



HOUSING AUTHORITY OF THE COUNTY OF SANTA CRUZ
MOVING TO WORK PLAN AND APPLICATION
ASSET BUILDING COHORT

DRAFT FOR PUBLIC COMMENT

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PART I – MTW PLAN AND ASSET BUILDING INITIATIVES INFORMATION

A. MTW PLAN

I. Vision for PHA's Local MTW Program

The Housing Authority of the County of Santa Cruz (HACSC) is pleased to submit its application for the Asset Building Cohort of the Moving to Work (MTW) Demonstration Program. HACSC appreciates the opportunity to apply for and participate in the MTW program in order to fulfill the agency's mission to "promote access to quality affordable housing, utilize housing as a platform for improving quality of life, and support inclusive, healthy and sustainable communities free from discrimination." The programmatic and financial flexibilities made available by participation in the MTW program will enable HACSC to adapt its housing programs and policies to meet local needs and improve access to and transparency of these programs for low-income individuals and families throughout the region. HACSC's participation in the MTW program will advance the three MTW statutory objectives and facilitate efforts to: (1) Expand affordable housing opportunities in the region through development and support of new housing units and pursuit of additional funding opportunities; (2) Support activities and services that promote economic self-sufficiency and mobility among program participants, and (3) Increase access to critical resources for low-income individuals and families by removing barriers to entry, streamlining program features, and facilitating connections between clients and community partners.

HACSC's overall vision is to utilize the MTW program as a platform to increase economic mobility among program participants. Economic mobility is enhanced by activities to support asset building, financial literacy, education, and professional development. Leveraging housing as a platform to improve economic mobility and asset building will enable HACSC to remove barriers

and promote opportunities, allowing families to thrive within the community. MTW flexibility will allow HACSC to both build on existing relationships and develop new partnerships with community-based organizations, financial institutions, educational organizations, and employment services. Additionally, HACSC plans to use MTW to implement administrative efficiencies to enhance services for program participants and landlords, and to achieve greater cost savings.

The MTW Program will be administered and overseen by an experienced and qualified leadership team with extensive knowledge of a variety of housing programs and initiatives. Jennifer Panetta, HACSC's Executive Director for the past six years, has been with the agency for over eighteen years. Key accomplishments during her tenure as E.D. include the conversion of all former Low-Income Public Housing units to Housing Choice Voucher supported housing through Section 22 Streamlined Voluntary Conversion (SVC); establishment of a new HACSC-controlled nonprofit affiliate organization, New Horizons Affordable Housing and Development, which is engaging in the development of new affordable housing construction as well as providing additional programs and services to HACSC client families; expanding the agency's Project-Based Voucher (PBV) program in support of increasing affordable housing supply countywide; overseeing the expansion of the agency's voucher programs through additional awards of Veterans Affairs Supportive Housing (VASH), Mainstream, and Emergency Housing (EHV) vouchers; directing the agency's transition to a new software platform and launch of online self-service portals for participants and landlords; and, leading the agency through the unprecedented challenges of the COVID-19 pandemic. She was recently selected to participate in the Annie E. Casey Foundation's Accountability for Equitable Results Leadership Program with a group of community leaders across sectors working together to align contributions towards the goal of a healthy, safe, and affordable community that is culturally diverse, economically inclusive, and

environmentally vibrant. Jennifer will have overall responsibility for the MTW program including strategic planning and coordination of initiatives, and engagement with key external stakeholders including coordination with the Board of Commissioners and Resident Advisory Board (RAB).

Reporting directly to the Executive Director, Thomas Graham is HACSC's Director of Operations. He has extensive expertise managing large and mid-size HCV and related programs at state, county, and municipal levels. Prior to joining HACSC he held senior management-level roles at several high-performing and innovative MTW agencies including Santa Clara, Massachusetts, and the Cambridge Housing Authority (CHA). At CHA, he directed development of the Financial Stability and Savings Plus (FSS+) program – utilizing MTW authority to modify the traditional FSS program – and other programs related to financial literacy and asset building and worked closely with non-profit partners and software developers to design, launch and monitor the programs and key performance indicators. He will be responsible for the development and monitoring of the agency's MTW program including oversight of the annual MTW Supplement, development of new initiatives, management of staff, and program administration.

Rayne Perez is HACSC's Principal Management Analyst, having previously worked for the County for thirteen years as the Homeless Services Coordinator and a Senior Administrative Analyst. In those roles she managed a portfolio of approximately \$35 million in State and Federal homelessness grants for the County and Continuum of Care (CoC) including Homeless Emergency Aid Program (HEAP), California Emergency Solutions and Housing (CESH), Homeless Housing and Prevention (HHAP), Coronavirus Emergency Homelessness Grants, Emergency Solutions Grant, and CoC Planning Grants. She also has experience providing financial planning seminars and individual financial planning to clients. She will be primarily responsible for development of MTW program materials, coordination with program staff, and data tracking and reporting.

HACSC has consistently been classified as a “High Performer” on the Section Eight Management Assessment Program (SEMAP) assessment, continues to provide a quality level of service to participants throughout its various programs and initiatives, and remains in compliance with all program guidelines and regulatory requirements. Further, the Housing Authority of the County of Santa Cruz certifies that it administers the HCV program and will carry out MTW activities in conformance with Title VI of the Civil Rights Act of 1964; the Fair Housing Act; Section 504 of the Rehabilitation Act of 1973; Title II of the ADA Act of 1990; all regulations implementing these authorities; other applicable Federal, State, and local civil rights laws; and it will affirmatively further fair housing including: (1) take meaningful actions to further the goals identified by the Assessment of Fair Housing conducted in accordance with the requirements of 24 CFR 5.150-5.180 and 903.15; (2) take no action that is materially inconsistent with its obligation to affirmatively further fair housing; and (3) address fair housing issues and contributing factors in its programs, in accordance with 24 CFR 903.7(o)(3) and 903.15(d).

II. Plan for Future Community/Resident Engagement

HACSC will ensure that all MTW outreach and engagement efforts are inclusive of a diverse group of individuals and community groups including: program participants; waiting list applicants; local tenant advocacy and other non-profit organizations; government and social service agencies; and organizations serving racial and ethnic minorities, persons with limited English proficiency, persons with disabilities, and families with children. HACSC will meet with the Resident Advisory Board (RAB) on a regular basis, including during the development of the annual MTW Supplement, to solicit feedback and input on agency plans, initiatives, and related program materials. HACSC will hold public meetings to gather input on all proposed initiatives and will seek feedback from these groups throughout the process.

Note also that HACSC has recently launched an initiative focused on the development of a Resident Services Program through its non-profit affiliate, New Horizons Affordable Housing and Development, which recently completed a Resident Needs Assessment to identify services and resources that HACSC residents would most benefit from and are in need of. HACSC and New Horizons intend to update this survey on a biennial basis and incorporate relevant findings into the MTW planning process. Finally, at the leadership level, HACSC is governed by a seven-member Board, of which two Commissioners are required to be agency tenants. Tenant participation at the Board level will support MTW community engagement and help ensure that MTW initiatives reflect a diverse and inclusive set of goals and values.

III.PHA Operating and Inventory Information

HACSC operates a broad range of housing programs serving low-income individuals and families throughout the county. The HCV program currently consists of 4,049 Tenant-Based vouchers, 310 Project-Based vouchers, and several Special Purpose Voucher programs, including 240 Mainstream vouchers, 269 EHV's, and 218 FUP vouchers. The agency also administers programs serving individuals experiencing homelessness, including 383 VASH vouchers, 150 vouchers for disabled and medically vulnerable persons experiencing homelessness, 30 Moderate Rehabilitation units, 40 vouchers for homeless families with minor children, 40 Shelter Plus Care Permanent Supportive Housing (PSH) units in partnership with the CoC, 4 Youth Homelessness vouchers, and 6 Transitional Housing units for homeless families with children. HACSC's nonprofit affiliate also owns and operates 234 units of former public housing that have recently been converted through the Section 22 Streamlined Voluntary Conversion process. Additionally, HACSC administers 70 units of farmworker housing through the USDA Farm Labor Housing Program.

One of the most significant challenges facing low-income households in the Santa Cruz County area is the high cost of housing and the low vacancy rate. A May 2022 study released by the California Housing Partnership (Santa Cruz County Housing Needs Report, May 2022) estimated that renters in Santa Cruz County need to earn \$48.08 per hour, which is over three times the state minimum wage, to afford the average monthly asking rent of \$2,500. The average household income of a HACSC household is currently \$24,210, or approximately \$2,018 per month. Additionally, asking rents for housing units in the County increased by 15% between the end of 2020 and the end of 2021, according to the study. The 2020 CZU Lightning Complex Fire resulted in the loss of approximately 1,000 housing units in the County, significantly worsening an already tight rental market. The COVID-19 pandemic has further exacerbated these challenges, as the production of new housing has been delayed and/or has otherwise become significantly more costly due to the availability of resources and the cost of construction materials. Applicants who reach the top of HACSC's waiting list and are issued a voucher also experience challenges locating units to lease with their voucher, due to high asking rents and a reluctance from area landlords to rent to households with a voucher. Approximately 50% of households who are issued a voucher are unable to locate a unit within the 180-day term of the voucher. Overall, 52% of vouchers are utilized by households in which the head of household is elderly or a person with disabilities. Approximately 58% of program participants identify as Hispanic or Latino and 5% identify as other racial minorities.

HACSC has innovatively addressed these challenges by enhancing its focus on landlord education and incentive programs to encourage greater landlord understanding and participation in its programs and has also expanded partnerships with local human service providers to enhance housing navigation, stabilization, and support services to participants. HACSC has also modified

waiting list preference policies to ensure that individuals with disabilities and persons who are homeless and medically vulnerable have access to housing resources through its Disabled and Medically Vulnerable Homeless Persons (DMV) program, with a limited preference for 150 individuals. HACSC partners with Housing Matters and the Santa Cruz County Human Services Department Housing for Health Division to provide referrals through “Smart Path”, the Coordinated Entry System for persons experiencing homelessness. Households must be disabled, medically vulnerable, homeless, and have established a case management plan with a provider of housing supportive services within Santa Cruz County. 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 and/or funding available. This model provides a “ladder” of opportunity for households who have experienced homelessness and with complex medical needs by ensuring that the appropriate support services are in place at initial admission to promote healthy individuals and successful tenancies. Additional flexibilities offered by the MTW program would enable HACSC to build upon these types of models in order to address local needs.

IV. Plan for Local MTW Program

In addition to the asset building initiatives described in this application, HACSC intends to utilize other MTW programmatic flexibilities that support cost effectiveness, self-sufficiency, and housing choice objectives. As part of the annual MTW Supplement process, HACSC will engage with the Board of Commissioners, Resident Advisory Board and other key stakeholders to identify where additional flexibilities and/or locally designed solutions are of interest, and will assess agency priorities and capacity to implement such activities. An overview of the types of initiatives HACSC plans to implement, organized by the three statutory objectives, include: (1) *Cost Effectiveness*: HACSC intends to explore and evaluate the feasibility of MTW waivers related to

alternative reexamination schedules and self-certification of assets, which would streamline and simplify the recertification and verification process for participants and agency staff. (2) *Housing Choice*: HACSC plans to explore MTW waivers that would increase housing choices and opportunities available to program participants. Specifically, HACSC will explore waivers related to landlord voucher leasing incentives in order to encourage and increase landlord participation in its programs. Additionally, HACSC will consider expanding its project-based program through increasing program and project caps, which will provide more flexibility and ability for HACSC to support development of additional affordable housing units in the region. Further, HACSC will explore opportunities to utilize MTW programmatic and financial flexibilities to support additional development and affordable housing preservation opportunities within its own portfolio of housing units. (3) *Self-Sufficiency*: In addition to the Opt-Out Savings Account program described in this application, HACSC will also explore other local non-traditional activities such as: supportive housing programs and services to help low-income individuals and families with children reach independence, homeless and transitional housing programs, and programs that address special needs populations.

V. Proposed Uses of Funds

HACSC requests authority to use Housing Assistance Payments (HAP) funds flexibly in the implementation of the MTW program. HACSC does not administer public housing and therefore is not eligible to flexibly utilize public housing funds. HACSC anticipates seeking approval through the MTW Supplement to utilize HAP funding for authorized purposes to implement approved MTW activities including, but not limited to: landlord incentive leasing strategies; local non-traditional project-based and tenant-based programs including sponsor-based

leasing programs with housing and supportive services; education, job training and placement and other supportive services; and affordable housing development and preservation.

VI. Evidence of Significant Partnerships

HACSC has developed a broad and diverse network of partners consisting of state and local government agencies and offices, non-profit organizations and service providers, county and regional housing advocacy organizations, and for-profit entities such as financial institutions and philanthropic entities. One of HACSC's most expansive and significant partnerships is with the *Continuum of Care (CoC) / Housing for Health Partnership (H4HP)*. The H4HP program serves as the federally designated CoC entity for the County and coordinates resources, programs and services focused on preventing and ending homelessness. Employees from the County Human Services Department Housing for Health Division provide staffing support for the H4HP. H4HP – in conjunction with the HACSC and several other local partners – recently launched the “Rehousing Wave” initiative, which is an effort to reduce homelessness throughout the region and to meet the objectives of the County's three-year framework to address homelessness. One of the major objectives of the initiative is to increase incentives for landlords to rent to low-income households, many of whom have vouchers issued to them by HACSC, by providing financial incentives, guaranteeing on-time monthly payments and a streamlined point of contact to assist with tenant issues, support services for tenants in need of additional assistance, and landlord education workshops and appreciation events.

In July 2021, HACSC was awarded 269 EHV's. Following the award, HACSC promptly entered into an MOU with H4HP and began the process of screening and issuing vouchers to eligible referrals. To date, the HACSC has issued all of the EHV's and has leased 136 of these vouchers, with the remaining anticipated to be leased by mid-2023. The partnership with H4HP

has been valuable in streamlining the eligibility and voucher issuance process by assisting applicants in obtaining necessary documentation and navigating the voucher eligibility, issuance, and leasing process. Additionally, it has enabled HACSC to provide financial incentives to landlords to lease rental units to EHV participants, including \$2000 signing bonuses, up to \$500 in reimbursement for repairs, and funding to assist new tenants with security deposits at move-in. HACSC has developed brochures and other literature to market these incentives to current and prospective landlords in the area in order to increase overall landlord participation in its programs. As a result of the successes of this partnership, H4HP has offered to provide additional funding in FY 2022-2023 so that the landlord incentives offered to EHV voucher-holders can be expanded to serve all other voucher types assisting the homeless population. HACSC also partners with the CoC on several other programs including Shelter Plus Care, Mainstream, the Family Unification Program (FUP), and Homeless Families with Minor Children.

Additionally, HACSC contracts with the Community Action Board of Santa Cruz County (CAB) in an effort to utilize voucher resources to prevent eviction. CAB's mission is "to partner with the community to eliminate poverty and create social change through advocacy and essential services." In partnership with CAB, HACSC has established a limited preference on its waiting list for up to 24 vouchers, whereby CAB may directly refer applicants to HACSC who are at imminent risk of homelessness due to eviction for economic reasons. This key new partnership is anticipated to be valuable in sustaining and preserving tenancies and mitigating the long-term effects of eviction on households throughout the County.

HACSC is also committed to connecting program participants with workforce development opportunities in order to reinforce participants' economic self-sufficiency goals. To further these goals and partnerships, HACSC has entered into an MOU with Workforce Santa Cruz

County, the Workforce Development Board, and the County Board of Supervisors for collaborative operation and management of Workforce Santa Cruz County and the local “one-stop” career center system and to establish a framework for providing services to employers, employees, job seekers and others needing workforce services, including financial literacy assistance.

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B. ASSET BUILDING INITIATIVES INFORMATION

I. Assessment of Existing Asset Building Programs

HACSC is experienced with the tools and resources necessary to assist program participants in building assets, furthering their financial goals, and increasing economic self-sufficiency. HACSC currently operates a Family Self Sufficiency (FSS) program consisting of 61 participants. HACSC briefs all program participants about the FSS program at the initial voucher briefing and during the participants' recertification and explains the advantages to participating in the program. FSS Coordinator staff meet with clients to discuss and track program goals, outline actionable steps to pursue those goals, and explain the function and funding of the escrow account as earned income increases throughout the term of the client's program participation. Additionally, the Coordinators provide regular coaching, assess progress towards reaching program goals, and identify needs for additional resources. HACSC regularly communicates with local community partner agencies such as services agencies, local government agencies, and others in order to leverage additional opportunities for FSS participants to assist them in achieving their goals. Specifically, the FSS Coordinators encourage participants to use Workforce Santa Cruz County (WFSCC) career education resources and employment services. These resources include scholarships to college and paid on-the-job training. In both Santa Cruz and San Benito Counties, FSS Coordinators are familiar with how to navigate through the county human service agencies, United Way's 2-1-1 helpline, and other community services. Over 122 total families have graduated from the FSS program since its inception.

As part of the MTW Asset Building Cohort process, HACSC anticipates establishing new partnerships as well as expanding upon existing partnerships that reinforce the stated MTW statutory objectives related to asset building and economic self-sufficiency, as well as HACSC's

strategic goals. As part of this process, HACSC envisions consulting and/or partnering with Ventures, a local non-profit that provides transformational programs that activate and strengthen working-class families' economic and political power. Ventures' mission is to “promote economic justice through financial empowerment, asset building, and advocacy” and to “work towards a shared and prosperous economic future where zip code, race, gender, or immigration status do not dictate income or wealth.” Ventures operates a six-month financial stability program to help working class Latino families build community, self-determination, and financial well-being.

II. Choice of Asset Building Option

HACSC has chosen to pursue the “Opt-Out Savings Account” model, as described in Section 3(A) of PIH Notice 2022-11. HACSC's goal in implementing this initiative is to increase the amount of its participants who have bank accounts and increase financial literacy and budgeting skills among participant households.

HACSC believes asset building can empower program participants to seek advancements in education and employment. Connecting program participants to partner organizations will offer services for long-term meaningful impact to further stabilize households, provide financial resilience, and promote economic independence. Additionally, HACSC believes that asset building is directly related to expanding opportunities with education and employment. Asset building activities that support economic mobility have the added benefit of helping to mitigate and reverse systemic racial policies that have disproportionately impacted families of color – limiting access to housing, wealth generation, education and employment.

HACSC looks forward to collaborating with and learning from other agencies by participating in the “Community of Practice” sessions for MTW Asset Building Cohort agencies, as well as participating in the evaluation and research component of the initiative. Through these

collaborations HACSC hopes to identify ideas and share best practices where feasible to expand successful program outcomes and benefits.

III. Information Specific to Asset Building Initiatives Option Chosen by PHA

As required under PIH Notice 2022-11, the table below provides a summary of the initial number of households that HACSC intends to enroll in the savings program and the amount of savings that will initially be contributed by the agency per household per month and over the two-year program period.

(A) Anticipated Number of Assisted Households Participating in Savings Program	25
(B) Anticipated Percentage of Assisted Households Participating in Savings Program	0.5%
(C) Anticipated Amount of Savings Contributed Per Household Per Month	\$50
Total PHA Investment Per Month (A) x (C)	\$1,250
Total PHA Investment Per Year (A) x (C) x 12 months	\$15,000
Total Anticipated PHA Investment for Life of Program (A) x (C) x 24 months	\$30,000

HACSC has sufficient reserves to cover the \$30,000 cost of the Opt-Out Savings Account Option program over the two-year program period. The proposed program size above represents less than 1% of HACSC’s annual HAP budget. If awarded MTW designation, HACSC intends to seek additional feedback from resident groups and other community partners and, with approval from HUD, may reevaluate the proposed size and scale of this initiative and associated costs to determine the feasibility and sustainability of expanding the program and/or developing additional initiatives to promote asset building. HACSC anticipates that it will have sufficient reserves and program funding to further expand the program size and contribution beyond the amounts reflected above, without impacting overall voucher utilization goals and other program commitments.

HACSC does not plan to seek funding from other public or private sources to support the savings program budget at its onset; however, participants will be able to access other available financial-related counseling services such as Family Self-Sufficiency and other partner programs.

For participants selected for the Opt-Out Savings Account Option, HACSC will work with any households who do not have bank accounts to sign-up for low/no fee accounts with local banks. HACSC also intends to explore options with local banking partners to expand access to banking resources using targeted workshops and/or website tools.

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