program has provided 12 landlords with a total of \$28,705 in payments from New Horizons and \$23,017 from participating jurisdictions for a total of \$51,722 in assistance this year to date.</p> |
| <p>Santa Cruz METRO Eco Passes: Program offering free METRO EcoPasses to residents living in Housing Authority properties.</p> | <p>Status: During Q3, a total of 47 active passes are distributed to residents reflecting continued program growth.</p> |
| <p>Internet Access Assistance: Cruzio partnership which provides free broadband internet access to residents living in Housing Authority–owned and controlled properties. As of FY 24/25, the program</p> | <p>Status: During Q1, the Housing Authority and Cruzio initiated implementation of the \$653,800 California Advanced Services Fund</p> |

is active at seven out of our existing 20 sites, with 124 out of 160 eligible units currently connected.

(CASF) Public Housing Account grant. Installations began in Q3 and are expected to be completed by the end of Q4, resulting in free broadband service for an additional 96 units.

| Connected Properties | | | |
|-----------------------------|---------------------|--------------------------|--------------------------------|
| <u>Property</u> | <u>Units</u> | <u>Subscribed</u> | <u>Utilization Rate</u> |
| 30th | 19 | 11 | 58% |
| Portola Dr. | 24 | 12 | 50% |
| Crestview | 16 | 10 | 63% |
| Arista Ct. | 16 | 10 | 81% |
| Arista Ln. | 15 | 12 | 80% |
| Casa Pajaro | 34 | 30 | 88% |
| Tierra Alta | 36 | 36 | 100% |
| Total | 160 | 121 | 76% |

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

Status: The program launched in Q2, with services delivered under contract by Advanced Employment Group and available to all program participants. Virtual informational sessions were held in English and Spanish on October 17. To date, 15 participants have enrolled in the program. During Q3, staff expanded outreach to partner agencies and continued promoting the program to participants.

Planned for Implementation in 2025/2026

Stakeholder Survey: Biennial survey to evaluate satisfaction with current offerings, assess utilization, and identify any unmet service needs.

Status: During Q3, staff selected RRC Associates to conduct the biennial stakeholder survey. The survey launched at the end of March and data collection was completed by April 30. Results and the final report are anticipated in Q4.

Financial Workshops & Coaching: Service designed to equip participants with essential financial knowledge and tools. A recent Request for Proposals (RFP) during FY 2024/25 for financial workshops and coaching did not result in a contract award. However, the Housing Authority

Status: Staff are developing partnerships with local nonprofit organizations and banking institutions. The first financial literacy workshop is scheduled to take place in June.

| | |
|--|--|
| remains committed to offering financial education opportunities. Staff are currently exploring a partnership with a financial institution that has a proven track record in delivering financial literacy workshops and asset-building strategies. | |
|--|--|

Senior Services

| Fully Implemented Programs and Services | |
|---|---|
| Service | Status & Recommendations |
| Project: Silver Bells: Project Silver Bells is a seasonal initiative that provides holiday care packages and greeting cards to senior residents living in Housing Authority properties. The packages are thoughtfully assembled and personally delivered by Housing Authority staff, fostering community connection and holiday cheer. | Status: This project was completed during Q1. Staff delivered 166 care packages in December. |
| Senior Services Fair: This program hosts small-scale senior service events that connect residents with local providers offering senior-focused benefits and services. These events serve as an opportunity for community partners to share resources and engage directly with seniors. | Status: The second of two annual Senior Services Fairs was held on February 27 at the London Nelson Community Center in Santa Cruz, with more than 130 attendees and 11 organizations participating as exhibitors. |
| Planned for Implementation in 2025/2026 | |
| Senior Support Services: Senior Support Services Program intended to provide critical assistance including case management, access to public benefits, Medicare support, and in-home services for seniors residing in Housing Authority properties or HCV participants experiencing extreme hardship. | Status: The initial Services RFP did not yield proposals that included senior-specific support services. A revised RFP was issued on April 3, with a contract award anticipated in Q4. |

4. Improve Agency and Program Management:

a. Reopen Housing Choice Voucher waiting list

Although staff had planned to reopen the Housing Choice Voucher (HCV) waiting list in the 25/26 fiscal year, those plans are currently on hold due to funding limitations to the HCV program, as well as the discontinuation of the Emergency Housing Voucher (EHV) program. At this time, the Housing Authority does not have sufficient funding

to issue new vouchers, and any available funding for rental assistance for the foreseeable future will be prioritized for preserving the rental assistance of families with an EHV. Therefore, re-opening the HCV waiting list will depend on receiving sufficient funding to add new households to the program.

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

- i. Present recommendation to the Board of Commissioners to establish and implement a tuition reimbursement employee benefit program to offer financial assistance to employees that are pursuing educational programs, related to their job or relevant professional development.

The tuition reimbursement program has been approved by the Board and implemented to staff. This program is designed to encourage employees to pursue educational opportunities that enhance professional skills, support career growth, and strengthen the Housing Authority by fostering a more knowledgeable workforce. The program provides reimbursement of up to \$3,000 per employee annually. Currently one staff member is utilizing the program in pursuit of a master's degree.

ii. Expand tools, resources, and training opportunities for staff. This will include a combination of required and optional training programs and professional development opportunities for staff.

1. In response to feedback from internal discussion groups, staff have developed and implemented a gamified training and development program called the HOUSER program. The HOUSER Program is a yearlong learning and engagement effort designed to strengthen connection to our mission, community, and to each other. The program is built around six pillars that reflect the core of our work:

- Heart of Housing
- Opportunities in Housing
- Understanding Communities
- Serving Communities
- Equity in Housing
- Rights in Housing

Housing Authority employees can choose activities and trainings within each pillar and earn points for all completed items. Once a staff member reaches

50 points in every pillar, they become a Recognized HOUSER and will receive a certificate, a set of Housing Authority swag, their choice of an iPad or Chromebook, and attendance at a national NAHRO conference. The program runs each year from January 1 through November 15. Participation is voluntary and open to all Housing Authority staff.

2. The employee intranet training page has been redesigned to offer a menu of staff training options including a library of on-demand training videos staff may select from.

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

AGENDA ITEM SUMMARY

MEETING DATE: May 27, 2026

ITEM NUMBER: 3D

FROM: Deputy Executive Director

SUBJECT: FY 2026 Quarter 3 Financial Report

RECOMMENDATION: Receive Report

BACKGROUND SUMMARY:

As of the third quarter of FY2026, the agency reports an overall year-to-date surplus of \$2.81 million, compared to a budgeted surplus of \$892,262. This represents a stronger-than-budgeted continuation of the first half of the fiscal year, driven primarily by timing of Administrative Fee revenues and lower-than-anticipated operating expenditures across multiple-program groups.

Non-HAP expenses are trending below budget, with several programs showing slower spending through the 3rd quarter of the fiscal year, though the spending rate did increase slightly from the previous quarters. Capital spending agency-wide is at 12% of budget; reflective of budgeted Capitol projects planned for later in the fiscal year. The surplus and deficit positions by program group are as follows:

| Program Group | Surplus / (Deficit) | Explanation |
|---------------------------------|----------------------------|--|
| Section 8 Programs | \$ 767,500 | Aligned with budget, administrative fees are slightly ahead; federally funded rental assistance has been received and expensed on schedule. |
| Federal Housing Programs | \$ (6,644,512) | \$7.4M Operating Transfer Out was planned in Q4 FY25 PHA reserve spending that due to timing occurred in Q1 2026. Transfer was made to Business Activities for funding of Board approved initiatives as described in the summary below. |
| Federal Grants | \$ - | FSS & Shelter Plus Care; cost-reimbursement grants where revenue = expenses each quarter. Budget utilization is at 66%. |
| Local Programs | \$ 872 | Locally funded programs (jurisdictional funds, incentives). Near break-even with minimal variance typical for Q3. |
| Business Activities | \$ 8,689,721 | Mission St. Warehouse, 41st Ave offices, and related business-type activities. Large surplus reflects \$7.4M Operating Transfer In from Federal Housing Programs recorded in Q1 for funding Land purchase and Development loans to New Horizons and contributions into the agency's Pension Trust account as described in the summary below. |
| Agency-Wide Surplus | \$ 2,813,581 | Consolidated operating surplus across all programs for Q3 FY2026. |

Section 8 is operating close to budgeted levels. HAP revenues and expenditures are at 75% and 76% respectively of the annual budget, and administrative fees are slightly ahead at 83%. The resulting surplus reflects stable program performance and predictable quarterly timing patterns.

Federal Housing Programs will continue to reflect a substantial deficit for the remainder of the fiscal year due to the single large transfer to Business Activities. However, it is important to note that Surplus/Deficit presentation in the above table is a comparison of revenues and expenditures, since the transfer was funded by existing reserves of \$7.4m, the transfer out (expense) is reflected as a deficit only in terms of comparing current period revenues and expenses. The utilization of reserves does not result in a deficit of the programs total equity.

Business Activities increased due to a large \$7.4 million surplus from a single Operating Transfer In recorded in Q1 to fund loans of \$2.9m for the purchase of Land at Chanticleer Ave., \$1.82m in GAP financing for the Natural Bridges development project, and a \$2.72m contribution to the Pension Trust. Excluding this transfer, Business Activities revenues and expenses remain close to budgeted levels, with rental income at 49% and operating costs generally tracking within expected ranges.

Quarterly Analysis

| Program Group | Q3 <i>March 2026</i> | Q2 Dec 2025 | Change | Notes |
|--------------------------|-------------------------|----------------|---------------|---|
| Section 8 Programs | \$ 767,500 | \$1,556,417 | ▼ \$(788,917) | Decrease due to administrative fee timing and steady HAP costs tracking exactly to budget. |
| Federal Housing Programs | \$ (6,644,512) | \$(7,018,418) | ▲ +\$373,906 | Excluding the \$7.4M Operating Transfer Out booked in Q1, operating activity remained as budgeted. Increase primarily due to FEMA reimbursement of \$409k received in Q3. |
| Federal Grants | \$ - | \$ - | No change | Cost-reimbursement grants continue to match revenue to expenses each month. |
| Local Programs | \$ 872 | \$ 613 | ▲ +\$259 | Nearly break-even in; slight improvement due to lower program activity early in the year. |
| Business Activities | \$ 8,689,721 | \$8,240,676 | ▲ +\$449,045 | Increase driven by Management Fees recorded and better than expected Other Revenue (Pension Trust). |
| Total | \$ 2,813,581 | \$2,779,287 | ▲ +\$34,294 | Higher than Q2 due primarily to timing of revenue recognition in Section 8 and Business Activities. |

The agency's consolidated surplus increased from \$2.78 million to \$2.81 million, an increase of \$34,294 between Q3 and Q2 FY2026. This is due primarily to timing of revenue recognition for Administrative Fees in the Section 8 Programs and Management Fees in Business Activities. The current operating surplus is expected to reduce throughout the remainder of the fiscal year as planned expenses are recognized at a higher rate. Overall, Q3 results reflect timing differences in revenue recognition which normally exceeds expense recognition during the first half of the fiscal year. Activities through 3 quarters of the fiscal year position the agency well to perform within the approved budget for FY2026.

RECOMMENDATION: Receive Report

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

Budget Comparison - All Funds

Agency-Wide Summary

Fiscal Year to Date for the Period July 1, 2025 - March 31, 2026 (3rd Quarter)

| | | 2025-2026 | |
|---------------------------|--------------------|--------------------|------------|
| | FY 2025-2026 | Annual | Budget |
| | YTD Actuals | Budget | Utilized |
| Revenues: | | | |
| HAPS / Program | 121,176,074 | 161,188,761 | 75% |
| Administrative Fees | 9,997,738 | 12,027,475 | 83% |
| Grants / Contracts | 593,307 | 955,428 | 62% |
| Rental Income | 1,934,939 | 2,633,092 | 73% |
| Operating Transfers In | 13,236,331 | 3,040,000 | 435% |
| Other Income | 824,006 | 974,439 | 85% |
| Total Revenues: | 147,762,396 | 180,819,195 | 82% |
| Expenses: | | | |
| Housing Assistance Pmts | 122,155,287 | 161,188,761 | 76% |
| Salaries | 4,885,376 | 6,705,666 | 73% |
| Employee Benefits | 2,090,172 | 3,220,464 | 65% |
| Capital Purchases | 128,445 | 1,051,900 | 12% |
| Maintenance | 210,062 | 415,453 | 51% |
| General Administrative | 1,895,253 | 2,947,522 | 64% |
| Tenant Services | 347,889 | 697,167 | 50% |
| Operating Transfers Out | 13,236,331 | 3,700,000 | 358% |
| Debt Service | 0 - | | 0% |
| Total Expenses: | 144,948,815 | 179,926,933 | 81% |
| Surplus (Deficit): | 2,813,581 | 892,262 | |

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

Budget Comparison - Section 8

Includes Mod Rehab, Mainstream, and Santa Cruz Voucher Program

Fiscal Year to Date for the Period July 1, 2025 - March 31, 2026 (3rd Quarter)

| | | 2025-2026 | |
|---------------------------|--------------------|--------------------|------------|
| | FY 2025-2026 | Annual | Budget |
| | YTD Actuals | Budget | Utilized |
| Revenues: | | | |
| HAPS / Program | 120,385,546 | 160,033,046 | 75% |
| Administrative Fees | 8,119,064 | 9,580,137 | 85% |
| Grants / Contracts | - - | | 0% |
| Rental Income | - - | | 0% |
| Operating Transfers In | 5,800,000 | 3,040,000 | 191% |
| Other Income | 43,678 | 169,691 | 26% |
| Total Revenues: | 134,348,288 | 172,822,874 | 78% |
| Expenses: | | | |
| Housing Assistance Pmts | 121,364,759 | 160,033,046 | 76% |
| Salaries | 3,450,290 | 4,861,602 | 71% |
| Employee Benefits | 1,703,983 | 2,635,846 | 65% |
| Capital Purchases | - - | | 0% |
| Maintenance | 4 - | | 0% |
| General Administrative | 1,247,753 | 2,017,186 | 62% |
| Tenant Services | 14,000 | 85,000 | 16% |
| Operating Transfers Out | 5,800,000 | 3,000,000 | 193% |
| Debt Service | - - | | 0% |
| Total Expenses: | 133,580,788 | 172,632,680 | 77% |
| Surplus (Deficit): | 767,500 | 190,194 | |

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

Budget Comparison - Federal Housing

Includes LIPH and Tierra Alta (formerly USDA)

Fiscal Year to Date for the Period July 1, 2025 - March 31, 2026 (3rd Quarter)

| | 2025-2026 | | |
|---------------------------|--------------------|------------------|-------------|
| | FY 2025-2026 | Annual | Budget |
| | YTD Actuals | Budget | Utilized |
| Revenues: | | | |
| HAPS / Program | - | - | 0% |
| Administrative Fees | - | - | 0% |
| Grants / Contracts | 100,238 | - | 0% |
| Rental Income | 1,087,688 | 1,468,678 | 74% |
| Operating Transfers In | - | - | 0% |
| Other Income | 2,125 | 15,500 | 14% |
| Total Revenues: | 1,190,051 | 1,484,178 | 80% |
| Expenses: | | | |
| Housing Assistance Pmts | - | - | 0% |
| Salaries | 84,343 | 112,393 | 75% |
| Employee Benefits | 25,304 | 37,279 | 68% |
| Capital Purchases | 128,445 | 1,029,900 | 12% |
| Maintenance | 102,098 | 234,900 | 43% |
| General Administrative | 54,477 | 67,087 | 81% |
| Tenant Services | 3,564 | - | 0% |
| Operating Transfers Out | 7,436,331 | - | 0% |
| Debt Service | - | - | 0% |
| Total Expenses: | 7,834,563 | 1,481,559 | 529% |
| Surplus (Deficit): | (6,644,512) | 2,619 | |

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

Budget Comparison - Federal Grants

Includes Family Self Sufficiency and Shelter Plus Care Grants

Fiscal Year to Date for the Period July 1, 2025 - March 31, 2026 (3rd Quarter)

| | 2025-2026 | | |
|---------------------------|----------------|------------------|------------|
| | FY 2025-2026 | Annual | Budget |
| | YTD Actuals | Budget | Utilized |
| Revenues: | | | |
| HAPS / Program | 790,528 | 1,155,715 | 68% |
| Administrative Fees | - - | | 0% |
| Grants / Contracts | 157,042 | 275,761 | 57% |
| Rental Income | - - | | 0% |
| Operating Transfers In | - - | | 0% |
| Other Income | - - | | 0% |
| Total Revenues: | 947,570 | 1,431,476 | 66% |
| Expenses: | | | |
| Housing Assistance Pmts | 790,528 | 1,155,715 | 68% |
| Salaries | 120,821 | 173,623 | 70% |
| Employee Benefits | 28,061 | 57,040 | 49% |
| Capital Purchases | - - | | 0% |
| Maintenance | - - | | 0% |
| General Administrative | 271 | 1,598 | 17% |
| Tenant Services | 7,889 | 43,500 | 18% |
| Operating Transfers Out | - - | | 0% |
| Debt Service | - - | | 0% |
| Total Expenses: | 947,570 | 1,431,476 | 66% |
| Surplus (Deficit): | 0 | 0 | |

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
Budget Comparison - Business Activities

**Includes Business - Type Activities for Mission Street Warehouse, 41st Ave Office,
and the Management Funds for New Horizons and Merrill Road**

Fiscal Year to Date for the Period July 1, 2025 - March 31,2026 (3rd Quarter)

| | 2025-2026 | | |
|---------------------------|---------------------|------------------|-----------------|
| | FY 2025-2026 | Annual | Budget |
| | YTD Actuals | Budget | Utilized |
| Revenues: | | | |
| HAPS / Program | - | - | 0% |
| Administrative Fees | 1,878,675 | 2,447,338 | 77% |
| Grants / Contracts | - | - | 0% |
| Rental Income | 847,251 | 1,164,414 | 73% |
| Operating Transfers In | 7,436,331 | - | 0% |
| Other Income | 765,803 | 773,498 | 99% |
| Total Revenues: | 10,928,060 | 4,385,250 | 249% |
| Expenses: | | | |
| Housing Assistance Pmts | - | - | 0% |
| Salaries | 1,214,172 | 1,481,486 | 82% |
| Employee Benefits | 328,678 | 466,927 | 70% |
| Capital Purchases | - | 22,000 | 0% |
| Maintenance | 107,960 | 180,553 | 60% |
| General Administrative | 587,529 | 836,085 | 70% |
| Tenant Services | - | - | 0% |
| Operating Transfers Out | - | 700,000 | 0% |
| Debt Service | - | - | 0% |
| Total Expenses: | 2,238,338.93 | 3,687,051 | 61% |
| Surplus (Deficit): | 8,689,721 | 698,199 | |

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ

Budget Comparison - Local Programs

Includes programs funded by the local jurisdictions

Fiscal Year to Date for the Period July 1, 2025 - March 31, 2026 (3rd Quarter)

| | 2025-2026 | | |
|---------------------------|----------------|----------------|------------|
| | FY 2025-2026 | Annual | Budget |
| | YTD Actuals | Budget | Utilized |
| Revenues: | | | |
| HAPS / Program | - - | | 0% |
| Administrative Fees | - - | | 0% |
| Grants / Contracts | 336,027 | 679,667 | 49% |
| Rental Income | - - | | 0% |
| Operating Transfers In | - - | | 0% |
| Other Income | 12,400 | 15,750 | 79% |
| Total Revenues: | 348,427 | 695,417 | 50% |
| Expenses: | | | |
| Housing Assistance Pmts | - - | | 0% |
| Salaries | 15,751 | 76,562 | 21% |
| Employee Benefits | 4,146 | 23,372 | 18% |
| Capital Purchases | - - | | 0% |
| Maintenance | 0 - | | 0% |
| General Administrative | 5,223 | 25,567 | 20% |
| Tenant Services | 322,436 | 568,667 | 57% |
| Operating Transfers Out | - - | | 0% |
| Debt Service | - - | | 0% |
| Total Expenses: | 347,555 | 694,168 | 50% |
| Surplus (Deficit): | 872 | 1,249 | |

AGENDA ITEM SUMMARY

MEETING DATE: May 27, 2026

ITEM NUMBER: 8

FROM: Exec. Director; Deputy Exec. Director

SUBJECT: Director's Report – May 27, 2026

RECOMMENDATION: Receive Report

BACKGROUND SUMMARY:

Please call or e-mail me with questions you might have on any of the Agenda Items for the May 27, 2026 meeting. My phone number is (831) 454-5931 and my email address is jennyp@hacosantacruz.org.

Chanticleer – The Joint Development Agreement (JDA) is still under review by MidPen, New Horizons and respective counsels. Staff will continue to work with outside General Counsel on any revisions and edits to the draft JDA. Staff will present the JDA to the Board for approval prior to execution. Staff continue to work on the NEPA for 2031 17th Avenue. The Concurrence Request Letter was sent to the State Historic Preservation Officers (SHPO) on April 1, which initiated the 30 day review period, and we expect to the County to finalize the environmental record upon the completion of their review. Staff continue to work with 10 Over architects, on schematic design. Staff with support from 10 Over submitted a pre-application to the County on April 21. The pre-application enables staff, 10 Over, and other engineers to engage directly with County staff on project specific design elements which will provide a head start on securing design approvals and permits. On May 13, the County Planning Commission approved the County Staff recommendation for a General Plan Land Use Map amendment and rezoning of 2030 17th Avenue from low density to high density including the addition of the ministerial combining district zoning overlay to correspond with the land use designation and zoning on the adjacent 2021 Chanticleer project. This item is expected to be presented to the Board of Supervisors during their June meeting for final approval of the amendment and rezoning. On May 19, the Board of Supervisors approved the award of \$500,000 pre-development funds to support pre-development expenses. Staff are preparing to notify the surrounding neighbors of a community meeting to provide information on the project and to address any community questions, which is tentatively scheduled for July. The entitlement application is expected to be submitted in the Summer 2026. The Notice of Anticipated RAD Rents (NARR) was received by HUD on May 5, 2026 which initiates the process to use 61 units of Faircloth Authority through the Restore Rebuild Initiative to receive rental assistance through Rental Assistance Demonstration program.

HUD Restore Rebuild Initiative – On Friday, May 15, 2026, Ben Hobbs, the Assistant Secretary of PIH at HUD, sent a memo to housing authorities dated May 12, 2026 that the HUD would be “winding down” the Restore Rebuild Initiative in connection with Faircloth Authority. Faircloth Authority refers to a

provision of the 1998 Quality Housing and Work Responsibility Act (QWARA) that allows housing authorities to rebuild or replace units they remove from the public housing program.

HACSC currently has 234 units of Faircloth Authority. When the agency converted the 234 units of former “public housing” to vouchers through Section 23 Streamlined Voluntary Conversion in 2021, the 234 public housing units that we removed from our program resulted in 234 units of Faircloth Authority. The Restore Rebuild Initiative provides a process for housing authorities to develop new public housing through mixed-finance development and to convert these newly developed units to a Section 8 contract from the Rental Assistance Demonstration (RAD) program.

The HUD memo provided notice that effectively immediately that housing authorities could not submit any new requests to use Faircloth Authority through a Notice of Anticipated RAD Rents (NARR). The submission of a NARR request is the first step in accessing Faircloth Authority for a development project under the Restore Rebuild Initiative. Requesting and receiving a NARR is not a formal commitment by either HACSC or HUD, but it enables HACSC to start the process in securing RAD units for a project. HACSC may withdraw the NARR application at any time without penalty, and the submission of a NARR is not a commitment to an owner or development partner.

Prior to this announcement staff have submitted three NARR requests to HUD. The first submission was for 61 units for Chanticleer. In early February staff heard rumors that HUD may abruptly end Restore Rebuild, and we tentatively submitted two NARR requests for prospective projects, which included Bay Avenue Senior Apartment and Good Shepherd. Bay Avenue Senior Apartments in an existing affordable housing project, which is currently under the control of Santa Clara County Housing Authority (SCCHA). The property consists of 108 units. SCCHA has expressed interest in selling the property, and we submitted a NARR request for 69 units which would support the acquisition and long term operations of the property. Good Shepherd is a MidPen Inc new construction project that was selected by New Horizons as a co-development project through our Co-Development RFQ. HACSC submitted a NARR request for 65 units.

HACSC has received NARRS for 195 out of the 234 units available through Faircloth Authority. Unfortunately, there are 39 units of Faircloth Authority that remain unallocated with a NARR.

HUD has provided housing authorities with 90 days, up-to August 10, 2026, to achieve the next milestone to avoid HUD voiding the NARR. Staff are currently reviewing the requirements associated with the next milestone, and we anticipate the need to act with urgency in order to preserve the ability to use Restore Rebuild for these projects.

Biennial Stakeholder Survey – The Housing Authority has partnered with RRC Associates, a survey research firm, to administer our biennial stakeholder survey. Separate surveys have been distributed to the following groups: HCV participants, residents of Housing Authority owned or managed properties, and landlords participating in the HCV program. The purpose of the survey is to gather feedback on program and service needs, client satisfaction, and program administration by HACSC and New Horizons. Data collection is now complete, with 1,549 surveys from HCV households, 139 surveys from residents of Housing Authority owned properties, and 437 surveys from participating landlords. RRC Associates is

currently compiling and analyzing survey responses, including conducting statistical analysis across all three client groups. Staff expect to provide a comprehensive report to the Board of Commissioners at the June 2026 meeting.

Affordable Housing Month – May is Affordable Housing Month! Housing Santa Cruz County is taking a leadership role in organizing and coordinating multiple events throughout the month of May to encourage advocates and allies to join forces in highlighting the need for affordable housing, as well as promoting some of the work being done locally. A full calendar of Affordable Housing Month activities is available on the Housing Santa Cruz County website here:

<https://www.housingsantacruzcounty.com/affordable-housing-month-2026>

The Housing Authority is hosting or co-hosting the following events:

- **Landlord Celebration** – The Housing Authority coordinated with the County of Santa Cruz Housing for Health Division and Abode to host a Landlord Celebration on Thursday, May 7 at 5:30 PM at the Seacliff Inn in Aptos. This year’s celebration was the biggest yet, with over 120 attendees. The event included remarks from Kristen Brown, Executive Director of the Santa Cruz County Chamber of Commerce and former Mayor of Capitola; as well as representatives from the Housing Authority, Housing for Health, and Abode Services.

Prior to the Landlord Celebration, nominations were taken from voucher households for the landlord awards. Over two weeks, Housing Authority staff received over 60 nominations, with tenants sharing stories about how their landlord went above and beyond, and noting how their landlord played a role in creating stability, dignity, and opportunity for their household. Six landlords received recognition awards based on the tenant nominations. The awards concluded with the Pillar of the Community award being accepted by Stephen Karon of Karon Properties, who has been consistently accepting Housing Choice Vouchers for over 40 years!

- **Housing Discrimination / Fair Housing Workshop** – The Housing Authority is coordinating with the California Department of Civil Rights to host the annual Housing Discrimination Forum at the Aptos Branch of the Santa Cruz Public Library on Thursday, May 21 from 5 to 7 PM. The forum will provide information on fair housing protections, common discriminatory practices, and how to file a complaint.

Fair Market Rent Study – The Housing Authority, in partnership with Applied Survey Research, has recently completed and submitted an updated Fair Market Rent (FMR) study to HUD. The data we provided to HUD will be used to establish FMRs for our jurisdiction. The new FMRs are expected to be issued in August with an effective date of October 1, 2023. FMRs are used to establish maximum subsidy level in the Housing Choice Voucher Program, as well as for determining the inflation funding adjustment applied to our baseline spending to determine renewal funding. Staff will inform the board when new FMRs are released. Based on the data submitted to HUD, staff anticipate that our FMRs are likely to increase by at least 6%, with the likelihood that such an increase would result in an inflation adjustment of approximately 3.5% in 2027.

Legislative and Funding Updates – Although Congress approved the FY 2026 Transportation, Housing and Urban Development (THUD) appropriations bill on January 30, and staff anticipated funding notifications by March 30, HUD did not issue funding notices to housing authorities until May 8th. Fortunately, the funding was slightly higher than anticipated and essentially equal to 2025 funding, with a proration of 99.6% and an inflation adjustment of 0.2%. Based on the available funding, the agency will be able to provide HCV assistance to all remaining EHV families at the end of the calendar year. While we do not anticipate a funding shortfall in 2026, there remains a possibility of a shortfall in 2027, as the full financial impact associated with absorbing EHV's will occur next year. Preliminary projections indicate that, if the agency continues its current cost-saving measures and experiences typical attrition patterns and average HAP cost increases, a 3.5% inflation factor in 2027 (consistent with expectations based on the agency's FMR study) *should* be sufficient to avoid a shortfall, *unless HUD reduces overall funding for the HCV program*.

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.

Board agenda item 3C (Annual Agency Goals – FY 2026 Quarter 3 Report) includes a table with an update on the number of EHV families in the 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.

In addition to the 29 EHV program exits so far, Agency staff expect a significant number of PBV units to become available to EHV families this summer, with between 40 – 60 EHV households expected to transfer to Pacific Station North or Harvey West Studios. Based on our current EHV program size, along with known PBV opportunities and a predictable level of attrition, staff expect approximately 175 EHV households to remain in the EHV program in December 2025. **Now that staff have received our funding award from HUD, with funding levels at slightly more than the anticipated level, staff are confident that we can issue a regular HCV to all remaining EHV households this December, ensuring that no EHV household will lose their rental assistance as a result of HUD's termination of the program.**

HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ